

CT UK Commercial Property Feeder Fund
Interim Report and Financial Statements
For the period ended:

31.08.2024

CT UK Commercial Property Feeder Fund

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*The Manager's Report in accordance with the Investment Management Association (IMA) SORP (2014) and the Collective Investment Schemes Sourcebook comprises those items denoted above along with the Scheme Objective, Portfolio Update, Portfolio Market Review and Outlook of the Scheme.

CT UK Commercial Property Feeder Fund

Directory

Scheme Information

CT UK Commercial Property Feeder Fund
Cannon Place
78 Cannon Street
London
EC4N 6AG

Authorised Fund Manager

Columbia Threadneedle Fund Management Limited
Cannon Place
78 Cannon Street
London
EC4N 6AG
Telephone: 0800 085 2752, Facsimile: (0207) 600 4180
The Manager is authorised and regulated in the UK by the Financial Conduct Authority and is a member of the Investment Association.

Directors of the AFM

D. Logan, W.M. Tonkin, R. Watts, T. Watts
C. Porter (independent), R. Fuller (independent)

Investment Advisor

Columbia Threadneedle Management Limited
Cannon Place
78 Cannon Street
London
EC4N 6AG

Independent Auditors

PricewaterhouseCoopers LLP
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Depository

State Street Trustees Limited
Registered Office
20 Churchill Place
London
E14 5HJ

Head Office and Principal Place of Business

Quartermile 3
10 Nightingale Way
Edinburgh
EH3 9EG

Fund Accounting and Unit Pricing

State Street Bank and Trust Company
20 Churchill Place
London
E14 5HJ

Administrator and Registrar

SS&C Financial Services Europe Limited
SS&C House
St Nicholas Lane
Basildon
Essex
SS15 5FS

Legal Advisors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

CT UK Commercial Property Feeder Fund

Scheme information

Authorised Status

CT UK Commercial Property Feeder Fund (the 'scheme') is an Authorised Unit Trust Scheme under section 243 of the Financial Services and Markets Act 2000. The scheme is a stand-alone non-UCITS Retail Scheme. The scheme invests solely in the CT UK Commercial Property Fund ICVC (the "underlying fund") which was converted to a Property Authorised Investment Fund (PAIF) on 1 September 2015, and as such, its investment objective is to achieve income and capital growth through investment in shares of the underlying fund. The scheme has an unlimited duration.

Financial Statements

These financial statements are for the period 1 March 2024 to 31 August 2024.

Unitholders

The scheme is a segregated portfolio of assets and, accordingly, the assets of a scheme belong exclusively to that scheme and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the scheme or any other scheme and shall not be available for any such purpose. Investments of the scheme must comply with the Collective Investment Schemes sourcebook (the "COLL sourcebook").

The underlying fund adopted segregated liability status for funds on 8 June 2012. From that date the assets of one fund may not be used to satisfy the obligations of another fund.

Trust deed and Prospectus

The scheme is a stand-alone unit trust, authorised by the Financial Conduct Authority (the "FCA") with effect from 14 August 2015. The investment objectives, investment policies and investment activity reports, for the scheme are included in the financial statements. Copies of the current prospectus, and any subsequent reports are available from the Administrator.

Other Information

The scheme offers both accumulation and income units.

The operating charges for each unit class can be found in the scheme's comparative tables.

There have been no changes to the Risk Management systems during the period. Sensitivity to the most relevant risks has been assessed through a series of quantitative Risk measures, including as appropriate, tracking error and stress tests. There have been no breaches to the relevant Risk limits during the period.

Columbia Threadneedle Fund Management Limited, Manager of scheme, is authorised by the FCA as an Alternative Investment Fund Manager ("AIFM"), and appointed as such, with effect from 22 July 2014.

Requirements for compliance with the Alternative Investment Fund Managers Directive in the UK are set out in the FCA Investment Funds sourcebook ("FUND"). Rule FUND 3.2.2 in this sourcebook requires certain information to be provided to prospective investors.

