SOPRO HOLDINGS REAL ESTATE INVESTMENT TRUST PLC

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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CORPORATE INFORMATION

DIRECTORS
Philip Turpin
Richard Lang
Andrew Sergeant
Joseph Ruiz
Sandra Wittmann
Jonathan Wilkinson

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LUXEMBOURG LEGAL ADVISOR
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COMPANY SECRETARY
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REPORT OF THE DIRECTORS

The Directors present their annual report on the affairs of SoPro Holdings Real Estate Investment Trust Plc (the "Company") and its subsidiaries (together the "Group") and the audited consolidated financial statements for the year ended 31 December 2023.

INCORPORATION

The Company was incorporated on 10 October 2014 as a public limited liability company under the Companies (Jersey) Law 1991, with registered number 116831. On 31 March 2015, the Company's shares were admitted to the official list of The International Stock Exchange ("TISE"). The shares of the Company are held by Cheyne Social Property Impact Holdings L.P. (the "Partnership"). The Partnership receives contributions from its direct investors and Feeder entities. The Group, Partnership and the Feeder entities are together the "Fund".

The Company is tax resident in the United Kingdom. With effect from 1 January 2016, the Company became a UK Real Estate Investment Trust ("REIT").

REGULATION

The Company has been formed to act as a collective investment fund authorised pursuant to the Collective Investment Funds (Jersey) Law, 1988, as an expert fund.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company is to invest in UK properties so as to increase the capacity of councils and social sector organisations ("SSOs") to deliver front line services. SSOs are organisations that exist primarily to deliver a positive social impact such as social housing and care facilities, and the Company will work with the SSOs to invest in existing or develop new properties, which will be purchased by the Company and leased to the SSOs. The investment objective of the Company is capital growth and income generation. The Company will aim for a balanced approach to financial return and social impact of each investment and will acquire interests only in Permitted Investments as defined in the Company's Information Memorandum.

On 18 January 2022, the Partnership's investors were requested to consent to a further extension of the life of the Fund to 30 September 2023. The required majority investor consents were subsequently received and the Partnership's General Partners approved the implementation of the Partnership's changes on 9 February 2022.

During the year, on 8 September 2023, the Partnership's investors were notified of the intention of the Fund to operate beyond its updated expiry date of 30 September 2023 to provide more time for the Investment Manager to realise the remaining positions and avoid forced sales at depressed valuations.

INVESTMENTS

During the year, the Group in line with its wind up process, continued to solicit and receive offers for the disposal of its remaining properties and subsidiaries. There were no acquisitions during the year. There were 2 properties sold by Dunmail 2017 Project Limited. In the prior year, the Group in line with its wind up process, completed the liquidations of Touchpoint Housing(SKI) Ltd, whose investment properties were sold. The disposal process is still ongoing in connection with the remaining investments.

RESULTS AND DIVIDENDS

The results for the year are shown on page 14.

On 3 February 2023, the Company paid a return of capital distribution amounting to £10 million to its sole shareholder. A total of 9,031.1312 ordinary shares of the Company were repurchased amounting to 90 share capital and 9,999,910 share premium.

On 25 August 2023, the Company paid a dividend of £4,269,650 (£44.07 per share) for the 2022 property income distribution ("PID").

REPORT OF THE DIRECTORS - (CONTINUED)

SECRETARY

The Secretary of the Company during the year and subsequently was Apex Group Secretaries Limited.

DIRECTORS

The Directors of the Group during the year and subsequently were:

Philip Turpin
Richard Lang
Andrew Sergeant
Joseph Ruiz
Sandra Wittmann
Jonathan Wilkinson

None of the Directors hold any direct personal interest in the shares of the Company.

GOING CONCERN

The Company's business activities are set out in the 'Principal activities and review of the business' section of the Report of the Directors on page 3. The Directors have decided to prepare the consolidated financial statements on a basis other than that of a going concern, which assumes that the Group will terminate and cease operations within the foreseeable future. A basis other than that of a going concern includes, where appropriate, writing down assets to their realisable values and recognising commitments held at the balance sheet date that have become onerous. During the year, on 8 September 2023, the Partnership's investors were notified of the intention of the Fund to operate beyond its updated expiry date of 30 September 2023 to provide more time for the Investment Manager to realise the remaining positions and avoid forced sales at depressed valuations. The Group is in a period of managed wind down, with the objective to realise its assets at the best available prices. The financial statements do not include any provision for the future costs of terminating the business of the Group except to the extent that such costs were committed at the end of the reporting period. The Directors have assessed that there is sufficient funds to cover the amounts due as trade and other creditors.

MARKET CONSIDERATIONS

The Russia-Ukraine conflict has caused extensive disruptions to businesses and economic activities. The uncertainties over the energy price and food shortage have caused market volatility, inflationary pressure on spending and rising interest rates on a global scale. Global financial markets have experienced an increase in interest rates due to attempts by the central banks to curtail rising inflation as well as an increase in the price of debt. The quantum of the effect is difficult to determine, however the Directors are monitoring the situation and considering the effect it may have on the valuation of the Fund's investment properties in the future. Based on the situation as at the date of these financial statements, the Directors expect no material impact on these financial statements.

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and consolidated financial statements in accordance with applicable law and regulations.

Pursuant to the Companies (Jersey) Law 1991 (the "Law"), the Group is required to prepare consolidated financial statements for each financial year. The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements are required by Law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group'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.

However, Directors are also required to:

- properly select and consistently apply accounting policies;
- make judgments and estimates that are reasonable and prudent;
- 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 are insufficient to enable users to understand the impact of a particular transaction, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern. (As explained in note 2, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Law. 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.

The Directors confirm they have complied with the above requirements throughout the year ended 31 December 2023 and subsequently.

BY ORDER OF THE BOARD

Director: ANDREW SERGEANT

Date: 29 April 2024

REPORT OF THE INVESTMENT ADVISER

The Fund is a socially responsible landlord that works with social sector organisations to deliver additional homes and facilities required to address the UK's social challenges. The Fund raised commitments totalling £220 million from a combination of institutional investors (including pension funds, insurance companies and endowments/foundations/charities), family offices and high net worth individuals. Key principals of Cheyne Capital have also invested in the Fund.

The fund committed to a diversified portfolio of investments across the UK, with a total investment value of £157.8 million. All the investments had long-dated (15 years plus) Consumer Price Index linked fully repairing leases against residential properties at inception.

The Fund is now in its Realisation Period and Cheyne Capital is working to achieve a realisation of all investments and the ultimate liquidation of the Fund. During 2023, Cheyne continued to work towards a realisation of the Fund's remaining investments in Bristol, Barnet and Croydon.

Cheyne Capital Management (UK) LLP
Investment Adviser
Date: 29 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOPRO HOLDINGS REAL ESTATE INVESTMENT TRUST PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Sopro Holdings Real Estate Investment Trust Plc (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as issued by the IASB.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Emphasis of matter- Financial statements prepared other than on a going concern basis

We draw attention to Note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

4. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was related to investment property valuation.
Materiality	The materiality that we determined for the group financial statements was £1,800,000 which was approximately 2% of Net Asset Value.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team for the whole group.
Significant changes in our approach	There have been no significant changes in our audit approach compared with the prior year.

5. 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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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.

