
CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Members' report and financial statements

for the year ended 31 December 2015

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CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

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CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Information

Members	Cornerstone Real Estate UK Holdings Ltd Cornerstone Real Estate Advisers (Continental Europe) Ltd
LLP registered number	OC307893
Registered office	Southwest House 11a Regent Street London SW1Y 4LR
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Bankers	Lloyds Banking Group 25 Gresham Street London EC2V 7HN
Solicitors	Ward Hadaway Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Members' Report for the year ended 31 December 2015

The members present their annual report together with the audited financial statements of Cornerstone Real Estate Advisers Europe Finance LLP ("the LLP" or "the Firm") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The LLP was incorporated on 6 May 2004 and commenced trading on that date.

The principal object of the LLP is to provide real estate investment management services.

DESIGNATED MEMBERS

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

MEMBERS' CAPITAL AND INTERESTS

Details of changes in members' capital in the year ended 31 December 2015 are set out in the financial statements.

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

EMPLOYEES

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

GOING CONCERN

As at 31 December 2015 the Firm has net assets of £1,590,182. The members consider that the financial resources available to Cornerstone Real Estate Advisers Europe Finance LLP are adequate to meet its operational needs for the foreseeable future. Consequently, the going concern basis has been adopted in preparing these financial statements.

AUDITOR

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

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

This report was approved by the members on 21/04/16 and signed on their behalf by:



Thomas G. Dudeck
Director, Cornerstone Real Estate UK Holdings Ltd
(Designated member)

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Members' Responsibilities Statement for the Year Ended 31 December 2015

MEMBERS' RESPONSIBILITIES STATEMENT

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

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

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

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Independent auditor's report to the members of Cornerstone Real Estate Advisers Europe Finance LLP

We have audited the financial statements of Cornerstone Real Estate Advisers Europe Finance LLP for the year ended 31 December 2015, set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITOR

As explained more fully in the Members' Responsibilities Statement set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Independent auditor's report to the members of Cornerstone Real Estate Advisers Europe Finance LLP

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

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



Henry Todd (Senior statutory auditor)

for and on behalf of

KPMG LLP
Statutory auditor
15 Canada
Square Canary
Wharf London
E14 5GL

Date: 25 April 2016

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

**Statement of Comprehensive Income
For the Year Ended 31 December 2015**

	Note	2015 £	2014 £
Turnover	1.4	2,433,090	2,547,262
Cost of sales		(1,168,076)	(124,727)
Gross Profit		1,265,014	2,422,535
Administrative expenses		(1,433,281)	(1,416,066)
Operating (loss) / profit	2	(152,737)	1,006,469
Impairment of investments		(103,619)	(26,111)
Interest receivable and similar income		12,687	2,309
Interest payable and similar charges		(11,836)	(9,385)
(Loss) / profit on ordinary activities before taxation		(271,035)	973,282
Tax on (loss) / profit on ordinary activities	5	-	(38)
(Loss) / Profit for the financial year		(271,035)	973,244
Other comprehensive income for the year			
Unrealised foreign exchange gains / (losses)		61,288	(118,493)
Total comprehensive (loss) / income for the year		(209,747)	854,751

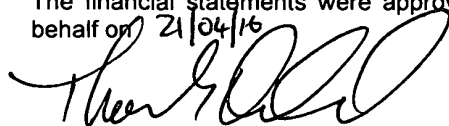
The notes on pages 9 to 16 form part of these financial statements.

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

**Balance Sheet
As at 31 December 2015**

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	6	3,066	2,467
Investments	7	294,857	380,441
		<u>297,923</u>	<u>382,908</u>
Current assets			
Debtors	8	1,912,646	1,498,242
Cash at bank and in hand		414,237	666,714
		<u>2,326,883</u>	<u>2,164,956</u>
Creditors: Amounts due within one year	9	(402,027)	(449,113)
Net current assets		<u>1,924,856</u>	<u>1,715,843</u>
Total assets less current liabilities		<u>2,222,779</u>	<u>2,098,751</u>
Creditors: Amounts due after more than one year	10	(632,597)	(448,822)
Net assets attributable to members		<u>1,590,182</u>	<u>1,649,929</u>
Represented by:			
Members' other interests			
Members Capital	11	2,293,328	2,143,328
Other Reserves		(703,146)	(493,399)
		<u>1,590,182</u>	<u>1,649,929</u>
Total members' interests		<u>1,590,182</u>	<u>1,649,929</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 21/04/16



Thomas G. Dudeck
Director, Cornerstone Real Estate UK Holdings Ltd (Designated member)

The notes on pages 9 to 16 form part of these financial statements.

