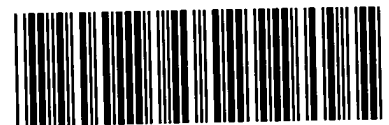


Company Number: 07225015

**ADRIATIC LAND 1 (GR4) LIMITED**  
**REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

TUESDAY



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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 2015.

#### **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 (2014: £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	(Resigned 5 November 2015)
Z. Yates	(Appointed 5 November 2015)

#### **REGISTERED OFFICE**

<b>(From 20 July 2015)</b>	<b>(Up to 19 July 2015)</b>
Asticus Building, 2nd Floor	2nd Floor Pollen House
21 Palmer Street	10 Cork Street
London	London
SW1H 0AD	W1S 3NP

#### **COMPANY SECRETARY**

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

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers have expressed their willingness to continue in office.

#### **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 as endorsed for use in the European Union ("IFRSs"). 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: **07/12/15**

# ***Independent auditors' report to the members of Adriatic Land 1 (GR4) Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Adriatic Land 1 (GR4) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 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 requirements of the Companies Act 2006.

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### **What we have audited**

The financial statements, included within the Report (the "Report"), comprise:

- the Statement of Financial Position as at 31 March 2015;
- the Statement of Profit or Loss and Other Comprehensive Income for the year then ended;
- the Statement of Cashflows for the year then ended;
- the Statement of Changes in Equity 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 applicable law and IFRSs as adopted by the European Union.

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

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## **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.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

# ***Independent auditors' report to the members of Adriatic Land 1 (GR4) Limited (continued)***

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 save where expressly agreed by our prior consent in writing.

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### **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 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.

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

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 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.



Declan Murphy (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
Dublin

18 December 2015

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

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH 2015****(EXPRESSED IN BRITISH POUNDS)**

	Notes	<b><u>1 Apr 2014</u> <u>to</u> <u>31 Mar 2015</u> £'000</b>	<b><u>1 Apr 2013</u> <u>to</u> <u>31 Mar 2014</u> £'000</b>
<b>INCOME</b>			
Turnover	2	254	299
Gain on revaluation of investment property	4	1,412	2,415
Gain on disposal of investment in group undertaking		-	434
		<hr/>	<hr/>
<b>NET INCOME</b>		1,666	3,148
		<hr/>	<hr/>
<b>EXPENSES</b>			
Administrative expenses		(130)	(107)
Realised loss on disposal of investment property		(3)	-
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		1,533	3,041
		<hr/>	<hr/>
<b>FINANCE COSTS</b>			
Interest income		-	16
Interest expense		(99)	(135)
		<hr/>	<hr/>
<b>PROFIT BEFORE TAX</b>		1,434	2,922
Corporation tax	8	25	(154)
		<hr/>	<hr/>
<b>TOTAL PROFIT FOR THE YEAR</b>		1,459	2,768
		<hr/>	<hr/>

*(The notes on pages 10 to 20 form part of these audited financial statements)*

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


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**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2015****(EXPRESSED IN BRITISH POUNDS)**

	Notes	<b>31 Mar 2015</b> £'000	<b>31 Mar 2014</b> £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	7,107	5,739
<b>Current assets</b>			
Receivables	5	163	146
Cash and cash equivalents		111	172
		274	318
<b>TOTAL ASSETS</b>		<b>7,381</b>	<b>6,057</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Payables	6	494	610
<b>Non-current liabilities</b>			
Loans payable	7	2,051	2,070
<b>TOTAL LIABILITIES</b>		<b>2,545</b>	<b>2,680</b>
<b>Equity</b>			
Share capital	9	-	-
Retained earnings		4,836	3,377
<b>TOTAL EQUITY</b>		<b>4,836</b>	<b>3,377</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,381</b>	<b>6,057</b>

The financial statements were approved and authorised for issue by the Board of Directors on the 7<sup>th</sup> day of December 2015 and were signed on its behalf by:

Director: \_\_\_\_\_

  
ZENA YATES

*(The notes on pages 10 to 20 form part of these audited financial statements)*

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

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**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 MARCH 2015**

**(EXPRESSED IN BRITISH POUNDS)**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>Balance at 31 March 2013</b>	-	609	609
Total profit for the year	-	2,768	2,768
<b>Balance at 31 March 2014</b>	-	3,377	3,377
Total profit for the year	-	1,459	1,459
<b>Balance at 31 March 2015</b>	-	4,836	4,836