On 1 September 2015, the underlying fund converted to a PAIF. Under the PAIF structure, tax-exempt investors, such as those invested through an ISA, Pension Fund or SIPP, as well as charities, are exempt from paying UK tax on distributions from property related income and interest payments. Investors who do not qualify to invest directly in the PAIF are able to invest via the scheme which has the same underlying exposure to the directly held properties as the PAIF.

The interim long report for CT UK Commercial Property Feeder Fund underlying fund CT UK Commercial Property Fund is published in the 'Document centre' section of our website at <https://www.columbiathreadneedle.co.uk>.

Report on Remuneration

This section of the annual report has been prepared in accordance with the Alternative Investment Fund Managers Directive 2011/61/EC ("AIFM Directive") and the Financial Conduct Authority's Handbook (SYSC 19B: AIFM Remuneration Code).

In accordance with the AIFM Directive, Columbia Threadneedle Fund Management Limited (formerly BMO Fund Management Limited), the designated Alternative Investment Fund Manager ("AIFM") for CT UK Commercial Property Feeder Fund, has adopted a remuneration policy which is consistent with the remuneration principles applicable to AIF management companies and aligned with the Columbia Threadneedle Asset Management (EMEA) Remuneration Policy. The size of the AIFM and the size of the funds it manages, the internal organisation and the nature, the scope and the complexity of their activities have been taken into consideration in this disclosure.

Remuneration policy

The purpose of the AIFM's remuneration policy is to describe the remuneration principles and practices within the AIFM and for such principles and practices:

- a) to be consistent with, and promote, sound and effective risk management;
- b) to be in line with the business strategy, objectives, values and interests of the AIFM;
- c) not to encourage excessive risk-taking as compared to the investment policy of the relevant sub-funds of the AIFM;
- d) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the AIFM; and
- e) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

Decision making and governance

The board of directors (the "Board") of the AIFM is responsible for the remuneration policy of the AIFM and for determining the remuneration of the directors of the AIFM and other staff who undertake professional activities for the AIFM. The Board has delegated to the EMEA Remuneration Committee (the "Committee") of Columbia Threadneedle Asset Management (Holdings) plc responsibility for maintaining a compliant remuneration policy. The Committee solely comprises non-executive directors of Columbia Threadneedle Asset Management (Holdings) plc. The Board has adopted the remuneration policy applicable to all members of the Group ("Columbia Threadneedle Asset Management (EMEA)") for this financial year as reviewed and approved by the Committee periodically (at least annually). The Committee is responsible for, and oversees, the implementation of the remuneration policy in line with the AIFMD Regulations. The Board considers that the members of the Committee have appropriate expertise in risk management and remuneration to perform this review.

Applicability

The remuneration policy, which incorporates compliance with AIFMD requirements, applies to staff whose professional activities have a material impact on the risk profile of the AIFM or of the funds it manages ("Identified Staff") and so covers:

- a) senior management;
- b) risk takers;
- c) control functions; and
- d) employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the AIFM.

The Identified Staff list and the selection criteria above are subject to regular review (at least annually) by the Committee as well as formally reviewed in the event of significant organisation changes and changes in remuneration regulations the AIFM is subject to.

Linking remuneration with performance

The AIFM's remuneration policy is part of the Columbia Threadneedle Asset Management (EMEA) framework for promoting sound remuneration management, with the objective of providing total compensation to its employees that is warranted by corporate, business unit/function and individual performance and is comparable to market competitors, whilst being consistent with and promoting sound and effective risk management and the achievement of fair outcomes for all customers. Its purpose is to facilitate achievement of the business objectives and corporate values of the AIFM, with the primary focus on clients, whilst ensuring that Columbia Threadneedle Asset Management (EMEA) is able to attract, retain and motivate the key talent required to achieve these business objectives and corporate values without incentivising excessive or inappropriate risk.

