REDEFINE INTERNATIONAL P.L.C.

("Redefine International" or the "Company" or the "Group")

(Registration number 010534V)

LSE share code: RDI

JSE share code: RPL

ISIN: IM00B8BV8G91

RESULTS FOR THE YEAR ENDED 31 AUGUST 2016

STRENGTHENED PORTFOLIO DELIVERS RESILIENT INCOME PERFORMANCE

Redefine International, the FTSE 250 income-focused UK-REIT, which has a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange, today announces its results for the year ended 31 August 2016.

Financial Highlights

Income statement	**Year ended 31 August 2016**	Year ended 31 August 2015
Earnings available for distribution (£m)	**52.2**	44.4
Earnings available for distribution per share (p)	**3.2**	3.2
Dividend per share (p)	**3.2**	3.25
Balance sheet		
Portfolio valuation (incl. JV share, £m)	**1,529.0**	1,044.6
Loan-to-value (%)	**53.4**	51.8
EPRA NAV per share (p)	**40.0**	41.0

- 17.6% increase in earnings available for distribution to £52.2m (2015: £44.4m)
- Second interim dividend of 1.575p per share, taking the full year dividend to 3.2p per share (2015: 3.25p per share)
- Gross rental income increase of 1.0% on a like-for-like basis
- Portfolio valuation increase of 3.4% on a like-for-like basis
- EPRA NAV per share of 40.0p (2015: 41.0p), a decrease of 2.4%, incorporating a one-off impact of AUK portfolio acquisition costs and a 1.0% increase in UK Stamp Duty Land Tax ("SDLT")
- LTV of 53.4% (2015: 51.8%)
- Weighted average cost of debt reduced by a further 50 bps to 3.4% (2015: 3.9%)

Operating Highlights

- Completion and integration of the transformational AUK portfolio acquisition, increasing the value of the portfolio to £1.5bn and significantly improving the quality of income
- Successful equity placement in February, raising gross proceeds of £115.0m above the target minimum amount of £100.0m
- Opportunistic disposal of 16 Grosvenor Street prior to completion of the AUK acquisition, realising a profit of £2.8m
- Sale of 10 petrol filling stations for £12.0m, 6.0% above the August 2015 book value and disposal of The Hague, the Company's last legacy asset
- Occupancy improved to 97.7% by ERV (2015: 97.5%)
- 25 leases totalling £2.6m in gross annualised rent completed since the EU referendum, 4.5% ahead of ERV
- Two properties disposed of post year end for £14.9m, an 11.7% premium to 31 August 2016 book values

Greg Clarke, Chairman, commented:

"This year marks the tenth anniversary of the Company's listing and the management team has continued to deliver a solid performance in challenging conditions, to create a much stronger Company, portfolio and earnings performance. Redefine International continues to offer superior distributions relative to its peer group and the resilience of the Company's share price in testing market conditions is reflective of the market's confidence in Redefine International to provide secure income underpinned by a diversified, well-located portfolio of assets with attractive property fundamentals. We are looking forward to building on these achievements as we enter our next decade as a public company."

Mike Watters, Chief Executive, commented:

"We have once again delivered a pleasing set of results against a challenging economic and political backdrop. Our performance was partly underpinned by the successful off-market acquisition of the AUK portfolio in the first half, which positioned us well for the future by significantly improving the quality of our portfolio and income streams. Our strengthened capital structure, lean cost base and a far-reaching asset management programme, puts us in a good position to grow through the next chapter in the property cycle.

While some uncertainty and volatility remains following the EU referendum decision, we are not yet seeing any notable change in the occupier market. Our track record and proven strategy of delivering income-focused total returns offers an increasingly attractive opportunity in this historic low interest rate environment. We are committed to driving Redefine forward to become the UK's leading income-focused diversified REIT."

Results presentation, webcast and conference call

A meeting for analysts and investors will take place today at 9.00a.m. (UK time) at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. The presentation and a live webcast will be available at 9.00a.m. (UK time), 10.00a.m. (SA time) today which can be accessed via the homepage of the Company's website: www.redefineinternational.com.

Conference call dial-in numbers

United Kingdom Local: 020 3059 8125

South Africa Local: 0318 197 008 or 0800 999 282

All other locations: +44 20 3059 8125

Conference code: **Redefine**

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STRATEGIC REPORT

Chief Executive's Report

This year was the tenth anniversary of the Company's listing on the London Stock Exchange. During this period the Company has achieved many milestones and grown into an established FTSE 250 UK-REIT. Although we are focused on the future, it is important to recognise the recent growth and evolution of the Company which highlights our progress and ability to create value. We extend our sincere thanks to our shareholders, advisers and employees who have supported us throughout the last decade.

The importance of liquidity and transparency in the property sector has recently been highlighted by the volatility caused by the EU referendum outcome which resulted in some open-ended property funds closing to redemptions from investors. Listed real estate, and particularly REITs, are well placed to provide institutional and retail investors with access to commercial real estate returns with the benefit of both liquidity and transparency.

As the REIT market matures in the UK, there is a growing emphasis on income returns and the ability of REITs to efficiently convert underlying property performance into shareholder returns. We aim to be the UK's leading diversified income-focused REIT and believe our strategy of income-focused total returns is well positioned at this point in the property cycle and in the current low interest rate environment.

Results and dividends

The year under review was characterised by the completion and integration of the transformational Aegon UK ("AUK") portfolio acquisition, which increased the value of the portfolio to £1.5 billion amid the significant market volatility and uncertainty surrounding the EU referendum.

Earnings available for distribution increased by 17.6 per cent year on year to £52.2 million (2015: £44.4 million). Distributable earnings per share were in line with the prior year at 3.2 pence per share, reflecting the increased number of shares in issue following the capital raise in February 2016 to part fund the AUK acquisition.

EPRA NAV decreased by 2.4 per cent to 40.0 pence per share incorporating the one-off impact of the AUK portfolio acquisition costs and the one per cent increase in UK SDLT.

The Board has declared a second interim dividend of 1.575 pence per share to be paid on 12 December 2016. Together with the interim dividend of 1.625 pence per share, the total dividend for the year of 3.2 pence per share is 1.5 per cent below last year (2015: 3.25 pence).

EU referendum

The EU referendum result has had a significant impact on the real estate investment market with transaction volumes down materially immediately following the outcome. The uncertainty created by the result is likely to have a negative impact on near term economic growth as investment decisions are postponed. However, the resultant prospect of continued low interest rates and bond yields, as well as demand from foreign capital following the depreciation of Sterling, should offer encouraging support for the investment market.

Since the EU referendum, we have concluded 25 leases totalling £2.6 million in annualised gross rental income with a number of further leases at various stages of negotiation or currently in solicitors' hands. At present in the markets in which we operate, there appears to be little evidence to suggest a material change in occupational demand has occurred to date.

We remain alert to opportunities that may present themselves in 2017 in the event of increased volatility and disconnects between market pricing and property fundamentals.

Strategic priorities

We have two key strategic priorities:

- Reposition the portfolio through recycling capital into assets with stronger growth potential; and
- Strengthen our balance sheet by reducing our LTV over the medium term to our target range of 40-50 per cent

Repositioning the portfolio for growth

Our strategy remains clearly focused on income-led total returns. To achieve this, we will continue to actively reposition the portfolio towards strong economic locations and assets supported by occupier demand. The recent AUK transaction has enhanced the quality of our portfolio and income growth opportunities significantly, not only improving the overall exposure to locations expected to deliver economic growth but also providing exposure to the distribution and industrial sectors which are currently experiencing strong occupier demand and rental growth.

We have acquired a number of strategically located assets, including an office block on Charing Cross Road, London, which will benefit from largescale redevelopment underway in the area and from the neighbouring Tottenham Court Road Crossrail station opening in 2017. The Company's recently acquired retail parks are showing encouraging letting activity and the overall exposure to UK regional shopping centres has been diluted to 22 per cent of the total portfolio, down from 33 per cent in 2015.

We have a number of asset management opportunities due to be delivered in 2017 as well as various longer term strategic redevelopment options. Extensions to a number of assets are underway including a 12 room extension to the Holiday Inn Express, Southwark, five additional pre-let units across the retail park portfolio and 1,000 sqm of foodstore extensions in Germany.

Capital recycling is expected to be more active in 2017, led by the disposal of mature assets and reinvestment into assets and locations which support sustainable occupier demand. The Hague, the last remaining legacy asset outside our core markets, was sold together with its associated bank debt during the year. Post year end we have also exchanged contracts for the disposal of two assets, namely Duchess Place, Edgbaston and Exchange House, Watford for £14.9 million, at a premium of 11.7 per cent to carrying value.

STRATEGIC REPORT

Chief Executive's Report

Strengthening the balance sheet

We have been active in strengthening our capital structure and securing attractive financing terms during a period of low interest rates and competitive lending. Over £160 million of banking facilities were refinanced, extended or repaid during the year, lowering our average cost of debt by 50 basis points to 3.4 per cent. The weighted average debt maturity is 6.9 years (2015: 7.8 years).

We secured a £148.0 million revolving credit facility as part of the AUK transaction which has enhanced our ability to manage cash and liquidity more effectively. This pro-active refinancing activity has secured current low rates and ensured the Company has no material financing facilities maturing until 2020.

The LTV ratio increased to 53.4 per cent primarily due to a decrease in property values after accounting for AUK acquisition costs and the recent SDLT increase. Net debt, including our share of joint venture net debt, increased by £275.4 million during the year following the £489.9 million AUK acquisition which was part funded by £252.0 million of bank debt. Refinancing activity was typically completed at lower leverage with reductions in interest costs delivering attractive marginal returns on equity.

We expect our capital structure to continue evolving into a lower leverage model that supports sustainable income-led total returns. In the medium term, we will continue to incrementally reduce our leverage to within our target LTV range of 40-50 per cent through a combination of capital recycling, refinancing or reinvesting at lower leverage.

Part of our repositioning requires us to reinvest for growth. To enhance the growth profile for future earnings and strengthen the balance sheet, we will base our distributions on an industry standard EPRA based earnings measure which will provide greater flexibility in managing cash flow and reducing leverage.

Growing our business sustainably

We value our relationships with all our stakeholders including customers, communities, partners, employees and shareholders. We drive and foster a culture of high performance through an entrepreneurial approach and are consistently looking to identify, recruit and retain key personnel to support the Company's growth and build a ready pool of talent for future years. The composition of the Group's Corporate Social Responsibility ("CSR") Committee has recently been reviewed. Donald Grant will replace Stephen Oakenfull with effect from 1 December 2016. The Committee thanks Stephen for his guidance and support in establishing the Group's strategic CSR framework.

As local property owners, we understand that our responsibility to our communities extends beyond our employees and investments. We are now GRESB participants and have already made significant progress in delivering our CSR strategy which may improve our current score of 50. The Company was awarded the top prize in the CSR category at both the BCSC Purple Apple Marketing Awards and the ICSC Solal European Marketing Awards. Recognised as demonstrating leadership and innovation in the area of corporate social responsibility, Weston Favell's 'Movie Hub' gave 400 local children from the surrounding area the opportunity to work on the set of the first operational film studio located in a UK shopping centre. Overcoming strong competition in a record year of 238 entries from 21 countries, this award was a fantastic achievement and justifies the importance our team places on CSR initiatives and community engagement across the portfolio.

Outlook

We believe there is a unique opportunity to grow Redefine International into the UK's leading diversified income-focused REIT. With interest rates across Europe at historic lows and an anticipated slowdown in capital value growth, income returns will be an increasingly important component of total returns for the foreseeable future.

Following ten years of building the Company to become an established FTSE 250 REIT, culminating in the transformational AUK acquisition, we are now in the process of reviewing the portfolio and capital structure to ensure it supports the Company's long term commitment to deliver sustainable and growing income-focused total returns.

It is our objective to enhance the growth profile of future earnings and to strengthen our balance sheet to support our aim of becoming the leading diversified income-focused UK-REIT and to retain our position as a top quartile yield payer, relative to our peer group. By ensuring greater flexibility in how we manage our cash flow and reducing leverage, we expect to enhance our income-led operational and investment strategy and drive dividend growth going forward.

We aim to adopt a more active approach to recycling capital, including the disposal of lower growth assets, to reposition the portfolio for stronger income and capital growth over the medium term. Our key strengths include actively managing a diversified portfolio with an efficient cost base, so we are well suited to deliver on this strategy.

The Company will host a capital markets day in early 2017 to provide more detail on our strategic priorities.

Following a period of significant growth in which we have a demonstrable track record in delivering secure and superior dividends to our shareholders, we remain committed to delivering upper quartile income returns as measured against other UK-REITs and have laid the foundations that will support future growth throughout our second decade.

Mike Watters

Chief Executive

27 October 2016

STRATEGIC REPORT

Operational review

Portfolio Overview

Over the past year, Redefine's portfolio has been enhanced through active capital recycling and investment in high quality assets. This, combined with our strategic flexibility to invest across sectors, underpins the success of our income-focused total return strategy.

The AUK acquisition has significantly enhanced the quality of the portfolio, providing exposure to a number of high quality assets in sectors and locations expected to deliver economic growth. Over 58 per cent of the portfolio is located in Greater London, the "Big 6" UK cities, southern UK and the "Big 5" cities in Germany. The remainder of the portfolio is largely made up of dominant regional shopping centres and assets presenting specific income-led asset management opportunities. In addition, we now have exposure to distribution assets and retail parks, all of which are showing evidence of strong occupier demand.

The market value of the portfolio, including our share of joint ventures, increased by 3.4 per cent on a like-for-like basis which included the effect of a 16.3 per cent increase in the value of the Euro relative to Sterling. UK valuations are down by 1.9 per cent on a like-for-like basis, driven by softer yields in the second half of the year and a one per cent increase in UK SDLT. Encouragingly, valuers supported the income outlook for our portfolio with ERV improving across all subsectors, other than our UK shopping centres, which declined 2.6 per cent over the last six months.

We have changed our occupancy metric to align with EPRA best practice recommendations which now reflects the vacant percentage by ERV instead of lettable space. Under this metric, occupancy increased by 20bps to 97.7 per cent. Our secure income stream is underpinned by a WAULT of 7.8 years (2015: 8.4 years).

Values as at 31 August 2016	**Market value (£m)**	**Annualised gross rental income (£m)**	**ERV (£m)**	**EPRA NIY (%)**	**EPRA topped up yield (%)**	**Reversionary yield (%)**	**Weighted average lease length (yrs)**	**EPRA voids (by ERV) (%)**	**Indexed (%)**
UK Retail	537.1	40.6	40.3	6.3	6.5	7.0	8.8	1.3	14.8
UK Commercial	417.5	27.5	28.6	5.4	5.9	6.4	6.1	5.4	27.9
UK Hotels	229.2	15.0	15.2	6.1	6.1	6.2	10.3	-	5.3
Total UK	**1,183.8**	**83.1**	**84.1**	**5.9**	**6.2**	**6.6**	**8.2**	**2.5**	**17.4**
Europe	345.2	22.8	22.7	5.6	5.6	6.2	6.5	1.5	97.9
Total	**1,529.0**	**105.9**	**106.8**	**5.8**	**6.1**	**6.5**	**7.8**	**2.3**	**34.7**
Wholly Owned	1,388.1	94.8	97.2	5.8	6.0	6.6	7.8	2.4	28.1
Held in joint ventures (proportionate)	140.9	11.1	9.6	6.7	7.7	6.6	8.0	1.3	91.8
Portfolio (excl AUK)	1,072.4	77.2	76.7	6.1	6.2	6.7	7.9	1.3	46.2
AUK Portfolio	456.6	28.7	30.1	5.1	5.7	6.2	7.6	4.6	4.0

Resilient and secure income stream

Our portfolio provides clear visibility on future rental income. Our WAULT of 7.8 years is backed by a diversified portfolio and high quality tenant base, providing a resilient and secure income stream. Just over 20 per cent of gross rental income is subject to break options or expiries in the next five years with no more than 6.8 per cent subject to tenant break options or expiries in any single year. Our occupier mix is not overly exposed to any single tenant or sector. Within retail we have actively targeted non-discretionary food, value fashion and leisure offerings, all of which have proved to be resilient with a positive market outlook.

Lease expiries to first break as at 31 August 2016	**Annualised gross rental income (£m)**	**FY 2017 (%)**	**FY 2018 (%)**	**FY 2019 (%)**	**FY 2020 (%)**	**FY 2021 (%)**	**FY 2022 (%)**	**FY 2023 (%)**	**FY 2024 (%)**	**FY 2025 (%)**	**FY 2026+ (%)**
UK Retail	40.6	3.5	1.2	1.0	1.7	2.0	5.4	1.7	1.3	4.1	16.4
UK Commercial	27.5	0.9	1.2	-	1.7	1.3	2.8	4.1	3.3	0.7	10.0
UK Hotels	15.0	-	-	-	-	-	-	-	-	-	14.2
Total UK	**83.1**	**4.4**	**2.4**	**1.0**	**3.4**	**3.3**	**8.2**	**5.8**	**4.6**	**4.8**	**40.6**
Europe	22.8	0.6	0.7	0.6	3.4	0.8	2.2	3.9	2.9	2.3	4.1
Total	**105.9**	**5.0**	**3.1**	**1.6**	**6.8**	**4.1**	**10.4**	**9.7**	**7.5**	**7.1**	**44.7**

STRATEGIC REPORT

Operational review

Income growth opportunities

The repositioning of the portfolio is strategically focused on continued income sustainability and growth opportunities. We aim to be more active in recycling capital from mature assets with low growth prospects into assets with clearly identified asset management initiatives and income upside.

We are making good progress in letting the remaining vacant space, particularly in regional offices. Several extensions, supported by tenant demand and pre-let agreements, are at various stages of completion across the retail portfolio. We continue to drive commercialisation activity across the portfolio to maximise revenues from advertising, promotional space and short term lettings. Additionally, 34.7 per cent of gross rental income is subject to inflationary linked reviews or fixed increases.

Driving cost efficiencies

Our EPRA cost ratio (excluding direct vacancy costs) remains one of the lowest in the UK-REIT sector at 14.9 per cent (2015: 15.3 per cent), a great result given the recent portfolio growth to over £1.5 billion.

The agreement with Kames Capital to support our asset management function across the AUK portfolio for a minimum of 18 months was terminated in September 2016 and takes effect from April 2017. The termination will result in a one-off termination fee of £1.2 million in the next financial year, however considerable savings will materialise following internalisation.

During the course of 2016 we brought the commercialisation function for our retail assets in-house. This includes revenues derived from marketing, promotions, advertising and leasing of mobile retail units. In doing so, we have enhanced both the quality of commercialisation within our centres and driven higher net commercialisation income.

Leasing activity

In the last 12 months, 75 rent reviews were agreed providing a total rent of £22.4 million, 4.9 per cent (£0.9 million) increase above the passing rent. 64 new lettings or renewals were completed providing a total rent of £4.3 million (£1.1 million increase on passing rent), 4.4 per cent ahead of ERV. Portfolio occupancy based on lettable area declined marginally to 97.1 per cent (2015: 98.1 per cent) driven largely by two units totalling 8,818 sqm (94,709 sqft) let to two tenants who went into administration during the last six months.

Since the result of the EU referendum, we have concluded 25 leases totalling £2.6 million in annualised gross rental income 4.5 per cent ahead of ERV, with a number of further leases at various stages of negotiation or in solicitors' hands. Currently within the markets in which we operate, there is little evidence to suggest a material change in occupational demand.

Key leasing activity completed during the year:

- Banbury Cross Retail Park – a new 10 year lease for 464 sqm (4,998 sqft) with Tapi, the carpet and flooring supplier, on an agreed rent of £0.1 million which was in line with ERV. A lease renewal was also agreed with Poundstretcher at a rent of £0.2 million, 2.8 per cent ahead of ERV. Since the EU referendum result, DFS has signed a 10 year renewal on 1,863 sqm (20,056 sqft) of space at £0.3 million which is 4.9 per cent above ERV.
- Charing Cross Road, London – two rent reviews with Superdrug for 460 sqm (4,953 sqft) and 3 Monkey Communications for 700 sqm (7,571 sqft), were agreed totalling £0.8 million, £0.2 million above passing rent.
- Swindon – a new 15 year lease with Oxford Brookes University for 2,640 sqm (28,412 sqft) on an agreed rent of £0.3 million, 20.8 per cent above ERV.
- Omnibus building in Reigate - Deutsche Leasing has signed a 15 year lease, with a 7.5 year break, on 1,023 sqm (11,015 sqft) of vacant space at an annualised rent of £0.3 million, 10.1 per cent ahead of ERV. 40 per cent of the vacant space on acquisition has now been filled, saving £0.1 million in void costs.
- Camino Park, Crawley - Royal Mail has agreed a 10 year reversionary lease on 20,535 sqm (221,037 sqft) with a break option in five years.
- Camino Park, Crawley - post the EU referendum result, DFS has signed a 10 year lease on 2,537 sqm (27,306 sqft) at £10.25 per sqft, a 15.5 per cent uplift to passing rent and 14.6 per cent above ERV.

Operational review

Acquisitions

This year's activity was dominated by the acquisition of the £489.9 million AUK portfolio and its integration into the business. The acquisition has been transformational, increasing our portfolio by approximately 50 per cent to £1.5 billion and enhancing its overall quality. Nearly 75 per cent of the assets in the AUK portfolio are located in areas expected to deliver future economic growth including London, the South East and the "Big 6" UK cities. In addition, the portfolio brought exposure to the distribution and industrial sector which are currently experiencing strong occupier demand and rental growth.

The AUK acquisition has added a significant and resilient long term rental stream with clear asset management opportunities. Despite market volatility, progress to date on asset management initiatives has exceeded management's initial expectations, with discussions and agreements ahead of the business plan for each property. The initial yield on acquisition of 5.0 per cent increased to 5.1 per cent following the early sale of 16 Grosvenor Street and successful letting activity with a further increase to 5.7 per cent anticipated following expiry of rent free periods.

ERVs across the AUK portfolio have increased by £0.9 million (3.2 per cent). Contracted rent over the same period increased by £0.4 million (1.5 per cent), which was partly offset by the single tenant at Severalls Industrial Estate, Colchester going into administration.

AUK Portfolio as at 31 August 2016	Market value (£m)	Annualised gross rental income (£m)	ERV (£m)	EPRA NIY (%)	EPRA topped up yield (%)	Reversionary yield (%)	Weighted average lease length (yrs)	EPRA voids (by ERV) (%)	Indexed (%)
Retail Parks	168.5	11.7	10.7	6.2	6.5	5.9	8.1	-	2.1
Retail – Other	31.4	2.5	2.3	7.2	7.2	6.8	16.7	1.0	-
Retail Portfolio	**199.9**	**14.2**	**13.0**	**6.3**	**6.6**	**6.1**	**9.6**	**0.2**	**1.7**
Offices – Greater London	49.0	1.8	2.3	2.6	3.4	4.4	5.2	-	32.3
Offices – Regional	82.7	5.2	6.7	3.9	5.2	7.6	4.3	16.2	6.2
Offices - Total	**131.7**	**7.0**	**9.0**	**3.4**	**4.5**	**6.4**	**4.5**	**12.1**	**12.9**
Distribution and Industrial	100.3	6.2	7.0	5.5	5.8	6.5	6.0	4.0	-
Automotive	24.7	1.3	1.1	5.2	5.2	4.2	8.6	-	-
Other – Total	**125.0**	**7.5**	**8.1**	**5.4**	**5.7**	**6.1**	**6.5**	**3.5**	**-**
Commercial Portfolio	**256.7**	**14.5**	**17.1**	**4.4**	**5.1**	**6.3**	**5.6**	**8.0**	**6.1**
Total Portfolio	**456.6**	**28.7**	**30.1**	**5.1**	**5.7**	**6.2**	**7.6**	**4.6**	**4.0**
Tranche I	245.7	17.2	16.8	6.2	6.5	6.4	8.1	1.8	1.4
Tranche II	210.9	11.5	13.3	4.1	4.9	5.9	6.8	8.2	7.8

We remain confident in our ability to successfully execute the asset management opportunities we have identified. A further six leases totalling 5,874 sqm (63,226 sqft) in the AUK portfolio are in solicitors' hands, with most expected to be signed with high quality national tenants for terms of at least 10 years. Following the completion of these leases, an additional £0.4 million of annualised gross rental income will be generated, with a further 377 sqm (4,062 sqft) being made available to let at Banbury Cross Retail Park. We now have the welcome challenge of creating additional space in our portfolio to meet occupier demand, which is being addressed by progressing planning permission on five additional pre-let units to be built across the retail park portfolio.

