

Pinnacle Residential Fund

Unaudited Consolidated Interim Financial Statements

For the six months ended 30 September 2025

Pinnacle Residential Fund

Interim Report and Unaudited Consolidated Interim Financial Statements For the six months ended 30 September 2025

	Page
General Information	1
Manager's Report	2 - 3
Statement of Manager's Responsibilities	4
Property Portfolio	5
Unaudited Consolidated Statement of Total Comprehensive Income	6
Unaudited Consolidated Statement of Financial Position	7
Unaudited Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units	8
Unaudited Consolidated Statement of Cash Flows	9
Notes to the Unaudited Consolidated Interim Financial Statements	10 - 24

Pinnacle Residential Fund

General Information

Manager:	Pinnacle Investment Management Limited 4th Floor Royal Bank Place Gategny Esplanade St Peter Port Guernsey GY1 2HJ
Directors of the Manager:	John Whittle Quentin Spicer Christopher Turnbull Ong Eng Keong (Matthew) Phil Clark
Administrator	Vistra Fund Services (Guernsey) Limited 4th Floor Royal Bank Place Gategny Esplanade St Peter Port Guernsey GY1 2HJ
Sub-Registrar:	Vistra Fund Services (Guernsey) Limited 4th Floor Royal Bank Place Gategny Esplanade St Peter Port Guernsey GY1 2HJ
Investment Advisor:	Pinnacle Investments (Holdings) Limited 8th Floor Holborn Tower 137-144 High Holborn London WC1V 6PL
Trustee:	Vistra Fund Services (Guernsey) Limited 4th Floor Royal Bank Place Gategny Esplanade St Peter Port Guernsey GY1 2HJ
Auditor:	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey GY1 2NZ
Trustee Oversight:	Aspida Group Limited Tudor House Le Bordage St Peter Port Guernsey GY1 1DB
Legal Advisers:	Carey Olsen (Guernsey) LLP PO Box 98 Les Banques Carey House St Peter Port Guernsey GY1 1DB

Pinnacle Residential Fund

Manager's Report

For the six months ended 30 September 2025

The Manager presents its interim report and unaudited consolidated interim financial statements of Pinnacle Residential Fund and its subsidiaries (the 'Fund') for the six months ended 30 September 2025.

Manager's Responsibilities

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

The Trust Structure

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

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

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

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

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

The Fund has 100% direct ownership of Bedford Trust and Hayes Trust. The consolidated financial statements therefore consist of the Fund and the Sub-Trusts. The Fund and the Sub-Trusts are collectively referred to as the 'Fund'.

All issued redeemable units have been admitted to the official listing of The International Stock Exchange ('TISE') since 9 February 2007.

On 15 November 2023, a resolution was passed to commence an orderly wind up of the Fund resulting in cessation of the issue and redemption of units in the Trust. The consolidated interim financial statements have been therefore prepared on a basis other than going concern.

The Residence, Lurke Street, Bedford was sold for £8,000,000 on 17 July 2025.

Investment Objective and Policy

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

Principal Activity

The principal activity of the Fund was the acquisition and holding of a geographically diversified portfolio of residential assets on a 'granular' basis. The Fund predominantly targeted existing residential assets in well-connected urban areas, where the pipeline of new housing supply is significantly lower than the forecast population growth. On 15 November 2023, a resolution was passed to commence an orderly wind up of the Fund.

Net Asset Value

The International Financial Reporting Standards ('IFRS') as issued by IASB net asset value of the Fund at 30 September 2025 was £5,090,627 (31 March 2025: £5,843,640), equating to deliver a net asset value per unit of £0.11 (31 March 2025: £0.12). The IFRS net asset value has been reconciled to the dealing net asset value as at 30 September 2025 in note 26.

Gains and Losses

The net loss for the Fund for the six months period ended 30 September 2025 was £753,013 (30 September 2024: net loss £80,343).

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

Pinnacle Residential Fund

Manager's Report (continued)

For the six months ended 30 September 2025

Distribution Policy

In earlier years, the Fund had applied to His Majesty's Revenue and Customs ('HMRC') to be treated as a Reporting Fund, however as of 1 June 2021, the Fund ceased to be a Reporting Fund, owing to its transparent status for income tax purposes.

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

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

Directors' fees of the Manager

The remuneration to the Directors of the Manager ("the Directors") for the six months ended 30 September 2025 was £20,000 (31 March 2025: £40,000).

Going Concern

The Residence, Lurke Street, Bedford was sold for £8,000,000 on 17 July 2025. The Fund will follow an orderly wind-up process within the next 12 months which includes the sale of the second property (Hayes). As a result, the interim consolidated financial statements have therefore been prepared on basis other than going concern and amended to reflect the fact that the going concern assumption has not been applied. The interim consolidated financial statements have followed accounting treatment as prescribed in IFRS Accounting Standards as issued by IASB.

