Company Number : 50475

British Capital Property Investments Limited

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

British Capital Property Investments Limited

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British Capital Property Investments Limited

OFFICERS AND PROFESSIONAL ADVISORS

Registered Office:	11 New Street St Peter Port Guernsey GY1 2PF
Directors:	Sean David Mackay Stuart Platt-Ransom Jan Adriaan Van Staden Patricia Colette White Braam Smit (Alternate Director) Brian O'Mahoney (Alternate Director)
Administrator, Secretary and Registrar:	Legis Fund Services Limited PO Box 91 11 New Street St Peter Port Guernsey GY1 3EG
Manager:	Cornerstone Asset Managers Limited 11 New Street St Peter Port Guernsey GY1 2PF
Auditor:	Saffery Champness Chartered Accountants PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
Listing Sponsor:	Appleby Securities (Bermuda) Limited Argyle House 41a Cedar Avenue Hamilton Bermuda HM12
Structural Facilitator:	Investec Capital Markets 10 Grayston Drive Sandown Sandton South Africa 2196
Annual Sponsor:	First Bermuda Group Limited Maxwell R Roberts Building 1 Church Street Hamilton Bermuda HM11

Legal Advisors:	**Guernsey**	**Bermuda**
	Mourant Ozannes 1 Le Marchant Street St Peter Port Guernsey GY1 4HP	Appleby Canon's Court 22 Victoria Street Hamilton Bermuda HM12

British Capital Property Investments Limited

DIRECTORS' REPORT
For the year ended 31 March 2013

The Directors submit their Annual Report and the audited Consolidated Financial Statements of the Company for the year ended 31 March 2013, which have been prepared properly, in accordance with United Kingdom Generally Accepted Accounting Principles, and in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records, which have been properly kept in accordance with section 244 of The Companies (Guernsey) Law, 2008.

British Capital Property Investments Limited ("the Company") was incorporated on 8 June 2009 as a closed-ended investment company registered in Guernsey pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission.

The closing date of the company was 30 September 2010, the Termination date is the fifth anniversary of the closing date or such later date as approved by the Investors in general meeting.

The Company’s investment objective is to provide an attractive level of income, together with prospects for capital growth from investing in property and listed property shares in the United Kingdom and possibly the European continent. Based on market conditions prevailing at the time of its launch, the Company was targeting total returns for Shareholders of 10% per annum over the period of the Company although such level of return cannot be guaranteed.

The Company owns two Special Purpose Vehicles which were established in order to hold, acquire or develop properties, either wholly owned by the Company, a Subsidiary of the Company or owned jointly with third parties.

Activities and Status

The Company is a closed-ended investment scheme registered in Guernsey on 8 June 2009 pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended (the "POI Law") and the Registered Collective Investment Scheme Rules 2008.

For commentary on the performance of the Company see the Investment Manager's Report on page 5.

The Company obtained official listing on the Bermuda Exchange on 11 August 2009.

Results and Dividends

The consolidated results of the Company for the year are as stated on page 9.

An Interim dividend of £359,254 (£34.97 per share) was paid on 27 June 2012 for the period ended 31 March 2013. After the dividend was paid, the company was sufficiently solvent to pass the Solvency Test as required by the Companies (Guernsey) Law, 2008.

Directors

The Directors of the Company during the year and to the date of this report are as stated on page 2.

Disclosure of information to the auditor

The Directors who held office at the date of the approval of the financial statements confirm that, so far as they are each aware:

* There is no relevant audit information of which the Company's auditor is unaware; and
* Each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Full details of the Company and the share classes in issue can be found in the Prospectus, copies of which are available free of charge, from the Manager or the Administrator.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Principles (United Kingdom Accounting Standards and applicable law). 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 company and the profit or loss of the company for that period.

In preparing these 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; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that the financial statements give a true and fair view and have been prepared in accordance with The Companies (Guernsey) Law, 2008 and the Protection of Investors (Baliwick of Guernsey) Law, 1987, as amended.

