Company Registration No. 02101254

Unaudited financial statements for the year ended 31 December 2016

International Real Estate Limited

Contents

Company information

Directors:	Rolf C Nordström Rolf F Nordström Dominique L Sturgess
Secretary:	Dominique L Sturgess
Company number:	02101254
Registered office:	Classic House 365A Limpsfield Road Warlingham CR6 9HA

Strategic report
For the year ended 31 December 2016

The directors present their Strategic Report together with the unaudited financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the Company is a holding and investment company.

Review of business

The results of the year's trading is shown on page 5. The financial position of the company at the year end is considered satisfactory.

Given the straightforward nature of the business and that the Company is a holding company the directors are of the opinion that no added value would be achieved in detailing KPIs for a fuller understanding of the development, performance and position of the Company.

The Company's directors do not believe there to be any significant risks and uncertainties facing the business, other than those normally encountered within the industry.

Principal risks and uncertainties

a. Treasury operations

The company has no borrowings and so its principal instruments are cash balances.

b. Liquidity risk

The company manages its cash requirements to maximize interest income and minimize interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

c. Interest rate risk

The company is not exposed to fair value interest rate risk.

d. Foreign currency risk

At the year end there were no commitments to forward purchase any foreign currency.

e. Credit risk

Investments of cash surpluses are made with the company's main bankers.

Future prospects

As a holding company, the directors do not expect a significant change in the results of the company going forward.

Approved by the Board on
and signed on its behalf by

Director D L STURGESS

Date: 15/09/17

Directors' report
For the year ended 31 December 2016

The directors present their report and the unaudited financial statements for the year ended 31 December 2016.

Matters covered in the strategic report

A review of the business including future developments and principal risks and uncertainties are not shown in the Directors' Report as this information is included within the Strategic Report under s414C(11) of the Companies Act 2006.

Results and dividends

The results for the year are set out on page 5.

The directors have not recommended a dividend for the current period (2015: £nil).

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors who served the company during the year unless otherwise stated were as follows:

Dominique L Sturgess
Rolf L Nordström (resigned 3 January 2016)
Rolf F Nordström (appointed 3 January 2016)
Rolf C Nordström (appointed 19 December 2016)

Financial instruments

Details of financial instruments and their associated risks are given in note 13.

Supplier payment policy

The company's current policy concerning the payment of all its trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment; and
- pay in accordance with its contracted and other legal obligations.

Approved by the Board on
and signed on its behalf by

Director D L STURGESS

Date: 15/09/17

Directors' responsibilities statement
For the year ended 31 December 2016

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards adopted by the EU.

UK company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 that applicable International Financial Reporting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

International Real Estate Limited

Company number: 02101254

Statement of comprehensive income
For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Revenue	1	126	11
Cost of sales		(9)	-
Gross profit		117	11
Administrative expenses	5	(76)	(3,785)
Profit/(loss) from operations	6	41	(3,774)
Finance income	8	-	116
Finance expense	9	(2)	-
Profit/(loss) before taxation		39	(3,658)
Taxation	10	-	-
Profit/(loss) for the financial year		39	(3,658)
Other comprehensive income for the year net of tax		-	-
Total comprehensive income/(loss) for the year		39	(3,658)

International Real Estate Limited

Company number: 02101254

Statement of financial position
As at 31 December 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Investment property	12	525	525
Current assets			
Trade and other receivables	14	94	18
Cash and cash equivalents		106	121
		200	139
Total assets		725	664
Current liabilities	15	(46)	(24)
Total liabilities		(46)	(24)
Net assets		679	640
Equity			
Share capital	16	12	12
Retained earnings		667	628
Total equity		679	640

Audit exemption statement

For the year ended 31 December 2016, the company was entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006. No notice has been deposited with the company under section 476 of the Companies Act 2006 requiring an audit to be carried out.

The directors acknowledge their responsibility for:

- ensuring the company keeps accounting records in accordance with section 386 and 387 of the Companies Act 2006; and
- preparing statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit for that financial period in accordance with the requirements of sections 394 and 395 of the Companies act 2006.

The financial statements were approved by the Board of Directors and authorised for issue on and signed off on their behalf:

D Sturgess

Director D L STURGESS

Date: 15/09/17

Statement of changes in equity
For the year 31 December 2016

	Share capital £'000	Share premium account £'000	Capital redemption £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2015	2,771	7,071	502	(5,989)	4,355
Changes in equity for 2015					
Total comprehensive income for the year	-	-	-	(3,658)	(3,658)
Share capital reduction	(2,702)	-	-	2,702	-
Cancellation of share premium and capital redemption reserve	-	(7,071)	(502)	7,573	-
Cancellation of shares	(57)	-	-		(57)
Balance at 31 December 2015	12	-	-	68	640
Changes in equity for 2016					
Total comprehensive income for the year	-	-	-	9	39
Balance at 31 December 2016	12	-	-	67	679