5.1. Investment property valuation

Key audit matter description	The group holds investment properties at fair value totalling £80,664,926 as at 31 December 2023 (2022: £91,408,402). This balance is material to the group as it accounts for 80% (2022: 76%) of total assets. The investment property valuation is complex and involves a significant level of judgement and investment properties are classified as level 3 in the fair value hierarchy. The main judgement is that these are specialist properties rented to local authorities and housing associations and there are a limited number of comparable transactions to determine future rental income and an appropriate yield and discount rate to apply. Given the level of judgement involved in determining the valuation of underlying investment properties, we consider the matter to be subject to management bias. The group involves an independent external valuer to assist in determining the valuation of investment properties as at 31 December 2023. Further details are included within the note 3 on critical accounting estimates and judgements and notes 4 and 5 to the financial statements.
How the scope of our audit responded to the key audit matter	In response to this key audit matter: • We tested the relevant controls over investment property valuation. • We involved our valuation specialists to assess the methodology applied

	and material assumptions made (including future rental income ,yield rate and discount rate) for the properties. • We tested the accuracy and completeness of data provided by management to the group's valuer. • We assessed other available market information to identify any contradictory evidence to assumptions made. • We assessed the competence, capabilities and objectivity of the group's valuer by assessing whether the valuers were RICS approved and whether there are any conditions or specific assumptions in the letter of engagement. • We assessed the adequacy and completeness of disclosures presented in the financial statements.
Key observations	As a result of our work, we concluded that the valuation of the investment properties is reasonable.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£1,800,000 (2022: £2,200,000)
Basis for determining materiality	2% of net assets (2022: 2%)
Rationale for the benchmark applied	Net assets represent the residual value of the shareholder's interest. Net assets have been used as this is the most suitable benchmark given the nature of the business which is to gain capital appreciation as well as income from its investment. As such the investors' focus and interest are on the net asset value.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered our risk assessment including our assessment of the group's overall control environment. Our past experience of the audit has indicated a low number of uncorrected misstatements in prior periods.

6.3. Error reporting threshold

We agreed with the Board that we would report to the Board all audit differences in excess of £90,000 (2022: £110,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the group and its environment, including internal control, and assessing the risks of material misstatement. The group is considered to be a single component, as the parent and its subsidiaries operate in the same environment. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

7.2. Our consideration of the control environment

Our risk assessment procedures include obtaining an understanding of relevant controls to the audit.

We did not take a control reliance approach on the general IT controls during the audit for the group due to the simple control environment and financial reporting system. We obtained an understanding and tested the relevant controls over the investment property valuation..

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the group's business and its financial statements.

As a part of our audit, we have held discussions with the investment adviser to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the group's financial statements.

We performed our own qualitative risk assessment of the potential impact of climate change on the group's account balances and classes of transactions.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the Board about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the investment property valuation. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Jersey) Law, 1991, The International Stock Exchange (TISE) Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included UK Real Estate Investment Trust regime requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified investment property valuation as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the board of directors concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with Jersey Financial Service Commission; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

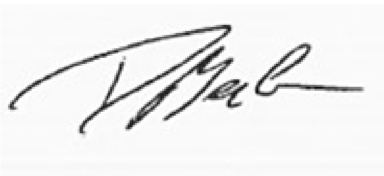
Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Becker

For and on behalf of Deloitte LLP

Jersey, United Kingdom

29 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31-Dec-23	31-Dec-22
		£	£
REVENUE			
Rental income	15	3,966,866	4,558,333
Other income		191,571	183,186
		4,158,437	**4,741,519**
EXPENSES			
Legal and other professional expenses	11	(249,562)	(473,150)
Administrative expenses	11	(235,620)	(268,014)
Insurance fees	11	(171,547)	(182,202)
Audit fees	11	(110,100)	(90,200)
Property operating expenses	11	(85,177)	(65,268)
Service charge expenses		(77,008)	(15,380)
Other operating expenses		(31,576)	(51,891)
Regulatory and annual listing fees		(20,279)	(18,157)
Director fees	11	(10,710)	(10,710)
		(991,579)	**(1,174,972)**
OPERATING PROFIT		**3,166,858**	**3,566,547**
Net loss on fair value adjustment on investment properties	5	(8,820,138)	(11,919,560)
Realised gain on disposal of investment properties	5	-	2,758,493
NET OPERATING LOSS		**(5,653,280)**	**(5,594,520)**
FINANCE INCOME/(COSTS)			
Finance income		90,226	39,171
Finance costs		(7,310)	(18,402)
NET FINANCE INCOME		**82,916**	**20,769**
LOSS BEFORE TAX		(5,570,364)	(5,573,751)
Income tax charge	12	(172,987)	(488,499)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(5,743,351)**	**(6,062,250)**
Attributable to:			
Equity holders of the Group		(5,716,548)	(6,043,329)
Non-controlling interests	17	(26,803)	(18,921)
Basic and diluted earnings per share	18	(58.33)	(48.42)

All items dealt with in arriving at the Consolidated Statement of Comprehensive Income for the year ended 31 December 2023 and 31 December 2022 relate to discontinuing operations.

(The notes on pages 18 to 41 form part of these audited consolidated financial statements)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	31-Dec-23	31-Dec-22
		£	£
ASSETS			
Current assets			
Investment properties	4,5	80,664,926	91,408,402
Investment in non Group entity	4	62	62
Prepayments		217,601	171,575
Trade and other receivables	8	357,770	253,288
Cash and cash equivalents	7	19,456,656	28,232,404
Total current assets		**100,697,015**	**120,065,731**
TOTAL ASSETS		**100,697,015**	**120,065,731**
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	9	3,232,507	2,782,329
Total current liabilities		**3,232,507**	**2,782,329**
Equity			
Share capital	13	969	1,059
Share premium	13	103,908,523	113,908,433
Retained deficit		(11,354,039)	(1,367,841)
Total equity attributable to equity holders of the Group		**92,555,453**	**112,541,651**
Non-controlling interests	17	4,909,055	4,741,751
Total equity		97,464,508	117,283,402
TOTAL EQUITY AND LIABILITIES		**100,697,015**	**120,065,731**

The audited consolidated financial statements were approved and authorised for issue by the Directors on the 29th day of April 2024 and were signed on its behalf by:

Director ____________________

ANDREW SERGEANT

(The notes on pages 18 to 41 form part of these audited consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

		Attributable to equity holders of the Group					
	Notes	Share Capital £	Share Premium £	Retained Deficit £	Total £	Non-controlling interest £	Total Equity £
Balance at 1 January 2022		**1,337**	**145,436,086**	**9,147,557**	**154,584,980**	**4,208,460**	**158,793,440**
Issue of capital	17	-	-	-	-	552,212	**552,212**
Share capital repurchased	13	(278)	(31,527,653)	-	(31,527,931)	-	**(31,527,931)**
Dividend paid	13	-	-	(4,472,069)	(4,472,069)	-	**(4,472,069)**
Loss before tax and total comprehensive loss for the year		-	-	(6,043,329)	(6,043,329)	(18,921)	**(6,062,250)**
Balance at 31 December 2022		**1,059**	**113,908,433**	**(1,367,841)**	**112,541,651**	**4,741,751**	**117,283,402**
Balance at 1 January 2023		**1,059**	**113,908,433**	**(1,367,841)**	**112,541,651**	**4,741,751**	**117,283,402**
Issue of capital	17	-	-	-	-	194,107	**194,107**
Share capital repurchased	13	(90)	(9,999,910)	-	(10,000,000)	-	**(10,000,000)**
Dividend paid	13	-	-	(4,269,650)	(4,269,650)	-	**(4,269,650)**
Loss before tax and total comprehensive loss for the year		-	-	(5,716,548)	(5,716,548)	(26,803)	**(5,743,351)**
Balance at 31 December 2023		**969**	**103,908,523**	**(11,354,039)**	**92,555,453**	**4,909,055**	**97,464,508**

