AXA PROPERTY TRUST LIMITED

Annual Report and Consolidated Financial Statements

For the year ended 30 June 2019

AXA Property Trust Limited no longer has any connection to the AXA group of companies.

AXA PROPERTY TRUST LIMITED

Contents

Performance Summary

	Year ended 30 June 2019	Year ended 30 June 2018	% change
NAV per share	46.14p	45.43p	1.56%
Profit/(loss) per share	0.51p	(20.95)p	102.43%
Share redemptions made	£1,200,310	nil	n.a
Share price[1]	31.85p	38.40p	(17.06)%
Share price discount to NAV	31.2%	15.5%	n.a

Total annual return	Year ended 30 June 2019	Year ended 30 June 2018
NAV Total Return[2]	2.42%	(32.1)%
Share price Total Return		
- AXA Property Trust	(19.57)%	(37.3)%
- FTSE All Share Index	0.57%	9.0%
- FTSE Real Estate Investment Trust Index	(5.2)%	9.8%

Worsley Associates LLP was appointed on 31 May 2019 as Investment Advisor to the Company. Notwithstanding its name, the Company no longer has any association with the previous Investment Manager, AXA Investment Managers UK Limited, nor any members of the AXA Group of Companies.

Past performance is not a guide to future performance.

[1] Mid-market share price (source: Shore Capital and Corporate Limited).
[2] On a pro forma basis which includes adjustments to add back any prior NAV reductions from share redemptions.

Source: Worsley Associates LLP and Shore Capital and Corporate Limited.

AXA PROPERTY TRUST LIMITED

Investment Policy

Investment Objective and Policy Change

At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt a New Investment Objective and Policy.

New Investment Objective

The Company's new investment objective is to provide Shareholders with an attractive level of absolute long-term return, principally through the capital appreciation and exit of undervalued securities. The existing real estate asset of the Company will be realised in an orderly manner, that is with a view to optimising the disposal value of such asset.

New Investment Policy

The Company aims to meet its objectives through investment primarily, although not exclusively, in a diversified portfolio of securities and related instruments of companies listed or admitted to trading on a stock market in the British Isles (defined as the United Kingdom of Great Britain and Northern Ireland; (ii) the Republic of Ireland; (iii) the Bailiwicks of Guernsey and Jersey; and (iv) the Isle of Man). The majority of such companies will also be domiciled in the British Isles. Most of these companies will have smaller to mid-sized equity market capitalisations (the definition of which may vary from market to market, but will in general not exceed £600 million). It is intended to secure influential positions in such British quoted securities with the deployment of activism as required to achieve the desired results.

The Company and its subsidiary undertakings ("the Group") may make investments in listed and unlisted equity and equity-related securities such as convertible bonds, options and warrants. The Group may also use derivatives, which may be exchange traded or over-the-counter.

The Group may also invest in cash or other instruments including but not limited to: short, medium or long term bank deposits in Sterling and other currencies, certificates of deposit and the full range of money market instruments; fixed and floating rate debt securities issued by any corporate entity, national government, government agency, central bank, supranational entity or mutual society; futures and forward contracts in relation to any other security or instrument in which the Group may invest; put and call options (however, the Group will not write uncovered call options); covered short sales of securities and other contracts which have the effect of giving the Group exposure to a covered short position in a security; and securities on a when-issued basis or a forward commitment basis.

The Company pursues a policy of diversifying its risk. Save for the Curno Asset until such time as it is realised, the Company intends to adhere to the following investment restrictions:

- not more than 30 per cent. of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer (such restriction does not, however, apply to investment of cash held for working capital purposes and pending investment or distribution in near cash equivalent instruments including securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD Member State or by any supranational authority of which one or more EU or OECD Member States are members);

- the value of the four largest investments at the time of investment will not constitute more than 75 per cent of Gross Asset Value;

- the value of the Group's exposure to securities not listed or admitted to trading on any stock market will not exceed in aggregate 35 per cent. of the Net Asset Value;

- the Group may make further direct investments in real estate but only to the extent such investments will preserve and/or enhance the disposal value of its existing real estate asset. Such investments are not expected to be material in relation to the portfolio as a whole but in any event will be less than 25 per cent. of the Gross Asset Value at the time of investment. This shall not preclude its subsidiaries from making such investments for operational purposes;

- the Company will not invest directly in physical commodities, but this shall not preclude its subsidiaries from making such investments for operational purposes;

- investment in the securities, units and/or interests of other collective investment vehicles will be permitted up to 40 per cent. of the Gross Asset Value, including collective investment schemes managed or advised by the Investment Advisor or any company within the Group; and

Investment Policy (continued)

- the Company must not invest more than 10 per cent. of its Gross Asset Value in other listed investment companies or listed investment trusts, save where such investment companies or investment trusts have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed investment companies or listed investment trusts.

The percentage limits above apply to an investment at the time it is made. Where, owing to appreciation or depreciation, changes in exchange rates or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment, any limit is breached by more than 10 per cent., the Investment Advisor will, unless otherwise directed by the Board, ensure that corrective action is taken as soon as practicable.

Borrowing and Leverage

The Group may engage in borrowing (including stock borrowing), use of financial derivative instruments or other forms of leverage provided that the aggregate principal amount of all borrowings shall at no point exceed 50 per cent. of Net Asset Value. Where the Group borrows, it may, in order to secure such borrowing, provide collateral or security over its assets, or pledge or charge such assets.

Chairman's Statement

The year to 30 June 2019 marked the beginning of a period of transition for the Company, a process which continues into the current year and to which I shall return below. The most important element in this process took place just before the year end when, at the EGM on 28 June 2019, shareholders overwhelmingly supported our proposals to change the investment objective and policy of the Company.

Our new Investment Advisor, Worsley Associates LLP ("Worsley"), has made good progress in dealing with historical legacy issues and positioning the Company for its new life as an influential investor in smaller British quoted companies and it sets out in more detail its report on pages 7 to 8.

In brief, we inherited the legacy of a complex structure of local and intermediate holding companies appropriate for a portfolio of property investments held in multiple jurisdictions across Europe. Although the properties had for the most part been sold, there remained fiscal and other matters to tidy up. Worsley has carried out a thorough overhaul involving the replacement of almost all service providers, a material reduction in operating costs and the group is now profitable and cash flow positive.

The Company's principal legacy asset is the UCI cinema in Curno, Italy. This now benefits from a new 15-year lease and trading, which had been impacted by the entrance of another UCI cinema nearby, appears to be significantly improved. With Worsley, we shall look to dispose of this asset over time with a view to maximising value for shareholders. Our belief is that past potential acquirors may have viewed the Company as a forced seller driven by an imperative to close its expensive administrative structure and to complete its own liquidation rather than maximising the disposal price.

Curno was the sole property asset held during the year. There were no disposals and on 28 January 2019, the Company distributed £1.2 million to shareholders in line with the previous wind-down strategy. The Net Asset Value of the Company consequently declined over the year from £10.631 million to £9.577 million while the NAV per share increased from 45.43p to 46.14p per share, representing a shareholder NAV return of 1.56%.

The former directors approved the financial statements to 30 June 2018 on 28 March 2019. This restored the Company to compliance with the London Stock Exchange Listing Rules and enabled trading in the Company's shares which had been suspended since 1 November 2018 to be resumed with effect from 29 March 2019. We would like to thank the former directors for their hard work in facilitating that.

The Future

Clearly, to implement its future strategy, the Company needs to grow otherwise it will be unable to deploy sufficient capital in each investee to have the degree of influence sought and to avoid undue erosion of returns from the cost base associated with being a listed company. Positive preliminary discussions have been had with shareholders and potential shareholders and work is well advanced on the procedural aspects of an equity capital raising exercise and we hope to be able to provide shareholders with further details in the near future.

It follows that the Company does not intend to make further distributions of capital, which were previously made in anticipation of entering liquidation.

