AXA PROPERTY TRUST LIMITED

To: Company Announcements
Date: 28 March 2019
Company: AXA Property Trust Limited
Subject: Annual Financial Report

AXA Property Trust Limited
Annual Report and Consolidated Financial Statements for the year ended 30 June 2018

LEI: 213800AF85VEZMDMF931
(Classified Regulated Information, under DTR 6 Annex 1 section 1.1)

The Company has today, in accordance with DTR 6.3.5, released its Annual Report and Audited Financial Statements for the year ended 30 June 2018.

Key Financial Information\

As at 30 June 2018

- Sterling currency Net Asset Value ("NAV") was £10.6 million (30 June 2017: £15.7 million)
- NAV was 45.43 pence per share (30 June 2017: 66.94 pence)
- Share price[1] was 38.40 pence per share (30 June 2017: 61.25 pence)

For the year ended 30 June 2018

- Loss was 20.95 pence per share (year ended 30 June 2017: loss was 1.92 pence per share)
- No dividends were paid relating to the year
- No redemption of shares was made during the year (year ended 30 June 2017: £24.0 million)

[1] Mid market share price (source: Stifel Nicolaus Europe Limited).

Performance Summary

	Year ended 30 June 2018	Year ended 30 June 2017	% change
NAV (£000s)	10,631	15,665	(32.1)%
NAV per share	45.43p	66.94p	(32.1)%
Loss per share	(20.95)p	(1.92)p	(991)%
Share redemptions made	nil	£24.0m	(100)%
Share price[1]	38.40p	61.25p	(37.3)%
Share price discount to NAV	15.5%	8.5%	82.4%
Total assets less current liabilities (£000s)	10,840	16,164	(32.9)%

The 2018 NAV is presented without any deduction of redemption payments.

Total annual return	Year ended 30 June 2018	Year ended 30 June 2017
NAV Total Return[2]	(32.1)%	2.5%
Share price Total Return		
- AXA Property Trust	(37.3)%	23.0%
- FTSE All Share Index	9.0%	18.1%
- FTSE Real Estate Investment Trust Index	9.8%	9.2%

Past performance is not a guide to future performance.

[1] Mid-market share price (source: Stifel Nicolaus Europe Limited).

[2] On a pro forma basis which includes adjustments to add back any prior NAV reductions from share redemptions.

Source: AXA Investment Managers UK Limited and Stifel Nicolaus Europe Limited

Chairman's Statement

This financial year has been one of significant development for the Company. After an active disposal programme during the previous financial year with the completion of three asset sales, the period to June 2018 has proven to be challenging with respect to the Company's managed wind-down. The Board continued to review the long-term viability of the Company in light of the extended wind-down period and just prior to year-end announced the intention to seek shareholder approval by Special Resolution to place the company into voluntary liquidation.

At the adjourned EGM held on 21 September 2018 the Special Resolution to place the Company into voluntary liquidation was not passed by the requisite majority, due to the acquisition of an interest in 29.8% of the Company by a new shareholder who voted against the Special Resolution and indicated he would be tabling a proposal to change the strategy of the Company to acquire new investments and not proceed any further with the managed winding down of its affairs.

A consequence of not placing the Company into voluntary liquidation as expected was the delayed filing of the Company's annual audited accounts for the 12 months to 30 June 2018. Commencing an audit process thereafter meant that the Company did not meet the deadline for filing audited accounts in accordance with the Listing Rules and the trading of shares was suspended with effect from 1 November 2018.

In view of these significant developments I would draw your attention to the notes accompanying the financial statements, in particular Note 22: Subsequent Events. The Company is now entering a critical phase with respect to its future and the Directors intend to continue to review the Company's direction and strategy in a transparent and objective manner and to continue to listen to shareholders.

Finally, I would like to recognise and give thanks for the outstanding contribution of Charles Hunter who as Chairman from the outset of the Company until December 2018 steered the Company through its many phases, always in a calm, respectful and professional manner. His deep-rooted property experience was of enormous value to the Board, and on behalf of current and past Directors I wish Charles a happy and well-deserved retirement. I would similarly like to extend my thanks to Stephane Monier whose particular experience in foreign currency exposure was of great assistance to the Board in managing the Company's Euro-denominated portfolio.

Results

The Company and its subsidiaries (together the "Group") made a total net loss after tax of £4.9 million for the year ended 30 June 2018. The Net Asset Value per share of the Company at 30 June 2018 was 45.43 pence (30 June 2017: 66.94 pence), a 32% decrease compared to 30 June 2017. The major contribution to this loss was the reduction in value of the Curno asset over the course of the year.

The mid-market price of the Company's shares on the London Stock Exchange on 30 June 2018 was 38.40 pence per share (30 June 2017: 61.25 pence) representing a discount of 15.5% to the Company's NAV at 30 June 2018 (30 June 2017: 8.5%)

Return of Capital to shareholders

No share redemptions were declared during the period and the dividend policy remains unchanged.

Prospects

Following an intensive period of asset management, the Manager and the Company's agents have re-launched the Curno property for sale with the benefit of the new 15-year lease and a re-stabilised rent. Whilst it is anticipated that the overall lease package will enhance liquidity, the Board are aware of the potential difficulties attached to the sale of a specialised asset in a location such as Curno and will continue to seek best price on a Market Value basis rather than pursuing a Forced Sale approach. Please refer to Note 21 in the financial statements: Commitments and contingent liabilities which explains the possible tax liability which may arise on disposal. In the meantime, given the reduction in the contracted rent, the Directors are extremely mindful of the reduced income generation for the Company and will look at means to control and minimise operating expenses.

Gavin Farrell
Interim Chairman
28 March 2019

Investment Manager's Report

Investment Manager

AXA Investment Managers UK Limited (the "Investment Manager", "AXA IM") is the UK subsidiary of AXA Investment Managers, a dedicated asset manager within the AXA Group. AXA Investment Managers is an active, long term, global multi asset investor with Asset Under Management ("AUM") of €759 billion as at 30 June 2018.

AXA Real Estate Investment Managers UK Limited (the "Real Estate Adviser") is part of the real estate management arm of AXA Investment Managers S.A. ("AXA IM Real Assets"). AXA IM Real Assets offers a 360° view of real asset markets, investing in both equity and debt, across different geographies and sectors, and via private and listed instruments. AXA IM Real Assets comprises about 600 people in 14 offices around the world, operating in over 20 countries.

Source: AXA Investment Managers UK Limited

Fund Manager

Ian Chappell was appointed as the Fund Manager for AXA Property Trust in November 2015. He has very broad experience across Europe's real estate markets, having worked through several market cycles over the past 25 years and transacting and managing real estate assets covering core, core plus and value added strategies.

Ian graduated from Nottingham Trent University in 1991 and also holds a Master of Arts from the University of Newcastle Upon Tyne (1992). He was elected as Member of the Royal Institution of Chartered Surveyors in 1993. Ian is also a member of AXA IM Real Assets' Global Leadership Group.

Market Outlook

Having slowed to its lowest pace in four years in Q3 2018, first estimates suggest Eurozone GDP growth remained stable at 0.2% quarter-on-quarter (q-o-q) in Q4. This took growth for the year as a whole to an estimated 1.8%, down from 2.3% in 2017. Economic sentiment indicators suggest the deceleration continued into 2019. AXA IM forecasts that Eurozone GDP growth will slow to 1.4% in 2019.

According to Eurostat's flash estimate, the Eurozone HICP index fell to 1.6% in December 2018 and stood at an average of 2% in Q4. In the coming months, a deceleration appears plausible as the base effects from past energy price increases start fading. At their January 2019 meeting, the ECB decided to keep their policy interest rates unchanged; it expects them to remain unchanged until Autumn 2019 at the earliest. The ECB ended net purchases under the asset purchase programme (APP) in December 2018.

We expect political risks to remain elevated as Europe heads into an eventful year; European elections will take place in May and national elections are scheduled in seven Member States. We expect European populist parties to continue to exert pressure on political mainstream parties, at both the national and European level. As a result, populists are increasingly able to influence the policy agenda in and around Europe, constraining national reform efforts and making deeper European integration unlikely in 2019, and possibly for some time to come. Thus, uncertainties related to political factors (for example, Brexit), trade wars, vulnerabilities in emerging markets and financial market volatility could threaten economic and financial prospects for 2019. Moreover, the impact of the US's monetary policy normalisation on the World economy is difficult to assess.

The Italian economy shrank by 0.2% q-o-q in Q4 2018, following a 0.1% contraction in the previous period. Year-on-year, the economy grew by 0.1% in Q4 2018, slowing from a 0.6% expansion in the previous period. AXA IM forecast Italian GDP to grow at 0.5% in 2019 and at 0.5% in 2020.

After a few weeks of intense negotiations, the European Commission (EC) and the Italian government reached a deal on the 2019 budget. The Italian government agreed on corrective measures worth approximately €10 billion (0.6% of GDP). In addition, the EC agreed to grant an allowance for exceptional circumstances (of around 0.2% of GDP) to finance both the improvement of road safety and actions to fight hydrogeological instability following last October's floods. Finally, the Italian government accepted a safeguard clause worth €2 billion for planned expenditures, which will only be implemented if the deficit is on track. Thus, the EC decided to not recommend an Excessive Deficit Procedure (EDP).

This is, however, unlikely to be the end of the budget problem as the EC can still recommend an EDP until February - and it may if the measures agreed upon are not adopted. Furthermore, the EC is expected to reconsider (most likely a few days after the European elections) recommending an EDP against Italy next spring. Overall, there is still a significant lack of clarity on the true intentions of the Italian government, as trimming the target deficit to 2% effectively means halving the originally promised flagship measures, including the already approved (January 2019) law decree that introduced both a minimum universal income/pension scheme and reforms of the pension system in a direction that allows citizens to retire at a younger age. In 2020-2021, the cost of these measures are planned to be covered by increases in VAT rates. Additionally, if the measures are more expensive than projected, ministry spending cuts are planned.

Asset Management Update

The primary asset management focus during the financial year was the disposal of the last remaining property, in Curno, Italy. During the second half of the year the sales process was stalled by the trading difficulties expressed by the tenant, and as a consequence the Investment Manager was instructed to start negotiations with the tenant to regear the existing lease in order to re-instate liquidity. The negotiations were subsequently agreed post year-end and in return for a lower rent the fixed term of the lease has been extended, whilst other amendments have in the Manager's view improved the institutional nature of the lease. The marketing of the asset re-commenced following the completion of the new lease.

A consequence of this disruption was a mark-down in the valuation of the property over the year, reflecting the significant impact to the asset's liquidity and sales prospects whilst the situation remained unresolved.

Property Portfolio at 30 June 2018

Investment name	Country	Sector	Net Yield on valuation[1]
Curno, Bergamo	Italy	Leisure	16.31%

[1] Source - external independent valuers to the Company, Knight Frank LLP.

Source: AXA Real Estate Investment Managers UK Limited

Covenant Strength Analysis at 30 June 2018
(based on rental income)

Grade A	100%	D&B:1A 2

Average unexpired lease length profile (weighted by rental income)

	30 June 2018	30 June 2017
	Years	Years
Grade A	6.5*	7.5

* Based on the lease contract in place as at 30 June 2018.

