THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2021

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

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THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

DIRECTORY

Registered Office
44 Esplanade
St Helier
Jersey, JE4 9WG

Auditor
Grant Thornton Limited
PO Box 313, Lefebvre House
Lefebvre Street, St Peter Port
Guernsey, GY1 3TF

Property Manager
London Central Portfolio Limited
LCP House, Ogle Street
London, W1W 6HU

Administrator, Transfer Agent, Registrar and Listing Sponsor
Intertrust Fund Services (Guernsey) Limited
PO Box 119, Martello Court
Admiral Park
St Peter Port
Guernsey, GY1 3HB

Bankers in Guernsey
Butterfield Bank (Guernsey) Limited
PO Box 253
Martello Court
Admiral Park
St Peter Port
Guernsey, GY1 3QJ

Legal Advisors to the Fund in Jersey
Carey Olsen
47 Esplanade
St Helier
Jersey, JE1 0BD

Investment Advisors
LCP Capital Investments Ltd
LCP House
Ogle Street
London, W1W 6HU

Property Lawyers
William Sturges LLP
Burwood House, 14-16 Caxton Street
London, SW1H 0QY

Independent Valuers
Adelaide Jones & Co. Ltd
116 Seymour Place
London, W1H 1 NW

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

INTERIM REPORT OF THE DIRECTORS
SIX MONTHS ENDED 30 SEPTEMBER 2021

The Directors present their unaudited report and unaudited interim financial statements (the "financial statements" or "interim financial statements") of The London Central Residential Recovery Fund (the "Company" or the "Fund") for the period ended 30 September 2021.

Status and activities

The Company is a closed ended limited liability public company which is an Unregulated Exchange Traded Fund and was incorporated in Jersey on 10 March 2009 under the Companies (Jersey) Law 1991 (as amended) with registration number 102781 and admitted to trading on The International Stock Exchange on 22 January 2010. On 17 March 2010, 13,697.50 Ordinary Shares were issued to shareholders. A further 54,603.55 Ordinary Shares were issued on 16 April 2010.

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.

Going Concern

The Company's net rental income, access to loan facilities with Butterfield Bank (Guernsey) Limited (the "Bank") and property disposals currently finance the Company's operations. The loan facility with the Bank is due to expire on 31 January 2024. Further details of the loan facility are provided in Note 14.

As previously reported, the Company has passed the end of the defined 8-year Investment Period detailed in the Private Placement Memorandum dated March 2009 ("PPM"). At each Annual General Meeting ("AGM") since the expiry of the Investment Period the Directors were required to put forward a Special Resolution ("SR") to initiate a solvent summary winding-up of the Company. At the AGM held on 9 December 2021, the shareholders voted against the SR.

The Directors have carefully assessed the impact of the market uncertainties arising from the outbreak of the COVID-19 pandemic on the Company's net assets and ability to continue as a going concern for the foreseeable future. In light of this review, 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 therefore appropriate to prepare the financial statements on a going concern basis.

Directors' responsibilities

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit and loss of the Company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

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

Directors' responsibilities (continued)

The Directors confirm that they have complied with the requirements in preparing the 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 Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Jersey) Law, 1991 (as amended). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The results for the period are shown in the Interim Statement of Comprehensive Income on page 8. The Directors did not pay a dividend and do not recommend a dividend for the period.

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	Period ended 30 September 2020 Ordinary shares
Peter Francis Griffin	nil	nil	nil
Naomi Claire Helen Heaton	250	250	250
Denton & Co Trustees Limited	600	600	600
Martin Shires	nil	nil	nil

Denton & Co Trustees Limited is a company in which Naomi Heaton has an interest as a Beneficiary and Settlor.

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 2021
	£	£	£
Peter Griffin	6,250	12,500	6250
Naomi Heaton	nil	nil	nil
Martin Shires	6,250	12,500	6,250

Directors' remuneration (continued)

Naomi Heaton is the Chair of London Central Portfolio Limited ("LCP") and LCP Capital Investments Limited ("LCPCI"). London Central Portfolio Limited are engaged by the Company as Property Manager 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 Company as Investment Advisors pursuant to an agreement concerning provision of investment advice.