Statement of cash flows
For the year 31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Net cash from operating activities	17		(13)		549
Investing activities					
Interest received		-		116	
Acquisition of investment property		-		(525)	
Net cash used in investing activities			-		(409)
Financing activities					
Interest paid		(2)		-	
Cancellation of shares		-		(57)	
Net cash used in financing activities			(2)		(57)
Net (decrease)/increase in cash and cash equivalents			(15)		83
Cash and cash equivalents at beginning of year			121		38
Cash and cash equivalents at end of year			106		121

1 Accounting policies

a) Basis of accounting

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas were significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

b) Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2016

None of the new standards, interpretations and amendments, effective for the first time from 1 January 2016, have had a material effect on the financial statements.

ii) New standards, interpretations and amendments not yet effective

None of the new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2016 and which have not been adopted early, are expected to have a material effect on the company's future financial statements.

c) Basis of preparation

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies (continued)

d) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duties. The following criteria must be met before income is recognised:

Rental income

Rental income arising from operating leases on properties owned by the group is accounted for on a straight line basis over the period commencing on the later of the start of the lease or acquisition of the property by the group, and ending on the earlier of the end of the lease and next break point, unless it is reasonably certain that the break option will not be exercised. Rental income revenue excludes service charges and other costs directly recoverable from tenants.

Interest income

Interest income is accrued on a time basis, by reference to the balance on deposit and the interest rate applicable.

e) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the company operates. For the purpose of the financial statements, the results and financial position of the company are expressed in Sterling, which is the presentational currency of the company's financial statements.

In preparing the financial statements, transactions in currencies other than the entity's presentational currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. All translation differences are recognised in the Statement of Comprehensive Income as part of the finance cost.

f) Retirement benefit costs

Payments to the personal pension schemes of certain employees and directors are charged as an expense as they fall due.

1 Accounting policies (continued)

g) Taxation

The tax expense/credit represents the sum of tax currently payable/recoverable and deferred tax.

The tax credit is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

1 Accounting policies (continued)

h) Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the company becomes a party to the contractual provisions of the instrument.

Financial assets

The company's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are initially recognised at fair value plus transaction costs, when the company becomes party to the contractual provisions of the instrument.

Interest and other cash flows resulting from holding financial assets are recognised in the Statement of Comprehensive Income using the effective interest method.

Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Provision for impairment of trade, loan receivables and other receivables is made when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivable. The amount of the impairment is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

A financial asset is derecognised if the contractual rights to receive the cash flows of the asset have been transferred or the company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the asset.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

- Share capital represents the nominal value of equity shares that have been issued.
- Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares, net of expenses of the share issue.
- Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income.
- The capital redemption reserve represents the nominal value of shares cancelled on the purchase of own shares in order to maintain the capital base of the company.

1 Accounting policies (continued)

h) Financial instruments (continued)

Financial liabilities

The company's financial liabilities include trade and other payables.

Financial liabilities are recognised when the company becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in "finance costs" in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

A financial liability is derecognised only when the obligation is extinguished, that is when the obligation is discharged or cancelled or expires.

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classed as financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distribution relating to equity instruments are debited directly to equity.

i) Investment property

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at its fair value at the Statement of Financial Position date. Gains and losses arising from changes in the fair value of investment property are included in Statement of Comprehensive Income for the period in which they arise.

Additions and disposals are recognised on completion. Profits and losses arising on disposal are recognised through the Statement of Comprehensive Income and are determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions during the period.

j) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to present value where the effect is material.

2 General information

International Real Estate Limited is a company incorporated and domiciled in the United Kingdom.

The address of the registered office in the United Kingdom is stated on the Company information page and the nature of the company's operations and principal activities are stated in the Directors' Report. The financial statements have been presented in Sterling as this is the currency of the primary economic environment that the company operates in.

3 Critical accounting judgements and consumption

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are as follows:

Investment property valuation

The group uses the valuations performed by its independent valuers or the directors as the fair value of its investment properties. The valuation is based upon assumptions including future rental income, anticipated maintenance costs and the appropriate discount rate. The valuer and/or directors also make reference to market evidence of transaction prices for similar properties.

Trade and loans receivable

The company is required to judge when there is sufficient objective evidence to require the impairment of individual trade and loan receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the debtor entity and the status of any disputed amounts. Further details with regard to the potential impairment of trade and loan receivables are provided in note 13.

4 Analysis of the Statement of Comprehensive Income

For management purposes, there is one class of trade which is the company's principal activity of a holding company. All income and expenditure in the Statement of Comprehensive Income relates to this activity and so there is no segmental reporting.

5 Administrative expenses

	2016 £'000	2015 £'000
Staff costs (note 7)	40	68
Legal and professional fees	19	34
Other admin expenses	29	108
Exchange (gain)/loss	(12)	402
Write-off of amount due from related party	-	3,173
	76	3,785

6 Loss from operations

Loss from operations has been arrived at after charging:

	2016 £'000	2015 £'000
Staff costs (note 7)	40	68
Write-off of amount due from related party	-	3,173

In the prior year there was a write-off of an amount due from a related party of £3,173k (see note 18 for details of related party transactions).