Disposals

As a result of the prevailing low interest rate environment, assets with defensive but low growth income streams are being priced relatively aggressively. We plan to recycle out of mature and low growth investments into assets with stronger real estate fundamentals backed by sustainable occupier demand.

Ten petrol filling stations were sold during the period for £12.0 million at a 6.0 per cent premium to book value. The Group's remaining petrol filling stations are let to BP with an average lease length of 16.1 years and subject to fixed five yearly rental uplifts.

16 Grosvenor Street, which formed part of the second tranche of the AUK portfolio, was sold prior to the transaction's completion for £35.6 million, 22.8 per cent above the purchase price.

The Hague office building, our last remaining asset outside our core markets, was sold together with associated debt of £15.0 million for a nominal consideration. The sale has no material impact on key metrics.

Operational review

Development and capital expenditure

Development activity is focused on refurbishing existing assets and adding incremental space and income to meet additional occupier demand.

Scheme	Description	Capital expenditure (£m)	Start	Completion	Yield on cost (%)
City Arcaden, Ingolstadt	Primark development	12.0	Q1 2016	Q2 2017	6.1[1]
Holiday Inn Express, Southwark	12 room extension and refurbishment	3.1	Q4 2016	Q3 2017	6.6
Albion Street, Derby	Redevelopment (pre-let)	2.3	Q1 2016	Q3 2017	10.2[1]
Retail Parks	Five additional units	3.0	Q4 2016	2017	12.7
Foodstore extensions, Germany	Six extensions	5.5	various	various	8.3
Total		**25.9**			**9.6**

[1] Yield on cost reflects the overall scheme yield.

City Arcaden, Ingolstadt

The scheme, which incorporates a complete redevelopment of the existing shopping centre, is anticipated to complete during the first half of 2017.

The introduction of Primark will significantly strengthen the retail offering in the town and surrounding areas and encourage additional footfall. Once complete, the Primark lease will deliver an additional €1.5 million of rental income per annum. The 2,687 sqm (28,923 sqft) H&M unit has been enhanced and refurbished with the lease being extended until May 2026. H&M has continued trading during the development period.

The overall scheme, once complete, is anticipated to generate €2.1 million in annual rental income. Over 95 per cent of the scheme by rental income is either let or subject to pre-let agreements.

Holiday Inn Express, Southwark

In July 2016 we commenced work at the Holiday Inn Express, Southwark to build 12 new bedrooms, improve 18 under-sized existing bedrooms and refurbish the front and rear façade of the existing hotel. Total capex is expected to be £3.1 million. The extension is planned to complete by the third quarter of 2017.

Albion Street, Derby

Heads of terms have been agreed with an international discount fashion retailer to take up a large floor plate in a newly configured high street retail block. Planning permission has been submitted and we are actively engaging with the local council. The introduction of such a strong international discount fashion retailer will transform the high street in Derby and support letting activity at our neighboring units. This reconfiguration is expected to yield in excess of 10 per cent on cost.

Retail Parks

Planning applications have been submitted to develop three additional units at Banbury Cross Retail Park, one unit at The Arches Retail Park, Watford and one unit in Priory Retail Park, Merton totalling 1,308 sqm (14,075 sqft). The new units are in advanced stages of negotiation with national operators and are expected to generate £0.4 million of additional rental income providing an approximate yield on cost of 12.7 per cent.

With national retail park vacancy at a 14 year low, we have seen positive occupier demand across the majority of our recently acquired retail park portfolio.

Foodstore extensions, Germany

A number of extensions to standalone foodstore units are agreed or at advanced stages of negotiation with Edeka, Lidl and Netto. Extensions totalling in excess of 1,000 sqm (10,764 sqft) are planned which will deliver a return on cost of approximately 8.3 per cent. As part of the negotiations, the existing leases are typically being extended by 12 to 15 years.

Operational review

UK Retail

The UK Retail landscape continues to undergo significant structural change. Internet retailing is now estimated to capture 14 per cent of total retail sales and is forecast to reach 17 per cent by 2020. At the same time, established retailers and previously pure play internet retailers have recognised the importance of having both a physical and an online retail presence. As a result, larger retailers are targeting fewer stores but which are strategically located.

Our portfolio of shopping centres and retail parks is predominantly focused on value and convenience retailers serving local communities, an element of the market which has proved relatively resilient. However, we are cautious in our outlook for certain shopping centre assets, particularly fashion anchored schemes which do not dominate their catchment areas and/or have a successful leisure element. The UK shopping centre portfolio now represents 22 per cent of the total portfolio compared to 33 per cent at the end of the 2015 financial year.

Occupancy across the retail portfolio increased to 98.7 per cent (2015: 98.3 per cent) with three of the shopping centres and all of the retail parks now fully let. Exposure to the BHS administration was limited to one store at Grand Arcade, Wigan of 3,838 sqm (41,315 sqft) resulting in a net income loss of £0.6 million including void costs. Plans are in place to reconfigure the unit to support re-letting options and early stage discussions are in progress with potential retailers.

The internalised commercialisation function, branded as CentreStage Leasing, has delivered a marked improvement in the quality of commercialisation activity within our retail assets and delivered a 20.4 per cent increase in net commercialisation income to £1.0 million per annum.

In the year ahead we see opportunities for reconfiguration and optimisation of space, further development and expansion activities as well as a drive to increase income from advertising and promotional space.

UK Retail as at 31 August 2016	Market value (£m)	Annualised gross rental income (£m)	ERV (£m)	EPRA NIY (%)	EPRA topped up yield (%)	Reversionary yield (%)	Weighted average lease length (yrs)	EPRA voids (by ERV) (%)	Indexed (%)
UK Shopping Centres	337.2	26.4	27.3	6.3	6.5	7.6	8.4	1.9	21.9
UK Retail Parks	168.5	11.7	10.7	6.2	6.5	5.9	8.1	-	2.1
UK Retail – Other	31.4	2.5	2.3	7.2	7.2	6.8	16.7	1.0	-
UK Retail	**537.1**	**40.6**	**40.3**	**6.3**	**6.5**	**7.0**	**8.8**	**1.3**	**14.8**

Shopping Centres

We have seen improved confidence from national operators willing to take additional space or renew leases in the majority of our shopping centres. Occupancy improved to 98.1 per cent (2015: 97.9 per cent). Contracted rental income at year end was higher in four of our shopping centres but offset by the BHS administration at Grand Arcade, Wigan and challenging trading at West Orchards, Coventry. To counteract these challenges, asset management activity is focused on introducing improved food and leisure offerings at both Grand Arcade and West Orchards.

Retail Parks

The retail park portfolio remains fully occupied with positive leasing activity during the year. Over the last 12 months, ERVs have grown by 1.1 per cent across the portfolio, providing evidence and supporting our view that the implied negative reversion of £1.0 million can be closed significantly once higher rents are proven.

Asset management is focused on the creation of new units and additional revenue streams from advertising and ancillary income. Demand from national fast food and coffee operators has been strong with five units planned at Banbury Cross Retail Park, Priory Retail Park, Merton and The Arches Retail Park, Watford. Pre-let agreements have been secured for £0.4 million of additional rental income.

Operational review

UK Commercial

Our office exposure in London is concentrated around Charing Cross Road and Southbank with both areas currently undergoing regeneration. Charing Cross Road is due to benefit from the planned opening of the Tottenham Court Road Crossrail station in Spring 2017 while London's Southbank is witnessing significant change with many occupiers being priced out of Central London or the West End. Outside London, regional markets have experienced strong rental growth for most of 2016, however this appears to have slowed recently with supply shortages easing in key markets and demand moderating. Overall, we believe our office portfolio is relatively well insulated from short term concerns surrounding the EU referendum and the potential impact on key financial areas in the City of London and Canary Wharf.

The distribution and industrial sectors present opportunities for rental growth potential. Demand from occupiers is being supported by retailers' requirements to create efficient distribution networks with increasingly diverse occupational demand. The sector is also starting to show signs of supply shortages in certain parts of the market. This has been experienced in our own portfolio, in particular Camino Park, Crawley where letting has been competitive and rents are showing clear signs of growth.

UK Commercial as at 31 August 2016	Market value (£m)	Annualised gross rental income (£m)	ERV (£m)	EPRA NIY (%)	EPRA topped up yield (%)	Reversionary yield (%)	Weighted average lease length (yrs)	EPRA voids (by ERV) (%)	Indexed (%)
UK Offices – Greater London	91.4	4.3	5.0	3.8	4.3	5.1	6.3	-	36.6
UK Offices – Regional	158.5	12.7	13.2	6.1	7.0	7.8	4.2	9.5	25.3
UK Offices	**249.9**	**17.0**	**18.2**	**5.3**	**6.0**	**6.8**	**4.7**	**6.9**	**28.2**
UK Distribution and Industrial	100.3	6.2	7.0	5.5	5.8	6.5	6.0	4.0	-
UK Automotive	67.3	4.3	3.4	5.9	5.9	4.8	11.8	-	67.2
UK Commercial	**417.5**	**27.5**	**28.6**	**5.4**	**5.9**	**6.4**	**6.1**	**5.4**	**27.8**

Office Portfolio

Leasing activity and rent reviews, particularly within the AUK portfolio, have been encouraging. Two rent reviews at Charing Cross Road, London, were agreed at more than 29 per cent above passing rents.

The four regional offices acquired as part of the AUK portfolio had over 6,500 sqm (69,966 sqft), 19.9 per cent of vacant space on acquisition in October 2015. Since then, 1,040 sqm (11,195 sqft) have been let at Lochside View, Edinburgh at two per cent above ERV. A further 1,022 sqm (11,001 sqft) was let to Deutsche Leasing at the Omnibus Building in Reigate and we continue to make good progress on the remainder of the vacant regional office space.

A pre-planning application has been submitted for a significant development scheme at Charing Cross Road in London to add an additional seven floors, in line with surrounding schemes. This has the potential to add significant value to the asset in the medium term.

Distribution and Industrial Portfolio

Four lettings have been agreed which have increased the portfolio WAULT by over 30 per cent to 6.0 years. At Camino Park, Crawley, DFS has signed a 10 year lease on 2,537 sqm (27,306 sqft) at £10.25 per sqft, a 15.5 per cent uplift to passing rent and 14.6 per cent above ERV. At Express Park, Bridgwater, Exel has agreed a lease extension until 2019 on 12,407 sqm (133,550 sqft) at £5.70 per sqft, 8.6 per cent above ERV. This reversionary portfolio is continuing to benefit from strong tenant enquiries which are expected to drive future rental growth in the short to medium term.

STRATEGIC REPORT

Operational review

UK Hotels

London witnessed a strong increase in supply during 2016 with approximately 7,000 rooms forecast to open by the end of the year with more than half of these within the limited service sector. Despite this, aggregate demand has outperformed supply albeit certain locations and segments have come under pressure as they adjust to new room openings.

Underlying trading performance within the RedefineBDL managed portfolio was mixed. A number of the London based hotels experienced a strong start to the financial year which moderated during the second half, possibly as a result of weaker tourism following terrorist attacks in Paris and Brussels and the impact on business travel in the immediate period post the EU referendum result. Conversely, underlying trading performance at the Crowne Plaza, Reading and DoubleTree by Hilton, Edinburgh delivered strong growth. The RedefineBDL managed portfolio delivered EBITDA growth of 2.2 per cent on last year, highlighting the resilience of the portfolio and the London budget hotel market.

There has been a significant depreciation in Sterling which is expected to support tourism. Recent economic indicators also suggest that the UK economy has performed ahead of expectations immediately after the EU referendum which should support improved trading. We believe that the outlook for limited service branded hotels remains supportive of income growth. Average daily rates and revenue per available room ("RevPAR") in London are forecast, by PwC, to increase 2.2 per cent per annum and 2.3 per cent respectively by the end of 2016.

The Enfield Travelodge extension was completed during the first half of the year adding 632 sqm (6,800 sqft) to the existing hotel. The extension increased the annual rent by £0.1 million to £0.7 million for the term of the lease until 2047 and will include RPI escalations. Extension works at the Holiday Inn Express, Southwark commenced in July 2016 and further extensions to other hotels are currently under consideration.

UK Hotels as at 31 August 2016	Market value (£m)	Annualised gross rental income (£m)	ERV (£m)	EPRA NIY (%)	EPRA topped up yield (%)	Reversionary yield (%)	Weighted average lease length (yrs)	EPRA voids (by ERV) (%)	Indexed (%)
Greater London RBDL Portfolio	183.9	12.3	12.0	6.2	6.2	6.1	9.3	-	-
Edinburgh, DoubleTree by Hilton	31.1	2.0	2.5	6.0	6.0	7.4	9.5	-	4.4
RBDL Managed Hotels	**215.0**	**14.3**(1)	**14.5**	**6.2**	**6.2**	**6.3**	**9.3**	**-**	**0.6**
London, Enfield Travelodge	14.2	0.7	0.7	4.8	4.8	4.8	30.9	-	100.0
UK Hotels	**229.2**	**15.0**	**15.2**	**6.1**	**6.1**	**6.2**	**10.3**	**-**	**5.3**

(1) Subject to annual review with reference to forecast EBITDA of the RBDL managed portfolio.

The Company's 25.3% stake in RedefineBDL, the largest independent hotel management company in the UK, produced distributable earnings of £1.7 million during the period, an increase of 183 per cent since last year, following the receipt of a non-recurring termination fee of £1.1 million (our share).

The Company's 15.5% investment in International Hotel Properties Limited ("IHL") had a market value of £7.9 million at year end. Our investment strategy in respect of IHL is to support the establishment of a focused hotel investment company with a wide investment remit that can leverage the RedefineBDL management platform.

Operational review

Europe

Economic recovery in Germany is expected to continue in 2017, albeit slowly. Growth is forecast to exceed that of the wider Eurozone supported by improving employment figures and rising incomes. This trend is being reflected in improved year-on-year retail sales growth which stood at 2.6 per cent in June 2016. Demand from international retailers remained robust with the food and beverage sector also showing positive demand from operators. Investment market activity has remained strong, supported by a significant amount of investment capital and a relatively limited supply of good quality assets. Similar trends to those witnessed in the UK are becoming apparent including increased investment activity outside of the traditional "Big 5" German cities as well as increased investment into logistics and alternative sectors.

Europe as at 31 August 2016	**Market value (£m)**	**Annualised gross rental income (£m)**	**ERV (£m)**	**EPRA NIY (%)**	**EPRA topped up yield (%)**	**Reversionary yield (%)**	**Weighted average lease length (yrs)**	**EPRA voids (by ERV) (%)**	**Indexed (%)**
Shopping Centres	160.2	8.7	9.9	4.5	4.5	5.8	5.0	0.6	98.1
Supermarkets and Retail Parks	144.4	10.7	10.6	6.2	6.2	6.9	7.5	2.1	97.0
German Retail	**304.6**	**19.4**	**20.5**	**5.3**	**5.3**	**6.3**	**6.4**	**1.4**	**97.5**
German Offices	40.6	3.4	2.2	7.4	7.4	5.1	6.9	2.7	99.9
Europe	**345.2**	**22.8**	**22.7**	**5.6**	**5.6**	**6.2**	**6.5**	**1.5**	**97.9**

Occupancy, excluding space under development, remains high at 98.5 per cent (2015: 98.9 per cent). Post year end the only vacant unit in the Schloss Strassen Center, Berlin has been let to a national food operator which is strategically aimed at strengthening the food court and footfall through increased commuter traffic.

The new 5,200 sqm (55,973 sqft) development at Ingolstadt is subject to a €1.5 million pre-let agreement with Primark and is expected to complete in the first half of 2017. Asset management activity is focused on attracting improved footfall to the shopping centres, by improving the tenant mix and optimisation of space. Additionally, a number of smaller foodstore extensions are underway, providing attractive incremental returns with development yields averaging 8.3 per cent. These extensions are often accompanied by extensions to the lease term over the whole store providing enhanced income security.

The potential redevelopment of Bahnhof Center, Altona, Hamburg, remains a significant long term opportunity to drive value and income growth from a strategic location undergoing extensive regeneration. In the area, several significant development schemes are underway to deliver approximately 10,000 new residential units. We are actively engaging with the local authority on redevelopment opportunities in support of the area's regeneration.

Financial review

Overview

The first half of the year was characterised by the transformational Aegon UK ("AUK") portfolio acquisition. The portfolio was acquired in two tranches with the first completing in October 2015. The second tranche completed on 1 March 2016 following a £115.0 million equity raise through the placement of 270.6 million ordinary shares at a placing price of 42.5 pence per share. The Group's property portfolio is now valued in excess of £1.5 billion.

The result of the UK's referendum on membership of the European Union in June was a surprise for many in both the UK and elsewhere. Sterling came under pressure, weakening 14.0 per cent against the Euro across the twelve months to August. It is clear that business confidence has fallen since the referendum, with a noticeable decline in transactional activity across all sectors in which we invest.

A number of debt facilities were refinanced during the second half of the year. Specifically, a €67.5 million facility secured against the Schloss Strassen Center, Berlin, Germany and £31.6 million within the UK Commercial portfolio (including the Enfield Travelodge). In total, £0.2 million was incurred as a cost of terminating existing facilities. In addition, the £38.1 million facility secured on St. George's, Harrow, which was due to mature this year, has been extended to 2021.

In late August, the Group disposed of its final non-core legacy asset, The Justice Centre in The Hague, Netherlands. As the asset was non-recourse, the negative equity position has now been removed from EPRA NAV and it is no longer necessary to report an adjusted measure.

LTV has increased marginally year on year to 53.4 per cent, primarily as a result of deploying cash reserves held at the prior year end. The weighted average cost of debt has fallen to 3.4 per cent following refinancing with further reduction expected as a result of post year-end activity.

The facility supporting the AUK acquisition includes a five year £148.0 million revolving credit facility, a first for the Group, providing the means for more efficient use of cash and greater financial flexibility.

AUK portfolio acquisition

The AUK portfolio comprised 20 properties at an initial market value of £489.9 million.

On 7 September 2015, the Group completed the acquisition of the first of these properties, Banbury Cross Retail Park at a purchase price of £52.5 million and conditionally exchanged contracts for the acquisition of the remaining 19 properties. Banbury Cross Retail Park was funded entirely from existing cash resources and generates gross annual income of £3.8 million.

Due to the nature and size of the transaction, shareholder approval was sought for the acquisition of the remaining properties. Shareholders approved the transaction at an Extraordinary General Meeting on 25 September 2015, at which point the contract became unconditional and the significant risks and rewards of ownership transferred.

As agreed with the vendor, the remaining properties were scheduled to complete in two tranches, the first of which comprised nine properties, completed on 2 October 2015 at a purchase price of £203.5 million. This was funded by both existing cash resources and £155.0 million drawn against a new £303.0 million facility which had been secured from a syndicate of four UK banks at an initial margin of 2.1 per cent. The facility comprises a £155.0 million term facility and a £148.0 million revolving credit facility. The nine properties acquired on this date generate gross annual income of £13.5 million.

On 21 December 2015, the Group announced it had exchanged contracts to sell 16 Grosvenor Street, Mayfair which formed part of the second tranche of the remaining ten properties. The property was sold for £35.6 million realising an immediate profit for the Group of £2.8 million (including costs).

On 1 March 2016 the last nine properties were acquired at a purchase price of £204.7 million. The properties were funded by the proceeds of the February 2016 equity raise and the drawing of £97.0 million from the revolving credit facility referred to above. Following the completion of tranche two, the margin payable on the combined facility reduced to 1.9 per cent.

The AUK portfolio was acquired for £483.4 million and was valued at £456.6 million at 31 August 2016. Acquisition costs of £22.6 million, predominantly SDLT, amounted to 4.9 per cent of the purchase price paid.

Basis of presentation

Internally the Board focuses on and reviews information and reports prepared on a proportionately consolidated basis, which includes the Group's share of joint ventures. To align with how the Group is managed, this review of performance and position is presented on this basis.

Income statement

In addition to EPRA earnings, the Group presents an underlying calculation of earnings. The Directors consider that this presentation provides useful information as it removes certain exceptional items and fair value adjustments and better reflects the recurring performance of the business.

EPRA earnings decreased by 31.5 per cent to £44.1 million or 2.7 pence per share (2015: 4.7 pence) primarily as a result of the non-recurring gain recorded on extinguishment of debt in the Delta portfolio during the prior year.

Financial review

Following the AUK acquisition, underlying earnings increased by 11.3 per cent to £49.4 million. The inclusion of a £2.8 million non-recurring profit on disposal of 16 Grosvenor Street, Mayfair contributed to a 17.6 per cent increase in distributable earnings compared to 2015. The inclusion of this opportunistic profit goes some way towards normalising distributable earnings for the year for the impact of the phased completion of the AUK portfolio.

On a per share basis, overall distributable earnings remain unchanged at 3.2 pence per share.

	31 August 2016			**31 August 2015**		
Presented on a proportionately consolidated basis	**IFRS £m**	**Joint Ventures £m**	**Group Total £m**	IFRS £m	Joint Ventures £m	Group Total £m
Rental income	86.6	10.0	96.6	68.3	7.3	75.6
Rental expense	(6.2)	(1.1)	(7.3)	(5.3)	(0.7)	(6.0)
Net rental income	**80.4**	**8.9**	**89.3**	63.0	6.6	69.6
Other income	2.5	0.6	3.1	3.9	-	3.9
Administrative costs and other fees	(10.9)	(0.5)	(11.4)	(11.1)	(0.3)	(11.4)
Net operating income	**72.0**	**9.0**	**81.0**	55.8	6.3	62.1
Investment income	0.5	-	0.5	7.5	-	7.5
Net finance expense	(26.4)	(6.7)	(33.1)	(24.0)	(6.7)	(30.7)
Other finance expense	(1.9)	(0.1)	(2.0)	-	(3.6)	(3.6)
Gain on disposal of investment property	3.2	-	3.2	-	-	-
Gain on disposal of subsidiary (The Hague)	12.2	-	12.2	-	-	-
Fair value (loss)/gain on property	(42.5)	1.3	(41.2)	29.6	4.0	33.6
Fair value movement on derivatives	(11.1)	(1.7)	(12.8)	0.7	0.1	0.8
Foreign exchange gain	0.9	-	0.9	2.5	-	2.5
Gain on extinguishment of debt	-	-	-	29.8	-	29.8
Loss on disposal of Cromwell	-	-	-	(17.6)	-	(17.6)
Tax, NCI and other	1.0	(1.8)	(0.8)	(13.7)	(0.1)	(13.8)
IFRS profit attributable to shareholders	**7.9**	-	**7.9**	70.6	-	70.6
Adjustments:						
Gain on disposal of investment property			(3.2)			-
Gain on disposal of subsidiary (The Hague)			(12.2)			-
Fair value loss/(gain) on property			41.2			(33.6)
Tax on disposals			(1.4)			3.2
Fair value movement on derivatives			12.8			(0.9)
Derivative termination charges			0.2			1.1
Loss on disposal of Cromwell			-			17.6
Tax, NCI and other			(1.2)			6.4
EPRA earnings			**44.1**			64.4
Company adjustments:						
Debt fair value adjustments			3.1			2.7
Exceptional finance costs			0.2			5.1
Gain on extinguishment of debt			-			(29.8)
Tax, NCI and other			2.0			2.0
Underlying earnings			**49.4**			44.4
Profit on disposal of 16 Grosvenor Street (non-recurring)			2.8			-
Distributable earnings			**52.2**			44.4
Weighted average ordinary shares in issue (millions)			1,637.2			1,383.3
Distributable earnings per share (pence)			**3.2**			3.2
EPRA earnings per share (pence)			**2.7**			4.7

Financial review

Gross rental income by segment is analysed below to illustrate the change in like-for-like income over the year. This analysis does not include AUK as these properties were not held in 2015. Considering just those that are comparable, like-for-like income increased by one per cent compared to 2015. Removing the impact of Euro denominated income which is benefiting from Sterling's weakness, like-for-like income has remained relatively flat.

