Clearance
Camino Fund

Monthly investor update - February 2024

The Clearance Camino Fund invests in real estate investment trusts ("REITs") and other publicly traded real estate companies in Europe. The investment portfolio is diversified and the Fund adheres to a conservative investment strategy, with a strict investment and risk management process. The Fund targets real estate companies with high quality assets, an appropriate and sustainable capital structure and good management. The Fund invests with a medium to long-term objective in real estate companies of all sizes, but adheres to strict liquidity requirements to ensure the investment portfolio remains liquid at all times. There is no leverage at the Fund level. The Investment Manager is Clearance Capital Limited.

TISE The International Stock Exchange

Visit the fund on The International Stock Exchange web site:

http://www.tisegroup.com/market/companies/3342

February 2024 [1]	-7.8%
Year to date [1]	-10.0%
Last twelve months [1]	-0.4%
Two years annualised [1]	-14.4%
Five years annualised [1]	+1.2%
Since inception [2]	+7.2%

See page 6 for returns of the EUR, GBP and USD shares in all fee classes.

(1) Euro Class B share.
(2) Euro Class A share until 31 January 2018 and the Euro Class B share thereafter.

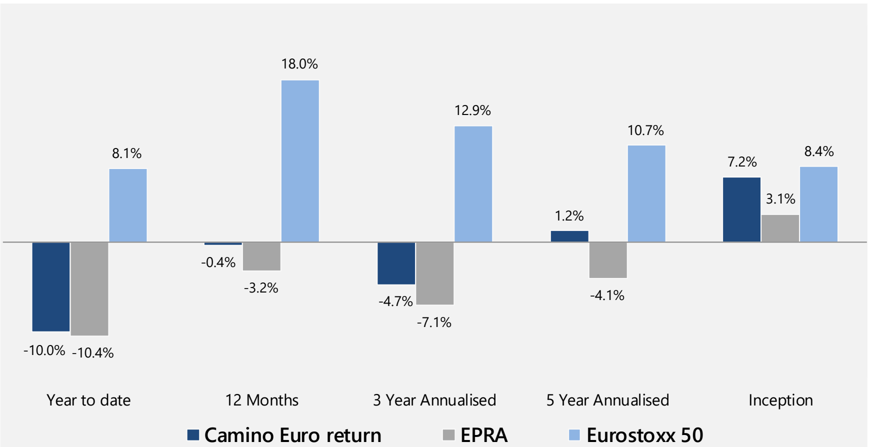
Manager comment

The interest rate outlook in the US and Europe continues to have a marked impact on public real estate markets. In February, the Bund, Gilt, and US curves continued to invert. This was driven by short-end rates increasing following US inflation readings that came in above expectations, as well as signs of a more cautious Fed seen in the FOMC minutes and a strong employment report. While five to six rate cuts in the Federal Reserve's policy rate were priced for 2024 by the futures market at the start of the year, that has now reduced to approximately three, with the first cuts now expected from the middle of 2024 in both the US and Europe.

European REITs, as measured by EPRA[1], declined by 7.7% in February, resulting in a year-to-date return of -10.4%. The Euro Class B share net asset value declined by 7.8%, bringing the year-to-date return to -10.4% and the return over the last twelve months to -0.4%. Over the last five years, the annualised return of the fund is +1.2%, compared to -4.1% for EPRA. Since inception in 2013 the annualised return is +7.2% compared to +3.1% for EPRA.

(1) EPRA refers to the FTSE/EPRA NAREIT Developed Europe Net Total Return Index, an index of the 107 largest and most liquid real estate companies in Europe. The index is sponsored by the European Public Real Estate Association (EPRA) and calculated by FTSE. EPRA is the official benchmark of the fund.

Return summary



EPRA and Eurostoxx 50 returns stated in Euro, on a net total return basis. Fund returns based on Euro Class A returns until 31 January 2018 and Euro Class B returns thereafter. Performance data for the GBP and USD share classes are shown at the back of this report. Refer to the disclaimer on the last page of this report regarding the disclosure of performance displayed in the chart.

