
BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

Members' report and financial statements for the year ended 31 December 2020



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BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

Information

Members	Barings Real Estate UK Holdings Limited Barings Real Estate Advisers (Continental Europe) Limited
LLP registered number	OC307893
Registered office	20 Old Bailey London EC4M 7BF

Members' Report for the year ended 31 December 2020

The members present their annual report together with the unaudited financial statements of Barings Real Estate Advisers Europe Finance LLP ("the LLP") for the year ended 31 December 2020. The LLP is an indirect, wholly owned subsidiary of Barings Europe Limited (together with its other subsidiaries, "the Group").

BUSINESS REVIEW

The principal activity of the LLP was to provide real estate investment management services. All the LLP's activities were transferred to other Group companies in 2019 in preparation for the entity being liquidated. The assets of the Dutch branch were transferred to the Group company Barings Netherlands B.V. and the branch was closed on 1 November 2020. The LLP made a loss for the year of £55,920 (2019 : £1,965,651) as a result of under accruing at 31 December 2019 costs in respect of the closure of the branch, although this cost was partially offset by the waiver of £7,075 of an intra Group creditor accrued in 2019 due to its holding company Barings Real Estate UK Holdings Limited ("BREUKH").

The members have considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility in asset prices in global equity and bond markets. The pandemic has not had any negative impact on the plans to liquidate the LLP as all its client contracts have already been transferred to other Group entities.

GOING CONCERN

The LLP is to be dissolved and so the members do not therefore believe that the going concern basis is appropriate for the preparation of these financial statements, as stated in Note 1.

RISK MANAGEMENT

The Group manages its risks on a group-wide basis and in accordance with a risk framework approved by the Risk, Regulatory & Audit Oversight Committee ('RR&AOC'). The RR&AOC, which derives its delegated authorities from the Barings Europe Limited Board, is responsible for the design and implementation of the Group's risk management processes and controls.

The Organisational Risk function, reporting to the Chief Risk Officer - Europe, supports the RR&AOC in the identification, assessment, management and monitoring of risks within the Group's global operations.

The principal risk types, and the Group's approach to managing each of these risks, are set out below:

i) Strategic risks

The most significant strategic risks facing the Group are a decline in business due either to:

- External factors, such as a credit risk, market risk and liquidity risk or
- Internal factors, for example a substantial period of poor investment management performance.

The Group manages these risks by offering a widely distributed range of products, both by asset class and geographical spread, by changing or adapting its product offering to meet market conditions and needs, and by monitoring and reviewing investment performance on a regular ongoing basis.

Members' Report for the year ended 31 December 2020 (continued)

RISK MANAGEMENT (continued)

ii) Operational risks

The Group manages its operational risks, including strategic, business, reputational and regulatory risks, under the umbrella of 'organisational risk'. To ensure that these risks are effectively and consistently managed, the Group has implemented a framework of processes which are set out in the Group's Organisational Risk Management Policy. This includes processes for:

- Reporting and analysis of loss events and near misses;
- Periodic risk assessments;
- Analysis of key risk indicators.

The Group manages the business through a committee structure. The principal committee is the European Management Team ("EMT") and it is responsible for the effective management and co-ordination of the Group's business and organisational affairs. Members of the EMT and senior line managers are responsible for ensuring that effective risk management exists within their areas. Local line management is responsible for the day-to-day management of risks and for the effective operation of risk controls where appropriate.

The EMT and senior line managers regularly consider the most significant organisational risks facing the Group. These risks are identified, assessed, monitored and reported from a top-down perspective. The potential for the occurrence of a risk event is assessed in conjunction with the analysis of internal and external data. The analysis of emerging risks, industry trends and other environmental factors is also considered to facilitate proactive, forward-looking risk identification. Particularly for strategic risks, management expertise and experience is as important as empirical data in identifying and assessing risk. The Group's Significant Risk Profile is defined by the EMT and senior line managers. The Significant Risk Profile is reviewed at each EMT meeting and formally assessed by an annual full top-down review and update.

DESIGNATED MEMBERS

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

MEMBERS' CAPITAL AND INTERESTS

Details of changes in members' capital and interests in the year ended 31 December 2020 are set out in the financial statements.

EMPLOYEES

The LLP's 2 Dutch employees were made redundant in 2019 and formally ceased employment at the beginning of 2020.

Members' Report for the year ended 31 December 2020 (continued)

ENVIRONMENT

The Group is a professional and environmentally conscious organisation, which acknowledges the impact that its operations may potentially have on the environment. The clear objective of the Group is to minimise any impact on the environment by:

- Preventing pollution, reducing waste and ensuring that wherever practical, measures are implemented to protect and preserve natural habitats, flora and fauna;
- Considering the effects that its operations may have on the local community;
- Taking action to eliminate or reduce, as far as practicable, any potentially adverse environmental impacts;
- Promoting environmental awareness amongst its suppliers, contractors and partners by implementation of operational procedures;
- Seeking to work in partnership with the community by behaving in a considerate and socially responsible manner; and
- Ensuring effective and expedient incident control, investigation and reporting.

