D.U.K.E. Real Estate Limited

Annual report and financial statements

For the year ended 30 June 2016

Company Registration Number SC257226

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COMPANY REGISTRATION NUMBER

SC257226

THE BOARD OF DIRECTORS

A Bone
C Treacy

COMPANY SECRETARY

Cromwell Corporate Secretarial Limited

REGISTERED OFFICE

1st Floor Exchange Place 3
3 Semple Street
Edinburgh
EH3 8BL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
LS1 4DL

BANKERS

Lloyds Banking Group
4th Floor
New Uberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

SOLICITORS

Nabarro LLP
125 London Wall
London
EC2Y 5AL

The Directors present their strategic report on the Group for the year ended 30 June 2016.

REVIEW OF THE BUSINESS

Business review

The Group owns property assets of £28.0m (2015: £153.2m) spread throughout Europe. The biggest single geographic concentration of properties, by value, is in the UK. The Group derives rental income from most of its property assets with the exception of a small number of development properties and vacant properties.

The Group owns 100% of the German Aktiv Property Fund LP ("GAF"). Following significant write downs in previous years of the GAF property portfolio, its borrowing facilities were sold to Promontoria Holdings 76 BV ("Promontoria") who from that point had effective control of GAF. Since this time the Group has been working on disposing it German properties within GAF to the point where only a small number of properties remained within GAF at the year end date and have since been fully disposed of as at the date of this report. The directors have therefore been able to conclude that no economic benefit for the Group has arisen from its ownership of GAF and, coupled with its lack of deemed control, have taken the decision to not consolidate the results and net liabilities of GAF in the current year financial statements.

The Group made a statutory profit of £124.2m before tax for the year ended 30 June 2016 (2015: profit of £330.0m). The profit was driven by the deconsolidation of the net liabilities of the German Aktiv Property Fund during the year of £123.6m. As at 30 June 2016 the Group had net liabilities of £41.1m (2015: £122.7m).

The underlying profit before tax (gross profit less administrative expenses, finance costs, and share of pre tax loss from joint ventures), excluding the deconsolidation adjustment, for the year was £0.6m (2015: loss £2.3m).

As at 30 June 2016 the void rate on the investment portfolio for each geographical area was as follows:

	Void by area	Void by ERV
UK	18.1%	22.2%
Norway	64.0%	64.0%

The investment property portfolio revaluation was negative. The valuation has decreased by 1.7% including foreign exchange rate differences and by 3.0% excluding foreign exchange rate differences.

On 19 December 2014 the Group signed a new banking facility with Bank of Scotland plc, a subsidiary of Lloyds Banking Group plc ("the Bank"), which provided committed facilities through to 31 December 2016. As part of the refinancing the Bank agreed to write-off debt due by the Group totaling approximately £320m. It also agreed to terminate an out of the money interest rate swap for nil consideration and to restructure a second interest rate swap.

Following this restructuring the remaining Bank of Scotland debt was approximately equal to the fair value of the Group's investment property secured by that debt. The Group's focus then became to actively market and dispose the remaining properties to repay the remaining debt. All were therefore classified as available for sale in the prior year accounts.

On 18 November 2016 the group sold its shareholdings in its principal Joint Ventures, Talbot Green Developments Limited and Redhouse Holdings Limited, and then on 2 December 2016 its shareholding in Stirling Development Agency, to Cromwell Development Holdings UK Limited, a subsidiary of Cromwell Corporation Limited, an Australian entity. All shareholder loans due to the Group at those dates were assigned in full to Cromwell Development Holdings UK Limited.

On 19 December 2016 all property assets held by the Group, with the exception of a property owned by the Groups Norwegian subsidiary, were sold to a third party. A price was agreed with the Group's lenders (the Bank) at a level that allowed the Group to repay all outstanding debt principal and also pay break costs associated with terminating hedging that was due to expire on 31 December 2016. An agreement was

Business review – continued

reached with the Bank to waive any unpaid deferred exit fees and interest due under the facility agreement over and above the net disposal proceeds from any future disposal of the remaining Norwegian asset. Sufficient cash levels were retained by the Group following this transaction to cover operating expenses associated with the ongoing management of the remaining asset and liquidation costs. It is the directors intention to sell the remaining asset and then liquidate the residual group structure. As a consequence the directors have prepared the financial statements on a basis other than going concern.

KEY PERFORMANCE INDICATORS ("KPI's")

The Board of Directors monitors the performance of the Group by reference to the following KPIs:

- **Cash flow cover** – the forecast cash balance at all times through to expiry of the Group's banking facility.
- **Voids by estimated rental value (ERV)** – voids costs expressed as a percentage of the ERV during the period. The Directors compare the voids by ERV to the budget. Management consider the voids by ERV are satisfactory and in line with expectations taking existing property market conditions into account.
- **Debt repayment** – the Group's banking facility contains debt repayment covenants at certain dates which must be met to ensure compliance. Management's strategy is to maximize the quantity and quantum of disposals in order to optimize performance against those targets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to four principal risks and uncertainties, as follows:

Interest rate risk
Due to the nature of its business, the Group has significant levels of borrowing. The Group faces the risk that interest rates in the UK and across Europe will increase and therefore increase the Group's cost of borrowing. This risk is actively managed by entering into interest rate swaps when considered appropriate. The interest rate swaps have the effect of fixing the interest rate that the Group pays on certain amounts of borrowing. Full details of the Group's interest rate hedging are given in note 15 of the financial statements.

Currency risk
The Group holds some European property and therefore has potential exposure to fluctuations in exchange rates. Wherever possible the Group seeks to borrow in the currency of the country in which it is investing, thereby creating a natural hedge position to mitigate this risk. The Group currently has property assets in foreign currencies amounting to £2.3m (2015: £120.7m) and corresponding borrowings of £20.7m (2015: £189.8m).

Development risk
The risks within any of the development projects are mitigated by the Group taking great care when negotiating development agreements with contractors and where appropriate pre-selling developments before they are undertaken.

Reliance on property market conditions
The Group's revenue and net asset value can be adversely affected by a downturn in property market conditions in both the United Kingdom and Europe. General market conditions are outside of the Group's control but, to help mitigate the risk, the Directors carefully consider the merits of each new property acquisition, sale or property development in the context of the current and possible future market conditions.

On behalf of the Board

C Treacy
Director

31/03/17

The Directors present their annual report and the audited consolidated financial statements of the Company and of the Group for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Group is that of commercial property investment within the UK and mainland Europe. The Group also has a portfolio of development properties mainly held within joint ventures.

RESULTS AND DIVIDENDS

The Group's profit for the year is £84.9m (2015: loss £330.4m). £82.9 (2015: £nil) of this profit relates to a credit arising from the deconsolidation of the brought forward net liabilities of the German Aktiv Property Fund that no longer forms part of the consolidated Group. The remainder of the profit for the year is stated after financing costs on bank loans and revaluing the interest rate swaps.

The Directors have not recommended a dividend (2015: £nil).

FUTURE PROSPECTS

The Group's business plan is to continue the programme of disposing of the remaining assets and to initiate an orderly wind up of the corporate structure. In the opinion of the directors, the financial forecasts of the Group indicate that there will be sufficient cash resources to meet the operating cash requirements of the Group and to fund the costs of winding up the Group structure within the business plans' timeline.

DIRECTORS

The Directors who served the Group during the year and up to the date of signing these financial statements were as follows:

A Hewitt	(resigned 31 October 2016)
M McCarthy	(resigned 31 December 2015)
F Kennedy	(resigned 14 August 2015)
C Treacy	(appointed 10 August 2015)
A Bone	(appointed 31 October 2016)

FINANCIAL RISK MANAGEMENT

The Company's and Group's financial risk management is set out in detail in note 22 to the financial statements.

ETHICAL POLICY

The Company and Group are committed to working with our customers, suppliers and contractors to promote responsible working and trading practices.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and the Company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's auditors, PricewaterhouseCoopers LLP, are unaware and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

C Treacy
Director

31/03/17

Report on the financial statements

Our opinion
In our opinion:

- D.U.K.E Real Estate Limited's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2016 and of the group's profit and the group's and the parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – group and parent company - Basis of preparation
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. On 19 December 2016 all property assets held by the group, with the exception of a property owned by the group's Norwegian subsidiary, were sold to a third party. It is the directors' intention to sell the remaining asset and then liquidate the residual group structure. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. An adjustment was required in these financial statements to reclassify the long term investments balance to current investments. Adjustments have also been made in these financial statements to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited
The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the group and company statement of financial position as at 30 June 2016;
- the group income statement and group statement of comprehensive income for the year then ended;
- the group and company statement of cash flows for the year then ended;
- the group and company 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 IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 parent 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.

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

- whether the accounting policies are appropriate to the group's and the parent 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 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.

Ian Marsden

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
31 March 2017

D.U.K.E. Real Estate Limited
(Company Registration Number SC257226)
Group Income Statement
For the year ended 30 June 2016

	Note	30 June 2016	30 June 2015
		£'000	£'000
REVENUE	2	5,066	19,210
Cost of sales		(3,077)	(6,993)
GROSS PROFIT		1,989	12,217
Other profit/(losses)	3	122,318	(2,546)
Administrative expenses	4	(1,884)	(2,925)
Other income		3,021	11,886
OPERATING PROFIT BEFORE JOINT VENTURE RESULTS	2	**125,444**	**18,632**
Share of pre tax profit from joint ventures		83	95
Share of joint ventures' tax		-	14
Share of post tax profit/from joint ventures accounted for using the equity method	13	83	109
OPERATING PROFIT AFTER JOINT VENTURE RESULTS		**125,527**	**18,741**
Finance income	7	520	373
Finance costs	7	(1,844)	(8,082)
Amortisation of the issue costs of the bank loans	7	(1,017)	(18,981)
Arrangement fees on bank loans	7	-	(1,063)
Accrual for exit fees	7	-	(50,000)
Release of bank exit fees	7	-	25,000
Release of arrangement fees	7	-	9,863
Release of amortised issue costs	7	-	27,373
Gain on interest rate swaps	7	1,060	6,388
Write off of bank loans	7	-	320,348
Finance (costs)/income	7	(1,281)	311,219
PROFIT BEFORE INCOME TAX		**124,246**	**329,960**
Income tax (expense)/credit	8	(1)	423
PROFIT FOR THE YEAR		**124,245**	**330,383**
Profit attributable to:			
Owners of the parent company		124,245	330,473
Non controlling interest		-	(90)
		124,245	**330,383**

D.U.K.E. Real Estate Limited

(Company Registration Number SC257226)
Group Statement of Comprehensive Income
For the year ended 30 June 2016

	2016 £'000	2015 £'000
Profit for the year	**124,245**	330,383
Other comprehensive income:		
Currency translation differences	(2,160)	9,750
Share of non controlling interest result arising in joint ventures	-	(3)
Deconsolidation of brought forward currency translation reserve	(40,747)	-
Deconsolidation of share of minority interest	162	-
Total comprehensive income for the year	81,500	340,130
Attributable to:		
- Owners of the parent company	81,484	340,223
- Non controlling interest	162	(93)
Total comprehensive income for the year	81,500	340,130

Items in the statement above are disclosed net of tax.

