

**THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED  
TRADING AS LONDON CENTRAL APARTMENTS III  
CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

**THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED**  
**CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

<b>CONTENTS</b>	<b>Page</b>
Directory	2
Interim Report of the Directors	3-5
Interim Investment Manager's Report	6-7
Consolidated Unaudited Interim Statement of Comprehensive Income	8
Consolidated Unaudited Interim Statement of Financial Position	9
Consolidated Unaudited Interim Statement of Changes in Equity	10
Consolidated Unaudited Interim Statement of Cash Flows	11
Notes to the Consolidated Unaudited Interim Financial Statements	12-27

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## DIRECTORY

### Registered Office

PO Box 119  
Martello Court, Admiral Park  
St Peter Port  
Guernsey, GY1 3HB

### Auditor

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

### Asset Advisor

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

### Administrator, Secretary and Registrar

Intertrust Fund Services (Guernsey) Limited  
PO Box 119, Martello Court  
Admiral Park  
St Peter Port  
Guernsey, GY1 3HB

### Valuers

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

### Bankers in Guernsey

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

### Legal Advisors to the Fund in Guernsey

Carey Olsen  
PO Box 98, Carey House  
Les Banques, St Peter Port  
Guernsey, GY1 4BZ

### Finance Provider

Al Rayan Bank PLC  
44 Hans Crescent  
London  
SW1X 0LZ

### Property Lawyers

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

### Investment Advisors

LCP Capital Investments Limited  
LCP House, Ogle Street  
London, W1W 6HU

### Bank's Valuers

Belleveue Mortlakes  
4 Crossfield Chambers  
Gladbeck Way  
Enfield, EN2 7HT

### Strutt & Parker

13 Hill Street  
London  
W1J 5LQ

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## INTERIM REPORT OF THE DIRECTORS SIX MONTHS ENDED 30 SEPTEMBER 2022

The Directors present their unaudited report and consolidated unaudited interim financial statements (the "consolidated unaudited interim financial statements" or "financial statements") of the group (as defined below) for the period ended 30 September 2022.

### **Status and activities**

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

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

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

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

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

### **Going concern**

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

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

The original Investment Period of five years from the Investment Date of 31 July 2015 was extended by the Shareholders at both the December 2019 and the December 2020 Annual General Meetings. The Shareholders voted in favour of the Ordinary Resolutions to extend the Investment Period. The most recent extension to 31 July 2022 therefore represented the final extension available to the Shareholders under the Investment Memorandum (the "IM"), which details that the Funds's portfolio will be sold following that date. The Directors of the Fund instructed LCP and LCPCI to organise an orderly disposal of the Fund's portfolio which commenced on 1 August 2022. Under the terms of the IM, the Directors are obliged at the first annual general meeting ("AGM") after the end of the Investment Period to propose an ordinary resolution that the Fund should be voluntarily liquidated. As a result, the Directors elected to bring forward the AGM to 7 September 2022. At the AGM the shareholders voted against the resolution to appoint liquidators and therefore the Directors current strategy of undertaking an orderly sell-down of assets as quickly as commercially viable would continue.

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## INTERIM REPORT OF THE DIRECTORS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2022

### Statement of Directors' responsibilities

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

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

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

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

### Results and dividends

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

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

### Directors and their interests

The Directors of the Company who served during the period ended 30 September 2022 and to date are:

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

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

	Period ended 30 September 2022 Ordinary Shares	Year ended 31 March 2022 Ordinary Shares	Period ended 30 September 2021 Ordinary Shares
Peter Francis Griffin	nil	nil	nil
Naomi Claire Helen Heaton	342,986	342,986	342,986
Martin Shires	52,500	52,500	52,500

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## INTERIM REPORT OF THE DIRECTORS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2022

### Directors and their interests (continued)

#### Directors' remuneration

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

	Period ended 30 September 2022	Year ended 31 March 2022	Period ended 30 September 2021
	£	£	£
Peter Francis Griffin	6,250	12,500	6,250
Naomi Claire Helen Heaton	nil	nil	nil
Martin Shires	6,250	12,500	6,250

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

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

#### Substantial shareholdings

At 30 September 2022 the issued share capital of the Company was 13,678,706 (31 March 2022: 13,678,706; 30 September 2021: 13,678,706;) ordinary shares of £0.01 each. At 30 September 2022 the following Shareholders had an interest of 3% or more in the issued Ordinary Shares of the Company.

