

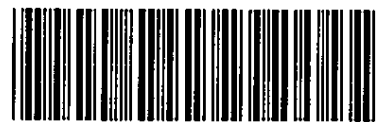
7

EPI General Partner Limited

Annual Report and Financial Statements

For the year ended 31 December 2015

FRIDAY



L5GN18FU

L23

30/09/2016

#232

COMPANIES HOUSE

EPI General Partner Limited

Company Information

Directors	J Furber I P Laming R W Lewis R W I Wilkinson
Company number	04963075
Registered office	Berkeley Square House 8th Floor Berkeley Square London W1J 6DB
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

EPI General Partner Limited

Contents

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditors' report	4 - 5
Profit and loss account	6
Group balance sheet	7
Company balance sheet	8
Group statement of changes in equity	9
Company statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the financial statements	12 - 21

EPI General Partner Limited

Strategic Report

For the year ended 31 December 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015

Fair review of the business

During the year, the company continued to be the general partner of European Property Investors (General Partner) L.P., a Limited Partnership which has an interest in European Property Investors LP ("the Fund"). The investment period for the Fund closed in December 2007. As detailed in the profit and loss account the group incurred a £8.2m reduction in turnover recognised in previous years as a result of the clawback provisions of the Fund Limited Partnership Agreement (LPA). As a result of this provision the group has net liabilities at the balance sheet date. None of this loss is attributable to the share holders of the company.

Principal risks and uncertainties

The principal risk facing the group is poor investment performance. The future health of the business is dependent upon good investment performance, if (for whatever reason) assets do not increase then this could jeopardize the future of business profits. This risk is minimal due to the overall profitability of the group, which has received returns in excess of the original investment.

Future developments

On 18 April 2015 the Fund, which constitutes the sole investment of the group, expired and begun to be wound down. The directors consider that the liquidation of the fund will take more than 12 months and consequently, the financial statements been prepared on a going concern basis.

Key performance indicators

The KPIs of the group are the return on their investment in the Fund, as indicated by the income and distributable yield, the internal rate of return from the Fund and the net asset value of their investment in the Fund. The group monitor performance its performance against these KPIs on a quarterly basis.

On behalf of the board



I P Laming

Director

22 September 2016

EPI General Partner Limited

Directors' Report

For the year ended 31 December 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

During the year, the company continued to be the general partner of European Property Investors (General Partner) LP, a Limited Partnership which has an interest in European Property Investors LP ("the Fund"). The investment period for the fund closed in December 2007.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows

J Furber
I P Laming
R W Lewis
R W I Wilkinson

Results and dividends

The results for the year are set out on page 6

Future developments

In accordance with section 414C(11) of the Companies Act 2006, the directors have chosen to include information about future developments in the Strategic Report.

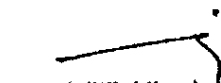
Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



I P Laming

Director

22 September 2016

EPI General Partner Limited

Directors' Responsibilities Statement

For the year ended 31 December 2015

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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 group and parent company and of the profit or loss of the group 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 accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EPI General Partner Limited

Independent Auditors' Report

To the Members of EPI General Partner Limited

We have audited the financial statements of EPI General Partner Limited for the year ended 31 December 2015 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 auditors' 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, the directors 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of, whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 for which the financial statements are prepared is consistent with the financial statements.

EPI General Partner Limited

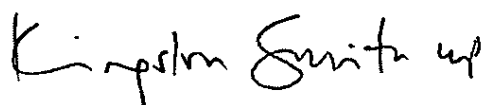
Independent Auditors' Report (Continued)

To the Members of EPI General Partner Limited

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 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Thomas Moore (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

26 September 2016

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

EPI General Partner Limited

Consolidated Profit and Loss Account For the year ended 31 December 2015

	Notes	2015 €000	2014 €000
Turnover	3	(8,158)	(17,090)
Administrative expenses		(29)	(18)
Operating loss		(8,187)	(17,108)
Change in fair value of investments	6	(2,036)	(2,118)
Loss on ordinary activities before taxation		(10,223)	(19,226)
Tax on profit on ordinary activities	7	-	1
Loss after taxation		(10,223)	(19,225)
Loss for the financial year is attributable to:			
- Owners of the parent company		(5)	(3)
- Non-controlling interests		(10,218)	(19,222)
		(10,223)	(19,225)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EPI General Partner Limited

Group Balance Sheet

As at 31 December 2015

	Notes	2015 €000	2014 €000
Fixed assets			
Investments	8	2,816	6,606
Current assets			
Debtors	11	4,172	4,171
Cash at bank and in hand		65	16
		<u>4,237</u>	<u>4,187</u>
Creditors: amounts falling due within one year	12	<u>(4,255)</u>	<u>(4,179)</u>
Net current (liabilities)/assets		(18)	8
Total assets less current liabilities		<u>2,798</u>	<u>6,614</u>
Provisions for liabilities	13	(20,389)	(11,697)
Net liabilities		<u>(17,591)</u>	<u>(5,083)</u>
Capital and reserves			
Profit and loss reserves		-	5
Minority interests		(17,591)	(5,088)
Total equity		<u>(17,591)</u>	<u>(5,083)</u>

The financial statements were approved by the board of directors and authorised for issue on . 22 September 2016 and are signed on its behalf by:


I P Laming
Director


EPI General Partner Limited

Company Balance Sheet

As at 31 December 2015

	Notes	2015 €000	€000	2014 €000	€000
Current assets					
Debtors	11	12		11	
Creditors: amounts falling due within one year	12	(12)		(6)	
Net current assets			-		5
Capital and reserves					
Profit and loss reserves			-		5

The financial statements were approved by the board of directors and authorised for issue on 22. September 2016 and are signed on its behalf by


I P Laming
Director

Company Registration No, 04963075

EPI General Partner Limited

Group Statement of Changes in Equity For the year ended 31 December 2015

	Notes	Profit and Total equity loss reserves €000	Non- controlling interest €000	Total €000
Balance at 1 January 2014		-	14,421	14,421
Period ended 31 December 2014:				
Loss and total comprehensive income for the year		(3)	(19,222)	(19,225)
Repayment to minority interests of capital contributed to subsidiaries		-	(247)	(247)
Distributions to minority interests		-	(40)	(40)
Balance at 31 December 2014		5	(5,088)	(5,083)
Period ended 31 December 2015:				
Loss and total comprehensive income for the year		(5)	(10,218)	(10,223)
Repayment to minority interests of capital contributed to subsidiaries		-	(1,754)	(1,754)
Distributions to minority interests		-	(531)	(531)
Balance at 31 December 2015		-	(17,591)	(17,591)

EPI General Partner Limited

Company Statement of Changes in Equity For the year ended 31 December 2015

	Notes	Profit and loss reserves €000
Balance at 1 January 2014		8
Period ended 31 December 2014:		
Loss and total comprehensive income for the year		(3)
		<hr/>
Balance at 31 December 2014		5
		<hr/>
Period ended 31 December 2015:		
Loss and total comprehensive income for the year		(5)
		<hr/>
Balance at 31 December 2015		-
		<hr/>

EPI General Partner Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

		2015		2014	
	Notes	€000	€000	€000	€000
Cash flows from operating activities					
Cash generated from operations	17		580		40
Investing activities					
Distributions paid to minority interests		(531)		(40)	
Return of capital contributions from investments		1,754		247	
Net cash generated from investing activities			1,223		207
Financing activities					
Repayment to minority interests of capital contributed to subsidiaries		(1,754)		(247)	
Net cash used in financing activities			(1,754)		(247)
Net increase in cash and cash equivalents			49		-
Cash and cash equivalents at beginning of year			16		16
Cash and cash equivalents at end of year			65		16

EPI General Partner Limited

Notes to the Financial Statements

For the year ended 31 December 2015

1 Accounting policies

Company information

EPI General Partner Limited ("the Company") is a limited company incorporated in England and Wales. The registered office is Berkeley Square House, 8th Floor, Berkeley Square, London, W1J 6DB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

These financial statements for the year ended 31 December 2015 are the first financial statements of EPI General Partner Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was €5,000 (2014: €3,000).

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

European Property Investors (Special Limited Partner) L.P. and European Property Investors (General Partner) L.P. have been consolidated in to the group accounts. They are consolidated due to the company's ability to control them through the terms of each entity's Partnership Agreement. The company has no rights to the assets or liabilities of each undertaking and therefore they are shown as wholly attributable to minority interests in the group balance sheet.

1.3 Going concern

The company balance sheet shows both net current assets and net assets.

On consolidation, as set out in the basis of consolidation accounting policy, the group incorporates the assets and liabilities of subsidiary undertakings on a line by line basis. However, none of the assets and liabilities of the subsidiaries are attributable to the shareholders of the company. The group's net liabilities of €17.6m arise as a result of the provision for claw back of carried interest as set out in the partnership agreement of European Property Investors (Special Limited Partner) LP. This claw back does not crystallise until termination of the underlying fund at which point the Special Limited Partner will have an obligation to pay these amounts to the Fund. The Fund has received assurances from the fund manager that these amounts can be recovered from the investors. In addition, two of the significant investors of the Fund have confirmed their current intention to support the Fund up to a certain amount which is considered sufficient to support it for the next 12 months.

The directors have therefore prepared the financial statements on a going concern basis.

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents amounts receivable as earned interest payable to the group in accordance with the European Property Investors LP ("the Fund") Limited Partnership Agreement. The earned interest payable is calculated at Fund level based on the return generated by each realised investment. However on disposal of the final investment the overall level of the performance fee will be calculated based on the total sums generated. This may result in a claw back to the Fund of earned interest already calculated or an additional payment. At the end of each financial year, the General Partner is required to make an estimate of the level of the earned interest at that date based on returns generated and expected future returns. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Income also includes distributions received from investments, rental income and gains or losses on property sales.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FR5 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

1 Accounting policies

(Continued)

1.7 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Value of investments

The Partnership periodically revalues its investments based on its share of the underlying value of the net assets of the investments of the fund. The share of net assets is determined by reference to a valuation of the funds assets prepared by independent external fund managers.