Independent Auditor

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

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

Director: John Whittle
Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund

Director: Quentin Spicer

Date: 19 March 2026

Pinnacle Residential Fund

Statement of Manager's Responsibilities For the six months ended 30 September 2025

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

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

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

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

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

Director: John Whittle
Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund

Director: Quentin Spicer

Date: 19 March 2026

Pinnacle Residential Fund

Investment Review

For the six months ended 30 September 2025

**Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund**

Pinnacle Residential Fund

Property Portfolio

As at 30 September 2025

	Market Value £	Percentage of Total Assets
Investment property		
Boleyn Court, Botwell Lane, Hayes, UB3 2BL	4,400,000	83.76%
	<u>4,400,000</u>	<u>83.76%</u>
Investment property held for sale		
The Residence, Lurke Street, Bedford, MK40 3FJ	-	0.00%
	<u>4,400,000</u>	<u>0.00%</u>
Cash	497,345	9.47%
For the six months ended 30 September 2025		
Other assets	<u>355,900</u>	<u>6.77%</u>
Total assets	<u><u>5,253,245</u></u>	<u><u>100.00%</u></u>

Pinnacle Residential Fund

Unaudited Consolidated Statement of Total Comprehensive Income For the six months ended 30 September 2025

	Notes	30 September 2025 £	30 September 2024 £
Continued operations			
Revenue	8	122,435	138,479
Property operating expenses	9	<u>(116,230)</u>	<u>(100,203)</u>
Net rental income		6,205	38,276
Net fair value loss on investment property	14	(42,799)	(2,700)
Net loss on investment property		(42,799)	(2,700)
Administrative expenses	11	<u>(310,142)</u>	<u>(155,942)</u>
Operating loss		(346,736)	(120,366)
Finance income	12	9,368	8,230
Finance costs	13	(109,801)	(57,797)
Net loss for the period before tax from continued operations		<u>(447,169)</u>	<u>(169,933)</u>
Tax expense for the period		-	-
Net loss for the period after tax		<u>(447,169)</u>	<u>(169,933)</u>
Other comprehensive income		-	-
Total comprehensive loss for the period from continuing operations		<u>(447,169)</u>	<u>(169,933)</u>
Discontinued operations			
Total profit from discontinued operations	10	(305,844)	89,590
Total comprehensive loss for the period		<u>(753,013)</u>	<u>(80,343)</u>
Basic loss per unit	24 (a)	<u>(1.61) pence</u>	<u>(0.17) pence</u>
Diluted loss per unit	24 (b)	<u>(1.61) pence</u>	<u>(0.17) pence</u>

The notes on pages 10 to 24 form an integral part of these unaudited consolidated interim financial statements.

Pinnacle Residential Fund

Unaudited Consolidated Statement of Financial Position As at 30 September 2025

	Notes	30 September 2025 Unaudited £	31 March 2025 Audited £
Non-current assets			
Investment property	14	4,400,000	4,400,000
		<u>4,400,000</u>	<u>4,400,000</u>
Current assets			
Trade and other receivables	16	355,900	366,549
Cash and cash equivalents		497,345	1,278,317
		<u>853,245</u>	<u>1,644,866</u>
Investment property held for sale	15	-	8,000,000
For the six months ended 30 September 2025		<u>5,253,245</u>	<u>14,044,866</u>
Current liabilities			
Trade and other payables	17	135,154	198,276
Deferred revenue	18	27,464	45,268
Loan interest due	17	-	67,682
		<u>162,618</u>	<u>311,226</u>
Liabilities directly associated with assets held for sale			
Borrowings		-	4,800,000
		<u>-</u>	<u>4,800,000</u>
Non-current liabilities			
Borrowings	19	-	3,090,000
		<u>-</u>	<u>3,090,000</u>
Total liabilities (excluding net assets attributable to holders of redeemable units)		<u>162,618</u>	<u>8,201,226</u>
Net assets attributable to holders of redeemable units		<u>5,090,627</u>	<u>5,843,640</u>
Represented by:			
Number of redeemable units in issue	21	46,790,614	46,790,614
Net asset value per redeemable unit		10.88 pence	12.49 pence

The Unaudited Consolidated Interim Financial Statements on pages 7 to 24 were approved by the Board of Directors of the Manager and authorised for issue on [Date].

Director:
Pinnacle Investment Management Limited
Manager of Pinnacle Residential Fund

Director:

The notes on pages 10 to 24 form an integral part of these unaudited consolidated interim financial statements.

Pinnacle Residential Fund

Unaudited Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units For the six months ended 30 September 2025

	Number of Units Issued	£
Balance of Net Assets attributable to holders of redeemable units on 31 March 2024	46,790,614	6,098,587
Total comprehensive loss for the period	-	(80,343)
Balance of Net assets attributable to holders of redeemable units on 30 September 2024	<u>46,790,614</u>	<u>6,018,244</u>
Balance of Net Assets attributable to holders of redeemable units on 31 March 2025	46,790,614	5,843,640
Total comprehensive loss for the period	-	(753,013)
For the six months ended 30 September 2025		
Balance of Net Assets attributable to holders of redeemable units on 30 September 2025	<u>46,790,614</u>	<u>5,090,627</u>

The notes on pages 10 to 24 form an integral part of these unaudited consolidated interim financial statements.

Pinnacle Residential Fund

Unaudited Consolidated Statement of Cash Flows For the six months ended 30 September 2025