*(The notes on pages 10 to 20 form part of these audited financial statements)*

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

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**STATEMENT OF CASHFLOWS****FOR THE YEAR ENDED 31 MARCH 2015****(EXPRESSED IN BRITISH POUNDS)**

	<b><u>1 Apr 2014</u> <u>to</u> <u>31 Mar 2015</u> £'000</b>	<b><u>1 Apr 2013</u> <u>to</u> <u>31 Mar 2014</u> £'000</b>
<b>Cash flows from operating activities</b>		
Total profit for the year	1,459	2,768
Adjustments for:		
Unrealised gain on revaluation of investment property	(1,412)	(2,415)
Gain on disposal of investment in group undertaking	-	(434)
Realised loss on disposal of investment property	3	-
Changes in working capital:		
(Increase) / decrease in receivables	(17)	108
Decrease in payables	(127)	(54)
Net cash used in operating activities	(94)	(27)
<b>Cash flows from investing activities</b>		
Net proceeds from disposal of investment in group undertaking	-	559
Proceeds from long-term receivables	-	1,059
Proceeds from disposal of investment property	41	-
Net cash generated from investing activities	41	1,618
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(8)	(1,451)
Net cash used in financing activities	(8)	(1,451)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(61)	140
<b>Cash and cash equivalents at the beginning of the year</b>	172	32
<b>Cash and cash equivalents at the end of the year</b>	111	172

*(The notes on pages 10 to 20 form part of these audited financial statements)*

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**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 as endorsed for use in the European Union ("IFRSs") together with the comparative year data as at and for the year ended 31 March 2014, 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 not 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.

**New Accounting Requirements not yet endorsed for use in the European Union (the "EU")**

*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.

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.

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

**FOR THE YEAR ENDED 31 MARCH 2015**

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

**New Accounting Requirements not yet endorsed for use in the EU - (continued)**

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

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.

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.

**Going concern**

As at 31 March 2015 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 a letter of support from its immediate parent company confirming that the intercompany loan as disclosed in note 6 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.

**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.

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

**FOR THE YEAR ENDED 31 MARCH 2015**

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

**Investment property - (continued)**

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 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.

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**

For the purposes of these financial statements, 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.

**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.

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

**FOR THE YEAR ENDED 31 MARCH 2015**

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

**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 has been 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 2015 and 2014.

**Turnover**

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

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

**FOR THE YEAR ENDED 31 MARCH 2015**

**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 1,093 units (2014: 1,102 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 2015, the Fitch's credit ratings for the banks were as follows:

<b>Bank</b>	<b>Rating</b>
Barclays	A
Coutts	A
RBS	A

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

	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade and other receivables	163	146
Cash and cash equivalents	111	172
	<b>274</b>	<b>318</b>

The fair value of cash and cash equivalents and trade and other receivables at 31 March 2015 and 2014 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 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.

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

**FOR THE YEAR ENDED 31 MARCH 2015**

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

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

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 exposure to liquidity risk:

	<b><u>31 Mar 2015</u></b> <b><u>£'000</u></b>	<b><u>31 Mar 2014</u></b> <b><u>£'000</u></b>
<b>Financial assets - due within one year</b>		
Trade and other receivables	163	146
Cash and cash equivalents	111	172
	<u>274</u>	<u>318</u>
<b>Financial liabilities - due within one year</b>		
Trade and other payables and loans due on demand	<u>494</u>	<u>837</u>

As described below the Company has the benefit of a confirmation from its parent company that the loan payable will not be demanded for repayment within 12 months from the date of approval of these financial statements.

	<b><u>31 Mar 2015</u></b> <b><u>£'000</u></b>	<b><u>31 Mar 2014</u></b> <b><u>£'000</u></b>
<b>Financial liabilities - due after more than one year</b>		
Loans payable	<u>2,051</u>	<u>2,070</u>

**c) Foreign exchange risk**

The Company has no significant exposure to foreign currency risk as at 31 March 2015 and 2014.



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

**FOR THE YEAR ENDED 31 MARCH 2015**

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

**d) Price risk**

The Company is indirectly exposed to property price and 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.

**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, liquidity, price or foreign exchange risk and therefore no sensitivity analysis for these risks has been disclosed.