Gross income of £30.6 million was generated from acquisitions during the period, of which £21.0 million arises from the AUK portfolio.

Presented on a proportionately consolidated basis	**Gross rental income 31 August 2016 £m**	Gross rental income 31 August 2015 £m	**Change %**	**Local currency Change %**
UK Retail	25.7	26.0	(1.2)	(1.2)
UK Commercial	12.1	11.8	2.4	2.4
UK Hotels	12.9	12.6	2.9	2.9
UK Total	50.7	50.4	0.7	0.7
Europe	14.7	14.4	2.3	(1.7)
Like-for-like gross rental income	**65.4**	**64.8**	**1.0**	**0.2**
Acquisitions	30.6	5.8		
Disposals	0.3	4.4		
Development	0.3	0.6		
Total gross rental income	**96.6**	**75.6**		

The increase in net rental income year-on-year should to be considered alongside the decrease in investment income. This results from recycling capital from the sale of the Australian listed security, Cromwell, into the first tranche of the AUK portfolio. Investment income now represents dividends received from the Group's 15.5% interest in International Hotel Properties Limited (previously International Hotel Group Limited).

Other income includes management and consulting fees and can be expected to be recurring.

Administrative costs have remained in line with the prior year. These are likely to increase marginally as the enlarged portfolio is we fully integrated.

Net finance costs have declined relative to drawn debt as a result of a 50 basis point reduction in the weighted average cost of debt over the year. In absolute terms, finance costs increased following the AUK acquisition.

Other finance costs include £1.5 million due to Aviva under the profit share arrangement in respect of the Grand Arcade, Wigan and £0.4 million incurred on early termination of facility and derivative contracts.

Gains on disposal of investment property of £3.2 million arose following the sale of ten petrol filling stations in February 2016 and an early opportunity to realise value from within the AUK portfolio in December 2015 when 16 Grosvenor Street was sold pre-completion.

Balance sheet

EPRA adjusted, diluted net assets per share ("EPRA NAV") decreased by 2.4 per cent to 40.0 pence (2015: 41.0 pence). Valuation losses of £41.2 million (including £22.6 million of acquisition costs incurred on the AUK transaction) have reduced EPRA NAV by 2.5 pence per share. This is offset by currency translation gains recorded on the Group's net investment in Europe and release of non-recourse debt following the disposal of The Hague. Underlying earnings of 3.2 pence per share have been matched by the two dividend payments during the year.

In February 2016, the Group completed the placing of 270.6 million ordinary shares at a placing price of 42.5 pence per share (a 1.9 per cent premium to the 31 August 2015 net asset value) raising gross proceeds of £115.0 million. Placing costs totalling £5.9 million included £2.5 million paid to Redefine Properties Limited, the Company's largest shareholder, for underwriting £70.0 million of the equity raise. Redefine Properties Limited subscribed for £34.6 million of the gross equity raised, maintaining its 30.07% shareholding.

The capital raise generated net proceeds of £109.1 million and completed on 23 February 2016.

Financial review

Presented on a proportionately consolidated basis	31 August 2016 IFRS £m	31 August 2016 Joint Ventures £m	31 August 2016 Group Total £m	31 August 2015 IFRS £m	31 August 2015 Joint Ventures £m	31 August 2015 Group Total £m
Investment Property	1,396.4	140.9	1,537.3	934.4	121.5	1,055.9
Net debt	(733.6)	(74.5)	(808.1)	(466.3)	(65.8)	(532.1)
Cromwell & Swiss sale proceeds due	-	-	-	102.6	-	102.6
Other assets and liabilities	37.0	(66.4)	(29.4)	27.3	(55.7)	(28.4)
IFRS NAV	**699.8**	**-**	**699.8**	598.0	-	598.0
Fair value of derivatives			12.4			4.5
Deferred tax			5.2			2.4
EPRA NAV			**717.4**			604.9
Per share disclosure						
Fully diluted number of ordinary shares outstanding (million)			1,795.4			1,475.9
EPRA NAV per share (pence)			**40.0**			41.0
Non-recourse negative equity (pence) (1)			-			0.7
Adjusted NAV per share (pence)			**40.0**			41.7

(1) As a result of the non-recourse nature of the debt relating to The Justice Centre in The Hague, Netherlands, a negative equity position of 0.7 pence per share was adjusted for to arrive at an Adjusted NAV measure in 2015. The property was disposed of in August 2016.

Investment property

On a like-for-like basis the Group's property portfolio increased in value by 3.4 per cent in the year to 31 August 2016.

The UK portfolio experienced a decline of 1.9 per cent during the year, primarily in the second half as a result of the one per cent increase in SDLT and the significant uncertainty following the EU referendum.

As has been the case since the start of 2015, the retail investment market continues to underperform other real estate sectors with IPD suggesting a five per cent decline in capital values in the second half of the year alone, four per cent in the three months since the EU referendum.

The Group's commercial portfolio continues to benefit from well-located offices, particularly in London, with a like-for-like increase in excess of 9 per cent recorded for the year.

The November 2015 terrorist atrocities in Paris impacted UK Hotels with a considerable softening in occupancy rates from late November until February. Although occupancy has steadily recovered during the latter part of the year, revenue achieved per room continued to underperform expectations through the final quarter. Looking forward, a weaker Pound is expected to boost UK tourism into the new year.

European valuations showed modest growth in underlying currency terms. Sterling's weakness in 2016 has reversed the losses recorded on the European portfolio in the prior year with the portfolio value increase almost 17 per cent.

Acquisitions represent the AUK portfolio, while disposals comprise the ten petrol filling stations sold in February and The Justice Centre in the The Hague, disposed of in late August.

Presented on a proportionately consolidated basis	**Market value 31 August 2016 £m**	Market value 31 August 2015 £m	**Valuation** (1) Gain/(loss) £m	**Valuation** (1) Gain/(loss) %	**Local currency** Gain/(loss) %
UK Retail	337.2	349.6	(15.5)	(4.4)	(4.4)
UK Commercial	160.8	150.9	9.1	6.0	6.0
UK Hotels	229.2	234.7	(7.3)	(3.1)	(3.1)
UK Total	727.2	735.2	(13.7)	(1.9)	(1.9)
Europe	345.2	293.5	48.6	16.6	0.3
Total Like-for-like property portfolio	**1,072.4**	**1,028.7**	**34.9**	**3.4**	
Acquisitions	456.6	**-**			
Disposals	-	15.9			
Total property portfolio	**1,529.0**	**1,044.6**			

(1) Valuation includes the effect of capital expenditure, amortisation of head leases, lease incentives and foreign currency translation where applicable.

Financial review

Debt and Gearing

The Group has had a particularly active year on the financing front through capital recycling, facility refinancing and extensions while capitalising on the prevailing favourable interest rate environment. Over £160 million has been repaid, prepaid or extended across six different facilities, including the Swiss and Australian facilities repaid early this financial year.

The Group's weighted average cost of debt decreased to 3.4 per cent from 3.9 per cent in the previous year, a significant saving on recurring finance costs. Interest cover stands at 270 per cent, up from 230 per cent in 2015 while the weighted average debt maturity is just below seven years. The next significant refinancing is not now due until 2020.

Group loan-to-value has increased marginally to 53.4 per cent, outside our target range of 40-50 per cent. As we become more active in recycling capital from assets that have met their business plans and do not provide continued opportunity to deliver sustainable income, we expect to see capital reinvestment occurring at lower initial LTVs.

The Group utilises derivative instruments, including interest rate swaps and interest rate caps, to manage its interest rate exposure. At 31 August 2016, the net fair value liability of the Group's share of derivative financial instruments was £12.4 million (2015: £4.5 million).

Our hedging policy requires at least 75 per cent of all interest rate exposures exceeding one year to be on a fixed or capped rate basis. For facilities with interest rate swaps or caps attached, the interest rates are fixed or capped for the duration of the facility. The changes in the fair value of the Group's hedging instruments have been recognised in the income statement.

Key financing statistics

Presented on a proportionately consolidated basis	**31 August 2016 £m**	31 August 2015 £m
Nominal value of drawn debt	**850.6**	636.8
Cash and short-term deposits	**(34.3)**	(95.9)
Net debt	**816.3**	540.9
Property portfolio at market value	**1,529.0**	1,044.6
Loan-to-value (%)	**53.4**	51.8
Weighted average debt maturity (years)	**6.9**	7.8
Weighted average interest rate (%)	**3.4**	3.9
Interest cover (times) (1)	**2.7**	2.3
Debt with interest rate protection (%)	**95.4**	94.7

(1) Net rental income divided by net finance cost

Cash flow

Cash flow from operating activities increased £4.0 million to £39.6 million for the year.

Investing activities were characterised by the AUK acquisition (£483.4 million including costs). This was offset by proceeds from the sale of Cromwell, the Swiss portfolio, ten petrol filling stations and 16 Grosvenor Street (£118.8 million).

Financing activities generated £270.8 million, mainly the result of the equity placement (net proceeds of £109.1 million) and borrowings drawn to finance the AUK acquisition of £252.0 million. These inflows were offset by net debt repayments and prepayments totalling £54.2 million and dividends paid of £29.4 million.

Cash at 31 August 2016 was £32.0 million (£34.3 million when including the Group's share of joint ventures), with a further £23.0 million available within undrawn committed facilities.

Financial review

EPRA performance measures

Measure	Definition of measure	2016	2015
Earnings	Earnings from operational activity	**£44.1m**	£64.4m
Net asset value	NAV adjusted for investments held at fair value and excluding items not expected to be realised	**£717.4m**	£604.9m
Triple net asset value	EPRA NAV adjusted to include fair value of financial instruments, debt and deferred taxes	**£657.4m**	£598.0m
Net initial yield	Annualised income based on passing rent less non-recoverable operating expenses expressed as a percentage of the market value of property	**5.8%**	6.3%
Topped-up initial yield	Net initial yield adjusted for the expiration of rent free periods or other incentives	**6.1%**	6.9%
Vacancy rate	Estimated rental value of vacant space divided by that of the portfolio as a whole	**2.3%**	2.5%
Cost ratio (incl. direct vacancy costs)	Administrative and operating costs expressed as a percentage of gross rental income	**17.4%**	18.3%
Cost ratio (excl. direct vacancy costs)	Administrative and operating costs expressed as a percentage of gross rental income	**14.9%**	15.3%

Going Concern

At 31 August 2016 the Group's cash and undrawn committed facilities were £57.3 million and its capital commitments were £15.8 million. Weighted average debt maturity of 6.9 years and LTV of 53.4 per cent provide sufficient headroom against financial covenants. Attention is also drawn to the viability statement contained within the Group's Principal Risk disclosures.

After considering severe but plausible scenarios, the Directors are satisfied that there continues to be a reasonable expectation that the Group will have the resources it requires to meet on-going and future commitments. Accordingly, the 2016 consolidated financial statements have been prepared on a going concern basis.

Dividends

The Directors have declared a second interim dividend for the year of 1.575 pence per share making the total dividend paid and payable in respect of the year to 3.2 pence per share. This reflects an annualised yield of 8.0 per cent on EPRA NAV, 7.3 per cent based on the Group's share price at 31 August 2016.

The Company is again offering shareholders the option of receiving a cash dividend or a scrip dividend by way of the issue of new Redefine International P.L.C shares. Full details including the tax components of the dividend and the timetable have been announced separately today. The dividend payment date is set for 12 December 2016 to shareholders on the register at 18 November 2016.

In respect of the first interim dividend for the period ended 29 February 2016 which was paid to shareholders in June, the scrip take up was 51.4 per cent resulting in a cash saving of £12.5 million net of withholding taxes paid.

Donald Grant

Chief Financial Officer

27 October 2016

Statement of Directors' responsibilities

The statement of Directors' responsibilities has been prepared in relation to the Group's Annual Report 2016. Certain parts of the Annual Report are not included in this announcement.

We confirm to the best of our knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group.

By order of the Board

Mike Watters	**Donald Grant**
Chief Executive	Chief Financial Officer

27 October 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 31 August 2016

Continuing operations	Note	**31 August 2016 £m**	Re-presented 31 August 2015 £m
Revenue	3	**89.6**	79.7
Rental income	4	**86.6**	68.3
Rental expense		**(6.2)**	(5.3)
Net rental income		**80.4**	63.0
Other income		**2.5**	3.9
Administrative costs and other fees	5	**(10.9)**	(11.1)
Net operating income		**72.0**	55.8
(Loss)/gain on revaluation of investment property	12	**(42.5)**	31.5
Gain on disposal of investment property		**3.2**	-
Gain on extinguishment/acquisition of debt	6	**-**	29.8
Gain on bargain purchase of subsidiary	7	**-**	0.2
Gain/(loss) on disposal of subsidiaries	8	**12.2**	(0.3)
Distributions from investments at fair value		**0.5**	7.5
Loss on revaluation of investment at fair value	13	**(0.8)**	-
Loss on disposal of investment at fair value	13	**-**	(17.6)
Gain on disposal of joint venture	14	**-**	0.6
Amortisation of intangible assets	16	**(0.2)**	(0.2)
Loss on revaluation of non-current assets held for sale	19	**-**	(1.9)
Gain on disposal of non-current assets held for sale	19	**0.2**	0.6
Foreign exchange gain		**0.9**	2.5
Profit from operations		**45.5**	108.5
Net finance expense	9	**(26.4)**	(24.0)
Other finance income and expenses	10	**(1.9)**	-
Change in fair value of derivative financial instruments		**(11.1)**	0.7
		6.1	85.2
Net impairment of interest in joint ventures and associate	14,15	**(0.6)**	(3.8)
Share of post-tax profit from joint ventures	14	**1.4**	2.0
Share of post-tax profit from associate	15	**1.7**	0.6
Profit before tax		**8.6**	84.0
Taxation	11	**(1.1)**	(6.1)
Profit for the year		**7.5**	77.9
Profit/(loss) attributable to:			
Equity holders of the Parent		**7.9**	70.6
Non-controlling interests		**(0.4)**	7.3
		7.5	77.9
Basic earnings per share (pence)	28	**0.5p**	5.1p
Diluted earnings per share (pence)	28	**0.5p**	5.1p

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2016

Continuing operations	Note	**31 August 2016 £m**	31 August 2015 £m
Profit for the year		**7.5**	77.9
Other comprehensive income/(expense)			
Items that are or may be subsequently reclassified to the income statement:			
Transfer of foreign currency translation on disposal of subsidiaries to the income statement	8	**(3.6)**	0.8
Transfer of foreign currency translation on disposal of joint venture to the income statement		**-**	(0.1)
Foreign currency translation on subsidiary foreign operations		**8.9**	(3.7)
Foreign currency translation on joint venture interests held by subsidiary foreign operations	14	**8.6**	(1.1)
Total other comprehensive income/(expense)		**13.9**	(4.1)
Total comprehensive income for the year		**21.4**	73.8
Total comprehensive income attributable to:			
Equity holders of the Parent		**21.1**	66.9
Non-controlling interests		**0.3**	6.9
		21.4	73.8

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 August 2016

	Note	**31 August 2016 £m**	Re-presented 31 August 2015 £m
Non-current assets			
Investment property	12	**1,396.4**	934.4
Investment at fair value through profit or loss	13	**7.9**	-
Investment in joint ventures	14	**5.8**	3.6
Loans to joint ventures	14	**52.9**	44.6
Investment in associate	15	**10.2**	8.0
Intangible assets	16	**1.3**	1.5
Property, plant and equipment		**0.1**	0.1
Derivative financial instruments	21	**0.8**	1.8
Total non-current assets		**1,475.4**	994.0
Current assets			
Trade and other receivables	17	**31.4**	139.2
Cash and cash equivalents	18	**32.0**	93.6
Total current assets		**63.4**	232.8
Total assets		**1,538.8**	1,226.8
Non-current liabilities			
Borrowings, including finance leases	20	**(752.8)**	(520.5)
Derivative financial instruments	21	**(12.6)**	(3.4)
Deferred tax	22	**(3.4)**	(2.2)
Total non-current liabilities		**(768.8)**	(526.1)
Current liabilities			
Borrowings, including finance leases	20	**(12.8)**	(39.4)
Derivative financial instruments	21	**-**	(0.9)
Trade and other payables	23	**(23.8)**	(23.6)
Total current liabilities		**(36.6)**	(63.9)
Total liabilities		**(805.4)**	(590.0)
Net assets		**733.4**	636.8
Equity			
Share capital	24	**143.6**	117.9
Other components of equity		**556.2**	480.1
Total attributable to equity holders of the Parent		**699.8**	598.0
Non-controlling interests		**33.6**	38.8
Total equity		**733.4**	636.8

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 27 October 2016 and were signed on its behalf by:

Mike Watters
Chief Executive Officer

Donald Grant
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2016

	Note	Share capital £m	Share premium £m	Reverse acquisition reserve £m	Retained loss £m	Other reserves £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2015		**117.9**	**395.0**	**134.3**	**(48.8)**	**2.0**	**(2.4)**	**598.0**	**38.8**	**636.8**
Profit for the year		-	-	-	7.9	-	-	7.9	(0.4)	7.5
Transfer of foreign currency translation on disposal of subsidiary to the income statement	8	-	-	-	-	-	(3.6)	(3.6)	-	(3.6)
Foreign currency translation on subsidiary foreign operations		-	-	-	-	-	8.2	8.2	0.7	8.9
Foreign currency translation on joint venture interests held by subsidiary foreign operations	14	-	-	-	-	-	8.6	8.6	-	8.6
Total comprehensive income for the year		-	-	-	7.9	-	13.2	21.1	0.3	21.4
Transactions with equity holders of the Parent										
Shares issued for cash	24	21.7	87.4	-	-	-	-	109.1	-	109.1
Dividends paid		-	-	-	(29.4)	-	-	(29.4)	-	(29.4)
Scrip dividends	24	4.0	19.7	-	(23.7)	-	-	-	-	-
Fair value of share-based payments		-	-	-	-	1.2	-	1.2	-	1.2
		25.7	107.1	-	(53.1)	1.2	-	80.9	-	80.9
Changes in ownership interest in subsidiaries										
Acquisition of non-controlling interests		-	-	-	(0.2)	-	-	(0.2)	(2.1)	(2.3)
Decrease in non-controlling interests		-	-	-	-	-	-	-	(1.2)	(1.2)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(2.2)	(2.2)
		-	-	-	(0.2)	-	-	(0.2)	(5.5)	(5.7)
Balance at 31 August 2016		**143.6**	**502.1**	**134.3**	**(94.2)**	**3.2**	**10.8**	**699.8**	**33.6**	**733.4**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2016

	Note	Share capital £m	Share premium £m	Reverse acquisition reserve £m	Retained loss £m	Other reserves £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2014		103.7	314.5	134.3	(74.2)	1.5	1.3	481.1	28.6	509.7
Profit for the year		-	-	-	70.6	-	-	70.6	7.3	77.9
Transfer of foreign currency translation on disposal of subsidiaries to the income statement	8	-	-	-	-	-	0.8	0.8	-	0.8
Transfer of foreign currency translation on disposal of joint venture to the income statement	14	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Foreign currency translation on subsidiary foreign operations		-	-	-	-	-	(3.3)	(3.3)	(0.4)	(3.7)
Foreign currency translation on joint venture interests held by subsidiary foreign operations	14	-	-	-	-	-	(1.1)	(1.1)	-	(1.1)
Total comprehensive income for the year		-	-	-	70.6	-	(3.7)	66.9	6.9	73.8
Transactions with equity holders of the Parent										
Shares issued for cash	24	10.5	59.5	-	-	-	-	70.0	-	70.0
Dividends paid		-	-	-	(20.5)	-	-	(20.5)	-	(20.5)
Scrip dividends	24	3.7	21.0	-	(24.7)	-	-	-	-	-
Fair value of share-based payments		-	-	-	-	0.5	-	0.5	-	0.5
		14.2	80.5	-	(45.2)	0.5	-	50.0	-	50.0
Changes in ownership interest in subsidiaries										
Decrease in non-controlling interests		-	-	-	-	-	-	-	(0.2)	(0.2)
Additional equity investment by non-controlling interest		-	-	-	-	-	-	-	3.5	3.5
		-	-	-	-	-	-	-	3.3	3.3
Balance at 31 August 2015		117.9	395.0	134.3	(48.8)	2.0	(2.4)	598.0	38.8	636.8

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 August 2016

Continuing operations	Note	31 August 2016 £m	Re-presented 31 August 2015 £m
Cash generated from operations	32	**69.2**	54.3
Interest received		**3.3**	8.9
Interest paid		**(27.8)**	(26.0)
Net tax paid		**(5.1)**	(1.6)
Net cash inflow from operating activities		**39.6**	35.6
Cash flows from investing activities			
Net cash outflow on business combinations		**-**	(1.9)
Disposal of subsidiaries	8	**-**	4.9
Net cash disposed on sale of subsidiary		**(0.4)**	-
Purchase and development of investment property		**(489.9)**	(31.4)
Disposal of investment property		**38.8**	16.3
Distributions from investments at fair value		**-**	7.5
Disposal of investment at fair value	13	**80.2**	-
Acquisition of investment at fair value	13	**(8.4)**	-
Increase in loans to joint ventures	14	**(0.5)**	(37.0)
Decrease in loans to joint ventures	14	**2.6**	-
Distributions from associate		**2.0**	0.5
Disposal of non-current assets held for sale	19	**0.2**	35.1
Decrease in long-term receivables		**-**	1.6
Increase in loans to related parties		**(2.0)**	(21.5)
Decrease in loans to related parties		**7.7**	-
Net cash outflow from investing activities		**(369.7)**	(25.9)
Cash flows from financing activities			
Issue of share capital		**115.0**	70.9
Share issue costs paid		**(5.9)**	(0.9)
Proceeds from borrowings		**332.5**	39.0
Repayment of borrowings		**(134.7)**	(95.8)
Payment of Aviva profit share		**(0.3)**	(1.4)
Other finance expenses		**(4.0)**	-
Derivative financial instruments purchased and settled		**(2.4)**	-
Dividends paid to equity holders		**(29.4)**	(20.5)
Dividends paid and loans repaid to non-controlling interests	30	**(2.3)**	-
Acquisition of non-controlling interest	31	**(2.3)**	-
Contributions from non-controlling interests		**-**	3.3
Movement in restricted cash and cash equivalents		**4.6**	(1.3)
Net cash inflow/(outflow) from financing activities		**270.8**	(6.7)
Net (decrease)/increase in unrestricted cash and cash equivalents		**(59.3)**	3.0
Effect of exchange rate fluctuations on cash and cash equivalents		**2.3**	(1.1)
Unrestricted cash and cash equivalents at 1 September		**85.7**	83.8
Unrestricted cash and cash equivalents at 31 August	18	**28.7**	85.7
Restricted cash and cash equivalents at 31 August	18	**3.3**	7.9
Cash and cash equivalents at 31 August	18	**32.0**	93.6

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 August 2016

1. GENERAL INFORMATION

Redefine International P.L.C was incorporated in the Isle of Man on 28 June 2004 (Registered Number: 111198C) and was re-registered under the Isle of Man Companies Act 2006 on 3 December 2013 (Registered Number: 010534V).

