

Company Number: 07225015

**ADRIATIC LAND 1 (GR4) LIMITED**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

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## **ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

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### **REPORT OF THE DIRECTORS**

The Directors present their report and the audited financial statements for the year ended 31 March 2016.

#### **INCORPORATION**

Adriatic Land 1 (GR4) Limited (the "Company") was incorporated in the United Kingdom under the laws of England and Wales on 15 April 2010.

#### **ACTIVITIES**

The principal activity of the Company is property investment.

#### **RESULTS AND DIVIDENDS**

The results for the year are shown on page 6. The Directors do not recommend the payment of a dividend for the year (2015: £nil).

#### **DIRECTORS**

The Directors who held office during the year and up to the date of approval of the financial statements were:

J.C Bingham  
M.C Schnaier  
Z. Yates

(Resigned 5 November 2015)  
(Appointed 5 November 2015)

#### **REGISTERED OFFICE**

(From 20 July 2015)  
Asticus Building, 2nd Floor  
21 Palmer Street  
London SW1H 0AD

(Up to 19 July 2015)  
2nd Floor Pollen House  
10 Cork Street  
London W1S 3NP

#### **COMPANY SECRETARY**

The secretary of the Company during the year and subsequently was Sanne Group Secretaries (UK) Limited.

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers resigned as the Company's auditor on 7 March 2016. Deloitte were appointed as auditors on the same date and have confirmed their willingness to continue.

#### **DIRECTORS' CONFIRMATION**

Each of the Directors who was a Director at the time when this report is approved confirms that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**REPORT OF THE DIRECTORS - (CONTINUED)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

The Directors are required to prepare financial statements for each financial year under the Companies Act 2006. As permitted by that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as endorsed for use in the European Union. The financial statements are required to give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, Directors are also required to:

- \* properly select and apply accounting policies;
- \* present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- \* provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- \* make an assessment of the Company's ability to continue as a going concern.

The Directors are also responsible for keeping proper accounting records that are sufficient to show and explain its transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

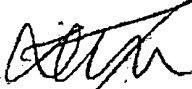
The Directors confirm they have complied with the above requirements throughout the year and subsequently.

**Financial risk management**

The Directors have considered the financial risk factors and mitigations identified and disclosed in note 3 of the financial statements.

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

**BY ORDER OF THE BOARD**

  
Authorised Signatory

Director ZENA YATES  
Date: 22/09/2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADRIATIC LAND 1 (GR4) LIMITED

We have audited the financial statements of Adriatic Land 1 (GR4) Limited for the year ended 31 March 2016 which comprises of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the 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, 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. 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.

### **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 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADRIATIC LAND 1 (GR4) LIMITED

### **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.



Michael Hartwell  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Auditor  
Dublin, Ireland

22 September 2016

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2016**

**(EXPRESSED IN BRITISH POUNDS)**

		<b><u>1 Apr 2015</u></b> <b><u>to</u></b> <b><u>31 Mar 2016</u></b> <b><u>£'000</u></b>	<b><u>1 Apr 2014</u></b> <b><u>to</u></b> <b><u>31 Mar 2015</u></b> <b><u>£'000</u></b>
	<b>Notes</b>		
<b>INCOME</b>			
Turnover	2	266	254
Gain on revaluation of investment property	4	220	1,412
<b>NET INCOME</b>		<b>486</b>	<b>1,666</b>
<b>EXPENSES</b>			
Administrative expenses		(119)	(120)
Audit fees		(10)	(10)
Realised loss on disposal of investment property		-	(3)
<b>OPERATING PROFIT</b>		<b>357</b>	<b>1,533</b>
<b>FINANCE INCOME / COSTS</b>			
Interest expense		(97)	(99)
<b>PROFIT BEFORE TAX</b>		<b>260</b>	<b>1,434</b>
Corporation tax credits	8	6	25
<b>TOTAL PROFIT FOR THE YEAR</b>		<b>266</b>	<b>1,459</b>