Source: Northern Trust, Bloomberg, February 2024

Market performance	Month	Year to date
EPRA [1]	-7.7%	-10.4%
Eurostoxx 50 [1]	+5.0%	+8.1%

Portfolio statistics	
Level of investment	100%
Number of holdings [2]	38
Average holding size	2.6%
Top 10 holdings	51.0%
Liquidity [3]	98%
Weighted average lease expiry (years) [4]	6.7
Weighted average loan-to-value [4]	38.9%
Weighted average loan maturity (years) [4]	5.5
Weighted average cost of debt [4]	2.0%
Fund AUM (in US$ million)	51.0
Firm AUM (in US$ million)	804.9

Risk statistics	
Annualised volatility [5]	22.7%
Sharpe ratio [5]	0.05
Correlation with EPRA [5]	99%
Beta [5]	0.97
Upside capture [6]	107%
Downside capture [6]	102%

Currency exposure	
Euro	48%
Sterling	27%
Other [7]	25%

(1) Source: Bloomberg, net total return index
(2) Positions bigger than 0.5% of net asset value
(3) % of portfolio which can be sold in ten trading days assuming 25% of average trading volumes
(4) Of the underlying holdings of the fund
(5) Over the last five years
(6) Average fund performance vs average EPRA performance during up/down months for EPRA. Since inception.
(7) Swiss Francs, Swedish Krona, Norwegian Krone

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Geography

	Month	Year to date
Switzerland	-2.5%	-4.1%
Netherlands	-3.6%	-4.8%
France	-5.5%	-8.4%
UK	-6.9%	-8.4%
Sweden	-7.9%	-12.7%
Germany	-11.9%	-12.8%
Spain	-7.9%	-15.6%

Sub-sector

	Month	Year to date
Hospitality	7.5%	10.5%
UK property trusts	0.5%	2.0%
Continental retail	-0.3%	-2.8%
Industrial/ logistics	-4.3%	-6.6%
Student residential	-4.9%	-8.6%
UK general	-4.9%	-10.2%
Nordics	-6.6%	-11.9%
German residential	-10.3%	-12.7%
Self storage	-8.2%	-13.3%
UK specialists	-6.5%	-14.0%
Healthcare	-6.9%	-14.2%
Continental offices	-7.2%	-15.3%

Fixed income

	Month	Year to date
10 yr US treasury yield	4.25%	
10 yr UK gilt yield	4.12%	
10 yr German bund yield	2.41%	
10 yr US treasury (bp move)	34	37
10 yr UK gilt (bp move)	33	59
10 yr German bund (bp move)	24	39
Euro REIT credit total return	-0.7%	-0.6%

Source: Bloomberg, Clearance Capital, February 2024

Market overview

Retail emerged as one of the top-performing sub-sectors for the month, with Unibail-Rodamco-Westfield (+0.9%) standing out among the few companies that concluded the month positively. Their performance followed the reinstatement of an annual dividend and a confident outlook from management regarding future movements in asset values. Unibail has navigated a challenging trading period over the past four years, compelled to preserve cash and divest assets due to the impacts of COVID, as their high leverage and substantial development pipeline exposed balance sheet concerns. While management's decision to reinstate the dividend was interpreted by investors as a signal that the worst is now behind them, leverage remains elevated in the Unibail capital structure, with the EPRA loan-to-value ratio (LTV) at 54%. In the context of relatively limited transactional evidence in large or prime European shopping centres, Unibail's European valuations have only experienced a modest 12% reduction from peak 2022 levels, revalued to a 5.0% initial yield. Currently, their US shopping centres are reported at a 4.8% initial yield, prompting questions about the fairness of the reported values and, consequently, the LTV. Elsewhere in the retail sector, results confirmed a broadly positive operational story. Klépierre (-4.9%) reported similarly positive operational trends to Unibail, with retail sales rising 6% year over year, and like-for-like rental growth at 8.8%. They also provided positive commentary on values, and were able to close the acquisition of O'Parinor as discussed last month, which was rumoured to be struck at a 10% initial yield.

The healthcare landlords Aedifica (-13.1%) and Cofinimmo (-14.5%) reported full year results during February, and both ended the month down amongst the worst performers. Both businesses introduced new disclosures in their presentations, aimed at providing some transparency on the operational performance of their tenants by detailing underlying occupancy in their European nursing homes. The healthcare segment is notoriously opaque, with many for-profit operators unwilling to disclose operational and financial KPIs given the nature of their publicly funded top-line and the sensitivity of private profiteering in the healthcare sector. Headlines have been dominated for the best part of two years by negative stories around healthcare operators, with a combination of operational, financial and reputational issues causing the near collapse of multiple large players. Whilst the disclosure from the landlords was positive and demonstrated robust health in the body of their diversified portfolios, markets were left generally underwhelmed by the outlooks for 2024, as limited indexation in 2024 will struggle to offset creeping financing costs, and external growth remains challenging whilst direct markets have not adequately repriced in the sector.