AXA Investment Managers UK Limited
28 March 2019

Board of Directors

Charles Hunter has over 30 years of experience in property investment, principally in UK commercial property. He was Head of Property Investment of Insight Investment (formerly Clerical Medical Investment Group) for some nine years and before that Property Director of the investment management subsidiaries of The National Mutual of Australasia group in the United Kingdom. He is currently a director of Care South and he was on the Supervisory Board of Schroder Exempt Property Unit Trust until its conversion to a PAIF in 2012. Mr Hunter is a Fellow of the Royal Institution of Chartered Surveyors and a member of the Investment Property Forum. He is resident in the United Kingdom. Mr Hunter retired from the board on 28 December 2018.

Stephane Monier has over 25 years of investment experience (including asset allocation, fixed income and foreign exchange). Mr Monier is currently Head of Investments at Bank Lombard Odier & Cie Ltd and a member of the bank's executive committee. He is responsible for the investment process and the performance for private clients' portfolios. Mr Monier joined the Lombard Odier group in 2009 on the institutional side (Lombard Odier Investment Managers or LOIM). He was initially Global Head of Fixed Income and Currencies for LOIM and then promoted to Deputy Global Chief Investment Officer. Prior to joining LOIM, Mr Monier was Global Head of Fixed Income and Currencies at Fortis Investments from 2006 to 2009 and he also occupied the very same position at the Abu Dhabi Investment Authority from 1998 to 2006. Prior to Abu Dhabi, Mr Monier spent seven years in JP Morgan Investment Management as a Fixed Income Manager both in London and Paris from

1991 to 1998. Mr Monier has a Masters Degree in Science from Agrotech (Paris) and a Masters Degree in International Finance from HEC Graduate School of Business (Jouy en Josas) (France). He is also a CFA charterholder. He is resident in Valais, Switzerland. Mr Monier retired from the board on 28 December 2018.

Gavin Farrell (Interim Chairman) is qualified as a Solicitor of the Supreme Court of England and Wales, a French Avocat and an Advocate of the Royal Court of Guernsey. He worked for a number of years at Simmons & Simmons in their London and Paris offices, both in the general corporate and financial services/funds departments. He then moved to Guernsey in 1999 where he was called as an Advocate of the Royal Court of Guernsey. Gavin became a partner in 2003 of the corporate department of Ozannes, then Mourant Ozannes. Gavin left Mourant Ozannes in November 2016 to establish his own practice Ferbrache & Farrell. His practice covers general corporate and banking work, funds and the asset management industry. Gavin holds a number of directorships in investment and captive insurance companies. He is a resident of Guernsey and has been ranked as a leading individual in banking, corporate and investment funds by a number of publications as well as having been elected for a number of years as a Top Five Global Offshore Funds Lawyers in Who's Who Private Funds. Mr Farrell was appointed Interim Chairman of the board on 28 December 2018.

Stuart Lawson is a Fellow of the Chartered Association of Certified Accountants. He joined Northern Trust in 1988 working in Fund Administration and Trust client accounting before being appointed Head of Finance for the office in 1996 where he established a Risk Management Department. In 2005 he was appointed Chief Administration Officer for Guernsey with local responsibility for finance, risk, compliance, corporate services and communication, and in 2007 he assumed responsibility for Real Estate and Infrastructure Fund Administration services for the EMEA region. He is currently a product manager for alternative asset services across the EMEA region, is a Director of a number of client entities and Chairman of Northern Trust (Guernsey) Limited. He has 30 years of experience in the Financial Services Industry and is resident in Guernsey.

Blake Nixon was one of the pioneers of activism in the UK and has wide corporate experience in the UK and overseas. Following three years at Jordan Sandman Smythe (now part of Goldman Sachs), a New Zealand stockbroker, Blake emigrated to Australia, where he spent three years as an investment analyst at Industrial Equity Limited ('IEL'), then Australia's fourth largest listed company. In 1989 he transferred to IEL's UK operation and early in 1990 led the takeover of failing LSE listed financial conglomerate, Guinness Peat Group plc ('GPG'). The group was then relaunched as an investment company, applying an owner orientated approach to listed investee companies. Blake was UK Executive Director, responsible for GPG's UK operations and corporate function, for the following 20 years, finally retiring as a non-executive director in December 2015. He is a founding partner of Worsley Associates LLP, an activist fund manager, and has served as a non-executive director of a number of other UK listed companies, as well as numerous unlisted companies. He is a British resident and was appointed to the Board on 23 January 2019.

Report of Directors

The Directors of the Company present their Annual Report together with the Group's Audited Consolidated Financial Statements (the "Financial Statements") for the year ended 30 June 2018. The Directors' Report together with the Financial Statements give a true and fair view of the financial position of the Group. They have been prepared properly, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records.

Principal Activity and Status

The Company is an Authorised closed-ended investment company domiciled in Guernsey and is registered under the provision of The Companies (Guernsey) Law, 2008 and has a premium listing on the Official List and trades on the Main Market of the London Stock Exchange. Trading in the Company's ordinary shares commenced on 18 April 2005. The Company and the entities listed in note 2(f) to the Financial Statements together comprise the "Group".

On 1 November 2018 the Company's listing and public trading of shares were temporarily suspended from the London Stock Exchange as a result of the late submission of these audited financial statements. The suspension is expected to be re-instated once these financial statements are filed with the listing authority.

Going Concern

The discount control provisions established when the Company was launched required a continuation vote to be proposed to shareholders at the Company's Annual General Meeting ("AGM") in 2015. As a result of the large discount to Net Asset Value at which shares were trading there was little chance of raising new capital. After extensive shareholder consultation, the Board resolved not to seek continuation of the Company in 2015 and proposed to shareholders that the Company enter into a managed wind-down. This proposal was approved at an Extraordinary General Meeting ("EGM") held on 26 April 2013.

In accordance with IFRS, the Financial Statements have been prepared on a non-going concern basis reflecting the orderly wind-down of the Group. Accordingly, the going concern basis of accounting is not considered appropriate. All assets and liabilities continue to be measured in accordance with IFRS. The Board recognises that the timely disposal of the remaining property is uncertain and continues to keep under review the most appropriate course of action with regard to this asset over the coming months with the aim of maximising shareholder return. The Directors estimate that the remaining wind-down costs to be incurred will be approximately £153,000 (30 June 2017: £189,000). The Board believes that the Group has sufficient funds available to meet its wind-down costs and day-to-day running costs. There are no amounts due in terms of any third party loan facilities.

Post financial year-end, an Extraordinary General Meeting ("EGM") was held on 7 September 2018 to approve the Board's recommendation to place the Company into voluntary liquidation. The EGM was adjourned to 21 September 2018 at the request of a shareholder holding close to 30% of the Company's shares. At the adjourned EGM the recommendation did not receive the required 75% majority due to this shareholder transferring their shares to a new shareholder, Mr. Blake Nixon, who voted against the Board's recommendation. At the Company General Meeting held on 28 December 2018 Mr Hunter and Mr Monier were not re-elected to the Board, and subsequently tendered retirement and resignation notice respectively. Mr Nixon was elected to the Board at the Extraordinary General Meeting held on 23 January 2019. In the event, the Board will continue to pursue the wind down strategy unless shareholders agree to an alternative investment policy.

Viability Statement

In accordance with provisions C2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council, Directors are required to assess the prospects of the Company over a period longer than the 12 months minimum required by the "Going Concern" provision. On the 10 August 2018 the Company issued proposals to place the Company into liquidation which was supported by consideration of the operating cost structure together with the uncertain prospects of achieving a sale of the Curno property and the requisite re-gearing of the lease. The analysis indicated that savings in the region of £275,000 would be achieved in the first year followed by £360,000 in future years if the liquidation proceeded. In the event, the proposals were not accepted by shareholders which prompted the Board to reconsider ongoing liquidity requirements of the Company retaining the current operating cost structure.

Two scenarios were considered. The first assumed a disposal of Curno at current valuation in December 2019 and the second assumed a later disposal in December 2021. Based on the assumptions made, both indicated that the Company would remain viable and able to meet its liabilities as they fall due and retaining a cash reserve over £300,000 for the duration of each scenario. This provides the Board with a clear basis to evaluate future options whilst ensuring the Company is able to operate during the current period of uncertainty.

Investment Objective and Investment Policy

The investment objective and investment policy of the Company are as described Investment Objective and Investment Policy section.

Results and Dividends

The results for the year are set out in the Consolidated Income Statement. Following shareholder approval at the EGM held on 26 April 2013, the Company will continue the implementation of a managed wind-down unless and until there is sufficient shareholder support for a change in strategy.

Although 2018 had been the target for the completion of all disposals, it is now considered that this will take place during calendar year 2019 at the earliest, to reflect the potential delays attached to the Curno asset. However, the Investment Manager continues to work closely with the Board on all aspects of the strategy for the Company.

The Company has made timely returns of capital to shareholders whilst balancing the need to maximise the value from the Company's investments and to provide for sufficient working capital. The Company returned £1.2 million to shareholders on 28 January 2019.

A resumption of dividend payments is not anticipated whilst the current managed wind-down remains in place.

Directors

The Directors who held office during the year and up to the date of this report were:

C. J. Hunter (Chairman, retired on 28 December 2018)
G. J. Farrell (appointed Interim Chairman with effect as of 28 December 2018)
S. C. Monier (retired on 28 December 2018)
S. J. Lawson
B. A. Nixon (appointed on 23 January 2019)

Mr Hunter was also a Director of the two direct subsidiaries of AXA Property Trust Limited throughout the year ended 30 June 2018.

Mr Lawson is a Director of Northern Trust (Guernsey) Limited, the Company's bankers and member of the same group as the Administrator and Secretary.

Management

The Investment Manager provides management services to the Company. A summary of the contract between the Company and the Investment Manager in respect of the management services provided is given in note 3 to the Financial Statements. During the year, the Board through the Management Engagement Committee has reviewed the appropriateness of the Investment Manager's appointment.

Alternative Investment Fund Managers Directive
The Company does not expect to be required to comply with the AIFM Directive except to the extent required to permit the marketing of the Company's shares in EEA Member States. As the Company is in a managed wind-down this is unlikely to occur. If this were to occur the relevant regime remains the national private placement arrangements in the relevant EEA Member State which might trigger requisite authorisation, possible changes to the governance structure of the Company including the appointment of a depositary, and additional disclosure in the financial statements. Compliance with the AIFM Directive would be expected to increase management costs, including regulatory and compliance costs, of impacted investment managers and investment funds.

International Tax Reporting
For purposes of the US Foreign Accounts Tax Compliance Act, the Company registered with the US Internal Revenue Service ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number (G0W47U.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016. The Board has taken the necessary action to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Directors' Authority to Buy Back Shares
Any buy back of shares will be made subject to Guernsey law and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company) and the making and timing of any buy backs will be at the absolute discretion of the Board. Purchases of shares will only be made through the market for cash at prices below the prevailing Net Asset Value of the shares where the Directors believe such purchases will enhance shareholder value.

Such purchases will also only be made in accordance with the rules of the UK Listing Authority which sets a cap on the price the Company can pay.

Articles of Incorporation
At an EGM held on 26 April 2013, a special resolution was passed to amend the Articles of Incorporation. The Board considered that, in light of the managed wind-down, and in order to facilitate the realisation of the portfolio, in a manner that achieved a balance between maximising the value from the Company's investments and making timely returns of capital to shareholders, it was in the best interests of shareholders and the Company as a whole to remove the requirement in the then current Articles for a Continuation Resolution to be put to shareholders in 2016, and to make certain other administrative changes and updates to the current Articles.

