PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Public Service Properties Investments

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DIRECTORS:

Patrick Hall (Chairman)
Richard Barnes
Christopher Lovell
Jonas Rydell
Neel Sahai

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Fides Corporate Services Limited

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ASSET MANAGER:

RP&C International Inc.

AUDITORS:

PricewaterhouseCoopers AG

NOMINATED ADVISOR:

Stockdale Securities Limited

CHAIRMAN'S STATEMENT

I am pleased to report the Group's audited consolidated financial results for the year ended 31 December 2015.

Update on strategic review

The Company made significant progress in disposing of its assets and businesses during 2015 and this process continued into the first quarter of 2016.

The Company disposed of its entire exposure to the UK care home market and ancillary businesses on 4 March 2015 for approximately £34.5 million. The Company owned six German care homes at the beginning of 2015. Two of these properties were sold in 2015 for a combined gross selling price of €7.9 million. The Company repaid £16.7 million of borrowings and prepayment fees during 2015.

Following completion of the sales in 2015, the Board approved two mandatory partial redemptions of ordinary shares of 67.4 million shares in April 2015 for £16.1 million and 15.2 million shares in November 2015 for £5.5 million. Thus the Company returned £21.6 million to shareholders during the year.

A further German property was sold in February 2016 for €3.0 million which completed in early March 2016. The Group executed conditional contracts to dispose of the remaining three German properties on 9 March 2016 at a gross selling price of €10.0 million. These sales are expected to close by the end of April 2016. Approximately €4.1 million of the sale proceeds will be used to repay the remaining senior debt owed by the Group with a further €0.6 million to be used to pay interest rate swap breakage costs and transaction fees with the balance added to the Group's working capital.

Following the completion of these sales the Group will have completed the sale of all its investment properties.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014 – nil).

The Asset Manager's Review describes the financial results for 2015 in more detail.

Other matters

Now that the Company has announced the conditional disposal of its last investment properties the Board will consider a further return of capital to shareholders once these transactions have completed. A further announcement will be made in due course.

Patrick Hall
Chairman
23 March 2016

ASSET MANAGER'S REVIEW

Preparation of the financial statements

Due to the matters referred to in the Chairman's statement, a significant portion of the Company's income and expenses are included in the loss for the year from discontinued operations in the consolidated income statement for the year ended 31 December 2015 and for the comparative period. Similarly, the majority of the Group's assets, excluding cash and a majority of the liabilities are classified as available for sale in the Company's consolidated balance sheet at 31 December 2015. A detailed breakdown of the income and expense items, as well as these assets and liabilities are shown in note 15 of the financial statements.

UK disposals

The Group's entire investment in the UK care home sector was sold during the first quarter of 2015 to the Embrace Group for a gross consideration of £34.5 million. The Company received initial net proceeds of £14.2 million, after repayment of debt secured against the UK assets of £16.3 million, taxation and transaction costs. £2.5 million of the consideration was deferred at the time of the transaction, but was received on 31 December 2015.

Germany

On 1 January 2015, the Group owned six care home properties in Germany with three different tenants which generated a gross rental income at the rate of €2.3 million per annum. The Group sold two of the properties during 2015 at an aggregate gross sale price of €7.9m. The Group repaid €1.9 million of bank financing secured against the assets sold, €0.2 million in interest rate swap breakage costs, prepayment penalties and related professional fees.

Repayment of capital to shareholders

On 27 April 2015 the Company completed the compulsory partial redemption of 67,434,020 ordinary shares at 23.875p per ordinary share redeemed, repaying £16,099,871.93 to shareholders. The Company's share capital after the partial redemption comprised 37,931,697 ordinary shares of $0.01 each.

On 9 November 2015 the Company completed a further compulsory partial redemption of 15,172,643 shares at 36.50p per ordinary share redeemed, repaying a further £5,538,014.70 to shareholders. The Company's share capital after the partial redemption, and as at 31 December 2015, comprises 22,759,054 ordinary shares of $0.01 each.

Business Overview

The Company continued to own four investment properties in Germany at 31 December 2015. Three properties were leased to Marseille Kliniken AG ("MK") and the one other property, Brakel, was leased to a separate third party operator.

On 2 February 2016, the Company announced that it had exchanged contracts to dispose of its Brakel care home property for a gross price of €3.0 million (£2.2 million). The sale was executed with a company owned by the same beneficial owner as the tenant at Brakel and completed on 4 March 2016. The property is included at its sale value in the Company's audited consolidated results as at 31 December 2015. There was no debt secured against the property and transaction costs were estimated at €0.1 million and will be settled from the sale proceeds.

ASSET MANAGER'S REVIEW (CONTINUED)

On 9 March 2016, the Company exchanged conditional contracts to dispose of its three remaining properties leased to MK for an aggregate gross price of €10.0 million (£7.4 million). The sales were executed with subsidiaries of MK and are expected to close by the end of April 2016 after completion of re-registration of the properties in the appropriate land registry and after registration of charges in favour of the purchasers' lender. The properties are included at their sale value in the Company's audited consolidated results at 31 December 2015. Approximately €4.1 million (£3.0 million) of the sale proceeds will be used to repay senior debt secured against the three properties and approximately €0.2 million will be used to settle prepayment penalties under an interest rate swap agreement with the senior lender. The Group will apply the net sale proceeds to settle transaction costs, estimated at €0.4 million, with the balance to be used for general working capital purposes.

The Company has now completed the sale of its remaining investment properties held in all jurisdictions and the balance of funds from these sales, after repayment of debt and associated costs, are to be used for general working capital purposes pending a proposed return of capital to shareholders.

Financial Review for 2015

The comparative figures in the consolidated income statement have been re-stated to reflect the results of the German assets under discontinued operations. All revenue derived from investment properties is reflected in the net loss from discontinued operations as described in note 15 to the consolidated financial statements.

Administration costs within continuing operations, consisting of central group costs, were £0.8 million for the year ended 31 December 2015, 17% lower than the than the previous year ended 31 December 2014.

Finance costs were stated at £1.1 million (2014 - £1.1 million) primarily reflecting the impact of changes in foreign exchange rates on intra-group funding in Euros, offset by exchange rate differences of £1.0 million deducted from the carrying value of investment properties. Overall, the Company reported a positive increase in the Company's translation reserve of £0.4 million at 31 December 2015.

Total annual rental income for 2015 from discontinued operations was £1.5 million. The Group's property portfolio throughout the year was fully let and all rental income was paid in full.

The Group's investment property assets at 31 December 2015, consisted of four German properties classified as available for sale at a total value of £9.6 million (€13.0 million). The Group also reflected cash and cash equivalents and restricted cash of £0.5 million as assets held for sale.

Liabilities directly associated with the assets classified as available for sale of £3.9 million consist of senior debt secured against three of these properties of approximately £3.0 million (€4.1 million), before amortisation of debt issue costs, and accruals and other payables of £0.9 million. These predominately relate to breakage costs on interest rate swap agreements and other transactions costs.

The Company had a contingent liability to fund up to €1.5 million should one of the MK operated properties require redevelopment, however this contingent liability will be eliminated on completion of the sale transactions noted above. The Group has given certain warranties in respect of the various sale transactions in the UK and Germany, the majority of which will expire during the course of 2016.

The Company will maintain sufficient cash balances to meet any claims under the warranties given, although none are expected to arise.

The Group had cash balances of £6.1 million at 31 December 2015 compared to £4.1m as at 31 December 2014.

ASSET MANAGER'S REVIEW (CONTINUED)

The Company repaid debt of £17.6 million from the sale of UK and German assets during 2015 and returned £21.6 million to shareholders, as described in more detail above.

