COLUMBIA THREADNEEDLE
INVESTMENTS

# CT UK Commercial Property Feeder Fund
("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")
Annual Report and Audited Financial Statements
For the year ended:

# 28.02.2023

# CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

## Contents


Page

1 Directory*

2 Scheme Information*

7 Statement of the Manager's Responsibilities

7 Certification of Financial Statements by Directors of the Manager*

8 Statement of the Depositary's Responsibilities

9 Independent Auditors' Report

12 Authorised Fund Manager's Investment Report*

14 Portfolio Statement*

15 Comparative Tables

Financial Statements of CT UK Commercial Property Feeder Fund

19 Statement of Total Return

19 Statement of Change in Net Assets Attributable to Unitholders

20 Balance Sheet

21 Notes to the Financial Statements

29 Distribution Tables


*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 ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

## Directory

### Scheme Information

CT UK Commercial Property Feeder Fund
Exchange House
Primrose Street
London
EC2A 2NY

### Depositary

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

### Authorised Fund Manager

Columbia Threadneedle Fund Management Limited
Exchange House
Primrose Street
London
EC2A 2NY
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.

### Fund Accounting and Unit Pricing

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

### Directors of the AFM

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

### Administrator and Registrar

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

### Investment Advisor

Columbia Threadneedle Management Limited
Exchange House
Primrose Street
London
EC2A 2NY

### Legal Advisors

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

### Independent Auditors

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

# CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK 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.

Effective 4 July 2022, the Authorised Fund Manager of the Scheme has changed from BMO Fund Management Limited to Columbia Threadneedle Fund Management Limited.

Effective 4 July 2022, the Investment Advisor of the Scheme has changed from BMO Asset Management Limited to Columbia Threadneedle Management Limited.

### Financial Statements

These financial statements are for the year 1 March 2022 to 28 February 2023.

### 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 year. 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 year.

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 annual 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.

### Value Assessment

A statement on the Assessment of Value is published on the ’Documents’ section of our website at https://www.columbiathreadneedle.co.uk/en/intm/our-products/document-centre/. The document is published annually on the 30 June with an annual ‘reference date’ 31 March.

### Scheme name

Effective 4 July 2022, the Scheme name has changed as follows:

| Old Name | New Name |
|---|---|
| BMO UK Property Feeder Fund | CT UK Property Feeder Fund |

Effective 6 February 2023, the Scheme name has changed as follows:

| Old Name | New Name |
|---|---|
| CT UK Property Feeder Fund | CT UK Commercial Property Feeder Fund |

### Report on Remuneration (unaudited)

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 Risk and 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.

Quantitative remuneration disclosure

The total remuneration paid by Columbia Threadneedle Fund Management Limited to its staff is zero, as all AIFM staff are employed by other companies in Columbia Threadneedle Asset Management (EMEA).

The table below provides an overview of aggregate total remuneration paid to AIFM Identified Staff in respect of the proportion of their pay aligned to their AIFM responsibilities. It is not possible to apportion remuneration by individual Identified Staff working on a specific investment fund, therefore figures are provided in aggregate on an AIFM basis.

| As at 31 December 2022 | Headcount number | Fixed Remuneration £m | Variable Remuneration £m | Total Remuneration £m |
|---|---|---|---|---|
| Remuneration of AIFMD Identified Staff of which: | 37 | 0.44 | 0.74 | 1.18 |
| Senior Management | 12 | 0.17 | 0.37 | 0.54 |
| Other Code Staff | 25 | 0.27 | 0.37 | 0.64 |

*Notes on the quantitative remuneration disclosure*

Total remuneration reported is the sum of salary, cash bonus, any deferred annual bonus, value of any long-term incentive awards granted in respect of performance in the reportable financial year, plus the value of any applicable cash allowances.

"Senior Management" are defined in this table as the AIFM Directors, Executive and Non-Executive Directors and Group Management Team members of Columbia Threadneedle Asset Management. "Other Code Staff" includes all other identified Code staff in business areas, internal control functions and corporate functions.

The Identified Staff disclosure represents total compensation of those staff who are fully or partly involved in the activities of the AIFM funds, apportioned to the estimated time relevant to the AIFM or to the amount attributable to the AIFM allocated on an AUM basis.

*Delegation*

The table below sets out those other entities to which Columbia Threadneedle Fund Management Limited has delegated portfolio and/or risk management activities and Columbia Threadneedle Fund Management Limited's assessment of the extent to which the delegate is subject to equivalent regulatory requirements for remuneration.

| Delegated Entity | Location | Assessment of extent to which regulatory requirements are equivalent |
|---|---|---|
| Columbia Threadneedle Management Limited | UK | Equivalent under Capital Requirements Directive |

AIFM activities

The following table provides an overview of the size and composition of the funds managed by the AIFM, including CT UK Commercial Property Feeder Fund. This shows the total number of funds managed, the split between, and proportions of AIF, UCITS and other funds.

| | Number of funds | AUM as at 31 December 2022 (GBP) | % of AUM as at 31 December 2022 |
|---|---|---|---|
| Alternative investment funds | 12 | 2,215,497,316 | 28% |
| UCITS | 36 | 5,589,384,050 | 72% |
| Total | 48 | 7,804,881,366 | 100% |

### AIFMD leverage

In accordance with the AIFM the Manger is required to calculate and monitor the level of leverage of a scheme, expressed as a percentage exposure of the scheme in relation to its Net Asset Value (Exposure/NAV), under both the "gross" method and the "commitment" method. Further information regarding these different leverage calculation methods can be found in the AIFMD and the Supplementary Information on Risk Management Process which is available upon request. Currently the prospectus for the CT UK Commercial Property Feeder Fund includes a leverage limit of 110% of NAV.