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

Substantial shareholdings

At 30 September 2021 the issued share capital of the Company was 68,301.05 (31 March 2021: 68,301.05; 30 September 2020: 68,301.05) 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
Gateley Custodian and Nominee Services Limited	26,807	39.25

Financial instruments and risk management

Information on the use of financial instruments by the Company and its management of financial risk is disclosed in Note 22 to the financial statements.

APPROVED BY THE BOARD OF DIRECTORS

MARTIN SHIRES

Martin Shires, Director

Date: 19 January 2022

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

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

As outlined in the Fund's Private Placement Memorandum (PPM), the Directors are required to put forward a Special Resolution to initiate a formal 'summary' winding-up of the Fund to Shareholders at each Annual General Meeting (AGM) following the expiry of its Investment Period, which occurred in 2018. Ahead of the December 2021 AGM, the Directors recommended that Shareholders vote against this Special Resolution due to challenging sales conditions resulting from ongoing global pandemic and to provide investors the opportunity to benefit in the event of a market recovery in PCL. 98.85% of the Shares voted at the AGM followed the Board's recommendation, recognising that selling properties in the current market would be detrimental to returns. Shareholders also voted unanimously in favour of the two Ordinary Resolutions relating to the operational aspects of the Fund; 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.

Fund Update (continued)

Following the clear Shareholder mandate at the AGM, the Directors successfully negotiated a renewal of the existing loan agreement with the Bank of Butterfield, extending the facility by two years to January 2024. Securing finance over the forecast sales period should help avoid a scenario in which the Fund is forced to realise all of its assets during a low point in the market cycle.

The Fund was subject to RICS Red Book valuations for financing purposes for the 31 March 2021 financial statements. In keeping with the valuation policy outlined in the PPM, the portfolio has not been revalued for the purposes of the 30 September 2021 financial statements.

The latest net asset value per share (NAV) of the Fund at 30 September 2021 is £91.81, down from £94.47 at 31 March 2021. As there were no revaluations during the period, the movement in NAV relates to operational expenses of the Fund in addition to sales and 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 renewal and/or re-let. Interest expenses will also decrease as the loan balance is periodically reduced following completed sales.

Summary

Shareholders have recognised that selling during current market conditions could significantly reduce realised returns, as evidenced by the overwhelming majority voting against the Special Resolution to wind up the Fund.

The Board has secured financing for an additional 24 months, ensuring that the Fund is best placed to capitalise on price increases in the event of a market recovery. 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 RESIDENTIAL RECOVERY FUND LIMITED

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		318,330	714,049	387,465
Gross profit		318,330	714,049	387,465
Administrative expenses	9	(111,467)	(180,150)	(85,018)
Property expenses	10	(123,512)	(308,794)	(147,301)
		(234,979)	(488,944)	(232,319)
OPERATING PROFIT	7	83,351	225,105	155,146
Loss on disposal of investment property		(28,568)	(272,004)	(258,007)
Fair value loss on investment properties	11	-	(2,049,547)	-
Interest expense	14	(236,891)	(498,903)	(261,808)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(182,108)	(2,595,349)	(364,669)
Earnings per share (pounds per share)	18	(2.67)	(38.00)	(5.34)

The Company has no other comprehensive income other than that 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 26 form an integral part of these financial statements.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

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		22,240,000		23,390,000		26,003,557
Furniture and fittings	12		-		-		1,202
			22,240,000		23,390,000		26,004,759
CURRENT ASSETS							
Debtors and prepayments	13	57,717		143,445		78,843	
Cash at bank		78,750		78,750		78,750	
		136,467		222,195		157,593	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR							
Other creditors and accruals	15	881,273		822,985		773,885	
Loan payable	14	-		16,336,596		-	
		881,273		17,159,581		773,885	
NET CURRENT LIABILITIES			(744,806)		(16,937,386)		(616,292)
TOTAL ASSETS LESS CURRENT LIABILITIES			21,495,194		6,452,614		25,388,467
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
Loan payable	14		15,224,688		-		16,705,173
NET ASSETS			6,270,506		6,452,614		8,683,294
CAPITAL AND RESERVES							
Called up share capital	16		685		685		685
Share premium	17		6,265,737		6,265,737		6,265,737
Retained income			4,084		186,192		2,416,872
SHAREHOLDERS' FUNDS			6,270,506		6,452,614		8,683,294
Net asset value per share (pounds per share)	19		91.81		94.47		127.13