Company Name

At the EGM on 28 June 2019, in addition to the vote in favour of the new investment objective and policy of the Company, shareholders supported by a heavy majority the change of the Company's name to Worsley Investors Limited which would reflect the change of investment objective and policy and the change of investment adviser, the latter having taken place on 31 May 2019, following the resignation of AXA Investment Managers UK Limited. However, the majority was not sufficient to meet the 75% threshold required by company law for such a name change. The Company's legal name therefore remains AXA Property Trust Limited even though we no longer have any connection with the AXA group of companies. The board believes that this is an unhelpful state of affairs and will be proposing a resolution at the AGM on 11 December 2019 to change the name to Worsley Investors Limited as previously proposed at the EGM. The board strongly and unanimously encourages shareholders to vote in favour of this resolution.

Chairman's Statement (continued)

Prospects

The universe of under-managed and under-valued smaller British companies remains a rich opportunity set. Although extrinsic factors – such as Brexit, whatever happens – will have an effect on the overall trading environment for both the Company and potential investees, the intrinsic value anomalies within that universe will, we believe, far outweigh the likely effect of broader market movements. In the nearly four months since the EGM, the group structure has been stabilized and our remaining legacy asset, Curno, has much improved current trading as compared to a year ago and has gained the benefit of a longer lease. In the short term, we intend to raise further capital in order to commence actively pursuing our new investment policy. Over time, and off the basis of improved trading, we shall market Curno with the intention of releasing the funds to add to our portfolio.

The board looks forward to the next phase of rebuilding the company with excitement.

W. Scott
Chairman
28 October 2019

Investment Advisor's Report

Investment Advisor

Worsley Associates LLP ('Worsley') on 31 May assumed the role of the Company's Investment Advisor, following the cessation of AXA Investment Management (UK) Limited.

The initial period of Worsley's appointment has been predominantly involved with day-to-day engagement in the handover to the Group's various new service providers.

Praxis Fund Services has replaced Northern Trust (Guernsey) as the Company's Administrator, Praxis Luxembourg has assumed from AXA Luxembourg the responsibility for administration of the Company's Luxembourg structure and BDO Limited has replaced KPMG as the Group's auditor.

The transition has proceeded smoothly, which is a credit to the professionalism of all those involved.

Following this and the completion of the year end audited accounts, it is pleasing to note that the changes have been achieved alongside a very substantial reduction in the Group's ongoing Guernsey and Luxembourg operating costs. The consequence of this is that when allied to the high quality revenue stream derived from its operating property the Group is now profitable on a continuing basis for the first time in three years.

Curno Property

The Group continues to hold one property asset, a multiplex cinema complex, located in Curno, Italy, the sole tenant of which is UCI Italia S.p.A., following its merger on 1 October with the original tenant, UCI Nord Est S.r.L. (in either case "UCI" as the context dictates).

The Curno cinema, when it commenced trading in 2003, was the first opened by UCI in Italy and the current building is estimated to have a 50 year economic life. Multiplex S.p.A., which built the property, was acquired by the Group in 2006.

The cinema is located on the outskirts of Bergamo, a very prosperous town located some 40 km northeast of Milan, and comprises nine screens with 2,389 total seats and 228 associated car parking spaces.

For many years UCI Curno was the largest cinema operation in the area, with a share of the Greater Bergamo market of over 30%, but in 2017 UCI took the opportunity to consolidate its market position by signing a lease for a new 16 screen cinema operation which was opening in the Oriocenter, one of the largest shopping centres in Italy and around 20 minutes' drive from Curno.

The upshot was a substantial reduction in the level of trade at Curno, with market share bottoming at around 16%. UCI's response to this was to raise trading concerns with the Group.

After an extensive period of negotiation supervised by the Company's former Board, a new 15 year lease contract, replacing the original lease, was signed on 13 December 2018, and took effect from 1 July 2018. The key rental terms of the lease going forward are as follows:

Base Rent
Calendar 2019 – €800,000
Calendar 2020 – €830,000
Thereafter to be indexed to 100% of the Italian ISTAT Consumer Index on an upwards-only basis.

Variable Rent
There will be an incremental rent of €1.50 per ticket sold above a minimum threshold of 350,000 tickets per year up to 450,000 tickets per year, rising above this level up to €2.50 per extra ticket.

As at 30 June 2019, the Group's independent asset valuer, Knight Frank LLP, valued the Curno cinema at €9.8 million. Under International Financial Report Standards, the Group is required to recognise a current asset (£301,000) in respect of the unamortised lease incentives granted to the tenant in connection with the new lease. In light of this, the value (£8.476m) of the property on the face of the balance sheet is presented *net* of that amount.

Worsley visited the cinema in July and established contact with UCI management. Trading in the first six months of the year ran materially above that in the corresponding period of the 2018 year, and ticket sales were near the rate at which overage is payable.

Investment Advisor's Report (continued)

In light of the strong commitment of UCI to the Bergamo cinema market, as evidenced by it having executed a new 15 year lease, and the excellent and growing revenue yield generated by the asset, the Board believes it is realistic to target the realisation of the Curno cinema for a sum in excess of its current carrying value.

CBRE in January, notwithstanding the uncertainty over the Group's future being unconducive to the exercise, at the behest of the former Board resumed a marketing process and in early 2019 approached a targeted list of investor groups. CBRE is currently in the process of updating the marketing materials to ensure that interested investors are aware of the cinema's significantly improved trading profile.

The Group plans to retain the Curno cinema until a disposal can be effected at a price which the Board considers properly reflects its prospects.

Worsley Investment Strategy

At the Extraordinary General Meeting held on 28 June 2019, the Company adopted the Worsley investment strategy as its Investment Policy.

The Worsley strategy allies the taking of holdings in British quoted securities priced at a deep discount to their intrinsic value, as determined by a comprehensive and robust research process. Most of these companies will have smaller to mid-sized equity market capitalisations, which will in general not exceed £600 million. It is intended to secure influential positions in such British quoted securities, with the employment of activism as necessary to drive highly favourable outcomes.

UK small cap activism is a specialist discipline and the Company has very few competitors, none of which have comparable experience to Worsley. The UK environment is highly favourable for activism, with minority shareholders enjoying a multitude of advantageous rights and protections not generally available in other jurisdictions. There are more than 1,000 smaller companies whose shares trade on the London Stock Exchange and they receive relatively limited attention from market participants, with the result that deep value opportunities routinely present themselves across the market cycle.

Financial Position

The Group's Statement of Financial Position as at 30 June 2019 was strong with £793,000 held in cash and no debt, which allied to the profitable trading leaves its financial position secure.

It is planned in the fourth quarter of 2019 to undertake a modest equity capital raising.

This will provide the initial funds to commence implementation of the Company's new investment strategy. In due course funds available for investment are expected to be supplemented by funds produced by the disposal of the Curno cinema.

Outlook

The Company's new strategy targets special situations, which, as noted, typically arise across the investment cycle. The volatility in equity markets in recent months has been especially pronounced in the size of company targeted by the Company. Specific price falls have thrown up a number of interesting opportunities, from which following the capital raising APT will be well placed to benefit.

The investment outlook over the next 12 months is considered very promising.

Worsley Associates LLP
28 October 2019

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 an independent non-executive director of a number of investment companies and funds, of which Axiom European Financial Debt Fund Limited and Pershing Square Holdings Limited are 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 and Cinven. 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, Mr Nixon 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. Mr Nixon 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 2019. 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, 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".

Investment Objective and Investment Policy

At an EGM held on 21 September 2018 proposals to liquidate and wind down the Company received insufficient votes to be approved.

At an EGM held on 28 June 2019 a new investment objective and investment policy were adopted.

The new investment objective and investment policy of the Company are described in greater detail on page 3.

Going Concern

Under the New Investment Objective and Policy the Group will no longer be wound down. As a result, these Financial Statements have been prepared on a going concern basis reflecting the current transition phase of the Company. The Directors, at the time of approving the Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. The property lease generates sufficient cash flows to pay on-going expenses and other obligations. The Directors have considered the cash position and performance of the current invested capital made by the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Consolidated Financial Statements.

Viability Statement

The Board has evaluated the long-term prospects of the Company, beyond the 12 month time horizon assumption within the going concern framework. The Directors have conducted a review of the viability of the Company taking account of the Company's current position and considering the potential impact of the risks likely to threaten the Company's business model, future performance, solvency or liquidity. For the purposes of this statement the Board has adopted a three year viability period.

In making this statement, the Directors have noted the long operational history and track record of the Company's sole asset, and the reduced volatility of the market in which it operates.