For the year ended 28 February 2023 the leverage calculations were as follows:

| | CT UK Commercial Property Feeder Fund % | | | | | |
|---|---|---|---|---|---|---|
| | Gross | | | Commitment | | |
| | Min | Max | Mean | Min | Max | Mean |
| CT UK Commercial Property Feeder Fund | 98.8 | 99.4 | 99.1 | 99.2 | 100.2 | 99.7 |

Calculated based on monthly data for the year.

## Statement of the Manager's Responsibilities in relation to the Report & Accounts of the Scheme

The Collective Investment Schemes sourcebook, (the "COLL sourcebook") as issued and amended by the Financial Conduct Authority, require the Manager to prepare investment report and financial statements for each annual accounting period which give a true and fair view of the financial position of the Scheme and of its net revenue and the net capital losses on the property of the Scheme for the year. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in May 2014;
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- take reasonable steps for the prevention and detection of fraud and non-compliance with laws or regulations;
- make judgements and estimates that are prudent and reasonable; and
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue in operation.

The Manager is responsible for the management of the Scheme in accordance with its Prospectus, COLL sourcebook and the Trust Deed.

## 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 annual financial statements and was approved for publication on 27 June 2023.

Director

On behalf of Columbia Threadneedle Fund Management Limited

Manager

27 June 2023

# CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

# Statement of the Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Unitholders of the CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund") ("the Trust")

for the year ended 28 February 2023

The Depositary in its capacity as Trustee of CT UK Commercial Property Feeder Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts;
- the sale, issue, repurchase, redemption and cancellation of units are carried out;
- the value of units of the Trust are calculated;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Trust is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Trust, acting through the AIFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust.

State Street Trustees Limited

27 June 2023

# CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

# Independent Auditors' Report to the Unitholders of CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund") (the "Scheme"):

- give a true and fair view of the financial position of the Scheme as at 28 February 2023 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28 February 2023; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Tables; and Notes to the Financial Statements, which include a description of the significant accounting policies (within the Accounting and distributions policies section).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Fund Manager with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment sourcebook requires us also to report certain opinions as described below.

## Independent Auditors' Report to the Unitholders of CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund") (continued)

*Authorised Fund Manager's Report*

In our opinion, the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Responsibilities for the financial statements and the audit

*Responsibilities of the Authorised Corporate Director for the financial statements*

As explained more fully in the Statement of the Manager's Responsibilities in relation to the Report & Accounts of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Scheme's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Scheme, or has no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

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

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

Based on our understanding of the Scheme and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Scheme. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

*Use of this report*

This report, including the opinions, has been prepared for and only for the Scheme's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
27 June 2023

# CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

## Authorised Fund Manager's Investment Report

for the year ended 28 February 2023

### Scheme Objective

The scheme aims to achieve a combination of 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 Scheme size 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.

**Scheme manager**
Guy Glover & Emma Gullifer

**Scheme size**
£190.0million

**Launch date**
1 September 2015

### Portfolio Update of the underlying fund

The CT UK Commercial Property Fund ICVC delivered a return of -12.05% at the property portfolio level over the 12-month period. While the first half of the year continued to deliver strong positive performance thanks to the overweight position to industrials and logistics, the impact of the mini-budget in September 2022, and the ensuing rapid rise in gilt yields causing a repricing in property values, held back overall performance for the 12-month period. The property portfolio continues to deliver positive performance over a 3-year, 5-year and 10-year basis.

From a future outlook perspective the industrial and logistics exposure, now totalling 62% of the Fund’s portfolio, provides strong prospects for capturing rental growth through asset management initiatives capitalising on the continued strong demand for these assets. Two recent examples include the re-letting of the Fund’s unit at Trafford Park, Manchester, which has secured a new record rent for Trafford Park at £10.50 per sq ft, and a new lease currently under negotiation at Newcastle-under-Lyme which should secure a rent 37% ahead of the previous rent passing.

The industrial and logistics exposure is complemented by longer-term income from the hotel sector and supermarkets, and a focused weighting to retail warehousing and core office assets where we see underlying alternative use potential, or in markets with tight supply. The Fund’s core investment strategy has always focused on providing long-term, stable income with growth, an approach backed up by a vacancy rate at just 5.5%.This strategy, alongside the portfolio positioning and potential for future capital growth, nicely positions the Fund as a strong prospect to deliver stable income, diversification and potential continued outperformance for investors.

The portfolio is positioned to provide long term and secure income with growth potential and the performance of the properties is not aiming to replicate the MSCI index. Furthermore, the cash levels which provide daily liquidity in the current period of ongoing political uncertainty, will affect company performance.

### Property Market Review of the underlying fund

In 2022 the UK recorded £61.8 billion invested into commercial real estate with activity in 2022 16% lower than 2021. Investment performance has inevitably been affected by economic uncertainty and rising interest rates making debt more expensive and subduing investment activity. Activity slowed as the year progressed with 62% (£38.6 billion) of all deals taking place over the first six months of the year. Fourth quarter volumes slumped to £10.1 billion, the lowest since the height of the recent health pandemic in the second quarter of 2020 and fewer properties were sold in the fourth quarter than in any quarter since 2011, with only a handful of £100 million-plus deals concluding. Residential accounted for 28% of deals in the second half of 2022, followed by industrial and offices with a 24% share each.