On 4 December 2013, the Company converted to a UK-REIT and moved its tax residence from the Isle of Man to the United Kingdom ("UK").

The Company holds a primary listing on the Main Market of the London Stock Exchange ("LSE") and a secondary listing on the Main Board of the Johannesburg Stock Exchange ("JSE").

The financial information presented here does not amount to statutory financial statements. The Annual Report 2016 for the year ended 31 August 2016 will be available on the Company's website (www.redefineinternational.com) in early December 2016. The auditors, KPMG, have reported on the audited financial statements and their report was unmodified. A copy is available upon request from the Company's registered office at 24 North Street, Douglas, Isle of Man, IM1 4LE.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 August 2015. The following are the relevant new standards, amendments and interpretations that have been issued but are not yet effective or have not been adopted early. None of these will have a material impact on the consolidated financial statements:

IFRS 2 Share Based Payment (amendment) ("IFRS 2")

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations (amendment) ("IFRS 5")

IFRS 7 Financial Instruments: Disclosures (amendment) ("IFRS 7")

IFRS 9 Financial Instruments (amendment) ("IFRS 9")

IFRS 10 Consolidated Financial Statements (amendment) ("IFRS 10")

IFRS 11 Joint Arrangements (amendment) ("IFRS 11")

IFRS 12 Disclosure of Interests in Other Entities (amendment) ("IFRS 12")

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 16 Leases ("IFRS 16")

IAS 1 Presentation of Financial Statements (amendment) ("IAS 1")

IAS 7 Statement of Cash Flows (amendment) ("IAS 7")

IAS 12 Income Taxes (amendment) ("IAS 12")

IAS 28 Investments in Associates and Joint Ventures (amendment) ("IAS 28")

2.2 Basis of Preparation

The consolidated financial statements are presented in Great British Pounds, which is the functional currency of the Company and the presentational currency of the Group, rounded to the nearest hundred thousand pounds. They are prepared using the historical cost basis except for investment property, certain assets held for sale, derivative financial instruments and financial instruments designated at fair value through profit and loss.

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason these consolidated financial statements have been prepared on a going concern basis.

Re-presentation of Prior Year Comparatives

The Group has re-presented its interests in joint venture entities. Payments of equity which are permanent and loss absorbing in nature are disclosed as 'Investments in joint ventures', while advances of loans with either contractual maturities or amounts that are callable on demand, are disclosed as 'Loans to joint ventures'. Interest payments made by joint ventures under loan agreements are presented as finance income whereas distributions received from investments reduce the carrying value of the Group's investment in joint ventures.

The impact of this change on the key financial statement line items for the year ended 31 August 2015 was as follows:

Consolidated balance sheet		**£m**
Investments in joint ventures	reduced by	(11.0)
Loans to joint ventures	increased by	11.0

Consolidated income statement		**£m**
Net finance expense	reduced by	(3.5)
Share of post-tax profit from joint ventures	reduced by	3.5

Consolidated statement of cash flows		**£m**
Interest received	increased by	3.7
Distributions from joint ventures and associates	reduced by	(3.7)

As there was no change in either net asset value or profit for the year, there has been no impact on net asset value per share or earnings per share. There has also been no impact to net cash flows.

Certain other presentational changes were made to the prior year figures to ensure consistency with the current year. This has resulted in the order of certain line items changing to allow for new subtotals to be introduced. The Directors consider this presentational style consistent with best practice, more relevant to an understanding of the Group's financial performance and more consistent with comparator reports.

2.3 KEY JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the year. Although these estimates are based on the Directors' best knowledge of the amount, event or actions, actual results may differ materially from those estimates.

The principal areas where such judgements and estimates have been made are detailed below:

2.3.1 INVESTMENT PROPERTY VALUATION

The Group uses valuations determined by independent valuers in accordance with IFRS 13 Fair Value Measurement ("IFRS 13") as the fair value of its investment property. The valuations are based upon assumptions including estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate discount rates. The valuers also make reference to market evidence of transaction prices for similar properties. Further details are provided in Note 12.

2.3.2 CLASSIFICATION OF THE GROUP'S INVESTMENT IN INTERNATIONAL HOTEL PROPERTIES LIMITED ("IHL") AT FAIR VALUE THROUGH PROFIT OR LOSS

On 14 October 2015, the Company acquired, by way of private placement, 3.8 million shares in the newly listed International Hotel Properties Limited (formerly International Hotel Group Limited) for £3.8 million. On the date of listing this represented 25.4% of the entity's issued share capital and the investment was classified as an associate on initial recognition. On 20 October 2015, the Group ceased to recognise IHL as an associate when its shareholding was diluted to 13.2% and reclassified the investment as a financial instrument at fair value through profit or loss.

The degree of judgement relating to this classification is increased given that the Company currently has representation on IHL's Board of Directors. In drawing their conclusion, the Directors have considered the criteria for significant influence in paragraphs 5-9 of IAS 28, the size of shareholding at 15.5% and that the Group does not have the right to appoint a director. Having considered all the facts and circumstances the Directors believe that the designation of the Company's residual investment at fair value through profit or loss continues to be appropriate.

2.3.3 CLASSIFICATION OF INVESTMENT PROPERTY FOR UK HOTELS

The UK Hotel properties are held for capital appreciation and to earn rental income. Apart from one of the assets, the hotels have been let to Redefine Hotel Management Limited ("RHML") and Redefine Earls Court Management Limited ("RECML") for rent which is subject to annual review. The annual review takes into account the forecast EBITDA for the hotel portfolio when setting the revised rental level. RHML and RECML operate the hotel business and are exposed to fluctuations in the underlying trading performance. They are responsible for the day-to-day upkeep of the properties and retain the key decision making responsibility for the business operations.

The Group holds a 25.3% shareholding in RedefineBDL Hotel Group Limited ("RedefineBDL"), which in turn owns RHML and RECML. Having considered the guidance in IFRS 10, the respective rights of each of the shareholders in RedefineBDL and the size of the Group's shareholding relative to other shareholders, the Directors have determined that the Group has the ability to exercise significant influence but does not control RedefineBDL and hence does not control RHML or RECML. The investment in RedefineBDL is classified as an associate.

Aside from the payment of rental income to the Group, which resets annually, and the Group's shareholding in RedefineBDL, the Group is not involved with the separate hotel management business and there are limited transactions between the two entities. As a result, the hotels are classified as investment property in line with IAS 40 Investment Property ("IAS 40").

2.3.4 PROPERTY ACQUISITIONS

Where properties are acquired through the acquisition of corporate interests, the Directors have regard to the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business the transactions are accounted for as if the Group had acquired the underlying property directly. Accordingly, no goodwill arises on initial recognition of the asset purchase. Corporate acquisitions are otherwise accounted for as business combinations.

2.3.5 AVIVA EQUITY SHARE

Aviva, the lender with security over the Group's investment property, Grand Arcade Shopping Centre, Wigan has a right under the facility agreement to participate in the equity value of the property in excess of the value of its drawn debt.

Once the value of the property exceeds £90 million Aviva has the right to call tranches of equity at any time with corresponding adjustments to their rights to participate in the property's profit share. While the Group has recognised a financial liability in respect of Aviva's right to participate in the profits of the shopping centres, a provision has not been recognised for Aviva's right to participate in the equity value of the property.

In concluding that no provision was required at the balance sheet date, the Directors considered all factors, including Aviva's knowledge of the property's historic value and their actions taken. Given the property is carried at fair value and subject to bi-annual valuations, a reliable estimate cannot be made nor is it currently considered probable that a payment will be required. The contractual obligation is therefore disclosed as a contingent liability.

2.4 BASIS OF CONSOLIDATION

2.4.1 INVESTMENT IN SUBSIDIARIES

A subsidiary undertaking is an investee controlled by the Group. The Group controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated in the Group's financial statements from the date on which control commences until the date that control ceases. The Group reassesses whether it controls a subsidiary when facts and circumstances indicate that there are changes to one or more elements of control.

If the Group loses control of a subsidiary, the Group:

a) derecognises the assets (including any goodwill) and liabilities of the former subsidiary at their carrying amounts at the date control is lost;
b) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date control is lost (including amounts of other comprehensive income attributed to non-controlling interests);
c) recognises the fair value of any consideration received;
d) reclassifies to profit or loss, or transfers directly to retained earnings, amounts recognised in other comprehensive income in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets or liabilities;
e) recognises any investment retained in the former subsidiary at its fair value at the date when control is lost; and
f) recognises any resulting difference of the above items as a gain or loss in the consolidated income statement.

The Group subsequently accounts for any investment retained in the former subsidiary in accordance with IAS 39 Financial Instruments ("IAS 39"), or when appropriate, IAS 28. This accounting policy is applied when the Group loses control of a subsidiary through the sale of shares to a party external to the Group and/or when a controlling interest in a subsidiary is transferred to an existing joint venture of the Group.

2.4.2 BUSINESS COMBINATIONS

The Group accounts for the business combinations using the acquisition method under which the consideration transferred is measured at fair value, calculated as the sum of:

- the acquisition date fair value of assets transferred by the Group;
- liabilities incurred by the Group to the former owners of the acquiree; and
- the equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in the consolidated income statement as incurred.

Goodwill is measured as the excess of the sum of:

- the fair value of the consideration transferred;
- the amount of any non-controlling interests in the acquiree; and
- the fair value of the acquirer's previously held equity interest in the acquiree, if any; less
- the net of the acquisition date fair value of the identifiable assets acquired and liabilities assumed.

For each business combination, the Group recognises any non-controlling interest in the acquiree at its proportionate share of the acquiree's identifiable net assets.

For changes in the Group's interest in a subsidiary that do not result in a loss of control, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The difference between the change in value of the non-controlling interest and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Parent.

2.4.3 TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances, transactions, any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4.4 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Associates are entities over whose financial and operating policies the Group has the ability to exercise significant influence but not control and which are neither subsidiaries nor joint arrangements. The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances specific to each transaction.

Investments in associates and joint ventures are initially recorded at cost and subsequently increased or decreased each year by the Group's share of the post-acquisition net profit or loss and other movements recognised in the other comprehensive income or directly in equity of the investments. The Group's share of the results of associate undertakings or joint ventures after tax reflects the Group's proportionate interest in the relevant undertaking and is based on financial statements drawn up to a date not earlier than three months before the year end reporting date, adjusted to conform with the accounting policies of the Group.

Where the Group obtains significant influence such that an investment which was previously accounted for as an investment under IAS 39 is now to be treated as an associate undertaking, the Group's previously held interest is remeasured to fair value through profit or loss for the year. The deemed cost of the associate is the fair value of the original investment plus the fair value of any additional consideration given to achieve significant influence.

Goodwill arising on the acquisition of an associated undertaking or joint venture is included in the carrying amount of the investment. When the Group's share of losses in an associate or joint venture has reduced the carrying amount to zero, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations to make payments on behalf of the associate or joint venture.

Since goodwill that forms part of the carrying amount of the investment in an associate or joint venture is not recognised separately, it is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

Reversals of impairments are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate or joint venture increases.

Unrealised gains and losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entities.

Capital contributions result from the non-reciprocal transfer of resources without a corresponding increase in the underlying net assets of the associate or joint venture. Capital contributions are accounted for as an increase in the net investment held within the Group's financial statements and are subject to impairment.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the consolidated income statement. Any retained interest in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is treated as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate.

Any gain or loss on the dilution of an interest in an equity-accounted investee is calculated as the difference between the carrying amounts of the investment in the equity-accounted investee, immediately before and after the transaction that resulted in the dilution and is recognised in the consolidated income statement.

2.4.5 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are carried at cost less impairment. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any underlying asset, including goodwill that forms part of the carrying amount of the investee.

Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over their estimated useful life, from the date that they are available for use.

2.5 CURRENCY TRANSLATION RESERVE

2.5.1 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values are determined.

2.5.2 FOREIGN OPERATIONS

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve ("FCTR"). They are released into the consolidated income statement upon disposal. On consolidation, the balance sheet of foreign subsidiaries are translated at the closing rate and the income statement and statement of comprehensive income are translated at the rates at the dates of the transaction or at an average rate for the year where this is a reasonable approximation.

2.6 INVESTMENT PROPERTY

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognised at cost and subsequently measured at fair value. External, independent valuation companies, having professionally qualified valuers and recent experience in the location and category of property being valued, value the portfolios on an annual basis. The fair values are based on market values, being the estimated amount for which property could be exchanged on a highest and best use basis between a willing buyer and a willing seller in an arm's length transaction.

The valuations are determined by considering comparable and timely market transactions for sales and letting and having regard for the current leases in place. In the case of lettings this includes considering the aggregate of the net annual market rents receivable from the properties and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is applied to the net annual rents to arrive at the property valuation.

As the fair value model is applied, property under construction or redevelopment for future use as investment property continues to be measured at fair value. However, where the fair value of investment property under redevelopment cannot be measured reliably, the property is measured at cost.

Property held under leases to earn rental income or for capital appreciation is also classified as investment property, accounted for as if held under a finance lease. Such property is initially recognised as the sum of any premium paid on acquisition and the present value of any future minimum lease payments. The corresponding liability to the superior leaseholder is recognised in the consolidated balance sheet as a finance lease obligation.

In determining the fair value of the property, the market value as determined by the independent valuers is:

- reduced by the carrying amount of any accrued income and expense resulting from the spreading of lease incentives to tenants and/or minimum lease payments; and
- increased by the carrying amount of any liability to the superior leaseholder included in the consolidated balance sheet as a finance lease obligation.

The bi-annual valuations of investment property are based upon estimates and subjective judgements that may vary materially from the actual values and sales prices that may be realised by the Group upon ultimate disposal. The critical assumptions made in determining the valuations have been disclosed in Note 12 to the financial statements.

Gains or losses arising from changes in the fair value of investment property are included in the consolidated income statement in the year in which they arise.

Acquisition and disposals of investment property are recognised when significant risks and rewards attached to the property have transferred to, or from, the Group. Profit or loss on disposal of investment property is recognised in the consolidated income statement when significant risks and rewards have transferred from the Group.

2.6.1 BORROWING COSTS AND COST OF CONSTRUCTION

All costs directly associated with the purchase and construction of a qualifying property are capitalised.

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditure and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its value, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, to the weighted average cost of debt.

2.7 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Depreciation is calculated to write off the cost of items to their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the consolidated income statement. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. It is Group policy to depreciate property, plant and equipment over a period of between 2 and 5 years.

2.8 FINANCIAL INSTRUMENTS – RECOGNITION, CLASSIFICATION AND MEASUREMENT

Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not designated at fair value through profit or loss, any directly attributable transaction costs, except as described below. Loan receivables and payables are subsequently measured at amortised cost using the effective interest rate method.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from those assets expire or if the Group transfers the assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised when the Group's obligations specified in the contract expire.

Investments at Fair Value through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss comprise equity securities and are measured at fair value with changes therein recognised in the consolidated income statement. Fair values are determined by reference to their quoted bid price at the reporting date.

Derivative Financial Instruments

The Group holds derivative financial instruments to manage its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value on the date the Group becomes party to the contract; any attributable transaction costs are recognised in the consolidated income statement as incurred. Subsequent to initial recognition, derivatives are re-measured to fair value at each reporting date, and changes therein are accounted for in the consolidated income statement and presented under change in fair value of derivative financial instruments.

2.9 FINANCE LEASES

Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. Lease payments are apportioned between the finance charges and the capital reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability over the lease term. Finance charges are charged through profit or loss as they arise.

2.10 IMPAIRMENT

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers of or issuers to the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated income statement and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is calculated on a basis consistent with the original charge and reversed through the consolidated income statement.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and short-term call deposits. Cash and cash equivalents have a maturity of less than three months.

Restricted cash comprises cash deposits which are restricted until the fulfilment of certain conditions.

2.12 SHARE CAPITAL

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, net of tax, are shown as a deduction from any recognised share premium.

2.13 LEASEHOLD PROPERTY

Leasehold properties that are leased out to tenants under operating leases are classified as investment properties as appropriate and are included in the consolidated balance sheet at fair value. Land interests held under operating leases are classified and accounted for as investment property on a property by property basis when they are held to earn rentals or for capital appreciation on both the land and the property elements. Any such property interest under an operating lease classified as investment property is carried at fair value.

2.14 BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the contractual term of the borrowings on an effective interest rate basis.

Finance Costs

Finance costs recognised in the consolidated income statement represent interest payable on borrowings calculated using the effective interest rate method.

Restructured Debt

A financial liability is derecognised when it is extinguished (i.e. it is discharged, cancelled or expires) which may happen when full repayment is made to the lender, the borrower is legally released from primary responsibility for the financial liability or where there is an exchange of debt instruments with substantially different terms or a substantial modification to the existing terms of a debt instrument.

In the event of a substantial modification of terms, any difference between the carrying amount of the original liability and the consideration paid is recognised in the consolidated income statement. The consideration paid includes non-financial assets transferred and the assumption of liabilities, including the new modified financial liability. Any new financial liability recognised is measured initially at fair value and subsequently carried at amortised cost under the effective interest rate method. Any costs or fees incurred are recognised as part of the gain or loss on extinguishment and do not adjust the carrying amount of the new liability.

2.15 DIVIDENDS

Dividends to shareholders are recognised when they become legally payable. In the case of interim dividends, this is when the dividends are declared and paid by the Directors. In the case of final dividends, this is when approved by the shareholders at a general meeting.

2.16 RENTAL INCOME

Rental income from investment property leased out under operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the leases. Lease incentives granted are recognised as an integral part of the total rental income and amortised over the term of the leases.

Contingent rental income is recognised as it arises. Premiums to terminate leases are recognised in the consolidated income statement as they arise.

2.17 SERVICE CHARGES

Where the Group invoices service charges, these amounts are not recognised as income as the risks in relation to the provision of these goods and services are primarily borne by the Group’s tenants and consequently they are recognised as a reduction in rental expense. Any servicing expenses suffered by the Group are included within rental expense in the consolidated income statement.

2.18 INVESTMENT AND INTEREST INCOME

Dividends from listed property investments are recognised on the date the Group’s right to receive payment is established. Interest earned on cash invested with financial institutions is recognised on an accruals basis using the effective interest rate method.

2.19 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income.

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: those arising from goodwill not deductible for tax purposes, those arising from the initial recognition of assets or liabilities that affect neither accounting or taxable profit, nor differences relating to investments in subsidiaries to the extent described below. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and joint ventures where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax on the fair value movement on German investment properties has been provided at the capital gains taxation rate based on the manner in which each asset is expected to be realised. Deferred taxation liabilities are provided only to the extent that there are not sufficient tax losses to shield the charge.

2.20 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

In line with the JSE Listing Requirements, the Group also presents headline earnings per share.

2.21 SEGMENTAL REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and in respect of which it may incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker to inform decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. See Note 3 for further details.

2.22 EMPLOYEE BENEFITS AND EMPLOYEE SHARE-BASED PAYMENTS

Employee benefits, such as salaries and other benefits, are accounted for on an accruals basis over the period during which employees have provided services. Bonuses are recognised to the extent that the Group has a legal or constructive obligation to its employees that can be measured reliably.

Share-based incentives are provided to employees under the Group's Long-Term Performance Share Plan ("PSP") for Executive Directors and the Long-Term Restricted Stock Plan ("RSP") for employees. The Group recognises a compensation cost in respect of these schemes that is based on the fair value of the awards, measured using the Monte Carlo valuation methodology.

For equity-settled schemes, the fair value is determined at the date of grant and is not subsequently remeasured unless the conditions on which the award was granted are modified.

For cash-settled schemes, the fair value is determined at the date of grant and is remeasured at each reporting date until the liability is settled. Generally, the compensation cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to the failure to satisfy service conditions or non-market performance conditions.

2.23 DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE

A non-current asset or a disposal group comprising assets and liabilities is classified as held for sale if it is expected that its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and it is highly probable that the sale will occur within one year. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

Where the Group is committed to a sale plan involving the loss of control of a subsidiary, it classifies all the assets and liabilities of that subsidiary as held for sale when the criteria set out above and detailed in IFRS 5 are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

On initial classification as held for sale, non-current assets and disposal groups are ordinarily measured at the lower of the previous carrying amount and fair value less costs to sell, with any adjustments recognised in the consolidated income statement and re-measured at each reporting date. However, certain assets such as financial assets within the scope of IAS 39 and investment property in the scope of IAS 40 continue to be measured in accordance with those standards.

Impairment losses subsequent to the classification of assets as held for sale are recognised in the consolidated income statement. Increases in fair value less costs to sell of assets that have been classified as held for sale are recognised in the consolidated income statement to the extent that the increase is not in excess of any cumulative impairment loss previously recognised in respect of that asset. Assets classified as held for sale are not depreciated.

Gains and losses on re-measurement and impairment losses subsequent to classification as a disposal group or a non-current asset held for sale are presented within continuing operations in the consolidated income statement, unless they meet the definition of a discontinued operations.

Disposal groups and non-current assets held for sale are presented separately from other assets and liabilities on the balance sheet. Prior periods are not reclassified.

2.24 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Capital commitments are disclosed when the Group has a contractual future obligation which has not been provided for at the balance sheet date.

2.25 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, and the dividends paid to ordinary shareholders.

At the 2015 AGM the Company received the necessary authorisation from shareholders to purchase its own shares on the market, subject to such shares being cancelled immediately upon acquisition. The timing of purchases will depend on market conditions and purchase and sale decisions will be made on a transaction by transaction basis by the Board of Directors. No share purchases took place during the year. The Group does not have a defined share buy-back plan.

The level of the Company's borrowings, in terms of its articles of association, shall not at any time, without the previous sanction of an ordinary resolution of the Company exceed ten times the aggregate of:

i. the amount paid up on the issued share capital of the Company; and

ii. the total of capital and revenue reserves.

The Company's dividend policy is to distribute the majority of its earnings available for distribution in the form of dividends to shareholders.

3. SEGMENTAL REPORTING

As required by IFRS 8 Operating Segments ("IFRS 8"), the information provided to the Board, being the Chief Operating Decision Maker, can be classified into the following segments:

UK Retail:	the Group's portfolio of wholly-owned shopping centres, retail parks and other retail assets;
UK Commercial:	the Group's portfolio of offices, motor trade, roadside service station and logistics distribution centres;
UK Hotels:	the Group's hotel portfolio which comprises eight hotels in Greater London and South East England and one hotel in Edinburgh, Scotland. The Group holds a 25.3% associate interest in RedefineBDL which leases and manages all of the Group's hotel properties except for the Enfield Travelodge. During the year the Group acquired 15.5% interest cumulatively in IHL, a hotel and leisure focused property investment company listed on the Euro MTF Market of the Luxembourg Stock Exchange ("LUXSE") and the AltX of the JSE;
Europe:	the Group's portfolio in Germany and interest in its last legacy asset, The Hague which was disposed on the balance sheet date. The comparative results also include those of the Swiss properties disposed of in August 2015. The portfolio comprises shopping centres, discount supermarkets and Government-let offices;
Cromwell:	relates to the Group's investment in the Cromwell Property Group, Australia, which was disposed of during the 2015 financial year and is presented for comparative purposes only; and
Other:	the Group's holding and subsidiary management companies that carry out the head office and centralised asset management activities of the Group.

Management information, as presented to the Chief Operating Decision Maker, is prepared on a proportionately consolidated basis. Segmental reporting is therefore reported in line with management information, with the Group's share of joint ventures presented line-by-line. Joint venture adjustments are disclosed to reconcile segmental performance and position to the consolidated financial statements. Comparative information has been aligned to ensure consistent disclosure.

