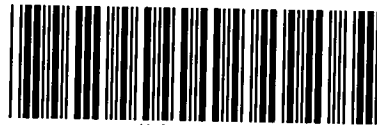


EURO REAL ESTATE INVESTMENTS LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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EURO REAL ESTATE INVESTMENTS LLP

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EURO REAL ESTATE INVESTMENTS LLP

INFORMATION

Designated Members

10 UBS Nominees (No.1) Limited
Marcol International Asset Management Limited
T S Cole
S R Collins
M Steinberg
Euro Real Estate Funding Limited

LLP registered number

OC322884

Registered office

10 Upper Berkeley Street, London, WC1V 6AY

Independent auditors

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

EURO REAL ESTATE INVESTMENTS LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The members present their annual report together with the audited financial statements of Euro Real Estate Investments LLP (the LLP and the group) for the ended 31 December 2013.

Principal activities

The principal activity of Euro Real Estate Investments LLP ("The LLP") is investing in companies or other corporate vehicles which undertake the business of property investment, trading, management, refurbishment and development. Despite a fall in the value of the group's investment property the members consider the level of business and the financial position at the year end to be satisfactory.

RESULTS

The consolidated results for the year ended 31 December 2013 are shown in the profit and loss account on page 5.

Members

The members (all of whom are Designated members) during the year were as follows:

"A member" – 10 UBS Nominees (No. 1) Limited
"C member" – Euro Real Estate Funding Limited
"D member" – Marcol International Asset Management Limited
Other members – M. Steinberg, T. S. Cole and S. R. Collins

Members' drawings and the subscription and repayment of members' capital.

The members' drawing policy allows each member to draw a proportion of their profit share up to an amount that has accrued in their current account, subject to the cash requirements of the business.

No member shall contribute, or be required to contribute, any additional capital unless agreed in writing by all the Members. New members shall only be admitted if the admission is unanimously approved in writing by the members. Such admission is permitted under the terms of the members' agreement and the new member executes a Deed of Adherence.

"C member" agrees to contribute additional capital as required by the LLP to fund investments and operating expenditure from time to time in consideration for the issue of "C shares" with a nominal value equal to its capital contribution. The "C member" obligations to make "C contributions" shall be limited to the Euro equivalent of £25,000,000 less the outstanding principal amount of any loan made by CGIS Group Limited (a related company) to the LLP's subsidiary companies.

EURO REAL ESTATE INVESTMENTS LLP

MEMBERS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

Members' drawings and the subscription and repayment of members' capital (continued)

Repayment of the "C member" capital shall be made as a first priority from any proceeds that the company receives. Capital contributed by each member is divided into "LLP shares" of €1 each.

"A member" contributions are designated as "A shares", "B member" contributions are designated as "B shares", "C member" contributions are designated as "C shares" and "D member" contributions are designated as "D shares".

The LLP has an unconditional right to refuse repayment to A, B and D members of initial amounts contributed by them and as such these amounts are classed as equity. The LLP does not have such an unconditional right with regards to contributions received from C member and as such they are classed as liabilities, to be included within "loans and other debts due to members".

Members' responsibilities statement

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law, as applied to LLPs, requires 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, as applied to LLPs, 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

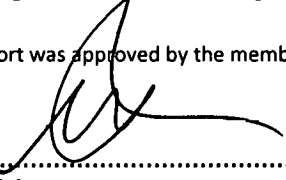
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP and the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 LLP and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditors, haysmacintyre, have indicated their willingness to continue in office. The Designated members will propose a motion re-appointing the auditors at a meeting of the members.

This report was approved by the members on 30 September 2014 and signed on their behalf by:


.....
M N Steinberg
Designated member

EURO REAL ESTATE INVESTMENTS LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EURO REAL ESTATE INVESTMENTS LLP

We have audited the financial statements of Euro Real Estate Investments LLP for the year ended 31 December 2013, set out on pages 5 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).