	Notes	<i>Period ended 30 September 2025</i>	<i>Period ended 30 September 2024</i>
		£	£
Cash flows from operating activities			
Total comprehensive loss for the year from continuing operations		(447,169)	(169,933)
Total comprehensive (loss)/income for the year from discontinuing operations		(305,844)	89,590
Adjustments for:			
Net fair value loss on investment property	14	42,799	2,700
Net fair value loss on investment property held for sale	15	178,891	-
Finance income	12	(11,127)	(9,826)
Finance costs	13	201,828	150,348
Operating (loss)/profit before changes in working capital		<u>(340,622)</u>	<u>62,879</u>
For the six months ended 30 September 2025			
(Increase)/decrease in trade and other receivables		10,649	(65,628)
(Decrease)/increase in trade and other payables		(63,122)	1,217,531
Decrease in deferred revenue		(17,804)	(15,925)
Net cash flows (used in)/from operating activities		<u>(410,899)</u>	<u>1,198,857</u>
Cash flows from investing activities			
Interest received	12	11,127	9,826
Capitalised expenses	14	(221,690)	(2,700)
Proceeds from disposal of investment property held for sale		8,000,000	-
Net cash flows from investing activities		<u>7,789,437</u>	<u>7,126</u>
Cash flows from financing activities			
Finance costs paid		(269,510)	(149,591)
Repayment of borrowings		(7,890,000)	-
Net cash flows used in financing activities		<u>(8,159,510)</u>	<u>(149,591)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(780,972)</u>	<u>1,056,392</u>
Cash and cash equivalents at the beginning of the period		<u>1,278,317</u>	<u>314,233</u>
Cash and cash equivalents at the end of the period		<u><u>497,345</u></u>	<u><u>1,370,625</u></u>

The notes on pages 10 to 24 form an integral part of these unaudited consolidated interim financial statements.

Pinnacle Residential Fund

Notes to the Unaudited Consolidated Interim Financial Statements For the six months ended 30 September 2025

1. General information

Pinnacle Residential Fund and its subsidiaries (the 'Fund') is an open-ended unit trust established in Guernsey by a Trust Instrument dated 18 January 2007 (the 'Original Trust Instrument') with a maximum duration of 100 years. The registered office of the Manager is 4th Floor, Royal Bank Place, Glatigny Esplanade, St Peter Port, Guernsey, GY1 2HJ. On 24 September 2019, the Original Trust Instrument was supplemented by the Supplemental Trust Instrument.

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

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

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

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

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

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

The Fund has 100% direct ownership of Bedford Trust and Hayes Trust. The Unaudited Consolidated Interim Financial Statements therefore consist of the Fund and the Sub-Trusts. The Fund and the Sub-Trusts are collectively referred to as the 'Fund'.

All issued redeemable units have been admitted to the official listing of The International Stock Exchange ('TISE') since 9 February 2007.

The Residence, Lurke Street, Bedford was sold for £8,000,000 on 17 July 2025.

On 15 November 2023, a resolution was passed to commence an orderly wind up of the Fund resulting in cessation of the issue and redemption of units in the Trust. The consolidated interim financial statements have been therefore prepared on a basis other than going concern.

2. Accounting policies

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

2.1 Basis of preparation

Statement of compliance

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

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

In the current year, the Fund has adopted all the applicable new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2025. The adoption of the standards and interpretations has not had a significant impact on the content or presentation of the consolidated financial statements; refer to below for additional consideration.

These financial statements have been prepared on a basis other than going concern. This determination requires significant judgement. In making this judgement, the Manager evaluates the Fund's intention to wind up and resources available to meet its wind-down costs and day-to-day running costs. For the Director's consideration of going concern, please refer to Note 5.2.

The consolidated interim financial statements of the Fund incorporate the financial statements of the Sub-Trusts, which are entities controlled by the Fund as at 30 September 2025. Control is achieved when the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of the Sub-Trusts are included in the consolidated financial statements of the Fund.

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

Pinnacle Residential Fund

For the six months ended 30 September 2025

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

Statement of compliance (continued)

Sub-Trusts

The following table details the subsidiaries owned by the Fund as at 30 September 2025.

Entity	Country of incorporation	Effective ownership	Activity	Registered address
PRF Bedford Unit Trust	Guernsey	100%	To acquire, hold, lease, realise and deal in real estate in the UK.	4th Floor, Royal Bank Place, Gategny Esplanade, St Peter Port, GUERNSEY GY1 2HJ
PRF Hayes Unit Trust	Guernsey	100%	To acquire, hold, lease, realise and deal in real estate in the UK.	4th Floor, Royal Bank Place, Gategny Esplanade, St Peter Port, GUERNSEY GY1 2HJ

New IFRS accounting standards and interpretations

The Directors have considered the major amendments to IFRS accounting standards and interpretations, beginning on or after 1 April 2025, to assess their potential impact on the Company's accounting policies. The following new standards adopted during the year are not deemed material/significant impact to the consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with covenants;

New, relevant standards, interpretations and amendments in issue but not yet effective for the financial year beginning 1 April 2025

At the date of authorisation of these financial statements, the following standards, amendments and interpretations, which have not been applied in these financial statements were in issue and endorsed but not yet effective:

- IFRS 18 - Presentation and disclosure in financial statements issued;
- Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments.

The Directors have considered the new standards, amendments and interpretations as detailed above and do not plan early adoption of these standards as the Directors do not expect the standards, except IFRS 18, to have a material/significant impact to the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial statements

IFRS 18 Presentation and Disclosure in Financial Statements introduces new requirements for presentation within the statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. The management is currently working to identify all impact the amendments will have on the primary financial statements and notes to the financial statements.

2.2 Revenue and other income

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

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

2.3 Expenses

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

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

Pinnacle Residential Fund

For the six months ended 30 September 2025

2. Accounting policies (continued)

2.4 Operating profit/(loss)

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

2.5 Taxation

The Fund is exempt from taxation under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 2012 and pays an annual fee of £1,600 (2024: £1,600). This amount is included within Administration expenses under regulatory and registration fees.

