Pinnacle Residential Fund

Annual Report and Audited Consolidated Financial Statements

For the year ended 31 March 2022

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Contents

Pinnacle Residential Fund

General Information

Manager:	Pinnacle Investment Management Limited 11 New Street St Peter Port Guernsey GY1 2PF
Administrator:	Vistra Fund Services (Guernsey) Limited 11 New Street St Peter Port Guernsey GY1 2PF
Sub-Registrar:	Vistra Fund Services (Guernsey) Limited 11 New Street St Peter Port Guernsey GY1 2PF
Investment Advisor:	Pinnacle Investments (Holdings) Limited 8th Floor Holborn Tower 137-144 High Holborn London WC1V 6PL
Trustee:	Vistra Fund Services (Guernsey) Limited 11 New Street St Peter Port Guernsey GY1 2PF
Auditor:	Grant Thornton Limited Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF
Trustee Oversight:	Aspida Group Limited Tudor House Le Bordage St Peter Port Guernsey GY1 1DB
Legal Advisers:	Carey Olsen (Guernsey) LLP PO Box 98 Les Banques Carey House St Peter Port Guernsey GY1 1DB

The Manager presents its annual report and audited consolidated financial statements of Pinnacle Residential Fund and its subsidiaries (the 'Fund') for the year ended 31 March 2022.

Manager's Responsibilities

The Manager's responsibilities are set out on page 4.

The Trust Structure

The Fund is a Guernsey domiciled open-ended unit trust constituted under a Trust Instrument made between D&G Investment Management Limited as the Manager and Kleinwort Benson (Guernsey) Limited as the Trustee and dated 18 January 2007. On 24 September 2019, a Supplemental Trust Instrument was made between Pinnacle Investment Management Limited (formerly D&G Investment Management Limited) as the Manager and Vistra Fund Services (Guernsey) Limited as the new Trustee. Pursuant to the Supplemental Trust instrument and revised Scheme Particulars dated 1 June 2021, the Fund was changed from a Discretionary Trust to a Baker Trust. The Fund was authorised by the Guernsey Financial Services Commission on 28 December 2006 as a Class B Scheme, under The Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021 and the Protection of Investors (Bailiwick of Guernsey) Law, 2020.

On 26 February 2020, pursuant to the Limited Partnership Agreement, PRF (Guernsey) Ltd (the 'General Partner') and the Trustee established a Limited Partnership under the name of PRF (Guernsey) LP (the 'Partnership'), registered as a limited partnership in Guernsey under the Limited Partnerships (Guernsey) Law, 1995. The General Partner is solely responsible for the conduct and management of the business of the Partnership. The purpose of the Partnership is to carry on the business of an investment holding vehicle in order to make and distribute value from investments. On 28 June 2021, pursuant to section 30(8)(a) of The Limited Partnerships (Guernsey) Law, 1995, PRF (Guernsey) LP (the 'Partnership') was dissolved.

On 27 February 2020, pursuant to Section 6(2) of the Trusts (Guernsey) Law, 2007, the Manager and the Trustee established the PRF Bedford Unit Trust ('Bedford Trust'). The objective of the Bedford Trust is to acquire, hold, lease, realise and deal in real estate in the United Kingdom.

On 31 March 2022, pursuant to Section 6(2) of the Trusts (Guernsey) Law, 2007, the Manager and the Trustee established the PRF Hayes Unit Trust ('Hayes Trust'). The objective of the Hayes Trust is to acquire, hold, lease, realise and deal in real estate in the United Kingdom.

The Bedford Trust and the Hayes Trust together are referred as the 'Sub-Trusts' throughout the Consolidated Financial Statements.

The Fund was the sole limited partner and had invested in the Partnership, who in turn had invested in the units of Bedford Trust. After dissolution of the Partnership, the Fund has consequently 100% direct ownership of Bedford Trust, and Hayes Trust. The consolidated financial statements therefore consist of the Fund and the Sub-Trusts. The Fund and the Sub-Trusts are collectively referred to as the 'Fund'.

Pursuant to the Supplemental Trust instrument and revised Scheme Particulars dated 1 June 2021, the Fund was changed from a Discretionary Trust to a Baker Trust.

All issued redeemable units have been admitted to the official listing of The International Stock Exchange ('TISE') on 09 February 2007.

Investment Objective and Policy

The Fund aims to provide investors with an attractive, stable income return with good prospects for both income and capital growth. This will strike a balance between total return and income return.

Principal Activity

The principal activity of the Fund is the acquisition and holding of a geographically diversified portfolio of residential assets on a ‘granular’ basis. The Fund will predominantly target existing residential assets in well-connected urban areas, where the pipeline of new housing supply is significantly lower than the forecast population growth.

Net Asset Value

The International Financial Reporting Standards ('IFRS') as issued by IASB net asset value of the Fund at 31 March 2022 was £6,704,612 (31 March 2021: £7,200,800), equating to a net asset value per unit of £0.14 (31 March 2021: £0.14). The IFRS net asset value has been reconciled to the dealing net asset value as at 31 March 2022 in note 26.

Gains and Losses

The net loss for the Fund for the year ended 31 March 2022 was £284,836 (31 March 2021: £487,392).

** The Manager uses the terms 'Fund' and 'Trust' interchangeably throughout this document. The Manager acknowledges that the terms may have different nuances but these distinctions are not relevant to Pinnacle Residential Fund.*

Distribution Policy

In previous years, the Fund had applied to Her Majesty's Revenue and Customs ('HMRC') to be treated as a Reporting Fund, however as of 1 June 2021, the Fund meets the conditions to be treated as a Non-Reporting Fund, owing to its transparent status for income tax purposes. Whilst a Reporting Fund has obligations to HMRC, a Non-Reporting Fund has no obligations to HMRC for UK tax purposes.

The Fund has given notice to HMRC to withdraw from the Reporting Fund regime, such that the Reporting Fund regulations will cease to apply to the Fund. On the basis the withdrawal is successful, the Fund is only required to report to the Fund's UK Unitholders for each reporting period either by post or electronically.

The Trustee intends to distribute to Unitholders income after payment and provision for any Revenue Expenses and the deduction of any Withholding Tax (if applicable). Distributions will generally be made as soon as practicable after the end of the Fund's financial year which is 31 March in each year. Income distributions will be paid in compliance with the Class B Rules. No distribution shall bear interest against the Fund.

Directors' fees of the Manager

The remuneration to the Directors of the Manager ("the Directors") for the year ended 31 March 2022 was £37,005 (31 March 2021: £43,217).

Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have examined significant areas of possible financial risk, in particular cash requirements and the ongoing obligations of the banking covenants.

After due consideration the Directors believe that the Fund will have adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of the consolidated financial statements, and as such it is deemed appropriate to adopt the going concern basis in preparing the consolidated financial statements.

This is supported by the Fund’s ability to issue additional units; the refinancing of Bedford acquistion loan of £4.2M with Secure Trust Bank with a higher facility of £4.8M, thereby releasing additional cash to meet short-term obligations of the Fund; and the acquisition of a second cash generative property at Boleyn Court, Hayes.

COVID-19 and Russia-Ukraine war

At the time of signing of these financial statements, the ever-evolving COVID-19 pandemic and the Russia-Ukraine war are continuing to influence the global economy. In addition, at the time of signing all COVID-19 related restrictions had been lifted in the UK. There is however sentiment that they could be reimposed in August or September in the wake of another development in COVID-19.

The impact of the pandemic on the day-to-day operations of the Fund are minimal by virtue of the Directors operating predominantly from home offices and the Company’s Administrator having successfully implemented measures to allow its staff to do likewise.

The overall quantum effect of both is difficult to determine however the Directors are monitoring the situation and they do not expect any negative impact as a result of COVID-19 or the Ukraine conflict but are cognisant of the risk of future developments which may have an impact should any such developments materialise.

Independent Auditor

Grant Thornton Limited have expressed their willingness to continue in office. A resolution to re-appoint them as auditor to the Fund will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors of the Manager and signed on its behalf by:

John Whittle	Quentin Spicer
Director	Director

Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund

Date: 28 July 2022

Statement of Manager's Responsibilities
For the year ended 31 March 2022

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund, for safeguarding the assets of the Fund, for taking reasonable steps for the prevention and detection of fraud and other irregularities, and for the preparation of a Manager's Report which complies with the requirements of The Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021 made under The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

The Manager is responsible for preparing the annual report and audited consolidated financial statements in accordance with The Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021 made under The Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Supplemental Trust Instrument. The Manager has chosen to prepare consolidated financial statements for the Fund in accordance with IFRS as issued by IASB.