The unaudited interim financial information was 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 26 form an integral part of these financial statements.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 SEPTEMBER 2021 (unaudited)

	Share Capital £	Share Premium £	Retained Income £	Total £
Balance as at 1 April 2020	**685**	**6,265,737**	**2,781,541**	**9,047,963**
Loss for the period	-	-	(364,669)	(364,669)
Balance as at 30 September 2020	**685**	**6,265,737**	**2,416,872**	**8,683,294**
Balance as at 1 April 2020	**685**	**6,265,737**	**2,781,541**	**9,047,963**
Loss for the year	-	-	(2,595,349)	(2,595,349)
Balance as at 31 March 2021	**685**	**6,265,737**	**186,192**	**6,452,614**
Loss for the period	-	-	(182,108)	(182,108)
Balance as at 30 September 2021	**685**	**6,265,737**	**4,084**	**6,270,506**

The notes on pages 12 to 26 form an integral part of these financial statements.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

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 profit for the period/year		83,351	225,105	155,146
Add back depreciation	12	-	2,405	1,203
Decrease/(increase) in operating debtors		85,728	(42,917)	21,685
Increase/(Decrease) in operating creditors		58,288	(78,444)	(127,544)
Interest paid		(236,891)	(498,903)	(261,808)
Net cash used in operating activities		**(9,524)**	**(392,754)**	**(211,318)**
Cash flows from investing activities				
Refurbishment of investment properties	11	-	(44,438)	(33,448)
Sale of investment properties		1,121,432	4,432,996	3,871,993
Net cash inflow from investing activities		**1,121,432**	**4,388,558**	**3,838,545**
Cash flows from financing activities				
Loans repaid		(1,111,908)	(3,995,804)	(3,627,227)
Net cash used in financing activities		**(1,111,908)**	**(3,995,804)**	**(3,627,227)**
Net cash inflow/(outflow) for the period/year		-	-	-
Cash at beginning of period/year		78,750	78,750	78,750
Cash and cash equivalents at end of period/year		78,750	78,750	78,750

The notes on pages 12 to 26 form an integral part of these financial statements.

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

1. COMPANY INFORMATION

The London Central Residential Recovery Fund Limited (the "Company") is a closed ended limited liability public company which is an Unregulated Exchange Traded Fund and was incorporated in Jersey on 10 March 2009 under the Companies (Jersey) Law 1991 (as amended) and admitted to trading on The International Stock Exchange on 22 January 2010.

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

2. STATEMENT OF COMPLIANCE

The 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 financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including FRS102, and with the Companies (Jersey) Law 1991 (as amended). The 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 Company's functional and presentation currency is Sterling ("£").

4. GOING CONCERN

During the period the Company made a net operating profit of £83,351 (31 March 2021: £225,105; September 2020: £155,146). The Company's net rental income, access to loan facilities with Butterfield Bank (Guernsey) Limited (the "Bank") and property disposals currently finance the Company's operations. The loan facility with the Bank is currently due to expire on 31 January 2024. Further details of the loan facility are provided in Note 14.

As previously reported, the Company has passed the end of the defined 8-year Investment Period detailed in the Private Placement Memorandum dated March 2009 (“PPM”). At each Annual General Meeting (“AGM”) since the expiry of the Investment Period, the Directors were required to put forward a Special Resolution ("SR") to initiate a solvent summary winding-up of the Company. At the AGM held on 9 December 2021, the shareholders voted against the SR.

The Directors have carefully assessed the impact of the market uncertainties arising from the outbreak of the COVID-19 pandemic on the Company's net assets and ability to continue as a going concern for the foreseeable future. In light of this review, 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 therefore appropriate to prepare the financial statements on a going concern basis.

5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the 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 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 financial statement measurement and disclosure purposes.

In accordance with FRS102, Section 16, Measurement after Recognition the Directors have based their assessment of open market value of investment properties included in these financial statements on the independent professional desk top valuation carried out by Adelaide Jones & Co Limited, acting as an external valuer.

6. ACCOUNTING POLICIES

(6.1) INVESTMENT PROPERTY

Initial recognition:

Investment property is property held by the Company 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.