(The notes on pages 10 to 21 form part of these audited financial statements)

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

**STATEMENT OF FINANCIAL POSITION**

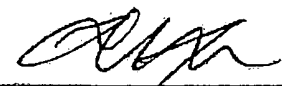
**AS AT 31 MARCH 2016**

**(EXPRESSED IN BRITISH POUNDS)**

	Notes	<u>31 Mar 2016</u> £'000	<u>31 Mar 2015</u> £'000
<b>ASSETS</b>			
Non-current assets			
Investment properties	4	7,327	7,107
Current assets			
Receivables	5	142	163
Cash and cash equivalents		185	111
		327	274
<b>TOTAL ASSETS</b>		<b>7,654</b>	<b>7,381</b>
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Payables	6	524	494
Non-current liabilities			
Loans payable	7	2,028	2,051
<b>TOTAL LIABILITIES</b>		<b>2,552</b>	<b>2,545</b>
Equity			
Share capital	9	-	-
Retained earnings		5,102	4,836
<b>TOTAL EQUITY</b>		<b>5,102</b>	<b>4,836</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,654</b>	<b>7,381</b>

The financial statements were approved and authorised for issue by the Board of Directors on the 22 day of September 2016 and were signed on its behalf by:

Director:

  
ZENA YATES

(The notes on pages 10 to 21 form part of these audited financial statements)

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 MARCH 2016**

**(EXPRESSED IN BRITISH POUNDS)**

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2014	-	3,377	3,377
Total profit for the year	-	1,459	1,459
Balance at 31 March 2015	-	4,836	4,836
Total profit for the year	-	266	266
Balance at 31 March 2016	-	5,102	5,102

(The notes on pages 10 to 21 form part of these audited financial statements)

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)****STATEMENT OF CASHFLOWS****FOR THE YEAR ENDED 31 MARCH 2016****(EXPRESSED IN BRITISH POUNDS)**

	<b><u>1 Apr 2015</u> <u>to</u> <u>31 Mar 2016</u> £'000</b>	<b><u>1 Apr 2014</u> <u>to</u> <u>31 Mar 2015</u> £'000</b>
<b>Cash flows from operating activities</b>		
Total profit for the year	266	1,459
Adjustments for:		
Unrealised gain on revaluation of investment property	(220)	(1,412)
Realised loss on disposal of investment property	-	3
Changes in working capital:		
Decrease / (increase) in receivables	21	(17)
Increase / (decrease) in payables	27	(127)
Net cash generated from / (used in) operating activities	94	(94)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment property	-	41
Net cash generated from investing activities	-	41
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(20)	(8)
Net cash used in financing activities	(20)	(8)
Net increase / (decrease) in cash and cash equivalents	74	(61)
Cash and cash equivalents at the beginning of the year	111	172
Cash and cash equivalents at the end of the year	185	111

(The notes on pages 10 to 21 form part of these audited financial statements)

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**1. GENERAL INFORMATION**

Adriatic Land 1 (GR4) Limited (the "Company") was incorporated in the United Kingdom under the laws of England and Wales on 15 April 2010.

The principal activity of the Company is property investment.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of preparation**

The Company has prepared these financial statements which comply with International Financial Reporting Standards ("IFRSs") as endorsed for use in the European Union together with the comparative period data as at and for the period ended 31 March 2016, as described in the summary of significant accounting policies.

The more significant policies are set out below:

**New Accounting Standards, amendments to existing Accounting Standards and / or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current year**

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current year that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are non-mandatory.

**Non-mandatory New Accounting Requirements not yet adopted**

All non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

**Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company**

**IFRS 9, "Financial Instruments"**

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities and may be adopted to replace IAS 39.