In addition, the Board has assumed that the regulatory and fiscal regimes under which the Company operates will continue in broadly the same form during the viability period. The Board consults with its broker and legal advisers to the extent required to understand issues impacting on the Company's regulatory and fiscal structure. The Administrator also monitors changes to regulations and advises the Board as necessary.

Based on the Company's processes for monitoring operating costs, internal controls, the Investment Advisor's performance in relation to the investment objective, the portfolio risk profile, liquidity risk, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 28. Following shareholder approval at the EGM held on 28 June 2019, the Company has adopted a new investment policy as detailed on page 3.

Pursuant to its previous investment objective of winding down, the Company has made timely returns of capital to shareholders. The Company returned £1.2 million to shareholders on 28 January 2019.

A resumption of dividend payments is not anticipated in the current financial period.

Report of Directors (continued)

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

W. Scott (Chairman, appointed on 28 March 2019)
B. A. Nixon (appointed on 23 January 2019)
R. H. Burke (appointed on 28 March 2019)
C. J. Hunter (Chairman, resigned on 28 December 2018)
G. J. Farrell* (resigned on 28 March 2019)
S. C. Monier (resigned on 28 December 2018)
S. J. Lawson (resigned on 28 March 2019)

*Interim Chairman for the period 28 December 2018 to 28 March 2019.

Mr Hunter was also a Director of the direct subsidiary of AXA Property Trust Limited during the year ended 30 June 2019 (resigned on 28 December 2018).

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

	30 June 2019		30 June 2018	
W. Scott (Chairman, appointed on 28 March 2019)	-	-	n/a	n/a
B. A. Nixon (appointed on 23 January 2019)	6,188,380	29.81%	n/a	n/a
R. H. Burke (appointed on 28 March 2019)	-	-	n/a	n/a
C. J. Hunter (resigned on 28 December 2018)	n/a	n/a	9,694	0.04%
G. J. Farrell (resigned on 28 March 2019)	n/a	n/a	-	-
S. C. Monier (resigned on 28 December 2018)	n/a	n/a	19,892	0.08%
S.J. Lawson (resigned on 28 March 2019)	n/a	n/a	-	-

At the date of this report, Mr Nixon holds 6,188,380 shares, being an interest of 29.81% in the shares of the Company.

Mr Nixon, a Director of the Company, is also Founding Partner of the Investment Advisor.

Management
During the year, AXA Investment Managers UK Limited provided management services to the Company until 31 May 2019.

With effect from 31 May 2019 the Board appointed Worsley Associates LLP as its new Investment Advisor (the "Investment Advisor"). A summary of the contract between the Company and the Investment Advisor in respect of the advisory services provided is given in note 3 to the Financial Statements on page 39.

Listing Requirements
Throughout the period since being admitted to the Official List maintained by the Financial Conduct Authority ("FCA"), the Company has complied with the Listing Rules. The Company was temporarily suspended from the Official List from 1 November 2018 to 29 March 2019 due to the delay in submission of the financial statements for the year ended 30 June 2018.

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. Should the Company undertake any future marketing of its shares into any EEA Member State, the Board would seek professional advice, as appropriate, to ensure the Company complies with applicable provisions of the AIFM Directive. Compliance with the AIFM Directive would be expected to have a small impact on costs, including regulatory and compliance costs. 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.

Report of Directors (continued)

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 would 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 and 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.

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 former 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.

At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt a New Investment Objective and Policy as detailed on page 3. In light of this the Board does not expect the redemption mechanism to be utilised for the foreseeable future.

Significant Shareholdings
As at 07 October 2019, shareholders with 3% or more of the voting rights are as follows:

	Shares held	**% of issued share capital**
B.A. Nixon	6,188,380	29.81
Transact Nominees Limited	4,142,999	19.96
Pershing Nominees Limited	1,500,000	7.23
FIL Investment International	1,261,210	6.08
M&G Investment Management	1,037,902	5.00
Roy Nominees Limited	857,728	4.13
Close Asset Management	678,061	3.27

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.

Anti-Bribery and Corruption
The Company adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003. In consideration of the UK Bribery Act 2010, the Board abhors bribery and corruption of any form and expects all the Company's business activities, whether undertaken directly by the Directors themselves or by third parties on the Company's behalf, to be transparent, ethical and beyond reproach.

Criminal Finances Act
The Directors of the Company have a zero-tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own associated persons and will not work with service providers who do not demonstrate the same zero tolerance commitment to preventing persons associated with them from engaging in criminal facilitation of tax evasion.

Report of Directors (continued)

Independent Auditor
The Board of Directors appointed BDO Limited as auditor on 9 July 2019. A resolution to confirm the reappointment of BDO Limited will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
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 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. However, as all Directors who held office at the two previous AGM's retired during this year, the above is not applicable for forthcoming. At the Annual General Meeting of the Company 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.

The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

The next AGM is scheduled for 11 December 2019.

Directors' Responsibilities
The Directors of the Company are responsible for preparing for each financial year an annual report and the Financial Statements which give a true and fair view of the state of affairs of the Company and of the respective results for the year then ended, in accordance with applicable Guernsey law and International Accounting Standards Board ("IASB") adopted International Financial Reporting Standards ("IFRS"). 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 and prudent;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which 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 which are free from material misstatement, whether owing 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 which 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.

Responsibility Statement
Each of the Directors, whose names and functions are listed on page 9, confirms to the best of that person's knowledge and belief:

- the Financial Statements, prepared in accordance with the IFRS as endorsed by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group; as required by DTR 4.1.12R and are in compliance with the requirements set out in the Companies (Guernsey) Law, 2008; and
- the Financial Statements includes a fair review of the development and performance of the business and the position of the Group, included in the Financial Statements taken as a whole, together with a description of the principal risks and uncertainties which they face, as required by DTR 4.1.8R and DTR 4.1.11R.

Signed on behalf of the Board by:

W Scott
Director
28 October 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 any employees, hence no Chief Executive, Executive Directors’ remuneration 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. Moreover, 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 pages. The absence of an Internal Audit function is discussed in the Audit Committee Report on pages 19 to 22.

Composition, Independence and Role of the Board
The Board currently comprises three non-executive Directors. Both Mr Scott and Mr Burke are considered by the Board to be independent of the Company’s Investment Advisor. Mr Nixon is Founding Partner of the Investment Advisor and is therefore not independent.

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

Mr Hunter served as Chairman until his resignation on 28 December 2018. Mr Farrell was appointed Interim Chairman until his resignation on 28 March 2019, at which point Mr Scott was appointed Chairman. The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Mr Scott is considered independent because he:

- has no current or historical employment with the Investment Advisor; and
- has no current directorships in any other investment funds managed by the Investment Advisor.

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.

Corporate Governance Report (continued)

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 on page 13.

The Board is also responsible for issuing half yearly reports, NAV updates 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.

The Board has engaged external companies to undertake the investment advisory and administrative activities of the Company. Documented contractual arrangements are in place with these companies and these 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 each of the Investment Advisor 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 Advisor 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 which 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 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. However, as all Directors who held office at the two previous AGM's retired during this year, the above is not applicable for forthcoming AGM.

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, it believes that the current appointments provide an appropriate range of skills and experience and is in the interests of shareholders.

Corporate Governance Report (continued)

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 and Audit Committee meetings held during the year ended 30 June 2019 and, where appropriate, the number of such meetings attended by each Director who held office during the same period.

	Board of Directors		**Audit Committee**	
	Held whilst in office	**Attended**	**Held whilst in office**	**Attended**
W. Scott (Chairman, appointed on 28 March 2019)	2	2	-	-
B. A. Nixon (appointed on 23 January 2019)	2	2	1	1
R. H. Burke (appointed on 28 March 2019)	2	2	-	-
C. J. Hunter (resigned on 28 December 2018)	2	2	-	-
G. J. Farrell (resigned on 28 March 2019)	2	2	2	2
S. C. Monier (resigned on 28 December 2018)	2	2	-	-
S. J. Lawson (resigned on 28 March 2019)	2	2	2	2

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

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 Mr Burke and Mr Scott. Mr Nixon was a member from his appointment as a director on 23 January 2019 until 31 May 2019 when Worsley was appointed Investment Advisor. The Audit Committee prior to 29 March 2019 was chaired by Mr Lawson. With effect from the 29 March 2019, the Audit Committee is chaired by Mr Burke.

