INDUSTRIAL MULTI PROPERTY TRUST PLC
(the "Company" or together with its subsidiaries the "Group")

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Highlights

- **Net asset value ("NAV") per ordinary share increased 17.9%** – 298.5 pence as at 31 December 2016 (253.2 pence as at 31 December 2015).

- **Adjusted net asset value ("Adjusted NAV") per ordinary share increased 18.0%** – 307.4 pence as at 31 December 2016 (260.6 pence as at 31 December 2015).

- **Earnings per ordinary share improved** – profit of 45.3 pence for the year ended 31 December 2016 (profit of 42.8 pence for the year ended 31 December 2015).

- **Adjusted earnings per ordinary share improved** – loss of 11.3 pence for the year ended 31 December 2016 (loss of 18.1 pence for the year ended 31 December 2015).

- **Occupancy improved** – the occupancy level measured by estimated rental value stood at 91.8% as at 31 December 2016 compared with 89.3% as at 31 December 2015.

- **Four light industrial units were sold above valuation** – Four units were sold for a total of £1.3 million before sales costs; 51% above the most recent valuation.

- **Portfolio valuation increased** – the Group's property portfolio was valued at £85.3 million as at 31 December 2016 (£81.6 million as at 31 December 2015), an increase of £3.7 million (4.5%) during the year (5.6% on a like for like basis).

- **New lettings achieved** – 53 new lettings and 28 lease renewals achieved during 2016 (representing 17.4% of the estimated rental value ("ERV") of the total portfolio, based on the final achievable annual rent including stepped rent).

- **Additional contracted rent** – £0.16 million per annum of additional passing rent is contracted to start during 2017, directly benefiting cash flow.

91.8%

Occupancy rate, an increase of 2.5% during the year

18.0%

Adjusted NAV increased by 18.0%

307.4p

Adjusted NAV of 307.4 pence per share
an increase of 46.8 pence per share during the year

£1.3 million

Three sales (comprising four buildings) at 51% above
the most recent valuation

£85.3 million

Portfolio valuation increase of 4.5% to £85.3 million

5.6% increase

Excluding sold properties, on a like for like basis,
the portfolio valuation increased by £4.6 million (5.6%)

Contact:

Jonathan Clague
Chairman, Industrial Multi Property Trust plc
01624 681250

Tom Pissarro
Investment Adviser and Manager, Alpha Real Capital LLP
020 7391 4700

For more information on the Company please visit www.alphamultipropertytrust.com
For more information on the Company's Investment Adviser and Manager please visit www.alpharealcapital.com

FORWARD-LOOKING STATEMENTS

These results contain forward-looking statements which are inherently subject to risks and uncertainties because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are based on the Board's current view and information known to them at the date of this Statement. The Board does not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in these results should be construed as a profit forecast.

Company summary and objectives

Objectives
Industrial Multi Property Trust plc ("the Company") was incorporated in the Isle of Man on 10 June 2002 as a closed-ended investment company. The Company and its subsidiaries (together "the Group") invest in higher yielding UK commercial property. The key objectives are:

- **Increase earnings and cash flow** – increase occupancy in the portfolio and reduce expenses.
- **Protect and enhance asset values** – prudent capital expenditure and investment in selected portfolio properties.
- **Strengthen the balance sheet** – reduce bank borrowings progressively, consistent with the investment programme for the property portfolio.

Dividends
The Company paid no dividends during the year and no dividend is currently proposed (2015: £nil).

Listing
The Company is a closed-ended Isle of Man registered investment company which has been declared under the relevant legislation to be a closed-ended Collective Investment Scheme. Since 27 October 2014, its shares have traded on the Specialist Fund Segment of the London Stock Exchange, an EU regulated market, following a transfer of the shares from a listing on the Official List of the UK Listing Authority. The shares have been traded on the London Stock Exchange since 4 April 2003. Following shareholders' approval at the Extraordinary General Meeting, on 26 September 2014 of the new Articles, the Company's continuation vote has been removed. At an Extraordinary General Meeting held on 27 January 2017, a resolution was passed that the Company be required to obtain shareholder approval for a disposal of more than fifty percent of the Company's assets.

Management
The Company's Investment Adviser and Manager is Alpha Real Capital LLP ("Alpha"). Control of the Company rests with the non-executive Isle of Man based Board of Directors.

ISA/SIPP status
The Company's shares are eligible for Individual Savings Accounts (ISAs) and Self Invested Personal Pensions (SIPPs).

Website
www.industrialmultipropertytrust.com

Financial highlights

	Year ended 31 December 2016	**Year ended 31 December 2015**
NAV (£'000)	25,101	21,291
Adjusted NAV (£'000) [1]	25,853	21,916
NAV per ordinary share (pence)	298.5	253.2
Adjusted NAV per ordinary share (pence) [1]	307.4	260.6
Earnings per ordinary share (pence) (basic and diluted)	45.3	42.8
Adjusted earnings per ordinary share (pence)[2]	(11.3)	(18.1)

[1]The adjusted net assets are presented to provide what the Board believes is a more relevant assessment of the Group's net asset position over the longer term, when certain fair value and accounting adjustments may not be realisable (see note 15).

[2]The adjusted earnings are presented to provide what the Board believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence the Board adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature (see note 14).

Chairman's Statement

I am pleased to present the Annual Report and the consolidated financial statements of Industrial Multi Property Trust plc for the year ended 31 December 2016.

Property performance

The active asset management initiatives within the portfolio have assisted in the retention of tenants and the letting of vacant units. The Group has achieved 53 new lettings and 28 lease renewals increasing the occupancy level across the Group by 2.5%, to 91.8% (by ERV) as at 31 December 2016 compared with 89.3% as at 31 December 2015, enhancing the Group's income. Further details on asset management progress appear in the Investment Adviser and Manager's report.

On a like-for-like basis taking into account sales in the year, the property valuation increased by £4.6 million to £85.3 million at 31 December 2016 (£80.7 million at 31 December 2015). This represents an increase of 5.6%. An evaluation of the Group's property portfolio performance can be found in the Investment Adviser and Manager's report.

Financial performance

The NAV per ordinary share at 31 December 2016 is 298.5 pence (31 December 2015: 253.2 pence) and the adjusted NAV is 307.4 pence (2015: 260.6 pence). The increase in the NAVs is attributable mainly to the 5.6% increase in the property portfolio valuation (excluding property sales in the year).

The adjusted NAV excludes the mark-to-market of the interest rate swap hedging derivative; this liability would arise on a break of the swap during the term of the financing or is otherwise recognised through a higher interest rate expense over the remaining life of the financing assuming market rates remain lower than the fixed swap rate. More details are included in notes 15 and 19 of the consolidated financial statements.

The results for the year show an adjusted EPS loss of 11.3 pence (31 December 2015: loss of 18.1 pence). The continuing adjusted loss results from the high level of finance costs during the year.

Bank borrowings and financing

The Group entered into its current financing agreements on 5 December 2013. These loan facilities expire in December 2018. A hedging arrangement was entered into on 27 January 2014, which has the effect of fixing the Group's interest rate exposure on £25.1 million of debt until 4 December 2018. Following the sale of properties the Group has repaid £0.3m (2015: £2.5m) of its borrowings during the year. During the year the Group was compliant with the lenders' covenants.

Further details on the Group's long term borrowings are provided in note 22 and within the Investment Adviser and Manager's report.

Going concern

The Board has concluded that the Company and the Group is considered to be a going concern and as a result of this the consolidated financial statements for the year ended 31 December 2016 have been prepared on the going concern basis. Further details on the basis of preparation is provided in note 2 to the financial statements.

Subsequent events

As announced on 14 November 2016, Alpha Real Trust Limited ("ART") who hold 18.7% of the Company's share capital requisitioned an extraordinary general meeting at which proposals were made to remove two of the Company's Independent Directors (the "Requisitioned EGM"). At the Requisitioned EGM, those shareholders independent of ART (and independent of Antler Investment Holdings Limited, a related party to Alpha Real Capital LLP) voted overwhelmingly to support the continued appointment of the two Independent Directors in a ratio of over 6 to 1. At the Requisitioned EGM, the Independent Directors also included a resolution to amend the investment objectives of the Company to allow for the sale of the portfolio provided certain conditions were met. This resolution was passed.

Chairman's Statement (continued)

Subsequent events (continued)

ART subsequently requisitioned a second extraordinary general meeting which was held on 27 January 2017 at which a resolution, requiring the Directors to obtain shareholder approval to dispose of more than 50% of the assets, was passed.

As a result of the publicity arising from the Requisitioned EGM's, the Company received a number of unsolicited proposals regarding ways to improve shareholder value and on 17 February 2017, announced a cash offer from Hansteen Holdings Plc to acquire all the share capital of the Company for 300 pence per share. The Independent Directors have evaluated this offer and believe it gives shareholders a good opportunity to realise their shares for cash at a significant premium to the recent share price.

Copies of all announcements can be found on the Company's website: www.industrialmultipropertytrust.com

The Board will continue to keep shareholders updated via the website and regulatory announcements.

Jonathan Clague
Chairman
23 February 2017

Investment Adviser and Manager's report

The Investment Adviser and Manager's strategy to deliver shareholder value will continue to focus on the following objectives:

- To enhance net rental income – the marketing strategy for vacant units will aim to meet tenant requirements for good quality affordable accommodation on flexible lease terms.
- To selectively deploy capital expenditure when 'value add' opportunities are identified – a rolling programme of maintenance will continue to be undertaken. However priority will be given to refurbishments where a property can be significantly enhanced to attract additional tenant demand. The Investment Adviser and Manager is also looking to identify opportunities to extend leases and or remove tenant breaks where appropriate value can be unlocked.
- To reduce borrowings through rental surplus and to reduce the loan-to-value ("LTV") ratio. Limited strategic sales or disposals will be considered where it is believed that this will benefit shareholder returns.
- To actively review the potential refinancing options at an optimum time to reduce the combined loan facilities' high interest charge.
- To actively review the potential to resume payment of dividends.
- To actively review alternative ways to improve shareholders' value.

The strategy to concentrate on active asset management initiatives within the portfolio offers tangible opportunities to generate a strong positive cash flow and an enhanced NAV per share in the future.

Portfolio overview

Portfolio by region	**Total as a percentage of Market Value December 2016 %**	**Total as a percentage of Market Value December 2015 %**
Midlands	29	30
East of England	21	20
North East	2	2
North West	6	7
South East	11	11
South West	21	20
Wales	1	1
Yorkshire & Humberside	9	9
Total	**100**	**100**

Portfolio by sector	**Total as a percentage of Market Value December 2016 %**	**Total as a percentage of Market Value December 2015 %**
Light Industrial Properties	86	86
Office Properties	14	14
Total	**100**	**100**

Investment Adviser and Manager's report (continued)

Portfolio overview (continued)

The portfolio predominantly comprises a well-diversified portfolio of fifty-one multi-let properties offering 481 leasable units with a total floor area of approximately 154,400 square metres (approximately 1.7 million square feet) all of which are located in the UK. The properties offer attractively priced accommodation for local and regional occupiers.

Of the total portfolio, approximately 86% is invested in light industrial properties and 14% is invested in offices.

Tenants have continued to favour shorter term flexible leases however the weighted average lease length was extended during the year; 4.20 years to expiry (3.83 years as at 31 December 2015) and 2.57 years (2.28 years as at 31 December 2015) to the earlier of the next tenant break or expiry.

Asset management review

The occupational market continues to show signs of improving, and the Group's flexible approach to meeting tenant demand has been successful in reducing the number of vacant units: 53 new lettings and 28 lease renewals were completed during the year, with a further 8 units under offer as at 31 December 2016. Many of the leases incorporate stepped increases in rents and there is an additional £0.16 million per annum of contracted rent due to start during the next twelve months which will benefit the cash flow.

Whilst not all leases have rent review provisions a further sign of an improving occupational market is that a greater number of rent increases have been achieved at rent review. Eleven rent reviews were activated during 2016 resulting in approximately £63,000 per annum increase in rent.

Against this background, the number of new lettings is encouraging and notable progress has been made in increasing occupancy. Based on ERV, the occupancy level stood at 91.8% as at 31 December 2016 compared to 89.3% as at 31 December 2015.

Activity	Number of Tenants	Rent £'000 p.a.	As % of Estimated Rental Value
Tenant lease breaks exercised	4	95	1.1
Tenant vacated at lease end	25	279	3.1
Tenant insolvency	7	75	0.8
New letting completed	53	736*	8.2
Tenant leases renewed	28	831*	9.2

*Final achievable annual rent including stepped rents.

Based on the current total portfolio ERV, there is also the potential for additional rent of £1.1 million per annum assuming the portfolio were to become fully let and income producing.

Property Sales

In keeping with the Board's strategy to undertake limited strategic sales, the portfolio continues to be reviewed to identify potential disposals where it is believed that this will benefit shareholder returns. Three separate sales transactions completed during the year. Four light industrial units were sold at a combined sale price of £1.3 million, before sales costs, 51% above the most recent valuation.