The Group complies with the duties placed upon it within the requirements of Statutory Legislation, whilst at all times complying with, as a matter of best practice, the requirements and duties set out within Approved Guidance as issued by the Environment Agency and other organisations. The Group takes all practical steps to ensure that potential hazards and risks to the environment are identified and that suitable and effective prevent and control measures are implemented. The members have overall responsibility for all environmental matters.

OVERSEAS BRANCH

The LLP had an overseas branch in the Netherlands which closed in November 2020.

BRITAIN EXITING FROM THE EU ("BREXIT")

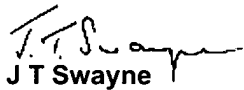
On 31 December 2020, the transition period under the Withdrawal Agreement between the United Kingdom and the European Union ended, and accordingly the UK is now fully a third country, outside the EU's single market and customs union as well as the political institutions of the EU. A Trade and Cooperation Agreement (the "Agreement") between the UK and the EU was signed shortly before the end of the Brexit transition period. The Agreement did not contain specific measures relating to the provision of financial services between the EU and UK, however a Memorandum of Understanding (MoU) is to be signed. The MoU will create the framework for voluntary regulatory cooperation in financial services between the two sides including the establishment of the Joint UK-EU Financial Regulatory Forum.

Members' Report for the year ended 31 December 2020 (continued)

BRITAIN EXITING FROM THE EU ("BREXIT") (continued)

The uncertainty regarding the trading arrangements that will apply between the UK and EU going forward is not expected to have any negative impact on the afore mentioned plans to liquidate the LLP as all its client contracts have already been transferred to other affiliated entities. From a group perspective however, Barings remains committed to protecting its clients and global franchise from any adverse impact from Brexit. It continues to monitor developments and will make such adjustments to its Brexit strategy as may prove necessary or desirable from time to time.

This report was approved by the members on 19 April 2021 and signed on their behalf by:



J T Swayne
Director, Barings Real Estate UK Holdings Limited (Designated member)
Registered Number: 07076171
20 Old Bailey
London
EC4M 7BF

Statement of Members' Responsibilities in respect of the Members' Report and the Financial Statements

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) 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 its profit or loss for that period.

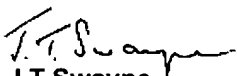
In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so. As explained in the Members' Report and in note 1 to the financial statements, the members do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

The members, in accordance with section 476 of the Companies Act 2006, have not required the LLP to obtain an audit of its accounts for the year ended 31 December 2020.

On behalf of the Members



J T Swayne

Director, Barings Real Estate UK Holdings Limited (Designated member)

Company registration number: 07076171

20 Old Bailey

London

EC4M 7BF

BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	1.3	(17,825)	151,468
Cost of Sales		—	(53,837)
Gross (Loss)/Profit		<u>(17,825)</u>	<u>97,631</u>
Administrative expenses		(38,825)	(2,080,920)
Waiver of loan by holding company		7,075	—
Operating loss		<u>(49,575)</u>	<u>(1,983,289)</u>
Loss on investment		(150)	—
Foreign exchange (losses) /gains		(6,195)	17,638
Loss for the financial year before members' remuneration and loss share available for discretionary division among members		<u>(55,920)</u>	<u>(1,965,651)</u>
Total comprehensive loss for the financial year before members' remuneration and loss share available for discretionary division among members		<u><u>(55,920)</u></u>	<u><u>(1,965,651)</u></u>

All activities of the LLP are expected to be discontinued by 31 December 2021.

The notes on pages 10 to 13 form part of these financial statements.

BARINGS REAL ESTATE ADVISERS EUROPE FINANCE LLP

Balance Sheet as at 31 December 2020

	Notes	2020 £	2019 £
Current assets			
Tangible assets	—	1,842	
Investments	536	686	
Debtors	4 130,907	297,097	
Cash at bank and in hand	528	1,094,831	
	<u>131,971</u>	<u>1,394,456</u>	
Creditors: Amounts due within one year	5 <u>(131,971)</u>	<u>(1,338,536)</u>	
Net assets attributable to members		<u>—</u>	<u>55,920</u>
Represented by:			
Members' other interests			
Members' capital classified as equity	6,193,328	6,193,328	
Members' other interests - other reserves classified as equity	<u>(6,193,328)</u>	<u>(6,137,408)</u>	
		<u>—</u>	<u>55,920</u>
Total members' interests		<u>—</u>	<u>55,920</u>

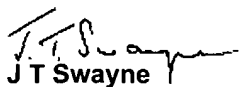
The notes on pages 10 to 13 form part of these financial statements.

For the year ended 31 December 2020 the LLP was entitled to exemption under section 479a of the Companies Act 2006 relating to subsidiary LLPs.