A report of the Audit Committee detailing its responsibilities and its key activities is presented on pages 19 to 22.

Management Engagement Committee
The Board does not have a separate Management Engagement Committee. The Board as a whole fulfils the function of a 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 Investment Advisory 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) this function is carried out as part of the regular Board business.

Corporate Governance Report (continued)

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 on page 23.

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 its 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 has delegated the day to day 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 Advisor, Administrator and Company Secretary and Registrar; and a representative from the Investment Advisor is asked to attend these meetings.

In accordance with Listing Rule 15.6.2 (2) R the Directors will formally appraise the performance and resources of the Investment Advisor on an ongoing basis, in the opinion of the Directors their continuing appointment of the Investment Advisor on the terms agreed is in the interests of the Company and the shareholders.

As the Investment Advisor was appointed on the 31 May 2019, the Directors are yet formally to appraise the performance of the Investment Advisor in relation to the Company, however, going forward the Directors will formally appraise the performance and resources of the Investment Advisor annually.

The Board has reviewed the need for an internal audit function and due to the size of the Company and the delegation of day-to-day operations to regulated service providers, an internal audit function is not considered necessary. The Directors will continue to monitor the systems of internal controls in place in order to provide assurance that they operate as intended.

Principal Risks and Uncertainties
In respect of the Company's system of internal controls and its effectiveness, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

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 Advisor at least once a quarter.

Corporate Governance Report (continued)

Operational Risks
The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Investment Advisor, Administrator and the Corporate Broker. The Board and its Committees regularly review reports from the Investment Advisor 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 Advisor. The Administrator, Corporate Broker and Investment Advisor 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 15 of the Financial Statements on pages 46 to 48. 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 Advisor 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.

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 Advisor 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 Advisor of the Company.

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

Signed on behalf of the Board by:

W Scott
Chairman
28 October 2019

Audit Committee Report

Dear Shareholders,

I am pleased to present the Audit Committee's Report for the year ended 30 June 2019, 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.

The Company is currently undergoing a transition period. 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 Advisor being present if either considers this to be necessary.

The responsibilities of the Audit Committee include:

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 a Company 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 Audited Annual Report and Financial Statements focused on the following significant risks;

Valuation of Investment Property
The Company's sole remaining investment property was independently valued at £8.78 million (€9.80 million) as at 30 June 2019 and represented the majority of the total assets of the Group. The remaining investment property comprises a 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 considers the fair value of the sole remaining investment property held by the Group as at 30 June 2019 to be reasonable based on information provided by the Investment Advisor and Administrator. All valuations are subject to review and oversight by the Investment Advisor.

Audit Committee Report (continued)

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 Advisor 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 Board of Directors is responsible for establishing the system of internal controls relevant to the Company and for reviewing the effectiveness of those systems. The review of internal controls is an on-going process for identifying and evaluating the risks faced by the Company, designed to effectively manage rather than eliminate business risks to ensure the Board's ability to achieve the Company's business objectives.

It is the responsibility of the Board to undertake the risk assessment and review of the internal controls in the context of the Company's objectives in relation to business strategy, and the operational, compliance and financial risks facing the Company. These controls are operated in the Company's main service providers: the Investment Advisor and Administrator. The Board will receive regular updates from each service provider and will undertake an annual review of the effectiveness of each service providers' controls environment.

The Board of Directors considers the arrangements for the provision of Investment Advisor and Administration services to the Company and as part of the annual review the Board considered the quality of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board is satisfied that each service provider has effective controls in place to control the risks associated with the services that they are contracted to provide to the Company and therefore the Board is satisfied with the internal controls of the Company.

In the context of the transition period, the key risks which the Audit Committee has closely monitored are:

- Ongoing liquidity
- Levels of expenditure
- Engagement from service providers

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
BDO Limited was appointed on 9 July 2019 as the independent external auditor in succession to KPMG Channel Islands Limited, which resigned on 18 April 2019.

Audit Committee Report (continued)

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 following table summarises the remuneration payable to BDO Limited (2019) and KPMG Channel Islands Limited (2018) for audit and non-audit services provided to the Company during the years ended 30 June 2019 and 30 June 2018.

	30 June 2019	**30 June 2018**
	£	**£**
Statutory audit	40,000	116,178
Total audit fees	**40,000**	**116,178**

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 Advisor 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.

Appointment of External Auditor
Consequent to this review process, the Audit Committee recommended to the Board that a resolution be put to the next AGM to confirm the reappointment of BDO Limited as independent external auditor.

Audit Committee Report (continued)

Internal Control and Risk Management Systems

The Board of Directors is responsible for putting in place a system of internal controls relevant to the Company and for reviewing the effectiveness of those systems. The review of internal controls is an on going process for identifying and evaluating the risks faced by the Company, and such controls are designed to manage risks rather than eliminate the risk of failure to achieve the Company's objectives.

It is the responsibility of the Board to undertake risk assessment and review of the internal controls, in the context of the Company's objectives, which covers business strategy, operational, compliance and financial risks facing the Company. These internal controls are implemented by the Company's two main service providers, the Investment Advisor and the Administrator. The Board receives periodic updates from these main service providers at the quarterly Board meetings of the Company. The Board is satisfied that each service provider has effective controls in place to control the risks associated with the services which they are contracted to provide to the Company and are therefore satisfied with the internal controls of the Company.

The Board of Directors considers the arrangements for the provision of Investment Advisory, Investment Management, Administration and Custody services to the Company on an on-going basis and a formal review is conducted annually. As part of this review the Board considered the quality of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Audit Committee has reviewed the need for an internal audit function and has decided that the system and procedures employed by the Investment Advisor 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.

R. H. Burke,
Chairman, Audit Committee
28 October 2019

Directors' Remuneration Report

Introduction
An ordinary resolution for the approval of the Director's Remuneration Report will be put to the shareholders at the forthcoming AGM held.

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 £20,000 per annum payable to the Chairman and £15,000 per annum payable to the other Directors.

Upon appointment of Worsley as Investment Advisor on 31 May 2019, Mr Nixon waived any future Director's fee as he is a member of the Investment Advisor.

For the years ended 30 June 2019 and 30 June 2018 Directors' fees incurred were as follows:

	30 June 2019	**30 June 2018**
	£	**£**
W. Scott (Chairman, appointed on 28 March 2019)	5,205	-
B.A. Nixon (appointed on 23 January 2019)	4,500	-
R. H. Burke (appointed on 28 March 2019)	3,905	-
C. J. Hunter (resigned on 28 December 2018)	9,000	18,000
G. J. Farrell (resigned on 28 March 2019)	10,125	13,500
S. C. Monier (resigned on 28 December 2018)	6,750	13,500
S. J. Lawson (resigned on 28 March 2019)	10,125	13,500
	49,610	58,500

The directors of the subsidiaries of the Group received emoluments amounting to £16,312 (30 June 2018: £12,800). Total fees paid to Directors of the Group were £65,992 (30 June 2018: £58,500).

Signed on behalf of the Board by:

W Scott
Director
28 October 2019

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

Opinion

We have audited the consolidated financial statements of AXA Property Trust Limited (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2019 and of its profit for the year then ended;

- have been properly prepared in accordance with IFRS's; and

- have been properly prepared in accordance with the requirements of 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information within the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 17 that describe the principal risks and explain how they are being managed or mitigated;

- the directors' confirmation on page 17 in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;

- the directors' statement on page 10 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or

- the directors' explanation set out on page 10 in the annual report 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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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.