When setting remuneration levels, the following components and principles form part of the remuneration management framework:

- Fixed remuneration is determined taking into account factors including the requirements of the particular role and the staff member's experience, expertise, contribution level and the fixed pay for comparable roles. Fixed remuneration is set, with reference to market data, at a level that is sufficient to attract high calibre staff as well as to permit the operation of a fully-flexible remuneration policy (including the possibility of a staff member receiving reduced or no variable remuneration in a particular year). The Committee keeps the balance between fixed and variable remuneration under review.
- Variable remuneration is determined annually by reference to both financial and non-financial AIFM performance considerations. External competitor practices are included in the funding review to ensure compensation opportunities in the markets within which the AIFM operates are given due consideration and retention risks are effectively managed. Incentive funding is developed in view of current and projected economics and risks, supported by Columbia Threadneedle Asset Management (EMEA) Risk and Compliance Committee inputs, ensuring risk-adjustments and qualitative and quantitative considerations, such as the cost and quantity of capital and liquidity are actively considered as funding adjustments. The Committee ensures that all incentive awards are not paid through vehicles or methods that facilitate the avoidance of the requirements with regard to remuneration imposed by applicable law and/or regulations.
- Variable remuneration is allocated to respective business functions by reference to:
 - contribution of the respective business function or unit to corporate performance;
 - business function performance relative to pre-determined targets and objectives, including adherence to risk management obligations; and
 - competitive market pay data.

Individual award allocations are referenced to the individual achievement during the performance year relative to pre-agreed objectives and assessment of market comparability. Performance is assessed in relation to pre-agreed objectives, which include financial and non-financial goals (including the achievement of fair customer outcomes), compliance with the Group's policies and procedures, adherence to risk management and compliance requirements and the Group's Code of Conduct. The assessment of performance for Identified Staff reflects multi-year performance in a manner appropriate to the life-cycle of the funds that are managed by the AIFM.

- Application of Financial Conduct Authority's Handbook (SYSC 19B: AIFMD Remuneration Code) pay-out process rules, save for disapplication at individual or AIFM level, which is determined by an annual proportionality assessment.

CT UK Commercial Property Feeder Fund

Certification of Financial Statements by Directors of the Manager

This report contains the information required by the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued in May 2014 and the Collective Investment Schemes sourcebook, in the case of interim financial statements and was approved for publication on 31 October 2024.

Director

On behalf of Columbia Threadneedle Fund Management Limited

Manager

31 October 2024

CT UK Commercial Property Feeder Fund

Authorised Fund Manager's Investment Report

for the period 1 March 2024 to 31 August 2024 (unaudited)

Scheme Objective

The scheme aims to capital growth and income over the long term (5-7 years).

The scheme will invest all or substantially all of its assets in the feeder accumulation shares of the CT UK Commercial Property Fund ICVC. To the extent the scheme is not fully invested in the CT UK Commercial Property Fund ICVC, the scheme will hold its remaining assets in cash.

Investment, by the underlying fund, may also be made in property related securities, transferable securities including government and corporate fixed interest securities, collective investment schemes, money market instruments, deposits and derivatives.

Derivatives may be used, in the underlying fund, for investment purposes as well as for efficient portfolio management.

While a significant proportion of the underlying fund's portfolio will normally be held in direct property assets, the actual proportion will depend on the availability of properties on acceptable terms and the expected support from investors. Except in exceptional circumstances, the Manager does not expect less than 80% of the underlying fund's assets to be invested directly in property.

Property Market Review of the underlying fund

The MSCI UK Monthly Index recorded all-property total returns being 2.9% for the 6 months to August 2024. Positive returns were primarily supported by stronger performance from industrial and logistics and retail warehousing assets, while poorer sentiment continues to impact values in the offices sector which acted as a drag on overall returns.

The lowering of the cost of debt did not materially impacted values but enhanced sentiment to the real estate sector, as did the perceived greater political stability from the change in Government. The positive performance from all-property was primarily driven by industrial assets and retail warehousing, which delivered 3.8% and 6.0% total return respectively over the period. The occupational market in industrial and logistics remains robust, with positive rental growth still coming through, albeit at more muted levels than in the previous couple of years. Retail warehousing continued to offer resilience, supported by robust occupational demand, rebased rents and a healthy income return. Office assets delivered the weakest performance at -0.6% as values were impacted by poor investor sentiment and a reflection of the uncertainty over future office occupational trends and capital expenditure requirements in the sector. The all-property income return was 2.8% in the six months to August 2024.

