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Royal London UK Real Estate Feeder Fund

Interim Report

For the six month period ended 30 June 2024 (unaudited)

ROYAL LONDON
ASSET MANAGEMENT

Contents

* The ACD's report comprises these items.

\+ The ACD's Investment Adviser's report includes a note on The Value Assessment.

Company Information

Company

Royal London UK Real Estate Feeder Fund

Registered office:
80 Fenchurch Street, London EC3M 4BY

Authorised Corporate Director (the "ACD")

The ACD is Royal London Unit Trust Managers Limited.

Place of business and Registered office:
80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority; a member of The Investment Association (IA).

T: 020 3272 5000

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Directors of the ACD

R.A.D. Williams (Resigned 26 April 2024)
A.L. Hunt
J.S. Glen (Appointed 1 April 2024)
R. Kumar
S. Spiller
J.M. Brett (Non-executive Director)
H.I. Georgeson
J.M. Jackson (Non-executive Director)

Investment Adviser

Royal London Asset Management Limited

Place of business and Registered office:
80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority.

Depositary of the ACD

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Registrar and Transfer Agents

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Administrator of the ACD

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

KPMG LLP
Chartered Accountants and Statutory Auditors

15 Canada Square, London E14 5GL

Report of the Authorised Corporate Director

We are pleased to present the interim report and financial statements covering the period from 1 January 2024 to 30 June 2024.

About the Company

The Royal London UK Real Estate Feeder Fund (the "Company") is an open-ended investment company with variable capital (ICVC) which has Property Authorised Investment Fund (PAIF) status, as defined in Part 4A of the Tax Regulations and the Glossary to the FCA Handbook. It is governed by the OEIC Regulations, the Collective Investment Schemes Sourcebook (COLL) and its Instrument of Incorporation. Registered in England with Company Number IC001092.

The Company is a feeder fund which has been established to facilitate investment in the Royal London UK Real Estate Fund (the "Master Fund").

The shareholders are not liable for the debts of the Company.

Authorised status

The Company is a stand-alone Collective Investment Scheme as defined in the Financial Services and Markets Act 2000. The Company was authorised by the Financial Conduct Authority (FCA) on 7 June 2017 and its Instrument of Incorporation was registered with the Registrar of Companies for England & Wales on 1 October 2017. The Company qualifies as an Alternative Investment Fund within the meaning of Alternative Investment Fund Managers Directive ("AIFMD") for the purposes of the FCA Rules.

The Company is a Qualified Investor Scheme (QIS) and a feeder fund dedicated to investment in units of the Royal London Real Estate Fund (the "Master Fund"), details of which are set out on Part 2 of Appendix 1 of the Prospectus. The Company qualifies as a PAIF for tax purposes.

The financial statements

As required by the OEIC Regulations, information for Royal London Real Estate Feeder Fund (the "Company") has been included in these financial statements. We have provided a detailed description of the strategy that was adopted during the period under review.

Change of Independent Auditors

With effect from 20 June 2024 PricewaterhouseCoopers LLP resigned as auditors of the Company. The Directors intend to appoint KPMG LLP as replacement.

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

For and behalf of Royal London Unit Trust Managers Limited

Authorised Corporate Director

R. Kumar (Director)

S. Spiller (Director)

21 August 2024

Investment Adviser's Report

The investment objective of the Royal London UK Real Estate Feeder Fund (the "Company") is to achieve capital growth and income by investing solely in the Royal London UK Real Estate Fund (the "Master Fund").

As the Company's sole investment are units held in the Master Fund, the Company is subject to the same underlying risks and returns of the Master Fund, and as such, the commentary presented on pages 5 to 9 is consistent with those of the Master Fund.

Objective

The investment objective of the Royal London UK Real Estate Fund (the "Master Fund") is to outperform the 12 month total return of the Master Fund's benchmark, the All Balanced Funds component of the MSCI/AREF UK Quarterly Property Fund Index. This index measures quarterly total returns on a net asset value basis.

