FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Company Registration Number:	5045715
Registered Office:	75-77 Colmore Row, Birmingham B3 2AP
Directors:	J R A Crabtree OBE: Chairman W Wyatt: Non-Executive Director P London: Non-Executive Director P P S Bassi CBE: Chief Executive M H P Daly: Finance Director
Secretary:	M H P Daly
Auditor:	Grant Thornton UK LLP Chartered Accountants Registered Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT
Solicitor:	Gateley Plc One Eleven Edmund Street Birmingham B3 2HJ
Nominated Adviser:	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY
Broker:	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY
Banker:	Lloyds Banking Group 125 Colmore Row Birmingham B3 3SF
Registrar:	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Financial Highlights

- Gross Property Assets £157.5 million, up 50.9%
- EPRA NAV per share 64.5p (2014: 61.3p) up 5%
- Rental income £8.4 million (2014: £6.1 million) up 38%
- Contracted Rental Income £11.9 million, up 54.5%
- Profit before Tax £12.2 million (2014: £6.0 million) up 104%
- EPRA** EPS 0.81p (2014: loss 0.36p)
- Net loan to value 22.4% (2014: 35.2%) up 36%
- Gross debt £44 million (2014: £43 million)
- Total dividend per share for 2015 up 33% to 2p, final dividend 1p per share
- Post period end, secured a new 5 year £30 million facility with RBS at 1.75% above Libor

	31st December 2015	31st December 2014	Change
Gross Property Assets	£157.5 million	£104.4 million	+ 51%
EPRA** NAV per share	64.5p	61.3p	+ 5%
EPRA NNNAV per share	62.8p	57.9p	+ 8%
Net Assets	£117.9 million	£64.6 million	+ 82%
Loan to value	28.0%	41.2%	+ 32%
Loan to value net of cash	22.4%	35.2%	+ 36%
Dividend per share	2.0p	1.5p	+ 33%

Operational Highlights

- Conversion to a Real Estate Investment Trust (REIT*) on 1 January 2015
- £45 million capital raise in April 2015, successfully deployed, acquisitions totalling £57.7 million (2014: £29.4 million)
- Overall occupancy 89% and WAULT*** 5.28 years (to break) (2014: 84.6% and 4.4 years)
- Acquisitions totalling £57.7 million (2014: £29.4 million) up 96.3%
- Property disposals proceeds totalling £15.3 million (2014: £7.0 million) including non-core assets as REI continues to recycle capital to improve growth profile of portfolio
- Total ownership 1.1 million sq ft (2014: 799,112 sq ft) up 37.6%
- 211 Tenants (2014: 175) up 20.6%

Definitions

* REIT = Real Estate Investment Trusts are listed property investment companies or groups not liable to corporation tax on their rental profits or capital gains from their qualifying activities
** EPRA = European Public Real Estate Association
***WAULT = Weighted Average Unexpired Lease Term

Overview - a year of progress on all fronts

This has been an excellent year of progress for shareholders that has resulted in record rent roll, profits, portfolio size and dividend payment. We have continued to invest in our region, in criteria compliant assets that have the potential for capital growth and provide strong rental yields, through active asset management.

We stated last year, that for 2015, we anticipated nothing other than a mild 'pause' around the general election, providing a window of opportunity, when we acted to secure additional property and that the regional economy would remain robust. We are pleased to see that this is precisely what happened, the economy has continued to grow and property investor demand has remained strong and a positive improvement in occupier demand has surfaced.

More growth to come

Despite the economic and political 'headwinds', a highly volatile stock market, coupled with the Brexit debate and Euro vote, which might deliver another buying opportunity, we anticipate that economic activity in our region will remain positive and that investor and occupier demand will remain stable, especially as it is likely that the low interest rate environment will remain for 2016. Property investment continues to provide investors with secure returns in uncertain and volatile periods and we therefore anticipate a positive property market going forward.

Buoyant Commercial Sector
Investment in the West Midlands commercial property sector topped £2.6bn last year (up 6% on 2014). The office sector made up almost a third of West Midlands' investments at £822 million, whilst retail accounted for 28% at £744 million. Investor appetite from institutional investors and fund managers remains positive and new entrants to the marketplace vary from specialist funds to new public companies that are regionally focused. This growing investor appetite has continued to push prices upwards and created yield compression within the marketplace amidst increased competition for assets.

Birmingham's city centre and out-of-town markets continue to thrive, with record-breaking office deals of 970,000 sq ft completed across the year for the city centre market, a significant uplift on the previous high of 886,000 sq ft which was recorded in 2008.

Successful Strategy building Income and Capital Growth
These factors, combined with our active approach to asset management, have contributed towards valuation growth within our portfolio and, whilst we are strategically looking to hold assets which produce income and capital growth, we have capitalised on opportunistic sales, which have been completed above book value. We continue to focus on criteria compliant assets that require active asset management and local knowledge with the potential for capital value and increasing income. This 'niche' allows REI Plc to secure quality assets with prospects for rental improvement for which we know there is a ready investment market.

More interestingly, traditional buyers in a normalised market include private property companies, pension funds and high net worth individuals; these remain largely absent. Private property companies have limited support from the banks, with conservative loan to value debt availability, and limited equity. Pension funds are still re-capitalising by building up profits and high net worth individuals appear to have a lack of confidence in direct property investment. However, we envisage that all of these potential investors will gradually re-enter the market place, adding further price pressure on assets. Occupier and rental growth potential is vastly improved, having remained absent over the last few years and we are beginning to experience regular competition for space, with the additional benefit of reduced requirement for incentives.

Investor appetite, rental growth, occupancy improvement and the availability of debt, will positively improve capital values and rental levels over the next few years, and we believe that the company will be a beneficiary of market normalisation.

We remain confident that we will continue to grow the portfolio further over the course of the next few years with the focus on income producing property. Our near term milestone is to establish a portfolio of assets totalling approximately £200 million, which will underpin our commitment to a progressive quarterly dividend policy going forward.

Result
We are now seeing the benefits of our strategy and our focus on criteria compliant assets that offer strong rental income with capital growth potential.

Our profits are in line with management expectations at £12.2 million and up 104% on 2014.The Company is a well-established and recognised Birmingham based, Midlands investor, with a property portfolio of £157.5 million, up 50.9% over the year, with contracted rental income at £11.9 million, up 54.5%.

The £45 million fundraising in April 2015, has been key to the growth of the Company and will underpin further growth from rental income and capital uplift potential. Our February 2016, £30 million facility at 1.75% above Libor, with RBS, will further support future acquisitions.

Our significant cash and bank facilities will allow us to grow the portfolio over the next few years, which will underpin our ability to deliver a progressive dividend policy. A new purchase in Wythall totalling £2.45 million has already been completed in Q1 2016 and we have a number of additional purchases in our pipeline.

Dividend
The Board has committed to a progressive dividend policy and an important factor in our decision to convert to a Real Estate Investment Trust (REIT) was to support our dividend policy. Our interim dividend of 1p in respect of H1 2015, was declared in September and our final dividend of 1p, provides a total dividend in respect of 2015 at 2.0p, an increase of 33%. In line with our progressive dividend policy, we will also be paying future dividends on a quarterly basis, commencing in 2016. The proposed dividend timetable is as follows:

Dividend Timetable

Ex-dividend date:	24 March 2016
Record date:	29 March 2016
Dividend payment date:	29 April 2016

Finance and Banking
The banking marketplace is beginning to normalise and we now have key banking relationships with Lloyds, Aviva, Santander and Royal Bank of Scotland. These provide us with support and facilities that our present circumstances require, and all our banks have confirmed their appetite to support REI Plc further.

Outlook - Building on a successful growth strategy
We have enjoyed progressively positive results over concurrent years, together with a growing dividend payment. We anticipate continued growth in our portfolio and dividend in 2016, and further rental and capital growth over the coming few years.

The property market place is beginning to see the financial crisis distressed assets finally being made available to the market place by the large US equity houses that acquired volume assets and loan books from the main UK lenders. These opportunities are tailor made for REI, as many of these assets cannot support traditional bank debt, require asset management and therefore are the perfect 'cash buyer's' opportunity.

We have a strong cash position and excellent secured bank facilities, including the new £30 million, 5 year facility with Royal Bank of Scotland, which together with our existing facilities, provide the platform to grow the business meaningfully and help secure additional assets that will support our progressive dividend policy as a REIT, and the growth of our portfolio to over £200 million during 2016.

Our region is in the early stages of its next phase of economic growth, underpinned by a number of supporting factors, not least, the highest level of future inward investment the region has ever seen, building on the established new business and industrial prosperity that we now enjoy and is clearly evidenced by the renewed buoyancy in new job creation across the region.

We certainly believe that our investment strategy will benefit further from the economic prosperity of the region.

REI's Regional Review
During 2015, Birmingham has enjoyed excellent regional and national attention, mainly focused on the new Grand Central station and the office relocation of HSBC, but there is much more positive activity to report.

Listed below are some key facts demonstrating the activity in 2015 across the region:

Travel & Tourism/Entertainment & Shopping
- Grand Central Station, boasting 66 new stores and restaurants, officially opens for business following its five-year, £150 million transformation
- Birmingham Airport celebrates its most successful 12 months to date, handling 10.2 million passengers, almost 5% up on 2014

Manufacturing

- A new transatlantic trade and investment deal negotiated between the EU and the USA stands to bring huge benefits to the automotive industry in the West Midlands.
- Manufacturing companies across the West Midlands are outperforming their counterparts across England, according to a new barometer from the Business Growth Service.
- Midland's car manufacturer Jaguar Land Rover has announced plans to double the size of its Wolverhampton factory in a £450 million expansion.
- Jaguar Land Rover has announced record full year global sales for 2015, with a 5% increase on the previous year having sold 487,065 vehicles around the world, double that of 2009.

Sciences, Technology, Healthcare & Education

- Software giant, Advanced Computer Software Limited invests in Birmingham and London, creating 1000 jobs over the next 18 months
- West Midlands named as a beneficiary of new funding for digital healthcare

Employment

- Employment in the West Midlands enjoyed its strongest growth in six months in November 2015, according to Lloyds Bank PMI report
- The region's 200 biggest firms provided a huge boost to the regional economy last year with almost 20,000 new jobs being created in 2015.
- The West Midlands is one of the top UK regions for jobs directly supported by the energy sector, according to a new report by EY.

Business

- The volume of deals in the Midlands rose by 17.6 per cent during 2015 as the UK enjoyed the strongest year for mergers and acquisitions (M&A) in eight years.
- Birmingham played host to more start-up companies than any city outside London in 2015, retaining its title as the most entrepreneurial regional city, with 14,152 companies registered during the year.

Property

- Birmingham ranked as the highest UK city for investment prospects in a new report by the Urban Land Institute (ULI) and PwC.
- Birmingham named the most investable city in the UK for a second year running, ranking above Milan, London and Paris in an annual survey of European investors' intentions.
- Birmingham remains one of the hottest cities in the UK for inward investment, according to a new Bilfinger GVA report. The survey which highlights investment activity in the UK's Big Six regional cities – Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester – shows Birmingham is dominating the retail sector in particular.
- Take-up of office space in central Birmingham rose sharply, by 97% during the first nine months of 2015.
- The out-of-town office market in the M42 corridor saw an outstanding level of transactional activity last year. Total activity in Solihull Town Centre and throughout the area's business parks reached 489,687 sq ft across 2015, placing it well ahead of 2014's total of 419,951 sq ft, compiled by property adviser Bilfinger GVA.
- Birmingham's HSBC home is sold for £40.5 million, a prominent city centre building next to the new Grand Central shopping centre, representing a net initial yield of 4.5%.
- Office construction has hit a 13-year peak in Birmingham, with almost a million square feet being built, according to a new report by Deloitte.