Portfolio update of the underlying fund

The Company's property portfolio produced a total return of 6.4% over the 6 months to August 2024. The property portfolio delivered an ungeared total return of 3.1% per cent per annum on a three year annualised basis, and 4.2% on a five year annualised basis.

At 31 August 2024 the value of the property portfolio was £109,950,000. This is below the value of the portfolio in February 2024. The decline in value reflects the sale of four assets over the period. The Manager has sold these four assets to take advantage of favourable bids in excess of valuations and to increase the liquidity holdings of the fund. No assets have been acquired over the past 6 months.

The manager was focused on driving performance from the existing portfolio with new lettings, rent reviews, re-gears and lease renewals. The performance of the fund's assets was boosted further by the completion of asset management initiatives such as new lettings at Stafford and lease re-gears in Southampton.

The portfolio offers a relatively high exposure to industrial and logistics property at c70% of total property assets, and to the wider South/South East (55% per cent of assets by value). These sectors and geographies are supported by continued strong tenant demand, and constrained supply-side dynamics.

The company and its property managers remain vigilant to the evolving nature of the sustainability agenda and will continue to develop its approach to fully integrating ESG factors into decision-making processes to best achieve ESG ambitions.



Scheme manager

Guy Glover & Emma Gullifer

Scheme size

£111.7million

Launch date

1 September 2015

for the period 1 March 2024 to 31 August 2024 (unaudited)

Outlook

The period was characterised by muted investment activity with continued discounts between quoting and closing pricing. Despite this UK real estate does seem to be turning a corner. More economic and political certainty is filtering into the market resulting in slowing declines in capital values at all property level, increasing signs of stabilisation and improved performance. Since the beginning of the year, capital values have increased across the more favoured sectors and further policy rate reductions will ease some of the pressure on other segments. More interestingly, the market is witnessing positive rental growth across all main market segments. With the opportunity to catch an increasing income stream, investor interest may return more quickly than expected.

There is however an Autumn Budget, which the real estate community will be watching closely. The new government has a clear desire to boost growth which is undoubtedly welcome, but investors will be keen for more clarity on the direction of fiscal policy and any potential changes to capital taxes. Regardless of the budget, the better economic growth forecast, falling interest rates, improving investor confidence and fundraising activity, all indicate a more active investment market with volumes for 2024 potentially 10% higher than last year.

There will, however, be continued bifurcation with the industrial and living sectors most likely to outperform the all-property index, along with retail warehousing. Offices, albeit on a very selective basis, could see relatively robust rental growth. Indeed, income remains a central story to real estate especially as the development pipeline has slowed significantly across all sectors over the past two years, which has exacerbated the lack of availability of, in particular, good quality accommodation. Construction inflation has moderated from its peak but restrictive financing costs will make development difficult in the near term.

Columbia Threadneedle Fund Management Limited

25 October 2024

CT UK Commercial Property Feeder Fund

Portfolio Statement

as at 31 August 2024 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
COLLECTIVE INVESTMENT SCHEMES (99.39%*)		111,193	99.52
CT UK Commercial Property Fund ICVC**	169,079,170	111,193	99.52
Portfolio of investments		111,193	99.52
Net other assets		537	0.48
Total net assets		111,730	100.00

* Comparative figures shown in brackets relate to 29 February 2024.

** The scheme invests solely in the share class F of CT UK Commercial Property Fund ICVC.

CT UK Commercial Property Feeder Fund

Comparative Tables

as at 31 August 2024 (unaudited)

	31/08/24	29/02/24	28/02/23
Unit Class 1 - Accumulation			
Closing net asset value (£'000)	3,022	2,976	10,348
Closing number of units	2,072,531	2,140,917	7,609,755
Closing net asset value per unit (p)	145.80	139.02	135.99
Operating charges#	1.66%	1.65%	1.60%
Property expenses##	0.28%	0.42%	0.20%
Real estate expense ratio###	1.94%	2.07%	1.80%