Performance fee true up (clawback of carried forward interest)

In accordance with the European Property Investors' LP's ('the fund') limited partnership agreement, the carried interest is calculated by the Fund based on the return generated by each realised investment. At the end of each financial year, the General Partner is required to make an estimate of the level of the carried interest at that date based on returns generated and expected future returns.

3 Turnover and other revenue

An analysis of the group's turnover is as follows

	2015	2014
	€000	€000
Carried interest	(8,692)	(17,131)
Share of revenue from sale of investment properties by the fund	12	-
Rental income received from investments	521	40
Management fees	1	1
	<u>(8,158)</u>	<u>(17,090)</u>

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

4 Auditors' remuneration

	2015 €000	2014 €000
Fees payable to the company's auditor and its associates		
For audit services		
Audit of the financial statements of the group and company	6	5
Audit of the company's subsidiaries	23	13
	<u>29</u>	<u>18</u>

5 Employees

The only employees of the company or group were the directors

6 Other gains and losses

	2015 €000	2014 €000
Fair value gains/(losses) on financial instruments		
Change in fair value of investments	(2,036)	(2,118)
	<u></u>	<u></u>

7 Taxation

	2015 €000	2014 €000
Current tax		
UK corporation tax on profits for the current period	-	(1)
	<u></u>	<u></u>

The charge for the year can be reconciled to the loss per the profit and loss account as follows

	2015 €000	2014 €000
Loss before taxation	(10,223)	(19,226)
Expected tax charge based on a corporation tax rate of 20%	(2,044)	(3,845)
Fair value adjustment not subject to tax	407	423
Income not subject to corporation tax	1,636	3,422
Losses carried forward	1	-
Reduction in earlier years tax charge as a result of losses carried back	-	(1)
Tax expense for the year	<u>-</u>	<u>(1)</u>

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

8 Fixed asset investments

	Group		Company	
	2015	2014	2015	2014
	€000	€000	€000	€000
Unlisted investments	<u>2,816</u>	<u>6,606</u>	<u>-</u>	<u>-</u>

Movements in fixed asset investments Group

	Investment in Fund €000
Cost or valuation	
At 1 January 2015	6,606
Distributions received	(1,754)
Changes in fair value	(2,036)
At 31 December 2015	<u>2,816</u>
Carrying amount	
At 31 December 2015	<u>2,816</u>
At 31 December 2014	<u>6,606</u>

Company

For details of the company's investments see note 9

9 Subsidiaries

Details of the company's subsidiaries at 31 December 2015 are as follows.

Name of undertaking and country of incorporation or residency	Nature of business	% Held
		Direct
European Property Investors (General Partner) L.P. England and Wales	Investment	-
European Property Investors (Special Limited Partner) L.P. England and Wales	Investment	-

The above entities are controlled by virtue of the powers granted to EPI General Partner Limited under the respective partnership agreements of each entity.

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

10 Financial instruments

	Group 2015 €000	2014 €000	Company 2015 €000	2014 €000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,237	4,187	12	11
Equity instruments measured at cost less impairment	2,816	6,606	-	-
	<u>7,053</u>	<u>10,793</u>	<u>12</u>	<u>11</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>4,254</u>	<u>4,178</u>	<u>11</u>	<u>5</u>

11 Debtors

	Group 2015 €000	2014 €000	Company 2015 €000	2014 €000
Amounts falling due within one year.				
Other debtors	4,172	4,171	-	-
Amounts due from fellow group undertakings	-	-	12	11
	<u>4,172</u>	<u>4,171</u>	<u>12</u>	<u>11</u>

12 Creditors: amounts falling due within one year

	Group 2015 €000	2014 €000	Company 2015 €000	2014 €000
Corporation tax payable	1	1	1	1
Other creditors	4,217	4,160	-	-
Accruals and deferred income	37	18	11	5
	<u>4,255</u>	<u>4,179</u>	<u>12</u>	<u>6</u>

The company has outstanding charges over its assets in favour of the group's bankers and a fellow group undertaking. At the balance sheet date the potential liability under these charges was €nil.

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

13 Provisions for liabilities

	Group 2015 €000	2014 €000	Company 2015 €000	2014 €000
Provision for true up	<u>20,389</u>	<u>11,697</u>	<u>-</u>	<u>-</u>

The provision shown is in respect of a potential true up payable to the Fund. The expected timing of the settlement will be at the end of the life of the Fund and is dependent on the future transactions of the Fund.

14 Share capital

	Group and company	
	2015 €000	2014 €000
Issued and fully paid		
100 ordinary shares of £1 each	<u>-</u>	<u>-</u>

15 Related party transactions

During the year, the group made a further provision of €8 692m (2014: €17 131m) in respect of the clawback of earned interest in European Property Investors LP. European Property Investors LP is an entity in which the group has a material interest. The best estimate of the amounts payable by the group to European Property Investors LP are included in provisions for other liabilities and charges. At the balance sheet date, the group owed European Property Investors LP €4.16 million (2014: €4.16 million). During the year the company provided services of €1,000 (2014: €1,000) to European Property Investors LP. At the balance sheet date, other debtors includes €12,000 (2014: €11,000) due from European Property Investors LP.

At year end, the group was owed €4.16 million (2014: €4.16m million) by European Property Investors LLC, an entity that has a material interest in one of EPI General Partner Limited's subsidiary undertakings.

16 Controlling party

The immediate parent company is AEW Europe S.A., an entity registered in France. The ultimate controlling party is Natixis Global Asset Management, S.A., an entity registered in France, by virtue of its ultimate beneficial ownership of the company.

EPI General Partner Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

17	Cash generated from operations	2015 €000	2014 €000
	Loss for the year	(10,223)	(19,225)
	Adjustments for:		
	Income tax expense recognised in profit or loss	-	(1)
	Fair value gains and losses on investments	2,036	2,118
	Increase in provisions	8,692	17,131
	Movements in working capital		
	(Increase) in debtors	(1)	(1)
	Increase in creditors	76	18
	Cash generated from operations	<u>580</u>	<u>40</u>

European Property Investors Special Opportunities LP
(Limited Partnership No LP12726)

Consolidated Financial Statements

For the year ended 31 December 2015

4963075

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

TABLE OF CONTENTS	PAGE
General Information	1
General Partner's Report	2
Statement of Responsibilities of the General Partner	3
General Partner's Strategic Report	4 - 5
Independent Auditors' Report	6
Consolidated and Partnership Statement of Financial Position	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Changes in Net Assets Attributable to Limited Partners	9
Partnership Statement of Changes in Net Assets Attributable to Limited Partners	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12 - 37

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

GENERAL INFORMATION

Designated members of the General Partner	Ric Lewis Ian Laming Rob Wilkinson Russell Jewell
Registered Office	Berkeley Square House 8th Floor Berkeley Square London W1J 6DB
General Partner	European Property Investors Special Opportunities (General Partner), LP (acting through its general partner European Property Investors Special Opportunities (General Partner) Limited Berkeley Square House 8th Floor Berkeley Square London W1J 6DB
Sub-Advisor	Tristan Capital Partners LLP Berkeley Square House 8th Floor Berkeley Square London W1J 6DB
Manager	AEW Europe LLP 33 Jermyn Street London SW1Y 6DN
Solicitors	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Bankers	The Royal Bank of Scotland International 71 Bath Street St Helier Jersey JE4 8PJ
Independent Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Administrators	Langham Hall UK Services LLP 5 Old Bailey London, EC4M 7BA
Depository	Langham Hall UK Depository LLP 5 Old Bailey London, EC4M 7BA

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No. LP12726)

GENERAL PARTNER'S REPORT

The General Partner presents its report and audited Consolidated Financial Statements of the Partnership for the year ended 31 December 2015

Principal Activity of the Partnership

European Property Investors Special Opportunities Limited Partnership closed on 23 May 2008 having raised €788.0 million of equity. The Partnership's strategy is to pursue "value-added" opportunities in non-listed real estate. No project was acquired in the year. In addition two projects and five assets from continuing projects were sold in the year. Projects may be defined as a Partnership of asset acquisitions with similar characteristics in a particular jurisdiction.

The investment period ended in May 2012. The focus for the European Property Investors Special Opportunities Limited Partnership and its subsidiaries ("the Partnership") is to implement the business plan objectives for each investment and to realise value where appropriate. The Partnership expects to call up to €30.0 million (none was called in 2015) of remaining capital during 2016.

The Partnership owns properties in the office and retail sectors across the UK, France, Spain and Poland.

AIFMD

The Alternative Investment Fund Management Directive (AIFMD) came into force on 22 July 2014. The Partnership was registered as an AIF on 1 July 2014. In line with AIFMD, Tristan Capital Partners LLP acts as the Partnership's AIFM and the Directive requires an AIF to disclose certain information regarding AIFM remuneration. The remuneration of the AIFM's staff is governed by the AIFM's dedicated remuneration policy. Remuneration is composed of both fixed and variable components. Details on remuneration paid by the AIFM to its staff are available upon request of the Investors at the registered office of the AIFM.

Results for the year

The Partnership has a consolidated comprehensive income for the year to 31 December 2015 of €84.7 million (2014: €158.2 million). The profit for the year includes:

Gross property revenue of €55.8 million (2014: €87.6 million),
Gain on disposal of investment property of €7.0 million (2014: Gain €4.4 million),
Gain on disposal of subsidiaries of €7.2 million (2014: Gain €46.9 million),
Change in fair value of investment properties of €59.7 million (2014: €81.6 million),
Finance costs of €46.6 million (2014: €46.6 million).

The gross asset value of the Partnership as at 31 December 2015 is €873.8 million (2014: €1,271.5 million).

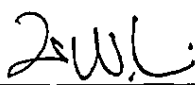
Information to auditors

So far as each person who is a director of the General Partner at the date of approving this report is aware there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors of the General Partner and the Partnership's auditors, each director has taken all steps that he is obliged to take as a director of the General Partner in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going Concern

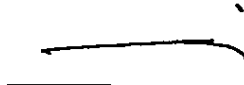
As at 31 December 2015, the Partnership has a net current liability position of €267.1 million (2014: net current liability of €260.8 million). The General Partner has prepared the financial statements on a going concern basis having a reasonable expectation that the Partnership has adequate resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements.