This report is made solely to the LLP's members in accordance with the Companies Act 2006, as applied by Part 12 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 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 LLP and the LLP's members for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Members' Responsibilities Statement, 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

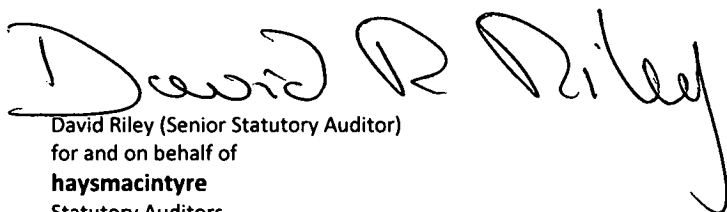
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent LLP's affairs as at 31 December 2013 and of the group's loss 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, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) 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 limited liability partnerships, requires us to report to you if, in our opinion:

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



David Riley (Senior Statutory Auditor)

for and on behalf of

haysmacintyre

Statutory Auditors

26 Red Lion Square

London

WC1R 4AG

30 September 2014

EURO REAL ESTATE INVESTMENTS LLP

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 €	2012 €
TURNOVER	1,2	4,326,245	4,488,054
Other operating income	4	35,238	371,843
Other operating charges		(2,210,630)	(1,185,123)
OPERATING PROFIT	5	2,150,853	3,674,774
Interest receivable and similar income		545,079	11,077
Interest payable and similar charges	8	(3,409,483)	(3,358,560)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(713,551)	327,291
Tax on (loss)/profit on ordinary activities	9	-	(56,813)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		(713,551)	270,478

All amounts relate to continuing operations.

The notes on pages 10 to 21 form part of these financial statements.

EURO REAL ESTATE INVESTMENTS LLP

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 €	2012 €
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(713,551)	270,478
Deficit on revaluation of investment properties	<u>(4,367,268)</u>	<u>(4,953,902)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>(5,080,819)</u></u>	<u><u>(4,683,424)</u></u>

The notes on pages 10 to 21 form part of these financial statements.

EURO REAL ESTATE INVESTMENTS LLP
REGISTERED NUMBER: OC322884

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

		2013		2012	
	Note	€	€	€	€
FIXED ASSETS					
Tangible assets	10		42,878,339		48,446,104
CURRENT ASSETS					
Debtors	13	779,665		823,587	
Cash at bank		1,239,129		703,478	
		<u>2,018,794</u>		<u>1,527,065</u>	
CREDITORS: amounts falling due within one year	14	<u>(44,580,206)</u>		<u>(36,061,619)</u>	
NET CURRENT LIABILITIES			<u>(42,561,412)</u>		<u>(34,534,554)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			316,927		13,911,550
CREDITORS: amounts falling due after more than one year	15		<u>(26,763,108)</u>		<u>(37,786,157)</u>
NET LIABILITIES ATTRIBUTABLE TO MEMBERS			<u><u>(26,446,181)</u></u>		<u><u>(23,874,607)</u></u>
REPRESENTED BY:					
Loans and other debts due to members within one year					
Other amounts			3,175,002		665,757
Members' other interests					
Members' capital classified as equity		71,518		71,518	
Revaluation reserve		(16,769,031)		(12,401,763)	
Other reserves classified as equity		<u>(12,923,670)</u>		<u>(12,210,119)</u>	
			<u>(29,621,183)</u>		<u>(24,540,364)</u>
			<u><u>(26,446,181)</u></u>		<u><u>(23,874,607)</u></u>
TOTAL MEMBERS' INTERESTS					
Loans and other debts due to members			3,175,002		665,757
Members' other interests			<u>(29,621,183)</u>		<u>(24,540,364)</u>
	17		<u><u>(26,446,181)</u></u>		<u><u>(23,874,607)</u></u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 30 September 2014.

.....
M N Steinberg
Designated member

.....
S R Collins
Designated member

The notes on pages 10 to 21 form part of these financial statements.

EURO REAL ESTATE INVESTMENTS LLP
REGISTERED NUMBER: OC322884

LLP BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013	2012
		€	€
FIXED ASSETS			
Investments	11	-	-
CURRENT ASSETS			
Debtors	13	522,146	-
Cash at bank		120	19,019
		<u>522,266</u>	<u>19,019</u>
CREDITORS: amounts falling due within one year	14	<u>(3,640)</u>	<u>(2,684)</u>
NET CURRENT ASSETS		518,626	16,335
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>518,626</u>	<u>16,335</u>
REPRESENTED BY:			
Loans and other debts due to members within one year			
Other amounts		3,133,462	640,193
Members' other interests			
Members' capital classified as equity		71,518	71,518
Other reserves classified as equity		<u>(2,686,354)</u>	<u>(695,376)</u>
		<u>(2,614,836)</u>	<u>(623,858)</u>
		<u>518,626</u>	<u>16,335</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members		3,133,462	640,193
Members' other interests		<u>(2,614,836)</u>	<u>(623,858)</u>
	17	<u>518,626</u>	<u>16,335</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 30 September 2014.