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company - (continued)**

**IFRS 9, "Financial Instruments" - (continued)**

IFRS 9 requires financial assets to be classified into two measurement categories: (i) those measured at fair value; and (ii) those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model for the measurement of impairment loss. The new model applies to financial assets that are not measured at fair value through profit or loss.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1 January 2018, but early adoption is permitted at any time. However, the standard has not yet been endorsed for use in the EU. The Company intends to adopt IFRS 9 no later than the mandatory effective date, provided that the standard has also been endorsed for use in the EU on such date. In the Directors' opinion, early adoption of IFRS 9 would have no material impact on the recognition, measurement or disclosures relating to its financial instruments.

**IFRS 15, "Revenue from contracts with customers" (Replacement of IAS 18 — "Revenue" and IAS 11 — "Construction contracts" and related interpretations) — effective date 1 January 2018**

IFRS 15 deals with revenue recognition and establishes the principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The mandatory effective date for application of IFRS 15 is for accounting periods beginning on or after 1 January 2018, but early adoption is permitted, subject to EU adoption. The Company is assessing the impact of IFRS 15 but believe this will not have any impact.

**IFRS 16 "Leases" (Replacement of IAS 17 — "Leases") — effective date 1 January 2019**

IFRS 16 addresses the recognition and classification of leases and will replace IAS 17.

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is assessing the impact of IFRS 16 but believe this will not have any impact.

The mandatory effective date for application of IFRS 16 is for accounting periods beginning on or after 1 January 2019, but early adoption is permitted, if IFRS 15 is also applied.

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company - (continued)**

**Amendments to IAS 1, "Presentation of financial statements" - Disclosure initiative – effective date 1 January 2016**

Amendments to IAS 1 clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. It also clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. The standard is not expected to have a material impact on the financial statements.

The mandatory effective date for application of Amendments to IAS 1 is for accounting periods beginning on or after 1 January 2016, but early adoption is permitted at any time. The Company intends to adopt Amendments to IAS 1 no later than the mandatory effective date.

**Going concern**

As at 31 March 2016 the Directors believe that the Company has adequate resources to continue in operational existence. This conclusion has been reached based on reviews conducted in relation to the future performance and cash flow forecasts for the foreseeable future. Accordingly, the Directors deem the going concern basis to be appropriate in preparing these financial statements.

The Company has received letters of support from its parent company confirming that the intercompany loans as disclosed in note 7 will not be recalled for a period of at least 12 months from the date of signing these financial statements.

**Income and Cash flow statements**

The Company presents its Statement of Profit or Loss and Other Comprehensive Income by nature of expense.

The Company reports Cash Flows using the indirect method.

The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Company's business activities.

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Investment property**

Investment property comprises property that is not occupied by the Company and is held to earn rental income, or for capital appreciation, or both. The Directors have elected to adopt the "fair value model" as defined under IAS 40 (Investment Property). Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment property is measured initially 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 the cost is incurred if the recognition criteria are met. Subsequent expenditure is charged to an investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the expenditure can be reliably measured. All other repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Subsequent to initial recognition, investment property is stated at fair value. The investment property held relates to reversionary interests in freehold land and have been valued based upon a discounted cash flow model. The Directors have determined that a discounted cash flow model is the most appropriate method to estimate the fair value of the investment property. The fair values are provided by Long Harbour.

Gains or losses arising from changes in the fair values are included in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they arise.

**Cash and cash equivalents**

Cash comprises cash in hand and demand deposits while cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

**Receivables**

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Given the nature of the receivables, however, and the short time involved between their origination and settlement, their amortised cost is the same as their fair value at the date of origination.

**Payables**

Payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Given the nature of the payables, however, and the short time involved between their origination and settlement, their amortised cost is the same as their fair value at the date of origination.

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Loans receivable and payable**

Loans receivable and payable are recognised initially at fair value net of attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost using the effective interest rate method.

**Foreign currencies**

**Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates; its functional currency. As all investments held by the Company and financing received by the Company are in British Pounds (GBP), this is considered to be the functional currency of the Company.

Monetary assets and liabilities are translated into GBP at the rate of exchange ruling at the Statement of Financial Position date. Foreign exchange gains or losses resulting from settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised by the Company in the Statement of Profit or Loss and Other Comprehensive Income.