Strategy

The Master Fund will invest in UK real estate across all major property sectors in a balanced portfolio with a strong emphasis towards prime assets in London and the South East. Stock selection will be paramount in acquisition decisions, and to exploit assets through active management and selective developments, while managing risks and void exposure.

Performance

Over the 6 months to 30 June 2024, the Master Fund delivered total returns of 3.54% (30/06/23: 0.78%) finishing ahead of the All Balanced Funds component of the MSCI/AREF UK Quarterly Property Fund Index by 188 basis point at 1.67% (30/06/23: 0.16%).

On an annualised basis over the last five years, the Master Fund has delivered a total return of 3.36% per annum, which compares to 1.50% per annum, a margin of 185 basis points.

Outperformance during the last 6 months has been a function of more resilient capital value movement across the portfolio. This has been assisted by relatively strong returns in the retail warehouse portfolio and more resilient performance from our office assets, outside of the South East. In addition, the disposal of an industrial estate in Southall, West London generated significant outperformance for the Master Fund.

Since the Master Fund was launched in October 2017, it has delivered consistent outperformance against the All Balanced Funds component of the MSCI/AREF UK Quarterly Property Fund Index, delivering outperformance in each calendar year and beating the benchmark by 171 basis points on an annualised basis. Since inception, the Master Fund is ranked first, with an annualised total return (net of fund management fees) of 4.40%.

Economic outlook

Data from business surveys indicated robust worldwide GDP growth towards the end of the second quarter. The global composite PMI, which gauges business activity across multiple sectors, was steady at levels suggestive of continued expansion in private sector output. Although business confidence experienced a slight decline as the quarter concluded, this may have been due to growing heightened political uncertainty associated with upcoming elections in France and the UK, as well as ongoing uncertainty surrounding the political climate in the US. Consumer confidence trends were mixed, with a fall observed in the US, while the UK and Eurozone saw increases. Bank lending conditions showed mixed signals, yet previous tightening along with restrictive monetary policies probably continued to hinder economic activity. Inflation releases were mixed over the quarter but were more inflation-target consistent in the US than in Q1 and UK inflation actually did hit the 2.00% target (even if services inflation remained strong). However, over Q2, markets pared back the number of rate cuts priced in for major economies again.

Towards the close of the second quarter, the composite PMI for the Eurozone hinted at steady private sector outputs. In comparison, by quarter's end, the UK and US PMIs indicated stronger economic growth, although the US Institute for Supply Management (ISM) surveys suggested a less positive outlook than the PMIs. As of early July, the Atlanta Federal Reserve's GDP Nowcast forecasted modest annualized US GDP growth of around 2.00% for Q2.

Central banks in the US and UK kept policy interest rates on hold, while the ECB cut rates 25 basis points in June. That ECB rate cut was in line with signalling from various ECB speakers and followed progress made in lowering inflation. ECB guidance beyond June were more ambiguous and data dependent. Although the Bank of England kept rates on hold in Q2, two (out of nine) MPC members voted for a rate cut at the June meeting. For the Federal Reserve, however, the median Fed participant was only forecasting one 25bp rate cut by the end of 2024 (from 75bp previously).

G7 CPI showed little change throughout the quarter (data until May). The most recent figures (June 2024) reveal that headline inflation in the US decreased over Q2 to an annual rate of 3.00%. In the UK, inflation saw a significant drop in April due to lower energy costs and base effects, and it continued to decline in May, aligning with the 2.00% inflation goal. Nonetheless, UK services inflation, which the Bank of England monitors as a measure of persistent inflation, stayed high. Throughout Q2, Eurozone CPI inflation remained fairly steady at around 2.50% (beyond the target), with services inflation consistently above 4.00% by quarter's end. In Europe, wage growth rates persisted at levels that might cause concern for central banks. As of the latest data for April, the annual growth rate for regular pay in the UK was still robust at 6.00% for the three months leading up to April (approximately the same as three months prior).

