Clearance
Camino Fund

Monthly investor update - September 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

September 2024 (1)	**+3.7%**
Year to date (1)	**+9.9%**
Last twelve months (1)	**+34.0%**
Two years annualised (1)	**+17.8%**
Five years annualised (1)	**+2.3%**
Since inception (2)	**+8.7%**

See back of the report 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.

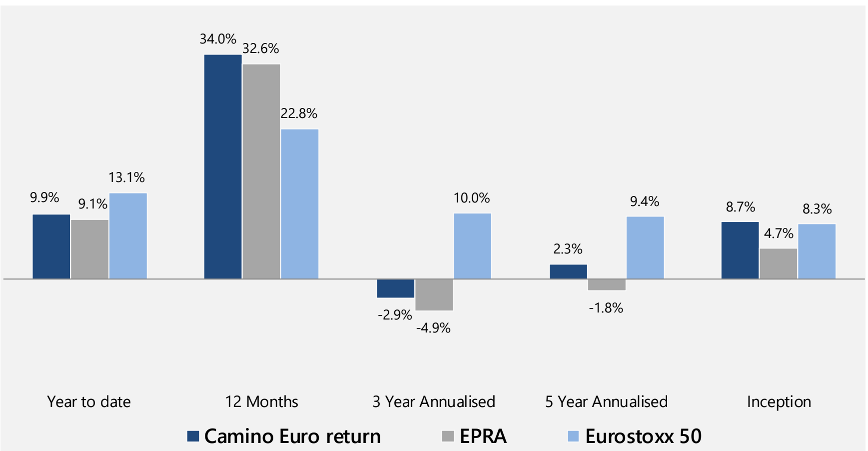
Manager comment

After US employment and inflation data early in September came in broadly supportive, a start to the Fed's cutting cycle was widely expected at the FOMC's September meeting, with the Federal Reserve delivering a double cut to start the cycle. The ECB also met during the month and continued their cutting cycle, though with a hawkish tilt to the following press conference, suggesting that the next meeting (in October) would come too soon to warrant another cut, with limited further data being available in the interim period. Having said that, a double cut from the Fed, below expectation inflation prints from France and Spain and weaker European PMIs since then have potentially put some pressure on the ECB, and the futures market re-priced from a 25% chance of an October cut to 90+% in the last few days of the month.

European REITs, as measured by EPRA[1], increased by 4.5% in September, resulting in a year-to-date return of +9.1%. The Euro Class B share net asset value increased by 3.7%, bringing the year-to-date return to +9.9% and the return over the last twelve months to +34.0%. Over the last five years, the annualised return of the fund is +2.3%, compared to -1.8% for EPRA. Since inception in 2013 the annualised return is +8.7% compared to +4.7% 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, September 2024

Market performance	Month	Year to date
EPRA (1)	+4.5%	+9.1%
Eurostoxx 50 (1)	+0.9%	+13.1%

Portfolio statistics	
Level of investment	99%
Number of holdings (2)	49
Average holding size	2.0%
Top 10 holdings	40.7%
Liquidity (3)	99%
Weighted average lease expiry (years) (4)	7.1
Weighted average loan-to-value (4)	38.2%
Weighted average loan maturity (years) (4)	5.0
Weighted average cost of debt (4)	2.4%
Fund AUM (in US$ million)	63.7
Firm AUM (in US$ million)	912.5

Risk statistics	
Annualised volatility (5)	23.2%
Sharpe ratio (5)	0.10
Correlation with EPRA (5)	99%
Beta (5)	0.96
Upside capture (6)	106%
Downside capture (6)	101%

Currency exposure	
Euro	40%
Sterling	34%
Other (7)	26%

(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
Netherlands	4.7%	19.4%
Germany	6.8%	18.3%
France	7.5%	15.4%
Sweden	6.7%	13.7%
UK	3.5%	7.8%
Switzerland	-0.1%	4.7%

Sub-sector

	Month	Year to date
UK property trusts	5.0%	23.5%
Continental retail	5.2%	23.5%
German residential	6.1%	16.2%
Nordics	6.6%	14.1%
Hospitality	4.5%	13.2%
UK specialists	2.3%	8.6%
Continental offices	6.9%	7.3%
Self storage	3.2%	3.4%
Healthcare	4.4%	2.2%
UK general	3.4%	1.8%
Industrial/ logistics	-0.6%	1.3%
Student residential	0.1%	0.0%

