THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED
TRADING AS LONDON CENTRAL APARTMENTS III
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

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LCP House, Ogle Street
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INTERIM REPORT OF THE DIRECTORS
SIX MONTHS ENDED 30 SEPTEMBER 2021

The Directors present their unaudited report and consolidated unaudited interim financial statements (the "consolidated unaudited interim financial statements" or "financial statements") of the group (as defined below) for the period ended 30 September 2021.

Status and activities

The London Central Portfolio Property Fund Limited (the "Company" or the "Fund") is a closed ended investment company established under the provisions of the Companies (Guernsey) Law, 2008. The Company is trading as London Central Apartments III and was listed on The International Stock Exchange on 3 August 2015 with a listing of Ordinary GBP0.01 shares.

The Company is an authorised closed-ended investment fund as defined in the guidance document issued by the Guernsey Financial Services Commission dated February 2007.

The Company was incorporated on 25 October 2005 in Guernsey with registration number 43840 and commenced trading in August 2007. The Company has acquired a diversified portfolio of residential properties in the area known as Prime Central London in order to benefit from attractive rental yields as well as capital value growth.

The Company's objective is to deliver a consistently good market performance from an individually selected and diversified portfolio of prime residential property in central London and to optimise the total return through a combination of rental yield and capital appreciation.

The financial statements consolidate the financial statements of London Central Portfolio Property Fund Limited and all its subsidiary undertakings (the "Group") (note 7(b)) drawn up to each reporting date.

Going concern

The Directors have prepared consolidated unaudited interim financial statements on the going concern basis in view of the Group's positive net assets and having access to a financing facility with its bankers, (note 14). The facility is secured by the Group's investment properties. The Directors believe that demand for repayment of the finance is not expected to occur before its expiration date or if repayment is demanded, the Group would be able to refinance accordingly.

The Group expects to meet its obligations from operating cash flows and upon realisation of investments in the foreseeable future.

In the Investment Memorandum dated 29 July 2015, the Investment Period of the Fund was defined as 5 years from the Investment date, unless extended by a majority of Shareholders at each AGM following its 4th and 5th anniversary. At the Annual General Meeting, held on 8 December 2020, an Ordinary Resolution was passed to extend the Investment Period by the second of the two one-year extensions, continuing the Fund's term to 31 July 2022. Following the expiry of the Investment Period, the Directors will proceed to initiate an orderly sales programme unless a Special Resolution to extend the Fund is passed by the Shareholders. The Directors are assessing the feasibility of an extension and an update will be provided in the first half of 2022. The Directors are of the opinion that the sales programme and subsequent return of capital to Shareholders is likely to extend beyond a period of 12 months from the signing date of these financial statements.

The Directors are satisfied that the Company has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Statement of Directors' responsibilities

The Directors are responsible for preparing consolidated unaudited interim financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the profit and loss of the Group for that period and are in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 ("FRS 102") 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and with applicable laws. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated unaudited interim financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated unaudited interim financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The results for the period are shown in the Consolidated Interim Statement of Comprehensive Income on page 8.

The Directors did not pay a dividend and do not recommend a dividend for the period.

Directors and their interests

The Directors of the Company who served during the period ended 30 September 2021 and to date are:

Peter Francis Griffin (Chairman)
Naomi Claire Helen Heaton
Martin Shires

The Directors' interest in the Ordinary Shares of the Company were as follows:

	Period ended 30 September 2021 Ordinary Shares	Year ended 31 March 2021 Ordinary Shares	Period ended 30 September 2020 Ordinary Shares
Peter Francis Griffin	nil	nil	nil
Naomi Claire Helen Heaton	342,986	342,986	342,986
Martin Shires	52,500	52,500	52,500

INTERIM REPORT OF THE DIRECTORS (continued)
SIX MONTHS ENDED 30 SEPTEMBER 2021

Directors and their interests (continued)

Directors' remuneration

The emoluments of the individual Directors for the period were as follows:

	Period ended 30 September 2021 £	Year ended 31 March 2021 £	Period ended 30 September 2020 £
Peter Francis Griffin	6,250	12,500	6,250
Naomi Claire Helen Heaton	nil	nil	nil
Martin Shires	6,250	12,500	6,250

Intertrust Fund Services (Guernsey) Limited are engaged as Administrator to the Group pursuant to the terms of an Administration Agreement and are part of the Intertrust Group.

Naomi Heaton is the Chair of London Central Portfolio Limited and LCP Capital Investments Limited. London Central Portfolio Limited are engaged by the Group as Asset Advisor pursuant to the terms of the Search & Purchase Management Agreement, Letting & Rental Management Agreement and Refurbishment & Furnishing Agreement. LCP Capital Investments Limited are engaged by the Group as Investment Advisors pursuant to an agreement concerning provision of investment advice.

Substantial shareholdings

At 30 September 2021 the issued share capital of the Company was 13,678,706 (31 March 2021: 13,678,706; 30 September 2020: 13,678,706;) ordinary shares of £0.01 each. At 30 September 2021 the following Shareholders had an interest of 3% or more in the issued Ordinary Shares of the Company.

