



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 915 781 233
Organisasjonsform: Aksjeselskap
Foretaksnavn: EPISO 3 EDGE HOLDCO 1 AS
Forretningsadresse: c/o Malling & Co Forvaltning AS
Dronning Mauds gate 15
0250 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Trond Aasgård
Dato for fastsettelse av årsregnskapet: 23.03.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 03.05.2021



Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annen driftskostnad	2	400 893	10 532
Sum kostnader		400 893	10 532
Driftsresultat		-400 893	-10 532
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap	3	4 885 401	1 000 000
Renteinntekt fra foretak i samme konsern	3	36 660 621	4 999 841
Annen finansinntekt		692	2 084
Sum finansinntekter		41 546 714	6 001 924
Rentekostnad til foretak i samme konsern		340 858	
Annen rentekostnad		28 498 212	3 147 332
Annen finanskostnad		1 910 323	222 779
Sum finanskostnader		30 749 394	3 370 111
Netto finans		10 797 320	2 631 813
Ordinært resultat før skattekostnad		10 396 427	2 621 281
Skattekostnad på ordinært resultat	4	1 436 466	-1 273 532
Ordinært resultat etter skattekostnad		8 959 961	3 894 813
Årsresultat		8 959 961	3 894 813
Årsresultat etter minoritetsinteresser		8 959 961	3 894 813
Overføringer og disponeringer			
Utbytte		18 592 994	
Avgitt konsernbidrag		312 672	
Overføringer fra overkurs		-6 050 892	
Overføringer annen egenkapital		-3 894 813	3 894 813



Resultatregnskap

Beløp i: NOK	Note	2016	2015
Sum overføringer og disponeringer		8 959 961	3 894 813



Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4		1 273 532
Sum immaterielle eiendeler			1 273 532
Finansielle anleggsmidler			
Investering i datterselskap	1,3	409 890 110	413 588 996
Lån til foretak i samme konsern	3,9	723 341 807	707 341 807
Andre langsiktige fordringer	5	6 820 000	8 800 000
Sum finansielle anleggsmidler		1 140 051 916	1 129 730 803
Sum anleggsmidler		1 140 051 916	1 131 004 335
Omløpsmidler			
Varer			
Fordringer			
Andre kortsiktige fordringer		240 625	
Konsernfordringer	3	33 090 999	7 485 954
Sum fordringer		33 331 624	7 485 954
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.	6	1 439 880	103 343
Sum bankinnskudd, kontanter og lignende		1 439 880	103 343
Sum omløpsmidler		34 771 504	7 589 296
SUM EIENDELER		1 174 823 420	1 138 593 631
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7,8	120 000	112 800



Balanse

Beløp i: NOK	Note	2016	2015
Overkurs	8	374 015 422	360 584 175
Sum innskutt egenkapital		374 135 422	360 696 975
Opptjent egenkapital			
Annen egenkapital	8		3 894 813
Sum opptjent egenkapital			3 894 813
Sum egenkapital		374 135 422	364 591 788
Gjeld			
Langsiktig gjeld			
Utsatt skatt	4	58 710	
Sum avsetninger for forpliktelser		58 710	
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	777 800 000	761 800 000
Langsiktig konserngjeld		51 500	
Sum annen langsiktig gjeld		777 851 500	761 800 000
Sum langsiktig gjeld		777 910 210	761 800 000
Kortsiktig gjeld			
Leverandørgjeld			243 979
Skyldig offentlige avgifter		-3 596	
Utbytte		18 592 994	
Kortsiktig konserngjeld	10	757 754	8 800 000
Annen kortsiktig gjeld	11	3 430 636	3 157 864
Sum kortsiktig gjeld		22 777 788	12 201 843
Sum gjeld		800 687 998	774 001 843
SUM EGENKAPITAL OG GJELD		1 174 823 420	1 138 593 631



**Årsregnskap 2016
for
Episo 3 Edge Holdco 1 AS**

Organisasjonsnr. 915781233



Episo 3 Edge Holdco 1 AS

Resultatregnskap

	Note	2016	aug 15-des 15
DRIFTSINNTEKTER OG DRIFTSKOSTNADER			
Driftsinntekter			
Sum driftsinntekter		0	0
Driftskostnader			
Annen driftskostnad	2	400 893	10 532
Sum driftskostnader		400 893	10 532
DRIFTSRESULTAT		(400 893)	(10 532)
FINANSINNTEKTER OG FINANSKOSTNADER			
Finansinntekter			
Inntekt på investering i datterselskap	3	4 885 401	1 000 000
Renteinnt. fra foretak i samme konsern	3	36 660 621	4 999 841
Annen finansinntekt		692	2 084
Sum finansinntekter		41 546 714	6 001 924
Finanskostnader			
Rentekostn. til foretak i samme konsern		340 858	0
Annen rentekostnad		28 498 212	3 147 333
Annen finanskostnad		1 910 323	222 779
Sum finanskostnader		30 749 394	3 370 111
NETTO FINANSPOSTER		10 797 320	2 631 813
ORDINÆRT RES. FØR SKATTEKOSTNAD		10 396 427	2 621 281
Skattekostnad på ordinært resultat	4	1 436 466	(1 273 532)
ORDINÆRT RESULTAT		8 959 961	3 894 813
ARSRESULTAT		8 959 961	3 894 813
OVERF. OG DISPONERINGER			
Avsatt til ordinært utbytte		18 592 994	0
Avgitt konsernbidrag		312 672	0
Overføringer fra overkurs		(6 050 892)	0
Overføringer annen egenkapital		(3 894 813)	3 894 813
SUM OVERF. OG DISP.		8 959 961	3 894 813

Årsregnskap for Episo 3 Edge Holdco 1 AS

Organisasjonsnr. 915781233



Episo 3 Edge Holdco 1 AS

Balanse pr. 31.12.2016

	Note	31.12.2016	31.12.2015
EIENDELER			
ANLEGGSMIDLER			
Immaterielle eiendeler			
Utsatt skattefordel	4	0	1 273 532
Sum immaterielle eiendeler		0	1 273 532
Finansielle anleggsmidler			
Investeringer i datterselskap	1,3	409 890 110	413 588 996
Lån til foretak i samme konsern	3,9	723 341 807	707 341 807
Andre langsiktige fordringer	5	6 820 000	8 800 000
Sum finansielle anleggsmidler		1 140 051 916	1 129 730 803
SUM ANLEGGSMIDLER		1 140 051 916	1 131 004 335
OMLØPSMIDLER			
Fordringer			
Fordringer på konsernselskap	3	33 090 999	7 485 954
Andre kortsiktige fordringer		240 625	0
Sum fordringer		33 331 624	7 485 954
Bankinnskudd, kontanter o.l.	6	1 439 880	103 343
SUM OMLØPSMIDLER		34 771 504	7 589 296
SUM EIENDELER		1 174 823 420	1 138 593 631



Episo 3 Edge Holdco 1 AS

Balanse pr. 31.12.2016

	Note	31.12.2016	31.12.2015
EGENKAPITAL OG GJELD			
EGENKAPITAL			
Innskutt egenkapital			
Selskapskapital	7,8	120 000	112 800
Overkurs	8	374 015 422	360 584 175
Sum innskutt egenkapital		374 135 422	360 696 975
Opptjent egenkapital			
Annen egenkapital	8	0	3 894 813
Sum opptjent egenkapital		0	3 894 813
SUM EGENKAPITAL		374 135 422	364 591 788
GJELD			
LANGSIKTIG GJELD			
Avsetning for forpliktelser			
Utsatt skatt	4	58 710	0
Sum avsetning for forpliktelser		58 710	0
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	777 800 000	761 800 000
Langsiktig gjeld til konsernselskap		51 500	0
Sum annen langsiktig gjeld		777 851 500	761 800 000
SUM LANGSIKTIG GJELD		777 910 210	761 800 000
KORTSIKTIG GJELD			
Leverandørgjeld		0	243 979
Skyldig offentlige avgifter		(3 596)	0
Utbytte		18 592 994	0
Kortsiktig gjeld til konsernselskap	10	757 754	8 800 000
Annen kortsiktig gjeld	11	3 430 636	3 157 865
SUM KORTSIKTIG GJELD		22 777 788	12 201 843
SUM GJELD		800 687 998	774 001 843
SUM EGENKAPITAL OG GJELD		1 174 823 420	1 138 593 631

Kristiansund, den 23.03.2017

I styret for **Episo 3 Edge Holdco 1 AS**Yves Barthels
styrets lederTrond Aasgård
styremedlemMads Mortensen
styremedlemMark James Terry
styremedlem



Episo 3 Edge Holdco 1 AS

Noter 2016

Note 1 - Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk

Salgsinntekter

Inntektsføring ved salg av varer skjer på leveringstidspunktet. Tjenester inntektsføres etter hvert som de leveres.

Klassifisering og vurdering av balanseposter

Omløpsmidler og kortsiktig gjeld omfatter poster som knytter seg til varekretsløpet. For andre poster enn kundefordringer omfattes poster som forfaller til betaling innen ett år etter transaksjonsdagen. Anleggsmidler er eiendeler bestemt til varig eie og bruk. Langsiktig gjeld er gjeld som forfaller senere enn ett år etter transaksjonsdagen.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Anleggsmidler vurderes til anskaffelseskost. Varige anleggsmidler avskrives etter en fornuftig avskrivningsplan. Anleggsmidlene nedskrives til virkelig verdi ved verdifall som antas ikke å være forbigående. Langsiktig gjeld med unntak av andre avsetninger balanseføres til nominelt beløp på etableringstidspunktet.

Fordringer

Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

Varige driftsmidler

Varige driftsmidler balanseføres og avskrives over driftsmidlenes levetid dersom de har antatt levetid over 3 år og har en kostpris som overstiger kr 15.000. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet.

Aksjer i datterselskap, tilknyttede selskap og felleskontrollerte selskap

Aksjene er vurdert etter kostmetoden.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 24% på grunnlag av de midlertidige forskjellene som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og skattevirkningen er beregnet på nettogrunnlaget.

Note 2 - Ansatte, godtgjørelser mv.

Selskapet har ingen ansatte.

Obligatorisk tjenestepensjon

Selskapet er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.

Honorar til revisor

2016

Revisjon

43 750

Annen bistand

85 618

Beløpene er inkludert mva.

Noter for Episo 3 Edge Holdco 1 AS

Organisasjonsnr. 915781233



Episo 3 Edge Holdco 1 AS

Noter 2016

Note 3 - Datterselskap, tilknyttede selskap og felleskontrollerte selskap

Med hjemmel i regnskapsloven §3-2, 4. ledd, er det unnlatt å utarbeide konsernregnskap. Selskapet har følgende datterselskap og tilknyttede selskap. Alle tall i NOK 1.000

	Eierandel/ stemmerett	Selskapets resultat	Selskapets egenk. 31.12	Bokført verdi 31.12
Brevik Senteret AS, Kristiansund	100%	5 771	32 393	151 885
Hensmoen Eiendom AS, Kristiansund 142	100%		-555	2 345
Tangerud Eiendom AS, Kristiansund	100%	-411	5 005	24 786
Lilletunveien 3 AS, Kristiansund	100%	160	45 684	113 498
Hadelandsparken AS, Kristiansund	100%	-1 185	2 461	-6 978
Grenlands Handelspark II AS, Kristiansund	100%	-1 752	18 947	29 840
Mo Handelspark AS	66%	6 343	82 418	<u>89 717</u>
Sum bokført verdi datterselskap				<u>409 890</u>

Fordringer og gjeld

Gruppert i balansen:

Datterselskap

	2016	2015
Fordringer langsiktig	723 341	707 341
Fordringer kortsiktig	33 090	7 485

Konserninterne transaksjoner

	2016	2015
Renteinntekter utlån til datterselskap	36 660	4 999
Rentekostnader foretak i samme konsern		

Det er ikke stilt garantier eller sikkerhetsstillelser til fordel for datterselskap.



Episo 3 Edge Holdco 1 AS

Noter 2016

Note 4 - Skattekostnad

Årets skattekostnad	2016
Ordinært resultat før skatt	10 396 427
Permanente og andre forskjeller	- 4 885 401
Inntekt før anvendelse av framført underskudd	5 511 026
Anvendt skattemessig framførbart underskudd	-5 094 130
Inntekt før fradrag for konsernbidrag	416 896
Ytet konsernbidrag	-416 896
Inntekt	0
Skatt på årets resultat 25% av 416 896	104 224
Endring utsatt skatt/utsatt skattefordel	1 332 242
Skattekostnad	1 436 466

Spesifikasjon av grunnlag utsatt skatt/ utsatt skattefordel

Midlertidige forskjeller knyttet til	31.12.16	31.12.15	Endring
Aksjer og andre verdipapirer	7 300 976	9 181 608	1 880 632
Inntektsført avsatt utbytte	244 629	0	-244 629
Framførbart underskudd	0	-5 094 130	-5 094 130
Neg. midl. forskjeller som ikke skal utlignes	-7 300 976	-9 181 608	1 880 632
Grunnlag utsatt skattefordel(-)		-5 094 130	5 094 130
Grunnlag utsatt skatt	244 629		244 629
Utsatt skattefordel (-), 25%		-1 273 532	1 273 532
Utsatt skatt, 24%	58 710		58 710

Alle midlertidige forskjeller kan utlignes, og dette er gjennomført i beregningen av utsatt skatt/utsatt skattefordel.