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

#### Financial instruments and risk management

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

#### Auditors

Grant Thornton were re-appointed as auditors of the fund at the Annual General Meeting held on 7 September 2022.

### APPROVED BY THE BOARD OF DIRECTORS

## PETER GRIFFIN

Peter Griffin

Director

Date: 20 December 2022

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## INTERIM INVESTMENT MANAGERS REPORT SIX MONTHS ENDED 30 SEPTEMBER 2022

### Market Update

The outlook for the UK economy continues to look challenging with the Bank of England warning of a sustained period of recession ahead. The September announcement of the mini-Budget caused widespread volatility in the UK financial markets, with a run on the sterling and the gilt market in freefall, un-easing many global investors. With the war in Ukraine causing spikes in energy and food prices, the Bank of England had to contend with rapidly rising inflation, and to avoid a situation where that inflation becomes embedded, we have had successive rises in interest rates. As a result, average quoted mortgage rates have spiked, and this is expected to put downward pressures on house prices and transactional levels in the short term with Savills estimating a -10% drop in house prices in the UK for 2023.

These sentiments across the wider housing market will trickle into Prime Central London ("PCL"), however with a lesser effect. The demand side is less reliant on mortgage finance and wealthy households are better placed to withstand times of downturn and rises in living costs. With the average price already down a significant level against 2015 peak, the pressure on prices is expected to be less in PCL. Furthermore, overseas buyers currently enjoy a state of currency advantage, and this could help soften downside pricing risk. However, recent events have triggered third party commentators to adjust their PCL forecasts downwards in the last few months, but over a 5-year period, average net growth of 13.81% is expected for PCL<sub>1</sub>.

### Fund Update

On 31 July 2022, the Fund has reached the end of its defined Investment Period. The original Investment Period of five years from the Investment Date of 31 July 2015 was extended by the Shareholders at both the December 2019 and the December 2020 Annual General Meetings. The most recent extension to 31 July 2022 therefore represented the final extension available to the Shareholders under the terms of the Investment Memorandum.

The AGM for 2022 was brought forward to September to provide the Shareholders a full update on the Fund and allow them to vote on how the Fund should proceed in the run-off stage. Two Ordinary Resolutions relating to the operational aspects of the Fund were put to the Shareholders; to receive and consider the financial statements as at 31 March 2022 and to re-appoint Grant Thornton as the external auditors for the 31 March 2023 financial statements. Shareholders voted unanimously in favour of both resolutions, in line with the Directors' recommendations. Furthermore, in line with the Investment Memorandum, the Directors presented a third Ordinary Resolution to the Shareholders, for the voluntary wind-up of the Fund. Of the votes received, 74.4% of Shareholders voted against the wind-up of the Fund and this gave a mandate for the Directors to realise the assets within the Fund's portfolio in an orderly and piecemeal manner at commercially viable levels.

The Fund has been subject to RICS Red Book valuations for financing purposes for 9 properties within the portfolio, which took place in Q2 2022. In addition, properties sold in the period have been within 5% of the carrying book value, giving the Directors confidence that the portfolio is accurately marked to market and that expenditure of Shareholder funds on external valuations would not be accretive at this point.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## INTERIM INVESTMENT MANAGERS REPORT (continued)

### SIX MONTHS ENDED 30 SEPTEMBER 2022

The latest net asset value per share (NAV) of the Fund at 30 September 2022 is £0.89, down from £0.91 at 31 March 2022. The movement in NAV relates to operational expenses of the Fund which has been subject to continued rises in financing costs, somewhat offset by increasing rental income. Further base rate rises are likely to occur, and consequently the net operational cash flows would likely worsen in the short to medium term. However, as the divestment of the Fund's assets progresses, the financing expenses will also decrease as the facility balance is periodically reduced following completed sales.

The Board has instructed LCP to market the Fund's assets for sale in line with the mandate given at the AGM. As a result, LCP has marketed 14 of 43 individual properties and expect to release more into the New Year. LCPCI will keep Shareholders updated on the sales progress.