Economy & Trade

- H2 2015 saw business leaders from Greater Birmingham outline over £1 billion of investment opportunities to some of China's most senior financiers, developers and institutional funders in London.
- George Osborne signs a deal along with West Midlands' leaders, creating £1 billion of government investment and putting Britain's second city and the wider West Midlands in line to be governed by a metro-mayor, and the first region outside of the north of England to sign up to a devolution deal with an elected mayor.

The REI Portfolio

	Value £m	%	Sq Ft	Contracted Rent £	ERV £	Net Initial Yield %	Equivalent Yield %	Occupancy %
Birmingham City Centre	34.5	21.9	156,938	1,989,973	2,670,232	5.45	6.79	80.80
Other Midlands	114.5	72.7	886,065	9,356,675	10,269,416	7.72	8.08	90.70
Total Core	**149.0**	**94.6**	**1,043,003**	**11,346,648**	**12,939,648**	**7.20**	**7.87**	**89.20**
Non Core Portfolio	8.5	5.4	55,265	525,216	683,876	5.91	9.74	86.45
Total Portfolio	**157.5**	**100.00**	**1,098,268**	**11,871,864**	**13,623,524**	**7.13**	**7.82**	**89.08**

Our portfolio has grown by 50.9% to £157.5 million (2014: £104.4 million) and remains spread across our geographical focus of the Midlands, with a strong concentration on Birmingham City Centre and the West Midlands. As a result of institutional and UK Funds refocusing from London to UK regions, we have seen an improvement in investment values and competition for assets, and have benefited from rising values. We remain focused on assets that require active management, letting risk and refurbishment, and these assets are not targeted by institutions and funds, and we have therefore continued to build our portfolio with only limited competition, with the benefit of our cash resources and bank facilities.

We only seek acquisitions that meet our criteria in improving locations with refurbishment and redevelopment potential, income enhancement and often within close proximity to other REI Plc owned property. We have a strong pipeline of potential new purchases and during the period, we totalled new purchases of £57.7 million and sales of £15.3 million.

Property Acquisitions

Throughout the year we have witnessed a discount for good high street retail across the region and we have taken advantage of this position by acquiring four high street retail investments with a combined average yield of 8.67%. In addition, we have seen good value in well located regional offices. We have acquired average net initial yields of 9.46% and capital value prices of £133 per square foot.

40 St Pauls Square, Birmingham
We acquired this office property in March 2015. The building is located in Birmingham's Jewellery Quarter, where property values have historically traded at a discount to central business district values. The acquisition represented an initial yield of 10.19% and incorporated a vacant office suite of 1,872 square feet at the time of acquisition. Following completion of the purchase, we immediately let the vacant office suite. The property is now fully let and offers good prospects for future rental and capital growth, as the area is rapidly improving.

36 Great Charles Street, Birmingham
In March 2015 we acquired 36 Great Charles Street, a 24,552 sq ft office building in an established but fringe city location at a cost of £1.85m, with the intention to complete a refurbishment programme. Shortly after the acquisition, we were approached by a London based property company with an offer of £2.5m for our recently acquired interest. Having considered all relevant options, we agreed to sell the asset (completing in June 2015) in order to take an immediate profit and recycle capital into alternative opportunities.

Castlegate House, Castlegate Way, Dudley
We bought this well let modern office investment in June 2015. It is located on the entrance to a busy mixed use out of town park, with occupiers including Rentokil, Iconics, Premier Inn, Tesco Extra, Nandos and Showcase Cinema. The 21,375 square foot building is arranged over two floors to grade A specification. It is fully let to Towergate Underwriting Group Ltd, trading as Footman James, the classic car insurance specialists, on a 10 year lease from 17th November 2014, with an option to determine at year five on 17th November 2019, at a passing rent of £235,125 per annum. The property was acquired for £2.44m, which represents a net initial yield of 9.11% and a capital value of £114 per square foot, and therefore providing good medium income return with prospects for longer term capital growth.

150 Birmingham Road, West Bromwich
Acquired from a receivership sale in May 2015, it comprises a 15,840 square foot high quality office building, with a substantial warehouse. There are a number of ancillary buildings including a small modular office building and a detached two bedroom residential property. Following acquisition, we have sold the rear element at a profit and are in the process of negotiating terms with a number of possible occupiers to take a new lease on the remaining office element.

Virginia House, Worcester
REI Plc acquired this office in June 2015. The office building is well occupied and located in the centre of Worcester in close proximity to the expanding Heart of Worcester College. It comprises a multi-let property and let to a variety of tenants. The building comprises 15,332 square feet with a low average passing rent of £8.59 per square foot. We bought the property at a significant discount to the level which the property was marketed, equating to £78 per square foot, with strong prospects for capital performance, and a net initial yield of 10.47%.

Brandon Court, Coventry
We bought this well-established 33,566 sq ft office park in December 2015 at a price of £5,125,000 representing an initial yield of 8.32%. The investment benefits from a strong tenant line up with 71% of the income let to blue chip tenants and WAULT of 11.5 years to expiry and 7.2 years to break options. The purchase includes a potential development plot of 0.28 acre, which offers scope for future added value.

Bearwood Shopping Centre, Smethwick
In May 2015, the company acquired Bearwood Shopping Centre, in Smethwick for a total consideration of £8.65 million, reflecting a net initial yield of 7.49%. The 58,268 sq ft retail parade, comprises a major food store and nine retail units with the additional benefit of a 120 space surface car park. Occupiers include Aldi, Argos, Poundland, Greggs, Card Factory and Lloyds Pharmacy, with a WAULT of 10.5 years.

Acocks Green Shopping Centre, Acocks Green, Birmingham
In August 2015 we acquired Acocks Green Shopping Centre for £8.0 million from NAMA. The property comprises a 60,457 square foot retail scheme in Acocks Green on the outskirts of Solihull and Birmingham, providing an income of £808,084 and a yield of 10.48% at purchase. The scheme is anchored by Wilkinson, Boots, Argos and Lloyds Bank, with a WAULT at purchase of 3.7 years.

Jasper Retail Park, Tunstall, Stoke on Trent
Our retail warehouse acquisitions during the reporting period includes Jasper Retail Park, Tunstall which was acquired in September 2015 for £11 million which represents an initial yield of 7.68%. The 72,149 sq ft retail warehouse scheme comprises six retail warehouse units and is let to Matalan, Argos, Next, Shoezone and Pizza Hut. The property was marketed at a higher level and the purchase price represents a discount, with good prospects for capital improvement through market demand for this type of investment.

Property Sales

As our portfolio grows, we are beginning to recycle more capital and this year £15.3 million of cash proceeds were realised through five disposals, where it was deemed that our asset management strategy had been completed or that the risk profile had changed. Sales included historic non-core assets and all properties were sold at levels above our book value.

With rising demand from institutional investors, the Birmingham office investment market has witnessed significant capital value improvement in the recent past. REI Plc has taken advantage of improving investor demand with the sale of 85-89 Colmore Row, Birmingham, which was sold for £7.4 million, having acquired the building in December 2012 for £4m.

Property Sales (continued)

During 2015 we sold five properties:

- One of which was a core asset (85-89 Colmore Row)
- Two were outside the region (non-core portfolio)
- Two were fully occupied and had therefore reached their full strategic potential

Our strategic view going forward is to retain existing assets for income and future capital growth and to grow our overall portfolio and generate significant income to support our growing dividend policy.

Our Stakeholders

As always, our continued progress has only been possible due to the support of our staff, advisers, tenants and shareholders, for which we thank them and look forward to the continued growth and prosperity of REI Plc.

John Crabtree
Chairman
11 March 2016

Paul Bassi
Chief Executive
11 March 2016

Finance Director's Report

Overview

Our main objectives for the year were to allocate the proceeds of the Placing of £45 million raised in April of this year, continue our progressive dividend policy, and increase our profit before tax, earnings per share and net assets per share. All of these objectives have been achieved.

Results for the year

Profit before tax (IFRS) totalled £12.2 million (2014: £6.0 million), buoyed by a surplus on sale of investment properties of £1.7 million (2014: £277,000) and a surplus on revaluation of investment properties of £8.6 million (2014: £6.8 million), together with a profit on the market value of our interest rate hedging instruments of £669,000 (2014: loss £1.4 million).

In April 2015 we raised £45 million (£43.7 million net of expenses) to capitalise on the market opportunities that were evident to us, which we then used to acquire investment properties totalling £57.7 million during the year on criteria compliant properties. Rental income for the year was up 38% to £8.4 million (2014: £6.1 million) but the full benefit of these purchases will be realised in 2016. The investment properties are revalued externally at 31 December and generated a surplus on revaluation of £8.6 million.

The decision to dispose of certain properties during the year resulted from properties reaching maturity, receiving an offer that could not be refused and continuing to dispose of the "legacy" portfolio which we inherited and is out of area.

We continue to review our overhead base and administrative expenses of £3.1 million (2014: £2.5 million) rose mainly as a result of increase in employee numbers, a bonus provision plus employers' National Insurance of £732,000 (2014: £627,000) and a provision for costs of the Long Term Investment Plan of £300,000 (2014: £Nil).

Interest costs for the year reduced to £2.6 million (2014: £2.7 million) and the weighted average cost of debt also reduced to 5.9% (2014: 6.0%) as a result of paying off loans at expensive rates on the disposal of certain properties and the new facility taken out with Santander during the year at 2.25% over LIBOR. In February 2016 the Group agreed a new £30 million facility with Royal Bank of Scotland at 1.75% above LIBOR, which will again assist in reducing the average cost of financing costs.

Earnings per share rose to:
Basic – 7.46p (2014: 4.05P)
Diluted – 7.40p (2014: 4.05p)
EPRA – 0.8p (2014: loss 0.4p)

Shareholders' funds increased to £117.6 million at 31 December 2015 (2014: £64.6 million) and the NAV per share increased:

Basic NAV - 63.1p (2014: 57.9)
EPRA NAV – 64.4p (2014: 61.3p)
EPRA NNNAV – 62.6 (2014: 57.9)

Finance and banking

Total drawn debt at 31 December was £44 million (2014: £43 million) with undrawn facilities of £2 million (2014: £Nil). As previously mentioned, during the year the Group agreed a new £9 million facility with Santander at 2.25% above LIBOR and in February 2016 a new £30 million facility with Royal Bank of Scotland at 1.75% above LIBOR. The weighted average cost of debt was 5.9% (2014: 6.0%) and the weighted average debt maturity was 5.8 years (2014: 6.3 years). The loan to value (LTV) at 31 December was 28.0% (2014: 41.2%) and the LTV net of cash was 22.4% (2014: 35.2%).

Long Term Incentive Plan (LTIP)
On 8 June 2015 the terms of the LTIP were revised and previous options cancelled. The LTIP is designed to promote retention and to incentivise the executive directors to grow the value of the Group and to maximise returns (see page 15). A provision has been made in the accounts of £300,000 (2014: £Nil) in respect of the LTIP.

Taxation
The Group converted to a Real Estate Investment Trust (REIT) on 1 January 2015. Under REIT status the Group does not pay tax on its rental income profits or on gains from the sale of investment properties. The tax charge for the year is in respect of bank interest received and the movement on the deferred tax asset in respect of the financial instruments. The Group continues to meet all of the REIT requirements to maintain REIT status.

Dividend
Under the REIT status the Group is required to distribute at least 90% of rental income taxable profits arising each financial year by way of a Property Income Distribution. An interim dividend of 1p per share was paid in October and the Board proposes a final dividend of 1p per share payable in April 2016 making a total of 2p for the year (2014: 1.5p) an increase of 33%. Both of these dividends were paid as ordinary dividends and the allocation of future dividends between PID and non PID will continue to vary.