As at 1 June 2021, the Fund has become a Baker Trust and so is transparent for the purposes of UK tax on income. In order to receive distributions net of UK income tax, each investor has been asked to confirm that they are UK tax resident or to obtain approval from HMRC to receive distributions gross of UK income tax. Each investor will be responsible for reporting distributions received from the Fund in their own tax returns.

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

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

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

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

2.6 Investment properties

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

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

The Residence, Lurke Street, Bedford has been sold for £8,000,000 on 17 July 2025.

The fair value of The Boleyn Court, Botwell Lane, Hayes has been determined based on Manager's valuation adopting the methodology previously adopted by accredited independent valuers, Montagu Evans LLP.

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

Investment properties for which there is a committed plan to sell are marketed at the year end and for which the sale is anticipated to complete within one year of the accounting reference date are classified as Investment Property held for sale (Note 15).

2.7 Financial instruments

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

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

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

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

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

Pinnacle Residential Fund

For the six months ended 30 September 2025

2. Accounting policies (continued)

2.7 Financial instruments (continued)

(a) Financial assets at amortised cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

(a)(i) Receivables

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

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

(a)(ii) Cash and cash equivalents

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

Impairment of financial assets held at amortised cost

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

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

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

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

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

(b) Financial liabilities at amortised cost

(b)(i) Trade and other payables

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

(b)(ii) Borrowings

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

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income and expense over relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

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

As at 30 September 2025, both loans were repaid in full following the sale of the Bedford property.

Pinnacle Residential Fund

For the six months ended 30 September 2025

2. Accounting policies (continued)

2.7 Financial instruments (continued)

(b) Financial liabilities at amortised cost (continued)

(b)(iii) Redeemable Units

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

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

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

On 15 November 2023, a resolution was passed to commence an orderly wind up of the Fund resulting in cessation of the issue and redemption of units in the Trust.

(c) Fair value measurement hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

The following table presents the Fund's financial and non financial assets and liabilities that are measured at fair value at 30 September 2025 by level of their fair value hierarchy.

	Level 1 & 2 £	Level 3 £	Total £
Non-financial assets:			
Investment property	-	4,400,000	4,400,000
Total	<u>-</u>	<u>4,400,000</u>	<u>4,400,000</u>

The following table presents the Fund's financial and non financial assets and liabilities that are measured at fair value at 31 March 2025 by level of their fair value hierarchy.

	Level 1 & 2 £	Level 3 £	Total £
Non-financial assets:			
Investment property	-	4,400,000	4,400,000
Investment property held for sale	-	8,000,000	8,000,000
Total	<u>-</u>	<u>12,400,000</u>	<u>12,400,000</u>

The Residence, Lurke Street, Bedford has been sold for £8,000,000 on 17 July 2025.

The fair value of The Boleyn Court, Botwell Lane, Hayes has been determined based on Manager's valuation adopting the methodology previously adopted by accredited independent valuers, Montagu Evans LLP.

The following table presents the changes in Level 3 instruments for the years ended 30 September 2025 and 31 March 2025.

	Investment property held for sale £	Investment property £	Total £
Opening balance 1 April 2024	8,000,000	4,400,000	12,400,000
Cost capitalised	9,578	3,167	12,745
Net fair value loss on investment property	-	(3,167)	(3,167)
Net fair value loss on investment property held for sale	(9,578)	-	(9,578)
Closing balance 31 March 2025	<u>8,000,000</u>	<u>4,400,000</u>	<u>12,400,000</u>

Pinnacle Residential Fund

For the six months ended 30 September 2025

2. Accounting policies (continued)

2.7 Financial instruments (continued)

(c) Fair value measurement hierarchy (continued)

	Investment property held for sale	Investment property	Total
	£	£	£
Opening balance 1 April 2025	8,000,000	4,400,000	12,400,000
Disposal of investment property held for sale	(8,000,000)	-	(8,000,000)
Cost capitalised	178,891	42,799	221,690
Net fair value loss on investment property	-	(42,799)	(42,799)
Net fair value loss on investment property held for sale	(178,891)	-	(178,891)
Closing balance 30 September 2025	<u>-</u>	<u>4,400,000</u>	<u>4,400,000</u>

There have been no transfers between levels during the year.

2.8 Functional and presentation currency

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

3. Going Concern

The Residence, Lurke Street, Bedford was sold for £8,000,000 on 17 July 2025. The Fund will follow an orderly wind-up process within the next 12 months which includes the sale of the second property (Hayes). As a result, the interim consolidated financial statements have therefore been prepared on basis other than going concern and amended to reflect the fact that the going concern assumption has not been applied. The interim consolidated financial statements have followed accounting treatment as prescribed in IFRS Accounting Standards as issued by IASB.

4. Financial instruments risk exposure and management

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

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

4.1 Market risk

(i) Market rental income risk

Rental income is generally affected by the overall conditions in the local economy, such as:

- growth in gross domestic product;
- employment trends;
- inflation; and
- changes in interest rates.

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

Rental income may also be affected by other factors specific to the real estate market such as:

- competition from other property owners;
- the perceptions of prospective tenants of the attractiveness;
- the inability to collect rents because of bankruptcy or the insolvency of tenants or otherwise;
- the periodic need to renovate, repair and release space and the costs thereof;
- the costs of maintenance and insurance; and
- increased operating costs.

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

(ii) Currency risk

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

Pinnacle Residential Fund

For the six months ended 30 September 2025

4. Financial instruments risk exposure and management (continued)

4.1 Market risk (continued)

(iii) Cash flow and fair value interest rate risk

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

The Fund is not currently exposed to risk for the first 3 years as the interest rate is fixed. Management do not consider it necessary to utilise an interest rate cap at the current time as there is no risk of interest variation on the loans.