Total equity at 31 December 2015 was £12.3 million compared to £36.4 million at 31 December 2014. The Net Asset Value per share[2] at 31 December 2015 was 54.4 pence per share compared to 34.6 pence per share at 31 December 2014.

RP&C International
23 March 2016

Notes:
[1] Figures in Euros at 31 December 2015 are reflected at an exchange rate of €1.3572:£1
[2] Total equity divided by the number of ordinary shares in issue as at the balance sheet date.

Report of the independent auditor to the General Meeting of
Public Service Properties Investments Limited
British Virgin Islands

Report of the independent group auditor on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Public Service Properties Investments Limited, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements (pages 7 to 41), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the results of operations, the financial position and the cash flows in accordance with the International Financial Reporting Standards (IFRS).

PricewaterhouseCoopers AG

Roger Kunz Auditor in charge	Efrem Dell'Era

Zurich, 23 March 2016

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PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014 (restated)
Continuing Operations		£	£
Revenue	6	-	-
Net loss from fair value adjustments on investment properties	11	-	-
Impairment of investments and loans		-	(2,000)
Administrative expenses	7	(786,693)	(1,078,956)
Operating loss		(786,693)	(1,080,956)
Finance income		1,529	718
Finance costs	8	(1,138,219)	(1,061,722)
Loss before income tax expense		(1,923,383)	(2,141,960)
Income tax expense	21	-	-
Loss for the year from continuing operations		(1,923,383)	(2,141,960)
Discontinued operations			
Loss for the year from discontinued operations	15	(1,058,202)	(12,674,059)
Loss for the year		(2,981,585)	(14,816,019)
Basic and diluted loss per share (in pence)			
From continuing operations	9	(3.35)	(2.03)
From discontinued operations	9	(1.84)	(12.03)
From loss for the year		(5.19)	(14.06)

The notes on pages 12 to 41 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£	£
Loss for the year	(2,981,585)	(14,816,019)
Other comprehensive income		
Items that may be subsequently transferred to the income statement		
Cash flow hedges	29,076	(697,813)
Recycle of cash flow hedging reserve on disposal	117,249	516,569
Recycle of translation reserve on disposal	-	(443,494)
Currency translation differences	445,827	44,994
Other comprehensive (loss)/income for the year	**592,152**	**(579,744)**
Total comprehensive loss for the year	**(2,389,433)**	**(15,395,763)**

The notes on pages 12 to 41 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		£	£
ASSETS			
Non current assets			
Investment property	11	-	15,954,390
		-	15,954,390
Current assets			
Receivables and prepayments	17	64,954	62,293
Restricted cash	17	-	502,593
Cash and cash equivalents		6,119,892	4,094,701
		6,184,846	4,659,587
Assets classified as held for sale	15	10,315,710	40,031,308
		16,500,556	44,690,895
Total assets		16,500,556	60,645,285
EQUITY			
Capital and reserves			
Share capital	18	130,836	605,722
Share premium	18	68,573,102	89,736,103
Cashflow hedging reserve		(158,954)	(305,279)
Translation reserve		1,067,214	621,387
Retained earnings		(57,225,557)	(54,243,972)
Total equity		12,386,641	36,413,961
LIABILITIES			
Non-current liabilities			
Borrowings	19	-	3,172,517
Derivative financial instruments	16	-	251,410
Deferred income tax liability	20	-	23,765
		-	3,447,692
Current liabilities			
Borrowings	19	-	211,269
Trade and other payables	22	46,272	147,512
Current income tax liabilities		-	-
Accruals	23	132,205	463,393
		178,477	822,174
Liabilities directly associated with assets classified as held for sale	15	3,935,438	19,961,458
		4,113,915	20,783,632
Total liabilities		4,113,915	24,231,324
Total equity and liabilities		16,500,556	60,645,285

The consolidated financial statements on pages 7 to 41 were approved by the board of directors on 23 March 2016 and were signed on its behalf by:

Patrick Hall
Director
23 March 2016

Neel Sahai
Director
23 March 2016

The notes on pages 12 to 41 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		£	£
Loss for the year:		(2,981,585)	(14,816,019)
Adjustments for non-cash items:			
-Interest expense		131,741	1,527,488
- Net foreign exchange losses/(gains)	8 & 15	1,137,905	1,267,976
-Interest income		(1,612)	(1,294,997)
-Income tax expense		(86,937)	(1,428,505)
-Impairment of loan		-	2,000
-Proceeds from finance lease		-	933,025
-Gain on disposal of subsidiaries		(67,822)	16,140,120
-Amortisation of debt issue costs		67,168	626,722
-Changes in fair value of investment property	11	1,442,732	3,418,077
Changes in working capital			
-Decrease in receivables and prepayments		451,005	184,480
-Decrease in trade and other payables		(228,779)	(4,680)
-Decrease in accruals		1,296,556	1,406,795
Cash generated from operations		1,160,372	7,962,482
Interest paid		(298,101)	(1,505,695)
Income tax paid		(663,444)	(332,714)
Net cash generated/(used) from operating activities		198,827	6,124,073
Cash flow from investing activities			
Change in restricted cash		2,519	(664,510)
Proceeds from sale of subsidiary – net of costs	15	33,342,049	-
Proceeds from sale of investment property – net of costs	15	5,344,012	7,913,965
Interest received		1,611	958
Net cash generated from investing activities		38,690,191	7,250,413
Cash flow from financing activities			
Payments made on partial capital reduction	18	(21,637,887)	-
Repayments of borrowings – including penalties		(16,699,976)	(11,230,412)
Cost associated with new borrowings		-	(53,508)
Net cash used by financing activities		(38,337,863)	(11,283,920)
Net increase / (decrease) in cash and cash equivalents		551,155	2,090,566
Movement in cash and cash equivalents			
At start of year		5,968,761	4,001,022
Net increase / (decrease) in cash and cash equivalents		551,155	2,090,566
Foreign currency translation adjustments		(192,060)	(122,827)
At end of year		6,327,856	5,968,761
Cash and cash equivalents		6,119,892	4,094,701
Cash and cash equivalents – included in assets of disposal group		207,964	1,874,060
		6,327,856	5,968,761

The notes on pages 12 to 41 form part of these financial statements.

PUBLIC SERVICE PROPERTIES INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to equity holders of the Company					
	Share Capital	**Share Premium**	**Cashflow Hedging Reserve**	**Translation Reserve**	**Retained Earnings**	**Total Equity**
	£	**£**	**£**	**£**	**£**	**£**
Balance as of 1 January 2014	**605,722**	**89,736,103**	**(137,944)**	**1,033,796**	**(39,427,953)**	**51,809,724**
Comprehensive income						
Loss for the year	-	-	-	-	(14,816,019)	(14,816,019)
Other comprehensive income						
Cash flow hedges – net of tax	-	-	(167,335)	-	-	(167,335)
Foreign currency translation	-	-	-	(412,409)	-	(412,409)
Total comprehensive income	-	-	(167,335)	(412,409)	-	(579,744)
Balance as of 31 December 2014	**605,722**	**89,736,103**	**(305,279)**	**621,387**	**(54,243,972)**	**36,413,961**
Balance as of 1 January 2015	**605,722**	**89,736,103**	**(305,279)**	**621,387**	**(54,243,972)**	**36,413,961**
Comprehensive income						
Loss for the year	-	-	-	-	(2,981,585)	(2,981,585)
Other comprehensive income						
Cash flow hedges – net of tax	-	-	146,325	-	-	146,325
Foreign currency translation	-	-	-	445,827	-	445,827
Total comprehensive income	-	-	146,325	445,827	(2,981,585)	(2,389,433)
Partial capital redemption	(474,886)	(21,163,001)	-	-	-	(21,637,887)
Balance as of 31 December 2015	**130,836**	**68,573,102**	**(158,954)**	**1,067,214**	**(57,225,557)**	**12,386,641**

The notes on pages 12 to 41 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Public Service Properties Investments Limited was incorporated in 2001 and is domiciled in the British Virgin Islands (registered office at Nerine Chambers, Road Town, Tortola, British Virgin Islands) and is the parent company of the PSPI Group. Public Service Properties Investments Limited and its subsidiaries (together "the Group" or "the Company"), is an investment property group with a portfolio in Germany. It is involved in leasing real estate where the rental income is primarily generated directly or indirectly from governmental sources. As at 31 December 2015, the Group owns four investment properties in Germany, these have been presented as held for sale within these consolidated financial statements and their results for the year treated as discontinued operations as it is anticipated that these will be sold within the first half of 2016. After the sale of these assets the Group will hold no investment properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB). The consolidated financial statements are reported in Pounds Sterling unless otherwise stated and are based on the annual accounts of the individual subsidiaries at 31 December 2015, which have been drawn up according to uniform Group accounting principles.

