Deutsche Alternative Asset Management (UK) Limited

Company number: 2478500

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

REPORT OF THE DIRECTORS
For the year ended 31 December 2017

The Directors present their annual report and audited financial statements for the year ended 31 December 2017.

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 profit.

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 9.

RESULTS AND DIVIDENDS
The results of the Company for the year ended 31 December 2017, after providing for taxation, show a net income of £50,432,000 (2016: £45,869,000 loss).

As of date of the report, no dividend has been paid. (2016:nil)

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 2017 were as follows:

G. Muzzi	Appointed on 9 February 2011
S.J.T. Shaw	Appointed on 20 February 2006
H.M. Mackenzie	Appointed on 6 October 2016
D. Taylor	Resigned on 23 October 2017
N. Kenyon	Appointed on 1 March 2018

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

S. Linsley was the Secretary of the company until 24 October 2017 and was replaced by A. W. Bartlett beginning 25 October 2017.

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 3-5.

REPORT OF THE DIRECTORS (Continued)
For the year ended 31 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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;
- assess the company'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 company or to cease operations, or have no realistic alternative but to do so.

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 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 company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board of Directors this 24th day of APRIL 2018

A. Bartlett
Secretary

Registered office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Company number: 2478500

STRATEGIC REPORT

For the year ended 31 December 2017

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 within 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, can be impacted by the underlying performance of the funds and also by external market risk conditions and factors, such as prevailing economic conditions, investor sentiment, foreign exchange rates and funds / products investment illiquidity. Finally, the Company primarily manages close ended funds only, limiting the risk of capital outflow during the life of the fund.

Depending on the outcome of the Brexit negotiations the UK's exit from the European Union may result in regulatory changes which impact Detusche Bank subsidiaries providing services now, or in the future, (i) in the UK, either on a cross-border basis or from a branch located in the UK, and (ii) from the UK to clients in the EU, either on a cross-border basis or from a European branch of a UK entity.

In addition, the UK may no longer benefit from global trade deals negotiated by the EU on behalf of its members. A decline in trade could affect the attractiveness of the UK as a global investment centre and, as a result could have a detrimental impact on UK growth. There could also be changes to UK immigration policy's as a result of Brexit, which could lead to operations gravitating towards EU member states.

Taken together these factors could lead to a decline in London's role as a global financial centre, particularly if financial institutions move their operations to the European Union as a result of the EU financial services passport having not been maintained. This could have a material adverse effect on the Company's future earnings.

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

STRATEGIC REPORT
For the year ended 31 December 2017

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 sets its own KPIs which are monitored and escalated when required.

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	2017	2016
Revenue	99,615	32,901
Expenses	37,308	90,482
Profit (loss) before tax	62,307	(57,581)
Surplus Capital	24.5 M	11.9 M
Liquidity	75.5 M	23.7 M
AUM	3 Bn	3 Bn

Revenues - Increase in revenues is primarily due to recognition of income related to reinsurance receivable with DB Re S.A

Liquidity - The increase in liquidity is primarily due to the collection of the reinsurance receivable which was recognized during the year.

STRATEGIC REPORT
For the year ended 31 December 2017

CURRENT PERIOD PERFORMANCE *(continued)*

GBP'000	2017	2016
Assets	239,093	207,192
Liabilities	(152,117)	(170,717)
Equity	86,976	36,475

By order of the Board of Directors this 24th day of APRIL 2018

A. Bartlett
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

Opinion

We have audited the financial statements of Deutsche Alternative Asset Management (UK) Limited ("the company") for the year ended 31 December 2017 which comprise the Income Statement, Statement of Financial Position, Other Comprehensive Income and Statement of Changes in Equity and related notes, including the accounting policies in note 2

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors 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 company'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 company 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.

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

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. 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.

