

## CEG Investments III LLP

Report and Financial Statements

Year Ended

31 December 2015

Registered Number OC373321 (England & Wales)

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# **CEG Investments III LLP**

**Annual report and financial statements  
for the year ended 31 December 2015**

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## **Designated Members**

Veralda AB  
Dooba Properties Limited  
Varenne Fastigheter 2011 AB  
Nunataq AB  
Zimbrine Holding BV

## **Registered office**

Sloane Square House, 1 Holbein Place, London SW1W 8NS

## **Registered number**

OC373321

## **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **CEG Investments III LLP**

## **Members' report for the year ended 31 December 2015**

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The limited liability partnership ("LLP") members ("members") present their report together with the audited financial statements for the year ended 31 December 2015.

### **Results and members capital**

The statement of comprehensive income is set out on page 5 and shows the profit for the year.

The members do not propose the withdrawal of capital (2014 - £Nil).

An income distribution of £5,130,020 was made to the LLP's members during the year (2014: £nil).

### **Principal activity**

The principal activity of the LLP is property investment through the holding of investments in property owning businesses.

### **Review of business**

During the year the LLP has made a profit of £6,511,674 (2014 – £4,791,729) due to the receipt of a dividend from ASE Holdings S.A.R.L of £5,130,700(2014: £nil) and an uplift in the value of the LLP's investments of £1,403,248 (2014: uplift of £4,801,125).

Following the Referendum held on 23 June 2016, we are operating in a period of increased economic and political uncertainty. We therefore believe the economy is likely to be negatively affected, at least in the short to medium term. As a consequence the members are re-appraising projects. The uncertainty is however likely to generate opportunities for the business.

### **Designated Members**

The following were Designated Members, (as defined by the Limited Liability Partnerships Act 2000) during the year:

Veralda AB (previously known as Anders Strom Investering AB)  
Dooba Properties Limited  
Varenne Fastigheter 2011 AB  
Nunataq AB (previously known as Windward Capital AB)  
Zimbrine Holding BV

# CEG Investments III LLP

## Members' report for the year ended 31 December 2015 (Continued)

### Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the members' report and financial statements in accordance with applicable laws and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial period. Under these regulations the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under these regulations 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 judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Policies in relation to drawings, capital and profits

The policy for members' drawings is that they are determined by the members on a quarterly basis in line with the terms of the Limited Liability Partnership Deed dated 12 June 2012. These drawings are determined by taking into account the need to retain sufficient funds to finance the working capital and other needs of the business. Drawings will only be taken after these requirements have been met.

Individual members' capital contributions are also determined on a quarterly basis by the members' having regard to the short, medium and long term needs of the business.

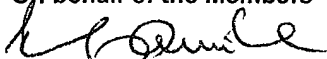
Profits and losses of the LLP which are not yet divided among the members are reflected under 'Other reserves'. These reserves are allocated once all criteria have been met in accordance with the Limited Liability Partnership Deed.

### Auditors

BDO LLP have expressed their willingness to continue in office.

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the LLP's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Members



Edward Camilleri  
For Dooba Properties Limited  
Designated Member

Date: 15 September 2016

# **CEG Investments III LLP**

## **Report of the independent auditors**

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### **To the members of CEG Investments III LLP**

We have audited the financial statements of CEG Investments III LLP for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of changes in members' interests, the statement of financial position, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the limited liability partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, 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 statement of members' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 limited liability partnership's affairs as at 31 December 2015 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union; 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 the Companies Act 2006) Regulations 2008.

### **Opinion on other matters**

In our opinion the information given in the members' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# CEG Investments III LLP

## Report of the independent auditors (*Continued*)

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### 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 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 and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnership's regime.



**Russell Field (senior statutory auditor)**  
**For and on behalf of BDO LLP, statutory auditor**  
55 Baker Street  
London  
W1U 7EU  
United Kingdom

Date: 15 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## CEG Investments III LLP