7 Staff costs

The monthly average number of employees for the company were:

	2016 Number	2015 Number
Executive directors	2	1
Administration staff	-	1
	2	2

The aggregate employee remuneration for the company comprised:

	2016 £'000	2015 £'000
Wages and salaries	37	63
Social security costs	3	5
	40	68

The total amounts for the directors' remuneration was as follows:

	2016 £'000	2015 £'000
Executive directors		
Emoluments	40	28

The executive directors comprised key management personnel of the company in the previous year.

8 Finance income

	2016 £'000	2015 £'000
Interest received on amounts due from related parties	-	116

9 Finance expense

	2016 £'000	2015 £'000
Bank charges	2	-

10 Tax

	2016 £'000	2015 £'000
Current tax charge	-	-
Deferred tax charge	-	-
Tax charge for the year	-	-

Corporation tax is calculated at 20% (2015: 20.25%) of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the loss before tax per the Statement of Comprehensive Income as follows:

	2016 £'000	2015 £'000
Profit/(loss) before tax	39	(3,658)
Tax on profit/(loss) at UK standard rate at 20% (2015: 20.25%)	8	(741)
Expenses not deductible for tax	2	643
Utilisation of tax losses	(10)	-
Unutilised losses carried forward	-	98
Tax charge for the year	-	-

11 Dividends

The board proposes not to pay a final dividend for the year ended 31 December 2016 (2015: nil).

12 Investment property

	2016 £'000	2015 £'000
Fair value		
At 1 January	525	-
Additions during the year – acquisitions	-	525
At 31 December	525	525

The fair value of the Company's investment property has been assessed by the Directors. The fair value of these properties reflects, amongst other things, rental income from its leases and assumptions about future rental lease income on asset market conditions and anticipated plans for the property. All investment properties and properties held for resale represent freehold interests.

13 Financial instruments

The company is exposed to various types of financial instrument risk. These risks, and the company's policies for managing them which have been applied consistently throughout the year, are set out below.

Market risk

Foreign currency risk
The company's functional and reporting currency is Sterling. The company has no material exposure to foreign currency movements.

Interest rate risk
The policy of the company is to ensure that all cash balances earn a market rate of interest and that interest rate exposures are regularly reviewed and managed.

Non-market risk

Liquidity risk
Bank relationships are maintained to ensure that sufficient cash and unutilised facilities are available to the company.

The company's cash is managed through electronic cash management systems with the company's clearing bank to maximise interest earned on its balances. Similarly the company's liquidity is managed through regularly updated twelve month cash flow forecasts.

Credit risk
Credit risk arises principally from the company's trade receivables. Credit checks are performed.

The company's financial instruments are categorised as follows:

Financial assets	**Loans and receivables**	
	2016	**2015**
	£'000	**£'000**
Trade and other receivables	87	18
Cash	106	121
Amounts owed by group undertakings and related parties	7	-
	200	139

The carrying value of the company's financial assets represents its maximum credit risk exposure at the Statement of Financial Position date.

Financial liabilities	**Measured at amortised cost**		**Measured at fair value through profit or loss**	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Amounts owed to group undertakings and related parties	21	19	-	-
Other financial liabilities	25	5	-	-

The year end position in relation to financial instruments as shown above was materially representative of the position during the year. The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

14 Trade and other receivables

	2016 £'000	2015 £'000
Amounts falling due within one year		
Trade receivables	79	-
Amounts owed by related parties (note 18)	7	-
Other receivables	7	11
Prepayments and accrued income	1	7
	94	18

As at 31 December there are no receivables that were past due or impaired.

15 Current liabilities

	2016 £'000	2015 £'000
Amounts owed to related parties (note 18)	21	19
Trade and other payables	3	1
Social security and other taxes	1	1
Accruals and deferred income	21	3
	46	24

16 Share capital

	2016	2015
Authorised		
30,000,000 Ordinary shares at 1p each	£30,000	£30,000
Issued and fully paid		
1,200,000 Ordinary shares at 1p each	£12,000	£12,000

17 Notes to the cash flow statement

	2016 £'000	2015 £'000
Profit/(loss) for the year	39	(3,658)
Adjustments for:		
Finance income	-	(116)
Finance expense	2	-
Operating cash flows before movements in working capitals	41	(3,774)
(Increase)/decrease in receivables	(76)	4,309
Increase in payables	22	14
Net cash (outflow)/inflow from operating activities	(13)	549

18 Related party transactions

At the year end the company had the following loan balances with related parties. These are related parties by virtue of the fact they are controlled by the family of Rolf C Nordström and Rolf F Nordström.

The amounts receivable/(payable) as at 31 December 2016 are as follows:

	2016 £'000	2015 £'000
I.R.E. Asset Management Germany GmbH	7	-
Controlco BV	(21)	(19)
	14	(19)

All transactions were made at arm's length.

19 Controlling party

The controlling party is Controlco BV, a company indirectly beneficially controlled by the family of Rolf C Nordström and Rolf F Nordström.