.....
M N Steinberg
Designated member

.....
S R Collins
Designated member

The notes on pages 10 to 21 form part of these financial statements.

EURO REAL ESTATE INVESTMENTS LLP

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 €	2012 €
Net cash flow from operating activities	18	1,133,377	4,679,316
Returns on investments and servicing of finance	19	(2,864,404)	(3,347,482)
Taxation		-	(56,814)
Capital expenditure and financial investment	19	1,200,783	(159,928)
Net cash flow from transactions with members	19	2,509,245	21,677
CASH INFLOW BEFORE FINANCING		1,979,001	1,136,769
Financing	19	(1,443,350)	(1,429,587)
INCREASE/(DECREASE) IN CASH IN THE YEAR		535,651	(292,818)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 €	2012 €
Increase/(Decrease) in cash in the year	535,651	(292,818)
Cash outflow/(inflow) from decrease/increase in debt and lease financing	(1,065,895)	1,386,078
MOVEMENT IN NET DEBT IN THE YEAR	(530,244)	1,093,260
Net debt at 1 January 2013	(38,884,428)	(39,977,688)
NET DEBT AT 31 DECEMBER 2013	(39,414,672)	(38,884,428)

The notes on pages 10 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The financial statements have been prepared on the going concern basis as the members have received assurances from the related parties that the loans due to them will not be recalled until the resources of the LLP permit.

1.2 Going concern

The members have reviewed the performance of the group and forecasts of its trading for future periods. They have also assessed and considered the relevant risks and uncertainties that could potentially affect the group, including credit risk, liquidity risk and market risk (the wider economic climate and the state of the local markets in which the group operates). Having completed these reviews the members are satisfied that the group will generate sufficient cash to meet its liabilities as and when they fall due for a period of least twelve months from signing these financial statements.

The members have also received assurances from related parties under common control that it is currently their intention to continue to provide financial support to the group for the next twelve months from the date of approval of the financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Euro Real Estate Investments LLP and all of its subsidiary undertakings ('subsidiaries'), further details of which are set out in note 12.

The results of subsidiaries sold are included up to the effective date of disposal.

The LLP has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The loss for the year dealt with in the accounts of the LLP was €1,990,978 (2012 - loss of €456,241).

The financial statements have been presented in Euros as outlined in the Members' Agreement.

1.4 Turnover

Group turnover is the total amount receivable by the group for rental income and services rendered during the year, excluding VAT.

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Investment properties	-	see note 1.7 below
Office equipment	-	5 years
Computer equipment	-	over 3 years

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Investment properties

Investment properties are included in the Balance Sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, which states that fixed assets should be depreciated but is, in the opinion of the members, necessary in order to give a true and fair view of the financial position of the LLP and the group.

1.8 Foreign currencies

The books and records of the LLP are maintained in Euros. Transactions carried out in currencies other than Euros are translated into Euros at the rate of exchange at the time of the transaction. The assets and liabilities at the year end which are in currencies other than Euros are translated into Euros at the rate of exchange ruling at the year end. Differences in foreign exchange are included in the profit and loss account.

The rates of exchange which have been used to translate the underlying balances at the year end are 1.19763 (GBP: EUR), 4.1472 (EUR:PLN) and 27.43 (EUR: CZK)

1.9 Taxation

Members are personally liable for taxation on their share of the LLP's profits, although payment of such liabilities is administered by the LLP on behalf of the members. Consequently, no reserve for taxation or related deferred taxation, is made in these financial statements.

2. TURNOVER

The whole of the turnover is attributable to the LLP and its subsidiaries principal activities.

All turnover arose within the European Union.