Neil Palmer
Senior Statutory Auditor
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL
24 April 2018

INCOME STATEMENT
For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	2(d),4	22,269	32,859
Proceeds from Insurance Recovery	13	77,329	-
Administrative expenses	5	(37,308)	(90,482)
OPERATING PROFIT/(LOSS)		62,291	(57,623)
Other interest income and similar income	6	17	42
PROFIT/(LOSS) BEFORE TAXATION		62,307	(57,581)
Tax (charge)/credit on profit (loss)	7	(11,875)	11,712
PROFIT/(LOSS) FOR THE YEAR		50,432	(45,869)

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

The notes on pages 11 to 21 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 £000	2016 £000
FIXED ASSETS			
Tangible fixed assets	9	-	1
Fixed Asset Investments	8	24	25
		24	26
CURRENT ASSETS			
Debtors	10	104,380	57,506
Cash at bank	11	134,689	149,660
		239,069	207,166
CREDITORS: amounts falling due within one year	12	(149,641)	(59,414)
NET CURRENT ASSETS		89,428	147,752
TOTAL ASSETS LESS CURRENT LIABILITIES		89,452	147,778
PROVISIONS FOR LIABILITIES			
Provisions	13	(2,476)	(111,303)
		(2,476)	(111,303)
NET ASSETS		86,976	36,475
CAPITAL AND RESERVES			
Called up share capital	15	42,422	42,422
Share-based reserve	16	412	343
Profit and loss account		44,142	(6,290)
SHAREHOLDERS' FUNDS		86,976	36,475

The notes on pages 11 to 21 form part of these accounts.

These financial statements were approved by the Board of Directors on 24th APRIL 2018

Signed by S. SHAW
for and on behalf of the Board of Directors

Company number: 2478500

OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017 £000	2016 £000
Profit/(Loss) for the year	50,432	(45,869)
Share-based payment recharge expense (note 17)	69	257
Total comprehensive income/(loss) for the year	50,501	(45,612)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Profit and Loss Account £000	Ordinary Share Capital £000	Share Based Reserve £000	Total £000
Balance at 1 January 2017	(6,290)	42,422	343	36,475
Share-based payment recharge expense (note 17)	-	-	69	69
Profit for the financial year	50,432	-	-	50,432
Balance at 31 December 2017	44,142	42,422	412	86,976

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

	Profit and Loss Account £000	Ordinary Share Capital £000	Share Based Reserve £000	Total £000
Balance at 1 January 2016	39,579	1,822	86	41,487
Share-based payment recharge expense (note 17)	-	-	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

The notes on pages 11 to 21 form part of these accounts.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2017

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 2017 were authorized for issue and approved by the Board of Directors on 24 April 2018.

The date of transition to FRS 101 is 1 January 2015.

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.

***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 Account 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 as of 31 December 2017.

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 2017 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.

(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 2017

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(d), 10(f), 111 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 2017

3 DIRECTORS' REMUNERATION

	2017 £000	2016 £000
Directors' emoluments	110	126
Amounts receivable under long term schemes	78	38
Total	188	164
Company contributions to defined benefit pension schemes	-	1
Company contributions to money purchase pension schemes	3	4

During the year, 4 directors (2016: 4 directors) received shares or payments under long term incentive schemes totalling £78,316.49 (2016:£38,313.78).

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was below £200,000 (2016: £200,000).

Retirement benefits are accruing to the following number of Directors under:

	Directors 2017	Directors 2016
Money Purchase Pension Schemes	4	4
Defined Benefit Pension Schemes	0	1

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 TURNOVER

	2017 £000	2016 £000
Investment Management Fees	19,277	23,790
Performance Fees	2,989	9,069
Other Revenues	3	-
	22,269	32,859

Transaction fees are included within Investment management fees.

5 ADMINISTRATIVE EXPENSES

	2017 £000	2016 £000
Depreciation of fixed assets	1	1
Auditors' remuneration:		
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.