As a result of the increase in the Group's shareholding following the placing in April 2015 the dividend was not totally covered for 2015 but following the acquisition of investment properties of £57.7 million during the year, future dividends will be fully covered.

Post balance sheet event
In February 2016 the Group arranged a new £30 million facility with Royal Bank of Scotland at 1.75% above LIBOR, which will be used to continue the acquisition of criteria compliant investment properties in the current year.

Marcus Daly
Finance Director
11 March 2016

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2015.

Directors
The directors who served during the year were as follows:

J R A Crabtree	Chairman – Non-Executive Director
W Wyatt	Non-Executive Director
P London	Non-Executive Director
P P S Bassi	Chief Executive
M H P Daly	Finance Director

JRA Crabtree and MHP Daly will retire and submit themselves for re-election at the forthcoming Annual General Meeting.

Substantial shareholdings
The Company has been notified of the following interests that represent 3% or more of the issued share capital of the Company at 19 February 2016:

	Number	%
Invesco Perpetual UK Strategic Income Fund	18,623,417	9.99
Caledonia Investments	18,304,812	9.82
J O Hambro Capital Management	17,916,666	9.61
Majedie Asset Management	15,410,520	8.27
CF Ruffer Total Return Fund	10,598,883	5.69
Ruffer Absolute Return Fund	10,000,000	5.36
Standard Life Investments	9,866,113	5.29
P P S Bassi	9,658,333	5.18
Invesco Perpetual UK Equity Pension Fund	8,148,249	4.37
City Financial	7,958,332	4.27
Old Mutual Global Investors	6,340,132	3.40
Henderson Volantis Capital	5,746,666	3.08

Other matter

Financial risk management objectives and policies are included in note 15 to the financial statements.

Real Estate Investment Trust (REIT)

With effect from 1 January 2015, the Group converted to REIT status under which the Group is not liable to Corporation Tax on its rental income or capital gains from qualifying activities.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company and Group 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of directors' responsibilities
They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's and Group's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting
The Annual General Meeting will be held at 75-77 Colmore Row, Birmingham, B3 2AP on 5 May 2016 at 11.30 am.

Auditor
Grant Thornton UK LLP offers itself for re-appointment as auditor in accordance with Section 489 of the Companies Act 2006.

BY ORDER OF THE BOARD

M H P Daly
Secretary

Date: 11 March 2016

Company No 5045715

Review of business

Real Estate Investors PLC is a commercial property investment company specialising in the established and proven markets of the greater Midlands area. The Group's business model is based on generating rental and capital growth from an active approach to the management and development of a portfolio of quality buildings, predominantly within the office and retail sectors.

Recurring rental income from the portfolio underpins profits, which are supplemented by gains from the sale of investment properties. Disposal proceeds are recycled into new acquisitions with better growth prospects, whilst maintaining compliance with the terms of flexible secured bank finance.

The Group has built up a portfolio of good quality assets concentrated in these resilient established markets, without reliance on one sector or location (see pages 3 to 8 for the review of the business which forms part of this Strategic Report).

Principal risks and uncertainties

The directors consider the principal risks of the Group and the strategy to mitigate these risks, as follows:

Risk area	Mitigation
Investment portfolio	
• Tenant default • Change in demand for space • Market pricing affecting value	• Not reliant on one single tenant or business sector • Focused on established business locations for investment • Monitor asset concentration • Portfolio diversification between office and retail properties • Building specifications not tailored to one user • Continual focus on current vacancies and expected changes
Financial	
• Reduced availability or increased cost of debt • Interest rate sensitivity	• Low gearing policy • Fixed rate debt and hedging in place • Existing facilities sufficient for spending commitments • On-going monitoring and management of the forecast cash position • Internal procedures in place to track compliance with bank covenants
People	
• Retention/recruitment	• Remuneration structure reviewed • Regular assessment of performance

Key performance indicators ("KPIs")

The following KPIs are some of the tools used by management to monitor the performance of the Group against the aim of creating sustainable long-term returns for shareholders and have all moved favourably this year.

Indicator	2015	2014
Earnings per share	7.46p	4.05p
Profit before tax – actual	£12.2m	£6.0m
Net assets per share	63.1p	57.9p

BY ORDER OF THE BOARD

M H P Daly
Secretary
Date: 11 March 2016

Directors' statement on corporate governance

The Board of Directors is accountable to shareholders for the good corporate governance of the Group. Under the AIM rules for companies, the Group is not required to comply with the UK Corporate Governance Code (September 2014) and does not comply with the Code. However, the Board is aware of the best practice defined by the Code and seeks to adopt procedures to institute good governance insofar as practical and appropriate for a Group of its size while retaining its focus on the entrepreneurial success of the business. The main elements of the Group's governance procedure are documented below.

Directors
The composition of the Board is set out on page 10. The Board currently comprises three non-executive directors and two executive directors. The Board aims to meet monthly and is provided with relevant information on financial, business and corporate matters prior to meetings. The Board is responsible for overall Group strategy, approval of property and corporate acquisitions and disposals, approval of substantial items of capital expenditure, and consideration of significant operational and financial matters. The Board has established both an Audit and Remuneration Committee. Given the small size of the Board, it is not considered necessary to establish a separate Nominations Committee. All members of the Board are fully consulted on the potential appointment of a new director. All directors are subject to re-election every three years.

Accountability and audit
The Audit Committee comprises two non-executive directors, J R A Crabtree and W Wyatt, and the finance director, by invitation. The committee oversees the adequacy of the Group's internal controls, accounting policies and financial reporting and provides a forum through which the Group's external auditor reports to the non-executive directors.

Going concern
The Group has prepared and reviewed forecasts and made appropriate enquiries which indicate that the Group has adequate resources to continue in operational existence for the foreseeable future. These enquiries considered the following:

- the significant cash balances the Group holds and the low levels of historic and projected operating cashflows
- any property purchases will only be completed if cash resources or loans are available to complete those purchases
- the Group's bankers have indicated their continuing support for the Group. The Group's £22.7 million facility with Lloyds Banking Group is due for renewal in October 2016. Whilst the process of agreeing terms for the renewal of these facilities, which would be subject to credit approval, documentation and due diligence, has not commenced at the present time the bank have confirmed the intention to roll the facilities at a similar level for a period of three to five years from the expiry of the facilities.
- In February 2016, the Group agreed a new £30 million facility with Royal Bank of Scotland.

For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

Internal control
The Board has overall responsibility for ensuring that the Group maintains systems of internal control to provide it with reasonable assurance regarding the reliability of financial information used within the business and that the assets of the business are safeguarded. It is acknowledged that such systems can only provide reasonable and not absolute assurance against material misstatements or loss. Key areas of internal control, which are overseen by the finance director, are listed below:

- the preparation of monthly financial information which reports actual performance and continuously updates monthly forecasts of revenue, expense, cash flows and assets and liabilities for the remainder of the current financial accounting period
- appraisal and approval of property and corporate investment proposals in the context of their cash flow profile, potential profitability and fit with the Group's overall strategy
- ongoing review of the Group's property portfolio and issues arising therefrom
- the close involvement of the executive directors in the day to day running of the business.

The Board has considered the need for an internal audit function but has decided the size and complexity of the Group does not justify it at present. However, it will keep this decision under annual review.

Remuneration Committee
As a company trading on AIM, the Company is not obliged to comply with the provisions of the Directors' Remuneration Reports Regulations. However, as part of its commitment to good corporate governance practice the Company provides the following information.

The Remuneration Committee is made up of the three non-executive directors and the chief executive, by invitation. The terms of reference of the committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive directors.

Service agreements
No director has a service agreement with a notice period that exceeds 12 months.

Policy on directors' remuneration
The executive directors' remuneration packages are designed to attract, motivate and retain directors of the high calibre needed to help the Group successfully compete in its market place. The Group's policies are to pay executive directors a salary at market levels for comparable jobs in the sector whilst recognizing the relative size of the Group. The executive directors do not receive any benefits apart from their basic salaries, bonuses and LTIP awards.

The performance management of the executive directors and the determination of their annual remuneration package is undertaken by the Remuneration Committee. No director plays a part in any decision about his own remuneration. Annual bonuses will be paid at the discretion of the Remuneration Committee as an incentive and to reward performance during the financial year pursuant to specific performance criteria. In exercising its discretion the committee will take into account (among other things) NAV growth, dividend growth, rental growth, management performance and overall financial performance. The Remuneration Committee believes that incentive compensation should recognize the growth and profitability of the business.

Directors' remuneration (forming part of the financial statements and subject to audit)
The remuneration of directors for the year ended 31 December 2015 was as follows:

	Salary	Salary in lieu of benefits	Fees	Bonus	Share based payment expense	Total	Employers' national insurance contributions	2015 Total	2014 Total	Share options 2015 Number	Share options 2014 Number
	£000	£000	£000	£000	£000	£000	£000	£000	£000	'000	'000
P P S Bassi	350	87	-	350	175	962	121	1,083	881	875	-
M H P Daly	200	50	-	200	100	550	69	619	501	500	-
J Crabtree	-	-	30	-	-	30	-	30	30	-	-
W Wyatt	-	-	25	-	-	25	-	25	25	-	-
P London	25	-	-	-	-	25	2	27	7	-	-
	575	137	55	550	275	1,592	192	1,784	1,444	1,375	-

Salary in lieu of benefits is paid in recognition for the fact that the Directors do not receive any benefits in kind.

No post-employment benefits, including pension contributions, are received by the Directors.

Policy on non-executive directors' remuneration
The remuneration of the non-executive directors is determined by the Board and based upon independent surveys of fees paid to non-executive directors of similar companies. The non-executive directors do not receive any benefits apart from their fees which are paid directly to the individual involved.

Long Term Incentive Plan

At the Annual General Meeting held in June 2010 a resolution was passed approving the adoption of a new Long Term Incentive Plan (LTIP). On 8th June 2015, the terms of the LTIP were revised and previous options cancelled. The proposed LTIP is designed to promote retention and incentivise the executive directors to grow the value of the Group and to maximise returns:

- The LTIP has a ten year life from January 2010 to December 2019.
- Performance conditions:
  - 50% of the award subject to absolute NAV growth plus dividends with threshold vesting – 30% of this part of the award – at 8.5% annual growth including dividends and full vesting at 14.0% annual growth
  - 50% subject to absolute total shareholder return (share price growth plus dividends) with threshold vesting – 30% of this part of the award – at 8.5% annual growth and full vesting at 14.0%
- The baseline for the commencement of the LTIP is 60p per share.
- Amounts payable will be satisfied in full (save as below) by the issue of Ordinary shares or the grant of zero/nominal cost options to any participant. The price at which shares will be issued will be the weighted average mid-market closing price for the first 20 business days following announcement of the latest full year results. On issue, the Ordinary shares will rank pari passu with the existing issued Ordinary shares.
- The number of Ordinary shares which can be issued under the LTIP is limited to 10% of the Company's then issued share capital. Any excess earned above this level will be paid in cash provided that the remuneration committee consider it prudent to do so at that stage, otherwise payment will be deferred until the remuneration committee deem it prudent.
- The remuneration committee may from time to time make any alteration to the plan which it thinks fit, including for legal, regulatory or tax reasons, in order to ensure the smooth workings of the plan in line with its objectives.
- Conditional awards of shares made each year
- Awards vest after three years subject to continued employment and meeting objective performance conditions

On 8 June 2015, the Group granted each of P P S Bassi and M H P Daly an option under the scheme which entitles them to subscribe for or acquire ordinary shares in the company at a price of 10p per share (in the case of new ordinary shares) or 0p per share (in the case of a transfer of existing shares). The grant and exercise of the options is subject to the rules of the LTIP and cannot be exercised unless the relevant performance criteria are met, as discussed above.