Valuation

The Group's property portfolio was valued at 31 December 2016 by Cushman & Wakefield Debenham Tie Leung Limited trading as Cushman & Wakefield at £85.3 million (£81.6 million as at 31 December 2015) an increase of £3.7 million (4.5%) during the 12 month period. The average capital value of the portfolio is £552 per square metre (£51 per square foot). Excluding the sales outlined above, on a like for like basis, the valuation of the portfolio increased by £4.6 million (+5.6%).

Financing

As previously reported the Group entered into financing agreements on 5 December 2013 as follows:

- A £33.5 million (loan balance £32.3m as at 31 December 2016) senior facility with a five-year term expiring in December 2018 and an initial margin of 3% per annum over 3 month LIBOR, with Royal Bank of Scotland ("RBS").
- A £20.0 million (loan balance £19.9m as at 31 December 2016) mezzanine loan facility with a five-year term expiring in December 2018 and a coupon of 11% per annum, with Europa Mezzanine Finance Sàrl ("Europa").
- An £11.5 million (loan balance £10.0m as at 31 December 2016) unsecured subordinated loan facility with a five-year term expiring in December 2018 and a coupon of 15% per annum with Alpha Real Trust Limited ("ART").

On 27 January 2014, the Group entered into an interest rate swap for the amount of £25.1 million with RBS. The interest rate swap has the effect of fixing the Group's interest rate exposure on £25.1 million of these borrowings from 27 January 2014 until 4 December 2018 at 2.0225% per annum, before the margin of 3% per annum.

A proportion of the net sales proceeds generated during 2016 were allocated to amortise the loans with RBS and Europa at the agreed proportion of 65%/35% respectively.

The overall LTV ratio on total borrowings was 72.9% as at 31 December 2016 (76.3% on total borrowings as at 31 December 2015).

UK Economy

According to the Office for National Statistics (ONS), the gross domestic product (GDP) of the UK was estimated to have remained at 0.6% in the third quarter of 2016 (July to September) compared with the second quarter of 2016 (April to June).

On an annual basis, the UK's GDP was 2.2% higher in the third quarter of 2016 compared with the same quarter a year ago.

The ONS also reported that annual inflation as measured by the Consumer Prices Index (CPI) reached 1.8% in January 2017, up from 1.6% in the year to December 2016 and compared with a 1.0% rise in the year to September 2016. It is the fourth consecutive month that the rate has risen and inflation is at its highest rate since June 2014.

As at the end of October, the unemployment rate was 4.8%, down from 5.2% for a year earlier. The last time it was lower was in September 2005.

Property Commentary

The UK commercial property market has stabilised after the uncertainty triggered by the Brexit referendum and lack of activity over the summer months. Annualised 3 month capital values for all sectors grew by 4.7% in the fourth quarter of 2016, a significant increase from negative 15.2% in the third quarter of 2016. Investor interest from abroad has increased by further falls in Sterling which has decreased 17.8% against the dollar and 13.2% against the Euro since the EU Referendum.

Activity in the industrial sector held up strongly in the third and fourth quarters of 2016. There has been little evidence of deals collapsing due to Brexit and despite some renegotiations occurring there are still robust levels of occupier and investor demand across most regional locations. Overseas investors continue to compete with domestic buyers for the limited opportunities in prime locations. Activity in second-tier and the best secondary markets is steady with a broad range of buyers targeting these markets and taking advantage of higher yield profiles.

Rental value growth as at December 2016 in the industrial market remains strong at 3.1% per annum, down from 5.0% in the previous year.

Investment Adviser and Manager's report (continued)

Conclusion

The 18.0% increase in adjusted net asset value for the twelve months to 31 December 2016 is encouraging. This increase has been achieved through a combination of improved valuations, property sales at a 51% premium to the most recent valuation, increased occupancy and lower void costs.

The Investment Adviser and Manager will continue to seek ways to improve value for shareholders. For the property portfolio the goal continues to be to increase the level of rent and occupancy throughout the portfolio and to build on the asset management success delivered during the previous twelve months.

Tom Pissarro
Alpha Real Capital LLP
Investment Adviser and Manager
23 February 2017

Directors

Jonathan Clague, Chairman

Jonathan Clague is a resident of the Isle of Man. He is the non-executive chairman of Heron & Brearley, a leading Manx brewer and public house operator and previously, was a non-executive director of Diamond Circle Capital Plc, Isle of Man Bank, NatWest Offshore Limited, Sun Alliance (IOM) Limited and PFI Infrastructure Company.

Geoffrey Black, Director

Geoffrey Black is a resident of the Isle of Man. He is a Fellow of the Royal Institution of Chartered Surveyors and is a senior partner of Black Grace Cowley, a leading firm of commercial property agents on the Isle of Man. Geoffrey has more than 35 years' experience in both the commercial and residential property markets and has acted for major UK institutions, such as Zurich Financial Services, Royal Bank of Scotland International, and for the Isle of Man Government.

Donald Lake, Director

Donald Lake is a resident of the Isle of Man. He is a Fellow of the Royal Institution of Chartered Surveyors and has many years' experience of the UK commercial property market both as an adviser to investment funds and as a principal. He is Chairman of UCP Plc. He is also a director of other companies active in the UK and elsewhere, and advises private clients on the Isle of Man and in the UK.

Philip Scales, Director – Chairman of the Audit Committee

Philip Scales is a resident of the Isle of Man. He is a Fellow of the Institute of Chartered Secretaries and Administrators and the managing director of the Company's Administrator, FIM Capital Limited (formerly IOMA Fund and Investment Management Limited). Philip was previously the managing director of Barings (Isle of Man) Limited, which was acquired by Northern Trust in 2005. Philip has more than 37 years' experience in corporate and mutual fund administration and is currently on the boards of a number of listed companies.

Mark Rattigan, Director

Mark Rattigan holds a Bachelor of Civil Engineering (Honours) from the University of Sydney and an Investment Management Certificate from the UK Society of Investment Professionals.

He has previously been Chief Operating Officer and Director - Finance and Operations at RREEF (Deutsche Bank's real estate funds management group) based in London. He has over 30 years' experience in real estate, funds management and investment banking. His experience includes 13 years in real estate investment banking with Deutsche Bank, HSBC Investment Bank and Macquarie Bank in both London and Sydney and 5 years as a property development manager at Lend Lease.

Mark Rattigan is currently Chief Operating Officer of the Company's Investment Adviser and Manager, Alpha Real Capital LLP.

Directors' report

The Directors present herewith the Annual Report and consolidated financial statements of the Group for the year ended 31 December 2016. The Corporate Governance Statement set out on pages 12 to 17 forms part of this Directors' report by reference.

The Company
The Company is an Isle of Man closed-ended investment company and was incorporated on 10 June 2002. Its principal activity is that of investment in UK commercial property. Since 27 October 2014, its shares have traded on the Specialist Fund Segment of the London Stock Exchange, an EU regulated market, following a transfer from a listing on the Official List of the UK Listing Authority. The shares have been traded on the London Stock Exchange since 4 April 2003.

The Directors confirm that:

- no single property represents more than 15% of the gross assets of the Group;
- income receivable from any one tenant, or tenants within the same Group, in any one financial year does not exceed 20% of the total rental income of the Group; and
- the proportion of the Group's property portfolio which is unoccupied or not producing income or which is in the course of substantial redevelopment or refurbishment does not exceed 25% of the value of the portfolio.

Business review
A review of the business during the year is contained in the Chairman's statement on page 3.

Results and dividends
The results for the year are set out in the consolidated financial statements.

Commentary on the net asset value and performance is given in the Chairman's Statement and Investment Adviser and Manager's Report which are incorporated into this Directors' report by reference.

The Company paid no dividends during the year and no dividend is currently proposed (2015: nil).

Corporate governance
The information fulfilling the requirements of the Corporate Governance Statement can be found in this Directors' report and on pages 12 to 17, which are incorporated into this Directors' report by reference.

Directors
Biographical details of the Directors of the Company who served during the year are given on page 9. Their interests in the share capital of the Company are shown below:

Directors Shareholding	**31 December 2016** Number of Ordinary shares held	**31 December 2015** Number of Ordinary shares held
Jonathan David Clague	15,500	15,500
Geoffrey Paul Raineri Black	7,000	7,000
Donald Lake	47,900	47,900
Philip Peter Scales	-	-
Mark Rattigan	-	-

Financial instruments
Information about the use of financial instruments by the Group is given in note 19 to the consolidated financial statements.

Directors' report (continued)

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 27 to the consolidated financial statements.

Substantial shareholdings

Shareholders holding 3% or more of the Ordinary Shares of the Company as at 31 December 2016	Number of Ordinary shares held '000	% of share capital held
Alpha Real Trust Limited*	1,573	18.7
Antler Investment Holdings Limited*	532	6.3
Armstrong Investments Limited	330	3.9

Under chapter 5 of the Disclosure and Transparency Rules, during the period between 31 December 2016 and 23 February 2017 the Company received the following notifications:

- Antler Investment Holdings Limited increased its shareholding in the Company to 7.63% on 24 January 2017.
- As at 22 February 2017, Hansteen Holdings Plc ("Hansteen") held 1,297,316 shares in the Company. These shares were acquired between 17 February 2017 and 22 February 2017 and represent approximately 15.43% of the entire issued share capital of the Company. Together with the receipt of irrevocable undertakings from the Independent Directors of the Company, who hold 70,400 shares (0.84%), Hansteen held 1,367,716 shares in the Company in aggregate as at 22 February 2017. This represents 16.26% of the entire issued share capital of the Company.

*Please refer to note 26 for further details on related parties.

Directors' indemnities

On 4 October 2016, a third party indemnity (Director and Officer insurance) was given by the Company to the Directors in terms which comply with Company law and remains in force at the date of this report.

Company Secretary

Martin Katz served as Secretary throughout the year.

Going concern

The Directors have concluded that the Company and the Group is considered to be a going concern and as a result of this the consolidated financial statements for the year ended 31 December 2016 have been prepared on the going concern basis. Further detail on the basis of preparation of the consolidated financial statements is provided in note 2.

Philip Scales
Director
23 February 2017

Corporate governance statement

The Board of Directors is accountable to the Company's shareholders for the management and control of the Company's activities and is committed to appropriate standards of corporate governance. The statement below explains how the Company applies the principles set out in the UK Corporate Governance code (''the Code'') published by the Financial Reporting Council and contains the information required by chapter 7 of the Disclosure and Transparency Rules. The UK Corporate Governance code can be viewed at www.frc.org.uk.

Statement of compliance
The Company has, other than where stated below, complied fully with the provisions set out in the Code during the year ended 31 December 2016:-

- As matters relating to remuneration and nominations are dealt with at regular board meetings, no separate Remuneration and Nomination committees have been established.

The Directors consider this structure to be a practical solution bearing in mind the Company's size and needs.

Further explanation of how the principles and the supporting principles have been applied is set out below and in the Audit Committee report.

Role of the Board
The Board has determined that its role is to consider and determine the following principal matters which it considers are of strategic importance to the Company:

1) review the overall objectives for the Company and set the Company's strategy for fulfilling those objectives within an appropriate risk framework;

2) consider any shifts in strategy that it considers may be appropriate in light of market conditions;

3) review the capital structure of the Company including consideration of any appropriate use of gearing for the Company;

4) appoint the Investment Adviser and Manager, Administrator and other appropriately skilled service providers and monitor their effectiveness through regular reports and meetings; and

5) review key elements of the Company's performance including the net asset value, earnings per share, adjusted net asset value per share, adjusted earnings per share and payment of dividends.

The Board has adopted a schedule of matters reserved for its decisions and a schedule of matters delegated to the Investment Adviser and Manager, both of which are reviewed at least annually. The Board reserves approval for all significant or strategic decisions including property acquisitions, disposals, significant capital expenditure and financing transactions. The Directors are entitled to take independent professional advice as and when necessary. The Board ensures that all strategic matters are considered and resolved at Board Meetings.

Board Meetings
The Board meets at least quarterly and as required from time to time to consider specific issues reserved for decisions by the Board including all potential acquisitions and disposals, significant capital expenditure and leasing matters and decisions relating to the Company's financial gearing, the purpose of which is to ensure the long-term success of the Company for its shareholders.

Certain matters relating to the implementation of the Company's strategy are delegated either to the Investment Adviser and Manager or the Administrator but the performance of such delegation by these independent agents is regularly monitored by the Board.

Corporate governance statement (continued)

Board Meetings (continued)

At the Board's quarterly meetings, it considers papers circulated in advance including reports provided by the Investment Adviser and Manager. The Investment Adviser and Manager's report comments on:

- The UK property markets, including recommendations for any changes in strategy that the Investment Adviser and Manager considers may be appropriate
- Performance of the Group's portfolio and key asset management initiatives
- Transactional activity undertaken over the previous quarter and being contemplated for the future
- The Group's financial position including relationships with bankers and lenders

The Administrator provides a quarterly compliance, company secretarial and regulatory report.

The reports enable the Board to assess the success with which the Group's property strategy and other associated matters are being implemented and to consider any relevant risks as well as to consider how they should be properly managed.

The Board also considers reports provided from time to time by its various service providers reviewing their internal controls.

In between its regular quarterly meetings, the Board has also met on two additional occasions during the year to approve property transactions and for other matters.

The Independent Directors held three additional meetings during the year.