3. IMPAIRMENT OF TANGIBLE FIXED ASSETS

	2013 €	2012 €
Impairment of investment properties	4,367,268	4,953,902

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

4. OTHER OPERATING INCOME

	2013	2012
	€	€
Other operating income	35,238	371,843

5. OPERATING PROFIT

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

	2013	2012
	€	€
Depreciation of tangible fixed assets:		
- owned by the group	267	9,787
Difference on foreign exchange	586,512	(54,646)
Auditors' remuneration:		
- audit of the LLP	16,000	15,750

6. STAFF COSTS

The entity has no employees other than the members, who did not receive any remuneration (2012 - €NIL).

7. INFORMATION IN RELATION TO MEMBERS

	2013	2012
	Number	Number
The average number of members during the year was	6	6

8. INTEREST AND SIMILAR CHARGES PAYABLE

	2013	2012
	€	€
On bank loans and overdrafts	2,647,025	2,407,765
On loans from related parties	757,308	911,314
Other interest payable	5,150	39,481
	3,409,483	3,358,560

9. TAXATION

	2013	2012
	€	€
Overseas corporation tax current year charge	-	56,813

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**
9. TAXATION (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 23.5% (2012 - 24.5%). The differences are explained below:

	2013 €	2012 €
(Loss)/profit on ordinary activities before tax	(713,551)	327,291
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2012 - 24.5%)	(167,684)	80,186
Effects of:		
Lower rate taxes on overseas earnings	-	(23,373)
Unrelieved loss on foreign subsidiaries	167,684	-
Current tax charge for the year (see note above)	-	56,813

10. TANGIBLE FIXED ASSETS

Group	Investment properties €	Office equipment €	Total €
Cost or valuation			
At 1 January 2013	48,382,471	87,039	48,469,510
Additions	17	-	17
Disposals	-	(79,564)	(79,564)
Impairment charge	(4,367,268)	-	(4,367,268)
Foreign exchange movement	(1,137,897)	(1,458)	(1,139,355)
At 31 December 2013	42,877,323	6,017	42,883,340
Depreciation			
At 1 January 2013	-	23,406	23,406
Charge for the year	-	267	267
On disposals	-	(18,119)	(18,119)
Foreign exchange movement	-	(553)	(553)
At 31 December 2013	-	5,001	5,001
Net book value			
At 31 December 2013	42,877,323	1,016	42,878,339
At 31 December 2012	48,382,471	63,633	48,446,104

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**
10. TANGIBLE FIXED ASSETS (continued)

The group's investment properties in Poland and the Czech Republic have been valued at their open market value by the members.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2013	2012
	€	€
Cost	70,063,343	70,063,326
Accumulated depreciation	-	-
Net book value	70,063,343	70,063,326

11. FIXED ASSET INVESTMENTS

LLP	Investments in subsidiary companies
	€
Cost	
At 1 January 2013 and 31 December 2013	131,168
Impairment	
At 1 January 2013 and 31 December 2013	131,168
Net book value	
At 31 December 2013	-
At 31 December 2012	-

Details of the principal subsidiaries can be found under note number 12.

12. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Abercromby Sp. Z.o.o	Poland	100	Property investment
Benbow Sp. Z.o.o	Poland	100	Property investment
Boyle Sp. Z.o.o	Poland	100	Property investment
Campbell Sp. Z.o.o	Poland	100	Property investment
Inglis Sp. Z.o.o	Poland	100	Property investment
Liffey Sp. Z.o.o	Poland	100	Property investment
Mesquite Sp. Z.o.o	Poland	100	Property investment
Silverbell Sp. Z.o.o	Poland	100	Property investment
Kouge S.R.O.	Czech Republic	100	Property investment

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13. DEBTORS

	Group		LLP	
	2013	2012	2013	2012
	€	€	€	€
Trade debtors	647,708	728,558	-	-
Amounts owed by group undertakings	-	-	522,146	-
Other debtors	70,641	22,140	-	-
Prepayments and accrued income	61,316	72,889	-	-
	<u>779,665</u>	<u>823,587</u>	<u>522,146</u>	<u>-</u>

14. CREDITORS: Amounts falling due within one year

	Group		LLP	
	2013	2012	2013	2012
	€	€	€	€
Bank loan	10,715,691	1,135,992	-	-
Trade creditors	668,823	513,427	854	1,802
Foreign tax	8,948	-	-	-
Other taxation and social security	42,197	113,002	-	-
Balance due to related party	32,362,927	33,860,488	-	-
Other creditors	658,560	296,212	-	-
Accruals and deferred income	123,060	142,498	2,786	882
	<u>44,580,206</u>	<u>36,061,619</u>	<u>3,640</u>	<u>2,684</u>

Included in bank loans due within one year is a balance of €9,083,884 held by one of the group's subsidiaries and due for repayment in 2014. Subsequent to the year end the parties to the loan agreed to extend the repayment schedule so that the final repayment date is 31 May 2016.