### Statement of comprehensive income for the year ended 31 December 2015

|                                                                                                          | Note | 2015<br>£        | 2014<br>£        |
|----------------------------------------------------------------------------------------------------------|------|------------------|------------------|
| Administrative expenses                                                                                  | 4    | (13,984)         | (1,569)          |
| Other operating income                                                                                   |      | 87               | -                |
| <b>Operating loss</b>                                                                                    |      | <b>(13,897)</b>  | <b>(1,569)</b>   |
| Change in fair value of investments                                                                      | 7    | 1,403,248        | 4,801,125        |
| Distributions receivable from fixed asset investments                                                    |      | 5,130,700        | -                |
| Finance revenue                                                                                          | 5    | 1,547,365        | 1,072,453        |
| <b>Profit on ordinary activities before taxation</b>                                                     |      | <b>8,067,416</b> | <b>5,872,009</b> |
| Taxation                                                                                                 |      | -                | -                |
| <b>Profit and total comprehensive income for the financial period before members' remuneration</b>       |      | <b>8,067,416</b> | <b>5,872,009</b> |
| Members' remuneration charged as an expense                                                              |      | (1,555,742)      | (1,080,280)      |
| <b>Profit and comprehensive income for the period available for discretionary division among members</b> |      | <b>6,511,674</b> | <b>4,791,729</b> |

The notes on pages 9 to 17 form part of these financial statements.

# CEG Investments III LLP

## Statement of changes in members' interests for the year ended 31 December 2015

|                                    | Members' capital<br>£ | Revaluation reserve<br>£ | Other reserves<br>£ | Total<br>£        | Loans and other debts due from members<br>£ | Total<br>£        |
|------------------------------------|-----------------------|--------------------------|---------------------|-------------------|---------------------------------------------|-------------------|
| <b>Year ended 31 December 2015</b> |                       |                          |                     |                   |                                             |                   |
| Balance at 1 January 2015          | 12,941,110            | 8,493,092                | (36,085)            | 21,398,117        | 12,958,027                                  | 34,356,144        |
| Loan advanced by members           | -                     | -                        | -                   | -                 | 8,685                                       | 8,685             |
| Distributions to members           | -                     | -                        | (5,130,020)         | (5,130,020)       | -                                           | (5,130,020)       |
| Comprehensive income for the year  | -                     | -                        | 6,511,674           | 6,511,674         | -                                           | 6,511,674         |
| <b>Balance at 31 December 2015</b> | <b>12,941,110</b>     | <b>8,493,092</b>         | <b>1,345,569</b>    | <b>22,779,771</b> | <b>12,966,712</b>                           | <b>35,746,483</b> |

|                                    | Members' capital<br>£ | Revaluation reserve<br>£ | Other reserves<br>£ | Total<br>£        | Loans and other debts due from members<br>£ | Total<br>£        |
|------------------------------------|-----------------------|--------------------------|---------------------|-------------------|---------------------------------------------|-------------------|
| <b>Year ended 31 December 2014</b> |                       |                          |                     |                   |                                             |                   |
| Balance at 1 January 2014          | 12,941,110            | 3,691,967                | (26,689)            | 16,606,388        | 12,950,197                                  | 29,556,585        |
| Loan advanced by members           | -                     | -                        | -                   | -                 | 7,830                                       | 7,830             |
| Comprehensive income for the year  | -                     | 4,801,125                | (9,396)             | 4,791,729         | -                                           | 4,791,729         |
| <b>Balance at 31 December 2014</b> | <b>12,941,110</b>     | <b>8,493,092</b>         | <b>(36,085)</b>     | <b>21,398,117</b> | <b>12,958,027</b>                           | <b>34,356,144</b> |

The notes on pages 9 to 17 form part of these financial statements.

# CEG Investments III LLP

## Statement of financial position at 31 December 2015

|                                        | Note | 2015<br>£ | 2015<br>£         | 2014<br>£ | 2014<br>£         |
|----------------------------------------|------|-----------|-------------------|-----------|-------------------|
| <b>ASSETS</b>                          |      |           |                   |           |                   |
| <b>Non current assets</b>              |      |           |                   |           |                   |
| Investments                            | 7    |           | 22,846,143        |           | 21,442,895        |
| Trade and other receivables            | 8    |           | 12,888,279        |           | 12,896,200        |
|                                        |      |           | <u>35,734,422</u> |           | <u>34,339,095</u> |
| <b>Current assets</b>                  |      |           |                   |           |                   |
| Trade and other receivables            | 8    | -         |                   | 8,851     |                   |
| Cash and cash equivalents              | 12   | 12,197    |                   | 24,214    |                   |
|                                        |      |           | <u>12,197</u>     |           | <u>33,065</u>     |
| <b>TOTAL ASSETS</b>                    |      |           | <u>35,746,619</u> |           | <u>34,372,160</u> |
| <b>LIABILITIES</b>                     |      |           |                   |           |                   |
| <b>Current liabilities</b>             |      |           |                   |           |                   |
| Trade and other payables               | 9    |           | (136)             |           | (16,016)          |
| <b>NET ASSETS</b>                      |      |           | <u>35,746,483</u> |           | <u>34,356,144</u> |
| <b>Represented by:</b>                 |      |           |                   |           |                   |
| Loans and other debts due from members |      |           | 12,966,712        |           | 12,958,027        |
| Members' other interests               |      |           | 22,779,771        |           | 21,398,117        |
| <b>TOTAL MEMBERS' INTERESTS</b>        |      |           | <u>35,746,483</u> |           | <u>34,356,144</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime of the Companies Act 2006 (as applied to small limited liability partnerships).