(The notes on pages 18 to 41 form part of these audited consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31-Dec-23 £	31-Dec-22 £
Cash flows from operating activities			
Total comprehensive loss for the year before tax and non-controlling interest		(5,570,364)	(5,573,750)
Adjustments for:			
Finance costs		7,310	18,402
Net loss on fair value adjustment on investment properties	5	8,820,138	11,919,560
Realised gain on investment property disposals	5	-	(2,758,493)
Income tax paid	12	(172,987)	(488,499)
Changes in working capital:			
(Increase)/decrease in prepayments		(46,026)	20,577
(Increase)/decrease in trade and other receivables		(104,482)	151,781
Increase in trade and other payables		450,178	1,394,682
		3,383,767	4,684,260
Finance costs paid		(7,310)	(18,402)
Net cash generated from operating activities		**3,376,457**	**4,665,858**
Capital expenditure on investment properties	5	(300,202)	(1,628,609)
Proceeds from disposal of investment properties		2,223,540	28,787,563
Net cash generated from investing activities		**1,923,338**	**27,158,954**
Cash flows from financing activities			
Repurchase of share capital	13	(10,000,000)	(31,527,931)
Dividend paid	13	(4,269,650)	(4,472,069)
Change in non-controlling interests	17	194,107	552,212
Net cash used in financing activities		**(14,075,543)**	**(35,447,788)**
Net decrease in cash and cash equivalents		(8,775,748)	(3,622,976)
Cash and cash equivalents at the beginning of the year		28,232,404	31,855,380
Cash and cash equivalents at the end of the year		**19,456,656**	**28,232,404**

(The notes on pages 18 to 41 form part of these audited consolidated financial statements)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

SoPro Holdings Real Estate Investment Trust Plc (the "Company") was incorporated on 10 October 2014 as a public limited liability company under the Companies (Jersey) Law 1991, with registered number 116831. On 31 March 2015, the Company's shares were admitted to the official list of The International Stock Exchange ("TISE"), formerly known as Channel Islands Securities Exchange Authority Limited. Effective 1 January 2016, the Company gave notice that it expected to satisfy the relevant conditions for entry to become a UK Real Estate Investment Trust ("REIT"). HMRC acknowledged this declaration on 8 January 2016. The Company and its subsidiaries are together (the "Group").

The principal activity of the Company is to invest in UK properties so as to increase the capacity of councils and social sector organisations ("SSOs") to deliver front line services. SSOs are organisations that exist primarily to deliver a positive social impact such as social housing and care facilities, and the Company will work with the SSOs to invest in existing or develop new properties, which will be purchased by the Company and leased to the SSOs. The investment objective of the Company was capital growth and income generation. The Company aimed for a balanced approach to financial return and social impact from each investment and acquired interests only in Permitted Investments as defined in the Company's Information Memorandum. The Fund is now in its Realisation Period and Cheyne Capital is working to achieve a realisation of all investments and the ultimate liquidation of the Fund. During 2023, Cheyne continued to work towards a realisation of the Fund’s remaining investments in Bristol, Barnet and Croydon.

Investment Adviser Registration

Cheyne Capital Management (UK) LLP (the "Investment Adviser"), a United Kingdom limited liability partnership, is registered with the Commodity Futures Trading Commission (CFTC) and National Futures Association (NFA).

The Investment Adviser is authorised by the Financial Conduct Authority as an Alternative Investment Fund Manager (AIFM) under the AIFMD.

The Investment Adviser is registered with the U.S. Securities and Exchange Commission (SEC) under Section 203 of the Investment Advisors Act of 1940.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Interpretations Committee ("IFRIC") and the Companies (Jersey) Law 1991.

Under Article 105(11) of the Companies (Jersey) Law 1991, the Directors of a holding company need not prepare separate accounts (i.e. Company only accounts) if consolidated accounts of the Company are prepared, unless required to do so by the members of the Company by ordinary resolution. The members of the Company have not passed a resolution requiring separate accounts and in the Directors' opinion, the Company meets the definition of a holding company.

b) Preparation of consolidated financial statements

The audited consolidated financial statements have been prepared on a basis other than that of a going concern. As a result, assets are stated at their net realisable values and liabilities are stated at their settlement values and accordingly non-current assets/liabilities are classified as current assets/liabilities. No adjustments have been made to the carrying values of the assets/liabilities as a result of preparing on a basis other than that of a going concern. Further details are disclosed in note 2e.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

b) Preparation of consolidated financial statements - (continued)

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Company's consolidated financial statements therefore present the financial position and results fairly. 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 3.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are all entities including the portfolio companies over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The inclusion of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances. All the Group's subsidiaries have 31 December as their interim period end. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets, are measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

b) Preparation of consolidated financial statements - (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries

The list of the subsidiaries which are included in the Group's consolidated financial statements with their respective legal ownership percentages by the Group is as follows:

Name of subsidiary	Country of incorporation	Activity	SSO	Ownership proportion 31-Dec-23	31-Dec-22
Touchpoint Housing (CLR) Ltd	England and Wales	Property holding	Local authority	100%	100%
Touchpoint Housing (CNR) Ltd	England and Wales	Property holding	Local authority	100%	100%
Touchpoint Housing (CWH) Ltd	England and Wales	Property holding	Local authority	100%	100%
Dunmail 2017 Project Limited	England and Wales	Property holding	Local authority	90%	90%
Touchpoint Housing (LBB) Ltd	England and Wales	Property holding	Local authority	100%	100%
Elderberry Walk Management Company Limited	England and Wales	Property management	Local authority	90%	90%
SoPro Holdings Limited	Jersey	Holding company	N/A - as holding company	100%	100%

Disposal of subsidiary investments

In the prior year, the Group in line with its wind up process, completed the liquidations of Touchpoint Housing(SKI) Ltd, whose investment properties were sold. The disposal process is still ongoing in connection with the remaining investments.

c) Adoption of new and revised standards

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current year

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there were no mandatory New Accounting Requirements applicable in the current year that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

c) Adoption of new and revised standards - (continued)

Non-mandatory New Accounting Requirements not yet adopted

All non-mandatory New Accounting Requirements in issue are either not yet permitted to be adopted or, in the Directors' opinion, would have no material effect on the reported performance, financial position, or disclosures of the Group and consequently have neither been adopted, nor listed.

Other non-mandatory New Accounting Requirements, are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Group and consequently have neither been adopted and are also listed below:

*	IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	• Insurance contracts
*	Amendments to IFRS 10 and IAS 28	• Sale or contribution of assets between an investor and its associate or joint venture.
*	Amendments to IAS 1	• Classification of Liabilities as Current or Non-current
*	Amendments to IAS 1 and IFRS Practice Statement 2	• Disclosure of Accounting Policies
*	Amendments to IAS 8	• Definition of accounting estimates
*	Amendments to IAS 12	• Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

d) Income and Cash flow statements

The Group presents its Consolidated Statement of Comprehensive Income by nature of expense. The Group reports cash flows using the indirect method.