Key Audit Matter	**How we addressed the Key audit matter in our audit**
Investment property valuation **Refer to page 19 of the Audit Committee Report, accounting policies 2(d) and 2(l) and the disclosure note 7)** The group holds a single investment property which is fair valued and represents 88% of the group's net asset value. The fair value has been determined by the Directors based on an independent Royal Institution of Chartered Surveyors "RICS" valuation performed by independent valuers, Knight Frank LLP. Such property valuations are a highly subjective area as it requires the valuer to make judgements as to property yields, quality of tenants and other variables to arrive at the current fair value of the property. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of the estimated rental value and yield profile applied) could result in a material misstatement in the consolidated financial statements.	For the independent property valuation, we evaluated the competence of the external valuer, which included consideration of their qualifications and expertise. We read the terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We have read the valuation report for the property and discussed the basis of the property valuation with the valuer to understand the process undertaken by them and to check the appropriateness of the valuation methodology and assumptions used. We challenged the valuer through discussion, using our own knowledge of property valuations, to check that the valuation had been prepared in accordance with both professional valuation standards and accounting standards. We considered the reasonableness of the inputs used by the valuer in the valuation, such as the rental terms and other assumptions that impact the value. In addition, we agreed significant inputs into the valuation, such as the rental details, to supporting documentation. We considered the Group's investment property accounting policies and their application to check if it was in accordance with accounting standards. In addition, we considered the sufficiency and accuracy of the disclosures made in note 7. Key observation: From the procedures performed, we have not identified any material misstatements in the investment property valuation amounts reported in these financial statements.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decision of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined our planning materiality for the financial statements as a whole to be £150,000 which is based on a level of 1.5% of total assets. We considered total assets to be the most appropriate benchmark due to the Group being an asset holding Group with no external borrowings and which is no longer in an active wind-down process.

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

Our application of materiality(continued)

This performance materiality has been set at £90,000 which is 60% of materiality. This has been set based upon the control environment in place, the Directors' assessment of risk and this being our first year of audit.

We agreed with the Audit Committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £4,500. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

We tailored the scope of our audit taking into account the nature of the Group's investments, involvement of the Group's service providers, the accounting and reporting environment and the industry in which the Group operates.

This assessment took into account the likelihood, nature and potential magnitude of any potential misstatement. As part of this risk assessment we considered the Group's interaction with the service providers. We assessed the control environment in place within the Group to the extent that it was relevant to our audit. Following this assessment, taking into consideration materiality, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

As the Group's annual report does not include financial statements for the standalone Parent Company we concluded that the most effective audit approach for the Group was to audit the consolidated financial statements as if the Group were one entity.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

• **Fair, balanced and understandable set out on page 13 and 15 –** the statement given by the directors that they consider 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

• **Audit committee reporting set out on page 19 –** the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

• **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 14 –** the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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

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:

- proper accounting records have not been kept by the Parent Company; or
- the Parent Company's financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities statement within the Report of Directors', the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Justin Marc Hallett
For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré
Rue du Pré
St Peter Port
Guernsey

28 October 2019

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes	**For the year ended 30 June 2019 £000s**	For the year ended 30 June 2018 £000s
Gross rental income	4 & 7	**727**	1,380
Property operating expenses	7	**(136)**	(143)
Net rental income		**591**	1,237
Valuation gain/(loss) on investment property	7	**498**	(4,527)
Loss on disposals of a subsidiary and investment property		**(53)**	(35)
General and administrative expenses	5	**(842)**	(791)
Operating profit/(loss)		**194**	(4,116)
Net foreign exchange gain on liquidation		**-**	141
Foreign exchange loss		**(29)**	-
Share in loss of joint venture	8	**(10)**	(127)
Net finance costs		-	(14)
Profit/(loss) before tax		**155**	(4,116)
Income tax expense	12	**(50)**	(788)
Profit/(loss) for the year		**105**	(4,904)
Other comprehensive income/(expense)			
Foreign exchange translation gain/(loss)		**41**	(130)
Total items that are or may be reclassified to profit or loss		**41**	(130)
Total comprehensive income/(loss) for the year		**146**	(5,034)
Basic and diluted earnings/(loss) per ordinary share (pence)	6	**0.47**	(20.95)

The accompanying notes on pages 32 to 50 form an integral part of these Financial Statements

Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Note	Revenue reserve £000s	Distributable reserve £000s	Foreign currency reserve £000s	Total equity £000s
Balance at 1 July 2018		**(46,315)**	**44,853**	**12,093**	**10,631**
Share redemptions	13	-	(1,200)	-	(1,200)
Profit for the year		105	-	-	105
Other comprehensive income		-	-	41	41
Balance at 30 June 2019		**(46,210)**	**43,653**	**12,134**	**9,577**

For the year ended 30 June 2018

	Revenue reserve £000s	Distributable reserve £000s	Foreign currency reserve £000s	Total equity £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**

The accompanying notes on pages 32 to 50 form an integral part of these Financial Statements

Consolidated Statement of Financial Position
As at 30 June 2019

		Notes	30 June 2019 £000s	30 June 2018 £000s
Non-current assets				
	Investment property	4 & 7	**8,476**	7,871
Current assets				
	Cash and cash equivalents		**793**	3,298
	Trade and other receivables	9	**162**	476
	Lease incentive	4 & 7	**301**	-
	Tax receivable		**96**	19
	Investment in joint venture	8	**-**	165
Total assets			**9,828**	11,829
Non-current liabilities				
	Provisions	11	**45**	209
Current liabilities				
	Trade and other payables	10	**172**	482
	Tax payable		**34**	507
Total liabilities			**251**	1,198
Total net assets			**9,577**	10,631
Equity				
	Revenue reserve	16	**(46,210)**	(46,315)
	Distributable reserve	16	**43,653**	44,853
	Foreign currency reserve	16	**12,134**	12,093
Total equity			**9,577**	10,631
Number of ordinary shares		13	**20,758,441**	23,402,881
Net asset value per ordinary share (pence)		14	**46.14**	45.43

The Consolidated Financial Statements on pages 28 to 50 were approved by the Board of Directors and authorised for issue on 28 October 2019. They were signed on its behalf by:-

W. Scott
Director

The accompanying notes on pages 32 to 50 form an integral part of these Financial Statements

Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Notes	**Year ended 30 June 2019 £000s**	Year ended 30 June 2018 £000s
Operating activities			
Profit/(loss) before tax		**155**	(4,116)
Adjustments for:			
Valuation (gain)/loss on investment property	7	**(498)**	4,650
Foreign exchange gain on investment property	7	**(107)**	(88)
Share in loss of joint venture	8	**10**	127
(Increase)/decrease in trade and other receivables		**13**	444
Decrease in provisions		**(164)**	(290)
Decrease in trade and other payables		**(310)**	(584)
Net finance cost		**-**	14
Net foreign exchange gain on liquidation		**-**	(141)
Foreign exchange loss		**29**	-
Net cash (used in)/ generated from operations		**(872)**	16
Interest paid		**-**	(27)
Tax paid		**(622)**	(916)
Net cash outflow from operating activities		**(1,494)**	(927)
Investing activities			
Return of capital from joint ventures	8	**155**	354
Net cash inflow from investing activities		**155**	354
Financing activities			
Redemption of shares	13	**(1,200)**	-
Net cash used in financing activities		**(1,200)**	-
Effects of exchange rate fluctuations		**34**	25
Decrease in cash and cash equivalents		**(2,505)**	(548)
Cash and cash equivalents at start of the year		**3,298**	3,846
Cash and cash equivalents at the year end		**793**	3,298

The accompanying notes on pages 32 to 50 form an integral part of these Financial Statements

1. Operations

AXA Property Trust Limited (the "Company") is a limited liability, closed-ended investment company incorporated in Guernsey. The Company historically invested in commercial property in Europe which was held through subsidiaries. The Consolidated Financial Statements (the "Financial Statements") of the Company for the year ended 30 June 2019 comprise the Financial Statements of the Company and its subsidiaries (together referred to as the "Group").

Worsley Associates LLP was appointed on 31 May 2019 as Investment Advisor to the Company. Notwithstanding its name, the Company no longer has any association with the previous Investment Manager, AXA Investment Managers UK Limited, nor any members of the AXA Group of Companies.

At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt a New Investment Objective and Policy. Please refer to the Investment Policy on page 3 for further detail.

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 going concern basis, and the accounting policies, presentation and methods of computation are consistent with this basis, as disclosed in the going concern paragraph below.

The Directors believe that the Financial Statements contain all of the information required to enable shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the period to which they relate and do not omit any matter or development of significance.

(b) Going concern

The ordinary resolution to adopt a New Investment Objective and Policy was approved at the EGM held on 28 June 2019. As a result the Financial Statements have been prepared on a going concern basis reflecting the current transition stage of the Company. The Directors, at the time of approving the Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months. The lease income generates enough cash flows to pay on-going expenses. The Directors have considered the cash position and performance of the current invested capital made by the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Consolidated Financial Statements.