The table below shows the attendance at the Board meetings and meetings of the Independent Directors during the year to 31 December 2016:

Director	**Board meetings attended**	**Independent Directors' meetings attended**
Jonathan David Clague	6	3
Geoffrey Paul Raineri Black	6	3
Donald Lake	6	3
Philip Peter Scales	6	3
Mark Rattigan	5	n/a
Number of meetings during the year	**6**	**3**

Messrs Clague, Black, Lake and Scales are non-executive Directors and are considered to be independent. Mr Rattigan is a non-executive Director of the Company but is also Chief Operating Officer of Alpha Real Capital LLP, the Investment Adviser and Manager and is not considered to be independent.

The terms and conditions of appointment of non-executive Directors are available for inspection by any person at the Company's registered office and at the Annual General Meeting.

The Board has undertaken an annual evaluation of its own performance and that of its committees and Directors. All Directors are subject to an annual performance evaluation, which is an on-going exercise. Evaluation of the Board considers the balance of skills, experience, independence and knowledge of the Company on the Board, its diversity, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

Corporate governance statement (continued)

Statement of Directors' responsibility

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Group's financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Risk management and internal control

The Board recognises its ultimate responsibility for the Group's system of internal control. The Board understands its responsibility for ensuring that there are sufficient, appropriate and effective systems, procedures, policies and processes for internal control of financial, operational, compliance and risk management matters in place in order to manage the risks which are an inherent part of the business. The process for significant risks is in accordance with Financial Reporting Council's guidance on Internal Control, Risk Management and Related Financial and Business Reporting.

Corporate governance statement (continued)

The Board attaches considerable importance to the Group's systems of internal control and risk management by establishing a continuous process for identifying, evaluating and managing the risks which the Group faces.

During 2016, the exposures to risk, including the changing environments within the property sector and potential adverse consequences of global economic conditions, and refinancing risks were closely monitored by the Directors.

The Audit Committee, along with the Board, has responsibility for monitoring the work carried out under contractual arrangements, and delegated authorities as appropriate, by the Investment Adviser and Manager, the Administrator, the Property Manager and Property Valuer. This, combined with frequent communication with the external auditors ensures that sufficient controls for managing risks are in place in line with the Code.

Risk management covers operations, security, compliance, finance, legal and strategy. The Board monitors these areas closely and matters are reviewed at meetings of the Audit Committee. The principal risks the Group is exposed to are market risk, credit risk and liquidity risk. These risks and details of how they are mitigated are described within note 24.

However, internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives, and the Board recognises that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Directors consider that the most significant risks facing the Group are real estate risk and interest rate risk. The Group's exposure to real estate risk is mainly derived from movements in the value of the Group's investments in property. The Group's exposure to interest rate risk primarily relates to the Group's debt obligations. Further details about these risks are contained in note 24.

Internal audit
The Group has no employees and therefore the Board is reliant upon the systems and procedures employed by the Investment Adviser and Manager and the Administrator which are regularly reviewed and are considered to be sufficient to provide it with the required degree of comfort. Resulting from this, the Board continues to believe that there is no need for an internal audit function, although it continues to monitor such need on an annual basis.

Investment Adviser's and Management Agreement
The Company has an Investment Adviser's and Management Agreement with the Investment Adviser and Manager. This sets out the Investment Adviser and Manager's key responsibilities which include proposing a property investment strategy to the Board, The Investment Adviser and Manager is also accountable to the Board for all issues relating to property asset management.

Remuneration report
During the year the Directors received the following remuneration in the form of fees from the Company:

Directors Fees	**31 December 2016** £	**31 December 2015** £
Jonathan David Clague	20,000	20,000
Geoffrey Paul Raineri Black	15,000	15,000
Donald Lake	15,000	15,000
Philip Peter Scales	15,000	15,000
Mark Rattigan	15,000	15,000

Corporate governance statement (continued)

Going concern
The Directors have concluded that the Company and the Group is considered to be a going concern and as a result of this the consolidated financial statements for the year ended 31 December 2016 have been prepared on the going concern basis. Further detail on the basis of preparation of the consolidated financial statements is provided in note 2.

Financial viability statement
The Directors' have assessed the Group's viability over a two-year period to December 2018. This is based on a two year strategic plan and in line with the length of the Group's existing finance facilities.

In making their assessment, the Directors took account of the Group's current financial and operation positions, existing leases and all its long term financing arrangements. We have also assessed the potential financial and operational impacts; in severe but plausible scenarios, of the principal risks and uncertainties set out in note 24 and the likely degree of effectiveness of current and available mitigating actions.

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet all their liabilities as they fall due up to December 2018.

In making this statement, the Directors have also made the following key assumptions:

- funding in the form of senior and junior or mezzanine financing will be available in all plausible market conditions;
- the refinancing of the existing junior and mezzanine facilities can be made in all plausible market conditions at or before their maturity in December 2018;
- any significant decrease in its commercial property values will be temporary and part of the normal property cycle;
- the portfolio will maintain its significant diversification of tenants.

<u>Offer from Hansteen Holdings Plc</u>

On 17 February the Independent Directors of the Company announced a recommended cash offer ("Offer") by Hansteen for the entire issued ordinary share capital of IMPT.

Under the terms of the Offer, IMPT shareholders would receive 300 pence in cash for each IMPT share held.

It is intended that the Offer will be implemented by way of a takeover offer under Chapter 1 of Part 28 of the Companies Act 2006. However, Hansteen reserves the right, subject to the prior consent of the Takeover Panel, to effect the proposed transaction by way of a Scheme of Arrangement.

If Hansteen receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the IMPT shares to which the Offer relates and the Offer becomes or is declared unconditional in all respects, Hansteen intends to exercise its rights pursuant to the provisions of section 154 of the Isle of Man Companies Act 1931 to acquire compulsorily all remaining IMPT Shares on the same terms as the Offer.

Assuming the Offer becomes or is declared unconditional in all respects, Hansteen also intends (as soon as it is appropriate and possible to do so) to procure that IMPT applies to the London Stock Exchange for the cancellation of trading in IMPT Shares on the Specialist Fund Segment of the London Stock Exchange's Main Market. It is anticipated that such cancellation will take effect no earlier than 20 Business Days after the Offer becomes or is declared unconditional in all respects. This would significantly reduce the liquidity and marketability of any IMPT Shares not assented to the Offer.

Corporate governance statement (continued)

Financial viability statement (continued)

If the Offer were not to become effective, The Board would continue, as previously announced, to target a refinancing of the portfolio at an optimum time and if a refinancing is not possible it will continue to review alternative ways to improve shareholder value.

Philip Scales
Director
23 February 2017

Audit Committee Report

This report details the key activities of the Committee during the year, alongside our principal responsibilities.

Composition of the Committee
The Committee consists of a Chairman (Philip Scales) and other Non-Executive Directors (Geoffrey Black and Donald Lake). All are independent Directors with significant financial experience, as detailed in the biographies on page 9. Meetings of the Audit Committee are attended by members of the Investment Adviser and Manager’s finance team and the external auditors, KPMG Audit LLC.

The Committee meets regularly during the year in alignment with the financial reporting timetable and during the financial year ended 31 December 2016 they met on three occasions with attendance as detailed below.

Director	**Audit Committee meetings attended**
Geoffrey Paul Raineri Black	3
Donald Lake	3
Philip Peter Scales	3
Number of meetings during the year	**3**

Role and responsibilities

The purpose of the Committee is to assist the Board in its responsibilities for monitoring the integrity of the Group’s financial statements, assessing the effectiveness of the Group’s system of internal controls and monitoring the effectiveness, independence, and objectivity of the external auditors.

While the Board as a whole has a duty to act in the best interests of the Company, the Committee has a particular role, acting independently of management, to ensure that the interests of the shareholders are properly protected in relation to financial reporting and the effectiveness of the Group’s systems of financial internal controls. The key responsibilities of the Committee are to:

- Monitor the integrity of the Group’s financial statements and formal announcements on the Group’s financial performance;
- Report to the board on the appropriateness of accounting policies and practices;
- Assess the effectiveness of the Group’s system of internal controls and risk-management systems, including reviewing the process for identifying, assessing and reporting all key risks
- Review the scope, effectiveness, independence and objectivity of the audit process;
- Make recommendations to the Board on the appointment, reappointment, remuneration and terms of engagement of the external auditor;
- Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- Report to the Board on how it has discharged its responsibilities; and
- Oversee the whistleblowing provisions of the Group and to ensure they are operating effectively.

Audit Committee Report (continued)

Activities of the committee

Key areas formally discussed and reviewed by the Committee during 2016 include:

- Annual, semi annual and quarterly results, including the related formal announcements.
- Key accounting policies and issues, including property valuation.
- Impact of future financial reporting standards and changes to Corporate Governance Code, Disclosure and Transparency Rules and Listing Rules.
- Significant accounting, reporting and judgement matters.
- Internal controls and risk management process.
- Semi annual and annual auditor reports on planning and final opinion containing observations leading to recommendations for control or financial reporting improvement.
- Group's whistleblowing policy to satisfy themselves that this has met FCA rules and good standards of corporate governance.

Significant areas

The significant areas considered by the Committee and discussed with the external auditors during the year were:

Valuation of investment properties and investment property held for sale
In conjunction with the Investment Adviser and Manager the Committee has reviewed the independent valuation report and underlying assumptions and is satisfied that the valuations are appropriate and in accordance with the current RICS Appraisal and Valuation Standards.

Revenue Recognition
The Committee considered the risk of fraud within revenue recognition and was satisfied that there were no issues arising.

Going concern – compliance with long term loan facilities
In December 2013, the Group entered into new long term loan facilities and the Committee considered whether the Group could service this debt. At the year end, the Committee has reviewed a two year forecast and is satisfied that the terms of the loan facilities can be satisfied.

External audit

The Group's external auditor is KPMG Audit LLC. The Committee is responsible for reviewing the independence and objectivity of the external auditors, and ensuring this is safeguarded notwithstanding any provision of any other services to the Group.

Audit Committee Report (continued)

External audit (continued)

The Board recognises the importance of safeguarding auditor objectivity and has taken the following steps to ensure that auditor independence is not compromised:

- The Committee annually evaluates the external auditor as to its complete independence from the Group and relevant officers of the Group in all material respects and that it is adequately resourced and technically capable to deliver an objective audit to shareholders. Based on this review the Committee recommends to the Board each year the continuation, or removal and replacement, of the external auditor;
- The external auditors provide audit related services such as regulatory and statutory reporting as well as formalities relating to shareholders and other circulars;
- The Committee regularly reviews all fees paid for audit, and all consultancy fees, with a view to assessing reasonableness of fees, value of delivery, and any independence issues that may have arisen or may potentially arise in the future;
- The external auditors' report to the Directors and the Committee confirming their independence in accordance with auditing standards. In addition to the steps taken by the Board to safeguard auditor objectivity, KPMG Audit LLC rotates audit partners every five years.

In addition, the Committee oversaw the tender of the external audit in line with The Code requirements. The successful firm KPMG Audit LLC performed its first external audit for the year ended 31 December 2014.

The appointment of the external auditor is subject to shareholder approval each year at the Annual General Meeting, giving shareholders the opportunity to accept or reject the Board's recommendation.

The Committee has adopted a policy for the provision of non-audit services and reviews and approves all material non-audit related services in accordance with the need to ensure the independence and objectivity of the external auditors, at the regular Committee meetings.

Total fees payable to KPMG Audit LLC for audit services relating to the current financial year amounted to £58,933 and no fees in respect of non-audit services were paid during the year.

KPMG Audit LLC, being eligible, have expressed their willingness to continue in office, in accordance with section 12 (2) of the Companies Act 1982 and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge and belief:

- The Group and Company financial statements, which have been prepared, in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company, and
- The Chairman's Statement, Investment Adviser and Manager's report and Director's report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board,

Jonathan Clague
Chairman

Philip Scales
Director

Report of the Independent Auditors, KPMG Audit LLC, to the shareholders of Industrial Multi Property Trust plc ONLY

Opinions and conclusions arising from our audit

1. Our opinion on the consolidated financial statements is unmodified

We have audited the consolidated financial statements of Industrial Multi Property Trust plc for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated and Company statement of changes in equity, the consolidated statement of cash flows, the Company balance sheet, the Company statement of cash flows and the related notes.

In our opinion the consolidated financial statements:

- Give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards, as adopted by the European Union; and
- Have been properly prepared in accordance with the provisions of the Companies Acts 1931 to 2004.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the consolidated financial statements, the risks of material misstatement that had the greatest effect on our audit were as follows:

Carrying value of investment properties and investment property held for sale (£85.3 million)

Refer to page 18 (Audit Committee Report), note 2 (Accounting policy for investment properties) and note 17 (Investment properties and investment property held for sale).

The risk: The Group's investment property portfolio makes up 94% of total assets (by value) and is considered to be the key driver of the Group's capital and revenue performance. The investment properties held by the Group are primarily UK based secondary industrial multi-tenant sites. The property values are inherently estimates, driven by tenant occupation levels and terms, comparable transactions, as well as market sentiment.

