

NEPI Rockcastle plc

Director's report and financial statements

FOR THE PERIOD FROM 1 DECEMBER 2016 (DATE OF INCORPORATION) TO 31 DECEMBER 2016

Director's report	2
Independent auditor's report	3-4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9-14

Director's report

The Director presents his report and financial statements for the period from 1 December 2016 (date of incorporation) to 31 December 2016.

Principal activity

The Company's intended business is to develop, acquire and hold commercial properties, either directly or indirectly through the acquisition of listed equities.

Financial review

The results for the period are shown in the attached financial statements, presented on pages 5 to 14.

Dividend

The Director does not propose the payment of a dividend for the period.

Sole director

Cornelius Eduard Cassell was appointed as sole director on 1 December 2016 and served to the date of this report.

Registered agent

The registered agent of the Company is Sabre Fiduciary Limited, Anglo International House, 2nd floor, Lord Street, Douglas, Isle of Man.

Statement of Director's responsibilities

The Director is responsible for preparing the Director's report and the financial statements in accordance with applicable laws and regulations.

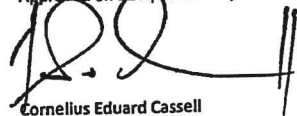
The Director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS).

In preparing these financial statements it is the Director's responsibility to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare financial statements which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

The Director is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. The Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved on 12 April 2017 by:



Cornelius Eduard Cassell
Sole director

Independent auditor's report

To the member of NEPI Rockcastle plc

Our opinion

In our opinion NEPI Rockcastle plc's financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the one month period (the "period") then ended in accordance with International Financial Reporting Standards.

What we have audited

NEPI Rockcastle plc's financial statements comprise:

- the statement of financial position as at 31 December 2016;
 - the statement of comprehensive income for the period then ended;
 - the statement of changes in equity for the period then ended;
 - the statement of cash flows for the period then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The director is responsible for the other information. The other information comprises the Director's report (but it does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the director for the financial statements

The director is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with applicable Isle of Man law, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director is responsible for overseeing the Company's financial reporting process.

Independent auditor's report

To the member of NEPI Rockcastle plc (continued)

Auditor's responsibilities for the audit of the financial statements

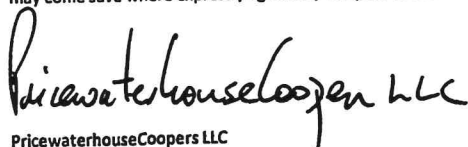
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the Company's member in accordance with our engagement letter dated 6 March 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man

Date:

13 April 2017


STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2016
ASSETS		
Non-current assets		9,591
Financial investments at fair value through profit or loss	6	9,591
Current assets		824
Cash and cash equivalents		824
TOTAL ASSETS		10,415
EQUITY AND LIABILITIES		
Equity attributable to equity holders		(13,647)
Share capital	7	11
Retained earnings		(13,763)
Functional currency translation reserve		105
Total liabilities		24,062
Current liabilities		24,062
Loans payable	8, 9	10,475
Accrued expenses	9	13,587
TOTAL EQUITY AND LIABILITIES		10,415

All amounts in Euro unless otherwise stated

The notes on pages 9 to 14 are an integral part of these financial statements.

The financial statements on pages 5 to 14 were approved and authorised for issue on 12 April 2017 by:



Cornelius Eduard Cassell
Sole director

STATEMENT OF COMPREHENSIVE INCOME

	Note	1 Dec – 31 Dec 2016
Revenue		-
Administrative expenses	9	(13,587)
Fair value losses of financial investments at fair value through profit or loss	6	(176)
Loss before tax		(13,763)
Income tax expense		-
Loss after tax		(13,763)
Other comprehensive income		105
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(13,658)

All amounts in Euro unless otherwise stated

The notes on pages 9 to 14 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Functional Currency Translation Reserve	Total
Balance at 1 December 2016	-	-	-	-
Transactions with owners	11	-	-	11
— Issue of shares	11	-	-	11
Total comprehensive income	-	(13,763)	-	(13,763)
— Profit for the period	-	(13,763)	-	(13,763)
Other comprehensive income	-	-	105	105
— Functional currency translation	-	-	105	105
BALANCE AT 31 DECEMBER 2016	11	(13,763)	105	(13,647)

