

GoGlobal Properties Limited

**Directors' report and audited consolidated financial statements
for the period 26 October 2012 to 31 March 2014**

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GoGlobal Properties Limited
Company information

Company registration No.	47031
Date of incorporation	26 October 2012
Directors	Gerald Leissner (<i>Chief Executive Officer</i>) Hennie Esterhuizen David Smith Cobus Josling James Keyes Sean Melnick David Brown
Registered office	20 Reid Street Williams House Hamilton, HM11 Bermuda
Principal bankers	Barclays Private Clients International Limited, Guernsey National Westminster Bank PLC, United Kingdom Santander UK PLC, United Kingdom
Auditor	Deloitte LLP Regency Court Gategny Esplanade St Peter Port, Guernsey GY1 3HW
Company Secretary	Apex Fund Services Limited, Bermuda
Legal advisors	Berwin Leighton Paisner LLP, United Kingdom Lawrence Graham LLP, United Kingdom Mourant Ozannes, Guernsey
Administrator	Praxis Fund Services Limited, Guernsey
Property manager	McCafferty Asset Management Ltd, United Kingdom
Investment advisor	ApexHi UK Limited, United Kingdom
Independent property valuer	Jones Lang LaSalle, United Kingdom

GoGlobal Properties Limited

Directors' report

The directors present their report together with the audited consolidated non-statutory financial statements ("the financial statements") for GoGlobal Properties Limited ("the Company" or "GoGlobal") and its wholly owned subsidiaries APF1 Limited ("APF1") and GGP1 Limited ("GGP1"), together referred to as the Group, for the period from 26 October 2012 to 31 March 2014.

INCORPORATION AND LISTING

The Company was incorporated in Bermuda on 26 October 2012 in accordance with section 14 of the Companies Act 1981 as a Bermudan exempted company.

On 15 March 2013, the company was listed on the Bermuda Stock Exchange, ("BSX") with 250,000 shares by way of introduction. The BSX listing constitutes the Company's primary listing.

During April 2013, the company made an offer to invited investors to subscribe for a further 250,000 shares ("the private placement") and applied for a secondary listing of the Company's issued share capital on the Alternative Exchange of the JSE Limited ("AltX") in South Africa. The private placement was fully subscribed and the Company listed on the AltX on 29 April 2013.

On 25 March 2014 the Company acquired the entire issued share capital of APF1 Limited ("APF1"), a UK property income fund listed on the Channel Islands Securities Exchange ("CISE"). The consideration of £17,034,603 was satisfied by the issue of 15,486,003 consideration shares at an issue price of £1.10 per share. The consideration shares were listed simultaneously on BSX and on AltX.

SHARE CAPITAL

The Company was incorporated with an issued share capital of 1,000 shares. A further 249,000 shares were issued on 21 February 2013, prior to the primary listing on BSX. On 29 April 2013, a further 250,00 shares were issued, prior to its secondary listing on AltX. On 25 March 2014, a further 15,486,003 shares were issued as consideration shares for the acquisition of APF1.

PRINCIPAL ACTIVITY

GoGlobal was established with the intention of investing in high-yielding real estate companies and assets with the prospect of an income return to shareholders coupled with that of capital appreciation.

The Group invests in all classes of commercial property in Europe, being office, retail and industrial. Acquisitions are focused in the secondary markets. Investment opportunities are evaluated on the basis of:

- initial yield;
- strength of tenant covenant;
- lease terms in excess of 5 years;
- location of the asset within regional areas / showing good or improving fundamentals;
- rental level; and
- sustainability of future income flows taking account of the ability to renew the lease as well the durability of the asset as regards age, location, use and tenant requirements.

Investors will receive a cash return through the payment of dividends, on a quarterly basis.

GoGlobal Properties Limited
Directors' report (continued)

BUSINESS REVIEW

During February 2013, the Company invested £208,759 in four listed Real Estate Investment Trusts as a basis to commence activity with real estate in the European market and for liquidity management purposes.

On 25 March 2014, the Company acquired 100 per cent of the issued share capital of APF1 Limited. APF1 is an investment property company owning UK commercial Real Estate. APF1 Limited was acquired as a basis for the Group to commence investment in real estate in the European market (see note 21).

Following the acquisition of APF1 Limited, the Group owns eight investment properties with a current valuation of £27.5million as at the reporting date.

Salient details of the portfolio as at the reporting date are set out below:

	March 2014
Net initial yield	8.65%
Value in London and the South East	44%
Rentals in London and the South East	48%
Weighted average unexpired lease term	6.27
Rentals expiring in greater than 8 years	36%
Rentals expiring in greater than 6 years	100%
Office space (based on rent)	48%
Warehousing space (based on rent)	35%
Industrial space (based on rent)	17%
Number of tenancies	8
Valuation at the period-end	£27.5m

Capital outstanding on the APF1 Santander Bank plc facility agreement is £10.4million. This represents a 37.8% loan to value ("LTV") ratio against the value of the property portfolio secured. No further drawdowns took place during the reporting period. The facility terms are set out in note 20 to the financial statements.

In accordance with the terms of the facility agreement, interest on 60% of the principle outstanding is hedged via interest rate swaps. Whilst the hedge provides cash flow certainty it exposes the Group to fair value movements arising from the swap valuations.

As at 31 March 2014, on the basis of 3 month LIBOR, the fixed rate on the interest rate swaps entered into (see note 20 to the financial statements) and the marginal rate, the blended cost of gearing to the Group is 3.73%.

On 2 April 2014, as part of an internal group restructure the property assets and property rental business of APF1 Limited were disposed of to a fellow subsidiary GGP1 Limited ("GGP1"). The APF1 bank facility was repaid with funding from a corresponding GGP1 Santander Bank plc facility. Further the APF1 interest rate swaps were novated to GGP1.

RESULTS

The financial results are set out in the financial statements on pages 8 to 36.

