



INTERNOS Global Investments Limited

**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Company Registration No. 7982302 (England and Wales)



INTERNOS GLOBAL INVESTMENTS LIMITED

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INTERNOS GLOBAL INVESTMENTS LIMITED

DIRECTORS' REPORT YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The company was incorporated on 8 March 2012. The principal activity of the company is investment.

In 2015, the functional currency of the company changed from Pounds Sterling to Euros to reflect the change in the primary economic environment.

DIRECTORS

The directors who served during the year and at the date of this report were as follows:

A. D. Thornton
J. O. Short
Halverton Limited

GOING CONCERN

The company is in a net liability position. However, the company's parent company, Internos Global Investors Limited, has confirmed that it will not demand repayment of the liabilities due to it for 12 months from the date of signing of these financial statements. The directors have therefore concluded that it is appropriate that the financial statements should be prepared on the going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

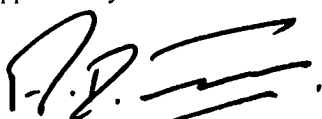
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

Approved by the Board on 30 June 2017 and signed on its behalf by:



A. D. Thornton
Director
30 June 2017

Registered office:
65 Grosvenor Street
Mayfair, London
W1K 3JH
United Kingdom

INTERNOS GLOBAL INVESTMENTS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 €	2015 €
Other income	2	-	7
Administrative expenses		(2,060)	-
(Loss)/profit for the year		<u>(2,060)</u>	<u>7</u>

The notes on pages 4 to 5 form part of these financial statements.

INTERNOS GLOBAL INVESTMENTS LIMITED

BALANCE SHEET AT 31 DECEMBER 2016

	Notes	2016 €	2015 €
CURRENT ASSETS			
Investments	2	173,090	170,649
Trade and other receivables	3	124	124
TOTAL ASSETS		<u>173,214</u>	<u>170,773</u>
CURRENT LIABILITIES			
Trade and other payables	4	(175,143)	(170,642)
NET (LIABILITIES)/ASSETS		<u>(1,929)</u>	<u>131</u>
SHAREHOLDERS' EQUITY			
Share capital	5	124	124
Retained (losses)/earnings		(2,053)	7
SHAREHOLDERS' EQUITY		<u>(1,929)</u>	<u>131</u>

The notes on pages 4 to 5 form part of these financial statements.

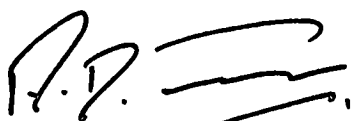
For the year ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The Members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps accounting records which comply with section 386 of the Companies Act 2006; and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year, in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

The financial statements of INTERNOS Global Investments Limited (registered number 7982302) were approved and authorised for issue by the Board of Directors on 30 June 2017 and signed on its behalf by:



A. D. Thornton
Director
30 June 2017

INTERNOS GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

1. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Investments

	2016 €	2015 €
Balance as at 1 January		
- Shares in Deutsche Real Estate Funds S.A. ("DREF")	24,854	24,854
- Shares in Deutsche Real Estate Funds Advisor S.A.R.L. ("DREFA")	3,288	3,288
- Shares in Heylo Housing Limited ("Heylo")	7	7
- Loan receivables from Deutsche Real Estate Funds S.A. ("DREF")	142,500	142,500
Additions:		
- Shares in Deutsche Securitization S A	2,441	-
	<u>173,090</u>	<u>170,649</u>

Investments comprise the following:

DREF

- 7,875 units of unquoted equity shares in Deutsche Real Estate Funds S.A. ("DREF") representing a holding of 7.875% for an amount of €24,854, 985 units of shares in Deutsche Real Estate Funds Advisor S.A.R.L. ("DREFA") representing a holding of 7.88% for an amount of €3,288 and 244,125 units of shares in DREF Securitization S.A. representing a holding of 7.875% for an amount of €2,441.

IAS 39 requires investments in instruments that do not have a quoted market price in an active market, whose fair value cannot be reliably measured and where there is a significant range of possible fair value estimates and the likelihood of any particular estimate being reliable cannot be easily assessed, to be measured at cost, subject to impairment.

The financial statements of the investees are not available at the point of signing these financial statements. However, the designated members believe that the value of the investments will be in excess of the cost of investment. Due to the unavailability of evidence to support the higher market value, these investments are measured at cost.

Heylo Housing

- In September 2014, the company was awarded 500 shares in Heylo, which represents a 5% shareholding, at a total cost of €7. As at 30 September 2016 (the financial year end of the investee), the net asset value of HHL stands at £36.7 million.

HHL has a net asset value which is mainly derived from the valuation of the properties based on Existing Use Value – Social Housing ("EUV-SH") method, which is a formula developed in the late 1980s by the Royal Institution of Chartered Surveyors to value stock transfers from councils to housing associations. These properties have a restricted market, where the buyers are primarily housing associations, as they are generally developed under section 106 agreements, stipulating that they must continue in use as social rented housing. Under EUV-SH, the value is calculated by aggregating rental income over a 30-year period, less costs, with the net figure discounted to allow for inflation. The assumption under this methodology is that properties will remain in the sector. As a result, the properties would only be sold to housing associations at a value that does not equate to the fair value. In addition, there are certain restrictions on the Company's ability to sell the shares.

INTERNOS GLOBAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 DECEMBER 2016

2. Investments (continued)

Due to the uncertainty over the true market value of these properties and the restrictions on selling the shares, the management believes that it is fair to measure the value of this investment by applying an illiquidity discount to the net asset value, reducing the value to £5. A reduction in the illiquidity discount rate would result in an increase in fair value.

Loans receivable, carried at amortised cost

This is a shareholders' loan receivable which bears an interest rate of 1% per annum and has a maturity date of 1 January 2026. As at 31 December 2016 the calculated present value with yield as per agreement of 1% and a discount rate of 1% over 10-year maturity.

3. Trade and other receivables

	2016 €	2015 €
Amounts due from a related party	124	124

4. Trade and other payables

	2016 €	2015 €
Other payables	2,913	1,866
Amounts due to a related party	172,230	168,776
	<u>175,143</u>	<u>170,642</u>

5. Share capital

	2016 €	2015 €
Authorised and Issued:		
100 Ordinary shares of £1 each	124	124

6. Ultimate controlling undertaking

The ultimate controlling undertaking is INTERNOS Global LLP. The company's parent undertaking is INTERNOS Global Investors Limited. INTERNOS Global LLP is the largest group that consolidates the results of INTERNOS Global Investments Limited. Accounts for all these entities are available for inspection at Companies House, Crown Way, Cardiff, CF14 3UZ.

7. Subsequent Events

No subsequent events have occurred that would require recognition or disclosure in the financial statements.