International Accounting Standard 1 requires that consolidated financial statements present fairly for each financial year the entity's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the IASB's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. A fair presentation also requires the Manager to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Fund's financial position and financial performance; and
- make an assessment of the Fund's ability to continue as a going concern.

Approved by the Board of Directors of the Manager and signed on its behalf by:

John Whittle
Director

Quentin Spicer
Director

Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund

Date: 28 July 2022

Report of the Trustee to the Unitholders
For the year ended 31 March 2022

In our opinion the Manager has managed the Fund during the year ended 31 March 2022 in accordance with the provisions of its Supplemental Trust Instrument, and The Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021 ("the Class B Rules") made under The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

RICHARD PHIBBS
Authorised Signatory
Vistra Fund Services (Guernsey) Limited
Trustee of Pinnacle Residential Fund

DAVID WALKER
Authorised Signatory

Date: 28 July 2022

Investment Review
For the year ended 31 March 2022

The year under review was a landmark year for our Fund. It saw the sale of the two remaining legacy central London properties, the repayment of the RBSI debt and the acquisition of a second yielding asset. With the Fund now free from the constraints of the previous strategy, we can now fully implement the strategy approved by our unitholders in acquiring higher volume, lower value, higher yielding assets.

As we sign off another year's accounts, we must take the opportunity to thank our investors for their patience during the transition. We took over the management of the Fund in September 2019, with an unforeseen global pandemic emerging only a few months later. It was the day after the UK entered its first UK lockdown, in March 2020, that we acquired our first asset under the new strategy. Our confidence in the defensiveness of the asset, the market fundamentals and our operating capability in leasing up the asset using a technology-led platform times proved well placed as the expected rents were delivered.

Against the macro-economic headwinds of the pandemic and the consequential impacts, in particular, on business travel and inward investment in the UK, our ability to raise funds and also sell the prime central London legacy properties into a frozen market at acceptable prices, was stifled, constraining available equity.

However, we can now look to the future with additional confidence. With the defensive characteristics rigorously tested, it is now time to be on the front foot and build out the portfolio as intended. Not only has the Bedford asset passed the test during the lockdown periods, rents increased 16% from the expectations at time of the acquisition to the end of the review period, with a resultant 14% capital appreciation in the value of the asset. The acquisition of a further 24 flats in Hayes, outer London signals the start of the next phase. The tenanted asset is in an area expected to benefit further from the imminent opening of the nearby section of the Elizabeth Line (Crossrail). This takes us a significant step closer to being able to reward our investors' patience with the Fund's first distribution and returning the Fund to overall growth.

As the UK, and much of the developed world, completes its opening up and learns to live with coronavirus, the Fund is well positioned to attract additional investment. We now have a more tax efficient structure; we have a clearer investment proposition following the legacy asset sales; we have proven capabilities in sourcing and operating quality yielding assets; we have a technology-led operating model; and we have a strong pipeline of opportunities. Though complete a few weeks after year end, we took the opportunity to refinance the Bedford asset alongside the financing of the Hayes asset, releasing additional equity to contribute to the next acquisition and securing a lower, fixed interest rate for 3 years. With an additional focus on cost control, we are excited by the Fund's ability to attract investment in exchange for good quality, attractive returns.

Finally, we would like to acknowledge the departure of the Fund's co-founder Stephen Yorke from the Board during the year, following the ending of the transitional arrangements. Stephen leaves with our best wishes for the future.

Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund

Pinnacle Residential Fund

Property Portfolio
As at 31 March 2022

Investment Properties	Market Value £	Percentage of Total Assets
The Residence, Lurke Street, Bedford, MK40 3FJ	8,000,000	55.81%
Boleyn Court, Botwell Lane, Hayes, UB3 2BL	5,397,000	37.65%
	13,397,000	93.46%
Cash	588,413	4.10%
Other assets	348,696	2.44%
Total assets	14,334,109	100.00%

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF PINNACLE RESIDENTIAL FUND

Opinion

We have audited the Consolidated Financial Statements of Pinnacle Residential Fund and its subsidiaries (together the 'Fund') for the year ended 31 March 2022 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, the Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the Consolidated Financial Statements:

● give a true and fair view of the state of the Fund's affairs as at 31 March 2022 and of the Fund's loss for the year then ended;

● are in accordance with IFRSs as issued by the IASB; and

● have been prepared in accordance with the requirements of the Supplemental Trust Instrument.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed the matter	Our result
Valuation of investment property (2022: £13.4 million and 2021: £7.75 million)	Our audit procedures consisted of:	
93% (2021: 94%) of the carrying value of the Funds' Total assets, consist out of investment property which are valued using different valuation techniques, as described in Notes 2.6, 5.1, 13 and 14 to the Consolidated Financial Statements.	● We updated our understanding of the Fund's processes, policies and methodologies, including the use of industry-specific measures, and policies for valuing investment properties held by the Fund and we performed walkthrough tests to assess the design and implementation of key controls;	We have not identified any matters to report to those charged with governance in relation to the fair value measurement of investment properties.
The valuation is subjective, with a high level of judgement and estimation linked to the determination of the values. As a result, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model/calculation being selected including the possible impact on the management fees.	● We obtained the independent valuation report for all investments performed by management's expert, and performed the following procedures: we assessed the scope, competence, capability and objectivity of managements expert; we agreed the fair value per the valuation reports obtained from management to the consolidated financial statements;	
The valuation of the investment properties (including those classified as held for sale) is the key driver of the Funds' net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Fund and therefore the return generated for shareholders.	we inspected the valuation models and supporting data to assess whether the data used is appropriate and relevant, and discussed these with management to evaluate whether the fair value of unquoted investments is reasonably stated, challenging the assumptions made by management;	

Key audit matters (continued)

Key Audit Matter	How our scope addressed the matter	Our result
Refer to the Accounting policies in Notes 2.6, 5.1 and Notes 13 and 14 to the Consolidated Financial Statements for additional information.	we agreed a sample of key valuation to independent sources (e.g. gross rentals, void allowance, operating expenses, yield, purchase cost) and tested the arithmetical accuracy of the Company's calculations; we performed a recalculation of the unrealised gains and losses on the fair value movement for the investment properties and assets held for sale and agreed this to the amount recorded in the financial statements. In addition to this, the overall presentation and disclosure of the investment properties and the assets held for sale were agreed to the respective notes in the financial statements; and ● We determined if investments properties met the classification, measurement and disclosure requirements of IAS 40 Investment Property.	

Other information in the Annual Report

The Manager is responsible for the other information. The other information comprises the information included in the Annual Report and Audited Consolidated Financial Statements, but does not include the Audited Consolidated Financial Statements and our auditor's report thereon. Our opinion on the Audited Consolidated Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Audited Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Investment Manager's Report.

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

● proper accounting records have not been kept by the Fund; or

● the Consolidated Financial Statements are not in agreement with the accounting records; or

● we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Investment Manager for the Consolidated Financial Statements

As explained more fully in the managers' responsibilities statement, the Manager is responsible for the preparation of the Consolidated Financial Statements which give a true and fair view in accordance with IFRSs as issued by the IASB, and for such internal control as the Manager determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

● Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

● Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

● Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

● Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

● Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Wynand Pretorius.

Use of our report

This report is made solely to the Fund's unitholders as a body. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey
Date: 29 July 2022

Pinnacle Residential Fund

Consolidated Statement of Total Comprehensive Income
For the year ended 31 March 2022

	Notes	***31 March 2022*** **£**	*31 March 2021* £
Revenue	8	466,570	456,477
Property operating expenses	9	(186,337)	(323,559)
Net rental income		280,233	132,918
Net fair value gain on investment properties	13	233,559	195,952
Net realised loss on sale of investment property	15	(144,134)	-
Net gain on investment properties		89,425	195,952
Administrative expenses	10	(436,956)	(448,222)
Operating loss		(67,298)	(119,352)
Finance income	11	8	40
Finance costs	12	(217,546)	(368,080)
Net loss for the year before tax		(284,836)	(487,392)
Tax expense for the year		-	-
Net loss for the year after tax		(284,836)	(487,392)
Other comprehensive income		-	-
Total comprehensive loss for the year		(284,836)	(487,392)
Basic loss per unit	24 (a)	(0.57 pence)	(0.94 pence)
Diluted loss per unit	24 (b)	(0.57 pence)	(0.94 pence)

All the items in the above statement are derived from continuing operations.

The notes on pages 15 to 34 form an integral part of these consolidated financial statements.