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.

(6.2) 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. ACCOUNTING POLICIES (continued)

(6.3) 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.

(6.4) EXPENSES

Expenses are accounted for on an accrual basis.

(6.5) FURNITURE AND FITTINGS

Initial recognition:

The Company 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 Company 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 Company derecognises fixtures and fittings:

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

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

(6.6) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's Interim Statement of Financial Position when the Company becomes a party to the contractual provisions of the instruments. The Company shall off-set financial assets and financial liabilities if the Company 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)

(6.6) FINANCIAL INSTRUMENTS (continued)

Financial Assets

The Company'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 Company classifies its financial assets as basic and non-basic. Unless otherwise indicated, the carrying amounts of the Company's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These 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 on issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these 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 Company 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 maturity of three months or less from date of acquisition.

De-recognition of financial assets

A financial asset (in whole or in part) is derecognised either:
- when the Company 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 de-recognition is taken to the Interim Statement of Comprehensive Income.

Financial Liabilities

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

Financial liabilities measured at amortised cost

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

(6.6) FINANCIAL INSTRUMENTS (continued)

De-recognition of financial liabilities

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

Share capital

Financial instruments issued by the Company are treated as equity if they represent the residual interest in the net assets of the Company. The Company's Ordinary Shares are classified as equity instruments. The Company 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.

7. REVENUE AND OPERATING PROFIT

Revenue and operating profit derive wholly from continuing activities.

8. TAXATION

Guernsey Tax

The Company resides in Jersey but is tax resident in Guernsey by virtue of management and control being effected in Guernsey. The Company is therefore liable to Guernsey income tax at the standard rate of 0%.

UK Tax on rental income

With effect from 6 April 2020, the Company 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 Company 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 Company. The Company files annual Relief Declaration Returns to claim the relief.

8. TAXATION (continued)

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.

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-UK domiciled individual. This measure does not apply to widely held companies and therefore should not impact the Company. Investors should seek their own tax advice when considering their domicile position and exposure to IHT.

9. ADMINISTRATIVE EXPENSES

	(Unaudited) Six months ended 30 September 2021 £	(Audited) Year ended 31 March 2021 £	(Unaudited) Six months ended 30 September 2020 £
Administration fees (Note 20)	18,750	45,000	26,250
Directors fee	12,500	25,000	12,500
Audit fees	8,165	17,455	9,112
Legal and professional fees	66,854	85,087	33,335
Insurance	5,033	7,167	3,500
Sundry expenses	65	441	321
Bank charges	100	-	-
	111,467	180,150	85,018

10. 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	6,882	20,784	5,210
Repairs and maintenance	22,298	94,111	44,480
Property management fees (Note 20)	61,076	139,981	74,793
Depreciation on furniture & fittings (Note 12)	-	2,405	1,203
Cleaning and service charges	33,256	51,513	21,615
	123,512	308,794	147,301

11. INVESTMENT PROPERTIES

	Freehold investment properties	Leasehold investment properties	Total
	£	£	£
Opening balance 1 April 2021	11,250,977	12,139,023	23,390,000
Sale of properties	-	(1,150,000)	(1,150,000)
Closing balance 30 September 2021	11,250,977	10,989,023	22,240,000

	Freehold investment properties	Leasehold investment properties	Total
	£	£	£
Opening balance 1 April 2020	14,074,781	16,025,328	30,100,109
Sale of properties	(1,300,000)	(3,405,000)	(4,705,000)
Property refurbishment expenditure	44,438	-	44,438
Revaluation	(1,568,242)	(481,305)	(2,049,547)
Closing balance 31 March 2021	11,250,977	12,139,023	23,390,000

	Freehold investment properties	Leasehold investment properties	Total
	£	£	£
Opening balance 1 April 2020	14,074,781	16,025,328	30,100,109
Property refurbishment expenditure	-	(4,130,000)	(4,130,000)
Disposal of freehold	33,448	-	33,448
Closing balance 30 September 2020	14,108,229	11,895,328	26,003,557

At 30 September 2021 there was a legal charge registered over all of the Company's 17 investment properties as security for its bank borrowings (see Note 14). In accordance with FRS102, Section 16, Measurement after Recognition, a RICS Red Book valuation was undertaken by Adelaide Jones & Co Limited for financing purposes for the 31 March 2021 financial statements. In keeping with the valuation policy outlined in the PPM, the portfolio has not been revalued for the purposes of the 30 September 2021 financial statements. 12 of the investment properties are leasehold all with remaining terms in excess of 20 years. Of the 5 freehold properties, 4 are long leaseholds where the Company also holds a share in the freehold owning company. Accordingly these have been classified by the Directors as freehold. The combined historical cost of all the properties is £19,547,792 (31 March 2021: £20,697,791, 30 September 2020: £21,261,803).