The headwinds facing property owners and investors meant a slow start to 2023 and the year will be one of price discovery. While yields softened and valuations fell in the latter part of last year, progress will be slower than hoped as investors are, by and large, delaying the deployment of capital in order to see where pricing settles. The UK has however, seen a rapid price correction, and this should go some way to helping settle the market, avoiding a lengthy period of capital value recovery that was seen after the Global Financial Crisis (GFC). This supports investor activity from the middle of 2023 onwards, with the positive momentum rolling over into 2024 and, while there is still some way to go, the downturn will present opportunities to buy prime assets at renewed pricing levels. Prime and secondary prices moved out in tandem during 2022, prime pricing is expected to see some stability in 2023, while secondary pricing will continue to see greater capital value decline. As was the case in 2022, the focus over the next 12 months will be on preserving income rather than capital growth. While occupier performance will be crucial, so will active asset management with landlords needing to raise their level of engagement with their tenant base – clipping the coupon is a thing of history.

Overall investment volumes in 2023 will be lower than in 2022 due to the lingering lack of transparency around pricing, which will impact how long deals are taking to close. Levels are not expected to fall back to those seen after the GFC when historic low volumes were recorded. But investors are far less exposed to debt costs than they were during the GFC. And although there is a degree of uncertainty in the market, if more stability in the political arena rolls over to the economy and the positioning of interest rates in the latter half of 2023, there is likely to be a return to more concrete levels of investment activity. There is renewed interest in the UK market from international investors and opportunistic buyers, which will help with price discovery and offer clarity on the level as which yields will stabilise.

The UK real estate sector continues to attract a range of investors from across the world into what is a mature, broad market with opportunities across the risk spectrum. Over the past five years international capital has accounted for around 50% of all transactions in the UK, including during 2020 when the impact of the pandemic was severely felt. Global capital, in particular from the United States and Canada, is active and this is not expected to change in 2023. European capital (excluding the UK), whilst only accounting for 10% of deals over the past five years, came from a diverse range of locations with Germany, France, Switzerland, the Netherlands and Spain taking the top five spots. Singaporean capital is the most acquisitive across Asia Pacific, followed by Hong Kong and South Korea. As 2023 unfolds these will remain, but higher volumes are anticipated from Japan and potentially Malaysia.

## Outlook

The UK economy expanded by 4.0% in 2022 as it rebounded after COVID. However, 2022 was a tumultuous year which started on a promising note: the worst of the Covid-19 pandemic appeared to be behind us, lockdowns were lifted and government support packages were being withdrawn indicating confidence in the strength of the economic rebound. Investors found a renewed appetite for real estate and there was a significant amount of capital around, some actively being deployed and some waiting to be deployed in a competitive marketplace. And then geopolitical events took over. The largely unforeseen invasion of Ukraine by Russia at the end of February dampened the positivity, and the good start to 2022 deteriorated as consumer confidence and spending were impacted by the inflationary squeeze on real incomes and multiple hikes in interest rates. This was coupled with political events that have seen three prime ministers and four chancellors in a year and reflects the upheaval the market is having to deal with.

The December 2022 MPC meeting saw interest rates rise a further 50bps to 3.50%. The February 2023 meeting also delivered a 50-bps rise taking the base rate to 4.00%, followed quickly by a 25-bp hike in March to 4.25% with the Bank signalling that rates are close to their peak. Developments in the labour market will be crucial. The current situation is the reverse of the global financial crisis (GFC) when unemployment rose and job vacancies fell. This time the labour market is much more robust, but there are signs that things are beginning to loosen with vacancies starting to decline, albeit slowly, as companies look to cut costs and preserve margins.

In terms of GDP, remarkably the economy appears to have avoided recession in 2022, suggesting that the UK economy did not contract in the fourth quarter. However, the outlook for the near-term is not without its challenges. High inflation and the inability of wage growth to keep pace is causing consumers to struggle as household incomes are squeezed although in the March Budget the Chancellor offered extra financial support to households for the short term, which should lower inflation and support activity. Much of the impact of the rate hikes seen in 2022 have yet to fully feed through to the economy. However, recent better-than-expected activity data and the waning effect of industrial action suggest that quarter-on-quarter GDP growth will probably come in just above zero in the first quarter 2023, with January GDP rising by 0.3% month-on-month regaining some of the ground it lost in December when output fell by 0.5%. But an extra bank holiday for the King's coronation means GDP could fall modestly in the second quarter of 2023.

So, while GDP growth overall in 2022 was 4.0%, it was front-loaded and the slower second half to the year will roll-over into 2023, where growth is expected to be flat (albeit revised up from a 0.4% contraction). The first half of the year will feel the greater impact of a weakened economy with the outlook for the second half of the year brighter and a recovery becoming more evident. The outlook beyond 2023 should be more stable with some expansion in the economy and more manageable levels of inflation. The UK economy is expected to expand by 1.5% in 2024.

Columbia Threadneedle Fund Management Limited
4 April 2023

# CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

## Portfolio Statement

as at 28 February 2023

| | Holdings | Market Value £000 | Total Net Assets % |
|---|---|---|---|
| COLLECTIVE INVESTMENT SCHEMES (99.41%*) | | 189,162 | 99.56 |
| CT UK Commercial Property Fund ICVC** | 315,221,139 | 189,162 | 99.56 |
| Portfolio of investments | | 189,162 | 99.56 |
| Net other assets | | 836 | 0.44 |
| Total net assets | | 189,998 | 100.00 |

* Comparative figures shown in brackets relate to 28 February 2022.
** The scheme invests solely in the share class F of CT UK Commercial Property Fund ICVC.

CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

## Comparative Tables

as at 28 February 2023

| | 28/02/23 (p) | 28/02/22 (p) | 28/02/21 (p) |
|---|---|---|---|
| **Unit Class 1 - Accumulation** | | | |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 153.46 | 129.85 | 133.65 |
| Return before operating charges* | (15.13) | 25.83 | (1.76) |
| Operating charges# | (2.34) | (2.22) | (2.04) |
| Return after operating charges* | (17.47) | 23.61 | (3.80) |
| Distributions | (2.95) | (3.94) | (2.14) |
| Retained distributions on accumulation units | 2.95 | 3.94 | 2.14 |
| Closing net asset value per unit | 135.99 | 153.46 | 129.85 |
| *after direct transaction costs of: | - | - | - |
| **Performance** | | | |
| Return after charges | (11.38)% | 18.18% | (2.84)% |
| **Other information** | | | |
| Closing net asset value (£'000) | 10,348 | 6,810 | 5,239 |
| Closing number of units | 7,609,755 | 4,437,857 | 4,034,920 |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Operating charges# | 1.60% | 1.60% | 1.53% |
| Property expenses## | 0.20% | 0.30% | 0.20% |
| Real estate expense ratio### | 1.80% | 1.90% | 1.73% |
| **Prices** | | | |
| Highest unit price | 157.50 | 151.70 | 140.10 |
| Lowest unit price | 132.90 | 128.40 | 126.20 |

#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 investment 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 underlying fund CT UK Commercial Property Fund.

## Comparative Tables (continued)

as at 28 February 2023

| | 28/02/23 (p) | 28/02/22 (p) | 28/02/21 (p) |
|---|---|---|---|
| **Unit Class 1 - Income** | | | |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 116.27 | 101.05 | 105.66 |
| Return before operating charges* | (11.40) | 20.02 | (1.33) |
| Operating charges# | (1.76) | (1.74) | (1.60) |
| Return after operating charges* | (13.16) | 18.28 | (2.93) |
| Distributions on income shares | (2.23) | (3.06) | (1.68) |
| Closing net asset value per unit | 100.88 | 116.27 | 101.05 |
| *after direct transaction costs of: | - | - | - |
| **Performance** | | | |
| Return after charges | (11.32)% | 18.09% | (2.77)% |
| **Other information** | | | |
| Closing net asset value (£'000) | 281 | 181 | 64 |
| Closing number of units | 278,458 | 155,209 | 63,175 |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Operating charges# | 1.60% | 1.59% | 1.53% |
| Property expenses## | 0.20% | 0.30% | 0.20% |
| Real estate expense ratio### | 1.80% | 1.89% | 1.73% |
| **Prices** | | | |
| Highest unit price | 119.30 | 116.70 | 110.80 |
| Lowest unit price | 99.89 | 99.93 | 98.87 |

#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 investment 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 underlying fund CT UK Commercial Property Fund.

## Comparative Tables (continued)

as at 28 February 2023

| | 28/02/23 (p) | 28/02/22 (p) | 28/02/21 (p) |
|---|---|---|---|
| **Unit Class 2 - Accumulation** | | | |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 81.41 | 68.47 | 70.05 |
| Return before operating charges* | (8.17) | 13.56 | (1.03) |
| Operating charges# | (0.67) | (0.62) | (0.55) |
| Return after operating charges* | (8.84) | 12.94 | (1.58) |
| Distributions | (2.04) | (2.53) | (1.54) |
| Retained distributions on accumulation units | 2.04 | 2.53 | 1.54 |
| Closing net asset value per unit | 72.57 | 81.41 | 68.47 |
| *after direct transaction costs of: | - | - | - |
| **Performance** | | | |
| Return after charges | (10.86)% | 18.90% | (2.26)% |
| **Other information** | | | |
| Closing net asset value (£'000) | 151,774 | 172,148 | 202,493 |
| Closing number of units | 209,141,937 | 211,453,324 | 295,746,759 |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Operating charges# | 0.85% | 0.85% | 0.78% |
| Property expenses## | 0.20% | 0.30% | 0.20% |
| Real estate expense ratio### | 1.05% | 1.15% | 0.98% |
| **Prices** | | | |
| Highest unit price | 83.77 | 80.46 | 73.46 |
| Lowest unit price | 70.86 | 67.70 | 66.41 |

#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 investment 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 underlying fund CT UK Commercial Property Fund.

## Comparative Tables (continued)

as at 28 February 2023

| | 28/02/23 (p) | 28/02/22 (p) | 28/02/21 (p) |
|---|---|---|---|
| **Unit Class 2 - Income** | | | |
| **Change in net assets per unit** | | | |
| Opening net asset value per unit | 115.72 | 100.58 | 105.16 |
| Return before operating charges* | (11.52) | 19.72 | (1.46) |
| Operating charges# | (0.94) | (0.90) | (0.82) |
| Return after operating charges* | (12.46) | 18.82 | (2.28) |
| Distributions on income shares | (2.88) | (3.68) | (2.30) |
| Closing net asset value per unit | 100.38 | 115.72 | 100.58 |
| *after direct transaction costs of: | - | - | - |
| **Performance** | | | |
| Return after charges | (10.77)% | 18.71% | (2.17)% |
| **Other information** | | | |
| Closing net asset value (£'000) | 27,595 | 36,290 | 45,465 |
| Closing number of units | 27,489,359 | 31,359,437 | 45,202,346 |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Operating charges# | 0.85% | 0.85% | 0.78% |
| Property expenses## | 0.20% | 0.30% | 0.20% |
| Real estate expense ratio### | 1.05% | 1.15% | 0.98% |
| **Prices** | | | |
| Highest unit price | 119.10 | 116.50 | 110.40 |
| Lowest unit price | 99.59 | 99.46 | 98.51 |

#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 investment 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 underlying fund CT UK Commercial Property Fund.