	Number of Ordinary Shares	% of issued Ordinary Share Capital
Azmeh Dawood	464,763	3.39%
Lutea (Anguilla) RBP for John Blanthorne	446,147	3.26%
Gately Custodian and Nominee Services Limited	1,205,101	8.81%

Financial instruments and risk management

Information on the use of financial instruments by the Group and its management of financial risk is disclosed in note 21 to the consolidated financial statements.

Auditors

Grant Thornton have been re-appointed as auditors of the fund until the conclusion of the next Annual General Meeting in December 2022.

APPROVED BY THE BOARD OF DIRECTORS

MARTIN SHIRES

Martin Shires
Director

Date: 19 January 2022

INTERIM INVESTMENT MANAGERS REPORT
SIX MONTHS ENDED 30 SEPTEMBER 2021

Market Update

The lettings market has been exceptionally busy in recent months. Within LCP's managed portfolio the average vacancy period between tenancies has dropped 49% from the quarterly peak of 74 days in December 2020 to 38 days by the December 2021 quarter. Rental increases on re-lets over the same period averaged 11%. The lettings market is often a leading indicator to the sales market and, together with prominent market commentators, it is LCP's view that there could be a recovery in capital values during 2022.

The Prime Central London (PCL) 'flat' market has not yet seen the performance witnessed by larger 'houses' which have been the beneficiary of the 'race for space' resulting from increased time spent at home in recent years as a result of COVID-19. LonRes, a market leading independent data provider for property professionals within London, has reported that house prices in PCL are 9.60% higher than before the first lockdown in early 2022, growth which has followed regional UK property market performance over the period. However, flat prices have remained stable at -0.6% over the last 12 months. This is largely attributable to vendors being reluctant to sell during a period when international buyers have been unable to participate, thereby reducing demand. There was a brief rise in transactional activity in the sub-£2m market in June as purchasers rushed to get in ahead of the end of the Stamp Duty Holiday, however, this activity did not translate into a marked increase in capital values.

Third party market commentators continue to predict capital value growth within PCL during 2022. The average growth forecast between Knight Frank, JLL and Savills for the next 12 months is 6.70%, with a blended four-year forecast of 20.02%. Knight Frank, in their October 2021 update, noted that whilst overseas buyers have been more prevalent in London since UK travel rules were relaxed, the full impact of their return on the property market will take time. There is typically less transactional activity during the winter period. Historically there are 10% fewer sales in the three months to February in comparison to the quarterly average. Therefore, it is likely that if a recovery in Prime Central London materialises, it will not be until Spring 2022.

Fund Update

At the December 2021 Annual General Meeting (AGM), two Ordinary Resolutions relating to the operational aspects of the Fund were put to the Shareholders; to receive and consider the financial statements as at 31 March 2021 and to re-appoint Grant Thornton as the external auditors for the 31 March 2022 financial statements. Shareholders voted unanimously in favour of both resolutions, in line with the Directors' recommendations.

The Fund will be subject to RICS Red Book valuations for financing purposes for 28 properties within the portfolio, which will take place in Q1 2022. These valuations will be reflected in the 31 March 2022 financial statements. Due to the proximity of the valuation programme to the interim balance date, the portfolio has not been revalued for the purposes of the 30 September 2021 financial statements. There have been no dramatic changes in market conditions since the 31 March 2021 year end to suggest that the valuations adopted at that time have materially changed. Further, utilising Shareholder funds for the purposes of the unaudited accounts would not be accretive to investor value.

The latest net asset value per share (NAV) of the Fund at 30 September 2021 is £0.95, down from £0.97 at 31 March 2021. As there were no revaluations during the period, the movement in NAV relates to operational expenses of the Fund, offset by rental income. LCPCI anticipates that the operational cash flows will improve once the impact of the recently improved lettings market flows through to the Fund's properties on re-let.

Fund Update (continued)

LCPCI performed a ‘soft-sounding’ of investors in October 2021 to understand whether they would like the Directors to explore extension options for the Fund. 85% of voted shares supported the consideration of these options. The Directors, following this mandate, have instructed LCPCI to investigate the opportunities available.

LCPCI continues to closely monitor market conditions in PCL and, with recent uncertainty arising from the Omicron variant, notes that travel restrictions may defer an increase in buyer participation. Following provision of LCPCI’s analysis in Q1 2022, the Directors’ will consider prevailing market circumstances in determining the best approach. The Board may determine the best course of action for the Fund. Under the terms of the Investment Memorandum (IM), a material change or variation to any investment objective, investment technique and strategy and/or investment policy would require a Special Resolution to be passed by the Shareholders, with a requisite 75% majority vote. The Directors would therefore only pursue opportunities they believe would be able to achieve the requisite support for the Special Resolution to pass. It is anticipated that an Extraordinary General Meeting would be convened to allow Shareholders to vote on such a Special Resolution(s) and suitable notices will be issued ahead of such meeting.

As detailed in the Notice of Annual General Meeting, it may be that market conditions allow the Fund to realise its investment strategy within the timeframe set out in the IM, in which case the sales programme could commence around 31 July 2022.