D.U.K.E. Real Estate Limited
(Company Registration Number SC257226)
Group Statement of Changes in Equity
For the year ended 30 June 2016

	Ordinary shares £'000	Share premium reserve £'000	Other reserves £'000	Accumulated losses £'000	Total £'000	Non controlling interest £'000	Total deficit £'000
Balance at 1 July 2014	**490**	**37,231**	**30,997**	**(531,442)**	**(462,724)**	**(14)**	**(462,738)**
Comprehensive income							
Loss for the year as restated	-	-	-	330,473	330,473	(90)	330,383
Other comprehensive income/(expense)							
Currency exchange differences	-	-	9,750	-	9,750	(3)	9,747
Total other comprehensive income/(expense)	**-**	**-**	**9,750**	**330,473**	**340,223**	**(93)**	**340,130**
Total comprehensive income/(expense)	**-**	**-**	**9,750**	**330,473**	**340,223**	**(93)**	**340,130**
Transactions with owners							
Profit distributions made to non controlling interest	-	-	-	-	-	(55)	(55)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(55)**	**(55)**
Balance at 30 June 2015	**490**	**37,231**	**40,747**	**(200,969)**	**(122,501)**	**(162)**	**(122,663)**

D.U.K.E. Real Estate Limited

(Company Registration Number SC257226)
Group Statement of Changes in Equity
For the year ended 30 June 2016

	Ordinary shares £'000	Share premium reserve £'000	Other reserves £'000	Accumulated losses £'000	Total £'000	Non controlling interest £'000	Total deficit £'000
Balance at 1 July 2015	**490**	**37,231**	**40,747**	**(200,969)**	**(122,501)**	**(162)**	**(122,663)**
Comprehensive income							
Profit for the year	-	-	-	124,245	124,245	-	124,245
Other comprehensive income							
Currency exchange differences	-	-	(2,160)	-	(2,160)	-	(2,160)
Elimination of brought forward other reserve following deconsolidation of GAF (note 1)	-	-	(40,747)	-	(40,747)	-	(40,747)
Share of non controlling interest result arising on deconsolidation of GAF (note1)	-	-	-	-	-	162	162
Total other comprehensive income	-	-	**(42,907)**	-	**(42,907)**	**162**	**(42,745)**
Total comprehensive income			**(42,907)**	**124,245**	**81,338**	**162**	**81,500**
Balance at 30 June 2016	**490**	**37,231**	**(2,160)**	**(76,724)**	**(41,163)**	-	**(41,163)**

D.U.K.E. Real Estate Limited

(Company Registration Number SC257226)
Company Statement of Changes in Equity
As at 30 June 2016

	Ordinary shares £'000	Share premium reserve £'000	Accumulated Losses £'000	Total deficit £'000
Balance at 1 July 2014	**490**	**37,231**	**(93,971)**	**(56,250)**
Comprehensive income				
Profit for the year	-	-	3,973	3,973
Total comprehensive income	**-**	**-**	**3,973**	**3,973**
Balance at 30 June 2015	**490**	**37,231**	**(89,998)**	**(52,277)**
Balance at 1 July 2015	**490**	**37,231**	**(89,998)**	**(52,277)**
Comprehensive income				
Loss for the year	-	-	(2,038)	(2,038)
Total comprehensive income	**-**	**-**	**(2,038)**	**(2,038)**
Balance at 30 June 2016	**490**	**37,231**	**(92,036)**	**(54,315)**

D.U.K.E. Real Estate Limited
(Company Registration Number SC257226)
Group Statement of Financial Position
As at 30 June 2016

	Notes	2016	2015
		£'000	£'000
NON CURRENT ASSETS			
Investment properties	12	-	116,072
Capitalised lease incentives	12	-	1,452
Investment in associates and joint ventures	13	-	69
Other investments	14	-	21,403
Deferred income tax assets	23	-	809
Trade and other receivables	17	-	266
		-	**140,071**
CURRENT ASSETS			
Investment in associates and joint ventures	13	152	-
Other investments	14	17,803	-
Deferred income tax assets	23	15	-
Inventories	16	3,607	6,165
Trade and other receivables	17	4,842	9,278
Available for sale assets	30	27,526	29,172
Capitalised lease incentives	30	456	377
Current tax receivable		-	915
Cash and cash equivalents	19	9,851	8,816
		64,252	**54,723**
CURRENT LIABILITIES			
Trade and other payables	18	(58,481)	(92,261)
Current income tax liabilities		(19)	-
Borrowings	20	(46,664)	(219,268)
Derivative financial instruments	15	(251)	(299)
		(105,415)	**(311,828)**
NET CURRENT LIABILITIES		**(41,163)**	**(257,105)**
NON CURRENT LIABILITIES			
Trade and other payables	18	-	(456)
Derivative financial instruments	15	-	(4,233)
Deferred income tax liabilities	23	-	(940)
		-	**(5,629)**
NET LIABILITIES		**(41,163)**	**(122,663)**
EQUITY			
Ordinary shares	24	490	490
Share premium reserve		37,231	37,231
Other reserves	25	(2,160)	40,747
Accumulated losses		(76,724)	(200,969)
		(41,163)	**(122,501)**
Non controlling interest		-	(162)
TOTAL EQUITY DEFICIT		**(41,163)**	**(122,663)**

The financial statements on pages 9 to 61 were approved by the Board of Directors on 31 / 03 / 17 and were signed on its behalf by:

C Treacy - **Director**

D.U.K.E. Real Estate Limited
(Company Registration Number SC257226)
Company Statement of Financial Position
As at 30 June 2016

	Notes	2016 £'000	2015 £'000
CURRENT ASSETS			
Trade and other receivables	17	1,744	1,418
		1,744	**1,418**
CURRENT LIABILITIES			
Trade and other payables	18	(56,059)	(53,695)
		(56,059)	(53,695)
NET CURRENT LIABILITIES		**(54,315)**	**(52,277)**
NET LIABILITIES		**(54,315)**	**(52,277)**
EQUITY			
Ordinary shares	24	490	490
Share premium reserve		37,231	37,231
Accumulated losses		(92,036)	(89,998)
TOTAL EQUITY DEFICIT		**(54,315)**	**(52,277)**

The financial statements on pages 9 to 61 were approved by the Board of Directors on 31/03/17 and were signed on its behalf by:

C Treacy
Director

D.U.K.E. Real Estate Limited

(Company Registration Number SC257226)
Group Statement of Cash Flows
For the year ended 30 June 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
Profit before income tax for the year	124,246	329,960
Adjustments for:		
-fair value losses/(gains) on financial assets (note 3)	(496)	8,434
- deconsolidation of GAF (note 3)	(123,644)	-
- Gain on disposal of investment properties (note 3)	37	(509)
- net finance costs (note 7)	1,281	(311,219)
-impairment /(write back) of receivables (note 17)	251	(516)
- share of (profit)/loss of joint ventures	(83)	37
Cash flow from operations before working capital	**1,592**	**26,187**
Changes in working capital :		
- inventories	2,558	3,186
- trade and other receivables	2,181	2,653
- trade and other payables	(598)	(3,473)
Cash generated from operations	**5,733**	**28,553**
Interest paid	(1,800)	(8,082)
Income tax paid	-	(5,138)
Net cash generated from operating activities	**3,933**	**15,333**
Cash flow from investing activities		
Purchases of investment properties	(141)	(782)
Proceeds from sale of investment properties	764	74,695
Amounts received from investments	5,221	-
Net payables from joint ventures	369	(5,263)
Interest received	175	373
Cash generated from investing activities	**6,388**	**68,663**
Cash flow from financing activities		
Proceeds from borrowings	-	6,215
Repayment of borrowings	(4,316)	(96,037)
Distributions to minority interests	-	(55)
Cash used in financing activities	**(4,316)**	**(89,877)**
Increase/(decrease) in cash	**6,005**	**(5,881)**
Cash and cash equivalents at start of year (note 19)	**8,816**	**14,697**
Deconsolidation of GAF	**(4,970)**	**-**
	3,846	**14,697**
Increase/(decrease) in cash for the year	**6,005**	**(5,881)**
Cash and cash equivalents at end of year (note 19)	**9,851**	**8,816**

D.U.K.E. Real Estate Limited

(Company Registration Number SC257226)
Company Statement of Cash Flow
For the year ended 30 June 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
(Loss)/profit before income tax for the year	(2,038)	3,974
Adjustments for:		
- net finance costs	-	(6,438)
Cash flow generated/(used in) operations before working capital	**(2,038)**	**(2,464)**
Changes in working capital		
- (increase)/decrease in trade and other receivables	(327)	3,241
- increase/(decrease) in trade and other payables	2,365	(798)
Net cash from operating activities	**2,038**	**2,443**
Decrease in cash	**-**	**(21)**
Cash and cash equivalents at start of year	**-**	**21**
Cash and cash equivalents at end of year	**-**	**-**

1. ACCOUNTING POLICIES

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

Basis of preparation

These financial statements have been prepared in accordance with European Union ("EU") Endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties in accordance with IAS 40 'Investment Property'. IFRSs also require an alternative treatment to the historic cost convention in certain circumstances (principally in the area of retirement benefit obligations, share based payments and financial instruments).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 26.

As a consequence of a deal agreed to sell the Group's remaining assets, as detailed below, the directors have prepared the financial statements on a basis other than going concern. The key features of a basis of preparation other than going concern are that the assets are written down to their recoverable amount and provision is made for all future closure costs and operating losses. Adjustments were required in these financial statements to reclassify assets related to investments in joint ventures, other investments and loans receivable from third parties from non-current to current and to reclassify loans payable to third parties from non-current to current. A provision of £1,437,000 has been recognized in respect of future closure costs of the Group.

On 19 December 2016 all property assets held by the Group, with the exception of a property owned by the Group's Norwegian subsidiary, were sold to a third party. A price was agreed with the Group's lenders (the Bank) at a level that allowed the Group to repay all outstanding debt principal and also pay break costs associated with terminating hedging that was due to expire on 31 December 2016. An agreement was reached with the Bank to waive any unpaid deferred exit fees and interest due under the facility agreement over and above the net disposal proceeds from any future disposal of the Norwegian asset. Sufficient cash levels were retained by the Group following this transaction to cover operating expenses associated with the ongoing management of the remaining asset and liquidation costs. It is the directors' intention to sell the remaining asset and then wind up the Group.