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

**Statement of Changes in Equity
As at 31 December 2015**

	Members capital (Classified as equity) £	Retained earnings £	Total equity £
Members' interests: balance at 1 January 2015	2,143,328	(493,399)	1,649,929
Total Comprehensive Loss available for discretionary division among members	-	(209,747)	(209,747)
Members' interests after loss for the year	2,143,328	(703,146)	1,440,182
Capital amounts introduced by members	150,000	-	150,000
Members' interests: balance at 31 December 2015	2,293,328	(703,146)	1,590,182

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Notes to the Financial Statements For the Period Ended 31 December 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements were prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102" or "the Standard") (effective January 2015) and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships". The Financial Reporting Standard The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Firm has determined that there are no measurement and recognition adjustments required and consequently the transition to FRS 102 has not affected the financial position and total comprehensive income of the LLP as previously reported.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The only exemption that has been utilized in these financial statements relates to recording fixed asset investments at deemed cost, being the fair value at transition date for these investments (see note 1.5 for more detail.)

The Partnership is itself a subsidiary Partnership and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Partnership as an individual undertaking and not about its group, details of which are provided in note 13.

The preparation of financial statements in compliance with Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the entity's accounting policies (see note 4).

The following principal accounting policies have been applied:

1.2 Going concern

As at 31 December 2015 the Firm has net assets of £1,590,182 (2014: £1,649,929). The members consider that the financial resources available to Cornerstone Real Estate Advisers Europe Finance LLP are adequate to meet its operational needs for the foreseeable future. Consequently, the going concern basis has been adopted in preparing these financial statements.

1.3 Cash flow

The LLP, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with section 1.12 of the Financial Reporting Standard FRS 102.

1.4 Revenue

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

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Notes to the Financial Statements For the Period Ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

Rendering of services

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

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

1.5 Investments

Fixed asset investments are recorded at cost less provision for impairment. Under the transition arrangements of FRS 102, these investments have been initially recorded at deemed cost, being the carrying amount of the assets at the date of transition as determined under the LLP's previous GAAP.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Firm adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful life for computer equipment is three years.

1.7 Debtors

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

1.8 Cash and cash equivalents

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

1.9 Creditors

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

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Notes to the Financial Statements For the Period Ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

1.10 Operating leases

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

1.11 Foreign currencies

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

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

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

1.12 Pensions

Defined contribution pension plan

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

1.13 Interest Income

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

1.14 Tax system

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

The LLP's overseas branch pays local corporation tax on its profits for the year. This is then offset against the individual tax liabilities of the members.

1.15 Financial instruments

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

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

**Notes to the Financial Statements
For the Period Ended 31 December 2015**

2. OPERATING (LOSS) / PROFIT

The operating (loss) / profit is stated after charging:

	2015 £	2014 £
Auditor's remuneration for audit of the financial statements	26,300	28,800
Other fees to auditors for taxation services	7,500	7,500
Depreciation	251	1,670
	<u>34,051</u>	<u>37,970</u>

3. EMPLOYEES

	2015 £	2014 £
Wages and salaries	971,601	1,013,612
Social security	32,645	(16,756)
Pension costs	107,961	110,329
Other benefits	6,938	6,594
Total	<u>1,119,145</u>	<u>1,113,77</u>

The average number of employees during the year was:

	2015	2014
Administration	1	1
Professional	3	3
Total	<u>4</u>	<u>4</u>

4. INFORMATION IN RELATION TO MEMBERS

	2015	2014
The average number of members during the year was	<u>2</u>	<u>2</u>

5. TAXATION

	2015 £	2014 £
Foreign tax charge on income for the year	<u>-</u>	<u>38</u>

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

**Notes to the Financial Statements
For the Period Ended 31 December 2015**

6. TANGIBLE FIXED ASSETS

	Computer equipment
Cost	£
At 1 January 2015	22,229
Additions	2,838
Disposals	(10,091)
At 31 December 2015	<u>14,976</u>
 Depreciation	
At 1 January 2015	19,762
Charge owned for the period	251
Disposals	(8,103)
At 31 December 2015	<u>11,910</u>
 Net book value	
At 31 December 2015	<u>3,066</u>
At 31 December 2014	<u>2,467</u>

7. FIXED ASSET INVESTMENTS

The historic cost of the investments in subsidiary companies is £369,746 (2014: £351,712) and the historic cost of the unlisted investments is £169,660 (2014: £169,660)

