Invista Real Estate Investment Management Limited

Directors' Report and Financial Statements

31 December 2013

Registered No.4459443

Contents

Company Information

Directors	R Palmer
	A Price
	R Sheldon
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Registered Office	Time & Life Building 1 Bruton Street London W1J 6TL

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 December 2013

Principal activities
The Company manages real estate assets on behalf of third party clients

Business review

Overview
Revenue in 2013 was £4 1 million, up from £1 9 million in 2012, largely as a result of the receipt of performance fees in respect of the BOSS Partnership 1 LP Assets under management ("AUM") began the year at £112 million and had reduced to £25 million at the year end resulting from the sale of property assets and return of funds to investors

The Company made a profit before taxation in 2013 of £2 4 million (2011 loss of £2 6 million)

The results for the year are shown in the Statement of Comprehensive Income on page 9

Principal 2013 events

During the year focus has continued on selling assets within the remaining funds managed by the Company and returning the proceeds to Investors

Principal lines of business

As at 31 December 2013 the funds managed by the Company were

Fund	31 December 2013 £m
Invista Real Estate Opportunity Fund LP	15
Invista Real Estate International Fund LP/ BOSS Partnership 1 LP	10
Total	**25**

Risks & Uncertainties

Details of the principal risks and uncertainties that the Company is likely to face over the forthcoming year are outlined below

These risks will continue to be subject to regular scrutiny by the Board during the course of 2014

Litigation risk
This includes the risk of potential claims from clients, and other parties and the failure to properly deal with any claims arising

External legal advice will continue to be taken as appropriate to reduce the likelihood of the Company's actions causing future claims and litigation

Any actual and potential claims are promptly reported to the Directors who ensure that expert legal support is obtained The Directors closely oversee the progression of such claims until they are satisfactorily resolved

The Directors have ensured that appropriate corporate insurance cover has been taken out and regularly review corporate insurance arrangements to ensure that they remain satisfactory As with all insurances however, there is a risk that claims against insurance policies are ultimately not successful.

Client risk
The Company has three principal remaining clients

Compliance against client mandates is overseen by the relevant Investment Committee

In relation to client credit risk, i e the risk of clients defaulting on their contractual obligations, the Company has credit control procedures in force to monitor and chase outstanding payments Where amounts remain outstanding, the Company will consider, as appropriate, the legal and other measures available to it to secure payment

Regulatory, legal and taxation risk
The risk of failing to fulfil regulatory obligations and/or non-compliance with legal requirements, including UK and international taxation law

The company receives external legal support from Osborne Clarke Solicitors

The company obtains specialist taxation advice from KPMG

Property specific risk
There are a number of risks which are generic to property as an asset class and remain relevant to Invista's remaining funds under management These include the following·

- tenancy risk – tenant failure or default and excessive void rates, and
- insurance risk – the failure to insure a property properly

Specific fund managers are responsible for actively managing each individual property overseen by the relevant Investment Committee

Dividends
Dividends totalling £5,000,000 were paid to the parent company Invista Real Estate Investment Management Holdings Limited during 2013

The Directors do not recommend the payment of a further dividend for the year ended 31 December 2013 (2012 £1,100,000)

Directors
The Directors of the Company during the year were as follows

Ray Palmer
Alex Price
Rupert Sheldon

Supplier payment policy
It is the Company's policy that payments made to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers The Company had trade creditors outstanding for the year ended 31 December 2013 representing 7 days of purchases

Charitable and political contributions
No charitable donations were made by the Company during the year (2012 £nil) No political donations were made in the current or prior year It is the Company's policy not to make donations to political parties

International Financial Reporting Standards
These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Going concern
Notwithstanding the loss of a number of investment management contracts during the previous year, the Directors consider that the Company has the ability to continue in business for the foreseeable future, albeit that this remains on a significantly reduced scale of operation It is for this reason that the Directors believe the going concern basis of accounting under IAS 1 is the appropriate basis for this set of financial statements

Availability of audit information
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

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

By order of the Board

Alex Price

Director

1 April 2014

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

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

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Invista Real Estate Investment Management Limited (Registered Number 4459443)

We have audited the financial statements of Invista Real Estate Investment Management Limited for the year ended 31 December 2013 set out on pages 9 to 26 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Shaun Kirby **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
1 April 2014