The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

e) Going concern

The Company's business activities are set out in the 'Principal activities and review of the business' section of the Report of the Directors on page 3. The Directors have decided to prepare the consolidated financial statements on a basis other than that of a going concern, which assumes that the Group will terminate and cease operations within the foreseeable future. A basis other than that of a going concern includes, where appropriate, writing down assets to their realisable values and recognising commitments held at the balance sheet date that have become onerous. During the year, on 8 September 2023, the Partnership's investors were notified of the intention of the Fund to operate beyond its updated expiry date of 30 September 2023 to provide more time for the Investment Manager to realise the remaining positions and avoid forced sales at depressed valuations. The Group is in a period of managed wind down, with the objective to realise its assets at the best available prices. The financial statements do not include any provision for the future costs of terminating the business of the Group except to the extent that such costs were committed at the end of the reporting period. The Directors have assessed that there is sufficient funds to cover the amounts due as trade and other creditors.

f) Dividends

Dividend distributions to the shareholders are recognised in the Group's financial statements in the period in which the dividends are approved by the Directors.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

g) Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates; its functional currency. As all investments held by the Group and financing received by the Group are in Sterling (GBP), this is considered to be the functional and presentational currency of the Group.

h) Interest income and interest expense

Interest income and expense are recognised within 'finance income' and 'finance costs' in the Consolidated Statement of Comprehensive Income using the effective interest method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. It includes interest income from cash and cash equivalents and assets held for investment.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the Consolidated Statement of Financial Position.

j) Leases

Leases for which the Group is a lessor are classified as finance or operating leases. Where the Group is the lessor in an operating lease, the market value of the properties leased out are included in investment property in the Consolidated Statement of Financial Position. See below for the recognition of rental income.

Where the Group is the lessee in a finance lease, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

k) Revenue recognition

Revenue includes rental income, development income and recoverable expenses from properties leased to SSOs.

Rental income is measured in accordance with IFRS 16. Rental income from operating leases is net of sales taxes and VAT and is recognised on a straight-line basis over the lease term. The initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the rental income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

k) Revenue recognition - (continued)

Contingent rents are recorded as income in periods when they are earned. Contingent rents are payments that are not fixed at the inception of the lease, for example increases arising on rent reviews. Rent reviews which remain outstanding at the period end are recognised as income, based on estimates, when it is reasonable to assume that they will be received.

Accounting policy relating to revenue from the development activities is disclosed in note 2(s).

Revenue is recognised in the accounting period in which services are rendered.

l) Investment property

Property that is held for long-term rental yields or capital appreciation or both, and that is not occupied by the Group, is classified as investment property (including property under construction for such purposes).

The Group can also acquire land for construction of investment properties.

Investment property is recognised initially at its cost, including related transaction costs and (where applicable) borrowing costs. Borrowing costs that are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The professional valuers use recognised valuation techniques and the principles of IFRS 13.

The fair value of investment property reflects, among other things, rental income and yields from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

Where the Group disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the Consolidated Statement of Comprehensive Income within net change from fair value adjustments on investment property and net loss on fair value adjustment on non-current assets classified as held-for-sale.

m) Investment disposals

Income obtained by the sale of an investment is recognised when the significant risks and returns have been transferred to the buyer. This will normally take place on exchange of contracts unless there are significant conditions attached. For conditional exchanges, sales are recognised when these conditions are satisfied.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

m) Investment disposals - (continued)

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss in the period the control is lost, is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

n) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income (FVOCI) or amortised cost, as appropriate. The Group determines the classification of its financial assets at initial recognition and is driven by both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

The Group's financial assets recognised in the Statement of Financial Position consist of trade and other receivables and cash and cash equivalents.

After initial recognition these financial assets are subsequently measured at amortised cost using the effective interest method less provision for impairment.

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within scope include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and

• 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

If in a subsequent period the amount of the impairment loss/expected credit loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss/expected credit loss is recognised in the Consolidated Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

n) Financial assets - (continued)

Derivative financial instruments are classified as financial assets at fair value through profit or loss and comprise of put options for property acquisitions held during the period (see note 10). Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. If the fair value of the put options result in an asset position then any movements in the fair value of the asset will be recognised within net changes from fair value adjustments on financial derivatives within the Consolidated Statement of Comprehensive Income. If the fair value results in a liability position then movement in the fair value will be recognised within the Consolidated Statement of Comprehensive Income as net changes from fair value adjustments on financial derivatives.

The Group does not apply hedge accounting rules in accordance with IFRS 9 Financial Instruments: Recognition and Measurements ("IFRS 9"). Recognition of derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially at fair value. Transaction costs are expensed to the Consolidated Statement of Comprehensive Income as finance costs. Gains and losses on derivatives are recognised in the Consolidated Statement of Comprehensive Income. Interest income and expenses on derivatives are included in the Consolidated Statement of Comprehensive Income in finance income and finance costs respectively.

o) Financial liabilities

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. All loans are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest method (see the accounting policy on 'Borrowings').

Financial liabilities include trade and other payables and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted and its amortised cost is the same as the fair value on date of origination given the short length of time between origination and date of settlement.

p) Provisions

Provisions are recognised when:

- The Group has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

q) Taxation

The Group operates as a REIT and therefore profits and gains from its qualifying property rental business are exempt from direct taxation provided the REIT conditions are met.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

q) Taxation - (continued)

Current tax is recognised in the Consolidated Statement of Comprehensive Income for profit or loss not exempt under UK-REIT regulations, except to the extent that it relates to items recognised directly in other comprehensive income or equity in which case, the tax is also recognised in other comprehensive income or equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Consolidated Statement of Financial Position in the countries where the Group operates.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the Directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

r) Share capital and reserves

Shares and reserves are classified as equity when there is no obligation to transfer cash or other assets.

s) Construction of residential properties

The Group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and judgements that affect the reported amounts of assets and liabilities within the financial period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - (CONTINUED)

i) Principal judgements underlying management's estimation of fair value

Estimates

The Group uses external professional valuers to determine the investment property fair value estimates. The primary source of evidence for investment property valuations should be recent, comparable market transactions on an arm's length basis. However, the valuation of the Group's investment property portfolio is inherently subjective, as it is made on the basis of assumptions made by the valuers which may not prove to be accurate.

The investment properties have been valued by the appointed external valuer, CBRE Limited ("CBRE"), as described below. By necessity a valuation requires subjective judgements that, even if logical and appropriate, may differ from those made by a purchaser or another party undertaking a valuation.

The Group's investment properties are stated without adjustment at the fair value calculated by the independent valuer using a combination of the market comparable approach and the income approach for tenanted investment properties and for the investment properties not tenanted and undergoing refurbishment work, fair value is calculated as acquisition cost, plus refurbishment costs incurred to date and then add on an apportioned upside provision between the value on completion and Total Development Cost based on the percentage of costs spent to date. The valuer derives a residual value for the investment property having considered the planned use and estimating the future value of the units with reference to information in the market for comparable properties gathered from numerous sources including but not limited to other agents and the Land Registry database subscribed to by the valuer. In estimating the fair value of the investment property under development, the highest and best use of the property was considered to be the planned future use. In estimating the fair value of the other investment properties, the highest and best use of the property is considered to be the current use. The Directors are entitled to rely upon and have relied upon the valuations provided by the independent valuer, but are not bound by such valuations.

