AXA PROPERTY TRUST LIMITED

LEI: 213800AF85VEZMDMF931
(Classified Regulated Information, under DTR 6 Annex 1 section 1.2)

Explanatory Note

This Half Year Report and Consolidated Financial Statements cover a period prior to the appointment of any of the current directors and was approved (but not signed) at an Audit Committee meeting consisting of Mr Farrell and Mr Lawson ("the Former Directors") on the evening of 28 March 2019. Such approval was subject to receiving confirmations from the Investment Manager in relation to the brought forward balances agreeing to the Year End Financial Statements for the year ended 30 June 2018 and various minor amendments. The Year End Financial Statements for the year ended 30 June 2018 had been approved by the previous Board and signed by the Former Directors earlier that evening on the 28 March 2019.

After review of the minutes of the Audit Committee meeting of the Former Directors on 28 March 2019 and after due and careful enquiry of the Administrator and Manager, with no impediment thereby identified, this Half Year Report and Consolidated Financial Statements has been approved by the current directors of the company.

Key Financial Information

As at 31 December 2018

- Sterling currency Net Asset Value ("NAV") was £10.8 million (30 June 2018: £10.6 million)
- NAV was 46.07 pence per share (30 June 2018: 45.43 pence)
- Share price[1] was 36.90 pence per share (30 June 2018: 38.40 pence per share)

For the six months ended 31 December 2018

- Profit was 0.07 pence per share (31 December 2017 loss was: 4.24 pence per share)
- No redemptions of shares were made during the period (31 December 2017: none)

- On 28 January 2018 the Company returned £1.2 million capital its shareholders redeeming 2,644,440 shares.

[1] Closing price on 1 November 2018 since the shares were suspended at this date (source: Stifel Nicolaus Europe Limited).

Performance Summary

	Six months ended 31 December 2018	**Year ended 30 June 2018**	**% change**
NAV (£000s)	10,782[1]	10,631	1.4%
NAV per share	46.07p[1]	45.43p	1.4%
Profit/(Loss) per share	0.07p	(20.95)p	100.3%
Share redemptions made	nil	nil	n/a
Share price[2,3]	36.90p[3]	38.40p	(3.9)%
Share price discount to NAV	19.9%	15.5%	n/a
Total assets less current liabilities (£000s)	10,935	10,840	0.9%

Past performance is not a guide to future performance.

[1] Refer to note 15
[2] Mid-market share price (source: Stifel Nicolaus Europe Limited).
[3] Trading of shares was temporarily suspended from 1 November 2018.

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

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 €730 billion as at 31 December 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

After an extensive period of negotiation with UCI, the new lease contract was signed in front of a notary on 13 December 2018. The key terms of the lease are as follows:

Base Rent
Year 1 – EUR 800,000, subject to a rent-free incentive equivalent to five months' rent.
Year 2 – EUR 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 the tenant also received a fixed contribution of approximately EUR 330,000.

Variable Rent
There will be an incremental rent of between EUR 1.50 and EUR 2.50 per ticket sold above a minimum threshold of 350,000 tickets per year.

Tenant Guarantee
There will be an increased guarantee package as security against the tenant's obligations throughout the term of the lease.

Following the escalation by the tenant regarding their trading concerns, the marketing process was deferred until the lease terms had been renegotiated. The Manager has now resumed marketing and approached a targeted list of investor groups which are considered likely investors for this type of lot size.

Property Portfolio at 31 December 2018

Investment name	Country	Sector	Net Yield on valuation[1]
Curno, Bergamo	Italy	Leisure	8.42%

1 Source - external independent valuers to the Company, Knight Frank LLP.
Net yield on valuation is Gross rental income over valuation.

	31 December 2018	30 June 2018
Weighted average lease term	14.5 years	6.5 years*

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

	Creditreform	Dun & Badstreet
Covenant strength analysis at 31 December 2018	<199	A1

Source: AXA Real Estate Investment Managers UK Limited

Board of Directors

William Scott (Chairman), a Guernsey resident, has been was appointed to the board of the Company as an independent Director on 28 March 2019. Mr Scott also currently serves as independent non-executive director of a number of investment companies and funds, of which Axiom European Financial Debt Fund Limited is listed on the Premium Segment of the LSE. He is also a director of The Flight and Partners Recovery Fund Limited and a number of funds sponsored by Man Group (Absolute Alpha Fund PCC Limited, AHL Strategies PCC Limited and MAN AHL Diversified PCC Limited) which are listed on The International Stock Exchange. From 2003 to 2004, Mr Scott worked as senior vice president with FRM Investment Management Limited, which is now part of Man Group plc. Previously, Mr Scott was a director at Rea Brothers (which became part of the Close Brothers group in 1999) from 1989 to 2002 and assistant investment manager with the London Residuary Body Superannuation Scheme from 1987 to 1989. Mr Scott graduated from the University of Edinburgh in 1982 and is a chartered accountant having qualified with Arthur Young (now Ernst & Young LLP) in 1987. Mr Scott also holds the Securities Institute Diploma and is a chartered fellow of the Chartered Institute for Securities & Investment. He is also a chartered wealth manager.