At an EGM held on 27 February 2014, a special resolution was passed to amend the Articles of Incorporation. The Board introduced a mechanism for the Redemption of Shares at the discretion of the Board prior to the eventual liquidation of the Company. The purpose of such Redemption Mechanism being to facilitate the return to shareholders of cash proceeds in a cost-efficient manner in accordance with the Investment Policy and Objective.

On 28 January 2019, the Company under the mechanism for the Redemption of Shares purchased and cancelled 2,644,440 Shares at a value of £1.2 million.

Guernsey Financial Services Commission Code of Corporate Governance
The Board of Directors confirms that, throughout the period covered by the Financial Statements, the Company complied with the Code of Corporate Governance issued by the Guernsey Financial Services Commission, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

Independent Auditor
The Board of Directors intend to recommend that KPMG Channel Islands Limited be re-appointed at the next AGM.

Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards and applicable law.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. These financial statements have been prepared on a basis other than going concern as described in Note 2 (b).

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors
So far as each Director is aware, all relevant information has been disclosed to the Company's auditor; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Responsibility Statement
We confirm that to the best of our knowledge and in accordance with DTR 4.1.12R of the Disclosure Guidance and Transparency Rules:

(a) These financial statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation as a whole as at and for the year ended 30 June 2018;
(b) These financial statements, which include information detailed in the Chairman's Statement, Investment Manager's Report, Report of the Directors and Corporate Governance Report, provide a fair review of the development and performance of the Group during the year; and include a description of the principal risks and uncertainties that the Group faced as at and for the year ended 30 June 2018, and
(c) These financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

Gavin Farrell
Interim Chairman

Stuart Lawson
Director

28 March 2019

Corporate Governance Report

To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code (June 2016) (the "UK Code") issued by the Financial Reporting Council ("FRC") or explain any departures therefrom. The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "GFSC Code").

The Board considers that reporting against the principles and recommendations of the UK Code provides appropriate information to shareholders. Companies reporting against the UK Code are deemed to comply with the GFSC Code. The UK Code is available in the Financial Reporting Council's website, www.frc.org.uk.

The Company has complied with the relevant provisions of the UK Code, except for the following provisions relating to:

- the role of the Chief Executive;
- Executive Directors' remuneration;
- Senior Independent Director;
- the need for an internal audit function;
- the whistle blowing policy;
- Remuneration Committee; and
- Nomination Committee

The Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Directors are non-executive and the Company does not have employees, hence no Chief Executive or whistle-blowing policy is required. The Board is satisfied that any relevant issues can be properly considered by the Board. There have been no instances of non-compliance, other than those noted above. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle-blowing policies and procedures and have received confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

Details of compliance are noted in the following sections. The absence of an Internal Audit function is discussed in the Audit Committee Report.

Composition, Independence and Role of the Board

The Board currently comprises of three non-executive Directors. All the Directors are considered by the Board to be independent of the Company's Investment Manager.

Until 28 December 2018, Mr Hunter was Chairman and with effect from 28 December 2018 the Chairman is Mr Farrell. The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Mr Hunter was and Mr Farrell are considered independent because they:

- have no current or historical employment with the Investment Manager; and
- have no current directorships in any other investment funds managed by the Investment Manager, other than Mr. Hunter's directorships of the two direct subsidiaries of AXA Property Trust Limited.

From April 2014, Gavin Farrell has served on the Board for over nine years and under the UK Code should be subject to annual re-election. The Board however, take the view that there is significant benefit to the Company arising from continuity and experience among directors and accordingly does not intend to introduce restrictions based on tenure. The Board believes that shareholders should be given the opportunity to review membership of the Board on a regular basis.

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic direction and financial reporting;
- risk assessment and management including reporting compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board is responsible to shareholders for the overall management of the Company.

The Board needs to ensure that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report and Financial Statements the Board has sought to provide further information to enable shareholders to better understand the Company's business and financial performance.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibility Statement.

The Board is also responsible for issuing half yearly reports, interim management statements and other price sensitive public reports.

The Board does not consider it appropriate to appoint a Senior Independent Director. The Board believes it has a good balance of skills and experience to ensure it operates effectively. The Chairman is responsible for leadership of the Board and ensuring its effectiveness.

Mr Nixon is not an independent director but the presence of two other directors that are independent and non-executive are mitigating the risk of Mr Nixon acting in his own interest.

The Board has engaged external companies to undertake the investment management and administrative activities of the Company. Documented contractual arrangements are in place with these companies which define the areas where the Board has delegated responsibility to them.

The Company holds regular board meetings to discuss general management, structure, finance, corporate governance, marketing, risk management, compliance, asset allocation and gearing, contracts and performance. The quarterly Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance, compliance and controls which are supplemented by communication and discussions throughout the year.

A representative of the Investment Manager and Administrator attends each Board meeting either in person or by telephone, thus enabling the Board fully to discuss and review the Company's operation and performance. Each Director has direct access to the Investment Manager and Company Secretary and may at the expense of the Company seek independent professional advice on any matter.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Re-election

There are provisions in the Company's Articles of Incorporation which require Directors to seek re-election on a periodic basis. There is no limit on length of service, nor is there any upper age restriction on Directors.

The Board considers that there is significant benefit to the Company arising from continuity and experience among directors, and accordingly does not intend to introduce restrictions based on age or tenure. It does however believe that shareholders should be given the opportunity to review membership of the Board on a regular basis.

In accordance with the Company's Articles of Association, at each AGM all independent Directors who held office at the two previous AGM's and did not retire shall retire from office and shall be available for re-election.

Board Diversity

The Board has also given careful consideration to the recommendation of the Davies Report on "Women on Boards". As recommended in the Davies Report, the Board has reviewed its composition. However, in view of the Company's managed wind-down position it believes that the current appointments provide an appropriate range of skills, experience and diversity.

Board Evaluation and Succession Planning

The Directors consider how the Board functions as a whole taking balance of skills, experience and length of service into consideration and also reviews the individual performance of its members on an annual basis.

To enable this evaluation to take place, the Company Secretary will circulate a detailed questionnaire plus a separate questionnaire for the evaluation of the Chairman. The questionnaires, once completed, are returned to the Company Secretary who collates responses, prepares a summary and discusses the Board evaluation with the Chairman prior to circulation to the remaining Board members. The performance of the Chairman is evaluated by the other Directors. On occasions, the Board may seek to employ an independent third party to conduct a review of the Board.

The Board considers it has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme has been prepared for any future Director appointments and all Directors receive other relevant training as necessary.

Board and Committee Meetings

The table below sets out the number of scheduled Board, Audit Committee and Management Engagement Committee meetings held during the year ended 30 June 2018 and, where appropriate, the number of such meetings attended by each Director who held office during the same period.

	Board of Directors		Audit Committee		Management Engagement Committee	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
C. J. Hunter	3	3	3	3	-	-
G. J. Farrell	3	3	3	3	-	-
S. C. Monier	3	2	3	1	-	-
S. Lawson	3	3	3	3	-	-

In addition to the scheduled quarterly Board meetings, the Board, or committees thereof, held 5 ad hoc meetings to deal with matters of an administrative nature. These meetings were attended by those Directors who were available at the time.

The Directors who held office during the year and their interest in the shares of the Company (all of which are beneficial) were:

	30 June 2018		30 June 2017	
C. J. Hunter*	9,694	0.04%	9,694	0.04%
G. J. Farrell	-	-	-	-
S. C. Monier	19,892	0.08%	19,892	0.08%
S. Lawson	-	-	-	-

*Charles Hunter holds 7,345 (2017: 7,345) shares whilst his family holds 2,349 (2017: 2,349).

At the date of this report, Mr Blake Nixon who was appointed on 23 January, 2019 holds 6,188,380 shares being an interest of 29.81% in the shares of the Company.

Committees of the Board
The Board has established Audit and Management Engagement Committees and approved their terms of reference.

Audit Committee
The Company has established an Audit Committee with formal duties and responsibilities. The Audit Committee meets formally at least twice a year and each meeting is attended by the independent external auditor and Administrator. The Company's Audit Committee is comprised of the entire Board. The Audit Committee is chaired by Mr. Lawson.

A report of the Audit Committee detailing its responsibilities and its key activities is presented in the Audit Committee Report.

Management Engagement Committee
The Management Engagement Committee meets formally at least once a year and is comprised of the entire Board. At the date of the report, Mr. Farrell is Chairman of the Management Engagement Committee.

The Management Engagement Committee has formal duties and responsibilities. The function of the Management Engagement Committee is to ensure that the Company's Management Agreement is competitive and reasonable for the shareholders, along with the Company's agreements with all other third party service providers (other than the external auditor).

During the December 2017 quarterly board meeting the directors reviewed the services provided by the Investment Manager as well as the other service providers and have recommended to the Board that their continuing appointments were in the best interest of the shareholders. As such there was no formal Management Engagements Committee held during the year.

Nomination Committee
The Board does not have a separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. Any proposal for a new Director will be discussed and approved by the Board.

Remuneration Committee
In view of its non-executive nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee, as anticipated by the UK Code, because this function is carried out as part of the regular Board business. A Remuneration Report prepared by the Board is contained in the Financial Statements.

Terms of Reference
All Terms of Reference for Committees are available from the Administrator upon request.

Internal Controls
The Board is ultimately responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing its effectiveness. The system of internal controls is designed to manage rather than to eliminate the

risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board uses a formal risk assessment matrix to identify and monitor risks.

The Board has delegated the management of the Company's investment portfolio and the administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements, which are independently audited. Whilst the Board delegates responsibility, it retains accountability for the functions it delegates and is responsible for the systems of internal control.

Formal contractual agreements have been put in place between the Company and providers of these services. On an ongoing basis board reports are provided at each quarterly board meeting from the Investment Manager, Administrator, Registrar and Company Secretary; and a representative from the Investment Manager is asked to attend these meetings.

In accordance with Listing Rule 15.6.2 (2) R and having formally appraised the performance and resources of the Investment Manager, in the opinion of the Directors their continuing appointment of the Investment Manager on their terms agreed is in the interests of the Company and the shareholders.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Investment Manager and Administrator which have their own internal audit and risk assessment functions. As such, an internal audit function specific to the Company is therefore considered unnecessary.

Principal Risks and Uncertainties

The Board is satisfied that by using the Company's risk matrix in establishing the Company's system of internal controls while monitoring the Company's investment objective and policy that the Board has carried out a robust assessment of the principal risks and uncertainties facing the Company during its managed wind-down. The principal risks and uncertainties which have been identified and the steps which are taken by the Board to mitigate them are as follows:

Investment Risks
The Company is exposed to the risk that its remaining investment property fails to perform in line with the Company's objective, if markets move adversely or if the remaining asset is inappropriately disposed. The Board reviews reports from the Investment Manager at least once a quarter, paying a particular attention to the disposal programme and its underlying assumptions and considerations.

Operational Risks
The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Investment Manager, Administrator and the Corporate Broker. The Board and its Committees regularly review reports from the Investment Manager and the Administrator on their internal controls.

Accounting, Legal and Regulatory Risks
The Company is exposed to the risk that it may fail to maintain accurate accounting records or fail to comply with requirements of its Prospectus. The accounting records prepared by the relevant service providers are reviewed by the Investment Manager. The Administrator, Corporate Broker and Investment Manager provide regular updates to the Board on compliance with the Prospectus and changes in regulation.

Financial Risks
The financial risks, including market, credit, liquidity and interest rate risk faced by the Company are set out in note 17 of the Financial Statements. These risks and the controls in place to reduce the risks are reviewed at the quarterly Board meetings.