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Revenue	3	4,100	1,928
Administrative expenses	4	(1,677)	(4,569)
Operating profit/(loss)	6	**2,423**	**(2,641)**
Investment income	7	7	42
Profit/(loss) before tax		**2,430**	**(2,599)**
Income tax credit/(expense)	8	470	(25)
Profit/(loss) for the year		**2,900**	**(2,624)**

All results relate to continuing operations

The notes on pages 13 to 26 form part of these financial statements

BALANCE SHEET

At 31 December 2013

	Note	2013 £000	2012 £000
Current assets			
Trade and other receivables	10	3	882
Cash and cash equivalents		1,693	5,183
Total current assets		**1,696**	**6,065**
Current liabilities			
Trade and other payables	11	116	2,689
Current tax liabilities		304	-
Total current liabilities		**420**	**2,689**
Net assets		**1,276**	**3,376**
Equity			
Share capital	16	-*	-*
Retained earnings		1,276	3,376
Total shareholders' equity		**1,276**	**3,376**

* less than £1,000

The financial statements were approved by the Board of Directors on 1 April 2014 and signed on its behalf by

Alex Price
Director

The notes on pages 13 to 26 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Share capital £000	Retained earnings/ (loss) £000	Total £000
Balance at 1 January 2012		**10,000**	**(793)**	**9,207**
Loss for the year		-	(2,624)	(2,624)
Total comprehensive expense		**-**	**(2,624)**	**(2,624)**
Dividends paid		-	(1,100)	(1,100)
Employee share expense		-	(2,107)	(2,107)
Share capital reduction	16	(10,000)	10,000	-
Balance at 31 December 2012		**-***	**3,376**	**3,376**
Profit for the year		-	2,900	2,900
Total comprehensive income		**-**	**2,900**	**2,900**
Dividends paid		-	(5,000)	(5,000)
Balance at 31 December 2013		**-***	**1,276**	**1,276**

* less than £1,000

The notes on pages 13 to 26 form part of these financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2013

	2013 £000	2012 £000
Profit/(loss) for the year	2,900	(2,624)
Adjustments for		
Tax	(470)	25
Interest income	(16)	(60)
Employee share awards	-	(2,107)
Changes in working capital		
Decrease in trade and other receivables	878	1,367
Decrease in trade and other payables	(2,573)	(2,081)
Cash flows from operating activities	**719**	**(5,480)**
Income taxes received/(paid)	775	(994)
Net cash from operating activities	**1,494**	**(6,474)**
Cash flows from investing activities		
Interest income	16	60
Net cash flows from investing activities	**16**	**60**
Cash flows from financing activities		
Dividends paid	(5,000)	(1,100)
Net cash flows from financing activities	**(5,000)**	**(1,100)**
Decrease in cash and cash equivalents	**(3,490)**	**(7,514)**
Opening cash and cash equivalents	5,183	12,697
Cash and cash equivalents at 31 December	**1,693**	**5,183**

Notes to the Financial Statements

1. Basis of preparation

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the EU ('Adopted IFRS') that are effective at 31 December 2013 and comply with article 4 of the EU IAS regulation

Notwithstanding the loss of a number of investment management contracts during the previous year, the Directors consider that the Company has the ability to continue in business for the foreseeable future, albeit that this remains on a significantly reduced scale of operation It is for this reason that the Directors believe the going concern basis of accounting under IAS 1 is the appropriate basis for this set of financial statements

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (previously IFRIC) and endorsed by the EU as of 1 January, 2013 The application of these standards did not have a material impact on the Company's financial statements

IAS 1, *Presentation of Financial Statements* – Presentation of Items of Other Comprehensive Income

IFRS 13, *Fair Value Measurement* - establishes a single source of guidance under IFRS for all fair value measurements

Standards and Interpretations recently issued but not yet effective
A number of new standards, amendments to standards and interpretations have been issued but are not yet effective up to the date of issuance of the Company's financial statements, and have not been applied in preparing these financial statements The Company does not plan to adopt these standards early

Effective 1 January 2014
IFRS 10, *Consolidated Financial Statements*

IFRS 11, *Joint Arrangements*

IFRS 12, *Disclosure of Interests in Other Entities*

Effective 1 January 2015 (subject to European Union endorsement)
IFRS 9, *Financial Instruments Classification and Measurement*

The full impact of these accounting changes is being assessed by the Company Their adoption is not expected to have a material effect on the financial statements

The financial statements are presented in sterling, rounded to the nearest thousand They are prepared on the historical cost basis, except for valuation of certain financial instruments.