GoGlobal Properties Limited

Directors' report (continued)

RESULTS (continued)

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect a loss of £30,924 for the period.

The Group has net assets of £17,433,541 attributable to ordinary shareholders

OUTLOOK

The successful acquisition of APF1 Limited has provided shareholders with an initial UK based property portfolio which has a proven resilient income stream. The Group remains committed to growing the size of the portfolio to a level which would make a JSE main board listing of the shares in the company viable and which would provide shareholders with a more liquid investment.

The focus of the investment advisor is to explore opportunities for growth by way of acquiring a large portfolio rather than a number of smaller, time and cost consuming acquisitions. The focus of such capital raising efforts takes longer to realise.

An improving macro outlook, good relative value in real estate and ongoing normalisation in the lending markets have contributed to positive momentum in the number of investment opportunities, particularly in non-core and non-prime sectors.

As such, there is a realistic opportunity for buyers, purchasing at reasonable debt levels, to build a large diversified high yielding portfolio with a resilient income stream.

DIVIDENDS

The directors do not recommend a dividend for the period.

CHARITABLE AND POLITICAL DONATIONS

There were no charitable donations or political contributions in the period.

DIRECTORS

The following directors have held office during the period and since the reporting date:

- J Keyes (appointed 26 October 2012)
- G Leissner (appointed 3 December 2012)
- H Esterhuizen (appointed 3 December 2012)
- C Josling (appointed 3 December 2012)
- S Melnick (appointed 3 December 2012)
- S Ward (appointed 3 December 2012 and resigned 25 September 2013)
- P Goetsch (appointed 3 December 2012 and resigned 30 April 2014)
- D Brown (appointed 25 September 2013)
- D Smith (appointed 1 May 2014)

The directors do not have any direct interest in the shares of the Company.

Sean Melnick is the deputy chairman of and has a beneficial interest of 16.7% in the issued share capital of Peregrine Holdings Limited ("Peregrine") as at 31 March 2014. Peregrine has an indirect interest of 29.4% in the issued share capital of GoGlobal.

GoGlobal Properties Limited

Directors' report (continued)

GOING CONCERN

The Group's business activities are set out above. As at the reporting date, the Group has cash resources of £1.4million and an investments in listed and liquid Real Estate Investment Trusts ("REITs") in the amount of £236,766. The Directors have reviewed the Group's activities and, having regard to the level of liquid resources in relation to the Company's operating expense base, have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. The financial statements have thus been prepared on a going concern basis.

As detailed in note 24, certain expenses of the Group have been borne by related parties.

SUBSEQUENT EVENTS

On 2 April 2014, the UK investment properties held by APF1 Limited ("APF1") were transferred to a fellow wholly owned subsidiary GGP1 Limited ("GGP1"). The APF1 bank facility of £10.4million was repaid (as detailed in note 20) and replaced by a new GGP1 bank facility also with Santander UK plc for £10.4million. The SWAP contracts were novated from APF1 to GGP1.

At the end of April 2014, the Investment Committee decided against proceeding with the acquisition of the portfolio of German properties (as detailed in note 24 and note 26).

AUDITOR

Deloitte LLP was appointed as auditor in the period and are willing to be reappointed as auditor to the Group. A resolution to reappoint Deloitte LLP will be proposed at the next Annual General Meeting.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each director at the date of approval of this report has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Approved by the board of directors and signed on their behalf.

C Josling
Director

D Smith
Director

Date: 11 June 2014

Date: 11 June 2014

GoGlobal Properties Limited

Directors' responsibilities statement

The directors are responsible for preparing accounts for each financial period which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the profit or loss of the Group for that period. The directors have elected to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRSs"). International Accounting Standard 1 requires that financial statements present fairly for each financial period the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

In preparing the accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 Group. They are also responsible for the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GoGlobal Properties Limited

Independent Auditor's report to the members of GoGlobal Properties Limited

We have audited the non-statutory consolidated financial statements of GoGlobal Properties Ltd ("the Company") and its subsidiary companies APF1 Limited and GGP1 Limited (together "the Group") for the period from 26 October 2012 to 31 March 2014 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This report is made solely to the Company's members, in accordance with our engagement letter dated 21 May 2014. 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'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 Directors' responsibilities statement, the directors are responsible for the preparation of the consolidated 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 non-statutory consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the non-statutory consolidated financial statements

An audit 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 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 non-statutory 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.

Opinion

In our opinion the non-statutory consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2014 and of its loss for the period from 26 October 2012 to 31 March 2014; and
- have been properly prepared in accordance with IFRS as issued by the IASB.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Deloitte LLP

Chartered Accountants
St Peter Port, Guernsey

GoGlobal Properties Limited
Consolidated statement of comprehensive income
for the period 26 October 2012 to 31 March 2014

	Note	26 October 2012 to 31 March 2014 £
Net rental income	5	45,052
Operating costs	6	(91,168)
		<u>(46,116)</u>
Impairment of goodwill	21	(8,038)
Operating loss		<u>(54,154)</u>
Investment revenues	8	11,930
Other gains and losses	9	28,007
Net finance costs	10	(10,164)
Loss for the period before taxation		<u>(24,381)</u>
Taxation	11	(6,543)
Loss for the period after taxation		<u><u>(30,924)</u></u>
Other comprehensive income		
Fair value movement on interest rate swaps		3,719
Total comprehensive loss for the period		<u><u>(27,205)</u></u>
Attributable to the owners of the company		<u><u>(27,205)</u></u>
Loss per share		
• EPS Basic (pence)	13	<u>(5.80)</u>
• EPRA EPS Basic (pence)	13	<u>(5.80)</u>
• Diluted EPS (pence)	13	<u>(5.80)</u>
• Headline EPS (pence)	13	<u><u>(4.29)</u></u>

All items in the above statement are derived from property acquisitions and related activities in the current period. The accompanying notes on pages 12 to 36 form an integral part of the consolidated financial statements.