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, other financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates.

Comparative information in the consolidated income statement and consolidated statement of comprehensive income have been restated in order to be consistent with the presentation of certain items as discontinued operations in 2015 as detailed in Note 15.

Adoption of new standards and interpretations

No new standards or interpretations have been adopted during the year by the group.

The group has adopted, without impact, the following annual improvements and amendment.

Annual improvements 2010-2012 (effective 1 July 2014)
Annual improvements 2011-2013 (effective 1 July 2014)
Amendment to IAS 19, 'Employee benefits', on defined benefit plans (effective 1 July 2014)

New standards not yet adopted

The following new standards have been issued but are not effective for the financial year ended 31 December 2015 and have not been early adopted:

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The adoption of IFRS 15 is not expected to have a material impact on the consolidated financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 will require impairments to be based on a forward-looking model; will change the approach to hedging financial exposures and related documentation and the recognition of certain fair value changes. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The adoption of IFRS 9 is not expected to have a material impact on the consolidated financial statements.

2.1 Basis of preparation (Continued)

IFRS 16: IFRS 16 Leases substantially changes the financial statements as the majority of leases will become on-balance sheet liabilities with corresponding right of use assets on the balance sheet. The standard replaces IAS 17 Leases and is effective January 1, 2019. Early application is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers. The Group is yet to assess the possible impact of IFRS 16.

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Groups accounting policies.

2.2.2 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segmental Reporting

Segmental reporting has been prepared in accordance with IFRS 8 (Segment Reporting).

The chief operating decision maker has been identified as the board of directors, who review the Group’s internal reporting and management information in order to assess performance and allocate resources.

The board of directors reviews management information, considers the business and makes decisions from a geographic perspective. As such, the Group has been organised into the following segments:

- Activities in Germany (discontinued in 2015)
- Activities in the United Kingdom (discontinued in 2014)

A geographical segment is one that is engaged in providing products or services within a particular economic area which are subject to risks and returns that are different from those of segments operating in other economic areas. Revenues are wholly derived from operating leases and finance leases.

Total segment assets and liabilities excludes certain assets and liabilities which are managed on a central basis, these form the reconciliation to total balance sheet assets.

2.4 Foreign currency transactions and translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except where deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance costs and finance income respectively. All other foreign exchange gains and losses are presented net in the statement of comprehensive income.

Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of the balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the rates on those dates of the transactions); and

(iii) all resulting exchange differences are recognised in the statement of comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Group are reclassified to profit or loss.

The translation rates used are disclosed in Note 5 to the consolidated financial statements.

2.5 Investment property

Property not occupied by the Group but held for long-term rental yields, for capital appreciation or both is classified as investment property.

Investment property comprises freehold land and buildings and is initially recognised at historic cost, including related transaction costs and borrowing costs. After initial recognition investment property is held at fair value which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with guidance issued by the International Valuation Standard Committee and are prepared annually by independent external valuers.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized

Changes in fair values are recorded in the income statement. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement where necessary.

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 net gain from fair value adjustment on investment property.

2.6 Leases

Finance lease:
When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Operating lease:
The Group currently treats all of its investment property leases as operating leases, however this classification is considered by the directors for each property on acquisition. An operating lease is a lease in which substantially all the risks and rewards of the asset (investment property) remain with the lessor and as such these assets remain in the Group's balance sheet. Lease payments from the lessee are recognised as rental income and as such disclosed in the income statement on a straight-line basis over the period of the lease.

Lease classification:
The Group determines the classification of leases on each asset having regard to whether substantially all risks and rewards incidental to ownership of the asset are transferred to the lessee.

2.7 Loans and receivables

Loans are classified in accordance with the specific contractual arrangements.

Purchases and sales of loans are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Loans are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of loans. In the case of loans, the financial position of the underlying companies and their ability to repay the preference share capital is considered in determining whether the loans are impaired.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. Loans are derecognised when the rights to receive cash flows from the loans have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. When investments are sold the resulting gains and losses are included in the income statement as gains and losses from loans.

2.8 Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges:
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recognised in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, if the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the costs of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand; deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings under current liabilities.

2.10 Share capital

Ordinary shares are classified as equity. Any transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

2.11 Trade payables and other payables

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

2.12 Dividends

Dividends are recorded as a liability in the Group's financial statements in the period in which they are approved by the Group's shareholders.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Current and deferred income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Due to the tax jurisdictions of the Group companies no tax impact is anticipated.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Rental income from investment properties is recognised in accordance with the terms of the lease. Every investment property is accounted for individually. Operating lease agreements of the German investment properties are based on long-term leasing contracts of 20 years.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

2.18 Finance income and expense

Interest income and expense are recognised within 'finance income' and 'finance costs' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. 'Finance income' is presented before operating profit and 'Finance costs' are presented after operating profit.

2.19 Earnings per share

The Group has chosen to disclose an adjusted earnings per share figure. This provides an indication of the Group's underlying business performance and excludes significant "non cash" items such as fair value movements on investment properties, the recognition of accrued income, foreign exchange movements and movements in the value of derivative financial instruments charged to the income statement.

2.20 Discontinued operations

Discontinued operations are shown in accordance with IFRS 5, any part of the entity which has either been disposed of or is classified as held for sale is treated as a discontinued operation if it represents a separate major line or geographical area of operations. The total post tax profit or loss is presented as a single figure on the face of the income statement and details of revenue, expenses, taxation and cash flows are separately disclosed.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

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

Risk management is carried out by the senior management of the asset manager under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to euros. Limited foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. However, most operating entities have limited exposure to exchange risk outside their functional currencies.

3.1 Financial risk factors (Continued)

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. In particular the Group is exposed to foreign currency movements in relation to Euro denominated intercompany balances between Euro and Sterling denominated segments.

Historically the Group has not entered into any hedging transactions in respect of the net assets of subsidiaries denominated in foreign currencies. The Group will review this policy from time to time.

(b) Credit risk

Credit risk arises from cash, derivative financial instruments and deposits with banks and financial institutions.

The table below shows the credit rating and balance of the three major bank counterparties at the balance sheet date. The table includes all cash and cash equivalents including that classified as held for sale.

	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Counterparty	**Rating**	**Rating**	**Balance**	**Balance**
Allied Irish Bank	BB+	BB	616,430	2,836,477
Bremer Kreditbank AG	NA	NA	207,965	450,699
NatWest Plc	BBB+	A-	5,503,466	807,525

The balances in relation to Bremer Kreditbank AG are included within those presented as held for sale as at 31 December 2015 (see Note 15). Ratings for this bank are not available.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the continuing contractual undiscounted cash flows.