Fixed income

	Month	Year to date
10 yr US treasury yield	3.78%	
10 yr UK gilt yield	4.00%	
10 yr German bund yield	2.12%	
10 yr US treasury (bp move)	-12	-10
10 yr UK gilt (bp move)	-1	47
10 yr German bund (bp move)	-18	10
Euro REIT credit total return	1.3%	4.5%

Source: Bloomberg, Clearance Capital, September 2024

Market overview

September saw a notable uptick in activity across the UK real estate market, with data indicating increased transaction volumes in the direct market, significant personnel changes, and public market M&A activity. Despite the UK 10-year gilt yield remaining broadly flat over the month, the UK real estate sector advanced by 3.5%, supported by the Fed's 50 basis point rate cut and heightened market activity. Key performers included Hammerson (+12%) and Balanced Commercial Property Trust (+10%), while larger firms like Unite (-2%) and Tritax Big Box (-2%) underperformed.

M&A activity was a dominant theme in September, with four major UK transactions announced. Notably, Segro made an unexpected all-share offer for its smaller European peer, Tritax EuroBox, overtaking Brookfield, which had previously been linked to the acquisition. Segro's bid, made at a discount to Tritax EuroBox's net tangible assets (NAV), is expected to be earnings and NAV accretive, though marginal due to the deal's relatively small size. Additionally, Starwood announced a firm cash offer of 96p per share for Balanced Commercial Property Trust, while Abrdn Property Income sold its portfolio to GoldenTree Asset Management for approximately 64p per share following a public sale process. After multiple Takeover Panel deadline extensions, NewRiver revealed the part-share, part-cash acquisition of its smaller retail counterpart Capital & Regional, partially financed by a 20% equity placing. This transaction is anticipated to be around 15% earnings accretive and is expected to significantly enhance share liquidity.

Several noteworthy asset transactions also took place during the period. Hammerson completed the sale of its stake in the Value Retail outlet platform, generating £600m in cash proceeds, while British Land acquired a £240m retail park portfolio. In early October, British Land followed this up with the acquisition of a second, larger retail park portfolio from Brookfield for £441m, partly funded by £301m in new equity, representing approximately 7% of its market capitalisation. With data indicating rising demand in both the investment and occupational markets, greater access to debt financing, stabilising valuations for prime assets, and management teams pursuing growth through transactions, we anticipate that market activity in the UK will remain elevated in the coming periods.

Continental European REITs continued their strong performance, supported by capital market activity for expansionary projects and declining benchmark yields. These trends have attracted investors, narrowing the discount at which companies trade relative to their reported Net Asset Value (NAV). The European High Yield Bond Index, a key benchmark for real estate bonds, gained 1.0% during September, while the European REIT credit index gained 1.3%. This strength has been closely tied to the Euro 5-year swap rate, which fell by 30bp - from 2.51% to 2.21% - after rate cuts by the ECB and the Fed. 10-year German bund yields declined by 18bp and ended the month at 2.12%.

Investor demand focused on Italy and Spain, where 10-year government bond yields contracted by 24bp and 21bp, respectively. For the first time since 2008, Spain's 10-year bond yield dropped below that of France, whose yields contracted only 11bp due to concerns over political uncertainty and fiscal instability. In contrast, Norway and Sweden saw little to no movement in their 10-year yields, underperforming after months of strong performance.

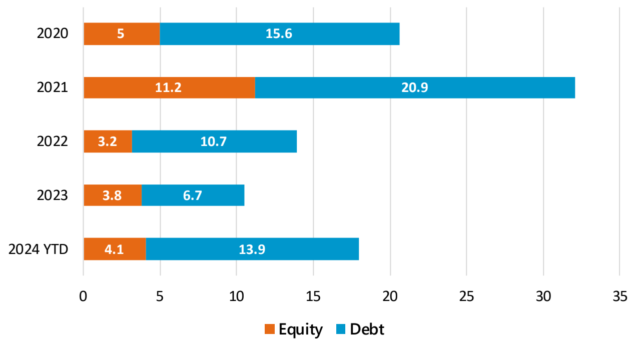
Continental offices emerged as the top-performing sub-sector in September, gaining 6.9%. This growth was driven by a significant narrowing of NAV discounts for lower-quality names like Icade (+25%) and Aroundtown (+19%) as investors increased their risk tolerance. Conversely, the Industrial and Logistics sub-sector remained the worst performer for the third consecutive month, posting a 0.6% decline. Underperformance in this sector stems from tenant caution, with decision-making delayed until uncertainties around the U.S. election and the interest rate trajectory are resolved. Among the weakest performers were Montea, down 5% ahead of its rights issue, and Argan, which fell by 4%.