Robert Burke, a resident of Ireland, was appointed to the board of the Company as an independent Director on 28 March 2019. He also serves as an independent non-executive director of a number of investment companies and investment management companies which are domiciled in Ireland as well as a number of companies engaged in retail activities, aircraft leasing, pharmaceuticals, corporate service provision and group treasury activities. He is a graduate of University College Dublin with degrees of Bachelor of Civil Law (1968) and Master of Laws (1970). He was called to the Irish Bar in 1969 and later undertook training for Chartered Accountancy with Price Waterhouse (now PricewaterhouseCoopers) in London, passing the final examination in 1973. He later was admitted as a Solicitor of the Irish Courts and was a tax partner in the practice of McCann FitzGerald in Dublin from 1981 to 2005 at which point he retired from the partnership to concentrate on directorship roles in which he was involved. He continues to hold a practice certificate as a solicitor and is a member of the Irish Tax Institute.

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.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the Condensed Half Year Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting; and

- this Half Year Report provides a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Condensed Half Year Consolidated Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could materially affect the financial position or performance of the entity.

Signed on behalf of the Board by:

Blake Nixon	**Robert Burke**
Director	Director
29 March 2019	29 March 2019

Condensed Half Year Consolidated Income Statement
For the six months ended 31 December 2018 (unaudited)

	Six month period ended 31 December 2018	Six month period ended 31 December 2017

	Notes	£000s	£000s
Gross rental income	3	376	663
Property operating expenses		(70)	(169)
Net rental and related income		306	494
Valuation gain/(loss) on investment property		240	(710)
Loss on liquidation of subsidiary		(43)	-
General and administrative expenses	4	(463)	(315)
Operating profit/(loss)		40	(531)
Net foreign exchange gain/(loss)		4	-
Share in loss of a joint venture	8	(14)	(1)
Net finance cost		(2)	(11)
Profit/(Loss) before tax		28	(543)
Income tax expense		(12)	(449)
Profit/(Loss) for the period		16	(992)
Basic and diluted loss per ordinary share (pence)		0.07	(4.24)

Condensed Half Year Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2018 (unaudited)

	Six month period ended 31 December 2018 £000s	Six month period ended 31 December 2017 £000s
Profit/(Loss) for the period	16	(992)
Other comprehensive income		
Foreign exchange translation gain	135	232
Total items that are or may be reclassified to profit or loss	**135**	**232**
Total comprehensive profit/(loss)/for the period	**151**	**(760)**

Condensed Half Year Consolidated Statement of Changes in Equity
For the six months ended 31 December 2018 (unaudited)

	Revenue reserve £000s	Distributable reserve £000s	Foreign currency reserve £000s	Total £000s
Balance at 1 July 2018	**(46,315)**	**44,853**	**12,093**	**10,631**
Profit for the period	16	-	-	16
Other comprehensive income	-	-	135	135
Balance at 31 December 2018	**(46,299)**	**44,853**	**12,228**	**10,782**

For the six months ended 31 December 2017 (unaudited)

	Revenue reserve	Distributable reserve	Foreign currency reserve	Total
	£000s	£000s	£000s	£000s
Balance at 1 July 2017	**(41,411)**	**44,853**	**12,223**	**15,665**
Loss for the period	(992)	-	-	(992)
Other comprehensive income	-	-	232	232
Balance at 31 December 2017	**(42,403)**	**44,853**	**12,455**	**14,905**

Condensed Half Year Consolidated Statement of Financial Position
As at 31 December 2018 (unaudited)

	Notes	31 December 2018 £000s	30 June 2018 £000s
Non-current assets			
Investment property	6	8,527	7,871
Current assets			
Cash and cash equivalents		2,808	3,298
Trade and other receivables	9	614	495
Investment in joint venture held for sale	8	-	165
Total assets		**11,949**	**11,829**
Current liabilities			
Trade and other payables	10	1,014	989
Non-current liabilities			
Provisions	11	153	209
Total liabilities		**1,167**	**1,198**
Net assets		**10,782**	**10,631**
Reserves		10,782	10,631
Total equity		**10,782**	**10,631**
Number of ordinary shares		**23,402,881**	**23,402,881**
Net asset value per ordinary share (pence)		**46.07**	**45.43**