## Statement of Total Return

for the year ended 28 February 2023

| | Notes | 01/03/22 to 28/02/23 £000 | £000 | 01/03/21 to 28/02/22 £000 | £000 |
|---|---|---|---|---|---|
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (29,980) | | 29,494 |
| Revenue | 3 | 8,215 | | 10,657 | |
| Expenses | 4 | (1,771) | | (1,776) | |
| Interest payable and similar charges | 6 | - | | - | |
| Net revenue before taxation | | 6,444 | | 8,881 | |
| Taxation | 5 | (992) | | (1,556) | |
| Net revenue after taxation | | | 5,452 | | 7,325 |
| **Total return before distributions** | | | **(24,528)** | | **36,819** |
| Distributions | 6 | | (5,452) | | (7,325) |
| **Change in net assets attributable to unitholders** | | | **(29,980)** | | **29,494** |

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2023

| | 01/03/22 to 28/02/23 £000 | £000 | 01/03/21 to 28/02/22 £000 | £000 |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | **215,429** | | **253,261** |
| Amounts receivable on creation of units | 40,380 | | 24,840 | |
| Amounts payable on cancellation of units | (40,416) | | (97,876) | |
| | | (36) | | (73,036) |
| Change in net assets attributable to unitholders | | (29,980) | | 29,494 |
| Retained distribution on accumulation units | | 4,585 | | 5,710 |
| **Closing net assets attributable to unitholders** | | **189,998** | | **215,429** |

*Notes to the Financial Statements are on pages 21 to 28.*

## Balance Sheet

as at 28 February 2023

| | Notes | 28/02/23 £000 | 28/02/22 £000 |
|---|---|---|---|
| **Assets** | | | |
| Investments | | 189,162 | 214,155 |
| Current assets | | | |
| Debtors | 7 | 3,137 | 4,617 |
| Cash and bank balances | | 665 | 1,527 |
| **Total assets** | | 192,964 | 220,299 |
| **Liabilities** | | | |
| Provisions for liabilities | 8 | (543) | (955) |
| Creditors | | | |
| Distribution payable | | (448) | (671) |
| Other creditors | 9 | (1,975) | (3,244) |
| **Total liabilities** | | (2,966) | (4,870) |
| **Net assets attributable to unitholders** | | 189,998 | 215,429 |

*Notes to the Financial Statements are on pages 21 to 28.*

## Notes to the Financial Statements

for the year ended 28 February 2023

1. Accounting and distribution policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014.

(b) Revenue recognition

Income from the investment is recognised on an accruals basis, net of attributable tax credits, by reference of the amount distributable income in the underlying investment and treated as revenue. Income received in respect of purchases of the investment during the year represents the average amount of distributable income included in the price paid for the units. This does not include equalisation from the underlying investment. Bank interest is recognised on as accruals basis.

(c) Investments

The scheme invests solely in the CT UK Commercial Property Fund ICVC ("the underlying fund"). The investment in the underlying fund has been valued at the bid-price of that fund consistent with its financial statements as at 28 February 2023.

(d) Expenses

Expenses are accounted for on an accruals basis. Expenses other than those relating directly to the purchase and sale of investments are charged against income.

(e) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the scheme's assets attributable to each unit class on the day the revenue is earned or the expense is suffered. The Manager's periodic charge is the only expense based on the rates as stated in the financial statements.

(f) Deferred taxation

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(g) Current taxation

The charge for taxation is based at the current rate on taxable revenue for the period less allowable expenses.

(h) Distribution policy

The revenue on income on distributable units is distributed to unitholders on a semi-annual basis on the last business day of April and October. The revenue on accumulation units is retained and reinvested and is reflected in the value of the units. If the revenue exceeds expenses and taxation, taken together at the end of an accounting period, a distribution is available to be made to unitholders in accordance with the regulations. It is the policy of the scheme to pay a dividend distribution. In order that each unitholder in the same unit class receive the same rate of distribution per unit the buying price of each unit contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the scheme at the time of purchase.

## Notes to the Financial Statements (continued)

for the year ended 28 February 2023

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| Non-derivative securities* | (29,980) | 29,495 |
| Handling charges | - | (1) |
| Net capital (losses)/gains | (29,980) | 29,494 |

*Includes realised losses of £536,000 and unrealised losses of £29,444,000 (28/02/22: realised losses of £4,317,000 and unrealised gains of £33,812,000).

### 3. Revenue

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| Distributions from Regulated Collective Investment Schemes: | | |
| Franked investment income | 1,485 | 1,099 |
| Interest distributions | 729 | 16 |
| Property income distribution | 6,000 | 9,537 |
| Bank interest | 1 | 5 |
| Total revenue | 8,215 | 10,657 |

### 4. Expenses

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| **Payable to the Manager, associates of the Manager, and agents of either of them:** | | |
| Manager's periodic charge | 1,677 | 1,685 |
| **Payable to the Trustee, associates of the Trustee, and agents of either of them:** | | |
| Safe custody fees | 1 | 1 |
| Trustee's fees | 25 | 26 |
| | 26 | 27 |
| **Other expenses:** | | |
| Accounting fees | 15 | 14 |
| AIFMD fee | 16 | 15 |
| Audit fee | 12 | 12 |
| Distribution fee | 12 | 11 |
| Fund suspension costs* | - | 4 |
| KIID publication costs | 1 | 3 |
| Legal fee | 6 | - |
| Registrar's fees | 6 | 5 |
| | 68 | 64 |
| Total expenses | 1,771 | 1,776 |

Expenses include irrecoverable VAT where applicable.