(c) Adoption of new standards and its consequential amendments

IFRS 9

Impact on classification and measurement

IFRS 9 was issued in July 2014 and is effective for annual periods beginning on or after 1 January 2018. IFRS 9 was issued to replace IAS 39 Financial Instruments: Recognition and Measurement. It includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Initial measurement of financial instruments

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The standard replaces the existing IAS 39 categories of held to maturity, loans and receivables, fair value through profit or loss, amortised cost and available for sale.

The application of IFRS 9 has resulted in the following changes to the classification of the Company's financial instruments:

- Trade and other receivables which were classified as loans and receivables under IAS 39 and are now classified as financial assets held at amortised cost.
- Cash and cash equivalents which were classified as loans and receivables under IAS 39 and are now classified as financial assets held at amortised cost.

2. Significant accounting policies (continued)

(c) Adoption of new standards and its consequential amendments (continued)

Initial measurement of financial instruments (continued)

The adoption of IFRS 9 has had no material impact on these Financial Statements, principally for the following reasons:

- the Company does not apply hedge accounting, and is therefore unaffected by the hedge accounting-related changes introduced in IFRS 9.
- there has been no change in the classification or measurement of financial liabilities as a result of IFRS 9.

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets held at amortised cost. The Company has elected to apply the simplified approach permitted by IFRS 9 in respect of receivables as they have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime Expected Credit Loss ('ECL'). Under the simplified approach practical expedients are available to measure lifetime ECL but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times. The Directors have concluded that any ECL on receivables would be highly immaterial to the Financial Statements due to the low credit risk of the relevant counterparties and the historical payment history.

The adoption of IFRS 9 has changed the accounting policies in regards to financial instruments. Refer to the financial instrument accounting policy for more information.

IFRS 15

IFRS 15 was endorsed on 22 September 2016 and is effective for accounting periods beginning on or after 1 January 2018. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 15 replaced IAS 18 and IAS 11 and related interpretations.

As the Group’s revenue is derived from rental income from leases and fair value movement which are scoped out by IFRS 15, the application of IFRS 15 has not changed the nature and timing of revenue recognised.

Standards and amendments in issue but not yet effective

The following standard, which has not been applied in these Financial Statements, was in issue at the reporting date but not yet effective:

IFRS 16

IFRS 16 was published in January 2016 and specifies how to report information which faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

It is anticipated that the adoption of the above new and amended standard will have no material impact on the Financial Statements of the Group as the Group does not have any operating or finance leases as a lessee and acts as lessor only.

2. Significant accounting policies (continued)

(d) Significant estimates and judgements

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions which 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 which 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 Company's functional currency is Sterling and the subsidiaries' functional currency is Euro. The Board of Directors considers that the Parent Company's functional currency is Sterling, as the capital raised, return on capital and any distributions 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.

(ii) Estimates and assumptions:
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which 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 Statement of Comprehensive Income.

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 which 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.

The key assumptions used to determine the market value of the investment property are explained further in note 7.

2. Significant accounting policies (continued)

(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 Statement of Comprehensive Income. Non-monetary assets and liabilities which 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 which 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 subsidiary 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. was in liquidation at the year end.

The company shown in the table below was directly owned by Property Trust Luxembourg 2 S.à r.l. as at the reporting date:

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

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

(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 Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives are amortised over the whole lease term.

2. Significant accounting policies (continued)

(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 amortised cost. Cash equivalents are short-term, highly liquid investments which 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.

(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.

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 which 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.

Lease incentive assets are deducted from the independent valuation to arrive at fair value for accounting purposes: refer to note 7 for further details.

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 of. 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.

2. Significant accounting policies (continued)

(m) 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, the investment property that is measured at fair value continues to be so measured.

(n) 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 which is attributable to the other ventures ("Downstream transaction"). The Group recognises its share of profits or losses from the joint venture which 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 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.

(o) Leases

The determination of whether or not an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed to establish if 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.

(p) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

On initial recognition, the Group classifies financial assets as measured at amortised cost or at fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest.

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed.

The Group has determined that it has only one business model: a Held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow.

2. Significant accounting policies (continued)

Financial instruments

Classification of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets held at amortised cost. The Group has elected to apply the simplified approach permitted by IFRS 9 in respect of receivables because they have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is always to recognise lifetime Expected Credit Loss ('ECL'). Under the simplified approach practical expedients are available to measure lifetime ECL but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times. The Directors have concluded that any ECL on receivables would be highly immaterial to the Financial Statements owing to the low credit risk of the relevant counterparties and the historical payment history.

Accordingly, there has been no allowance for impairment over receivables in opening retained earnings at 1 July 2018 on transition to IFRS 9.

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

Capital
Financial instruments issued by the Group are treated as equity if the holder has only a residual interest in the assets of the Group after the deduction of all liabilities. The Company's Ordinary Shares are classified as equity instruments.

The Group'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 on page 3. 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.

Equity instruments
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

(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 12.

2. Significant accounting policies (continued)

(r) Determination and presentation of operating segments
The Company has entered into an Investment Advisory Agreement with the Investment Advisor, under which the Board has appointed the Investment Advisor to manage on a day-to-day basis the assets of the Company, subject to their review and control and ultimately the overall supervision of the Board. The Board retains full responsibility to ensure that the Investment Advisor adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Advisor. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

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.

3. Material agreements

Investment Management Agreements

AXA Investment Managers UK Limited up to 31 May 2019
AXA Investment Managers UK Limited was appointed as the investment manager of the Group pursuant to an Investment Management Agreement dated 18 April 2005. Under the terms of the Investment Management Agreement, AXA Investment Managers UK Limited 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 was 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 AXA Investment Managers UK Limited did not exceed 90 basis points per annum. This Investment Management Agreement was terminated on 31 May 2019.

AXA Investment Managers UK Limited agreed to amend the Management Fee arrangements with effect from 1 January 2013 such that the Manager and/or its Associates will receive in aggregate:

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.

On 31 May 2019, AXA Investment Managers UK Limited resigned and Worsley Associates LLP ("Worsley") was appointed as the Investment Advisor with immediate effect.

Worsley Associates LLP from 31 May 2019
The new Investment Advisory Agreement has an initial term of two years (the "Initial Term"), with either Worsley or the Company being able to terminate the agreement by giving 12 months' notice after the first anniversary of the date of the agreement, and thereafter on a rolling 12 months' notice basis. Following the Initial Term, on giving the requisite 12 months' notice there is no compensation on termination (save in respect of any payment made in lieu of notice where Worsley and the Company agree to terminate the Investment Advisory Agreement on less than 12 months' notice). In addition, the Company and Worsley may terminate the Investment Advisory Agreement in certain limited circumstances.

Pursuant to the Investment Advisory Agreement, Worsley is entitled to an annual advisory fee of 1.25 per cent. of the Company's Net Asset Value, to the extent that the Company's Net Asset Value is £40 million or less, but subject to a minimum fee of £150,000 per annum. If the Company's Net Asset Value exceeds £40 million, the Company will pay Worsley a fee equal to 1.25 per cent. of £40 million and 1.00 per cent. of the amount by which the Company's Net Asset Value exceeds £40 million.

Broker Agreement

Stifel Nicolaus Limited to 18 April 2019
Stifel Nicolaus Limited was prior to 18 April 2019, Corporate Broker to the Company. Fees incurred for the year ended 30 June 2019 totalled £20,394 (30 June 2018: £25,000) of which no fee was outstanding as at 30 June 2019 (30 June 2018: £nil).

Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited from 18 April 2019
On 18 April 2019, Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited (together "Shore Capital") were appointed as the Company's financial adviser and broker. Fees incurred in the year ended 30 June 2019 totalled £31,250 (30 June 2018: n/a) of which £6,250 was outstanding as at 30 June 2019(30 June 2018: £n/a).

3. Material agreements (continued)

Administrator Agreement

Northern Trust International Fund Administration Services (Guernsey) Limited up to 28 June 2019
Northern Trust International Fund Administration Services (Guernsey) Limited was Administrator and Secretary to the Company pursuant to the Administration Agreement dated 13 April 2005. Fees incurred in the year ended 30 June 2019 totalled £153,965 (30 June 2018: £145,000).