With REIT share prices reaching recent highs, there has been a surge in companies using their equity to support expansion projects. Notable deals include Vonovia's domination agreement with Deutsche Wohnen, which avoids a €2 billion tax bill by compensating minority shareholders with shares. CTP raised €300m through an equity placing at a 2.7% discount, enabling the company to pursue acquisition opportunities in Central Europe and accelerate its 10% yield-on-cost development pipeline in Eastern Europe. This liquidity boost will also be welcomed by investors, as 73% of CTP shares remain tightly held by Founder/CEO Remon Vos. Montea also completed a 1-for-9 rights issue to finance the €154m acquisition of the "Reverso" portfolio, which adds 650,000 sqm of industrial and logistics land across France's Backbone and Atlantic Arc regions. The portfolio was acquired at a net initial yield of 5.6%, with potential to reach 7% in the medium term through redevelopment.

Two Austrian office REITs, CA Immobilien Anlagen and Immofinanz, attracted significant attention in September after declining by 16% and 43%, respectively. Over the preceding two months, both companies saw unusually high trading volumes, with over 60% of their market capitalisation exchanging hands. Remarkably, both firms have majority shareholders controlling more than 70% of the business, meaning the entire free float changed hands twice. This occurred while the companies were trading at a premium to their NAVs, an anomaly in a sector where most peers are trading at discounts of 25% to 40%. Despite largely meeting first-half expectations, with slight declines in occupancy and rental growth offset by stable property valuations, both stocks fell sharply, dropping by 20% in the week after reporting their results. This volatility has been attributed to high levels of open derivative interest, leading to irrational pricing and extreme market movements.

Chart of the month

European real estate debt and equity issuance (€ bln)



Source: Bloomberg

European commercial property values experienced a sharp decline following the end of the cheap money era in 2021. According to Green Street Advisors, the value of average quality commercial properties in Europe and the UK fell by 25% between 2022 and the first half of 2024. However, by mid-2024, property values in most real estate asset classes, except for offices, began to stabilise.

This stabilisation was anticipated by the REIT equity market, with EPRA rallying 26% between November and December 2023, as shifting interest rate expectations prompted markets to begin pricing in the first rate cuts in 2024. Historically, the listed real estate market tends to lead the direct property market by 6 to 12 months, making this recovery a potential indicator of broader market trends.

As values declined over 2022 and 2023, many REITs turned their focus to strengthening their balance sheets and addressing leverage concerns. With real estate assets overvalued and balance sheets stretched, REITs faced mounting pressure. However, as the market bottomed and transactional activity showed signs of recovery, the capital markets reopened for most REITs.

To date, European public companies have raised €18 billion in fresh debt and equity through mid-September 2024 - nearly double the amount raised in 2023 - signalling increased investor confidence as the market outlook improves.

Property of the month

The UK retail property sector continues to navigate an existential crisis as the business of selling goods to the public shifts toward an omnichannel model, reducing the need for physical retail space. While the worst

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East Kilbride Shopping Centre

of the storm has likely passed for the best retail assets, as physical store productivity is rising again, footfall levels are growing, and occupancy cost ratios have adjusted to more manageable levels, challenges remain.

Evidence suggests that demand for space is now outstripping supply in prime locations, creating rental tension. Green Street Advisors estimates that the reset to sustainable rent levels has driven rental values down by between 20% and 50% across the UK over the past decade, depending on location and dominance. This reduction has helped lower occupancy cost ratios, which had frequently exceeded 20% at the peak, to more sustainable mid-teen levels, factoring in reduced in-store trading densities.

The online-only model has faced challenges in recent years, especially with the rising cost of capital. Some retailers now recognize the need to forego immediate store profitability if their physical stores provide a “halo effect” that strengthens the brand.

It is often said that "the wreckage is only visible once the storm has passed"—it can be difficult to grasp the full extent of the damage until the turmoil subsides. Many examples of significant devastation can be seen across the UK retail property landscape. One such example is the proposed sale of East Kilbride Shopping Centre, Scotland’s largest retail destination. Situated on the outskirts of Glasgow, East Kilbride combines six different malls, some of which were new builds, while others were later converted by roofing streets.