Auditor

A resolution to re-appoint Saffery Champness as auditor will be proposed at the Annual General Meeting.

Approved by the Board of Directors at a Meeting held on 30 May 2013 and signed on its behalf by:

J Van Staden	P White
Director	Director

British Capital Property Investments Limited

INVESTMENT MANAGER'S REPORT

The UK economy continued to perform poorly. GDP growth in Q1 2013 was a low 0.3% while the Euro zone reported its sixth successive contraction. Growth has been broadly flat since 2011 as concerns around the Euro, world domestic growth and the health of banks persist. This has had a knock on impact on occupiers and rental growth which has meant that confidence in the property investment market is generally low. These factors have contributed to a 2.2% decline in British Capital Property portfolio's value for the period from March 2012 to 31 March 2013 as valued by Colliers International.

Operationally the portfolio has again performed well meeting its targets. All income was received in a timely manner, and all tenant obligations per the leases agreement were complied with. The leases continue to be underpinned by companies which have the strongest possible Dun and Bradsheet (D&B) credit rating of 5A1 which provides the Investment Manager with the necessary comfort that the portfolio's income stream is robust and should withstand any adversities which arise as a result of the current negative economic outlook in the UK over the short to medium term.

The portfolio's rental income is expected to remain flat until January 2015 when Spectrum's lease will provide a guaranteed uplift. Homebase's annual rent came up for review in October 2012, but due to the depressed economic climate referred to above an uplift in rent was not achieved. The annual rent for Hombase will, therefore, remain at £420,800 until the next rent review in October 2017. McBride's rent is up for review in March 2014 but a rental uplift is unlikely.

The financial statements for the period have been prepared in accordance with UK Generally Accepted Accounting Principles and reflect a profit for the year of GBP 53,563 after the unrealised loss on revaluation of the property portfolio, amounting to GBP450,000 referred to above. The property valuations were carried out by Colliers International. Operational income for the period was 27% up on last year (GBP 429,207) at GBP 503,559 due to reduced expenses as a result of lower interest and management fee costs. The operational income for 2013 equates to a 5.3% income yield on the initial investment for the period.

During the period under review the Company paid down £250,000 of its debt with Santander, and will be making a further £401,000 in capital repayments in the coming year. The Company's cash reserves remain healthy .

Below is a summary of British Capital's portfolio as at 31 March 2013

Property	Purchase Price	Transfer Date	Market value As at 31/03/2013	Annual Rent	Santander Loan as at 31/03/2013	5year Swap Rate	Tenant break Option	Lease expiry
Robert McBride Ltd - St Helen's	6,870,000	30/06/2010	6,250,000	526,795	4,256,000	4.82%	24/03/2024	24/03/2029
Spectrum Brands UK Ltd Wombourne	8,350,000	18/06/2010	8,100,000	665,268	5,133,500	4.81%	None	27/01/2030
Homebase Ltd - Brecon	5,850,000	13/12/2010	5,700,000	420,800	3,252,500	4.90%	None	07/10/2027
	21,070,000		20,050,000	1,612,863	12,642,000			

INVESTMENT MANAGER'S REPORT (continued)

The key factors that will determine the future direction of property values will be the amount and quality of properties placed on the market, level of investor demand and the availability and price of debt. It is anticipated that the number of prime properties placed on the market will be limited as institutions are not keen to sell at a time when it is difficult to reinvest the proceeds into suitable property. The majority of secondary assets are now controlled by the banks.

With regard to investor demand, the historically low interest rates should be beneficial to the property market. However, the difficulties obtaining bank debt and continued concern with regard to the current macro-economic climate is resulting in investors being cautious at the moment.

Colliers expect property to enjoy a generally sustained period of growth from 2013 through to 2017 but warn that there is still risk of downside if institutions suffer cash outflows and or interest rates unexpectedly rise.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

We have audited the consolidated financial statements of British Capital Property Investments Limited on pages 9 to 24 which comprise the Consolidated Profit and Loss Statement, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Principles).