The Group owns 100% of the German Aktiv Property Fund LP ("GAF"). Following significant write downs in previous years of the GAF property portfolio, its borrowing facilities were sold to Promontoria Holdings 76 BV ("Promontoria") who from that point had effective control of GAF. Since this time the Group has been working on disposing it German properties within GAF to the point where only a small number of properties remained within GAF at the year end date and have since been fully disposed of as at the date of this report. The directors have therefore been able to conclude that no economic benefit for the Group has arisen from its ownership of GAF and, coupled with its lack of deemed control, have taken the decision to not consolidate the results and net liabilities of GAF in the current year financial statements.

General information

The Company is a limited liability Company incorporated and domiciled in the United Kingdom. The address of its registered office is: 1st Floor Exchange Place 3, 3 Semple Street, Edinburgh, EH3 8BL.

1. ACCOUNTING POLICIES (CONTINUED)

New standards and amendments

The following new standards and amendments to standards are mandatory for the first time for the financial period beginning 1 July 2015:

- Annual improvements 2013 (effective 1 January 2015)

- Annual improvements 2012 (effective 1 February 2015)

New and amended standards not currently relevant to the company
The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial period beginning 1 July 2015, but are not currently relevant to the company:

- Amendment to IAS 19 regarding defined benefit plans (effective 1 February 2015)

New and amended standards not effective for current financial period
The following new standards and amendments have been issued but are not effective for the financial period beginning 1 July 2015 and have not been adopted early:

- Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation (effective 1 January 2016)

- Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation (effective 1 January 2016)

- Amendments to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture' regarding bearer plants (effective 1 January 2016)

- IFRS 14 'Regulatory deferral accounts' (effective 1 January 2016)

- Amendments to IAS 27, 'Separate financial statements' on the equity method (effective 1 January 2016)

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28 'Investment in associates and joint ventures' (effective 1 January 2016)

- Annual improvements 2014 (effective 1 January 2016)

- Amendment to IAS 1 'Presentation of financial statements' on the disclosure initiative (effective 1 January 2016)

- Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception (effective 1 January 2016)

- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018)

- IFRS 9 'Financial instruments' (effective 1 January 2018)

1. ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded in goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non controlling interests

The Group applies a policy of treating transactions with non controlling interests as transactions with parties external to the Group. Disposals to non controlling interests result in gains and losses for the Group that are recorded in the income statement. Purchases from non controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Investments

Fixed asset investments are stated in the balance sheet at cost less any provision for any impairment. Certain loans to subsidiaries are treated as investments where the underlying substance of the transaction was an investment. Loans treated as investments are stated in the balance sheet at cost less any provision for any impairment.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement. Interests in joint ventures through which the Group carries on its business are classified as jointly controlled entities and accounted for using the equity method. This involves recording the investment initially at cost to the Group and then, in subsequent periods, adjusting the carrying amount of the investment to reflect the Group's share of joint venture's results less any impairment in carrying value and any other changes to the joint venture's net assets such as dividends.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

1. ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies

(a) Foreign currency translation

Functional and presentation currency
Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British Pounds Sterling, which is the Company's functional and the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within other income.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated in the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. The rate used was €1.00:£0.83 (2015:€1.00:£0.71);

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). The average rate used was €1.00:£0.75 (2015:€1.00:£0.76); and

- All resulting exchange differences are recognised as a separate component of equity.

(b) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors which makes strategic decisions.

1. ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

(c) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combinations in which the goodwill arose identified according to the operating segment.

(d) Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Fair value estimation

Fair value estimation under IFRS 13 requires the company to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its financial assets. The fair value hierarchy has the following levels:-

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

The fair value of assets held for sale, other financial assets and investment property are determined by using valuation techniques. See note 30 for further details of the judgements and assumptions made.

(f) Investment properties

Properties held as investment properties (those held to earn rentals or for capital appreciation or both) are accounted for at valuation in accordance with IAS40 'Investment Property' or if appropriate, in inventories as assets held for disposal. Investment Properties comprise freehold land and buildings and are measured at fair value. The fair values are determined by obtaining a valuation prepared in accordance with the current edition of the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. Valuations are carried out by either external, independent valuation firms having appropriate, recognised professional qualifications and recent experience in the location and category of property being valued, or by suitably qualified executives of the asset manager. Disclosure is included in the financial statements (see note 12) to indicate the proportion of property assets subject to external or internal valuation. Changes in fair values are recorded in the income statement.

1. ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

(g) Cash and cash equivalents

For the purpose of the Group statement of cash flows, cash and cash equivalents consists of cash at bank.

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the income statement.

(i) Financial instruments and derivatives

The Group recognises financial instruments when it becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to receive the cash flows expires or it has transferred the financial asset and the economic benefit of the cash flows. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial instruments are used to support the Group's operations. Interest is charged to the income statement as incurred or earned. Issue costs for instruments subsequently recorded at amortised cost are netted against the fair value of the related debt instruments on initial recognition and are charged to the income statement over the term of the relevant facility.

Financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instrument, as follows:

- Financial assets/liabilities held for short term gain, including derivatives other than hedging instruments, are measured at fair value and movements in fair value are credited/charged to the income statement in the period.

- Loans and receivables/payables and non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market are measured at amortised cost. These are included in current assets/liabilities except for instruments that mature after more than 12 months which are included in non-current assets/liabilities.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement in the period.

(j) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

(k) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments, including incentives, are recognised as an expense in the Group income statement on a straight-line basis over the lease term.

(m) Revenue and profit recognition

Revenue is realizable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding value added tax ("VAT"). The following criteria must also be met before revenue is recognised:

Rental income
Rental income arising from operating leases on the Investment Properties is accounted for on a straight line basis over the lease term and is included within revenue in the income statement. Accrued income is rental income arising from investment properties not yet received. Deferred income is rental income arising from investment properties received in advance.

Revenue comprises rental income arising from investment properties, including lease incentives, which are accounted for on a straight line basis over the lease term of ongoing leases. Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Finance income
Finance income includes bank interest receivable. Finance income is recognised on an accruals basis and disclosed after operating profit in the income statements.

Dividend income
Dividend income (profit shares from investments in funds) is recognised in the income statement when the Group's right to receive payment is established and is disclosed separately in the income statement.

Profits or losses on disposal
Disposals of properties and other investments are accounted for when legal completion of the sale has occurred or there has been an unconditional exchange of contracts. Profits or losses on disposal arise from deducting the asset's net carrying value from the net proceeds and is recognized separately in the income statement. Net carrying value includes valuation in the case of Investment Properties and historic cost or deemed cost less accumulated depreciation in the case of all other property, plant and equipment.

(n) Dividend distribution

Dividend distributions to the Company's shareholders are recognised in the financial statements in the year in which the dividends are paid (in the case of interim dividends) or approved by the Company's shareholders (in the case of final dividends).

(o) Inventory

Development properties are included in inventory and stated at the lower of cost and net realisable value. 'Cost' comprises purchase cost, associated legal and professional costs, and costs of improvements. Net realisable value is based on estimated selling price less all costs of disposal.

1. ACCOUNTING POLICIES (CONTINUED)

(p) Taxation

Current Tax
The expense or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax expense or credit. The tax expense or credit is calculated using taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred Tax
Deferred income tax is provided for in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The creation of deferred tax assets or liabilities is only relevant for entities that are subject to an income tax charge. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(q) Other investments

The Group's interests in European funds are accounted for as fair value through profit and loss. After initial recognition other investments are measured at fair value, where it can be reliably measured, with gains or losses being recognised in the income statement.

(r) Available- for- sale assets

Available-for-sale assets are investment properties held for sale or non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

1. ACCOUNTING POLICIES (CONTINUED)

Critical judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements, and the key areas recognised below.

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

Estimation of fair value of investment properties
The fair value of investment properties reflects, amongst other things, rental income from our current leases, assumptions about rental income from future leases and the possible outcome of planning applications, in the light of current market conditions. The valuation has been arrived at primarily after consideration of market evidence for similar property, although in the case of those properties where it is considered market value will be informed by their ultimate redevelopment potential, development appraisals have been undertaken to estimate the residual value of the landholding after due regard to the cost of and revenue from the development of the property.

Estimation of fair value of other investments
The fair value of other investments reflects the Group's share of the underlying net asset value ("NAV") of the funds. The most significant attribute contributing towards the NAV of the fund is the value of the investment property within the fund. The fair value of investment property reflects amongst other things, rental income from current leases, assumptions about rental income for future leases and the possible outcome of planning applications, in the light of current market conditions.

Assessment of net realisable value of development property inventory
Development appraisals have been undertaken to estimate the residual value of the landholding after due regard to the cost of, and revenue from the development of the property.

2. OPERATING SEGMENTAL INFORMATION

IFRS 8 'Operating Segments' requires the disclosure of segmental information on the same basis as the management information provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors which makes strategic decisions.

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business by nature of activity. There are two main areas of activity: property investment and property development. The property investment activity is further split down by portfolio, along the lines of legal sub-Groups within the Group, which also reflect geographical spreads.

Revenue	**Year Ended 30 June 2016 £'000**	**Year Ended 30 June 2015 £'000**
Revenue from operations arises from:		
Rental income	2,216	18,650
Sale proceeds on development and trading properties	2,850	560
	5,066	19,210

All revenue from sales of development properties was from customers who individually accounted for more than 10% of total group revenue (2015: no individual customers exceeding 10% of total revenue).

2. OPERATING SEGMENTAL INFORMATION (CONTINUED)

The segment information for the year ended 30 June 2016 is as follows:

	Property investment						
	D.U.K.E. Properties (UK)	**D.U.K.E. Continental Partners (other Europe)**	**V€uro (Germany)**	**German Aktiv fund**	**Property Development (UK)**	**All other segments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue from external customers	**1,664**	**492**	**(45)**	**-**	**2,954**	**-**	**5,066**
Adjusted EBITDA	2,850	88	(132)	-	138	786	2,293
Finance costs	-	(196)	(49)	-	-	(1,599)	(1,844)
Gain on interest rate swaps	-	-	-	-	-	1,060	1,060
Deconsolidation of GAF (note 3)	-	-	-	-	-	123,644	123,644
Write back of receivables	(5)	-	-	-	(246)	-	(251)
Amortisation of the issue costs of the bank loans	-	-	-	-	-	(1,017)	(1,017)
Amortisation of capitalized lease incentives	(97)	-	-	-	-	-	(97)
Fair value (loss)/ profit on investment properties and other investments	(3)	(532)	-	-	-	1,030	496
Loss on disposal of investment properties	(37)	-	-	-	-	-	(37)
Income tax credit	-	-	-	-	-	(1)	(1)
Profit/(loss) for the year	2,708	(640)	(181)	-	(108)	122,466	124,246
Total assets	**29,373**	**3,198**	**533**	**-**	**4,922**	**26,226**	**64,252**
Total assets include:							
Investment in associates and joint ventures	-	-	-	-	152	-	152
Total liabilities	**1,139**	**7,891**	**8,840**	**-**	**(10)**	**87,555**	**105,415**

Included within 'all other segments' are bank loans, and associated interest charges, that sit at a holding Company level rather than a sub-Group level.