Segmental income statement for the year ended 31 August 2016	UK Retail £m	UK Commercial £m	UK Hotels £m	Europe £m	Other £m	Total £m	Joint Venture Adj £m	IFRS Total £m
Continuing operations								
Revenue								
Rental income	37.0	22.2	15.0	22.3	0.1	**96.6**	(10.0)	**86.6**
Other income [1]	-	0.8	-	0.4	1.9	**3.1**	(0.6)	**2.5**
Distributions from investment at fair value	-	-	0.5	-	-	**0.5**	-	**0.5**
Total revenue	**37.0**	**23.0**	**15.5**	**22.7**	**2.0**	**100.2**	(10.6)	**89.6**
Rental income	37.0	22.2	15.0	22.3	0.1	**96.6**	(10.0)	**86.6**
Rental expense	(4.1)	(0.9)	-	(2.3)	-	**(7.3)**	1.1	**(6.2)**
Net rental income	**32.9**	**21.3**	**15.0**	**20.0**	**0.1**	**89.3**	(8.9)	**80.4**
Other income [1]	-	0.8	-	0.4	1.9	**3.1**	(0.6)	**2.5**
(Loss)/gain on revaluation of investment property [2]	(40.1)	5.0	(7.3)	1.2	-	**(41.2)**	(1.3)	**(42.5)**
Gain on disposal of investment property	-	3.2	-	-	-	**3.2**	-	**3.2**
Gain on disposal of subsidiary	-	-	-	12.2	-	**12.2**		**12.2**
Distributions from investment at fair value	-	-	0.5	-	-	**0.5**	-	**0.5**
Loss on revaluation of investment at fair value	-	-	(0.8)	-	-	**(0.8)**	-	**(0.8)**
Gain on disposal of non-current assets held for sale	-	0.2	-	-	-	**0.2**	-	**0.2**
Foreign exchange gain	-	-	-	-	0.9	**0.9**	-	**0.9**
Finance income	-	-	-	-	6.3	**6.3**	-	**6.3**
Finance expense	(16.1)	(7.1)	(3.8)	(12.3)	(0.1)	**(39.4)**	6.7	**(32.7)**
Other finance expenses	(1.5)	(0.3)	(0.1)	(0.1)	-	**(2.0)**	0.1	**(1.9)**
Gain on financial liabilities	-	-	-	2.5	-	**2.5**	(2.5)	**-**
Change in fair value of derivative financial instruments	(5.0)	(5.5)	(0.7)	(1.6)	-	**(12.8)**	1.7	**(11.1)**
Impairment of investment in associate	-	-	(3.2)	-	-	**(3.2)**	-	**(3.2)**
Share of post-tax profit from associate	-	-	1.7	-	-	**1.7**	-	**1.7**
Total per reportable segments	**(29.8)**	**17.6**	**1.3**	**22.3**	**9.1**	**20.5**	(4.8)	**15.7**
Unallocated income and expenses: [3]								
Administrative costs and other fees						**(11.4)**	0.5	**(10.9)**
Amortisation of intangible assets						**(0.2)**	-	**(0.2)**
Profit before tax						**8.9**	(4.3)	**4.6**
Taxation						**(1.6)**	0.5	**(1.1)**
						7.3	(3.8)	**3.5**
IFRS equity accounted items:								
Impairment of loans to joint ventures						**-**	2.6	**2.6**
Share of post-tax profit from joint ventures						**-**	1.4	**1.4**
Movement of losses restricted in joint ventures [4]	-	0.2	-	-	-	**0.2**	(0.2)	**-**
IFRS profit for the year						**7.5**	-	**7.5**

[1] Other income in the 'Other' segment includes management fee income from joint ventures of £0.7 million. Refer to Note 27 for further details.

[2] Included in (loss)/gain on revaluation of investment property is £22.6 million of costs incurred on the acquisition of the AUK portfolio.

[3] Unallocated income and expense are items incurred centrally which are neither directly attributable nor can be reasonably allocated to individual segments.

[4] As detailed in Note 14, the Group's interest in certain joint ventures has reduced to £Nil in the consolidated financial statements in line with IAS 28. On a proportionate basis, the Group's share of these joint ventures is included line-by-line. Movements in the losses of these joint ventures not recognised during each reporting period on an equity accounted basis are presented to reconcile segmental information to the IFRS statements.

Other segmental information for the year ended 31 August 2016	UK Retail £m	UK Commercial £m	UK Hotels £m	Europe £m	Other £m	Total £m	Joint Venture Adj £m	IFRS Total £m
Inter-segmental revenue and expense:								
Management fee income	-	-	-	-	3.9	**3.9**	**-**	**3.9**
Management fee expense	(1.4)	(1.1)	-	(0.8)	(0.6)	**(3.9)**	**-**	**(3.9)**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Inter-segmental revenue and expense relate to intercompany investment management fees that eliminate on consolidation.

Segmental balance sheet as at 31 August 2016	**UK Retail £m**	**UK Commercial £m**	**UK Hotels £m**	**Europe £m**	**Total £m**	**Joint Venture Adj £m**	**IFRS Total £m**
Investment property	541.9	419.0	229.6	346.8	**1,537.3**	(140.9)	**1,396.4**
Investment at fair value through profit or loss	-	-	7.9	-	**7.9**	-	**7.9**
Investment in associate	-	-	10.2	-	**10.2**	-	**10.2**
Trade and other receivables	4.8	3.3	1.7	5.9	**15.7**	(1.0)	**14.7**
Cash and cash equivalents	8.3	2.5	2.0	9.0	**21.8**	(2.3)	**19.5**
Borrowings, including finance leases	(324.9)	(201.6)	(109.9)	(206.0)	**(842.4)**	76.8	**(765.6)**
Trade and other payables	(6.6)	(6.4)	(1.7)	(7.7)	**(22.4)**	3.9	**(18.5)**
Segmental net assets	**223.5**	**216.8**	**139.8**	**148.0**	**728.1**	(63.5)	**664.6**
Unallocated assets and liabilities:							
Other non-current assets					**1.4**	-	**1.4**
Trade and other receivables					**16.7**	-	**16.7**
Cash and cash equivalents					**12.5**	-	**12.5**
Net derivative financial instruments					**(16.5)**	4.7	**(11.8)**
Deferred tax					**(5.3)**	1.9	**(3.4)**
Trade and other payables					**(5.3)**	-	**(5.3)**
					731.6	(56.9)	**674.7**
IFRS equity accounted items:							
Investment in joint ventures					**-**	5.8	**5.8**
Loans to joint ventures					**-**	52.9	**52.9**
Fair value on acquisition of joint venture interest	-	-	-	0.9	**0.9**	(0.9)	**-**
Joint venture non-controlling interest	-	-	-	(0.7)	**(0.7)**	0.7	**-**
Cumulative losses restricted in joint ventures [1]	-	1.6	-	-	**1.6**	(1.6)	**-**
IFRS net assets					**733.4**	-	**733.4**

[1] As detailed in Note 14, the Group's interest in certain joint ventures has reduced to £Nil in the consolidated financial statements in line with IAS 28. On a proportionate basis, the Group's share of these joint ventures is included line-by-line. The cumulative losses of these joint ventures that the Group has not recognised at the reporting date on an equity accounted basis are presented to reconcile segmental information to the IFRS statements.

Other segmental information as at 31 August 2016	**UK Retail £m**	**UK Commercial £m**	**UK Hotels £m**	**Europe £m**	**Total £m**	**Joint Venture Adj £m**	**IFRS Total £m**
Additions to investment property during the year per reportable segment:							
Additions from acquisition of investment property	213.1	276.6	-	-	**489.7**	-	**489.7**
Acquisition costs	10.5	12.1	-	-	**22.6**	-	**22.6**
Capitalised expenditure	3.0	0.3	1.8	2.8	**7.9**	(0.1)	**7.8**
	226.6	**289.0**	**1.8**	**2.8**	**520.2**	(0.1)	**520.1**

Segmental income statement for the year ended 31 August 2015	UK Retail £m	UK Commercial £m	UK Hotels £m	Europe £m	Cromwell (disposed) £m	Other £m	Total £m	Re-presented Joint Venture Adj £m	Re-presented IFRS Total £m
Continuing operations									
Revenue									
Rental income	26.5	14.5	13.3	21.3	-	-	**75.6**	(7.3)	**68.3**
Other income [1]	-	1.0	-	-	-	2.9	**3.9**	-	**3.9**
Distributions from investment at fair value	-	-	-	-	7.5	-	**7.5**	-	**7.5**
Total revenue	26.5	15.5	13.3	21.3	7.5	2.9	**87.0**	(7.3)	**79.7**
Rental income	26.5	14.5	13.3	21.3	-	-	**75.6**	(7.3)	**68.3**
Rental expense	(3.3)	(0.7)	-	(2.0)	-	-	**(6.0)**	0.7	**(5.3)**
Net rental income	23.2	13.8	13.3	19.3	-	-	**69.6**	(6.6)	**63.0**
Other income [1]	-	1.0	-	-	-	2.9	**3.9**	-	**3.9**
Gain on revaluation of investment property	11.5	9.4	13.9	0.7	-	-	**35.5**	(4.0)	**31.5**
Gain on extinguishment/acquisition of debt	-	23.0	-	6.8	-	-	**29.8**	-	**29.8**
Gain on bargain purchase of subsidiary	-	-	-	0.2	-	-	**0.2**	-	**0.2**
Loss on disposal of subsidiaries	-	-	-	(0.3)	-	-	**(0.3)**	-	**(0.3)**
Distributions from investment at fair value	-	-	-	-	7.5	-	**7.5**	-	**7.5**
Loss on disposal of investment at fair value	-	-	-	-	(17.6)	-	**(17.6)**	-	**(17.6)**
Gain on disposal of joint venture	-	-	-	0.6	-	-	**0.6**	-	**0.6**
Loss on revaluation of non-current assets held for sale	-	(1.9)	-	-	-	-	**(1.9)**	-	**(1.9)**
Gain on disposal of non-current assets held for sale	-	-	0.6	-	-	-	**0.6**	-	**0.6**
Foreign exchange gain/(loss)	-	-	-	-	4.2	(1.7)	**2.5**	-	**2.5**
Finance income	-	-	-	-	-	6.3	**6.3**	-	**6.3**
Finance expense	(13.6)	(4.6)	(4.3)	(9.1)	(5.4)	-	**(37.0)**	6.7	**(30.3)**
Other finance expenses	-	-	-	(3.6)	-	-	**(3.6)**	3.6	**-**
Change in fair value of derivative financial instruments	(0.2)	(0.5)	0.7	0.7	0.1	-	**0.8**	(0.1)	**0.7**
Share of post-tax profit from associate	-	-	0.6	-	-	-	**0.6**	-	**0.6**
Total per reportable segments	20.9	40.2	24.8	15.3	(10.2)	4.0	**97.5**	(0.4)	**97.1**
Unallocated income and expenses: [2]									
Administrative costs and other fees							**(11.4)**	0.3	**(11.1)**
Amortisation of intangible assets							**(0.2)**	-	**(0.2)**
Profit before tax							**85.9**	(0.1)	**85.8**
Taxation							**(6.9)**	0.8	**(6.1)**
							79.0	0.7	**79.7**
IFRS equity accounted items:									
Impairment of loans to joint ventures							**-**	(3.8)	**(3.8)**
Share of post-tax profit from joint ventures							**-**	2.0	**2.0**
Movement of losses restricted in joint ventures [3]	-	(1.1)	-	-	-	-	**(1.1)**	1.1	**-**
IFRS profit for the year							**77.9**	-	**77.9**

[1] Other income in the 'Other' segment includes management fee income from joint ventures of £0.8 million. Refer to Note 27 for further details.

[2] Unallocated income and expense are items incurred centrally which are neither directly attributable nor can be reasonably allocated to individual segments.

[3] As detailed in Note 14, the Group's interest in certain joint ventures has reduced to £Nil in the consolidated financial statements in line with IAS 28. On a proportionate basis, the Group's share of these joint ventures is included line-by-line. Movements in the losses of these joint ventures not recognised during each reporting period on an equity accounted basis are presented to reconcile segmental information to the IFRS statements.

Other segmental information for the year ended 31 August 2015	UK Retail £m	UK Commercial £m	UK Hotels £m	Europe £m	Cromwell (disposed) £m	Other £m	Total £m	Joint Venture Adj £m	IFRS Total £m
Inter-segmental revenue and expense:									
Management fee income	-	-	-	-	-	3.6	**3.6**	-	**3.6**
Management fee expense	-	-	-	(0.9)	-	(2.7)	**(3.6)**	-	**(3.6)**
	-	-	-	(0.9)	-	0.9	**-**	-	**-**

Inter-segmental revenue and expense relate to intercompany investment management fees that eliminate on consolidation.

Segmental balance sheet as at 31 August 2015	**UK Retail £m**	**UK Commercial £m**	**UK Hotels £m**	**Europe £m**	**Cromwell (disposed) £m**	**Total £m**	Re-presented **Joint Venture Adj £m**	Re-presented **IFRS Total £m**
Investment property	355.4	165.7	235.1	299.7	-	**1,055.9**	(121.5)	**934.4**
Investment in associate	-	-	8.0	-	-	**8.0**	-	**8.0**
Trade and other receivables	3.0	1.1	9.5	28.7	80.2	**122.5**	(3.7)	**118.8**
Cash and cash equivalents	8.7	6.0	0.2	11.0	0.6	**26.5**	(2.3)	**24.2**
Borrowings, including finance leases	(216.5)	(83.0)	(109.8)	(195.5)	(23.2)	**(628.0)**	68.1	**(559.9)**
Trade and other payables	(5.0)	(1.6)	(1.3)	(7.6)	(1.5)	**(17.0)**	2.4	**(14.6)**
Segmental net assets	145.6	88.2	141.7	136.3	56.1	**567.9**	(57.0)	**510.9**
Unallocated assets and liabilities:								
Other non-current assets						**1.6**	-	**1.6**
Trade and other receivables						**20.4**	-	**20.4**
Cash and cash equivalents						**69.4**	-	**69.4**
Net derivative financial instruments						**(6.0)**	3.5	**(2.5)**
Other non-current liabilities [(1)]						**(7.1)**	4.9	**(2.2)**
Trade and other payables						**(11.1)**	2.1	**(9.0)**
						635.1	(46.5)	**588.6**
IFRS equity accounted items:								
Investment in joint ventures						**-**	3.6	**3.6**
Loans to joint ventures						**-**	44.6	**44.6**
Fair value on acquisition of joint venture interest	-	-	-	0.8	-	**0.8**	(0.8)	**-**
Joint venture non-controlling interest	-	-	-	(0.5)	-	**(0.5)**	0.5	**-**
Cumulative losses restricted in joint ventures [(2)]	-	1.4	-	-	-	**1.4**	(1.4)	**-**
IFRS net assets						**636.8**	-	**636.8**

[(1)] The joint venture adjustment in respect of other non-current liabilities differs from that disclosed on a total basis in Note 14 (£54.3 million), as shareholder loans included in the latter eliminate on proportionate consolidation.

[(2)] As detailed in Note 14, the Group's interest in certain joint ventures has reduced to £Nil in the consolidated financial statements in line with IAS 28. On a proportionate basis, the Group's share of these joint ventures is included line-by-line. The cumulative losses of these joint ventures that the Group has not recognised at the reporting date on an equity accounted basis are presented to reconcile segmental information to the IFRS statements

Other segmental information as at 31 August 2015	**UK Retail £m**	**UK Commercial £m**	**UK Hotels £m**	**Europe £m**	**Cromwell (disposed) £m**	**Total £m**	**Joint Venture Adj £m**	**IFRS Total £m**
Additions to investment property during the year per reportable segment:								
Additions from acquisition of subsidiaries [(3)]	-	-	-	13.0	-	**13.0**	13.1	**26.1**
Additions from acquisition of joint venture [(4)]	-	-	-	56.8	-	**56.8**	(56.8)	**-**
Acquisition costs	-	-	-	0.4	-	**0.4**	(0.4)	**-**
Capitalised expenditure	3.6	0.1	-	1.4	-	**5.1**	(0.7)	**4.4**
	3.6	0.1	-	71.6	-	**75.3**	(44.8)	**30.5**

[(3)] The Group acquired a 44.9% additional shareholding in Ciref Premium Holdings Limited from its joint venture partner in December 2014. This acquisition brought the Group's shareholding in Ciref Premium Holdings Limited to 93.9% and it was recognised as a subsidiary from acquisition date as detailed in Note 7. On a proportionately consolidated basis, the Group's share of the additional 44.9% interest in investment property of £13.0 million is recognised. Under the equity method, investment property is treated as newly acquired for £26.1 million.

[(4)] In January 2015, the Group acquired a 50% interest in the Leopard Portfolio as detailed in Note 14. The fair value of the Group's share of investment property at acquisition date was £56.8 million (€78.4 million). During the year ended 31 August 2015, the Group reduced its shareholding in its subsidiaries Ciref Berlin 1 Limited and CEL Portfolio 2 to 50% and 53% respectively. The fair value of investment property on recognition of the joint ventures was £6.1 million (€8.4 million). On a proportionately consolidated and equity accounted basis, there has been no additions to investment property in relation to Ciref Berlin 1 Limited and CEL Portfolio 2.

4. RENTAL INCOME

	31 August 2016 £m	31 August 2015 £m
Gross lease payments from third parties	**72.3**	55.0
Gross lease payments from related parties (Note 27)	**14.3**	13.3
Rental income	**86.6**	68.3

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 August 2016 £m	31 August 2015 £m
Not later than 1 year	**91.1**	63.7
Later than 1 year not later than 5 years	**302.2**	225.1
Later than 5 years	**366.2**	376.2
	759.5	665.0

5. ADMINISTRATIVE COSTS AND OTHER FEES

	31 August 2016 £m	31 August 2015 £m
Administrative and other operating expenses	**2.3**	2.7
Professional fees	**2.5**	4.1
Staff costs	**4.9**	3.8
Share-based payments	**1.2**	0.5
Administrative costs and other fees	**10.9**	11.1

6. GAIN ON EXTINGUISHMENT/ACQUISITION OF DEBT

	31 August 2016 £m	31 August 2015 £m
Extinguishment of residual debt	**-**	23.0
Gain on acquisition of external borrowings	**-**	3.5
Release of finance lease liability	**-**	3.3
Gain on extinguishment/acquisition of debt	**-**	29.8

The Group restructured the £114.6 million Delta facility in October 2012, as further discussed in Note 19. Following the orderly disposal of all the Delta properties during the 2015 financial year (three of which were purchased from the security pool by the Group) the Group was released from all residual obligations under the agreement on 25 August 2015. As a result, a gain of £23.0 million was recognised at year-end 31 August 2015, representing the write-off of the residual debt.

By way of loan assignment, on 15 October 2014 the Group acquired loans with a face value of €14.5 million secured by a portfolio of German properties owned by the Group. This resulted in a gain of €4.5 million (£3.5 million) in the financial statements for the year ended 31 August 2015.

Furthermore, on disposal of the Swiss properties during the 2015 financial year, the outstanding finance lease liability of £3.3 million was released to the consolidated income statement.

7. BUSINESS COMBINATIONS

There were no business combinations during the year ended 31 August 2016.

On 19 December 2014, the Group acquired an additional 44.9% shareholding in Ciref Premium Holdings Limited (previously named Ciref Nepi Holdings Limited) from its joint venture partner, New Europe Property (BVI) Limited for a consideration of €3.6 million (£2.8 million). Ciref Premium Holdings Limited, through its wholly-owned subsidiaries, owns six properties in Germany collectively known as the Premium Portfolio. This acquisition brought the Group's interest in Ciref Premium Holdings Limited to 93.9% and it is accounted for as a subsidiary undertaking from the acquisition date, i.e. the date control was obtained, in line with IFRS 10. The fair value of assets and liabilities acquired by the Group and the net cash flow summarised in the table below are unchanged from the 31 August 2015 disclosures:

	31 August 2015 £m
Fair value of identifiable net assets	
Investment property (including finance leases)	26.1
Trade and other receivables	0.1
Cash and cash equivalents	0.9
Borrowings (including finance leases)	(19.6)
Trade and other payables (including derivatives)	(1.4)
	6.1
Fair value of consideration transferred	
Cash consideration	(2.8)
Fair value of existing 50% of shareholding and loan	(3.1)
Total consideration	(5.9)
Gain on bargain purchase of subsidiary	0.2

The fair value of the investment property was determined by the Directors having regard to the 31 August 2014 independent valuation and movements in the market up to the date of acquisition.

The fair value of loans and borrowings was determined with reference to market interest rates available for similar debt instruments.

The fair value of trade receivables and trade payables was determined based on the terms of the underlying transactions and was for the most part deemed to approximate their carrying value.

The gain on bargain purchase needs to be considered in light of the downward fair value movement on loans to Ciref Premium Holdings Limited of £0.7 million included in the impairment of loans to joint ventures disclosed in Note 14 to the financial statements. If the acquisition had occurred on 1 September 2014, management estimates that consolidated revenue for the Group in 2015 would have been £79.4 million and consolidated profit for the year ended 31 August 2015 would have been £103.6 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred at the beginning of the year.

8. DISPOSAL OF SUBSIDIARIES

On 31 August 2016, the Group disposed of its 100% shareholding in Cooperative Redefine International Real Estate UA (Netherlands) for consideration of €1. The disposed subsidiary undertaking holds the entire issued share capital of Redefine International Dan Haag B.V (Netherlands). This company is the beneficial and legal owner of the Group's investment in The Justice Center, The Hague.

During the year ended 31 August 2015, the Group reduced its shareholding in Ciref Berlin 1 Limited and CEL Portfolio 2 Limited & Co. KG to 50% and 53% respectively. These entities are now accounted for as jointly controlled entities in accordance with IFRS 11, within the Leopard Portfolio, the details of which are disclosed in Note 14.

The net loss presented in the table below for the 2015 financial year is made up of a gain of £0.7 million on the Ciref Berlin 1 Limited transaction and a loss of £1.0 million on the CEL Portfolio 2 Limited & Co.KG transaction, including £3.4 million and £1.3 million in respect of the fair value of the investments and loans retained in the former subsidiaries respectively. In line with the underlying commercial arrangements, the Directors considered these two transactions together.

The impact of the disposals on the Group and the net cash flow in each year is shown below:

	31 August 2016 £m	31 August 2015 £m
Carrying value of net liabilities/(assets)		
Investment property	**(5.5)**	(11.5)
Trade and other receivables	**(0.7)**	(0.5)
Cash and cash equivalents	**(0.4)**	(0.3)
Borrowings	**15.0**	3.0
Trade and other payables	**0.2**	0.1
Net liabilities/(assets) disposed	**8.6**	(9.2)
Cash consideration	**-**	4.9
Carrying amount of non-controlling interest	**-**	0.1
Fair value of retained interest in joint venture	**-**	4.7
Total consideration	**-**	9.7
Transfer of foreign currency translation on disposal of foreign operations to the income statement	**3.6**	(0.8)
Gain/(loss) on disposal of subsidiaries	**12.2**	(0.3)

9. NET FINANCE EXPENSE

	31 August 2016 £m	Re-presented 31 August 2015 £m
Finance income on bank deposits	**0.2**	0.5
Finance income on loans to joint ventures (Note 27)	**5.0**	4.9
Finance income on loans to other related parties (Note 27)	**1.1**	0.9
Finance income	**6.3**	6.3
Finance expense on secured bank loans	**(27.3)**	(25.1)
Amortisation of debt issue costs	**(1.5)**	(1.5)
Accretion of fair value adjustments [(1)]	**(3.1)**	(2.7)
Finance lease interest	**(0.8)**	(1.0)
Finance expense	**(32.7)**	(30.3)
Net finance expense	**(26.4)**	(24.0)

[(1)] The accretion includes the release of the residual fair value adjustments on refinanced facilities during the year.