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the United Kingdom Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the 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 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 financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view;
- are in accordance with Generally Accepted Accounting Principles; and
- comply with The Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Saffery Champness
Chartered Accountants
Guernsey

British Capital Property Investments Limited

CONSOLIDATED PROFIT AND LOSS STATEMENT
For the year ended 31 March 2013

	Note	31 March 2013	31 March 2012
		£	£
Unrealised loss on revaluation of investments	4	(450,000)	(750,000)
Income	8	1,615,196	1,605,957
Expenses	9	(1,111,633)	(1,176,188)
Net profit/(loss) for the year		53,563	(320,231)
Taxation	1(f)	(4)	(562)
Profit/(loss) for the year		53,559	(320,793)
Basic and diluted profit/(loss) per ordinary share	6	**5.21**	**(31.22)**

There are no other gains or losses for the year other than those disclosed above.

All of the company's income and expenditure arise from continuing operations

The accompanying notes on pages 13 to 24 form part of these financial statements.

British Capital Property Investments Limited

CONSOLIDATED BALANCE SHEET
As at 31 March 2013

ASSETS	Note	2013 £	2012 £
Fixed Assets			
Investment properties	4	20,050,000	20,500,000
Current Assets			
Debtors and prepayments	10	96,933	72,339
Cash at bank		923,296	1,031,636
		1,020,229	1,103,975
TOTAL ASSETS		**21,070,229**	**21,603,975**
EQUITY AND LIABILITIES			
Equity			
Share Capital	12	1,028	1,028
Management shares	12	2	2
Share Premium	12	10,274,551	10,274,551
Retained Earnings		(2,477,390)	(2,171,695)
TOTAL EQUITY		**7,798,191**	**8,103,886**
Current Liabilites			
Creditors	11	630,038	609,089
Loans	7	401,000	152,000
		1,031,038	761,089
Non-Current Liabilities			
Loans	7	12,241,000	12,739,000
		12,241,000	12,739,000
TOTAL LIABILITIES		**13,272,038**	**13,500,089**
TOTAL EQUITY AND LIABILTIES		**21,070,229**	**21,603,975**
Ordinary Shares in issue	12	10,275.5784	10,275.5784
Net asset value per Ordinary Share		758.9053	788.7095

The Financial Statements were approved and authorised for issue by the Board of Directors on 30 May 2013 and signed on its behalf by:

J Van Staden
Director

P White
Director

The accompanying notes on pages 13 to 24 form part of these financial statements.

British Capital Property Investments Limited

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES
For the year ended 31 March 2013

	Share Capital	Profit and loss account	Share premium	Total
	£	£	£	£
Balance at 31 March 2011	1,028	(1,647,351)	10,274,551	8,628,228
Shares issued during the year	-	-	-	-
Dividend	-	(203,551)	-	(203,551)
Loss for the year	-	(320,793)	-	(320,793)
Balance at 31 March 2012	1,028	(2,171,695)	10,274,551	8,103,884
Shares issued during the year	-	-	-	-
Dividend	-	(359,254)	-	(359,254)
Profit for the year	-	53,559	-	53,559
Balance at 31 March 2013	1,028	(2,477,390)	10,274,551	7,798,189

The accompanying notes on pages 13 to 24 form part of these financial statements.

British Capital Property Investments Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2013

	Note	2013	2012
		£	£
Operating activities			
Profit/(loss) for the year before taxation		53,563	(320,231)
Adjusted for:			
Bank deposit interest		(2,337)	(1,878)
Loan interest		624,065	611,040
(Increase)/decrease in debtors and prepayments		(24,594)	13,151
Increase/(decrease) in creditors		20,949	(62,808)
Unrealised loss on revaluation of investments		450,000	750,000
Cash inflow from operating activities		**1,121,646**	**989,274**
Return on investments and servicing of finance			
Loan interest		(624,065)	(611,040)
Bank deposit interest		2,337	1,878
		(621,728)	(609,162)
Taxation			
Taxation expense		(4)	(562)
Financing			
Equity dividend paid		(359,254)	(203,551)
Loan repayment	3	(249,000)	(152,000)
Net cash (outflow)/inflow from financing		(608,254)	(355,551)
Net cash (outflow)/inflowfor the year		(108,340)	23,999
Net cash at the beginning of the year		1,031,636	1,007,637
Net cash at the end of the year		923,296	1,031,636
Represented by			
Cash at the end of the year		923,296	1,031,636

The accompanying notes on pages 13 to 24 form part of these financial statements.