The financial statements were approved by the members and authorised for issue on 15 September 2016.



Edward Camilleri  
For Dooba Properties Limited  
Designated Member

Registered Number OC373321

The notes on pages 9 to 17 form part of these financial statements.

## CEG Investments III LLP

### Statement of cash flows for the year ended 31 December 2015

|                                                               | 2015<br>£          | 2014<br>£          |
|---------------------------------------------------------------|--------------------|--------------------|
| <b>Operating activities</b>                                   |                    |                    |
| Profit for the financial year                                 | 6,511,674          | 4,791,729          |
| Adjustments for:                                              |                    |                    |
| Finance revenue                                               | (1,547,365)        | (1,072,453)        |
| Members' remuneration charged as an expense                   | 1,555,742          | 1,080,280          |
| Change in fair value of investments                           | (1,403,248)        | (4,801,125)        |
| Distributions receivable from fixed asset investments         | (5,130,700)        | -                  |
| Changes in working capital:                                   |                    |                    |
| Trade and other receivables                                   | 16,772             | (712)              |
| Trade and other payables                                      | (15,880)           | -                  |
| <b>Net cash outflows from operating activities</b>            | <b>(13,005)</b>    | <b>(2,281)</b>     |
| <b>Investing activities</b>                                   |                    |                    |
| Finance revenue                                               | 1,547,365          | 1,072,453          |
| Distributions receivable from fixed asset investments         | 5,130,700          | -                  |
| <b>Net cash inflows from investing activities</b>             | <b>6,678,065</b>   | <b>1,072,453</b>   |
| <b>Financing activities</b>                                   |                    |                    |
| Proceeds from borrowings from members                         | -                  | -                  |
| Distributions to members                                      | (5,130,020)        | -                  |
| Members' remuneration paid                                    | (1,547,057)        | (1,072,450)        |
| <b>Net cash outflows from financing activities</b>            | <b>(6,677,077)</b> | <b>(1,072,450)</b> |
| <b>Net movement in cash and cash equivalents</b>              | <b>(12,017)</b>    | <b>(2,278)</b>     |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>24,214</b>      | <b>26,492</b>      |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>12,197</b>      | <b>24,214</b>      |

The notes on pages 9 to 17 form part of these financial statements.

# CEG Investments III LLP

## Notes to the financial statements for the year ended 31 December 2015

### 1 Accounting policies

#### 1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS"), and with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships (March 2010)".

The financial statements have been prepared on the historical cost basis except that investments are measured at fair value.

The LLP's financial statements are presented in Sterling (GBP), which is the LLP's functional currency and all values are rounded to the nearest pound (£) except where otherwise indicated. The functional currency is the currency of the primary economic environment in which the company operates. Accordingly, the LLP measures its financial results and financial position in Sterling. The reporting currency used for the preparation of the financial statements is Sterling, which is the currency in which the members' capital in the LLP is denominated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the members to exercise their judgement in the most appropriate application in applying the LLP's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

These financial statements have been prepared on a going concern basis, which assumes that the LLP will continue to meet its liabilities, as they fall due, for the foreseeable future. The members have prepared cash flow forecasts which indicate that the LLP can continue as a going concern.

#### 1.2 Changes in accounting policies

##### *New standards, interpretations and amendments effective for the current year*

There have been no new standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) during the current year that have an impact on the financial statements of the Company.

##### *Standards and interpretations in issue not yet adopted*

The IASB and IFRIC have issued or amended the following standards and interpretations that are mandatory for later accounting periods and which have not been adopted early:

|                                                 | <b>Mandatory<br/>effective date<br/>(periods<br/>commencing<br/>from)</b> |
|-------------------------------------------------|---------------------------------------------------------------------------|
| • IFRS 15: Revenue from Contracts with Customer | 01-Jan-18 *                                                               |
| • IFRS 9: Financial Instruments                 | 01-Jan-18 *                                                               |

\* *Subject to endorsement for use in the EU*

It is not anticipated that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application, other than on presentation and disclosure.