Betalbar skatt:	
Skatt på årets resultat 25% av 416 896	104 224
Skattevirkning av konsernbidrag	-104 224
Betalbar skatt	0

Note 5 - Andre langsiktige fordringer

Posten består av	2016	2015
Forskuddsbetalte sikringskostnader	6 820 000	8 800 000
Bokført verdi	6 820 000	8 800 000

Note 6 - Bundne midler

Selskapet har ingen bundne midler.



Episo 3 Edge Holdco 1 AS

Noter 2016

Note 7 - Egenkapital, antall aksjer, aksjeeiere m.v.

Aksjekapital	Antall	Pålydende	Balansført
A-aksjer	2 400	50	120 000

Alle aksjer gir samme rettigheter i selskapet.

Aksjonærer	Eierandel	Verv i selskapet
Episo 3 Edge Holding S.å.r.l	100%	Yves Barthels, styrets leder

Note 8 - Egenkapital

	Aksje- kapital	Overkurs	Annen egenkapital	Sum egen- kapital
Egenkapital pr. 31.12.15	112 800	360 584 175	3 894 813	364 591 788
Kapitalforhøyelse	3 000	2 997 000	0	3 000 000
Kapitalforhøyelse	1 800	8 798 200	0	8 800 000
Kapitalforhøyelse	2 400	7 686 939	0	7 689 339
Konsernbidrag	0	-312 672	0	-312 672
Årets resultat	0	8 959 961	0	8 959 961
Avsatt utbytte	0	-14 698 181	-3 894 813	-18 592 994
Egenkapital pr. 31.12.16	120 000	374 015 422	0	374 135 422

Note 9 - Fordringer, gjeld, pantstillelser, garantiforpliktelser

Fordringer som forfaller senere enn ett år;	2016	2015
Langsiktig lånefordringe	<u>723 341 807</u>	<u>707 341 807</u>

Gjeld som forfaller senere enn fem år etter regnskapsårets slutt	2016	2015
Pantelån	<u>685 620 000</u>	<u>685 620 000</u>

Gjeld som er sikret ved pant

Pantelån	<u>777 800 000</u>	<u>761 800 000</u>
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Garantistillelser:	<u>0</u>	<u>0</u>
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Balansført verdi av pantsatte eiendeler



Episo 3 Edge Holdco 1 AS

Noter 2016

Note 10 - Kortsiktig gjeld til konsernselskap

Posten består av	2016	2015
Avsatt konsernbidrag	416 896	0
Gjeld til morselskap	<u>340 868</u>	<u>8 800 000</u>
Bokført verdi	<u>757 754</u>	<u>8 000 000</u>

Note 11 - Annen kortsiktig gjeld

Posten består av	2016	2015
Påløpt rente	3 404 636	3 147 333
Forskuddsbetalte kostn. og fork.bet innt.	<u>26 000</u>	<u>10 532</u>
Bokført verdi	<u>3 430 636</u>	<u>3 157 865</u>



Episo 3 Edge Holdco 1 AS

Noter 2016

Kontantstrømoppstilling

Kontantstrømmer fra operasjonelle aktiviteter	2016	2015
Periodens resultat før skattekostnad	10 396 427	3 894 813
Endring leverandørgjeld	-243 979	243 979
Andre tidsavgrensingsposter	1 591 656	1 884 334
Netto kontantstrøm fra oper. aktiviteter	11 744 104	6 023 126
Kontantstrømmer fra investeringsaktiviteter		
Netto endring aksjer i konsernselskap	3 698 886	-413 588 996
Utbetaling ved utlån til konsernselskap	-41 605 045	714 827 761
Netto kontantstrøm fra inv. aktiviteter	-37 906 159	-1 128 416 757
Kontstrøm fra finansieringsaktiviteter		
Innbetaling ved opptak av nye lån	16 000 000	761 800 000
Innbetaling ved tilføring av ny egenkap.	19 489 339	360 696 975
Utbetaling lån fra konsernselskap	-7 990 746	
Netto kontantstrøm fra fin.aktiviteter	27 498 593	1 122 496 975
Netto endring i kontantbeholdning	1 336 538	103 344
Beholdning 01.01.	103 343	
Beholdning 31.12	1 439 881	103 344



Episo 3 Edge Holdco 1 AS

Årsoppgjør 2016

Styrets årsberetning for 2016
Episo 3 Edge Holdco 1 AS
Org.nr: 915 781 233

Virksomhetens art og hvor den drives

Episo 3 Edge Holdco 1 AS ble stiftet 04.08.2015. Selskapet er et holdingselskap og eier 7 selskaper som driver utleievirksomhet og utvikling av bolig og forretningseiendommer for utleie og salg. Selskapets forretningskontor er i Kristiansund.

Fortsatt drift

Regnskapet for 2016 er gjort opp med et overskudd på kr 8 959 961 etter skatt. Egenkapitalen pr. 31.12.2016 var kr 374 135 422.

I samsvar med regnskapslovens § 3-3 bekreftes det at forutsetningen om fortsatt drift er til stede og er lagt til grunn ved utarbeidelsen av regnskapet.

Arbeidsmiljø, likestilling

Selskapet har ikke ansatte.

Det er ikke rapportert om ulykker eller uhell av noe slag i 2016. Styret anser risikoen for ulykker eller uhell i tilknytning til virksomheten som lav.

Det er fire menn i styret/ledelsen. Styret er bevisst på de samfunnsmessige forventninger om tiltak for å fremme likestilling i virksomhetens styre/ledelse, og vil på sikt vurdere tiltak for å innfri samfunnets forventninger om likestilling.

Forsknings- og utviklingsaktiviteter

Selskapet har ikke utført forsknings- og utviklingsaktiviteter i 2016.

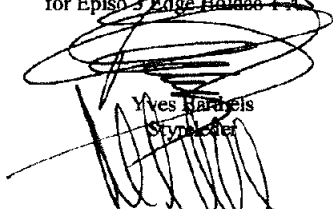
Ytre miljø


Selskapets virksomhet forurenser i svært beskjeden grad det ytre miljø.

Redegjørelse for årsregnskapet

Styret er ikke kjent med forhold av vesentlig betydning, herunder hendelser på nytt år, framtidsutsikter mv, som ville hatt betydning for vurderingen av regnskapet. Etter styrets oppfatning gir derfor fremlagt resultat og balanse et rettviseende bilde av aktiviteten i selskapet, og av stillingen ved utgangen av 2016.

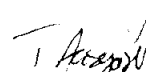
Kristiansund, 23. mars 2017
for Episo 3 Edge Holdco 1 AS


Yves Hårdals
Styremedlem


Mads Mortensen
Styremedlem



Mark James Terry
Styremedlem


Trond Aasgård
Styremedlem



Kristiansund
Aure | Molde | Sunndal
Sumadal | Tingvoll

ROLF K. SÆTHER
THOMAS BJØRSETH
GEIR OVE BRANDSHAUG
Statsautoriserte revisorer
KNUT H. MUNDAL
TORIL ULFSNES
Registrerte revisorer

I samarbeid med
Romsdal Revisjon

Medlemmer av
Den norske Revisorforening

Til generalforsamlingen i Episo 3 Edge Holdco 1 AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Episo 3 Edge Holdco 1 AS' årsregnskap som viser et overskudd på kr 8 959 961. Årsregnskapet består av balanse per 31. desember 2016, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvise bilde av selskapets finansielle stilling per 31. desember 2016, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsberetningen, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

NORDMØRE REVISJON AS

Revisorregisteret / Foretaksregisteret NO 961 225 930 MVA
Autorisert regnskapsførerselskap
Storgt. 34, 6508 Kristiansund tlf: 715 715 00 faks: 715 715 01
kristiansund@nordmore-revisjon.no

Side 1 av 2



Styrets ansvar for årsregnskapet

Styret (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avvirket.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til: <https://revisorforeningen.no/revisjonsberetninger>

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringskikk i Norge.

Kristiansund 23. mars 2017

Nordmøre Revisjon AS

Geir Ove Brandshaug
Statsautorisert revisor



European Property Investors Special Opportunities 3 LP
(Limited Partnership No. LP015253)

Consolidated Financial Statements

For the year ended 31 December 2016



**EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)**

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EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP (Limited Partnership No. LP015253)

GENERAL INFORMATION

Designated members of the General Partner	Ric Lewis Ian Laming
Registered Office	Berkeley Square House 8th Floor Berkeley Square London W1J 6DB
General Partner	EPISO 3 (GP) LLP Berkeley Square House 8th Floor Berkeley Square London W1J 6DB
Manager	Tristan Capital Partners LLP Berkeley Square House 8th Floor Berkeley Square London W1J 6DB
Solicitors	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Bankers	The Royal Bank of Scotland International 71 Bath Street St. Helier Jersey JE4 8PJ
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Administrators	Langham Hall UK Services LLP 5th Floor 5 Old Bailey London EC4M 7BA
Depository	Langham Hall UK Depository LLP 5th Floor 5 Old Bailey London EC4M 7BA



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP (Limited Partnership No. LP015253)

GENERAL PARTNER'S REPORT

The General Partner presents its report and audited Consolidated Financial Statements of European Property Investors Special Opportunities 3 LP (the Partnership) for the year ended 31 December 2016.

Principal Activity of the Partnership

The Partnership's principal activity is implementing a strategy to acquire, reposition, redevelop, recapitalise and liquidate real estate and real estate related assets and portfolios (including debt associated with those assets and portfolios) in Western and Central Europe.

Principal Risks and Uncertainties of the Partnership

As was set out in the Partnership's private placement memorandum, the Partnership is subject to a range of risks, most notable of which are those associated with the ownership of property, including changes in market conditions leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market; changes in interest rates and the availability of real estate lending; the risk that one or more tenants may be unable to meet their obligations to the Partnership or the Partnership may not be able to lease properties on favourable terms and the potential illiquidity of property investments, particularly in times of economic downturn; and changes in exchange rates where assets are held in currencies other than the Euro.

The Partnership seeks to mitigate these risks through a range of activities, including thorough acquisition due diligence; active on-going asset management; and adopting interest rate and foreign exchange rate hedging strategies where appropriate.

Results for the Year

The Partnership has a total comprehensive profit for the year ended 31 December 2016 of €117.1 million (2015: €159.1 million profit). The profit for the year includes:

- Net property revenue of €109.2 million (2015: €91.9 million);
- Management fees and preferred return of €20.1 million (2015: €20.1 million);
- Finance costs of €47.0 million (2015: €41.4 million);
- Unrealised gains on investment and development properties of €106.1 million (2015: €136.6 million gain);
- Gain on disposal of investment properties of €9.2 million (2015: €37.6 million gain);
- Unrealised losses on financial instruments of €3.9 million (2015: €11.0 million loss); and
- Unrealised losses on foreign currency translation of €9.3 million (2015: €3.2 million loss)

The gross asset value of the Partnership as at 31 December 2016 is €2,434.4 million (2015: €2,383.7 million). The Partnership has net current liabilities of €66.0 million (2015: €84.3 million, liabilities) and is considered to be a going concern on the basis that it has €260.6 million (2015: €318.9 million) of uncalled commitments as at 31 December 2016, which can be called to cover liabilities as they fall due and it has an expectation to refinance investments currently financed on the revolving credit facility.

Independent Auditors

PricewaterhouseCoopers LLP has expressed their willingness to continue in office and a resolution to reappoint them for 2016 will be proposed at the next scheduled meeting of the General Partner Board.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP (Limited Partnership No. LP015253)

GENERAL PARTNER'S REPORT (continued)

AIFM Directive

The Manager is authorised by the FCA as a Collective Portfolio Management Investment Firm (CPMIF) under the AIFM directive, and appointed as such, with effect from 1 July 2014.

Requirements for compliance with the Alternative Investment Fund Managers Directive in the UK are set out in the FCA Investment Funds sourcebook. The FCA's general guidance on the AIFM Remuneration Code (SYSC 19B) was published in January 2014. Under the Code, the Remuneration Committee in its oversight of The Manager must make relevant remuneration disclosures no later than 6 months following the end of the financial year, splitting remuneration into fixed and variable remuneration and breaking down remuneration for the category of AIFM Code Staff which is defined as all staff whose professional activities have a material impact on the risk profiles of the AIFM or of the AIFs the AIFM manages.

The Remuneration Committee approves the list of AIFM Code Staff annually. In addition, AIFM Code Staff are notified of their status and the implications of this annually.