With effect from 28 June 2019, Northern Trust International Fund Administration Services (Guernsey) Limited resigned and Praxis Fund Services Limited ("Praxis") was appointed as Administrator and Company Secretary.

Praxis Fund Services Limited from 28 June 2019
With effect from 28 June 2019, Praxis is entitled to an annual fee payable by the Company as follows:

-Where the Net Asset Value ("NAV") is up to £20 million a fixed fee of £70,000 per annum will apply;
-Where the NAV is over £20 million but up to £100 million a further fee equating to 0.025% of NAV per annum will be charged on the excess; and
-Where the NAV is over £100 million, a further fee equating to 0.06% NAV of the excess NAV per annum will be charged on the excess.

During the year, the Praxis was due an administration fee of £5,000, (30 June 2018: £n/a) of which £nil (30 June 2018: £n/a) was outstanding as at 30 June 2019.

4. Gross rental income

Gross rental income for the year ended 30 June 2019 amounted to £0.73 million (30 June 2018: £1.38 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.

As a result of the ongoing discussions with the tenant at the Curno property, the Investment Manager entered into negotiations in early 2018 with the aim of negotiating overall terms which 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 until 31 December 2033 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 2020) – €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 €330,329 lease incentive was paid in December 2018 to the tenant. The new lease has been treated as backdated with an effective commencement date of 1 July 2018. A further amount of €330,329 was granted to the tenant as a discount on rent which adjusted the rental income received from 1 July 2018 to 31 December 2018 to be inline with that receivable under the new lease agreement. Please refer to note 7 for further details.
- *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. There was no variable rent earned in the year ended 30 June 2019.

Minimum Lease Payments (based on actual cash flows)

	30 June 2019	30 June 2018
	£000s	£000s
1 year	815	1,284
1-5 years	3,320	6,420
After 5 years	7,885	616

5. General and administrative expenses

	30 June 2019	30 June 2018
	£000s	£000s
Administration fees (note 3)	**241**	173
General expenses	**63**	299
Audit fees	**45**	196
Legal and professional fees	**239**	41
Directors' fees (note 18)	**66**	59
Insurance fees	**120**	62
Liquidation costs (note 11)	**(106)**	(36)
Corporate Broker fees (note 3)	**27**	25
Investment management fees (note 18)	**134**	282
Investment advisor fees (note 18)	**13**	-
Performance fee	**-**	(310)
Total	**842**	791

6. Basic and diluted loss per Share

The basic and diluted gain or loss per share for the Group is based on the net profit for the year of £0.105 million (30 June 2018: net loss of £4.90 million) and the weighted average number of Ordinary Shares in issue during the year of 22,294,390 (30 June 2018: 23,402,881). There are no instruments in issue which could potentially dilute earnings or deficit per Ordinary Share

7. Investment property

	30 June 2019	30 June 2018
	£000s	£000s
Fair value of investment property at beginning of year	**7,871**	12,310
Fair value adjustment	**799**	(4,527)
Foreign exchange translation	**107**	88
Independent external valuation	**8,777**	7,871
Adjusted for: Lease incentive (note 4)*	**(301)**	-
Fair value of investment property at the end of the year	**8,476**	7,871

Investment property is carried at fair value. The fair value adjustment has been adjusted with carrying amount of the lease incentive.

The property has been valued on the basis of fair value, being the price which would be received if the asset were sold 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 Lease incentive is classified as a separate item within the Consolidated Statement of Financial Position and hence to avoid double counting has been deducted from the Independent property valuation to arrive at fair value for accounting purposes.

The resultant fair value of investment property is analysed below 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 which 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 which are not based on observable market data (unobservable inputs).

The investment property (Curno) is classified as Level 3.

7. Investment property (continued)

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

Significant assumptions	**2019**	**2018**
Gross estimated rental value per sqm p.a.	125.00€	125.00€
True equivalent yield	8.61%	8.74%

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 independent property valuation to changes of 50 basis points in Fair Value.

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 has adhered to the RICS Valuation – Professional Standards.

2019 sensitivity

Movement		
Increase of 50 basis points	Property valuation	Decrease of €0.6 million
Decrease of 50 basis points	Property valuation	Increase of €0.6 million
Increase of 50 basis points	Rental value	Decrease of €0.04 million
Decrease of 50 basis points	Rental value	Increase of €0.04 million

2018 sensitivity

Movement		
Increase of 50 basis points	Property valuation	Decrease of €0.44 million
Decrease of 50 basis points	Property valuation	Increase of €0.44 million
Increase of 50 basis points	Rental value	Decrease of €0.07 million
Decrease of 50 basis points	Rental value	Increase of €0.07 million

Property 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 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 Advisor addresses market risk through a selective investment process, credit evaluations of tenants, ongoing monitoring of tenants and through effective management of the property.

7. Investment property (continued)

The amounts recognised in the Statement of Comprehensive Income of the Group in relation to the investment property are as follows:

Rental income

	30 June 2019 £000s	30 June 2018 £000s
Rental income received (net of lease incentives)	**431**	1,380
Straight-lining of lease incentives	**296**	-
Rental income	**727**	1380

Expense from services to tenants, other property operating and administrative expenses

	30 June 2019 £000s	30 June 2018 £000s
Property expenses arising from investment property which generates rental income	**136**	143
Property expenses arising from investment property which did not generate rental income	**-**	-
Total property operating expenses	**136**	143

As the investment property was rented for the entire period, there were no property expenses arising from investment property that did not generate rental income.

Concentration risk

As the Company was previously being managed with a view to realising its existing investments in previous years it sold the vast majority of its underlying assets. As at 30 June 2019 the Company held only one Investment Property, however, the concentration risk of the Company will naturally decrease as during the transition period the size of the Company's investment portfolio increases.

8. Investment in joint venture

The Group held a 50% joint venture interest in the equity of the Italian joint venture Property Trust Agnadello S.r.l. which owned a logistics warehouse in Agnadello, Italy. In 2017, Property Trust Agnadello S.r.l. sold its logistic warehouse. The remaining 50% equity interest was 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.

	30 June 2019 £000s	30 June 2018 £000s
Brought forward Group’s share of net assets	**165**	642
Share of Joint Venture loss	**(10)**	(127)
Return of capital from joint venture	**(155)**	(350)
Carried forward Group’s share of net assets	**-**	165

8. Investment in joint venture (continued)

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 2019	30 June 2018
	£000s	£000s
Current assets	**-**	431
Current liabilities	**-**	(102)
Net assets (100%)	**-**	329
Group's share of net assets (50%)	-	50%
Group's share of net assets	**-**	165

Summarised Consolidated Income Statement

	Period until liquidation 9 November 2018	30 June 2018
	£000s	£000s
Net rental and related (expense)/income	**-**	(2)
Total administrative and other expenses	**(20)**	(251)
Financial expenses	**-**	-
Loss before tax	**(20)**	(253)
Income tax gain	**-**	-
Loss for the period/year	**-**	(253)
Group's share of loss for the period/year	**(10)**	(127)

9. Trade and other receivables

	30 June 2019	30 June 2018
	£000s	£000s
Other receivables	**21**	303
VAT receivable	**65**	137
Rent receivable	**-**	11
Prepayments	**69**	25
PTL3 liquidation proceeds	**7**	-
Total	**162**	476

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.

10. Trade and other payables

	30 June 2019 **£000s**	30 June 2018 £000s
Investment Advisor fee (note 3 and 18)	**13**	-
Administration fees	**10**	73
VAT payable	**-**	94
Legal and professional fees	**10**	10
Audit fee	**40**	114
Rent prepaid	**-**	5
Director fees payable (note 18)	**5**	-
Broker fees (note 3)	**6**	-
Other	**88**	186
Total	**172**	482

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.

11. Provisions

	30 June 2019 **£000s**	30 June 2018 £000s
Non-current		
Provision for wind-down costs	**-**	153
Other provisions	**45**	56
Total	**45**	209

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). During the year an amount of £57,515 was paid in relation to liquidation costs. However, as a change in strategy took place on 28 June 2019 the wind-down costs were no longer being incurred and thus the remaining balance of £95,485 of provisions for wind-down costs was reversed.