10. OTHER FINANCE INCOME AND EXPENSES

	31 August 2016 £m	31 August 2015 £m
Aviva profit share	**(1.5)**	(1.4)
Re-measurement of Aviva profit share liability	**-**	1.4
Termination of derivative financial instruments	**(0.2)**	-
Other finance costs	**(0.2)**	-
Other finance income and expenses	**(1.9)**	-

11. TAXATION

a) Tax recognised in the consolidated income statement:

	31 August 2016 £m	31 August 2015 £m
Current income tax		
Income tax in respect of current year	**0.6**	3.8
Adjustment in respect of prior years	**(0.7)**	-
Withholding tax	**-**	0.8
Deferred tax		
On fair value of investment property	**(0.2)**	0.4
On accelerated capital allowances	**1.4**	1.1
Tax charge for the year recognised in the consolidated income statement	**1.1**	6.1

No tax was recognised in equity or other comprehensive income during the year (31 August 2015: £Nil).

b) Reconciliation

The tax rate for the year is lower than the standard rate of corporation tax in the UK of 20 per cent (31 August 2015: 20.58 per cent). The differences are explained below:

	31 August 2016 £m	Re-presented 31 August 2015 £m
Profit before tax	**8.6**	84.0
Profit before tax multiplied by standard rate of corporation tax	**1.7**	17.3
Effect of:		
- gain on extinguishment/acquisition of debt	**-**	(6.1)
- loss/(gain) on revaluation of exempt UK investment property	**8.4**	(8.0)
- deferred tax adjustment on revaluation of European investment property	**(0.2)**	0.4
- accelerated capital allowances on European investment property	**1.4**	1.1
- gain on disposal of exempt investment property	**(0.6)**	-
- gain on disposal of subsidiary	**(2.4)**	-
- loss on disposal of investment at fair value	**-**	3.6
- loss on revaluation of non-current assets held for sale	**-**	0.4
- change in fair value of derivative financial instruments	**2.2**	(0.1)
- income not subject to UK income tax	**(9.7)**	(6.0)
- non-resident landlord tax attributable to non-controlling interests	**0.4**	-
- group relief utilised	**(0.1)**	-
- unutilised losses carried forward	**0.3**	-
- other taxable income	**0.1**	2.7
- expenses not deductible for tax	**0.3**	-
- withholding tax	**-**	0.8
- adjustment in respect of prior years	**(0.7)**	-
Tax charge for the year recognised in the consolidated income statement	**1.1**	6.1

In the reconciliation above, the effective tax rate of the Group for the year was 12.8 per cent (31 August 2015: 7.3 per cent).

On 4 December 2013 the Group converted to a UK-REIT. As a result, the Group does not pay UK Corporation Tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Group continue to be subject to corporation tax. The Directors intend for the Group to continue as a REIT for the foreseeable future, with the result that deferred tax is no longer recognised on temporary differences relating to the property rental business which is within the REIT structure.

12. INVESTMENT PROPERTY

31 August 2016	UK Retail £m	UK Commercial £m	UK Hotels £m	Europe £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 September 2015	355.4	153.8	235.1	190.1	**934.4**	642.6	291.8
Additions from acquisition of property [(1)]	213.1	276.6	-	-	**489.7**	407.9	81.8
Acquisition costs	10.5	12.1	-	-	**22.6**	20.1	2.5
Capitalised expenditure	3.0	0.3	1.8	2.7	**7.8**	4.8	3.0
Disposals through the sale of property [(1)]	-	(40.3)	-	-	**(40.3)**	(10.7)	(29.6)
Disposals through the sale of subsidiary (Note 8)	-	-	-	(5.5)	**(5.5)**	(5.5)	-
Disposal of head leases	-	(0.4)	-	-	**(0.4)**	-	(0.4)
(Loss)/gain on revaluation of investment property	(40.1)	5.2	(7.3)	(0.3)	**(42.5)**	(35.2)	(7.3)
Foreign exchange movement in foreign operations	-	-	-	30.6	**30.6**	28.2	2.4
IFRS carrying value at 31 August 2016	**541.9**	**407.3**	**229.6**	**217.6**	**1,396.4**	**1,052.2**	**344.2**
Adjustments:							
Minimum payments under head leases (Note 20)	(7.9)	(3.1)	(0.4)	(1.6)	**(13.0)**	-	(13.0)
Tenant lease incentives (Note 17)	3.1	1.6	-	-	**4.7**	1.9	2.8
Market value at 31 August 2016	**537.1**	**405.8**	**229.2**	**216.0**	**1,388.1**	**1,054.1**	**334.0**
Joint ventures							
Share of joint ventures investment property (Note 14)	-	11.7	-	129.2	140.9	140.9	-
Market value at 31 August 2016 (on a proportionately consolidated basis)	**537.1**	**417.5**	**229.2**	**345.2**	**1,529.0**	**1,195.0**	**334.0**

[(1)] Additions from acquisitions and disposals through the sale of property in UK Commercial have been grossed up to reflect the acquisition and subsequent sale of 16 Grosvenor Street.

31 August 2015	UK Retail £m	UK Commercial £m	UK Hotels £m	Europe £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 September 2014	345.8	131.4	194.2	221.1	892.5	590.1	302.4
Additions from acquisition of property	-	-	27.0	-	27.0	27.0	-
Additions from acquisition of subsidiaries (Note 7)	-	-	-	26.1	26.1	24.1	2.0
Capitalised expenditure	3.6	0.1	-	0.7	4.4	3.0	1.4
Disposals through the sale of property	(5.5)	(1.9)	-	(26.5)	(33.9)	(9.7)	(24.2)
Disposals through the sale of subsidiaries (Note 8)	-	-	-	(11.5)	(11.5)	(11.5)	-
Transfer from assets held for sale (Note 19)	-	14.9	-	-	14.9	13.4	1.5
Gain/(loss) on revaluation of investment property	11.5	9.3	13.9	(3.2)	31.5	21.5	10.0
Foreign exchange movement in foreign operations	-	-	-	(16.6)	(16.6)	(15.3)	(1.3)
IFRS carrying value at 31 August 2015	355.4	153.8	235.1	190.1	934.4	642.6	291.8
Adjustments:							
Minimum payments under head leases (Note 20)	(7.9)	(3.5)	(0.4)	(1.6)	(13.4)	-	(13.4)
Tenant lease incentives (Note 17)	2.1	-	-	-	2.1	0.6	1.5
Market value at 31 August 2015	349.6	150.3	234.7	188.5	923.1	643.2	279.9
Joint ventures							
Share of joint ventures investment property (Note 14)	-	11.9	-	109.6	121.5	119.0	2.5
Market value at 31 August 2015 (on a proportionately consolidated basis)	349.6	162.2	234.7	298.1	1,044.6	762.2	282.4

The tables above present both segmental and market value investment property information prepared on a proportionately consolidated basis. This format is for informational purposes only as it is not a requirement of IFRS but is used in reports presented to the Group's Chief Operating Decision Maker.

In accordance with IAS 40, Paragraph 14, judgement is needed to determine whether a property qualifies as an investment property. The Group has developed criteria so that it can exercise its judgement consistently in recognising investment property. These include, inter alia, property held for long-term capital appreciation, property owned (or under finance leases) and leased out under one or more operating leases; and property that is being developed for future use as investment property. The recognition and classification of property as investment property principally assumes that the Group does not retain significant exposure to the variation in cash flows arising from the underlying operations of properties. Investment property comprises a number of commercial and retail properties that are leased to third parties. The hotel properties are held for capital appreciation and to earn rental income. The properties have been let to RHML and RECML for a fixed rent which is subject to annual review. The annual rent review takes into account the forecast EBITDA for the hotel portfolio when setting the revised rental level.

As detailed in the key judgements and estimates in Note 2.3.3, aside from the payment of rental income to the Group, which resets annually, and its shareholding in RedefineBDL, Redefine International is not involved in the hotel management business and there are limited transactions between Redefine International, RHML and RECML. As a result, hotel properties are classified as investment property in line with IAS 40.

The Group was contractually committed to expenditure of £15.8 million for the future development and enhancement of investment property at 31 August 2016.

The carrying amount of investment property is the fair value of the property as determined by appropriately qualified independent valuers. Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, and in limited circumstances, in aggregation with other assets, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change in arriving at its valuation.

The fair value of the Group's property for the year ended 31 August 2016 was assessed by the valuers in accordance with the Royal Institute of Chartered Surveyors ("RICS") standards and IFRS 13.

The valuations performed by the independent valuers are reviewed internally by senior management and by the Audit and Risk Committee. This includes discussion of the assumptions used by the external valuers, as well as a review of the resulting valuations.

Technique

The fair value of the property portfolio has been determined using either a discounted cash flow or a yield capitalisation technique, whereby contracted and market rental values are capitalised at a market capitalisation rate. The resulting valuations are cross-checked against the net initial yield and the fair market values per square foot derived from comparable recent market transactions.

The valuation technique described above is consistent with IFRS 13 and uses significant "unobservable" inputs. Valuation techniques can change from year-to-year depending on prevailing circumstances and the property's highest and best use at the reporting date.

The Group considers that all of its investment property falls within 'Level 3', as defined by IFRS 13 (refer to Note 26). There has been no transfer of property within the fair value hierarchy over the period.

Sensitivity

An increase or decrease in ERV will increase or decrease the fair value of the Group's investment properties.

An increase or decrease to the net initial yields and reversionary yields will decrease or increase the fair value of the Group's investment properties.

An increase or decrease in the estimated costs of the development will decrease or increase the fair value of the Group's investment properties under development.

There are interrelationships between the unobservable inputs as they are determined by market conditions; an increase in more than one input could magnify or mitigate the impact on the valuation.

The table below summarises the key unobservable inputs used in the valuation of the Group's wholly-owned investment properties at 31 August 2016:

	Market Value (£m)	**Lettable Area (m^2)**	**Average Rent per m^2 (£)**	**Weighted Average Lease Length (years)**	**Weighted Average Net Initial Yield (%)**	**Net Initial Yield (Range)**	**Average Market Rent per m^2 (£)**
UK Retail	537.1	237,694	174.9	8.8	6.3	5.3% - 12.4%	169.3
UK Commercial	405.8	214,077	130.5	6.1	5.4	-1.0% - 32.6%	129.8
UK Hotels	229.2	41,323	362.4	10.3	6.1	4.8% - 7.0%	367.4
Europe	216.0	82,804	156.8	5.1	4.9	0.9% - 16.9%	168.9
	1,388.1						

13. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

The following table details the movement in investments designated at fair value:

	31 August 2016 £m	31 August 2015 £m
Opening balance at 1 September	**-**	97.8
Transfer from investment in associate (Note 15)	**3.8**	-
Additions of investment at fair value	**4.9**	-
Disposal of investment at fair value	**-**	(80.2)
Loss on revaluation of investment at fair value	**(0.8)**	-
Loss on disposal of investment at fair value	**-**	(17.6)
Closing balance	**7.9**	-

The Group disposed of its shareholding of 172,833,576 securities in Cromwell on 31 August 2015 at a price of AUD $1.00 per share. The total consideration for the share disposal of AUD $172.8 million (£80.2 million), receivable at year-end 31 August 2015 (Note 17), was received on 3 September 2015. No capital gains tax arose on the disposal.

On 14 October 2015, the Company acquired, by way of private placement, 3.8 million shares in the newly listed International Hotel Properties Limited (formerly International Hotel Group Limited) for £3.8 million. On the date of listing this represented 25.4% of the entity's issued share capital and the shareholding was accounted for as an investment in associate on initial recognition.

On 20 October 2015, the Company acquired 3.1 million additional shares for £3.1 million as part of a £13.0 million private placement by IHL, diluting RI PLC's interest to 13.2%. Significant influence over the operations of IHL was deemed to have ceased from this date and therefore the shareholding was re-classified from investment in associate to investment at fair value through profit or loss (Note 15).

On 31 March 2016, the Company acquired an additional 1.5 million shares in IHL for £1.5 million, as a result of a £7.0 million private placement increasing its interest to 15.3%.

On 20 April 2016, IHL acquired RBDL Capital Managers Limited from RedefineBDL for consideration of £1.0 million which was settled in the form of 1.0 million shares in IHL. RedefineBDL distributed these shares to its shareholders of which the Group received 254,084 shares.

As at 31 August 2016, the Group's investment at fair value of £7.9 million relates to its shareholding of 8,656,834 shares or 15.5% of IHL's 56 million issued shares, acquired for a total cash consideration of £8.4 million. No change in the Group's influence has occurred in the period since October 2015.

Refer to Note 2.3.2 for further information on the classification of IHL as an investment at fair value through profit or loss at 31 August 2016.

14. INVESTMENT IN AND LOANS TO JOINT VENTURES

Investment in joint ventures	**31 August 2016 £m**	Re-presented 31 August 2015 £m
Opening balance at 1 September	**3.6**	4.1
Increase in interest in joint ventures	**-**	1.2
Disposal of joint venture on acquisition of additional shareholding	**-**	(2.6)
Share of post-tax profit from joint ventures	**1.4**	2.0
Foreign currency gain/(loss)	**0.8**	(1.1)
Closing balance	**5.8**	3.6

Loans to joint ventures	**31 August 2016 £m**	Re-presented 31 August 2015 £m
Opening balance at 1 September	**44.6**	12.3
Increase in loans to joint ventures	**0.5**	37.0
Reversal of impairment/(impairment) of loans to joint ventures	**2.6**	(3.8)
Repayments received from joint ventures	**(2.6)**	(0.2)
Foreign currency gain/(loss)	**7.8**	(0.7)
Closing balance	**52.9**	44.6
Carrying value of joint ventures	**58.7**	48.2

The Group's joint ventures consist of the following investments as presented in the tables of this note:

Material

(i) 49% interest in Wichford VBG Holding S.à.r.l., a joint venture with Menora Mivtachim, which ultimately owns government-let properties in Dresden, Berlin, Stuttgart and Cologne, Germany. Following an assessment of the rights of each Shareholder under the Shareholder Agreement this entity is a joint venture of the Group;

(ii) 50.5% interest in RI Menora German Holdings S.à.r.l., a joint venture with Menora Mivtachim, which ultimately owns properties in Waldkraiburg, Hucklehoven and Kaiserslautern, Germany. Notwithstanding the economic shareholding the contractual terms provide for joint control and so the Company does not control the entity; and

(iii) 50% interest in Leopard Holding Germany 1 S.à.r.l., Leopard German Property Ed1, Ed2, Ed3 and Ed4, LGP ME1 and ME2 S.à.r.l. and LGP Ed2 GmbH & Co KG, a joint venture with Redefine Properties Limited ("RPL"), the Company's largest Shareholder. These companies hold 56 retail properties in Germany comprising a mix of stand-alone supermarkets, food-store anchored retail parks and cash and carry stores. Collectively known as the Leopard Portfolio, the joint venture also includes two entities in which the Group previously held a 100% ownership interest, Ciref Berlin 1 Limited and CEL Portfolio 2 Limited & Co.KG.

The Group's interest in joint venture entities is in the form of:

1) an interest in the share capital of the joint venture companies; and
2) loans advanced to the joint venture entities. These loans bear interest at between 4.75-10 per cent and have remaining maturities of 10 years.

RI Menora German Holdings S.à.r.l. and Wichford VBG Holding S.à.r.l. both have accounting year ends of 31 December which differs from the year-end of the Group, the purpose of which is to align with the year-end of the joint venture partner, Menora Mivtachim.

Other

(i) 50% in 26 Esplanade No 1 Limited, a joint venture with Rimstone Limited, which ultimately owns an office building in St. Helier, Jersey;

(ii) 50% in Pearl House Swansea Limited, a joint venture with Sandgate Properties Limited, which owned a long leasehold retail interest in Swansea, Wales (the joint venture properties were sold on 11 August 2015);

(iii) 50% in Swansea Estates Limited, a joint venture with Sandgate Properties Limited, which owned a long leasehold retail interest in Swansea, Wales (the joint venture properties were sold on 11 August 2015); and

(iv) 50% in Ciref Crawley Limited, a joint venture with Graymont Limited. The joint venture properties in Crawley, Surrey were sold on 20 November 2014.

Joint ventures classified as 'Other' are carried at £Nil value in the opening balance of the Group's financial statements at 1 September 2015 and remain at £Nil at 31 August 2016. These investments are in a net liability position with the cumulative losses exceeding the cost of the Group's investment. The Group does not recognise losses below its original cost in these investments but continues to impair any loans advanced to their recoverable amounts in line with IAS 28. These losses amounted to £1.6 million at 31 August 2016 (31 August 2015: £1.4 million).

Acquisition of Joint Ventures

On 29 January 2015 the Group, in joint venture with RPL, acquired an interest in Leopard Germany Holding 1 S.à.r.l. and Leopard German Property ED1, 2, 3 and 4 and ME1 and ME2 S.à.r.l. and ED2 GmbH & Co KG. These companies hold 56 retail properties in Germany.

Included in the Leopard Portfolio are two entities in which the Group previously held 100% ownership interest, Ciref Berlin 1 Limited and CEL Portfolio 2 Limited & Co.KG. Now reported as part of jointly controlled entities, both were accounted for as disposed subsidiaries during the 2015 financial year (Note 8).

Disposal of Joint Ventures

On 19 December 2014, the Group acquired an additional 44.9% shareholding in Ciref Premium Holdings Limited (previously named Ciref Nepi Holdings Limited) from its joint venture partner, New Europe Property (BVI) Limited for a consideration of €3.6 million (£2.8 million) bringing the Group's interest in Ciref Premium Holdings Limited to 93.9%. See Note 7 for further details of the acquisition.

In the 2015 financial statements, the Group recognised a gain on the disposal of this joint venture of £0.5 million being the difference between the carrying value of the joint venture on the date of the disposal and the fair value of the Group's share of net assets. An amount of £0.1 million relating to the foreign currency translation reserve was also recycled to the consolidated income statement on the deemed sale of the Group's interest in the joint venture resulting in an overall gain of £0.6 million.

Summarised Financial Information

The summarised financial information of the Group's material joint ventures are set out separately below:

31 August 2016	Wichford VBG Holding S.à.r.l. £m	RI Menora German Holdings S.à.r.l. £m	Leopard Portfolio £m	Other £m	Total £m	Elimination of joint venture partners' interest £m	Proportionate Total £m
Percentage ownership interest	49%	50.5%	50%				
Summarised Income Statement							
Rental income	**6.2**	**1.6**	**10.8**	**1.5**	**20.1**	**(10.1)**	**10.0**
Rental expense	**(0.4)**	**(0.2)**	**(1.7)**	**-**	**(2.3)**	**1.2**	**(1.1)**
Net rental income	**5.8**	**1.4**	**9.1**	**1.5**	**17.8**	**(8.9)**	**8.9**
Other income	**-**	**-**	**0.1**	**1.0**	**1.1**	**(0.5)**	**0.6**
Administrative costs and other fees	**(0.5)**	**(0.1)**	**(0.3)**	**(0.1)**	**(1.0)**	**0.5**	**(0.5)**
Net operating income	**5.3**	**1.3**	**8.9**	**2.4**	**17.9**	**(8.9)**	**9.0**
Gain/(loss) on revaluation of investment property	**2.7**	**0.5**	**(0.2)**	**(0.4)**	**2.6**	**(1.3)**	**1.3**
Net finance expense	**(5.7)**	**(0.8)**	**(5.9)**	**(0.9)**	**(13.3)**	**6.6**	**(6.7)**
Other finance expense	**-**	**(0.1)**	**(0.1)**	**-**	**(0.2)**	**0.1**	**(0.1)**
Gain/(loss) on financial liabilities	**7.3**	**(0.6)**	**(1.4)**	**-**	**5.3**	**(2.8)**	**2.5**
Change in fair value of derivative financial instruments	**-**	**0.1**	**(1.5)**	**(2.1)**	**(3.5)**	**1.8**	**(1.7)**
Profit/(loss) before tax	**9.6**	**0.4**	**(0.2)**	**(1.0)**	**8.8**	**(4.5)**	**4.3**
Taxation	**(0.3)**	**(0.2)**	**(0.5)**	**-**	**(1.0)**	**0.5**	**(0.5)**
Profit/(loss) and total comprehensive income/(expense)	**9.3**	**0.2**	**(0.7)**	**(1.0)**	**7.8**	**(4.0)**	**3.8**
Reconciliation to IFRS:							
Elimination of non-controlling and joint venture partners' interest	**(4.7)**	**(0.1)**	**0.3**	**0.5**	**(4.0)**	**4.0**	**-**
Movement in losses restricted in joint ventures	**-**	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
Group share of joint venture results	**4.6**	**0.1**	**(0.4)**	**(0.3)**	**4.0**	**-**	**4.0**
Presented as:							
Reversal of impairment / (impairment) of loans to joint ventures	**3.6**	**(0.3)**	**(0.4)**	**(0.3)**	**2.6**	**-**	**2.6**
Share of post-tax profit from joint ventures	**1.0**	**0.4**	**-**	**-**	**1.4**	**-**	**1.4**
Summarised Balance Sheet							
Investment property	**82.9**	**26.5**	**150.4**	**23.4**	**283.2**	**(142.3)**	**140.9**
Derivative financial instruments	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.1**
Trade and other receivables	**-**	**1.0**	**1.0**	**0.1**	**2.1**	**(1.1)**	**1.0**
Cash and cash equivalents	**1.5**	**0.3**	**2.4**	**0.4**	**4.6**	**(2.3)**	**2.3**
Total assets	**84.4**	**27.8**	**153.9**	**23.9**	**290.0**	**(145.7)**	**144.3**
Borrowings	**(47.7)**	**(15.0)**	**(73.7)**	**(18.0)**	**(154.4)**	**77.6**	**(76.8)**
Derivative financial instruments	**(0.6)**	**(0.2)**	**(0.1)**	**(8.7)**	**(9.6)**	**4.8**	**(4.8)**
Deferred tax	**-**	**(1.0)**	**(2.9)**	**-**	**(3.9)**	**2.0**	**(1.9)**
Other non-current liabilities [(3)]	**(24.9)**	**(7.7)**	**(83.8)**	**(6.6)**	**(123.0)**	**61.7**	**(61.3)**
Trade and other payables	**(4.2)**	**(1.0)**	**(2.9)**	**(0.4)**	**(8.5)**	**4.6**	**(3.9)**
Total liabilities	**(77.4)**	**(24.9)**	**(163.4)**	**(33.7)**	**(299.4)**	**150.7**	**(148.7)**
Non-controlling interests	**(0.1)**	**(0.3)**	**(0.3)**	**-**	**(0.7)**	**-**	**(0.7)**
Net assets/(liabilities)	**6.9**	**2.6**	**(9.8)**	**(9.8)**	**(10.1)**	**5.0**	**(5.1)**
Reconciliation to IFRS:							
Elimination of joint venture partners' interests	**(3.5)**	**(1.4)**	**5.0**	**4.9**	**5.0**	**(5.0)**	**-**
Fair value on acquisition of joint venture interest	**-**	**-**	**0.9**	**-**	**0.9**	**-**	**0.9**
Loan to joint ventures [(1)]	**12.2**	**3.9**	**41.9**	**-**	**58.0**	**-**	**58.0**
Interest in joint ventures not recognised	**-**	**-**	**-**	**3.3**	**3.3**	**-**	**3.3**
Cumulative losses restricted [(2)]	**-**	**-**	**-**	**1.6**	**1.6**	**-**	**1.6**
Carrying value of joint ventures	**15.6**	**5.1**	**38.0**	**-**	**58.7**	**-**	**58.7**

[(1)] Loans to joint ventures includes the opening balance, any advances or repayments and foreign currency movements during the year.

[(2)] Cumulative losses restricted represent the Group's share of losses in joint ventures which exceed the cost of the Group's investment. As a result, the carrying value of the investment is £Nil in accordance with the requirements of IAS 28.

[(3)] Other non-current liabilities in the current year relate solely to shareholder loans that eliminate on proportionate consolidation and therefore they are not presented in segmental information included in Note 3.