The 1.4m sq ft centre, mostly single-storey, was assembled and developed by British Land and Land Securities, completed in 2003, and later sold to PropInvest for £407m in 2007. Following the collapse of the heavily indebted PropInvest, Orion Capital Managers acquired the centre for £180m in 2014, with lenders providing £120m in senior and mezzanine debt. In 2022, LaSalle, the provider of the mezzanine debt, placed the centre into administration as the property’s value dropped below the outstanding debt balance.

Now, the administrators have brought the centre to market with a £30m price tag, a staggering 93% reduction in value since 2007.

Unsurprisingly, the centre suffers from significant structural vacancy, as demand for retail space has dwindled. The proposed master plan is predictable: demolish about half of the scheme to make way for new residential and mixed-use developments, combining employment and leisure spaces.

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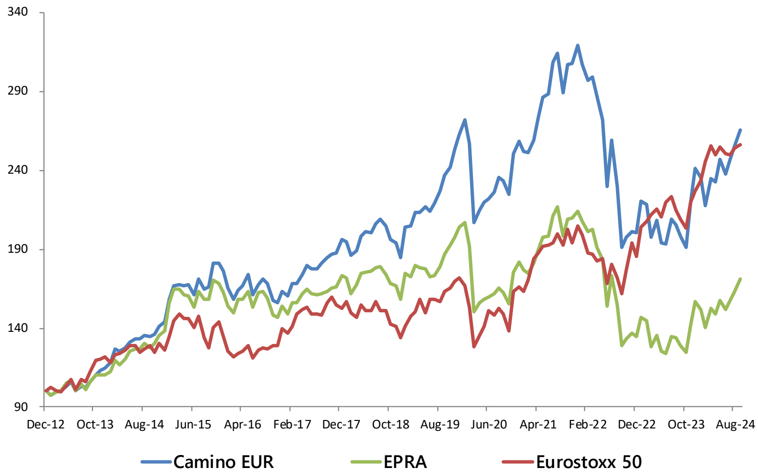
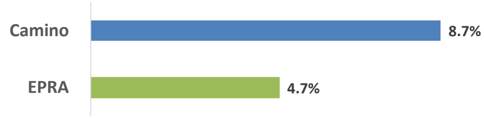
Historic performance

Net performance versus EPRA and Eurostoxx 50 (1)

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

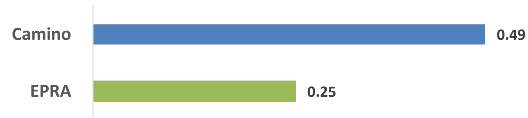


Annualised return since inception (1)



Annualised volatility since inception

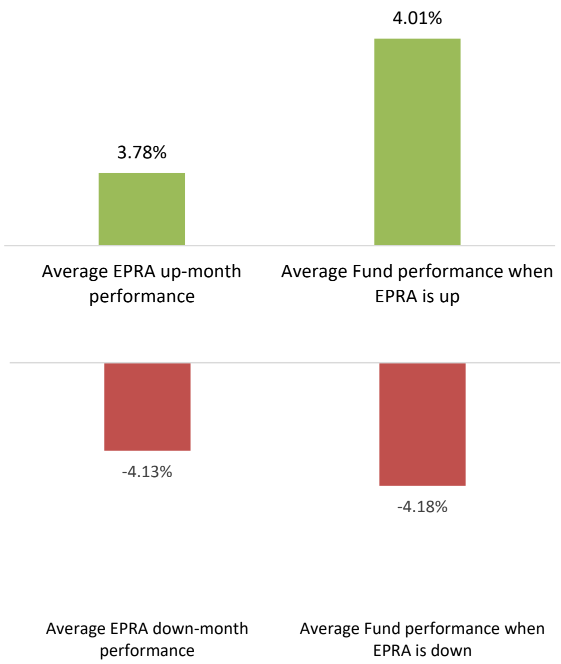
Sharpe ratio



(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, September 2024

Upside / downside capture



Comparison to the benchmark

	Camino	EPRA
Number of holdings/constituents	49	107
Top ten holdings/constituents	40.7%	41.0%
Beta	0.96	1.00
Dividend yield	3.8%	3.7%
Weighted average loan to value	38.2%	43.1%
Weighted average cost of debt	2.4%	2.3%
Weighted average lease expiry	7.1	7.2
Weighted average loan maturity	5.0	5.4