#### **Summary**

At the interim balance date, the Fund has reached the end of its defined Investment Period. Whilst projections are subject to a wide array of assumptions, some or all of which may not come to pass, market commentators are predicting a short-term dip in PCL values followed by a sustained period of recovery, however, the Board does not propose waiting for more favourable market conditions and will continue its disposal programme at commercially viable rates.

†Average of 5-year forecasts of capital values in PCL from Savills (Nov-22), Knight Frank (Oct-22) and JLL (Oct-22).

*IMPORTANT NOTE: This Update is for investors in the Fund only. It is provided for information purposes. It may not be used for any other purpose. It is merely a summary. It does not constitute advice and it should not be construed as such. It contains opinions and interpretations of facts which are subject to change. It is not a contract with a third party and it should not be construed as evidence of a contract with any third party. The Directors of the Fund are responsible for the management of the Fund. Any investor who would like to respond to this Update should address his/her views to the Board of the Directors of the Fund.*



# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME SIX MONTHS ENDED 30 SEPTEMBER 2022

		(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
<b>REVENUE</b>				
Rental income		542,703	1,026,021	476,249
Sundry income		-	1,000	1,000
		<hr/>	<hr/>	<hr/>
Gross profit		542,703	1,027,021	477,249
<b>EXPENSES</b>				
Property expenses	9	227,527	498,405	233,073
Administrative expenses	10	258,855	479,540	251,506
		<hr/>	<hr/>	<hr/>
		486,382	977,945	484,579
		<hr/>	<hr/>	<hr/>
<b>OPERATING (LOSS)/PROFIT</b>		56,321	49,076	(7,330)
Fair value loss on investment properties	11	-	(296,590)	-
Cost of finance	14	(380,664)	(583,953)	(282,537)
		<hr/>	<hr/>	<hr/>
<b>LOSS FOR THE PERIOD/YEAR</b>		(324,343)	(831,467)	(289,867)
		<hr/>	<hr/>	<hr/>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>				
Owners of the parent		(324,343)	(831,467)	(289,867)
		<hr/>	<hr/>	<hr/>
Loss per share (pounds per share)	17	(0.024)	(0.061)	(0.021)

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

The results are all derived from continuing operations.

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Notes	(Unaudited) 30 September 2022		(Audited) 31 March 2022		(Unaudited) 30 September 2021	
		£	£	£	£	£	£
<b>FIXED ASSETS</b>							
Investment properties	11		30,523,821		30,510,000		30,802,212
Furniture and fittings	12		384		1,771		3,159
			<u>30,524,205</u>		<u>30,511,771</u>		<u>30,805,371</u>
<b>CURRENT ASSETS</b>							
Debtors	13	111,198		138,902		137,704	
Cash and cash equivalents		<u>1,025,598</u>		<u>1,414,171</u>		<u>1,478,124</u>	
		1,136,796		1,553,073		1,615,828	
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>							
Other creditors and accruals	15	320,485		410,817		236,406	
		<u>320,485</u>		<u>410,817</u>		<u>236,406</u>	
<b>NET CURRENT ASSETS</b>			<u>816,311</u>		<u>1,142,256</u>		<u>1,379,422</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			31,340,516		31,654,027		32,184,793
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>							
Finance payable	14		19,193,943		19,183,111		19,172,277
			<u>12,146,573</u>		<u>12,470,916</u>		<u>13,012,516</u>
<b>NET ASSETS</b>			<u><u>12,146,573</u></u>		<u><u>12,470,916</u></u>		<u><u>13,012,516</u></u>
<b>CAPITAL AND RESERVES</b>							
Share capital	16		136,787		136,787		136,787
Share premium			20,591,263		20,591,263		20,591,263
Retained income			(8,581,477)		(8,257,134)		(7,715,534)
<b>SHAREHOLDERS' FUNDS</b>			<u><u>12,146,573</u></u>		<u><u>12,470,916</u></u>		<u><u>13,012,516</u></u>
Net asset value per share (pounds per share)	18		0.89		0.91		0.95

The Consolidated Interim Financial Statements were approved and authorised for issue by the board on the 20 December 2022 and signed on its behalf by:

**PETER GRIFFIN**

.....  
Peter Griffin

Director

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY SIX MONTHS ENDED 30 SEPTEMBER 2022

	Share Capital £	Share Premium £	Retained Income £	Total £
Balance as at 1 April 2021	136,787	20,591,263	(7,425,667)	13,302,383
Loss for the period	-	-	(289,867)	(289,867)
<b>Balance as at 30 September 2021</b>	<b>136,787</b>	<b>20,591,263</b>	<b>(7,715,534)</b>	<b>13,012,516</b>
Balance as at 1 April 2021	136,787	20,591,263	(7,425,667)	13,302,383
Loss for the year	-	-	(831,467)	(831,467)
<b>Balance as at 31 March 2022</b>	<b>136,787</b>	<b>20,591,263</b>	<b>(8,257,134)</b>	<b>12,470,916</b>
Loss for the period	-	-	(324,343)	(324,343)
<b>Balance as at 30 September 2022</b>	<b>136,787</b>	<b>20,591,263</b>	<b>(8,581,477)</b>	<b>12,146,573</b>

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED UNAUDITED INTERIM STATEMENT OF CASH FLOWS SIX MONTHS ENDED 30 SEPTEMBER 2022

		(Unaudited) Six months ended 30 September 2022	(Audited) Year ended 31 March 2022	(Unaudited) Six months ended 30 September 2021
	Notes	£	£	£
<b>Operating activities</b>				
Operating (loss)/profit for the period/year		56,321	49,076	(7,330)
Add back depreciation	12	1,387	2,775	1,387
Decrease/(increase) in operating debtors		27,704	(27,728)	(26,530)
(Increase)/Decrease in operating creditors		(90,332)	44,425	(129,986)
Cost of finance		(380,664)	(583,953)	(282,537)
<b>Net cash used in operating activities</b>		(385,584)	(515,405)	(444,996)
<b>Cash flows from investing activities</b>				
Purchase of investment properties		-	-	-
Refurbishment of investment properties		(13,821)	(8,162)	(3,784)
<b>Net cash used in investing activities</b>		(13,821)	(8,162)	(3,784)
<b>Cash flows from financing activities</b>				
Finance received		10,832	1,233,667	1,222,833
<b>Net cash generated from financing activities</b>		10,832	1,233,667	1,222,833
<b>Net cash (outflow)/inflow for the period/year</b>		(388,573)	710,100	774,053
Cash at beginning of period/year		1,414,171	704,071	704,071
<b>Cash and cash equivalents at end of period/year</b>		1,025,598	1,414,171	1,478,124

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 SEPTEMBER 2022

### 1. COMPANY INFORMATION

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

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

### 2. STATEMENT OF COMPLIANCE

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

### 3. BASIS OF PREPARATION

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

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

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

### 4. GOING CONCERN

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

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

The original Investment Period of five years from the Investment Date of 31 July 2015 was extended by the Shareholders at both the December 2019 and the December 2020 Annual General Meetings. The Shareholders voted in favour of the Ordinary Resolutions to extend the Investment Period. The most recent extension to 31 July 2022 therefore represented the final extension available to the Shareholders under the Investment Memorandum (the "IM"), which details that the Funds's portfolio will be sold following that date. The Directors of the Fund instructed LCP and LCPCI to organise an orderly disposal of the Fund's portfolio which commenced on 1 August 2022. Under the terms of the IM, the Directors are obliged at the first annual general meeting ("AGM") after the end of the Investment Period to propose an ordinary resolution that the Fund should be voluntarily liquidated. As a result, the Directors elected to bring forward the AGM to 7 September 2022. At the AGM the shareholders voted against the resolution to appoint liquidators and therefore the Directors current strategy of undertaking an orderly sell-down of assets as quickly as commercially viable will continue.

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2022

### 5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

#### Fair value of investment properties

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

The Directors have relied on the valuations prepared by Belleveue Mortlakes and Strutt & Parker carried out in 2022 ("the Valuers") for Al Rayan which provide the Market Value.