All amounts in Euro unless otherwise stated

The notes on pages 9 to 14 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	1 Dec 31 Dec 2016
OPERATING ACTIVITIES		
Loss after tax		(13,763)
Adjustments for:		
— Accrued expenses	9	13,587
— Fair value losses on financial investments at fair value through profit or loss	6	176
Operating result before changes in working capital		-
CASH FLOWS FROM OPERATING ACTIVITIES		-
INVESTING ACTIVITIES		
Payments for financial investments at fair value through profit or loss	6	(9,888)
CASH FLOWS USED IN INVESTING ACTIVITIES		(9,888)
FINANCING ACTIVITIES		
Proceeds from loans taken	8, 9	10,730
CASH FLOWS FROM FINANCING ACTIVITIES		10,730
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		842
Cash and cash equivalents brought forward		-
Effect of exchange rates on cash and cash equivalents		(18)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		824

All amounts in Euro unless otherwise stated

The notes on pages 9 to 14 are an integral part of these financial statements.

Notes to the financial statements

1 GENERAL

NEPI Rockcastle plc ("the Company") is a limited liability company incorporated in the Isle of Man on 1 December 2016 at Anglo International House, 2nd floor, Lord Street, Douglas, Isle of Man.

The Company's intended business is to develop, acquire and hold commercial properties, either directly or indirectly through the acquisition of listed equities.

These financial statements for the period ended 31 December 2016 were authorised for issue in accordance with the written resolution of the Sole Director of the Company on 12 March 2017.

2 ACCOUNTING PERIOD AND COMPARATIVE PERIOD

These are the Company's first financial statements for the period from 1 December 2016 (date of incorporation) to 31 December 2016 and there are no comparative periods to present.

3 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Isle of Man company law and International Financial Reporting Standards (IFRS). The accounting policies set out below have been consistently applied to all periods presented unless otherwise stated.

3.1 Functional and presentation currency

The financial statements are presented in Euro (€, EUR) unless otherwise stated. The Company's functional currency is Great British pound sterling (£, GBP).

The functional currency is determined by the relevant, primary economic environment. One determining factor is the currency in which the majority of cash flows, goods and services are denominated and settled in the respective country. When the functional currency cannot be clearly identified, International Accounting Standard (IAS) 21 allows management to use judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Any change in the functional currency must be made prospectively in accordance with IAS 21.

3.2 Basis of preparation

The financial statements are prepared on a historical cost basis, except for financial investments at fair value through profit or loss.

Management prepared these financial statements on a going concern basis. There are no uncertainties relating to events and conditions that cast a significant doubt upon the Company's ability to continue as a going concern. The Company has received a letter from the sole director, confirming they will provide ongoing financial support.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and associated assumptions, are based on experience and other factors believed to be reasonable under the circumstances, and enable judgements to be made about the carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised and future periods if applicable.

3.3 Statement of compliance

The financial statements have been consistently prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board (IASB) and the requirements of relevant Isle of Man company law.

3.4 Borrowings

Borrowings are recognised initially at the fair value of the liability (determined using the prevailing market rate of interest if significantly different from the transaction price) and net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Any difference between the fair value of the borrowing at initial recognition and the proceeds received is recognised in accordance with the substance of the transaction: to equity, if the premium or discount at initial recognition effectively represents a capital transaction with the Company's owners, or in the Statement of comprehensive income, within finance activity.

Foreign currency translation differences are recognised in the Statement of comprehensive income within net unrealised foreign exchange gain/loss.

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

The Company derecognises its financial liability (or part of a financial liability) from its Statement of financial position when, and only when, it is extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires. An exchange between the Company and a lender of debt instruments with substantially different

terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If the Company repurchases a part of a financial liability, it allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid for the part derecognised, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of comprehensive income.

3.5 Financial instruments

Financial instruments include cash and cash equivalents, loans payable, accrued expenses and investments in listed property shares.

The Company has investments in listed property shares which are initially recognised at cost and subsequently re-measured at fair value. The fair value of the shares is determined by referring to published price quotations in an active market.

These financial investments are classified as current or non-current assets, based on the estimated selling date.