For and on behalf of European Property Investors Special Opportunities (General Partner) Limited



Ric Lewis
Designated Member

15 February 2016



Ian Laming
Designated Member

15 February 2016

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No. LP12726)

STATEMENT OF RESPONSIBILITIES OF THE GENERAL PARTNER

The General Partner is responsible for preparing the Strategic Report, the General Partner's Report and the financial statements in accordance with applicable law and regulations

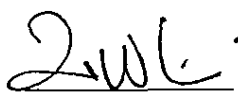
Company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors of the General Partner 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 Partnership and the profit or loss of the Partnership for that period.

In preparing these Financial Statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

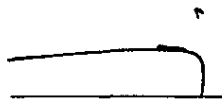
The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008 and the Limited Partnership Agreement. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of European Property Investors Special Opportunities (General Partner) Limited



Ric Lewis
Designated Member

15 February 2016



Ian Lamung
Designated Member

15 February 2016

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

GENERAL PARTNER'S STRATEGIC REPORT

The General Partner presents its strategic report for the year ended 31 December 2015

Review of the business

The Partnership's principal activities during the year continued to be the ownership of real estate investments across Europe

The key financial indicators during the year were as follows

	2015	2014	Change
	€'000	€'000	%
Gross property revenue	55,814	87,581	(36%)
Profit after tax	72,897	148,629	(51%)
Distributions paid	127,862	232,651	(45%)
Limited Partners' net assets	391,243	447,962	(13%)

The financial changes above are primarily due to the sale of Projects Greenway and Berlin Residential. This resulted in less net property revenue offset by an increased profit on disposal. Similarly, the Limited Partners' net assets decreased primarily due to the distributions paid following the sale of these two projects.

The focus of the Partnership continues to revolve around implementing the business plan objectives for each investment and to realise value where appropriate.

As at the 31st December 2015 the Partnership had six remaining investments which the Partnership expects to continue to dispose of as appropriate.

As at year end, €28.1 million of the €30.0 million revolving credit facility with RBS International has been drawn, leaving €1.9 million of the cash-backed facility available.

Non-recourse debt financing has been drawn on all required investments, resulting in a 54.8% LTV against book value and average margin of 2.9%. The Partnership extended loans on Projects Alizes, Centrum and Sapphire and commenced discussions to extend loans on Project Boxes. The Partnership extended the Tapas loan with JP Morgan.

Tax

An analysis of the tax charge is set out in note 12 to the Partnership's financial statements. The tax charge represents the consolidated net tax charge of the underlying subsidiaries, together with deferred tax on the difference between the fair value of investment property and the tax basis as well as other temporary differences, as required under International Financial Reporting Standards.

Assets and Capital Structure

The Partnership's loan to value percentage is as follows

	2015	2014
	€'000	€'000
Investment properties	451,407	744,656
Investment properties in the course of construction	-	150,949
Investment properties classified as held for sale	326,556	170,892
	<u>777,963</u>	<u>1,066,497</u>
Secured interest-bearing loans and borrowings	(398,218)	(496,188)
Liquidity/credit line borrowings relating to details	(28,130)	(17,422)
	<u>(426,348)</u>	<u>(513,610)</u>
Loan to value %	54.8%	48.2%

The policy for determining whether fixed or floating rates of interest are entered into is examined on a regular basis with assistance of external advisors.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

GENERAL PARTNER'S STRATEGIC REPORT (Continued)

Capital calls during the year

The Partnership made no capital calls in 2015 (2014 one totalling €6 million)

Capital calls	2015 €'000	2014 €'000
Boxes	-	4,100
Sapphire	-	1,900
	<u>-</u>	<u>6,000</u>

Capital returned during the year

The Partnership returned €62.5 million (2014 €150.0 million) of capital to the partners

Profile of debt

The profile of the Partnership's debt finance is as follows

	2015 €'000	2014 €'000
Current loans	(309,138)	(236,638)
Non-current loans	(117,210)	(276,971)
	<u>(426,348)</u>	<u>(513,610)</u>

Principal Risks and Uncertainties

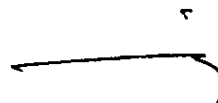
The Partnership is subject to a range of risks, most notable of which are those associated with the ownership of property, including changes in market conditions leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market, changes in interest rates and the availability of real estate lending, the risk that one or more tenants may be unable to meet their obligations to the Partnership or the Partnership may not be able to lease properties on favourable terms and the potential illiquidity of property investments, particularly in times of economic downturn, and changes in exchange rates where assets are held in currencies other than the Euro

The Partnership seeks to mitigate these risks through a range of activities, including thorough acquisition due diligence, active on-going asset management, and adopting interest rate and foreign exchange rate hedging strategies where appropriate



Ric Lewis
Designated Member

15 February 2016



Ian Lamung
Designated Member

15 February 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP

We have audited the financial statements of European Property Investors Special Opportunities LP for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Partnership Statement of Financial Position, the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners, the Partnership Statement of Changes in Net Assets Attributable to Limited Partners, the Consolidated Statement of Cash Flows and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partner's Responsibilities Statement set out on page 3, the General Partner is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the qualifying partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

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 qualifying 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
- certain disclosures of members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Daniel Saunders (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 February 2016

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

CONSOLIDATED AND PARTNERSHIP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

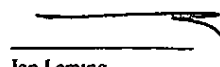
		Consolidated		Partnership	
	Notes	2015 €'000	2014 €'000	2015 €'000	2014 €'000
ASSETS					
Non-current assets					
Investment properties	14	451,407	744,656	-	-
Investment properties in the course of construction	14	-	150,949	-	-
Investment in subsidiaries	15	-	-	1,600	1,600
Loan to subsidiaries	22	-	-	467,872	470,863
Derivative financial instruments	18	-	1	-	-
Total non-current assets		451,407	895,606	469,472	472,463
Current assets					
Loan to subsidiaries	22	-	-	82,463	125,461
Trade and other receivables	17	74,205	77,460	29,758	24,594
Current tax receivable		1,285	9,270	-	-
Derivative financial instruments	18	670	-	-	-
Cash and cash equivalents	19	19,658	118,268	6,433	43,531
Total current assets		95,818	204,998	118,654	193,586
Investment Properties classified as held for sale	14	326,556	170,862	-	-
Total Assets		873,781	1,271,466	588,126	666,049
EQUITY AND LIABILITIES					
Partners' capital contributions		345,073	407,618	345,073	407,618
Partners' current account		13,301	19,261	15,440	47,068
Exchange reserves		32,869	21,083	30,730	20,026
		391,243	447,962	391,243	474,712
Non controlling interests		(6,332)	15,715	-	-
Total Equity		384,911	463,677	391,243	474,712
Non-current liabilities					
Interest-bearing loans and borrowings	21	117,210	276,971	-	-
Loans from subsidiaries	22	-	-	151,592	143,208
Trade and other payables	20	217	24,484	-	-
Derivative financial instruments	18	-	13,134	-	-
Deferred tax liabilities	13	8,531	27,449	-	-
Total non-current liabilities		125,958	342,038	151,592	143,208
Interest-bearing loans and borrowings	21	309,138	236,638	28,130	17,422
Trade and other payables	20	33,014	212,207	1,901	14,604
Derivative financial instruments	18	16,553	11,381	15,260	16,103
Current tax payable		4,207	5,524	-	-
Total current liabilities		362,912	465,751	45,291	48,129
Total Liabilities		488,870	807,789	196,883	191,337
Total Equity and Liabilities		873,781	1,271,466	588,126	666,049

Signed on behalf of European Property Investors Special Opportunities LP by its General Partner, European Property Investors Special Opportunities (General Partner) LP acting through its general partner European Property Investors Special Opportunities (General Partner) Limited



Ric Lewis
Designated Member

15 February 2016



Ian Laming
Designated Member

15 February 2016

The accompanying Notes to the Consolidated Financial Statements form an integral part of these Consolidated Financial Statements

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2015

	Notes	2015 €'000	2014 €'000
Gross rental income		55,814	87,581
Service charge income		13,849	22,114
Other property income		5,787	18,659
Other income		6,945	-
Property operating expenses	7	(29,863)	(36,440)
Net property revenue		52,532	91,914
Administrative expenses	8	(12,097)	(19,626)
Surplus on trading properties		-	237
Gain on sale of investment properties	9	7,047	4,438
Gain on sale of subsidiaries	10	7,233	46,943
Change in fair value of investment properties	14	59,666	81,593
Operating profit		114,381	205,499
Finance income	11	7,458	8,929
Finance costs	11	(46,631)	(46,637)
Profit before tax		75,208	167,791
Taxation	12	(2,311)	(19,162)
Total profit for the year		72,897	148,629
Other comprehensive income			
Exchange differences on translation of foreign operations		11,786	9,617
Total comprehensive income for the year		84,683	158,246
There is no taxation effect relating to items of other comprehensive income. All items of other comprehensive income recognised for the year may be reclassified to Profit or Loss in subsequent years.			
Profit attributable to			
Limited Partners		58,572	127,810
Non-controlling interests		14,325	20,819
		72,897	148,629
Total comprehensive income attributable to			
Limited Partners		70,358	137,427
Non-controlling interests		14,325	20,819
		84,683	158,246

The accompanying Notes to the Consolidated Financial Statements form an integral part of these Consolidated Financial Statements.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to Limited Partners				Non-controlling	
	Capital	Foreign	Current	TOTAL	Interests	TOTAL
	Account	Exchange	Account			
	€'000	Reserve	€'000	€'000	€'000	€'000
As at 1 January 2015	407,618	21,083	19,261	447,962	15,715	463,677
Distributions to Limited Partners	(62,545)	-	(65,317)	(127,862)	(36,372)	(164,234)
Rebates on management & commitment fees	-	-	785	785	-	785
Total comprehensive income for the year	-	11,786	58,572	70,358	14,325	84,683
As at 31 December 2015	345,073	32,869	13,301	391,243	(6,332)	384,911