Sales will be realised in an organised manner, either as a whole or individually, whichever achieves the highest amount. Given the assumption that the properties would be sold as a whole, or individually, the valuers have not considered it appropriate to adjust the overall value for a block discount in the event that the portfolio was sold as a whole. Equally, the valuers have ascribed no additional value to the possibility that there may be a premium achievable on the sale of the entire portfolio.

The value stated is on the basis of vacant possession. It has been assumed that in the majority of cases, vacant possession could be obtained within six months if required and that would depend upon the terms of the tenancies as they are renewed from time to time.

It has been assumed that where tenanted, properties will be disposed of in a condition suitable for marketing with the tenant having complied with repairing and dilapidations covenants.

The Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing.

The valuations have been based upon physical inspection of the premises and research of the market for sales evidence of similar properties in the immediate area. In some cases, this is based on knowledge of properties recently valued or surveyed by Belleveue Mortlakes and in others, the opinions and evidence of local estate agents have been obtained.

### 6. ACCOUNTING POLICIES

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

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

Initial recognition:

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

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 6. ACCOUNTING POLICIES (continued)

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

#### **6 (b) FURNITURE AND FITTINGS**

Derecognition of investment property:

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

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

Initial recognition:

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

Measurement after initial recognition:

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

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

Derecognition of fixtures and fittings:

The Group derecognises fixtures and fittings:

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

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

#### **6 (c) OPERATING LEASE**

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

#### **6 (d) RENTAL INCOME**

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

#### **6 (e) FINANCIAL INSTRUMENTS**

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 6. ACCOUNTING POLICIES (continued)

#### 6 (e) FINANCIAL INSTRUMENTS (continued)

##### Financial Assets

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

##### Finance and receivables

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

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

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

##### Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the group has transferred substantially all the risk and rewards of ownership; or
- when it has transferred nor retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

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

##### Financial liabilities

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

##### Financial liabilities measured at amortised cost

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



# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 6. ACCOUNTING POLICIES (continued)

#### 6 (e) FINANCIAL INSTRUMENTS (continued)

##### Derecognition of financial liabilities

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

##### Share capital

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

##### Effective interest method

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

### 7 (a) BUSINESS COMBINATIONS

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

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

### 7 (b) INVESTMENT IN SUBSIDIARIES

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

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 8. TAXATION

#### **Guernsey Tax**

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

#### **UK Tax on rental income**

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

#### **Annual Tax on Enveloped Dwellings ("ATED")**

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

#### **UK Capital Gains Tax ("CGT")**

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

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

#### **Inheritance Tax ("IHT")**

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 9. PROPERTY EXPENSES

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
Rates and insurance	4,404	33,592	3,518
Repairs and maintenance	72,016	138,207	75,582
Property management fees (Note 19)	96,247	198,382	90,304
Depreciation on furniture and fittings (Note 12)	1,387	2,775	1,387
Cleaning and service charges	53,473	125,449	62,282
	227,527	498,405	233,073
	227,527	498,405	233,073

### 10. ADMINISTRATIVE EXPENSES

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
Advisory fees (Note 19)	162,469	324,938	162,469
Insurance	5,456	12,435	6,633
Sundry expenses	155	245	120
Bank charges	379	393	375
Administration fees (Note 19)	23,750	47,500	23,750
Tax services	5,400	2,850	1,350
Directors fees	12,500	25,000	12,500
Audit fees	11,868	20,930	9,965
Legal and professional fees	32,225	40,065	29,990
Listing fees	3,003	2,484	3,004
Annual registration fees	1,050	1,500	750
Exempt tax fees (note 8)	600	1,200	600
	258,855	479,540	251,506
	258,855	479,540	251,506

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2022

### 11. INVESTMENT PROPERTIES

	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2022	20,540,000	9,970,000	30,510,000
Refurbishment and enfranchisement	13,821	-	13,821
Valuation as at 30 September 2022	20,553,821	9,970,000	30,523,821
	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2021	20,646,101	10,152,327	30,798,428
Additions/Licence costs	8,162	-	8,162
Deficit on revaluation	(114,263)	(182,327)	(296,590)
Valuation as at 31 March 2022	20,540,000	9,970,000	30,510,000
	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2021	20,646,101	10,152,327	30,798,428
Refurbishment and enfranchisement	3,784	-	3,784
Valuation as at 30 September 2021	20,649,885	10,152,327	30,802,212