Foreign Exchange Risk
The Company is exposed to currency risk given that its subsidiaries are denominated in Euro but the presentation currency of the Company is Pound Sterling. As a result of the UK's Brexit Referendum there has been an increase in the volatility of the EUR/GBP exchange rate. The Investment Manager reports at least quarterly to the Board on its strategy for managing this risk.

The Board seeks to mitigate and manage these risks through continual review, policy-setting and enforcement of contractual obligations and will update the risk assessment matrix to reflect any changes to the control environment.

Relations with Shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to meet shareholders if required. The Investment Manager meets with major shareholders on a regular basis and reports to the Board on these meetings. Issues of concern can be addressed by any shareholder in writing to the Company at its registered address. The AGM of the Company provides a forum for shareholders to meet and discuss issues with the Directors and Investment Manager of the Company.

In addition, the Company maintains a website which contains comprehensive information, including regulatory announcements, share price information, financial reports, investment objectives and strategy and investor contacts.

Significant Shareholdings

As at 10 January 2019, shareholders with 3% or more of the voting rights are as follows:

	Shares held	**% of issued share capital**
Mr Blake A Nixon	6,976,753	29.81
Integrated Financial Arrangements	2,668,776	11.40
IntegraLife UK	2,030,204	8.68
FIL Investment International	1,421,882	6.08
M&G Investment Mgt	1,170,126	5.00
Close Asset Mgt	766,451	3.28
Canaccord Genuity Securities	740,860	3.17

Signed on behalf of the Board by:

Gavin Farrell
Chairman

Stuart Lawson
Director

28 March 2019

Audit Committee Report

Dear Shareholders,

I am pleased to present the Audit Committee's Report for the year ended 30 June 2018, which covers the following topics:

- Responsibilities of the Audit Committee and its key activities during the year,
- Financial reporting and significant areas of judgement and estimation,
- Independence and effectiveness of the external auditor, and
- Internal control and risk management systems.

As advised previously, the Company has implemented a strategy to wind-down the portfolio and return capital to investors. The Audit Committee's activities during the year have therefore concentrated on maintaining an appropriate risk and control environment, providing suitable disclosure of progress and residual risks in the Financial Statements, ensuring ongoing engagement from service providers and keeping sufficient liquid funds to meet expenditure for essential or justified items.

Responsibilities

The Audit Committee reviews and recommends to the Board for approval or otherwise, the Financial Statements of the Company and is the forum through which the independent external auditor reports to the Board of Directors. The independent external auditor and the Audit Committee will meet together without representatives of either the Administrator or Investment Manager being present if either considers this to be necessary.

The role of the Audit Committee includes:

1. Monitoring the integrity of the Financial Statements of the Company covering:
    - formal announcements relating to the Company's financial performance,
    - significant financial reporting issues and judgements,
    - matters raised by the external auditors, and
    - appropriateness of accounting policies and practices.
2. Reviewing and considering the UK Code and FRC Guidance on Audit Committees
3. Monitoring the quality and effectiveness of the independent external auditor which includes:
    - meeting regularly to discuss the audit plan and the subsequent findings,

- considering the level of fees for both audit and non-audit work,
- reviewing independence, objectivity, expertise, resources and qualification, and
- making recommendations to the Board on the appointment, reappointment, replacement and remuneration.

4. Reviewing the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption, and

5. Monitoring and reviewing the internal control and risk management systems of the service providers together with the need for an Internal Audit function.

The Audit Committee's full terms of reference can be obtained by contacting the Company's Administrator.

Financial Reporting

The Audit Committee's review of the Half Yearly Financial Report and Audited Annual Report and Financial Statements focused on the following significant risks;

- investment property valuation; and
- going concern given the wind-down strategy.

Valuation of Investment Property
The Company's sole remaining investment property was independently valued at £7.87 million (€8.90 million) as at 30 June 2018 and represented the majority of the total assets of the Group. The remaining investment property comprises the cinema complex in Curno, Italy, owned via an intermediate holding company. The valuation of this investment is in accordance with the requirements of IFRS as issued by the International Accounting Standards Board. The valuation estimate is provided by Knight Frank LLP, an external independent valuer. The Audit Committee considered the fair value of the sole remaining investment property held by the Group as at 30 June 2018 to be reasonable based on information provided by the Investment Manager and Administrator. All valuations are subject to review and oversight by the Investment Manager.

Going Concern
In accordance with IFRS, the Financial Statements have been prepared on a basis other than that of a going concern reflecting the orderly wind-down of the Group. Accordingly, the going concern basis of accounting is no longer considered appropriate. The sole remaining investment property continues to be carried at fair value. All other assets and liabilities continue to be measured in accordance with IFRS.

Audit Findings Report
The independent external auditor reported to the Audit Committee that no material unadjusted misstatements were found in the course of their work. Furthermore, the Investment Manager and Administrator confirmed to the Audit Committee that they were not aware of any material unadjusted misstatements including matters relating to the Financial Statements presentation.

Accounting Policies & Practices
The Audit Committee has assessed the appropriateness of the accounting policies and practices adopted by the Group together with the clarity of disclosures included in the Financial Statements. Following a review of the presentations and reports from the Administrator and consulting where necessary with the independent external auditor, the Audit Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). It is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Audit Committee advised the Board that this Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable.

Risk Management

The Audit Committee continued to consider the process for managing the risk of the Group and its service providers. Risk management procedures for the Group are detailed in the Company's risk assessment matrix, and that is reviewed and approved by the Audit Committee on a regular basis. Regular reports are received from the Investment Manager and Administrator on the Company's risk evaluation process and reviews.

In the context of the managed wind-down, the key risks which the Audit Committee has closely monitored are:

- Asset disposal program
- Ongoing liquidity
- Levels of expenditure
- Engagement from service providers

The Audit Committee recognises that the timely disposal of the remaining property is uncertain and continues to keep under review the most appropriate course of action with regard to this asset with the aim of maximising shareholder return.

Through regular briefing sessions and formal bi-annual committee meetings, the Audit Committee has received the necessary information and confirmation that activities have been managed and executed in accordance with plans approved by the Board and established policies and procedures.

Fraud, Bribery and Corruption
The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Group. The Board receives a confirmation from all service providers that there have been no instances of fraud or bribery.

The Independent External Auditor

KPMG Channel Islands Limited has been the independent external auditor from the date of the initial listing on the London Stock Exchange. In the circumstances of the Company and expected progress with the managed wind-down process, a change of external auditor is not currently envisaged given the short remaining life of the Company.

The independence and objectivity of the external auditor is reviewed by the Audit Committee, which also reviews the terms under which the independent external auditor is appointed to perform non-audit services. The Audit Committee has established pre-approval policies and procedures for the engagement of the auditor to provide audit, assurance and tax services. The principles on which these are based are that the external auditor may not provide a service which:

- places them in a position to audit their own work
- creates a mutuality of interest
- results in the external auditor developing close relationships with service providers of the Company
- results in the external auditor functioning as a manager or employee of the Company
- puts the external auditor in the role of advocate of the Company

As a general rule, the Company does not utilise external auditors for internal audit work, secondments or valuation advice. Services which are in the nature of audit, such as tax compliance, tax structuring, accounting advice, quarterly reviews and disclosure advice are normally permitted but are subject to prior approval by the Audit Committee.

The Audit Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity with particular regard to non-audit fees, and considers KPMG Channel Islands Limited to be independent of the Company. The following table summarises the remuneration paid to KPMG Channel Islands Limited and to other KPMG member firms for audit and non-audit services provided to the Company during the years ended 30 June 2018 and 30 June 2017.

	30 June 2018	**30 June 2017**
	£	**£**
Statutory audit	116,178	144,680
Total audit fees	**116,178**	**144,680**

The Board recommended KPMG Channel Islands Limited be appointed as liquidator at the adjourned EGM on 21 September 2018. As the special resolution to place the Company into voluntary liquidation did not secure the requisite majority to pass, the ordinary resolution to appoint the liquidator also did not pass. As such, the Audit Committee invited KPMG Channel Islands Limited to accept re-appointment as external auditor as they concluded the failed appointment as liquidator did not impair KPMG Channel Island Limited independence or objectivity.

Performance and Effectiveness
During the year, when considering the effectiveness of the independent external auditor, the Audit Committee has taken into account the following factors:

- the audit plan presented to them before the audit;
- changes in audit personnel;
- the post audit findings report;
- the independent external auditor’s own internal procedures to identify threats to independence; and
- feedback received from both the Investment Manager and Administrator.

The Audit Committee reviewed and, where appropriate, challenged the audit plan and the audit findings report of the independent external auditor and concluded that the audit plan sufficiently identified audit risks and that the audit findings report indicated that the audit risks were sufficiently addressed with no significant variations from the audit plan. The Audit Committee considered reports from the independent external auditor on their procedures to identify threats to independence and concluded that the procedures were sufficient.

Given that the managed wind down is reasonably expected to be substantially complete within the next 12 months, the Audit Committee will work with the independent external auditor to keep future costs to a minimum.

Reappointment of External Auditor
Consequent to this review process, the Audit Committee recommended to the Board that a resolution be put to the next AGM for the reappointment of KPMG Channel Islands Limited as independent external auditor.

Internal Control and Risk Management Systems
The Company outsources the subsidiary company accounting and financial statements production to the Investment Manager, and company accounting, document execution and expense payment to the Administrator. The Audit Committee considers the following matters in this regard:

- regular operations meetings with service providers,
- reporting to the Audit Committee and Board,
- independent opinion of the external auditor, and
- on-going evaluation of performance.

In addition, the Audit Committee reviews and examines externally prepared assessments of the control environment in place at the Investment Manager and the Administrator. No significant failings or weaknesses were identified in these reports.

The Audit Committee has reviewed the need for an internal audit function and has decided that the system and procedures employed by the Investment Manager and the Administrator's internal audit function provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Group is therefore considered unnecessary.

In finalising the Financial Statements for recommendation to the Board for approval, the Audit Committee has satisfied itself that the Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

A member of the Audit Committee will continue to be available at each AGM to respond to any shareholder questions on the activities of the Audit Committee.

Stuart Lawson,
Chairman, Audit Committee
28 March 2019

Directors' Remuneration Report

Introduction
An ordinary resolution for the approval of the Director's Remuneration Report was put to the shareholders at the AGM held on 28 December 2018.

Remuneration Policy
All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies. The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £120,000 per annum.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

None of the Directors has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire by rotation or cease to be a director in accordance with the Articles of Incorporation, by operation of law or until they resign.

Remuneration
Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No Directors have been paid additional remuneration outside their normal Directors' fees and expenses.

The current annual Directors' fees comprise £18,000 per annum payable to the Chairman and £13,500 per annum payable to the other Directors.

For the years ended 30 June 2018 and 30 June 2017 Directors' fees incurred were as follows:

	30 June 2018 £	30 June 2017 £
C. J. Hunter	18,000	18,000
G. J. Farrell	13,500	13,500
S. C. Monier	13,500	13,500
S. Lawson	13,500	13,500
A. Spaninks *	-	4,512
	58,500	63,012

*A Spaninks resigned from the Board on 31 October 2016.

B. Nixon was appointed to the Board on 23 January 2019.

The directors of the subsidiaries of the Group received emoluments amounting to £12.8k (30 June 2017: £11.3k). Total fees paid to Directors of the Group were £58,500 (30 June 2017: £74,282).