15. CREDITORS: Amounts falling due after more than one year

	Group		LLP	
	2013	2012	2013	2012
	€	€	€	€
Bank loans	26,763,108	37,786,157	-	-

The bank loans are secured on over properties within Benbow Sp. Z.o.o., Campbell Sp. Z.o.o., Silverbell Sp. Z.o.o., Abercromby Sp. Z.o.o., Inglis Sp. Z.o.o. and Mesquite Sp. Z.o.o. Interest is payable on the bank loans at Eurobor + 1.85 – 3.5%.

The bank loans are also secured on over properties within Kouge S.R.O. Interest is payable on these loans at PRIBOR plus 1.5% margin.

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

15. CREDITORS:

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		LLP	
	2013	2012	2013	2012
	€	€	€	€
Repayable by instalments	26,763,108	37,786,157	-	-

The group does not fall within the scope of FRS26 and therefore interest rate swaps are not revalued to fair value within the balance sheet at year end.

16. LOANS AND OTHER DEBTS DUE TO MEMBERS

	Group		LLP	
	2013	2012	2013	2012
	€	€	€	€
Amounts due to members	3,175,002	665,757	3,133,462	640,193

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. RECONCILIATION OF MEMBERS' INTERESTS

Group	Members' capital (classified as equity) €	Revaluation reserve €	Other reserves €	Loans and debts due to members less any amounts due from members in debtors €	Total €
Amounts due to members b/fwd				644,080	
Amounts due from members b/fwd				-	
Members' interests: balance at 1 January 2012	71,518	(7,447,861)	(12,480,597)	644,080	(19,212,860)
Profit for the year to 31 December 2012 available for discretionary division among members	-	-	270,478	-	270,478
Members' interests after loss for the year to 31 December 2012	71,518	(7,447,861)	(12,210,119)	644,080	(18,942,382)
Movement in reserves	-	(4,953,902)	-	-	(4,953,902)
Amounts received from members during the year to 31 December 2012	-	-	-	21,677	21,677
Members' interests: balance at 1 January 2013	71,518	(12,401,763)	(12,210,119)	665,757	(23,874,607)
Loss for the year to 31 December 2013 available for discretionary division among members	-	-	(713,551)	-	(713,551)
Members' interests after loss for the year to 31 December 2013	71,518	(12,401,763)	(12,923,670)	665,757	(24,588,158)
Movement in reserves	-	(4,367,268)	-	-	(4,367,268)
Amounts introduced by members	-	-	-	2,509,795	2,509,795
Amounts withdrawn by members	-	-	-	(550)	(550)
Members' interests at 31 December 2013	71,518	(16,769,031)	(12,923,670)	3,175,002	(26,446,181)

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. RECONCILIATION OF MEMBERS' INTERESTS (continued)

Group	2013 €	2012 €
Amounts due to members	3,175,002	665,757
Amounts due from members	-	-
Net amount due to members	<u>3,175,002</u>	<u>665,757</u>

17. RECONCILIATION OF MEMBERS' INTERESTS (continued)

LLP	Members' capital (classified as equity) €	Other reserves €	Loans and debts due to members less any amounts due from members in debtors €	Total €
Amounts due to members b/fwd			618,361	
Amounts due from members b/fwd			-	
Members' interests: balance at 1 January 2012	71,518	(239,135)	618,361	450,744
Loss for the year to 31 December 2012 available for discretionary division among members	-	(456,241)	-	(456,241)
Members' interests after loss for the year to 31 December 2012	71,518	(695,376)	618,361	(5,497)
Amounts introduced by members during the year to 31 December 2012	-	-	21,832	21,832
Members' interests: balance at 1 January 2013	71,518	(695,376)	640,193	16,335
Loss for the year to 31 December 2013 available for discretionary division among members	-	(1,990,978)	-	(1,990,978)
Members' interests after loss for the year to 31 December 2013	71,518	(2,686,354)	640,193	(1,974,643)
Amounts introduced by members	-	-	2,493,819	2,493,819
Amounts withdrawn by members	-	-	(550)	(550)
Members' interest at 31 December 2013	<u>71,518</u>	<u>(2,686,354)</u>	<u>3,133,462</u>	<u>518,626</u>