At 30 September 2022 there was a legal charge registered over the Group's investment properties as security for the Group's bank finance (see note 14). The portfolio has not been revalued for the purposes of these financial statements as there have been no dramatic changes in market conditions since the 31 March 2022 year end to suggest that the valuations adopted at that time have materially changed (see note 5). Leasehold investment properties comprise 29 leasehold properties, all with remaining terms in excess of 20 years. The 10 remaining properties are long leaseholds where the Group also holds a share in the freehold owning company, and accordingly these have been classed by the Directors as freehold. The historical cost of the properties is £31,253,533 (31 March 2022: £31,253,533; 30 September 2021: £31,246,751).

### 12. FURNITURE AND FITTINGS

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
<b>COST</b>			
Brought forward	380,958	380,958	380,958
Acquisition	-	-	-
Carried forward	380,958	380,958	380,958
<b>ACCUMULATED DEPRECIATION</b>			
Brought forward	(379,187)	(376,412)	(376,412)
Charge for the period/year	(1,387)	(2,775)	(1,387)
Carried forward	(380,574)	(379,187)	(377,799)
<b>NET BOOK VALUE</b>	384	1,771	3,159

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

### SIX MONTHS ENDED 30 SEPTEMBER 202

#### 13. DEBTORS

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
Cash held by Asset Advisor <sup>(1)</sup>	74,726	62,578	66,596
Prepayments	14,992	12,201	3,789
Amounts receivable from Asset Advisor	21,478	64,121	67,317
Unpaid share capital	2	2	2
	111,198	138,902	137,704

<sup>(1)</sup>This represents service charge deposits and cash-floats retained by the Asset Advisor to cover sundry costs for each property as they arise. In addition to these cash balances the Asset Advisor holds in escrow as at 30 September 2022, tenant rent deposits amounting to £114,653 (31 March 2022: £120,798; 30 September 2021: £110,923). These deposits are held as security for the tenants' performance under the tenancy agreements and have not been included in these financial statements as the Company has no right to these funds unless and until there is any default by any tenant under their tenancy agreement. There have been no defaults during the period (31 March 2022: nil; 30 September 2021: nil).

#### 14. FINANCE PAYABLE

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
Al Rayan Bank	19,212,000	19,212,000	19,212,000
Unamortised finance cost	(18,057)	(28,889)	(39,723)
	19,193,943	19,183,111	19,172,277

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

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

In respect of the finance facility profit payments are currently payable at 2.85% above the UK Base Rate. A further £65,000 arrangement fee was paid for the new facility. The total finance expense for the period was £380,664 (31 March 2022: £583,953; 30 September 2021: £282,537).

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 15. OTHER CREDITORS AND ACCRUALS

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
Advisory fees (note 19)	162,468	243,703	81,235
Deferred income	92,929	108,357	87,239
Audit fee	22,333	20,930	19,930
Administration fees (note 19)	11,875	11,875	11,875
Directors fees	-	-	3,125
Property expenses	15,730	23,152	26,792
Professional fees	7,750	-	5,710
Other creditors	7,400	2,800	500
	<u>320,485</u>	<u>410,817</u>	<u>236,406</u>

### 16. SHARE CAPITAL

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
Authorised 100,000,000 ordinary shares of £0.01 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid 13,678,706 ordinary shares of £0.01 each	<u>136,787</u>	<u>136,787</u>	<u>136,787</u>

	(Unaudited) Six months ended 30 September 2022	(Audited) Year ended 31 March 2022	(Unaudited) Six months ended 30 September 2021
Ordinary shares			
At the beginning of the period/year	<u>13,678,706</u>	<u>13,678,706</u>	<u>13,678,706</u>
At the end of the period/year	<u>13,678,706</u>	<u>13,678,706</u>	<u>13,678,706</u>

#### 16.1 RESERVES

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

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

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 17. LOSS PER SHARE

The calculation of loss per share is based on the loss for the period of £324,343 (31 March 2022: £831,467; 30 September 2021: loss of £289,867) divided by the weighted average number of Ordinary Shares in issue during the period of 13,678,706 (31 March 2022: 13,678,706; 2021: 13,678,706).