1. Accounting policies

Accounting convention

The Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, The Companies (Guernsey) Law, 2008 and as a Collective Investment Scheme under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, under the historical cost convention except for revaluation of investment properties and give a true and fair view. The specific accounting policies are described below.

a) Foreign currencies

Foreign currency monetary assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are included in the Consolidated Profit and Loss Statement.

b) Establishment costs

Establishment costs were written off in the first financial period.

c) Investments

The Company will invest in property assets with a view to profiting from their capital growth. The portfolio of assets will be managed and its performance evaluated on a market value basis, in accordance with the documented investment strategy as detailed in the Prospectus.

Investment property is initially measured at cost, being the value of the consideration given, including related transaction costs. After initial recognition, the investment property is carried at market value. Market value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The estimation of market value of the properties has been done individually and no account has been taken of any greater or lesser value which may be attributed to the whole portfolio, should it be available in its entirety or in individually selected groups of properties. Losses arising from changes in market values are included in the Consolidated Profit and Loss Statement.

d) Going Concern

The accounts have been prepared on a going concern basis.

e) Dividend

The Company may pay dividends. Any dividends paid will be in accordance with the policy of the Bermuda Stock Exchange and The Companies (Guernsey) Law, 2008.

f) Taxation

With effect from 1 January 2008, Guernsey established the exempt Company regime and the standard rate of income tax for Companies moved from 20% to 0%. The Company will continue to apply for Exempt Status under the Income Tax (Zero 10)(Guernsey)(No 2) Law 2007.

The Group is liable to UK Tax on rental income from the United Kingdom. The Company is registered under the Non-resident Landlord Scheme to receive rental income with no tax deducted and submits an annual return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2013

1. Accounting policies (continued)

g) Revenue and expenses

Bank deposit interest income and expense are recognised on an accruals basis. Performance fees will be recognised on an accruals basis.

Revenue will include rental income, service charges and management charges from properties. Rental income will be received on a quarterly basis in advance with relevant amounts recognised as a prepayment. Any service and management charges relating to properties owned will be paid as and when they occur.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.

h) Cash at bank

Cash comprises call accounts and fixed deposits held with Investec Bank (Channel Islands) Limited and Santander UK plc. All the Group’s cash balances are either accessible on demand, or with a notice period of up to 32 days.

i) Basis of consolidation

Subsidiaries are those entities, including special purpose entities, controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

j) Critical accounting judgements and estimates

In the application of the Group’s accounting policies, the Directors are required to make judgements, estimates and assumptions that materially affect the reported amounts of assets, liabilities, income and expenses.

The most critical accounting estimates and assumptions relate to the valuations of the Group's portfolio of properties. The group employs Colliers International UK plc to carry out these valuations. In making their judgement the valuers consider nformation from a variety of sources including:

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

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

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

To see the market value of the properties please refer to note 4.

2. Fees

The Investment Manager shall be entitled to receive Management fees as follows:

Acquisition fee

Acquisition fee of 2% (two per cent) of the total purchase price (including, for the avoidance of doubt, the Acquisition Costs) of any immoveable Property acquired by the Fund, payable on acquisition.

Asset management fees

Asset management fee equivalent to 1.5% (one point five per cent) per annum of the Gross Market Value of the Property Portfolio of the Fund payable monthly in arrears on the 1st (first) Business Day of the following month. For the purposes of calculating the amount payable each month in respect of the asset management fee, the most recently determined Gross Market Value of the Property Portfolio of the Company shall be used. A side letter to the Investment Management Agreement was signed reducing the fee to 0.75% per annum with a clawback provision if there is a disposal or any capital appreciation on the portfolio. If part of the portfolio is sold the clawback will be limited to the percentage the part of the portfolio makes up of the whole portfolio multiplied by the lessor of the fee sacrifice (0.75%) or the gain/loss on those properties.