Signed on behalf of the Board by:

Gavin Farrell
Interim Chairman

Stuart Lawson
Director

28 March 2019

Investment Objective and Investment Policy

At an EGM of the Company held on 26 April 2013, the shareholders resolved to amend the Company's investment policy. The amended investment objective and policy is set out below:

Investment Objective
The Company is managed with the intention of realising the remaining asset in the Portfolio, in a manner consistent with the principles of prudent investment management and spread of investment risk, with a view to returning capital invested to the shareholders in an orderly manner.

Investment Policy
The managed wind-down will be effected with a view to the Company realising its sole remaining investment property in the course of calendar year 2019 in a manner that achieves a balance between maximising the value from the Company's investments and making timely returns of capital to shareholders.

The Company will cease to make any new investments or undertake capital expenditure except where necessary in the reasonable opinion of the Investment Manager and Board to protect or enhance the value of the existing investment or to facilitate its orderly disposal.

The Company will not undertake new borrowing other than for short-term working capital purposes.

Any cash received by the Company as part of the realisation process will be held as cash on deposit and/or cash equivalents.

Shareholders should expect that, under the terms of the Managed Wind-down, the Board and the Investment Manager will be committed to distributing as much of the available cash as soon as reasonably practicable having regard to cost efficiency, debt repayment and working capital requirements. Accordingly, in order to minimise the administrative burden, shareholders should expect that returns of cash will be made regularly but not necessarily as soon as cash becomes available.

Independent Auditor's Report to the Members of AXA Property Trust Limited

Our opinion is unmodified

We have audited the consolidated financial statements (the "financial statements") of AXA Property Trust Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 30 June 2018, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information. As described in note 2, the financial statements have not been prepared on a going concern basis.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Group as at 30 June 2018, and of the Group's financial performance and the Group's cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards (IFRS); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including FRC Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows (unchanged from 2017):

	The risk	***Our response***
Going Concern *Refer to the Audit Committee Report and accounting policy notes 2b and 2d*	***Basis:*** On 26 April 2013 an Extraordinary General Meeting was held at which the shareholders approved proposals for a managed wind-down of the Group. Accordingly the Board of Directors have prepared the financial statements on a basis other than going concern reflecting an orderly managed wind-down of the Group and the continuing measurement of the investment property at fair value. ***Risk:*** There is a risk that the Board of Directors may not be able to achieve the wind-down in an orderly manner and if this was the case then it would impact their ability to continue measuring the investment property at fair value.	*Our audit procedures included:* ***Evaluating managements' wind-down strategy:*** We held discussions with the Board of Directors and the Investment Manager to understand the ongoing wind-down programme. We obtained and evaluated the Group's going concern assessment and post year end cash flow forecasts and reviewed key assumptions and significant inputs therein. ***Assessing disclosures:*** We considered the Group's going concern accounting policies and disclosures in notes 2b and 2d for compliance with IFRS.

Valuation of Investment Property *Investment Properties* *£7.9m (2017 £12.3m)* *Refer to the Audit Committee Report, accounting policy notes 2d and 2l and disclosure note 9*	***Basis:*** The Group's investment property accounted for 74.04% of the Group's net assets as at 30 June 2018. The fair value of the investment property as at 30 June 2018 was assessed by the Investment Manager and the Board of Directors based on an independent valuation prepared by Knight Frank LLP (the "Group's Valuer"). ***Risk:*** As highlighted in the Audit Committee Report, the valuation of the Group's investment property is a significant area of judgment and requires subjective assumptions to be made. Determination of the fair value of the investment property is considered a significant audit risk due to the magnitude of the balance and the subjective nature of the valuation.	*Our procedures included:* ***Controls Evaluation:*** We evaluated the design and implementation of the control in relation to the Investment Manager's review of the valuation prepared by the Group's Valuer. ***Evaluating experts engaged by management:*** We assessed the competence, capabilities and objectivity of the Group's Valuer. We also assessed their independence by considering the scope of their work and the terms of their engagement. ***Evaluating assumptions and inputs used in the valuation:*** With the assistance of our own real estate valuation specialist we assessed the valuation prepared by the Group's Valuer by evaluating the appropriateness of the valuation methodology and assumptions used, including undertaking discussions on key findings with the Group's Valuer and challenging the valuation based on market information and knowledge. We agreed significant inputs into the valuation such as yields and the tenancy lease agreement for consistency with other audit findings and observable market evidence. **Assessing disclosures:** We considered the Group's investment property valuation policies and their application as described in the notes to the financial statements for compliance with IFRS in addition to the adequacy of disclosures in note 9 in relation to the fair value of the investment property.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £320,000, determined with reference to a benchmark of Group net assets of £10,631,000, of which it represents approximately 3% (2017: 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £16,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Audits for group reporting purposes were performed by a component auditor based in Luxembourg and by the group audit team in Guernsey. These group procedures covered 100% of total group revenue, total group loss before taxation, and total group assets and liabilities.

The audits undertaken for group reporting purposes by the component auditor in Luxembourg were performed to a materiality level set by, or agreed with, the group audit team. The materiality level set for the component auditor in Luxembourg was £240,000.

Detailed audit instructions were sent to the component auditor in Luxembourg. These instructions covered the significant audit areas that should be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the group audit team. The group audit team visited the component auditor in Luxembourg. Telephone meetings were also held with the component auditor in Luxembourg.

We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within Principal Risks and Uncertainties (page 15) that they have carried out a robust assessment of the principal risks facing the Group during the managed wind-down;
- the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 8) as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in the Report of Directors, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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.

Lee Clark
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors, Guernsey

28 March 2019

Consolidated Income Statement
For the year ended 30 June 2018

	Notes	**For the year ended 30 June 2018 £000s**	For the year ended 30 June 2017 £000s
Gross rental income	4	**1,380**	1,704
Service charge income		**-**	127
Property operating expenses		**(143)**	(251)
Net rental and related income		**1,237**	1,580
Valuation loss on investment property	9	**(4,527)**	(781)
Loss on disposals of a subsidiary and investment property		**(35)**	(589)
General and administrative expenses	5	**(791)**	(929)
Operating loss		**(4,116)**	(719)
Net foreign exchange gain on liquidation		**141**	-
Net gain on financial instruments		**-**	55
Share in loss of a joint venture	10	**(127)**	(40)
Net finance cost	6	**(14)**	(151)
Loss before tax		**(4,116)**	(855)
Income tax expense	14	**(788)**	(67)
Loss for the year		**(4,904)**	(922)
Basic and diluted loss per ordinary share (pence)	7	**(20.95)**	(1.92)

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 £000s	Year ended 30 June 2017 £000s
Loss for the year		**(4,904)**	(922)
Other comprehensive income			
Foreign exchange translation (loss)/gain		**(130)**	1,896
Total items that are or may be reclassified to profit or loss		**(130)**	1,896
Total comprehensive (loss)/profit for the year		**(5,034)**	974

The accompanying notes form an integral part of these Financial Statements

Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Revenue reserve £000s	Distributable reserve £000s	Foreign currency reserve £000s	Total £000s
Balance at 1 July 2017	**(41,411)**	**44,853**	**12,223**	**15,665**
Loss for the year	(4,904)	-	-	(4,904)
Other comprehensive loss	-	-	(130)	(130)
Balance at 30 June 2018	**(46,315)**	**44,853**	**12,093**	**10,631**

For the year ended 30 June 2017

	Revenue reserve £000s	Distributable reserve £000s	Foreign currency reserve £000s	Total £000s
Balance at 1 July 2016	**(40,489)**	**68,856**	**10,327**	**38,694**
Share redemptions	-	(24,003)	-	(24,003)
Loss for the year	(922)	-	-	(922)
Other comprehensive income	-	-	1,896	1,896
Balance at 30 June 2017	**(41,411)**	**44,853**	**12,223**	**15,665**

The accompanying notes form an integral part of these Financial Statements

Consolidated Statement of Financial Position
For the year ended 30 June 2018

	Notes	30 June 2018 £000s	30 June 2017 £000s
Non-current assets			
Investment property	9	**7,871**	12,310
Current assets			
Cash and cash equivalents		**3,298**	3,846

	Trade and other receivables	11	**495**	939
	Investment in joint venture	10	**165**	642
Total assets			**11,829**	**17,737**
Current liabilities				
	Trade and other payables	12	**989**	1,573
Non-current liabilities				
	Provisions	13	**209**	499
Total liabilities			**1,198**	**2,072**
Net assets			**10,631**	**15,665**
	Reserves		**10,631**	15,665
Total equity			**10,631**	**15,665**
Number of ordinary shares		15	**23,402,881**	**23,402,881**
Net asset value per ordinary share (pence)		16	45.43	66.94

By order of the Board

Gavin Farrell
Interim Chairman

Stuart Lawson
Director

28 March 2019

The accompanying notes form an integral part of these Financial Statements

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 £000s	Year ended 30 June 2017 £000s
Operating activities			
Loss before tax		**(4,116)**	(855)
Adjustments for:			
Loss on valuation and disposals of a subsidiary and investment properties		**4,562**	1,370
Share of loss in joint venture	10	**127**	40
Gain on financial instruments		-	(55)
Decrease in trade and other receivables		**444**	305
Decrease in provisions		**(290)**	(754)
Decrease in trade and other payables		**(584)**	(417)
Net finance cost	6	**14**	151
Net foreign exchange gain on liquidation		**(141)**	-

Net cash generated from/(used in) operations	**16**	**(215)**
Interest income received	-	97
Interest paid	**(27)**	(334)
Tax (paid)/received	**(916)**	44
Net cash outflow from operating activities	**(927)**	**(408)**
Investing activities		
Return of capital from joint ventures	**354**	-
Repayments of Joint Ventures loan	-	8,383
Proceeds from disposals of a subsidiary and investment properties	-	25,362
Net cash inflow from investing activities	**354**	**33,745**
Financing activities		
Redemption of shares	-	(24,003)
Bank loan facility repaid	-	(15,018)
Decrease in derivative financial liabilities	-	(11)
Net cash used in financing activities	-	**(39,032)**
Effects of exchange rate fluctuations	**25**	735
Decrease in cash and cash equivalents	**(548)**	**(4,960)**
Cash and cash equivalents at start of the year	**3,846**	8,806
Cash and cash equivalents at the year end	**3,298**	3,846

The accompanying notes form an integral part of these Financial Statements.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2018

1. Operations

AXA Property Trust Limited (the "Company") is a limited liability, closed-ended investment company incorporated in Guernsey. The Company invests in commercial property in Europe which is held through a subsidiary. The Consolidated Financial Statements (the "Financial Statements") of the Company for the year ended 30 June 2018 comprise the Financial Statements of the Company and its subsidiaries (together referred to as the "Group").

2. Significant accounting policies

(a) Basis of preparation

The Financial Statements, which show a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB") and are in compliance with The Companies (Guernsey) Law, 2008. The Financial Statements have been prepared on a basis other than that of a going concern, and the accounting policies, presentation and methods of computation are consistent with this basis, as disclosed in the going concern paragraph below. The financial statements have been prepared on a historical cost basis with the exception of investment property which is measured at fair value.

(b) Going concern

The discount control provisions established when the Company was launched required a continuation vote to be proposed to shareholders at the Company's Annual General Meeting in 2015. As a result of the large discount to Net Asset Value at which shares were trading there was little chance of raising new capital. After extensive shareholder consultation, the Board resolved not to seek continuation of the Company in 2015 and proposed to shareholders that the Company enter into a managed wind-down. This proposal was approved at an EGM held on 26 April 2013.