2. OPERATING SEGMENTAL INFORMATION (CONTINUED)

The segment information for the year ended 30 June 2015 is as follows:

	Property investment						
	D.U.K.E. Properties (UK)	**D.U.K.E. Continental Partners (other Europe)**	**V€uro (Germany)**	**German Aktiv fund**	**Property Development (UK)**	**All other segments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue from external customers	**1,837**	**518**	**212**	**15,568**	**1,075**	**-**	**19,210**
Adjusted EBITDA	2,800	(1,213)	(336)	7,939	711	11,650	21,551
Finance costs	(940)	150	(805)	(5,040)	(50)	(1,397)	(8,082)
Gain/(loss) on interest rate swaps	174	4,808	-	2,717	-	(1,311)	6,388
Gain on disposal of business	4,863	-	-	-	-	-	4,863
Write back of receivables	242	-	-	-	274	-	516
Amortisation of the issue costs of the bank loans		-	-	(14,120)	-	(4,861)	(18,981)
Arrangement fees on bank loans	-	-	-	-	-	(1,063)	(1,063)
Exit fees on bank loans	-	-	-	-	-	(50,000)	(50,000)
Write off of bank loans	-	93,856	-	-	-	226,492	320,348
Release of bank loan exit fees	-	-	-	-	-	25,000	25,000
Release of bank loan arrangement fees	-	-	-	-	-	9,863	9,863
Release of amortised issue costs	-	-	-	-	-	27,373	27,373
Amortisation of capitalized lease incentives	69	-	-	(235)	-	-	(166)
Fair value profit/(loss) on investment properties and other investments	5,617	102	(214)	(13,622)	-	(151)	(8,268)
Profit/(loss) on disposal of investment properties	1,873	(45)	(125)	(1,194)	-	-	509
Income tax credit	-	87	-	336	-	-	423
Share of profit from joint ventures and associates	3	-	-	-	106	-	109
Profit/(loss) for the year	14,701	97,744	(1,480)	(23,219)	1,041	241,595	330,383
Total assets	**31,133**	**805**	**826**	**125,547**	**9,341**	**26,333**	**193,985**
Total assets include:							
Investment in associates and joint ventures	3	-	-	-	67	-	69
Additions to non-current assets (other than financial instruments and deferred tax assets)	569	-	-	1,013	-	-	1,582
Total liabilities	**2,137**	**8,160**	**8,006**	**211,670**	**261**	**87,223**	**317,457**

Included within 'all other segments' are bank loans, and associated interest charges, that sit at a holding Company level rather than a sub-Group level.

2. OPERATING SEGMENTAL INFORMATION (CONTINUED)

The board assesses the performance of the operating segments based on a measure of adjusted earnings before interest tax, depreciation and amortisation ("EBITDA"). This measurement basis excludes impairments of goodwill and receivables and also fair value gains and losses. Interest income is included in the measure.

A reconciliation of adjusted EBITDA to operating profit is provided as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Adjusted EBITDA	2,292	21,551
Impairment/(reversal of impairment) of receivables (note 17)	(251)	516
Credit on deconsolidation of subsidiaries (note 3)	-	4,863
Credit on deconsolidation of GAF (note 3)	123,644	-
Fair value (losses)/gains on properties and investments (note 3)	496	(8,268)
Amortisation of capitalized lease incentives	(97)	(166)
Loss on disposal of investment properties	(37)	509
Finance income	(520)	(373)
Operating profit before joint venture results	125,527	18,632

3. OTHER (GAINS)/LOSSES

Group	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Financial assets at fair value through profit or loss:		
- Fair value losses/(gains) on investment properties (note 12)	-	7,599
- Fair value losses on assets held for sale (note 30)	534	888
- Fair value gains on other investments	(1,030)	(219)
	(496)	8,268
- Amortisation of capitalized lease incentives	97	166
- Loss/(gain) on disposal of investment properties	37	(509)
- Impairment/(writeback) of receivables (note 17)	251	(516)
- Liquidation of subsidiaries	-	(4,863)
- Deconsolidation of GAF	(123,644)	-
- Provision for fund wind up costs	1,437	-
	(122,318)	2,546

A gain of £123,644,000, including £40,747,000 related to the recycling of the brought forward foreign exchange reserve, was recognised during the year relating to the deconsolidation of the brought forward net liabilities and reserves of the German Aktiv Property Fund (GAF) which no longer forms part of the consolidated Group. See the basis of preparation section in note 1 for further explanation.

The gain on liquidation of subsidiaries in the prior year arose as a result of two of the groups subsidiaries being placed into liquidation during the year. The two subsidiaries had combined net liabilities of £4,863,000. A credit to the income statement was recognised in order to deconsolidate these subsidiaries from the group.

The financial statements have been prepared on a basis other than going concern. Consequently a provision of £1,437,000 has been recognised representing the estimated costs of winding up the fund structure.

4. ADMINISTRATIVE EXPENSES BY NATURE

Group	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Insurance	-	19
Legal and professional fees	804	1,601
Management charges	946	1,344
Bank charges	113	(4)
Other expenses	21	(35)
Total administrative expenses	1,884	2,925

5. STAFF COSTS

The average number of people employed by the Group during the year was nil (2015: nil). D.U.K.E. Real Estate Limited has a management agreement with Cromwell Management Services Limited, a subsidiary of Cromwell Property Group. The Directors are executives within Cromwell Property Group or Lloyds Banking Group. The management charge is invoiced to D.U.K.E. Real Estate Limited and its subsidiaries (note 26). The management charge includes other costs and the Directors' remuneration cannot be separately identified. D.U.K.E. Real Estate Limited does not incur a management charge from Lloyds Banking Group, and the Directors receive no remuneration in respect of D.U.K.E. Real Estate Limited (2015: £nil).

Company

The average number of administration staff employed by the Company during the year, including executive Directors was nil (2015: nil).

6. AUDITORS REMUNERATION

During the year the Group (including overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	64	83
- the audit of the Company's subsidiaries pursuant to legislation	132	197
- taxation compliance services	-	-
- other services pursuant to legislation	-	-
Total auditors remuneration	196	280

7. FINANCE INCOME AND COSTS

Group	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Finance costs:		
- Bank borrowings and overdrafts	(1,842)	(8,033)
- Other interest expense	(2)	(49)
Finance costs	(1,844)	(8,082)
Finance income:		
- Interest income on short-term bank deposits	20	13
- Interest on loans to joint ventures (note 26)	346	357
- Other interest	154	3
Finance income	520	373
Other finance costs in the year		
Amortisation of the issue costs of the bank loans	(1,017)	(18,981)
Arrangement fees on bank loans	-	(1,063)
Exit fees on bank loans	-	(50,000)
Write off of bank loans	-	320,348
Release of accrual for exit fees	-	25,000
Release of accrual for arrangement fees on bank loans	-	9,863
Release of accrual for amortised issue costs on bank loans	-	27,373
Gain on interest rate swaps	1,060	6,388
Net finance (costs)/income	(1,281)	311,219

On 14 December 2014 the Group refinanced its existing bank debt with Lloyds Banking Group. Prior to this the Group had accrued various exit and arrangement fees along with additional deferred interest on the existing facility put in place on 22 March 2012. As a result of the refinancing all accrued bank fees and interest at that point were released and new exit and arrangement fees were accrued for in the prior year in their place in line with an amended bank fee schedule.

Additionally, as part of the refinancing, Lloyds Banking Group agreed to write off debt due to the group totalling £320.3m. It also agreed to terminate and out of the money swap for nil consideration and to restructure a second interest rate swap. In order to structure the debt write off in a way that would not create taxable income for the group, the debt was firstly novated into two subsidiaries, D.U.K.E. Continental Partners (Europe) Limited and D.U.K.E. Properties (UK) Limited. All cross guarantees against the debt were removed and all other assets of these companies were transferred to other group companies. The two subsidiaries were then placed into a creditors voluntary liquidation at which point the bank took a write off of the debt. The income statement credit in the prior year therefore arose as a result of the deconsolidation from the group of the net liabilities of the two subsidiaries which was equal to the restructured bank debt.

Amortisation of the issue costs of bank loans in the prior year also included deferred interest accrued on debt within the German Aktiv Property Fund which was due to a second lender. The terms and fees in relation to this debt were not affected by the refinancing of the Lloyds Banking Group facility. However, following the deconsolidation of the German Aktiv Property Fund from the Group, there are no amortisation costs in respect of this fund in the current year.

8. INCOME TAX CREDIT/(EXPENSE)

Components of income tax expense:

Group	**Year Ended 30 June 2016 £'000**	**Year Ended 30 June 2015 £'000**
Current tax		
Current tax for current year	-	2,048
Adjustments in respect of prior years	(2)	(28)
Total current tax (credit)/expense	(2)	2,020
Deferred tax		
Deferred tax for current year	-	(2,343)
Adjustments in respect of prior years	3	(100)
Total deferred tax charge/(credit)	3	(2,443)
Total income tax charge/(credit)	**1**	**(423)**

The tax on the Group's profit before tax for the year is lower (2015: lower) than the average tax rate in the UK of 20% (2015: 20.75%). The differences are explained below:

	Year ended 30 June 2016 £'000	**Year ended 30 June 2015 £'000**
Profit/(loss) before tax	124,246	329,960
Tax on profit/(loss) at standard UK corporation tax rate of 20% (2014: 20.75%)	24,849	68,467
Tax effects of:		
- Non-taxable reversal of impairment charges	(206)	-
- Other non-deductible finance charges	513	1,471
- Non-taxable write off of bank loans	-	(66,634)
- Non-deductible gain on sale of assets	-	(225)
- Other income/expenses not taxable/deductible for tax	(24,847)	(4,706)
- Non-deductible loss on sale of investment property	3	-
- Temporary differences for which no deferred tax recognised	(310)	(1,808)
- Tax losses / (utilisation of tax losses) for which no deferred tax recognised	-	5,323
- Adjustment to previously recognised deferred tax assets	-	(2,229)
- Tax rate differences	-	97
- Tax effect of results of joint ventures	-	(50)
- Adjustments in respect of prior years	(1)	(128)
Income tax (credit)/expense for the year	1	(422)

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. Given that these changes had been substantively enacted at the balance sheet date its effects are included in these financial statements.