	2017 £000	2016 £000
Staff costs		
- Wages and salaries	13,326	8,180
- Social security costs	1,756	917
- Pension costs (gain)	(1,197)	1,704
- Share based-payment expense	951	1,740
- Other staff-related costs	1,197	3,066
	16,033	15,607
Other administrative expenses	21,260	74,860
Administrative Expenses	37,308	90,482
Average number of employees	60	76

NOTES TO THE ACCOUNTS
For the year ended 31 December 2017

6 PROFIT BEFORE TAXATION	2017 £000	2016 £000
Profit before taxation is arrived at after taking into account:		
Other interest receivable and similar income	17	42
	17	42

7 TAXATION	2017 £000	2016 £000
(a) Analysis of tax on profit/(loss)		
Current tax		
Group relief (charge)/credit for the year	(11,385)	11,207
Adjustment in respect of prior periods	(13)	340
	(11,398)	11,547
Deferred tax		
Origination and reversal of timing differences	(557)	217
Adjustment in respect of previous periods	8	(10)
Effect of tax rate change	72	(42)
	(477)	165
Total tax (charge)/credit on profit/(loss)	(11,875)	11,712

(b) Current tax reconciliation

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19.25% (2016 - 20.00%). The actual tax (charge) / credit for the year differs from the standard rate for the reasons set out in the following reconciliation.

	2017 £000	2016 £000
Profit (loss) before taxation	62,307	(57,581)
Tax on profit (loss) at standard rate	(11,994)	11,516
Effects of:		
Non-deductible expenditure	(9)	(11)
Adjustment in respect of share-based compensation	61	(81)
Effect of tax rate change	72	(42)
Adjustment in respect of previous periods	(5)	330
Total tax (charge)/credit	(11,875)	11,712

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 2017 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2017

8 FIXED ASSET INVESTMENTS

	Shares in group 2017 £000	Shares in group 2016 £000
Opening balance as at 1 January	25	25
Additions during year	-	-
Disposals for the year	(1)	-
Closing balance as at 31 December	24	25

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

9 TANGIBLE FIXED ASSETS

	Cost £000	Depreciation £000	Net Book Value £000
Computer Equipment			
Opening balance as at 1 January 2017	165	(164)	1
Depreciation charge for the year	-	(1)	(1)
Closing balance as at 31 December 2017	165	(165)	-

10 DEBTORS

	2017 £000	2016 £000
Other debtors	89,247	21,772
Amounts owed by group undertakings	15,133	24,182
Group relief receivable	-	11,417
Deferred tax asset - see Note 14	-	135
	104,380	57,506

11 CASH AT BANK

	2017 £000	2016 £000
Cash at bank held with Deutsche Bank AG, London branch	134,689	149,660

12 CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Other creditors	97,157	17,894
Amounts owed to group undertakings	40,723	41,520
Group relief payable	11,446	-
Deferred tax liability - see Note 14	315	-
	149,641	59,414

NOTES TO THE ACCOUNTS
For the year ended 31 December 2017

13 PROVISIONS

	2017 £000	2016 £000
Balance at 1 January	111,303	44,098
Provisions made during the year	-	67,205
Provisions used during the year	(108,827)	-
Provisions reversed during the year	-	-
Balance at 31 December	2,476	111,303

In 2016, a provision was made relating to a litigation issue. A settlement amount was agreed during 2016 which was cash settled in January 2017.

An insurance claim of £77m was recognised in 2017 in relation to the above. This was fully collected during the year.

14 DEFERRED TAXATION

	2017 £000	2016 £000
Provision at 1 January	135	-88
Deferred tax charged in income statement for the period	(477)	165
Other comprehensive income	27	58
Provision at 31 December	(315)	135

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

15 SHARE CAPITAL

	2017 £000	2016 £000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	42,422	1,822
Additional issuance of shares of £1 each	-	40,600
	42,422	42,422

	2017 No	2016 No
Allotted, called up and fully paid:		
1,822,000 Ordinary shares of £1 each	42,422,000	1,822,000
40,600,000 Additional issuance of shares of £1 each	-	40,600,000
Ordinary shares of £1 each	42,422,000	42,422,000

Effective December 14, the Company was sold to Deutsche Asset Management Holding SE.

16 SHARE-BASED RESERVE

The share-based reserve comprises the fair value of the actual of 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).