Our response: Our procedures over the valuation of the Group's investment property portfolio included, among others:

- understanding and critically assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of investment properties held to valuation reports prepared by an external expert appointed by the Directors;
- considering the terms of engagement and basis of preparation of externally prepared property valuation reports, and assessing the competence and capability of the appointed expert;
- for a sample of properties, selected by value, we have identified areas of risk associated with real estate issues to which the selected properties may be exposed. We have engaged a KPMG UK property specialist to consider the assumptions and the methodology of the valuations in line with the RICS Appraisal and Valuation Manual "the Red Book"; and
- assessing the adequacy of disclosures with regard to the investment property portfolio held.

Going concern: debt service and covenant compliance (Borrowings: £61.3m)

Refer to page 18 (Audit Committee Report), note 2 (accounting policy for basis of preparation) and note 22 (Long term borrowings).

The risk: The Group's investment property portfolio is funded by a number of loans secured against the Group's assets. These loans require minimum covenant thresholds, primarily loan to investment property value and interest cover ratios, to be complied with on an on-going basis in order to ensure that the facilities are not at risk of withdrawal from the financing providers. The withdrawal of financing could mean that the Group may be forced to sell the properties to repay borrowings or risk asset seizures, and ultimately affect the going concern nature of the Group. The Directors have concluded that, in view of the forecasts provided for the period to 2018, the degree of uncertainty attached to whether the going concern basis is appropriate is not material. As this assessment involves consideration of future events, there is a risk that the judgement is inappropriate and that the uncertainty should have been assessed as material, in which case additional disclosures would have been required.

Our response: Our procedures over the compliance of the Group with debt service and covenant requirements included the following:

- agreement to source funding documentation for covenant requirements to which the Group is subject;
- obtaining independent confirmation from financing providers of amounts due;
- agreement of key inputs and recalculation of all financing covenants to which the Group is subject;
- assessing key financing debt service and repayment terms, and the ability of the Group to meet these requirements for at least 18 months post period end (including assessment of compliance to cashflow sensitivities). We have agreed key inputs to the forecast financial information to supporting documentation and recalculation of key computations; and
- consideration of the appropriateness of the Group's disclosures with regard to financing facilities and associated terms and requirements.

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

The materiality for the consolidated financial statements as a whole was set at £360,000. This has been determined with reference to a benchmark of the Group's net assets (of which it represents 1.5%). Net assets, which is primarily dependent upon the value of the Group's investment property portfolio, is considered to be the key driver of the Group's capital and revenue performance and, as such, we consider it to be one of the principal considerations for members of the Company in assessing the financial performance and position of the Group.

We report to the Audit Committee any corrected and uncorrected identified misstatements we identified exceeding £18,000, in addition to other identified misstatements below that threshold that warranted reporting on qualitative grounds.

The Group audit team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above and covered 100% of total Group revenue, Group profit before taxation, and total Group assets. Our work was performed at the head office of the Investment Adviser and Manager, Alpha Real Capital LLP, in London and Administrator, FIM Capital Limited, in the Isle of Man.

4. We have nothing to report on the disclosures of principal risks

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

- the Directors' statement of long-term viability statement on pages 16 to 17 concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group continuing in operation over the two-year period to 2018; or
- the disclosures in note 2 of the consolidated financial statements concerning the use of the going concern basis of accounting.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under International Standards on Auditing ("ISAs") (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the consolidated financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

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

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you if, in our opinion:

- proper books of account have not been kept by the Parent Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's balance sheet and income statement are not in agreement with the books of account and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the statements, set out on pages 3 to 4, and 10 to 20, in relation to going concern and longer-term viability; and
- the Corporate Governance Statement on pages 12 to 17 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the consolidated financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of an audit of consolidated financial statements performed in accordance with ISAs (UK and Ireland)

An audit in accordance with ISAs (UK and Ireland) involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the consolidated financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The risks of material misstatement detailed in the section of our report titled "Our assessment of risks of material misstatement", are those risks that we have deemed, in our professional judgement, had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the consolidated financial statements as a whole. Our opinion on the consolidated financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

Materiality is a term used to describe the acceptable level of precision in the consolidated financial statements. We identify a monetary amount of 'materiality for the consolidated financial statements as a whole' based on our judgement as to the quantitative amount of a misstatement or an omission that could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. The concept of materiality is applied both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in our report.

When planning and performing the audit, materiality is used in evaluating the risk of material misstatement for each consolidated financial statement caption, and therefore the extent and persuasiveness of audit evidence required by us. In turn, materiality will also define the level of precision applied to individual audit procedures.

Materiality is also used in the calculation of the quantitative level below which individual misstatements are considered to be clearly trivial and do not need to be reported to those charged with governance or corrected. If, in the specific circumstances of the entity, there is one or more particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the consolidated financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements, we also determine the materiality level or levels to be applied to those particular classes of transaction, account balances or disclosures.

When evaluating the effect of identified misstatements on the audit, and of uncorrected misstatements on the consolidated financial statements, we request that misstatements are corrected and then apply judgement in identifying whether an uncorrected misstatement or omission is material. To do so we make reference to the monetary amount of 'materiality for the consolidated financial statements as a whole' determined when planning the audit. The materiality determined when planning the audit does not necessarily establish an amount below which uncorrected misstatements, individually or in the aggregate, will always be evaluated as immaterial. We also consider the impact of misstatements on individual account balances or classes of transaction.

Scope of an audit of consolidated financial statements performed in accordance with ISAs (UK and Ireland) (continued)

Furthermore, the qualitative circumstances related to some misstatements may cause us to evaluate them as material even if they are below the relevant quantitative materiality level. Similarly, the circumstances related to some misstatements (for instance those relating to classification or presentation) may cause us to evaluate them as not material to the consolidated financial statements as a whole even if they are above the relevant quantitative materiality level.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the Auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the consolidated financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of accounting and reporting.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Nicholas

Responsible Individual

For and on behalf of KPMG Audit LLC

Statutory Auditor

23 February 2017

Chartered Accountants

Heritage Court

41 Athol Street

Douglas

Isle of Man

IM99 1HN

Consolidated statement of comprehensive income

	Notes	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Income			
Rental income from investment properties	5,6	7,817	7,542
Other income	6	17	131
		7,834	**7,673**
Expenditure			
Investment Adviser and Manager's fee	7	(1,121)	(1,164)
Property expenses	7	(1,422)	(1,708)
Other expenses	7	(532)	(368)
		(3,075)	**(3,240)**
Gains/(losses) from investments			
Unrealised gains on revaluation of investment properties	17	4,471	3,910
Realised gains on sale of investment properties	17	416	1,037
Operating profit for the year before finance costs		**9,646**	**9,380**
Finance income	8,9	2	5
(Loss)/gain on interest rate derivative instrument	8,10	(127)	178
Finance costs	11	(5,711)	(5,960)
Profit before taxation from continuing operations		**3,810**	**3,603**
Taxation on ordinary activities	12	-	-
Profit for the year attributable to members of the Company		**3,810**	**3,603**
Total comprehensive profit for the year attributable to members of the Company		**3,810**	**3,603**
Earnings per share (pence)			
Profit for the year attributable to ordinary equity holders of the parent (pence per share) (basic and diluted)	14	45.3	42.8
Adjusted loss per share (pence) (basic and diluted)	14	(11.3)	(18.1)

All results are considered to derive from continuing operations. There are no other items that require disclosure in the consolidated statement of comprehensive income.

The accompanying notes on pages 33 to 61 are an integral part of these consolidated financial statements.

Consolidated balance sheet

	Notes	31 December 2016 £'000	31 December 2015 £'000
Assets			
Non-current assets			
Investment properties	17	84,915	81,630
		84,915	**81,630**
Current assets			
Investment property held for sale	17	390	-
Trade and other receivables	2,18,22	2,713	1,666
Cash and cash equivalents		1,179	2,165
Restricted cash	22	1,564	1,608
		5,846	**5,439**
Total assets		**90,761**	**87,069**
Current liabilities			
Interest rate derivative instrument	19	752	625
Trade and other payables	20,22	3,523	4,074
		4,275	**4,699**
Non-current liabilities			
Long term borrowings	22	61,385	61,079
Total liabilities		**65,660**	**65,778**
Net assets		**25,101**	**21,291**
Equity			
Share capital	23	841	841
Distributable capital reserve	23	93,623	93,623
Capital redemption reserve	23	254	254
Revenue reserves		(69,617)	(73,427)
Total equity		**25,101**	**21,291**
Net asset value per ordinary share (pence)	15	298.5	253.2
Adjusted net asset value per ordinary share (pence)	15	307.4	260.6

These consolidated financial statements were approved by the Board of Directors on 23 February 2017 and signed on its behalf by:

Jonathan Clague
Chairman

Philip Scales
Director

The accompanying notes on pages 33 to 61 are an integral part of these consolidated financial statements.

Consolidated and Company statement of changes in equity

	Share Capital	Distributable Capital Reserve	Capital Redemption Reserve	Retained loss	Total
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2015	**841**	**93,623**	**254**	**(77,030)**	**17,688**
Total comprehensive profit for the year	-	-	-	3,603	3,603
As at 31 December 2015	**841**	**93,623**	**254**	**(73,427)**	**21,291**
Balance as at 1 January 2016	**841**	**93,623**	**254**	**(73,427)**	**21,291**
Total comprehensive profit for the year	-	-	-	3,810	3,810
As at 31 December 2016	**841**	**93,623**	**254**	**(69,617)**	**25,101**

See note 23 for further details.

The accompanying notes on pages 33 to 61 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	For the year ended 31 December 2016 £'000	For the year ended 31 December 2015 £'000
Operating activities			
Profit for the year		3,810	3,603
Adjustment to reconcile profit before tax to net cash flows			
Unrealised gains on revaluation of investment properties		(4,471)	(3,910)
Realised gains on sale of investment properties		(416)	(1,037)
Other income		-	(131)
Finance income		(2)	(5)
Finance costs		5,711	5,960
Loss/(gain) on interest rate derivative instrument		127	(178)
Operating cash flows before movements in working capital		**4,759**	**4,302**
Movements in working capital:			
Increase in trade and other receivables		(1,117)	(207)
(Increase)/decrease in trade and other payables		(574)	268
Net cash flows from operating activities		**3,068**	**4,363**
Investing activities			
Interest received		2	5
Capital expenditure on investment properties	17	6	-
Sale proceeds from the disposal of investment properties	17	1,289	3,262
Net cash flows from investing activities		**1,297**	**3,267**
Financing activities			
Interest paid		(5,076)	(5,196)
Repayment of Alpha Real Trust Limited loan		-	(1,500)
Repayment of RBS & Europa loans	22	(319)	(1,049)
Exit fee paid		-	(30)
Net cash flows used in financing activities		**(5,395)**	**(7,775)**
Net decrease in cash and cash equivalents		(1,030)	(145)
Cash and cash equivalents at 1 January		**3,773**	**3,918**
Cash and cash equivalents at 31 December		**2,743**	**3,773**
Disclosed on the balance sheet as:			
Cash and cash equivalents		1,179	2,165
Restricted cash		1,564	1,608
Cash and cash equivalents		**2,743**	**3,773**

The accompanying notes on pages 33 to 61 are an integral part of these consolidated financial statements.

Company balance sheet

	Notes	31 December 2016 £'000	31 December 2015 £'000
Assets			
Non-current assets			
Investments in subsidiaries	16	-	-
		-	**-**
Current assets			
Trade and other receivables	18	35,515	31,917
Cash and cash equivalents		160	188
		35,675	**32,105**
Total assets		**35,675**	**32,105**
Current liabilities			
Trade and other payables	20	574	814
		574	**814**
Non-current liabilities			
Alpha Real Trust Limited loan	22	10,000	10,000
		10,000	**10,000**
Total liabilities		**10,574**	**10,814**
Net assets		**25,101**	**21,291**
Equity			
Share capital	23	841	841
Distributable capital reserve	23	93,623	93,623
Capital redemption reserve	23	254	254
Revenue reserves		(69,617)	(73,427)
Total equity		**25,101**	**21,291**
Net asset value per ordinary share (pence)	15	298.5	253.2
Adjusted net asset value per ordinary share (pence)	15	307.4	260.6

These financial statements were approved by the Board of Directors on 23 February 2017 and signed on its behalf by:

Jonathan Clague
Chairman

Philip Scales
Director

The accompanying notes on pages 33 to 61 are an integral part of these financial statements.