### 18. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £12,146,573 (31 March 2022: £12,470,916 2021: £13,012,516) and on the Ordinary Shares in issue of 13,678,706 (31 March 2022: 13,678,706; 30 September 2021: 13,678,706) at the Consolidated Interim Statement of Comprehensive Income.

### 19. RELATED PARTY TRANSACTIONS

#### Administrator

Intertrust Fund Services (Guernsey) Limited are engaged by the Company as administrator pursuant to an Administrator Agreement. The Agreement provides that Intertrust Fund Services (Guernsey) Limited will receive an annual fixed fee of £47,500 per annum plus fees for any additional work performed, with respect to administration services. A total of £23,750 (31 March 2022: £47,500; 30 September 2021: £23,750) has been included in these financial statements in respect of fees charged in accordance with this Agreement and £11,875 (31 March 2022: £11,875; 30 September 2021: £11,875) was outstanding at the Consolidated Interim Statement of Financial Position date. Martin Shires acts as a consultant to Intertrust Services Limited who are associated with Intertrust Fund Services (Guernsey) Limited.

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

#### Asset Advisors

LCPCI receive Advisory Fees equal to 1% of the initial portfolio value, plus 1% of any further capital expenditure (property purchase price plus refurbishment monies), paid quarterly in arrears in respect of their duties to the Shareholders of the Company. During the period £162,469 for Advisory Fees was charged (31 March 2022: £324,938 30 September 2021: £162,469) and £162,469 (31 March 2022: £243,703; 30 September 2021: £81,235) was outstanding at the Consolidated Interim Statement of Financial Position date.

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

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

LCP receives Acquisition Fees of 2% plus VAT of the price paid for each property acquired by the Company. During the period £nil (31 March 2022: £nil; 30 September 2021 £nil) for Acquisition Fees was charged.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2022

### 19. RELATED PARTY TRANSACTIONS (continued)

#### Property Refurbishment and Furnishing

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

During the period property acquisition, refurbishment and furnishing expenditure amounted to £13,821 (inclusive of VAT) (31 March 2022: £8,162 ; 30 September 2021: £Nil) with £nil (31 March 2022: £nil; 30 September 2021: £nil) outstanding at the period end.

#### Property Management

LCP receives a fee of 15% of gross rent received for each property. LCP also receives sundry additional fees for administration services on a 10% of cost basis and £96,247 (inclusive of VAT) (31 March 2022: £198,382; 30 September 2021: £90,304) has been included in these accounts in relation to these fees. A more detailed summary of these contracts is included in the Company's Prospectus.

### 20. CONTROLLING PARTY

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

### 21. FINANCIAL RISK MANAGEMENT

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

#### Categories of financial instruments and fair values

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

	Period ended 30 September 2022 Carrying amount £	Year ended 31 March 2022 Carrying amount £	Period ended 30 September 2021 Carrying amount £
<b>Finance and receivables</b>			
Cash at bank	1,025,598	1,414,171	1,478,124
Debtors	96,206	126,701	133,915
	<u>1,121,804</u>	<u>1,540,872</u>	<u>1,612,039</u>
<b>Financial liabilities at amortised cost</b>			
Creditors and accruals	227,556	302,460	149,166
Finance payable	19,193,943	19,183,111	19,172,277
	<u>19,421,499</u>	<u>19,485,571</u>	<u>19,321,443</u>



# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2022

### 21. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit receivable/ payable	Total
	£	£	£	£
<b>As at 30 September 2022</b>				
<b>Assets</b>				
Cash at bank	1,025,598	-	-	1,025,598
Debtors	96,206	-	-	96,206
<b>Total financial assets</b>	<b>1,121,804</b>	<b>-</b>	<b>-</b>	<b>1,121,804</b>
<b>Liabilities</b>				
Finance payable	-	19,193,943	-	19,193,943
Creditors and accruals	227,556	-	-	227,556
<b>Total financial liabilities</b>	<b>227,556</b>	<b>19,193,943</b>	<b>-</b>	<b>19,421,499</b>
<b>As at 31 March 2022</b>				
<b>Assets</b>				
Cash at bank	1,414,171	-	-	1,414,171
Debtors	126,701	-	-	126,701
<b>Total financial assets</b>	<b>1,540,872</b>	<b>-</b>	<b>-</b>	<b>1,540,872</b>
<b>Liabilities</b>				
Finance payable	-	19,183,111	-	19,183,111
Creditors and accruals	302,460	-	-	302,460
<b>Total financial liabilities</b>	<b>302,460</b>	<b>19,183,111</b>	<b>-</b>	<b>19,485,571</b>