Pinnacle Residential Fund

Consolidated Statement of Financial Position
As at 31 March 2022

	Notes	*31 March 2022* £	*31 March 2021* £
Non-current assets			
Investment properties	13	13,397,000	7,753,487
		13,397,000	7,753,487
Current assets			
Trade and other receivables	16	348,696	163,926
Restricted cash	17	-	368,817
Cash and cash equivalents		588,413	373,583
		937,109	906,326
Investment properties held for sale	14	-	7,313,288
Total assets		14,334,109	15,973,101
Current liabilities			
Borrowings	19	4,200,000	3,688,174
Trade and other payables	18 (a)	248,742	453,936
Deferred revenue		43,545	25,881
Loan interest due	19	42,460	51,269
		4,534,747	4,219,260
Non-current liabilities			
Management fee	18 (b)	-	348,041
Unit-based payments	21	4,750	5,000
Borrowings	19	3,090,000	4,200,000
		3,094,750	4,553,041
Total liabilities (excluding net assets attributable to holders of redeemable units)		7,629,497	8,772,301
Net assets attributable to holders of redeemable units		6,704,612	7,200,800
Represented by:			
Number of redeemable units in issue	21	48,823,213	50,332,866
Net asset value per redeemable unit		13.73 pence	14.32 pence

The Consolidated Financial Statements on pages 12 to 34 were approved by the Board of Directors of the Manager and authorised for issue on 28 July 2022.

John Whittle

Director
Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund

Quentin Spicer

Director

The notes on pages 15 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the year ended 31 March 2022

	Number of Units Issued	£
Balance of Net Assets attributable to holders of redeemable units on 31 March 2020	**51,120,980**	**7,798,528**
Redemption of redeemable units	(788,114)	(110,336)
Total comprehensive loss for the year	-	(487,392)
Balance of Net Assets attributable to holders of redeemable units on 31 March 2021	**50,332,866**	**7,200,800**
Balance of Net Assets attributable to holders of redeemable units on 31 March 2021	50,332,866	7,200,800
Redemption of redeemable units	(2,161,032)	(302,545)
Subscription of redeemable units	651,379	91,193
Total comprehensive loss for the year	-	(284,836)
Balance of Net Assets attributable to holders of redeemable units on 31 March 2022	**48,823,213**	**6,704,612**

The notes on pages 15 to 34 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	Notes	*31 March 2022* £	*31 March 2021* £
Cash flows from operating activities			
Total comprehensive loss for the year		(284,836)	(487,392)
Adjustments for:			
Net fair value gain on investment properties	13	(233,559)	(195,952)
Net realised loss on sale of investment property		144,134	-
Unit-based payment expense		(250)	1,500
Finance income	11	(8)	(40)
Finance costs	12	217,546	368,080
Gain on derecognition of financial liabilities		-	28,520
Operating loss before changes in working capital		(156,973)	(285,284)
(Increase)/decrease in receivables		(184,770)	56,789
Decrease in payables		(553,235)	(115,050)
Increase in deferred revenue		17,664	23,025
Net cash outflow from operating activities		(877,314)	(320,520)
Cash flows from investing activities			
Interest received	11	8	40
Additions to investment property	13	(5,409,954)	(56,123)
Proceeds from sale of investment property	15	7,169,154	-
Relief received on investment*	13	-	82,107
Net cash inflow from investing activities		1,759,208	26,024
Cash flows from financing activities			
Issue of redeemable units		91,193	-
Redemption of redeemable units		(302,545)	-
Repayment of borrowings	19	(3,688,174)	-
Advance of borrowings	19	3,090,000	172,200
Finance costs paid		(226,355)	(330,380)
Decrease in restricted cash	17	368,817	-
Net cash outflow from financing activities		(667,064)	(158,180)
Net increase/ (decrease) in cash and cash equivalents		214,830	(452,675)
Cash and cash equivalents at the beginning of the year		373,583	826,258
Cash and cash equivalents at the end of the year		588,413	373,583

*For the financial period ended 31 March 2021, the Fund received multiple dwelling relief on the acquisition of Bedford.

1. General information

Pinnacle Residential Fund and its subsidiaries (the 'Fund') is an open-ended unit trust established in Guernsey by a Trust Instrument dated 18 January 2007 (the 'Original Trust Instrument') with a maximum duration of 100 years. The registered office of the Manager is 11 New Street, St Peter Port, Guernsey, GY1 2PF. On 24 September 2019, the Original Trust Instrument was supplemented by the Supplemental Trust Instrument.

The Fund aims to provide investors with an attractive, stable income return with good prospects for both income and capital growth. This will strike a balance between total return and income return.

The Fund's investment activities are managed by Pinnacle Investment Management Limited (the 'Manager') (formerly D&G Investment Management Limited). The trusteeship of the Fund is managed by Vistra Fund Services (Guernsey) Limited (the 'Trustee'). The administration is delegated to Vistra Fund Services (Guernsey) Limited.

On 26 February 2020, pursuant to the Limited Partnership Agreement, PRF (Guernsey) Ltd (the 'General Partner') and the Trustee established a Limited Partnership under the name of PRF (Guernsey) LP (the 'Partnership'), registered as a limited partnership in Guernsey under the Limited Partnerships (Guernsey) Law, 1995. The General Partner is solely responsible for the conduct and management of the business of the Partnership. The purpose of the Partnership was to carry on the business of an investment holding vehicle in order to make and distribute value from investments. On 28 June 2021, pursuant to section 30(8)(a) of The Limited Partnerships (Guernsey) Law, 1995, PRF (Guernsey) LP (the 'Partnership') was dissolved.

On 27 February 2020, pursuant to section 6(2) of the Trusts (Guernsey) Law, 2007, the Manager and the Trustee established the PRF Bedford Unit Trust ('Bedford Trust'). The objective of the Bedford Trust is to acquire, hold, lease, realise and deal in real estate in the United Kingdom.

On 31 March 2022, pursuant to section 6(2) of the Trusts (Guernsey) Law, 2007, the Manager and the Trustee established the PRF Hayes Unit Trust ('Hayes Trust'). The objective of the Hayes Trust is to acquire, hold, lease, realise and deal in real estate in the United Kingdom.

The Bedford Trust and the Hayes Trust together are referred as the 'Sub-Trusts' throughout the Consolidated Financial Statements.

The Fund was the sole limited partner and had invested in the Partnership, who in turn had invested in the units of Bedford Trust. After dissolution of the Partnership, the Fund has consequently 100% direct ownership of Bedford Trust, and Hayes Trust. The consolidated financial statements therefore consist of the Fund and the Sub-Trusts. The Fund and the Sub-Trusts are collectively referred to as the 'Fund'.

Pursuant to the Supplemental Trust instrument and revised Scheme Particulars dated 1 June 2021, the Fund was changed from a Discretionary Trust to a Baker Trust.

All issued redeemable units have been admitted to the official listing of The International Stock Exchange ('TISE') on 09 February 2007.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the year unless otherwise stated.

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ('IASB') and applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008. The consolidated financial statements have been prepared under the historical cost convention except for investment properties which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

In the current year, the Fund has adopted all the applicable new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2021. The adoption of the standards and interpretations has not had a significant impact on the content or presentation of the consolidated financial statements; refer to below for additional consideration.

The consolidated financial statements of the Fund incorporate the financial statements of the Partnership and the Sub-Trusts, which are entities controlled by the Fund as at 31 March 2022. Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of the subsidiaries are included in the consolidated financial statements of the Fund.

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Statement of compliance (continued)

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, accounting policies of subsidiaries are changed to ensure consistency of accounting policies across the Group.

Subsidiaries

The following table details the subsidiaries owned by the Fund as at 31 March 2022.

Entity	Country of incorporation	Effective ownership	Activity	Registered address
PRF Bedford Unit Trust	Guernsey	100%	To acquire, hold, lease, realise and deal in real estate in the United Kingdom.	11 New Street, St Peter Port, GUERNSEY GY1 2PF
PRF Hayes Unit Trust	Guernsey	100%	To acquire, hold, lease, realise and deal in real estate in the United Kingdom.	11 New Street, St Peter Port, GUERNSEY GY1 2PF

New IFRS accounting standards and interpretations

There were some major amendments to standards effective for the first time for periods beginning on or after 1 April 2021 that had the potential to impact the Fund's accounting policies. The relevant amendments to the standards and their impact on the consolidated financial statements is detailed below:

Amendments to IFRS 16

On 31 March 2021, the IASB published 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

2018-2020 annual improvements cycle

On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

IAS 37 amendments regarding onerous contracts

On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

New, relevant standards, interpretations and amendments in issue but not yet effective for the financial year beginning 1 April 2021

Standards amendments and interpretations	Effective date
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current -Deferral of Effective Date	1 January 2023**
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023**
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023**

** Not endorsed

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and do not plan early adoption of these standards as the Directors do not expect the standards to have a material/ significant impact to the consolidated financial statements.