12. FURNITURE AND FITTINGS

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £	(Unaudited) 30 September 2020 £
COST			
Brought forward	585,021	585,021	585,021
Carried forward	585,021	585,021	585,021
ACCUMULATED DEPRECIATION			
Brought forward	(585,021)	(582,616)	(582,616)
Charge for the period/year	-	(2,405)	(1,203)
Carried forward	(585,021)	(585,021)	(583,819)
CLOSING NET BOOK VALUE	-	-	1,202

13. DEBTORS AND PREPAYMENTS

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £	(Unaudited) 30 September 2020 £
Prepayments	5,251	82,277	4,289
Rent receivable from Property Manager	16,194	13,960	21,338
Cash floats held by Property Manager *	20,582	31,518	37,526
Service charge deposits	15,690	15,690	15,690
	57,717	143,445	78,843

*This represents cash retained by the Property Manager to cover sundry costs for each property as they arise. In addition to these cash balances the Property Manager holds in escrow as at 30 September 2021, tenant rent deposits amounting to £75,361 (31 March 2021: £70,802, September 2020: £71,029). 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.

14. LOANS PAYABLE

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £	(Unaudited) 30 September 2020 £
Butterfield Bank (Guernsey) Limited	15,224,688	16,336,596	16,705,173

The existing loan facility with Butterfield Bank (Guernsey) Limited (the "Bank") was extended on 7 January 2022. A total facility of £15,568,000 was negotiated with an expiry date of 31 January 2024.

Interest expense for the current year was £236,891 (31 March 2021: £498,903: 30 September 2020: £261,808).

15. OTHER CREDITORS AND ACCRUALS

	(Unaudited) 30 September 2021	(Audited) 31 March 2021	(Unaudited) 30 September 2020
Amounts falling due within one year:	£	£	£
Provision for Audit fees	16,330	16,330	7,987
Administration fees (Note 20)	9,375	9,375	10,875
Directors fee	3,125	3,125	3,125
Other creditors	5,594	12,782	14,999
Legal and professional fees	161,744	102,594	68,010
Deferred income	48,127	46,986	48,085
Refurbishment 3 Spring Street	636,978	631,793	620,804
	881,273	822,985	773,885

16. SHARE CAPITAL

	(Unaudited) 30 September 2021	(Audited) 31 March 2021	(Unaudited) 30 September 2020
Authorised	£	£	£
4,990,000 Ordinary Shares of £0.01 each	49,900	49,900	49,900
100 Founder Shares of £1 each	100	100	100
	50,000	50,000	50,000
Issued and fully paid			
68,301.05 Ordinary Shares of £0.01 each	683	683	683
2 Founder Shares of £1 each	2	2	2
	685	685	685

Founder Shares

Holders of Founder Shares are not entitled to any dividends and do not have the right to receive notice of, attend, speak and vote at general meetings unless and until no Ordinary Shares are in issue. The Founder Shares may not be redeemed by the Company.

Ordinary Shares

Holders of Ordinary Shares are entitled pari-passu to such dividends as the Directors may in their absolute discretion lawfully determine and declare and have the right to receive notice of, attend, speak and vote at general meetings of the Company. Subject to the provisions of the Companies (Jersey) Law, 1991 (as amended) and the Company's Memorandum and Articles of Association, holders of Ordinary Shares may be redeemed by the Company. The Ordinary Shares may not be redeemed at the option of the holder.