If the entire portfolio or the last property is sold, clawback is capped at the lesser of the fee sacrifice or the difference between the proceeds on disposal of assets and the purchase price, less any fees already clawed back.

Performance fees

A performance fee, payable on the 60th (sixtieth) day following the applicable period, commencing at the end of the 5th (fifth) year after the Initial Closing Date (as such term is defined in the Prospectus) (the "Initial Payment Date") and annually thereafter (each a "Subsequent Payment Date") until the Termination Date such that the first net profit up to 10% (ten per cent) IRR will be applied to the Company's investors after which net profit up to 12% (twelve per cent) IRR will be payable to the Investment Manager. Thereafter the net profits will be split as to 80% (eighty per cent) payable to the Company's investors and 20% (twenty per cent) payable to the Investment Manager. For the purposes of calculating the performance fee (if any) on a Subsequent Payment Date, the cumulative IRR for the full period (i.e. since Initial Closing Date) up to that time shall be applied for purposes of calculating the cumulative performance fee, and the performance fee payable will be net of any performance fees paid to date.

Trail fees

An annual trail fee is payable annually in advance (within 60 (sixty) days of the listing of British Capital) to the Distributors of up to 0.75% (zero point seven five percent) (plus VAT where applicable) of the aggregate subscription proceeds of the Shares subscribed for by Investors, introduced by the relevant Distributor, which have not been redeemed prior to the Redemption Date.

Distribution fee

An upfront fee of up to 2% (two percent) of the gross amount paid by an Investor (plus VAT where applicable) will be deductible upfront by the Distributor of the Company for the introduction of investors by a Distributor to the Company. The amount invested after deduction of the upfront distribution fee shall determine the number of Shares to be allocated to each Investor.

Redemption fees

A fee of up to 2% of the redemption amount, in respect of redemptions before the redemption date, is payable to the Company.

Administration fees

The administration fee is fixed at £30,000 per annum and £3,000 per Board meeting for the provision of secretarial services. The administrator also received a fee of £5,000 per annum for each of the Special Purpose Vehicles.

2. Fees (continued)
Directors' fees

The Directors receive a fee of £7,500 per annum. Messrs Mackay and Van Staden have waived their rights to receive a Director's fee.

Structural facilitator fees

An annual structuring facilitator fee of 0.15% (zero point one five percent) per annum of the aggregate subscription proceeds of the shares.

3. Analysis of changes in Net Debt

	1 April 2012 £	Cash Flow £	31 March 2013 £
Cash in hand at Bank	1,031,636	(108,340)	923,296
Debt due within one year	(152,000)	(249,000)	(401,000)
Debt due after one year	(12,739,000)	498,000	(12,241,000)
	(11,859,364)	140,660	(11,718,704)

	1 April 2011 £	Cash Flow £	31 March 2012 £
Cash in hand at Bank	1,007,637	23,999	1,031,636
Debt due within one year	(152,000)	-	(152,000)
Debt due after one year	(12,891,000)	152,000	(12,739,000)
	(12,035,363)	175,999	(11,859,364)

4. Investment

In accordance with the Company's accounting policies, investment property is stated at open market value as at the Balance Sheet date. The market value was determined by Colliers International UK plc which is registered as a member of the Royal Institution of Chartered Surveyors and has confirmed that it has undertaken the valuation acting as external valuer and that it is qualified for the purposes of the valuation.