2.2 Revenue and other income

Lease income is recognised over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Rental revenues are accounted for on an accrual basis. Therefore, deferred revenue generally represents advance payments from tenants. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Fund and the amount of revenue can be measured reliably.

Interest income is accounted for on an accruals basis. Interest income relates only to interest on bank balances.

2. Accounting policies (continued)

2.3 Expenses

All expenses are accounted for on an accrual basis and include those of the Administrators, the Manager and the Directors. All expenses have been presented as operating items except as follows:

Expenses which are incidental to the acquisition of an investment property are included within the cost of that investment property as well as costs incurred subsequently in any major redevelopment when it is probable that the future economic benefits associated with the redevelopment will flow to the entity, and the cost of it can be measured reliably.

2.4 Operating loss

Operating loss includes net gains and losses on revaluation of investment properties as well as rental income, as reduced by administrative expenses and property operating costs and excludes finance costs and finance income.

2.5 Taxation

The Fund is exempt from taxation under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 2012 and pays an annual fee of £1,200 (2021: £1,200). This amount is included within Administration expenses under regulatory and registration fees.

As at 01 June 2021, the Fund has become a Baker Trust and so is transparent for the purposes of UK tax on income. In order to receive distributions net of UK income tax, each investor has been asked to confirm that they are UK tax resident or to obtain approval from HMRC to receive distributions gross of UK income tax. Each investor will be responsible for reporting distributions received from the Fund in their own tax returns.

The Fund expects to be land rich for the purposes of UK tax on capital gains. The Fund has made an Exemption Election under the terms of schedule 5AAA of TCGA 1992 for the purpose of UK tax on capital gains.

The Fund is relieved from Annual Tax on Enveloped Dwellings as the properties are available for rent in the course of a qualifying property rental business.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Fund’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The Fund does not recognise deferred tax for its tax losses.

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

2.6 Investment properties

Investment properties are initially recognised at cost, including related transaction costs. Subsequently, investment properties are stated at their fair value at the Consolidated Statement of Financial Position date. Gains or losses arising from changes in the fair value of investment properties are included in the Consolidated Statement of Total Comprehensive Income for the year in which they arise. Gains or losses arising on sale of investment properties represent the difference between the fair value of the consideration received (net of disposal costs) and the cost of the assets disposed and are recognised in the Consolidated Statement of Total Comprehensive Income in the year in which they arise.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of The Residence, Lurke Street, Bedford and Boleyn Court, Botwell Lane, Hayes have been determined based on valuations performed by accredited independent valuers, Montagu Evans LLP. For quarterly reporting, internal valuation models are used to value the investment properties.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Total Comprehensive Income during the financial period in which they are incurred.

Investment properties for which there is a committed plan to sell are marketed at the year end and for which the sale is anticipated to complete within one year of the accounting reference date are classified as Investment Properties held for sale (Note 14).

2. Accounting policies (continued)

2.7 Financial instruments

A financial instrument is recognised in the Fund's Consolidated Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Fund commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Fund's obligations, specified in the contract, expire or are discharged or cancelled. Financial assets are derecognised if the Fund's contractual rights to the cash flows from the financial assets expire or are extinguished.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ('FVOCI') – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss ('FVTPL').

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Fund only has financial assets that are measured at amortised cost.

(a) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributed to its acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses as detailed below.

Fair values of financial assets at amortised cost, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date only if the discounting is material.

(a)(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through deposits on account with landlords (e.g. trade and other receivables and rent deposits), but also incorporate other types of contractual monetary assets.

Trade and other receivables are classified at amortised cost using the effective interest.

(a)(ii) Cash and cash equivalents

Cash and cash equivalents are carried at cost and comprise cash in current accounts, demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(a)(iii) Restricted cash

Restricted cash is carried at cost and represents funds held in an account with RBSI charged to the bank as stipulated in the loan agreement.

Impairment of financial assets held at amortised cost

IFRS 9 has introduced the expected credit loss (“ECL”) model which brings forward the timing of impairments.

Under IFRS 9 for trade receivables, including lease receivables, the Fund has applied the simplified model as the trade receivables all have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime ECL. Under the simplified approach practical expedients are available to measure lifetime ECL but forward looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime expected credit losses at all times. The Directors consider that a significant movement would be required to the credit quality of the lessees to increase the ECL.

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Impairment of financial assets held at amortised cost (continued)

The Directors have concluded that any ECL on the lease receivables would be highly immaterial to the consolidated financial statements following consideration of:

• the historical payment history of the lessees which have always been met in accordance with the lease agreement terms.
• the ability of the lessees to pay their outstanding amounts.
• the collateral being held in the form of a security deposit for each lease which can be utilised should there be any payment defaults.
• the credit risk of the lessees.

Other receivables are immaterial to the consolidated financial statements and therefore no assessment of the ECL has been completed.

(b) Financial liabilities at amortised cost

(b)(i) Trade and other payables

Trade payables and other short-term monetary liabilities (e.g. deferred revenue) are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material.

(b)(ii) Borrowings

Borrowings are initially recognised at fair value net of attributable transaction costs incurred. Such liabilities are subsequently stated at amortised cost using the effective interest method. The effect of discounting on these financial instruments is not considered to be material.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over relevant periods. 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 costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

(b)(iii) Redeemable Units

The Fund issues redeemable units, which are redeemable at the holder's option and are classified as Financial Liabilities. Subject to certain restrictions which can be enforced per the Scheme Particulars, redeemable units can be put back to the Fund at any time for cash equal to a proportionate unit of the Fund's net asset value.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of the redeemable units by the total number of outstanding redeemable units. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

In net inflow months, the Subscription Price and Redemption Price or Special Redemption Price, as the case may be, of the Units will be based on the Vacant Possession Value and the spread between the Subscription Price and Redemption Prices or Special Redemption Prices, as the case may be, will be approximately 1 per cent. In net outflow months the Redemption Price will be based on an adjustment to the Net Asset Value for those properties that would need to be sold at market value to meet the net outflow less sale costs. The properties that would be sold to meet the net outflow, and accordingly to be valued at a price that reflects the ability to sell immediately, will be at the Manager’s discretion. This would have the effect of significantly widening the spread between the Subscription Price and Redemption Prices. The benefit of any spread will be retained for the benefit of the Fund and remaining investors.

(c) Fair value measurement hierarchy

This note explains the judgements and estimates made determining the fair values of the Financial Instruments and non-financial assets and liabilities that are recognised at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Fund has classified its financial and non-financial assets and liabilities into the three levels prescribed under the accounting standards.

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

2. Accounting policies (continued)

2.7 Financial instruments (continued)

(c) Fair value measurement hierarchy (continued)

The level in the fair value hierarchy within which the financial instruments and non financial assets and liabilities are categorised and determined on the basis of the lowest input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into one of the three levels.

The following table presents the Fund's financial and non financial assets and liabilities that are measured at fair value at 31 March 2022 by level of their fair value hierarchy.

	Level 1 & 2	Level 3	Total
	£	£	£
Non-financial assets:			
Investment properties	-	13,397,000	13,397,000
Total	**-**	**13,397,000**	**13,397,000**

The following table presents the Fund's financial and non financial assets and liabilities that are measured at fair value at 31 March 2021 by level of their fair value hierarchy.

	Level 1 & 2	Level 3	Total
	£	£	£
Non-financial assets:			
Investment properties	-	7,753,487	7,753,487
Investment properties held for sale	-	7,313,288	7,313,288
Total	-	15,066,775	15,066,775

The fair values of The Residence, Lurke Street, Bedford and Boleyn Court, Botwell Lane, Hayes have been determined based on valuations performed by accredited independent valuers, Montagu Evans LLP. Valuations at the year end were based on current prices in an active market at date of valuations (see note 5.1). For quarterly reporting, internal valuation models are used to value the investment properties.

The following table presents the changes in Level 3 instruments for the years ended 31 March 2022 and 31 March 2021.

	Investment properties held for sale	Investment properties	Total
	£	£	£
Opening balance 1 April 2020	-	15,009,889	15,009,889
Additions	-	-	-
Cost capitalised	-	56,123	56,123
Transfer to investment properties held for sale	7,313,288	(7,313,288)	-
Multiple dwelling relief received on the acquisition of Bedford	-	(82,107)	(82,107)
Bedford's cost overstated	-	(113,082)	(113,082)
Profits recognised in total comprehensive income	-	195,952	195,952
Closing balance 31 March 2021	7,313,288	7,753,487	15,066,775
Opening balance 1 April 2021	7,313,288	7,753,487	15,066,775
(Disposal)/Additions	(7,169,154)	5,150,000	(2,019,154)
Cost capitalised	-	259,954	259,954
Transfer to investment properties held for sale	-	-	-
Multiple dwelling relief received on the acquisition of Bedford	-	-	-
Net realised loss on sale of investment property	(144,134)	-	(144,134)
Net fair value gain on investment properties	-	233,559	233,559
Closing balance 31 March 2022	-	13,397,000	13,397,000

There have been no transfers between levels during the year.