The financial statements of the Company are presented in GBP.

**Critical accounting estimates and judgements in applying accounting policies**

The Company makes estimates and assumptions that affect the reported amount of the investment property asset. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The investment property is valued using a discounted cash flow model. Periodic valuations are undertaken by the Directors, and in assessing the periodic valuation, the methodology is to estimate future cash flows discounted to their present value over an estimated useful economic life, using pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the asset. By necessity a valuation requires subjective judgements that, even if logical and appropriate may differ from those made by a purchaser, or another party undertaking a valuation. With respect to the methodology adopted judgements and estimates have been used primarily in estimating an appropriate discount rate.

The investment property assets held relate to reversionary interests in freehold land. As such, these assets are in substance like financial investments as they generate income in the form of annual ground rents and other ancillary income streams.

The Company's investment properties are stated without adjustment at the value calculated by the discounted cash flow methodology. The Directors are satisfied that this is the best available estimate of the fair value of the Company's investment property as at 31 March 2016 and 2015.

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Turnover**

Turnover represents the value of ground rental income receivable for the year on an accruals basis. Turnover arises solely within the United Kingdom.

**3. FINANCIAL RISK FACTORS**

The Directors carry out the risk management function in respect of financial risks within the Company. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Company's financial assets and financial liabilities comprise cash and cash equivalents, trade and other receivables, trade payables and borrowings that arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Directors review and agree policies for managing its risk exposure. These policies are described below and have remained unchanged for the year under review.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk through its investment properties, as in the event of default by an occupational tenant in the property, the Company would suffer a rental income shortfall. The Directors believe that the Company does not have a concentration of credit risk as the Investment Property portfolio comprises 1,086 units (2015: 1,093 units) let to different tenants.

Cash and cash equivalents of the Company are held with Barclays, Coutts and RBS. The Company is not exposed to any significant credit risk arising from cash held with the counterparties. As at 31 March 2016, the Fitch's credit ratings for the banks were as follows:

Bank	Rating
Barclays	A
Coutts	Not rated
RBS	BBB+

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**3. FINANCIAL RISK FACTORS - (CONTINUED)**

**a) Credit risk - (continued)**

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	£'000	£'000
Trade and other receivables	142	163
Cash and cash equivalents	185	111
	<u>327</u>	<u>274</u>

The fair value of cash and cash equivalents and trade and other receivables at 31 March 2016 and 2015 approximates the carrying value. Further details regarding trade and other receivables can be found in note 5. Cash risk is mitigated as cash and cash equivalents are held with reputable institutions. Trade and other receivables are fully recoverable.

Ground rents provide long term, stable rated income and failure to pay can lead to forfeiture of the tenants' long term lease and a windfall gain to the freeholder. The Company has policies in place to monitor the credit quality of receivables on an ongoing basis.

There is no credit risk associated with the Company's financial liabilities.

**b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities.

The Company's liquidity position is reviewed on a quarterly basis by the Directors.

The Company's investments comprise only of investment property assets that relate to reversionary interests in freehold land. Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process would reflect the actual sales price even where such sales occur shortly after the valuation date.

The table below summarises the Company's other exposure to other liquidity risk:

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	£'000	£'000
<b>Financial assets - due within one year</b>		
Trade and other receivables	142	163
Cash and cash equivalents	185	111
	<u>327</u>	<u>274</u>

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**3. FINANCIAL RISK FACTORS - (CONTINUED)**

**b) Liquidity risk - (continued)**

**Financial liabilities - due within one year**

Trade and other payables and loans due on demand	524	494
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As described in note 2 the Company has the benefit of a confirmation from its immediate parent company that the loan payable will not be demanded for repayment within 12 months from the date of approval of these financial statements.

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	<u>£'000</u>	<u>£'000</u>
<b>Financial liabilities - due after more than one year</b>		
Loans payable	2,028	2,051

**c) Foreign exchange risk**

The Company has no significant exposure to foreign currency risk as at 31 March 2016 and 2015.