*Fee paid during the prior year in relation to Fund suspension in the period from 17 March to 14 December 2020, exclusive of VAT, was £3,465.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT, is £10,682 (28/02/22: £9,800).

## Notes to the Financial Statements (continued)

for the year ended 28 February 2023

### 5. Taxation

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| **(a) Analysis of charge in year:** | | |
| Corporation tax | 1,404 | 1,566 |
| Total current tax | 1,404 | 1,566 |
| Deferred taxation | (412) | (10) |
| Total deferred tax (note 5c) | (412) | (10) |
| Total tax charge for the year (note 5b) | 992 | 1,556 |

**(b) Factors affecting current tax charge for the year:**

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK for an Authorised Unit Trust The differences are explained below:

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| Net revenue before taxation | 6,444 | 8,881 |
| Corporation tax of 20% (2022: 20%) | 1,289 | 1,776 |
| Effects of: | | |
| Non-taxable franked dividend distributions | (297) | (220) |
| Total tax charge for the year (note 5a) | 992 | 1,556 |

*Authorised Unit Trusts are exempt from tax on capital gains, subject to certain exceptions. Therefore, any capital return is not included within the above reconciliation.*

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| **(c) Deferred taxation:** | | |
| Provision at the start of the year | 955 | 965 |
| Deferred tax credit in profit and loss account for the year (note 5a) | (412) | (10) |
| Provision at the end of the year | 543 | 955 |
| Provision consists of: | | |
| Revenue taxable in different periods | 543 | 955 |
| Provision at the end of the year | 543 | 955 |

### 6. Finance costs

**Distributions and interest**

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| Interim dividend distributions | 2,444 | 3,008 |
| Final dividend distributions | 2,987 | 3,885 |
| | 5,431 | 6,893 |
| Add: Revenue deducted on cancellation of units | 269 | 607 |
| Deduct: Revenue received on creation of units | (248) | (175) |
| Net distributions for the year | 5,452 | 7,325 |
| Interest | - | - |
| Total finance costs | 5,452 | 7,325 |

*Details of the distribution per share is set out in the Distribution Tables on page 29.*

## Notes to the Financial Statements (continued)

for the year ended 28 February 2023

### 7. Debtors

| | 28/02/23 £000 | 28/02/22 £000 |
|---|---|---|
| Amounts receivable for issue of units | 44 | 1,188 |
| Income tax recoverable | 3,093 | 3,429 |
| Total debtors | 3,137 | 4,617 |

### 8. Provisions for liabilities

| | 28/02/23 £000 | 28/02/22 £000 |
|---|---|---|
| Deferred taxation | 543 | 955 |
| Total provisions for liabilities | 543 | 955 |

### 9. Other creditors

| | 28/02/23 £000 | 28/02/22 £000 |
|---|---|---|
| Purchases awaiting settlement | - | 1,351 |
| Amounts payable for cancellation of units | 387 | 169 |
| Accrued expenses | 69 | 32 |
| Accrued Manager's periodic charge | 115 | 125 |
| Corporation tax payable | 1,404 | 1,567 |
| Total other creditors | 1,975 | 3,244 |

## Notes to the Financial Statements (continued)

for the year ended 28 February 2023

### 10. Portfolio transaction costs

| | Purchases | | Sales | |
|---|---|---|---|---|
| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
| Collective Investment Schemes | 21,178 | 14,553 | 23,934 | 88,864 |
| **Commissions** | | | | |
| Collective Investment Schemes | - | - | - | - |
| **Taxes** | | | | |
| Collective Investment Schemes | - | - | - | - |
| Total costs | - | - | - | - |
| **Total net trades in the year after transaction costs** | 21,178 | 14,553 | 23,934 | 88,864 |

Total transaction cost expressed as a percentage of asset type cost.

| | Purchases | | Sales | |
|---|---|---|---|---|
| | 01/03/22 to 28/02/23 % | 01/03/21 to 28/02/22 % | 01/03/22 to 28/02/23 % | 01/03/21 to 28/02/22 % |
| **Commissions** | | | | |
| Collective Investment Schemes | - | - | - | - |
| **Taxes** | | | | |
| Collective Investment Schemes | - | - | - | - |

Total transaction cost expressed as a percentage of average net asset value.

| | 01/03/22 to 28/02/23 % | 01/03/21 to 28/02/22 % |
|---|---|---|
| Commissions | - | - |
| Taxes | - | - |
| Total costs | - | - |

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (28/02/22: nil).

### 11. Related party transactions

Columbia Threadneedle Fund Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in the scheme. The aggregate monies received through issue, and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. Amounts due to, or from, Columbia Threadneedle Fund Management Limited at the end of the accounting year are disclosed in notes 9 and 7 respectively.

All holdings are in a related party and all revenue recognised is from a related party. The revenue from the related party was £8,214,000 (28/02/22: £10,652,000). The value of the related party was £189,162,000 (28/02/22: £214,155,000) and number of units was 315,221,139 (28/02/22: 320,148,551).

Amounts payable to Columbia Threadneedle Fund Management Limited in respect of fund management are disclosed in note 4 and amounts due at the end of the year in note 9.

### 12. Unitholders' funds

The Fund has two unit classes in issue: Class 1 and Class 2.