The Directors are satisfied that this independent valuation is the best available estimate of the fair value of the Group's investment properties as at 31 December 2023 and 31 December 2022.

Please refer to note 4 for sensitivity disclosures on investment properties.

ii) Judgement on lease classifications

Judgements have been used to classify whether leases are finance and operating leases, especially where the lessees have the option to purchase at the end of the lease terms.

Key estimation certainties

iii) Fair value of derivative financial instruments

Put options
As there are no pricing sources (such as pricing agencies), these are measured based on the likelihood of being exercised based on existing market conditions of the respective properties, to determine whether the put options are in the money or out of money.

The primary source of evidence for financial instrument valuations should be recent, comparable market transactions on an arm's length basis. However, the valuation of the Group's financial instruments is inherently subjective, as it is made on the basis of assumptions made by the pricing agencies and management which may not prove to be accurate.

Critical judgements

iii) Principal judgements underlying the REIT status

SoPro Holdings Real Estate Investment Trust Plc obtained REIT status in 2016 and does not pay tax on its property income or gains on property sale, provided that 90% of the Group's property rental business profits is distributed as a dividend to the shareholders. In addition, the Group has to meet certain conditions such as ensuring the property rental business represents more than 75% of the Group's business. Any potential or proposed changes to the REIT legislation are monitored and if necessary, would be discussed with HMRC. It is the Directors' intention that the Group will continue as a REIT for the foreseeable future until completion of the wind down.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4. FAIR VALUE ESTIMATION

The Group's financial assets and liabilities measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring their fair value in accordance with IFRS 13:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include the following:
  a) Quoted prices for similar assets or liabilities in active markets.
  b) Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
  c) Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).
  d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Group's own assumptions about how the market measures the fair value.

Financial assets and liabilities are always categorised as Level 1, 2 or 3 in their entirety. In certain cases, the fair value measurement for financial assets and liabilities may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, their level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the financial asset or liability.

The policies for determining when transfers take place are as follows; transfers are made from Level 1 to Level 2 when the level of trading activity reduces significantly and transfer from Level 3 to Level 2 when information on a similar asset traded in an active market becomes available.

The Group has satisfactory title to all owned assets appearing in the Consolidated Statement of Financial Position but it should be noted that trading documents entered into by the Group may result in pledges made on such assets.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4. FAIR VALUE ESTIMATION - (CONTINUED)

The Investment Adviser has established an internal control infrastructure over the valuation of financial instruments that requires ongoing oversight by the Pricing Committee. These management control functions are segregated from the trading and investing functions. The Investment Adviser employs resources to help ensure that the Pricing Committee is able to function at an appropriate level of quality and effectiveness. The Investment Adviser reviews the segregation of duties within its internal control infrastructure. Specifically, the Pricing Committee is responsible for establishing and monitoring compliance with valuation polices. Within the trading and investing functions, the Investment Adviser has established policies and procedures that relate to the approval of all new transaction types, transaction pricing sources and fair value hierarchy coding within the financial reporting system. Unobservable inputs are developed based on the best information available in the circumstances, other than market data obtained from sources independent of the Group and might include the Group's own data.

The Group's assets and liabilities that are measured at fair value are classified as follows:

As at 31 December 2023	**Level 1**	**Level 2**	**Level 3**
	£	**£**	**£**
Investment properties	-	-	80,664,926
Investment in non Group entity	-	-	62
	-	-	80,664,988
As at 31 December 2022			
Investment properties	-	-	91,408,402
Investment in non Group entity	-	-	62
	-	-	**91,408,464**

There were no transfers between the hierarchy levels during the year ended 31 December 2023 and year ended 31 December 2022.

The most significant unobservable input in relation to the investment properties, relates to the yield. The yield is estimated to reflect current market assessment of the time value of future cash flows and the risks specific to the assets. The average estimated yield recommended by the Valuer for investment properties (completed assets) with leases was 4.60% (31 December 2022: 3.59%).

The following sensitivity analysis has been performed by Apex Group Fiduciary Services Limited, as Administrator, with all other things being equal:

An increase in the yield of 1.00% (31 December 2022: 0.25%) over the useful economic life of the assets would result in a reduction in the completed assets valuation by £17,554,881 (31 December 2022: £6,365,695).

A decrease in the yield of 1.00% (31 December 2022: 0.25%) over the useful economic life of the assets would result in an increase in the completed assets valuation by £17,554,881 (31 December 2022: £10,809,438).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. INVESTMENT PROPERTIES

The valuations prepared by CBRE, were prepared in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation Professional Standards 2022 Global and UK edition (the "Red Book") including the international standards.

	31-Dec-23	31-Dec-22
Cost	**£**	**£**
Balance at beginning of year	99,766,700	124,062,620
Development costs written off *	-	(4,202,542)
Capital expenditure	300,202	1,628,609
Disposal of investment properties	(2,223,540)	(21,721,987)
Balance at the end of the year	97,843,362	99,766,700
Opening fair value movement on investment properties	(8,358,298)	7,868,345
Fair value movement on investment properties	(8,820,138)	(11,919,560)
Net gain on disposal of investment properties	-	2,758,493
Disposal of investment properties	-	(7,065,576)
Closing fair value movement on investment properties	(17,178,436)	(8,358,298)
Fair value at the end of the year	**80,664,926**	**91,408,402**

* In the prior year, the development costs written off amounting to £ 4,202,542 include the accrued costs incurred on properties held by Touchpoint Housing (SKI) Ltd (£1,795,930) written off on disposal and the Group/NCI cost portion on the Touchpoint CNR Ltd-Consolidated (£2,406,612).

Kelham Island, Sheffield, SKI properties, UK

Touchpoint Housing (SKI) Limited, a UK company, was acquired on 26 May 2016. The investment objective of this subsidiary is to acquire land and build developments for leasing in Kelham Island, Sheffield. In September 2022, the SKI properties were sold for a total consideration of £28,485,655 resulting in a realised gain on disposal of £2,706,585.

Concord House, Sycamore House & Windsor House, Croydon

The acquisition of investment properties ("CLR properties") via Touchpoint Housing (CLR) Ltd, a UK company, was completed on 28 December 2016. The properties comprised of three buildings being Concord House, Sycamore House and Windsor House and are made up of a total of 338 apartments located on London Road in Croydon. The cost of the acquisition as at the year end amounted to £61,106,365 (31 December 2022: £61,106,365). On 30 July 2018, the Windsor House property was transferred to a new subsidiary Touchpoint Housing (CWH) Ltd via a distribution in specie following restructuring of Touchpoint Housing (CLR) Ltd.

Bristol and Bath Regional Capital ("Bristol properties"), UK

Touchpoint Housing (CNR) Ltd ("CNR") acquired 90% of the shares in Dunmail 2017 Project Ltd ("Dunmail") in March 2018 for £90. Dunmail is the developer in a 161 unit development in the Southmead area of Bristol. CNR will hold 61 of the 161 Units of the Dunmail Project, Dunmail will retain and sell 23 and the JV partner will take the remaining units.