GoGlobal Properties Limited
Consolidated statement of financial position
as at 31 March 2014

	Note	31 March 2014 £
Non current assets		
Investment properties	15	27,500,000
Investments	16	236,766
Total non-current assets		<u>27,736,766</u>
Current assets		
Trade and other receivables	17	212,931
Cash and cash equivalents	18	1,380,526
Total current assets		<u>1,593,457</u>
Total assets		<u>29,330,223</u>
Current liabilities		
Trade and other payables	19	1,423,781
Total current liabilities		<u>1,423,781</u>
Non-current liabilities		
Borrowings	20	10,400,000
Derivative financial instruments	20	72,901
Total non-current liabilities		<u>10,472,901</u>
Net assets		<u>17,433,541</u>
Equity		
Ordinary share capital and share premium		17,460,746
Retained deficit		(30,924)
Cash flow hedge reserve		3,719
Total equity		<u>17,433,541</u>

All items in the above statement are derived from property acquisitions and related activities in the current period. The accompanying notes on pages 12 to 36 form an integral part of the consolidated financial statements.

The consolidated financial statements were approved by the board of directors on 11 June 2014.

C Josling
Director

D Smith
Director

GoGlobal Properties Limited
Consolidated statement of change in equity
for the period 26 October 2012 to 31 March 2014

	Note	Share capital	Share premium £	Cash flow hedge reserve £	Retained deficit £	Attributable to owners of the Company £
Balance at 26 October 2012		-	-	-	-	-
Proceeds from issue of ordinary shares	12	16	17,534,587	-	-	17,534,603
Share issue and listing costs	12	-	(73,857)	-	-	(73,857)
Total comprehensive loss for the period		-	-	3,719	(30,924)	(27,205)
Balance at 31 March 2014		16	17,460,730	3,719	(30,924)	17,433,541

All items in the above statement are derived from property acquisitions and related activities in the current period. The accompanying notes on pages 12 to 36 form an integral part of the consolidated financial statements.

GoGlobal Properties Limited
Consolidated statement of cash flows
for the period 26 October 2012 to 31 March 2014

	Note	26 October 2012 to 31 March 2014
Operating activities		
Operating loss		(54,154)
Impairment of goodwill	21	8,038
Increase in trade and other receivables		(42,855)
Increase in trade and other payables		166,135
Interest received		191
Net cash from operating activities		<u>77,355</u>
Investing activities		
Dividends received from trading activities		8,961
Purchases of trading investments		(208,759)
Cash obtained on acquisition of subsidiary	21	1,016,287
Net cash from investing activities		<u>816,489</u>
Financing activities		
Proceeds on issue of ordinary shares	12	500,000
Listing costs paid		(13,318)
Net cash from financing activities		<u>486,682</u>
Cash and cash equivalents at beginning of the period		-
Net increase in cash and cash equivalents	18	1,380,526
Cash and cash equivalents at end of the period		<u>1,380,526</u>

All items in the above statement are derived from property acquisitions and related activities in the current period. The accompanying notes on pages 12 to 36 form an integral part of the consolidated financial statements.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014

1. General information

The primary objective of the Group is investing in high-yielding real estate companies and assets with the prospect of providing an income return to shareholders coupled with that of capital appreciation.

GoGlobal Properties Limited (“the Company”) was incorporated in Bermuda on 26 October 2012 in accordance with section 14 of the Companies Act 1981 of Bermuda as a Bermudan exempted company. The Board of the Company, which meets and conducts its business from Guernsey, is responsible for the management, control and strategic decision-making of the Group.

At 31 March 2014, the Company has issued 15,986,003 shares which have a primary listing on BSX and a secondary listing on AltX.

As the Company was incorporated in the current reporting period, there is no comparative information.

2. Adoption of new and revised Standards

In the current period, the following new and revised Standards and Interpretations have been adopted:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair value measurement

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied to these financial statements, were in issue but not yet effective. They are effective for periods commencing on or after the disclosed date:

- IFRS 9 Financial instruments: classification and measurement (no mandatory effective date)
- IFRS 10 Investment entities: exemption from consolidation requirements (1 January 2014)
- IAS 32 Offsetting financial assets and financial liabilities (1 January 2014)
- IAS 36 Recoverable amount disclosure for non-financial assets (1 January 2014)
- IAS 39 Novation of derivatives and continuation of hedge accounting (1 January 2014)
- IFRIC 21 Levies (1 January 2014)

In addition the IASB completed its Annual Improvements 2011-2013 Cycles, which have amended 2010-2012 and a number of existing standards commencing on or after 1 July 2014.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in the future period.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies are set out below.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Basis of accounting (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the asset or liability

The statements are presented in pounds sterling, being the currency of the primary economic environment in which the Group operates.

Basis of consolidation

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of the subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Going concern

The Group is forecasting positive operating cash flows and considers the investment properties owned, to be occupied by good quality tenants, with a history of no rent default. The Group debt facility covenants are being complied with.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have 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.

Business combinations

The Group applies the acquisition method to account for business combinations. The cost of the acquisition is measured at the aggregate of the fair values, at the date of completion, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquired. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition.

Revenue recognition

The Group earns returns from investments in listed property securities and direct property assets. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

Revenue includes dividends and capital returns from investments in listed REITs as well as amounts receivable in respect of property rental income and service charges earned in the normal course of business, net of sales-related taxes.

Rental income from operating leases is recognised in income on straight-line basis over the lease term. Deferred revenue thus generally represents the proportion of rentals invoiced in advance as at the reporting date.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned.

Dividend income from listed securities is recognised at the date the dividend is declared. Interest income is recognised in the consolidated statement of comprehensive income under the effective interest method as it accrues.

Foreign currencies

The Group's functional and presentation currency is pounds sterling. Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated on the balance sheet date at the closing rate prevailing on this day. Gains or losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Borrowing costs

Interest costs are recognised in the consolidated statement of comprehensive income using the effective interest rate method.

Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

Tax currently payable is based on the profit of the UK property rental business. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the accounting profit nor the tax profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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 is 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in other comprehensive income.

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

Investment properties

Properties held to earn rentals and for capital appreciation are classified as investment properties. Investment properties comprise both freehold and leasehold land and buildings.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Investment properties (continued)

Investment properties are recognised as assets when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Group;
- there are no material conditions precedent which could prevent completion, and
- the cost of the investment property can be measured reliably.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value. The Group has appointed Jones Lang LaSalle as independent property valuers to prepare valuations on an annual basis. Valuations are undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Standards, 7th Edition. The valuers adopt the investment approach which applies a capitalisation rate, as a multiplier, against the current, and, if any, revisionary income streams. The difference between the fair value of a property at the reporting date and its carrying amount prior to re-measurement is included in the consolidated statement of comprehensive income as a valuation surplus or deficit.

Financial instruments

Classification

A financial instrument is a contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another. The classification of financial assets and financial liabilities depends on the nature and purpose of the instrument and is determined at the time of initial recognition. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

Financial assets

The Group classifies its financial assets as – at fair value through profit and loss and as loans and receivables.

Financial assets designated at fair value through profit or loss (“FVTPL”)

Financial assets designated at fair value through profit or loss include the Company’s investment in listed securities.

Financial assets are classified in this category if they are so designated by management and the asset forms part of a group of financial instruments that is managed, evaluated and reported to the appropriate level of management using a fair value basis in accordance with a documented risk management or investment strategy.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include current assets with maturities or terms greater than 12 months after the reporting dates which are classified as non-current assets.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty, or
- breach of contract, such as a default or delinquency in interest or principal payments, or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and present value of the estimated future cash flows, discounted at the financial assets original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectable, it is written off against the provision account. Changes in the carrying amount of the provision account are recognised in the statement of comprehensive income in the period.

For financial assets measured at amortised cost if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

The Group's financial liabilities comprise interest-bearing borrowings, loans and payables and trade payables.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Recognition and derecognition

Purchases and sales of listed securities are recognised on the trade date which is when the Company commits to purchase or sell the assets. Other financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when the company's obligations are discharged, cancelled or they expire.

Measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transactions costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in the statement of comprehensive income.

After initial recognition, the Group measures financial assets designated at FVTPL at fair values without any deduction for transaction costs it may incur on their disposal.

The fair value of quoted financial assets is their bid price at the financial year-end. If the market for a financial asset is not active, the fair value is estimated using valuation techniques. These include a review of recent arm's length transactions, references to current fair market value of another instrument that is substantially the same as that being valued and discounted cash flow analysis. Where discounted cash flow analysis is used, estimated future cash flows are based on management's estimates and the discount rate is a market-related rate at the financial year-end for a financial asset with similar terms and conditions. Where other pricing models are used, inputs are based on observable market indicators at the financial year-end.

Realised and unrealised gains and losses arising from changes in fair value of financial assets at FVTPL are included in the statement of comprehensive income in the period in which they arise.

Loan and receivables are measured at amortised cost using the effective interest method, less impairment losses which are recognised in the statement of comprehensive income. Financial liabilities are measured at amortised cost using the effective interest rate method. In the case of short-term trade receivables and payables, the impact of discounting is not material and cost approximates amortised cost.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Hedge accounting and derivative financial instruments

The Group uses interest rate swaps to manage its interest rate risk. Under its existing facility agreement, the Group is required to hedge at least 60% of the nominal value of its exposure under the agreement. Derivative financial instruments which form part of the qualifying designated hedging relationships are classified as either cash flow hedges or fair value hedges depending on the nature of the risk being hedged. At the time a financial instrument is designated as a hedge, the Group documents the relationship between the hedging instrument and hedge items, including the risk management objectives and its strategy in undertaking the hedge transaction.

The Group also documents its assessment, both at hedge inception and on an ongoing basis of whether the instruments that are used in the hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of comprehensive income.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Ordinary shares are classed as equity. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade and other receivables

These are valued at their normal value (less accumulated impairment losses) as the time value of money is immaterial for these current assets. Impairment losses are estimated at the year-end by reviewing amounts outstanding and assessing the likelihood of recoverability.

Trade and other payables

Trade and other payables are valued at their normal value as the time value of money is immaterial for these current liabilities.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects the current market assessments of the time value of money and where appropriate, the risks specific to the obligation. The Group did not recognise any provisions at the reporting date.

Dividends

Dividends to the Group's ordinary shareholders are recognised when they become legally payable. This is when they are approved by the Board.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

3. Significant accounting policies (continued)

Segmental analysis

As at the reporting date, the Group has a single geographical and business segment, being investment in European investment properties. The directors consider that the investment in REIT shares was for liquidity management purposes only and formed the basis of activity with European real estate.

Earnings/(Loss) per share

Earnings per share is calculated on the weighted average number of shares in issue in respect of the current period and is based on the profit attributable to the ordinary shareholders.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Although the estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, 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.

- **Investment properties**

The preparation of the financial statements requires management to make estimates affecting the reported amounts of assets and liabilities, of revenues and expenses, and of gains and losses. As described below, the Group's investment properties are stated at estimated fair value, based on an independent external appraisal. The valuation of the company's property portfolio is inherently subjective due to a number of factors including the individual nature of the property, its location and the expectation of future rentals. As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may not prove to be accurate particularly in years of volatility or low transaction flow in the market. The estimated market value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As a result, if the assumptions prove to be false, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

5. Revenue

	26 October 2012 to 31 March 2014
a) Rental and other income	£
Rental income	45,053
Other income - tenant recharges	1,072
	<u>46,125</u>
b) Direct property costs	
Property maintenance	40
Property insurance	1,033
	<u>1,073</u>
Net rental income	<u>45,052</u>

6. Operating costs

	26 October 2012 to 31 March 2014
Operating costs	£
Administration fees (including director emoluments)	38,123
Investment advisory fee	5,830
Legal & professional fees	35,669
Audit fee	10,575
Bank charges	971
	<u>91,168</u>

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

7. Employees' and directors' emoluments

The Group has no employees and hence incurred no wages or social security charges during the period. The Group pays fees to directors which amounted to £25,754 for the period.