Remuneration policy

The Remuneration Committee of the Manager has established a Remuneration Policy and its purpose is to ensure that the remuneration of its members and employees is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Manager and the AIFs it manages.

This policy applies to the Manager and the AIFs it manages.

Employee remuneration disclosure

The table below provides an overview of the following:

- Remuneration paid by the Manager to all Staff; and
- Remuneration paid by the Manager to Code Staff that manage the AIF.

The proportion of the total remuneration of the staff of the AIFM attributable to European Property Investors Opportunities 3 LP is disclosed below:

	Headcount	Remuneration €'000
The Manager's Staff		
Fixed remuneration	72	3,442
Variable remuneration	72	2,509
The Manager's Remuneration Code Staff		
Fixed remuneration	22	1,740
Variable remuneration	22	1,734



**EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)**

STATEMENT OF RESPONSIBILITIES OF THE GENERAL PARTNER

The General Partner is responsible for preparing the Consolidated Financial Statements in accordance with applicable laws and regulations.

The Limited Partnership Agreement (the "LPA") dated 26 October 2012 and restated on 5 December 2012, 10 May 2013, 3 July 2013, 4 October 2013 and 23 January 2014 is for a period of eight years after the final close, with two one year operations to extend thereafter. The LPA requires the General Partner to prepare Consolidated Financial Statements for each financial year in accordance with International Financial Reporting Standards as adopted by the EU.

The General Partner must not approve the Financial Statements unless it is satisfied that they give a fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for the period.

In preparing these Consolidated Financial Statements, the General Partner is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State where applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- Prepare the Consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner confirms that it has complied with the above requirements in preparing the Consolidated Financial Statements.

The General Partner is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure that the Consolidated Financial Statements comply with the LPA. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of EPISO 3 (GP) LLP

Ric Lewis
Designated Member

14 February 2017

Ian Laming
Designated Member

14 February 2017



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP (Limited Partnership No. LP015253)

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP

Report on the group financial statements

Our opinion

In our opinion, the consolidated financial statements (the "financial statements") of European Property Investors Special Opportunities 3 LP (the "Partnership"):

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Limited Partnership Agreement.

What we have audited

The financial statements, included within the Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated Statement of Financial Position as at 31 December 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the general partner has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the General Partner

As explained more fully in the Statement of Responsibilities of the General Partner set out on page 6, the general partner is 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the partners as a body in accordance with the Limited Partnership Agreement and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the limited partnership, save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the General Partner; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the general partner's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.



**EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)**

**INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF EUROPEAN PROPERTY INVESTORS
SPECIAL OPPORTUNITIES 3 LP (continued)**

What an audit of financial statements involves (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 February 2017



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		As at 31 December 2016	As at 31 December 2015
ASSETS	Notes	€'000	€'000
Non-current assets			
Investment properties	12	1,592,597	2,082,135
Trade and other receivables	13	15,471	18,796
Derivative financial instruments	14	839	1,793
Deferred tax assets	10	7,690	5,163
Total non-current assets		<u>1,616,597</u>	<u>2,107,887</u>
Properties in the course of development	16	<u>214,866</u>	<u>102,084</u>
Assets classified as held-for-sale	17	<u>365,593</u>	<u>3,032</u>
Current assets			
Trade and other receivables	13	53,786	39,374
Priority profit share loan		29,094	29,094
Derivative financial instruments	14	754	-
Prepayments		6,991	7,015
Cash and cash equivalents	15	146,751	95,195
Total current assets		<u>237,376</u>	<u>170,678</u>
Current liabilities			
Interest-bearing loans and borrowings	19	(192,335)	(138,353)
Derivative financial instruments	14	(846)	(117)
Interest payable		(5,005)	(6,038)
Trade and other payables	18	(58,319)	(70,681)
Priority profit share / Management fee payable		(42,971)	(30,024)
Current income tax liabilities		(3,898)	(9,788)
Total current liabilities		<u>(303,374)</u>	<u>(255,001)</u>
Net current assets/liabilities		<u>(65,998)</u>	<u>(84,323)</u>
Total assets less current liabilities		<u>2,131,058</u>	<u>2,128,680</u>
Non-current liabilities			
Interest-bearing loans and borrowings	19	(1,069,978)	(1,245,005)
Non-controlling interest loans	19	(21,008)	(17,608)
Trade and other payables	18	(63,627)	(13,549)
Derivative financial instruments	14	(21,452)	(19,863)
Deferred tax liabilities	10	(42,869)	(40,180)
Total non-current liabilities		<u>(1,218,934)</u>	<u>(1,336,505)</u>
Net assets		<u>912,124</u>	<u>792,175</u>
Represented by			
Net assets attributable to Limited Partners		881,148	782,188
Net assets attributable to non-controlling interests		30,976	9,987
		<u>912,124</u>	<u>792,175</u>

The accompanying Notes to the Consolidated Financial Statements on pages 13 to 46 form an integral part of these Consolidated Financial Statements. The Consolidated Financial Statements on pages 9 to 46 were approved by the General Partner on 14 February 2017.

Signed on behalf of European Property Investors Special Opportunities 3 LP by its General Partner, EPISO 3 (GP) LLP:

Ric Lewis
Designated Member

Ian Laming
Designated Member



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2016

		Year ended 31 December 2016	Year ended 31 December 2015
	Notes	€'000	€'000
Gross rental income		136,335	117,333
Service charge income		35,341	35,846
Other property income		2,204	1,274
Service charge expenses		(47,379)	(49,084)
Property operating expenses	6	(17,310)	(13,486)
Net property revenue		109,191	91,883
Administrative expenses	7	(13,504)	(11,111)
Management fees and preferred return	22	(20,125)	(20,092)
Change in fair value of investment and development properties	12, 16	106,144	136,618
Change in fair value of financial instruments		(3,933)	(10,972)
Operating profit		177,773	186,326
Finance income		100	128
Finance costs	8	(47,027)	(41,415)
Gain on disposal of investment properties		9,204	37,645
Profit before tax		140,050	182,684
Taxation	9	(13,574)	(20,377)
Total profit for the year		126,476	162,307
Other comprehensive income			
Net foreign currency translation loss		(9,341)	(3,196)
Total comprehensive income for the year		117,135	159,111
Profit attributable to:			
Limited Partners		105,742	151,650
Non-controlling interests		11,393	7,461
		117,135	159,111

The accompanying Notes to the Consolidated Financial Statements on pages 13 to 46 form an integral part of these Consolidated Financial Statements.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to Limited Partners				Non-Controlling Interests €'000	TOTAL €'000
	Capital Account €'000	Foreign Exchange Reserve €'000	Current Account €'000	TOTAL €'000		
	As at 31 December 2014	360,000	837	2,949		
Net contributions from Limited Partners	313,155	-	-	313,155	-	313,155
Contributions from non-controlling interests	-	-	-	-	83	83
Distributions paid	(42,566)	-	(4,476)	(47,042)	-	(47,042)
Foreign exchange revaluation reserve	-	639	-	639	-	639
Total comprehensive income for the year	-	-	151,650	151,650	7,461	159,111
As at 31 December 2015	630,589	1,476	150,123	782,188	9,987	792,175
Net contributions from Limited Partners	155,541	-	-	155,541	-	155,541
Contributions from non-controlling interests	-	-	-	-	9,596	9,596
Distributions paid	(97,234)	-	(50,416)	(147,650)	-	(147,650)
Foreign exchange revaluation reserve	-	(14,673)	-	(14,673)	-	(14,673)
Total comprehensive income for the year	-	-	105,742	105,742	11,393	117,135
As at 31 December 2016	688,896	(13,197)	205,449	881,148	30,976	912,124

The accompanying Notes to the Consolidated Financial Statements on pages 13 to 46 form an integral part of these Consolidated Financial Statements.



**EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

		Year ended 31 December 2016	Year ended 31 December 2015
	Notes	€'000	€'000
Operating activities			
Profit before tax		140,050	182,684
Change in fair value of financial instruments		3,933	10,972
Change in fair value of investment properties		(106,144)	(136,618)
Gain on disposal of investment property		(9,204)	(37,645)
Effect of foreign exchange movements		12,151	(8,050)
Increase in trade or other receivables		(15,072)	(31,641)
Increase / (decrease) in trade or other payables		26,895	(10,356)
Interest income		(100)	(128)
Net finance costs	8	47,027	41,415
Tax paid		(23,087)	(1,160)
Net cash flow from operating activities		76,449	9,473
Investing activities			
Purchase of investment properties		(109,281)	(556,494)
Purchase of subsidiaries			
Acquisition of investment properties	(51,870)	(550,016)	
Increase in trade or other receivables	(52)	(12,031)	
Increase in trade or other payables	282	66,150	
Taxation	3,485	7,813	
Interest	-	1,574	
Increase in borrowings	-	364,257	
		(48,155)	(122,253)
Subsequent expenditure on investment properties		(67,766)	(40,338)
Subsequent expenditure on development properties		(80,600)	(43,149)
Proceeds from sale of investment properties		330,895	121,350
Proceeds from sale of subsidiaries			
Disposal of investment properties	63,275	5,350	
Decrease in trade or other receivables	4,059	235	
Decrease in trade or other payables	(1,884)	(302)	
Repayment of borrowings	(28,599)	(5,216)	
		36,851	67
Proceeds from sale of assets held-for-sale		1,309	7,649
Net cash flow used in investment activities		63,253	(633,168)
Financing activities			
Capital contributions from Limited Partners		155,541	313,155
Capital distributions to Limited Partners		(97,234)	(42,566)
Income distributions to Limited Partners		(50,416)	(4,476)
Contributions from non-controlling interests		7,496	8,352
Proceeds from borrowings		228,443	1,509,256
Repayment of borrowings		(281,986)	(1,253,079)
Debt issuance costs		(2,950)	(7,631)
Interest and finance costs paid		(42,885)	(41,257)
Interest received		95	128
Net cash flow from financing activities		(83,896)	481,882
Net increase / (decrease) in cash and cash equivalents		55,806	(141,813)
Cash and cash equivalents at the beginning of the year		95,195	235,062
Exchange (loss) / gains on cash and cash equivalents		(4,250)	1,946
Cash and cash equivalents at the end of year	15	146,751	95,195

The accompanying Notes to the Consolidated Financial Statements on pages 13 to 46 form an integral part of these Consolidated Financial Statements.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 CORPORATE INFORMATION

The Consolidated Financial Statements of the Partnership for the year ended 31 December 2016 were authorised for issuance in accordance with a resolution of the General Partner on 14 February 2017.

The Partnership is a limited partnership incorporated and domiciled in the United Kingdom. The registered office is located at Berkeley Square House, 8th Floor, Berkeley Square, London, W1J 6DB.

The Partnership's principal activity is implementing a strategy to acquire, reposition, redevelop, recapitalise and liquidate real estate and real estate related assets and portfolios (including debt associated with those assets and portfolios) in Western and Central Europe.

The General Partner to the Partnership is EPISO 3 (GP) LLP (the "General Partner") as incorporated and registered in England and Wales under company registration number OC379514 whose registered office is located at Berkeley Square House, 8th Floor, Berkeley Square, London, W1J 6DB.

2 BASIS OF PREPARATION

a) Preparation of the consolidated financial statements

The Consolidated Financial Statements of the Partnership have been prepared on a going concern basis, applying the historical cost basis, except for investment property and derivative financial instruments that have been measured at fair value. The Consolidated Financial Statements are presented in Euros (€) and all values are rounded to the nearest thousand (€000) except when otherwise indicated. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

All references to "net assets" throughout these Consolidated Financial Statements refer to the net assets attributable to the holders of Limited Partners' interests unless otherwise stated.

These Consolidated Financial Statements are prepared for the year from 1 January 2016 to 31 December 2016.

b) Consolidated Cash flow Statement

The Partnership reports cash flows from operating activities using the indirect method. Interests received and paid are presented within financing cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Partnership's business activities.

c) New and amended standards adopted by the Partnership

The following standards are relevant to the Partnership and are mandatory for the Partnership's accounting periods beginning on or after 1 January 2016.

Amendment to IFRS 11, 'Accounting for acquisitions of interests in joint operations', relates to the initial acquisition of an interest in joint operation and the acquisition of an additional interest in a joint operation. The amendment has no material impact on the Partnership's financial statements.

Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation', provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

2 BASIS OF PREPARATION (continued)

c) New and amended standards adopted by the Partnership (continued)

Amendments to IAS 1, 'Disclosure initiative': relates to apply professional judgement in determining what information to disclose in their financial statements. The amendment has no material impact on the Partnership's consolidated financial statements.

d) New standards, amendments and interpretations issued, but not yet effective

The following new and amended standards and interpretations have been issued and are mandatory for the Partnership's accounting years beginning after 1 January 2016 and are expected to be relevant to the Partnership:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to:		
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IAS 7	Disclosure Initiative	1 January 2017

The Partnership will consider the impact of these new standards and amendments in the next financial year.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of the Partnership's Consolidated Financial Statements requires the General Partner to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

In the process of applying the Partnership's accounting policies, the General Partner has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

a) Valuations of properties

Investment properties are stated at fair value as at the Consolidated Statement of Financial Position date. Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the period on which they arise.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets, as well as the significant unobservable inputs described in Note 12. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at the Consolidated Statement of Financial Position date.

b) Taxes

The Partnership is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred taxation, the effective tax rate applicable on the temporary differences in investment properties depends on the method by which the carrying amount of investment properties will be realised.