2. Accounting policies (continued)

2.8 Functional and presentation currency

The functional and presentation currency is Sterling. The Manager considers Sterling the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Sterling is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors.

2.9 Unit-based payments (cash-settled)

The Fund settles performance fees by granting options for units in the Fund to the Manager at a discounted price, subject to the Trust achieving certain performance hurdles. All unit-based payments are recognised as an expense in profit or loss with a corresponding credit to non-current liabilities. The fair value of the options have been calculated using the Black-Scholes Model. The Model is a formula for calculating the fair value of an option contract, where an option is a derivative whose value is based on some underlying asset. The Model takes into consideration the following inputs: price of the stock, strike price, time to expiration, risk free interest rate, dividend yield and volatility.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of units options expected to vest differs from previous estimates. Any adjustment to cumulative unit-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of unit options, the proceeds received, net of any directly attributable transaction costs, are allocated to the redeemable units in issue.

3. Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have examined significant areas of possible financial risk, in particular cash requirements and the ongoing obligations of the banking covenants.

After due consideration the Directors believe that the Fund will have adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of the consolidated financial statements, and as such it is deemed appropriate to adopt the going concern basis in preparing the consolidated financial statements.

This is supported by the Fund’s ability to issue additional units; the refinancing of Bedford acquistion loan of £4.2M with Secure Trust Bank with a higher facility of £4.8M, thereby releasing additional cash to meet short-term obligations of the Fund; and the acquisition of a second cash generative property at Boleyn Court, Hayes.

COVID-19 and Russia-Ukraine war

At the time of signing of these financial statements, the ever-evolving COVID-19 pandemic and the Russia-Ukraine war are continuing to influence the global economy. In addition, at the time of signing all COVID-19 related restrictions had been lifted in the UK. There is however sentiment that they could be reimposed in August or September in the wake of another development in COVID-19.

The impact of the pandemic on the day-to-day operations of the Fund are minimal by virtue of the Directors operating predominantly from home offices and the Company’s Administrator having successfully implemented measures to allow its staff to do likewise.

The overall quantum effect of both is difficult to determine however the Directors are monitoring the situation and they do not expect any negative impact as a result of COVID-19 or the Ukraine conflict but are cognisant of the risk of future developments which may have an impact should any such developments materialise.

4. Financial instruments risk exposure and management

The Fund's activities expose it to a variety of financial risks: market risk (including income risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade and other receivables, restricted cash, rent deposits, cash and cash equivalents, trade and other payables and borrowings. The accounting policies in respect of these financial instruments are described in Note 2.

The Fund's overall risk management programme focuses on the unpredictability of property markets and seeks to minimise potential adverse effects on the Fund's financial performance.

4.1 Market risk

(i) Market rental income risk

Rental income is generally affected by the overall conditions in the local economy, such as:
- growth in gross domestic product;
- employment trends;
- inflation; and
- changes in interest rates.

Changes in gross domestic product may also impact employment levels, which in turn may impact on the demand for premises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies.

Rental income may also be affected by other factors specific to the real estate market such as:
- competition from other property owners;
- the perceptions of prospective tenants of the attractiveness;
- convenience and safety of properties;
- the inability to collect rents because of bankruptcy or the insolvency of tenants or otherwise;
- the periodic need to renovate, repair and release space and the costs thereof;
- the costs of maintenance and insurance; and
- increased operating costs.

The Manager aims to minimise the risk through careful selection and thorough due diligence on prospective properties and tenants.

(ii) Currency risk

The Fund is not exposed to currency risk as all assets and liabilities are denominated in Sterling and all income and expenses are transacted in Sterling.

(iii) Cash flow and fair value interest rate risk

A significant portion of the Fund's financial assets and liabilities at the Consolidated Statement of Financial Position date are interest bearing. As a result, the Fund's position and cash flows are subject to significant risk due to fluctuations in the prevailing levels of market interest rates. Any cash and cash equivalents are invested at short-term market rates. This risk is linked to the Fund not being able to invest all of its committed capital or identify suitable investment opportunities which satisfy the Fund's investment objectives.

Directors consider the use of interest rate caps to mitigate against interest risk. Given the relatively short term of the current variable rate loan, management do not consider it necessary to utilise an interest rate cap at the current time.

The amount charged to the Consolidated Statement of Total Comprehensive Income for loan and bank interest payable, including loan agreement fees, is £217,546 (31 March 2021: £368,080).

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

At 31 March 2022	Interest bearing fixed	Interest bearing variable	Non-interest bearing	Total
	£	£	£	£
Assets				
Trade and other receivables	-	-	235,241	235,241
Cash and cash equivalents	-	588,413	-	588,413
Total assets	-	588,413	235,241	823,654

4. Financial instruments risk exposure and management (continued)

4.1 Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

	Interest bearing fixed	Interest bearing variable	Non-interest bearing	Total
	£	£	£	£
Liabilities				
Trade and other payables	-	-	248,742	248,742
Loan interest due	-	-	42,460	42,460
Borrowings	7,290,000	-	-	7,290,000
Total liabilities	7,290,000	-	291,202	7,581,202

At 31 March 2021

	Interest bearing fixed	Interest bearing variable	Non-interest bearing	Total
	£	£	£	£
Assets				
Trade and other receivables	-	-	51,327	51,327
Restricted cash	-	368,817	-	368,817
Cash and cash equivalents	-	373,583	-	373,583
Total assets	-	742,400	51,327	793,727
Liabilities				
Trade and other payables	-	-	453,936	453,936
Loan interest due	-	-	51,269	51,269
Borrowings	4,200,000	3,688,174	-	7,888,174
Total liabilities	4,200,000	3,688,174	505,205	8,393,379

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions consistent. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated - for example, change in interest rates and change in market values.

	Change in interest rates (basis points) 31 March 2022	Change in interest rates (basis points) 31 March 2021	**Interest bearing variable 31 March 2022**	Interest bearing variable 31 March 2021	**Impact on Statement of Total Comprehensive Income 31 March 2022**	Impact on Statement of Total Comprehensive Income 31 March 2021
			£	£	£	£
Restricted cash	50	50	-	368,817	-	1,844
Cash and cash equivalents	50	50	588,413	373,583	2,942	1,868
			588,413	742,400	2,942	3,712
Borrowings	50	50	-	(3,688,174)	-	(18,441)

(iv) Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly on a quarterly basis as the Fund is subject to quarterly subscriptions and redemptions. On 24 September 2019, the Directors announced that distributions and redemptions were suspended for a period of 18 months beginning 24 September 2019. The suspension on redemption was lifted on 24 March 2021 which marked the 18 months anniversary. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits to stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of quarterly subscriptions and redemptions relative to the assets it expects to be able to liquidate within the quarter and adjust the amount of distributions the Fund pays to redeemable unitholders.

- Redeem and issue new units in accordance with the constitutional documents of the Fund, which include the ability to scale back redemptions and require certain minimum holdings and subscriptions.

4. Financial instruments risk exposure and management (continued)

4.1 Market risk (continued)

(iv) Capital risk management (continued)

The Fund monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by the Fund as total borrowings less cash and cash equivalents. Total capital is calculated as net assets attributable to holders of redeemable units as shown in the Consolidated Statement of Financial Position, plus net debt. The loan to value of the charged properties (as valued by the independent valuer), in any quarter, must not exceed 65%. At the year end, the actual loan to value is 54% (2020: 52%).

	31 March 2022	**31 March 2021**
	£	£
Total interest bearing borrowings	7,290,000	7,888,174
Less cash and cash equivalents	(588,413)	(373,583)
Net debt	6,701,587	7,514,591
Total capital	13,406,199	14,715,391
Gearing ratio	49.99%	51.07%

The Manager monitors and reviews the structure of the Fund's capital at and between board meetings. The review includes:

- the current gearing; and
- the current and future distribution policy.

4.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Consolidated Statement of Financial Position date.

The Fund's credit risk principally arises from cash and cash equivalents and restricted cash as well as credit exposures in respect of tenants and other receivables. In the event of default by an occupying tenant, the Fund will suffer a rental shortfall and incur additional costs, including legal expenses in maintaining, insuring and advertising the property until it is re-let. The Manager seeks to mitigate default risk by assessing the credit worthiness of potential and current tenants. General economic conditions may affect the financial stability of tenants and prospective tenants and/or demand for and value of real estate assets. A property advisor monitors the tenants in order to anticipate, and minimise the impact of, default by occupying tenants.