17 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	Deutsch Bank Equity Plan	Vesting Schedule	Early retirement provisions	Eligibility
2017	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Yes	Select employees as annual retention
		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 Retention Plan (KRP)	1/2: 50 months 1/2: 62 months	Yes	Material Risk Takers (MRTs)
		Cliff vesting after 43 months	Yes	Non-Material Risk Takers (non-MRTs)
2016	Annual Award	1/4: 12 months[1] 1/4: 24 months[1] 1/4: 36 months[1] 1/4: 48 months[1]	Yes	Select employees as annual retention
		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] 1/3: 24 months[1] 1/3: 36 months[1]	Yes	Select employees as annual retention
		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

NOTES TO THE ACCOUNTS
For the year ended 31 December 2017

17 SHARE-BASED COMPENSATION (continued)

Grant year/s	Deutsch Bank Equity Plan	Vesting Schedule	Early retirement provisions	Eligibility
2012	Annual Award	1/3: 12 months[4] 1/3: 24 months[4]	Yes	Select employees as annual retention
	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.

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.

	2017	2016
	£	£
Total share-based compensation expense	951.366	1.740.377
Recharges to parent company	882.213	1.483.257
Charges credited to equity	69.153	257.120

As of 31 December 2017. unrecognized compensation costs related to non-vested share-based compensation was £ 1,420,369 (2016: £ 645.070), which is expected to be recognized over an average period of approximately 38.4 months (2016: 20 months).

Recognised Amortisation expense for Unvested Stock Compensation Awards

As at 31st December 2017, the company's life to date recognised amortisation expense in respect of unvested share based compensation awards totalled £1.478.929 (31st December 2016: £2.213.987). 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.

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For the year ended 31 December 2017

17 SHARE-BASED COMPENSATION (continued)

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 2015	**129,989**	**€ 27.90**
Granted	129,461	€ 13.74
Issued	(58,319)	€ 29.99
Transferred/Forfeited	-	€ 0.00
Balance at 31 December 2016	**201,131**	**€ 23.88**
Granted	90,010	€ 17.98
Issued	(128,137)	€ 24.34
Transferred/Forfeited	(50,104)	€ 23.88
Balance at 31 December 2017	**112,900**	**€ 15.37**

In addition, in March 2018, the Group granted awards of approximately 90,073 units at €15.88 (2016: nil) under the DB Equity Plan.

18 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 2017, was £922,574.00 (2016: £745,984,000).

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.

19 ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS

On the 14th Dec 2017, the Company was sold to Deutsche Asset Management Holding SE in preparation for the partial IPO of Deutsche Asset Management. Prior to this, Deutsche Asset Management Group Limited, a company registered in England and Wales, was 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.

NOTES TO THE ACCOUNTS
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20 CONTINGENT LIABILITY

Deutsche Alternative Asset Management (UK) Limited ("DeAAM UK") is the investment manager to Aggregator Solutions plc ("Aggregator"), in respect of three of its sub-funds. Aggregator has previously acquired interests in YA Offshore Global Investments ("Offshore Feeder").

"Yorkville" collectively refers to the Offshore Feeder and YA Global Investments, LP ("Master Fund") (together with the Offshore Feeder, "YA funds"), the general partner to the Master Fund and the investment advisor to the YA Funds.

In October 2017, a claim was filed in the District Court of New Jersey by Yorkville, against amongst others, DeAAM UK and two former employees who were part of the DeAAM UK investment management team ("Employees"). Allegations include fraud, misrepresentation, improper exploitation of confidential information and a conspiracy to invest in the Offshore Feeder, not for proper investment purposes, but in pursuit of a strategy to take over a particular sub-investment of the YA Funds to the detriment of other investors. The court proceedings issued against DeAAM UK and the Employees are for an unspecified sum. Pre-action correspondence indicates that Yorkville values the claim at USD 50 million.

The Company is defending this claim and the likelihood of economic outflow has been assessed as unlikely. As a result no provision has been made.

21 SUBSEQUENT EVENT

On 23rd March 2018, the partial IPO of DWS (formerly known as Deutsche Asset Management) took place.

During 2018, the remaining funds being managed by this entity will be transferred to Deutsche Alternative Asset Management (Global) Limited. This transfer will take a phased approach, and is due to be completed by the end of June 2018.