The Partnership recognises liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the year in which the determination is made. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income and gains. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS (continued)

c) Property under construction

The Partnership held two development sites during the year, in the UK and Denmark (see note 16). The development in the UK will include a Grade A office building and carpark, with the option of a second building. The development in Denmark will include a retail shopping centre. The exact timing and impact of these developments is uncertain. Management therefore concluded that the fair value of this property cannot reliably be determined at this stage, although it is expected to be when the property is completed. This property has thus been measured at cost less impairment.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Partnership and its subsidiaries as at 31 December 2016.

Subsidiaries

The Consolidated Financial Statements comprise the financial statements of the Partnership and its subsidiaries as at 31 December each year. Subsidiaries are all entities (including structured entities) over which the Partnership has control. The Partnership controls an entity when the Partnership is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Partnership. They are deconsolidated from the date that control ceases. The reporting date of all subsidiaries is 31 December. All financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Partnership and are presented separately in the Consolidated Statement of Comprehensive Income and separately from net assets attributable to Limited Partners in the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners.

b) Foreign currency translation

The Consolidated Financial Statements are presented in Euros. The functional and presentation currency of the Partnership is the Euro. Each entity in the Partnership determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Consolidated Statement of Comprehensive Income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign operations are translated into Euros at the rate of exchange ruling at the date of the Consolidated Statement of Financial Position and their income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the translation are taken directly to net assets. On disposal of a foreign operation, the deferred cumulative amount recognised in net assets attributable to Limited Partners relating to that particular foreign operation is recognised in the Consolidated Statement of Comprehensive Income.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) **Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

d) **Investment properties**

Investment properties comprise completed property held to earn rentals or for capital appreciation or both.

Investment property is initially measured at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, which reflects the market conditions at the Consolidated Statement of Financial Position date. Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise.

The fair values of the properties acquired in the year ended 31 December 2016 have been arrived at via a combination of valuations carried out at acquisition by external valuers and internal assessments.

As set out in section 19.2 of the LPA an estimate of the Fair Market Value of each of the Partnership's investment properties shall be determined by a full, external valuation at the end of the accounting period immediately following the accounting period in which the relevant Investment Property was acquired or stabilised (the "First Valuation Date"), thereafter every three years after the First Valuation Date, with an external desktop valuation for the intervening years.

Valuations are performed by professional valuers who hold recognised and professional qualifications and have experience in the location and category of the investment property being valued. The fair value of the investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Purchases and sales of investment property are recognised when contracts have been unconditionally exchanged during the year and the significant risks and rewards of ownership have been transferred.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the Consolidated Statement of Comprehensive Income in the year of retirement or disposal. The gains or losses are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full year financial statements.

Where no significant assets or liabilities acquired other than property and related debt, acquisitions are treated as an asset acquisition and as such are not accounted for in accordance with IFRS 3 'Business Combinations'. For the purposes of the cashflow statement these are grouped under purchase of subsidiaries.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Non-current asset held for sale

Investment property is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable:

- The Partnership must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- The Property must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.
- On re-classification, investment property that is measured at fair value continues to be so measured.

f) Development property

Investment properties under construction for which the fair value cannot be determined reliably, but for which the company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Estimation of the Fair Market Value is considered in accordance with section 19.2 of the LPA (see note 4(d)).

g) Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

h) Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Partnership will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

i) Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. These are classified as non-current assets.

j) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash in hand and at bank and short term deposits with an original maturity of three months or less.

k) Restricted cash

Restricted cash comprises cash deposits which have restrictions governing their use and is classified as a current or non-current asset based on the estimated remaining length of the restriction.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

m) Trade and other payables

Trade and other payables are recognised and carried at fair value. Where the time value of money is material, payables are subsequently carried at amortised cost. Generally this results in their recognition at their nominal value.

n) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

o) Leases

Finance leases, that transfer to the Partnership substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

All other leases are treated as operating leases. Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

p) Revenue recognition

Rental income

Rental income receivable is recognised in the period in which it is earned (on an accruals basis).

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable year of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognised in the Consolidated Statement of Comprehensive Income when they arise.

Service charge income recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the year in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue as the Partnership acts as principal in this respect.

Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Interest income and expense

Interest income is recognised within 'finance income' in the Consolidated Statement of Comprehensive Income in the period in which it is received. Interest expense is recognised within 'finance costs' in the Consolidated Statement of Comprehensive Income in the period in which it is incurred.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Taxes

The structure of the Partnership is tax transparent. Accordingly, tax is not payable by the Partnership on the Partnership's profit for the year, however the operating income of the Partnership's investment through its subsidiaries may be subject to income taxes in the respective jurisdictions at applicable tax rates. Such tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in net assets, in which case it is recognised directly in the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Statement of Financial Position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided in full, using the liability method on all temporary differences at the Consolidated Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Deferred tax relating to items recognised directly in changes in net assets attributable to Limited Partners is recognised in the Consolidated Statement of Changes in Net Assets Attributable to Limited Partners and not in the Consolidated Statement of Comprehensive Income.

r) **Derivatives and hedging**

The Partnership uses interest rate swaps and caps to hedge its risks associated with interest rates, and options and forwards to hedge its risks associated with foreign exchange. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any realised gains or losses are recognised directly to the Consolidated Statement of Comprehensive Income.

The Partnership does not adopt hedge accounting and therefore any gains or losses arising from changes in fair value on derivatives during the period are taken directly to the Consolidated Statement of Comprehensive Income.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Deal costs

Pre-acquisition deal costs incurred such as legal and other professional fees, appraisals and other direct expenses incurred for prospective investment acquisitions are capitalised and then included within the cost of the corresponding investment upon completion. In the event that a deal is abandoned, the costs are then charged to the Consolidated Statement of Comprehensive Income as deal costs are written off.

t) Limited Partners' accounts

The Partnership has classified the Limited Partners' accounts as a financial liability in accordance with the contractual arrangements within the LPA, whereby there is a contractual requirement for the General Partner to distribute proceeds from the sale of investments, or residual assets upon the termination of the Partnership, to various Limited Partners in accordance with the LPA.

u) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Partnership. The Partnership applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Partnership. In accordance with IAS 27, non-controlling interests in the profit, loss and net assets of subsidiaries for the reporting period are presented separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Net Assets Attributable to Limited Partners.

v) Fund creation expenses

Fund creation expenses are expensed as incurred.

w) Short-term employee benefits and compensation absences

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and accrued when the associate services are rendered by the employee of the Partnership.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Partnership's principal financial instruments, other than derivatives, are loans and borrowings, the main purpose of which is to raise finance for the acquisition and development of the Partnership's property portfolio. The Partnership has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Partnership is exposed to market risk, interest rate risk, foreign exchange rate risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The Partnership's market risks arise from open positions in foreign currencies and interest-bearing loans, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be accepted, which are monitored on a quarterly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

b) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Partnership's exposure to the risk of changes in market interest rates relates primarily to the Partnership's long-term debt obligations with floating interest rates.

To manage its interest rate risk, the Partnership enters into interest rate hedges to hedge the underlying debt obligations. At 31 December 2016, after taking into account the effect of interest rate caps and swaps, 99% of the Partnership's borrowings are hedged. Details of interest rate hedges entered into to mitigate the Partnership's interest rate risk are outlined in note 14.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Interest rate risk (continued)

The Partnership's primary direct interest rate risk arises from any borrowings issued at variable rates. These borrowings and their interest rates are stated in note 19.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit before tax and changes in net assets due to a change in the fair value of the hedging instrument only. It should be noted that the impact of a movement in the variable is not necessarily linear.

In the analysis below, the interest rate movements are assumed to take effect as at 31 December 2016 and 31 December 2015.

Movement	Changes in net assets attributable to Limited Partners		Effect on profit before tax		
	€'000	€'000	€'000	€'000	
	As at 31 December 2016	Year ended 31 December 2016	As at 31 December 2015	Year ended 31 December 2015	
Euribor/Libor	+50bps	13,005	13,005	17,295	17,295
Euribor/Libor	-50bps	(12,622)	(12,622)	(16,961)	(16,961)

c) Foreign exchange rate risk

Foreign exchange rate risk is the risk of the Partnership's net asset value changing due to a movement in foreign exchange rates.

The Partnership operates in Western and Central Europe and transacts in currencies other than the Partnership's functional and presentation currency, i.e. the Euro. Transactions in currencies other than the functional currency expose the Partnership to foreign exchange rate risk. From time to time the Partnership may use foreign currency forward contracts and other foreign currency derivative financial instruments to manage foreign exchange rate risk arising from such transactions. Details of foreign currency derivative financial instruments entered into to mitigate the Partnership's foreign exchange rate risk are outlined in note 14.

The Partnership's current exposure to foreign exchange rate risk is largely mitigated by the Partnership's hedging strategies, which has resulted in the Partnership's exposures being significantly hedged as at 31 December 2016.

However, the Partnership's investments have no fixed disposition dates. Therefore, depending on actual final investment disposition dates, net foreign currency exposures may exist beyond, or may extinguish before, the maturity of the foreign currency hedging contracts. This potentially exposes the Partnership to future foreign exchange rate risk.

Foreign exchange risk arises when financial instruments are denominated in a currency that is not the functional currency of the entity that holds them. The table below shows the Partnership's sensitivity to foreign exchange rates on its Sterling financial instruments including intercompany loans but excluding those trade payables and trade receivables which do not present a material exposure. The Partnership has considered movements in these currencies and has concluded that in order to illustrate the impact of currency movements on the results of the Partnership that a 10% movement is an appropriate sensitivity.

In the analysis below, the foreign exchange rate movements are assumed to take effect as at 31 December 2016.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Foreign exchange rate risk (continued)

Positive figures represent an increase in profit or net assets attributable to the Limited Partners.

	Effect on profit before tax €'000 Year ended	Changes in net assets attributable to Limited Partners €'000 As at	Effect on profit before tax €'000 Year ended	Changes in net assets attributable to Limited Partners €'000 As at
	31 December 2016	31 December 2016	31 December 2015	31 December 2015
GBP strengthens by 10%	10,520	10,520	13,786	13,786
GBP weakens by 10%	(13,903)	(13,903)	(17,239)	(17,239)
NOK strengthens by 10%	12,123	12,123	5,231	5,231
NOK weakens by 10%	(12,123)	(12,123)	(5,231)	(5,231)

The Partnership has indirect foreign exchange exposure to the Polish Zloty, however this is not deemed material and has therefore been excluded from the above table.

In addition the Partnership has a direct foreign exchange exposure to the Danish Krona, but as this is currently pegged to the Euro it is not deemed material.