	Attributable to Limited Partners				Non-controlling	
	Capital	Foreign	Current	TOTAL	Interests	TOTAL
	Account	Exchange	Account			
	€'000	Reserve	€'000	€'000	€'000	€'000
As at 1 January 2014	551,650	11,466	(26,939)	536,177	9,882	546,059
Net contributions from Limited Partners	6,000	-	-	6,000	-	6,000
Distributions to Limited Partners	(150,032)	-	(82,619)	(232,651)	(14,986)	(247,637)
Rebates on management & commitment fees	-	-	1,009	1,009	-	1,009
Total comprehensive income for the year	-	9,617	127,810	137,427	20,819	158,246
As at 31 December 2014	407,618	21,083	19,261	447,962	15,715	463,677

The accompanying Notes to the Consolidated Financial Statements form an integral part of these Consolidated Financial Statements

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

PARTNERSHIP STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to Limited Partners			
	Capital	Foreign	Current	TOTAL
	Account	Exchange Reserve	Account	
	€'000	€'000	€'000	€'000
As at 1 January 2015	407,618	20,026	47,068	474,712
Distributions to Limited Partners	(62,545)	-	(65,317)	(127,862)
Rebates on management & commitment fees	-	-	785	785
Total comprehensive income for the year	-	10,704	32,904	43,608
As at 31 December 2015	345,073	30,730	15,440	391,243

	Attributable to Limited Partners			
	Capital	Foreign	Current	TOTAL
	Account	Exchange Reserve	Account	
	€'000	€'000	€'000	€'000
As at 1 January 2014	551,650	6,789	23,138	581,577
Net contributions from Limited Partners	6,000	-	-	6,000
Distributions to Limited Partners	(150,032)	-	(82,619)	(232,651)
Rebates on management & commitment fees	-	-	1,009	1,009
Total comprehensive income for the year	-	13,237	105,540	118,777
As at 31 December 2014	407,618	20,026	47,068	474,712

The accompanying Notes to the Consolidated Financial Statements form an integral part of these Consolidated Financial Statements

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 €'000	2014 €'000
Operating activities			
Profit before tax		75,208	167,791
Gain on sale of investment properties	9	(7,047)	(4,438)
Gain on sale of subsidiaries	10	(7,233)	(46,943)
Changes in fair value of investment properties		(59,666)	(81,593)
Changes in fair value of financial instruments		1,051	1,722
Increase in receivables		(8,391)	(1,324)
Decrease in payables		(66,250)	(46,877)
Net finance costs		38,123	35,880
Tax paid		(14,562)	(13,814)
Net cash flow (used in)/from operating activities		(48,767)	10,404
Investing activities			
Subsequent expenditure on investment properties		(17,683)	(48,220)
Proceeds from sale of investment properties		31,588	174,998
Proceeds from sale of subsidiaries			
Disposal of investment properties	214,035		
Decrease in receivables	11,445		
Decrease in payables	(5,689)		
Repayment of borrowings	(72,735)		
		147,056	301,260
Net cash flow from investment activities		160,961	428,038
Financing activities			
Distribution paid to Limited Partners		(127,862)	(225,644)
Distribution to non-controlling interests		(36,372)	(16,485)
Proceeds from borrowings		24,183	21,902
Repayment of borrowings		(35,504)	(96,626)
Interest received		120	123
Interest paid		(36,088)	(36,003)
Net cash flow used in financing activities		(211,523)	(352,733)
Net (decrease)/increase in cash and cash equivalents		(99,329)	85,709
Cash and cash equivalents at the beginning of the year		118,268	31,811
Exchange differences		719	748
Cash and cash equivalents at the end of the year	19	19,658	118,268

The accompanying Notes to the Consolidated Financial Statements form an integral part of these Consolidated Financial Statements

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

1 CORPORATE INFORMATION

The consolidated financial statements of European Property Investors Special Opportunities Limited Partnership for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the General Partner on 15 February 2016. European Property Investors Special Opportunities Limited Partnership (the 'Partnership') is a qualifying limited partnership incorporated in England and domiciled in the United Kingdom.

The Partnership is expected to continue until 22 May 2017. The Partnership has sufficient liquidity to meet its net current liabilities as they fall due.

The General Partner to the Partnership is European Property Investors Special Opportunities (General Partner), LP (acting through its general partner European Property Investors Special Opportunities (General Partner) Limited as incorporated and registered in England and Wales whose registered office is located at Berkeley Square House, 8th Floor, Berkeley Square, London, W1J 6DB).

2 BASIS OF PREPARATION

a) Preparation of the consolidated financial statements

As at 31 December 2015, the Partnership has a net current liability of €267.1 million (2014: €260.8 million). The General Partner has prepared the financial statements on a going concern basis having a reasonable expectation that the Partnership has adequate resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements. All investment loans are non-recourse and the Partnership expects to pay all its liabilities as they fall due. The Consolidated Financial Statements are prepared applying the historical cost basis, except for investment property and derivative financial instruments that have been measured at fair value. The Consolidated Financial Statements are presented in Euros (€) and all values are rounded to the nearest thousand (€000) except when otherwise indicated. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the EU.

No profit and loss account is presented for European Property Investors Special Opportunities LP as permitted under section 408 of the Companies Act 2006. The Partnership's profit for 2015 was €43.6m (2014: €118.8m).

All references to "net assets" throughout these Consolidated Financial Statements refer to the net assets attributable to the holders of Limited Partners' interests unless otherwise stated.

b) Cash flow statement

The Partnership reports cash flows from operating activities using the indirect method. Interest received and paid are presented within financing cash flows. The expenditure on investment properties is disclosed as cash flows from investing activities because this most appropriately reflects the Partnership's business activities.

c) New and amended standards adopted by the Partnership

The following standards are relevant to the Partnership and are mandatory for the Partnership's accounting periods beginning on or after 1 January 2015.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

2 BASIS OF PREPARATION (continued)

c) New and amended standards adopted by the Partnership (continued)

Effective for annual periods (and interim periods therein) ending 31 December 2015 and thereafter

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued three amendments to three standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective in the EU for periods beginning at 1 January 2015, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

This cycle also included an amendment to IAS 40 Investment Properties. The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine whether the transaction is the purchase of an asset or business combination. This amendment to IAS 40 has no impact on the Group.

d) New standards, amendments and interpretations issued, but not yet effective

The following new and amended standards and interpretations have been issued and are mandatory for the Partnership's accounting periods beginning after 1 January 2016 and are expected to be relevant to the Partnership.

Effective for annual periods (and interim periods therein) ending 31 December 2015 and thereafter

IFRS 11 (amended)	Joint Arrangements Accounting for Acquisitions of Interests	1 January 2016
IAS 1 (amended)	Disclosure Initiative	1 January 2016
IAS 27 (amended)	Equity Method in Separate Financial Statements	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments (issued in 2014)	1 January 2018
IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle	1 February 2015
IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016

The Partnership will consider the impact of these new standards and amendments in the next financial year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)**

3 SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of the Partnership's Consolidated Financial Statements requires the General Partner to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

In the process of applying the Partnership's accounting policies, the General Partner has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

a) Valuations of properties

Investment properties are stated at fair value as at the Consolidated Statement of Financial Position date. Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the period on which they arise.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at the Consolidated Statement of Financial Position date.

Investment properties are transferred to held for sale once they meet the appropriate criteria, as outlined under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

b) Taxes

The Partnership is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred taxation, the effective tax rate applicable on the temporary differences in investment properties depends on the method by which the carrying amount of investment properties will be realised.

The Partnership recognises liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income and gains. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

c) Performance fee

A performance fee is payable to the Special Limited Partner in accordance with the criteria as described in Section 6.11 of the Fund's Limited Partnership Agreement. The fee payable is calculated based on the return generated by each realised investment, however on disposal of the final investment the overall level of the performance fee will be calculated based on the total returns generated. This may result in a claw back of the performance fees already calculated or an additional payment. At the end of each financial year the Managers are required to make an estimate of the level of the liability at that date, based on the returns generated to date and expected future returns.

Liabilities arising from the performance fee, that are determined by amounts realised on disposal of investments are financial liabilities measured through the Consolidated Statement of Comprehensive Income. The level of the liability is measured at the end of each year end based on the Managers' estimate of the future cash flows payable.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Partnership and its subsidiaries as at 31 December 2015. Control is achieved when the Partnership is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Partnership controls an investee if, and only if, the Partnership has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Partnership has less than a majority of the voting or similar rights of an investee, the Partnership considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Partnership's voting rights and potential voting rights

The Partnership re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Partnership obtains control over the subsidiary and ceases when the Partnership loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Partnership gains control until the date the Partnership ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Partnership and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Partnership's accounting policies. All intra-Partnership assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Partnership are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Partnership loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b) Foreign currency translation

The consolidated financial statements are presented in Euros, which is the presentational currency. Each entity in the Partnership determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements, transactions in foreign currencies are initially recorded in the functional currency at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non-monetary items that are denominated in a foreign currency and measured in terms of historical cost are translated using the exchange rates at the date when the fair value was determined. All differences are taken to Statement of Comprehensive Income.

In the consolidated financial statements, the assets and liabilities of foreign currency denominated operations are translated into Euros at the rate of exchange ruling at the balance sheet date and foreign currency denominated items in the Consolidated Statement of Comprehensive Income are translated at the weighted average rate for the year. The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of these foreign subsidiaries.

Any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Where a foreign currency denominated loan is considered part of the net investment, exchange gains and losses arising on retranslation of the loan are recognised directly in equity until disposal of the investment, at which time they are recognised in the Consolidated Statement of Comprehensive Income as part of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Borrowing costs

Borrowing costs are recognised as an expense using the effective interest rate method with the exception of finance costs on investment properties in the course of construction which are instead capitalised as part of the cost of construction. The effective interest rates are as disclosed in note 21. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

d) Investment properties

Investment properties are recognised in accordance with IAS 40 'Investment Property' (revised), when it is probable that the future economic benefits associated with the investment property will flow to the entity and the cost can be measured reliably. In general this happens on legal completion of contracts and assets are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, providing the recognition criteria are met, but excludes the costs of day to day servicing.