Overweights	Camino	EPRA
NSI	4.1%	0.2%
Dios	3.4%	0.3%
TAG Immobilien	4.0%	1.1%
Montea	2.5%	0.6%
Merlin Properties	3.1%	1.8%

Underweights	Camino	EPRA
Gecina	1.2%	2.7%
Derwent London	0.0%	1.6%
Segro	4.1%	6.2%
Sagax	0.0%	2.0%
Vonovia	7.6%	11.0%

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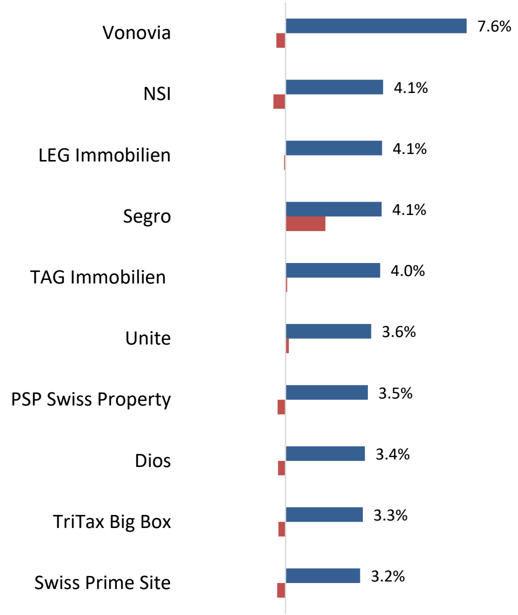
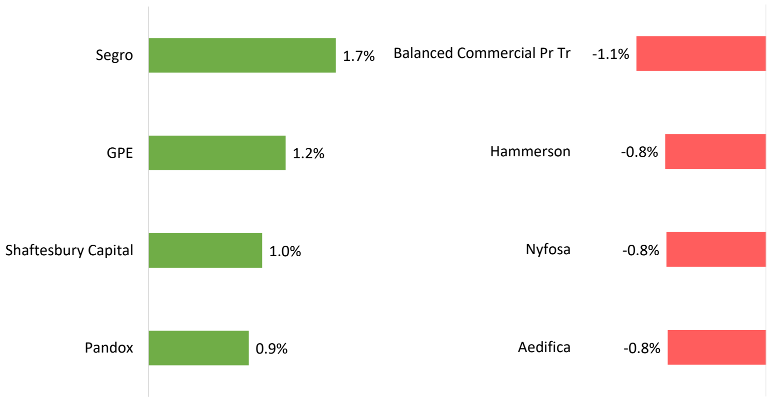
Largest holdings

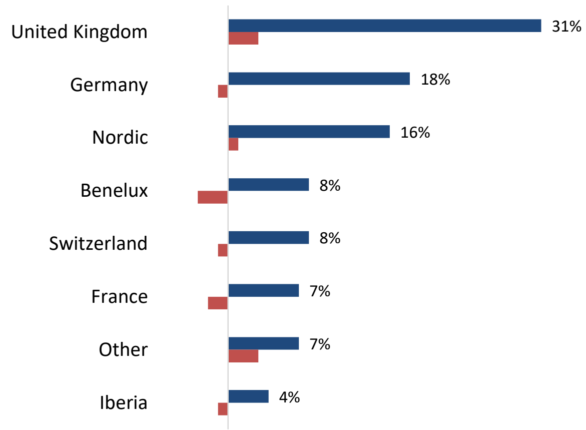


Largest portfolio changes



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

Geographic exposure

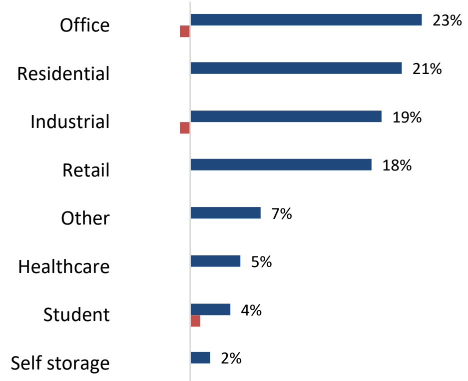


Top and bottom performers [1] for the month

Top performers:	TAG Immobilien	+12.0%
	Balder	+10.8%
	Balanced Commercial Property Trust	+10.2%
	Wallenstam	+9.5%
	Klepierre	+8.8%
EPRA (net total return)		*+4.5%*
Bottom performers:	Intershop	-2.8%
	Argan	-3.4%
	CTP	-3.4%
	Swedish Logistics Properties	-4.2%
	Montea	-5.3%

[1] - Performance in Euro

Sub-sector exposure



■ Sep-24 ■ Change M-o-M

The UK remains the largest geographical exposure in the fund, at 31% (28% previously), with Germany at 18% (19%) and the Nordics at 16% (15%). Benelux and Swiss exposure are both at 8%, and French exposure at 7%. By property sub-sector, Offices and Residential make up 23% and 21% of the underlying property exposure respectively, with Industrial and Retail exposures at 19% and 18%.