3.5.1 Initial recognition and subsequent measurement

Financial instruments are initially measured at fair value, which, except for financial instruments at fair value through profit or loss and derivatives, include directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as follows:

FINANCIAL INSTRUMENT	MEASUREMENT METHOD
Cash and cash equivalents	Carried at amortised cost using the effective interest rate method, net of impairment losses
Borrowings and other financial liabilities	Measured at amortised cost using the effective interest rate method
Financial investments at fair value through profit or loss	Carried at fair value with changes therein recognised in the Statement of comprehensive income, Fair value losses of financial investments

The fair values of the financial assets and liabilities are estimates of the amount that the instrument could be exchanged for in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- cash and cash equivalents, accrued expenses and borrowings are estimated at their carrying amounts due to the short-term maturities of these instruments; and
- the fair values of financial investments are estimated based on quoted prices in active markets as at the balance sheet date.

The financial assets and liabilities are categorised according to the following levels:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.5.2 Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the contractual rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of comprehensive income.

3.5.3 Offset

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax and VAT assets and liabilities are the main items offset, and these are assessed at each property level.

3.6 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate and is recognised through an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of comprehensive income for the period.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through the Statement of comprehensive income for the period.

Uncollectable assets are written-off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written-off are credited to the impairment loss account within the Statement of comprehensive income for the period.

3.7 Cash and cash equivalents

Cash and cash equivalents include liquid funds held as client money by service providers with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.8 Share capital

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

3.9 Accumulated profit

The balance on the Statement of comprehensive income is transferred to accumulated profit at the end of each financial period.

3.10 Administrative expenses

Administrative expenses are recognised on an accrual basis.

3.11 Standards issued but not yet effective and not early adopted

IFRS 9 Financial Instruments (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018)

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Company is currently assessing the impact of the new standard on its financial statements. The Company does not intend to adopt IFRS 9 before its mandatory date.

Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)

The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Company will comply with this disclosure in the 2017 financial statements.

There are no other standards and interpretations that are not yet effective and that would be expected to have an impact on the Company's financial position or performance.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The estimates and associated assumptions are based on experience and various other factors which are considered reasonable under the circumstances. These are used to make judgements about the carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both.

Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are those related to the fair value of financial investments.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company has exposure to credit risk due to its use of financial instruments. This note presents information about the Company's exposure to each, as well as its objectives, policies and processes for measuring and managing risk.

The Sole director has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's policies are established to identify and analyse the risks it may encounter by performing its activities, to set appropriate limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and Company activities.

The fair value of all financial instruments is the same as the carrying amounts reflected on the Statement of financial position.

5.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial investments at fair value through profit or loss. The Company is also exposed to counterparty credit risk on its cash and cash equivalents.

The carrying amount of financial investments and cash and cash equivalents represents the maximum credit exposure.

The Company manages credit risk through investment in the use of reputable service providers. The Company's financial investments are placed in custody with the Company's investment manager, Sabre Private Wealth.

The Company's liquid funds are held as client money on the Company's behalf by Sabre Fiduciary Limited and Sabre Private Wealth, which both have client money procedures and are licenced by the Isle of Man Financial Services Authority under the Isle of Man Financial Services Act and as such both are subject to the comprehensive rules in this regard in the Isle of Man Financial Services Rule Book.

5.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations when due. While the loan from the director is payable on demand and the accrued expenses are due in the short term, the Company's assets are highly liquid, thus the risk is mitigated. In addition the Company has received a letter from the sole director, confirming that they will provide ongoing financial support.

5.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Company's fair value or future cash flows of financial instruments. Changes in market prices can also affect the valuation of the Company's financial investments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising returns. There is no material exposure to interest rate risk.

5.3.1 Currency risk

The Company's current assets and liabilities are exposed to foreign currency risk principally from the Company's financial investments at fair value through profit or loss and cash and cash equivalents denominated in United States dollar (\$, USD). At 31 December 2016 the net exposure to USD was EUR 9,696.

A weakening/strengthening of 100 basis points in the USD exchange rate would have increased/(decreased) equity and profit or loss by EUR 97. The calculations are based on the balances as at 31 December 2016. These balances are subject to changes over the period, therefore the calculations are not representative of the period as a whole. This analysis assumes that all other variables remain constant.

Cash inflows received in currencies other than Euro are converted to Euro using the spot rate available on the collection date. The amount converted to Euro is the net amount of cash inflow in a foreign currency and the estimated cash outflow in the same currency. The Company applies this policy to control its exposures in respect of monetary assets and liabilities denominated in currencies other than the one cash inflows are received in.

5.3.2 Market risk for listed property shares

The Company is susceptible to market price risk arising from uncertainties about future values of the listed property shares in Simon Property Company Inc. The investments are monitored by the Sole Director on a regular basis.