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 21. FINANCIAL RISK MANAGEMENT (continued)

As at 30 September 2021	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit receivable/ payable	Total
	£	£	£	£
<b>Assets</b>				
Cash at bank	1,025,598	-	-	1,025,598
Debtors	-	-	-	-
<b>Total financial assets</b>	<u>1,025,598</u>	<u>-</u>	<u>-</u>	<u>1,025,598</u>
<b>Liabilities</b>				
Finance payable	-	19,193,943	-	19,193,943
Creditors and accruals	149,166	-	-	149,166
<b>Total financial liabilities</b>	<u>149,166</u>	<u>19,193,943</u>	<u>-</u>	<u>19,343,109</u>

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

	(Unaudited) Six months ended 30 September 2022	(Audited) Year ended 31 March 2022	(Unaudited) Six months ended 30 September 2021
	£	£	£
Finance cost	(380,664)	(583,953)	(282,537)
	<u>(380,664)</u>	<u>(583,953)</u>	<u>(282,537)</u>

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

For the Group, an increase in 100 basis points in finance costs, with all other variables remaining constant, would result in a loss of £181,683 (31 March 2022: loss of £177,689; 30 September 2021: loss of £192,120). A decrease in 100 basis points in finance costs, with all other variables remaining constant, would have an equal but opposite effect.

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

#### (b) Liquidity risk

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

The Group's current policy concerning the payment of creditors is to:

- agree the terms of payment with those suppliers when negotiating the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms;
- pay in accordance with the Group's contractual and other legal obligations.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 21. FINANCIAL RISK MANAGEMENT (continued)

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

<b>As at 30 September 2022</b>	<b>Less than 3 months £</b>	<b>3 months to 1 year £</b>	<b>1 year to 5 years £</b>
Finance payable	244,953	19,783,557	-
Creditors and accruals	227,556	-	-
<b>Total</b>	<b>472,509</b>	<b>19,783,557</b>	<b>-</b>

  

<b>As at 31 March 2022</b>	<b>Less than 3 months £</b>	<b>3 months to 1 year £</b>	<b>1 year to 5 years £</b>
Finance payable	172,908	518,724	19,356,090
Creditors and accruals	302,460	-	-
<b>Total</b>	<b>475,368</b>	<b>518,724</b>	<b>19,356,090</b>

  

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

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

#### (c) Credit risk

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

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

The Asset Advisor holds in escrow as at 30 September 2022, tenant rent deposits amounting to £114,653 (31 March 2022: £120,798; 30 September 2021: £110,923). These deposits are held as security for the tenants' performance under the tenancy agreements and have not been included in these financials statements as the Company has no right to these funds unless and until there is any default by any tenant under their tenancy agreement. There have been no defaults during the period (31 March 2022: nil; 31 September 2021: nil).

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2022

### 21. FINANCIAL RISK MANAGEMENT (continued)

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

	(Unaudited) Six months ended 30 September 2022 £	(Audited) Year ended 31 March 2022 £	(Unaudited) Six months ended 30 September 2021 £
Cash and cash equivalents	1,025,598	704,071	1,478,124
Rent receivable from Asset Advisor (note 13)	21,478	36,661	67,317
Cash floats held by Asset Advisor (note 13)	74,726	60,735	66,596
Service charge deposits	28,091	28,091	28,091
<b>Total</b>	<b>1,149,893</b>	<b>829,558</b>	<b>1,640,128</b>

### 22. CAPITAL RISK MANAGEMENT

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

### 23. SUBSEQUENT EVENTS

Sale of properties

Flat 18, 9-11 Manson Place completed on 2 December 2022 for £875,000.

Flat 4, 8 Strathmore Gardens and Flat 3, 119-121 Gloucester Road are under offer progressing to exchange.