The table below summarises the Partnership's exposure to foreign currency risk arising from financial assets and liabilities before hedging:

	NOK €'000	EUR €'000	GBP €'000	Total €'000
31 December 2016				
Financial assets				
Rent receivables	4,495	10,787	4,560	19,842
Other financial assets	1,742	33,228	50,532	85,502
Cash and cash equivalents	9,277	75,061	62,413	146,751
Derivatives	374	316	903	1,593
Total financial assets	15,888	119,392	118,408	253,688
Financial liabilities				
Borrowing	(164,245)	(788,874)	(330,202)	(1,283,321)
Derivatives	(540)	(14,129)	(7,629)	(22,298)
Other financial liabilities	(3,339)	(38,675)	(17,162)	(59,176)
Accruals	(310)	(37,049)	(69,782)	(107,141)
Tenant deposits	(3,578)	(2,785)	(1,139)	(7,502)
Total financial liabilities	(172,012)	(881,512)	(425,914)	(1,479,438)



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Foreign exchange rate risk (continued)

31 December 2015	NOK €'000	EUR €'000	GBP €'000	Total €'000
Financial assets				
Rent receivables	3,140	10,321	3,977	17,438
Other financial assets	245	56,948	19,648	76,841
Cash and cash equivalents	3,224	66,537	25,434	95,195
Derivatives	682	467	644	1,793
Total financial assets	7,291	134,273	49,703	191,267
Financial liabilities				
Borrowing	(124,458)	(945,565)	(330,943)	(1,400,966)
Derivatives	(931)	(15,700)	(3,349)	(19,980)
Other financial liabilities	(4,554)	(83,871)	(30,520)	(118,945)
Accruals	(589)	(5,376)	(1,418)	(7,383)
Tenant deposits	-	(3,241)	(511)	(3,752)
Total financial liabilities	(130,532)	(1,053,753)	(366,741)	(1,551,026)

d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Partnership is exposed to credit risk from its leasing activities and from its financing activities, including deposits with banks and financial institutions and derivatives.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating assessment at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

e) Liquidity risk

The Partnership monitors its risk of a shortage of funds using detailed cash flow monitoring run at both a local entity level and on a consolidated basis. These reports track projected cash flows from both operations and capital events and the costs associated with maintaining the investment portfolio. The Partnership's objective is to ensure that the level and maturity of bank debt borrowings used to finance the investments matches the forecast operational or capital cash flows from its investment portfolio.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

e) Liquidity risk (continued)

The maturity analysis of financial assets and liabilities is as follows:

	Less than 1 year	From 1 to 2 years	From 2 to 5 years	After 5 years	Total
31 December 2016	€'000	€'000	€'000	€'000	€'000
Financial assets					
Rent receivables	17,221	1,311	1,310	-	19,842
Other financial assets	72,650	2,099	6,058	4,695	85,502
Cash and cash equivalents	146,751	-	-	-	146,751
Derivatives	754	88	-	751	1,593
Total financial assets	237,376	3,498	7,368	5,446	253,688
Financial liabilities					
Borrowing	(192,335)	(40,027)	(943,558)	(107,401)	(1,283,321)
Derivatives	(846)	-	(21,452)	-	(22,298)
Other financial liabilities	(55,458)	(2,279)	(1,439)	-	(59,176)
Accruals	(49,424)	(52,302)	(5,415)	-	(107,141)
Tenant deposits	(5,310)	(481)	(1,440)	(271)	(7,502)
Total financial liabilities	(303,373)	(95,089)	(973,304)	(107,672)	(1,479,438)

The maturity analysis for items less than 1 year is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
31 December 2016	€'000	€'000	€'000	€'000
Financial assets				
Rent receivables	10,316	5,378	1,527	17,221
Other financial assets	10,739	21,338	40,573	72,650
Cash and cash equivalents	102,284	24,567	19,900	146,751
Derivatives	-	-	754	754
Total financial assets	123,339	51,283	62,754	237,376
Financial liabilities				
Borrowing	(31,921)	(2,147)	(158,267)	(192,335)
Derivatives	-	(846)	-	(846)
Other financial liabilities	(20,592)	(20,063)	(14,803)	(55,458)
Accruals	(14,437)	(4,325)	(30,662)	(49,424)
Tenant deposits	(1,579)	(2,254)	(1,477)	(5,310)
Total financial liabilities	(68,529)	(29,635)	(205,209)	(303,373)

The gross asset value of the Partnership as at 31 December 2016 is €2,434.40 million (2015: €2,383.7 million). The Partnership has net current liabilities of €66 million (2015: €84.3 million, liabilities), largely as a result of amounts drawn down on the revolving credit facility, but is considered to be a going concern on the basis that it has €260.6 million of uncalled commitments as at 31 December 2016, which can be called to cover liabilities as they fall due and it has an expectation to refinance investments currently financed on the revolving credit facility.

Bank borrowings to be repaid in less than one year include €65.9 million (2015: €119.5 million) in relation to the RBSI revolving credit facility. The amount will be repaid through a combination of capital called from investors and third party investment level financing.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

e) Liquidity risk (continued)

The maturity analysis of financial assets and liabilities is as follows:

	Less than 1 year	From 1 to 2 years	From 2 to 5 years	After 5 years	Total
31 December 2015	€'000	€'000	€'000	€'000	€'000
Financial assets					
Rent receivables	15,224	2,214	-	-	17,438
Other financial assets	60,259	1,525	11,000	4,057	76,841
Cash and cash equivalents	95,195	-	-	-	95,195
Derivatives	-	1,375	418	-	1,793
Total financial assets	170,678	5,114	11,418	4,057	191,267
Financial liabilities					
Borrowing	(138,353)	(20,442)	(976,112)	(266,059)	(1,400,966)
Derivatives	(117)	(11,590)	(8,227)	(46)	(19,980)
Other financial liabilities	(108,351)	(3,516)	(1,409)	(5,669)	(118,945)
Accruals	(7,383)	-	-	-	(7,383)
Tenant deposits	(797)	(345)	(1,203)	(1,407)	(3,752)
Total financial liabilities	(255,001)	(35,893)	(986,951)	(273,181)	(1,551,026)

The maturity analysis for items less than 1 year is as follows:

	Less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
31 December 2015	€'000	€'000	€'000	€'000
Financial assets				
Rent receivables	6,281	6,562	2,381	15,224
Other financial assets	8,242	11,949	40,068	60,259
Cash and cash equivalents	76,912	7,241	11,042	95,195
Derivatives	-	-	-	-
Total financial assets	91,435	25,752	53,491	170,678
Financial liabilities				
Borrowing	(111)	(2,876)	(135,366)	(138,353)
Derivatives	-	-	(117)	(117)
Other financial liabilities	(14,761)	(26,795)	(66,795)	(108,351)
Accruals	(2,416)	(3,845)	(1,122)	(7,383)
Tenant deposits	(102)	(547)	(148)	(797)
Total financial liabilities	(17,390)	(34,063)	(203,548)	(255,001)



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

f) Capital Risk Management

The primary objective of the Partnership's capital risk management is to ensure the necessary liquidity in order to support its entities and maximise investor value. The Partnership's long term aim is to maintain the level of all borrowings to within 60% of the aggregate fair market value of the investments at such time in accordance with the LPA.

	Year Ended 31 Dec 2016 €'000	Year Ended 31 Dec 2015 €'000
6 PROPERTY OPERATING EXPENSES		
Property taxes	(6,647)	(5,724)
Property management expenses	(5,058)	(4,479)
Bad debt written off	(1,180)	(1,306)
Property insurance costs	(842)	(826)
Irrecoverable VAT	(951)	(631)
Other property expenditure	(2,632)	(520)
Total property operating expenses	(17,310)	(13,486)

	Year Ended 31 Dec 2016 €'000	Year Ended 31 Dec 2015 €'000
7 ADMINISTRATIVE EXPENSES		
Legal and professional fees	(6,972)	(5,708)
Accounting and audit fees	(2,525)	(2,293)
Other corporate costs	(2,350)	(1,063)
Administration fees	(577)	(797)
Employee benefit expenses	(645)	(734)
Investment deal costs	(435)	(516)
Total administrative expenses	(13,504)	(11,111)



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

	Year Ended 31 Dec 2016	Year Ended 31 Dec 2015
	€'000	€'000
8 FINANCE COSTS		
Interest on bank loans	(33,616)	(29,557)
Other finance costs	(3,892)	(5,404)
Amortisation of loan establishment costs	(5,174)	(2,814)
Interest on loans from non-controlling interests	(1,603)	(1,775)
Guarantee commission fee	(2,242)	(1,473)
Non-utilisation fees	(500)	(392)
Total finance costs	(47,027)	(41,415)

	Year Ended 31 Dec 2016	Year Ended 31 Dec 2015
	€'000	€'000
9 TAXATION		
The major components of the tax charge are:		
Current tax	(17,234)	(8,810)
Deferred tax	3,660	(11,567)
Total reported in the Consolidated Statement of Comprehensive Income	(13,574)	(20,377)

A reconciliation between tax charge and the product of accounting profit multiplied by the average rate is as follows:

Profit before tax	140,050	182,684
Less: Profits in the Partnership not subject to tax	(11,326)	(12,958)
Taxable profit	128,724	169,726
Profit before tax at Partnership's corporate tax rate 20% (2015: 20%)	(25,980)	(33,945)
Net non-deductible expenses and income not subject to tax	10,932	17,353
Effect of higher tax rates in other countries	1,474	(3,785)
	(13,574)	(20,377)

The weighted average effective tax rate for 2016 is 10.4% (2015: 12.0%)



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

10 DEFERRED TAX

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
	€'000	€'000
Reflected in the Consolidated Financial Statements as follows:		
Deferred tax assets	7,690	5,163
Deferred tax liabilities	<u>(12,869)</u>	<u>(40,480)</u>
Deferred tax liabilities net	<u>(35,179)</u>	<u>(35,317)</u>

The movement in deferred tax assets and liabilities during the year is as follows:

	Arising from fair value movement on Investment Properties	Arising from other items	Total
	€'000	€'000	€'000
Deferred tax			
As at 1 January 2015	(19,740)	1,934	(17,806)
Deferred tax liabilities recognised following business combinations	(5,691)	-	(5,691)
Foreign exchange loss on deferred tax liability	(253)	-	(253)
Credited to the Consolidated Statement of Comprehensive Income	7,092	3,672	10,764
Charged to the Consolidated Statement of Comprehensive Income	<u>(22,302)</u>	<u>(29)</u>	<u>(22,331)</u>
As at 31 December 2015	<u>(40,894)</u>	<u>5,577</u>	<u>(35,317)</u>
As at 1 January 2016	(40,894)	5,577	(35,317)
Deferred tax liabilities recognised following business combinations	(333)	(3,238)	(3,571)
Foreign exchange gain/(loss) on deferred tax liability	(155)	204	49
Credited to the Consolidated Statement of Comprehensive Income	7,092	9,465	16,557
Charged to the Consolidated Statement of Comprehensive Income	<u>(2,956)</u>	<u>(9,941)</u>	<u>(12,897)</u>
As at 31 December 2016	<u>(37,246)</u>	<u>2,067</u>	<u>(35,179)</u>



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2016 (continued)

11 FAIR VALUE ESTIMATION

Fair Value Estimation under IFRS 7 requires the Partnership to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its financial assets. The fair value hierarchy has the following levels:

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

The fair value of derivatives is calculated by Charham Financial, an independent interest rate and currency risk advisor.

The fair value of interest rate hedges are determined by estimating the future fixed and floating cash flows, based on market forward curves, and discounting the expected cash flows to the valuation date.

All derivative financial assets and derivative financial liabilities are classified as level 2.

12 INVESTMENT PROPERTIES

					As at 31 December 2016	As at 31 December 2015
	Logistics	Retail	Residential	Office	Total	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Opening balance:	114,545	1,299,654	39,395	628,541	2,082,135	865,061
Acquisitions of investment properties	32,237	66,214	-	-	98,451	1,150,693
Subsequent expenditure on investment properties	16,631	18,095	-	33,041	67,767	40,338
Disposals of investment properties	-	(118,002)	(36,700)	(165,677)	(320,379)	(134,349)
Change in fair value of investment properties	12,283	42,636	-	40,282	95,201	136,618
Foreign currency translation (loss) / gain	-	(39,245)	-	(25,740)	(64,985)	23,774
	175,696	1,269,352	2,695	510,447	1,958,190	2,082,135
Less: classified as held for sale	-	(325,593)	-	(40,000)	(365,593)	-
Closing balance:	175,696	943,759	2,695	470,447	1,592,597	2,082,135
Market value	176,075	945,239	2,695	481,272	1,605,281	2,092,799
Less: lease incentive balance included in trade and other receivables	(379)	(1,480)	-	(10,825)	(12,684)	(10,664)
Fair value for financial reporting purposes	175,696	943,759	2,695	470,447	1,592,597	2,082,135

Change in fair value of investment properties in the Consolidated Statement of Comprehensive Income includes accrued exit fees of €29.5 million (2015: Nil), which are not included in the above note.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP (Limited Partnership No. LP015253)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

12 INVESTMENT PROPERTIES (continued)

As set out in section 19.2 of the LPA an estimate of the Fair Market Value of each of the Partnership's investment properties shall be determined by a full, external valuation at the end of the accounting period immediately following the accounting period in which the relevant Investment Property was acquired or stabilised (the "First Valuation Date"), thereafter every three years after the First Valuation Date, with an external desktop valuation for the intervening years. The difference to a full valuation is that the valuer will not physically visit the asset and their report will not contain as much background information; however it is still a RICS compliant valuation.

The fair values of the properties acquired during the year have been arrived at via a combination of valuations carried out by external valuers and internal assessments. The valuation by external valuers, which conforms to Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors ("RICS") and with IVA 1 of the International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

In the year of acquisition the Partnership may perform a confirmatory assessment of the fair value of each investment property to establish if in its opinion there has been a material change in carrying value.

Market value has been determined by the valuer on the assumption of being 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

Investment properties measured at fair value in the Consolidated Statement of Financial Position are categorised by level according to the significance of the inputs used in making the measurements and as such are categorised as Level 3.

The Partnership's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 3 fair value measurements for investment properties during the year.

Investment properties are valued on a highest and best use basis. For all of the investment properties the current use is considered to be the highest and best use.

