
Contents

Notes to the EPRA performance measures (unaudited)	96
AIFM Statement (unaudited)	97
Glossary	99
Corporate information	100
Financial calendar	100

Notes to the EPRA performance measures (unaudited)

For the period from 7 November 2016 (incorporation date) to 31 December 2017

1. EPRA earnings per share

See note 9 of the group's financial statements (page 79)

2. EPRA NAV and NNNAV per share

See note 12 in parent company financial statements (page 79)

3. EPRA Net Initial Yield (NIY) and Topped up NIY¹

	31 December 2017 £'000
Investment property market value per independent valuation	156,165
Less: forward funded development property	(510)
Completed property portfolio	155,655
Allowance for estimated purchasers' costs ¹	9,583
Gross value of completed property portfolio (B)	165,237
Annualised contracted rental income	11,861
Less: contracted rental income on forward funded development property	(261)
Annualised net rents and Topped up annualised net rents (A)	11,600
EPRA Net Initial Yield (A/B)	7.02%

¹ Assumes a purchaser of the Company's portfolio would pay SDLT and transaction costs equal to 6.2% of the portfolio's value.

3. EPRA vacancy rate

There is no vacancy in the portfolio, all properties are leased to tenants

4. EPRA cost ratio

	31 December 2017 £'000
Administration expenses	2,318
Total costs including, and excluding, vacant property costs	2,318
Total gross rental income	9,392
Total EPRA cost ratio (including, and excluding, vacant property costs)	24.68%

AIFM Statement (unaudited)

Quantitative Remuneration Disclosure for the AIFM

The total fee paid to the AIFM by the Company for the period ended 31 December 2017 is disclosed in note 6.

The AIFM is not subject to the provisions of Article 13 of the AIFM Directive, which require the AIFM to adopt remuneration policies and practices in line with the principles detailed in Annex II of the Directive. However, in accordance with Article 22 of the AIFM Directive and Article 107 of the AIFM Regulations, the AIFM must make certain disclosures in respect of the remuneration paid to its staff.

The AIFM has identified 8 staff as falling within the scope of the disclosure requirements (the "Identified Staff"). These Identified Staff are senior management, named as Designated Persons of the AIFM's managerial functions, members of the board of directors, and a risk officer as control function. With the exception of one individual, who acted as a non-executive Director, all Identified Staff of the AIFM are part of the Carne Group and as such receive no separate remuneration for their role within the AIFM. Instead they are remunerated as employees of other Carne group companies with a combination of fixed and variable discretionary remuneration where the latter is assessed on the basis of their overall individual contribution to the group, with reference to both financial and non-financial criteria, and not directly linked to the performance of the staff of specific business units or targets reached. The annualised remuneration amount paid to all of the Identified Staff of the AIFM in respect of their work with the AIFM for the 12 month period to 31 March 2017 was GBP 81,944. There was no variable component to this remuneration and none of the AIFM's Identified Staff are in a position to materially impact the risk profile of the Company. The AIFM manages other AIFS and has no staff other than the Identified Staff.

Liquidity

Liquidity risk is monitored by the AIFM on an ongoing basis. The Risk Committee for the AIFM monitors the liquidity risk of the Company in line with the Company's Risk Management Framework and consistent with the Company's stated strategy and risk policies.

At the date of this annual report there are no assets held by the Company which are subject to special arrangements arising from their illiquid nature. There has been no change to the liquidity management system and procedures during the period since incorporation. Please refer to note [15] in the financial statements for an analysis of the Company's liabilities and their maturity dates at 31 December 2017.

The current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks

A combination of the risk systems of the AIFM and the Investment Adviser's risk systems are used to identify, monitor, measure and manage risk within the Company. A Risk Committee has been established by the AIFM for the purposes of monitoring the risk management framework of the Company. The Risk Committee has responsibility for overseeing the performance of the risk management function and monitoring the effectiveness of the controls in place to mitigate risk at Company level. The committee is appointed by, and reports to, the board of directors of the AIFM, and from the AIFM to the board of the Company. The membership of the Risk Committee is drawn from the AIFM and Investment Adviser.