The above changes have been reflected in the financial statements to the extent that they have been substantively enacted. The changes do not have an impact on the Group's deferred tax balances since all temporary differences in respect of which deferred tax has been provided or recognised arise outside the UK.

9. DIVIDENDS PER SHARE

Group
No dividend was declared for the year ended 30 June 2016 (2015: nil).

10. LOSS FOR THE FINANCIAL YEAR OF THE PARENT ENTITY

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included separately in these financial statements. The loss for the financial year was £2,038,000 (2015: loss £3,973,000).

11. INTANGIBLE ASSETS

Group	Goodwill £'000
At 30 June 2015	
Cost	13,538
Accumulated amortisation and impairment	(13,538)
Net book amount	-
At 30 June 2016	
Cost	-
Accumulated amortisation and impairment	-
Net book amount	-
Year ended 30 June 2015	
Additions	-
Impairment charge	-
Net book amount	-
Year ended 30 June 2016	
Additions	-
Impairment charge	-
Net book amount	-
As at 30 June 2016	
Net book amount	-

The original cost of goodwill relates to the Groups investment in the German Aktiv Property Fund (GAF) which no longer forms part of the consolidated Group. See the basis of preparation section in note 1 for further explanation.

12. INVESTMENT PROPERTIES

Group	2016 £'000	2015 £'000
At the start of year	116,072	221,273
Additions	-	504
Fair value (losses)/gains on investment properties (note 3)	-	(7,599)
Disposals	-	(58,765)
Foreign exchange movement	-	(13,368)
Transfer to available for sale financial assets (note 30)		(25,973)
Deconsolidation of German Aktiv Property Fund	(116,072)	-
At the end of the year	-	116,072
Reported values of investment properties	-	116,072
Capitalised lease incentives	-	1,452
Value of investment property determined by valuers	-	117,524

The fair value of the Group's investment property at 30 June 2016 has been arrived at on the basis of a valuation carried out at that date by suitably qualified external valuations experts. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

All investment properties brought forward at the start of the year were held in the German Aktiv Property Fund which no longer forms part of the consolidated group. See the basis of preparation section in note 1 for further explanation.

The historical cost of the above investment properties is £nil (2015: £518,035,000).

13. INVESTMENTS

Group

Investments in joint ventures	**2016 £'000**	**2015 £'000**
At the start of year	69	106
Share of (loss)/profit	(232)	109
Restriction of losses	315	(146)
At the end of the year	**152**	**69**

The Groups investments in its significant joint ventures were sold after the year end. See note 31 for details.

The Group has a joint venture interest in the following entities:

Joint ventures	**Country of Incorporation**	**Principal activity**	**Type of shares**	**Holding**
CSBP Clackmannanshire Developments Limited	Scotland	Property development	Ordinary	50%
D.U.K.E. (Wandsworth) Limited	England	Dormant	Ordinary	50%
Llantrisant Property Limited	England	Dormant	Ordinary	50%
Redhouse Holdings Limited	England	Holding company	Ordinary	50%
Redhouse Projects Limited	England	Property development	Ordinary	50%
Rokval (Bournemouth) Limited	England	Dormant	Ordinary	50%
Rokval Nominees No.1 Limited	England	Dormant	Ordinary	50%
Rokval Nominees No.2 Limited	England	Dormant	Ordinary	50%
SDG Tulloch Homes Limited	Scotland	Property development	Ordinary	50%
Shepval Development Company Limited	England	Dormant	Ordinary	50%
Shepval Developments (Doncaster) Limited	England	Dormant	Ordinary	50%
Shepval Developments (Liverpool) Limited	England	Dormant	Ordinary	50%
Springkerse LLP	Scotland	Dormant	Ordinary	50%
Sterling Valad (Teesdale) Limited	England	Dormant	Ordinary	50%
Stirling Development Agency Limited	Scotland	Property development	Ordinary	50%
Talbot Green Developments Limited	England	Property development	Ordinary	50%
Talbot Green Management Company Limited	England	Dormant	Ordinary	50%
VPC Developments Limited	England	Dormant	Ordinary	50%
Scarduke Limited	England	Dormant	Ordinary	20%

The Group's joint ventures have financial year ends which are coterminous with that of D.U.K.E. Real Estate Limited with the exception of the following:

CSBP Clackmannanshire Developments Limited	31 March
Stirling Development Agency Limited	31 March

The Group equity accounts for the non-coterminous joint ventures based on financial information for the year ended 30 June.

13. INVESTMENTS (CONTINUED)

Investments in joint ventures (continued)

The following table summarises the share of the assets, liabilities, income and expenses of the jointly controlled entities at 30 June and for the year then ended.

	2016	2015
Share of joint ventures' balance sheets:	£'000	£'000
Non-current assets	3,538	3,369
Current assets	1,577	2,092
Share of gross assets	5,115	5,461
Current liabilities	1,703	2,430
Non-current liabilities	3,260	2,962
Share of gross liabilities	4,963	5,392
Share of net assets	152	69
Revenue	770	1,478
Expenses	(328)	(1,005)
Finance costs	(359)	(395)
Finance income	-	17
Profit before tax	83	95
Income tax credit	-	14
Non-controlling interest		
Profit for the year	83	109

Expenses above are stated after impairment charges on investment and development properties and other investments totaling £nil (2015: £nil) and a credit for restriction of losses totaling £314,000 (2015: £979,000).

The Group has not recognised losses amounting to £18,089,000 (2015: £17,775,000) for several joint ventures where the Group's share of the joint ventures' net assets are already at or below zero. The Group has only recognised losses where there is a contractual commitment to fund the joint ventures' losses. To the extent that losses impact recoverability of loans by the Group to the individual joint ventures, provisions have been made against these receivables (note 18).

13. INVESTMENTS (CONTINUED)

Company

	Shares in Group undertakings £'000	Loans £'000	Total £'000
At 30 June 2015			
Cost	9,480	36,081	45,561
Accumulated impairment	(9,480)	(36,081)	(45,561)
Net book amount	-	-	-
At 30 June 2016	9,480	36,081	45,561
Cost	(9,480)	(36,081)	(45,561)
Accumulated impairment			
Net book amount	-	-	-

In the opinion of the Directors, the aggregate value of the Company's investments is not less than the amount at which they are stated in the financial statements.

At 30 June 2016 the following were the subsidiaries and each were held directly by the Company's direct subsidiary, D.U.K.E. Property Holdings (UK) Limited, except where indicated by*:

All of the Group's subsidiaries have a financial year end of 30 June.

Subsidiary Undertakings	Country of Incorporation	Principal activity	Type of shares	Holding
Coleridge (Cedar House No. 2) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (Cedar House) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (Dormants) Limited	England	Dormant	Ordinary	100%
Coleridge (Fleet LP) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 1) Limited	Scotland	Property investment	Ordinary	100%
Coleridge (No. 13) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (No. 14) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (No. 24) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 25) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 26) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 27) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 28) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (No. 32) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 33) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 34) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 35) Limited	England	Property investment	Ordinary	100%
Coleridge (No. 36) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 39) Limited	England	Dormant	Ordinary	100%

13. INVESTMENTS (CONTINUED)

Subsidiary Undertakings	Country of Incorporation	Principal activity	Type of shares	Holding
Coleridge (No. 41) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 43) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 45) Limited	England	Dormant	Ordinary	100%
Coleridge (No. 47) Limited	Jersey	Dormant	Ordinary	100%
Coleridge (No. 5) Limited	Scotland	Property investment	Ordinary	100%
Coleridge (No. 6) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (No. 8) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (Shell House No. 2) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (Shell House) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (Theobalds Road) Limited	England	Dormant	Ordinary	100%
Coleridge (Tintern House 1) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (Tintern House 2) Limited	Scotland	Dormant	Ordinary	100%
Coleridge (Wednesbury 1) Limited	England	Dormant	Ordinary	100%
Coleridge (Wednesbury 2) Limited	England	Dormant	Ordinary	100%
D.U.K.E. & Kent Estates Limited	England	Property investment	Ordinary	100%
D.U.K.E. (Cheetham Hill) Limited	England	Property development	Ordinary	100%
D.U.K.E. (Enfield) Limited	England	Property investment	Ordinary	100%
D.U.K.E. (Pontypridd) Limited	England	Dormant	Ordinary	100%
D.U.K.E. Capital Services Europe Limited	England	Dormant	Ordinary	100%
D.U.K.E. Combined GP Limited	Scotland	Dormant	Ordinary	100%
D.U.K.E. Combined Limited Partnership	England	Dormant	Ordinary	100%
D.U.K.E. Continental Partners Holdings II B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Continental Partners Holdings III B.V.	The Netherlands	Investment holding	Ordinary	100%
D.U.K.E. Continental Partners Holdings IV B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Continental Partners Holdings V B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Continental Partners Holdings VI B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Continental Partners II B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Continental Partners Limited	Scotland	Holding company	Ordinary	100%
D.U.K.E. Continental Partners Netherlands Holdings B.V.	The Netherlands	Holding company	Ordinary	100%
D.U.K.E. Continental Partners Trading II B.V.	The Netherlands	Dormant	Ordinary	100%

13. INVESTMENTS (CONTINUED)

Subsidiary Undertakings	Country of Incorporation	Principal activity	Type of shares	Holding
D.U.K.E. Continental Partners UK Limited	England	Property investment	Ordinary	100%
D.U.K.E. Development Group (UK) Limited	England	Holding company	Ordinary	100%
D.U.K.E. Guernsey Holdings Limited	Guernsey	Investment holding	Ordinary	100%
D.U.K.E. Netherlands Amsterdam I B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Netherlands Amsterdam II B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Netherlands Drachten B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Netherlands Groningen B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Netherlands Leeuwarden B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Netherlands Lelystad B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Netherlands Waalwijk B.V.	The Netherlands	Dormant	Ordinary	100%
D.U.K.E. Oldham (Investor) Limited	England	Dormant	Ordinary	100%
D.U.K.E. Oldham Custodian No.1 Limited	England	Dormant	Ordinary	100%
D.U.K.E. Oldham Custodian No.2 Limited	England	Dormant	Ordinary	100%
D.U.K.E. Oldham LLP	England	Dormant	Ordinary	100%
D.U.K.E. Oldham Unit Trust	England	Dormant	Units	100%
D.U.K.E. Properties (Archway) Limited	Isle of Man	Dormant	Ordinary	100%
D.U.K.E. Properties (Marsh Mills) Limited	England	Property investment	Ordinary	100%
D.U.K.E. Property Holdings (UK) Limited	England	Holding company	Ordinary	100%
D.U.K.E. Residential (UK) Limited	England	Investment holding	Ordinary	100%
D.U.K.E. Sutton (Investor) Limited	England	Dormant	Ordinary	100%
D.U.K.E. Sutton Custodian No.1 Limited	England	Dormant	Ordinary	100%
D.U.K.E. Sutton Custodian No.2 Limited	England	Dormant	Ordinary	100%
Fabrikkveien 7 AS	Norway	Dormant	Ordinary	100%
Fountains Walk Limited	Scotland	Dormant	Ordinary	100%
Fountains Walk Trustee Limited	England	Dormant	Ordinary	100%
Landfull Limited	England	Dormant	Ordinary	100%
MB NA1 Investments Limited	England	Investment holding	Ordinary	100%