The amount charged to the Consolidated Statement of Total Comprehensive Income for loan and bank interest payable, including loan agreement fees, is £228,016 (30 September 2024: £150,348).

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

At 30 September 2025	Interest bearing fixed	Interest bearing variable	Non-interest bearing	Total
	£	£	£	£
Assets				
Trade and other receivables	-	-	355,900	355,900
Cash and cash equivalents	-	497,345	-	497,345
Total assets	<u>-</u>	<u>497,345</u>	<u>355,900</u>	<u>853,245</u>
Liabilities				
Trade and other payables	-	-	135,154	135,154
Total liabilities	<u>-</u>	<u>-</u>	<u>135,154</u>	<u>135,154</u>
At 31 March 2025				
	£	£	£	£
Assets				
Trade and other receivables	-	-	264,933	264,933
Cash and cash equivalents	-	1,278,317	-	1,278,317
Total assets	<u>-</u>	<u>1,278,317</u>	<u>264,933</u>	<u>1,543,250</u>
Liabilities				
Trade and other payables	-	-	198,276	198,276
Borrowings	7,890,000	-	-	7,890,000
Total liabilities	<u>7,890,000</u>	<u>-</u>	<u>198,276</u>	<u>8,088,276</u>

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

	Change in interest rates (basis points) 30 September 2025	Change in interest rates (basis points) 31 March 2025	Interest bearing variable 30 September 2025	Interest bearing variable 31 March 2025	Impact on Statement of Total Comprehensive Income 30 September 2025	Impact on Statement of Total Comprehensive Income 31 March 2025
			£	£	£	£
Cash and cash equivalents	50	50	497,345	1,278,317	2,487	6,392
			<u>497,345</u>	<u>1,278,317</u>	<u>2,487</u>	<u>6,392</u>

Pinnacle Residential Fund

For the six months ended 30 September 2025

4. Financial instruments risk exposure and management (continued)

4.1 Market risk (continued)

(iv) Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly on a quarterly basis as the Fund is subject to quarterly subscriptions and redemptions. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits to stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

- Monitor the level of quarterly subscriptions and redemptions relative to the assets it expects to be able to liquidate within the quarter and adjust the amount of distributions the Fund pays to redeemable unitholders.
- Redeem and issue new units in accordance with the constitutional documents of the Fund, which include the ability to scale back redemptions and require certain minimum holdings and subscriptions.

The Fund monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by the Fund as total borrowings less cash and cash equivalents. Total capital is calculated as net assets attributable to holders of redeemable units as shown in the Consolidated Statement of Financial Position, plus net debt. The loan to value of the charged properties (as valued by the independent valuer), in any quarter, must not exceed 65%. As at 30 September 2025, the actual loan to value is 0% (31 March 2025: 58%).

	30 September 2025 £	31 March 2025 £
Total interest bearing borrowings	-	7,890,000
Less cash and cash equivalents	(497,345)	(1,278,317)
Net debt	<u>(497,345)</u>	<u>6,611,683</u>
Total capital	4,593,282	12,455,323
Gearing ratio	(10.83%)	53.08%

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

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

4.2 Credit risk

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

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

The Manager monitors the placement of cash balances on an ongoing basis. Cash held by the Fund is placed with Royal Bank of Scotland International Limited ("RBSI") which is a reputable institution and has a Fitch rating of AA- (30 September 2024: A+). In addition, client cash account held by the property manager is with Barclays Bank PLC which has a credit rating of A+ (30 September 2024: A+).

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

	30 September 2025 £	31 March 2025 £
Cash and cash equivalents	497,345	1,278,317
Trade and other receivables	<u>355,900</u>	<u>264,933</u>
Total credit risk exposure	<u>853,245</u>	<u>1,543,250</u>

4.3 Liquidity risk

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

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

Pinnacle Residential Fund

For the six months ended 30 September 2025

4. Financial instruments risk exposure and management (continued)

4.3 Liquidity risk (continued)

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

	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£
30 September 2025			
Borrowings (i)	-	-	-
Finance cost of borrowings	-	-	-
Trade and other payables	135,154	-	-
	<u>135,154</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Over 5 years
	£	£	£
31 March 2025			
Borrowings (i)	4,800,000	3,090,000	-
Finance cost of borrowings	320,849	5,984	-
Trade and other payables	198,276	-	-
	<u>5,319,125</u>	<u>3,095,984</u>	<u>-</u>

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

5. Critical accounting estimates and judgments

5.1 Critical accounting estimates and assumptions

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

Fair value of investment property

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

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

The Residence, Lurke Street, Bedford has been sold for £8,000,000 on 17 July 2025.

The fair value of The Boleyn Court, Botwell Lane, Hayes has been determined based on Manager's valuation adopting the methodology previously adopted by accredited independent valuers, Montagu Evans LLP.

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

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

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The fair values of investment properties at 30 September 2025 are disclosed on page 6 and in note 14 and note 15.

Pinnacle Residential Fund

For the six months ended 30 September 2025

5. Critical accounting estimates and judgments (continued)

5.2 Critical judgements

Going Concern

The Residence, Lurke Street, Bedford has been sold for £8,000,000 on 17 July 2025. The Fund will follow an orderly wind-up process within the next 12 months which includes the sale of second property (Hayes) as well. As a result, the interim consolidated financial statements have therefore been prepared on basis other than going concern and amended to reflect the fact that the going concern assumption has not been applied. The interim consolidated financial statements have followed accounting treatment as prescribed in IFRS Accounting Standards as issued by IASB.