Approved by the Board of Directors
P London
Chairman, Remuneration Committee
Date: 11 March 2016

We have audited the financial statements of Real Estate Investors plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cashflows, the company statement of cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on pages 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical standards for Auditors.

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

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with 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.

Opinion on other matters 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.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David White
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 11 March 2016

REAL ESTATE INVESTORS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Revenue		**8,381**	8,016
Cost of sales		**(1,477)**	(2,452)
Gross profit		**6,904**	5,564
Administrative expenses		**(3,072)**	(2,542)
Surplus on sale of investment property		**1,687**	277
Change in fair value of investment properties	9	**8,552**	6,767
Profit from operations		**14,071**	10,066
Finance income	5	**113**	60
Finance costs	5	**(2,609)**	(2,672)
Profit/(loss) on financial liabilities at fair value through profit and loss	16	**669**	(1,445)
Profit on ordinary activities before taxation	3	**12,244**	6,009
Income tax charge	6	**(157)**	(1,960)
Net profit after taxation and total comprehensive income		**12,087**	4,049
Total and continuing earnings per ordinary share			
Basic	7	**7.46p**	4.05p
Diluted	7	**7.40p**	4.05p

The results of the Group for the period related entirely to continuing operations.

The accompanying notes form an integral part of these financial statements.

REAL ESTATE INVESTORS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total £000
At 1 January 2014	7,142	61	45	-	34,630	41,878
Issue of new shares	4,000	-	-	-	-	4,000
Premium on issue of new shares	-	16,000	-	-	-	16,000
Expenses of share issue	-	(528)	-	-	-	(528)
Dividends	-	-	-	-	(836)	(836)
Transactions with owners	4,000	15,472	-	-	(836)	18,636
Profit for the year and total comprehensive income	-	-	-	-	4,049	4,049
At 31 December 2014	11,142	15,533	45	-	37,843	64,563
Issue of new shares	7,500	-	-	-	-	7,500
Premium on issue of new shares	-	37,500	-	-	-	37,500
Expenses of share issue	-	(1,312)	-	-	-	(1,312)
Share based payment	-	-	-	300	-	300
Dividends	-	-	-	-	(2,700)	(2,700)
Transactions with owners	7,500	36,188	-	300	(2,700)	41,288
Profit for the year and total comprehensive income	-	-	-	-	12,087	12,087
At 31 December 2015	**18,642**	**51,721**	**45**	**300**	**47,230**	**117,938**

The accompanying notes form an integral part of these financial statements.

REAL ESTATE INVESTORS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital	Share premium account	Capital redemption reserve	Other reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
At 1 January 2014	7,142	61	45		31,238	38,486
Issue of new shares	4,000	-	-	-	-	4,000
Premium on issue of new shares	-	16,000	-	-	-	16,000
Expenses of share issue	-	(528)	-	-	-	(528)
Dividends	-	-	-	-	(836)	(836)
Transactions with owners	4,000	15,472	-	-	(836)	18,636
Profit for the year and total comprehensive income	-	-	-	-	5,145	5,145
At 31 December 2014	11,142	15,533	45	-	35,547	62,267
Issue of new shares	7,500	-	-	-	-	7,500
Premium on issue of new shares	-	37,500	-	-	-	37,500
Expenses of share issue	-	(1,312)	-	-	-	(1,312)
Share based payment	-	-	-	300	-	300
Dividends	-	-	-	-	(2,700)	(2,700)
Transactions with owners	7,500	36,188	-	300	(2,700)	41,288
Profit for the year and total comprehensive income	-	-	-	-	11,512	11,512
At 31 December 2015	**18,642**	**51,721**	**45**	**300**	**44,359**	**115,067**

The accompanying notes form an integral part of these financial statements.

REAL ESTATE INVESTORS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 £000	2014 £000
Assets			
Non current			
Intangible assets	8	**171**	171
Investment properties	9	**155,092**	102,017
Property, plant and equipment	10	**16**	6
Deferred tax	17	**806**	940
		156,085	103,134
Current			
Inventories	12	**2,380**	2,366
Trade and other receivables	13	**3,385**	3,745
Cash and cash equivalents		**8,777**	6,274
		14,542	12,385
Total assets		**170,627**	115,519
Liabilities			
Current			
Bank loans	15	**(20,499)**	(24,054)
Provision for current taxation		**(23)**	(18)
Trade and other payables	14	**(4,554)**	(3,245)
		(25,076)	(27,317)
Non current			
Bank loans	15	**(23,585)**	(18,942)
Financial liabilities	15	**(4,028)**	(4,697)
		(27,613)	(23,639)
Total liabilities		**(52,689)**	(50,956)
Net assets		**117,938**	64,563

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2015

	Note	2015	2014
		£000	£000
Equity			
Share capital	18	**18,642**	11,142
Share premium account		**51,721**	15,533
Capital redemption reserve		**45**	45
Other reserve		**300**	-
Retained earnings		**47,230**	37,843
Total Equity		**117,938**	64,563
Net assets per share		**63.3p**	57.9p

These financial statements were approved and authorised for issue by the Board of Directors on 11 March 2016.

Signed on behalf of the Board of Directors

J R A Crabtree – Chairman

M H P Daly – Finance Director
Company No 5045715

The accompanying notes form an integral part of these financial statements.

REAL ESTATE INVESTORS PLC

COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2015

	Note	2015	2014	2013
Assets		**£000**	£000	£000
Non current				
Investment properties	9	**145,160**	89,162	61,698
Property, plant and equipment	10	**16**	6	7
Investments	11	**2,423**	2,721	4,521
Deferred tax	17	**806**	940	1,290
		148,405	92,829	67,516
Current assets				
Inventories	12	**2,380**	2,365	2,365
Trade and other receivables	13	**5,930**	7,447	7,516
Cash and cash equivalents		**6,590**	3,965	7,198
		14,900	13,777	17,079
Total assets		**163,305**	**106,606**	**84,595**
Liabilities				
Current				
Bank loans	15	**(20,334)**	(23,040)	(24,735)
Provision for current taxation		**(22)**	-	-
Trade and other payables	14	**(4,186)**	(2,853)	(4,130)
Net current liabilities		**(24,542)**	(25,893)	(28,865)
Non current				
Bank loans	15	**(19,668)**	(13,749)	(13,992)
Financial liabilities	15	**(4,028)**	(4,697)	(3,252)
		(23,696)	(18,446)	(17,244)
Total liabilities		**(48,238)**	(44,339)	(46,109)
Net assets		**115,067**	62,267	38,486
Equity				
Ordinary share capital	18	**18,642**	11,142	7,142
Share premium account		**51,721**	15,533	61
Capital redemption reserve		**45**	45	45
Other reserve		**300**	-	-
Profit and loss account		**44,359**	35,547	31,238
Total Equity		**115,067**	62,267	38,486

These financial statements were approved by the Board of Directors on 11 March 2016.

Signed on behalf of the Board of Directors

J R A Crabtree – Chairman

M H P Daly – Finance Director

Company No 5045715

The accompanying notes form an integral part of these financial statements.

REAL ESTATE INVESTORS PLC

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2015

	2015	2014
	£000	£000
Cash flows from operating activities		
Profit after taxation	**12,087**	4,049
Adjustments for:		
Depreciation	**3**	8
Net surplus on valuation of investment property	**(8,552)**	(6,767)
Surplus on sale of investment property	**(1,687)**	(277)
Share based payment	**300**	-
Finance income	**(113)**	(60)
Finance costs	**2,609**	2,672
(Profit)/loss on financial liabilities at fair value through profit and loss	**(669)**	1,445
Income tax charge	**157**	1,960
(Increase)/decrease in inventories	**(14)**	3,235
Decrease in trade and other receivables	**360**	500
Increase in trade and other payables	**1,291**	529
	5,772	7,294
Interest paid	**(2,609)**	(2,672)
Net cash from operating activities	**3,163**	4,622
Cash flows from investing activities		
Purchase of investment properties	**(58,175)**	(29,532)
Purchase of property, plant and equipment	**(13)**	(7)
Proceeds from sale of investment properties	**15,339**	5,660
Interest received	**113**	60
	(42,736)	(23,819)
Cash flows from financing activities		
Proceeds from issue of share capital net of expenses	**43,688**	19,472
Equity dividends paid	**(2,700)**	(836)
Proceeds from new bank loans	**7,000**	514
Payment of bank loans	**(5,912)**	(459)
	42,076	18,691
Net increase/(decrease) in cash and cash equivalents	**2,503**	(506)
Cash, cash equivalents and bank overdrafts at beginning of period	**6,274**	6,780
Cash, cash equivalents and bank overdrafts at end of period	**8,777**	6,274

NOTES:
Cash and cash equivalents consist of cash in hand and balances with banks only.

The accompanying notes form an integral part of these financial statements.

REAL ESTATE INVESTORS PLC

COMPANY STATEMENT OF CASHFLOWS

For the year ended 31 December 2015

	2015	2014
	£000	£000
Cash flows from operating activities		
Profit after taxation	**11,512**	5,145
Adjustments for:		
Depreciation	**3**	8
Net surplus on valuation of investment property	**(8,175)**	(6,709)
Surplus on sale of investment property	**(1,020)**	(277)
Share based payment	**300**	-
Provision against investments	**298**	1,800
Finance income	**(108)**	(55)
Group dividends	**-**	(1,800)
Finance costs	**2,279**	2,308
(Profit)/loss on financial liabilities at fair value through profit and loss	**(669)**	1,445
Income tax charge /(credit)	**156**	(290)
Increase in inventories	**(14)**	-
Decrease in trade and other receivables	**1,517**	709
Increase/(decrease) in trade and other payables	**1,333**	(1,277)
	7,412	1,007
Interest paid	**(2,279)**	(2,308)
Net cash from operating activities	**5,133**	(1,301)
Cash flows from investing activities		
Purchase of investment properties	**(58,175)**	(25,638)
Purchase of property, plant and equipment	**(13)**	(7)
Proceeds from sale of investment properties	**11,372**	5,160
Group dividends	**-**	1,800
Interest received	**108**	55
	(46,708)	(18,630)
Cash flows from financing activities		
Proceeds from issue of share capital net of expenses	**43,688**	19,472
Equity dividends paid	**(2,700)**	(836)
Proceeds from new bank loans	**7,000**	514
Payment of bank loans	**(3,788)**	(2,452)
	44,200	16,698
Net increase/(decrease) in cash and cash equivalents	**2,625**	(3,233)
Cash, cash equivalents and bank overdrafts at beginning of period	**3,965**	7,198
Cash, cash equivalents and bank overdrafts at end of period	**6,590**	3,965

NOTES:
Cash and cash equivalents consist of cash in hand and balances with banks only.

The accompanying notes form an integral part of these financial statements.

1. Accounting policies

The financial statements have been prepared under the historical cost convention, except for the revaluation of properties and financial instruments held at fair value through profit and loss, and in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

These are the first IFRS financial statements prepared in respect of the parent company. The effects of the transition from the previous financial statements prepared under the UK Generally Accepted Accounting Practice is detailed in note 24.

The principal accounting policies of the Group are set out below and are consistent with those applied in the 2014 financial statements, except where new standards have been issued and applied retrospectively. Further details of these standards and their application by the Group are set out on pages 32 and 33.