Subsequent to initial recognition, investment properties are stated at fair value, which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, which reflects the market conditions at that date. Gains or losses arising from changes in the fair values of investment properties are included in the Consolidated Statement of Comprehensive Income in the year in which they arise.

Where an existing investment property is redeveloped for continued future use as an investment property, the property remains an investment property and is accounted for as such.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Consolidated Statement of Comprehensive Income in the year of retirement or disposal.

e) Trading properties

Trading properties are those properties acquired with the intention to dispose of them in the ordinary course of business, rather than to be held for rental or capital appreciation and are shown at the lower of cost and net realisable value. Cost includes all costs in bringing the properties to their current condition. Net realisable value is assessed by the Partnership having regard to suitable external advice and knowledge of recent comparable transactions, as being fair value at the balance sheet date less estimated costs of sale.

f) Investment properties in the course of construction

Investment properties in the course of construction which comprise property under construction, its associated land and any directly attributable transaction costs, are measured at fair value at the balance sheet date. On completion of construction or development the asset is transferred to investment properties.

g) Investment properties held for sale

An investment property is classified as held for sale where it is available for sale in its present condition and the sale is deemed to be highly probable, as evidenced by certain conditions at the balance sheet date. A sale is defined as highly probable where management is committed to a plan to achieve the sale, there is an active programme to find a buyer, the property is being actively marketed at a reasonable price, the sale is anticipated to be completed within one year from the date of classification and it is unlikely there will be changes to the plan.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Partnership will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

i) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash in hand and at bank and short term deposits with an original maturity of three months or less.

Restricted cash is not included within cash at bank and is disclosed with trade and other receivables in the Consolidated Statement of Financial Position and in note 17. Restricted cash is defined as cash that is not available to finance the Partnership's day-to-day operations.

j) Trade and other payables

Trade and other payables are recognised and carried at fair value. Where the time value of money is material, payables are subsequently carried at amortised cost. Generally this results in their recognition at their nominal value.

k) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, being the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial liability at the end of the expected life.

l) Leases

Finance leases, that transfer to the Partnership substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

All other leases are treated as operating leases. Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

m) Revenue recognition

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, and are accounted for on a straight-line basis over the lease term, except that contingent lease rentals are recognised as revenue in the year in which they are earned.

Premiums received to terminate leases are recognised in the Consolidated Statement of Comprehensive Income when they arise.

Service charge income recoverable from tenants

Expenses incurred in the day-to-day operations of investment properties, as well as expenses recoverable from tenants, are recorded as operating expenses. Amounts recovered from tenants are recognised within revenue as service charge income whilst other operating income records insurance receipts and other miscellaneous income. The income is recognised in the year in which it is earned.

Sale of investment property

Revenue from the sale of investment properties and trading properties is recognised in the Consolidated Statement of Comprehensive Income when the transaction has completed.

Interest income

Interest is recognised as the interest accrues (using the effective interest rate method).

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Taxes

The structure of the Partnership is tax transparent. Accordingly, tax is not payable by the Partnership on the Partnership's profit for the year, however the operating income of the Partnership's investment through its subsidiaries may be subject to income taxes in the respective jurisdictions at applicable tax rates. Such tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in net assets, in which case it is recognised directly in the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Statement of Financial Position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided in full, using the liability method on all temporary differences at the Consolidated Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes with the following exceptions:

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

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Deferred tax relating to items recognised directly in changes in net assets attributable to Limited Partners is recognised in the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners and not in the Consolidated Statement of Comprehensive Income.

o) Derivatives and hedging

The Partnership uses interest rate swaps and caps to hedge its risks associated with interest rates, and forwards to hedge its risks associated with foreign exchange. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value which in the majority of cases is derived by reference to directly and indirectly observable market data. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Partnership does not adopt hedge accounting and therefore any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the Consolidated Statement of Comprehensive Income.

p) Reserves

Partners' capital account

This reserve is used to record the capital contributed from the Limited Partners for the purpose of investments, less capital subsequently returned to the Limited Partners.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Reserves (continued)

Exchange reserves

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries where the functional currency is not Euros

Partners' current account

This reserve is used to record the profits / (losses) earned to date from the investments, less any profit returned to the Limited Partners via a distribution

Non-controlling interest

This reserve is used to record the non-controlling interests' share of net assets, plus their share of profit or loss earned to date, less any distributions paid to them

q) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Partnership. The Partnership applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Partnership. In accordance with IAS 27, non-controlling interests in the profit, loss and net assets of subsidiaries for the reporting period are presented separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Net Assets Attributable to Limited Partners.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Partnership's principal financial instruments, other than derivatives, comprise bank loans, trade and other receivables, trade and other payables and cash. The main purpose of these financial instruments is to provide finance for the Partnership's real estate investment activities.

The Partnership also enters into derivative transactions, mainly interest rate swaps and caps. Their purpose is to achieve a balance between risk management and an economic cost of finance for the Partnership. It is Partnership policy that no trading in financial instruments shall be undertaken.

The Partnership's financial instruments and how they are measured in the Consolidated Statement of Financial Position is summarised below:

As at 31 December 2015	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Total
	€000	€000	€000	€000	€000
Financial assets					
- Trade and other receivables	74,205	-	-	-	74,205
- Derivative financial instruments	-	670	-	-	670
- Cash	19,658	-	-	-	19,658
Financial liabilities					
- Interest-bearing loans and borrowings	-	-	(426,348)	-	(426,348)
- Trade and other payables	-	-	-	(33,231)	(33,231)
- Derivative financial instruments	-	-	-	(16,553)	(16,553)
	93,863	670	(426,348)	(49,784)	(381,599)

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

As at 31 December 2014	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss	Total
	€000	€000	€000	€000	€000
Financial assets					
- Trade and other receivables	77,460	-	-	-	77,460
- Derivative financial instruments	-	1	-	-	1
- Cash	118,268	-	-	-	118,268
Financial liabilities					
- Interest-bearing loans and borrowings	-	-	(513,610)	-	(513,610)
- Trade and other payables	-	-	(236,691)	-	(236,691)
- Derivative financial instruments	-	-	-	(24,515)	(24,515)
	195,728	1	(750,301)	(24,515)	(579,087)

a) Interest rate risk

The Partnership's exposure to market risk for changes in interest rates relates primarily to debt obligations with floating interest rates

The Partnership's policy is to manage its interest cost using different hedging instruments, including swaps and caps, to hedge the underlying debt obligations. The Partnership's policy is to keep the majority of its borrowings at fixed rates of interest by entering into interest rate swaps, in which the Partnership agrees to exchange, at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These instruments are used to hedge underlying debt obligations. At 31 December 2015, after taking into account the effect of interest rate hedging, 47.6% (2014: 85.7%) of the Partnership's borrowings are at a fixed rate of interest.

The following demonstrates how much the Partnership's profit before tax would increase/(decrease) due to a possible change in Euribor and Libor interest rates, with all other variables held constant:

		2015 €'000	2014 €'000
Euribor/Libor	+50bps	2,269	3,595
Euribor/Libor	-50bps	(2,269)	(3,108)

b) Foreign exchange rate risk

Foreign exchange rate risk is the risk of the Partnership's net asset value changing due to a movement in foreign exchange rates.

As a result of real estate investments in the UK and Poland, the Partnership's balance sheet can be affected by movements in Sterling / Euro and /zoty / Euro exchange rates. The Partnership mitigates the effect of its foreign currency exposure by borrowing in Sterling and purchase of currency forwards.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No. LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Foreign exchange rate risk (continued)

The Partnership's currency exposure to Sterling has been hedged by purchasing currency forwards which protect against depreciations in currency. It is the Partnership's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item so as to maximise hedge effectiveness. The Partnership does not designate its derivatives as hedges in accordance with IAS 39, therefore it does not hedge account in accordance with the provisions of IAS 39.

At 31 December 2015 the Partnership held currency forwards to protect against movements in Sterling / Euro exchange rates. The following tables set out the terms of these contracts:

As at 31 December 2015	Buy £'000	Maturity	Exchange Rate
	13,359	30/09/2016	0.7394
	16,255	30/09/2016	0.7561
	7,095	30/09/2016	0.7561
	1,700	30/09/2016	0.7561
	9,320	30/09/2016	0.7102
	64,180	17/03/2016	0.8728
	9,000	29/01/2016	0.8605
	1,572	17/03/2016	0.8393
	<u>122,481</u>		

As at 31 December 2014	Buy £'000	Maturity	Exchange Rate
	13,359	28/05/2015	0.8845
	16,255	15/10/2015	0.8706
	7,095	15/10/2015	0.8706
	1,700	15/10/2015	0.8691
	9,320	30/11/2015	0.8701
	64,180	17/03/2016	0.8728
	9,000	29/01/2016	0.8605
	1,572	17/03/2016	0.8393
	<u>122,481</u>		

The following demonstrates the sensitivity of the Partnership's profit/(loss) before tax to a possible change in Sterling / Euro exchange rates, with all other variables held constant:

	2015 €'000	2014 €'000
GBP strengthens by 2.5%	9,706	1,417
GBP weakens by 2.5%	(9,912)	(1,225)

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Partnership is exposed to credit risk from its leasing activities and from its financing activities, including deposits with banks and financial institutions and derivatives.

The Partnership enters into leases only with recognised, creditworthy third parties. It is the Partnership's policy that all tenants are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Partnership's exposure to bad debts is not significant. The maximum exposure is the carrying amount of trade and accounts receivable as disclosed in note 17 and there are no significant concentrations of credit risk within the Partnership. For transactions that are not denominated in the measurement currency of the relevant operating unit, the Partnership does not offer credit terms without the specific approval of the General Partner.

d) Liquidity risk

The Partnership monitors its risk of a shortage of funds using detailed cash flow monitoring run at both a local entity level and on a consolidated basis. These reports track projected cash flows from both operations and capital events and the costs associated with maintaining the investment portfolio. The Partnership's objective is to ensure that the level and maturity of bank debt borrowings used to finance the investments matches the forecast operational or capital cash flows from its investment portfolio.

The following is an analysis of the contractual undiscounted cash flows payable under financial liabilities, derivative financial instruments and exchange forwards as at the balance sheet date.