# CEG Investments III LLP

## Notes to the financial statements for the year ended 31 December 2015 (Continued)

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### 1.2 Changes in accounting policies (Continued)

The IASB and IFRIC have also issued or made amendments to IFRS 11, IAS 16, IAS 38 and IAS 41 but these are not relevant to the current operations of the LLP.

### 1.3 Revenue recognition

Interest revenue and costs are recognised in the statement of comprehensive income for all interest-bearing instruments on an accruals basis, unless collectability is in doubt.

Investment revenue is recognised when it accrues, unless collectability is in doubt.

### 1.4 Financial assets

The LLP classifies its financial assets into the category listed below depending on the purpose for which the asset was acquired. The LLP has not classified any of its financial assets as held to maturity.

The LLP's accounting policy is as follows:

#### *Receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through transactions with group entities, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the LLP will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The LLP's receivables comprise other receivables (including amounts due from group undertakings) and cash and cash equivalents in the statement of financial position. Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

#### *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows, bank overdrafts. Cash and cash equivalents are carried in the statement of financial position at face value. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

### 1.5 Financial liabilities

The LLP classifies its financial liabilities into the category listed below.

#### *Other financial liabilities*

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

# CEG Investments III LLP

## Notes to the financial statements for the year ended 31 December 2015 (Continued)

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### 1.6 Fair value measurement hierarchy

IFRS 13 Fair Value Measurement requires certain disclosures which require the classification of assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 7). The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Fair value assets and liabilities are classified in their entirety into only one of the three levels.

### 1.7 Members' capital

Financial instruments issued by the LLP are treated as equity only to the extent that they do not meet the definition of a financial liability.

### 1.8 Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP. The relevant income tax is the responsibility of the members of the LLP.

### 1.9 Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risk specific to the liability.

### 1.10 Investment in affiliated entities

Investments by the LLP in affiliated entities are carried at fair value. Where fair value cannot be readily ascertained, the cost method of accounting is applied.

The results of affiliated entities are reflected in the financial statements of the holding LLP only to the extent of distributions receivable.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

## 2 Critical accounting estimates and judgements

The LLP makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## CEG Investments III LLP

### Notes to the financial statements for the year ended 31 December 2015 (Continued)

#### 2 Critical accounting estimates and judgements (Continued)

##### *Estimates and assumptions*

##### (a) Valuation of non-equity accounted investments

Valuations are based on the underlying net asset values which may themselves be based on investment property valuations.

Investment property valuations are performed by external valuers or the LLP's managing agent, Commercial Estates Group Limited (CEG), in order to determine their fair value. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Further information in relation to the valuation of investments is disclosed in note 7.

#### 3 Financial instruments - Risk management

##### 3.1 Financial risk factors

The LLP is exposed through its operations to the following financial risk:

- Credit risk
- Liquidity risk

In common with all other businesses, the LLP is exposed to risks that arise from its use of financial instruments. This note describes the LLP's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the LLP's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period unless otherwise stated in this note.

##### *Principal financial instruments*

The principal financial instruments used by the LLP, from which financial instrument risk arises are as follows:

- Trade and other receivables
- Cash at bank

A summary of the financial instruments held by category is provided below:

##### **Financial assets – loans and receivables**

|                                                              | 2015<br>£  | 2014<br>£  |
|--------------------------------------------------------------|------------|------------|
| Trade and other receivables – maturity greater than one year | 12,888,279 | 12,896,200 |
| Cash and cash equivalents – maturity within one year         | 12,197     | 24,214     |
|                                                              | <hr/>      | <hr/>      |
|                                                              | 12,900,476 | 12,920,414 |
|                                                              | <hr/>      | <hr/>      |

# CEG Investments III LLP

## Notes to the financial statements for the year ended 31 December 2015 (Continued)

### 3.1 Financial risk factors (Continued)

#### Financial liabilities – at amortised cost

|                                                     | 2015<br>£ | 2014<br>£ |
|-----------------------------------------------------|-----------|-----------|
| Trade and other payables – maturity within one year | 136       | 16,016    |

The members have overall responsibility for the determination of the LLP's risk management objectives and policies. The members receive quarterly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the members is to set policies that seek to reduce risks as far as possible without unduly affecting the LLP's competitiveness and flexibility. Further details regarding these policies are set out below:

#### (i) Credit risk

The LLP's exposure to credit risk arises from the potential financial loss if counterparty to a financial instrument fails to meet its contractual obligations. It relates principally to the LLP's receivables from group undertakings.