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

2. Significant accounting policies

(a) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes

Management and administration fees are recognised in the income statement as they are earned

Transaction fees are accounted for once the relevant investment transaction has been completed

Termination fees are accounted for once the relevant transfer has been completed

Bank interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

Performance fees are recognised when the performance period has ended and the performance calculation can be performed with reasonable certainty

(b) Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on balance sheet date Gains and losses arising on retranslation are included in net profit or loss for the year

(c) Trade and other receivables

Trade and other receivables are stated at their face value as reduced by appropriate allowances for estimated irrecoverable amounts

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term bank deposits held by the Company with an original maturity of three months or less Cash is held for the purpose of meeting short term commitments as well as for meeting future investment needs

(e) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

(f) Trade and other payables

Trade and other payables are stated at their face value

(g) Taxation

The tax expense represents the sum of the current tax payable

The current tax payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

(h) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due At 31 December 2013 all employees had left the Company

(i) Share-based payments

The Company has applied the requirements of IFRS 2 'Share-based Payments' Certain of the Company's employees received equity-settled share-based rewards in shares of the parent company These are measured at fair value at the date of grant, and expensed on a straight line basis over the vesting period, and if applicable, performance period, based on the Company's estimate of shares that will eventually vest As at 31 December 2012 the Company no longer had any share-based payment arrangements in place

(j) Share capital

Ordinary shares are classed as equity

(k) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term All leased rental payments ceased during 2012

3. Revenue

	2013 £000	2012 £000
Investment management fees	1,684	2,089
Termination fees	329	(228)
Transaction fees	-	19
Performance fees	2,027	-
Administration fees and other income	60	48
Total	**4,100**	**1,928**

In 2012 a reversal of an accrual for termination fees made in the year ending 31 December 2011 has resulted in a net debit for termination fees of £228,000 This was subsequently settled during 2013

4. Administrative expenses

	2013 £000	2012 £000
Employee costs		
Wages and salaries	140	3,018
Share based payments	-	(2,107)
Social security costs	12	225
Other pension costs	3	108
Total (including Directors)	**155**	**1,244**
Occupancy costs	(37)	153
Other administrative costs	1,559	3,172
Total administrative expenses	**1,677**	**4,569**

Expenditure in 2013 includes £0 1 million redundancy related costs (2012 £1 6 million) Included in other administrative expenses in 2012 are £1 4 million reorganisation costs incurred by the Company on activity relating to the termination and transfer of fund mandates and the acquisition of the Invista Group by Palmer Capital

Wages and salaries costs have significantly reduced following further redundancies and the transfer of remaining staff to Palmer Capital Partners Limited at the end of March 2013

The credit to occupancy costs in 2013 relates to rate refunds due to the Company in respect of the Companies former place of business

The credit of £2,107,000 for share-based payments in 2012 results from the write back of costs previously charged for share awards under the 2010 Long-Term Incentive Plan for the Executives and share awards previously granted to two Senior Executives under the 2008 Deferred Matching Plan No further share-based payments were granted in 2012 or 2013.

The average number of persons employed by the Company (including Directors) during the year was 1 (2012 9) At 31 December 2013 the Company had no employees (2012 3)

5. Remuneration of Directors

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows

	2013 £000	2012 £000
Emoluments	-	359
Company contributions to pension schemes	-	33
Compensation for loss of office	-	410
Total	**-**	**802**

Highest paid Director

	2013 £000	2012 £000
Emoluments	-	160
Company contributions to pension schemes	-	24
Compensation for loss of office	-	166
Total	**-**	**350**

	2013 No. of Directors	2012 No. of Directors
Retirement benefits are accruing to the following number of Directors under defined contribution schemes	-	3*

* All Directors had left the Company by 31 December 2012

6. Operating profit/(loss)

Operating profit/(loss) has been arrived at after charging

	2013 £000	2012 £000
Operating lease rentals	-	190
Auditor's remuneration for		
- Statutory audit	10	15
- Audit-related regulatory reporting	4	4
- Tax advisory services	21	3

Operating lease rentals in 2012 relate to the Company's previous office premises in London and Hong Kong The lease costs were spread evenly over the lease terms