Re-presented 31 August 2015	Wichford VBG Holding S.à.r.l. £m	RI Menora German Holdings S.à.r.l. £m	Leopard Portfolio £m	Other £m	Total £m	Elimination of joint venture partners' interest £m	Proportionate Total £m
Percentage ownership interest	49%	50.5%	50%				
Summarised Income Statement							
Rental income	6.0	1.6	5.2	2.1	14.9	(7.6)	7.3
Rental expense	(0.1)	(0.1)	(1.0)	(0.1)	(1.3)	0.6	(0.7)
Net rental income	5.9	1.5	4.2	2.0	13.6	(7.0)	6.6
Administrative costs and other fees	(0.2)	(0.2)	(0.1)	(0.1)	(0.6)	0.3	(0.3)
Net operating income	5.7	1.3	4.1	1.9	13.0	(6.7)	6.3
Gain on revaluation of investment property	2.7	2.0	2.9	0.5	8.1	(4.1)	4.0
Net finance expense	(8.1)	(0.9)	(2.7)	(1.7)	(13.4)	6.7	(6.7)
Other finance expenses	-	-	(7.2)	-	(7.2)	3.6	(3.6)
Change in fair value of derivative financial instruments	0.1	0.3	0.1	(0.3)	0.2	(0.1)	0.1
Profit/(loss) before tax	0.4	2.7	(2.8)	0.4	0.7	(0.6)	0.1
Taxation	-	(0.5)	(2.0)	0.6	(1.9)	1.1	(0.8)
Profit/(loss) and total comprehensive income/(expense)	0.4	2.2	(4.8)	1.0	(1.2)	0.5	(0.7)
Reconciliation to IFRS:							
Elimination of non-controlling and joint venture partners' interests	(0.2)	(1.1)	2.2	(0.4)	0.5	(0.5)	-
Movement in losses restricted in joint ventures	-	-	-	(1.1)	(1.1)	-	(1.1)
Group share of joint venture results	**0.2**	**1.1**	**(2.6)**	**(0.5)**	**(1.8)**	**-**	**(1.8)**
Presented as:							
Impairment of loans to joint ventures	**-**	**-**	**(2.6)**	**(1.2)**	**(3.8)**	**-**	**(3.8)**
Share of post-tax profit from joint ventures	**0.2**	**1.1**	**-**	**0.7**	**2.0**	**-**	**2.0**
Summarised Balance Sheet							
Investment property	68.6	22.3	129.7	23.8	244.4	(122.9)	121.5
Derivative financial instruments	0.1	-	0.5	-	0.6	(0.3)	0.3
Trade and other receivables	6.1	0.7	0.3	0.4	7.5	(3.8)	3.7
Cash and cash equivalents	0.8	0.1	3.7	-	4.6	(2.3)	2.3
Total assets	75.6	23.1	134.2	24.2	257.1	(129.3)	127.8
Borrowings	(41.2)	(13.0)	(62.5)	(20.3)	(137.0)	68.9	(68.1)
Derivative financial instruments	(0.8)	(0.3)	-	(6.6)	(7.7)	3.9	(3.8)
Other non-current liabilities	(23.7)	(7.1)	(73.2)	(5.2)	(109.2)	54.9	(54.3)
Trade and other payables	(6.1)	(0.1)	(2.4)	(0.9)	(9.5)	5.0	(4.5)
Total liabilities	(71.8)	(20.5)	(138.1)	(33.0)	(263.4)	132.7	(130.7)
Non-controlling interests	-	(0.2)	(0.3)	-	(0.5)	-	(0.5)
Net assets/(liabilities)	3.8	2.4	(4.2)	(8.8)	(6.8)	3.4	(3.4)
Reconciliation to IFRS:							
Elimination of joint venture partners' interests	(1.9)	(1.2)	2.1	4.4	3.4	(3.4)	-
Fair value on acquisition of joint venture interest	-	-	0.8	-	0.8	-	0.8
Loan to joint ventures [(1)]	6.9	3.3	36.2	-	46.4	-	46.4
Interest in joint ventures not recognised	-	-	-	3.0	3.0	-	3.0
Cumulative losses restricted [(2)]	-	-	-	1.4	1.4	-	1.4
Carrying value of joint ventures	**8.8**	**4.5**	**34.9**	**-**	**48.2**	**-**	**48.2**

[(1)] Loans to joint ventures includes the opening balance, any advances or repayments and foreign currency movements during the year.

[(2)] Cumulative losses restricted represent the Group's share of losses in joint ventures which exceed the cost of the Group's investment. As a result, the carrying value of the investment is £Nil in accordance with the requirements of IAS 28.

15. INVESTMENT IN ASSOCIATE

	31 August 2016 £m	31 August 2015 £m
Opening balance at 1 September	**8.0**	8.0
Additions	**9.8**	-
Transfer to investment at fair value through profit or loss (Note 13)	**(3.8)**	-
Share of post-tax profit from associate	**1.7**	0.6
Distributions from associate	**(2.3)**	(0.6)
Impairment of investment in associate	**(3.2)**	-
Carrying value of net investment in associate at 31 August	**10.2**	8.0

At 31 August 2016, investment in associate relates to the Group's 25.3% shareholding in RedefineBDL.

On 14 October 2015, the Company acquired, by way of private placement, 3.8 million shares in the newly listed IHL for £3.8 million. On the date of listing this represented 25.4% of the entity's issued share capital and the investment was classified as an associate on initial recognition. On 20 October 2015, this interest was diluted to 13.2% resulting in reclassification to investment at fair value through profit or loss (Note 13).

On 30 August 2016, the Group settled amounts advanced to RedefineBDL by way of an equity contribution of £6.0 million. The equity contribution did not result in a further issue of shares to the Group or increase the Group's percentage interest in the associate. The equity contribution has been recognised in other reserves in the underlying financial statements of RedefineBDL.

Following an impairment review, the recoverable amount attributable to the Group's net investment in RedefineBDL based on an earnings multiple was deemed to be £10.2 million at 31 August 2016. This resulted in an impairment charge to the consolidated income statement of £3.2 million.

Distributions from associate for the year ended 31 August 2016 are comprised of £2.0 million cash distributions and £0.3 million relating to the distribution of 254,084 shares in IHL. Refer to Note 13 for further information.

Summarised Financial Information

The summarised financial information of RedefineBDL is set out below.

	31 August 2016 £m	31 August 2015 £m
Summarised Income Statement		
Revenue	**12.6**	8.3
Other income	**6.3**	2.7
Expenses	**(10.9)**	(8.2)
Profit from operations	**8.0**	2.8
Taxation	**(1.4)**	(0.3)
Profit for the year	**6.6**	2.5
Elimination of third party interest	**(4.9)**	(1.9)
Share of post-tax profit from associate	**1.7**	0.6
Summarised Balance Sheet		
Non-current assets	**7.8**	6.7
Intangible asset	**28.1**	28.1
Trade and other receivables	**6.7**	6.4
Cash and cash equivalents	**3.2**	8.1
Total assets	**45.8**	49.3
Non-current liabilities	**-**	(0.8)
Current liabilities	**(10.6)**	(17.0)
Total liabilities	**(10.6)**	(17.8)
Net assets	**35.2**	31.5
Elimination of third party interest	**(26.3)**	(23.5)
Share of net assets attributable to the Group	**8.9**	8.0
Net contributions attributable to Group less impairment charge	**1.3**	-
Carrying value of net investment in associate at 31 August	**10.2**	8.0

16. INTANGIBLE ASSETS

	31 August 2016 £m	31 August 2015 £m
Opening balance at 1 September	**1.5**	1.7
Amortisation	**(0.2)**	(0.2)
Closing balance at 31 August	**1.3**	1.5

Intangible assets were recognised on the acquisition of Redefine International Management Holdings Limited ("RIMH") and represented the fair value of the advisory agreements acquired by the Group. The value attributed to the contracts between RIMH and third parties including joint ventures of the Group and the non-controlling element of properties held by the Group of £1.9 million is being amortised on a straight line basis over the remaining terms of the contracts, which have an average life of eight years.

17. TRADE AND OTHER RECEIVABLES

	31 August 2016 £m	31 August 2015 £m
Consideration receivable in respect of Cromwell disposal proceeds	**-**	80.2
Net consideration receivable after tax on Swiss disposal proceeds	**-**	22.4
Consideration outstanding on disposed subsidiaries	**-**	1.0
Amounts receivable from related parties (Note 27)	**20.0**	28.9
Rent receivable	**1.5**	2.6
Prepayments and accrued income	**1.2**	0.5
Tenant lease incentives (Note 12)	**4.7**	2.1
Other receivables	**4.0**	1.5
Trade and other receivables	**31.4**	139.2

18. CASH AND CASH EQUIVALENTS

	31 August 2016 £m	31 August 2015 £m
Bank balances	**28.7**	65.3
Call deposits	**-**	20.4
Unrestricted cash and cash equivalents	**28.7**	85.7
Restricted cash and cash equivalents	**3.3**	7.9
Cash and cash equivalents	**32.0**	93.6

At 31 August 2016, cash and cash equivalents to which the Group did not have instant access amounted to £3.3 million (31 August 2015: £7.9 million). This balance is held with Aviva in relation to the developments at Birchwood Warrington, Weston Favell and proposed developments at Grand Arcade Wigan.

Cash and cash equivalents at 31 August 2016 was £32.0 million (31 August 2015: £93.6 million). The Group's share of cash and cash equivalents, including its share of joint ventures, at 31 August 2016 was £34.3 million (31 August 2015: £95.9 million), with a further £23.0 million available within undrawn committed facilities.

19. NON-CURRENT ASSETS HELD FOR SALE

	Subsidiaries £m	Property £m	Total £m
Opening balance at 1 September 2014	-	51.9	51.9
Additions	8.8	-	8.8
Transfers to investment property (Note 12)	-	(14.9)	(14.9)
Disposals	(8.8)	(35.1)	(43.9)
Loss on revaluation of non-current assets held for sale	-	(1.9)	(1.9)
Closing balance at 31 August 2015 and 31 August 2016	**-**	**-**	**-**

The Group restructured the £114.6 million Delta facility in October 2012 requiring it to meet certain disposal targets. In line with this agreement, the Group disposed of ten regional office properties within the Delta portfolio for an aggregate consideration of £35.1 million on 7 October 2014. The proceeds of these sales were utilised to reduce the Delta facility loan balance. In April and May 2015, the Group then acquired the remaining three Delta properties from the security pool with the related proceeds applied to the repayment of debt and the assets being transferred to investment property, as referenced in Note 12.

The Group also acquired and disposed of two hotels during the 2015 financial year. These were held in subsidiaries and due to the short-term nature of the investments were classified as assets held for sale. Their disposal on the 28 August 2015 resulted in a net gain of £0.6 million at year-end.

On 4 December 2015, the Group acquired Circuit Limited for £Nil consideration and advanced a loan of £2.0 million to the company. Circuit Limited held the freehold interest in a commercial property in Dudley, West Midlands. Circuit Limited was acquired exclusively with a view to subsequent re-sale and was therefore classified as held for sale on acquisition. On 11 December 2015, the Group exchanged contracts with Koral Bay Limited to dispose of the company for £0.2 million and to novate the loan advanced of £2.0 million. The sale completed on 22 March 2016 and the Group realised a profit of £0.2 million (after transaction costs). The Group earned rental income of £0.1 million from the underlying property during the period of ownership.

20. BORROWINGS, INCLUDING FINANCE LEASES

	31 August 2016 £m	31 August 2015 £m
Non-current		
Bank loans	**740.4**	506.6
Less: unamortised debt issue costs	**(4.1)**	(1.8)
Aviva profit share	**4.2**	3.0
Finance leases	**12.3**	12.7
Total non-current borrowings, including finance leases	**752.8**	520.5
Current		
Bank loans	**12.7**	38.0
Less: unamortised debt issue costs	**(1.2)**	(1.1)
Vendor loan	**0.6**	0.6
Aviva profit share	**-**	1.2
Finance leases	**0.7**	0.7
Total current borrowings, including finance leases	**12.8**	39.4
Total borrowings, including finance leases	**765.6**	559.9

As part of the terms of the Aviva debt restructure in 2013, Aviva have retained the right to participate in 50 per cent of the income growth generated by Grand Arcade Shopping Centre, Wigan (after all costs, expenses and interest). The profit share element is recognised as a financial liability since it varies in relation to a non-financial variable specific to a party to the contract. It has been recognised initially at fair value and thereafter will be carried at amortised cost. The capital appreciation element is not recognised as a provision but separately disclosed as a contingent liability (Note 33).

Finance lease liabilities are in respect of leasehold interests in investment property. They are effectively secured obligations, as the rights to the leased asset revert to the lessor in the event of default.

Bank loans

The Group's bank loans are secured over investment property of £1,383.0 million (31 August 2015: £908.2 million) and are carried at amortised cost. On a proportionately consolidated basis, bank loans are secured over investment property of £1,523.9 million (31 August 2015: £1,029.7 million).

	31 August 2016			31 August 2015		
	Carrying Value £m	**Nominal Value £m**	**Fair Value £m**	Carrying Value £m	Nominal Value £m	Fair Value £m
Non-current liabilities						
Bank loans	**740.4**	**759.8**	**781.6**	506.6	527.5	520.8
Less: unamortised debt issue costs	**(4.1)**	**-**	**-**	(1.8)	-	-
Total non-current bank loans	**736.3**	**759.8**	**781.6**	504.8	527.5	520.8
Current liabilities						
Bank loans	**12.7**	**13.8**	**13.8**	38.0	40.2	36.4
Less: unamortised debt issue costs	**(1.2)**	**-**	**-**	(1.1)	-	-
Total current bank loans	**11.5**	**13.8**	**13.8**	36.9	40.2	36.4
Total IFRS bank loans	**747.8**	**773.6**	**795.4**	541.7	567.7	557.2
Joint ventures						
Share of joint ventures bank loans	**77.0**	**77.0**	**77.0**	68.3	69.1	69.1
Share of joint ventures unamortised debt issue costs	**(0.2)**	**-**	**-**	(0.2)	-	-
Total bank loans (on a proportionately consolidated basis)	**824.6**	**850.6**	**872.4**	709.8	636.8	626.3
Cash and cash equivalents	**(32.0)**	**(32.0)**	**(32.0)**	(93.6)	(93.6)	(93.6)
Share of joint ventures cash and cash equivalents	**(2.3)**	**(2.3)**	**(2.3)**	(2.3)	(2.3)	(2.3)
Net debt (on a proportionately consolidated basis)	**790.3**	**816.3**	**838.1**	613.9	540.9	530.4

The table above presents bank loans, cash and cash equivalents and net debt information prepared on a proportionately consolidated basis. This format is for informational purposes only as it is not a requirement of IFRS but is used in reports presented to the Group's Chief Operating Decision Maker.

The Group considers that all bank loans fall within 'Level 3', as defined by IFRS 13 (refer to Note 26). The fair value of fixed rate borrowings has been determined based on discounting cash flows under the relevant agreements at a market interest rate for similar debt instruments. The market interest rate has been determined having regard to the term, duration and security arrangements of the relevant loans and an estimation of the current rates charged in the market for similar instruments issued to companies of similar sizes. The nominal value of floating rate borrowings has been considered a reasonable approximation of fair value.

The maturity of bank loans excluding joint ventures and gross of unamortised debt issue costs is as follows:

	31 August 2016 £m	31 August 2015 £m
Non-current		
Between one year and five years	**471.8**	228.2
More than five years	**268.6**	278.4
	740.4	506.6
Current		
Less than one year	**12.7**	38.0
	12.7	38.0

Certain borrowing agreements contain financial and other covenants that, if contravened, could alter the repayment profile.

Finance leases

Obligations under finance leases at the reporting date are as follows:

	31 August 2016 £m	31 August 2015 £m
Minimum lease payments under finance leases obligations:		
Not later than one year	**0.7**	0.7
Later than one year not later than five years	**3.0**	3.1
Later than five years	**88.6**	90.7
	92.3	94.5
Less: finance charges allocated to future periods	**(79.3)**	(81.1)
Present value of minimum lease payments	**13.0**	13.4

Present value of minimum finance lease obligations:		
Not later than one year	**0.7**	0.7
Later than one year not later than five years	**2.5**	2.5
Later than five years	**9.8**	10.2
Present value of minimum lease payments	**13.0**	13.4

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into interest rate swaps and interest rate cap agreements to manage the risks arising from the Group's operations and its sources of finance.

Interest rate swaps and caps are employed by the Group to manage the interest rate profile of financial liabilities. In accordance with the terms of borrowing arrangements, the Group has entered into interest rate swap agreements to convert borrowings from floating to fixed interest rates thus eliminating potential future exposure to interest rate fluctuations. Likewise, interest rate caps are used to limit the exposure to any significant increases in the current low interest rates in the market.

It is the Group's policy that no economic trading in derivatives is undertaken.

	31 August 2016 £m	31 August 2015 £m
Derivative Assets		
Non-current		
Interest rate cap asset	**0.8**	1.8
	0.8	1.8
Derivative Liabilities		
Non-current		
Interest rate swap liabilities	**(12.6)**	(3.4)
	(12.6)	(3.4)
Derivative Liabilities		
Current		
Interest rate swap liabilities	**-**	(0.9)
	-	(0.9)
Net derivative financial instruments	**(11.8)**	(2.5)

The Group's interest rate cap asset is at a rate of 3 per cent and matures in November 2021. Interest rate swap liabilities have maturities from December 2018 until April 2021, at a range of swap rates from 0.4 – 2.0 per cent.

22. DEFERRED TAX

The table below presents the recognised deferred tax liability and movement during the year:

	Fair value of investment property £m	**Accelerated capital allowances £m**	**Total £m**
Opening balance at 31 August 2014	0.2	0.5	0.7
Expense for the year recognised in the income statement	0.4	1.1	1.5
Opening balance 1 September 2015	0.6	1.6	2.2
(Credit)/expense for the year recognised in the income statement	(0.2)	1.4	1.2
Closing balance at 31 August 2016	**0.4**	**3.0**	**3.4**

Net deferred tax assets not recognised amounted to £7.3 million (31 August 2015: £15.7 million).

23. TRADE AND OTHER PAYABLES

	31 August 2016 £m	31 August 2015 £m
Rent received in advance	**4.8**	3.1
Trade payables	**0.5**	2.8
Amounts payable to related parties (Note 27)	**-**	0.4
Accrued interest	**2.9**	2.0
Taxes payable	**6.7**	9.8
Other payables	**8.9**	5.5
Trade and other payables	**23.8**	23.6

24. SHARE CAPITAL AND SHARE PREMIUM

AUTHORISED

	Number of Shares	Authorised Share Capital £m
- At 31 August 2015 (Ordinary shares of 8 pence each)	1,800,000,000	144.0
- At 31 August 2016 (Ordinary shares of 8 pence each)	**3,000,000,000**	**240.0**

ISSUED, CALLED UP AND FULLY PAID

	Number of Shares	Share capital £m	Share premium £m
31 August 2014	1,296,097,349	103.7	314.5
Scrip dividend – issued December 2014	23,811,486	1.9	9.8
Share placement – issued March 2015	131,414,138	10.5	59.5
Scrip dividend – issued June 2015	23,008,358	1.8	11.2
31 August 2015	1,474,331,331	117.9	395.0
Scrip dividend – issued December 2015	21,235,556	1.7	9.5
Share placement – issued February 2016	270,588,236	21.7	87.4
Scrip dividend – issued June 2016	28,443,527	2.3	10.2
31 August 2016	**1,794,598,650**	**143.6**	**502.1**

SHARE CAPITAL AND SHARE PREMIUM

In October 2014, the Company declared a second interim dividend of 1.7 pence per share for year ended 31 August 2014 and offered shareholders an election to receive either a scrip dividend by way of an issue of new Redefine International shares credited as fully paid up or a cash dividend. The Company received election forms from shareholders holding 748.7 million ordinary shares of 8 pence each representing a 58 per cent take up by shareholders, in respect of which 23.8 million scrip dividend shares were issued in December 2014.

In March 2015, the Company completed a placing of 131.4 million new ordinary shares of 8 pence each for an aggregate nominal value of £10.5 million. The placing generated proceeds of £70.0 million (net of costs).

In April 2015, the Company declared an interim dividend of 1.6 pence per share for the six months ended 28 February 2015 and offered shareholders an election to receive either a scrip dividend by way of an issue of new Redefine International shares credited as fully paid up or a cash dividend. The Company received election forms from shareholders holding 866.4 million ordinary shares of 8 pence each representing a 60 per cent take up by Shareholders, in respect of which 23.0 million scrip dividend shares were issued in June 2015.

In October 2015, the Company declared a second interim dividend of 1.65 pence per share for the year ended 31 August 2015 and again offered shareholders an election to receive either a scrip dividend by way of an issue of new Redefine International shares credited as fully paid up or a cash dividend. The Company received election forms from shareholders holding 699.1 million ordinary shares of 8 pence each representing a 47 per cent take up by shareholders, in respect of which 21.2 million scrip dividend shares were issued in December 2015.

In February 2016, the Company completed a placing of 270.6 million new ordinary shares of 8 pence each for an aggregate nominal value of £21.7 million. The placing generated proceeds of £109.1 million (net of costs).

In April 2016, the Company declared an interim dividend of 1.625 pence per share for the six months ended 29 February 2016 and again offered shareholders an election to receive either a scrip dividend by way of an issue of new Redefine International shares credited as fully paid up or a cash dividend. The Company received election forms from shareholders holding 907.4 million ordinary shares of 8 pence each representing a 51 per cent take up by shareholders, in respect of which 28.4 million scrip dividend shares were issued in June 2016.

25. RESERVES

REVERSE ACQUISITION RESERVE

The reverse acquisition reserve of £134.3 million arose on the reverse acquisition of the Company (Wichford P.L.C., subsequently renamed Redefine International) by Redefine International Holdings Limited ("RIHL") and comprises the difference between the capital structure of the Company and RIHL.

OTHER RESERVES

Share-Based Payment Reserve

The share-based payment reserve at 31 August 2016 of £2.2 million (31 August 2015: £1.0 million) arises from conditional awards of shares in the Company made to certain employees and the Executive Directors. The awards will vest on the third anniversary of grant, subject to meeting certain performance conditions.

Other Reserves

Other reserves of £1.0 million (31 August 2015: £1.0 million) arose from the acquisition of subsidiaries.

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve at 31 August 2016 of £10.8 million (31 August 2015: debit of £2.4 million) represents exchange differences arising from the translation of the Group's net investment in subsidiary and joint venture foreign operations.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

BASIS FOR DETERMINING FAIR VALUES

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using net present value and discounted cash flow models and comparisons to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, foreign currency exchange rates and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for simple over the counter derivatives, e.g. interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The tables below present information about the Group's financial assets and liabilities measured at fair value as of 31 August 2016 and 31 August 2015.

	Level 1 £m	Level 2 £m	Level 3 £m	Total Fair Value £m
31 August 2016				
Financial assets				
Investment at fair value (Note 13)	**7.9**	**-**	**-**	**7.9**
Derivative financial assets (Note 21)	**-**	**0.8**	**-**	**0.8**
	7.9	**0.8**	**-**	**8.8**
Financial liabilities				
Derivative financial liabilities (Note 21)	**-**	**(12.6)**	**-**	**(12.6)**
	-	**(12.6)**	**-**	**(12.6)**
31 August 2015				
Financial assets				
Derivative financial assets (Note 21)	-	1.8	-	1.8
	-	1.8	-	1.8
Financial liabilities				
Derivative financial liabilities (Note 21)	-	(4.3)	-	(4.3)
	-	(4.3)	-	(4.3)

No financial instruments were transferred between levels during the year.

The newly acquired investment in IHL has been categorised as a Level 1 investment and priced using quoted prices in an active market; the AltX of the JSE. Interest rate swaps and caps have been categorised as Level 2 as although they are priced using directly observable inputs, the instruments are not traded in an active market. As stated in Note 12 and 20 respectively, the Group considers all investment property and loan borrowings to be categorised as Level 3.