Going concern

The Group has prepared and reviewed forecasts and made appropriate enquiries which indicate that the Group has adequate resources to continue in operational existence for the foreseeable future. These enquiries considered the following:

- the significant cash balances the Group holds and the low levels of historic and projected operating cashflows
- any property purchases will only be completed if cash resources or loans are available to complete those purchases
- the Group's bankers have indicated their continuing support for the Group. The Group's £20 million facility with Lloyds Banking Group is due for renewal in October 2016. Whilst the process of agreeing terms for the renewal of these facilities, which would be subject to credit approval, documentation and due diligence, has not commenced at the present time the bank have confirmed the intention to roll the facilities at a similar level for a period of three to five years from the expiry of the facilities.
- In February 2016, the Group agreed a new £30 million facility with Royal Bank of Scotland

For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

Business combinations

Subsidiaries are all entities over which the Group has control. The Group obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent Company as well as those entities controlled by the Group by full consolidation.

Acquired subsidiaries are subject to application of the acquisition method. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of the fair value of consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

No statement of comprehensive income is presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company's profit for the financial year was £11,512,000 (2014: £5,145,000).

1. Accounting policies (continued)

Investments

Investments in subsidiary undertakings are recorded at cost less provision for impairment.

Income recognition

Revenue is recognised to the extent that it is probable that 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 discounts, rebates, VAT and other sales taxes or duties. The following criteria must be met before income is recognised:

Rental income
Rental income arising from operating leases on properties owned by the Group is accounted for on a straight line basis over the period commencing on the later of the start of the lease or acquisition of the property by the Group, and ending on the end of the lease, unless it is reasonably certain that the break option will be exercised. Rental income revenue excludes service charges and other costs directly recoverable from tenants.

Sale of properties
Revenue from the sale of properties is recognised when the significant risks and rewards of ownership of the properties have passed to the buyer, usually when legally binding contracts which are irrevocable and unconditional are exchanged. Revenue is, therefore, recognised when legal title passes to the purchaser, on completion.

Surrender premiums
Where contractually entitled, upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Impairment

The Group's goodwill, office equipment and leasehold improvements are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level. Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls related cash flows.

Cash-generating units that include goodwill are tested for impairment at least annually. All other individual assets or cash generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, using future expected revenues from the asset or cash-generating unit. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss on other assets is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

1. Accounting policies (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially recognised at cost including direct transaction costs.

Investment properties are subsequently valued externally or by the directors on an open market basis at the balance sheet date and recorded at valuation. Any surplus or deficit arising on revaluing investment properties is recognised in profit or loss in the period in which they arise.

Dilapidation receipts are held in the balance sheet and offset against subsequent associated expenditure. Any ultimate gains or shortfalls are recognised in profit or loss, offset against any directly corresponding movement in fair value of the investment property to which they relate.

Leasehold improvements and office equipment

Leasehold improvements and office equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on the cost of these assets less their residual value on a straight line basis over the estimated useful economic life of each asset, by equal annual instalments over the following periods:

Leasehold improvements	-	length of lease
Office equipment	-	four years

Residual values and useful lives are reassessed annually.

Inventories

Trading properties, which are held for resale, are included in inventories at the lower of cost and net realisable value. Cost includes all fees relating to the purchase of the property and improvement expenses. Net realisable value is based on estimated selling price less future costs expected to be incurred to sale. Any provisions to impair trading properties below cost are reversed in future periods if market conditions subsequently support a higher fair value but only up to a maximum of the original cost. Property acquisitions are accounted for when legally binding contracts which are irrevocable and effectively unconditional, on completion.

Operating leases

Group company is the lessee
Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged as an expense on a straight line basis over the period of the lease.

Group company is the lessor
Properties leased out to tenants under operating leases are included in investment properties in the statement of financial position when all the risks and rewards of ownership of the property are retained by the Group.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the year end date. They are calculated according to the tax rates and tax laws enacted and substantively enacted at the year end date, based on the taxable profit for the year.

The Group elected for Real Estate Investment Trust (REIT) status with effect from 1 January 2015. As a result, providing certain conditions are met, the Group's profits from property investment are exempt from United Kingdom corporation tax. Therefore, for 2015 there is no provision for deferred tax arising on the revaluation of properties or on unused trading losses, substantially all of which relate to property investment.

1. Accounting policies (continued)

Taxation (continued)

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised on the initial recognition of goodwill, or on initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided that they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in the value of assets or liabilities that is charged directly to other comprehensive income are charged or credited directly to other comprehensive income.

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables.

All financial assets are initially recognised at fair value plus transaction costs, when the Group becomes party to the contractual provisions of the instrument.

Interest resulting from holding financial assets is recognised in the statement of comprehensive income using the effective interest method.

Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Provision for impairment of trade, loan receivables and other receivables is made when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivable. The amount of the impairment is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition.

A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

- Share capital represents the nominal value of equity shares that have been issued.
- Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares, net of expenses of the share issue.
- Other reserves represent the cumulative amount of the share based payment expense.
- Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.
- The capital redemption reserve represents the nominal value of shares cancelled on the purchase of own shares in order to maintain the capital base of the Group.

1. Accounting policies (continued)

Financial liabilities

The Group's financial liabilities include bank loans and overdrafts, trade and other payables and liabilities at fair value through profit and loss.

Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in "finance costs" in the statement of comprehensive income using the effective interest method.

Bank overdrafts are raised for support of the short term funding of the Group's operations.

Bank loans are raised for support of the long term funding of the Group's operations. They are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the statement of comprehensive income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

All derivative financial instruments are valued at fair value through profit and loss. No derivative financial instruments have been designated as hedging instruments. All interest related charges are included within finance costs or finance income. Changes in an instrument's fair value are disclosed separately in the statement of comprehensive income. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists.

A financial liability is derecognised only when the obligation is extinguished, that is when the obligation is discharged or cancelled or expires.

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classed as financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

Share warrants and share options

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to other reserves.

Upon exercise of share warrants or share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

When the share warrants or share options have vested and then lapsed, the amount previously recognised in other reserves is transferred to retained earnings.

1. Accounting policies (continued)

Share based payments
The company has a Long Term Incentive Plan for certain of its employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated on the date of grant using a binomial valuation model, according to the characteristics of the option, and is based on certain assumptions. Those assumptions include, among others, the dividend growth rate, expected volatility, and the expected life of the options. Management then apply the fair value to the number of options expected to vest. The resulting fair value is amortised through the statement of comprehensive income on a straight line basis over the vesting period with a corresponding credit to other reserves. The charge is reversed if it is likely that any non-market based criteria will not be met. If a category of share options is cancelled, this is accounted for as an acceleration of vesting and any remaining fair value is recognised in full at the date of cancellation.

Segmental reporting
An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Group's investment properties and properties held for trading as a portfolio, the directors have identified a single operating segment, that of investment in and trading of commercial properties.

Application of new and revised IFRS and interpretations thereof issued by the International Financial Reporting Interpretations Committee ("IFRIC")
The Group has adopted the new provisions of the following amended standards but there is no material impact on the amounts reported or the disclosures in the financial statements:

- Annual Improvements to IFRSs 2011 – 2013 cycle

Standards and interpretations in issue, not yet effective
The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)^^
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)^^ &&
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)^^
- IFRS 16 Leases effective 1 January 2019)^^
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (IASB effective date 1 July 2014) $$ (Endorsed)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016) (Endorsed)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016) (Endorsed)
- Annual Improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 July 2014) $$ (Endorsed)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016) (Endorsed)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016) (Endorsed)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016) (Endorsed)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective 1 January 2016)^^
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2016) (Endorsed)
- Disclosure Initiative: Amendments to IAS 7 Statement of Cash Flows (effective 1 January 2017)^^
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)**
- Amendments to IAS 12: Recognition of Deferred Tax assets for Unrealised Losses (effective 1 January 2017)^^

$$ EU mandatory effective date is financial years starting on or after 1 February 2015.
^^ Not adopted by the EU (as at 16 Feb 2016).
** Endorsement postponed indefinitely
&& It has been decided not to launch the endorsement process - The EC will wait for a completely new standard

1. Accounting policies (continued)

Standards and interpretations in issue, not yet effective (continued)

The Group has commenced assessment of the impact of the above standards on presentation and disclosure but is not yet in a position to state whether any of these standards would have a material impact on its results of operations and financial position.

Certain other new standards and interpretations have also been issued but are not expected to have a material impact on the Group's financial statements.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are as follows:

Investment property valuation
The Group uses the valuations performed by its independent valuers or the directors as the fair value of its investment properties. The valuation is based upon assumptions including future rental income, anticipated maintenance costs and on the appropriate discount rate. The valuer and directors also make reference to market evidence of transaction prices for similar properties. The impact of changes in property yields used to ascertain the valuation of investment properties are considered in note 15.

Trade and other receivables
The Group is required to judge when there is sufficient objective evidence to require the impairment of individual trade and other receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the debtor entity and the status of any disputed amounts. Further details with regard to the potential impairment of trade and loan receivables are provided in note 13.

Deferred taxation
The Group and Company have a deferred tax asset of £806,000 at 31 December 2015 (2014: £940,000) which relates to financial instruments as detailed in note 16. The Directors monitor the interest rate swap to assess the reversal of the deferred tax asset.

Surrender premiums
The Group is required to judge whether amounts due under lease surrenders are sufficiently irrevocable that income can be accrued. Judgment is also required in establishing whether income relates to an exit fee for terminating the leased asset (recognised immediately), or whether it represents accelerated rental income (recognised over the remaining lease term). Surrender premiums received during the year are shown in note 2.

Critical judgements in applying the Group's accounting policies
The Group makes judgements in applying the accounting policies. The critical judgements that have been made are as follows:

REIT status

The Group and Company elected for Real Estate Investment Trust (REIT) status with effect from 1 January 2015. As a result, providing certain conditions are met, the Group and Company's profit from property investment and gains are exempt from UK corporation tax. In the Directors' opinion the Group and Company have met these conditions.

1. Accounting policies (continued)

Investment entity status
Following the conversion of the Group to REIT status during 2015, the directors have considered the criteria of the International Accounting Standards Board's publication 'Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27' and are satisfied that the Group does not meet the definitions of an investment entity and as such it remains appropriate to consolidate all of the subsidiaries.

2. Segmental information

The segmental information is provided to the Chief Executive, who is the chief operating decision maker.

		Investment in and trading of properties	
		2015	2014
		£000	£000
Segment revenues	– Rental income	**8,152**	5,392
	- Surrender premiums	**229**	754
	- Sale of assets held as inventory	**-**	1,870
		8,381	8,016
Cost of sales	– Direct costs	**(1,477)**	(951)
	- Cost of property	**-**	(1,411)
	- Loss on valuation of assets held as inventory	**-**	(90)
		(1,477)	(2,452)
Administrative expenses		**(3,072)**	(2,542)
Surplus on disposal of investment property		**1,687**	277
Surplus on valuation of investment properties		**8,552**	6,767
Segment operating profit		**14,071**	10,066
Segment assets		**170,627**	115,519

The segmental information provided to the Chief Executive also includes the following:

	2015	2014
	£000	£000
Finance income	**113**	60
Finance costs	**(2,609)**	(2,672)
Depreciation	**(3)**	(8)
Income tax charge	**(157)**	(1,960)

Revenue from external customers and non current assets arises wholly in the United Kingdom. All revenue for the year is attributable to the principal activities of the Group. Revenue from the largest customer represented 3% (2014: 9%) of the total rental income revenue for the period.

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after:

	2015	2014
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**23**	17
Fees payable to the Company's auditor for other services		
Audit of the accounts of the subsidiaries	**20**	21
Depreciation of owned property and equipment	**3**	8
Operating lease payments	**144**	129

4. Directors and employees

Staff costs during the period were as follows:

	2015	2014
	£000	£000
Wages and salaries	**1,573**	1,473
Social security costs	**233**	172
	1,806	1,645

The average number of employees (including executive directors) of the Group during the period was seven (2014: six), all of whom were engaged in administration. The executive and non-executive directors are also the key management personnel and details of their remuneration are included within the directors' remuneration report on pages 16 and 17.