	\$	£
J Keyes	6,833	4,374
S Ward	4,105	2,624
D Brown	2,562	1,642
H Esterhuizen	n/a	6,667
C Josling	n/a	6,667
S Melnick	2,000	1,260
G Leissner	2,000	1,260
P Goetsch	2,000	1,260
		<u>25,754</u>

8. Investment revenues

	26 October 2012 to 31 March 2014
Investment revenues	£
Dividends receivable	11,930
	<u>11,930</u>

9. Other gains and losses

	26 October 2012 to 31 March 2014
Other gains and losses	£
On financial assets at fair value	
fair value movement through profit & loss	28,007
	<u>28,007</u>

10. Finance costs

	26 October 2012 to 31 March 2014
a) Interest receivable	£
Cash and cash equivalents	191
	<u>191</u>
b) Finance costs	
Bank interest payable	6,376
Unutilised facility fee	756
Amortisation of facility costs	3,223
	<u>10,355</u>
Net finance costs	<u>10,164</u>

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

11. Taxation

	26 October 2012 to 31 March 2014
	£
UK corporation tax at 23%	6,543
	<u>6,543</u>

The Group is subject to UK corporation tax on the profits of the UK property rental business.

12. Share capital

	31 March 2014
	£
<i>Authorised</i>	
1,000,000,000 ordinary shares with a par value of £0.000001 each	1,000
	<u>1,000</u>
<i>Issued</i>	
Share capital	16
Share premium	17,534,587
Listing costs	(73,857)
	<u>17,460,746</u>

Issue date	Note	No of shares	Consideration per share £	Cost £
26 October 2012		1,000	1.00	1,000
21 February 2013		249,000	1.00	249,000
29 April 2013		250,000	1.00	250,000
25 March 2014	21	<u>15,486,003</u>	1.10	<u>17,034,603</u>
		<u>15,986,003</u>		<u>17,534,603</u>

Transaction costs of £73,857, attributable to the issue of shares, have been accounted for as a deduction from share premium in accordance with IAS 32: Financial Investments.

13. Loss per share

	26 October 2012 to 31 March 2014
• EPS basic (pence)	<u>(5.80)</u>
• Diluted EPS (pence)	<u>(5.80)</u>
• EPRA EPS basic (pence)	<u>(5.80)</u>
• Headline EPS (pence)	<u>(4.29)</u>

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

13. Loss per share (continued)

	26 October 2012 to 31 March 2014
	£
Earnings	
Loss for the period after taxation	(30,924)
<i>Adjustments to arrive at EPRA profit:</i>	
• Unrealised deficit on revaluation of investment properties	-
EPRA loss attributable to ordinary shareholders	<u>(30,924)</u>
<i>Further adjustments to arrive at Headline loss:</i>	
• Impairment of goodwill	8,038
Headline loss attributable to ordinary shareholders	<u><u>(22,886)</u></u>
Weighted average number of ordinary shares in issue	<u><u>533,175</u></u>

14. Net asset value

The calculation of net asset value per share at the reporting date is set out below:

	26 October 2012 to 31 March 2014
	£
Net asset value	
• IFRS NAV per share	1.09
• EPRA NAV per share	1.09
IFRS net asset value	17,433,541
Adjustments to arrive at EPRA net asset value:	
• Reversal of revaluation of derivative financial instruments	(72,901)
	<u>17,360,640</u>
Number of shares in issue	<u><u>15,986,003</u></u>

European Public Real Estate Association ("EPRA")

The EPRA measure takes into account the fair value of assets and liabilities as at the reporting date, other than fair value adjustments, deferred tax and goodwill (as a result of deferred tax). As the Group has adopted fair value accounting for investment property per IAS40, adjustments to reflect the EPRA NAV include only those relating to the revaluation of derivative financial instruments.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

15. Investment properties

		31 March 2014
Cost		£
Acquired with subsidiaries	Note 21	<u>27,500,000</u>
Carrying amount		<u>27,500,000</u>
Fair value		<u><u>27,500,000</u></u>

The fair value of the Group's investment properties at 31 March 2014 has been determined by Jones Lang LaSalle on the basis of fair value.

It is the Group's policy to carry investment properties at fair value in accordance with IAS 40 investment Property. The fair value of the Group's Investment property at 31 March 2014 has been determined on the basis of fair valuations carried out by Jones Lang Lasalle who are the external independent valuers to the Group.

The properties are categorised as level 3 in the IFRS 13 fair value hierarchy. There are no transfers of property between levels 1, 2 and 3.

The Group's policy is to recognise transfers into and out of a fair value hierarchy levels as of the event or change in circumstances that caused the transfer.

Valuation process

The Group's investment properties have been value at fair value on 31 March 2014 by the directors on the advice from independent valuers, Jones Lang Lasalle, on the basis of fair valuation in accordance with the current practice statements contained in the Royal Institution of Chartered Surveyors Valuation-Professional Standards, ("Red Book").

Segment	Fair Value £m	Valuation Technique	ERV (£000's)	Estimated Rental Value (£psf)	Gross Rent (£000's)	Gross Rent (£psf)	Equivalent Yield (%)	Relationship of unobservable inputs to fair value
Business	12.2	Income Capitalisation	1,022	14.78	1,323	19.14	7.91%	The higher the rental value and lower the yield, the higher the fair value.
Distribution	10.3		841	4.11	943	4.6	7.67%	
Industrial	<u>5.0</u>		<u>390</u>	3.5	<u>475</u>	4.27	7.39%	
Total	<u>27.5</u>		<u>2,253</u>		<u>2,741</u>			

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

15. Investment properties (continued)

Valuation process (continued)

The fair value at 31 March 2014 represents the highest and the best use.