Summary

At the interim balance sheet date, the Fund has 10 months to run until the end of its defined Investment Period. Whilst projections are subject to a wide array of assumptions, some or all of which may not come to pass, market commentators are predicting both long and short-term growth in PCL and the recent rapid recovery in rental pricing could be a leading indicator as to how the sales market may perform in 2022.

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
REVENUE				
Rental income		476,249	956,727	482,326
Sundry income		1,000	12,393	12,393
Gross profit		477,249	969,120	494,719
EXPENSES				
Property expenses	9	233,073	479,323	234,639
Administrative expenses	10	251,506	485,764	235,204
		484,579	965,087	469,843
OPERATING (LOSS)/PROFIT		(7,330)	4,033	24,876
Fair value loss on investment properties	11	-	(1,215,372)	-
Cost of finance	14	(282,537)	(565,880)	(294,699)
LOSS FOR THE PERIOD/YEAR		(289,867)	(1,777,219)	(269,823)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the parent		(289,867)	(1,777,219)	(269,823)
Loss per share (pounds per share)	17	(0.021)	(0.130)	(0.020)

The Group has no other comprehensive income or losses other than those shown above and therefore no additional disclosure has been made in respect of other comprehensive income.

The results are all derived from continuing operations.

The notes on pages 12 to 27 form an integral part of these financial statements.

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Notes	(Unaudited) 30 September 2021		(Audited) 31 March 2021		(Unaudited) 30 September 2020	
		£	£	£	£	£	£
FIXED ASSETS							
Investment properties	11		30,802,212		30,798,428		30,770,213
Furniture and fittings	12		3,159		4,546		5,894
			30,805,371		30,802,974		30,776,107
CURRENT ASSETS							
Debtors	13	137,704		111,174		172,145	
Cash and cash equivalents		1,478,124		704,071		2,036,018	
		1,615,828		815,245		2,208,163	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR							
Other creditors and accruals	15	236,406		366,392		235,880	
		236,406		366,392		235,880	
NET CURRENT ASSETS			1,379,422		448,853		1,972,283
TOTAL ASSETS LESS CURRENT LIABILITIES			32,184,793		31,251,827		32,748,390
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
Finance payable	14		19,172,277		17,949,444		17,938,611
NET ASSETS			13,012,516		13,302,383		14,809,779
CAPITAL AND RESERVES							
Share capital	16		136,787		136,787		136,787
Share premium			20,591,263		20,591,263		20,591,263
Retained income			(7,715,534)		(7,425,667)		(5,918,271)
SHAREHOLDERS' FUNDS			13,012,516		13,302,383		14,809,779
Net asset value per share (pounds per share)	18		0.95		0.97		1.08

The Consolidated Interim Financial Statements were approved and authorised for issue by the board on the 19 January 2022 and signed on its behalf by:

MARTIN SHIRES
....
Martin Shires
Director

The notes on pages 12 to 27 form an integral part of these financial statements.

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 SEPTEMBER 2021

	Share Capital £	Share Premium £	Retained Income £	Total £
Balance as at 1 April 2020	**136,787**	**20,591,263**	**(5,648,448)**	**15,079,602**
Loss for the period	-	-	(269,823)	(269,823)
Balance as at 30 September 2020	**136,787**	**20,591,263**	**(5,918,271)**	**14,809,779**
Balance as at 1 April 2020	**136,787**	**20,591,263**	**(5,648,448)**	**15,079,602**
Loss for the year	-	-	(1,777,219)	(1,777,219)
Balance as at 31 March 2021	**136,787**	**20,591,263**	**(7,425,667)**	**13,302,383**
Loss for the period	-	-	(289,867)	(289,867)
Balance as at 30 September 2021	**136,787**	**20,591,263**	**(7,715,534)**	**13,012,516**

The notes on pages 12 to 27 form an integral part of these financial statements.

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED UNAUDITED INTERIM STATEMENT OF CASH FLOWS
SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
Operating activities				
Operating (loss)/profit for the period/year		(7,330)	4,033	24,876
Add back depreciation	12	1,387	4,335	2,987
(Increase)/Decrease in operating debtors		(26,530)	114,369	53,398
Decrease in operating creditors		(129,986)	(370,020)	(500,532)
Cost of finance		(282,537)	(565,880)	(294,699)
Net cash used in operating activities		(444,996)	(813,163)	(713,970)
Cash flows from investing activities				
Purchase of investment properties		-	(1,243,587)	-
Refurbishment of investment properties		(3,784)	-	-
Net cash used in investing activities		(3,784)	(1,243,587)	-
Cash flows from financing activities				
Finance received/(repaid)		1,222,833	(18,499)	(29,332)
Net cash generated/(used) from financing activities		1,222,833	(18,499)	(29,332)
Net cash inflow/(outflow) for the period/year		774,053	(2,075,249)	(743,302)
Cash at beginning of period/year		704,071	2,779,320	2,779,320
Cash and cash equivalents at end of period/year		1,478,124	704,071	2,036,018

The notes on pages 12 to 27 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED 30 SEPTEMBER 2021

1. COMPANY INFORMATION

The London Central Portfolio Property Fund Limited (the "Company" or the "Fund") is a Limited Company, registered in Guernsey on 25 October 2005 and is an Authorised Closed-Ended Investment Fund. The Company was listed on The International Stock Exchange on 3 August 2015.