Company statement of cash flows

	For the year ended 31 December 2016	For the year ended 31 December 2015
	£'000	**£'000**
Operating activities		
Profit for the year	3,810	3,604
Adjustment to reconcile profit before tax to net cash flows		
Decrease in provision for intercompany loans	(4,100)	(3,720)
Finance income	(1,488)	(1,723)
Finance costs	1,504	1,734
Operating cash flows before movements in working capital	**(274)**	**(105)**
Movements in working capital:		
Decrease/(increase) in trade and other receivables	503	(1,187)
Decrease in trade and other payables	(239)	(327)
Net cash flows used in operating activities	**(10)**	**(1,619)**
Investing activities		
Interest received	1,509	1,730
Net cash flows from investing activities	**1,509**	**1,730**
Financing activities		
Interest paid	(1,527)	(1,744)
Loans and exit fees repaid by Group companies	-	1,530
Alpha Real Trust Limited loan and exit fee repaid	-	(1,530)
Net cash flows used in financing activities	**(1,527)**	**(1,744)**
Net decrease in cash and cash equivalents	**(28)**	**(1,633)**
Cash and cash equivalents at 1 January	188	1,821
Cash and cash equivalents at 31 December	**160**	**188**

The accompanying notes on pages 33 to 61 are an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2016

1 General information

The Company

The Company was incorporated in the Isle of Man on 10 June 2002. It is a closed-ended investment company and was formed primarily for investment in UK commercial property. The registered office of the Company is IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP. The aim of the Company and its subsidiaries (together "the Group") is to seek to improve income, reduce debt and provide the prospect of long-term capital growth. The Group has no employees.

Consolidated balance sheet presentation

The format of the consolidated balance sheet has continued to be presented on the same basis as the last annual consolidated financial statements.

Adjusted earnings per share and adjusted net asset value

The adjusted earnings per share and adjusted net asset value are presented in the annual consolidated financial statements to provide what the Company believes is a more relevant assessment of the Group's earnings and net asset value position.

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in pounds sterling and rounded to the nearest thousand unless otherwise stated. The functional and presentational currency of the Group is pounds sterling and there are no foreign exchange transactions. The Group's financial performance does not suffer materially from seasonal fluctuations.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and also to comply with relevant Isle of Man company law.

On 5 December 2013, the Company and Group entered into financing agreements which will expire in December 2018, as follows:

- a £33.5 million senior loan facility with a five-year term expiring in December 2018 at an initial margin of 3% per annum over LIBOR, with Royal Bank of Scotland PLC ("RBS"); and
- a £20.0 million mezzanine loan facility with a five-year term expiring in December 2018 at a coupon of 11% per annum, with Europa Mezzanine Finance Sàrl ("Europa").
- an £11.5 million unsecured loan facility with a five-year term expiring in December 2018 at a coupon of 15% per annum, with Alpha Real Trust Limited ("ART").

On 27 January 2014, the Group entered into an interest rate swap agreement to fix the interest rate on £25.1 million of the debt at 2.0225% per annum before the margin of 3% per annum until 4 December 2018.

These long-term borrowings have given the Group the time to continue the asset management initiatives, which improve shareholder value in the Company.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

2 Summary of significant accounting policies (continued)

In forming their view on whether it is appropriate to adopt the going concern basis in preparing the consolidated financial statements, the Board have reviewed cash flow projections to December 2018 to assess whether they continue to be able to meet its liabilities as they fall due and also meet the covenant terms of its loans. The projections include the following key assumptions:

- rental income based on contracted rental income from tenants secured as at 31 December 2016.
- rental income from some of the void properties becoming occupied based on historic and anticipated vacancy periods.
- void costs and non-recoverable costs based on the expected occupancy rate.
- default rates based on expected and historic patterns.
- interest charges and arrangement fees have been based on new loan terms.
- current property valuations apply, and there is no valuation change assumed from occupancy or market movement. No cash inflows from property sales are included.

The assessment of the cash flow projections shows that the Group is able to meet its liabilities as they fall due and comply with the covenants of its loan facilities.

Along with the above assessment of the cash flow projections, and that its loan facilities are not due for repayment until December 2018, the Board considers it appropriate to prepare the Group and Company financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Company statement of comprehensive income

In accordance with section 3(5) (b) (ii) of the Companies Act 1982, the Company is exempt from the requirement to present its own statement of comprehensive income. The Company made a profit of £3.8 million (2015: £3.6 million) on ordinary activities after taxation.

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. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, sales taxes and duty. Specific income is recognised as follows:

- Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease.
- Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore also recognised on the same straight line basis.
- Interest income is recognised as it accrues using the effective interest rate method.
- A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

2 Summary of significant accounting policies (continued)

Expenses
All expenses are calculated on an accruals basis. The Group's policy is to expense all property investment advisory fees. All other expenses are charged to the consolidated statement of comprehensive income.

Taxation
The Group is a resident in the Isle of Man for income tax purposes. The standard rate of tax on company profits in the Isle of Man is 0% except where profits are derived from banking business or retail activities, where the standard rate is 10% and where profits are derived from Isle of Man land and property, the standard rate is 20%. The Group is subject to Isle of Man Income Tax at a rate of 0% on its profits.

CHIP (One) Limited, CHIP (Two) Limited, CHIP (Three) Limited, CHIP (Four) Limited and CHIP (Five) Limited are subject to UK non-resident landlord tax at a rate of 20% on their rental profits.

Investment properties
Investment properties are measured initially at cost including transaction costs. Transaction costs include stamp duty, professional fees and legal services incurred to bring the properties to the condition necessary for them to be capable of operating. Lease incentive receivables are treated as a component of the carrying value of investment properties.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in fair values are included in the consolidated statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the consolidated statement of comprehensive income in the year of retirement or disposal.

Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds received and the latest valuation of the investment properties.

Non-current assets held for sale
Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than from continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell unless the assets are investment properties measured at fair value or financial assets within the scope of IAS 39 in which case they are measured in accordance with those standards.

Rent and other receivables
Rent and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents
Cash and short term deposits in the consolidated and Company balance sheets comprise cash at bank and short term deposits with an original maturity of three months or less. For the purposes of the consolidated and Company statements of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

Restricted Cash
Where cash is in the Group's bank accounts, but not under the Group's sole control at the balance sheet date, these amounts are disclosed as restricted cash.

Interest bearing loans and borrowings
All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Bank arrangement fees incurred are initially capitalised and are then amortised over the term of the loan.

2 Summary of significant accounting policies (continued)

Tenant deposits
Tenant deposit liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight line basis over the lease term.

Investment in subsidiaries
The Company's investments in its subsidiaries are designated at fair value through profit or loss. These investments are stated at fair value, derived from the net assets of the subsidiary companies at the reporting date, with any surplus or deficit arising on revaluation being recognised in the statement of comprehensive income of the Company.

Segmental reporting
The Directors are of the opinion that the Group is engaged in two operating sectors, split into industrial and office properties which are carried out in eight geographical locations, as detailed in note 5.

Derivatives and hedging
The Group may use interest rate hedging instruments to hedge its risks associated with interest rates. It is not the Group's policy to trade in derivative financial instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Directors have elected not to apply hedge accounting rules under IAS 39 on the hedging arrangements. Any gains or losses in the value of these derivatives are recognised immediately in the consolidated statement of comprehensive income.

Deferred taxation
Deferred tax is provided for using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected.

The key assumptions concerning the future and other key sources of estimation or uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investment properties and investment property held for sale
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group ensures the use of suitable qualified external valuers to value the investment properties and determine their fair value.

Investment properties are initially recognised at purchase cost plus directly attributable acquisition expenses. Investment properties are carried at a revalued amount which is stated at their fair value as determined on an open market basis as at the reporting date. The fair values of investment properties are based on valuation by an independent valuer who holds a recognised and relevant professional qualification and who has recent experience of the location and category of the investment properties being valued.

Going concern
The Group's borrowing facilities with RBS, Europa and ART terminate on 4 December 2018. Based on the assumption, current occupancy level and the removal of shareholders' continuation vote, the Board is confident that the loan covenants will be met up to the maturity of the existing long term borrowings.

3 Significant accounting judgements, estimates and assumptions (continued)

The fair value of investment properties generally involves consideration of:

- Market evidence on comparable transactions for similar properties;
- The actual current market for that type of property in that type of location at the reporting date and current market expectations;
- Rental income from leases and market expectations regarding possible future lease terms;
- Hypothetical sellers and buyers, who are reasonably informed about the current market and who are motivated, but not compelled, to transact in that market on an arm's length basis; and
- Investor expectations on matters such as future enhancement of rental income or market conditions.

Incentive fees
Incentive fees are provided for when it is deemed likely a fee will become payable based on the likelihood of the Company achieving the target level of return. Further details can be found in note 21.

Operating leases
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangement, that it retains all of the risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

4 Changes and future changes in accounting standards

(a) New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted are consistent with those of the previous year.

Annual improvements to certain standards apply for the first time in 2016. However, they do not impact the annual consolidated financial statements of the Group;

IAS 27 Separate financial statements – permission for use of equity method for separate financial statements;

IAS 1 Presentation of financial statements – improvement of financial statement disclosures;

IAS 16 Property, plant and equipment and IAS 38 Intangible assets – acceptable methods of depreciation and amortisation;

(b) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IAS 7 Statement of cash flows – requirements for additional disclosures;

IAS 12 Income taxes – Recognition of deferred tax assets for unrealised losses;

IFRS 12 Disclosure of interests in other entities – disclosure requirements of interests in other entities extended to include interests that are classified as held for sale or distribution;

IFRS 2 Share-based payment – Classification and measurement of share-based payment transactions;

IAS 40 Investment property – Transfers of property assets to, or from, investment property;

IFRIC 22 Foreign currency transactions and advance consideration – clarification of the use of transaction date to determine the exchange rate;

4 Changes and future changes in accounting standards (continued)

(b) Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments: Classification and Measurement

First chapters of new standards on accounting for financial instruments which will replace IAS 39 *Financial Instruments: Recognition and Measurement.*
The standard contains two primary measurement categories for financial assets:

- amortised cost; and
- fair value.

Financial assets are classified into one of these categories on initial recognition.

A financial asset is measured at amortised cost if the following conditions are met:

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

All other financial assets are measured at fair value.

IFRS 9 Financial Instruments (Hedge accounting and Amendments to IFRS 9, IFRS 7 and IAS 39) issued November 2013:

- new hedge accounting chapter added;
- improvements to the reporting of changes in the fair value of an entity's own debt contained in IFRS 9 made more readily available; and
- removal of the mandatory effective date of IFRS 9.

Subsequently, the IASB has tentatively set the effective date of IFRS 9 as periods beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers
The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue –Barter Transactions Involving Advertising Services.

It applies to contracts with customers but does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 16 Leases

The standard replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease.

It introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar – i.e. lessors continue to classify leases as finance or operating leases.

The standard is effective for annual periods beginning on or after 1 January 2019.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

5 Segmental analysis

Rental income – segmental analysis*

Sector	2016	2015
	£'000	£'000
Industrial properties	6,785	6,332
Office properties	1,137	1,144
Adjustments*	(105)	66
Total rental income	**7,817**	**7,542**

Region	2016	2015
	£'000	£'000
Midlands	2,287	2,282
East of England	1,711	1,241
North East	158	144
North West	574	589
South East	907	995
South West	1,446	1,432
Wales	72	97
Yorkshire & Humberside	767	696
Adjustments*	(105)	66
Total	**7,817**	**7,542**

* The rental information presented to the Board is in the form of the annual rent passing at the year end rather than being the rent spread on a straight line basis over the term of the lease in the way prescribed by IAS 17. Consequently the rent passing information presented to the Board is adjusted here to agree with the rental income in the consolidated statement of comprehensive income.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

5 Segmental analysis (continued)

Property valuation – segmental analysis

Sector	**2016** £'000	**2015** £'000
Industrial properties	73,620	70,425
Office properties*	11,685	11,205
Total property valuation	**85,305**	**81,630**

Region	**2016** £'000	**2015** £'000
Midlands	24,910	24,735
East of England	17,930	16,145
North East	1,675	1,620
North West*	5,445	5,365
South East	9,705	9,040
South West	17,370	16,580
Wales	810	770
Yorkshire & Humberside	7,460	7,375
Total	**85,305**	**81,630**

*Includes the property at Oldham, which is classified as held for sale for the sum of £390,000 (see note 17).

The Board considers the sector and region analysis above to be the significant segmental basis for the Group. The Board believes that the information is presented more clearly to investors in respect of the key segmental information.

Expenses are reviewed on a total basis split between property expenses and other expenses. The Board of Directors do not believe it is cost beneficial for the Group to consider the allocation of these costs between the operating segments mentioned above.

Trade and other receivables and trade and other payables are reviewed on a total basis. Long term borrowings are reviewed on a facility basis as per note 22. The Board of Directors do not believe it is cost effective for the Group to consider the allocation of these assets and liabilities between the operating segments mentioned above.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

6 Income

Rental Income

The Group leases out all of its investment properties under operating leases. Leases are typically for terms of 3 to 5 years. At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2016	**2015**
	£'000	£'000
Within one year	7,387	5,363
In the second to fifth years inclusive	19,510	12,035
After five years	5,632	3,693
Total	**32,529**	**21,091**

Other income

Other income relates to commissions received by the Group.

7 Expenditure

	2016	**2015**
	£'000	£'000
Investment Adviser and Manager's fee	**1,121**	**1,164**

The Group pays a quarterly fee of 1.25% per annum of gross asset value to the Investment Adviser and Manager.