The Group had a remaining investment of £13,005,390 (31 December 2022: £14,928,728) via an interest bearing loan and acquisition of 16 units (31 December 2022: 16 units).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. INVESTMENT PROPERTIES - (CONTINUED)

London Borough of Barnet ("LBB"), London

The acquisition and refurbishment of up to 180 open market properties ("LBB properties"), within the M25, via its subsidiary Touchpoint Housing (LBB) Ltd, was approved on 12 February 2019. The LBB properties are used as temporary accommodation to satisfy LBB's homelessness obligations. The properties are 1-4 bedroom flats acquired individually or in blocks. In the prior year, the Group sold a further investment property for a total consideration of £301,908, resulting in a realised gain on disposal of £51,908. The cost of the remaining property acquisitions as at the year end amounted to £23,731,608 (31 December 2022: £23,731,608).

The Fund enters into leases with two different counterparties, being local authorities and Housing Associations. The credit worthiness of those counterparties is considered in the valuation of the investments. Therefore the investments are grouped by the type of counterparty to whom a lease has already been entered into.

	31-Dec-23	31-Dec-22
SSO:	**£**	**£**
Local authorities	80,664,926	91,408,402
	80,664,926	**91,408,402**

The judgements and estimates relating to the valuation of the above investment properties have been included in note 3.

6. FINANCIAL RISK MANAGEMENT

Financial risks are risks arising from financial instruments to which the Group is exposed to during or at the end of the reporting period. Financial risk comprises credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the Directors and Investment Adviser in accordance with agreed procedures. Key financial risk management reports are produced on a quarterly basis to the Board of Directors for their consideration and review thereof.

The Directors review and agree policies for managing its risk exposure. These policies are described within this note and have remained unchanged for the period under review.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks, trade and other receivables, including rental receivables from lessees, rental guarantees and derivatives. Credit risk is managed on a Group basis.

The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Group monitors the credit quality of receivables on an ongoing basis. Alternatively the Group may ensure that an appropriate rent deposit or guarantee is put in place. The Group's tenants are SSOs, who deliver front line services on behalf of local governments and usually receive grants or income from local government to provide social housing accommodation and thus deemed to have a low credit risk.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

a) Credit risk - (continued)

The Group's maximum exposure to credit risk by class of financial asset is as follows:

	31-Dec-23	31-Dec-22
	£	£
Trade receivables	357,770	253,288
Cash and cash equivalents	19,456,656	28,232,404
	19,814,426	**28,485,692**

The fair value of cash and cash equivalents and trade and other receivables at 31 December 2023 and 31 December 2022 approximates the carrying value. Further details regarding trade and other receivables can be found in note 8. There is credit risk with respect to cash and cash equivalents which are held with reputable financial institutions with a credit rating of A or better. As at 31 December 2023 and 31 December 2022, cash balances were held with The Bank of New York Mellon (2022: The Bank of New York Mellon).

For other financial assets (other than cash), the Group considers a financial asset to have low credit risk when the asset has external credit rating of investment grade in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of performing. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The following table is a summary of the banking institution's credit rating per Moody's, S&P and Fitch, Credit Rating Agents as at the reporting date:

31 December 2023

	Moody's	S&P	Fitch
The Bank of New York Mellon	Aa1	AA-	AA+

31 December 2022

	Moody's	S&P	Fitch
The Bank of New York Mellon	Aa1	AA-	AA+

There is no material credit risk associated with the Group's financial liabilities (31 December 2022: nil).

b) Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Group's liquidity position is reviewed by the Directors of the Group as part of their quarterly review.

The Group’s ability to borrow from third parties is subject to certain limitations ("Financial Restrictions") provided for in its Information Memorandum. The Financial Restrictions allow a Group subsidiary to borrow for any purpose consistent with the business of the Group including making investments, provided that only income producing assets are borrowed against and with no recourse to the Group and subject to a maximum borrowing level equivalent to 70% of the value of any investment as determined by an independent valuer in accordance with RICS guidelines. No third party loan was held at period end.

The Group manages its liquidity risk by a combination of (i) issue of new ordinary shares financed via drawdowns from the Partnership, (ii) maintaining cash levels to fund short-term operating expenses and (iii) retained profits.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b) Liquidity risk - (continued)

The tables below summarises the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual maturities as at 31 December 2023 and 31 December 2022:

31 December 2023	**Current to 3 months £**	**3 months to 1 year £**	**1 year to 5 years £**	**5 years + £**	**Total £**
Trade receivables	357,770	-	-	-	357,770
Cash and cash equivalents	19,456,656	-	-	-	19,456,656
	19,814,426	-	-	-	19,814,426
Financial liabilities	**Current to 3 months £**	**3 months to 1 year £**	**1 year to 5 years £**	**5 years + £**	**Total £**
Trade and other payables	(3,232,507)	-	-	-	(3,232,507)
	(3,232,507)	-	-	-	**(3,232,507)**
Net liquidity risk	**16,581,919**	-	-	-	**16,581,919**

31 December 2022	**Current to 3 months £**	**3 months to 1 year £**	**1 year to 5 years £**	**5 years + £**	**Total £**
Trade receivables	253,288	-	-	-	253,288
Cash and cash equivalents	28,232,404	-	-	-	28,232,404
	28,485,692	-	-	-	**28,485,692**
Financial liabilities					
Trade and other payables	(2,782,329)	-	-	-	(2,782,329)
	(2,782,329)	-	-	-	**(2,782,329)**
Net liquidity risk	**25,703,363**	-	-	-	**25,703,363**

The amounts disclosed in the tables are the contractual undiscounted cash flows.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. The Investment Manager sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a monthly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

IFRS 7 requires disclosure of a 'sensitivity analysis' for each type of market risk to which the entity is exposed to at the reporting date, showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

c) Market risk - (continued)

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. Changes in some of the factors may be correlated - changes in interest rate and changes in foreign currency rates or market valuations and property prices. Sensitivity analysis on the valuation of the investment properties has been detailed in note 4.

i) Foreign exchange risk

The Group is currently not exposed to significant foreign currency risk as material transactions are all in GBP.

ii) Price risk

The Group was exposed to financial instrument price risk through the put option on the Luton properties until the properties were sold during 2021. The risk crystalised with their disposal. Other put options held with other properties are disclosed in note 10.

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk. The Group has mitigated the price risk from rentals by only dealing with SSOs with guaranteed income from benefits paid to the tenants by government and/or local authorities.

iii) Cash flow and fair value interest rate risk

The Group holds cash balances with The Bank of New York Mellon and Citibank. These balances expose the Group to cash flow interest rate risk as the Group's income and operating cash flows will be affected by movements in the market rate of interest. There is considered to be no material fair value interest rate risk in regard to these balances.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

The table below summarises the Group's exposure to cash flow interest rate risk.