All revenue is derived from the underlying tenancies given on the investment properties.

There are interrelationships between all these unobservable inputs as they are determined by the market conditions. The existence of an increase in more than one unobservable input would be to magnify the impact on the valuation. The impact in the valuation will be mitigated by the interrelationship of two unobservable inputs moving in the opposite directions e.g. an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yield.

16. Financial investments

Trading investments comprise a portfolio of four listed Real Estate Investment Trusts (“REITS”).

	31 March 2014
	£
Additions - cost	208,759
Fair value movement	28,007
Fair value	<u>236,766</u>

17. Trade and other receivables

	31 March 2014
	£
Trade and other receivables	
Trade receivables	141,702
Prepayments and accrued income	28,260
Other receivables	42,969
	<u>212,931</u>

18. Cash and cash equivalents

	31 March 2014
	£
Cash at bank	<u>1,380,526</u>

All cash held at banks is on demand.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

19. Trade and other payables

	31 March 2014
	£
Accruals	434,052
Deferred income	695,116
Other payables	294,613
	<u>1,423,781</u>

20. Borrowings - bank loans

	Note	31 March 2014
		£
Acquired with subsidiaries	21	10,396,777
Amortisation of transaction fees		3,223
		<u>10,400,000</u>
• Maturing between 2 and 3 years		<u>10,400,000</u>

The Group has a £15million facility agreement with Santander UK plc. (“the facility agreement”), which was acquired during the period (see note 21). As at the reporting date, the Group has drawn-down £10.4million against the facility in order to finance the acquisition of investment property. The facility is secured by a debenture and by a legal charge over the property portfolio. Interest is serviced quarterly and the capital repayable by 22 December 2016. The facility has four covenant ratios: Interest Service Cover (“ISC”) 200%, Asset Concentration Ratio (“ASR”) 50%, Loan to value (“LTV”) 50%, and Average Occupational Leases (“AOL”) 3 years. All covenants were complied with during the period. The facility has a minimum hedging requirement of 60%.

As at 31 March 2014, on the basis of 3 month LIBOR, the fixed rate on the interest rate swaps entered into and the marginal rate, the blended cost of gearing to the company is 3.73%.

Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures arising from the variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows arising from the swap agreement using the yield curve at the reporting date, and are disclosed below.

The following interest rate SWAP contracts are designated as effective cash flow hedges:

Effective Date	Termination Date	SWAP Rate	Notional Principal 31 March 2014 £	Fair value 31 March 2014 £
22-Mar-12	22-Dec-16	1.66%	1,000,000	(10,772)
28-Mar-12	22-Dec-16	1.70%	5,240,000	(62,129)
			<u>6,240,000</u>	<u>(72,901)</u>

On 2 April 2014, APF1 Limited was released from all obligations, the new borrower became GGP1 Limited (“GGP1”) and the interest rate swaps were novated to GGP1.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

21. Acquisition of subsidiary

On 25 March 2014, the Group acquired 100 per cent of the issued share capital of APF1 Limited. APF1 Limited is an investment property company owning UK commercial real estate. It was acquired as a basis for the Group to commence investment in real estate in the European market. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Note	£
Investment properties		27,500,000
Accounts receivable		167,105
Bank Loans		(10,396,777)
Financial liabilities		(76,620)
Accounts payable		(1,183,430)
Net identifiable assets		16,010,278
Goodwill		8,038
Total consideration		16,018,316
Satisfied by:		
Consideration shares (15,486,003 x £1.10)	12	17,034,603
Less: Cash and cash equivalent balanced acquired		(1,016,287)
		16,018,316

The directors considered the goodwill to be of no value and accordingly, the Group has written it off during the period.

22. Operating lease rental income

Future minimum rentals receivable under non-collectable operating leases as at 31 March 2014 are as follows:

	31 March 2014
	£
• Within one year	2,740,723
• In the second year	2,740,723
• In the third to fifth year (inclusive)	8,222,169
• After five years	4,567,204
	18,270,819

23. Financial risk management

The Group's use of financial instruments exposes it to a variety of financial risks including: credit risk, liquidity risk and market risk. The overall risk management strategy seeks to minimise the potential adverse effects of risk exposures on the Group's financial performance.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital. Further quantitative disclosures are included throughout these audited financial statements where relevant. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

GoGlobal Properties Limited

Notes to the consolidated financial statements

for the period 26 October 2012 to 31 March 2014 (continued)

23. Financial risk management (continued)

The Board has established the Risk and Audit Committee which, in due course, in line with the growth in the Group, will assume responsibility for developing and monitoring the Group's risk management policies. The Risk and Audit Committee will participate in management's process of formulating and implementing the risk management plan and will report on the plan adopted by management to the Board.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, including, but not limited to, information technology risk. The Board will be responsible for ensuring the adoption of appropriate risk management policies by management. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board will also ensure that there are processes in place between itself and management enabling complete, timely, relevant, accurate and accessible risk disclosure to shareholders.

To enable the Risk and Audit Committee to meet its responsibilities, the Risk and Audit Committee will set standards and management will implement systems of internal control and an effective risk-based internal audit, comprising policies, procedures, systems and information to assist in:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- preparing timely, reliable financial statements and information in compliance with relevant legislation and generally accepted accounting policies and practices; and
- increasing the probability of anticipating unpredictable risk.

The Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

23.1 Financial risk exposures

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The credit risk arising from deposits with banks is managed through a policy of utilising only independently rated banks with acceptable credit ratings.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed. A summary of the Standard & Poors European financial institutions credit ratings is as follows:

	31 March 2014
• National Westminster Bank plc.	A -
• Santander UK plc.	A
• Barclays Private Clients International Ltd	A

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

23.1 Financial risk exposures (continued)

Credit risk (continued)

At the time of acquisition of a property, the company reviews the quality of the tenant to ensure that rental contracts are in place with tenants meeting acceptable covenants. Trade receivables are presented in the statement of financial position net of allowances for doubtful receivables. An allowance for impairment is made where there is an indefinable loss event, which based on previous experience, may give risk to a non recovery of a receivable.