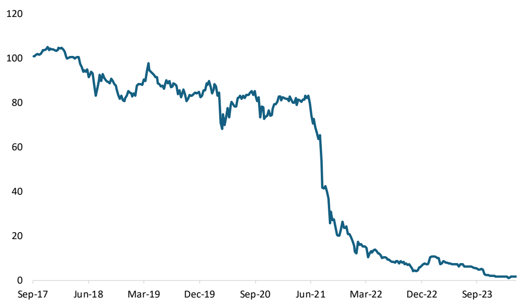
The trend of corporate activity in the UK continued at pace, as the terms of the potential Tritax Big Box (-11.8%) / UK Commercial Property (-1.2%) merger were made public, and Segro launched a sizeable capital raise. The potential Tritax Big Box offer for UKCM was set at an exchange ratio of 0.444 BBOX shares per UKCM shares, on an EPRA Net Tangible Assets (NTA) for EPRA NTA basis. Feedback on the deal has been mixed, and the Chairman of UKCM explicitly did not recommend the offer. Post the month end, UKCM announced that it had extended the put-up-or-shut-up deadline for the takeover offer to be made formal to 22nd March, in order for Big Box to complete its due diligence. Whilst the strategic rationale for the transaction for Big Box has been questioned, it has also been noted that given Abrdn, the external manager for UKCM, also own a majority stake in the Tritax external manager, the merger will serve a significant purpose in keeping external management fees within the Abrdn eco-system, and preventing the loss of the UKCM income stream to an alternative bidder. Also within the UK logistics space, Segro (-4.1%) launched an accelerated equity raise late in the month, to finance future growth. The placing was upsized from £800m to £900m on the back of exceptional investor demand, and the shares were placed at a 3.4% discount at 820p. The raise decreases Segro's LTV from 34% to 29%, and will be used to fund developments on their sizeable landbank at an attractive yield on cost of over 7%.

Icade (-12.4%) presented their long-awaited medium-term strategy plan at a capital markets day during the month, that largely disappointed the market with the stock trading down 5% through the event. With the staggered disposal of their healthcare business, Icade Sante, to Primonial and the appointment of a new CEO, Icade hosted

the event to discuss the future strategy of the business, which is today largely a sub-prime French office owner with relatively lower leverage than peers. The plan the company presented (ReShapE) is centred around keeping the core office portfolio, and spending the minimum possible capex to reconvert non-core assets to alternative uses, whilst investing in new asset classes including light industrial, student residential and data centres. However, with only 18% of the total office portfolio to be re-positioned, on-going issues with the healthcare disposal (with buyer Primonial facing outflows) and a back-end dated development pipeline of limited scale, investors were left disappointed by the outlook for the stock.

Chart of the month

China Evergrande 8.75% 2025 bond price



Source: Bloomberg

From afar, China Evergrande Group had all the makings of a killer distressed-debt trade: $19 billion in defaulted offshore bonds; $242 billion in assets; and a government that appeared determined to prop up the country's faltering property market. So US and European hedge funds piled into the debt, envisioning big payouts. However, as a Hong Kong court has now ordered the liquidation of China Evergrande, it seems unlikely the international creditors will recover much, if anything, with the international bonds now trading at just 1 cent on the dollar. While global money managers have long known that the Chinese government exerts influence over corporate affairs in ways that are uncommon across the developed world, Evergrande was nonetheless a first-hand education for many of them in just how much authorities will intervene for the sake of political and economic expediency.

"Investors probably did not fully appreciate the risk of state intervention," said David Knutson, chair of The Credit Roundtable, an organization of investors that works to respond to corporate actions averse to bondholders. "Apportioning losses between domestic creditors and foreign creditors will be political". The fact that the bulk of the company's assets are either already seized or located not in Hong Kong but mainland China — potentially out of reach of international bondholders, has contributed to rock-bottom recovery expectations. Bond holders were seemingly under the impression they would have recourse to the onshore Chinese assets of Evergrande, only to find that those assets would be ring-fenced for the benefit of domestic creditors and state-run banks, who would also have recourse to the international assets.