31 December 2023	Non-interest bearing	Fixed rate	Floating rate	Total
Financial assets	**£**	**£**	**£**	**£**
Trade receivables	357,770	-	-	357,770
Cash and cash equivalents	-	-	19,456,656	19,456,656
	357,770	**-**	**19,456,656**	**19,814,426**

31 December 2023	Non-interest bearing	Fixed rate	Floating rate	Total
Financial liabilities	**£**	**£**	**£**	**£**
Trade and other payables	(3,232,507)	-	-	(3,232,507)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

c) Market risk - (continued)

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

31 December 2022	**Non-interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Financial assets	**£**	**£**	**£**	**£**
Trade receivables	253,288	-	-	253,288
Cash and cash equivalents	-	-	28,232,404	28,232,404
	253,288	-	**28,232,404**	**28,485,692**
Financial liabilities				
Trade and other payables	(2,782,329)	-	-	(2,782,329)

The average effective rate of interest applicable to cash and cash equivalents for the year ended 31 December 2023 was approximately 5.25% (31 December 2022: 0%).

iv) Sensitivity analysis

As of 31 December 2023, if interest rates had been 50 basis points higher with all other variables held constant, net asset value for the year would have been £119,223 lower (31 December 2022: £140,934 lower).

As of 31 December 2023, if interest rates had been 50 basis points lower with all other variables held constant, net asset value for the year would have been £119,223 higher (31 December 2022: £140,934 higher).

Please see note 4 for disclosures relating to the sensitivity analysis of investment properties.

d) Capital risk management

The capital of the Group is represented by the net assets attributable to the shareholders. The Group's objective when managing the capital is to safeguard the assets in order to provide returns for shareholders and to maintain a strong capital base to support the investment activities of the Group. In order to maintain or adjust the capital structure, the Directors may issue new shares to the sole shareholder, obtain external financing through the subsidiaries or withhold from distributing funds to the shareholders. There are no externally imposed capital requirements other than property income distribution (PID).

7. CASH AND CASH EQUIVALENTS	**31-Dec-23**	**31-Dec-22**
	£	**£**
Cash at bank	19,456,656	28,232,404

As at year end, there was no restricted cash (31 December 2022: £nil).

8. TRADE AND OTHER RECEIVABLES	**31-Dec-23**	**31-Dec-22**
	£	**£**
Trade receivables	336,908	234,785
VAT receivable	20,862	18,503
	357,770	**253,288**

The expected credit loss on debtors approximates nil (2022: nil) due to the Group's nature of tenants, backed by local governments.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9. TRADE AND OTHER PAYABLES

	31-Dec-23	31-Dec-22
	£	£
Trade payables and accruals	3,220,231	2,774,839
Deferred income	12,276	7,490
	3,232,507	**2,782,329**

Trade and other payables includes an amount of £3,146,893 (31 December 2022: £2,656,419) for the Dunmail project and other operating payables and accruals.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Group through its subsidiary Touchpoint Housing (CLR) Ltd, entered into put options with the lessee, the Mayor and Burgesses of Luton Borough of Croydon (the "lessee"), on the CLR properties in Croydon, granting the lessee the option to purchase the CLR properties at the expiry of their respective 40 year leases. The put options allow the lessee to purchase Sycamore House and Concorde House for £1 at the expiry of their respective leases and Windsor House at 95% of the then current market value of the property at the expiry of the 21 year lease term. As at year end, these options were deemed out-of-money and therefore hold no value.

The Group also through its subsidiary Touchpoint Housing (LBB) Ltd, entered into put options with the lessee, the Mayor and Burgesses of the London Borough of Barnet (the "lessee"), on the LBB properties in Barnet, granting the lessee the option to purchase the properties at the expiry of their respective 40 year leases. The put options allow the lessee to purchase the properties for £1 at the expiry of their respective leases. As at year end, these options were deemed out-of-money and therefore hold no value.

The Group also through its subsidiary Touchpoint Housing (CNR) Ltd, entered into put options with the lessee, the Great Western Regional Capital Ltd (the "lessee"), on the Bristol properties, granting the lessee the option to purchase the properties at the expiry of their respective 40 year leases. The put options allow the lessee to purchase the properties for £1 at the expiry of their respective leases. As at year end, these options were deemed out-of-money and therefore hold no value.

11. EXPENSES

Insurance fees

Insurance fees comprise of the property insurance for the Group's investment properties. The insurance fees for the year amounted to £171,547 (31 December 2022: £182,202).

Property operating expenses

Property operating expenses are costs incurred which can be directly attributed to the Group's real estate investments. The property operating expenses for the year amount to £85,177 (31 December 2022: £65,268), of which £nil (31 December 2022: £nil) was payable as at the year end, 31 December 2023.

Administration agreement

Apex Group Fiduciary Services Limited ("AGFSL") provides management and other services to the Group pursuant to the Administration Agreement entered into on 24 November 2014. The administration fees for the year amount to £235,620 (31 December 2022: £268,014), of which £nil (31 December 2022: £nil) was payable as at the year end, 31 December 2023.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11. EXPENSES - (CONTINUED)

Audit fees

Audit fees are fees paid / payable to Deloitte LLP, the appointed auditor, for the provision of audit services to the Group. The audit fees for the year amount to £110,100 (31 December 2022: £90,200). The balance outstanding as at the year end 31 December 2023 was £35,200 (31 December 2022: £89,625).

Legal and other professional fees

Legal and other professional expenses are costs incurred for fees paid to lawyers and agents for legal and professional advisory services. The legal and professional fees for the year amount to £249,562 (31 December 2022: £473,150), of which £nil (31 December 2022: £nil) was payable as at the year end, 31 December 2023.

Non-audit fees amounting to £38,139 (2022: £34,681) was paid to Deloitte LLP during the year and form part of the legal and professional fee.

Director fees

Director fees are fees paid for provision of director services to the Group. The Director fees for the year amount to £10,710 (31 December 2022: £10,710), of which £nil (31 December 2022: £nil) was payable as at the year end 31 December 2023. The Director fees are based on a standard rate amounting to £2,678 per quarter for the Company for Apex Group directors.

12. TAXATION

The tax charge for the year can be reconciled to the loss per the Consolidated Statement of Comprehensive Income as follows:

	31-Dec-23	31-Dec-22
UK current tax	£	£
Loss on ordinary activities before taxation	(5,570,364)	(5,573,751)
Tax credit at the current UK corporation tax rate of 25% (31 December 2022: 19%)	(1,392,591)	(1,059,013)
Tax effect of exempted UK property income under REIT regime	1,392,591	1,059,013
Tax result for the year	-	-

The Company had a stand-alone loss, after dividends expense, of £9,818,895 (31 December 2022: £9,982,106), and is not taxable under Jersey tax laws.

The Group has elected to be treated as a Real Estate Investment Trust (REIT). The REIT regime exempts the profits of the Group's UK property rental business from corporation tax. Gains on UK properties are also exempt from tax provided the properties are not held for trading or sold within three years of completion of development. During the year, corporation tax of £161,760 was paid on CNR and Dunmail following the exhaustion of brought forward tax losses and the group relief.

In the prior year, the Group paid UK corporation tax amounting to £488,499 on profits made in relation to the sale of properties held by Touchpoint Housing (SKI) Limited, which were developed by the Group.

As a REIT, the Group is required to pay property income distributions equal to at least 90% of the Group's exempted net income. To remain a REIT there are a number of conditions to be met in respect of the principal company of the Group, SoPro Holdings Real Estate Investment Trust Plc. Please refer to note 3 on assessment undertaken to ensure the Group meets the REIT requirements.

Luxembourg tax

During the year, SoPro Holdings Ltd paid an amount of £11,227 (2022: £nil) in relation to tax charged to its former Luxembourg subsidiaries, which had already been liquidated.