The Manager monitors the placement of cash balances on an ongoing basis. Cash held by the Fund is placed with Royal Bank of Scotland International Limited ("RBSI") which is a reputable institution and has a Fitch rating of A. In addition, client cash account held by the property manager is with Barclays Bank PLC which has a credit rating of A+.

The following table analyses the Fund's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of netting at the reporting date:

	31 March 2022	31 March 2021
	£	£
Cash and cash equivalents	588,413	373,583
Restricted cash	-	368,817
Trade and other receivables	235,241	51,327
Total credit risk exposure	823,654	793,727

Trade receivables that are past due but not impaired at the end of the reporting period can be shown as follows:

	31 March 2022	31 March 2021
Trade receivables	**£**	£
Less than 1 year*	-	1,500
Total	-	1,500

4. Financial instruments risk exposure and management (continued)

4.3 Liquidity risk

Liquidity risk is the risk that the Fund will be unable to meet its financial commitments. Investments in property are relatively illiquid, and as such the Fund aims to mitigate this risk through maintaining sufficient cash; the availability of funding through an adequate amount of committed credit facilities; the availability to close out market positions; and through investment in higher volume lower value property assets.

Once the Fund has made property investments, most of these will be illiquid. It may take considerable time to dispose of the property investments. Redemptions are subject to limitations (see note 21) to minimise liquidity risk.

The table below analyses the Fund's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period at the Statement of Financial Position date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£
31 March 2022			
Borrowings (i)	4,200,000	3,090,000	-
Finance cost of borrowings	248,629	-	-
Trade and other payables	248,742	-	-
	4,697,371	3,090,000	-

	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£
31 March 2021			
Borrowings (i)	3,688,174	4,200,000	-
Finance cost of borrowings	242,642	162,764	-
Trade and other payables	453,936	348,041	-
	4,384,752	4,710,805	-

(i) For an explanation of the contractual maturities of the borrowings please refer to Note 19.

5. Critical accounting estimates and judgments

5.1 Critical accounting estimates and assumptions

The Directors make estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment are:

Fair value of investment property

The method for establishing fair value was amended as part of the adoption of the revised Scheme Particulars approved by unitholders on the change in management of the Fund on 24 September 2019.

Investment properties are stated at fair value and are valued independently by accredited independent valuers on a six monthly basis (formerly a rolling quarterly basis).

The fair values of The Residence, Lurke Street, Bedford and Boleyn Court, Botwell Lane, Hayes have been determined based on valuations performed by accredited independent valuers, Montagu Evans LLP. Valuations at the year end were based on current prices in an active market at date of valuations.

For quarterly reporting, internal valuation models are used to value the investment properties. The valuation of the Bedford property have been prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Global Standards January 2020.

The fair value of investment property is based on valuations provided as described above. These values are determined by using recognised valuation techniques and taking into consideration any recent market transactions for similar properties in similar locations to the investment properties held by the Fund.

5. Critical accounting estimates and judgments (continued)

5.1 Critical accounting estimates and assumptions (continued)

Fair value of investment property (continued)

Where investments are considered to be Level 3 investments for valuation purposes, it is required under IFRS 13 that information be provided about the significant unobservable inputs used in the fair value measurement. Directors of the Manager believe that they have considered the uncertainties inherent in valuations to the best of their knowledge and the assumptions made in the valuations are reasonable. The estimated fair values for real estate investments may differ significantly from values that would have been used had an active market for the real estate transactions existed and the differences could be material.

The table below provides a summary of the valuation subject to unobservable inputs across the Fund's investment portfolio, split by valuation methodology and an indicative effect on fair value. However, since the fair value of the legacy properties have been determined based on offer prices there is only one single unobservable input and therefore no sensitivity analysis has been provided.

Valuation Basis	Investment (£)	Valuation Methodologies used	Sensitivity used	Effect on fair value (£)	
					31 March 2022
Third-party valuation report	13,397,000	Combination of: (i) Market Approach (comparable companies multiples, available market prices and market conditions); (ii) Income and Cost Approach (PRS/BTR investment and capital yields, gross residential rent OPEX, void allowance and purchaser's costs) (iii) Proposed sale price.	+/(-) 5% of Gross Residential Rent	**+/(-)**	**858,571**

Assumptions and valuation models used by professionally-qualified property valuers are typically market related, such as comparable sales adjusted to reflect individual characteristics, including: location, size, outside space, condition and tenure, rental values, rental growth rates and occupancy rates. These are based on their professional judgement and market observation. The significant unobservable input used in arriving at the fair value is as follows:

- Estimated Rental Values – Based on estimated occupancy rates, and associated running costs, for completed properties.

The fair value of the property is also based on costs spent to date and there are no significant unobservable inputs in arriving at these costs.

There have been no transfers from level 3 investments during the year. The fair value of investment properties at 31 March 2022 are disclosed in note 13.

5.2 Critical judgements

Going Concern

These consolidated financial statements have been prepared on a going concern basis. This determination requires significant judgement. In making this judgement, the Manager evaluates the Fund's expected cash flows. For the Manager's consideration of going concern, please refer to Note 3.

6. Segment information

Operating Segments are reported in a manner consistent with the internal reporting provided to the Directors. The Chief Operating Decision Maker ('CODM'), which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors.

The Fund is organised into one main business segment, focusing on achieving long-term total returns through acquisition, refurbishment and holding predominantly residential property interests. The Fund's secondary segment is the geographical segment, based on the one main location of the investments, UK wide with focus on key urban centres.

For information about significant customers see Note 20 showing rental contracts currently in place.

Additional information on the total fair value of the segment and equivalent percentages of the total value of the Fund can be found in the Property Portfolio Statement on page 7.

The operating segments derive their revenue primarily from rental income from lessees. The investment properties, in relation to the income received, are located throughout the UK with focus on key urban centres.

7. Taxation

	31 March 2022	31 March 2021
	£	£
Current Tax		
UK tax on rental profits for the year	-	-
	-	-

Reconciliation of tax charge	31 March 2022	31 March 2021
	£	£
Loss before tax	(284,836)	(487,392)
UK tax at a rate of 19% (2021: 19%)	(54,119)	(92,604)
Effects of		
Gain from fair value adjustment of operating assets held at valuation	(44,376)	(37,231)
Realised loss on disposal of investment property	(27,385)	-
Taxable loss carried forward	125,881	129,835
Tax expense for the year	-	-

No deferred tax on losses has been recognised due to uncertainty over future taxable profits against which the losses could be utilised. As per UK corporation tax, losses made from a property business can be carried forward to future accounting periods, the losses will be set off against any future potential gains or profits. There is no limit to the number of years which the losses can be carried forward.

As a result of the Finance Act 2019, the rate of corporation tax has been reduced from 20% to 19% for periods beginning 01 April 2020.

8. Revenue

	31 March 2022	31 March 2021
	£	£
Gross lease payments collected	466,570	456,477
	466,570	456,477

The Fund leases its investment properties under operating leases.

9. Property operating expenses

Tabled below are the amounts of property operating expenses arising from investment properties that generated rental income during the year:

	31 March 2022	31 March 2021
Income generating expenses	£	£
Agent fees	32,191	43,149
Insurance costs	9,375	9,228
Property expenses	122,139	254,304
Travel expenses	22,632	16,878
	186,337	323,559

10. Administrative expenses

	31 March 2022	31 March 2021
	£	£
Manager's fees (refer to Note 22)	184,262	239,460
Legal and professional fees	112,552	84,537
Administration fees (refer to Note 23)	43,704	49,188
Directors' remuneration (refer to Note 22)	37,005	43,217
Audit fees	21,500	21,921
Trustee's fees (refer to Note 23)	20,451	20,218
Consultancy fees	10,200	10,050
Registration and regulatory fees	1,517	4,357
Listing fees	5,758	1,496
Bank charges	470	458
Sundry expenses	1,287	340
Unit-based payment expense (refer to Note 22 (ii))	4,750	1,500
Gain on derecognition of financial liabilities	-	(28,520)
Net gain on unit-based options upon exercise	(6,500)	-
	436,956	448,222

11. Finance income	***31 March 2022***	*31 March 2021*
	£	£
Bank interest received	8	40

12. Finance costs	***31 March 2022***	*31 March 2021*
	£	£
Bank loan arrangement fees	26,242	92,244
Charges on bank borrowings**	191,304	275,836
	217,546	368,080

** Charges on bank borrowings comprise interest expense to Royal Bank of Scotland International ('RBSI') and Secure Trust Bank ('STB') of £17,689 (2021: £113,940) and £173,615 (2021: £161,896) respectively.