By order of the Board

Blake Nixon **Robert Burke**

NTAC:3NS-20

Director
29 March 2019

Director
29 March 2019

Condensed Half Year Consolidated Statement of Cash Flow
For the six months ended 31 December 2018 (unaudited)

	Notes	Six month period ended 31 December 2018 £000s	Six month period ended 31 December 2017 £000s
Operating activities			
Profit/(loss) before tax		28	(543)
Adjustments for:			
(Gain)/Loss on valuation and disposals of a subsidiary and investment property		(341)	710
Shares in loss of joint-venture	8	14	1
Gain on financial instruments		(4)	
(Increase)/decrease in trade and other receivables	9	(415)	615
Decrease in provisions	11	(56)	(234)
Increase /(decrease) in trade and other payables	10	25	(477)
Net finance cost		2	11
Net cash (used in)/generated from operations		**(747)**	**83**
Interest paid		(2)	(10)
Tax paid		(12)	(927)
Net cash outflow from operating activities		**(761)**	**(854)**
Investing activities			
Investment in joint-ventures		151	-
Net cash inflow from investing activities		**151**	**-**
Effects of exchange rate fluctuations		120	41
(Decrease) in cash and cash equivalents		**(490)**	**(813)**
Cash and cash equivalents at start of the period		3,298	3,846
Cash and cash equivalents at the period end		**2,808**	**3,033**

Notes to the Condensed Half Year Consolidated Financial Statements

For the period ended 31 December 2018

1. Operations

AXA Property Trust Limited (the "Company") is a limited liability, closed-ended investment company incorporated in Guernsey. The Company has historically invested in commercial properties in Europe which were held through its subsidiaries. The Condensed Half Year Consolidated Financial Statements of the Company for six month ended 31 December 2018 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

2. Significant accounting policies

(a) Statement of compliance
The Condensed Half Year Consolidated Financial Statements have been prepared in accordance with the Disclosure Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting'. They do not include all the information required for the full annual financial statements and should be read in conjunction with the consolidated

financial statements of the Group for the year ended 30 June 2018, which were prepared under full International Financial Reporting Standard ("IFRS") requirements as issued by the International Accounting Standards Board.

(b) Basis of preparation

The same accounting policies and methods of computation have been applied to the Condensed Half Year Consolidated Financial Statements as in the Annual Report and Consolidated Financial Statements for the year ended 30 June 2018.

The presentation of the Condensed Half Year consolidated Financial Statements is consistent with the Annual Report and Consolidated Financial Statements.

(c) 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. 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.

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.

3. Gross rental income

Gross rental income for the six months ended 31 December 2018 amounted to £0.37 million (31 December 2017: £0.7 million). The Group leases out its investment property under an operating lease which is structured in accordance with local practices in Italy. The lease benefits from indexation.

Minimum Lease Payments

	Rental income 31 December 2018 £000s	Rental income 30 June 2018 £000s
0-1 year	800	1,284
1-5 years	3,320	6,420
5+ years	7,885	616

The forecasted rental income reflects the lease terms at the end of the reporting period. The change in forecasted rental income in December 2018 compared to June 2018 reflects the terms of the lease agreed during the period.

The rental income for the period ending 31 December 2018 was reduced by the lease discount agreed during the period as part of the new lease negotiations.

4. General and administrative expenses

	Six month period ended 31 December 2018	Six month period ended 31 December 2017

	£000s	£000s
Administration fees	(84)	(89)
General expenses	(16)	(40)
Corporate and accounting fees	(48)	(43)
Valuation and technical advise	(30)	(10)
Audit fees	(91)	(82)
Legal and professional fees	(66)	(10)
Director's fees	(29)	(35)
Insurance fees	(31)	(30)
Liquidation costs	-	24
Corporate Broker's fees	(13)	(13)
Investment management fees	(55)	(197)
Performance fee	-	210
Total	**(463)**	**(315)**

5. Share capital redemptions

No share redemptions took place during the period.

6. Investment property

	31 December 2018	30 June 2018
	£000s	£000s
Fair value of investment property at beginning of the period/year	**7,871**	**12,310**
Lease incentives	296	-
Fair value adjustments	240	(4,527)
Foreign exchange translation	120	88
Fair value of investment property at the end of the period/year	**8,527**	**7,871**
Total investment property	**8,527**	**7,871**

Investment property is carried at fair value.

7. Investment property held for sale

As at 31 December 2018, there is no investment property classified as held for sale (30 June 2018: none).

8. Divestment from 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.

Property Trust Agnadello S.r.l was fully liquidated in November 2018.