The total tax expense paid during the year for the Group was £172,987 (2022: £488,499) which includes £161,760 as UK corporation tax and £11,227 as Luxembourg tax while in the prior year the tax expense of £488,499 was wholly in relation to UK corporation tax.

13. SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

	31-Dec-23 £	31-Dec-22 £
Opening share capital	1,059	1,337
Share capital repurchased in current year	(90)	(278)
Closing share capital	**969**	**1,059**

(b) Share premium

	31-Dec-23 £	31-Dec-22 £
Opening share premium	113,908,433	145,436,086
Share premium repurchased in current year	(9,999,910)	(31,527,653)
Closing share premium	**103,908,523**	**113,908,433**

The authorised share capital of the Company consists of 300,000 (31 December 2022: 300,000) ordinary shares of £0.01 each.

During the year, no ordinary shares were issued to the sole shareholder (31 December 2022: nil). 9,031 ordinary shares of the Company were repurchased in the year amounting to £90 share capital and £9,999,910 share premium.

As at 31 December 2023, a total of 96,889 ordinary shares had been issued and fully paid (31 December 2022: 105,920 ordinary shares) amounting to £969 share capital and £103,908,523 share premium (31 December 2022: £1,059 share capital and £113,908,433 share premium). The Company has one class of ordinary shares which carry no right to fixed income.

On 30 August 2023, the Company paid dividends of £4,269,650 (31 December 2022: £4,472,069) to its sole shareholder, with the related dividends per share being £44.07/share. The dividends were an interim and final payment respectively of the property income distribution ("PID") for the year ended 31 December 2022.

14. CONTINGENCIES AND COMMITMENTS

The Group has a contingent liability relating to a potential withholding tax liability ('liability') arising from dividends paid by subsidiaries incorporated in Luxembourg. As the related tax exposure is not confirmed and uncertainty exists, the liability is deemed to be not probable at this stage. However in 2021, the Group decided to insure against the potential risk to mitigate against the contingent liability and paid a premium amounting to £2,973,936.

15. LEASING ARRANGEMENTS

The property rental income earned during the year by the Group as lessor was £3,966,866 (31 December 2022: £4,558,333). With the exception of the CLR, LBB and CNR properties where the lessees have the right to exercise the put option as disclosed in note 3 and note 10, lessees do not have an option to purchase the property at the expiry of the lease period. The risks in relation to the leases are discussed in the sensitivity analysis in note 6.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15. LEASING ARRANGEMENTS - (CONTINUED)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31-Dec-23	**31-Dec-22**
	£	**£**
Year 1	4,262,567	3,814,664
Year 2	5,090,845	3,858,723
Year 3	5,090,845	3,858,723
Year 4	5,090,845	3,858,723
Year 5	5,090,845	3,858,723
After 5 years	101,537,687	88,597,536
	126,163,633	**107,847,092**

16. RELATED PARTY DISCLOSURES

Each of Jonathan Wilkinson and Philip Turpin, are current or former Directors of the Company, and are therefore considered as key management personnel of the Company but none of the aforementioned receives any remuneration from the Company. The Directors of the Company do not have any financial interest in the Company. Apex Group Fiduciary Services Limited ("AGFSL") and Apex Group Secretaries Limited ("AGSL") provide ongoing administration and secretarial services respectively to the Company at commercial rates. Each of AGFSL and AGSL is a subsidiary of Apex Group Limited which, together with all of Apex Group Limited's other subsidiaries and affiliates, are hereafter referred to as the "Apex Group". Each of Jonathan Wilkinson and Philip Turpin are an employee of AGFSL and should be regarded as interested in any transaction with any member of the Apex Group.

Richard Lang, a Director of the Company, is also a partner of Cheyne Capital Management (UK) LLP, the Investment Adviser to the Group and does not receive any remuneration from the Company.

Andrew Sergeant, a Director of the Company, is also an employee of Cheyne Capital Management (UK) LLP, the Investment Adviser to the Group and does not receive any remuneration from the Company.

Joseph Ruiz, a Director of the Company, is also an employee of Cheyne Capital Management (UK) LLP, the Investment Adviser to the Group and does not receive any remuneration from the Company.

Sandra Wittmann, a Director of the Company, is also a partner of Cheyne Capital Management (UK) LLP, the Investment Adviser to the Group and does not receive any remuneration from the Company.

Information on subsidiary undertakings is included on note 2.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

17. NON-CONTROLLING INTEREST

	31-Dec-23	31-Dec-22
	£	£
Balance at the beginning of the year	4,741,751	4,208,460
Non controlling interest arising from contributions	194,107	552,212
Share of comprehensive loss for the year	(26,803)	(18,921)
Balance at the year end	**4,909,055**	**4,741,751**

The non-controlling interest in Dunmail represented 10% (31 December 2022: 10%) of Dunmail's ordinary shares in issue as at the year end.

18. EARNINGS PER SHARE

From discontinued operations

Earnings	31-Dec-23	31-Dec-22
	£	£
Earnings for the purposes of basic earnings per share being net loss attributable to equity holders of the Group	(5,716,548)	(6,043,329)
Number of shares in issue	97,995.75	124,817.11
Basic and diluted earnings per share	**(58.33)**	**(48.42)**

19. ULTIMATE CONTROLLING PARTY

No single party has been identified as the ultimate controlling party and thus no details are disclosed.

20. DISPOSAL OF SUBSIDIARIES

There were no disposal of subsidiaries during the years ended 31 December 2023 and 31 December 2022.

21. SEGMENT REPORTING

The Group operates as a single business segment, no segment reporting disclosures are included.

22. MARKET CONSIDERATIONS

Current geopolitical uncertainties and potential impact

The Russia-Ukraine conflict has caused extensive disruptions to businesses and economic activities. The uncertainties over the energy price and food shortage have caused market volatility, inflationary pressure on spending and rising interest rates on a global scale. The quantum of the effect is difficult to determine, however the Directors are monitoring the situation and considering the effect it may have on the valuation of the Fund's investment property in the future.

Global financial markets have experienced an increase in interest rates due to attempts by the central banks to curtail rising inflation as well as an increase in the price of debt. These circumstances may impact the Partnership’s performance.

The Directors have reviewed the underlying investments for any exposure that may affect the Company. Based on the situation as at the date of these financial statements, the Directors expect no material impact on these financial statements.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

23. SUBSEQUENT EVENTS

The Directors of the Company have evaluated the impact of all subsequent events through the date that these financial statements were issued and have determined that there were no subsequent events requiring adjustment to or disclosure in the financial statements in this respect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2023

24. UNAUDITED RECONCILIATION OF NAV UNDER IFRS TO NAV IN ACCORDANCE WITH THE INFORMATION MEMORANDUM

	31-Dec-23	31-Dec-22
	£	£
Net assets under IFRS	92,555,453	112,541,651
Consolidation adjustments:		
Adjustment for NCI interest on consolidation	4,909,058	4,741,751
Net assets in accordance with the Information Memorandum	**97,464,511**	**117,283,402**
NAV per share in accordance with the Information Memorandum	**1,005.939**	**1,107.281**

The NAV per the Information Memorandum had not consolidated the results of the Dunmail subsidiary and as a result had not recognised the NAV allocation to the non controlling interest, now adjusted.