At 31 December 2015	Note	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
		£	£	£	£
Borrowings	19	-	-	-	-
Trade and other payables	22	46,272	-	-	-
Derivative financial instruments	16	-	-	-	-
Accruals	23	132,205			
Total		**178,477**	**-**	**-**	**-**
At 31 December 2014	**Note**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Borrowings	19	347,605	339,389	965,637	2,433,140
Trade and other payables	22	147,512	-	-	-
Derivative financial instruments	16	-	-	-	251,410
Accruals	23	463,393			
Total		**958,510**	**339,389**	**965,637**	**2,684,550**

Borrowings in the table above include future interest payable.

Where an interest rate swap is in place, the fixed rate implicit in the agreement has been used to calculate future payments, consequently the position is shown after any cash flows arising from interest rate swaps.

3.1 Financial risk factors (Continued)

(d) Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders (if free cash is available for dividend declaration), return capital to shareholders, issue new shares or sell assets to reduce debt.

3.2 Fair value estimation

The table below provides disclosure of fair value measurements as at 31 December by level of the following fair value measurement hierarchy:

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

See Note 15 for disclosures of the disposal assets and liabilities held for sale and have been measured at fair value.

2015	**Level 1**	**Level 2**	**Level 3**	**Total balance**
	£	**£**	**£**	**£**
Assets				
Investment property	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Derivatives used for hedging	-	-	-	-
Total liabilities	-	-	-	-

2014	**Level 1**	**Level 2**	**Level 3**	**Total balance**
	£	**£**	**£**	**£**
Assets				
Investment property			15,954,390	15,954,390
Total assets	-	-	15,954,390	15,954,390
Liabilities				
Derivatives used for hedging	-	251,410	-	251,410
Total liabilities	-	251,410	-	251,410

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3.2 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting values discounted back to present value.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

For further information of the valuation of Investment Properties see Note 11.

3.3 Other risk factors

The Group is exposed to property price and market rental risks. Wherever possible the Group builds into the terms of its leases indexation linked to consumer price indices, in order to manage its market rental risk.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates may not equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below.

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making this judgement, the Group considers information from a variety of sources including:

i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

As at 31 December 2015, the valuation of the investment property has been based on the estimated market value. As mentioned in Note 15 the properties were being actively marketed as at 31 December 2015 and negotiations were at an advanced stage, from these negotiations the Group was able to estimate current price in an active market.

5. FOREIGN EXCHANGE RATES

	Balance Sheet		Income Statement and Cash Flow Statement	
	As at 31 December 2015	As at 31 December 2014	average 2015	average 2014
	£	£	£	£
EUR 1.00	0.7368	0.7825	0.7264	0.8059

6. REVENUE

	2015	2014
	£	£
Rental income – continuing operations	-	-
Rental income – discontinued operations – Germany (Note 15)	1,469,151	2,764,020
Rental income – discontinued operations – UK – (Note 15)	-	3,885,433
	1,469,151	6,649,453

The group derives its revenue entirely from rental income received from investment property. As at 31 December 2015, the four remaining investment properties owned by the group in Germany have been presented as held for sale. As these represent a significant separate geographical line of business, it has been treated as a discontinued operation (see Note 15), as such no rental income is shown within continued operations in the consolidated income statement (comparatives have also been restated).

The majority of investment properties in Germany are leased for an initial period of 20 years; however the lessee has the right to renew the leases for a further period of 5 or 10 years, subject to the agreement of the revised rent. The rent on the majority of leases is changed every four years from the anniversary of inception, with reference to the German Consumer Price Index.

The investment properties in the UK were included in discontinued operations in 2014 and sold on 4 March 2015 (see Note 15). The investment properties were leased for an initial period of 35 years. The leases terminated in 2039, although the lessee had the right to renew the leases two years before their expiry, for a further period of 35 years subject to agreement on the revised rent. Each lease was subject to an upward only market rent review every five years from the start of the lease. In the event that a UK property was damaged or destroyed by any insured risk and was not reinstated by the Group within a period of 3 years, the lessee had the right to terminate the lease in respect of that UK property. The lessor had the option to terminate each lease, subject to the senior lender’s consent, for various reasons including the breach of material clauses of the lease.

7. ADMINISTRATIVE EXPENSES

	2015 £	2014 (restated) £
Third party company administration	76,932	12,412
Management fees	340,683	498,631
Professional fees	216,625	427,035
Audit fees	103,110	84,804
Insurance and general expenses	49,343	56,074
	786,693	1,078,956

8. FINANCE COSTS

	2015 £	2014 (restated) £
Other interest and borrowing expenses	314	6,014
Net exchange losses	1,137,905	1,055,708
	1,138,219	1,061,722

9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	December 2015 £	December 2014 (restated) £
Loss from continuing operations attributable to shareholders	(1,923,383)	(2,141,960)
Loss from discontinued operations attributable to shareholders	(1,058,202)	(12,674,059)
Total	**(2,981,585)**	**(14,816,019)**
Weighted average number of ordinary shares outstanding	57,385,592	105,365,717
Basic and diluted earnings per share – (pence per share) continuing operations	(3.35)	(2.03)
Basic and diluted earnings per share – (pence per share) discontinued operations	(1.84)	(12.03)
Total	**(5.19)**	**(14.06)**

10. DIVIDENDS

No interim or final dividend was paid in 2014. No interim dividend was paid in 2015 and the Directors do not recommend a final dividend for 2015. See Note 18 for details of Compulsory Partial Redemptions of Ordinary Shares made during 2015.

11. INVESTMENT PROPERTY

	2015 £	2014 £
As at 1 January	15,954,390	72,092,779
Net (loss) on fair value adjustment - discontinued	(1,442,732)	(3,418,077)
Disposals (Note 15)	(3,933,853)	(11,286,970)
Impairment to sales value (Note 15)	-	(7,949,827)
Transferred to disposal group classified as held for sale (Note 15)	(9,580,381)	(31,502,582)
Net change in fair value due to exchange differences	(997,424)	(1,980,933)
As at 31 December	-	15,954,390

Investment property held for sale

Included in investment property held for sale as at 31 December 2015 are the four remaining investment properties held by the Company in Germany (Brakel, Buren, Arnsberg and Kreuztal-Kromabch); these were approved for sale in 2015.

As at 31 December 2014 and 30 June 2015 these investment properties were valued by Colliers International Property Consultants Limited ("Colliers"). The valuation basis is market value and conforms to international valuation standards. The main inputs in the model are the annual net rental and the average capitalisation rate of 11.7% (2014 - 9.29%). The capitalisation rate is based on properties in similar conditions and reflects the expectations on future incomes. Given the unobservable inputs used for the valuation, the fair value is of level 3 (2014 – Level 3). Colliers is a qualified independent valuer who holds recognised and relevant professional qualifications and has recent experience in the relevant locations and category of properties being valued. The valuations were presented before estimated purchasers' costs; however, sellers' costs are not included. Prior to the transfer to the disposal group classified as held for sale, these properties were written down to their estimated sales values (€3,000,000 in relation to the Brakel property and €10,000,000 in relation to the three properties in Buren, Arnsberg and Kreuztal-Krombach, in total €13,000,000 (£9,580,381)), which is also in line with the latest Colliers valuation.

The group announced the sale of the Brakel property on 2 February 2016 for a gross price of €3,000,000 (£2,210,433) and the sale of the three remaining assets leased to Marseille Kliniken on 10 March 2016 for a gross price of €10,000,000 (£7,369,938) (see Note 29).

Disposal of investment property

Disposals during the year ended 31 December 2015 relate to the sale of one care home in Germany (Huttenstrasse, Berlin). This property was written down to its sales value of €5,400,000 (£3,933,853) prior to disposal. In doing so the Group recognised a loss of €550,676 (£399,765) which is included in the net losses on fair value adjustments of £1,442,732 in the table above.