Property expenses

	2016	**2015**
	£'000	£'000
Void rates and void service charges	579	510
Repairs, maintenance and utilities	415	676
Property insurance costs	47	48
Bad debt expense/(recovery)	34	(29)
Lease renewal and other costs	347	503
Total property expenses	**1,422**	**1,708**

Other expenses

	2016	**2015**
	£'000	£'000
Administration fees	90	86
Audit fees	66	65
Directors' fees	80	80
Other	296	137
Total other expenses	**532**	**368**

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

8 Finance income

	2016	2015
	£'000	£'000
Bank interest income (note 9 & note 11)	2	5
Net (loss)/profit on financial assets and liabilities held at fair value through profit or loss (note 10)	(127)	178
Total	**(125)**	**183**

The above interest income arises from financial assets classified as loans and receivables (including cash and cash equivalents) and has been calculated using the effective interest rate method.

9 Net gains and losses on loans and receivables

	2016	2015
	£'000	£'000
Bank interest income (note 8)	2	5
Bad debt expense/(recovery) (note 7)	(34)	29
Total	**(32)**	**34**

10 Net gains and losses on financial assets and liabilities at fair value through profit and loss

	2016	2015
	£'000	£'000
Net change in unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Interest rate swaps (note 19)	(127)	178
Net realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Interest rate swaps – interest receivable	135	144
Interest rate swaps – interest payable	(510)	(508)
Net expense of interest rate swaps	**(375)**	**(364)**
Net loss on financial assets and liabilities held at fair value through profit or loss	**(502)**	**(186)**
Disclosed as:		
Finance costs (note 11)	(375)	(364)
Finance income (note 8)	(127)	178
Net loss on financial assets and liabilities held at fair value through profit or loss	**(502)**	**(186)**

11 Total interest income and total interest expense on financial assets and financial liabilities

	2016 £'000	2015 £'000
Interest on long term borrowings	(3,366)	(3,368)
ART loan interest	(1,504)	(1,734)
SWAP interest expense (note 10)	(375)	(364)
Loan fee amortisation	(465)	(494)
Other charges	(1)	-
Total finance costs	**(5,711)**	**(5,960)**
Bank interest income (note 8)	2	5
Net interest expense	**(5,709)**	**(5,955)**

The above interest costs on borrowings arise on financial liabilities measured at amortised cost using the effective interest rate method. No other losses have been recognised in respect of financial liabilities at amortised cost other than those disclosed above.

12 Taxation

The Group's tax expense for the year comprises:

Current taxation	**2016** £'000	**2015** £'000
Profit before taxation from continuing operations	3,810	3,603
Tax at the applicable rate of 20% (2015: 20%)	762	721
Effects of:		
Non-taxable unrealised gains	(894)	(782)
Non-taxable realised gains	(83)	(207)
Effects of lower tax rate	57	23
Expenses not deductible for tax purposes	281	41
(Utilised)/unutilised losses	(123)	204
Taxation on ordinary activities	**-**	**-**

The applicable tax rate is the aggregate of the Isle of Man tax rate of 0% (2015: 0%) and the UK non resident landlord tax rate of 20% (2015: 20%).

Current taxation

The Group is resident in the Isle of Man for income tax purposes. The standard rate of tax on company profits in the Isle of Man is 0% except where profits are derived from banking business or retail activities, where the standard rate is 10% and where profits are derived from Isle of Man land and property, the standard rate is 20%. The Group is subject to Isle of Man Income Tax at a rate of 0% on its profits.

The Group's subsidiary companies are subject to UK non-resident landlord tax at a rate of 20% on their rental profits from UK property. The Group calculates its tax in respect of UK non resident landlord tax on a subsidiary by subsidiary basis; no group reliefs are available for non-resident landlords. As at 31 December 2016, the Group has unused UK tax losses and capital allowances of £10.5 million (2015: 11.1 million).

Deferred taxation

The Group has not recognised a deferred tax asset in relation to the UK losses carried forward due to the uncertain nature of future taxable profits.

13 Dividends

The Company paid no dividends during the year (2015: £nil).

14 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2016	2015
	£'000	£'000
Continuing operations		
Profit after tax from continuing operations	**3,810**	**3,603**
Profit per share (pence) (basic and diluted)	**45.3**	**42.8**
Adjusted earnings		
Profit after tax	3,810	3,603
Unrealised gains on revaluation of investment properties	(4,471)	(3,910)
Net loss/(gain) on interest rate hedging instruments (note 8)	127	(178)
Realised gain on sale of investment properties	(416)	(1,037)
Total adjusted loss	**(950)**	**(1,522)**
Total adjusted loss per share pence (basic and diluted)	**(11.3)**	**(18.1)**
Weighted average number of ordinary shares ('000)	8,410	8,410

The adjusted earnings are presented to provide what the Board believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Board adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

The mark-to-market movement of the interest rate hedging instruments are adjusted where the hedged facilities are currently in compliance of their banking covenants and are therefore unlikely to break prior to the expiry of the instruments.

15 Net asset value per share

	31 December 2016	31 December 2015
	£'000	£'000
Net asset value	**25,101**	**21,291**
Net asset value per share (pence)	**298.5**	**253.2**
Adjusted net asset value		
Net asset value	25,101	21,291
Fair value of interest rate swaps (note 19)	752	625
Adjusted net asset value	**25,853**	**21,916**
Adjusted net asset value per share (pence)	**307.4**	**260.6**
Number of ordinary shares ('000)	8,410	8,410

The adjusted net assets are presented to provide what the Board believes is a more relevant assessment of the Group's net asset position over the longer term, when certain fair value and accounting adjustments may not be realisable.

16 Investments in subsidiaries

All of the subsidiary companies are incorporated in the Isle of Man, are wholly owned by Industrial Multi Property Trust plc and are all property holding companies.

	2016 £'000	2015 £'000
Cost of subsidiaries at start of the year	14,829	14,829
Cost of subsidiaries at end of the year	14,829	14,829
Unrealised loss on revaluation of subsidiaries	(14,829)	(14,829)
Fair value of subsidiaries at year end	**-**	**-**

All the subsidiary companies as at 31 December 2016 and 2015 had net liabilities, therefore the original cost of the investment held in the Parent Company has been fully impaired.

As at 31 December 2016, the Company's subsidiaries are CHIP (One) Limited, CHIP (Two) Limited, CHIP (Three) Limited and its subsidiaries, CHIP (Four) Limited and CHIP (Five) Limited.

17 Investment properties and investment property held for sale

	31 December 2016 £'000	31 December 2015 £'000
Fair value of properties at 1 January	81,630	79,925
Additions	6	-
Disposal of properties	(873)	(2,224)
Movement in lease incentives	71	19
Change in fair value	4,471	3,910
Fair value of properties at 31 December	**85,305**	**81,630**

	31 December 2016 £'000	31 December 2015 £'000
Sale proceeds from the disposal of investment properties	1,289	3,262
Fair value of disposed properties	(873)	(2,224)
Realised gains on sale of investment properties	**416**	**1,037**

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the Group's investment properties (including investment property held for sale) at 31 December 2016 and 31 December 2015 has been arrived at on the basis of valuation carried out at that date by Cushman & Wakefield Debenham Tie Leung Limited trading as Cushman and Wakefield, independent valuers not connected with the Group. The valuation, which was carried out in accordance with the Royal Institution of Chartered Surveyors ("The Red Book") Appraisal and Valuation Standards (9th Edition 6 January 2014), was arrived at by reference to market evidence of transaction prices for similar properties, together with valuation techniques consistent with those used in the 31 December 2015 valuation. The valuation model is based on comparable market evidence derived from observable market data, derived from an active and transparent market adjusted with certain unobservable inputs as disclosed below. The properties were valued individually. These valuation models are consistent with the principles in IFRS 13.

At the year end, the property at Oldham was classified as a non-current asset held for sale at a fair value of £390,000. The property was sold on 3 February 2017 for £0.39 million. The amount of unrealised gains and losses recognised in the consolidated statement of comprehensive income is a loss of £60,000 (note 27).

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, the highest value which will include its

17 Investment properties and investment property held for sale (continued)

actual and potential uses given current market conditions. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change in arriving at its valuation.

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation on completed investment properties:

	2016 £'000	**2015** £'000
Increase in underlying property yield of 25bps	(2,265)	(2,151)
Decrease in rental rates of 5%	(4,265)	(4,082)

Fair value is based on active market information, adjusted for any difference related to the nature, location and condition of the specific asset. Where information is not available, alternative valuation methods are used, such as 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, or discounted cash flow projections. The principal assumptions underlying the estimation of fair value are those related to the receipt of contracted rental income, expected future market rental income, void periods, lease incentives, maintenance requirements and appropriate yields/discount rates of previous quarters.
These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The valuer looks at each individual property on its merits.

The valuation reports produced by the valuers are based on information provided by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. In addition, the valuation reports are based on assumptions and valuation models used by the valuers. The assumptions are typically market related, such as yields and discount rates, and are based on their professional judgment and market observation.

Valuation process

The Investment Adviser and Manager verifies all major inputs to the valuation reports, assesses the individual property valuation changes from the prior valuation report and holds discussions with the valuers. When this process is complete, the valuation report is communicated to the Board, which considers it as part of its overall responsibilities.

In categorising which level of the fair value hierarchy applies to the Group's investment properties, consideration is given to the inputs used by the Group's valuer in determining the fair value. As mentioned above observable market data such as transactions involving similar properties and the information provided by the Group is used in determining the fair value. In addition there are also a number of unobservable inputs including the estimated rental value, net initial yield, net reversionary yield, state and condition, void periods and the related void rate charges, letting incentives and related letting charges such as marketing and legal costs which are considered by the valuer.

Properties pledged as security

The Group has pledged investment properties valued at £85.3 million at 31 December 2016 (31 December 2015: £81.6 million) to secure borrowings (note 22).

Impact on fair value to changes in significant unobservable inputs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	**Impact on fair value of increase in input**
Estimated rental value	Increase
Net initial yield	Decrease
Net reversionary yield	Decrease

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

17 Investment properties and investment property held for sale (continued)

The tables below show the observable inputs of weighted average passing rent per square foot and weighted average lease length plus the quantifiable unobservable inputs of weighted average estimated rental value per square foot, weighted average net initial yield and weighted average reversionary yield which have been split based on the appropriate sector and region:

2016	**Weighted average passing rent per sq ft (£)**	**Weighted average estimated rental value market rent per sq ft (£)**	**Weighted average net initial yield (%)**	**Weighted average net reversionary yield (%)**	**Weighted average lease length (years)**
Light industrial	4.4	5.0	8.7	10.4	4.3
Office	8.5	10.3	9.2	11.8	4.0

2015	**Weighted average passing rent per sq ft (£)**	**Weighted average estimated rental value market rent per sq ft (£)**	**Weighted average net initial yield (%)**	**Weighted average net reversionary yield (%)**	**Weighted average lease length (years)**
Light industrial	4.1	4.9	8.5	11.7	3.4
Office	8.4	10.1	9.7	11.4	3.9

2016	**Weighted average passing rent per sq ft (£)**	**Weighted average estimated rental value market rent per sq ft (£)**	**Weighted average net initial yield (%)**	**Weighted average net reversionary yield (%)**	**Weighted average lease length (years)**
Midlands	5.1	5.7	8.7	10.2	4.7
East of England	4.6	4.8	9.0	9.9	4.5
North East	4.0	4.7	8.9	11.1	3.0
North West	4.3	5.6	10.0	13.8	3.3
South East	6.6	6.9	8.8	9.7	3.4
South West	4.2	5.5	7.9	10.9	4.9
Wales	3.2	4.3	8.5	11.9	2.7
Yorkshire & Humberside	4.5	4.9	9.7	11.2	2.7

2015	**Weighted average passing rent per sq ft (£)**	**Weighted average estimated rental value market rent per sq ft (£)**	**Weighted average net initial yield (%)**	**Weighted average net reversionary yield (%)**	**Weighted average lease length (years)**
Midlands	4.9	5.7	8.7	10.6	4.5
East of England	3.3	4.2	7.9	10.7	4.2
North East	3.6	4.3	8.4	10.7	3.9
North West	3.9	5.6	9.2	13.8	3.3
South East	7.5	7.0	9.1	10.5	3.8
South West	4.2	5.4	8.2	11.1	2.9
Wales	4.3	4.0	11.8	11.6	4.4
Yorkshire & Humberside	4.5	4.8	9.9	11.2	3.1

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

18 Trade and other receivables

Group	**31 December 2016**	**31 December 2015**
	£'000	£'000
Rental income receivable (note 24)	720	657
Other debtors receivable	1,993	1,009
	2,713	**1,666**

Payment terms for rental debtors are typically quarterly in advance.

As at 31 December 2016 receivables of £0.1 million (2015: £0.1 million) were impaired and fully provided. During 2016, £nil was written off in the year (2015: £nil).

Other debtors receivable includes £0.5 million (2015: £0.5 million) in a covenant cure account over which Europa has sole signing rights (see note 22), £0.1 million (2015: £0.1 million) of non-recoverable prepaid insurance costs and outstanding recharged insurance costs, £1.3 million (2015: £0.2 million) of cash held by the property agents on behalf of the Group and £0.1 million (2015: £0.2 million) of miscellaneous debtors

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Note 24 provides an ageing of trade receivables along with details of the provision against receivables during the year.