"Authorities are not likely to allow offshore claimants to secure valuable onshore assets while effectively insolvent developers struggle to meet politically tense onshore obligations," said Brock Silvers, managing director at private equity firm Kaiyuan Capital. "This is a serious setback for China's still-developing credit markets and can only exacerbate declining market sentiment as foreign capital increasingly seeks lower risk outlets."

Property of the month

BT Tower, Fitzrovia

During February, BT Group agreed to sell its iconic BT Tower in Fitzrovia to American hotel owner-operator MCR Hotels, for £275m. The 189m tall tower will be converted into a hotel in partnership with Camden-based Heatherwick Studio. First opened in 1965 as the Post Office Tower, the Grade II-listed communications tower has been operated by BT Group since 1984, with its top floor hosting corporate and charity events, and its "infoboard" screen regularly displaying messages across London. A revolving restaurant on the 34th floor of the tower was one of its early attractions, but the tower became a terrorist target and the restaurant was closed after a bomb was detonated in the men's toilet on the 31st floor in 1971. The tower was the tallest structure in London for 16 years until completion of the NatWest Tower in 1980.

BT will take a number of years to vacate the premises, due to the complexity of the work. This will allow time for design development and engagement with local communities before any proposals could come forward, according to MCR Hotels.

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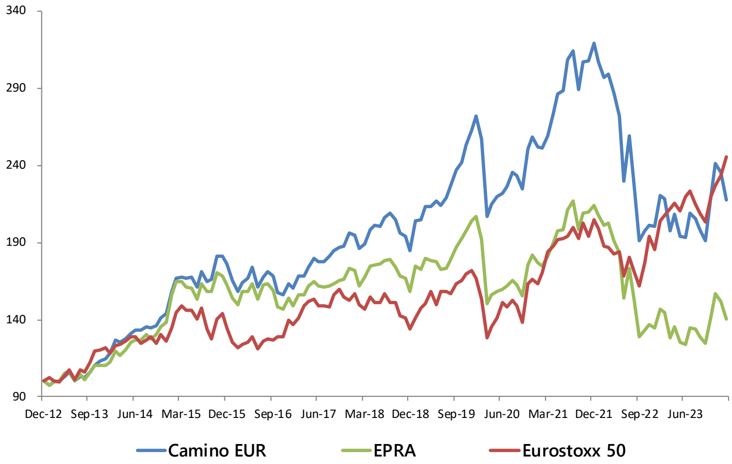
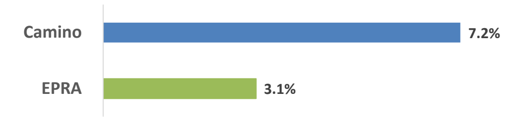
Historic performance

Net performance versus EPRA and Eurostoxx 50 (1)

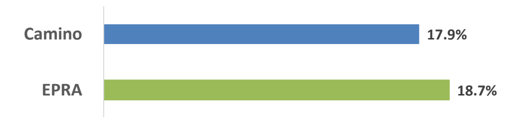
Indexed to 100
EPRA and Eurostoxx 50 shown on a net total return basis



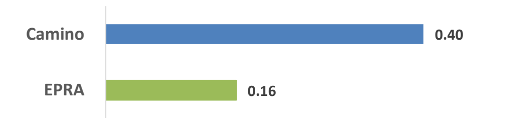
Annualised return since inception (1)