13. INVESTMENTS (CONTINUED)

Subsidiary Undertakings	Country of Incorporation	Principal activity	Type of shares	Holding
Melville Street Properties Limited	Scotland	Property investment	Ordinary	100%
Norwich House Camberley Unit Trust	Jersey	Property investment	Units	100%
Senate Unit Trust	Jersey	Property investment	Units	100%
Summit House Unit Trust	Jersey	Dormant	Units	100%
TCP France Massy Holdings S.A.	Luxembourg	Dormant	Ordinary	100%
The Fountains Walk Limited Partnership	England	Dormant	Ordinary	100%
Turnham Green Unit Trust	Jersey	Dormant	Units	100%
V€uro Germany Holdings B.V.	The Netherlands	Dormant	Ordinary	100%
V€uro Germany Langenfield B.V.	The Netherlands	Dormant	Ordinary	100%
V€uro Germany Retail B.V.	The Netherlands	Dormant	Ordinary	100%
V€uro Germany Zidane B.V.	The Netherlands	Dormant	Ordinary	100%
V€uro Holdings B.V.	The Netherlands	Holding company	Ordinary	100%
V€uro International Holdings B.V.	The Netherlands	Dormant	Ordinary	100%
VCP France Massy SCI	France	Dormant	Ordinary	100%
VCP Norway AS	Norway	Property investment	Ordinary	100%
VPT European Investments Trust	Jersey	Investment holding	Units	100%
VPT Investments (Europe) Unit Trust	Jersey	Investment holding	Units	100%
VPT Investments (UK) Unit Trust	Jersey	Investment holding	Units	100%
Watling Park Unit Trust	Jersey	Dormant	Units	100%

All subsidiaries, joint ventures and unit trusts have a single registered office in the country they are resident in. These are:

England and Wales - 1st Floor, Unit 16, Manor Court Business Park, Scarborough, YO11 3TU.
Scotland - 1st Floor, Exchange Place 3, 3 Semple Street, Edinburgh, EH3 8BL.
Jersey - 26 New Street, St Helier, JE2 3RA, Jersey
Guernsey - Anson House, Havilland Street, St Peter Port, GY1 2QE, Guernsey
Isle of Man - 2nd Floor, Viking House, Nelson Street, Douglas, IM1 2AH, Isle of Man
Netherlands - Jachthavenweg 124, 1081 KJ Amsterdam, Netherlands
France - 43-47 avenue de la Grande Armée , F75116, Paris, France
Luxembourg - 14 rue Edward Steichen, 2540, Luxembourg
Norway - c/o Colliers, Wergelandsveien 7, 0167 Oslo, Norway

14. OTHER INVESTMENTS

Group

	2016 £'000	2015 £'000
At the start of year	21,403	21,629
Return on capital	(5,220)	-
Fair value gain	1,030	219
Foreign currency movements	590	(445)
At the end of the year	17,803	21,403

The Group holds co-investments in some of the property funds it manages. At 30 June 2016, the other investments balance comprised interests in 3 funds known as Osprey Limited Partnership, Nordic Aktiv Property Fund Limited Partnership and Nordic Aktiv Property Fund 2 Limited Partnership.

At the year end the Group calculates the fair value of each co-investment based on the equity proportion held, and the total net asset fair value of each fund. Each fund has an annual audit and where their year end is non-coterminous the net asset value is calculated based on financial information as at 30 June.

A key determinant of the net asset value of the funds is the valuation of its investment property portfolio. These are valued independently and professionally every year end, and where the year end of the fund is not June 30th, the Directors of the funds update their assessment of the fair value of each property, taking into account the most recent independent valuations.

Where an external investor has expressed an interest in purchasing some or all of the Groups co-investment in a fund, the Directors will assess whether this represents a more appropriate fair value due to it being the current bid price in an active market.

The fair value hierarchy at 30 June 2016 and 30 June 2015 is level 3. The valuation technique is consistent with the prior year.

The Groups holdings in co-investments were sold to a third party after the year end date. See note 31 for details.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Group	£'000	£'000	£'000	£'000
Interest rate swaps – cash flow hedges	-	(251)	-	(4,532)
Current portion	-	(251)	-	(299)
Non-current portion	-	-	-	(4,233)
	-	**(251)**	-	**(4,532)**

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The interest rate swap positions are

- £9,109,000 at a fixed rate of 5.965%

See note 7 for further details relating to the refinancing of the Group's debt including its interest rate swap positions.

16. INVENTORIES

Group

	2016 £'000	2015 £'000
Development properties	3,607	6,165

During the year, impairments of £nil were made to the carrying values of development properties (2015: reversal of impairment of £2,424,000). The reversal of the impairment charge in the prior year is within cost of sales in the Income Statement. The cost of inventories recognised as an expense and included in cost of sales amounted to £2,760,000 (2015: £610,000). Additionally brought forward inventory of £nil (2015: £5,000,000) was held in a subsidiary that was placed into liquidation during the year meaning the book value of this asset was deconsolidated from the group (see note 3).

17. TRADE AND OTHER RECEIVABLES

Group	2016 £'000	2015 £'000
Trade receivables	695	2,151
Less: provision for impairment of trade receivables	(247)	(247)
Trade receivables - net	448	1,904
Other taxes	-	257
Other receivables	117	1,240
Deferred property sale proceeds	-	1,061
Accrued income	5	-
Prepayments	154	785
Loans to joint ventures (note 26)	3,756	4,031
Loans to related parties (note 26)	361	266
	4,842	9,544
Less non-current portion:		
Loans to related parties (note 26)	-	(266)
	-	(266)
Current portion	**4,842**	**9,278**

All non-current receivables are due within five years from the end of the reporting period.

The carrying amount of the Group's trade and other receivables is approximate to their fair value (note 21).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables as disclosed in note 22. The Group does not hold any collateral as security except loans to third parties where the Group has second charge over the assets of the third party.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

The loans to related parties includes an amount of £309,000 (2015: £266,000) as at 30 June 2016 related to funding provided to Crownstone European Properties Limited, a company engaged in real estate investment in Europe. The amount comprises of ordinary loan notes and preferred loan notes. The loans have been impaired as disclosed below to reflect the Directors' expectation of the recoverable amounts. The Group holds a 14.3% ordinary equity interest in Crownstone European Properties Limited by virtue of owning 17,873 ordinary shares out of a total of 124,992 ordinary shares in issue. The investment has no value.

As of 30 June 2016, trade receivables of £390,000 (2015: £903,000) were fully performing.

As of 30 June 2016, trade receivables of £58,000 (2015: £1, 000,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016 £'000	2015 £'000
Up to 3 months	-	24
3 to 6 months	-	274
Over 6 months	58	702
	58	1,000

As of 30 June 2016, there were provisions against trade receivables of £247,000 (2015: £247,000) which were impaired. The ageing analysis of these provisions is as follows:

	2016 £'000	2015 £'000
Up to 3 months	-	-
3 to 6 months	-	-
Over 6 months	247	247
	247	247

Movements on the Group provision for impairment of trade receivables are as follows:

	2016 £'000	2015 £'000
At 1 July	247	468
Release of provision	-	(221)
At 30 June	247	247

As of 30 June 2016, loans to joint ventures, loans to related parties and loans to third parties were impaired and provided for as summarised in the table below. The individually impaired loans were to property and development companies whose financial position has deteriorated due to falling property values. The impaired amounts are not yet due for payment.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Group	2016 £'000	2015 £'000
Loans to joint ventures	19,610	41,953
Provision for impairment of loans to joint ventures	(15,854)	(37,922)
	3,756	4,031
Loans to related parties	121,934	121,934
Provision for impairment of loans to related parties	(117,525)	(117,525)
Foreign exchange movement	(4,100)	(4,143)
	309	266
Loans to third parties	14,249	14,249
Provision for impairment of loans to third parties	(14,249)	(14,249)
	-	-

The total amount of impairment charges recognised during the year as disclosed in "other losses" on the face of the income statement is as follows:

	2016 £'000	2015 £'000
(Provision for impairment)/write back of impairment of loans to joint ventures	(251)	516
Total impairment charge/(writeback)	(251)	516

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2016 £'000	2015 £'000
Pounds	4,738	5,775
Euros	106	3,769
	4,844	9,544

Company	2016 £'000	2015 £'000
Other taxes	124	221
Accrued income	1,584	750
Amounts due from Group undertakings	36	447
Current portion	**1,744**	**1,418**

The carrying amount of the Company's trade and other receivables is approximate to their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables as disclosed in note 23. The Company does not hold any collateral as security.

As of 30 June 2016, loans to Group undertakings were impaired and provided for as summarised in the table below. The individually impaired loans were to property and development companies whose financial position has deteriorated due to falling property values. The impaired amounts have no set date for repayment.

Company	2016 £'000	2015 £'000
Loans to Group undertakings	35,646	37,109
Provision for impairment of loans to Group undertakings	(35,610)	(36,662)
	36	447

18. TRADE AND OTHER PAYABLES

Group	2016 £'000	2015 £'000
Trade payables	519	1,397
Amounts due to third parties	97	179
Other payables	681	3,830
Deferred income	459	753
Accrued expenses	56,725	86,558
	58,481	92,717
Less non-current portion:		
Amounts due to third parties	-	(179)
Other payables	-	(277)
	-	(456)
Current portion	**58,481**	**92,261**

Company	2016 £'000	2015 £'000
Trade payables	266	342
Amounts due to Group undertakings	1,028	1,029
Accrued expenses	54,765	52,324
Current portion	**56,059**	**53,695**

19. CASH AND CASH EQUIVALENTS

Group	2016 £'000	2015 £'000
Cash at bank	9,851	8,816
	9,851	8,816

Company	2016 £'000	2015 £'000
Cash at bank	-	-

20. BORROWINGS

Group	2016 £'000	2015 £'000
Current		
Bank borrowings	46,664	219,268
Non-Current		
Bank borrowings	-	-
Total borrowings	-	-

Bank borrowings pay interest which comprises of a margin above either LIBOR, EURIBOR or NIBOR rate. The margins on the various facilities is fixed at 1% (2015: 1%).