#### (ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The LLP aims to maintain flexibility in funding by keeping committed credit lines available.

The LLP's liquidity position is monitored on a daily basis. The liquidity position is reviewed quarterly by the members.

### 3.2 Capital risk management

The members monitor the capital needs of the LLP on an on going basis and formally, on at least a quarterly basis, the equity and overall capital position of the LLP.

## 4 Administrative expenses

|                             | 2015<br>£     | 2014<br>£    |
|-----------------------------|---------------|--------------|
| Bank charges                | 1,280         | 369          |
| Legal and professional fees | 12,704        | 1,200        |
|                             | <u>13,984</u> | <u>1,569</u> |

## CEG Investments III LLP

### Notes to the financial statements for the year ended 31 December 2015 (Continued)

#### 5 Finance revenue

|                                         | 2015<br>£        | 2014<br>£        |
|-----------------------------------------|------------------|------------------|
| Bank interest                           | 72               | 3                |
| Interest on loans to group undertakings | 1,547,293        | 1,072,450        |
|                                         | <u>1,547,365</u> | <u>1,072,453</u> |

#### 6 Operating loss

The auditors' remuneration for the audit of the LLP's financial statements is £1,570 (2014 - £1,500).

The LLP had no employees during the year (2014 - £Nil). The average number of members in the year was 5 (2014 - 5) all of whom were designated members. No member received any remuneration during the year (2014 - £Nil).

#### 7 Investments

|                                           | 2015<br>£         | 2014<br>£         |
|-------------------------------------------|-------------------|-------------------|
| <i>Investment in ASE Holdings S.A.R.L</i> |                   |                   |
| At start of year                          | 21,442,895        | 16,641,770        |
| Change in fair value                      | 1,403,248         | 4,801,125         |
|                                           | <u>22,846,143</u> | <u>21,442,895</u> |
| At end of year                            | 22,846,143        | 21,442,895        |

ASE Holdings S.A.R.L is a company incorporated in Luxembourg. The investment represents a 24.44% non-controlling interest. ASE Holdings S.A.R.L is a controlling member of a partnership which owns a portfolio of property and rents it out to earn rental income.

Investment valuations are based on the underlying net asset values which themselves are based on investment property valuations.

Investment properties have been valued using a yield methodology approach using unobservable inputs (level 3). The significant unobservable inputs used in the valuation at 31 December 2015 and 2014 are the estimated rental value (ERV) of the property and the market capitalisation rate (yield). The ERV has been determined by reference to rents currently achieved on existing leases and the rents being asked by landlords advertising properties of a similar specification in that geographical region. The market capitalisation rate has been determined by reference to actual market transactions for properties in that region, with adjustment made to reflect the particular characteristics of the LLP's property. The resulting valuations are then cross checked against the initial yields and the fair market values per square foot derived from these actual market transactions.

A decrease in the ERV or an increase in the market capitalisation rate will decrease the fair value of the investment property.

# CEG Investments III LLP

## Notes to the financial statements for the year ended 31 December 2015 (Continued)

### 8 Trade and other receivables

|                                                                                                        | 2015<br>£         | 2014<br>£         |
|--------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Amounts owed by group undertakings (note 11)                                                           | 12,888,279        | 12,896,200        |
| <b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b> | <b>12,888,279</b> | <b>12,896,200</b> |
| Tax and social security                                                                                | -                 | 8,851             |
| <b>Total trade and other receivables</b>                                                               | <b>12,888,279</b> | <b>12,905,051</b> |
| Less: non-current portion                                                                              |                   |                   |
| Amounts owed by group undertakings                                                                     | (12,888,279)      | (12,896,200)      |
| Current portion                                                                                        | -                 | 8,851             |

Fair value approximates to book value at 31 December 2015 and 2014 as credit risk has been addressed as part of the impairment provisioning, the receivables not being subject to ongoing fluctuations in market rates as a result of their short term nature and the interest payments on the loans to group undertakings being based on commercial terms and market rates which are not considered to have substantially changed since the loan agreements were entered into.

Amounts owed by group undertakings are unsecured, repayable on 12 June 2022 and attract interest at a rate of 12% per annum.