The Risk Committee has ultimate responsibility for risk management and controls of the Company and for reviewing their effectiveness on a regular basis, including taking appropriate remedial action to correct any deficiencies. The Risk Committee manages the risks of the Company through the Risk Management Framework. The Risk Committee monitors all risk limits to ensure compliance or that corrective action is taken in the event of breaches. The Risk Committee monitors to see if limit levels are being approached and endeavours to take appropriate steps to avoid limit breaches. The Risk Committee is responsible for the implementation of the Risk Management Framework. Operational risk is monitored through periodic due diligence of service providers, and through ongoing monitoring of reporting from service providers.

The Risk Committee has oversight of the risk management framework of the Company and specifically the effectiveness of the risk management function with respect to governance and risk compliance. The Committee ensures that market risk, liquidity risk, credit risk, regulatory risk, counterparty risk and operational risk are identified, measured, monitored and managed in line with the AIFM's Risk Management Framework and consistent with the Prospectus of the Company. The Committee addresses any risk related issues and escalates to the AIFM board if necessary.

Please refer to pages 22-24] for the board's assessment of the principal risks and uncertainties facing the Company. The AIFM has assessed the current risk profile of the Company to be low.

AIFM Statement (unaudited)

Leverage

The leverage limitation provisions of the AIFM Directive do not apply to the Company because the AIFM is a “non-EU AIFM”. Consequently, the AIFM is not required to set a maximum level of leverage (as calculated pursuant to the AIFM Directive) for the Company. Notwithstanding this, the Group has set a limit such that borrowings as a percentage of gross assets may not exceed 35% at the time of drawdown.

There has been no change to the maximum level of leverage which the AIFM may employ on behalf of the Company. The actual level of gearing employed by the Group at 31 December 2017 was 0.0%.

Material changes to information

Article 23 of the AIFM Directive requires certain information to be made available to investors before they invest and requires material changes to this information to be disclosed in the annual report. There have been no material changes (other than those already reflected in the Annual Report) to the information requiring disclosure.

Glossary

Adjusted EPS: Adjusted Earnings per Share

Administrator: JTC (UK) Limited

AIC: Association of Investment Companies

AIFM: Alternative Investment Fund Manager

BDO: BDO LLP

Capex: Capital Expenditure

CMA: Competitions and Markets Authority

Contracted Yield: Contracted rent roll divided by the independent market value of the portfolio

CQC: Care Quality Commission

EPRA: European Public Real Estate Association

EPRA NAV: Total Return – is the growth in EPRA NAV per share plus dividends paid since IPO

EPS: Earnings per Share

Investment Adviser/Adviser: Impact Health Partners LLP

Investment Manager/Manager/AIFM: Carne Global AIFM Solutions (C.I.) Limited

IPO: Initial Public Offering

LTV: Loan to Value

NAV: Net Asset Value

NIY: Net Initial Yield

REIT: Real Estate Investment Trust

RPI: Retail Price Index

Seed Portfolio: Initial portfolio of 56 Assets (including 2 option assets) acquired in May 2017

Corporate information

Directors during the period

Rupert Barclay non-executive Chairman
(appointed: 16 January 2017)

Rosemary Boot non-executive director
(appointed: 16 January 2017)

David Brooks non-executive director
(appointed: 16 January 2017)

Philip Hall non-executive director
(appointed: 16 January 2017)

Paul Craig non-executive director
(appointed: 30 June 2017)

John Alflatt director
(appointed: 7 November 2016; resigned 16 January 2017)

Andrew Cowley director
(appointed: 7 November 2016; resigned 16 January 2017)

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Investment Manager and AIFM

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149-151 Regent Street
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Independent Auditor

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55 Baker Street
London
W1U 7EU

Administrator & Secretary

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7th Floor, 9 Berkeley Street
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Registrar

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The Registry
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The Atrium Building
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Company Registration Number

10464966

Financial calendar

Announcement of Full Year Results	21 March 2018
Annual General Meeting	26 April 2018
Half Year End	30 June 2018
Announcement of Half Year Results	8 August 2018
Full Year End	31 December 2018