The Manager's periodic charge on each unit class is as follows:

| | % |
|---|---|
| Unit Class 1 - Accumulation: | 1.50 |
| Unit Class 1 - Income: | 1.50 |
| Unit Class 2 - Accumulation: | 0.75 |
| Unit Class 2 - Income: | 0.75 |

The net asset value of each unit class, the net asset value per unit and the number of units in each unit class are given in the Comparative Tables on pages 15 to 18.

The distributions per unit class are given in the Distribution Tables on page 29.

All unit classes have the same rights on winding up.

Reconciliation of the units movement in the year:

| | 01/03/22 | | | | 28/02/23 |
|---|---|---|---|---|---|
| | Opening units in issue | Creations | Cancellations | Units converted | Closing units in issue |
| Unit Class 1 - Accumulation: | 4,437,857 | 5,146,362 | (1,922,659) | (51,805) | 7,609,755 |
| Unit Class 1 - Income: | 155,209 | 212,273 | (64,562) | (24,462) | 278,458 |
| Unit Class 2 - Accumulation: | 211,453,324 | 34,941,309 | (37,349,963) | 97,267 | 209,141,937 |
| Unit Class 2 - Income: | 31,359,437 | 4,268,317 | (8,162,910) | 24,515 | 27,489,359 |

### 13. Capital commitments and contingent liabilities

On 28 February 2023, the Fund had no capital commitments (28/02/22: £nil) and no contingent liabilities (28/02/22: £nil).

### 14. Financial instruments

The primary financial instruments held by the scheme at 28 February 2023 were property related investments, cash, short term liabilities and receivables to be settled in cash. The scheme did not hold, and was not a counterparty to, any derivative instruments either during the year or at the end of the year.

The underlying fund's financial instruments, comprise:

- properties which are held in accordance with the scheme's investment objectives and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- unitholders' funds which represent investors' monies, which are invested on their behalf;
- shares/units in collective investment schemes which are either a money market scheme or a scheme of a category that is equivalent to a money market scheme;
- short-term borrowings used to finance investment activity.

The main risks arising from the underlying fund's financial instruments are property, market price, credit, liquidity and interest rate risks. The Manager reviews policies for managing each of these risks and these are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

for the year ended 28 February 2023

14. **Financial instruments (continued)**

**Risk management policies**

The scheme has been established as a feeder fund which invests solely in Sterling Class "F" shares of the CT UK Commercial Property Fund ICVC (the "underlying fund") (a UK authorised Open-Ended Investment Company established under English Law). The underlying fund's investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In so doing, the underlying fund aims to maximise long-term total return (the combination of income and growth of capital) through investment mainly in commercial property.

The scheme has the same risks and the same risk management policies as the underlying fund which are as follows:

*Market price risk of the underlying fund*

Market price risk, being the risk that the value of the underlying fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement, arise mainly from uncertainty about future prices of holdings of the underlying fund. If the value of the Investment in the underlying fund declines, or is otherwise adversely affected, this will have an adverse effect on the value of the scheme.

Rental income and property values are affected by a number of factors, including change in general climate, local conditions, property management, competition on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers of properties, quality of maintenance, insurance and management services and changes in operation costs.

The Manager regularly reviews the asset allocation of the portfolio in order to minimise the risk associated with particular sectors whilst continuing to follow the investment objectives. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual holdings also meet the risk reward profile that is acceptable. If market prices move by 5%, then the impact on the portfolio will be 5%.

*Counterparty credit risk of the underlying fund*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Certain transactions in securities that the underlying fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the underlying fund has fulfilled its responsibilities. The underlying fund only buys and sells investments which have been approved by the Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

Assets of the underlying fund may need to be sold if insufficient cash is available to finance redemptions. The Manager constantly reviews the banks at which cash is deposited.

*Liquidity risk of the underlying fund*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities including the obligation to repurchase its units.

Properties such as those in which the underlying fund may invest are relatively illiquid. Such illiquidity may affect the underlying fund's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. It may therefore be difficult to deal in such investments or to obtain reliable information about their true value. Investors should note that in times of poor liquidity requests for redemption may be deferred to the next valuation point.

The Manager may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of units in the underlying fund where due to exceptional circumstances it is in the interests of all the shareholders in the underlying fund. The underlying fund Manager reviews the cash and liability continuously, and should an increase in liquidity be required the underlying fund Manager will sell the underlying fund's holdings.

The Manager and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of unitholders. Further information can be found in the prospectus under Suspension of dealings in the underlying fund.

The underlying fund also holds assets including readily realisable securities and has no significant unlisted securities. The main liability of the underlying fund is the cancellation of units by unitholders. This risk is minimised by holding cash and readily realisable securities.

*Interest rate risk of the underlying fund*

The underlying fund invests predominantly in investment properties but may also invest in fixed and floating rate deposits and in fixed rate securities. Any change to the interest rates relevant for particular securities may result in either revenue increasing or decreasing or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise, the income potential of the underlying fund also rises, but the value of fixed rate securities will decline. A decline in interest rates will generally have the opposite effect. If interest rates change, there will be no material impact on the portfolio.

14. Financial instruments (continued)

*Other risk of the underlying fund*

The underlying fund is currently invested in 26 properties (28/02/22: 26 properties); as such there exists a concentration of risk due to the lack of diversification. As more properties are purchased and different types of tenants occupy the properties the risk is expected to diminish. The Manager meets regularly to monitor the asset allocation of the portfolio in order to minimise the concentration risk associated with holding a portfolio of properties.

*Use of derivatives of the underlying fund*

The underlying fund may enter into derivatives transactions for investment purposes to maximise the return on non - property investments in the underlying fund as well as for efficient portfolio management.

*Currency exposure of the underlying fund*

The underlying fund's financial assets and liabilities are all denominated in Sterling. As a result, the underlying fund has no exposure to currency movements.