As discussed in Note 15, the Group disposed of its UK companies, businesses and assets on 4 March 2015. As these companies were approved for sale in 2014, the UK investment properties were treated as held for sale as at 31 December 2014. Prior to transfer to the disposal group classified as held for sale, these assets were written down to their sales value of £29,546,400.

Also included in Investment property held for sale as at 31 December 2014 is one investment property in Germany (Lichtenberg) which was approved for sale prior to the year end. This had a sales value of €2,500,000 (£1,956,182) and the sale finalised in 2015.

Disposals during the year ended 31 December 2014 relate to the disposal of a German partnership which owns two care home properties in Germany (Langen and Lutzerath) which completed in November 2014. The disposal value of £11,286,970 (€14,319,780) represents the fair value at the date of disposal which equated to the Colliers valuation performed in June 2014.

Bank borrowings are secured on investment property as outlined in Note 19.

12. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below. See Note 15 for disclosures of the disposal assets and liabilities held for sale and have been measured at fair value less cost to sale.

	Notes	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available for sale	Total
31 December 2015		£	£	£	£	£
Assets as per balance sheet						
Restricted cash	17	-	-	-	-	-
Cash and cash equivalents		6,119,892	-	-	-	6,119,892
Total		6,119,892	-	-	-	6,119,892

		Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
		£	£	£	£
Liabilities as per balance sheet					
Borrowings	19	-	-	-	-
Derivative financial instruments	16	-	-	-	-
Trade and other payables	22	-	-	46,272	46,272
Total		-	-	46,272	46,272

12. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The accounting policies for financial instruments have been applied to the line items below. See Note 15 for disclosures of the disposal assets and liabilities held for sale and have been measured at fair value less cost to sale.

	Notes	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available for sale	Total
31 December 2014		£	£	£	£	£
Assets as per balance sheet						
Restricted cash	17	502,593	-	-	-	502,593
Cash and cash equivalents		4,094,701	-	-	-	4,094,701
Total		4,597,294	-	-	-	4,597,294

	Notes	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
		£	£	£	£
Liabilities as per balance sheet					
Borrowings	19	-	-	3,383,786	3,383,786
Derivative financial instruments	16	-	251,410	-	251,410
Trade and other payables	22	-	-	147,512	147,512
Total		-	251,410	3,531,298	3,782,708

13. RECEIVABLE FROM FINANCE LEASES

	2015	**2014**
	£	**£**
Non-current		
Finance leases - gross receivables	-	26,462,907
Unearned finance income	-	(16,787,792)
	-	9,675,115
Current		
Finance leases - gross receivables	-	948,189
Unearned finance income	-	(953,928)
	-	(5,739)
Total receivable from finance leases	-	9,669,376
Gross receivables from finance leases:		
- no later than 1 year	-	948,189
- later than 1 year and no later than 5 years	-	3,937,281
- later than 5 years	-	22,488,625
	-	27,374,095
Unearned future finance income on finance leases	-	(17,741,719)
Total receivable from finance leases	-	9,632,376
Impairment to sales value (Note 18)	-	(4,632,376)
Transferred to disposal group classified as held for sale	-	(5,000,000)
	-	-

The net receivable from finance leases may be analysed as follows:

- no later than 1 year	-	-
- later than 1 year and no later than 5 years	-	-
- later than 5 years	-	-
	-	-

As referred to in Note 15, the remaining UK portfolio was approved for disposal by the Directors in December 2014 and sold on 4 March 2015. As such the receivable from finance lease was transferred to the disposal group classified as held for sale as at 31 December 2014.

The Group had leased out a business under a licence agreement. The business is in respect of the provision of domiciliary care to clients in their own properties which had been licensed to an independent third party for 35 years with annual increases in line with the Retail Price Index, subject to a maximum increase of 5%. The operator maintained the right to run the business and receive any benefits/losses derived from running the business. The remaining life of this licence was 25 years.

The Group does not have any finance leases as at 31 December 2015.

14. INVESTMENTS IN SUBSIDIARIES

The subsidiaries are:	Country of Incorporation	Ownership Percentage 2015	2014
Healthcare Properties UK (Holdings) Limited	BVI	100%	100%
HCP Wellcare Holdings Limited	Guernsey	100%	100%
Healthcare Properties (I) Limited	UK	100%	100%
PSPI Elliott Celle Limited	BVI	100%	100%
PSPI Germany No 1 Limited	BVI	100%	100%
PSPI Germany No 2 Limited	BVI	100%	100%
PSPI Germany No 3 Limited	BVI	100%	100%
PSPI Elliott Bad Nauheim Limited	BVI	100%	100%
Inactive Companies			
PSPI Elliott Marktredwitz Limited	BVI	100%	100%
PSPI Germany No 4 Limited	BVI	100%	100%
PSPI Germany No 5 Limited	BVI	100%	100%
PSPI Germany No 6 Limited	BVI	100%	100%
PSPI Germany No 7 Limited	BVI	100%	100%
PSPI Germany No 8 Limited	BVI	100%	100%
PSPI Germany No 9 Limited	BVI	100%	100%
HCP Wellcare Group Holdings Limited	BVI	100%	100%
Companies which were sold during 2015			
Healthcare Properties (Wellcare) Limited	UK	Nil	100%
HCP Wellcare Progressive Lifestyles Limited	UK	Nil	100%
HCP Community Support Services Limited	UK	Nil	100%
Companies which were liquidated during 2015			
Healthcare Properties (Ashlea) Limited	Guernsey	Nil	100%
Healthcare Properties Etzelgut Limited	Guernsey	Nil	100%
HCP Wellcare One Limited	UK	Nil	100%
HCP Wellcare Two Limited	UK	Nil	100%
HCP Wellcare Three Limited	UK	Nil	100%
HCP Wellcare Four Limited	UK	Nil	100%
HCP Wellcare Five Limited	UK	Nil	100%
HCP Wellcare Six Limited	UK	Nil	100%

15. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS

a) Non–current assets held for sale

As at 31 December 2015, the assets and liabilities directly associated with the four remaining German investment properties held by the group have been presented as held for sale and written down to their anticipated sales value following the approval for their disposal in 2015. As at 31 December 2015, the properties were available for immediate sale and being actively marketed, with negotiations with potential buyers at an advanced stage. Other assets and liabilities directly associated with the investment properties which will be disposed of in the same transaction have also been presented in this disposal group. The completion dates for these transactions are anticipated to be in the first half of 2016 (See Note 29).

As at 31 December 2014, the assets and liabilities related to four subsidiary companies Healthcare (Wellcare) Limited, HCP Community Support Services, HCP Wellcare Progressive Lifestyles Limited and Healthcare (I) Limited along with one investment property owned in Germany have been presented as held for sale following the approval of the Directors in December 2014 for their disposal. The completion dates for these transactions were in March 2015.

Assets of disposal group classified as held for sale

	At 31 December 2015 £	At 31 December 2014 £
Investment property	9,580,381	31,502,582
Receivable from finance lease	-	5,000,000
Loans and receivables	-	1,000
Current income tax receivable	27,291	453,666
Cash and cash equivalents	207,964	1,874,060
Restricted cash	500,074	1,200,000
	10,315,710	40,031,308

Liabilities of disposal group classified as held for sale

	At 31 December 2015 £	At 31 December 2014 £
Borrowings	3,055,556	17,446,009
Deferred income tax	-	43,960
Accruals	720,928	1,588,900
Derivative financial instruments	158,954	53,869
Trade and other payables	-	127,539
Current income tax liabilities	-	701,181
	3,935,438	19,961,458

15. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS (Continued)

b) Discontinued operations

In the year ended 31 December 2015, the results of the German segment of the business was treated as discontinued operations as it represents a significant segment of the business and the four remaining investment properties have been presented as available for sale at 31 December 2015, with the expected completion date of these transactions to be within the first quarter of 2016. The comparative information for the year ended 31 December 2014 has been restated to reflect this treatment.