No members have required the LLP to obtain an audit of its accounts for the year in question in accordance with section 475 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

The members acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the members and signed on their behalf by :


J T Swayne

Director, Barings Real Estate UK Holdings Limited (Designated member)

Company registration number: 07076171

19 April 2021

Statement of Changes in Equity as at 31 December 2020

	Members' capital classified as equity	Members' other interests - other reserves classified as equity	Total equity
	£	£	£
Members' interests: balance at 1 January 2019	5,793,328	(4,171,757)	1,621,571
Total comprehensive loss for the financial year before members' remuneration and loss share available for discretionary division among members	—	(1,965,651)	(1,965,651)
Members' interests after loss for the year	5,793,328	(6,137,408)	(344,080)
Capital amounts introduced by members	400,000	—	400,000
Members' interests: balance at 31 December 2019	6,193,328	(6,137,408)	55,920
	Members' capital classified as equity	Members' other interests - other reserves classified as equity	Total equity
	£	£	£
Members' interests: balance at 1 January 2020	6,193,328	(6,137,408)	55,920
Total comprehensive loss for the financial year before members' remuneration and loss share available for discretionary division among members	—	(55,920)	(55,920)
Members' interests after loss for the year	6,193,328	(6,193,328)	—
Capital amounts introduced by members	—	—	—
Members' interests: balance at 31 December 2020	6,193,328	(6,193,328)	—

The notes on pages 10 to 13 form part of these financial statements.

Notes to the Financial Statements for the year ended December 2020

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements were prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006, as applied to the LLP by the Limited Liability Partnerships (Accounts and Audit) Application of Companies Act Regulations 2008 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The financial statements are prepared in pound sterling, which is the functional currency of the LLP.

The LLP is included in the consolidated financial statements of Barings Europe Limited, which are prepared in accordance with FRS 102 and so the LLP is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. In preparing the financial statements of the LLP, advantage has been taken of the exemptions available under FRS 102 to not prepare a Cash Flow Statement.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1.2 Going concern

The LLP is to be liquidated. The members have therefore determined not to prepare the financial statements on a going concern basis. The non going concern basis was adopted as at 31 December 2019 and the following policies were implemented:

- all assets were considered as realisable, hence classified as current assets;
- all assets were disclosed at values at which they are expected to be realised; and
- all liabilities reflect the full amount at which they are expected to materialise.

1.3 Turnover

Revenue is based on assets under management and is accounted for on an accruals basis over the period of management.

1.4 Basic Financial Instruments

Trade and other debtors are recognised on the balance sheet when the LLP becomes a party to the contractual provisions of the instrument.

Trade and other creditors are recognised initially at the transaction price plus the attributable transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired.

Cash at bank comprises cash balances.

Notes to the Financial Statements for the year ended December 2020

1. ACCOUNTING POLICIES (continued)

1.5 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.

1.6 Tax system

Taxation payable/reclaimable on profits/losses earned is the liability/asset of the members.

The LLP's overseas branch is subject to local corporation tax on its profits. This tax is offset against the individual tax liabilities of the members.

2. EMPLOYEES

	2020	2019
	£	£
Wages and salaries	18,717	1,593,663
Social security	28	18,932
Pension costs	3,069	47,894
Other benefits	(161)	938
	<u>21,653</u>	<u>1,661,427</u>

3. INFORMATION IN RELATION TO MEMBERS

	2020	2019
The average number of members during the year	<u>2</u>	<u>2</u>

Notes to the Financial Statements for the year ended December 2020

4. DEBTORS

	2020	2019
	£	£
Amounts owed from Group undertakings	130,907	273,753
Other taxation and social security	—	3,294
Other debtors	—	20,050
	<u>130,907</u>	<u>297,097</u>

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

5. CREDITORS:

Amounts falling due within one year

	2020	2019
	£	£
Amounts payable to Group undertakings	131,971	—
Other taxation and social security	—	13,758
Other creditors and accruals	—	1,324,778
	<u>131,971</u>	<u>1,338,536</u>

Other creditors and accruals in 2019 relates to the closure costs of the branch.

6. RELATED PARTY TRANSACTIONS

The LLP is a wholly owned indirect subsidiary of Massachusetts Mutual Life Insurance Company which prepares consolidated financial statements. It has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 and has therefore not separately disclosed transactions or balances with entities which form part of the Massachusetts Mutual Life Insurance Group.

7. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The LLP's direct parent company is Barings Real Estate UK Holdings Limited and ultimate parent company is Massachusetts Mutual Life Insurance Company. The ultimate controlling party is Massachusetts Mutual Life Insurance Company.

The largest group in which the results of the LLP are consolidated is that headed by Massachusetts Mutual Life Insurance Company. The consolidated financial statements of Massachusetts Mutual Life Insurance Company can be found on their website.

The smallest group in which the results are consolidated is that headed by Barings Europe Limited. The financial statements of Barings Europe Limited can be obtained from the LLP's registered office at 20 Old Bailey, London, EC4M 7BF.

Notes to the Financial Statements for the year ended December 2020

8. 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 the accounting policies that have a significant effect on the financial statements or have a significant risk of material adjustment in the next year.

9. POST BALANCE SHEET EVENTS

The members approved a resolution on 17 March 2021 that an application be made for the LLP's name to be struck off the Companies Register and that the LLP be dissolved. There are no other subsequent events that have occurred up until the date that the financial statements were available to be issued that the LLP believes necessitates disclosure or adjustment.