As at 2015	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
	€000	€000	€000	€000	€000	€000
Secured bank loans	(281,008)	(117,210)	-	-	-	(398,218)
Derivatives	(16,553)	-	-	-	-	(16,553)
Credit line facility	(28,130)	-	-	-	-	(28,130)
Trade and accounts payables	(33,014)	(217)	-	-	-	(33,231)
Total financial liabilities	(358,705)	(117,427)	-	-	-	(476,132)
Plus effect of future years' interest and finance costs						(14,232)
						(490,364)

As at 2014	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
	€000	€000	€000	€000	€000	€000
Secured bank loans	(254,060)	(276,971)	-	-	-	(531,031)
Derivatives	(11,381)	(13,134)	-	-	-	(24,515)
Credit line facility	17,422	-	-	-	-	17,422
Trade and accounts payables	(212,207)	(24,483)	-	-	-	(236,690)
Total financial liabilities	(460,226)	(314,588)	-	-	-	(774,814)
Plus effect of future years' interest and finance costs						(16,852)
						(791,666)

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

e) Capital Risk Management

The Partnership manages its capital structure in accordance with the requirements set out in the Limited Partnership Agreement, namely that all long term borrowings made by the Partnership during the investment period shall not exceed 75.0% of the gross asset value (defined as the fair value of the partnership assets) and after the investment period they shall not exceed 70.0% of the gross asset value. These ratios are checked on an individual and cumulative ratio basis, always being mindful that the property values can decrease as well as increase.

The primary objective of the Partnership's capital management is to ensure a strong credit rating and healthy capital ratios in order to support its entities and maximise investor value.

6 FAIR VALUE ESTIMATION

Fair Value Estimation under IFRS 13 requires the Partnership to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its financial assets. The fair value hierarchy has the following levels:

- Level (1) quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level (2) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- Level (3) inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value of derivatives are classified by the Partnership as Level 2.

The fair value of the derivatives is calculated by Chatham Financial, an independent interest rate and currency risk advisor.

The fair value of interest rate hedges are determined by estimating the future fixed and floating cash flows, based on market forward curves, and discounting the expected cash flows to the valuation date.

The fair value of foreign exchange contracts is calculated using market spot exchange rates, forward points and discount factors.

7 PROPERTY OPERATING EXPENSES

	2015	2014
	€'000	€'000
Property management fees	(2,928)	(3,784)
Property taxes	(864)	(1,253)
Service charge expenses	(15,100)	(22,436)
Non recoverable operating expenses	(3,690)	(4,362)
Other operating expenses	(7,281)	(4,605)
Total property operating expenses	(29,863)	(36,440)

All property operating expenses arise from rental income generating investment property.

Under the Limited Partnership Agreement, the Managers are obligated to provide property management services to the Partnership. In turn, the Managers have subcontracted these services to third party property companies.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

8 ADMINISTRATIVE EXPENSES	2015	2014
	€'000	€'000
Management fees	(5,065)	(7,698)
Managers' performance fee	-	(2,432)
Accounting fees	(1,115)	(1,356)
Audit fees	(369)	(353)
Legal and professional fees	(2,000)	(3,699)
Valuation fees	(144)	(164)
Bad Debts	(509)	(503)
Other expenses	(2,895)	(3,421)
Total administrative expenses	(12,097)	(19,626)
9 GAIN ON SALE OF INVESTMENT PROPERTIES	2015	2014
	€'000	€'000
Project Alizes	(228)	(275)
Project Jeeves	686	4,713
Project Tapas	7,038	-
Project Berlin Rest	(361)	-
Project German Office	(88)	-
Total gain on sale of investment properties	7,047	4,438
10 GAIN ON SALE OF SUBSIDIARIES	2015	2014
	€'000	€'000
Project Greenway	7,233	-
Project Titan	-	(2,121)
Project Cake	-	(1,865)
Project German Office	-	12,827
Project Snow	-	38,102
Total gain on sale of subsidiaries	7,233	46,943
11 FINANCE INCOME AND COSTS	2015	2014
	€'000	€'000
Finance income		
Bank interest income	590	188
Gain on fair value of derivative financial instruments	6,868	8,414
Foreign exchange gain	-	327
Total finance income	7,458	8,929
Finance costs		
Interest on bank loans	(36,943)	(36,094)
Losses on fair value of derivative financial instruments	(9,573)	(10,543)
Foreign exchange losses	(115)	-
Total finance costs	(46,631)	(46,637)

During the year finance costs of €25.4 million (2014: €9.2 million) were capitalised to investment properties in the course of construction.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

12 TAXATION	2015	2014
	€'000	€'000
The major components of the tax charge are		
Current tax	(16,375)	(6,172)
Deferred tax	14,064	(12,990)
Total reported in the Consolidated Statement of Comprehensive Income	(2,311)	(19,162)

A reconciliation of the tax charge applicable to the accounting profit before tax at the average tax rate to the tax charge at the Partnership's effective tax rate for the year ending 31 December 2015 and 2014 is as follows

Profit before tax	75,208	167,791
Tax calculated at a weighted average rate for the Partnership of 12.0% (2014 14.0%)	(9,025)	(23,478)
Permanent differences	(4,450)	(1,679)
Unrecognised deferred tax on movement in fair value of derivatives	852	495
Unrecognised deferred tax on movement in fair value of investment properties	17,624	10,728
Tax losses utilised in the year	(608)	(306)
Tax gains / (losses) not recognised in the year	7,714	(593)
Other temporary differences	(12,816)	(3,914)
Prior year adjustment	(1,602)	(415)
	(2,311)	(19,162)

The effective tax rate for 2015 is 3.1% (2014 11.4%)

13 DEFERRED TAX	Consolidated Statement of Financial Position	
	2015	2014
	€'000	€'000
Reflected in the Financial Statements as follows		
Deferred tax liabilities	(8,531)	(27,449)
Deferred tax liabilities net	(8,531)	(27,449)

The movement in deferred tax assets and liabilities during the year is as follows

	Arising from fair value movement on Investment Properties	Arising from other items	Total
	€'000	€'000	€'000
Deferred tax			
As at 1 January 2015	(32,475)	5,026	(27,449)
Credited to the Consolidated Statement of Comprehensive Income	14,064	-	14,064
Deferred tax liabilities derecognised following sale of subsidiaries	4,854	-	4,854
As at 31 December 2015	(13,557)	5,026	(8,531)

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

14 INVESTMENT PROPERTIES

	Investment properties	Investment properties in the course of construction	Investment properties classified as held for sale	Total
	€'000	€'000	€'000	€'000
Balance as at 1 January 2015	744,656	150,949	170,862	1,066,467
Capital expenditure	16,138	-	-	16,138
Tenant incentives	2,331	-	-	2,331
Disposals				
investment properties	(22,422)		(161,770)	(184,192)
investment properties sold by sale of subsidiary		(209,920)		(209,920)
Transfers between categories	(311,288)		311,288	-
Change in fair value of investment properties	(5,481)	58,971	6,176	59,666
Foreign exchange differences	27,473	-	-	27,473
Balance as at 31 December 2015	451,407	-	326,556	777,963
Balance as at 1 January 2014	1,191,905	105,921	181,903	1,479,729
Capital expenditure	17,606	35,026	-	52,632
Tenant incentives	1,554	-	-	1,554
Disposals				
investment properties	(45,491)	-	-	(45,491)
investment properties sold by sale of subsidiary	(355,443)	-	(181,903)	(537,346)
Transfers between categories	(160,100)	-	160,100	-
Transfers from trading properties	-	-	10,762	10,762
Change in fair value of investment properties	71,591	10,002	-	81,593
Foreign exchange differences	23,034	-	-	23,034
Balance as at 31 December 2014	744,656	150,949	170,862	1,066,467

The change in fair value of investment properties credited to the Consolidated Statement of Comprehensive Income during the year is as follows

	2015	2014
	€'000	€'000
Change in fair value of investment properties	59,666	81,593
Realised gain on disposal of investment properties	7,047	4,438
	66,713	86,031

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

14 INVESTMENT PROPERTIES (continued)

The fair value of the Partnership's investment properties and investment properties under construction at 31 December 2015 has been arrived at on the basis of valuations carried out as at that date by CB Richard Ellis (CBRE) and by way of directors' valuations carried out at that date by the Manager

The fair value of completed investment property and investment properties under construction has been determined on a market value basis, in accordance with the RICS Valuation Standards (Red Book, 9th Edition) published by the Royal Institute of Chartered Surveyors, 6 January 2014. The valuations are prepared on an aggregated ungeared basis. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

Director's valuations are performed internally by the Partnership's internal valuation department. Internal methods are aligned with those used by the external valuers.

Investment properties measured at fair value in the Consolidated Statement of Financial Position are categorised by level according to the significance of the inputs used in making the measurements and as such are categorised as Level 3.

The Partnership's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the year.

Investment properties are valued on a highest and best use basis. For all of the investment properties the current use is considered to be the highest and best use.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolios of investment property are:

- 1) Estimated Rental value (ERV) - the rent at which space could be let in the market conditions prevailing at the date of valuation
- 2) Rental growth - the estimated average increase in rent based on both market estimations and contractual indexations
- 3) Long-term vacancy rate - the ERV of the expected long term average structural vacant space divided by ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area
- 4) Yield - the equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth
- 5) Discount rate - rate used to discount the net cash flows generated from rental activities during the period of analysis (estimated up to 10 years)

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

14 INVESTMENT PROPERTIES (continued)

Significant increases/(decreases) in the ERV (per sqm p a) and rental growth p a in isolation would result in a significantly higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and discount rate (and exit or yield) in isolation would result in a significantly lower/(higher) fair value measurement.