Annualised volatility since inception



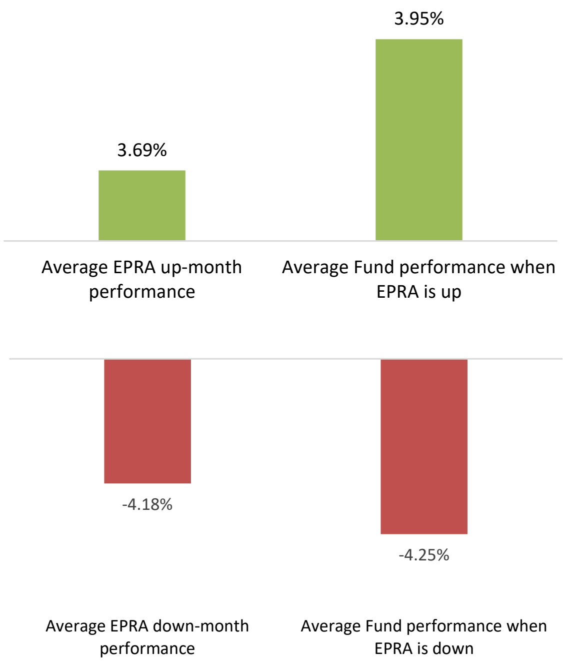
Sharpe ratio



(1) Fund returns based on Euro Class A returns until 30 September 2017 and Euro Class B returns thereafter. Performance data for the other share classes are shown elsewhere in this report. EPRA and Eurostoxx 50 returns stated in Euro, on a net total return basis.

Source: Fund records, Bloomberg, February 2024

Upside / downside capture



Comparison to the benchmark

	Camino	EPRA
Number of holdings/constituents	38	107
Top ten holdings/constituents	51.0%	38.5%
Beta	0.97	1.00
Dividend yield	4.8%	4.3%
Weighted average loan to value	38.9%	47.6%
Weighted average cost of debt	2.0%	1.9%
Weighted average lease expiry	6.7	6.2
Weighted average loan maturity	5.5	5.8

Overweights	Camino	EPRA
LondonMetric	8.0%	1.3%
NSI	5.1%	0.2%
Cibus	4.8%	0.3%
TAG Immobilien	5.4%	1.0%
Warehouse REIT	3.5%	0.2%

Underweights	Camino	EPRA
Landsec	1.5%	3.0%
Merlin Properties	0.0%	1.7%
Vonovia	8.3%	10.1%
LEG Immobilien	0.0%	2.9%
Segro	0.0%	6.6%

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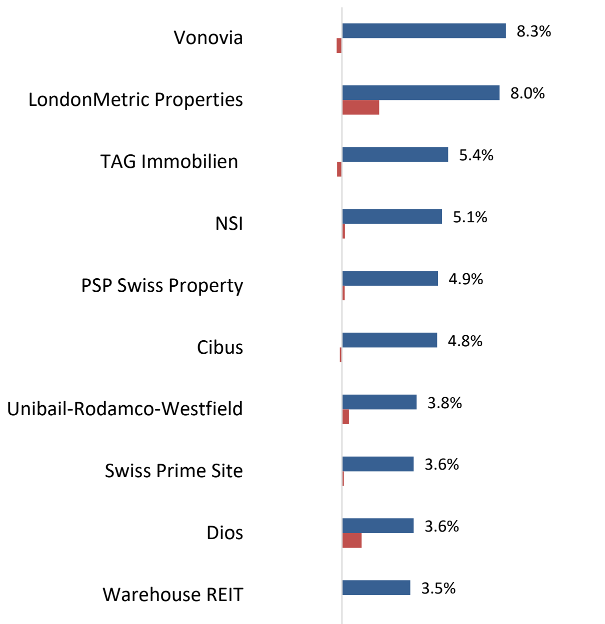
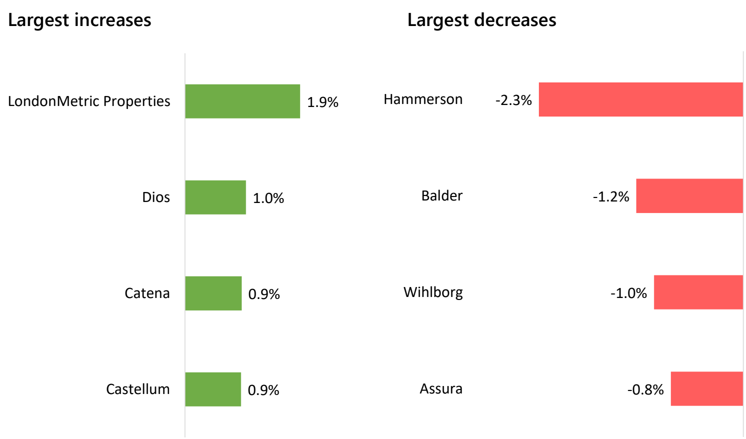
Largest holdings