The objective of the Company is to carry on business as an investment company specialising in property.

2. STATEMENT OF COMPLIANCE

The consolidated unaudited interim financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS 102"). 'The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland'.

3. BASIS OF PREPARATION

These consolidated unaudited interim financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including FRS 102, the Companies (Guernsey) Law, 2008 and with the Protection of Investors (Bailiwick of Guernsey) Law, 1987. The consolidated unaudited interim financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for investment properties as specified in the accounting policies below.

The Group's (as defined below) functional and presentation currency is Sterling (£).

The Group financial statements consolidate the financial statements of London Central Portfolio Property Fund Limited and all its subsidiary undertakings (note 7(b)) drawn up to each reporting date.

4. GOING CONCERN

The Directors have prepared the consolidated unaudited interim financial statements on the going concern basis in view of the Group's access to a financing facility with its bankers, (note 14). The facility is secured by the Group's investment properties. The Directors believe that demand for repayment of the finance facility is not expected to occur before its expiration date or if repayment is demanded, the Group would be able to refinance accordingly.

The Group expects to meet its obligations from operating cash flows and upon realisation of investments in the future.

In the Investment Memorandum dated 29 July 2015, the Investment Period of the Fund was defined as 5 years from the Investment date, unless extended by a majority of Shareholders at each AGM following its 4th and 5th anniversary. At the Annual General Meeting, held on 8 December 2020, an Ordinary Resolution was passed to extend the Investment Period by the second of the two one-year extensions, continuing the Fund's term to 31 July 2022. Following the expiry of the Investment Period, the Directors will proceed to initiate an orderly sales programme unless a Special Resolution to extend the Fund is passed by the Shareholders. The Directors are assessing the feasibility of an extension and an update will be provided in the first half of 2022. The Directors are of the opinion that the sales programme and subsequent return of capital to Shareholders is likely to extend beyond a period of 12 months from the signing date of these financial statements.

The Directors are satisfied that the Company has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. The Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the consolidated unaudited interim financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Fair value of investment properties

Accounting estimates included in the consolidated unaudited interim financial statements reflect management's judgements based on their knowledge and experience about past and current events and are also based on their assumptions about actions they expect to take. Significant assumptions used by management in making accounting estimates, including those measured at fair value, are reasonable. The methods and significant assumptions used result in a measure of fair value appropriate for consolidated financial statement measurement and disclosure purposes.

The Fund will be subject to RICS Red Book valuations for financing purposes for 28 properties within the portfolio, which will take place in Q1 2022. These valuations will be reflected in the 31 March 2022 financial statements. Due to the proximity of the valuation programme to the interim balance date, the portfolio has not been revalued for the purposes of the 30 September 2021 financial statements. There have been no dramatic changes in market conditions since the 31 March 2021 year end to suggest that the valuations adopted at that time have materially changed. Further, utilising Shareholder funds for the purposes of the unaudited accounts would not be accretive to investor value.

6. ACCOUNTING POLICIES

6 (a) For the accounting periods presented in these consolidated unaudited interim financial statements comprised the financial information for the Company and entities controlled by the Company (its subsidiaries London Central Limited and London Central II Limited, and their investments). The Company controls 100% of the voting rights of its subsidiaries. Control is achieved where the Company has the power to govern, directly or indirectly, the financial and operating policies of an investee entity so as to obtain benefit from its activities.

London Central Limited and London Central II Limited are property holding companies, which were first registered in Jersey and subsequently migrated to Guernsey on 17 February 2016 with registration numbers 61645 and 61646 respectively and were acquired as part of a restructure on 31 July 2015.

Initial recognition:

Investment property is property held by the Group to earn rentals, rather than for:

i. Use in the production or supply of goods or services or for administrative purposes; or
ii. Sale in the ordinary course of business.

At initial recognition, Investment property is measured at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs.

6. ACCOUNTING POLICIES (continued)

6 (c) FURNITURE AND FITTINGS

Derecognition of investment property:

A property is transferred from investment property only when the property ceases to meet, the definition of investment property.

In accordance with FRS102, Section 16, Measurement After Recognition, Investment Property whose fair value can be measured reliably without undue cost or effort shall be measured at fair value at each reporting date.

Initial recognition:

The Group measures furniture and fittings at initial recognition at their cost. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Measurement after initial recognition:

The Group measures all fixtures and fittings after initial recognition using the cost model and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of furniture and fittings is calculated on cost at a rate estimated to write off the cost of those assets by equal amounts each year over the expected useful life of those assets. The annual rate used for furniture and fittings is 20%.

Derecognition of fixtures and fittings:

The Group derecognises fixtures and fittings:

i. On disposal; or
ii. When no future economic benefits are expected from their use or disposal.

The Group recognises the gain or loss on the derecognition of fixtures and fittings in profit or loss when the items are derecognised.