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

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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	2.7305	3.7%	9.5%	33.4%	42.0%	-37.6%	-40.6%	-3.3%	2.0%	8.5%
EUR Class B [4]	GG00BDGS4Y05	1.3728	3.7%	9.9%	34.0%				-2.9%	2.3%	
EUR Class C [5]	GG00BDGS5146	1.4793	3.8%	10.1%	34.4%				-2.6%	2.7%	
EPRA Net Total Return (Euro) [1]			4.5%	9.1%	32.6%	28.5%	-37.0%	-43.0%	-4.9%	-1.8%	4.7%
Eurostoxx 50 Total Return (Euro)			0.9%	13.1%	22.8%	38.2%	-12.0%	-25.3%	10.0%	9.4%	8.3%

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	2.6129	2.4%	5.1%	27.9%	33.5%	-34.0%	-38.9%	-4.4%	0.7%	8.7%
GBP Class B [6]	GG00BDGS4X97	1.2983	2.5%	5.5%	28.5%				-3.9%	1.0%	
EPRA Net Total Return (GBP) [1]			3.4%	4.8%	27.3%	20.9%	-33.7%	-42.9%	-5.8%	-3.0%	4.9%
Eurostoxx 50 Total Return (GBP)			-0.2%	8.6%	17.9%	30.0%	-10.9%	-21.6%	8.9%	8.1%	8.6%

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	1.3222	4.5%	10.6%	40.6%	39.0%	-41.2%	-49.7%	-4.5%	2.4%	4.1%
USD Class B [8]	GG00BDGS4Z12	1.2732	4.6%	11.0%	41.3%				-4.1%	2.7%	
USD Class C [9]	GG00BDGS5252	1.0146	3.8%	10.4%	40.6%						
EPRA Net Total Return (USD) [1]			5.2%	10.0%	39.6%	32.0%	-40.7%	-50.7%	-6.1%	-1.4%	-0.2%
Eurostoxx 50 Total Return (USD)			1.6%	14.0%	29.3%	43.8%	-16.0%	-32.6%	8.6%	9.9%	6.4%

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
Compliance with objectives	The Fund has consistently adhered to its investment objectives since launch
Benchmark	FTSE EPRA/NAREIT Developed Europe Net Total Return Index (1)
Target Markets	The fund targets real estate companies globally, but with a focus on Western Europe, including the United Kingdom
Launch date	1 January 2013 (2)
Currency share classes	Euro, Sterling, US Dollar
Shares in issue	Euro 16,687,749 shares Sterling 11,884,522 shares US Dollar 8,463,541 shares
Dealing	Weekly
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

Initial charge	Zero
Management fee	Class A: 1.5% per annum Class B: 1.0% per annum Class C: 0.7% per annum
Incentive fee	15% above the benchmark, subject to positive absolute performance and high watermark (1)
Investment Manager	Clearance Capital Limited www.realestatealternatives.com
Custodian	Northern Trust (Guernsey) Ltd
Administrator	Northern Trust International Fund Administration Services (Guernsey) Ltd
Auditor	KPMG
South African Representative Office	Sanlam Collective Investments (RF) (Pty) Limited
Total expense ratio (3)	Class A: 2.55% (2.55%) Class B: 2.05% (2.05%) Class C: 1.75% (1.75%)
Annualised total returns	Annualised return is the weighted average compound growth rate over the period measured.

(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:

CLEARANCE CAPITAL
Real estate alternatives

Clearance Capital Limited
3 Copthall Avenue, London, EC2R 7BH
Tel. +44 (0) 203 002 7685

www.realestatealternatives.com
Authorised and regulated by the UK Financial Conduct Authority

Contact the Investment Manager:
Clearance Capital Limited

Wessel Hamman or Charl Cloete
+44 203 002 7685
whamman@clearancecap.com or ccloete@clearancecap.com

Contact the Administrator:
Northern Trust

Andrew Bonham
+44 1481 745 302
cab9@ntrs.com