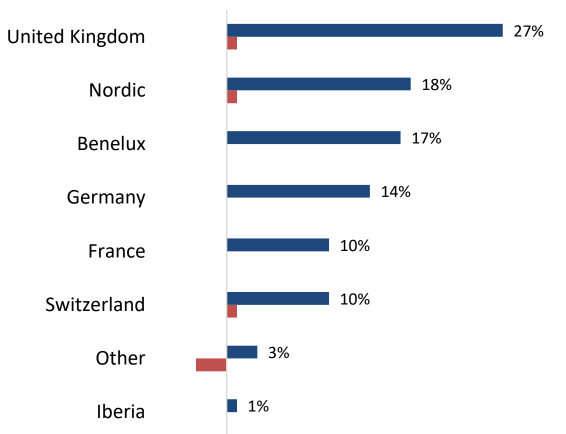


Largest portfolio changes



Changes in position sizing reflects transactions and the effect of market value fluctuations.

Geographic exposure

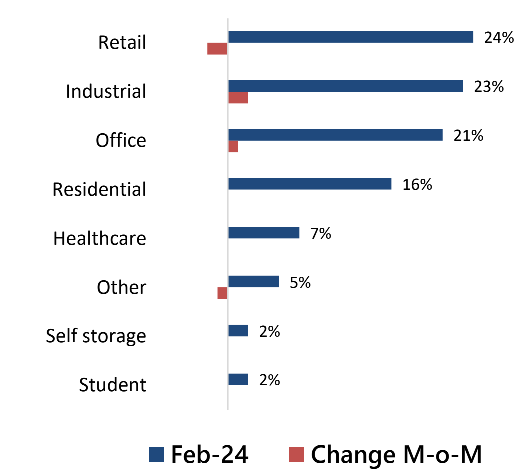


Top and bottom performers [1] for the month

Top performers:	Balanced Commercial Property Trust	+2.6%
	Unibail-Rodamco-Westfield	+0.9%
	Intershop	-0.8%
	Allreal Holding	-1.3%
	PSP Swiss Property	-2.4%
EPRA (net total return)		*-7.7%*
Bottom performers:	Gecina	-13.0%
	Aedifica	-13.1%
	GPE	-13.5%
	TAG Immobilien	-13.7%
	Cofinimmo	-14.5%

[1] - Performance in Euro

Sub-sector exposure



The UK remains the largest geographical exposure in the fund, at 27% (prior month 26%), with the Nordics at 18% (17%) and the Benelux at 17% (17%). German exposure is at 14%, with French and Swiss exposure at 10% each. By property sub-sector, Retail and Industrial make up 24% and 23% of the underlying property exposure respectively, with Office and Residential exposures at 21% and 16%.

Please refer to the Market Overview section of the report for further commentary on individual holdings and sub-sectors.

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Historical performance - € classes

	ISIN Number	Net asset value per share	Month	Year to date	Last twelve months	Best year	Worst year	Maximum draw-down	Three years annual-ised	Five years annual-ised	Annual-ised since inception (2,3)
EUR Class A	GG00B4YR6B71	2.2428	-7.8%	-10.1%	-0.9%	42.0%	-37.6%	-40.6%	-5.2%	0.9%	7.0%
EUR Class B (4)	GG00BDGS4Y05	1.1244	-7.8%	-10.0%	-0.4%				-4.7%	1.2%	
EUR Class C (5)	GG00BDGS5146	1.2095	-7.7%	-10.0%	-0.1%				-4.5%	1.7%	
EPRA Net Total Return (Euro) (1)			-7.7%	-10.4%	-3.2%	28.5%	-37.0%	-43.0%	-7.1%	-4.1%	3.1%
Eurostoxx 50 Total Return (Euro)			5.0%	8.1%	18.0%	32.2%	-12.0%	-25.3%	12.9%	10.7%	8.4%

Historical performance - £ classes

	ISIN Number	Net asset value per share	Month	Year to date	Last twelve months	Best year	Worst year	Maximum draw-down	Three years annualised	Five years annualised	Annual-ised since inception (2,3)
GBP Class A	GG00B55CC870	2.2068	-7.5%	-11.2%	-3.3%	33.5%	-34.0%	-38.9%	-5.6%	0.8%	7.5%
GBP Class B (6)	GG00BDGS4X97	1.0933	-7.5%	-11.2%	-2.8%				-5.2%	1.2%	
EPRA Net Total Return (GBP) (1)			-7.4%	-11.6%	-5.8%	20.9%	-33.7%	-42.9%	-7.5%	-4.1%	3.6%
Eurostoxx 50 Total Return (GBP)			5.4%	6.8%	14.9%	27.8%	-10.9%	-21.6%	12.4%	10.7%	8.9%