6 (d) OPERATING LEASE

Operating leases relate to the investment properties owned by the Company with lease terms of between 1 to 3 years, with an option to extend as may be agreed. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

6 (e) RENTAL INCOME

All properties are rented out under operating leases with rental income being accounted for on a straight line basis over the term of the lease.

6 (f) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's Consolidated Interim Statement of Financial Position when the Group becomes party to the contractual provisions of the instruments. The Group shall off-set financial assets and financial liabilities if the Group has a legally enforceable right to off-set the recognised amounts and interest and intends to settle on a net basis.

6. ACCOUNTING POLICIES (continued)

Financial Assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or as available for sale. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Finance and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through cash and cash equivalents, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these consolidated financial statements is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision being the difference between the net carrying amount and present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:
- when the group has transferred substantially all the risk and rewards of ownership; or
- when it has transferred nor retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Any gain or loss on derecognition is taken to the Consolidated Statement of Comprehensive Income.

Financial liabilities

The Group's financial liabilities comprise other credits and accruals and finance payable which are classified as financial liabilities measured at amortised cost. Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

Financial liabilities measured at amortised cost

Other creditors and accruals and finance payable are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

6. ACCOUNTING POLICIES (continued)

6 (f) FINANCIAL INSTRUMENTS (continued)

Derecognition of financial liabilities

A financial liability (in whole or in part) is de-recognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Consolidated Statement of Comprehensive Income.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's Ordinary Shares are classified as equity instruments. The Group is not subject to any externally imposed capital requirement.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period. As a Sharia compliant fund, the Group does not receive or pay interest, however in accordance with UK accounting principles, calculations for costs as described above may be made.

7 (a) BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the Consolidated Interim Statement of Financial Position immediately below goodwill.

7 (b) INVESTMENT IN SUBSIDIARIES

The consolidated unaudited interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, London Central Limited and London Central II Limited). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group controls 100% of the voting rights of its subsidiaries.

The results of subsidiaries are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

8. TAXATION

Guernsey Tax

The company has elected to pay an annual exempt company fee in Guernsey that is presently £1,200.

UK Tax on rental income

With effect from 6 April 2020, the Group is no longer subject to UK Income Tax (20%) on its taxable rental profits and rather is subject to UK Corporation Tax (19%). The new regime for offshore corporate landlords result in a number of fundamental administrative and computational changes that may impact the Group including, but not limited to; loss relief caps, loan interest deductibility restrictions, loan relationship rules, and changes in tax filing and payment deadlines.

Annual Tax on Enveloped Dwellings ("ATED")

ATED was introduced with effect from 1 April 2013 such that non-UK companies holding UK residential property may be subject to an annual charge based on the value of each single dwelling interest. However, relief from ATED applies where properties are let at arm's length commercial terms and this is the case in respect of this Group. The Group files annual Relief Declaration Returns to claim the relief.

UK Capital Gains Tax ("CGT")

With effect from 6 April 2015 the UK Capital Gains Tax (CGT) regime was extended to non-resident companies on certain UK property disposals. Relief from CGT applied for diversely held companies up to 5 April 2019 when the regime was again extended. With effect from 6 April 2019 the CGT regime was extended to include Collective Investments Vehicles ("CIV") unless it met certain requirements and made an exemption election. The Fund has made an exemption election such that no CGT or Corporation Tax ("CT") are chargeable on the disposal of UK property.

In order to maintain its exempt status the Company is required to send an annual report to HMRC detailing share disposals in the Fund during the reporting period. Investors should seek their own tax advice when making disposals of their shareholdings in the Fund.

8. TAXATION (continued)

Inheritance Tax ("IHT")

With effect from 6 April 2017, the UK government introduced an extension to the scope of IHT for non-UK domiciled individuals to include all UK residential property, whether or not it is held through a company or directly by a non-K domiciled individual. This measure does not apply to widely held companies and therefore should not impact the Group. Investors should seek their own tax advice when considering their domicile position and exposure to IHT.

9. PROPERTY EXPENSES

	(Unaudited) Six months ended 30 September 2021	(Audited) Year ended 31 March 2021	(Unaudited) Six months ended 30 September 2020
	£	£	£
Rates and insurance	3,518	29,996	1,217
Repairs and maintenance	75,582	153,853	81,177
Property management fees (Note 19)	90,304	173,202	83,417
Depreciation on furniture and fittings (Note 12)	1,387	4,335	2,987
Cleaning and service charges	62,282	117,937	65,841
	233,073	479,323	234,639

10. ADMINISTRATIVE EXPENSES

	(Unaudited) Six months ended 30 September 2021	(Audited) Year ended 31 March 2021	(Unaudited) Six months ended 30 September 2020
	£	£	£
Advisory fees (Note 19)	162,469	293,870	131,401
Insurance	6,633	11,400	5,506
Sundry expenses	120	141	21
Bank charges	375	112	62
Administration fees (Note 19)	23,750	57,500	23,750
Tax services	1,350	2,630	1,155
Directors fees	12,500	25,000	12,500
Audit fees	9,965	21,055	10,263
Legal and professional fees	29,990	68,856	46,237
Listing fees	3,004	2,500	2,959
Annual registration fees	750	1,500	750
Exempt tax fees (note 8)	600	1,200	600
	251,506	485,764	235,204