6. Segment information

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

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

Additional information on the total fair value of the segment and equivalent percentages of the total value of the Fund can be found in the Property Portfolio Statement on page 6.

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

	30 September 2025	30 September 2024
	£	£
7. Taxation		
Current Tax		
UK tax on rental profits for the year	-	-
	<u>-</u>	<u>-</u>
Reconciliation of tax charge		
	30 September 2025	30 September 2024
	£	£
Loss before tax	<u>(753,013)</u>	<u>(80,343)</u>
UK tax at a rate of 19% (2024: 19%)	(143,072)	(15,265)
Effects of		
Loss from fair value adjustment of operating assets held at valuation	8,132	513
Taxable loss carried forward	<u>134,940</u>	<u>14,752</u>
Tax expense for the year	<u>-</u>	<u>-</u>

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

As a result of the Finance Act 2023, as from 1 April 2023, the corporation tax rate will increase to 25% for profits above £250,000 and a rate of 19% for profits of £50,000 or less. Profits falling between these two figures will pay tax at the main rate reduced by a marginal relief. This provides a gradual increase in the effective corporation tax rate.

	30 September 2025	30 September 2024
	£	£
8. Revenue		
Continuing operations		
Gross lease payments collected	122,435	138,479
Other income	-	-
	<u>122,435</u>	<u>138,479</u>
Discontinued operations		
Gross lease payments collected	151,186	278,435
Other income	5,149	787
	<u>156,335</u>	<u>279,222</u>
	<u>278,770</u>	<u>417,701</u>

The Fund leases its investment properties under operating leases.

9. Property operating expenses

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

	30 September 2025		30 September 2024	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
	£	£	£	£
Income generating expenses				
Insurance costs	30,134	14,677	24,220	16,189
Property expenses	<u>86,096</u>	<u>41,971</u>	<u>75,984</u>	<u>81,119</u>
	<u>116,230</u>	<u>56,648</u>	<u>100,204</u>	<u>97,308</u>

Pinnacle Residential Fund

For the six months ended 30 September 2025

10. Discontinued operations

At the reporting date, the operations of the Fund associated with the property to be sold subsequent to the year end is classified as discontinued operations. The results are as follows:

	30 September 2025 £	30 September 2024 £
Revenue	156,335	279,222
Property operating expenses	(56,648)	(97,309)
Net rental income	<u>99,687</u>	<u>181,913</u>
Net fair value loss on investment property	(178,891)	-
Administrative expenses	(110,184)	(1,368)
Operating profit	<u>(189,388)</u>	<u>180,545</u>
Finance income	1,759	1,596
Finance costs	(118,215)	(92,551)
Net (loss)/profit for the year	<u>(305,844)</u>	<u>89,590</u>
Other comprehensive income	-	-
Total comprehensive (loss)/income for the year	<u><u>(305,844)</u></u>	<u><u>89,590</u></u>

11. Administrative expenses

	30 September 2025		30 September 2024	
	Continuing operations £	Discontinued operations £	Continuing operations £	Discontinued operations £
Manager's fees (refer to Note 22)	28,459	-	46,661	-
Legal and professional fees	183,323	102,098	23,815	-
Administration fees (refer to Note 23)	22,589	1,329	22,589	1,329
Audit fees	19,965	-	18,150	-
Directors' remuneration (refer to Note 22)	20,000	-	20,000	-
Trustee's fees (refer to Note 23)	10,630	-	10,630	-
Consultancy fees	-	-	5,100	-
Listing fees	3,881	-	3,876	-
Registration and regulatory fees	3,718	-	5,023	-
Bank charges	79	35	98	39
Sundry expenses	-	26,427	-	-
Tax advisory	17,498	6,722	-	-
	<u>310,142</u>	<u>136,611</u>	<u>155,942</u>	<u>1,368</u>

12. Finance income

	30 September 2025		30 September 2024	
	Continuing operations £	Discontinued operations £	Continuing operations £	Discontinued operations £
Bank interest received	9,368	1,759	8,230	1,596

13. Finance costs

	30 September 2025		30 September 2024	
	Continuing operations £	Discontinued operations £	Continuing operations £	Discontinued operations £
Bank loan arrangement fees	7,899	18,290	3,870	8,781
Charges on bank borrowings**	101,902	99,925	53,927	83,770
	<u>109,801</u>	<u>118,215</u>	<u>57,797</u>	<u>92,551</u>

** Charges on bank borrowings comprise interest expense to Secure Trust Bank ('STB')

Pinnacle Residential Fund

For the six months ended 30 September 2025

14. Investment property

	30 September 2025	31 March 2025
	£	£
Fair value at the beginning of the year	4,400,000	4,400,000
Costs capitalised	42,799	3,167
Net fair value loss on investment property	(42,799)	(3,167)
Fair value at the end of the period	<u>4,400,000</u>	<u>4,400,000</u>

The fair value of The Boleyn Court, Botwell Lane, Hayes has been determined based on Manager's valuation adopting the methodology previously adopted by accredited independent valuers, Montagu Evans LLP.

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

15. Investment property held for sale

As required by IFRS 5, from the point at which an investment property accounted for under the fair value model meets the criteria for classification as held for sale, the asset is presented as held for sale in the Consolidated Statement of Financial Position, but it continues to be measured at fair value in accordance with the entity's accounting policy for investment property.