From 17 September 2012 the UK operations of the Company were relocated to Palmer Capital's offices, following their acquisition of the Invista Group on 10 August 2012, and no further lease rentals for UK office space were payable by the Company

The Company's office in Hong Kong at Unit 820, 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong was under a 19 month lease which began in July 2009 and was due to expire in January 2011 This lease was extended until January 2012 With effect from 1 February 2012 the Hong Kong office moved to Unit 832 at the same address on a three month lease which expired on 30 April 2012 From May to October 2012 the Hong Kong office relocated to another smaller unit at the same address during which time Invista's Hong Kong branch was closed and no further lease rentals for Hong Kong office space were payable by the Company

In 2012 in addition to the amounts for auditor's remuneration shown above the Company bore the costs of auditor's remuneration for other companies in the Invista Group totalling £36,000 In 2013 a credit of £6,250 was received relating to an over accrual of this cost in 2012.

7. Investment income

	2013 £000	2012 £000
Interest income on bank deposits	16	60
Net foreign exchange loss	(9)	(18)
Total investment income	**7**	**42**

8. Income tax (credit)/expense

a) Analysis of tax (credit)/expense

	2013 £000	2012 £000
Current tax:		
Corporation tax charge for the year at an average rate of 23 25% (2012 24 5%)	(470)	-
Deferred tax:		
Deferred tax charge	-	498
Adjustment for prior periods	-	(473)
Total income tax (credit)/expense	**(470)**	**25**

b) Reconciliation of effective tax rate

The standard corporation tax rate in the UK changed from 24% to 23% on 1 April 2013, resulting in an average corporation tax rate for 2013 of 23.25%

The tax assessed for the year is lower than the average standard rate of corporation tax in the UK of 23 25% (2012 24 5%) The differences are explained below

	2013 £000	2012 £000
Profit/(loss) before taxation	2,430	(2,599)
Profit multiplied by the average standard rate of corporation tax in the UK of 23 25% (2012 24 5%)	565	(637)
Non-deductible expenses	-	900
(Utilisation)/Non-utilisation of tax losses	(260)	235
Adjustment for prior periods	(775)	(473)
Income tax (credit)/expense	**(470)**	**25**

9. Deferred tax assets

The movement in 2012 in respect of deferred tax assets was as follows

	2013 £000	2012 £000
Balance at 1 January	-	498
Charge to the income statement	-	(498)
Balance carried forward at 31 December	-	-

10. Trade and other receivables

	2013 £000	2012 £000
Trade receivables	-	67
Amounts owed by Invista Group undertakings	-	322
Other receivables	-	83
Prepayments and accrued income	3	410
Balance at 31 December	3	882

11. Trade and other payables

	2013 £000	2012 £000
Current liabilities		
Trade payables	1	8
Amounts owed to Palmer Capital Group undertakings	2	5
Amounts owed to Invista Group undertakings	-	723
Amounts owed to Lloyds Banking Group undertakings	-	775
Other tax and social security costs	20	102
Other payables	-	81
Accruals and deferred income	93	995
Balance at 31 December	116	2,689

12. Financial instruments

Financial risk management

The management of the Company's financial risks are documented within the Invista Group financial risk management framework The document and underlying policies are the responsibility of the General Counsel and are approved by the Board

With regard to its use of financial instruments the Company has exposure to the risks set out below

a) Credit risk

Credit risk is the risk of financial loss to the Company if another party to a financial instrument fails to discharge its obligations, and arises principally from the Company's receivables related to investment management fees

Trade and other receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each client or fund Credit risk as at 31 December 2013 only relates to three principal remaining clients

The Company has credit control procedures in place including

Aged debt reports are produced directly from the accounting system A fully documented credit control process exists, whereby outstanding debts are pursued on a regular basis, with a formal escalation procedure in place It is the Company's policy to establish appropriate allowances for estimated irrecoverable amounts of trade receivables

Where amounts remain outstanding the Company will consider, as appropriate, the legal measures available to it to secure payment

Cash and cash equivalents
Cash balances are invested in short-term deposits

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure The maximum exposure to credit risk at the reporting date was

Carrying amount	**2013**	**2012**
	£000	**£000**
Trade receivables	-	67
Amounts owed by Invista Group undertakings	-	322
Accrued income	-	398
Other receivables	-	83
Cash and cash equivalents	1,693	5,183
Total exposure to credit risk	**1,693**	**6,053**