11. INVESTMENT PROPERTIES

	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2021	20,646,101	10,152,327	30,798,428
Refurbishment and enfranchisement	3,784	-	3,784
Valuation as at 30 September 2021	20,649,885	10,152,327	30,802,212

	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2020	20,230,213	10,540,000	30,770,213
Purchase of property	1,243,587	-	1,243,587
Deficit on revaluation	(827,699)	(387,673)	(1,215,372)
Valuation as at 31 March 2021	20,646,101	10,152,327	30,798,428

	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2020	20,230,213	10,540,000	30,770,213
Valuation as at 30 September 2020	20,230,213	10,540,000	30,770,213

At 30 September 2021 there was a legal charge registered over the Group's investment properties as security for the Group's bank finance (see note 14). The portfolio has not been revalued for the purposes of these financial statements as there have been no dramatic changes in market conditions since the 31 March 2021 year end to suggest that the valuations adopted at that time have materially changed (see note 5). Leasehold investment properties comprise 29 leasehold properties, all with remaining terms in excess of 20 years. The 10 remaining properties are long leaseholds where the Group also holds a share in the freehold owning company, and accordingly these have been classed by the Directors as freehold. The historical cost of the properties is £31,246,751 (31 March 2021: £31,245,157; 30 September 2020: £30,001,783).

12. FURNITURE AND FITTINGS

	(Unaudited) Six months ended 30 September 2021	(Audited) Year ended 31 March 2021	(Unaudited) Six months ended 30 September 2020
	£	£	£
COST			
Brought forward	380,958	380,958	380,958
Acquisition	-	-	-
Carried forward	380,958	380,958	380,958
ACCUMULATED DEPRECIATION			
Brought forward	(376,412)	(372,077)	(372,077)
Charge for the period/year	(1,387)	(4,335)	(2,987)
Carried forward	(377,799)	(376,412)	(375,064)
NET BOOK VALUE	3,159	4,546	5,894

13. DEBTORS

	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
Cash held by Asset Advisor [1]	66,596	60,735	88,995
Prepayments	3,789	13,776	7,248
Amounts receivable from Asset Advisor	67,317	36,661	75,900
Unpaid share capital	2	2	2
	137,704	111,174	172,145

[1] This represents service charge deposits and cash-floats retained by the Asset Advisor to cover sundry costs for each property as they arise. In addition to these cash balances the Asset Advisor holds in escrow as at 30 September 2021, tenant rent deposits amounting to £110,923 (31 March 2021: £111,501; 30 September 2020: £114,689). These deposits are held as security for the tenants' performance under the tenancy agreements and have not been included in these financial statements as the Company has no right to these funds unless and until there is any default by any tenant under their tenancy agreement. There have been no defaults during the period (31 March 2021: nil; 30 September 2020: nil).

14. FINANCE PAYABLE

	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
Al Rayan Bank	19,212,000	18,000,000	18,000,000
Unamortised finance cost	(39,723)	(50,556)	(61,389)
	19,172,277	17,949,444	17,938,611

Al Rayan granted a finance facility of £18,000,000 split between initial finance of £11,500,000 and additional finance of £6,500,000 effective from 29 July 2015. The initial finance of £11,500,000 was secured by 27 residential properties. A further £6,500,000 was drawn down in respect of the purchase of 13 properties, with the additional finance being secured by these properties. The original maturity date was 31 July 2020.

On 31 July 2020, the facility was extended for a further 3 years to 31 July 2023 with an additional £2,000,000 increase in the facility bringing the facility amount to £20,000,000. £1,212,000 was drawn down on 23 July 2021.

In respect of the finance facility profit payments are currently payable at 2.85% above the UK Base Rate. A further £65,000 arrangement fee was paid for the new facility. The total finance expense for the period was £282,537 (31 March 2021: £565,880; 30 September 2020: £294,699).

15. OTHER CREDITORS AND ACCRUALS

	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
Advisory fees (note 19)	81,235	243,703	81,233
Deferred income	87,239	71,510	86,126
Audit fee	19,930	19,930	9,138
Administration fees (note 19)	11,875	11,875	11,875
Directors fees	3,125	-	3,125
Property expenses	26,792	14,299	38,183
Professional fees	5,710	-	6,200
Other creditors	500	5,075	-
	236,406	366,392	235,880

16. SHARE CAPITAL

	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
Authorised			
100,000,000 ordinary shares of £0.01 each	1,000,000	1,000,000	1,000,000
Allotted and fully paid			
13,678,706 ordinary shares of £0.01 each	136,787	136,787	136,787

	(Unaudited) Six months ended 30 September 2021	(Audited) Year ended 31 March 2021	(Unaudited) Six months ended 30 September 2020
Ordinary shares			
At the beginning of the period/year	13,678,706	13,678,706	13,678,706
At the end of the period/year	13,678,706	13,678,706	13,678,706

16.1 RESERVES

Called-up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Accumulated loss - includes all current and prior period retained profits and losses.