### 9 Trade and other payables

|                                                                                                                                  | 2015<br>£  | 2014<br>£     |
|----------------------------------------------------------------------------------------------------------------------------------|------------|---------------|
| Other creditors                                                                                                                  | 136        | 16,016        |
| <b>Total financial liabilities including loans and borrowings classified as financial liabilities measured at amortised cost</b> | <b>136</b> | <b>16,016</b> |
| <b>Total trade and other payables</b>                                                                                            | <b>136</b> | <b>16,016</b> |

Due to the short term nature of the payables, they are not subject to ongoing fluctuations in market rates, and so the fair value approximates to book value at 31 December 2015 and 2014.

### 10 Reserves

| Reserves            | Description and purpose                                                                                 |
|---------------------|---------------------------------------------------------------------------------------------------------|
| Revaluation reserve | Cumulative unrealised revaluation gains and losses recognised in the statement of comprehensive income. |
| Other reserves      | Cumulative realised net gains and losses recognised in the statement of comprehensive income.           |

Loans from members are unsecured and interest is charged at a rate of 12% (see note 11 for details).

## CEG Investments III LLP

### Notes to the financial statements for the year ended 31 December 2015 (Continued)

#### 11 Related party transactions

Entities forming part of the group headed by ASE Holdings S.A.R.L are considered by the members to be related parties as the LLP has a beneficial interest in this group.

Transactions with related parties are entered into on a regular basis as a result of normal commercial transactions. The following significant transactions were carried out by the LLP with related parties during the current period:

|                                                      | Interest due<br>from related<br>parties during the<br>year ended<br>31 December<br>2015<br>£ | Amounts owed<br>by related<br>parties as at<br>31 December<br>2015<br>£ |
|------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| ASE Holdings S.A.R.L<br>(Incorporated in Luxembourg) | 1,547,294                                                                                    | 12,888,279                                                              |

|                                                      | Interest due<br>from related<br>parties during the<br>period ended<br>31 December<br>2014<br>£ | Amounts owed<br>by related<br>parties as at<br>31 December<br>2014<br>£ |
|------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| ASE Holdings S.A.R.L<br>(Incorporated in Luxembourg) | 1,072,450                                                                                      | 12,896,200                                                              |

The LLP has also received loans from members as follows:

|                                           | Non-discretionary<br>allocation of<br>profits to related<br>parties during the<br>year ended<br>31 December<br>2015<br>£ | Amounts owed<br>to related<br>parties as at<br>31 December<br>2015<br>£ |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Veralda AB (Anders Strom Investerings AB) | (300,568)                                                                                                                | (2,505,159)                                                             |
| Dooba Properties Limited*                 | (480,909)                                                                                                                | (4,008,254)                                                             |
| Varenne Fastigheter 2011 AB               | (288,546)                                                                                                                | (2,404,953)                                                             |
| Nunataq AB (Windward Capital AB)          | (4,810)                                                                                                                  | (40,092)                                                                |
| Zimbrine Holding BV^                      | (480,909)                                                                                                                | (4,008,254)                                                             |

# CEG Investments III LLP

Notes to the financial statements  
for the year ended 31 December 2015 (Continued)

## 11 Related party transactions (Continued)

|                                          | Non-discretionary<br>allocation of<br>profits to related<br>parties during the<br>year ended<br>31 December<br>2014<br>£ | Amounts owed<br>to related<br>parties as at<br>31 December<br>2014<br>£ |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Veralda AB (Anders Strom Investering AB) | (208,709)                                                                                                                | (2,503,481)                                                             |
| Dooba Properties Limited*                | (333,935)                                                                                                                | (4,005,569)                                                             |
| Varenne Fastigheter 2011 AB              | (200,361)                                                                                                                | (2,403,342)                                                             |
| Nunataq AB (Windward Capital AB)         | (3,340)                                                                                                                  | (40,066)                                                                |
| Zimbrine Holding BV^                     | (333,935)                                                                                                                | (4,005,569)                                                             |
|                                          | <u>                    </u>                                                                                              | <u>                    </u>                                             |

Loans from members are unsecured and interest is charged at a rate of 12%.

\* Loan provided directly by the main beneficiary of the ultimate controlling party of this member.

^ Loan provided directly by Swedia Capital AB, a related party of Zimbrine Holding BV.

## 12 Cash and cash equivalents

|                          | 2015<br>£     | 2014<br>£     |
|--------------------------|---------------|---------------|
| Cash available on demand | <u>12,197</u> | <u>24,214</u> |

## 13 Controlling party information

CEG Investments III LLP is not controlled by any one entity or individual.