The largest balances within the trade receivables carrying amount at 31 December 2012 were £14,000 for each of the months of July and August 2012 for investment management fees for one of the Company's clients

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

The Company maintains sufficient surplus liquid resources to meet the FCA's regulatory capital test The regulatory capital is monitored on a continuous basis

The Company currently has no committed overdraft facilities

The contractual maturity of financial liabilities is as follows

	Carrying amount £000	Contractual cash flows £000	Up to 1 month £000	1-3 months £000	4-12 months £000	Over 12 months £000
Trade & other payables						
31 December 2013	**116**	**(116)**	**(36)**	**(33)**	**(47)**	**-**
31 December 2012	2,689	(2,689)	(1,922)	(739)	(28)	-

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

i) Currency risk

The Company is exposed to currency risk, where fluctuating exchange rates may give rise to a loss, on revenue and expenditure that are denominated in a currency other than sterling (GBP), its functional currency

The Company's only exposure to currency risk is that relating to investment management fees received from the BOSS Partnership 1 LP which are received in USD

Since the closure of the Company's Hong Kong branch in September 2012 the Company no longer has any material exposure to expenditure in Hong Kong dollars (HKD)

Exposure to currency risk

There was no exposure to foreign currency risk at the 31 December 2013 or 31 December 2012

Sensitivity analysis for currency risk

A 10% strengthening of sterling against the following currencies at the reporting date would have increased/ (decreased) equity and profit or loss for the Company by the amounts shown below This analysis assumes that all other variables, in particular interest rates, remain constant

Effect in '£000	**Equity**	**Profit or (loss)**
31 December 2013		
Euro	-	-
USD	-	**(28)**
HKD	-	-
SGD	-	-
31 December 2012		
Euro	-	3
USD	-	(27)
HKD	-	36
SGD	-	5

A 10% weakening of sterling against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant

ii) Interest rate risk

The Company has net cash balances at present and no debt

At the reporting date the profile of the Company's interest-bearing financial instruments was

Carrying amount	**2013** **£000**	**2012** **£000**
Variable rate instruments		
Cash and cash equivalents	1,693	5,183
Total	**1,693**	**5,183**

Sensitivity analysis for interest rate risk
A change of 100 basis points in interest rates over a 12 month period based on the financial instruments included at the reporting date would have increased/ decreased equity and profit or loss by the amounts shown below This analysis assumes that all other variables remain constant

£000	**Effect on profit or loss** **100bps change**	**Effect on equity** **100bps change**
31 December 2013	**+/- 17**	**-**
31 December 2012	+/- 52	-

d) Capital management

The Board has a policy in place to monitor its capital base

The Company is not subject to externally imposed capital requirements, other than the FCA regulatory capital test as previously mentioned in part b) of this note During the year ended 31 December 2013 the Company was in full compliance with regulatory requirements

e) Fair values

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows

	Carrying amount 2013 £000	**Fair value 2013 £000**	Carrying amount 2012 £000	Fair value 2012 £000
Trade and other receivables*	**-**	**-**	869	869
Cash and cash equivalents	**1,693**	**1,693**	5,183	5,183
Trade and other payables	**116**	**116**	2,689	2,689

* receivables totals shown above exclude prepayments

The major methods and assumptions used in estimating the fair values of financial assets and liabilities are as follows

Cash and cash equivalents
These comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value

Trade and other receivables / payables
Receivables/ payables are mainly balances with a remaining life of less than one year and therefore the fair value is considered to be materially equal to their carrying value

13. Other financial commitments

All operating leases ceased in the year ended 31 December 2012

14. Retirement benefit schemes

The Company operates a defined contribution retirement benefit schemes for all qualifying employees Pension costs for the scheme amounts to £3,500 for the year ended 31 December 2013 (2012 £108,000)

All death-in-service and benefits for incapacity arising during employment are wholly insured No post retirement benefits other than pensions are made available to employees

All employees had left the Company by 31 March 2013

15. Related parties

Immediate and ultimate parent undertaking
The Company's immediate parent undertaking is Invista Real Estate Investment Management Holdings Limited a company incorporated in England and Wales

The Company's ultimate parent company is Palmer Capital Partners Limited this is the largest group in which the results of the Company are consolidated Palmer Capital Partners Limited is a company incorporated in England and Wales, with its registered office at Time & Life Building, 1 Bruton Street, London, W1J 6TL