The credit risk in respect of debtors is concentrated to a relatively small tenant base, as eight tenants account for the total rental income. However, none of these is noted as being of a poor credit rating, which is shown by strong Dun and Bradstreet (“D&B”) ratings. 84% of rentals are backed by 4A financial strength covenants (being tangible net worth from £15 million) and 100% of rentals have a risk rating score of 1 (being minimum risk of business failure).

The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

In respect of trade and other receivables and cash and cash equivalents this amounts to £1,593,457 as shown in the statement of financial position.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources, the availability of funding through appropriate and adequate credit lines and managing the ability of tenants to settle within lease obligations. The Group ensures, through the forecasting and budgeting of cash requirements that adequate committed resources are available.

By its nature, the market for investment property is not immediately liquid. As a result of this illiquidity, the Group’s ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited. Furthermore, where the Group acquires investment properties for which there is not a readily available market, the Group’s ability to deal in any such investment or obtain reliable information about the value of such investment or risks to which such property investment is exposed may be limited.

The Group’s short term liquidity risk is secured by the existence of cash balances, through the fact that rental income exceeds the Group’s cost structures and through ensuring that facilities are managed within debt covenants.

The following table details the Group’s remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will accrue to those liabilities, except where there Group is entitled and intends to repay the liability before its maturity. The discount column represents the possible future cash flows included in the maturity analysis, such as future interest or potential payments that have not been included in the carrying amount of the financial liability. The table also includes a reconciliation to the carrying value in the statement of financial position.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

23.1 Financial risk exposures (continued)

Liquidity risk (continued)

	Less than one month £	One to three months £	Three to twelve months £	One to five years £	Unaccrued interest £	Total £
Interest bearing loans	-	96,850	290,550	11,077,950	(1,057,911)	10,407,439
Financial liabilities	-	-	-	72,901	-	72,901
Other payables	119,995	2,126	172,492	-	-	294,613
Accruals	160,205	266,408	-	-	-	426,613
Deferred income	223,877	471,239	-	-	-	695,116
At 31 March 2014	504,077	864,622	463,042	11,150,851	(1,057,911)	11,896,682

A contingent liability, as detailed in note 25, will only become payable against a successful future capital raising which will include sufficient capital to cover the costs incurred.

Fair value of financial instruments

The following table summarises the Group's financial assets and liabilities into categories required by IFRS7 Financial instruments – disclosures. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

	Held at fair value through other comprehensive income £	Held at fair value through profit and loss £	Held at amortised cost £	Total carrying amount 31 March 2014 £
<i>Financial assets</i>				
• Trading investments	-	236,766	-	236,766
• Cash and cash equivalents	-	-	1,380,526	1,380,526
• Accounts receivable	-	-	212,931	212,931
	-	236,766	1,593,457	1,830,223
<i>Financial liabilities</i>				
• Loans	-	-	10,400,000	10,400,000
• Interest rate swaps	72,901	-	-	72,901
• Accounts payable	-	-	1,423,781	1,423,781
	72,901	-	11,823,781	11,896,682

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns to shareholders.

GoGlobal Properties Limited
Notes to the consolidated financial statements
for the period 26 October 2012 to 31 March 2014 (continued)

23.1 Financial risk exposures (continued)

Investment in property is subject to varying degrees of risk. The main factors which affect the value of the investment in property include:

- changes in the general economic climate;
- local conditions in respective markets, such as oversupply, or a reduction in demand, for commercial space in a specific area;
- competition from other available properties; and
- government regulations, including planning, environmental and tax laws.

Whilst a large number of these factors are outside the control of the management, market and property specific factors relevant to maintain a sustainable income stream within the Group's yield parameters are considered as part of the initial due diligence. Properties and tenant leases are actively managed.

The ultimate strategy of the Group is to achieve diversification through growth in the size of the investment portfolio. The Group will focus on acquisitions that are expected to sustain income per share and that enhance the diversity and thus lower the risk of its income stream.

Foreign currency risk

The Group's functional currency is pounds sterling. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency or exchange rates. At the reporting date, the Group has exposure to foreign currency risk in respect of

- listed securities with a carrying value of £53,891, which securities are quoted in euros;
- trade receivables with a carrying value of £989, which assets are quoted in US dollars;
- trade payables with a carrying value of £12,276, which liabilities are payable in US dollars;
- trade payables with a carrying value of £151,054, which liabilities are payable in euros, and
- trade payables with a carrying value of £7,168, which liabilities are payable in South African Rand.

Foreign currency sensitivity analysis

The sensitivity analysis measures the impact on the Group's exposure in pounds (based on a change in the reporting date spot rate) and the impact on the Group's sterling profitability, given a simultaneous change in the foreign currencies to which the Group is exposed at the reporting date.

A positive number below indicates an increase in profit and other equity following a 10% strengthening of the pound against the foreign currencies. For a 10% weakening of the pound, there would be an equal and opposite impact on the profit and the balance would be negative.

	2014
	£
Euros	8,833
US Dollars	1,026
South African Rand	652
	<u>10,511</u>

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23.1 Financial risk exposures (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As stated in note 20, borrowings from credit institutions are protected against movements in interest rates to the extent of 60% of the principal borrowed. The company uses interest rate swaps to manage its interest rate exposure.

A movement of 100 base points in the UK Libor interest rates would lead to a £42thousand change in interest payable.

Market price risk

Market price risk is the risk that the Group is exposed to market risk on financial instruments that are valued at market prices. Specifically, a risk that the ultimate selling price of such financial instruments may differ from their estimated fair values at the reporting dates. The Group is exposed to price risk as a result of its investment in listed securities. The table below sets out the impact on the Group's sterling profitability of a 10% change in the market price of the listed securities in its portfolio.