17. LOSS PER SHARE

The calculation of loss per share is based on the loss for the period of £289,867 (31 March 2021: loss £1,777,219; 30 September 2020: loss of £269,823) divided by the weighted average number of Ordinary Shares in issue during the period of 13,678,706 (31 March 2021: 13,678,706: 2020: 13,678,706).

18. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £13,012,516 (31 March 2021: £13,302,383; 2020: £14,809,779) and on the Ordinary Shares in issue of 13,678,706 (31 March 2021: 13,678,706; 30 September 2020: 13,678,706) at the Consolidated Interim Statement of Comprehensive Income.

19. RELATED PARTY TRANSACTIONS

Administrator
Intertrust Fund Services (Guernsey) Limited are engaged by the Company as administrator pursuant to an Administrator Agreement. The Agreement provides that Intertrust Fund Services (Guernsey) Limited will receive an annual fixed fee of £47,500 per annum plus fees for any additional work performed, with respect to administration services. A total of £23,750 (31 March 2021: £57,500; 30 September 2020: £23,750) has been included in these financial statements in respect of fees charged in accordance with this Agreement and £11,875 (31 March 2021: £11,875; 30 September 2020: £11,875) was outstanding at the Consolidated Interim Statement of Financial Position date. Martin Shires acts as a consultant to Intertrust Services Limited who are associated with Intertrust Fund Services (Guernsey) Limited.

The Company has appointed LCP Capital Investments Limited ("LCPCI") and London Central Portfolio Limited ("LCP") as Investment Advisors and Asset Advisors, respectively. Naomi Heaton is the Chair of LCPCI and LCP. A brief summary of the relevant contracts are as follows. All fees are subject to UK VAT.

Asset Advisors
LCPCI receive Advisory Fees equal to 1% of the initial portfolio value, plus 1% of any further capital expenditure (property purchase price plus refurbishment monies), paid quarterly in arrears in respect of their duties to the Shareholders of the Company. During the period £162,469 for Advisory Fees was charged (31 March 2021: £293,870; 30 September 2020: £131,401) and £81,235 (31 March 2021: £243,703: 30 September 2020: £81,233) was outstanding at the Consolidated Interim Statement of Financial Position date.

At the end of the Investment Period LCP will be entitled to receive a performance fee of 20% of any return realised by the Fund in excess of the Performance Benchmark Objective IRR and return on equity invested.

No provision was made in these financial statements in respect of performance fees which may be payable in the future.

LCP receives Acquisition Fees of 2% plus VAT of the price paid for each property acquired by the Company. During the period £nil (31 March 2021: £27,840; 30 September 2020: £nil) for Acquisition Fees was charged.

19. RELATED PARTY TRANSACTIONS (continued)

Property Refurbishment and Furnishing

LCP will receive a fee of 10% of the refurbishment cost in respect of design specification and sourcing of contractor together with a fee of 15% of the furnishing and refurbishment cost for the project management of the works and interior design.

During the period property acquisition, refurbishment and furnishing expenditure amounted to £3,784 (inclusive of VAT) (31 March 2021: £1,243,587; 30 September 2020: £nil) with £nil (31 March 2021: £nil; 30 September 2020: £nil) outstanding at the period end.

Property Management

LCP receives a fee of 15% of gross rent received for each property. LCP also receives sundry additional fees for administration services on a 10% of cost basis and £90,304 (inclusive of VAT) (31 March 2021: £173,202; 30 September 2020: £83,417) has been included in these accounts in relation to these fees. A more detailed summary of these contracts is included in the Company's Prospectus.

20. CONTROLLING PARTY

The issued share capital of the Group is owned by numerous parties and, therefore, in the opinion of the Directors, there is no ultimate controlling party of the Group as defined by FRS102, Section 33, Related Party Disclosures.

21. FINANCIAL RISK MANAGEMENT

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Categories of financial instruments and fair values

The following table details the categories of financial assets and financial liabilities held by the Group at the reporting date:

	Period ended 30 September 2021 Carrying amount £	Year ended 31 March 2021 Carrying amount £	Period ended 30 September 2020 Carrying amount £
Finance and receivables			
Cash at bank	1,478,124	704,071	2,036,018
Debtors	133,915	97,398	164,897
	1,612,039	801,469	2,200,915
Financial liabilities at amortised cost			
Creditors and accruals	149,166	294,882	149,754
Finance payable	19,172,277	17,949,444	17,938,611
	19,321,443	18,244,326	18,088,365

21. FINANCIAL RISK MANAGEMENT (continued)

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Whilst the Company's principal market risk is exposure to London residential property prices, market risk comprises of three types of risk: market prices (price risk), foreign exchange (currency risk) and market interest rates (interest rate risk).

The Company operates in the UK and its investments are denominated in pounds sterling therefore the Directors are satisfied that the Company's exposure to foreign exchange risk is relatively low.