The Group's interest in Property Trust Agnadello S.r.l. was accounted for using the equity method in the consolidated financial statements, 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. which 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	31 December 2018	30 June 2018
	£000s	£000s
Current assets	-	431
Current liabilities	-	(102)
Net assets (100%)	**-**	**329**

Group's share of net assets (in percent)	50%	50%
Group's share of net assets	-	**165**
Carrying amount of interest in joint-venture	-	**165**

Summarised Consolidated Income Statement	**Period Until liquidation 9 November 2018 £000s**	**Six month period ended 31 December 2017 £000s**
Total administrative and other expenses	(28)	(2)
Loss before tax	(28)	(2)
Loss for the period	(28)	(2)
Group's share of loss for the period	**(14)**	**(1)**

Summarised Consolidated Statement of Comprehensive Income	**Period Until liquidation 9 November 2018 £000s**	**Six month period ended 31 December 2017 £000s**
Loss for the period	(28)	(2)
Total comprehensive loss for the period	(28)	(2)
Group's share of comprehensive loss for the period	**(14)**	**(1)**

9. Trade and other receivables

	31 December 2018 £000s	**30 June 2018 £000s**
Other receivables	131	303
VAT receivable	191	137
Tax receivable	132	19
Rent receivables	-	11
Prepayments	160	25
Total	**614**	**495**

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.

The Group signed a new lease agreement for its remaining assets, applicable as from 1st January 2019, and granted lease incentive for an amount of £0.3 million. These lease incentive are amortised over the new lease agreement period of 15 years.

10. Trade and other payables

	31 December 2018 £000s	**30 June 2018 £000s**
VAT payable	(3)	94
Tax payable (income, transfer, capital and other)	122	507
Legal and professional fees	109	10
Audit fee	186	114
Rent prepaid	427	5
Other payables	93	259
Administration fees payables	73	-
Director fees	7	-
Total	**1,014**	**989**

The carrying values of trade and other payables are considered to be approximately equal to their fair value. Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

11. Provisions

	31 December 2018	30 June 2018
	£000s	£000s
Provision for performance fees	-	-
Provision for wind-down costs	153	153
Other provisions	-	56
Total	**153**	**209**

12. 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.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

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 suspended dividends from June 2012 in order to prudently manage cash position during the wind-down phase.

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.

13. 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 conformed 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 period in respect of Northern Trust administration fees was £72,500 (31 December 2017: £72,500).

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 £0.05 million (31 December 2017: £0.20 million) were expensed to the Consolidated Income Statement.

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

14. Commitments and contingent liability

As at 31 December 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 31 December 2018 and up to the date of approval, the Board are not able to determine the likelihood or amount of such tax. As a result, no provision has been included in these financial statements.

15. NAV Reconciliation

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

31 December 2018	**NAV £000s**	**NAV per Ordinary Share £**
Net Asset Value reported to London Stock Exchange (unaudited)	**10,836**	**46.30p**
NAV adjustment following the auditors review on June 2018 accounts	(54)	(0.23)p
Net Assets Attributable to Shareholders per Financial Statements (unaudited)	**10,782**	**46.07p**

16. Subsequent events

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.

On 28 January 2018 the Company returned £1.2 million capital its shareholders redeeming 2,644,440 shares.

Gavin Farrell has tendered his resignation from the Board which will take effect from close of business in Guernsey on 28 March 2019.

Stuart Lawson has tendered his resignation from the Board which will take effect from close of business in Guernsey on 28 March 2019.

William Scott has been appointed to the Board which will take effect from close of business in Guernsey on 28 March 2019.

Robert Burke has been appointed to the Board which will take effect from close of business in Guernsey on 28 March 2019.

AXA Investment Managers UK Limited has indicated its intention to resign as Investment Manager of the Company should the Board take definitive steps towards convening an Extraordinary General Meeting of the Company to consider a change to the Company's investment policy. The resignation would take effect immediately or at a later date by mutual agreement. AXA REIM Luxembourg S.A. has separately tendered its resignation as administrator of each of the Company's two Luxembourg subsidiaries, which will take effect following the expiration of the 3-month notice period or earlier if by mutual agreement.

Northern Trust International Fund Administration Services (Guernsey) Limited has tendered its resignation as Administrator and Secretary which will take effect following the expiration of the 90 day notice period or earlier if by mutual agreement..

Corporate Information

Directors (All non-executive)
W. Scott (Chairman) (appointed 28 March 2019)
R. Burke (appointed 28 March 2019)
B.A. Nixon (appointed on 23 January 2019)
G. J. Farrell (resigned 28 March 2019)
S. J. Lawson (resigned 28 March 2019)

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United Kingdom

Real Estate Adviser
AXA Real Estate Investment Managers UK Limited
155 Bishopsgate
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United Kingdom

Corporate Broker
Stifel Nicolaus Europe Limited
150 Cheapside
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United Kingdom

Administrator and Secretary
Northern Trust International Fund
Administration Services (Guernsey) Limited
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Registrar
Computershare Investor Services (Guernsey) Limited
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