The Financial Statements have been prepared on a basis other than that of a going concern reflecting the orderly wind-down of the Group. Accordingly, the going concern basis of accounting is not considered appropriate. All assets and liabilities continue to be measured in accordance with IFRS. The Board recognises that the timely disposal of the sole remaining property is uncertain and continues to keep under review the most appropriate course of action with regard to this asset over the coming months with the aim of maximising shareholder return. As at 30 June 2018, the completion of the sale of the sole remaining investment property is foreseen in the course of calendar year 2019.

The Directors estimate that the wind-down costs will be approximately £153,000 (30 June 2017: £189,000). The Board believes that the Group has sufficient funds available to meet its wind-down costs and day-to-day running costs.

(c) Adoption of new standards and its consequential amendments

Standard, interpretation and amendments to published statements currently effective
There are no new standards nor amendments effective as of 1 July 2017 which have had a significant impact on the Group's Financial Statements.

Standards, interpretations and amendments to published statements not yet effective
There are no accounting standards that have been issued and are not yet effective that are likely to have an impact on the Financial Statements as the wind up of the Group is estimated to take place in 2019.

(d) Significant estimates and judgements

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements:
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Functional currency
As disclosed in note 2(e), the Group's functional currency is Sterling and the subsidiaries' functional currency is the Euro. The Board of Directors considers that the Parent Company's functional currency is Sterling, as the capital raised, return on capital and dividends paid by the Parent Company are in Sterling. The Euro most faithfully represents the economic effect of the underlying transactions, events and conditions of the subsidiaries. The Euro is the currency in which the subsidiaries measure their performance and report their results.

Going concern
The Financial Statements have been prepared on a non-going concern basis reflecting the orderly wind-down of the Group. Further discussion of the Board's decision to wind-down the Group, can be found in note 2(b).

Classification of investment properties as held for sale
The Group has no investment property classified as held for sale. In establishing if an investment property may be transferred to held for sale, the investment property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable, as discussed in note 2(o).

Lease classification
The Group has entered into a commercial property lease on its investment property. The Group has determined, based on an evaluation of the terms and conditions of the arrangement, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of the property and accounts for the contract as an operating lease.

(ii) Estimates and assumptions:
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising which are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of investment property
The Group carries its investment property at fair value, with changes in fair value being recognised in the Consolidated Income Statement.

The property is valued quarterly by an external independent valuer as at the end of each calendar quarter. Their valuations are reviewed quarterly by the Board.

Quarterly valuations of the investment property are carried out by Knight Frank LLP, external independent valuers to the Group, in accordance with the Royal Institution of Chartered Surveyors' ("RICS") Appraisal and Valuation Standards. The property has been valued in accordance with the definition of the RICS Valuation which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation is based on the highest and best use of the investment property.

In view of market instability, the valuers refer to the RICS Valuation Standards Guidance Note 1 (Valuation Uncertainty). The key assumptions used to determine the market value of the investment property are explained further in note 2(l).

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the timing and amount of future taxable income. The Group estimates its tax receivables and liabilities after taking into account the impact of tax laws and regulation and the timing and amount of future taxable income.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax asset that can be recognised, based upon timing and the level of future taxable profits. Details of tax losses recognised as a deferred tax asset and the amount of unused tax losses held by the Group, refer to note 14.

Provisions
In determining the provision for wind-down costs, estimates of costs have been obtained from the corporate Broker, Administrator and other parties involved in the managed wind-down of the Company. The carrying amount of the provision as at 30 June 2018 was £153,000 (30 June 2017: £189,000).

(e) Foreign currency translation

(i) Foreign currency transactions
Transactions in foreign currencies are translated to presentation currency at the spot foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are translated to presentation currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to presentation currency at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Exchange differences on foreign operations
The assets and liabilities of foreign operations, arising on consolidation, are translated to presentation currency at the foreign exchange rates ruling at the Consolidated Statement of Financial Position date. The income and expenses of foreign operations are translated to presentation currency at an average rate. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and as a separate component of equity.

(f) Basis of consolidation

(i) Subsidiaries
The Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 30 June each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

(ii) Transactions eliminated on consolidation
All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in preparing the Financial Statements.

AXA Property Trust Limited, the Company, is the parent of the Group. It was incorporated in Guernsey on 5 April 2005. The Company owned the following subsidiaries as at the reporting date:

Subsidiaries	Country of incorporation	Date of incorporation	Ownership interest %	Principal activities
Property Trust Luxembourg 2 S.à r.l.	Luxembourg	24 November 2005	100.00%	Holding Company

Property Trust Luxembourg 3 S.à r.l.	Luxembourg	2 June 2006	100.00%	Holding Company

Property Trust Luxembourg 1 S.à r.l. was liquidated on 30 October 2017.

The Investment Manager will seek to merge or wind up redundant holding companies from planned disposals within a short time frame to avoid ongoing administrative expenses.

The companies shown in the table below were directly owned by Property Trust Luxembourg 2 S.à r.l. and Property Trust Luxembourg 3 S.à.r.l. as at the reporting date:

Indirect subsidiaries and joint ventures	**Country of incorporation**	**Ownership interest %**
Property Trust Luxembourg 2 S.à r.l.		
Property Trust Rothenburg 1 S.à r.l.	Luxembourg	100.00%
Multiplex 1 S.r.l.	Italy	100.00%
Property Trust Luxembourg 3 S.à r.l.		
Property Trust Agnadello S.r.l.	Italy	50.00%

Property Trust Rothenburg 1 S.a.r.l merged with Property Trust Luxembourg 2 S.a.r.l in January 2019.

(iii) Joint ventures

The Group's interest in jointly controlled entities are accounted for using the equity method. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures ("Downstream transaction"). The Group recognises its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party ("Upstream transaction"). When Downstream transactions provide evidence of a reduction in the net fair value of the assets sold, or of an impairment loss of those assets, those losses are be recognised in full. When Upstream transactions provide evidence of a reduction in the net fair value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share in those losses.

(g) Income recognition

Interest income from banks is recognised on an effective yield basis.

Rental income from the investment property leased out under operating leases is recognised in the Consolidated Income Statement on a straight-line basis over the term of the lease. Lease incentives are amortised over the whole lease term.

(h) Expenses/Other Income

Expenses are accounted for on an accruals basis.

Service costs for service contracts entered into by the Group acting as the principal are recorded when such services are rendered. The Group is entitled to recover such costs from the tenants of the investment property. The recovery of costs is recognised as service charge income on an accrual basis.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits carried at cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Dividends

Dividends are recognised as a liability in the period in which they become obligations of the Company. Interim dividends are recognised when paid. Final dividends are recognised once they are approved by shareholders. All dividends are paid as interim dividends.

(k) Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Investment property

Investment property is held to earn rental income and capital appreciation and is recognised as such. Investment property is initially recognised at cost, being the fair value of consideration given, including associated transaction costs. Any subsequent capital expenditure incurred in improving the investment property is capitalised in the period during which the expenditure is incurred and included within the book cost of the properties.

After initial recognition, investment property is measured at fair value using the fair value model with unrealised gains and losses recognised in the Consolidated Income Statement. Realised gains and losses upon disposal of the property is recognised in the Consolidated Income Statement. Quarterly valuations are carried out by Knight Frank LLP, external independent valuers, in accordance with the RICS Appraisal and Valuation Standards. The property has been valued in accordance with the definition of the RICS Valuation which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation is based on the highest and best use of the investment property.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their creditworthiness, the allocation of maintenance and insurance responsibilities between lessor and lessees, and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Income Statement during the financial period in which they are incurred.

Investment property is derecognised when it has been disposed. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within gain/(loss) on disposals of subsidiaries and investment property.

(m) Leases

The determination of if an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether or not fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(n) Financial instruments

(i) Loans and receivables

Loans advanced and other receivables are classified as loans and receivables. Loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

(ii) Derecognition of financial instruments

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through arrangement"; or
- the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled.

(o) Assets held for sale

Investment property is transferred to assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated;
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

On re-classification, an investment property that is measured at fair value continues to be so measured.

(p) Impairment

The carrying amounts of the Group's assets, other than investment property, are reviewed at each Consolidated Statement of Financial Position date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Income Statement.

(q) Taxation

The Company has obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and accordingly is subject to an annual fee of £1,200. The Directors intend to conduct the Group’s affairs such that it continues to remain eligible for exemption.

The Company’s subsidiaries are subject to income tax on any income arising on investment property, after deduction of debt financing costs and other allowable expenses. However, when a subsidiary owns a property located in a country other than its country of residence the taxation of the income is defined in accordance with the double taxation treaty signed between the country where the property is located and the residence country of the subsidiary.

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year as determined under local tax law, using tax rates enacted or substantially enacted at the Consolidated Statement of Financial Position date, and any adjustment to tax payable in respect of previous periods.

Deferred income tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Consolidated Statement of Financial Position date, except in the case of investment property, where deferred tax is provided for the effect of the sale of the property. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset is utilised.

Details of current tax and deferred tax assets and liabilities are disclosed in note 14.

(r) Determination and presentation of operating segments

The Board of Directors are charged with setting the Company’s investment strategy in accordance with the Prospectus. They have delegated the day to day implementation of this strategy to its Investment Manager but retain responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The investment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board. The Investment Manager has been given full authority to act on behalf of the Company. Under the terms of the Investment Management Agreement dated 18 April 2005, subject to the overall supervision of the Board, the Investment Manager advised on the general allocation of the assets of the Company between different investments, advised the Company on its borrowing policy and geared investment position, managed the investment of the Company’s subscription proceeds and short-term liquidity in fixed income instruments and advised on the use of (and management of) derivatives and hedging by the Company.

Information presented to the Board by the Investment Manager is based on IFRS.

Whilst the Investment Manager may make the investment decisions on a day to day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major allocations made on an ongoing basis. The Investment Manager will always act under the terms of the Prospectus and the

Investment Management Agreement dated 18 April 2005 and to the changes to the investment objective and investment policy approved at an EGM held on 26 April 2013, which cannot be materially changed without the approval of the Board of Directors.

The Board has considered the requirements of IFRS 8, 'Operating Segments'. The Board is of the view that the Group is engaged in a single segment of business, being investment in property in Europe. Geographic and Sector analyses of the segment are included in the Investment Manager's Report.

3. Material agreements

AXA Investment Managers UK Limited was appointed as the Investment Manager of the Group pursuant to an Investment Management Agreement dated 18 April 2005. The Investment Manager is responsible for advising the Group on the overall management of the Group's investments and for managing the Group's investments in fixed income instruments in accordance with the Group's investment objective and policy, subject to the overall supervision of the Directors. Under the terms of the Investment Management Agreement, the Investment Manager was entitled to a management fee of 90 basis points per annum of gross assets together with reasonable expenses payable quarterly in arrears. The management fee shall be reduced by an amount equal to the fees payable to the Real Estate Adviser by the property subsidiaries such that the total fees payable by the Group to the Investment Real Estate Adviser and Investment Manager will not exceed 90 basis points per annum. Either party may terminate the Investment Management Agreement with not less than 12 months' notice in writing.