	30 September 2025	31 March 2025
	£	£
Fair value at the beginning of the year	8,000,000	8,000,000
Disposal of investment property held for sale	(8,000,000)	-
Costs capitalised	178,891	9,578
Net fair value loss on investment property held for sale	(178,891)	(9,578)
Fair value at the end of the year	<u>-</u>	<u>8,000,000</u>

The Residence, Lurke Street, Bedford has been sold for £8,000,000 on 17 July 2025.

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

16. Trade and other receivables

	30 September 2025	31 March 2025
	£	£
Trade receivables	208,090	171,203
Sundry debtor	66,937	93,730
Prepayments	80,873	101,616
	<u>355,900</u>	<u>366,549</u>

17. Trade and other payables

	30 September 2025	31 March 2025
	£	£
Other payables	55,084	80,534
Management fees* (refer to Note 22)	28,459	46,166
Audit fees	19,965	39,930
Administration fees	11,959	11,959
Director fees payable	10,000	10,000
Trustee's fees (refer to Note 23)	5,315	5,315
Payable to Pinnacle Investment Holding Limited ('PIHL') (refer to Note 22(v))	2,270	2,270
Deposit payable by the manager	1,039	1,039
Listing fees	1,063	1,063
	<u>135,154</u>	<u>198,276</u>

18. Deferred revenue

	30 September 2025	31 March 2025
	£	£
Rent received in advance	<u>27,464</u>	<u>45,268</u>

Rent received in advanced comprises £Nil (31 March 2025: £17,470) relating to PRF Bedford Unit Trust and £27,464 (31 March 2025: £27,798) relating to PRF Hayes Unit Trust.

19. Borrowings

	30 September 2025	31 March 2025
	£	£
STB Bank loans		
Opening STB loan	7,890,000	7,890,000
Repayment	(7,890,000)	-
Drawdown for the period	-	-
Closing STB loan	<u>-</u>	<u>7,890,000</u>

	30 September 2025	31 March 2025
	£	£
Interest movements		
Opening balance	67,682	68,849
Charge for the period	201,828	275,740
Repayment for the period	(269,510)	(276,907)
Closing balance	<u>-</u>	<u>67,682</u>

Pinnacle Residential Fund

For the six months ended 30 September 2025

19. Borrowings (continued)

The maturity of borrowings is as follows:

	30 September 2025	31 March 2025
	£	£
Total bank loans		
Payable within 1 year	-	4,800,000
Payable within 1 - 5 years	-	3,090,000
	<u>-</u>	<u>7,890,000</u>

Pursuant to a loan facility agreement dated 12 March 2020, the Trust borrowed £4,200,000 from Secure Trust Bank ('STB') for the purpose of financing the acquisition of The Residence, Lurke Street, Bedford. The STB borrowing was secured against The Residence, Lurke Street, Bedford. The loan bore interest at a fixed rate of 4.10% per annum with interest being charged quarterly in arrears.

On 13 April 2022, the Company entered into a new £4,800,000 facility with STB and has drawn the facility in full to refinance the existing loan of £4,200,000 initially drawn for acquisition of The Residence, Lurke Street, Bedford. The new loan had a maturity date of 48 months from the date the loan is initially drawn, that is, 13 April 2026. However, as the directors intended to wind up the fund, the loan would be settled within the next year and was, hence, classified as current liabilities. The loan bore interest at a fixed rate of 3.50% for the first three years, and a floating rate of 1.5% plus the STB commercial lending reference rate for the fourth year subject to a minimum rate of 2.25%. The loan was repaid on 25 July 2025 following the sale of the Bedford property.

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

The loan bore interest at a fixed rate of 3.50% for the first 3 years with interest being charged quarterly in arrears and would bear a floating rate of 1.5% plus the STB commercial lending reference rate for the fourth year subject to a minimum rate of 2.25%. The loan had a maturity date of 48 months from the date the loan is initially drawn, that is, 31 March 2026. The loan was repaid on 10 September 2025.

20. Operating lease commitments

	30 September 2025	31 March 2025
	£	£
Receivable within 1 year	32,607	187,699
	<u>32,607</u>	<u>187,699</u>

Agreements

The tenancy agreement for The Residence, Lurke Street, Bedford (The Residence, Lurke Street, Bedford) and Boleyn Court, Hayes (Boleyn Court, Hayes) has 37 and 24 separate tenancy agreements of varying duration and annual value respectively. The total amount receivable of £32,607 (31 March 2025: £187,699) comprise of the non cancellable portion of leases that were in existence as at 30 September 2025.

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

21. Units issued

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

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

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

There were no redemptions during the reporting period.

The relevant movements are shown on the Consolidated Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 4, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions. To determine the net asset value of the Fund for redemptions, total liabilities of the Fund are deducted from the total assets of the Fund on the relevant valuation day using the market value for investment properties. To determine the net asset value of the Fund for subscriptions, total liabilities of the Fund are deducted from total assets of the Fund on the relevant valuation day using Vacant Possession value for investment properties. The number of units in issue at 30 September 2025 is 46,790,614 units (31 March 2025: 46,790,614 units).

22. Related party transactions

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

(i) Management Fees

Since the acquisition of Hayes in March 2022 the Fund has continued to source acquisition opportunities and seek the additional equity capital required to fund them. There has been a continuous slew of significant macro-economic headwinds since, both economic and political, that have significantly hampered capital raising efforts and with that the ability to acquire new assets and scale the Fund.