*Maturity of financial liabilities of the underlying fund*

The financial liabilities of the underlying fund as at 28 February 2023 are payable either within one year or on demand.

*Fair values of financial assets and liabilities of the underlying fund*

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet and their fair value in the underlying fund.

15. Non Adjusting Post Balance Sheet Event

Subsequent to the balance sheet date, below share classes experienced the following redemptions.

| | |
|---|---|
| Unit Class 1 - Accumulation: | -27.88% |
| Unit Class 1 - Income: | -20.57% |
| Unit Class 2 - Income: | -10.79% |

No adjustment is required to the amounts recognised at the year end date.

16. Fair value

For financial instruments held at fair value in the balance sheet, the Fund is required to disclose for each class of financial instrument, an analysis of the level in the fair value hierarchy (as set out in FRS 102 paragraph 11.27) into which the fair value measurements are categorised. The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

| | 28/02/23 | | 28/02/22 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Valuation technique | £000 | £000 | £000 | £000 |
| Level 2 | 189,162 | - | 214,155 | - |
| Total fair value | 189,162 | - | 214,155 | - |

17. Investment portfolio

| | 01/03/22 to 28/02/23 £000 | 01/03/21 to 28/02/22 £000 |
|---|---|---|
| Opening balance | 214,155 | 250,633 |
| Additions | 28,921 | 22,891 |
| Disposals | (23,934) | (88,864) |
| Non-derivative securities capital losses | (29,980) | 29,495 |
| **Closing balance** | **189,162** | **214,155** |

For the underlying transaction costs refer to CT UK Commercial Property Fund ICVC Annual Report and Audited Financial Statements for the year ended 28 February 2023.

# CT UK Commercial Property Feeder Fund ("formerly BMO UK Property Feeder Fund/CT UK Property Feeder Fund")

## Distribution Tables

for the year ended 28 February 2023

### Distribution in pence per unit

#### Unit Class 1 - Accumulation

31/08/22: Group 1: Units purchased prior to 1 March 2022
28/02/23: Group 1: Units purchased prior to 1 September 2022

Group 2: Units purchased from 1 March 2022 to 31 August 2022
Group 2: Units purchased from 1 September 2022 to 28 February 2023

| | Net revenue | Equalisation | Distributions paid/payable to 30/04/23 | Distributions paid to 30/04/22 |
|---|---|---|---|---|
| Group 1 | (p) | (p) | (p) | (p) |
| 31/08/22 | 1.2122 | - | 1.2122 | 1.5993 |
| Final | 1.7415 | - | 1.7415 | 2.3451 |
| Group 2 | (p) | (p) | (p) | (p) |
| 31/08/22 | 0.5146 | 0.6976 | 1.2122 | 1.5993 |
| Final | 1.2821 | 0.4594 | 1.7415 | 2.3451 |

#### Unit Class 1 - Income

31/08/22: Group 1: Units purchased prior to 1 March 2022
28/02/23: Group 1: Units purchased prior to 1 September 2022

Group 2: Units purchased from 1 March 2022 to 31 August 2022
Group 2: Units purchased from 1 September 2022 to 28 February 2023

| | Net revenue | Equalisation | Distributions paid/payable to 30/04/23 | Distributions paid to 30/04/22 |
|---|---|---|---|---|
| Group 1 | (p) | (p) | (p) | (p) |
| 31/08/22 | 0.9188 | - | 0.9188 | 1.2456 |
| Final | 1.3078 | - | 1.3078 | 1.8119 |
| Group 2 | (p) | (p) | (p) | (p) |
| 31/08/22 | 0.4107 | 0.5081 | 0.9188 | 1.2456 |
| Final | 0.8850 | 0.4228 | 1.3078 | 1.8119 |

#### Unit Class 2 - Accumulation

31/08/22: Group 1: Units purchased prior to 1 March 2022
28/02/23: Group 1: Units purchased prior to 1 September 2022

Group 2: Units purchased from 1 March 2022 to 31 August 2022
Group 2: Units purchased from 1 September 2022 to 28 February 2023

| | Net revenue | Equalisation | Distributions paid/payable to 30/04/23 | Distributions paid to 30/04/22 |
|---|---|---|---|---|
| Group 1 | (p) | (p) | (p) | (p) |
| 31/08/22 | 0.8887 | - | 0.8887 | 1.0564 |
| Final | 1.1508 | - | 1.1508 | 1.4709 |
| Group 2 | (p) | (p) | (p) | (p) |
| 31/08/22 | 0.4155 | 0.4732 | 0.8887 | 1.0564 |
| Final | 0.6096 | 0.5412 | 1.1508 | 1.4709 |

#### Unit Class 2 - Income

31/08/22: Group 1: Units purchased prior to 1 March 2022
28/02/23: Group 1: Units purchased prior to 1 September 2022

Group 2: Units purchased from 1 March 2022 to 31 August 2022
Group 2: Units purchased from 1 September 2022 to 28 February 2023

| | Net revenue | Equalisation | Distributions paid/payable to 30/04/23 | Distributions paid to 30/04/22 |
|---|---|---|---|---|
| Group 1 | (p) | (p) | (p) | (p) |
| 31/08/22 | 1.2627 | - | 1.2627 | 1.5536 |
| Final | 1.6173 | - | 1.6173 | 2.1297 |
| Group 2 | (p) | (p) | (p) | (p) |
| 31/08/22 | 0.6262 | 0.6365 | 1.2627 | 1.5536 |
| Final | 0.9461 | 0.6712 | 1.6173 | 2.1297 |