Significant unobservable inputs in Level 3 valuations are as follows:

Class	Input	31 December 2016	31 December 2015
		Range	Range
Retail	Yield	3.95% - 8.25%	3.95% - 10.86%
Office	Yield	4.11% - 9.21%	5.15% - 9.50%
Logistics	Yield	8.06% - 9.52%	8.06% - 10.76%
Residential	Yield	4.88% - 6.99%	5.55% - 9.50%
Retail	Net Income (€/Sqm)	86.31 - 325.30	71.38 - 280.98
Office	Net Income (€/Sqm)	80.93 - 291.85	71.38 - 386.18
Logistics	Net Income (€/Sqm)	41.77 - 86.31	41.88 - 71.38
Residential	Net Income (€/Sqm)	86.31 - 86.31	71.38 - 81.70
Retail	ERV (€/Sqm)	105.38 - 325.30	92.26 - 350.33
Office	ERV (€/Sqm)	80.95 - 304.44	92.26 - 406.30
Logistics	ERV (€/Sqm)	41.77 - 105.38	51.65 - 92.26
Residential	ERV (€/Sqm)	105.38 - 105.38	90.38 - 123.76

The significant unobservable inputs used in the fair value measurement of the real estate and real estate related investments are yield, net income and ERV.

Significant increases and decreases in any of those inputs in isolation could result in significantly lower or higher fair value measurements.



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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DECEMBER 2016 (continued)

13 TRADE AND OTHER RECEIVABLES

	As at 31 December 2016	As at 31 December 2015
	€'000	€'000
VAT receivable	22,793	14,799
Rent and service charge receivable	20,717	17,659
Lease incentive debtors	12,684	10,664
Sundry receivables	11,265	10,264
Accrued income	1,798	2,059
Receivables from related parties	-	2,725
Total trade and other receivables	69,257	58,170
Split as follows:		
Current	53,786	39,374
Non-current	15,471	18,796
	69,257	58,170

There were no past due or impaired receivables as at 31 December 2016 (2015: nil).



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

14 DERIVATIVE FINANCIAL INSTRUMENTS

	Maturity	Notional €'000	Hedge rates	Assets €'000	Liabilities €'000	Total €'000
31 December 2016						
Caps						
3 month EUR-Euribor-REUTERS	28/09/2018	EUR 104,475	2.650%	4	-	4
3 month EUR-Euribor-REUTERS	05/08/2020	EUR 9,727	0.500%	23	-	23
3 month EUR-Euribor-REUTERS	31/03/2020	EUR 41,717	1.150%	36	-	36
3 month EUR-Euribor-REUTERS	15/07/2020	EUR 4,195	1.600%	5	-	5
3 month EUR-Euribor-REUTERS	30/06/2020	EUR 19,000	1.500%	19	-	19
3 month EUR-Euribor-REUTERS	12/11/2019	EUR 4,500	1.500%	2	-	2
3 month GBP-LIBOR-BBA	21/10/2019	GBP 93,000 - 3,000	1.25%-4.00%	8	-	8
3 month GBP-LIBOR-BBA	10/03/2020	GBP 6,068	1.5 - 2.0 %	17	-	17
3 month GBP-LIBOR-BBA	10/03/2020	GBP 2,023	1.5 - 2.0 %	6	-	6
3 month GBP-LIBOR-BBA	23/08/2019	GBP 19,500	1.700%	34	-	34
3 mo. NOK-NIBOR-NIBR	16/11/2020	NOK 738,910	1.75% - 2.5%	305	-	305
3 mo. NOK-NIBOR-NIBR		NOK 290,000	1.4%-2.5%	69	-	69
Deferred Premium	31/12/2017	GBP 370,000	-	-	(432)	(432)
Deferred Premium	10/03/2020	GBP 203,250	-	-	(234)	(234)
Deferred Premium	23/08/2019	GBP 288,100	-	-	(332)	(332)
Total Caps				528	(998)	(470)
Swaps						
3 month EUR-Euribor-REUTERS	15/07/2020	EUR 89,550 - 76,290	1.600%	-	(5,182)	(5,182)
3 month EUR-Euribor-REUTERS	30/06/2021	EUR 19,000	0.000%	-	(95)	(95)
3 month EUR-Euribor-REUTERS	30/04/2019	EUR 56,822	0.661%	-	(1,195)	(1,195)
3 month EUR-Euribor-REUTERS	31/10/2019	EUR 45,000	0.404%	-	(892)	(892)
3 month EUR-Euribor-REUTERS	31/03/2020	EUR 129,513	0.281%	-	(2,030)	(2,030)
3 month EUR-Euribor-REUTERS	30/04/2021	EUR 54,500	0.579%	-	(1,612)	(1,612)
3 month EUR-Euribor-REUTERS	31/03/2020	EUR 34,480	0.532%	-	(799)	(799)
3 month EUR-Euribor-REUTERS	29/04/2020	EUR 21,450	0.688%	-	(652)	(652)
3 month EUR-Euribor-REUTERS	31/03/2020	EUR 20,000	0.443%	-	(454)	(454)
3 month EUR-Euribor-REUTERS	05/08/2020	EUR 38,115	0.473%	-	(884)	(884)
3 month EUR-Euribor-REUTERS	12/11/2019	EUR 23,350	0.070%	-	(212)	(212)
3 month GBP-LIBOR-BBA	13/07/2020	GBP 13,471	1.462%	-	(475)	(475)
3 month GBP-LIBOR-BBA	31/12/2019	GBP 29,705 - 25,359	1.273%	-	(671)	(671)
3 month GBP-LIBOR-BBA	10/03/2020	GBP 9,875	1.660%	-	(399)	(399)
3 month GBP-LIBOR-BBA	10/03/2020	GBP 7,585	1.660%	-	(307)	(307)
3 month GBP-LIBOR-BBA	31/12/2019	GBP 261.9 - 18,900	1.873%	-	(838)	(838)
3 month GBP-LIBOR-BBA	31/12/2019	GBP 261.9 - 18,900	1.873%	-	(838)	(838)
3 month GBP-LIBOR-BBA	13/07/2020	GBP 15,279	1.462%	-	(539)	(539)
3 month GBP-LIBOR-BBA	30/09/2021	EUR 16,715	0.047%	-	(122)	(122)
3 month GBP-LIBOR-BBA	30/09/2020	GBP 53,950	1.485%	-	(1,953)	(1,953)
3 mo. NOK-NIBOR-NIBR w/ Oslo and Stockholm lookback	30/06/2020	NOK 385,035	1.600%	-	(540)	(540)
Total Swaps				-	(20,689)	(20,689)



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
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14 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Maturity	Notional €'000	Hedge rates	Assets €'000	Liabilities €'000	Total €'000
31 December 2016						
Currency Forwards						
Sells GBP/Buys EUR Forward	28/03/2019	GBP 13,785	0.881 EUR-GBP	-	(119)	(119)
Sells GBP/Buys EUR Forward	29/12/2017	GBP 32,893	0.861 EUR-GBP	77	-	77
Sells GBP/Buys EUR Forward	30/06/2017	GBP 8,878	0.838 EUR-GBP	248	-	248
Sells GBP/Buys EUR Forward	30/06/2017	GBP 8,378	0.850 EUR-GBP	93	-	93
Sells GBP/Buys EUR Forward	29/06/2018	GBP 23,392	0.866 EUR-GBP	49	-	49
Sells GBP/Buys EUR Forward	31/12/2018	GBP 18,234	0.870 EUR-GBP	35	-	35
Sells GBP/Buys EUR Forward	29/09/2017	GBP 15,000	0.871 EUR-GBP	-	(207)	(207)
Sells GBP/Buys EUR Forward	29/09/2017	GBP 14,991	0.871 EUR-GBP	-	(207)	(207)
Sells GBP/Buys EUR Forward	30/06/2017	GBP 20,047	0.838 EUR-GBP	336	-	336
Total Currency Forwards				<u>838</u>	<u>(533)</u>	<u>305</u>
Fixed rate loans and Floors						
3 month EUR-Euribor-RFUTTERS	29/04/2020	EUR 21,450	-	227	-	227
6 month GBP-LIBOR-BBA	10/03/2020	GBP 68	-	-	(78)	(78)
Total Fixed rate loans and Floors				<u>227</u>	<u>(78)</u>	<u>149</u>
Total				<u>1,593</u>	<u>(22,298)</u>	<u>(20,705)</u>
Split as follows:						
Current				754	(846)	(92)
Non-Current				839	(21,452)	(20,613)
				<u>1,593</u>	<u>(22,298)</u>	<u>(20,705)</u>



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

14 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Maturity	Notional €'000	Hedge rates	Assets €'000	Liabilities €'000	Total €'000
31 December 2015						
Caps						
3 month EUR-Euribor-RFUTTERS	30/06/2018	EUR 27,206	3.000%	3	-	3
3 month EUR-Euribor-RFUTTERS	28/09/2018	EUR 104,475	2.650%	26	-	26
3 month EUR-Euribor-RFUTTERS	30/06/2018	EUR 21,994	2.000%	4	-	4
3 month EUR-Euribor-RFUTTERS	31/03/2020	EUR 41,717	1.150%	130	-	130
3 month EUR-Euribor-RFUTTERS	15/07/2020	EUR 4,195	1.600%	16	-	16
3 month EUR-Euribor-RFUTTERS	30/06/2020	EUR 19,000	1.500%	60	-	60
3 month EUR-Euribor-RFUTTERS	12/11/2019	EUR 4,500	1.500%	8	-	8
3 month GBP-LIBOR-BBA	31/12/2017	GBP 18,780	1.500%	39	-	39
3 month GBP-LIBOR-BBA	01/08/2019	GBP 19,530	2.500%	115	-	115
3 month GBP-LIBOR-BBA	21/10/2019	GBP 93,000 - 3,000	1.25%-4.00%	34	-	34
3 month GBP-LIBOR-BBA	10/03/2020	GBP 6,068	1.5 - 2.0 %	103	-	103
3 month GBP-LIBOR-BBA	10/03/2020	GBP 2,023	1.5 - 2.0 %	34	-	34
3 month GBP-LIBOR-BBA	23/08/2019	GBP 19,500	1.700%	257	-	257
3 mo. NOK-NIBOR-NIBR	16/11/2020	NOK 738,910	1.75% - 2.5%	682	-	682
Deferred Premium	29/06/2018	EUR 262,123	-	-	(141)	(141)
Deferred Premium	31/12/2017	GBP 370,000	-	-	(491)	(491)
Deferred Premium	01/08/2019	GBP 600,000	-	-	(775)	(775)
Deferred Premium	10/03/2020	GBP 203,250	-	-	(259)	(259)
Deferred Premium	23/08/2019	GBP 288,100	-	-	(371)	(371)
Total Caps				1,511	(2,037)	(526)
Swaps						
3 month EUR-Euribor-RFUTTERS	15/07/2020	EUR 89,550 - 76,290	1.600%	-	(5,515)	(5,515)
3 month EUR-Euribor-RFUTTERS	28/06/2019	EUR 29,500 - 30,628	0.695%	-	(799)	(799)
3 month EUR-Euribor-RFUTTERS	30/04/2019	EUR 56,822	0.661%	-	(1,267)	(1,267)
3 month EUR-Euribor-RFUTTERS	31/10/2019	EUR 45,000	0.404%	-	(657)	(657)
3 month EUR-Euribor-RFUTTERS	31/03/2020	EUR 129,513	0.281%	-	(1,029)	(1,029)
3 month EUR-Euribor-RFUTTERS	30/04/2021	EUR 54,500	0.579%	-	(962)	(962)
3 month EUR-Euribor-RFUTTERS	31/03/2020	EUR 34,480	0.532%	-	(624)	(624)
3 month EUR-Euribor-RFUTTERS	29/04/2020	EUR 21,450	0.688%	-	(549)	(549)
3 month EUR-Euribor-RFUTTERS	31/03/2020	EUR 20,000	0.443%	-	(311)	(311)
3 month EUR-Euribor-RFUTTERS	05/08/2020	EUR 38,115	0.473%	-	(575)	(575)
3 month EUR-Euribor-RFUTTERS	12/11/2019	EUR 23,350	0.070%	-	(21)	(21)
3 month GBP-LIBOR-BBA	31/12/2019	GBP 29,705- 25,359	1.273%	63	-	63
3 month GBP-LIBOR-BBA	10/03/2020	GBP 9,875	1.660%	-	(166)	(166)
3 month GBP-LIBOR-BBA	10/03/2020	GBP 7,585	1.660%	-	(128)	(128)
3 month GBP-LIBOR-BBA	31/12/2019	GBP 261.9 - 18,900	1.873%	-	(382)	(382)
3 month GBP-LIBOR-BBA	31/12/2019	GBP 261.9 - 18,900	1.873%	-	(382)	(382)
3 month GBP-LIBOR-BBA	13/07/2020	GBP 15,279	1.462%	-	(56)	(56)
3 month GBP-LIBOR-BBA	13/07/2020	GBP 13,471	1.462%	-	(50)	(50)
3 month GBP-LIBOR-BBA	30/09/2020	GBP 53,950	1.485%	-	(202)	(202)
3 mo. NOK-NIBOR-NIBR w/ Oslo and Stockholm lookback	30/06/2020	NOK 385,035	1.600%	-	(932)	(932)
Total Swaps				63	(14,607)	(14,544)