With a pause in acquisition activity and with no increase in unitholder value, the Board of the Manager has therefore proposed to the trustees of the Fund to reduce their fees, which they agreed to. As a result, the fees are reduced from 1.5% GAV to 0.6% GAV since 1 January 2023. This 60% reduction is temporary, until further notice, but the foregone portion of the fee is permanently waived.

Pinnacle Residential Fund

For the six months ended 30 September 2025

22. Related party transactions (continued)

(i) Management Fees (continued)

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

The charge was as follows:

Gross Asset Value of Fund (Quarterly)	Management Fee calculated as percentage of Gross Asset Value
£0 - £30,000,000	0.60%
£30,000,001 - £50,000,000	1.25%
£50,000,001 - £150,000,000	1.00%
£150,000,001 or greater	0.75%

The total charge to the Consolidated Statement of Total Comprehensive Income was £28,459 (30 September 2024: £46,661). A total amount of £28,459 (31 March 2025: £46,166) was outstanding at the end of the year was due to the Manager.

(ii) Directors of the Manager's remuneration

The Fund pays remuneration to the Directors for their services. The total charge to the Consolidated Statement of Comprehensive Income was £20,000 (30 September 2024: £20,000). An amount of £10,000 (31 March 2025: £10,000) was payable at the end of the year.

(iii) Directors of the Manager's holdings

As at 30 September 2025, Christopher Turnbull has an interest in 666,666.667 (31 March 2025: 666,666.667) units in the Fund by way of a Self Invested Pension Plan.

As at 30 September 2020, Mr. David Turnbull, father of Christopher Turnbull had an interest in Lincoln Heights as the settlor of the Trust. On 13 March 2020, Lincoln Heights transferred to Credit Suisse London Nominees Limited. As a result, Christopher Turnbull has an indirect interest in 7,692,307.692 (31 March 2025: 7,692,307.692) units in the fund.

On 21 January 2021, Mr Ong Eng Keong (Matthew) was appointed as the Director of Pinnacle Investment Management Limited ('PIML'), the Manager. Mr Ong Eng Keong (Matthew) is also the CEO ('Chief Executive Officer') of SLB Starcap Pte. Ltd, the shareholder of PIML and has an interest in 15,384,615.385 (31 March 2025: 15,384,615.385) units in the Fund.

(iv) Investment Advisory fees

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

(v) Payables to PIHL

An amount of £2,270 (31 March 2025: £2,270) was outstanding to PIHL as at 30 September 2025.

23. Material contracts

(i) Administrator's fees

The Fund pays fees to the Administrator for the following services: accounting, administration and compliance of the Fund. As per the Scheme Particulars dated 24 September 2019, the Administrator has agreed with the Manager to charge a fee, payable quarterly in arrears by the Fund at the rates below, subject to a minimum fee of £40,000 per annum. These are detailed below:

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

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

The total charge to the Consolidated Statement of Total Comprehensive Income for the period ended 30 September 2025 was £23,918 (30 September 2024: £23,918). As at the end of the period, an amount of £11,959 (31 March 2025: £11,959) was outstanding.

(ii) Registrar fees

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

(iii) Trustee's fees

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

During the period, the total charge to the Consolidated Statement of Total Comprehensive Income was £10,630 (30 September 2024: £10,630). An amount of £5,315 (31 March 2025: £5,315) was due to the Trustee at the end of the period.

(iv) Trustee oversight fees

During the period, the consultancy fee paid amounted to £Nil (30 September 2024: £5,100). As at the period end, £Nil (31 March 2025: £Nil) was outstanding to Aspida Group Limited.

Pinnacle Residential Fund

For the six months ended 30 September 2025

24 (a). Earnings per share

	30 September 2025		30 September 2024	
	Continuing operations £	Discontinued operations £	Continuing operations £	Discontinued operations £
(Loss)/profit for the year	(447,169)	(305,844)	(169,933)	89,590
Weighted average number of units in issue	46,790,614	46,790,614	46,790,614	46,790,614
(Loss)/profit per unit	<u>(0.90) pence</u>	<u>(0.71) pence</u>	<u>(0.36) pence</u>	<u>0.19 pence</u>

24 (b). Diluted earnings per share

	30 September 2025		30 September 2024	
	Continuing operations £	Discontinued operations £	Continuing operations £	Discontinued operations £
(Loss)/profit for the year	(447,169)	(305,844)	(169,933)	89,590
Weighted average number of units in issue	46,790,614	46,790,614	46,790,614	46,790,614
Dilute (loss)/profit per unit	<u>(0.90) pence</u>	<u>(0.71) pence</u>	<u>(0.36) pence</u>	<u>0.19 pence</u>

A weighted average number of units in issue was calculated to enable users to gain a fairer understanding of the earnings generated per unit through the year. The weighted average number of shares is calculated by taking the number of outstanding shares and multiplying the portion of the reporting period those shares covered and hence their ability to influence income generated. As at 31 March 2025 and 2024, the options did not have a dilutive effect since the strike price was greater than the Net Asset Value per unit.

25. Controlling party

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

26. Reconciliations

(i) Reconciliation to subscription and redemption price

	30 September 2025 £	31 March 2025 £
Net asset value per Statement of Financial Position	5,090,627	5,843,640
Reconciling items	-	-
Net asset value per valuation	<u>5,090,627</u>	<u>5,843,640</u>

	30 September 2025	31 March 2025
Dealing Net Asset Value per unit for valuation purposes	10.88 pence	12.49 pence

27. Post statement of financial position events

There are no other post balance sheet events which are material to the Company for adjustment or disclosure at the date on which these financial statements are prepared and approved.