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2015**

<b>4. INVESTMENT PROPERTY</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
<b>Freehold land</b>	<b>£'000</b>	<b>£'000</b>
Cost	2,741	2,741
Disposals during the year	(21)	-
	<u>2,720</u>	<u>2,741</u>
Unrealised gain on the revaluation of investments at the start of the year	2,998	583
Unrealised revaluation gain during the year	1,412	2,415
Adjustment of revaluation on disposals	(23)	-
Unrealised gain on the revaluation of investments at the end of the year	<u>4,387</u>	<u>2,998</u>
Fair Value	<u>7,107</u>	<u>5,739</u>

The Company's investment property comprises 1,093 units (2014: 1,102 units) and was revalued on 31 March 2015 to £7,107,000 (2014: £5,739,000). The investment property held comprises a portfolio of reversionary interests in freehold land. During the years ended 31 March 2015 and 2014 the fair value has been estimated with reference to a valuation based upon a discounted cash flow model.

At 31 March 2015 and 2014, 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.

Details of the Company's investment properties and information about the fair value hierarchy as at 31 March 2015 and 2014 are as follows:

<b>31 March 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Residential units located in the UK	-	-	7,107
	<u>-</u>	<u>-</u>	<u>7,107</u>
<b>31 March 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Residential units located in the UK	-	-	5,739
	<u>-</u>	<u>-</u>	<u>5,739</u>

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.

The most significant unobservable input relates to the discount rate. 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% over the useful economic life of the assets would result in a reduction in the portfolio valuation by £122,683 (2014: £88,664).

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2015****4. INVESTMENT PROPERTY - (CONTINUED)**

A decrease in the discount rate of 0.05% over the useful economic life of the assets would result in an increase in the portfolio valuation by £126,248 (2014: £89,112).

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

<b>5. RECEIVABLES</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
<b>Due within one year</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	55	91
Other receivables	13	-
Prepayments and accrued income	70	55
Corporation tax refund receivable	25	-
	<hr/>	<hr/>
	163	146
	<hr/>	<hr/>

<b>6. PAYABLES</b>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
<b>Due within one year</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	60	48
Amounts due to immediate parent company - interest free	230	223
Amounts due to ultimate parent company - interest bearing	20	16
Accruals and deferred income	184	201
Corporation tax payable	-	122
	<hr/>	<hr/>
	494	610
	<hr/>	<hr/>

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 2015 was £229,676 (2014: £223,556).

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 £19,559 (2014: £15,971) and the outstanding balance at year end amounted to £2,070,701 (2014: £2,086,672).

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2015****7. LOANS PAYABLE**

	<b><u>31 Mar 2015</u></b>	<b><u>31 Mar 2014</u></b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to ultimate parent company - interest bearing	2,051	2,070

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 £2,051,142 (2014: £2,070,701) and the total outstanding at year end amounted to £2,070,701 (2014: £2,086,672).

**8. TAXATION**

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 £6,067 (2014: £116,785).

	<b><u>31 Mar 2015</u></b>	<b><u>31 Mar 2014</u></b>
	<b>£'000</b>	<b>£'000</b>
Factors affecting the tax charge		
Profit on ordinary activities before tax	1,434	2,922
Expected tax charge of 21% (2014: 23%)	301	672
Effect of:		
Gains, losses, allowances and net income adjustments for tax purposes	(274)	-
Tax relief current year	(21)	-
Other timing differences	-	37
Unrealised gains not subject to income tax	-	(555)
Overprovision of tax brought forward	(31)	-
Current tax charge	(25)	154

**9. SHARE CAPITAL**

	<b><u>31 Mar 2015</u></b>	<b><u>31 Mar 2014</u></b>
	<b>£</b>	<b>£</b>
AUTHORISED, ISSUED AND PAID:		
2 ordinary shares of £1 each	2	2

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

**FOR THE YEAR ENDED 31 MARCH 2015**

**10. RELATED PARTY DISCLOSURES**

M.C. Schnaier was a director of the Company during the year and is an employee of an affiliate of Sanne Group (UK) Limited, a company which provides administration services to the Company at commercial rates. J.C. Bingham and Z. Yates are directors of the Company as well as employees of an affiliate of Sanne Group (UK) Limited. Administration fees of £27,455 (2014: £nil) were paid to Sanne Group (UK) Limited in respect of the year ended 31 March 2015, of which £nil (2014: £nil) was outstanding at year end. Other inter-group transactions are detailed in notes 6 and 7.

**11. DEFERRED TAXATION**

Management has determined in accordance with IFRSs that there were no significant deferred tax assets or liabilities as at 31 March 2015 (2014: £nil).

**12. CONTROLLING PARTY**

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

**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

07/12/

2015.