Transactions with key management personnel

All Senior Executives and Non-Executive Directors left the Company by 31 December 2013

In 2012 in addition to their salaries, the Company also provided non-cash benefits to Executive Directors and other Senior Managers (together "the Senior Executives") and contributed to a post-employment defined contribution plan on their behalf Senior Executives also participated in the Company's share option schemes until the schemes vested on acquisition of the Invista Group by Palmer Capital on 10 August 2012

Key management personnel* compensation comprised

	2013 £000	2012 £000
Short-term employee benefits	-	966
Post-employment benefits	-	73
Termination payments	-	877
Share-based payments	-	(2,111)
Total	-	(195)

*Senior Executives and Non-Executive Directors

The net credit to share-based payments in 2012 arises from the write back of costs previously charged for the 2010 Long-Term Incentive Plan for the Executives which lapsed as the attached performance conditions were not met In addition share awards previously granted to two Senior Executives under the 2008 Deferred Matching Plan were replaced with cash bonus payments resulting in a further credit to share-based payments The replacement cash bonus payments amounting to £255,000 are included in the short-term employee benefits total for 2012 shown above

Other related party transactions

Transactions with Lloyds Banking Group undertakings are considered related party transactions until 10 August 2012 in the analysis below

Transactions with Invista Group joint venture companies are considered related party transactions until August 2012 when Invista's holdings in its joint ventures the Invista Real Estate Opportunity Fund Limited Partnership and the Invista Real Estate International Fund Limited Partnership were transferred to vehicles established on behalf of clients of the Townsend Group

Balances with related parties at 31 December 2013 were as follows

		2013 £000	2012 £000
Receivables *			
Invista Group undertakings	(a)	-	322
Payables **			
Palmer Capital Group undertakings		**2**	5
Invista Group undertakings	(b)	-	723

* Receivables include trade receivables and accrued income with related parties
** Payables include accruals for amounts due to related parties

(a) The receivables balance with Invista Group undertakings at 31 December 2012 includes £271,000 for corporation tax paid by the Company on behalf of another subsidiary in the Group

(b) The payables balance with Invista Group undertakings at 31 December 2012 includes a recharge of reorganisation costs of £365,000 from Invista Real Estate Investment Management Holdings Limited and £358,000 for VAT reclaimed and corporation tax group relief settled with the Company on behalf of other subsidiaries in the Group

The balance of remaining intra group payables relates to outstanding amounts of expenses that have been incurred by one entity but are rechargeable to another entity

During the year the Company received the following income from related parties for the provision of investment management services

		2013 £000	2012 £000
Lloyds Banking Group undertakings	(a)	-	19
Invista Group undertakings	(b)	-	3
Invista Group joint venture companies	(c)	-	1,278

(a) Revenue shown above from Lloyds Banking Group undertakings in 2012 represents residual transaction fees from the St James's Place funds which were transferred to a new manager in September 2011
(b) The income received from Invista Group undertakings in 2012 represents investment advisory fees paid to the Company by Invista Real Estate Investment Management (CI) Limited
(c) Revenue shown above from Invista Group joint venture companies represents investment management fees for the period to August 2012.

The Company has paid investment sub-advisory fees totalling £200,000 (2012: £78,000) to Palmer Capital Asia for the provision of investment management services to the Invista Real Estate International Fund Limited Partnership and BOSS Partnership 1 Limited Partnership

No bad debt provisions in respect of related parties were made during 2013 (2012 £nil)

The Company has paid £1,390,000 (2012 £291,000) to Palmer Capital Partners Limited for the provision of services The Company has recharged Palmer Capital Partners Limited £66,423 (2012 £189,000) for staff services

Some of the Company's corporate insurance policies remained under the Lloyds Banking Group programme until 10 August 2012 from which point all policies were placed with an external insurer

16. Share capital

On 17 August 2012, following the acquisition of the Invista Group by Palmer Capital, the Company's share capital was reduced to one ordinary share of £1.

Number of shares	**2013**	**2012**
Balance at 1 January	**1**	**10,000,001**
Capital reduction	-	(10,000,000)
Balance at 31 December	**1**	**1**

Issued capital	**2013** **£**	**2012** **£**
Allotted, called up and fully paid		
Ordinary shares of £1 each	1	1

The Company has one class of ordinary shares which carry no right to fixed income