In view of the change to the Investment Objective and Policy, the Manager agreed to amend the Management Fee arrangements with effect from 1 January 2013 in order to provide better alignment with the objective of the Managed Wind-down, such that the Manager and/or its Associates will receive in aggregate (refer to note 5 Investment management fees and Performance fee):

- a management fee of 1.10 per cent. of NAV (as opposed to 0.90 per cent. of gross assets) per annum to be paid quarterly in arrears based on the NAV at the end of the relevant quarter;
- transaction fees of 0.35 per cent. of the gross sales price achieved on each asset sale; and
- a performance fee of 12.5 per cent. of cash returned to shareholders in excess of 80 per cent. of NAV as at 31 December 2012, with threshold percentage of NAV increasing by 5 per cent. per annum with effect from 1 January 2015 (such that, by way of example, the threshold percent for the 12 month from and including 1 January 2015 (such that the threshold percentage for the 12 months from and including 1 January 2015 was 85 per cent of NAV as of 31 December 2012 and increased to 90 per cent from and including January 2016 and so on for each consecutive year).

This amendment of the management fee was approved by a resolution of the shareholders on 26 April 2013.

(ii) Stifel Nicolaus Limited is Corporate Broker to the Company. Fees incurred for the year ended 30 June 2018 totalled £25,000 (30 June 2017: £25,000)

(iii) Northern Trust International Fund Administration Services (Guernsey) Limited is Administrator and Secretary to the Company pursuant to the Administration Agreement dated 13 April 2005. Fees incurred in the year ended 30 June 2018 totalled £145,000 (30 June 2017: £145,000).

4. Gross rental income

Gross rental income for the year ended 30 June 2018 amounted to £1.38 million (30 June 2017: £1.70 million). The Group leases out its investment property under operating leases which are structured in accordance with local practices in Italy. All leases benefit from indexation.

Minimum Lease Payments (based on leases in place as at 30 June 2018)

	30 June 2018	30 June 2017
	£000s	£000s
0-1 year	1,284	1,277
1-5 years	6,420	6,385
5 + years	616	1,892

The leasing arrangements are negotiated by the local asset managers, who send recommendations to the Investment Managers and a request for approval.

5. General and administrative expenses

	30 June 2018	30 June 2017
	£000s	£000s
Administration fees	**(173)**	(188)
General expenses	**(299)**	(621)
Audit fees	**(196)**	(142)
Legal and professional fees	**(41)**	(160)
Directors' fees	**(59)**	(74)
Insurance fees	**(62)**	(64)
Liquidation costs	**36**	17
Corporate Broker fees	**(25)**	(25)
Investment management fees	**(282)**	(255)
Performance fee	**310**	583
Total	**(791)**	(929)

Each of the Directors receives a fee of £13,500 (30 June 2017: £13,500) and the Chairman receives a fee of £18,000 (30 June 2017: £18,000).

The aggregate remuneration and benefits in kind of the Directors in respect of the Company's year ended 30 June 2018 amounted to £58,500 (30 June 2017: £63,012) in respect of the Company and £58,500 (30 June 2017: £74,282) in respect of the Group.

6. Net finance cost

	30 June 2018	30 June 2017
	£000s	£000s
Interest charge from bank deposits	(14)	(49)
Interest income from JV partners	-	97
Finance costs	-	(199)
Total	**(14)**	(151)

7. Basic and diluted loss per Share

The basic and diluted gain or loss per share for the Group is based on the net loss for the year of £4.90 million (30 June 2017: net loss of £0.92 million) and the weighted average number of Ordinary Shares in issue during the year of 23,402,881 (30 June 2017: 48,025,516).

8. Dividends

The Company suspended dividends from June 2012 in order prudently to manage its cash and debt positions. No dividends were declared or paid during 2015, 2016, 2017 and 2018.

9. Investment property

	30 June 2018	30 June 2017
	£000s	£000s
Fair value of investment property at beginning of year	**12,310**	37,023
Opening fair value of assets sold during the year	**-**	(24,724)
Fair value adjustments	**(4,527)**	(781)
Foreign exchange translation	**88**	792
Fair value of investment property at the end of the year	**7,871**	12,310
Net investment property	**7,871**	12,310

Investment property is carried at fair value.

During the year ended 30 June 2017, the following investment properties were sold:

- Dasing (Dasing, Germany) completed on 25 August 2016. Sales price achieved was €7.45 million (£6.41 millions); and
- Rothenburg (Rothenburg, Germany) competed in January 2017. Sales price achieved was €22.02 million (£18.95 million).

No property was sold during the year ended 30 June 2018.

The property has been valued on the basis of fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quarterly valuations are carried out at 31 March, 30 June, 30 September and 31 December by Knight Frank LLP, external independent valuers.

The fair value of investment property is analysed by valuation method, according to the levels of the fair value hierarchy. The different levels have been defined as follows:

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

The investment property (Curno) is valued via level 3.

The significant assumptions made relating to its valuation are set out below:

2018 significant assumptions

Significant assumptions	**2018**	**2017**
Gross estimated rental value per sqm p.a.		
- range	125.00€	179.95€
- weighted average	125.00€	179.95€
Net initial yield		
- range	16.31%	8.74%
- weighted average	16.31%	8.74%
Revisionary yield		
- range	9.22%	7.62%
- weighted average	9.22%	7.62%
True equivalent yield		
- range	8.74%	8.57%
- weighted average	8.74%	8.57%

An increase/decrease in ERV (Estimated Rental Value) will increase/decrease valuations, while an increase/decrease to yield decreases/increases valuations. The table below sets out the sensitivity of the valuation to changes of 50 basis points in yield.

The external valuer has carried out its valuation using the comparative and investment methods. The external valuer has made the assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions. The market analysis has been undertaken using market knowledge, enquiries of other agents, searches of property databases, as appropriate and any information provided to them. The external valuer is adhering to the RICS Valuation – Professional Standards.

2018 sensitivity

Movement	
Increase of 50 basis points	Decrease of €0.3 million
Decrease of 50 basis points	Increase of €0.3 million

2017 sensitivity

Movement	
Increase of 50 basis points	Decrease of €0.7 million
Decrease of 50 basis points	Increase of €0.8 million

10. Investment in joint venture

The Group holds a 50% joint venture interest in the equity of the Italian joint venture Property Trust Agnadello S.r.l. which held a logistics warehouse in Agnadello, Italy. In 2017, Property Trust Agnadello S.r.l. sold its logistic warehouse. The remaining 50% equity interest is held by European Added Value Fund S.à r.l., a subsidiary of European Added Value Fund Limited.

The Group's interest in Property Trust Agnadello S.r.l. is accounted for in the Financial Statements using the equity method, which approximates the lower of its carrying amount and its fair value less cost to sell.

The following table summarises the financial information of Property Trust Agnadello S.r.l. and also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture:

Summarised Consolidated Statement of Financial Position

	30 June 2018	30 June 2017
	£000s	£000s
Current assets	**431**	1,322
Current liabilities	**(102)**	(38)
Net assets (100%)	**329**	1,284
Group's share of net assets (50%)	50%	50%
Group's share of net assets	**165**	642

Summarised Consolidated Income Statement

	30 June 2018	30 June 2017
	£000s	£000s
Net rental and related (expense)/income	**(2)**	568
Loss on disposals of investment properties	**-**	(387)
Total administrative and other expenses	**(251)**	(180)
Financial expenses	**-**	(202)
Loss before tax	**(253)**	(201)
Income tax gain	**-**	121
Loss for the year	**(253)**	(80)
Group's share of loss for the year	**(127)**	(40)

Summarised Consolidated Statement of Comprehensive Income

	30 June 2018	30 June 2017
	£000s	£000s
Loss for the year	**(253)**	(80)
Total comprehensive loss for the year	**(253)**	(80)
Group's share of loss for the year	**(127)**	(40)

11. Trade and other receivables

	30 June 2018	30 June 2017
	£000s	£000s
Other receivables	**303**	681
VAT receivable	**137**	91
Tax receivable	**19**	119
Rent receivable	**11**	14
Prepayments	**25**	34
Total	**495**	939

Other receivables as at 30 June 2018 are mainly composed by Insurance deferred charges (£159,000) and Management fees receivables (£70,000).

The carrying values of trade and other receivables are considered to be approximately equal to their fair value.

Rent receivable is non-interest bearing and typically due within 30 days.

12. Trade and other payables

	30 June 2018	30 June 2017
	£000s	£000s
Investment manager's fee	**-**	111
VAT payable	**94**	32
Tax payable (income, transfer, capital and other)	**507**	751
Interest payable on loan facility	**-**	13
Legal and professional fees	**10**	29
Audit fee	**114**	221
Rent prepaid	**5**	3
Other	**259**	413
Total	**989**	1,573

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

The carrying values of trade and other payables are considered to be approximately equal to their fair value.

13. Provisions

	30 June 2018	30 June 2017
	£000s	£000s
Non-current		
Provision for performance fees	-	310
Provision for wind-down costs	153	189
Other provisions	56	-
Total	209	499

The variation of the provisions for performance fees and wind-down costs are included in the general and administrative expenses, in which wind-down costs are disclosed as “Liquidation costs” (see note 5).

14. Taxation

	30 June 2018	30 June 2017
	£000s	£000s
Effect of:		
Current tax		
Luxembourg	(36)	(1)
Italy	(215)	(188)
Germany	(537)	(152)
Total current tax	**(788)**	**(341)**
Deferred tax		
Investment property	-	274
Total deferred tax	**-**	**274**
Tax charge during the year	**(788)**	**(67)**

Movement in temporary differences

	1 July 2016	**Recognised in income statement**	**Foreign exchange translation**	**30 June 2017**

	£000s	£000s	£000s	£000s
Investment property	(351)	274	77	-
Tax value of loss carry forwards recognised	-	-	-	-
Tax assets/(liabilities)	**(351)**	**274**	**77**	**-**

There are no temporary differences as at 30 June 2018.
The Parent Company is exempt from Guernsey taxation.

15. Share capital

	30 June 2018 Number of shares	30 June 2017 Number of shares
Shares of no par values issued and fully paid	23,402,881	23,402,881

Capital management

The Company's capital is represented by the Ordinary Shares, revenue reserve, distributable reserve and foreign exchange reserve. Share premium is included in the distributable reserve presented in the Consolidated Statement of Changes in Equity. The capital of the Company is managed in accordance with its investment policy in pursuit of its investment objective, both of which are set out in the Investment Objective and Policy section. It is not subject to externally imposed capital requirements. The Ordinary shares carry rights regarding dividends, voting, winding-up and redemptions which are detailed in full in the Company's Memorandum and Articles of Incorporation.

The following redemptions of shares have been made under the mechanism for the Redemption of Shares as approved at the EGM held on 27 February 2014:

Redemption date	Capital Returned	Shares cancelled
19-Mar-14	1,999,957	3,641,580
09-Apr-14	2,099,903	3,823,572
30-Oct-14	1,999,547	3,668,894
14-May-15	1,733,022	3,181,296
20-Jul-15	5,197,083	9,725,084
06-Jan-16	10,996,174	18,382,104
17-Feb-17	18,400,902	25,771,573
23-Jun-17	5,602,290	8,403,016
	48,028,878	**76,597,119**

16. Net asset value per ordinary share

The Net Asset Value per Ordinary Share at 30 June 2018 is based on the net assets attributable to the ordinary shareholders of £10.63 million (30 June 2017: £15.67 million) and on 23,402,881 (30 June 2017: 23,402,881) ordinary shares in issue at the Consolidated Statement of Financial Position date.

17. Financial risk management

The Group is exposed to various types of risk that are associated with financial instruments. The Group's financial instruments comprise bank deposits, cash, receivables and payables that arise directly from its operations. The carrying value of financial assets and liabilities approximate the fair value.

The main risks arising from the Group's financial instruments are market risk, credit risk, liquidity risk, interest risk and foreign currency risk. The Board reviews and agrees policies for managing its risk exposure. These policies are summarised below.