Additionally, in the year ended 31 December 2014, the results of the four subsidiary companies listed in 15 a) were treated as discontinued operations as they represent significant segments of the business.

An analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	Year ended 31 December 2015	Year ended 31 December 2014 (restated)
	£	£
Operating cash flows	198,827	6,124,073
Investing cash flows	38,690,191	7,250,413
Financing cash flows	(38,337,862)	(11,283,920)
	551,156	2,090,566

	Year ended 31 December 2015	Year ended 31 December 2014 (restated)
	£	£
Revenue (see Note 6)	1,469,151	6,649,453
Net loss from fair value adjustments on investment properties	(1,442,732)	(3,418,077)
Gain/(loss) on disposal of subsidiaries – UK (see Note 15b)	67,822	(14,021,827)
Loss on disposal of subsidiaries – Germany (see Note 15c)	(701,484)	(2,118,293)
Administrative expenses	(215,560)	(405,025)
Finance income	83	1,294,279
Finance costs	(322,419)	(2,083,075)
Current income tax (See Note 21)	65,028	(597,336)
Deferred income tax (See Note 20)	21,909	2,025,842
Loss for the year from discontinued operations	(1,058,202)	(12,674,059)

15. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS (Continued)

b) Discontinued operations (continued)

As mentioned in Note 15 a), during 2014 the Directors approved for sale the Group's remaining UK companies, business and assets (together "The Wellcare Portfolio") to the Group's sole UK tenant ("Embrace"). The terms of the disposal under the Share Purchase Agreement value of the Wellcare Portfolio on a cash free, debt free basis at £34.5 million, being £35 million less rent and business licence fees received by the Group from Embrace in respect of any period after December 2014. The completion dates for these transactions was 4 March 2015.

The Group has given certain standard representations and warranties as part of the disposal of the UK portfolio. The Group may have claims brought against it with regards to these representations and warranties by 1 December 2015 and within 12 months after the filing of the 2014 tax returns for any taxation warranty claims.

The loss calculated on this transaction is calculated as follows:

	Note	£	£
Fair value of sales proceeds			
Gross sales proceeds			35,000,000
Less: deduction for one month's rental income			(453,600)
			34,546,400
Fair value of assets/liabilities sold			
Assets			
Investment Properties		37,496,227	
Receivable from finance lease	13	9,632,376	
Total assets in disposal group			(47,128,603)
Excess of fair value of assets sold over sales proceeds			(12,582,203)
Prepayment penalties on repayment of borrowings			(412,000)
Transaction costs associated with disposal			(1,027,625)
Loss on disposal			(14,021,828)

The loss before transaction costs and repayment penalties of £12,582,203 represents £7,949,827 in relation to Investment Properties (see Note 11) and £4,632,376 in relation to Receivables from finance leases (see Note 13).

In addition, the Group recognised fair value losses of £175,841 included in discontinued operations within the consolidated income statement in respect of the investment properties included in the transaction.

In the year ended 31 December 2015, the Group recorded a gain of £67,822 in relation to the liquidation of dormant subsidiary companies in addition to some small differences in provisions made as at 31 December 2014 in relation to the disposal of the Wellcare group and actual amounts paid.

15. NON-CURRENT ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND OTHER TRANSACTIONS (Continued)

c) Other transactions

On 3 November 2014, the Group announced that it had signed a contract to dispose of a German partnership which owns two care home properties in Langen and Luzerath for gross consideration of £10.5m (€13.4m) in cash.

As part of this transaction, £6.9m (€8.8m) of the proceeds repaid debts secured against the disposed properties, and a further £1.5m (€1.9m) was used to partially repay debts secured against German properties shown within continuing operations. The balance was used to settle transaction costs which included prepayment penalties and interest rate swap breakage costs. The Group has given certain standard representations and warranties as part of the disposal of the German portfolio.

The loss recognised on this transaction is calculated as follows:

	Note	£	£
Fair value of sales proceeds (€13.4m)			10,489,654
Fair value of assets/liabilities sold			
Assets			
Investment Properties (€14.4m)	11	11,286,970	
Cash and cash equivalents		131,695	
Total assets in disposal group		11,418,665	
Liabilities			
Deferred tax liability	20	(26,797)	
Total liabilities in disposal group		(26,797)	(11,391,868)
Recycle of cashflow hedging reserve on disposal			(516,569)
Prepayment penalties on repayment of borrowings			(86,718)
Recycle of translation reserve on disposal			443,494
Transaction costs associated with disposal			(718,024)
Acceleration of debt issue costs on disposal			(125,994)
Foreign exchange losses related to disposal			(212,268)
Loss on disposal			(2,118,293)

In addition, the Group recognised fair value losses of £1,588,253 included in discontinued operations in respect of the investment properties included in the transaction which completed in November 2014.

The loss on the sale of German investment properties (Huttenstrasse and the four remaining properties presented as held for sale) in the year ended 31 December 2015 of £701,484 represents transaction costs payable of £534,515 and breakage costs on loan repayment of £166,969. In addition the group recognised fair value losses of £1,442,732 in respect of these investment properties.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	£	**£**	**£**	**£**
Non-Current				
Interest rate swaps – cash flow hedges	-	-	-	251,410

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2015 were €4.2 million (2014 – €6.2 million). At 31 December 2015, the fixed interest rates, excluding lending margins, was 1.35% (2014 –1.35%).

As the borrowings relating to the swap agreement have been presented as available for sale as at 31 December 2015, the valuation of £158,954 has also been presented as available for sale at this date (see Note 15).

Additionally, as at 31 December 2014 a valuation of £53,869 has been assigned to the element of the swap agreement in relation to one investment property which has been presented as held for sale as at 31 December 2014 (see Note 15).

Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an on-going basis with reference to the current fair value, a portion of the notional amount of the contracts and the liquidity of the market. The Group assesses counterparties using the same techniques as for its lending activities to control the level of credit risk taken.

The maximum exposure to credit risk at the reporting date is the fair value of each class of derivative financial instruments mentioned above. The Group does not post any collateral as security.

17. RECEIVABLES AND PREPAYMENTS

	2015	**2014**
	£	**£**
Trade receivables	-	-
Prepayments	64,954	62,293
Restricted cash	-	502,593
	64,954	564,886

Included under restricted cash is an amount of £Nil (2014 - £502,593) in respect of funds held in a maintenance and liquidity reserve under the terms of a financing agreement within the PSPI Elliott Celle Group. A balance of £500,074 as at 31 December 2015 has been transferred to the disposal group classified as available for sale (see Note 15).

None of the receivables and prepayments are impaired.

18. SHARE CAPITAL

	31 December 2015 £	31 December 2014 £
Authorised:		
Equity interests:		
500,000,000 Ordinary shares of $0.01 each	2,569,974	2,569,974
Allotted, called up and fully paid:		
Equity interests:		
105,365,717 Ordinary shares of $0.01 each	-	605,722
22,759,054 Ordinary shares of $0.01 each	130,836	-

	Number of shares	Ordinary shares £	Share premium £	Total £
At 31 December 2014	105,365,717	605,722	89,736,103	90,341,825
Compulsory partial redemption – 27 April 2015	(67,434,020)	(387,662)	(15,712,210)	(16,099,872)
Compulsory partial redemption – 9 November 2015	(15,172,643)	(87,224)	(5,450,791)	(5,538,015)
At 31 December 2015	22,759,054	130,836	68,573,102	68,703,938

Compulsory Partial Redemption of Ordinary Shares

On 14 April 2015 the Company announced the Compulsory Partial Redemption of 67,434,020 ordinary shares at 23.875p per ordinary share redeemed. On 27 April 2015, the Company completed the redemption of these shares for a total consideration of £16,099,871.93. The Company's share capital after the partial redemption comprised 37,931,697 ordinary shares of $0.01 each.