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

14 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Maturity	Notional €'000	Hedge rates	Assets €'000	Liabilities €'000	Total €'000
Currency Forwards						
Sells GBP/Buys EUR Forward	28/03/2019	GBP 13,785	0.881 EUR-GBP	-	(2,162)	(2,162)
Sells GBP/Buys EUR Forward	29/12/2017	GBP 32,893	0.773 EUR-GBP	-	(924)	(924)
Sells GBP/Buys EUR Forward	30/06/2016	GBP 8,878	0.741 EUR-GBP	-	(3)	(3)
Sells GBP/Buys EUR Forward	30/12/2016	GBP 8,378	0.746 EUR-GBP	-	(21)	(21)
Sells GBP/Buys EUR Forward	29/06/2018	GBP 23,392	0.765 EUR-GBP	-	(34)	(34)
Sells GBP/Buys EUR Forward	31/12/2018	GBP 18,234	0.771 EUR-GBP	-	(13)	(13)
Sells GBP/Buys EUR Forward	30/06/2016	GBP 15,000	0.743 EUR-GBP	-	(66)	(66)
Sells GBP/Buys EUR Forward	30/06/2016	GBP 27,038	0.741 EUR-GBP	-	(27)	(27)
Total Currency Forwards				-	(3,250)	(3,250)
Fixed rate loans and Floors						
3 month EUR-Euribor-RFUTTERS	29/04/2020	EUR 21,450	-	219	-	219
6 month GBP-LIBOR-BBA	10/03/2020	GBP 68	-	-	(86)	(86)
Total Fixed rate loans and Floors				219	(86)	133
Total				1,793	(19,980)	(18,187)
Split as follows:						
Current				-	(117)	(117)
Non-Current				1,793	(19,863)	(18,070)
				1,793	(19,980)	(18,187)

The Partnership does not apply hedge accounting in accordance with IAS 39. Nevertheless, interest rate caps, swaps, swaptions and currency options are part of economic hedge relationships. Interest rate swaps and caps are used to hedge the interest payment of variable debt instruments. Currency options are used to hedge forecast transactions and foreign currency borrowings against foreign currency risks.



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DECEMBER 2016 (continued)

15 CASH AND CASH EQUIVALENTS	As at 31	As at 31
	December 2016	December 2015
	€'000	€'000
Cash at bank	137,141	86,343
Short-term deposits	9,610	8,852
Total cash and cash equivalents	146,751	95,195

16 PROPERTIES IN THE COURSE OF DEVELOPMENT

The Partnership entered into a joint venture agreement with ASK Carillion Developments LLP to develop an office building, with option of a second building, located on the border of Manchester and Salford, UK. The joint venture commenced construction in July 2014 and completion of the first building is scheduled for the first quarter of 2017.

During the year ended 31 December 2016, the Partnership recognised an increase of £33 million in relation to this development in-line with the external valuation and based on an agreed terms to lease the entire office space and securing a prelease for the small retail elements.

In addition, the Partnership with its Joint Venture partner, Solstra Capital Partners A/S, will complete the construction of a shopping centre located in Copenhagen, Denmark. The joint venture commenced construction in the first quarter of 2015 and is expected to complete in 2017.

17 ASSETS CLASSIFIED AS HELD-FOR-SALE

The Partnership acquired a portfolio of 143 properties across England and Wales, of which 54 properties had been classified as held-for-sale and sold via auction as at 31 December 2016. In addition, four properties have been classified as held-for-sale for a total fair value of £14.5 million.

During the year ended 31 December 2016, the Partnership exchanged contracts for the disposal of the following assets and are classified as held-for-sale:

- (a) One retail asset in Poland signed in December 2016 and is scheduled to be sold in April 2017 for a fair value of €55 million.
- (b) Two office assets in Germany signed in October 2016 and December 2016 for a total fair value of €40 million.
- (c) One retail asset in Germany signed in May 2016 and scheduled to be sold in April 2017 for a fair value of €254 million.



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DECEMBER 2016 (continued)

	As at 31 December 2016	As at 31 December 2015
	€'000	€'000
18 TRADE AND OTHER PAYABLES		
Accrued exit fees	(23,952)	-
VAT payable	(18,933)	(13,714)
Accruals	(15,062)	(7,383)
Deferred income	(14,236)	(13,905)
Trade payables	(13,329)	(13,614)
Accrual for Preferred Return	(12,163)	(5,667)
Deferred purchase price and acquisition costs	(8,844)	(13,145)
Other payables	(7,431)	(3,529)
Provision for bad debts	(4,347)	(4,673)
Accrued capital expenditure	(3,649)	(8,600)
Total trade and other payables	<u>(121,946)</u>	<u>(84,230)</u>
Split as follows:		
Current	(58,319)	(70,681)
Non-current	<u>(63,627)</u>	<u>(13,549)</u>
	<u>(121,946)</u>	<u>(84,230)</u>



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP (Limited Partnership No. LP015253)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

19 INTEREST-BEARING LOANS AND BORROWINGS

The total borrowings include amounts secured on investment properties to the value of €1,970.9 million (2015: €2,092.8 million) (Note 12).

Bank Loans		Effective Interest Rate	Maturity	As at 31 December 2016	As at 31 December 2015
EPISO 3 LP	Royal Bank of Scotland International	2.11%	Dec 2017	(65,910)	(119,510)
SCN Gebaudevermietungs-Gesellschaft m.b.H.	Deutsche Pfandbriefbank AG	1.73%	Apr 2019	(54,792)	(45,648)
SCN Gebaudevermietungs-Gesellschaft m.b.H.	Deutsche Pfandbriefbank AG	1.93%	Apr 2019	-	(9,340)
EPISO 3 Dabrowka Spzoo	Deutsche Pfandbriefbank AG	2.68%	Sep 2018	(5,744)	(5,852)
EPISO 3 Borek Spzoo	Deutsche Pfandbriefbank AG	2.68%	Sep 2018	(22,019)	(22,434)
EPISO 3 Turzyn Spzoo	Deutsche Pfandbriefbank AG	2.68%	Sep 2018	(25,736)	(26,221)
EPISO 3 Arena Spzoo	Deutsche Pfandbriefbank AG	2.68%	Sep 2018	(19,372)	(19,738)
EPISO 3 Zakopiana Spzoo	Deutsche Pfandbriefbank AG	2.68%	Sep 2018	(25,196)	(25,502)
EPISO 3 Bendigo Sarl	Bremer Landesbank	1.37%	Jun 2018	-	(14,971)
EPISO 3 Bendigo Sarl	Bremer Landesbank	2.42%	Jun 2018	-	(5,605)
EPISO 3 Bendigo Sarl	Bremer Landesbank	2.42%	Jun 2018	-	(1,870)
EPISO 3 Schloss GmbH	HSH Nordbank AG	2.07%	Mar 2019	-	(32,534)
EPISO 3 Free Development Properties Sarl	Bank of America Merrill Lynch	3.73%	Jul 2019	(2,387)	(3,038)
EPISO 3 Free Investment Properties A Sarl	Bank of America Merrill Lynch	3.73%	Jul 2019	(22,735)	(41,428)
EPISO 3 Free Investment Properties B Sarl	Bank of America Merrill Lynch	3.73%	Jul 2019	(1,474)	(15,965)
EPISO 3 Free Investment Properties C Sarl	Bank of America Merrill Lynch	3.73%	Jul 2019	(4,998)	(9,859)
SCI New Cap West	BNP Paribas	1.93%	Oct 2019	(50,298)	(49,212)
Meantime JPUT	Aalto Invest	4.08%	Aug 2019	-	(26,162)
EPISO 3 Cube Sarl	Royal Bank of Scotland International	3.84%	Dec 2017	(20,938)	(24,124)
EPISO 3 Castle Properties Sarl	HSH Nordbank AG	2.17%	Mar 2020	(121,062)	(122,786)
EPISO 3 Castle Finance Sarl	HSH Nordbank AG	2.17%	Mar 2020	(4,837)	(4,912)
Apollovej ApS	Nordea Bank Denmark	2.00%	Sep 2025	(48,611)	(4,311)
Fontenay SCI	BNP Paribas	1.83%	Nov 2019	(27,500)	(27,365)
EPISO 3 Tyre Property Limited	Royal Bank of Scotland International	2.44%	Jan 2020	(33,097)	(39,780)
Cardiff Lux Sarl	Royal Bank of Scotland International	3.44%	Mar 2020	(13,098)	(10,081)
Newport Lux Sarl	Royal Bank of Scotland International	3.44%	Mar 2020	(8,780)	(15,097)
Galleria Ibleo S.r.l.	ING Bank NV	0.70%	Apr 2020	(18,926)	(19,008)



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

19 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Bank Loans		Effective Interest Rate	Maturity	As at 31 December 2016	As at 31 December 2015
Altapinerolo S.r.l.	ING Bank NV	2.15%	Apr 2020	(21,207)	(21,463)
Altacasale S.r.l.	IKB Deutsche Industriebank AG	0.82%	Apr 2020	(15,634)	(16,496)
Aurelia S.r.l.	Unicredit	3.20%	Apr 2020	(31,228)	(33,079)
San Giorgio S.r.l.	Unicredit	3.50%	Oct 2019	(18,518)	(21,832)
Gumes Verwaltung Sechsdreißigste Vermietungs GmbH	Berliner Sparkasse	1.62%	Mar 2020	(10,314)	(10,676)
Gumes Verwaltung Objekt Bielefeld-Sennestadt GmbH	Berliner Sparkasse	1.62%	Mar 2020	(11,369)	(5,737)
EPISO 3 Pluto Sarl	Berliner Sparkasse	1.62%	Mar 2020	(3,034)	(3,211)
EPISO 3 Blue Zwei Sarl	Berlin Hyp AG	1.45%	Jun 2020	-	(12,704)
EPISO 3 Blue Drei Sarl	Berlin Hyp AG	1.45%	Jun 2020	-	(3,171)
EPISO 3 Blue Vier Sarl	Berlin Hyp AG	1.45%	Jun 2020	-	(5,408)
EPISO 3 Blue Fünf Sarl	Berlin Hyp AG	1.45%	Jun 2020	(14,421)	(28,769)
EPISO 3 Blue Sechs Sarl	Berlin Hyp AG	1.45%	Jun 2020	(22,123)	(15,819)
EPISO 3 Blue Sieben Sarl	Berlin Hyp AG	1.45%	Jun 2020	-	(14,590)
EPISO 3 Blue Acht Sarl	Berlin Hyp AG	1.45%	Jun 2020	(151)	(4,254)
EPISO 3 Westside Sarl	Hermes Real Estate Senior Debt Fund Sarl	4.08%	Aug 2020	(22,643)	(26,091)
Terra Heimbau Köln GmbH	HSH Nordbank AG	1.75%	Apr 2020	(76,333)	(89,688)
Enterprise 1 Spzoo	Deutsche Pfandbriefbank AG	1.83%	May 2021	(52,976)	(55,041)
Enterprise 2 Spzoo				(7,965)	
Border Top Holding AS	Handelsbanken AB	2.51%	Jun 2020	(41,719)	(39,817)
Sunderland Lux Sarl	Deutsche Pfandbriefbank AG	2.32%	Sep 2020	(17,752)	(20,481)
Luton Lux Sarl	Deutsche Pfandbriefbank AG	2.32%	Sep 2020	(15,652)	(18,059)
The Forge Retail Park Unit Trust (Jersey)	Royal Bank of Scotland International	2.34%	Sep 2020	(60,416)	(73,071)
EPISO 3 Edge Holdeo 1 AS	Helaba	3.16%	Nov 2020	(84,645)	(78,297)
Greenland Handelspark AS	Helaba	3.16%	Nov 2020	-	(3,640)
Hangaren Lade AS	Helaba	3.16%	Nov 2020	(2,860)	(2,600)
Palatine / Aventine	Aareal Bank AG	2.38%	Mar 2020	(46,202)	(37,011)
EPISO 3 Chevre Sarl	Berlin Hyp	2.39%	Sept 2021	(16,426)	-
EPISO 3 Oasis Sarl	Landesbank	4.72%	Dec 2019	(40,522)	-
Edge II New Nordco AS	Helaba	3.70%	Mar 2020	(30,893)	-
				(1,262,313)	(1,383,358)



EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
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19 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Loans from non-controlling interests		Effective Interest Rate	Maturity	As at 31 December 2016	As at 31 December 2015
EPISO 3 Bendigo Sarl	Kintyre Management	8.00%	Jul 2018	-	(444)
EPISO 3 Bendigo Sarl	Kintyre Management	0.00%	Mar 2017	-	(49)
EPISO 3 Blue Holding Sarl	Calcus Investment Partners Kurfuerst	8.00%	Jun 2017	(397)	(1,018)
EPISO 3 Blue Holding Sarl	Calcus Investment Partners Kurfuerst	0.00%	Mar 2017	(44)	(115)
EPISO 3 German Holdings Sarl	Pamera Beteiligungen GmbH	8.00%	Jun 2017	-	(21)
EPISO 3 German Holdings Sarl	Pamera Beteiligungen GmbH	0.00%	Mar 2017	-	(16)
EPISO 3 Oasis JV Sarl	Ask Carillion	11.75%	Mar 2018	(6,663)	(7,707)
EPISO 3 Austria Holding	Blue Asser Mgt GmbH	0.00%	Jun 2019	(118)	(96)
EPISO 3 Austria Holding	Blue Asser Mgt GmbH	8.00%	Dec 2019	(127)	(103)
EPISO 3 Castle Finance Sarl	Signature	4.00%	Mar 2019	(1,710)	(1,742)
EPISO 3 Castle Properties Sarl	Signature	8.00%	Jun 2017	(3,890)	(3,891)
EPISO 3 Castle Investments Sarl	Signature	0.00%	Mar 2018	(463)	(431)
Terra Heimbau Kohn GmbH	Rontal Sarl	3.50%	Dec 2019	(387)	(1,636)
Terra Heimbau Kohn GmbH	Rontal Sarl	8.00%	Dec 2019	(8)	(33)
EPISO 3 Enterprise BV	Avestus	0.00%	Jun 2019	(278)	(195)
EPISO 3 Edge Holding Sarl	Nordica Eiendom SUS	6.00%	Jun 2020	(4,117)	(93)
EPISO 3 Chevre JV Sarl	Alpha	5.75%	Dec 2021	(1,910)	-
EPISO 3 Pluto Holding Sarl	Alpha	8.00%	Dec 2021	(896)	-
				(21,008)	(17,608)
Total interest-bearing loans and borrowings				(1,283,321)	(1,400,966)
Split as follows:					
Current				(192,335)	(138,353)
Non-current				(1,090,986)	(1,262,613)
				(1,283,321)	(1,400,966)

The fair value of borrowings are approximated at their carrying value at the date of the consolidated statement of financial position.

Bank borrowings to be repaid in less than one year is predominantly comprised of €65.9 million in relation to the RBSI revolving credit facility. The amount will be repaid through a combination of capital called from Limited Partners and third party investment level financing.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

20 LIMITED PARTNERS' CAPITAL

The capital contributions from the Limited Partners of €688.9 million (2015: €630.6 million) represents 72.6% (2015: 66.4%) of the total commitments of €949.5 million (2015: €949.5 million) to the Partnership as at 31 December 2016. On a gross basis, €873.6 million (2015: €673.2 million) representing 92.0% of total commitments (2015: 71.0%) had been called from the Limited Partners as at 31 December 2016. During the year there was a net contribution of €58.3 million (2015: net contribution of €270.6 million). The uncalled committed capital at 31 December 2016 was €260.6 million (2015: €318.9 million).

21 LIMITED PARTNERS' CURRENT ACCOUNT

The Limited Partners' current account of €205.4 million (2015: €150.1 million) shows the accumulated profit attributable to LPs at the year end.

22 TRANSACTIONS WITH RELATED PARTIES

The Consolidated Financial Statements include the financial statements of EPISO 3 LP and the subsidiaries, associates and joint ventures listed in the following table:

Subsidiary Name	Country of Incorporation	% equity interest
Cotton GmbH & Co KG	Germany	100%
Dazzle 2 GmbH	Germany	100%
EPISO 3 Arena sp. z.o.o	Poland	100%
EPISO 3 Bendigo Holding Sarl	Luxembourg	95%
EPISO 3 Bendigo Sarl	Luxembourg	100%
EPISO 3 Borek sp. z.o.o	Poland	100%
EPISO 3 Cotton GP GmbH	Germany	100%
EPISO 3 Cotton Holding Sarl	Luxembourg	100%
EPISO 3 Cube Sarl	Luxembourg	100%
EPISO 3 Dabrowka sp. z.o.o	Poland	100%
EPISO 3 Luxembourg Holding Sarl	Luxembourg	100%
EPISO 3 Netherlands Holding BV	The Netherlands	100%
EPISO 3 Turzyn sp. z.o.o	Poland	100%
EPISO 3 Zakopianka sp. z.o.o	Poland	100%
The Wave Sarl	Luxembourg	100%
EPISO 3 German Holding Sarl	Luxembourg	95%
EPISO 3 Schloss GmbH	Germany	100%
EPISO 3 Castle Holding Sarl	Luxembourg	100%
EPISO 3 Castle Investments Sarl	Luxembourg	90%
EPISO 3 Castle Properties Sarl	Luxembourg	90%
EPISO 3 Castle Finance Sarl	Luxembourg	90%
EPISO 3 Austria Holding Sarl	Luxembourg	99%
SCN Management GmbH (Austria)	Austria	99%
Emalo Beteiligungs-verwaltungs GmbH	Austria	99%



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
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22 TRANSACTIONS WITH RELATED PARTIES (continued)

Subsidiary Name	Country of Incorporation	% equity interest
SCN Gebaude-vermietungs GmbH (Austria)	Austria	99%
EPISO 3 Mean Sarl	Luxembourg	100%
EPISO 3 Time Sarl	Luxembourg	100%
Meantime Unit Trust (Jersey)	Jersey	100%
Meantime Nominee 1 Limited	United Kingdom	100%
Meantime Nominee 2 Limited	United Kingdom	100%
EPISO 3 Oasis JV Sarl	Luxembourg	78%
EPISO 3 Oasis Sarl	Luxembourg	78%
Embankment Developments Limited	United Kingdom	78%
EPISO 3 Denmark Holding Sarl	Luxembourg	100%
Apollovej Holding ApS	Denmark	97%
Apollovej ApS	Denmark	97%
EPISO 3 France Investments Sarl	Luxembourg	100%
EPISO 3 France River (OPCI)	France	100%
SCI New Cap West	France	100%
EPISO 3 Tyre Holding Sarl	Luxembourg	100%
EPISO 3 Tyre Sarl	Luxembourg	100%
EPISO 3 Tyre Property Limited	United Kingdom	100%
EPISO 3 Tree Luxembourg Holding Sarl	Luxembourg	100%
EPISO 3 Tree Development Properties Sarl	Luxembourg	100%
EPISO 3 Tree Investment Properties A Sarl	Luxembourg	100%
EPISO 3 Tree Investment Properties B Sarl	Luxembourg	100%
EPISO 3 Tree Properties Tranche C Sarl	Luxembourg	100%
EPISO 3 Tree Properties Tranche D Sarl	Luxembourg	100%
EPISO 3 Valleys Holding Sarl	Luxembourg	100%
Cardiff Lux Sarl	Luxembourg	100%
Newport Lux Sarl	Luxembourg	100%
EPISO 3 Pluto Holding Sarl	Luxembourg	100%
EPISO 3 Pluto Sarl	Luxembourg	93%
GUMES Verwaltung Objekt Bielefeld Sennestadt GmbH	Germany	93%
GUMES Sechscunddreißigste Vermietungs GmbH	Germany	93%
EPISO 3 Blue Holding Sarl	Luxembourg	96%
EPISO 3 Blue Zwei Sarl	Luxembourg	96%
EPISO 3 Blue Drei Sarl	Luxembourg	96%
EPISO 3 Blue Vier Sarl	Luxembourg	96%
EPISO 3 Blue Fünf Sarl	Luxembourg	96%
EPISO 3 Blue Sechs Sarl	Luxembourg	96%
EPISO 3 Blue Sieben Sarl	Luxembourg	96%



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

22 TRANSACTIONS WITH RELATED PARTIES (continued)

Subsidiary Name	Country of Incorporation	% equity interest
EPISO 3 Blue Acht Sarl	Luxembourg	96%
EPISO 3 Tiberius Holding Sarl	Luxembourg	100%
Aurelia Trading Srl	Italy	100%
Altipinerolo Srl	Italy	100%
Altacasale Srl	Italy	100%
Galleria Ibleo Srl	Italy	100%
San Giorgio Sarl	Italy	100%
EPISO 3 Italian Holding Sarl	Luxembourg	100%
Fundo Celio (REIF)	Italy	100%
EPISO 3 Edge Holding Sarl	Luxembourg	97%
EPISO 3 Edge Holdco 1 AS	Norway	97%
Hadelandsparken AS	Norway	97%
Hadelandporten AS	Norway	97%
Brevik-senteret AS	Norway	97%
Hensmoen Eiendom AS	Norway	97%
Tangerud Eiendom AS	Norway	97%
Lilletuneveien AS	Norway	97%
Grenland Handelspark II AS	Norway	97%
Mo Handelspark AS	Norway	64%
EPISO 3 Edge Holdco 2 AS	Norway	97%
Grenland Handelspark AS	Norway	97%
EPISO 3 Edge Holdco 3 AS	Norway	97%
Hangaren Lade AS	Norway	97%
EPISO 3 Edge Holding II Sarl	Norway	97%
EPISO 3 NewNordCo AS	Norway	97%
EPISO 3 NewNordCo II AS	Norway	97%
Stoa Vest AS	Norway	97%
Stoa Vest II AS	Norway	97%
Sorvannsveien AS	Norway	97%
EPISO 3 Chevre JV Sarl	Germany	89%
EPISO 3 Chevre Sarl	Germany	89%
EPISO 3 Forge 1 Sarl	Luxembourg	100%
EPISO 3 Forge 2 Sarl	Luxembourg	100%
The Forge Retail Park Unit Trust (Jersey)	Jersey	100%
EPISO 3 Wings Holding Sarl	Luxembourg	100%
Sunderland Lux Sarl	Luxembourg	100%
Laron Lux Sarl	Luxembourg	100%
EPISO 3 Westside Sarl	Luxembourg	100%



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)

22 TRANSACTIONS WITH RELATED PARTIES (continued)

Subsidiary Name	Country of Incorporation	% equity interest
Border Top Holding AS	Norway	100%
Border Holding AS	Norway	100%
Border 5-7 AS	Norway	100%
EPISO 3 Bart Holding Sarl	Luxembourg	100%
New Terra-Heimbau Gmbh	Luxembourg	90%
EPISO 3 Enterprise BV	The Netherlands	97%
Enterprise 1 Spzoo	Poland	97%
Enterprise 2 Spzoo	Poland	97%
Fontenay SAS	France	100%
Fontenay SCL	France	100%

Terms and conditions of transactions with related parties

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. The Partnership did not record any impairment of receivables relating to amounts owed by related parties during the year. This assessment is undertaken each financial period end through examining the financial position of the related party and the market in which the related party operates.

Tristan Capital Partners LLP is appointed as the Manager of the Partnership. Under this appointment, the Manager has power and duties in accordance with section 10 of the LPA.

At the year ended 31 December 2016, the interest free loan advanced by the Partnership to the Manager in relation to the priority profit share, in accordance with the LPA, totalled to €29.1 million.

As at 31 December 2016, the Partnership owed €30.0 million to the Manager for the priority profit share and €12 million for preferred return. During the same period, the Partnership also paid a total of €3.4 million to the Manager in relation to exit fees and €0.4 million in relation to the Partnership's operating expenses that were paid by the Manager on behalf of the Partnership. As at 31 December 2016 the Partnership was owed €0.4 million by the Manager for VAT, as the Partnership is VAT grouped with the Manager to enable it to reclaim VAT.

23 FUTURE OPERATING LEASE REVENUE

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 31 December 2016 €'000	As at 31 December 2015 €'000
No later than 1 year	105,847	137,636
Later than 1 year and no later than 5 years	309,564	391,824
Later than 5 years	196,984	260,865
Total future operating lease revenue	612,395	790,325



**EUROPEAN PROPERTY INVESTORS SPECIAL OPPORTUNITIES 3 LP
(Limited Partnership No. LP015253)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (continued)**

24 SUBSEQUENT EVENTS

In January 2017, the Partnership disposed of three assets in the Project Tree portfolio with a fair market value of £11.2 million (€13.2 million).

The Fund has agreed a one year extension of the revolving credit facility with The Royal Bank of Scotland International Limited (RBSI) until 7 December 2017.

25 CONTINGENCIES AND COMMITMENTS

During the year ended 31 December 2016, bank guarantees were issued by RSBI in relation to the following:

(a) On 14 June 2016, the Partnership issued a bank guarantee of €6.3 million in relation to the development of Project Enterprise and the disbursement of the related loan facility. The guarantee expires on 31 December 2018.

(b) On 22 November 2016 the Partnership issued a bank guarantee of €18.7 million in relation to the acquisition of Project Chevre and the disbursement of the related loan facility. The guarantee expires on 22 November 2019.

The Partnership has no significant commitments or contingencies.

26 ULTIMATE CONTROLLING ENTITY

The Partnership does not have an ultimate controlling entity. No individual Limited Partner or General Partner has the capacity to exercise control over the Partnership.