The Group is indirectly exposed to interest rate risk where the rate of profit payable on finance received is derived from variable market rates, however it is not exposed to price risk except for other short term investments, all other investments are non-financial assets. The Group's financial assets and liabilities which are subject to variable rates of profit receivable or payable expose it to risk associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows.

The table below summarises the Group's exposure to such risks.

As at 30 September 2021	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit receivable/ payable	Total
Assets	**£**	**£**	**£**	**£**
Cash at bank	1,478,124	-	-	1,478,124
Debtors	133,915	-	-	133,915
Total financial assets	1,612,039	-	-	1,612,039
Liabilities				
Finance payable	-	19,172,277	-	19,172,277
Creditors and accruals	149,166	-	-	149,166
Total financial liabilities	149,166	19,172,277	-	19,321,443

As at 31 March 2021	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit receivable/ payable	Total
Assets	**£**	**£**	**£**	**£**
Cash at bank	704,071	-	-	704,071
Debtors	97,398	-	-	97,398
Total financial assets	801,469	-	-	801,469
Liabilities				
Finance payable	-	17,949,444	-	17,949,444
Creditors and accruals	294,882	-	-	294,882
Total financial liabilities	294,882	17,949,444	-	18,244,326

21. FINANCIAL RISK MANAGEMENT (continued)

As at 30 September 2020	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit receivable/ payable	Total
Assets	**£**	**£**	**£**	**£**
Cash at bank	2,036,018	-	-	2,036,018
Debtors	164,897	-	-	164,897
Total financial assets	2,200,915	-	-	2,200,915
Liabilities				
Finance payable	-	17,938,611	-	17,938,611
Creditors and accruals	149,754	-	-	149,754
Total financial liabilities	149,754	17,938,611	-	18,088,365

Total finance cost on financial liabilities not at fair value through profit and loss

	(Unaudited) Six months ended 30 September 2021	(Audited) Year ended 31 March 2021	(Unaudited) Six months ended 30 September 2020
	£	**£**	**£**
Finance cost	(282,537)	(565,880)	(294,699)
	(282,537)	(565,880)	(294,699)

The above finance costs arise on financial liabilities measured at amortised cost using the effective interest rate method.

For the Group, an increase in 100 basis points in finance costs, with all other variables remaining constant, would result in a loss of £192,120 (31 March 2021: loss of £180,000; 30 September 2020: loss of £180,000). A decrease in 100 basis points in finance costs, with all other variables remaining constant, would have an equal but opposite effect.

The sensitivity analyses above are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in profit rate and change in market values.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets and ensuring the availability of funding through an adequate amount of committed finance facilities.

The Group's current policy concerning the payment of creditors is to:
(a) agree the terms of payment with those suppliers when negotiating the terms of each transaction;
(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms;
(c) pay in accordance with the Group's contractual and other legal obligations.

21. FINANCIAL RISK MANAGEMENT (continued)

The table below details the contractual, undiscounted cash flows of the Group's financial liabilities.

As at 30 September 2021	Less than 3 months £	3 months to 1 year £	1 year to 5 years £
Finance payable	141,689	425,066	19,732,325
Creditors and accruals	149,166	-	-
Total	290,855	425,066	19,732,325

As at 31 March 2021	Less than 3 months £	3 months to 1 year £	1 year to 5 years £
Finance payable	129,398	388,193	18,780,000
Creditors and accruals	294,882	-	-
Total	424,280	388,193	18,780,000

As at 30 September 2020	Less than 3 months £	3 months to 1 year £	1 year to 5 years £
Finance payable	132,047	396,141	18,906,956
Creditors and accruals	149,754	-	-
Total	281,801	396,141	18,906,956

The Board of Directors manages the risk of breaches in finance covenants by regularly reviewing the level of finance in conjunction with property values. The review is carried out on a quarterly basis.

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represents the maximum credit risk exposure at the Consolidated Interim Statement of Comprehensive Income.

Principal counterparties are LCP as Asset Advisory and Al Rayan as Bankers. The financial position of LCP and the credit rating of Al Rayan are considered by the Board annually or sooner in the event of any cause for concern.

The Asset Advisor holds in escrow as at 30 September 2021, tenant rent deposits amounting to £110,923 (31 March 2021: £111,501; 30 September 2020: £114,689). These deposits are held as security for the tenants' performance under the tenancy agreements and have not been included in these financials statements as the Company has no right to these funds unless and until there is any default by any tenant under their tenancy agreement. There have been no defaults during the period (31 March 2021: nil; 31 September 2020: nil).

Al Rayan bank is a reputable financial institution. While the Group has cash held by the bank, the credit risk is off-set by the fact that the Group owes the bank as disclosed in note 14.

21. FINANCIAL RISK MANAGEMENT (continued)

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
Cash and cash equivalents	1,478,124	704,071	2,036,018
Rent receivable from Asset Advisor (note 13)	67,317	36,661	75,900
Cash floats held by Asset Advisor (note 13)	66,596	60,735	60,904
Service charge deposits	28,091	28,091	28,091
Total	1,640,128	829,558	2,200,913

22. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirement.

23. SUBSEQUENT EVENTS

There are no other material events to be disclosed in these consolidated financial statements.