	Investments in subsidiary companies	Unlisted investments	Total
	£	£	£
Valuations			
At 1 January 2015	208,925	171,516	380,441
Additions during the year	18,034	-	18,034
Impairment	(85,821)	(17,798)	(103,619)
At 31 December 2015	<u>141,138</u>	<u>153,718</u>	<u>294,856</u>
 Net book value			
At 31 December 2015	<u>141,138</u>	<u>153,718</u>	<u>294,856</u>
At 31 December 2014	<u>208,925</u>	<u>171,516</u>	<u>380,441</u>

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Notes to the Financial Statements For the Period Ended 31 December 2015

7. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the LLP as at 31 December 2015:

Name	Class of shares	Holding	Domicile	Status
Protego Real Estate Investors GP Ltd	Ordinary	100%	UK	Dormant
PREIF Holdings Limited Partnership	Ordinary	100%	UK	Dormant
Cornerstone German Retail Fund General Partner BV	Ordinary	90%	Netherlands	Active
Munster Borkstrasse General Partner BV	Ordinary	100%	Netherlands	Active
Lanario General Partner BV	Ordinary	100%	Netherlands	Active
Zafferano General Partner BV	Ordinary	100%	Netherlands	Active
Triguero General Partner BV	Ordinary	100%	Netherlands	Active
Bremerhaven General Partner GbmH	Ordinary	100%	Germany	Active
N.R.F. Management Company S.à.r.l.	Ordinary	100%	Luxembourg	Active
Cornerstone Core Fund GP Sarl	Ordinary	100%	Luxembourg	Active
Cornerstone Core Fund LP Sarl	Ordinary	100%	Luxembourg	Active

Unlisted investments

Unlisted investments comprise equity participations in the Cornerstone German Retail Fund and Nordic Retail Fund, both being collective investment schemes managed by the LLP.

8. DEBTORS

	2015 £	2014 £
Trade debtors	614,599	392,934
Amounts owed by group undertakings	1,074,522	1,038,628
Other taxation and social security	6,419	7,210
Other debtors	<u>217,106</u>	<u>59,470</u>
	<u>1,912,646</u>	<u>1,498,242</u>

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

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

**Notes to the Financial Statements
For the Period Ended 31 December 2015**

9. CREDITORS:
Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	(1,819)	4,955
Amounts owed to group undertakings	-	-
Other taxation and social security	16,388	21,349
Other creditors and accruals	387,458	422,809
	<u>402,027</u>	<u>449,113</u>

10. CREDITORS:
Amounts falling due in more than one year

	2015	2014
	£	£
Other creditors and accruals	<u>632,597</u>	<u>448,822</u>

11. RECONCILIATION OF MEMBERS' INTERESTS

	Members' capital	Other reserves	Total
	£	£	£
Members' interests: balance at 1 January 2015	2,143,328	(493,399)	1,649,930
Comprehensive loss for the year available for discretionary division among the members	-	(209,748)	(209,748)
Members' interests after profit for the year	2,143,328	(703,146)	1,440,182
Capital amounts introduced by members	150,000	-	150,000
Members' interests at 31 December 2014	<u>2,293,328</u>	<u>(703,146)</u>	<u>1,590,182</u>

12. RELATED PARTY TRANSACTIONS

The LLP has taken advantage of the exemption under section 1.12 of the Financial Reporting Standard FRS 102 ("Related Party Disclosures") and has not disclosed transactions with group undertakings owned 100% by Cornerstone Real Estate UK Holdings Limited.

CORNERSTONE REAL ESTATE ADVISERS EUROPE FINANCE LLP

Notes to the Financial Statements For the Period Ended 31 December 2015

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The LLP is under the control of the members. The ultimate UK holding company in which the results of the LLP are consolidated is Cornerstone Real Estate UK Holdings Limited ("CRE UKH").

CRE UKH is directly owned and controlled by Cornerstone Real Estate Advisers LLC ("CREA LLC") which is incorporated in the U.S.A. and is itself ultimately owned and controlled by Massachusetts Mutual Life Insurance Company ("MassMutual"). Both these companies are incorporated in the U.S.A.

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

The financial statements of CRE UKH can be obtained from the company's trading address and single alternative inspection location at Southwest House, 11A Regent Street, London, SW1Y 4LR.

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

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

15. TRANSITION TO FINANCIAL REPORTING STANDARD 102

This is the LLP's first set of accounts under FRS 102. As described in note 1.1, the transition to FRS 102 has not affected the financial position and total comprehensive income of the Firm as previously reported and the changes made as a result of the transition have been presentational only. As a consequence of this, there is no requirement to produce a reconciliation of net equity.