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. RECONCILIATION OF MEMBERS' INTERESTS (continued)

LLP	2013 €	2012 €
Amounts due to members	3,133,462	640,193
Amounts due from members	-	-
Net amount due to members	<u>3,133,462</u>	<u>640,193</u>

Proceeds that are in excess of the working capital requirements for Euro Real Estate Investments LLP shall be distributed in accordance with Schedule 5 of the members agreement in the following priority:

- Payment to holders of "C shares", a fixed cumulative cash dividend
- Redemption of "C Shares"
- Settlement of "D Members" Management Agreement acquisition cost disposal fees
- Remaining sums to be allocated between the "A" and "B" shares

No interest is applied on any member transactions.

In the event of a winding up loans and other debts due to members rank as unsecured creditors.

Members other interests rank as unsecured creditors.

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 €	2012 €
Operating profit	2,150,853	3,674,774
Depreciation of tangible fixed assets	(286)	9,787
Decrease/(increase) in debtors	43,922	(14,188)
(Decrease)/increase in creditors	(1,061,112)	1,008,943
Net cash inflow from operating activities	<u>1,133,377</u>	<u>4,679,316</u>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 €	2012 €
Returns on investments and servicing of finance		
Interest received	545,079	11,077
Interest paid	(3,409,483)	(3,358,559)
Net cash outflow from returns on investments and servicing of finance	<u>(2,864,404)</u>	<u>(3,347,482)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 €	2012 €
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(17)	(154,466)
Sale of tangible fixed assets	61,445	-
Foreign exchange movement	1,139,355	(5,462)
Net cash inflow/(outflow) from capital expenditure	1,200,783	(159,928)
	2013 €	2012 €
Transactions with members		
Payments to members	(550)	(155)
Contributions by members	2,509,795	21,832
Net cash inflow from transactions with members	2,509,245	21,677
Analysed as follows:		
Net transactions with members relating to equity	-	-
Net transactions with members relating to debt	2,509,245	21,677
	2,509,245	21,677
	2013 €	2012 €
Financing		
Repayment of loans	(1,443,350)	(1,429,587)

20. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2013 €	Cash flow €	Other non-cash changes €	31 December 2013 €
Cash at bank and in hand	703,478	535,651	-	1,239,129
Debt:				
Debts due within one year	(1,135,992)	1,443,350	(11,023,049)	(10,715,691)
Debts falling due after more than one year	(37,786,157)	-	11,023,049	(26,763,108)
Loans and other debts due to members	(665,757)	(2,509,245)	-	(3,175,002)
Net debt	(38,884,428)	(530,244)	-	(39,414,672)

EURO REAL ESTATE INVESTMENTS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

21. RELATED PARTY TRANSACTIONS

The following balances were owed to related parties at the year end:

	2013 Group €	2013 LLP €	2013 Group €	2012 LLP €
CGIS Group Limited	32,362,927	-	33,860,488	-

The company above is related to Euro Real Estate Investments LLP by virtue of being controlled by the members.

The above loans from CGIS Group Limited to the group attract interest at a rate of Eurobor + 2%. No interest is charged on amounts due from CGIS Group Limited

Management fees of €136,216 (2012: €128,037) were charged by Marcol International Asset Management Limited, a member of the LLP.

The following balances were due (to) / from members at the year end:

	Group		LLP	
	2013 €	2012 €	2013 €	2012 €
Marcol International Asset Management Limited	(41,440)	(25,463)	100	100
Euro Real Estate Funding Limited	(3,133,542)	(640,294)	(3,133,542)	(640,294)

22. POST BALANCE SHEET EVENTS

Subsequent to the year end the LLP sold its investment in the subsidiary Kouge S.R.O.

23. CONTROLLING PARTY

Euro Real Estate Investment LLP is controlled by the members.