Generally, a change in the assumption made for the ERV (per sqm p a) is accompanied by

- 1) A similar change in the rental growth p a and discount rate (and exit yield)
- 2) An opposite change in the long term vacancy rate

Significant unobservable inputs in Level 3 valuations are as follows

Class	Input	Minimum	Maximum
Retail	Yield	5.39%	11.77%
Office	Yield	7.40%	8.06%
Retail	Net Income (€/Sqm)	102.79	238.60
Office	Net Income (€/Sqm)	158.60	158.60
Retail	ERV (€/Sqm)	98.47	220.10
Office	ERV (€/Sqm)	193.03	193.03

Fair Value of Investment Properties

Property	2015 €'000	2014 €'000
Alizes	81,000	102,480
Berlin Residential	-	153,219
Boxes	217,935	197,724
Centrum	90,654	88,000
Greenway	-	150,949
Jecves	11,602	20,289
Sapphire	233,472	218,806
Tapas	143,300	135,000
	777,963	1,066,467

15 INVESTMENT IN SUBSIDIARY

	2015 €'000	2014 €'000
At 1 January 2015	1,600	1,600
At 31 December 2015	1,600	1,600

Investment in subsidiary included within non-current assets represents the Partnership's investment in EPISO Luxembourg Holding Sarl

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No. LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

	2015	2014
	€'000	€'000
16 TRADING PROPERTIES		
At 1 January 2015	-	14,506
Disposals in year	-	(3,981)
Surplus/(Impairment charge) in year	-	237
Transfer to Investment Properties held for sale	-	(10,762)
At 31 December 2015	-	-

17 TRADE AND OTHER RECEIVABLES	Consolidated		Partnership	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade and accounts receivable	2,979	9,436	-	-
Prepayments and accrued income	445	8,159	-	-
Recoverable VAT	1,886	2,246	18	6
Cash held on deposit	29,732	25,130	29,732	24,588
Other receivables	24,847	9,098	8	-
Restricted cash	14,316	23,391	-	-
Total	74,205	77,460	29,758	24,594

All trade and other receivables are classed as current

Trade and accounts receivable are typically due within 30 days and include rental debtors, which are a combination of non interest-bearing and interest-bearing amounts as determined by the lease agreements. Trade and accounts receivables in connection with rents receivable are all considered past due as the majority relate to rents receivable from tenants which are payable in advance.

Trade and accounts receivable include a provision for bad debts of €1.3 million (2014: €2.3 million).

Recoverable VAT includes an amount of €1.9 million (2014: €1.3 million) in relation to VAT recoverable. VAT is expected to be received from the tax authorities within 3 months of filing VAT returns.

Non-current cash held on deposit, which represents amounts reserved relating to the managers' performance fee, is classified under other receivables due to it not being considered liquid.

Current cash held on deposit relates to rent deposit held on Project Alizes.

Other receivables relate mainly to tenant deposits.

Restricted cash includes cash in bank accounts of €11.3 million (2014: €8.2 million) that is set aside for future capex works in accordance with debt requirements under external loans and €3 million (2014: €5.3 million) in respect of balances held by property managers.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

18 DERIVATIVE FINANCIAL INSTRUMENTS

<u>Consolidated</u>	31 December 2015			31 December 2014		
	Assets €'000	Liabilities €'000	Total €'000	Assets €'000	Liabilities €'000	Total €'000
Caps	-	-	-	1	-	1
Swaps	-	(623)	(623)	-	(8,412)	(8,412)
Currency Forwards	670	(15,930)	(15,260)	-	(16,103)	(16,103)
Total	670	(16,553)	(15,883)	1	(24,515)	(24,514)
Split as follows						
Current	670	(16,553)	(15,883)	-	(11,381)	(11,381)
Non-Current	-	-	-	1	(13,134)	(13,133)
	670	(16,553)	(15,883)	1	(24,515)	(24,514)
<u>Partnership</u>	31 December 2015			31 December 2014		
	Assets €'000	Liabilities €'000	Total €'000	Assets €'000	Liabilities €'000	Total €'000
Caps	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Currency Forwards	670	(15,930)	(15,260)	-	(16,103)	(16,103)
Total	670	(15,930)	(15,260)	-	(16,103)	(16,103)
Split as follows						
Current	670	(15,930)	(15,260)	-	-	-
Non-Current	-	-	-	-	(16,103)	(16,103)
	670	(15,930)	(15,260)	-	(16,103)	(16,103)

The Partnership does not apply hedge accounting in accordance with IAS 39. Nevertheless, interest rate caps, swaps, swaptions and currency forwards are part of economic hedge relationships. Interest rate swaps and caps are used to hedge the interest payment of variable debt instruments.

19 CASH AND CASH EQUIVALENTS

	Consolidated		Partnership	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Cash at bank	19,658	118,268	6,433	43,531
Total Cash and cash equivalents	19,658	118,268	6,433	43,531

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying value of cash and cash equivalents approximates to fair value due to its relatively short maturity.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

20 TRADE AND OTHER PAYABLES	Consolidated		Partnership	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade and accounts payable	(6,882)	(18,280)	(308)	(310)
Advance of sale proceeds	-	(160,230)	-	-
Managers' performance fee payable	(1,447)	(13,951)	(1,447)	(13,951)
Accruals & deferred income	(12,381)	(19,104)	(143)	(334)
Interest payable	(2,695)	(1,842)	(3)	(9)
VAT payable	(2,152)	(1,997)	-	-
Other payables	(7,674)	(21,287)	-	-
Total trade and other payables	(33,231)	(236,691)	(1,901)	(14,604)
Split as follows				
Current	(33,014)	(212,207)	(1,901)	(14,604)
Non-current	(217)	(24,484)	-	-
	(33,231)	(236,691)	(1,901)	(14,604)

Trade and accounts payable are non-interest-bearing and are normally settled on 30 day terms

Managers' performance fee payable relates to the fee due to the Special Limited Partner. Refer to notes 3(c) and 25 for further details

Accruals & deferred income include a provision of €1.0 million (2014: €Nil) of sales cost for Greenway and €7.7 million prepaid rent (2014: €6.8 million)

Interest payable is normally settled quarterly throughout the financial year

Current other payables are non-interest bearing and have a term of less than twelve months. Of this amount €1.7 million relates to security deposits in project Tapas (2014: €2.0 million) and €1.7 million (2014: €1.8 million) relates to security deposits in project Alizés

The carrying value of trade and other payables approximate to fair value due to their relatively short maturity

21 INTEREST-BEARING LOANS AND BORROWINGS

Consolidated

	Effective Interest Rate	Maturity	As at 31 December 2015	As at 31 December 2014
Secured bank loans				
Alizés	5.00%	Dec 2016	(45,150)	(49,835)
Boxes I & II	4.61%	Feb 2016	(62,407)	(58,761)
Boxes III (Coventry)	4.28%	Apr 2016	(42,910)	(41,680)
Boxes IV	5.50%	Feb 2016	(26,293)	(24,482)
Tapas	4.50%	Jun 2016	(47,252)	(67,382)
Centrum	2.80%	Dec 2016	(56,996)	(62,163)
Sapphire	4.67%	Jul 2017	(117,210)	(113,374)
Greenway	N/A	Dec 2015	-	(61,511)
Greenway mezzanine	N/A	Dec 2015	-	(17,000)
EPISO I.P. Credit line (short term facility)	0.30%	Jan 2016	(28,130)	(17,422)
			(426,348)	(513,610)

Partnership

EPISO LP Credit line (short term facility)	Jan 2016	(28,130)	(17,422)
--	----------	-----------------	-----------------

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

21 INTEREST-BEARING LOANS AND BORROWINGS (continued)

	Consolidated		Partnership	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Total interest-bearing loans and borrowings	<u>(426,348)</u>	<u>(513,610)</u>	<u>(28,130)</u>	<u>(17,422)</u>
Split as follows				
Current	(309,138)	(236,638)	(28,130)	(17,422)
Non-current	<u>(117,210)</u>	<u>(276,971)</u>	-	-
	<u>(426,348)</u>	<u>(513,610)</u>	<u>(28,130)</u>	<u>(17,422)</u>

All loans are denominated in Euro, with the exception of the Jeeves, Boxes and Sapphire loans which are denominated in Sterling

Secured bank loans

The bank loans other than the credit line facility, are secured over investment properties, with a combined fair value of €778.0 million (2014: €1,066.5 million). Each portfolio is financed by specific debt, none of which is cross-collateralised with another portfolio, nor has recourse to the European Property Investors Special Opportunities LP.

All non-current bank loans attract floating rate interest which is fixed using hedging instruments. The effective interest rate reported above does not take into account these hedging instruments as the accounting standards require them to be fair valued through the Consolidated Statement of Comprehensive Income.

Secured short-term facility

This facility provides a line of credit for the short-term funding and guarantee requirements of the Partnership, secured on promote escrow balances of the Partnership. The maximum amount available on the credit line is €30.0 million (2014: €20.2 million). The margin for drawings under the facility is charged at 30 bps over euribor. As at 31 December 2015 €28.1m (2014: €17.4m) was utilised, leaving €1.9m (2014: €2.8m) available to draw down.

22 LOANS TO AND FROM SUBSIDIARIES

At the year end, LPISO LP had the following loans with its subsidiaries	2015	2014
	€'000	€'000
Alizes	58,018	55,342
Berlin Resi	3	75
Boxes	166,052	151,365
Centrum	11	11
Greenway	1,455	900
Holding 16	38	38
Jeeves	3,339	7,904
Lux Holding Sarl	64,525	121,630
Pukka (Dartford)	26	544
Rugby	-	500
Sapphire	149,575	134,484
Tapas	61,403	65,700
Wall	6,295	5,927
Womble	68,253	51,904
Less: Provision on loans to subsidiaries	<u>(28,658)</u>	-
Total loans to subsidiaries	<u>550,335</u>	<u>596,324</u>
Split as follows		
Current	82,463	125,461
Non-current	<u>467,872</u>	<u>470,863</u>
	<u>550,335</u>	<u>596,324</u>

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

22 LOANS TO AND FROM SUBSIDIARIES (continued)

	2015	2014
	€'000	€'000
Boxes	(41,254)	(38,914)
Pukka (Dartford)	-	(1)
Snow	(881)	(1,160)
Sapphire	(38,591)	(36,401)
Womble	(70,866)	(66,732)
Total loans payable to subsidiaries	(151,592)	(143,208)

All loans from subsidiaries are non-current

23 LIMITED PARTNERS' CAPITAL

The capital contributions from the Limited Partners, net of returned capital, is €345.1 million (2014: €407.6m).
The uncalled and returned capital at 31 December 2015 was €442.9 million (2014: €380.4m).