A positive number below indicates an increase in profit and other equity following a 10% strengthening of market prices across the portfolio. For a 10% fall in market prices there would be an equal and opposite impact on profit and the balance below would be negative.

	2014
	£
Profit	23,676

23.2 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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23.2 Fair value hierarchy (continued)

	Total assets / liabilities recognised at fair value £	Designated at fair value		
		Level 1 £	Level 2 £	Level 3 £
Assets				
Investment properties	27,500,000			27,500,000
Investment in listed securities	236,766	236,766	-	-
Total assets	27,736,766	236,766	-	27,500,000
Liabilities				
Derivative financial liabilities	72,901	-	72,901	-
Total liabilities	72,901	-	72,901	-

Details of changes in valuation techniques

There have been no significant changes in valuation techniques during the period under review.

Significant transfers between Level, 1 Level 2 and Level 3

There have been no significant transfers during the period under review.

Capital risk management

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents and equity attributable to ordinary shareholders of the company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. The Group is not subject to any external capital requirements. The Group strategy is to maintain a debt to equity ratio and loan to value (LTV) to ensure that property performance is translated into an enhanced return for shareholders whilst at the same time ensuring that it will be able to continue as a going concern through changing market conditions. The directors are of the opinion that a 40% LTV in respect of secured external borrowings is appropriate to the sector of the market in which the Group operates.

24. Related party transactions

Parties are considered related if one party has control, joint control and significant influence over the other party in making financial and operating decisions. Other than those listed below, there were no transactions with related parties during the period under review.

Incorporation and set up costs

An entity in which Gerald Leissner and Pauline Goetsch have a direct and indirect beneficial interest respectively is one of the promoters of GoGlobal Properties Limited (“the Company”).

An entity in which Sean Melnick has an indirect beneficial interest, arising from his indirect beneficial interest in Peregrine Holdings Limited, is one of the promoters of the Company.

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24. Related party transactions (continued)

In undertaking due diligence on a portfolio of properties in Germany, the promoters have provided £300,000 to the Group. At 31 March 2014 estimated costs incurred amount to £271,088, and should no further costs be incurred, this £28,912 would be repayable to the promoters. To the extent that the Group successfully raises further capital the costs will be settled by the Group.

In addition, the promoters have paid and underwritten further expenses and costs associated with the issue and listing of shares on the BSX and Alt^x in the amount of £206,132 (an additional £73,857 having been borne by the Group). To the extent that the Group successfully raises further capital, the full amount of these expenses together with any underwriting premium will be repaid out of the proceeds of such further capital raising.

At 31 March 2014, no further capital raising is envisaged in the near future.

ApexHi Property Fund Limited (“ApexHi”), a UK REIT

Gerald Leissner, Pauline Goetsch and Sean Melnick are directors of ApexHi.

On 25 March 2014, the Group acquired the entire share capital of APF1 Limited, a subsidiary of ApexHi, for a consideration of £17,034,603 with a share for share exchange as detailed in the Directors report on page 2 and note 21.

ApexHi UK Limited (“APUK”), the investment advisor to the Group.

Pauline Goetsch, Gerald Leissner and Sean Melnick are directors of APUK.

Under the terms of a property advisory agreement entered into between ApexHi and APUK, which was novated to the Company on 26 March 2014, APUK is responsible for advising the Group in relation to its financial strategy and business plans, including all aspects of investment in property and for managing the properties acquired by the Group. In respect thereof, APUK is paid a fee equal to one quarter of 1.25% of the aggregate of the Group’s net asset value and the Group’s indebtedness which is payable quarterly in arrears.

During the period, the Group was charged £5,830 by APUK for investment advisory services in accordance with the agreement. Unpaid fees at 31 March 2014 amount to £87,282.

ApexHi Fund Services Limited (“AFSL”), the Bermudan Company Secretary.

Sharon Ward and David Brown are employee and a director respectively of AFSL.

During the period AFSL charged fees of £1,838 to the Group. At 31 March 2014, the Group owed AFSL £1,226.

Directors interests in the company

Details of directors shareholding in the Group are disclosed in the Directors report on pages 2 to 5. Details of directors emoluments are disclosed in note 7 (on page 22).

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25. Contingent liability

The promoters of the Group have underwritten an amount of £600,000 (at 31 March 2014, £300,000 has been received), to cover acquisition costs that may be incurred by the Group, prior to the completion of any further capital raising, in undertaking due diligence on a portfolio of properties in Germany. To date, the Group has engaged lawyers, valuers and other professional advisors for the purposes of such due diligence incurring costs amounting to £271,088. To the extent that the company successfully completes a further capital raising for the purposes of acquisition of such portfolio or part thereof the costs will be settled by the Group as part of such acquisition.

In addition, the promoters of the Group have underwritten an amount of £320,000 for incorporation, capital raising and listing costs. To date, the estimated promoters liability amounts to £206,132. To the extent that the company successfully completes a further capital raising, the full amount of these expenses will be reimbursed by the Group together with any underwriting premium.

26. Events after the reporting period

Subsequent to the balance sheet date, the following events have occurred:

- At the end of April 2014 the Investment Committee decided against proceeding with the acquisition of the portfolio of German properties (as detailed in note 25).
- On 2 April 2014 the UK investment properties held by APF1 Limited ("APF1") were transferred to a fellow wholly owned subsidiary GGP1 Limited ("GGP1"). The APF1 bank facility of £10.4m was repaid and replaced by a new GGP1 bank facility also with Santander UK plc for £10.4m. The SWAP contracts were novated from APF1 to GGP1.

27. Subsidiaries

Details of the Group's subsidiaries as at 31 March 2014 are as follows:

Name	Place of incorporation	Voting & Ownership	Principal activity
APF1 Limited	Guernsey	100%	Property investment
GGP1 Limited	Guernsey	100%	Dormant