The investment property portfolio comprises the following properties:

Investment Properties	Market Value 1 April 2012 £	Revaluation £	Market Value 31 March 2013 £
Homebase Limited Brecon Enterprise Park, Brecon	6,000,000	(300,000)	5,700,000
Russell Hobbs, Heath Mill Road, Wombourne	8,100,000	0	8,100,000
McBride's Eurolink, Lea Green, St Helens	6,400,000	(150,000)	6,250,000
	20,500,000	(450,000)	20,050,000

4. Investments (continued)

	2013
	£
Balance as at 1 April 2012	20,500,000
Unrealised loss on revaluation of investment properties	(450,000)
Balance as at 31 March 2013	20,050,000

Investment Properties	Market Value 1 April 2011	Revaluation	Market Value 31 March 2012
	£	£	£
Homebase Limited Brecon Enterprise Park, Brecon	5,850,000	150,000	6,000,000
Russell Hobbs, Heath Mill Road, Wombourne	8,500,000	(400,000)	8,100,000
McBride's Eurolink, Lea Green, St Helens	6,900,000	(500,000)	6,400,000
	21,250,000	(750,000)	20,500,000

	2012
	£
Balance as at 1 April 2011	21,250,000
Unrealised loss on revaluation of investment properties	(750,000)
Balance as at 31 March 2012	20,500,000

5. Subsidiaries

The Company holds and operates its investment property portfolio through subsidiary companies. The financial statements consolidate the results of the Company and its subsidiaries drawn up to 31 March each year. The Consolidated Profit and Loss Statement and Consolidated Statement of Cash Flows include the results of the subsidiaries and the Consolidated Balance Sheet and the Consolidated Statement of Change in Net Assets Attributable to Holders of Ordinary Shares includes the position of the subsidiaries as at 31 March 2013.

Company	Country of Incorporation	Nature of Business	Share Capital	Percentage of shares held
British Capital Property Limited	Guernsey	Property Holding	1	100%
British Capital Finance Limited	Guernsey	Provision of Financing	1	100%

6 Basis of dilution per share

	2013	2012
	£	£
Profit / (loss) for the year	53,559	(320,793)
Weighted average number of shares	10,275.5784	10,275.5784
Profit / (loss) per share	5.21	(31.22)

7. Loans payable

	Amounts due in 1 year	Amounts due in 2-5 years	Total 2013
	£	£	£
Loan from Santander Corporate Banking - Wombourne - repayable on 18 June 2015	231,000	4,902,500	5,133,500
Loan from Santander Corporate Banking - Lea Green - repayable on 6 July 2015	170,000	4,086,000	4,256,000
Loan from Santander Corporate Banking - Brecon - repayable on 1 December 2015	-	3,252,500	3,252,500
	401,000	12,241,000	12,642,000

	Amounts due in 1 year	Amounts due in 2-5 years	Total 2012
	£	£	£
Loan from Santander Corporate Banking - Wombourne - repayable on 18 June 2015	84,000	5,196,500	5,280,500
Loan from Santander Corporate Banking - Lea Green - repayable on 6 July 2015	68,000	4,290,000	4,358,000
Loan from Santander Corporate Banking - Brecon - repayable on 1 December 2015	-	3,252,500	3,252,500
	152,000	12,739,000	12,891,000

The loans are with Santander UK plc ("Lender"). The Lender has provided the Company with a schedule detailing the quarterly repayments. This schedule comprises of the margin, plus LIBOR, plus the Mandatory cost as well as the principal repayment amounts. On the final repayment dates, listed above, the Company will make a lump sum payment of the remaining principal amount.

All of the properties owned by the Company are secured against the Santander loan.

8. Income

	2013	2012
	£	£
Rental income	1,612,859	1,604,079
Bank deposit interest	2,337	1,878
	1,615,196	1,605,957

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9. Expenses

	2013 £	2012 £
Loan interest	624,065	611,040
Management fees	269,063	318,756
Structuring and facilitator fee	15,414	23,121
Legal and professional fees	7,250	5,700
Trail fees	77,009	92,026
Administration fees	53,000	52,996
Directors' fees	15,000	15,000
Consultancy fees	12,000	12,000
Audit fee	18,500	18,250
Charitable Trust fees and donation	3,500	5,125
Listing and sponsorship fees	1,617	2,562
Directors' and Officers' insurance	7,008	6,720
Regulatory fees	6,194	8,441
Sundry expenses	2,013	4,451
Total expenses	1,111,633	1,176,188