**d) Price risk**

The Company is indirectly exposed to property rental risk. Further details regarding the valuation of Investment Property are provided in note 2 accounting policies under the heading "Investment property" and note 4.

The Company is not exposed to market risk with respect to financial instruments as it does not hold any marketable financial instruments.

**e) Cash flow and fair value interest rate risk**

The Company has no significant interest-bearing assets.

The Company has entered into a fixed rate loan payable to its ultimate parent company, with interest payable at a rate of 4.7% per annum (as detailed in notes 6 and 7). The Company is exposed to cash flow risk to the extent that the rental income received from the tenants is not sufficient to meet the loan interest and amortisation payment obligations. For the current year, the rental income is in excess of the loan interest and amortisation payment obligations. The shareholder loan payable to the immediate parent company is repayable on demand (as detailed in note 6), however the Company has received confirmation that repayment will not be demanded for a period of at least 12 months from the date of approval of these financial statements. Accordingly the Directors believe that the cash flow risk is being managed.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**3. FINANCIAL RISK FACTORS - (CONTINUED)**

**f) Sensitivity analysis**

IFRS 7 requires disclosure of 'sensitivity analysis' for each type of market risk to which the entity is exposed to at the reporting date, showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date. See note 4 for sensitivity analysis on investment properties.

The Company does not have significant variable exposure to interest rate, price or foreign exchange risk and therefore no sensitivity analysis for these risks has been disclosed.

**4. INVESTMENT PROPERTIES**

	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Freehold land</b>		
Cost	2,720	2,741
Disposals during the year	-	(21)
	<u>2,720</u>	<u>2,720</u>
Unrealised gain on the revaluation of investments at the start of the year	4,387	2,998
Unrealised revaluation gain during the year	220	1,412
Adjustment of revaluation on disposals	-	(23)
	<u>4,607</u>	<u>4,387</u>
Unrealised gain on the revaluation of investments at the end of the year	4,607	4,387
Fair Value	<u>7,327</u>	<u>7,107</u>

The Company's investment property comprises 1,093 units (2015: 1,093 units) and was revalued on 31 March 2016 to £7,326,777 (2015: £7,107,000). The investment property held comprises a portfolio of reversionary interests in freehold land. During the years ended 31 March 2016 and 2015 the fair value has been estimated with reference to a valuation based upon a discounted cash flow model.

**Fair value**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**4. INVESTMENT PROPERTIES - (CONTINUED)**

Details of the Company's investment properties and information about the fair value hierarchy as at 31 March 2016 and 2015 are as follows:

31 March 2016	Level 1	Level 2	Level 3
<u>Assets</u>	£	£	£
Residential units located in the UK	-	-	7,327
31 March 2015	Level 1	Level 2	Level 3
<u>Assets</u>	£	£	£
Residential units located in the UK	-	-	7,107

There were no transfers between the hierarchy levels during the year. A reconciliation of the level 3 positions is provided in the Freehold land table above.

At 31 March 2016 and 2015, the valuation has been determined using the income approach, comprising of a discounted cash flow model. The highest and best use of the property is the current use.

The most significant unobservable input relates to the discount rates used. The discount rate is estimated to reflect current market assessment of the time value of future cash flows and the risks specific to the asset.

The following sensitivity analysis has been performed by management, with all other things being equal:

An increase in the discount rate of 0.05% would result in a reduction in the portfolio valuation by £121,872 (2015: £122,683).

A decrease in the discount rate of 0.05% would result in an increase in the portfolio valuation by £125,357 (2015: £126,248).

The investment property and all other assets of the Company are pledged as collateral under a first floating charge in favour of Jetty Finance DAC, the ultimate parent company, with respect to the Senior Loan finance received from Jetty Finance DAC.