A change of 100 basis points in the market values of the listed property shares held by the Company would have increased/(decreased) equity and profit or loss by EUR 96. The calculations are based on the market values of the listed property shares' outstanding balances as at 31 December 2016. These balances are subject to changes over the period, therefore the calculations are not representative of the period as a whole. This analysis assumes that all other variables remain constant.

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2016 the fair value of the Company's holding of Simon Property Company Inc shares was €9,591.

The financial investments have been designated as financial investments at fair value through profit or loss and classified as non-current assets.

The fair value of financial investments is determined based on quoted prices in active markets: therefore, they are classified, from acquisition to disposal date, as Level One on the fair value hierarchy as defined in IFRS 7.

7 SHARE CAPITAL AND CAPITAL MANAGEMENT

At a nominal value of €1, the Company issued one share upon incorporation and 10 shares on 12 December 2016. As at 31 December 2016 the Company's sole shareholder is Sabre Nominees Limited. The shares are unpaid and the nominal value has been netted off the loan from the sole director (note 8).

It is the Company's policy to maintain its capital base in order to:

- satisfy the requirements of its shareholder and creditors; and
- match the profile of its assets and liabilities, taking account of the risks inherent in the business.

8 LOANS PAYABLE

On 12 December 2016, the Company took a €9,000 loan from its sole director. The loan is taken on an interest free and repayable on demand basis.

9 RELATED PARTY TRANSACTIONS

Ultimate controlling party

The ultimate controlling party is considered to be Cornelius Eduard Cassell.

Identity of related parties with whom material transactions have occurred

Parties related to the Company are as follows:

- Cornelius Eduard Cassell - Sole director;
- Sabre Nominees Limited – based on common directorship; and
- Sabre Fiduciary Limited – based on common directorship.

Material related party transactions

The borrowing from the Sole director is disclosed in note 8.

The issue of share capital to Sabre Nominees Limited is disclosed in note 7.

On 1 December 2016 the Company entered into agreement with Sabre Fiduciary Limited related to formation of the Company, statutory and general administration, secretarial and other sundry services. As at 31 December 2016, EUR 1,887 of fees were payable to Sabre Fiduciary Limited under this contract and are included as accrued expenses in the statement of financial position.

10 SUBSEQUENT EVENTS

NEPI-Rockcastle transaction

During the fourth quarter of 2016, New Europe Property Investments plc (NEPI), a property investment and development group incorporated in the Isle of Man and listed on the Main Board of the Johannesburg Stock Exchange Limited (JSE) and the regulated market of the Bucharest Stock Exchange (BVB) and Rockcastle Global Real Estate Company Limited (Rockcastle), a property investment company established in Mauritius and listed on the JSE and the Stock Exchange of Mauritius (SEM), issued joint cautionary announcements regarding a potential transaction.

On 14 December 2016, a framework agreement was announced (Framework Agreement), pursuant to which their respective businesses would be merged into the Company. This is expected to be implemented with reference to an effective share swap ratio of 4.5 Rockcastle shares for one NEPI share (the Swap Ratio). In accordance with the Framework Agreement, NEPI and Rockcastle will transfer all assets and liabilities, including ownership interests in their respective subsidiaries, effectively transferring their entire businesses to the Company. In exchange, the Company will issue ordinary shares (Company Shares) to NEPI and Rockcastle, in line with the Swap Ratio.

The Company is expected to benefit from enhanced liquidity, and be the largest listed real estate company in Central and Eastern Europe (CEE). Company shares are expected to be listed on the Main Board of the JSE and Euronext Amsterdam, as well as any other stock exchange NEPI and Rockcastle agree upon. The transaction will integrate two complementary management teams, unlocking strategic synergies and creating additional value for shareholders.

These transactions will be implemented following the fulfilment, or waiver, of several conditions precedent, including approval by boards of directors and shareholders, as well as all relevant authorities, on or before, 30 June 2017. Circulars detailing this transaction, accompanied by announcements on the relevant stock exchanges will be issued in due course.

Sub-division of shares in issue

On 27 March 2017, the Company's share capital was sub-divided into 1,100 shares of EUR 0.01 each. This change did not affect the value of the Company's share capital.

Change in ownership

As of 27 March 2017, the sole shareholder of the Company is Cornelius Eduard Cassell.

There are no other subsequent events from 31 December 2016 and up to the date of signing these financial statements, not arising in the normal course of business, which are likely to have a material effect on these financial statements.