Bank borrowings are secured by way of fixed charges over the Group's property assets and a floating charge over other assets of the Group.

The Group's exposure to changes in interest rates is managed by way of interest rate swaps, details of which are given in note 15.

At 30 June 2015 the group owed £171m within its German Aktiv Property Fund (GAF) subsidiary group. This fund no longer forms part of the Group and its assets and liabilities were deconsolidated from the Group as at 1 July 2015. See the basis of preparation section in note 1 for further explanation.

The Groups debt was repaid in full following an agreement reached with a third party to buy the remaining assets of the Group. See note 31 for details.

The exposure of the Group's borrowings to interest rate changes and contractual re-pricing dates at the end of the reporting period are as follows:

Group	2016 £'000	2015 £'000
6 months or less	46,664	219,268
6 to 12 months	-	-
	46,664	219,268

Non-current borrowings mature as follows:

Group	2016 £'000	2015 £'000
Between 1 and 2 years	-	-
Between 2 and 5 years	-	-
Over 5 years	-	-
	-	-

20. BORROWINGS (CONTINUED)

All loans with Bank of Scotland plc have been reclassified as current due to a failure to meet some of the loan covenants as at 30 June 2016.

The Group has no undrawn borrowing facilities.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Group	**2016 £'000**	**2015 £'000**
Pounds	25,945	29,441
Euros	14,573	184,226
Norwegian Krone	6,146	5,601
	46,664	219,268

Company

The Company had no outstanding bank borrowings at 30 June 2016 (2015: £nil).

21. FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

	June 2016		**June 2015**	
Group	**Book value £000**	**Fair value £000**	**Book value £000**	**Fair value £000**
Assets as per balance sheet				
Other investments	17,803	17,803	21,403	21,403
Trade and other receivables	4,842	4,842	9,544	9,544
Cash and cash equivalents	9,851	9,851	8,816	8,816
Total	32,496	32,496	39,763	39,763
Liabilities as per balance sheet				
Borrowings	46,664	46,664	219,268	219,268
Trade and other payables	58,481	58,481	92,717	92,717
Derivative financial instruments	251	251	4,532	4,532
Total	105,396	105,396	316,517	316,517

21. FINANCIAL INSTRUMENTS (CONTINUED)

Company	June 2016 Book value £000	June 2016 Fair value £000	June 2015 Book value £000	June 2015 Fair value £000
Assets as per balance sheet				
Trade and other receivables	1,744	1,744	1,418	1,418
Total	1,744	1,744	1,418	1,418
Liabilities as per balance sheet				
Trade and other payables	56,059	56,059	53,695	53,695
Total	56,059	56,059	53,695	53,695

In accordance with IAS 39, the Group and Company classifies other investments and derivative financial instruments as 'fair value through profit and loss' and all other assets and liabilities in the above analysis as 'loans and receivables' and 'other financial liabilities', respectively. At the 2016 and 2015 year ends, the Group did not have any 'held to maturity' or 'available for sale' financial assets or 'held for trading' financial assets and liabilities as defined by IAS 39. The carrying value of the Group's external borrowings, which consist of floating rate and fixed rate borrowings approximates to fair value. Details of the maturity profile of these financial liabilities are included in note 22.

The carrying value of long term receivables approximates to fair value. For other financial assets and liabilities, which are all short-term in nature, the carrying value approximates to fair value.

Under IFRS 7 "Financial Instruments : Disclosures" all derivative Financial Instruments are classed as level 2 as they are not traded in an active market and the fair value is determined through discounting future cash flows.

22. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury function on a Group-wide basis under policies approved by the Board of Directors. The central treasury function identifies, evaluates and hedges financial risks in close co-operation with the Group's operational managers. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as exposure to outstanding receivables. The Group's policy is to manage credit exposure to trading counterparties within defined trading limits. All of the Group's significant counterparties are assigned internal credit limits.

If any of the Group's customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer taking into account its financial position, past experience and other factors.

There are situations where the Group makes commercial loans to third parties. The Group protects its position in these instances by taking preferred lending positions. The loans are individually monitored and assessed for recoverability.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2016 and 2015, the Group's borrowings were denominated predominantly in the Euro and Sterling.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group had borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 30 June 2016, the Group had interest rate swaps representing 20% of total borrowings. The Group therefore has exposure to interest rate fluctuations on the under-hedged portion of its interest rate swaps. The Group has to pay the difference between the fixed rate of the swap and the floating rate it is hedging against. The average fixed rate at 30 June 2016 between and 5.3% higher than the floating rate.

Foreign exchange risk

The Group operates across Europe and is exposed to foreign exchange risk arising from various currency exposures with respect to the Euro and the Sterling. Foreign exchange risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group has assets denominated in Euros of approximately €nil (2015: €179,593,000) and liabilities denominated in Euros of €16,431,000 (2015: €287,679,000). If the exchange rate between Euro and Sterling fluctuated by 10% the Group's net assets, in Sterling, would increase or decrease by £1,235,000.

The Group has assets denominated in Norwegian Krone of approximately NOK32,000,000 (2015: NOK32,000,000) and liabilities denominated in Norwegian Krone of NOK70,000,000 (2015: NOK70,000,000). If the exchange rate between Norwegian Krone and Sterling fluctuated by 10%, the Group's net liabilities, in Sterling, would increase or decrease by £300,000.

Management considers a maximum of 10% fluctuation in exchange rates as reasonable based on past experience.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Group is subject to the risk that it will not have sufficient cash to fund its existing business. The Group manages its liquidity requirements with the use of both short and long-term cash flow forecasts. As explained in the directors report, the Group sold all its remaining property assets to a third party after the year end date. This allowed the Group to repay all outstanding debt principal plus a proportion of deferred interest and exit fees over and above the net disposal proceeds. A forecast was made at the time of the Groups remaining cash flow requirement to cover various administration and wind up costs and an agreement was made with the Bank to allow sufficient cash to be retained by the Group from the sale to facilitate this.

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the gross contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 30 June 2016				
Bank borrowings	46,664	-	-	
Trade and other payables	58,481	-	-	-
Derivative financial instruments	251	-	-	-
At 30 June 2015				
Bank borrowings	219,268	-	-	-
Trade and other payables	92,261	-	456	-
Derivative financial instruments	299	2,922	1,311	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to ensure financial covenants contained in the bank facility agreement is met throughout the year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Due to the accumulated losses, the Group is currently unable to pay dividends. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Group balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Group balance sheet plus net debt.

23. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Group	2016 £'000	2015 £'000
Deferred tax asset:		
- Deferred tax asset to be utilised within 12 months	15	-
- Deferred tax asset to be utilised after more than 12 months	-	809
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	-	(940)
Deferred tax assets/(liabilities) - net	15	(131)

The movement on the net deferred income tax account is as follows:

	2016 £'000	2015 £'000
At 1 July	(131)	(2,705)
Deconsolidation of German Aktiv Property Fund	128	
Exchange differences	15	131
Credit to income statement (note 8)	3	2,443
At 30 June	15	(131)

23. DEFERRED INCOME TAX (CONTINUED)

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

Deferred tax liabilities	**Fair value adjustments £'000**	**Other temporary differences £'000**	**Total £'000**
As at 1 July 2014	(3,522)	(781)	(4,303)
Exchange differences	204	62	266
Debit to the income statement	2,850	247	3,097
As at 1 July 2015	**(468)**	**(472)**	**(940)**
Deconsolidation of German Aktiv Property Fund	468	472	940
Exchange differences	-	-	-
Debit to the income statement	-	-	-
As at 30 June 2016	**-**	**-**	**-**

Deferred tax assets	**Fair value adjustments £'000**	**Other temporary differences £'000**	**Total £'000**
As at 1 July 2014	561	1,037	1,598
Exchange differences	(43)	(92)	(135)
(Charge)/credit to the income statement	(293)	(361)	(654)
As at 1 July 2015	**225**	**584**	**809**
Deconsolidation of German Aktiv Property Fund	(225)	(587)	(812)
Exchange differences	-	15	15
Charge to the income statement		3	3
As at 30 June 2016	**-**	**15**	**15**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of £27,079,000 (2015: £32,563,000) in respect of losses.

24. ORDINARY SHARES

Group and Company	2016 £'000	2015 £'000
Authorised		
24,480,000 (2015: 24,480,000) 'A' Ordinary Shares of 1p each	245	245
24,480,000 (2015: 24,480,000) 'B' Ordinary Shares of 1p each	245	245
	490	490
Allotted, called up and fully paid:		
24,480,000 (2015: 24,480,000) 'A' Ordinary Shares of 1p each	245	245
24,480,000 (2015: 24,480,000) 'B' Ordinary Shares of 1p each	245	245
	490	490

The 'A' Ordinary shares and the 'B' ordinary shares rank equally in every respect.

25. OTHER RESERVES

	Translation reserve £'000
Balance at 1 July 2014	**30,997**
Currency exchange differences	9,750
Balance at 1 July 2015	**40,747**
Currency exchange differences	(2,160)
Deconsolidation of German Aktiv Property Fund	(40,747)
Balance at 30 June 2016	**(2,160)**

The translation reserve is used for recording exchange rate differences which arise on consolidation when subsidiaries with a functional currency different from the presentational currency are translated into the presentational currency.

The brought forward reserve related to the German Aktiv Property Fund (GAF) which no longer forms part of the consolidated Group. See the basis of preparation section in note 1 for further explanation.

26. RELATED PARTY TRANSACTIONS

Group

Key management compensation

Key management are the Directors and the Company Secretary. The compensation paid or payable to key management for employee services is shown in Note 5.

Balances and transactions with shareholders

Uberior Europe Limited and Cromwell Holdings Europe Limited, part of the Cromwell Property Group, are each 50% shareholders of D.U.K.E. Real Estate Limited.

Lloyds Banking Group

Uberior Europe Limited is part of the Lloyds Banking Group. Lloyds Banking Group is the main debt provider to the Group.