Company	**31 December 2016**	**31 December 2015**
	£'000	£'000
Inter-company balances receivable	34,588	31,244
Other debtors receivable	927	673
	35,515	**31,917**

The Company impairs its intercompany balances receivable where its subsidiaries have net liabilities. As at the 31 December 2016, intercompany balances receivable with a value of £45.7 million (2015: £49.8 million) were impaired and fully provided for. During 2016, £4.1million of provisions were written back to the income statement (2015: £3.7 million written back). There is no fixed date for the repayment of inter-company loans and interest arising.

19 Interest rate derivative instruments

The Group used interest rate hedging arrangements to mitigate its exposure to interest rate changes.

The Directors have elected not to apply hedge accounting rules under IAS 39 on the hedging arrangements. Any gains or losses in the fair value of these derivatives are recognised immediately in the consolidated statement of comprehensive income.

Interest rate swap agreements	**31 December 2016** £'000	**31 December 2015** £'000
Fair value at 1 January	(625)	(803)
Unrealised (loss)/gain on interest rate swaps	(127)	178
Fair value at 31 December	**(752)**	**(625)**

19 Interest rate hedging instruments (continued)

The exposure of the Group to movements in interest rates was mitigated by the Group's subsidiaries entering into interest rate swaps as detailed below.

The Royal Bank of Scotland
On 27 Jan 2014, CHIP (One) Limited (on behalf of CHIP (Two) Limited, CHIP (Three) Limited, CHIP (Four) Limited and CHIP (Five) Limited) entered into an interest rate swap for the amount of £25.1 million with The Royal Bank of Scotland. The interest rate swap has the effect of fixing the Group's costs of these borrowings from 27 January 2014 until 4 December 2018 at 2.0225% per annum, before the margin of 3% per annum.

20 Trade and other payables

Group	**2016**	**2015**
	£'000	£'000
Rental income in advance	1,789	1,613
Creditors and accruals	1,734	2,461
	3,523	**4,074**

Company	**2016**	**2015**
	£'000	£'000
Creditors and accruals	574	814
	574	**814**

Trade payables are non-interest bearing and are settled within normal business terms.

21 Investment Adviser and Manager's incentive fee

No incentive arrangement is currently in place and therefore no incentive fee is provided for at 31 December 2016 (31 December 2015: £nil).

22 Long term borrowings

	2016	**2015**
	£'000	£'000
Borrowings at 1 January	61,079	63,006
Europa PIK interest	200	199
Amortisation of fees during the year	425	423
Repayment of long term borrowings	(319)	(2,549)
Long term borrowings at 31 December	**61,385**	**61,079**
Long term borrowings	62,201	62,319
Unamortised arrangement fees	(816)	(1,240)
Long term borrowings at 31 December	**61,385**	**61,079**
Current	-	-
Non-current	61,385	61,079
Long term borrowings at 31 December	**61,385**	**61,079**

22 Long term borrowings (continued)

	Royal Bank of Scotland £'000	Europa Mezzanine Finance Sàrl £'000	Alpha Real Trust Limited £'000	Total £'000
Long term borrowings at the beginning of the year	32,002	19,404	9,673	61,079
Component of Europa interest payment capitalised	-	200	-	200
Repayment of long term borrowings	(207)	(112)	-	(319)
Amortisation of financing fees during the year	134	133	158	425
Long term borrowings at 31 December 2016	**31,929**	**19,625**	**9,831**	**61,385**

	Royal Bank of Scotland £'000	Europa Mezzanine Finance Sàrl £'000	Alpha Real Trust Limited £'000	Total £'000
Long term borrowings at the beginning of the year	32,550	19,440	11,016	63,006
Component of Europa interest payment capitalised	-	199	-	199
Repayment of long term borrowings	(682)	(367)	(1,500)	(2,549)
Amortisation of financing fees during the year	134	132	157	423
Long term borrowings at 31 December 2015	**32,002**	**19,404**	**9,673**	**61,079**

a) The Royal Bank of Scotland loans

The facility agreement is between the bank and subsidiaries, CHIP (One) Limited, CHIP (Two) Limited, CHIP (Three) Limited (and its subsidiaries), CHIP (Four) Limited and CHIP (Five) Limited for an amount of £33.5 million.

Interest is payable at a rate equal to 3 month LIBOR plus a margin of 3% per annum. The facility is repayable on 4 December 2018. An event of default (as defined in the facility agreement) is triggered, if, *inter alia*, the amount of the loan facility exceeds 65% before 4 December 2016 and 60% thereafter of the value of the properties over which The Royal Bank of Scotland has security by reference to the bank's own valuation, performed at the time of financing. For the purpose of the test the valuation, which at the bank's discretion can be requested annually at the Group's cost or at any time at the bank's expense, will explicitly exclude the Wareham property and any properties subsequently sold.

Additional covenants dictate that: the minimum net rent should not be less than £4.5 million per annum and the net rental income of the secured properties shall not be lower than 225% of the interest for any test period, net rental income from any single tenant shall not exceed 12.5% of the total net rental income of all properties and at no time shall a single property constitute more than 20% of the aggregate market value of the properties. During the year ended 31 December 2016 the Group was compliant with these covenants.

22 Long term borrowings (continued)

An early repayment greater than £5 million on the RBS facility, would incur for the Group a variable penalty depending on when the repayment is made. The penalty rates are as follows: if a repayment is made 12-24 months after the facility agreement date (December 2013), 1.0%; 24-36 months, 0.75%; 36-48 months, 0.5%. At 31 December 2016 the penalty would have been £142,500. There is no current intention to incur this penalty.

The facility is secured by a debenture over all the assets and legal charge over the property assets of CHIP (One) Limited, CHIP (Two) Limited, CHIP (Three) Limited (and its subsidiaries), CHIP (Four) Limited and CHIP (Five) Limited. In addition CHIP (One) Limited, CHIP (Two) Limited, CHIP (Three) Limited (and its subsidiaries), CHIP (Four) Limited and CHIP (Five) Limited were required to open a rent account with The Royal Bank of Scotland. The cash paid into the rent accounts is restricted until the periodic interest payment date. At 31 December 2016 £0.6 million was held within the rent account, which was released at the subsequent interest payment date (31 December 2015: £1.6 million). At the year end, £0.97 million remains in a blocked account with The Royal Bank of Scotland.

b) Europa Mezzanine Finance Sàrl (“Europa”)

The facility is between Europa and subsidiaries, CHIP (One) Limited, CHIP (Two) Limited, CHIP (Three) Limited (and its subsidiaries), CHIP (Four) Limited and CHIP (Five) Limited for an amount of £20 million.
Interest is payable at a rate equal to 10.0% per annum to be paid in cash plus 1.0% that may be cash paid or accrued. The facility is repayable on 4 December 2018. An event of default (as defined in the facility agreement) is triggered, if*, inter alia*, the amount of The Royal Bank of Scotland and Europa loan facilities exceed 85% of the value of the properties (based currently on same the valuation used by Europa in the covenant referred to previously). For the purpose of the test, Europa, at their discretion, can request a valuation annually at the Group’s cost or at any time at Europa’s expense. At the time of finance Europa and The Royal Bank of Scotland used the same valuer and valuations.

Other financial covenants require that the net rental income of the secured properties shall not be lower than 110% of the interest (being the total interest charged by Royal Bank of Scotland and Europa) for any test period**.** In addition, net rental income from any single tenant shall not exceed 12.5% of the total net rental income of all properties and at no time shall a single property constitute more than 20% of the aggregate market value of the properties.

In addition, Europa required the Group to deposit £0.5 million in a covenant cure account over which Europa has sole signing rights. The funds placed in this account have been included under “trade and other receivables” in the consolidated balance sheet.

During the year ended 31 December 2016 the Group was compliant with these covenants.

Any early loan repayments by the Group greater than £2 million, within the first three years of the facility will incur a break penalty equal to the interest which would have been earned on the principal from that early repayment date to the third year anniversary of the facility. The Group will no longer incur a break penalty for early loan repayments on this facility.

c) Alpha Real Trust Limited loan

On 5 December 2013, the Company entered into a loan agreement in which Alpha Real Trust Limited provided an unsecured loan to the Company for £11.5 million for a period of five years to 4 December 2018. The coupon of the loan agreement is 15% per annum, compounded quarterly. No covenant tests apply and Alpha Real Trust Limited has no security over the assets of the Company or the Group.

An exit fee of 2% is payable on repayment of the entire loan amount. This amount is being accrued over the five year life of the loan.

Additionally any early loan repayments by the Group greater than £2 million of the original principal, within the first three years of the facility will incur a break penalty equal to the interest which would have been earned on the principal from that early repayment date to the third year anniversary of the facility. The Group will no longer incur a break penalty for early loan repayments on this facility.

23 Share capital and related reserves

Authorised share capital:	2016	2015
	£'000	£'000
13,400,000 Ordinary Shares of £0.10 each	1,340	1,340
66,000,000,000 Deferred Shares of £0.00001 each	660	660
	2,000	**2,000**

Issued share capital:	2016	2015
	£'000	£'000
8,409,520 Ordinary Shares of £0.10 each fully paid	841	841
	841	**841**

	Ordinary shares of £0.10 each	**Deferred shares of £0.00001 each**	**Total**
	Number of shares '000	Number of shares '000	Number of shares '000
As at 1 January 2016	**8,410**	**-**	**8,410**
As at 31 December 2016	**8,410**	**-**	**8,410**

	Ordinary shares of £0.10 each	**Deferred shares of £0.00001 each**	**Total**
	Number of shares '000	Number of shares '000	Number of shares '000
As at 1 January 2015	**8,410**	**-**	**8,410**
As at 31 December 2015	**8,410**	**-**	**8,410**

Voting and other rights
Holders of Ordinary shares are entitled to one vote for each share held.

Dividends
Holders of Ordinary shares are entitled to receive dividends as and when declared by the Company.

Winding up
On a winding-up, the surplus assets remaining after payment of all creditors, including payment of bank borrowings, shall be divided *pari passu* among the holders of Ordinary shares in proportion to the capital paid up on the shares held at the commencement of the winding-up.

Distributable capital reserve
This is a distributable reserve out of which distributions can be made to the shareholders and arose on the cancellation of the share premium account.

Capital redemption reserve
This is a non-distributable reserve that is required under Isle of Man Companies Act 1931 and arises on cancellation of issued share capital.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

24 Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, are loans and borrowings, the main purpose of which is to raise finance for the acquisition and development of the Group's property portfolio. The Group has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees the policies for managing these risks to ensure that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies for risk. All derivative activities for risk management purposes are carried out by specialist third parties that have the appropriate skills, experience and supervision.

Market risk includes interest rate risk, foreign currency risk, and real estate risk. The policies for managing each of these risks are summarised below:

Market risk

i) Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's debt obligations. The Group's policy was to manage its interest cost using interest rate swaps in which the Group had agreed to exchange the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The swap was designed to fix the interest payable on part of the bank loans.

On 27 January 2014, CHIP (One) Limited (on behalf of CHIP (Two) Limited, CHIP (Three) Limited and its subsidiaries, CHIP (Four) Limited and CHIP (Five) Limited entered into a swap for the amount of £25.1 million. The interest swap has the effect of fixing the Group's costs of these borrowings from 27 January 2014 to 4 December 2018 at a rate of 2.0225% per annum (before the margin of 3% per annum is applied). As at 31 December 2016 the swap liability was £0.8 million (31 December 2015: £0.6m).

The interest rate profile of the Group at 31 December 2016 was as follows:

Financial Assets	**Total as per consolidated balance sheet**	**Fixed rate**	**Variable rate**	**Non interest bearing**	**Weighted average interest rate**
	£'000	£'000	£'000	£'000	%
Cash & cash equivalents	1,179	-	1,179	-	0.10
Restricted cash	1,564	-	1,564	-	-
Trade & other receivables	2,713	-	-	2,713	-
	5,456	**-**	**2,743**	**2,713**	

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

24 Financial risk management objectives and policies (continued)

i) Interest rate risk (continued)

Financial Liabilities	**Total as per consolidated balance sheet**	**Fixed rate**	**Variable rate**	**Non interest bearing**	**Weighted average interest rate**	**Weighted period**
	£'000	£'000	£'000	£'000	%	Years
Trade & other payables	3,523	-	-	3,523	-	-
Interest rate derivative instrument	752	-	752	-	-	2.00
Long term borrowings	61,385	29,944	32,257	(816)	7.55	2.00
	65,660	**29,944**	**33,009**	**2,707**	**-**	

The interest rate profile of the Group at 31 December 2015 was as follows:

Financial Assets	**Total as per consolidated balance sheet**	**Fixed rate**	**Variable rate**	**Non interest bearing**	**Weighted average interest rate**
	£'000	£'000	£'000	£'000	%
Cash & cash equivalents	2,165	-	2,165	-	0.16
Restricted Cash	1,608	-	1,608	-	-
Trade & other receivables	1,666	-	-	1,666	-
	5,439	**-**	**3,773**	**1,666**	

Financial Liabilities	**Total as per consolidated balance sheet**	**Fixed rate**	**Variable rate**	**Non interest bearing**	**Weighted average interest rate**	**Weighted period**
	£'000	**£'000**	**£'000**	**£'000**	**%**	**Years**
Trade & other payables	4,074	-	-	4,074	-	-
Interest rate derivative instruments	625	-	625	-	-	3.00
Long term borrowings	61,079	29,855	32,464	(1,240)	8.30	3.00
	65,778	**29,855**	**33,089**	**2,834**	**-**	

The following table illustrates the sensitivity of the profit after taxation for the year and the net asset value to an increase or decrease of 100 basis points in interest rates in regards to the Group's monetary financial assets and financial liabilities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Group's monetary financial instruments held at each balance sheet date, with all other variables held constant.