12. Taxation

	30 June 2019 **£000s**	30 June 2018 £000s
Effect of:		
Current tax		
Luxembourg	**(12)**	(36)
Italy	**(22)**	(215)
Germany	**(16)**	(537)
Total current tax	**(50)**	(788)
Tax charge during the year	**(50)**	(788)

There were no temporary differences as at 30 June 2018 and 2019.

The Parent Company is exempt from Guernsey taxation.

13. Share capital

	30 June 2019	30 June 2018
	Number of shares	**Number of shares**
Shares of no par values issued and fully paid		
Balance at the start of the year	23,402,881	23,402,881
Share redemptions	(2,644,440)	-
Balance at the end of the year	**20,758,441**	**23,402,881**

Capital management

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 March 2014	£1,999,957	3,641,580
09 April 2014	£2,099,903	3,823,572
30 October 2014	£1,999,547	3,668,894
14 May 2015	£1,799,022	3,181,296
20 July 2015	£5,197,083	9,725,084
06 January 2016	£10,996,174	18,382,104
17 February 2017	£18,400,902	25,771,573
23 June 2017	£5,602,290	8,403,016
28 January 2019	£1,200,310	2,644,440
	£49,295,188	79,241,559

14. Net asset value per ordinary share

The Net Asset Value per Ordinary Share at 30 June 2019 is based on the net assets attributable to the ordinary shareholders of £9.58 million (30 June 2018: £10.63 million) and on 20,758,441 (30 June 2018: 23,402,881) ordinary shares in issue at the Consolidated Statement of Financial Position date.

15. Financial risk management

The Group is exposed to various types of risk which are associated with financial instruments. The Group's financial instruments comprise bank deposits, cash, receivables and payables which 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.

Credit risk

Credit risk refers to the risk that counterparties 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. As at 30 June 2019 the Group banked with Northern Trust (Guernsey) Limited which has a Fitch rating of AA (30 June 2018: Barclays Bank plc, A), CA Indosuez Wealth (Europe) with a Fitch rating of B (30 June 2018: B) and Banco di Desio e della Brianza S.p.A with a Fitch rating of BBB+ (30 June 2018: 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.

15. Financial risk management (continued)

Credit risk (continued)

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

As at 30 June 2019	Within one year £000s	1-3 years £000s	Total £000s
Cash and cash equivalents	793	-	793
Trade and other receivables	559	-	559
Total	**1,352**	**-**	**1,352**

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**

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 time frame or at a reasonable price.

The Group has the majority of its assets invested 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 allow any surplus cash assets to be invested 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.

As at 30 June 2019 and 2018, the Company had no significant financial liabilities other than short-term payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

As at the year end, the Company’s overall interest rate risk is monitored on a quarterly basis by the Board. As the Company’s investments held at fair value through profit or loss are not interest-bearing and are not directly subject to interest rate risk, the exposure to interest rate risk is not significant.

15. Financial risk management (continued)

Foreign currency risk

The European subsidiaries are 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 2019	8,718	(190)	8,528
At 30 June 2018	11,434	(900)	10,534

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 2019	+5%	426
	-5%	(426)
At 30 June 2018	+5%	527
	-5%	(527)

16. 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 arise as a result of the translation of the Financial Statements of foreign operations, the functional and presentation currency of which is not Sterling.

(c) Revenue reserves
Revenue reserves arise as a result of the profit or loss created by the Group.

17. 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 2019	**NAV £000s**	**NAV per Ordinary Share £**
Net Asset Value reported to London Stock Exchange (unaudited)	**9,659**	**46.53p**
Other adjustments	**(82)**	**(0.39)p**
Net Assets Attributable to Shareholders per Financial Statements (audited)	**9,577**	**46.14p**

30 June 2018	**NAV £000s**	**NAV per Ordinary Share £**
Net Asset Value reported to London Stock Exchange (unaudited)	10,690	45.68p
Adjustment on the income tax of Property Luxembourg	(54)	(0.23)p
Other adjustments	(5)	(0.02)p
Net Assets Attributable to Shareholders per Financial Statements (audited)	10,631	45.43p

18. 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, resigned 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, (Director, resigned on 28 March 2019) was 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 previous Administrator and Secretary. The total charge to the Consolidated Income Statement during the year in respect of Northern Trust administration fees was £153,965 (30 June 2018: £145,000) of which £nil (30 June 2018: £nil) remained payable at the year end.

Mr Nixon, a Director of the Company, is also a Director and Founding Partner of Worsley Associates LLP ("Worsley"). The total charge to the Consolidated Income Statement during the year in respect of Investment Advisor fees to Worsley was £12,500 (30 June 2018: £nil) of which £12,500 (30 June 2018: £nil) remained payable at the year end. As at 30 June 2019, Mr Nixon held 29.81% of the shares in the Company.

During the year, Mr Nixon received £4,500 as a Director fee. Upon appointment of Worsley as Investment Advisor (31 May 2019), Mr Nixon waived his future Director fee as he is a member of the Investment Advisor.

Under the previous Investment Management Agreement, fees were payable to AXA Investment Managers UK Limited, Real Estate Adviser and other entities within the AXA Group. These entities were 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 £0.13 million (30 June 2018: £0.28 million) were expensed to the Consolidated Income Statement. No transaction fees were expensed in 2019 (30 June 2018: £nil). There was nothing payable to AXA Group as at 30 June 2019.

On the 31 May 2019, AXA Investment Managers UK Limited resigned and Worsley was appointed as the new Investment Advisor with immediate effect.

18. Related party transactions (continued)

The fees and expenses payable to the Investment Manager are explained in note 3.

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

Upon appointment of Worsley as Investment Advisor (31 May 2019), Mr Nixon waived his future Director's fee as he is a member of the Investment Advisor.

The aggregate remuneration and benefits in kind of the Directors in respect of the Company's year ended 30 June 2019 amounted to £65,922 (30 June 2018: £58,500) in respect of the Group of which £49,610 (30 June 2018: £58,500) in respect of the Company. Please refer to page 23 for further details on the Directors' fees.

19. Commitments and contingent liability

As at 30 June 2019 the Company has no commitments.

Disposal of the Curno property may, depending on the terms, incur Italian taxes which would be material in the context of Shareholders' Funds. As at the 30 June 2019 and up to the date of approval, no disposal was in discussion. As a result, no provision has been included in these financial statements.

20. Subsequent events

On 1 October 2019, the tenant of Curno, UCI Nord Est S.r.L. merged with a parent company UCI Italia S.p.A.

There were no other post year end events that require disclosure in these Financial Statements.

Corporate Information

Directors (All non-executive)
W. Scott (Chairman) (appointed 28 March 2019)
R. H. Burke (appointed 28 March 2019)
B. A. Nixon (appointed on 23 January 2019)
C. J. Hunter (resigned on 28 December 2018)
G. J. Farrell (resigned on 28 March 2019)
S. C. Monier (resigned on 28 December 2018)
S. J. Lawson (resigned on 28 March 2019)

Registered Office
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Investment Advisor (appointed 31 May 2019)
Worsley Associates LLP
Tempus Court
Guildford, GU1 4SS

Investment Manager (resigned 31 May 2019)
AXA Investment Managers UK Limited
7 Newgate Street
London, EC1A 7NX
United Kingdom

Financial Adviser (appointed 18 April 2019)
Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London, SW1A 1LD
United Kingdom

Real Estate Adviser (resigned 31 May 2019)
AXA Real Estate Investment Managers UK Limited
155 Bishopsgate
London, EC2M 3XJ
United Kingdom

Corporate Broker (appointed 18 April 2019)
Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London SW1A 1LD
United Kingdom

Corporate Broker (resigned 18 April 2019)
Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET
United Kingdom

Administrator and Secretary (appointed 28 June 2019)
Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 1GR

Administrator and Secretary (resigned 28 June 2019)
Northern Trust International Fund
Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
St Peter Port
Guernsey, GY1 3QL

Independent Auditor (appointed 9 July 2019)
BDO Limited
Place du Pre
Rue du Pre
St Peter Port
Guernsey, GY1 3LL

Independent Auditor (resigned 18 April 2019)
KPMG Channel Islands Limited
Glategny Court,
Glategny Esplanade
St Peter Port
Guernsey, GY1 1WR

Registrar
Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey, GY1 1DB