13. Investment properties	***31 March 2022***	*31 March 2021*
	£	£
Fair value at the beginning of the year	7,753,487	15,009,889
Additional investment purchased	5,150,000	-
Transfer to investment properties held for sale	-	(7,313,288)
Costs capitalised	259,954	56,123
Multiple dwelling relief received on the acquisition of Bedford	-	(82,107)
Bedford's cost overstated	-	(113,082)
Net fair value gain on investment property	233,559	195,952
Fair value at the end of the year	13,397,000	7,753,487

The fair values of The Residence, Lurke Street, Bedford and Boleyn Court, Botwell Lane, Hayes have been determined based on valuations performed by accredited independent valuers, Montagu Evans LLP. For quarterly reporting, internal valuation models are used to value the investment properties.

The Bedford property and Hayes property are held on freehold. Details of properties provided as securities for bank loans are in Note 19.

14. Investment properties held for sale

As required by IFRS 5, from the point at which an investment property accounted for under the fair value model meets the criteria for classification as held for sale, the asset is presented as held for sale in the Consolidated Statement of Financial Position, but it continues to be measured at fair value in accordance with the entity's accounting policy for investment property. In April 2021, Flat 2, 69 Cadogan Square, London, SW1X 0EA was disposed at a disposal value of £2,712,614. Furthermore, in August 2021, Flat B, 18 Lennox Gardens, London, SW1X 0DG was disposed at a disposal value of £2,269,331 and in September 2021, Flat 9, 26/27 Hans Place, London, SW1X 0JY was also disposed at a disposal value of £ 2,187,209.

	31 March 2022	*31 March 2021*
	£	£
Fair value at the beginning of the year	7,313,288	-
Transfer from investment properties	-	7,313,288
Disposals during the period	(7,313,288)	-
Fair value at the end of the year	-	7,313,288

The table below represents the revenue earned and expenditure incurred in relation to these held for sale investment properties.

Revenue	***31 March 2022***	*31 March 2021*
	£	**£**
Gross lease payments collected	-	137,351

	31 March 2022	*31 March 2021*
	£	**£**
Property operating expenses		
Agent fees	(1,196)	(21,749)
Property expenses	(20,211)	(146,208)
	(21,407)	(167,957)

15. Loss through profit or loss on investment property disposed	***31 March 2022***	*31 March 2021*
	£	£
Carrying value of property disposed of during the year	7,313,288	-
Cost of investment property sold	(7,342,070)	-
Unrealised loss previously recognised through P&L	(28,782)	-
Proceeds from sale during the year	7,169,154	-
Cost of investment property sold	(7,342,070)	-
Realised loss on sale of investment property	(172,916)	-
Loss already recognised through P&L in prior years	(28,782)	-
Loss for recognition through P&L during the year	(144,134)	-
Realised loss on sale of investment property	(172,916)	-

16. Trade and other receivables	***31 March 2022***	*31 March 2021*
	£	£
Trade receivables	61,473	28,625
Sundry debtor	173,768	22,701
Prepayments	113,455	112,600
	348,696	163,926

17. Restricted cash

As at 31 March 2022, an amount of £Nil (31 March 2021: £368,817) represents funds held in an account with RBSI charged to the bank as stipulated in an agreement for a facility of up to £Nil (31 March 2021: £3,688,174). Refer to Note 19 for restricted cash covenants.

18 (a). Trade and other payables	***31 March 2022***	*31 March 2021*
	£	£
Management fees* (refer to Note 22)	136,758	247,977
Redemption due to investors	-	110,336
Audit fees	19,750	18,000
Administration fees	25,040	16,121
Amount due to Manager for directors' remuneration (refer to Note 22)	-	13,148
Other payables	42,471	18,680
Payable to Pinnacle Investment Holding Limited ('PIHL') (refer to Note 22)	2,270	9,516
Deposit payable by the manager	1,039	1,820
Trustee's fees (refer to Note 23)	10,000	4,550
Council tax void payable	1,314	1,314
Legal and professional fees	600	1,200
Listing fees	2,000	1,274
Loan arrangement fees	-	10,000
Director fees payable	7,500	-
	248,742	453,936

18 (b). Management Fees	***31 March 2022***	*31 March 2021*
	£	£
Payable after one year*	-	348,041

*Included in total management fees are management fees payable to D&G Asset Management LLP ("the Former Owner"). The total amount due to the Former Owner is £Nil (31 March 2021: £435,051). The management fees due to the Former Owner were paid as per the assignment terms which is 20% of the fee, amounting to £87,010, on the sale of the 4th property paid in August 2021 and another 20% of the fee, amounting to £87,010 paid in September 2021 and the remaining, amounting to £261,031 was settled in October 2021. Refer to Note 22 for additional detail.

19. Borrowings

	31 March 2022	*31 March 2021*
	£	£
RBSI Bank loans		
Opening RBSI loan	3,688,174	3,688,174
Repayment for the year	(3,688,174)	-
Closing RBSI loan	-	3,688,174

	31 March 2022	*31 March 2021*
	£	£
Interest movements		
Opening balance	10,224	4,133
Charge for the year	17,689	113,940
Repayment for the year	(27,913)	(107,849)
Closing balance	-	10,224

	31 March 2022	*31 March 2021*
	£	£
STB Bank loans		
Opening STB loan	4,200,000	4,027,800
Drawdown for the year	3,090,000	172,200
Closing STB loan	7,290,000	4,200,000

	31 March 2022	*31 March 2021*
	£	£
Interest movements		
Opening balance	41,045	9,436
Charge for the year	172,200	204,352
Adjustment for interest over accrued	-	(42,456)
Repayment for the year	(170,785)	(130,287)
Closing balance	42,460	41,045

The maturity of borrowings is as follows:

	31 March 2022	*31 March 2021*
	£	£
Total bank loans		
Payable within 1 year	4,200,000	3,688,174
Payable within 1 - 5 years	3,090,000	4,200,000
	7,290,000	7,888,174

The loan with RBSI has been fully repaid in September 2021 following the sale of its investment properties Flat 2, 69 Cadogan Square, London, SW1X0EA and Flat B, 18 Lennox Gardens, London, SW1X 0DG.

Pursuant to a loan facility agreement dated 12 March 2020, the Trust borrowed £4,200,000 from Secure Trust Bank ('STB') for the purpose of financing the acquisition of The Residence, Lurke Street, Bedford. The STB borrowing is secured against The Residence, Lurke Street, Bedford.

The loan bears interest at a fixed rate of 4.10% per annum with interest being charged quarterly in arrears. The loan has a maturity date of 36 months from the date the loan is initially drawn, that is, 11 March 2023.

After year end, on 13 April April 2022, the Company has entered into a new £4,800,000 facility with STB and has drawn the facility in full to refinance the existing loan of £4,200,000 initially drawn for acquisition of The Residence, Lurke Street, Bedford. The new loan has a maturity date of 48 months from the date the loan is initially drawn, that is, 13 April 2026. The loan will bear interest at a fixed rate of 3.50% for the first three years, and a floating rate thereafter.

Pursuant to a loan facility agreement dated 31 March 2022, the Trust borrowed an additional loan of £3,090,000 from STB for the purpose of financing the acquisition of Boleyn Court, Botwell Lane, Hayes.

The loan bears interest at a fixed rate of 3.50% for the first 3 years with interest being charged quarterly in arrears and will bear a floating rate of 1.5% plus the STB commercial lending reference rate for the fourth year subject to a minimum rate of 2.25%. The loan has a maturity date of 48 months from the date the loan is initially drawn, that is, 31 March 2026.

20. Operating lease commitments

	31 March 2022	*31 March 2021*
	£	£
Receivable within 1 year	244,601	90,070
Receivable in 2 to 5 years	-	3,211
	244,601	93,282

Agreements

The tenancy agreement for The Residence, Lurke Street, Bedford (The Residence, Lurke Street, Bedford) has 37 separate tenancy agreements of varying duration and annual value. The total amount receivable of £244,601 (31 March 2021: £93,282) comprise of the non cancellable portion of leases that were in existence as at 31 March 2022.

* The tenants of these properties have each contributed more than 10% of the rental income during the year.

21. Units issued

All issued redeemable units are fully paid and have been admitted to the official listing of The International Stock Exchange ('TISE'). The Fund’s capital is represented by these redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund’s net asset value per unit on the redemption date. As the units are redeemable at the discretion of the holder and do not carry any voting rights, the units are classified as liabilities rather than equity.

The Fund has the following specific restrictions with regards to subscriptions and redemptions of units. The minimum subscription for units is £1,000 per investor and increments of £1,000 is effective from 11 February 2009. The Manager may, at any time, declare suspension, deferral or a scale back in dealings for the purpose of redemptions so as to allow an orderly disposal of such of its assets as may be required to effect redemptions.