5. Finance income/finance costs

	2015	2014
	£000	£000
Finance income:		
Interest receivable	**113**	60
Finance costs:		
Interest payable on bank loans	**(2,609)**	(2,672)

6. Income tax charge

	2015 £000	**%**	2014 £000	%
Result for the year before tax	**12,244**		6,009	
Tax rate	**20%**		20%	
Expected tax charge	**2,449**		1,202	
Capital allowances and losses no longer available	**-**		758	
REIT exempt income and gains	**(2,292)**		-	
Actual tax charge	**157**		1,960	
Tax charge comprises:				
Current tax	**23**		-	
Deferred tax charge (note 17)	**134**		1,960	
	157		1,960	

7. Earnings per share

The calculation of earnings per share is based on the result for the year after tax and on the weighted average number of shares in issue during the year.

Reconciliations of the earnings and the weighted average numbers of shares used in the calculations are set out below.

	2015			2014		
	Earnings £000	**Average number of shares**	**Earnings per Share**	Earnings £000	Average number of shares	Earnings per share
Basic earnings per share	**12,087**	**161,968,543**	**7.46p**	4,049	100,023,337	4.05p
Diluted earnings per share	**12,087**	**163,343,543**	**7.40p**	4,049	100,023,337	4.05p

The European Public Real Estate Association indices below have been included in the financial statements to allow more effective comparisons to be drawn between the Group and other business in the real estate sector.

7. Earnings per share (continued)

EPRA EPS per share

	2015			2014		
	Earnings	**Shares**	**Earnings per Share**	Earnings	Shares	Earnings per share
	£000	**No**	**p**	£000	No	p
Basic earnings per share	**12,087**	**161,968,543**	**7.46p**	4,049	100,023,337	4.05
Net surplus on valuation of investment properties	(8,552)			(6,767)		
Profits on disposal of investment properties	(1,687)			(277)		
Tax on profits on disposals	-			55		
Fair value of inventory properties	-			90		
Change in fair value of derivatives	(669)			1,445		
Deferred tax	134			1,047		
EPRA earnings/(loss)	1,313	**161,968,543**	0.81p	(358)	100,023,337	(0.36)

EPRA NAV per share

	2015			2014		
	Net assets	**Shares**	**Net asset value per share**	Net assets	Shares	Net asset value per share
	£000	**No**	**P**	£000	No	P
Basic	**117,938**	**186,420,598**	**63.3**	64,563	111,420,598	57.9
Dilutive impact of share options and warrants	**-**	**1,375,000**		-	-	
Diluted	**117,938**	**187,795,598**	**62.8**	64,563	111,420,598	57.9
Adjustment to fair value of derivatives	**4,028**	**-**		4,697	-	
Deferred tax	**(806)**	**-**		(940)	-	
EPRA NAV	**121,160**	**187,795,598**	**64.5**	68,320	111,420,598	61.3
Adjustment to fair value of derivatives	**(4,028)**	**-**		(4,697)	-	
Deferred tax	**806**	**-**		940	-	
EPRA NNNAV	**117,938**	**187,795,598**	**62.8**	64,563	111,420,598	57.9

8. Intangible assets

	Goodwill
	£000
Gross carrying amount	
Cost	
At 1 January 2015 and 31 December 2015	171
Accumulated impairment losses	
At 1 January 2015 and 31 December 2015	-
Net book amount at 31 December 2015 and 31 December 2014	**171**

The directors have reviewed the carrying value of the goodwill at the year end and consider no impairment provision is required.

9. Investment properties

Group

Investment properties are those held to earn rentals and for capital appreciation.

The carrying amount of investment properties for the periods presented in the consolidated financial statements is reconciled as follows:

	£000
Carrying amount at 1 January 2014	70,601
Additions – acquisition of new properties	29,438
Additions – subsequent expenditure	94
Disposals	(4,883)
Change in fair value	6,767
Carrying amount at 31 December 2014	102,017
Additions – acquisition of new properties	57,689
Additions – subsequent expenditure	486
Disposals	(13,652)
Change in fair value	8,552
Carrying amount at 31 December 2015	**155,092**

The figures stated above for the gross carrying amount include valuations as follows:

	£000
At professional valuation	146,747
At directors' valuation	8,345
	155,092

9. Investment properties (continued)

If investment properties had not been revalued they would have been included on the historical cost basis at the following amounts:

	2015	2014
	£'000	£'000
Cost and net book amount at 31 December	**153,298**	108,964

Rental income from investment properties in the year ended 31 December 2015 was £8,381,000 (2014: £6,146,000) and direct operating expenses in relation to those properties were £1,296,000 (2014: £923,000). Direct operating expenses in relation to those properties which did not generate rental income in the period were £181,000 (2014: £28,000.

Company

	£000
Carrying amount at 1 January 2014	61,698
Additions	25,638
Disposals	(4,883)
Revaluation	6,709
Carrying amount at 31 December 2014	89,162
Additions	58,175
Disposals	(10,352)
Revaluation	8,175
Carrying amount at 31 December 2015	145,160

The figures stated above for cost or valuation include valuations as follows:

	Investment properties	
	2015	2014
	£000	£'000
At valuation	**145,160**	89,162

All of the Group and Company's investment properties are held as either freehold or long leasehold and are held for use in operating leases. The Group and Company uses the fair value model for all of their investment properties.

In accordance with IAS40, the Group and Company's policy is that investment properties should be valued by an external valuer at least every three years. The valuation at 31 December 2015 has in the main been carried out by Cushman and Wakefield (formerly DTZ), Gerald Eve LLP and Boddy & Edwards, independent professional valuers, on certain properties and the directors on the remaining properties. All professional valuers have recent experience in the location and type of properties held.

If investment properties had not been revalued they would have been included on the historical cost basis at the following amounts:

	Investment properties	
	2015	2014
	£'000	£000
Cost and net book amount at 31 December	**141,207**	90,610

10. Property, plant & equipment

Group and Company

	Leasehold Improvements	Office Equipment	Total
	£000	£000	£000
Gross carrying amount			
At 1 January 2013	108	54	162
Additions	-	7	7
At 1 January 2014 and 31 December 2014	108	61	169
Additions	3	10	13
At 31 December 2015	111	71	182
Depreciation and Impairment			
At 1 January 2013	94	50	144
Charge for the year	9	2	11
At 31 December 2013	103	52	155
Charge for the year	5	3	8
At 31 December 2014	108	55	163
Charge for the year	-	3	3
At 31 December 2015	108	58	166
Net book carrying amount			
At 31 December 2015	**3**	**13**	**16**
At 31 December 2014	**-**	**6**	**6**
At 31 December 2013	**5**	**2**	**7**

11. Interests in subsidiaries

	Investment in subsidiary undertakings		
	2015	2014	2013
	£000	£000	£000
Cost			
At 1 January	**2,721**	4,521	5,366
Provision for impairment	**(298)**	(1,800)	(845)
At 31 December	**2,423**	2,721	4,521

At 31 December 2015 the Company wholly owned the following subsidiaries:

Name	**Principal activity**	**Country of incorporation**
Boothmanor Limited	Property investment	England and Wales
Eurocity (Crawley) Limited	Property investment	England and Wales
3147398 Limited	Property investment	England and Wales
Rightforce Limited	Property investment	England and Wales
Metro Court (WB) Limited	Property investment	England and Wales
Southgate Derby Retail Limited	Property investment	England and Wales
Real Homes One Limited	Property trading	England and Wales

The Group has control over each of these subsidiaries by virtue of its 100% shareholding in each.
The provision for impairment is a result of the underlying property asset in the subsidiary being disposed of and therefore the carrying value of the investment is reduced to reflect the underlying net assets.

12. Inventories

	Group and Company		Company
	2015	2014	2013
	£000	£000	£000
Properties and land held for trading	**2,380**	2,366	2,366

All properties held for trading are included at the lower of cost and net realisable value, being their fair value less costs to sell. No inventory (2014: £nil), is pledged as security for bank loans.

The amount of inventories recognised as a charge in the year ended 31 December 2015 is £Nil (2014: £1,411,000), which is before charging an impairment of £Nil (2014: £90,000).

13. Trade and other receivables

	Group		Company		
	2015	2014	**2015**	2014	2013
	£000	£000	**£000**	£000	£000
Trade receivables	**2,007**	2,115	**701**	685	466
Amounts owed by subsidiary undertakings	**-**	-	**3,992**	5,291	4,429
Other receivables	**410**	710	**370**	700	1,278
Prepayments and accrued income	**968**	920	**867**	771	1,343
	3,385	3,745	**5,930**	7,447	7,516

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £28,000 (2014: £20,000; 2013: £95,000) has been recorded accordingly. The movement in the provision for impairment during the year is as follows:

	Group and Company		
	2015	2014	2013
	£000	£000	£000
At 1 January	**20**	95	30
Increase in provision	**87**	11	77
Debts written off	**(79)**	(86)	(12)
At 31 December	**28**	20	95

In addition, some of the trade receivables not impaired are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	Group and Company		
	2015	2014	2013
	£000	£000	£000
Not more than three months past due	**8**	14	8
More than three months but no more than six months past due	**25**	90	44
	33	104	52

13. Trade and other receivables (continued)

Financial assets by category

The categories of financial asset included in the balance sheet and the headings in which they are included are as follows:

Group

	2015			2014		
	Loans and receivables	**Non financial assets**	**Balance sheet total**	Loans and receivables	Non financial Assets	Balance sheet total
	£000	**£000**	**£000**	£000	£000	£000
Trade receivables	**2,007**	**-**	**2,007**	2,115	-	2,115
Loans receivable	**-**	**-**	**-**		-	-
Other receivables	**410**	**-**	**410**	710	-	710
Prepayments and accrued income	**-**	**968**	**968**	-	920	920
Cash and cash equivalents	**8,777**	**-**	**8,777**	6,274	-	6,274
	11,194	**968**	**12,162**	9,099	920	10,019

13. Trade and other receivables (continued)

Company

	2015			2014			2013		
	Loans and receivables	**Non financial assets**	Balance sheet total	Loans and receivables	Non financial assets	Balance sheet total	Loans and receivables	Non financial assets	Balance sheet total
	£000	**£000**	£000	£000	£000	£000	£000	£000	£000
Trade receivables	**701**	**-**	**701**	685	-	685	466	-	466
Loans receivable	**3,992**	**-**	**3,992**	5,291	-	5,291	4,429	-	4,429
Other receivables	**370**	**-**	**370**	700	-	700	1,278	-	1,278
Prepayments and accrued income	**-**	**867**	**867**	-	771	771	-	1,343	1,343
Cash and cash equivalents	**6,590**	**-**	**6,590**	3,965	-	3,965	7,198	-	7,198
	11,653	**867**	**12,520**	10,641	771	11,412	13,371	1,343	14,714

14. Trade and other payables

	Group		Company		
	2015	2014	**2015**	2014	2013
	£000	£000	**£000**	£000	£000
Trade payables	**1,017**	508	**850**	444	470
Amounts owed to subsidiary undertakings	**-**	-	**126**	-	1,824
Other payables	**184**	309	**118**	422	194
Social security and taxation	**613**	446	**604**	376	220
Accruals and deferred income	**2,740**	1,982	**2,488**	1,611	1,422
	4,554	3,245	**4,186**	2,853	4,130

Financial liabilities by category

The categories of financial liabilities included in the balance sheet and the headings in which they are included are as follows:

Group

	2015				2014			
	Financial liabilities at fair value through profit and loss	**Other financial liabilities at amortised cost**	**Non-financial liabilities**	**Balance sheet total**	Financial liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Non-financial liabilities	Balance sheet total
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Current								
Bank loans and overdrafts	**-**	**20,499**	**-**	**20,499**	-	24,054	-	24,054
Provision for current taxation	**-**	**-**	**23**	**23**	-	-	18	18
Trade payables	**-**	**1,017**	**-**	**1,017**	-	508	-	508
Other payables	**-**	**184**	**-**	**184**	-	309	-	309
Social security and taxation	**-**	**-**	**613**	**613**	-	-	446	446
Accruals and deferred income	**-**	**1,761**	**979**	**2,740**	-	1,182	800	1,982
	-	**23,461**	**1,615**	**25,076**	-	26,053	1,264	27,317
Non-current								
Bank loans	**-**	**23,585**	**-**	**23,585**	-	18,942	-	18,942
Financial instruments	**4,028**	**-**	**-**	**4,028**	4,697	-	-	4,697
	4,028	**23,585**	**-**	**27,613**	4,697	18,942	-	23,639
	4,028	**47,046**	**1,615**	**52,689**	4,697	44,995	1,264	50,956

14. Trade and other payables (continued)

Company

	2015				2014				2013			
	Financial liabilities at fair value through profit and loss	**Other financial liabilities at amortised cost**	**Non-financial liabilities**	**Balance sheet total**	Financial liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Non-financial liabilities	Balance sheet total	Financial liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Non-financial liabilities	Balance sheet total
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000	£000	£000	£000	£000
Current												
Bank loans and overdrafts	**-**	**20,334**	**-**	**20,334**	-	23,040	-	23,040	-	24,735	-	24,735
Provision for current taxation	**-**	**-**	**22**	**22**	-	-	-	-	-	-	-	-
Trade payables	**-**	**850**	**-**	**850**	-	444	-	444	-	470	-	470
Other payables	**-**	**244**	**-**	**244**	-	422	-	422	-	194	-	194
Social security and taxation	**-**	**-**	**604**	**604**	-	-	376	376	-	-	220	220
Accruals and deferred income	**-**	**1,509**	**979**	**2,488**	-	811	800	1,611	-	800	622	1,422
	-	**22,937**	**1,605**	**24,542**	-	24,717	1,176	25,893	-	26,199	842	27,041
Non-current												
Bank loans	**-**	**19,668**	**-**	**19,668**	-	13,749	-	13,749	-	13,992	-	13,992
Financial instruments	**4,028**	**-**	**-**	**4,028**	4,697	-	-	4,697	3,252	-	-	3,252
	4,028	**19,668**	**-**	**23,696**	4,697	13,749	-	18,446	3,252	13,992	-	17,244
	4,028	**42,605**	**1,605**	**48,238**	4,697	38,466	1,176	44,339	3,252	40,191	842	44,285

15. Financial risk management objectives and policies

The Group and Company's financial instruments are bank borrowings, cash, bank deposits, interest rate swap agreements and various items such as short-term receivables and payables that arise from its operations. The main purpose of these financial instruments is to fund the Group and Company's investment strategy and the short-term working capital requirements of the business.

The main risks arising from the Group and Company's financial instruments are credit risk, liquidity risk, interest rate risk and property yield risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

Credit risk
The Group and Company's principal financial assets are bank balances and trade and other receivables. The Group and Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group or Company will not be able to collect all amounts due according to the original terms of the receivables concerned. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group and Company’s exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2015	2014
	£000	£000
Cash and cash equivalents	**8,777**	6,274
Trade and other receivables	**2,417**	2,825
	11,194	9,099

The Group and Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. External credit ratings and/or reports on customers and other counterparties are obtained and used. The policy is to deal only with credit worthy counterparties.

The Group and Company’s management consider that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. In respect of trade and other receivables, the Group or Company are not exposed to any significant risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk
The Group and Company seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group and Company do this by taking out loans with banks to build up cash resources to fund property purchases.

15. Financial risk management objectives and policies (continued)

Bank loans and overdrafts
The Group and Company borrowings analysis (all of which are undiscounted) at 31 December 2015 is as follows:

	Group		Company		
	2015	2014	**2015**	2014	2013
	£000	£000	**£000**	£000	£000
In less than one year:					
Bank borrowings	**20,499**	24,054	**20,334**	23,040	24,735
In more than one year but less than two years:					
Bank borrowings	**520**	2,264	**350**	982	1,011
In more than two years but less than five years:					
Bank borrowings	**8,689**	1,577	**8,149**	1,067	1,056
In more than five years					
Bank borrowings	**14,525**	15,201	**11,318**	11,767	12,087
Financial instruments	**4,028**	4,697	**4,028**	4,697	3,252
	48,261	47,793	**44,179**	41,553	42,141
Deferred arrangement costs	**(149)**	(100)	**(149)**	(67)	(162)
	48,112	47,693	**44,030**	41,486	41,979

	Group		Company		
	2015	2014	**2015**	2014	2013
	£000	£000	**£000**	£000	£000
Split					
Current liabilities					
- bank loans	**20,499**	24,054	**20,334**	23,040	24,735
Non-current liabilities					
- bank loans	**23,585**	18,942	**19,668**	13,749	13,992
- financial liabilities at fair value through profit and loss	**4,028**	4,697	**4,028**	4,697	3,252
	48,112	47,693	**44,030**	41,486	41,979

15. Financial risk management objectives and policies (continued)

Maturity of financial liabilities

The gross contractual cashflows relating to non-derivative financial liabilities are as follows:

	Group		Company		
	2015	2014	**2015**	2014	2013
	£000	£000	**£000**	£000	£000
In less than one year:					
Trade payables	**1,017**	508	**850**	444	470
Other payables	**184**	309	**244**	422	194
Accruals	**1,741**	1,182	**1,509**	811	800
Bank borrowings	**22,794**	27,438	**22,375**	24,994	24,994
	25,736	29,437	**24,978**	26,671	26,458
In more than one year but less than two years:					
Bank borrowings	**1,676**	2,129	**1,258**	1,711	1,104
In more than two years but less than five years:					
Bank borrowings	**11,840**	4,347	**10,585**	3,092	3,772
In more than five years					
Bank borrowings	**20,028**	20,973	**15,080**	15,607	16,552
	59,280	56,886	**51,901**	47,801	47,886

In February 2008 the Group and Company entered into interest rate swap agreements to cover £20 million of its bank borrowings. These contracts are considered by management to be part of economic hedge arrangements but have not been formally designated. The effect of these agreements is to fix the interest payable on a notional £10 million at a rate of 4.95%; unless the actual rate is between 3.65% and 4.95% in which case the actual rate is paid or unless the rate is above 4.95% in which case 3.65% is paid and to fix interest payable on a notional £10 million at 3.85% plus a margin of 2.75%. At 31 December 2015 the fair value of this arrangement based on a valuation provided by the Group's bankers was a liability of £4,028,000 (2014: £4,697,000). All of the interest rate swap agreements terminate within five years (2014: within five years).

Borrowing facilities

The Group and Company has undrawn committed borrowing facilities at 31 December 2015 of £2,000,000 (2014: £nil).

Market risk

Interest rate risk
The Group and Company finance their operations through retained profit, cash balances and the use of medium term borrowings. When medium term borrowings are used either fixed rates of interest apply or where variable rates apply, interest rate swap arrangements are entered into. When the Group or Company places cash balances on deposit, rates used are fixed in the short term and for sufficiently short periods that there is no need to hedge against implied risk.

15. Financial risk management objectives and policies (continued)

The interest rate exposure of the financial liabilities of the Group and Company at 31 December 2015 was:

Bank loans			**Group**		**Company**		
		Expiry	**2015**	2014	**2015**	2014	2013
	Interest %	Date	**£000**	£000	**£000**	£000	£000
Fixed until October 2019	6.300	May 2016	**-**	1,170	**-**	-	1,702
Fixed until October 2019	6.600	October 2019	**10,000**	10,000	**10,000**	10,000	10,000
Fixed until October 2019	6.230	October 2019	**645**	691	**645**	691	734
Fixed until January 2019	6.295	January 2019	**-**	823	**-**	-	-
Fixed until August 2028	6.550	August 2028	**-**	686	**-**	686	716
Fixed until January 2030	6.040	January 2030	**4,082**	4,247	**-**	-	-
Fixed until March 2030	6.270	March 2030	**708**	719	**708**	719	729
Fixed until May 2030	5.780	May 2030	**1,455**	1,475	**1,455**	1,475	1,493
Fixed until March 2031	5.470	March 2031	**728**	743	**728**	743	757
Fixed until March 2027	5.160	March 2027	**9,615**	9,842	**9,615**	9,842	10,058
Cap and collar agreement until January 2018	4.95% cap	January 2018	**10,000**	10,000	**10,000**	10,000	10,000
Variable rate			**7,000**	2,700	7,000	2,700	2,700
			44,233	43,096	**40,151**	36,856	38,889
Loan arrangement fees			**(149)**	(100)	**(149)**	(67)	(162)
			44,084	42,996	**40,002**	36,789	38,727

The Directors consider the fair value of the loans not to be significantly different from their carrying value.

The following table illustrates the sensitivity of the net result after tax and equity to a reasonably possible change in interest rates of + half a percentage point (2014: + half a percentage point) with effect from the beginning of the year:

	2015	2014
		+0.5%
	£'000	£000
Decrease in result after tax and equity	**35**	13

The interest rate change above will not have a material impact on the valuation of the interest rate swap.

Property yield risk
The valuation of investment properties is dependent on the assumed rental yields. However, the impact on the net result after tax and equity is difficult to estimate as it inter relates with other factors affecting investment property values.

15. Financial risk management objectives and policies (continued)

Capital risk management

The Group and Company's objectives when managing capital are:

- to safeguard the ability to continue as a going concern, so that they continue to provide returns and benefits for shareholders;
- to ensure that key bank covenants are not breached
- to maintain sufficient facilities for operating cashflow needs and to fund future property purchases
- to support the Group and Company's stability and growth;
- to provide capital for the purpose of strengthening the risk management capability;
- to provide capital for the purpose of further investment property acquisitions; and
- to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

16. Fair value disclosures

The methods and techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the consolidated and company statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) and

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial liabilities measured at fair value on a recurring basis in the statement of financial position, which relate to interest rate swaps, are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Interest rate swap agreements:				
At 1 January 2014	-	3,252	-	3,252
Income statement – loss	-	1,445	-	1,445
At 3I December 2014	-	4,697	-	4,697
Income statement – surplus	-	(669)	-	(669)
At 31 December 2015	-	4,028	-	4,028

The fair value of the Group and Company's interest rate swap agreements has been determined using observable interest rates corresponding to the maturity of the instrument. The effects of non-observable inputs are not significant for these agreements.

16. Fair value disclosures (continued)

Measurement of other financial instruments
The measurement methods for financial assets and liabilities accounted for at amortised cost are described below:

Trade and other receivables, cash and cash equivalents and trade and other payables

The carrying amount is considered a reasonable approximation of fair value due to the short duration of these instruments.

Bank loans and overdrafts
Fair values are considered to be equivalent to book value as loans and overdrafts were obtained at market rates.

Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2015.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investment property:				
Group - held to earn rentals and for capital appreciation	-	-	155,092	155,092
Company – held to earn rentals and for capital appreciation	-	-	145,160	145,160

The reconciliation of the carrying value of non-financial assets classified within level 3 are as follows:

	Investment properties	
	Group £000	Company £000
At 1 January 2015	102,017	89,162
Acquired during the year	58,175	58,175
Disposals during the year	(13,652)	(10,352)
Gains recognised in profit and loss - increase in fair value	8,552	8,175
At 31 December 2015	**155,092**	**145,160**

Fair value of the Group and Company's property assets is estimated based on appraisals performed by independent, professionally qualified property valuers on certain properties and the directors on the remaining properties. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the directors and audit committee at each reporting date.