Market Price Risk

Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date. Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in Gross Domestic Product ("GDP"), employment trends, inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may affect the cost of financing for real estate companies.

Both rental income and property values may be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or the insolvency of tenants, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. The Investment Manager addresses market risk through a selective investment process, credit evaluations of tenants, ongoing monitoring of tenants and through effective management of the property.

Market price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to property valuation risks at the reporting date. Any changes in market conditions will directly affect the profit or loss reported through the Consolidated Income Statement. A 5% increase in the value of the property at 30 June 2018 would have increased net assets and income for the year by £0.4 million (30 June 2017: £0.6 million). A decrease of 5% would have had an equal but opposite effect. The ratio of cash, cash equivalents and trade and other receivables to the NAV is 35.68% (30 June 2017: 30.51%).

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at June 2018, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Group's and Company's exposure and the credit-ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies. The Group banks with Barclays Bank plc which has a Fitch rating of A, HSBC Bank plc with a Fitch rating of AA- and BIL with a Fitch rating of BBB+.
Cash and cash equivalents and trade and other receivables presented in the consolidated statement of financial position are subject to credit risk with maturities within one year. The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised as at the Consolidated Statement of Financial Position date.

At the reporting date, the carrying amount of the financial assets exposed to risk were as follows:

As at 30 June 2018	Within one year £000s	1-3 years £000s	Total £000s
Cash and cash equivalents	3,298	-	3,298
Rent receivable	11	-	11
Trade and other receivables	484	-	484
Total	**3,793**	**-**	**3,793**

As at 30 June 2017	Within one year £000s	1-3 years £000s	Total £000s
Cash and cash equivalents	3,846	-	3,846
Rent receivable	14	-	14
Trade and other receivables	925	-	925

Total	**4,785**	**-**	**4,785**

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments in a reasonable timeframe or at a reasonable price.

The Group invests the majority of its assets in investment property which is relatively illiquid. The Group prepares forecasts in advance which enables the Group's operating cash flow requirements to be anticipated and ensures that sufficient liquidity is available to meet foreseeable needs and to invest any surplus cash assets safely and profitably. The Group also monitors the cash position in all subsidiaries to ensure that any working capital needs are addressed as early as possible.

The Company has continued to suspend the payment of dividends prudently to manage cash during the wind-down phase.

The table below summarises the maturity profile of the Group’s liabilities.

As at 30 June 2018	Less than 3 months £000s	3-12 months £000s	1-3 years £000s	Total £000s
Trade and other payables	989	-	-	989
Total	**989**	**-**	**-**	**989**

As at 30 June 2017	Less than 3 months £000s	3-12 months £000s	1-5 years £000s	Total £000s
Trade and other payables	1,573	-	-	1,573
Total	**1,573**	**-**	**-**	**1,573**

Interest re-pricing risk

As at 30 June 2018	Total as per statement of financial position £000s	Fixed rate £000s	Floating rate 3 months or less £000s
Financial assets			
Cash and cash equivalents	3,298	-	3,298
Total	**3,298**	**-**	**3,298**

As at 30 June 2017	Total as per statement of financial position £000s	Fixed rate £000s	Floating rate 3 months or less £000s
Financial assets			
Cash and cash equivalents	3,846	-	3,846
Total	**3,846**	**-**	**3,846**

Foreign currency risk

The European subsidiaries invested in properties using currencies other than Sterling (that is Euros), the Company's functional and presentational currency, and the Consolidated Statement of Financial Position may be significantly affected by movements in the exchange rates of such currencies against Sterling.

The following table sets out the total exposure to foreign currency risk and the net exposure to foreign currency of monetary assets and liabilities based on notional amounts.

	Monetary assets £000s	Monetary liabilities £000s	Net exposure £000s
At 30 June 2018	3,793	(989)	2,804
At 30 June 2017	4,785	(1,573)	3,212

Foreign currency risk sensitivity

The following table demonstrates the sensitivity to potential fluctuations in the Euro exchange rate (ceteris paribus) of the Group’s equity.

	Increase/decrease in Euro exchange rate	Effect on equity and income £000s
At 30 June 2018	+5%	140
	-5%	(140)
At 30 June 2017	+5%	(161)
	-5%	161

18. Reserves

(a) Distributable reserves
Distributable reserves arose from the cancellation of the share premium account pursuant to the special resolution passed at the EGM on 13 April 2005 and approved by the Royal Court of Guernsey on 24 June 2005.

(b) Foreign currency reserves
Foreign currency reserves arose as a result of the translation of the Financial Statements of foreign operations, the functional and presentation currency of which is not Sterling.

19. NAV Reconciliation

The following is a reconciliation of the NAV per share attributable to ordinary shareholders as presented in these Financial Statements to the unaudited NAV per share reported to the LSE:

30 June 2018	**NAV £000s**	**NAV per Ordinary Share £**
Net Asset Value reported to London Stock Exchange (unaudited)	**10,690**	**45.68p**
Adjustment of tax on Multiplex S.r.l.	(54)	(0.23)p
Others	(5)	(0.02)p
Net Assets Attributable to Shareholders per Financial Statements (audited)	**10,631**	**45.43p**

	NAV	**NAV per Ordinary Share**

30 June 2017	£000s	£
Net Asset Value reported to London Stock Exchange (unaudited)	**15,832**	**67.65p**
Adjustment on the income tax of Property Luxembourg	(329)	(1.40)p
Other adjustments	162	0.69p
Net Assets Attributable to Shareholders per Financial Statements (audited)	**15,665**	**66.94p**

20. Related party transactions

The Directors are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Group's activities including the review of investment activity and performance.

Mr Hunter, (Chairman, retired on 28 December 2018) was also Director of the Company's subsidiaries, Property Trust Luxembourg 2 S.à r.l. and Property Trust Luxembourg 3 S.à r.l. and was able to control the investment policies of the Luxembourg subsidiaries to ensure they conform with the investment policy of the Company.

Mr Lawson, a Director of the Company is also a product manager for alternative asset services across EMEA region and Chairman of Northern Trust (Guernsey) Limited, the Company's bankers and member of the same group as the Administrator and Secretary. The total charge to the Consolidated Income Statement during the year in respect of Northern Trust administration fees was £145,000 (30 June 2017: £145,000) of which £72,500 (30 June 2017: £nil) remained payable at the year end.

Under the Investment Management Agreement, fees are payable to the Investment Manager, Real Estate Adviser and other entities within the AXA Group. These entities are involved in the planning and direction of the Company and Group, as well as controlling aspects of their day to day activity, subject to the overall supervision of the Directors. During the period, fees of £0.28 million (30 June 2017: £0.25 million) were expensed to the Consolidated Income Statement. No transaction fees were expensed in 2018 (30 June 2017: £0.09 million). (During the year, a provision for the performance fee was reversed/(increased) by £0.31 million (30 June 2017: £0.58 million). The amount had been provided under the terms of the Investment Management Agreement.

All the above transactions were undertaken at arm's-length.

21. Commitments and contingent liability

As at 30 June 2018 the Company has no commitments.

Disposal of the Curno property may incur Italian taxes which may be material in the context of shareholders' funds depending the terms of the disposal. As at the 30 June 2018 and up to the date of approval, the Board are not able to determine the likelihood of the terms of a disposal at this time. As a result, no provision has been included in these financial statements.

22. Subsequent events

These Financial Statements were approved for issuance by the Board on 28 March 2019. Subsequent events have been evaluated until this date.

In August 2018 the Board issued a Shareholder Circular ("the Circular") with proposals and recommendations to:

1. put the Company into voluntarily liquidation in accordance with the Companies Law,
2. appoint Linda Johnson and Ashley Paxton of KPMG Channel Islands Limited as Liquidators, and
3. cancel the admission of its shares to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange (the "Proposals").

The Circular included a review of the Group's operating cost structure having regard to the uncertain prospects of achieving a sale of the Curno property and the reducing rental income. As a result of this analysis the Board considered there were significant cost savings which would be achieved.

An EGM was scheduled for 7 September 2018, at which shareholders were due to vote on the Proposals. The EGM took place as scheduled, but it was adjourned until 21 September 2018 following the attendance of representatives of shareholders accounting for approximately 30% of the voting rights who expressed their intention to vote against the Proposals, which required 75% approval of those voting in order to be passed.

The Adjourned EGM took place on 21 September 2018. However, the Proposals were not approved. A single shareholder came to hold a 29.8% interest in the Company prior to the Adjourned EGM and voted against the Proposals, effectively blocking them as a 75% majority was required.

The Directors subsequently consulted with the shareholder who voted against the Proposals, Mr Blake Nixon. Mr Nixon has proposed a continuation of the Company with a different investment policy and objective, specifically that:

1. the Company's investment policy be modified so as to provide shareholders with an attractive level of absolute long-term return, principally through the capital appreciation and exit of undervalued securities, through active investment in undervalued smaller capitalisation British equities;
2. the Curno property be taken off the market for the time being;
3. the policy of returning capital to shareholders be discontinued;
4. Worsley Associates LLP to be appointed as Investment Advisor to the Company, to be responsible for the implementation of investment decisions made by the Board and to assume executive management of the corporate structure and affairs, as replacement for AXA Investment Managers UK Limited ("AXA IM"), to the extent this role is not to be fulfilled by Blake Nixon personally;
5. the Company's Board structure be reviewed in light of this new focus (and in particular the potential to reduce the number of directors on the board to three);
6. an expense reduction exercise be undertaken to reduce the administration and general costs of the Company as an ongoing listed vehicle; and
7. the best option for the asset management of the Curno property to be identified as replacement for AXA IM;

On 9 November 2018 Property Trust Agnadello Srl the joint venture held by the Group was liquidated.

On 12 December 2018 the Board of Directors confirmed receipt of a Member's Requisition of an Extraordinary General Meeting ("the Requisition") requiring that a general meeting of the Company be convened at the earliest opportunity, for the purpose of considering and voting on a resolution to appoint Blake Nixon as a Director of the Company.

At the Annual General Meeting of the Company held on 28 December 2018 the Resolutions to re-appoint both Charles Hunter and Stephane Monier were not passed and both Directors submitted their resignations with immediate effect. Gavin Farrell was appointed as Chairman on an interim basis.

As a result of the ongoing discussions with the tenant at the Curno property, the Manager entered into negotiations in early 2018 with the aim of negotiating overall terms that would improve liquidity and maximise potential pricing. As a result a new lease was signed in December 2018 summarised as follows:

- Term
  15 years fixed, from 1 January 2019 with an automatic nine-year extension unless cancelled by the tenant with a minimum 12-month notice period.
- Base Rent
  Year 1 – €800,000
  Year 2 (i.e. from January 2019) – €830,000, and thereafter to be indexed to 100% of the ISTAT Consumer Index on an upwards-only basis.
  As part of the overall negotiation package an amount of €330,000 lease incentive has been paid in December 2018 to the tenant and €330,000 has been granted to the tenant as a discount on rent equivalent to 6 months' rent free.
- Variable Rent
  There will be an incremental rent of between €1.50 and €2.50 per ticket sold above a minimum threshold of 350,000 tickets per year.

On 15 January 2019 the Company announced a shareholder redemption of £1.2 million arising from available cash reserves.

At the Extraordinary General Meeting held on 23 January 2019, the proposal to appoint Mr Nixon to the Board of Directors was passed and he was appointed with immediate effect.

Corporate Information

Directors (All non-executive)
G. J. Farrell (Interim Chairman)
S. J. Lawson
B.A. Nixon (appointed on 23 January 2019)

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