**5. RECEIVABLES**

**Due within one year**

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	£'000	£'000
Trade receivables	47	55
Other receivables	9	13
Prepayments and accrued income	86	70
Corporation tax refund receivable	-	25
	<u>142</u>	<u>163</u>

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)****NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2016**

<b>6. PAYABLES</b>	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
<b>Due within one year</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	66	60
Amounts due to immediate parent company - interest free	230	230
Amounts due to ultimate parent company - interest bearing	23	20
Accruals and deferred income	205	184
	<u>524</u>	<u>494</u>

On 29 November 2013 the Company accepted an interest free shareholder loan up to £152,676 from its immediate parent company. The loan is repayable on demand. The proceeds of this loan were used to repay the existing loan held by the Company. Following transactions during the year, the total amount payable to the immediate parent company at 31 March 2016 was £229,676 (2015: £229,676).

On 29 November 2013 the Company entered into a Senior Loan Agreement with its ultimate parent company as detailed in note 7. The Company makes amortisation repayments semi-annually on the Interest Payment Dates in accordance with an Amortisation Schedule. Amortisation payments due in the next 12 months amounted to £22,977 (2015: £19,559).

<b>7. LOANS PAYABLE</b>	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to ultimate parent company - interest bearing	<u>2,028</u>	<u>2,051</u>

On 29 November 2013 the Company entered into a Senior Loan Agreement with its ultimate parent company. The Company drewdown an initial loan of £2,093,703 from a maximum facility of £3,000,000. The terms of the Senior Loan Facility were amended by an Amended and Restated Senior Loan Agreement on 9 January 2014. Interest is payable semi-annually on 25 March and 25 September at a rate of 4.7% per annum. The Company makes amortisation repayments semi-annually on the Interest Payment Dates in accordance with an Amortisation Schedule. The proceeds of this loan were used to repay the existing loan held by the Company. The balance of this loan payable after 12 months amounted to £2,028,165 (2015: £2,051,142) and the total outstanding at year end amounted to £2,051,142 (2015: £2,070,701).

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)****NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2016****8. CORPORATION TAX CREDITS**

The Company is a resident company assessed to income tax in the UK on UK rental income. The charge to UK corporation tax on ordinary activities for the year was £nil (2015: £6,067).

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	<u>£'000</u>	<u>£'000</u>
Factors affecting the tax charge		
Profit on ordinary activities before tax	260	1,434
Expected tax charge of 20% (2015: 21%)	52	301
Effect of:		
Gains, losses, allowances and net income adjustments for tax purposes	(25)	(274)
Tax relief current year	(19)	(21)
Group relief received without charge	(8)	-
Overprovision of tax brought forward	(6)	(31)
Current tax charge	(6)	(25)

**9. SHARE CAPITAL**

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	<u>£</u>	<u>£</u>
AUTHORISED, ISSUED AND PAID:		
2 ordinary shares of £1 each	2	2

**10. RELATED PARTY DISCLOSURES**

M.C. Schnaier (resigned 5 November 2015), J.C. Bingham and Z. Yates (appointed 5 November 2015) are directors of wholly owned subsidiaries of Sanne Fiduciary Services Limited (SFSL), and hold a financial interest in Sanne Group Plc, an entity listed on the London Stock Exchange which is the beneficial owner of SFSL. Administration fees of £26,632 (2015: £27,455) were paid to SFSL in respect of the year ended 31 March 2016, of which £nil (2015: £nil) was outstanding at year end. Other inter-group transactions are detailed in notes 6 and 7.

There were no fees due to the directors during the prior or current year.

**11. DEFERRED TAXATION**

Management has determined in accordance with IFRSs that there were no deferred tax assets or liabilities as at 31 March 2016 (2015: £nil).

**ADRIATIC LAND 1 (GR4) LIMITED (Company Number: 07225015)**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

**12. CONTROLLING PARTY**

The Company's immediate parent company is Adriatic Land 1 Limited. The ultimate controlling party is Jetty Finance DAC. The Company's results have been consolidated into the consolidated financial statements of Jetty Finance DAC.

**13. SUBSEQUENT EVENTS**

There were no subsequent events requiring adjustment or disclosure at the date of approval of these audited financial statements.

**14. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Directors on 22/09/2016.