Measurement of fair value of investment property held to earn rentals and for capital appreciation

Properties valued by external valuers are valued on an open market basis based on active market prices adjusted for any differences in the nature, location or condition of the specified asset such as plot size, encumbrances and current use. Properties valued by the directors use the same principles as the external valuers. If this information is not available, alternative valuation methods are used such as recent prices on less active markets, or discounted cashflow projections. The significant unobservable input is the adjustment for factors specific to the properties in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for the valuation. Although this input is a subjective judgement, management consider that the overall valuation would not be materially altered by any reasonably alternative assumptions.

The market value of the investment properties has been supported by comparison to that produced under income capitalisation technique applying a key unobservable input, being yield. The range of yield applied is 7.5% to 11.0%.

The fair value of an investment property reflects, among other things, rental income from current leases and assumptions about future rental lease income based on current market conditions and anticipated plans for the property.

17. Deferred taxation

The movement in deferred taxation assets is as follows:

	Group and Company		Company
	2015	2014	2013
	£000	£000	£000
At 1 January	**940**	2,900	736
Income statement (note 6)	**(134)**	(1,960)	554
At 31 December	**806**	940	1,290

The deferred tax asset arising from temporary differences can be summarised as follows:

	Group and Company		Company
	2015	2014	2013
	£'000	£'000	£'000
Unused trading losses	**-**	-	640
Financial instrument	**806**	940	650
	806	940	1,290

No temporary differences resulting from investments in subsidiaries or interests in joint ventures qualified for recognition as deferred tax assets or liabilities. Under the current fiscal environment, these entities are exempt from capital gains taxes. See note 6 for information on the Group's tax expense.

Deferred tax has been provided on all temporary differences as the interest rate swap liability will ultimately reverse regardless of movements in future interest rates.

18. Share capital

	2015 Number of Shares	**2015 £000**	2014 Number of Shares	2014 £000	2013 Number of Shares	2013 £000
Allotted, issued and fully paid:						
Ordinary shares of 10p	**186,420,598**	**18,642**	111,420,598	11,142	71,420,598	7,142

At an Extraordinary general meeting held on 13 April 2015 the Company received shareholder approval to raise funds for expansion by way of placing 75 million shares at 60 pence per share, raising £43.7 million net of expenses.

At the Annual General Meeting held in June 2010 a resolution was passed approving the adoption of a new Long Term Incentive Plan (LTIP). On 8th June 2015, the terms of the LTIP were revised and previous options cancelled. As the previous options were deemed unlikely to be exercised, as in previous years there was no charge made to the profit and loss account on cancellation. The proposed LTIP is designed to promote retention and incentivise the executive directors to grow the value of the Group and to maximise returns:

- The LTIP has a ten year life from January 2010 to December 2019.
- Performance conditions:
  - 50% of the award subject to absolute NAV growth plus dividends with threshold vesting – 30% of this part of the award – at 8.5% annual growth including dividends and full vesting at 14.0% annual growth
  - 50% subject to absolute total shareholder return (share price growth plus dividends) with threshold vesting – 30% of this part of the award – at 8.5% annual growth and full vesting at 14.0%
- The baseline for the commencement of the LTIP is 60p per share.
- Amounts payable will be satisfied in full (save as below) by the issue of Ordinary shares or the grant of zero/nominal cost options to any participant. The price at which shares will be issued will be the weighted average mid-market closing price for the first 20 business days following announcement of the latest full year results. On issue, the Ordinary shares will rank pari passu with the existing issued Ordinary shares.

18. Share capital (continued)

- The number of Ordinary shares which can be issued under the LTIP is limited to 10% of the Company's then issued share capital. Any excess earned above this level will be paid in cash provided that the remuneration committee consider it prudent to do so at that stage, otherwise payment will be deferred until the remuneration committee deem it prudent.
- The remuneration committee may from time to time make any alteration to the plan which it thinks fit, including for legal, regulatory or tax reasons, in order to ensure the smooth workings of the plan in line with its objectives.
- Conditional awards of shares made each year
- Awards vest after three years subject to continued employment and meeting objective performance conditions

On 8 June 2015, the Group granted certain employees an option under the scheme which entitles them to subscribe for or acquire ordinary shares in the company at a price of 10p per share (in the case of new ordinary shares) or 0p per share (in the case of a transfer of existing shares). The grant and exercise of the options is subject to the rules of the LTIP and cannot be exercised unless the relevant performance criteria are met, as discussed above, and the total award is capped at a maximum value of shares at the time of exercise, not a specific number of shares.

The weighted average fair value of the awards made is £0.59 per option, the binomial option pricing model with a volatility of 25% (based on the weighted average share price movements over the last 3 years), a dividend yield of 5.5%, a risk free rate of 1.5%, an expected weighted average life of 5 years, a weighted average exercise price of 0.5p and a market value of underlying shares at the date of the grant of £0.60. The number of shares under option at the year end is estimated as 1,375,000. As the award has a maximum value the actual number of shares which will be issued when the option is exercised will depend on the market value of the shares at the time of exercise.

In total, £300,000 (2014: £nil) of employee remuneration expense, all of which relates to equity-settled share based payment transactions, has been included in profit or loss and credited to retained earnings.

19. Operating lease commitments

Operating lease commitments relating to land and buildings expire within two to five years and amount to £71,000 (2014: £71,000).

Non-cancellable operating lease commitments receivable:

	2015	2014
	£000	£000
Within one year	**1,464**	998
Later than one year but not later than five years	**16,877**	8,844
Later than five years	**38,957**	26,819
	57,229	36,661

Rent receivable by the Group under current leases from tenants is from commercial and retail property held.

20. Contingent liabilities

There were no contingent liabilities at 31 December 2015 or at 31 December 2014.

21. Capital commitments

Capital commitments authorised at 31 December 2015 were £nil (2014: £nil).

22. Pension scheme

There was no pension scheme for the benefit of employees or directors in operation at 31 December 2015 or 31 December 2014.

23. Related party transactions

The Group's related parties are its key management personnel and certain other companies which are related to certain directors of the Group. The Company's related parties are its key management personnel, certain other companies which are related to certain directors of the Group and its subsidiary undertakings.

The executive and non-executive directors are also the key management personnel and details of their remuneration are included within the directors' remuneration report on pages 14 and 15.

During the period the Company and Group paid agency fees of £205,000 (2014: £192,000) in respect of professional services to Bond Wolfe, a partnership in which P P S Bassi is a partner, and rent and service charges of £144,000 (2014: £129,000) to Bond Wolfe Estates Limited, a company in which P P S Bassi is a director and shareholder. At 31 December 2015, the Company owed £169,175 to Bond Wolfe (2014: Nil).

During the period the Company and Group paid professional fees of £Nil (2014: £10,000) to, and received rental income of £52,000 (2014: £52,000) from, CP Bigwood Chartered Surveyors, a company in which P P S Bassi and M H P Daly are directors and shareholders.

During the period the Company's transactions with subsidiary companies related to inter-company dividends and repayment of loans. Details of amounts outstanding at 31 December 2015 are shown in notes 13 and 14.

During the period the Company paid dividends to its directors in their capacity as shareholders, as follows:

	2015	2014
	£000	£000
J R Crabtree	**3**	1
W Wyatt	**2**	1
P London	**1**	-
P P S Bassi	**162**	69
M H P Daly	**16**	5

24. First time adoption of IFRS

These financial statements for the year ended 31 December 2015 are the first the parent company has prepared in accordance with IFRS as adopted in the EU. For periods up to and including the year ended 31 December 2014 the company prepared its financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

Accordingly, the Company has prepared financial statements which comply with IFRSs as adopted in the EU applicable for periods ending on or after 31 December 2015, together with the comparative data as at 1 January 2014 and for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing these financial statements, the Company opening statement of financial position was prepared as at 1 January 2014 (thereby restating the comparatives). This note explains principal adjustments made by the Company in restating its UK GAAP financial statements, including the statement of financial position as at 1 January 2015 and the financial statements as at and for the year ended 31 December 2015.

The first time adoption of IFRS has resulted in the recognition of a financial liability of £4,028,000 (2014: £4,697,000) in respect of the interest rate swap agreement, recognition of the associated deferred tax asset on the interest rate swap agreement, and recognising the value of investment properties at fair value through profit and loss rather than through a revaluation reserve.

24. First time adoption of IFRS (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2014

	UK GAAP £'000	Restatement £'000	IFRS as at 31 December 2014 £'000
Revenue	5,451	-	5,451
Cost of sales	(960)	-	(960)
Gross profit	4,491	-	4,491
Administrative and establishment expenses	(2,284)	-	(2,284)
Surplus on sale of investment properties	277	-	277
Net surplus on valuation of investment properties	982	5,727	6,709
Profit from operating activities	3,466	5,727	9,193
Finance income	55	-	55
Group dividends	1,800	-	1,800
Provision against cost of investments	(1,800)	-	(1,800)
Finance costs	(2,308)	-	(2,308)
Loss on financial liabilities at fair value	-	(1,445)	(1,445)
	1,213	4,282	5,495
Taxation	(640)	290	(350)
Profit for the year	**573**	**4,572**	**5,145**

Reconciliation of equity as at 1 January 2014 (date of transition)

	UK GAAP £'000	Restatement £'000	IFRS as at 1 January 2014 £'000
Assets			
Non current assets			
Investment property	61,698	-	61,698
Property, plant and equipment	7	-	7
Investments	4,521	-	4,521
Deferred tax	-	1,290	1,290
	66,226	1,290	67,516
Current assets			
Inventories	2,365	-	2,365
Trade and other receivables	8,156	(640)	7,516
Cash and cash equivalents	7,198	-	7,198
	17,719	(640)	17,079
Total Assets	83,945	650	84,595
EQUITY AND LIABILITIES			
Equity			
Share capital	7,142	-	7,142
Share premium account	61	-	61
Capital redemption reserve	45	-	45
Revaluation reserve	2,932	(2,932)	-
Profit and loss account	30,908	330	31,238
Total Equity	41,088	(2,602)	38,486
Liabilities			
Current liabilities			
Short term borrowings	24,735	-	24,735
Trade and other payables	4,130	-	4,130
	28,865	-	28,865
Non current liabilities			
Long term borrowings	13,992	-	13,992
Fair value of hedge	-	3,252	3,252
	13,992	3,252	17,244
Total liabilities	42,857	3,252	46,109
Total equity and liabilities	**83,945**	**650**	**84,595**

Reconciliation of equity as at 31 December 2014

	UK GAAP £'000	Restatement £'000	IFRS as at 31 December 2014 £'000
Assets			
Non current assets			
Investment properties	89,162	-	89,162
Property, plant and equipment	6	-	6
Investments	2,721	-	2,721
Deferred tax	-	940	940
	91,889	940	92,829
Current assets			
Inventories	2,365	-	2,365
Trade and other receivables	7,447	-	7,447
Cash and cash equivalents	3,965	-	3,965
	13,777	-	13,777
Total Assets	105,666	940	106,606
EQUITY AND LIABILITIES			
Equity			
Share capital	11,142	-	11,142
Share premium account	15,533	-	15,533
Capital redemption reserve	45	-	45
Revaluation reserve	8,659	(8,659)	-
Retained earnings	30,645	4,902	35,547
Total Equity	66,024	(3,757)	62,267
Liabilities			
Current liabilities			
Bank loans	23,040	-	23,040
Trade and other payables	2,853	-	2,853
	25,893	-	25,893
Non current liabilities			
Bank loans	13,749	-	13,749
Financial liabilities	-	4,697	4,697
	13,749	4,697	18,446
Total liabilities	39,642	4,697	44,339
Total equity and liabilities	**105,666**	**940**	**106,606**