The following transactions were carried out with Lloyds Banking Group:

	2016 £'000	2015 £'000
Loans repaid	(4,664)	(20,785)
Bank interest	677	2,723
Monitoring, agency fees and other bank charges	(107)	(214)
Loan arrangement fees under new agreement	-	1,063
Loan exit fees under new agreement	-	50,000
Release of loan arrangement fees under old agreement	-	(9,863)
Release of deferred interest under old agreement	-	(30,310)
Release of loan exit fees under old agreement	-	(25,000)
Bank loans written off	-	(320,348)
Deferred interest and exit fees amortised	979	4,861

As at 30 June 2016, the Group had the following outstanding balances with Lloyds Banking Group:

	2016 £'000	2015 £'000
Bank loans	46,668	48,584
Bank interest accrued	1,578	1,473
Cash balances	561	1,202
Deferred interest and other fees amortised	53,040	51,984
Outstanding balances due to Lloyds Banking Group	**101,847**	**103,243**

The Group has accrued the full £50,000,000 exit fee payable as a bullet payment when the facilities are repaid (2015: £50,000,000 accrued).

26. RELATED PARTY TRANSACTIONS (CONTINUED)

The Group had the following open derivative positions with Lloyds Banking Group treasury department:

	Notional principal amount £'000	Liability recognised at 30 June 2016 £'000	Notional principal amount £'000	Liability recognised at 30 June 2015 £'000
Interest rate swaps	9,109	251	26,067	1,311

Further disclosure around the interest rate swaps is included in note 15.

Cromwell Property Group

Valad TCL Holdings Limited	**2016 £'000**	**2015 £'000**
Opening balance – payable	-	782
Amounts written off in the year	-	(782)
Closing balance – payable	-	-

Valad TCL Holdings Limited was the parent Company of Valad Capital Limited, which was a joint venture partner in respect of D.U.K.E. Real Estate Limited until the ownership structure of D.U.K.E. Real Estate Limited changed during the prior year. As part of the change in ownership the obligation to repay the loan to Valad TCL Holdings Limited ceased to be in effect and the payable was released as a result.

During the year the Group paid asset and fund management fees to Cromwell European Management Services Limited, a subsidiary of the Cromwell Property Group totalling £982,000 (2015: £2,481,000). £946,000 (2015: £1,344,000) was accounted for as administrative expenses (see note 4) and £36,000 (2015: £1,137,000) was accounted for as cost of sales. At 30 June 2015 £154,000 (2015: £284,000) was outstanding.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Balances and transactions with joint ventures

Net loans from/(to) joint ventures:	**2016 £'000**	**2015 £'000**
Beginning of the year	4,031	(1,592)
Loans advanced during the year	65	5,004
Loan repayments received	(435)	(182)
Interest charged (note 7)	346	285
(Impairment)/reversal of loan impairments (note 18)	(251)	516
	3,756	**4,031**

Loans to joint ventures are unsecured and have been interest free. The majority of the loans have no fixed repayment dates and are unsecured.

During the year, loan impairment provisions of £251,000 (2015: reversal of impairment of £516,000) were made against loans to joint ventures. The impairment provisions were calculated with reference to the underlying net asset position of the joint ventures.

Balances and transactions with related parties

Loans to other related parties:	**2016 £'000**	**2015 £'000**
Beginning of the year (note 17)	266	300
Currency exchange movements	43	(34)
	309	**266**

As at 30 June 2016 £309,000 (2015: £266,000) represented loans to Crownstone European Properties Limited, a European real estate fund, in which the Group has an equity interest of 14.3%. The loans accrued interest at 1.12% up to 31 December 2009, when interest stopped being charged.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Company

The Company had various intercompany loan transactions with Group undertakings during the year, as summarised below. The balances due from related parties for the company detailed below are gross whereas the company balance sheet on page 15 states balance due net of impairment provisions:

D.U.K.E. Property Holdings (UK) Limited	2016 £'000	2015 £'000
Opening loan balances - payable	-	-
Loan (repayments)/advances	(1,490)	43
Reversal of loan impairment	1,490	(43)
Closing balance – payable	-	-

D.U.K.E. Property Holdings (UK) Limited is a subsidiary of the Company.

The loan has no fixed repayment date, accrues no interest and is unsecured.

As at June 2016, the loan to D.U.K.E. Property Holdings (UK) Limited, amounting to £30,560,000 (2015: £32,050,000) and corresponding impairment provision of £30,560,000 (2015: £32,050,000) was carried within receivables on the balance sheet (see note 17).

VPT European Investment Trust	2016 £'000	2015 £'000
Opening loan balances - receivable	4,283	4,283
Reversal of loan impairment	(4,283)	-
Closing balance – receivable	-	**4,283**

VPT European Investment Trust is a subsidiary of D.U.K.E. Property Holdings (UK) Limited.

D.U.K.E. Development Group (UK) Limited	2016 £'000	2015 £'000
Opening loan balances - payable	901	**998**
Loan repayments	(21)	(97)
Closing balance – payable	**880**	**901**

D.U.K.E. Development Group (UK) Limited is a subsidiary of D.U.K.E. Property Holdings (UK) Limited. The loan has no fixed repayment date, accrues no interest and is unsecured.

D.U.K.E. Continental Partners Limited	£'000	£'000
Opening loan balances - receivable	386	-
Loan advances	36	16
(Impairment)/reversal of loan impairments	(422)	370
Closing balance – receivable	-	**386**

D.U.K.E. Continental Partners Limited is a subsidiary of D.U.K.E. Property Holdings (UK) Limited. The loan has no fixed repayment date, accrues no interest and is unsecured.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

D.U.K.E. Residential (UK) Limited	**2016 £'000**	**2015 £'000**
Opening loan balances - receivable	15	8
Loan advance	6	7
Loan impairments	(15)	-
Closing balance – receivable	**6**	**15**

D.U.K.E. Residential (UK) Limited is a subsidiary of D.U.K.E.. Property Holdings (UK) Limited. The loan has no fixed repayment date, accrues no interest and is unsecured.

V€uro International Holdings B.V.	**2016 £'000**	**2015 £'000**
Opening loan balances – payable	128	144
Foreign exchange movement	20	(16)
Closing balance – payable	**148**	**128**

V€uro Holdings B.V. is a subsidiary of D.U.K.E. Property Holdings (UK) Limited. V€uro International Holdings B.V. is a subsidiary of V€uro Holdings B.V. The loan has no fixed repayment date, accrues no interest and is unsecured.

27. CONTINGENCIES

Group

The Group has no contingent liabilities.

Company

The Groups remaining facilities with Bank of Scotland plc totaling £46,668,000 at 30 June 2016 do however contain cross collateralisation and cross default provisions.

28. COMMITMENTS

Capital commitments

The Group and Company has no capital commitments (2015: none).

Operating lease commitments

Group

The Group leases properties under non-cancellable operating lease agreements. The lease terms are between 8 and 224 years. The lease expenditure charge for the year is included within administrative expenses where the Group occupies the property or in cost of sales where the properties are let to third party tenants.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 £'000	2015 £'000
No later than 1 year	-	17
Later than 1 year and no later than 5 years	-	69
Later than 5 years	-	740
Total operating lease commitments	**-**	**826**

The minimum lease payments due to the Group under non cancellable operating lease, all of which relate to property rentals are as follows:

	2016 £'000	2015 £'000
Lease expiring:		
Within 1 year	2,457	15,711
Later than 1 year and no later than 5 years	7,248	32,674
After 5 years	1,655	-
	11,360	**48,385**

Company

The Company has no operating lease commitments (2015: none).

29. ULTIMATE PARENT UNDERTAKING

As at 30 June 2016, the Company and Group were jointly controlled by Uberior Europe Limited (a subsidiary of Lloyds Banking Group – a UK listed entity) and Cromwell Holdings Europe Limited. Cromwell Holdings Europe Limited's ultimate parent entity is Cromwell Corporation Limited, an Australian entity.

30. AVAILABLE FOR SALE ASSETS

Group	2016 £'000	2015 £'000
At the start of year	29,173	19,970
Additions	141	278
Transfer from investments properties (note 12)	-	25,973
Fair value losses (note 3)	(534)	(888)
Amortisation of capitalised lease incentives	(97)	-
Foreign exchange movement	(357)	(740)
Disposals	(800)	(15,421)
At the end of the year	27,526	29,172
Reported values of investment properties	27,526	29,172
Capitalised lease incentives	456	377
Value of investment property determined by valuers	27,982	29,549

Available for sale assets are held at valuation. The assets were valued on an Open Market Value basis, as at 30 June 2016.

Suitably qualified executives of the asset manager who are members of the Royal Institution of Chartered Surveyors valued 100% of the properties held at the year end. In reaching their valuations, the executives referred to available market information for similar properties. The executives have advised the Board based on the valuation performed.

Available for sale assets are denominated in the following currency:

	2016 £'000	2015 £'000
Euro	-	-
NOK	2,311	3,199
Sterling	25,671	26,350
Total	**27,982**	**29,549**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. All properties were included in Level 3 and there were no transfers out during the period.

Information about the fair value measurements using significant unobservable inputs (level 3):

Class of property	Input	Range
Office	ERV per sqf	£5 - £18
Industrial/Other	ERV per sqf	£2 -£4

In the above analysis fair values are sensitive to market risk in the underlying property market.

31. EVENTS AFTER THE REPORTING PERIOD

On 18 November 2016 the shares held by the Group in its subsidiary, D.U.K.E. Cheetham Hill Limited were transferred to Cromwell Development Holdings UK Limited. The balance of intercompany loans due to the Group as at that date was waived in full.

On 18 November 2016 the Group transferred its shareholdings in its joint ventures, Talbot Green Developments Limited and Redhouse Holdings Limited to Cromwell Development Holdings Limited. The balance of shareholder loans and accrued interest due from Talbot Green Developments Limited and Redhouse Holdings Limited as at that date was assigned in full to Cromwell Developments Holdings Limited.

On 2 December 2016 the Group transferred its shareholdings in its joint venture Stirling Development Agency Limited to Cromwell Development Holdings Limited. The balance of shareholder loans and accrued interest due from Stirling Development Agency Limited as at that date was assigned in full to Cromwell Development Holdings Limited.

On 16 December 2016 the Group's interest in and related loans receivable from Crownstone European Properties Limited were transferred to Cromwell Holdings Europe Limited.

On 19 December 2016 all property assets held by the Group, including the investments owned by the Company, were sold to a third party with the exception of its property in Norway. A price was agreed with the Group's lenders (the Bank) at a level that allowed the Group to repay all outstanding debt principal and also pay break costs associated with terminating hedging that was due to expire on 31 December 2016. An agreement was reached with the Bank to waive any deferred exit fees and interest due under the facility agreement over and above the net disposal proceeds from the disposals. It is intended that the company and Group be wound up following conclusion of the disposals and repayment of the amounts due to the Bank.