10. Debtors and prepayments

	2013 £	2012 £
Trail fee	43,589	51,028
Structuring and facilitator fees	7,707	7,707
Prepaid Management fee	33,751	-
Prepaid Directors and Officers insurance	-	6,600
Prepaid regulatory fees	4,849	3,434
Other prepayments	7,037	3,570
	96,933	72,339

11. Creditors - Amounts falling due within one year

	2013	2012
	£	£
Bank loan interest	132,740	124,217
Distribution	-	120
VAT payable	92,774	84,324
Service fees	5,000	1,000
Administration fee	1,255	1,255
Taxation	-	562
Audit fee	18,500	18,250
Directors and Officers Insurance	408	-
	250,677	229,728
Rent received in advance	379,361	379,361
	630,038	609,089

12. Share Capital

Authorised		2013 & 2012
	No. of shares	£
Management shares of £1 each	10	10
Ordinary Shares of £0.10 each	1,000,000	1,000,000
	1,000,010	1,000,010

Issued	No. of shares	Share Capital	Share Premium	Total
		£	£	£
Management shares of £1 each				
Issued	2	2	-	-
	2	2	-	-
Ordinary Shares of £0.10 each				
Shares in issue as at 31 March 2012	10,275	1,028	10,274,551	10,275,579
Shares in issue as at 31 March 2013	10,275	1,028	10,274,551	10,275,579

Holders of ordinary shares are entitled to receive, and participate in, any distributions that are resolved to be distributed in respect of any financial year or other income or right to participate therein. Each investor who is present at the general meeting of the Company shall have one vote.

The holders of management shares shall have the right to receive notice, attend and vote at any general meeting of the Company and have 100 votes in respect of each share. The management shares are non redeemable with a par value of £1 each and are owned by the British Capital Charitable Trust.

13. Financial Risk Management

The Company's activities expose it to a variety of financial risks: interest rate risk, credit/counterparty risk, currency risk and liquidity risk. The financial risks relate to the following financial instruments: debtors and prepayments, cash and bank balances and creditors.

The Company's overall risk management programme focuses on the unpredictability of the markets in which it operates and seeks to minimise potential adverse effects on the Company's financial performance.

a) Interest rate risk

The Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its cash positions. Management review market interest rates and cash and bank balances on a regular basis to take advantage of the best rates offered at any time.

The interest rate profile of the financial assets and liabilities as at the Consolidated Balance Sheet date is as follows:

	Non-interest bearing financial assets	Financial assets interest bearing	Loans	Total
	£	£	£	£
At 31 March 2013	867,036	153,193	(12,642,000)	(11,621,771)
	£	£	£	£
At 31 March 2012	41,330	990,305	(12,891,000)	(11,859,365)

The above analysis excludes short-term receivables and payables. The financial assets comprise bank balances, which receive interest based on Investec Bank (Channel Islands) Limited and Santander UK plc base rates. Liabilities are loans with Santander UK plc, the interest based on base rate, margin plus LIBOR.

The Company uses interest rate swap contracts to mitigate exposure to changes in interest rates. Interest differentials under these swaps are recognised by adjusting interest payable over the contract. The fair value of these contracts are not accounted for. No fair value exists on these swaps as they are an integral part of the loan and cannot be differentiated from the loan. They are held to mitigate the risk of change in interest rates as disclosed in note 7.

The sensitivity analyses below are based on a change in one assumption while holding all other assumptions consistent. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values. The Company mitigates any risk by placing funds with institutions with a Moody's rating of BBB or above.