	31/08/24	29/02/24	28/02/23
Unit Class 1 - Income			
Closing net asset value (£'000)	74	133	281
Closing number of units	71,624	132,826	278,458
Closing net asset value per unit (p)	103.76	100.32	100.88
Operating charges#	1.66%	1.65%	1.60%
Property expenses##	0.28%	0.42%	0.20%
Real estate expense ratio###	1.94%	2.07%	1.80%

	31/08/24	29/02/24	28/02/23
Unit Class 2 - Accumulation			
Closing net asset value (£'000)	87,575	123,358	151,774
Closing number of units	111,527,586	165,259,761	209,141,937
Closing net asset value per unit (p)	78.52	74.64	72.57
Operating charges#	0.91%	0.90%	0.85%
Property expenses##	0.28%	0.42%	0.20%
Real estate expense ratio###	1.19%	1.32%	1.05%

	31/08/24	29/02/24	28/02/23
Unit Class 2 - Income			
Closing net asset value (£'000)	21,059	23,934	27,595
Closing number of units	20,392,849	23,979,355	27,489,359
Closing net asset value per unit (p)	103.27	99.81	100.38
Operating charges#	0.91%	0.90%	0.85%
Property expenses##	0.28%	0.42%	0.20%
Real estate expense ratio###	1.19%	1.32%	1.05%

Operating charges are expenses associated with the maintenance and administration of the Fund on a day-to-day basis that are actually borne by the unit class.

Property expenses reflects any additional costs associated with the day-to-day operation of the direct property assets and is presented as a percentage of average net assets over the period.

Real estate expense ratio represents the aggregate charges of the CT UK Commercial Property Feeder Fund and its qualifying master scheme CT UK Commercial Property Fund.

CT UK Commercial Property Feeder Fund

Statement of Total Return

for the period 1 March 2024 to 31 August 2024 (unaudited)

	01/03/24 to 31/08/24		01/03/23 to 31/08/23	
	£000	£000	£000	£000
Income				
Net capital gains		3,868		4,634
Revenue	2,953		4,118	
Expenses	(511)		(760)	
Interest payable and similar charges	-		-	
Net revenue before taxation	<u>2,442</u>		<u>3,358</u>	
Taxation	<u>(434)</u>		<u>(615)</u>	
Net revenue after taxation		<u>2,008</u>		<u>2,743</u>
Total return before distributions		5,876		7,377
Distributions		<u>(2,008)</u>		<u>(2,743)</u>
Change in net assets attributable to unitholders		<u>3,868</u>		<u>4,634</u>

Statement of Change in Net Assets Attributable to Unitholders

for the period 1 March 2024 to 31 August 2024 (unaudited)

	01/03/24 to 31/08/24		01/03/23 to 31/08/23	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		150,401		189,998
Amounts receivable on creation of units	6,376		3,492	
Amounts payable on cancellation of units	<u>(50,378)</u>		<u>(28,305)</u>	
		(44,002)		(24,813)
Change in net assets attributable to unitholders		3,868		4,634
Retained distribution on accumulation units		<u>1,463</u>		<u>2,196</u>
Closing net assets attributable to unitholders		<u>111,730</u>		<u>172,015</u>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Unitholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

CT UK Commercial Property Feeder Fund

Balance Sheet

as at 31 August 2024 (unaudited)

	31/08/24 £000	29/02/24 £000
Assets		
Investments	111,193	149,479
Current assets		
Debtors	3,071	3,370
Cash and bank balances	549	219
Total assets	114,813	153,068
Liabilities		
Provisions for liabilities	(422)	(494)
Creditors		
Distribution payable	(349)	(448)
Other creditors	(2,312)	(1,725)
Total liabilities	(3,083)	(2,667)
Net assets attributable to unitholders	111,730	150,401

CT UK Commercial Property Feeder Fund

Notes to the Financial Statements

Accounting Policies

The interim financial statements for the Scheme have been prepared on the same basis as the audited financial statements for the year ended 29 February 2024. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in May 2014 (the IMA SORP 2014), and United Kingdom Generally Accepted Accounting Practice.