24 Financial risk management objectives and policies (continued)

i) Interest rate risk (continued)

	2016 Increase in rate £'000	**2016 Decrease in rate** £'000	**2015 Increase in rate** £'000	**2015 Decrease in rate** £'000
Change in total profit/(loss) after taxation for the year	(586)	586	(573)	573
Change in net asset value at 31 December	(586)	586	(573)	573
% change in net asset value	(2.3%)	2.3%	(2.7%)	2.7%

ii) Foreign currency risk

There is no foreign currency risk as the assets and liabilities of the Group are maintained in pounds sterling.

Real estate risk

The Group's exposure to market risk is comprised mainly of movements in the value of the Group's investments in property. The Group's investment portfolio is managed within the investment parameters disclosed in its prospectus.

The Group has identified the following risks associated with the real estate portfolio:

- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.
- The exposure of the fair values of the portfolio to investment and occupier markets.

The following table illustrates the sensitivity of the profit/loss after taxation for the year end and the net asset value to an increase or decrease of 10% in the market value of the investment properties. This level of change is considered reasonably possible based on observation of current market conditions.

	2016	**2016**	**2015**	**2015**
	Increase in fair value £'000	**Decrease in fair value** £'000	**Increase in fair value** £'000	**Decrease in fair value** £'000
Change in total profit/(loss) after taxation for the year	8,531	(8,531)	8,163	(8,163)
% change in net asset value at 31 December	34.0%	(34.0%)	38.3%	(38.3%)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from rental income receivable and recoverable costs from occupational tenants) and from its financing activities, including deposits with banks and other financial institutions.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

24 Financial risk management objectives and policies (continued)

Credit risks related to receivables: credit risk in relation to occupational tenants is managed by the Property Manager. The Property Manager has been appointed by the Investment Adviser and Manager to monitor the tenants on an ongoing basis. Credit limits are established for all tenants based on internal rating criteria and outstanding customer receivables are regularly monitored. At 31 December 2016 the Group's ten largest debtors totalled £0.17 million (2015: £0.17 million) and accounted for approximately 8.4% (2015: 8.8%) of all receivables owing. There were four (2015: three) customers with balances greater than £20,000 accounting for 5.8% (2015: 4.2%) of total amounts receivable. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets.

The ageing of rental income receivables is as follows:

	2016	**2015**
	£'000	£'000
0 to 90 days	731	615
Over 90 days	52	111
Provision for bad debts	(63)	(69)
	720	**657**

Provision for impairment of trade receivables	**2016**	**2015**
	£'000	**£'000**
Accumulated impairment losses at 1 January	69	175
Movements in impairment losses during the year	34	(29)
Amounts written off during the year	(43)	(77)
Amounts recovered during the year	3	-
Accumulated impairment losses at 31 December	**63**	**69**

In the event of a default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs including legal expenses, in maintaining, insuring and re-letting the property until it is re-let. The Board monitors credit risk by reviewing regular reports it receives from the Investment Adviser and Manager on the concentration of risk and any tenants in arrears. The Group does not hold collateral as security.

Credit risks related to financial instruments and cash deposits: credit risk from balances with banks and financial institutions are reviewed by the Investment Adviser and Manager in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. The Group has bank accounts with The Royal Bank of Scotland and Barclays PLC.

Counterparty credit limits are reviewed by the Board on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

24 Financial risk management objectives and policies (continued)

In summary, compared to the amounts included in the consolidated balance sheet, the maximum exposure to credit risk at 31 December 2016 was as follows:

	2016 Balance Sheet	2016 Maximum exposure	2015 Balance Sheet	2015 Maximum exposure
	£'000	£'000	£'000	£'000
Cash & cash equivalents	1,179	1,179	2,165	2,165
Restricted cash	1,564	1,564	1,608	1,608
Trade & other receivables	2,713	2,713	1,666	1,666
	5,456	**5,456**	**5,439**	**5,439**

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet financial commitments as they fall due. External funding is of limited maturity. Such concern exposes firms to liquidity risk and costs associated with the necessity to refinance and rollover the existing debt at a time when credit is tight. In certain circumstances, the terms of the Group's bank facility agreement entitle the lender to demand early repayment (note 22 long term borrowings) and in such circumstances the Group's ability to maintain the net asset value attributable to the ordinary shares could be adversely affected.

The Directors and Investment Adviser and Manager continue to monitor the financial covenants of each of the loan facilities to manage the sensitivity of the Group debt obligations. If financial covenants are breached, the Group could correct these through negotiation with the lending bank or by use of other assets.

The Group's long term borrowings are with Royal Bank of Scotland, Europa Mezzanine Finance Sàrl and Alpha Real Trust Limited.

The following table illustrates the sensitivity of the loan to value ratio for the year end to an increase or decrease of 10% in the market value of the investment properties. This level of change is considered reasonably possible based on observation of current market conditions. The loan to value ratio on total borrowings as at 31 December 2016 is 72.9% compared to 76.3% at 31 December 2015.

	2016 Increase in fair value	2016 Decrease in fair value	2015 Increase in fair value	2015 Decrease in fair value
Loan to property valuation ("LTV")	66.3%	81.0%	69.4%	84.8%

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2016

24 Financial risk management objectives and policies (continued)

The remaining contractual maturities of the financial liabilities at 31 December 2016, based on the earliest date on which payment of interest and principal can be required were as follows:

As at 31 December 2016

Financial liabilities	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due> 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Trade & other payables	3,523	-	-	-	3,523
Interest rate swaps(1)	-	376	376	-	752
Long term borrowings & related costs	1,182	3,610	66,638	-	71,430
Total liabilities	**4,705**	**3,986**	**67,014**	**-**	**75,705**

As at 31 December 2015

Financial liabilities	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due> 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Trade & other payables	4,074	-	-	-	4,074
Interest rate swaps(1)	-	208	417	-	625
Long term borrowings and related costs	1,193	3,646	76,478	-	81,317
Total Liabilities	**5,267**	**3,854**	**76,895**	**-**	**86,016**

(1) The fair value of the interest rate swap has been disclosed as a current liability within the consolidated balance sheet, whilst the amounts presented in this note help to achieve a better understanding as to the timings of the cash flows of payments due.

Fair values

The carrying amount of the financial assets and liabilities in the financial statements are equal to their fair values. The fair values of the financial assets and liabilities are included at an estimate of the amount at which the instrument could be exchanged 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 short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.
- The fair value of the derivative interest rate swap contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.
- The fair value of tenant deposits is estimated by discounting the nominal amount received to the expected date of repayment based on prevailing market interest rates.
- The fair value of fixed rate borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair value approximates their carrying values gross of unamortised transaction costs.

24 Financial risk management objectives and policies (continued)

IFRS 13 requires disclosure of the fair value measurement of the Group's assets and liabilities, the related valuation techniques, the valuations' recurrence and the inputs used to assess and develop those measurements.

The Group discloses fair value measurements 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).

The level in the fair value hierarchy within which the asset or liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Assets and liabilities are classified in their entirety into one of the three levels.

Investment properties and interest rate swaps are valued on a recurring basis: investment properties and interest rate swaps are both valued quarterly.

The fair value of the derivative interest rate swap contracts is determined by reference to the mid-point of the yield curves prevailing on the reporting date and represent the net present value of the differences between the contracted rate and the valuation rate when applied to the projected balances to the period from the reporting date to the contracted expiry date.

Fair values

	Assets and liabilities measured at fair value			
31 December 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets measured at fair value				
Investment properties*	-	-	85,305	85,305
Assets for which fair values are disclosed				
Trade and other receivables	-	2,713	-	2,713
Liabilities measured at fair value				
Interest rate swap	-	(752)	-	(752)
Liabilities for which fair values are disclosed				
Current				
Trade and other payables	-	(3,523)	-	(3,523)
Non-current				
Long term borrowings	-	(61,385)	-	(61,385)

*Includes the property at Oldham, which is classified as held for sale for the sum of £390,000 (see note 17).

24 Financial risk management objectives and policies (continued)

31 December 2015	Assets and liabilities measured at fair value Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Investment properties	-	-	81,630	81,630
Assets for which fair values are disclosed				
Trade and other receivables	-	1,666	-	1,666
Liabilities measured at fair value				
Interest rate swap	-	(625)	-	(625)
Liabilities for which fair values are disclosed				
Current				
Trade and other payables	-	(4,074)	-	(4,074)
Non-current				
Long term borrowings	-	(61,079)	-	(61,079)

A reconciliation of the movement in investment properties (level 3 asset) from the prior year is included within note 17.

25 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors the loan to value ratio of its loan facilities in line with its underlying banking covenants. The Group's policy is to ensure that the banking covenants (including the loan to value ratios) are adhered to and not breached.

The following gearing ratios are calculated as net debt divided by total capital plus net debt:

	2016	**2015**
	£'000	£'000
Interest bearing loans and borrowings	61,385	61,079
Trade and other payables	3,523	4,074
Less cash and short term deposits	(1,179)	(2,165)
Less restricted cash	(1,564)	(1,608)
Net debt	**62,165**	**61,380**
Total capital	**25,101**	**21,291**
Capital and net debt	**87,266**	**82,671**
Gearing ratio	**71.2%**	**74.2%**

25 Capital management (continued)

The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Parent Company.

26 Related party transactions

Mr Philip Scales, a Director of the Company, is also a Director of FIM Capital Limited (the Administrator and Registrar). During the year fees of £0.09 million (31 December 2015: £0.086 million) were payable to FIM Capital Limited. As at 31 December 2016 a total amount of £0.02 million (31 December 2015: £0.02 million) was outstanding.

Mr Mark Rattigan, a Director of the Company, is also Chief Operating Officer and a Member of Alpha Real Capital LLP (the Investment Adviser and Manager). During the year fees of £1.1 million (31 December 2015: £1.2 million) were payable to Alpha Real Capital LLP. As at 31 December 2016 a total amount of £Nil (31 December 2015: £0.3 million) was outstanding. Alpha Real Capital LLP is also a major investor in Alpha Real Trust Limited through its wholly owned subsidiary Alpha Global Property Securities Fund Pte. Ltd, a company registered in Singapore.

Under IAS 24, Alpha Real Trust Limited is considered a related party. Alpha Real Capital LLP (the Investment Adviser and Manager of the Group) is also the Investment Adviser and Manager of Alpha Real Trust Limited. During the year, interest costs of £1.5 million were charged (31 December 2015: £1.7million). As at 31 December 2016, a total amount of £0.3 million was outstanding (31 December 2015: £0.3 million).

Antler Investment Holdings Limited ("AIH") is considered a related party, under IAS 24, of Rockmount Ventures Limited and ARRCO Limited both of which are members of Alpha Real Capital LLP (the Investment Adviser and Manager). At 31 December 2016 AIH held 531,568 shares (31 December 2015: 531,568).

27 Subsequent events

The property at Oldham was sold for £0.39 million on 3 February 2017. From the net proceeds of the sale, £0.24 million was used to partially repay the RBS loan and £0.13 million was used to partially repay the Europa loan.

On 17 February 2017, the Company announced a cash offer from Hansteen Holdings Plc to acquire all of the share capital of the Company for 300 pence per share (see page 16). The costs in connection with the Offer are estimated by the Independent Directors to be £0.5 million.

Directors and Advisers

Directors
Jonathan David Clague (Chairman)
Geoffrey Paul Raineri Black
Donald Lake
Philip Peter Scales
Mark Rattigan

Company secretary
Martin Katz
Middleton Katz Chartered Secretaries LLC
12 Hope Street
Douglas
Isle of Man
IM1 1AQ

Investment Adviser and Manager
Alpha Real Capital LLP
338 Euston Road
London
NW1 3BG

Financial adviser and broker
Stockdale Securities Limited
Beaufort House
15 St Botolph Street
London EC3A 7BB

UK transfer and paying agent
Capita Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Administrator and registrar
FIM Capital Limited
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

Principal bankers
Royal Bank of Scotland
3rd floor
5-10 Great Tower Street
London
EC3P 3HX

Europa Capital Mezzanine Limited
67/68 Grosvenor Street
London
W1K 3JN

Registered office
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

Independent auditor
KPMG Audit LLC
Heritage Court, 41 Athol Street
Douglas
Isle of Man
IM1 1LA

Taxation adviser
Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Property solicitor to the Company
Pinsent Masons
1 Park Row
Leeds
LS1 5AB

Legal adviser as to Isle of Man Law
Appleby (Isle of Man) LLC
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB

Legal advisers as to UK Law
Osborne Clarke LLP
1 London Wall
London
EC2Y 5EB

Fladgate LLP
16 Great Queen Street
London
WC2B 5DG

Independent property valuer
Cushman and Wakefield
10 Colmore Row
Birmingham
B3 2QD