24 LIMITED PARTNERS' CURRENT ACCOUNT

The Limited Partners' current account surplus of €46.2 million (2014: surplus of €40.3 million) shows the accumulated profit attributable to LPs at the year end.

25 TRANSACTIONS WITH RELATED PARTIES

The consolidated financial statements include the financial statements of European Property Investors Special Opportunities Limited Partnership and the subsidiaries listed below:

	<i>Equity interest</i>		<i>Equity interest</i>
Incorporated in Poland		Incorporated in Isle of Man	
Domeo Investments S P Z o o	89.6%	EPISO CPH GP Limited	100%
		EPISO CPH Nominee Limited	100%
Incorporated in The Netherlands		EPISO CPH Limited	100%
EPISO Netherlands Holding BV	100%	EPISO CPH LP	100%
		EPISO Boxes Holding Limited	100%
Incorporated in England		EPISO Boxes Limited	100%
Sapphire Burnley Nominee Limited	99.25%	EPISO Boxes GP Limited	100%
Sapphire Harlow Nominee Limited	99.25%	EPISO Boxes LP	100%
		Square 3 Ltd	100%
Incorporated in France		Triangle 3 Ltd	100%
SNC EPISO Alizes Dolet Holding	100%	Bridgend 3 Ltd	100%
SNC EPISO Alizes Monge Holding	100%	Coventry 3 Ltd	100%
SNC EPISO Alizes Paris Ouest Holding	100%	Killy Property Ltd	100%
SNC EPISO Alizes Grand Ouest Holding	100%	D12 Ltd	100%
SNC EPISO Alizes Abreuvoir Holding	100%	EPISO Wimbledon Limited	100%
SNC EPISO Alizes Fillol Holding	100%		

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

25 TRANSACTIONS WITH RELATED PARTIES (continued)

	<i>Equity interest</i>		<i>Equity interest</i>
Incorporated in France		Incorporated in Isle of Man	
SCI Brigueat	70%	EPISO Wimbledon GP Limited	100%
SCI EPISO Alizes Paris Ouest	98%	EPISO Wimbledon Nominee Limited	100%
SCI EPISO Alizes Grand Ouest	98%	EPISO Wimbledon LP	100%
SCI EPISO Alizes Monge	98%	Sapphire Holding Ltd	99.25%
SCI EPISO Alizes Arbreuvour	98%	Sapphire QAC Ltd	99.25%
SCI EPISO Alizes Follol	98%	Jeeves GP (IoM) Limited	60%
SCI EPISO Alizes Dolet	98%	Jeeves Limited Partnership	60%
SAS EPISO Alizes MDB	98%	Jeeves Holding Limited	60%
		Jeeves Investments Limited	60%
		Jeeves Investment Limited Partnership	60%
		Jeeves GP Limited	60%
Incorporated in Luxembourg		Jeeves Nominees Limited	60%
EPISO Luxembourg Holdings Sarl	100%	Jeeves Capital Limited	60%
EPISO Jeeves Sarl	100%	Jeeves Capital Limited Partnership	60%
EPISO France Sarl	100%	Jeeves GP 2 Limited	60%
EPISO Holding 11 Sarl	100%	Jeeves Nominees 2 Limited	60%
EPISO Dartford Sarl	100%		
EPISO Office 13 Sarl	100%	Incorporated in Spain	
EPISO Tapas Sarl	100%	Altadena Invest SL	100%
EPISO Cake Sarl	100%	Seadale SL	100%
EPISO Jantar Sarl	100%		
EPISO C/ Sarl	100%		
EPISO CPH Sarl	100%		
EPISO Boxes Sarl	100%		
EPISO Wimbledon Sarl	100%		
EPISO Holding 15 Sarl	99.25%		
Sapphire QAC Holding S.F.N.C.	99.25%		
EPISO Berlin Sarl	98%		
Tegeler Hoeft Berlin Sarl	98%		
Watheplatz Berlin Sarl	98%		
Friedrich Ebert 1 Sarl	98%		
Friedrich Ebert 2 Sarl	98%		
EPISO Berlin Office Sarl	98%		
EPISO Office 12 Sarl	70%		
Snow Crystal Sarl	80%		

The equity interest in ongoing subsidiaries is unchanged from the year ended 31 December 2014

Entity with significant influence over the Partnership

ALW Europe LLP is appointed as the Manager of the Partnership and Tristan Capital Partners LLP is appointed as the sub-advisor of the Partnership. Under this appointment, the Managers has power and duties in accordance with section 4 of the Limited Partnership Agreement.

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

25 TRANSACTIONS WITH RELATED PARTIES (continued)

Terms and conditions of transactions with related parties

The Partnership was charged €0.2 million (2014: €2.2 million) by ALW Europe LLP and €4.9 million (2014: €3.9 million) by Instan Capital Partners LLP in respect of management fees. The outstanding balance due from the Partnership at 31 December 2015 was €0.4 million (2014: €0.3 million).

At 31 December 2015 a performance fee of €1.4m (2014: €13.9m) payable to the Special Limited Partner was accrued, calculated in accordance with Section 6.1.1 of the Fund's Limited Partnership Agreement. Manager's performance fee income of €6.9m (2014: €2.4m expense) was recognised in the Consolidated Statement of Comprehensive Income for the year then ended. Payments of €5.3m (2014: €8.5m) were made to the Special Limited Partner on disposal of Berlin Residential.

The Partnership has entered into certain financing arrangements with Natixis (the parent and controlling party of AEW Europe LLP). As at 31 December 2015 the Partnership had term loans with Natixis secured against the Alizes portfolio. The amount outstanding at 31 December 2015 is €45.5 million (2014: €49.7 million). The Partnership also enters into a small number of derivative contracts with Natixis. The fair value of such contracts at 31 December 2015 is €15.3 million liability (2014: €16.8 million liability). These arrangements are entered into in the ordinary course of business and are transacted on normal commercial terms.

The following projects, Alizes, Centrum and Sapphire have entered into joint venture partner agreements with the following partners, Financiere St Andrews, Mayland Real Estate sp. z o.o. and Addington Capital Investments LLP respectively. The joint venture partners' funding contribution as at 31 December 2015 is €4.2 million (2014: €22.6 million).

▼ **EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP**
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

26 CONSOLIDATED PARTNERS' CAPITAL AND CURRENT ACCOUNTS

	Consolidated 2015		Consolidated 2014	
	€000 Capital	€000 Current	€000 Capital	€000 Current
Stichting Pensioenfonds ABP	65,687	8,789	77,592	7,680
Gothaer Lebensversicherung AG (former ASI)	21,896	2,929	25,864	2,560
Gothaer Lebensversicherung AG	21,896	2,929	25,864	2,560
Ilmannen Mutual Pension Insurance	21,896	2,929	25,864	2,560
Aberdeen Indirect Property Partners II	17,516	2,344	20,691	2,048
European Real Estate GmbH & Co Nr 1 KG	16,203	2,168	19,139	1,894
EPI SO (SLP) LP	15,327	2,049	18,105	1,792
Franklin Templeton Management Luxembourg S.A.	13,137	1,758	15,518	1,536
Gothaer Krankenversicherung AG	13,137	1,758	15,518	1,536
R+V Lebensversicherung AG	13,137	1,758	15,518	1,536
Generali Lebensversicherung AG	10,948	1,465	12,932	1,280
Third Swedish National Pension Fund	10,948	1,465	12,932	1,280
West Midlands Metropolitan Authorities Pension Fund	10,948	1,465	12,932	1,280
Central Krankenversicherung AG	8,758	1,172	10,346	1,024
Cosmos Lebensversicherung AG	8,758	1,172	10,346	1,024
R+V Allgemeine Versicherung AG	8,758	1,172	10,346	1,024
Partners Group Access 3621 LP	8,758	1,172	10,346	1,024
Westport Real Estate Investors	8,758	1,172	10,346	1,024
Real Estate Fund Of Funds II KY	7,554	1,011	8,923	883
Real Estate Debt & Securities KY	6,547	876	7,733	765
AachenMunchener Lebensversicherung AG	4,379	586	5,173	512
AIPP Pooling I S.A.	4,379	586	5,173	512
Gothaer Allgemeine Versicherung AG	4,379	586	5,173	512
Gothaer Pensionskasse AG	4,379	586	5,173	512
Hannover Real Estate Holdings GmbH	4,379	586	5,173	512
Missouri Dept of Transportation and Highway Patrol Employees' Retirement System	4,379	586	5,173	512
Stichting Dow Pensioenfonds	4,379	586	5,173	512
Property Class Portfolio 3 GmbH & Co KG	2,627	351	3,104	307
Euroben Life & Pension Limited	1,226	164	1,448	143
At 31 December	345,073	46,170	407,618	40,344
Partners' capital commitment			2015	2014
			€000	€000
Partners' capital at 1 January 2015			407,618	551,650
Partners' capital called during the year			-	6,000
Equity returned during the year			(62,545)	(150,032)
			345,073	407,618
Partners' uncalled and returned capital			442,927	380,382
At 31 December 2015			788,000	788,000

EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES LP
(Limited Partnership No LP12726)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015 (continued)

27 FUTURE OPERATING LEASE REVENUE

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows

	2015	2014
	€'000	€'000
No later than 1 year	55,132	52,367
Later than 1 year no later than 5 years	162,866	152,335
Later than 5 years	198,761	211,395
	<u>416,759</u>	<u>416,097</u>

28 POST BALANCE SHEET EVENTS

An SPA was signed on 21 January 2016 to sell Project Centrum for €92.0m. An LOI was signed on 1 February 2016 to sell most of Project Alizes for €76.8m.

29 CONTINGENCIES AND COMMITMENTS

The Partnership has, in the ordinary course of business, commitments under interest rate and foreign exchange instruments relating to the economic hedging of underlying debt obligations and investments in non-Euro operations respectively. Further information is set out in note 5a and 5b.

30 ULTIMATE CONTROLLING ENTITY

The Partnership does not have an ultimate controlling entity. No individual Limited Partner or General Partner has the capacity to exercise control over the Partnership.