As per the Scheme Particulars dated 24 September 2019, subscriptions have been approved and are no longer restricted. Dealing day for subscriptions has been set to quarterly. However, in order to raise capital and build the Fund's portfolio, the Manager and the Trustee have agreed for investors to invest in the Fund by declaring a Special Dealing Day on specific dates if applications for units totalling a minimum of £100,000 have been received in respect of the relevant Special Dealing Day.

There were four redemptions and one subscription during the reporting period.

The relevant movements are shown on the Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the objectives outlined in Note 1 and the risk management polices in Note 4, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. To determine the net asset value of the Fund for redemptions, total liabilities of the Fund are deducted from the total assets of the Fund on the relevant valuation day using the market value for investment properties. To determine the net asset value of the Fund for subscriptions, total liabilities of the Fund are deducted from total assets of the Fund on the relevant valuation day using Vacant Possession value for investment properties. The number of units in issue at 31 March 2022 is 48,823,213 units (31 March 2021: 50,332,866 units).

22. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or a party under common control or significant influence.

(i) Management Fees

As per the terms of the Trust deed dated 18 January 2007 the Fund pays fees to the Manager for its services to the Fund.

The charge was as follows:

Gross Asset Value of Fund (Quarterly)	**Management Fee calculated as percentage of Gross Asset Value**
£0 - £30,000,000	1.50%
£30,000,001 - £50,000,000	1.25%
£50,000,001 - £150,000,000	1.00%
£150,000,001 or greater	0.75%

The total charge to the Consolidated Statement of Total Comprehensive Income was £184,262 (31 March 2021: £239,460). A total amount of £136,758 (31 March 2021: £596,018) outstanding at the end of the year was due to the Manager.

(ii) Options, at fair value

In addition to the Management Fee, the following options for units in the Fund have been granted to the Manager. The options are exercisable at a price in accordance with the agreements on the date of grant. The fair value of the options have been calculated using the Black-Scholes Model per below. The Model takes into consideration the following inputs: price of the stock, strike price, time to expiration, risk free interest rate, dividend yield and volatility.

Number of Options	Strike Price of Option	Vesting Date	Expiry of Option	31 March 2022 Fair value (£)	31 March 2021 Fair value (£)
500,000	£0.13 + 10%	31 January 2020	January 2022	-	5,000
500,000	£0.13 + 15%	31 January 2021	January 2023	4,750	-
750,000	£0.13 + 25%	31 January 2022	January 2024	-	-
750,000	£0.13 + 35%	31 January 2023	January 2025	-	-
				4,750	5,000

The fair value of the options as at 31 March 2022 of £4,750 (31 March 2021: £ 5,000) has been revalued in accordance with IFRS 2.

The Manager exercised its Options to subscribe for 500,000 units in January 2022 and will not be permitted to redeem any of these units for a period of 24 months following the exercise of the Options.

(iii) Directors of the Manager's remuneration

The Fund pays remuneration to the Directors for their services. The total charge to the Consolidated Statement of Comprehensive Income was £37,005 (31 March 2021: £43,217). An amount of £Nil (31 March 2021: £13,148) was payable at the end of the year.

(iv) Directors of the Manager's holdings

Mr. Simon Yorke, brother of Stephen, has an interest in Nil (31 March 2021: 215,384.615) units in the Fund by way of a Self Invested Pension Plan.

As at 31 March 2022, Christopher Turnbull has an interest in 666,666.667 (31 March 2021: 666,666.667) units in the Fund by way of a Self Invested Pension Plan.

As at 30 September 2020, Mr. David Turnbull, father of Christopher Turnbull had an interest in Lincoln Heights as the settlor of the Trust. On 13 March 2020, Lincoln Heights transferred to Credit Suisse London Nominees Limited. As a result, Christopher Turnbull has an indirect interest in 7,692,307.692 (31 March 2021: 7,692,307.692) units in the fund by way of Self Invested Pension Plan.

On 21 January 2021, Mr Ong Eng Keong (Matthew) was appointed as the Director of Pinnacle Investment Management Limited ('PIML'), the Manager. Mr Ong Eng Keong (Matthew) is also the CEO ('Chief Executive Officer') of SLB Starcap Pte. Ltd, the shareholder of PIML and has an interest in 15,384,615.385 (31 March 2021: 15,384,615.385) units in the Fund.

(v) Investment Advisory fees

Pinnacle Investments (Holdings) Limited ('PIHL') is the Investment Advisor. No investment advisor fees are reflected in the consolidated financial statements as no direct charge was incurred by the Fund.

(vi) Payables to PIHL

During the year, an amount of £Nil (31 March 2021: £9,516) was paid by PIHL on behalf of the Fund, in relation to the acquisition of The Residence, Lurke Street, Bedford property. An amount of £2,270 (31 March 2021: £9,516) was outstanding to PIHL at the year end.

23. Material contracts

(i) Administrator's fees

The Fund pays fees to the Administrator for the following services: accounting, administration and compliance of the Fund. As per the Scheme Particulars dated 24 September 2019, the Administrator has agreed with the Manager to charge a fee, payable quarterly in arrears by the Fund at the rates below, subject to a minimum fee of £50,000 per annum. These are detailed below;

- for Net Asset Values of less than £100 million, 0.1 per cent. of Net Asset Value per annum; and
- for Net Asset Values greater than £100 million, 0.08 per cent. of Net Asset Value per annum

23. Material contracts (continued)

(i) Administrator's fees (continued)

The Administrator is also entitled to be reimbursed in respect of expenses incurred in connection with the performance of its services including but not limited to facsimile, courier and long distance telephone charges.

The total charge to the Consolidated Statement of Total Comprehensive Income during the year was £43,704 (31 March 2021: £49,188). As at the year end, an amount of £25,040 (31 March 2021: £16,121) was outstanding.

(ii) Registrar fees

The Administrator was appointed as the Registrar and under the new administration agreement fees for this service are included as part of the administration fees. Refer to administrator fees note above for details.

(iii) Trustee's fees

The Fund pays fees to the Trustee for its services as trustee of the Fund. The trustee fee is payable quarterly in arrears, at the rate of 0.08% per annum of the Net Asset Value of the Fund, subject to an annual minimum fee of £20,000 (or such higher percentages or amounts as may from time to time be agreed between the Manager and the Trustee). The Trustee will also receive a transaction fee for each investment transaction charged on a time spent basis.

During the year period 31 March 2022, the total charge to the Consolidated Statement of Total Comprehensive Income was £20,451 (31 March 2021: £20,218). An amount of £10,000 (31 March 2021: £4,550) was due to the Trustee as at year end.

(iv) Trustee oversight fees

During the year, the consultancy fee paid amounted to £10,200 (31 March 2021: £10,050). As at the year end, £5,100 (31 March 2021: £850) was outstanding to Aspida Group Limited.

24 (a). Earnings per share

	31 March 2022	*31 March 2021*
	£	£
Loss for the year	(284,836)	(487,392)
Weighted average number of units in issue	49,928,559	51,105,823
Loss per unit	(0.57) pence	(0.94) pence

24 (b). Diluted earnings per share

	31 March 2022	*31 March 2021*
	£	£
Loss for the year	(284,836)	(487,392)
Weighted average number of units in issue	49,928,559	51,105,823
Diluted loss per unit	(0.57) pence	(0.94) pence

A weighted average number of units in issue was calculated to enable users to gain a fairer understanding of the earnings generated per unit through the year. The weighted average number of shares is calculated by taking the number of outstanding shares and multiplying the portion of the reporting period those shares covered and hence their ability to influence income generated. As at 31 March 2022 and 2021, the options did not have a dilutive effect since the strike price was greater than the Net Asset Value per unit.

25. Controlling party

Due to the nature of the ownership of the units, the Directors believe that there is no ultimate controlling party.

26. Reconciliations

(i) Reconciliation to subscription and redemption price

	31 March 2022	*31 March 2021*
	£	**£**
Net asset value per Statement of Financial Position	6,704,612	7,200,800
Reconciling items	-	-
Net asset value per valuation	6,704,612	7,200,800

26. Reconciliations (continued)	***31 March 2022***	*31 March 2021*
Dealing Net Asset Value per unit for valuation purposes	13.73 pence	14.32 pence

27. Post statement of financial position events

On 13 April 2022, the Company has entered into a new £4,800,000 facility with STB and has drawn the facility in full to refinance the existing loan of £4,200,000 initially drawn for acquisition of The Residence, Lurke Street, Bedford. The new loan has a maturity date of 48 months from the date the loan is initially drawn, that is, 13 April 2026.