Historical performance - $ classes

	ISIN Number	Net asset value per share	Month	Year to date	Last twelve months	Best year	Worst year	Maximum draw-down	Three years annualised	Five years annualised	Annual-ised since inception (2,3)
USD Class A (7)	GG00BDGS4W80	1.0531	-8.2%	-11.9%	1.1%	39.0%	-41.2%	-49.7%	-8.7%	-0.1%	0.8%
USD Class B (8)	GG00BDGS4Z12	1.0111	-8.1%	-11.8%	1.6%				-8.3%	0.1%	
USD Class C (9)	GG00BDGS5252	0.8107	-8.1%	-11.8%	1.9%						
EPRA Net Total Return (USD) (1)			-7.9%	-12.4%	-1.8%	28.3%	-40.7%	-50.7%	-10.4%		-3.7%
Eurostoxx 50 Total Return (USD)			4.9%	5.8%	19.7%	33.4%	-16.0%	-32.6%	8.9%		5.8%

Annualised returns is the weighted average compound growth rate over the performance period measured

The “Month” and “Year to date” returns are not annualised as the measurement period is shorter than twelve months. All other returns are annualised

(1) FTSE EPRA/NAREIT Developed Europe Net Total Return Index (EPRA) is the fund benchmark.

(2) Since inception figures based on 1 January 2013 inception, when current investment strategy was implemented.

(3) Before 29 September 2017 the performance fee was 10% of the excess return over the European Harmonised Index of Consumer Prices plus 4% per annum. Historic returns are shown based on the old performance fee basis until 29 September 2017 and on the current basis thereafter.

(4) EUR Class B shares first issued in January 2018

(5) EUR Class C shares first issued in October 2017

(6) GBP Class B shares first issued in January 2018

(7) USD Class A shares first issued in October 2017

(8) USD Class B shares first issued in March 2018

(9) USD Class C shares first issued in November 2022

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Fund terms

Fund objective	The Fund aims to deliver attractive long-term total returns by trading and investing in European listed real estate companies. The Fund adheres to a conservative investment style with long-only exposures, no leverage, concentration limits of 10% and a robust investment process	Initial charge	Zero
		Management fee	Class A: 1.5% per annum Class B: 1.0% per annum Class C: 0.7% per annum
Compliance with objectives	The Fund has consistently adhered to its investment objectives since launch	Incentive fee	15% above the benchmark, subject to positive absolute performance and high watermark (1)
Benchmark	FTSE EPRA/NAREIT Developed Europe Net Total Return Index (1)	Investment Manager	Clearance Capital Limited www.realestatealternatives.com
Target Markets	The fund targets real estate companies globally, but with a focus on Western Europe, including the United Kingdom	Custodian	BNP Paribas Trust Company (Guernsey) Ltd
		Administrator	Northern Trust International Fund Administration Services (Guernsey) Ltd
Launch date	1 January 2013 (2)	Auditor	Deloitte
Currency share classes	Euro, Sterling, US Dollar	South African Representative Office	Sanlam Collective Investments (RF) (Pty) Limited
Shares in issue	Euro 16,434,491 shares Sterling 13,134,388 shares US Dollar 9,660,166 shares	Total expense ratio (3)	Class A: 2.42% (2.42%) Class B: 1.91% (1.91%) Class C: 1.61% (1.61%)
Dealing	Weekly	Annualised total returns	Annualised return is the weighted average compound growth rate over the period measured.
Domicile and legal status	Guernsey, Class B Collective Investment Scheme regulated by the Guernsey Financial Services Commission		
Listing	The International Stock Exchange http://www.tisegroup.com/market/companies/3342		
Dividends	Non-distributing		

(1) On 29 September 2017 the benchmark and performance fee changed. Before 29 September 2017 the performance fee was 10% of the excess return over the European Harmonised Index of Consumer Prices plus 4% per annum.

(2) The fund was incorporated in 2010 but the current investment strategy was implemented on 1 January 2013

(3) Including incentive fees. Excluding incentive fees in brackets.

Please read this report in conjunction with the Fund's Minimum Disclosure Document. Regulatory information, notes on the calculation of performance data and risk warning:

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