On 26 October 2015 the Company announced a further Compulsory Partial Redemption of 15,172,643 shares at 36.50p per ordinary share redeemed. On 9 November 2015, the Company completed the redemption of these shares for a total consideration of £5,538,014.70. The Company's share capital after the partial redemption comprised 22,759,054 ordinary shares of $0.01 each.

The Company intends to make further Compulsory Partial Redemptions following the completion of the sales of the investment properties shown as held for sale as at 31 December 2015 (see Note 29).

19. BORROWINGS

	2015 £	2014 £
Non-current		
Mortgages	-	3,172,517
	-	3,172,517
Current		
Mortgages	-	211,269
	-	211,269
Total borrowings	-	3,383,786

As detailed in Note 15, the four remaining investment properties owned by the company have been presented as available for sale as 31 December 2015. Borrowings secured upon these assets have been classified similarly as these will be repaid from any proceeds and disposed of in a single transaction. As at 31 December 2015 these total £3,055,556 (€4,147,000) (See Note 15a).

Total borrowings include secured liabilities (Mortgages, bonds and other borrowings) of £Nil (2014 - £3,383,786). These borrowings are secured by the assets of the Group. There are various pledges and covenants included in the loan agreements of the Group which are regularly reviewed and tested to ensure compliance at least annually. These include various loan-to-value covenants, interest and income cover covenants. Some of the agreements also contain cross default clauses consistent with industry practice.

The maturity of borrowings is as follows:

	2015 £	2014 £
Current borrowings	-	211,269
Between 1 and 2 years	-	211,269
Between 2 and 5 years	-	633,807
Over 5 years	-	2,327,441
Non-current borrowings	-	3,172,517

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2015 £	2014 £	2015 £	2014 £
Mortgages	-	3,172,517	-	3,115,382
	-	3,172,517	-	3,115,382

19. BORROWINGS (Continued)

The table below shows the movement in Group borrowings in the year to 31 December 2015:

	Available for Sale - UK	Available for Sale - Germany	Total available for sale (Note 17)	Mortgages - Germany	Total
	£	£	£	£	£
As at 31 December 2014	16,000,000	1,446,009	**17,446,009**	3,383,784	**20,829,793**
Disposal of UK Portfolio (4 March 2015)	(16,000,000)	-	**(16,000,000)**	-	**(16,000,000)**
Payment on sale of property	-	(1,446,009)	**(1,446,009)**	-	**(1,446,009)**
2015 capital repayments	-	-	**-**	(196,007)	**(196,007)**
Debt issue cost amortisation	-	-	**-**	67,168	**67,168**
Foreign exchange movement	-	-	**-**	(199,389)	**(199,389)**
Transfer to disposal group available for sale	-	3,055,556	**3,055,556**	(3,055,556)	**-**
As at 31 December 2015	**-**	**3,055,556**	**3,055,556**	**-**	**3,055,556**

As mentioned in Note 15, the Group's remaining UK business (the Wellcare Portfolio) was approved for sale in 2014 and, as such, the borrowings secured on the these properties (totalling £16,000,000) were presented as available for sale as at 31 December 2014. Additionally, borrowings secured on one German property of £1,446,009 were also presented as available for sale as at 31 December 2014. These loans were repaid from sale proceeds during 2015.

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

	2015	2014
	£	£
Pound sterling	-	-
Euro	-	3,383,786
	-	3,383,786

20. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2015	2014
	£	£
Deferred tax liabilities to be recovered after more than 12 months	-	23,765
Deferred tax liabilities to be recovered within 12 months	-	-

20. DEFERRED INCOME TAX (Continued)

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

	2015 £	2014 £
Beginning of the year	23,765	2,127,287
Income statement – discontinued operations (Note 15)	(21,909)	(2,025,842)
Disposals (Note 15)	-	(26,797)
Net changes due to exchange differences	(1,856)	(6,923)
Transferred to disposal group classified as held for sale (Note 15)	-	(43,960)
End of the year	-	23,765

No deferred income tax liabilities have been recognised for the withholding tax and other taxes concerning un-remitted earnings of subsidiaries as these liabilities will not crystallise due to the tax structure of the Group.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

Deferred tax liabilities:	Fair value gains from Business combinations £	Fair value gains £	Total £
At 31 December 2013	638,385	1,488,902	2,127,287
Charged to the income statement – discontinued operations	(638,385)	(1,387,457)	(2,025,842)
Disposals	-	(26,797)	(26,797)
Net changes due to exchange differences	-	(6,923)	(6,923)
Transferred to disposal group classified as held for sale	-	(43,960)	(43,960)
At 31 December 2014	-	23,765	23,765
Charged to the income statement – discontinued operations (Note 15)	-	(21,909)	(21,909)
Net changes due to exchange differences	-	(1,856)	(1,856)
At 31 December 2015	-	-	-

21. INCOME TAX EXPENSE

	2015	2014
	£	£
Current income tax – continuing operations	-	-
Deferred income tax - continuing operations	-	-
	-	-
Current income tax – discontinued operations (Note 15)	65,028	(597,336)
Deferred income tax - discontinued operations (Note 15)	21,909	2,025,841
	86,937	1,428,505
Total income tax	86,937	1,428,505

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2015	2014
	£	£
Loss from continuing operations before tax	(1,923,383)	(2,141,960)
Loss from discontinued operations before tax	(1,145,139)	(14,102,565)
	(3,068,522)	(16,244,525)
Income tax calculated at domestic tax rates applicable to profits in the respective countries	(183,222)	(2,838,714)
Income not subject to tax	(4,050)	-
Expenses not deductible for tax	24,285	-
Utilisation of losses brought forward	-	(430,604)
Fair value losses in excess of initial cost	64,237	1,770,676
Income tax losses for which no deferred tax asset was recognised	114,846	374,305
(Over)/under provision of tax in previous years	(103,033)	(304,168)
Income tax expense	(86,937)	(1,428,505)

The weighted average applicable tax rate was 5.97%% (2014: 17.47%). The decrease in the effective tax rate was caused by a change in the contribution to the Group's result from its different jurisdictions. As at 31 December 2015, the Group had unused tax losses of nil.

22. TRADE AND OTHER PAYABLES

	2015	2014
	£	£
Other taxes	-	-
Other third party payables	46,272	147,512
	46,272	147,512

23. ACCRUALS

	2015	2014
	£	£
Amounts owed to related parties	19,479	36,683
Other accrued expenses	112,726	426,710
	132,205	463,393

24. RELATED PARTY TRANSACTIONS

Until 26 March 2007, USI Group Holdings AG ("USIGH AG") was the ultimate controlling party of PSPI. After this date, USIGH AG retained a significant interest in the Company with a 20.07% shareholding which was fully disposed of by USIGH AG during the year ended 31 December 2014. David Quint and Dr Doraiswamy Srinivas are both directors of RP&C International Inc (RP&C), USIGH AG and some of its subsidiaries. William Vanderfelt is also a non-executive director of USIGH AG and was a non-executive director of RP&C until 31 December 2012. The RP&C International Group held less than 5% of the issued ordinary share capital of USIGH AG as at 31 December 2015 and 2014.