For loans to joint ventures, trade and other receivables, cash and cash equivalents, finance leases and trade and other payables, it is considered that their carrying values are deemed to be a reasonable approximation of fair value.

27. RELATED PARTY TRANSACTIONS

Related parties of the Group include; associate undertakings; joint ventures; Directors and key management personnel; connected parties; the major Shareholder RPL; as well as entities connected through common directorships.

	31 August 2016 £m	Re-presented 31 August 2015 £m
Related Party Transactions		
Revenue Transactions		
Rental income		
RedefineBDL [1]	**14.3**	13.3

[1] Amounts owing from RedefineBDL as a result of lease agreements in place between the Group, RHML and RECML (wholly owned subsidiaries).

	31 August 2016 £m	Re-presented 31 August 2015 £m
Other income		
Leopard Portfolio	**0.5**	0.6
Wichford VBG Holding S.à.r.l.	**0.1**	0.1
RI Menora German Holdings S.à.r.l.	**0.1**	0.1
International Hotel Properties Limited	**0.3**	-
	1.0	0.8
Distributions from investments at fair value		
International Hotel Properties Limited	**0.5**	-
Gain on disposal of non-current assets held for sale		
International Hotel Properties Limited	**-**	0.6
Finance income		
Leopard Portfolio	**2.6**	1.4
Wichford VBG Holding S.à.r.l.	**2.2**	3.2
RI Menora German Holdings S.à.r.l.	**0.2**	0.3
International Hotel Properties Limited	**0.1**	-
4C UK Investments Limited	**1.0**	0.9
	6.1	5.8
Capital Transactions		
Investment property (capitalised expenditure)		
Project monitoring fee to RedefineBDL – construction works	**0.3**	0.1
Investment at fair value through profit or loss		
International Hotel Properties Limited	**8.7**	-
Investment in associate		
Capital contribution to RedefineBDL	**6.0**	-
Dividends received from RedefineBDL	**2.3**	0.6
Related Party Balances		
Loans to joint ventures		
Leopard Portfolio	**36.8**	34.4
Wichford VBG Holding S.à.r.l.	**12.2**	6.9
RI Menora German Holdings S.à.r.l.	**3.9**	3.3
	52.9	44.6
Trade and other receivables		
Leopard Portfolio	**1.9**	0.8
Wichford VBG Holding S.à.r.l.	**1.7**	0.7
4C UK Investments Limited	**14.2**	13.3
RedefineBDL	**1.7**	8.4
International Hotel Properties Limited	**0.5**	5.7
	20.0	28.9
Trade and other payables		
RI Menora German Holdings S.à.r.l.	**-**	0.2
26 The Esplanade No. 1 Limited	**-**	0.2
	-	0.4
Related Party Transactions with equity holders of the Parent		
Redefine Properties Limited – capital raise	**34.6**	21.3
Redefine Properties Limited – underwriting fee	**2.5**	-
Redefine Properties Limited – cash dividends	**8.0**	5.4
Redefine Properties Limited – scrip dividends	**8.0**	8.6

REDEFINE PROPERTIES LIMITED

During the year, the Group paid RPL a fee of £2.5 million in consideration for supporting the AUK Portfolio acquisition by way of irrevocably subscribing for up to £70.0 million in the capital raise. RPL was allocated 81,373,179 shares, representing 30.07% of the total placing and this equated to an aggregate amount of £34.6 million of the total funds raised.

DIRECTORS

Non-executive Directors and Executive Directors represent key management personnel. The remuneration paid to Non-executive Directors for the year ended 31 August 2016 was £0.3 million (31 August 2015: £0.3 million) which represents Director's fees only. The remuneration paid to Executive Directors for the year ended 31 August 2016 was £1.8 million (31 August 2015: £1.7 million), representing salaries, benefits and bonuses. 5.0 million contingent share awards were issued to Executive Directors during the year (31 August 2015: 3.4 million). The share-based payment charge associated with the contingent share awards was £1.2 million (31 August 2015: £0.5 million) for the year.

Certain Directors participated in the February share placing as follows:

Name	Number of placing shares	Number of ordinary shares held on admission	Percentage of enlarged share capital (%)
Mike Watters	352,941	6,515,638	0.37
Adrian Horsburgh	10,000	10,000	0.00
Robert Orr	23,529	23,529	0.00
Gavin Tipper	100,000	508,630	0.03
Marc Wainer	195,000	1,676,545	0.09

28. EARNINGS PER SHARE

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

	31 August 2016 £m	31 August 2015 £m
Profit attributable to equity holders of the Parent	**7.9**	70.6
Number of ordinary shares		
- in issue	**1,794.6**	1,474.3
- Weighted average	**1,637.2**	1,383.3
- Diluted weighted average	**1,637.9**	1,384.9
Earnings per share (pence)		
- Basic	**0.5p**	5.1p
- Diluted	**0.5p**	5.1p
Profit attributable to equity holders of the Parent	**7.9**	70.6
Group Adjustments:		
Loss/(gain) on revaluation of investment property	**42.5**	(31.5)
Gain on disposal of investment property	**(3.2)**	-
Gain on disposal of subsidiary	**(12.2)**	-
Loss on revaluation of investment at fair value	**0.8**	-
Loss on disposal of investment at fair value	**-**	17.6
Amortisation of intangible assets	**0.2**	-
Loss on revaluation of non-current assets held for sale	**-**	1.9
Gain on disposal of non-current assets held for sale	**(0.2)**	-
Termination of derivative financial instruments	**0.2**	-
Change in fair value of derivative financial instruments	**11.1**	(0.8)
Capital gains tax (refund)/charge on disposal of Swiss properties	**(1.4)**	3.2
Deferred tax adjustments	**1.2**	2.2
Joint Venture Adjustments:		
Gain on revaluation of investment property	**(1.3)**	(4.0)
Termination of derivative financial instruments	**-**	1.1
Change in fair value of derivative financial instruments	**1.7**	(0.1)
Deferred tax adjustments	**0.3**	-
Elimination of joint venture unrecognised losses [(1)]	**(1.2)**	-
Non-Controlling Interest Adjustments:		
(Loss)/gain on revaluation of investment property	**(2.2)**	4.0
Change in fair value of derivative financial instruments	**(0.1)**	0.2
EPRA Earnings	**44.1**	64.4
EPRA Earnings per share (pence)	**2.7p**	4.7p
Diluted EPRA Earnings per share (pence)	**2.7p**	4.7p
EPRA Earnings	**44.1**	64.4
Straight-lining of rental income and other	**1.5**	6.7
Accretion of fair value adjustments	**3.1**	2.7
Foreign exchange gain	**(0.9)**	(2.5)
Fair value of share-based payment	**1.2**	0.5
Cromwell dividends to date of disposal	**-**	1.3
Gain on extinguishment/acquisition of debt	**-**	(29.8)
Non-distributable earnings from legacy assets	**-**	(1.3)
Impairment of associate	**3.2**	-
Joint venture distributable adjustments	**(1.8)**	3.5
Non-controlling interest distributable adjustments	**(1.0)**	(1.1)
Underlying Earnings	**49.4**	44.4
Non-recurring gain on disposal of investment property	**2.8**	-
Distributable Earnings	**52.2**	44.4
Distributable Earnings per share (pence)	**3.2p**	3.2p
Dividend per share (pence)	**3.2p**	3.25p
First interim dividend per share (pence)	**1.625p**	1.60p
Second interim dividend per share (pence)	**1.575p**	1.65p

[(1)] As per Note 14, the Group has ceased to recognise certain joint ventures classified as 'Other' in the IFRS statements as their cumulative losses exceed the cost of the Group's investment. This adjustment eliminates the restricted losses for the year attributable to those joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

Headline earnings per share is calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants ("SAICA"), a requirement of the Group's JSE listing. This measure is not a requirement of IFRS.

	31 August 2016 £m	31 August 2015 £m
Profit attributable to equity holders of the Parent	**7.9**	70.6
Group Adjustments:		
Loss/(gain) on revaluation of investment property	**42.5**	(31.5)
Gain on disposal of investment property	**(3.2)**	-
Gain on bargain purchase of subsidiary	**-**	(0.2)
(Gain)/loss on disposal of subsidiaries	**(12.2)**	0.3
Gain on disposal of joint venture	**-**	(0.6)
Gain on disposal of non-current assets held for sale	**(0.2)**	(0.6)
Loss on revaluation of non-current assets held for sale	**-**	1.9
Deferred tax	**1.2**	1.5
Joint Venture Adjustments:		
Gain on revaluation of investment property	**(1.3)**	(4.0)
Deferred tax	**0.3**	-
Elimination of joint venture unrecognised losses [1]	**(0.2)**	-
Non-Controlling Interest Adjustments:		
(Loss)/gain on revaluation of investment property	**(2.2)**	4.0
Headline Earnings attributable to equity holders of the Parent	**32.6**	41.4
Headline earnings per share (pence)		
- Basic	**2.0p**	3.0p
- Diluted	**2.0p**	3.0p

[1] As per Note 14, the Group has ceased to recognise certain joint ventures classified as 'Other' in the IFRS statements as their cumulative losses exceed the cost of the Group's investment. This adjustment eliminates the restricted losses for the year attributable to those joint ventures.

29. NET ASSET VALUE PER SHARE

	31 August 2016 £m	31 August 2015 £m
Net assets attributable to equity holders of the Parent	**699.8**	598.0
Number of ordinary shares	**1,794.6**	1,474.3
Diluted number of shares	**1,795.4**	1,475.9
Net asset value per share (pence):		
- Basic	**39.0p**	40.6p
- Diluted	**39.0p**	40.5p
Net assets attributable to equity holders of the Parent	**699.8**	598.0
Group Adjustments:		
Fair value of derivative financial instruments	**11.8**	4.3
Deferred tax adjustments	**3.4**	2.2
Joint Venture Adjustments:		
Fair value of derivative financial instruments	**4.7**	3.5
Elimination of unrecognised derivative financial instruments [1]	**(4.3)**	(3.3)
Deferred tax adjustments	**1.9**	0.2
Non-Controlling Interest Adjustments:		
Fair value of derivative financial instruments	**0.2**	-
Deferred tax adjustments	**(0.1)**	-
EPRA adjusted NAV	**717.4**	604.9
EPRA adjusted, diluted NAV per share (pence)	**40.0p**	41.0p
EPRA adjusted NAV	**717.4**	604.9
Group Adjustments:		
Fair value of derivative financial instruments	**(11.8)**	(4.3)
Excess of fair value of debt over carrying value	**(42.4)**	-
Deferred tax adjustments	**(3.4)**	(2.2)
Joint Venture Adjustments:		
Fair value of derivative financial instruments	**(4.7)**	(3.5)
Elimination of unrecognised derivative financial instruments [1]	**4.3**	3.3
Deferred tax adjustments	**(1.9)**	(0.2)
Non-Controlling Interest Adjustments:		
Fair value of derivative financial instruments	**(0.2)**	-
Deferred tax adjustments	**0.1**	-
EPRA adjusted NNNAV	**657.4**	598.0
EPRA adjusted, diluted NNNAV per share (pence)	**36.6p**	40.5p

[1] As per Note 14, the Group has ceased to recognise certain joint ventures classified as 'Other' in the IFRS statements as their cumulative losses exceed the cost of the Group's investment. This adjustment eliminates the derivative financial instruments attributable to those joint ventures from the proportionate adjustments.

30. NON – CONTROLLING INTERESTS

	31 August 2016 £m	31 August 2015 £m
Opening balance at 1 September	**38.8**	28.6
Comprehensive income/(expense) for the year:		
(Loss)/profit for the year attributable to non-controlling interest	**(0.4)**	7.3
Foreign currency translation on subsidiary foreign operations	**0.7**	(0.4)
Changes in ownership interest in subsidiaries		
Acquisition of non-controlling interest (Note 31)	**(2.1)**	-
Repayment of non-controlling interest shareholder loans [(1)]	**(0.1)**	(0.2)
Reclassification of non-controlling interest shareholder loans to liabilities [(1)]	**(1.1)**	-
Dividends paid to non-controlling interest	**(2.2)**	-
Increase in non-controlling interest regarding Redefine Hotel Holdings Limited [(2)]	**-**	3.5
Total non-controlling interests	**33.6**	38.8

[(1)] The repayment of non-controlling interest shareholder loans relates to certain shareholder loans payable by subsidiaries of Ciref Europe Limited. These shareholder loans have been reclassified to liabilities in the current year.
[(2)] The increase in non-controlling interests in Redefine Hotel Holdings Limited ("RHHL") arose as a result of the capitalisation of certain loans given to that company by the non-controlling shareholders and the issue of additional shares in the entity to them. This was met in equal proportion by the controlling shareholders.

The following table summarises the information relating to the Group's only subsidiary that has a material NCI, RHHL, before any intra-group eliminations.

	31 August 2016			31 August 2015		
	Redefine Hotel Holdings Limited £m	**Other individually immaterial subsidiaries £m**	**Total non-controlling interest £m**	Redefine Hotel Holdings Limited £m	Other individually immaterial subsidiaries £m	Total non-controlling interest £m
Principal place of business	**United Kingdom**			United Kingdom		
Country of incorporation	**BVI**			BVI		
NCI %	**28.95%**			28.95%		
Investment property and other non-current assets	**215.8**			223.6		
Current assets	**7.0**			8.3		
Non-current liabilities	**(109.5)**			(109.7)		
Current liabilities	**(2.7)**			(2.4)		
Net assets	**110.6**			119.8		
Carrying amount of NCI	**32.0**	**1.6**	**33.6**	34.7	4.1	38.8
Revenue	**14.7**			13.3		
(Loss)/profit for the year	**(0.7)**			22.1		
(Loss)/profit attributable to NCI [(1)]	**(0.6)**	**0.2**	**(0.4)**	6.4	0.9	7.3
OCI allocated to NCI	**-**	**0.7**	**0.7**	-	(0.4)	(0.4)
Net increase/(decrease) in cash	**1.8**			(0.1)		

[(1)] Loss attributable to NCI for the year ended 31 August 2016 includes a non-resident landlord tax charge of £0.4m which is fully attributable to the minority shareholders of RHHL.

4C UK Investments Limited is a non-controlling shareholder of RHHL with a shareholding of 11.43%. The Company has a total receivable balance of £14.2 million from 4C UK Investments Limited, of both principal and interest, which is disclosed as a related party balance (Note 27).

31. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 1 June 2016, Ciref Europe Limited, a subsidiary of the Group, acquired the non-controlling interests in its subsidiaries CEL Portfolio 1 Limited and Chelvey Holdings Limited, of 20% and 33% respectively, from Ellis Ventures Limited. Consideration for this transaction was £2.3 million (€2.7 million) including the acquisition of shareholder loans for £1.9 million (€2.2 million). A loss on acquisition of non-controlling interest of £0.2 million has been recognised directly in equity.

	31 August 2016 £m	31 August 2015 £m
Carrying amount of non-controlling interest acquired	**2.1**	-
Consideration paid to non-controlling interest	**(2.3)**	-
Decrease in equity attributable to equity holders of the Parent	**(0.2)**	-

32. CASH GENERATED FROM OPERATIONS

Continuing operations	Note	**31 August 2016 £m**	Re-presented 31 August 2015 £m
Cash flows from operating activities			
Profit before tax		**8.6**	84.0
Adjustments for:			
Straight lining of rental income		**(1.5)**	0.1
Depreciation		**-**	0.1
Loss/(gain) on revaluation of investment property	12	**42.5**	(31.5)
Gain on disposal of investment property		**(3.2)**	-
Gain on extinguishment/acquisition of debt		**-**	(29.8)
Gain on bargain purchase of subsidiary	7	**-**	(0.2)
(Gain)/loss on disposal of subsidiaries	8	**(12.2)**	0.3
Distributions from investment at fair value		**(0.5)**	(7.5)
Loss on revaluation of investment at fair value	13	**0.8**	-
Loss on disposal of investment at fair value	13	**-**	17.6
Gain on disposal of joint venture	14	**-**	(0.6)
Amortisation of intangible asset		**0.2**	0.2
Loss on revaluation of non-current assets held for sale	19	**-**	1.9
Gain on disposal of non-current assets held for sale	19	**(0.2)**	(0.6)
Foreign exchange gain		**(0.9)**	(2.5)
Net finance expense	9	**26.4**	24.0
Other finance income and expenses	10	**1.9**	-
Change in fair value of derivative financial instruments		**11.1**	(0.7)
Net impairment of interest in joint ventures and associate	14,15	**0.6**	3.8
Share of post-tax profit from joint ventures	14	**(1.4)**	(2.0)
Share of post-tax profit from associate	15	**(1.7)**	(0.6)
Fair value of share-based payments		**1.2**	0.5
		71.7	56.5
Changes in working capital		**(2.5)**	(2.2)
Cash generated from operations		**69.2**	54.3

33. CONTINGENCIES, GUARANTEES AND COMMITMENTS

At 31 August 2016, the Group was contractually committed to expenditure of £15.8 million, all of which committed to the future development and enhancement of investment property (31 August 2015: £13.7 million).

As part of the Aviva debt restructure in 2013, Aviva have the right to a maximum of 50 per cent of any future sale proceeds, generated by a sale of the Grand Arcade Wigan, in excess of the outstanding balance of the related debt at the date of valuation. Aviva also have an option to participate in the capital appreciation of the property once the market value exceeds £90.0 million, which they have not exercised. At the balance sheet date, a maximum contingent liability of £12.1 million would arise as a result of these rights.

34. SUBSEQUENT EVENTS

On 16 September 2016, the Group exchanged unconditional contracts for the sale of its leasehold interest in 2 Duchess Place, Edgbaston for £1.6 million. At the date of exchange the carrying value of the property was £1.5 million. The purchaser has the right to call completion at any point up to 1 April 2018. Rent continues to accrue to the Group until 31 March 2018.

On 6 October 2016, the Group disposed of its investment property at 60 Exchange Road, Watford for £13.3 million. The carrying value of the property at the date of disposal was £11.8 million.

35. DIVIDENDS

During the year ended 31 August 2016, the second interim dividend of 1.65 pence per share for the year ended 31 August 2015 was distributed, as well as the interim dividend of 1.625 pence per share for the period ended 29 February 2016. Both dividends were settled partly in cash and partly through the issue of scrip dividends.

The Directors have declared a second interim dividend in respect of the year ended 31 August 2016 of 1.575 pence per share. Payment will be made on 12 December 2016 to shareholders on the register at 18 November 2016. A scrip alternative will again be offered.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 27 October 2016.

GLOSSARY

Adjusted NAV	EPRA NAV adjusted for the result of any non-recourse negative equity positions
AGM	The Annual General Meeting of the Company
AUD	Australian Dollar, the legal currency of Australia
AUK	Aegon UK property portfolio
Aviva	Aviva Commercial Finance Limited
Board	The Board of Directors of Redefine International P.L.C.
BCSC	British Council of Shopping Centres
BVI	British Virgin Islands
CHF	Swiss Franc, the legal currency of Switzerland
Cromwell	Cromwell Property Group is an Australian Securities Exchange listed stapled security (ASX:CMW) comprising the Cromwell Corporation Limited and Cromwell Property Securities Limited, which acts as the responsible entity of the Cromwell Diversified Property Trust. www.cromwell.com.au.
CSR	Corporate Social Responsibility
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	An Extraordinary General Meeting of the Company
EPRA	European Public Real Estate Association
EPRA Earnings	Earnings from operational activities as defined by EPRA's Best Practice guidelines
EPRA NAV	European Public Real Estate Association Net Asset Value
EPRA Net Initial Yield	The annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property.
EPRA NNNAV	European Public Real Estate Association Triple Net Asset Value
EPRA Occupancy rate	Occupancy expressed as a percentage of ERV and represents unlet space, excluding units where refurbishment work is being carried out or in development. The calculation is consistent with EPRA Best Practice guidelines for the calculation of vacancy rate.
EPS	Earnings per share
ERV	The estimated market rental value of lettable space which could reasonably be expected to be obtained on a new letting or rent review.
EUR or Euro	Euro, the lawful common currency of participating member states of the European Monetary Union.
Exceptional items	Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.
FCTR	Foreign Currency Translation Reserve
GBP, Pound or Sterling	Great British Pound, the legal currency of the UK
German Big 5	Berlin, Dusseldorf, Hamburg, Frankfurt and Munich
GRESB	Global Real Estate Sustainability Benchmark
Gross annualised rent	Gross annualised rent generated by the asset at the balance sheet date, which is made up of the contracted rent, including units that are in rent-free periods, and estimates of turnover rent.
IASB	International Accounting Standards Board
ICSC	International Council of Shopping Centers
IFRS	International Financial Reporting Standards
IHL	International Hotel Properties Limited (formerly: International Hotel Group Limited)
Indexed leases	A lease with rent review provisions which are dependent upon calculations with reference to an index such as the consumer price index or the retail price index
IPD	Investment Property Databank
JSE	JSE Limited, licensed as an exchange and a public company incorporated in terms of the laws of South Africa and the operator of the Johannesburg Stock Exchange.
Lease incentives	Any incentives offered to occupiers to enter into a lease. Typically, the incentive will be an initial rent-free period, or a cash contribution to fit out or similar costs.
Like-for-like income	Income generated by assets which were held by the Group throughout both the current and comparable periods and for which there has been no significant development which materially impacts upon income.
Like-for-like property	Property which has been held at both the current and previous balance sheet date and used to illustrate change in comparable capital values.
LSE	The London Stock Exchange plc.
LTV	Loan to value. The ratio of net debt divided by the market value of investment property. Calculated on a proportionate (share of value) basis.
LUXSE	The Luxembourg Stock Exchange
NAV	Net Asset Value
Net debt	Total borrowings less cash and cash equivalents
PSP	Long-Term Performance Share Plan

Redefine International, RI PLC, the Company or the Group	Redefine International P.L.C., also referred to as the “Company” taken together with all its subsidiaries and Group undertakings are collectively referred to as the “Group”.
RedefineBDL	RedefineBDL Hotel Group Limited
Redefine Properties or RPL	Redefine Properties Limited, listed on the JSE, 30.07% Shareholder of the Company.
RECML	Redefine Earls Court Management Limited
Reversionary yield	The anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.
RICS	Royal Institute of Chartered Surveyors
RIHL	Redefine International Holdings Limited
RIMH	Redefine International Management Holdings Limited
RHHL	Redefine Hotel Holdings Limited
RHML	Redefine Hotel Management Limited
RSP	Long-Term Restricted Stock Plan
SAICA	South African Institute of Chartered Accountants
SDLT	Stamp Duty Land Tax
Topped-up initial yield	Net initial yield adjusted for the expiration of rent free periods or other incentives.
TPR or Total Property Return	Valuation movement, profit/loss on property sales and net rental income in respect of investment properties expressed as a percentage of opening book value.
TR or Total Return	The growth in NAV per share plus dividends per share paid during the period.
TSR or Total Shareholder Return	The growth in value of a shareholding over a specified period, assuming that dividends are reinvested.
UK	United Kingdom
UK Big 6	The “Big 6” UK regional cities (Birmingham, Bristol, Edinburgh, Glasgow, Manchester and Leeds).
UK-REIT	A UK Real Estate Investment Trust. A REIT must be a publicly quoted company with at least three-quarters of its profits and assets derived from a qualifying property rental business. Income and capital gains from the property rental business are exempt from tax but the REIT is required to distribute at least 90 per cent of those profits to shareholders. Corporation tax is payable on non-qualifying activities in the normal way.
Underlying Earnings	EPRA earnings adjusted for the accretion of fair value adjustments on debt and certain other non-recurring items. Underlying earnings is reported on a proportionately consolidated basis and represents the profits of the Group which are available for distribution.
Voids	Voids are expressed as a percentage of ERV and represent a measure of unlet space. See EPRA Occupancy rate above
WAULT	Weighted average unexpired lease term
ZAR	South African Rand, the legal currency of South Africa