17. SHARE PREMIUM

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £	(Unaudited) 30 September 2020 £
68,301.05 Ordinary Shares issued at a premium of £99.99 each	6,829,422	6,829,422	6,829,422
Less: Introducers commission and share issue costs	(563,685)	(563,685)	(563,685)
As at the reporting date	6,265,737	6,265,737	6,265,737

18. LOSS PER SHARE

The calculation of earnings per share is based on the loss for the period of £182,108 (31 March 2021: £2,595,349 loss, 30 September 2020: £364,669 loss) divided by the weighted average number of Ordinary Shares in issue during the period of 68,301.05 (31 March 2021: 68,301.05, 30 September 2020: 68,301.05).

19. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £6,270,506 (31 March 2021: £6,452,614, 30 September 2020: £8,683,294) and on the Ordinary Shares in issue of 68,301.05 (31 March 2021: 68,301.05, 30 September 2020: 68,301.05) at the Statement of Financial Position date.

20. RELATED PARTY TRANSACTIONS

Intertrust Fund Services (Guernsey) Limited are engaged by the Company as administrator pursuant to an Administration Agreement. The Agreement provides that Intertrust Fund Services (Guernsey) Limited will receive an annual fixed fee of £37,500 per annum, with respect to administration services, along with an additional fee of £1,500 per property acquisition/disposal. The administrator will also charge an annual fixed fee of £1,000 per annum to act as Sponsor for The International Stock Exchange. A total of £18,750 (31 March 2021: £45,000; 30 September 2020: £26,250) has been included in these accounts in respect of fees charged in accordance with this Agreement and £9,375 (31 March 2021: £9,375; 30 September 2020: £10,875) was outstanding at the 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 Property Managers, 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.

Performance fees

The Performance Benchmark Objective is 15% IRR (i.e. 15% per annum compound growth on the investors' initial subscription). This takes into account all up-front fees, establishment and purchase costs, but is net of disposal expenditure.

In the event that the Performance Benchmark Objective is achieved at the end of the Investment Period, LCP will be awarded a performance fee up to a ceiling of 25% of the Company's profits, subject to the investors receiving a profit in the first instance equivalent to the Performance Benchmark Objective.

20. RELATED PARTY TRANSACTIONS (continued)

Performance fees (continued)

No provision has been made in these accounts, in respect of the performance fee as the Directors do not consider that the Performance Benchmark Objective will be achieved.

Property Search and Acquisition

LCP receives an acquisition fee of 2% of the price paid for each property acquired by the Company.

During the period no property acquisition fees were incurred, (31 March 2021: £nil, 30 September 2020 £nil).

Investment Advisors

LCPCI receive a fee of £12,500 per annum for the provision of investment advice and related services.

Property Refurbishment and Furnishing

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

During the period property refurbishment and furnishing expenditure amounted to £nil (inclusive of VAT) (31 March 2021: £44,438; 30 September 2020: £33,448) with £636,978 (31 March 2021: £631,793; 30 September 2020: £620,804) outstanding at the Unaudited Interim Statement of Financial position date.

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. £61,076 (inclusive of VAT) (31 March 2021: £139,981; 30 September 2020: £74,793) has been included in these accounts in relation to these fees. LCP also receives annual fees in relation to ongoing running costs of the fund. During the period £37,500 (inclusive of VAT) (31 March 2021: £75,000; 30 September 2020: £37,500) was charged in relation to these fees with £130,469 (31 March 2021: £75,000; 30 September 2020: £55,469) outstanding at the Interim Statement of Financial position date. A more detailed summary of these contracts is included in the Company's Prospectus.

21. CONTROLLING PARTY

The issued share capital of the Company is owned by numerous parties and, therefore, to the best knowledge of the Directors, there is no ultimate controlling party of the Company as defined by FRS102.

22. FINANCIAL RISK MANAGEMENT

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. The Company'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 Company at the reporting date:

	(Unaudited) 30 September 2021	(Audited) 31 March 2021	(Unaudited) 30 September 2020
Cash and receivables	£	£	£
Cash at bank	78,750	78,750	78,750
Debtors	52,466	61,168	74,555
	131,216	139,918	153,305
Financial liabilities at amortised cost			
Creditors and accruals	833,145	775,999	725,801
Loans payable	15,224,688	16,336,596	16,705,173
	16,057,833	17,112,595	17,430,974

(a) Market risk

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 Company is exposed to interest rate risk however it is not exposed to price risk as all of its investments are in non-financial assets. The Company's interest bearing financial assets and liabilities expose it to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Company's exposure to interest rate risks.