The Group was charged £269,258 (2014 – £453,956) in management fees by RP&C. At 31 December 2015, management fees of £19,479 (2014 - £36,683) was owed by the Group (Note 23) to RP&C. Other transaction fees payable to RP&C of £235,497 are included within discontinued operations (Note 15)

In July 2012, the Group combined the majority of its UK property portfolio with the assets and business of the European Care Group (rebranded to "Embrace" during 2014), the Group's sole UK tenant in a non-cash transaction. Esquire Realty Holdings Limited, a wholly-owned subsidiary of Esquire Group Investment (Holdings) Limited ("Esquire"), the holding company of the European Care Group, acquired certain of the Group's subsidiary companies in consideration for issuance of 20% of the ordinary share capital of Esquire and the issuance of a £2.8 million subordinated secured loan note instrument in Esquire Consolidated Investment (Holdings) Limited, a wholly owned subsidiary of Esquire, recorded at a nominal value of £1,000 (Note 12). Patrick Hall became a director of the holding company of the European Care Group on 25 July 2012 for which he received a director's fee at the rate of £36,000 per annum. On the same date, Richard Barnes became a director of Esquire and certain subsidiaries for which he received no director's fees. Further to a Board meeting held on 20 March 2014, Patrick Hall and Richard Barnes resigned their positions as directors of companies in the European Care Group on the grounds of potential conflicts of interest in the context of the implementation of any restructuring of the European Care Group's debt and assets. During 2014, Esquire Consolidated Investment (Holdings) Limited was placed into liquidation and as such the loan note was impaired to a nil value.

Esquire Consolidated Limited ("ECL"), one of the shareholders of USIGH AG, has subsidiaries that were customers of the Group. As mentioned in Note 15 the Group completed the sale of its remaining UK business to the sole UK tenant ("Embrace") on 4 March 2015. Under various rental contracts total rental income and finance lease income from these contracts for the year ended 31 December 2015 was £Nil (2014 – £3,808,841) and £Nil (2014 - £1,072,547) respectively.

As mentioned in Note 15, the Group completed the sale of an assisted living apartment building located in Berlin to Marseille Kliniken AG Group, the current tenant of the property, during 2015 for €2,500,000 in cash.

25. DIRECTORS' REMUNERATION

The following directors' fees were recognised in 2015 and 2014:

	2015	**2014**
	£	**£**
Mr Patrick Hall	45,000	45,000
Mr Richard Barnes	25,000	29,500
Mr Christopher Lovell	25,000	25,000
Mr Jonas Rydell	Nil	Nil
Mr Neel Sahai	25,000	25,000

26. EMPLOYEES

The Group had no employees at 31 December 2015 (2014 – none).

27. ULTIMATE CONTROLLING PARTY

The Company's shares are listed on AIM, a market operated by London Stock Exchange plc. The Company does not have a controlling party.

28. SEGMENT INFORMATION

Income Statement disclosures	**Continuing Operations**			**Discontinued Operations**		
	Reconciling Central Costs	**Germany**	**Total**	**UK**	**Germany**	**Total**
Year ended 31 December 2015	**£**	**£**	**£**	**£**	**£**	**£**
Revenue (Note 6)	-	-	-	-	1,469,151	1,469,151
Net loss from fair value adjustments on investment property (Note 11)	-	-	-	-	(1,442,732)	(1,442,732)
Loss for the year	**(1,923,382)**	**-**	**(1,923,382)**	**170,855**	**(1,229,057)**	**(1,058,202)**
Year ended 31 December 2014 (restated)	**£**	**£**	**£**	**£**	**£**	**£**
Revenue (Note 6)	-	-	-	3,885,433	2,764,020	6,649,453
Net loss from fair value adjustments on investment property (Note 11)	-	-	-	(175,841)	(3,242,236)	(3,418,077)
Loss for the year	**(2,141,960)**	**-**	**(2,141,960)**	**(9,126,163)**	**(3,547,896)**	**(12,674,059)**

Revenues derived from the UK relate entirely to one external customer per segment. German segment revenues derive from three external customers. Amounts for PSPI Limited, domiciled in the British Virgin Islands are included in the Reconciling Central Costs Column (which does not constitute a segment).

28. SEGMENT INFORMATION (Continued)

	Continuing Operations				Disposal group classified as held for sale		
	UK	**Germany**	**Reconciling Central Costs**	**Total**	**UK**	**Germany**	**Total**
Year ended 31 December 2015	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Assets							
Investment properties (Note 11)	-	-	-	-	-	9,580,381	**9,580,381**
Cash and cash equivalents	-	-	6,119,892	6,119,892	-	207,964	**207,964**
Restricted cash	-	-	-	-	-	500,074	**500,074**
Segment assets for reportable segments	-	-	**6,119,892**	**6,119,892**	-	**10,288,419**	**10,288,419**
Liabilities							
Total borrowings (Note 19)	-	-	-	-	-	3,055,556	**3,055,556**
Segment liabilities for reportable segments	-	-	-	-	-	**3,055,556**	**3,055,556**
Year ended 31 December 2014	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Assets							
Investment properties (Note 11)	-	15,954,390	-	15,954,390	29,546,400	1,956,182	31,502,582
Receivable from finance lease	-	-	-	-	5,000,000	-	5,000,000
Cash and cash equivalents	-	450,770	3,643,931	4,094,701	1,874,060	-	1,874,060
Restricted cash	-	502,593	-	502,593	1,200,000	-	1,200,000
Segment assets for reportable segments	-	**16,907,753**	**3,643,931**	**20,551,684**	**37,620,460**	**1,956,185**	**39,576,642**
Liabilities							
Total borrowings (Note 19)	-	3,383,786	-	3,383,786	16,000,000	1,446,009	17,446,009
Segment liabilities for reportable segments	-	**3,383,786**	-	**3,383,786**	**16,000,000**	**1,446,009**	**17,446,009**

28. SEGMENT INFORMATION (Continued)

Reportable segments' assets are reconciled to total assets as follows:	**31 December 2015 £**	**31 December 2014 £**
Total reportable continuing segment assets	6,119,892	20,551,684
Receivables and prepayments (Note 17)	64,954	62,293
Total continuing assets per balance sheet	6,184,846	20,613,977
Assets of disposal group classified as held for sale (Note 15)	10,315,710	40,031,308
Total assets per balance sheet	16,500,556	60,645,285

Reportable segments' liabilities are reconciled to total liabilities as follows:	**31 December 2015 £**	**31 December 2014 £**
Total reportable continuing segment liabilities	-	3,383,786
Deferred income tax (Note 20)	-	23,765
Current income tax liabilities	-	-
Derivatives (Note 16)	-	251,410
Trade payables and accruals (Note 22 and 23)	178,477	610,905
Total continuing liabilities per balance sheet	178,477	4,269,866
Liabilities of disposal group classified as held for sale (Note 15)	3,935,438	19,961,458
Total liabilities per balance sheet	4,113,915	24,231,324

29. SUBSEQUENT EVENTS

On 2 February 2016 the Group announced that it had exchanged contracts to dispose of its care home in Brakel, Germany for a gross price of €3.0 million. The sale was executed with a company owned by the same beneficial owner as the tenant at the property. This sale completed on 4 March 2016.

On 10 March 2016 the Group announced it had exchanged contracts to dispose of its three remaining properties leased to the Marseilles Kliniken Group ("MK") for an aggregate gross price of €10.0 million. The sales were executed with subsidiaries of MK and are expected to close within 6 weeks of the sale announcement.

Following the completion of these sales the Group will have completed the sale of its remaining investment properties held in all jurisdictions.

30. BOARD APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements on pages 7 to 41 were approved by the board of directors on 23 March 2016 and were signed on its behalf by:

Patrick Hall
Director
Date: 23 March 2016

Neel Sahai
Director
Date: 23 March 2016