2013	Change in basis points	Interest bearing	Impact on profit and loss statement
		£	£
Interest bearing financial assets	50	153,193	77
Loans	50	(12,642,000)	(6,321)

13. Financial Risk Management (continued)

a) Interest rate risk (continued)

2012	**Change in basis points**	**Interest bearing**	**Impact on profit and loss statement**
		£	**£**
Fixed rate financial assets	50	990,305	495
Loans	50	(12,587,000)	(6,294)

b) Credit/counterparty risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Consolidated Balance Sheet date. The Company's credit risk principally arises from cash balances.

The Directors mitigate this risk by ensuring that the cash and cash balances are held with reputable institutions with long term credit ratings of BBB or above. At the Consolidated Balance Sheet date the Company had cash balances held with Investec Bank (Channel Islands) Limited a wholly owned subsidiary of Investec Bank plc which has a Moody's long term credit rating of Baa3 and Santander UK plc which has a long term credit rating with Moody's of A2.

At 31 March 2013 the Company's exposure to credit/counterparty risk was £923,296 (2012: £1,031,636).

c) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Directors review this status on a quarterly basis, with the object of minimising such losses by maintaining sufficient cash and other highly liquid current assets.

The table below sets out the carrying amount by maturity of the Company's liabilities.

2013	Less than 1 year	1 to 2 years	2 to 5 years	Total
	£	£	£	£
Accruals (note 11)	250,677	-	-	250,677
Rent received in advance	379,361	-	-	379,361
Repayments of loan capital	401,000	481,000	11,760,000	12,642,000
	1,031,038	481,000	11,760,000	13,272,038

13. Financial Risk Management (continued)

c) Liquidity risk (continued)

2012

	Less than 1	1 to 2 years	2 to 5 years	Total
	£	£	£	£
Accruals (note 11)	229,728	-	-	229,728
Rent received in advance	379,361	-	-	379,361
Repayments of loan capital	152,000	152,000	12,587,000	12,891,000
	761,089	152,000	12,587,000	13,500,089

The Directors mitigate liquidity risk by monitoring cash balances on a regular basis and ensuring that sufficient cash balances are maintained to meet liabilities as they fall due.

d) Currency risk

All of the Company's material transactions and balances at the year end are in sterling and the directors consider that there is no significant currency exposure as at the Consolidated Balance Sheet date.

e) Capital risk management

The capital of the Company is represented by the net assets attributable holders of ordinary shares. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

f) Concentration Risk

Concentration risk derives from all property investments being in the same sector - Commercial property. The Directors have mitigated this risk through careful selection of the portfolio with a spread of locations across Britain all with prominent locations and good transport links with consideration also being given to the tenants. The current tenants are all have lease agreements in excess of 10 years.

14. Related parties and related party transactions

Mr Platt-Ransom and Ms White, who are Directors of the Company, are also Directors of the Company's Investment Manager, Cornerstone Asset Managers Limited.

As Directors, Mr Platt-Ransom and Ms White each received a Director's fee of £7,500. (2012: £7,500).

Mr Platt-Ransom and Ms White are also directors of Legis Fund Services Limited, the Company's Administrator, which received £53,000 (2012: £52,996) in respect of administration services during the year. At the year ended 31 March 2013, £1,255 was payable to the administrator (2012: £ 1,255).

During the year the company paid £269,063 (2012:£318,756) to its Investment Manager. At the year end, due to the change in fee basis back dated to 1 January 2013, the Company had prepaid £33,751 (2012:£Nil).

British Capital Charitable Trust holds 2 management shares in the Company. The Charitable Trust incurred fees of £3,500 (2012: £5,125) for the period which the Company paid on its behalf.

Mr Sean Mackay, a Director of the Company, is also a Director of CornerstoneBlue Property International (Proprietary) Limited ("CornerstoneBlue"). Jan van Staden, a Director of the Company, is also a Director of Barnard Jacobs Mellet Private Client Services (Proprietary) Limited ("BJMPCS"). The Company has been founded as a joint venture between CornerstoneBlue and BJMPCS. The Company paid trail fees of £120,597 (2012: £92,026) to BJMPCS during the year. £Nil (2012: £51,028) has been treated as a prepayment.

There is no immediate and ultimate controlling party as no shareholder has a controlling interest.