22. FINANCIAL RISK MANAGEMENT (continued)

As at 30 September 2021	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
Assets	£	£	£	£
Cash at bank	78,750	-	-	78,750
Debtors	52,466	-	-	52,466
Total financial assets	131,216	-	-	131,216
Liabilities				
Loan payable	-	15,224,688	-	15,224,688
Creditors and accruals	833,145	-	-	833,145
Total financial liabilities	833,145	15,224,688	-	16,057,833

As at 31 March 2021	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
Assets	£	£	£	£
Cash at bank	78,750	-	-	78,750
Debtors	61,168	-	-	61,168
Total financial assets	139,918	-	-	139,918
Liabilities				
Loan payable	-	16,336,596	-	16,336,596
Other creditors and accruals	775,999	-	-	775,999
Total financial liabilities	775,999	16,336,596	-	17,112,595

As at 30 September 2020	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
Assets	£	£	£	£
Cash at bank	78,750	-	-	78,750
Debtors	74,555	-	-	74,555
Total financial assets	153,305	-	-	153,305

	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
Liabilities	£	£	£	£
Loan payable	-	16,705,173	-	16,705,173
Other creditors and accruals	725,802	-	-	725,802
Total financial liabilities	725,802	16,705,173	-	17,430,975

22. FINANCIAL RISK MANAGEMENT (continued)

Total interest expense on financial liabilities not at fair value through profit and loss.

	(Unaudited) 30 September 2021	(Audited) 31 March 2021	(Unaudited) 30 September 2020
	£	£	£
Loan interest paid	236,891	498,903	261,808
	236,891	498,903	261,808

The above interest expense arises on financial liabilities measured at amortised cost using the effective interest rate method.

For the Company, an increase in 100 basis points in interest rates, with all other variables remaining constant, would result in a loss of £151,459 (31 March 2021: loss of £162,578; 30 September 2020: loss of £166,264). A decrease in 100 basis points in interest rates, 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 interest 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 credit facilities.

The Company'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 in contracts; and
(c) pay in accordance with the Company's contractual and other legal obligations.

As at 30 September 2021	Less than 3 month	3 months to 1 year	1 year to 5 years
	£	£	£
Loan payable	116,281	348,843	15,844,854
Creditors and accruals	833,145	-	-
Total	949,426	348,843	15,844,854

As at 31 March 2021	Less than 3 month	3 months to 1 year	1 year to 5 years
	£	£	£
Loan payable	117,248	16,610,175	-
Creditors and accruals	775,999	-	-
Total	893,247	16,610,175	-

22. FINANCIAL RISK MANAGEMENT (continued)

As at 30 September 2020	Less than 3 month £	3 months to 1 year £	1 year to 5 years £
Loan payable	124,842	374,527	16,871,629
Creditors and accruals	725,802	-	-
Total	850,644	374,527	16,871,629

As at the Statement of Financial Position date, the Company had undrawn committed borrowings available of £nil (31 March 2021: £72,654; 30 September 2020: £77,827).

The Board of Directors manages the risk of breaches in debt covenants by regularly reviewing the level of debt 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 entered into with the Company. The carrying amounts of financial assets best represents the maximum credit risk exposure at the statement of financial position.

Principal counterparties are LCP as Property Manager and Butterfield Bank (Guernsey) Limited as Bankers. The financial position of LCP and the credit rating of Butterfield are considered by the Board annually or sooner in the event of any cause for concern.

Butterfield Bank (Guernsey) Limited is a reputable financial institution and has a short term credit rating of A-1 according to S&P.

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

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £	(Unaudited) 30 September 2020 £
Cash and cash equivalents	78,750	78,750	78,750
Rent receivable from Property Manager (Note 13)	16,194	13,960	21,338
Cash floats held by Property Manager (Note 13) (Note 13)	20,582	31,518	37,526
Service charge deposits (Note 13)	15,690	15,690	15,690
Total	131,216	139,918	153,304

23. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

24. SUBSEQUENT EVENTS

The existing loan facility with Butterfield Bank (Guernsey) Limited (the "Bank") was extended on 7 January 2022. Further details of the loan facility are provided in Note 14.