Investment Adviser's Report (continued)

Economic outlook – continued

Unemployment rates stayed low in the US, UK, and Eurozone. Although, the UK showed clearer signs of a softening labour market. In 2024, unemployment increased during the February-April period; payroll numbers dropped in April and May, and job openings have been decreasing overall.

The latest data releases indicate that the UK has recovered from its technical recession in the first quarter, with signs of sustained economic expansion into the second quarter. GDP saw a real-term increase of 0.70% over Q1, following a decline of 0.30% in the final quarter of the previous year. The economic growth for Q2 appears promising, as suggested by the GDP figures for April and even more so with the unexpectedly strong GDP data for May (which became available in early July).

PMI business survey data signalled positive private sector activity growth in April, May and June, staying above the 50 'no growth' level. Retail sales were mixed over the quarter with weather effects likely dampening sales in April, but over the three months to May retail sales volumes rose 1.00% compared with the previous three months.

Market review

The decisive nature of the outcome of the General Election and the size of Labour's majority in theory gives the new government plenty of leeway to change policy in their priority areas, but that does not mean that the going will be easy. The result is unlikely to shift the near-term outlook for economic growth, but after a sustained period of instability, UK politics may have reached an inflection point. For existing and potential investors in UK assets, this should offer reassurance, particularly when contrasted with the heightening levels of political uncertainty in the US and in Europe.

UK real estate pricing continues to look relatively attractive in comparison to many European markets, with capital values now on average around 25.00% lower than their peak two years earlier, according to the MSCI UK Monthly Index. Concerns around the future path of interest rates have weighed heavily on decision making and investment volumes so far this year look soft when compared to historic long-term averages. According to data from RCA, UK deal volumes in Q2, were broadly unchanged from the levels seen during Q1, at around £10.2bn. YTD volumes over the first six months of the year stand at c £20.3bn, which is roughly 27.00% down on the five year average. BNP Paribas commentary suggests that investor focus this year has been directed towards build-to-rent residential, food stores, logistics and hotels.

The latest investment performance figures from MSCI demonstrates an uptick in market sentiment. Total returns in Q2 were 1.71% across all sectors, with June marking the sixth consecutive month of positive total returns and the third month in a row where capital growth was marginally positive. Yields across most sectors appear to be stabilising, with pockets of yield compression where investor activity is centred. JLL Monthly Yield sheet suggests that prime yields for retail warehouse parks moved in by 75 basis during the quarter, from 6.25% in March to 5.50% in June. This movement has seen the retail sector outperform during Q2, with total returns of 2.79%. This compares favourably with returns in the industrial sector at 1.89% and with the office sector, which lagged behind at -0.19%. Yields for secondary offices with poor ESG credentials are still trending weaker, but the prime end of the office sector is more robust. A number of trophy assets in Central London have come to the market lately and could provide crucial evidence to the wider market. It will be interesting to see how competitive bidding for these assets gets.

With inflation returning to target levels and the outlook for GDP growth being for a steady recovery through the remainder of 2024 and into 2025, a stable and predictable political environment should give investors more confidence and serve as a tailwind for liquidity. With real estate yields showing signs of plateauing and rental growth resulting positive asset value growth, momentum may be turning a corner. We therefore expect to see investment volumes to gradually trend upwards.

Looking further ahead, the Labour policy pledges on business rates and planning reform as well as plans for a National Wealth Fund to unlock private investment could be very significant, if the stated objectives are met. Details on how these plans might work in practice have so far have been light. It could take several years for these plans to come to fruition and for their impacts to be felt. The next Budget will be crucial in providing more context and will indicate how committed they are to structural reform and bringing forward change.

Portfolio review and activity

Performance for the year to date has seen an improvement in momentum Capital values across the portfolio have increased by 2.22% in aggregate over the last six months, which compares favourably with the benchmark level of -0.33%.

There has been considerable variance across the different market segments, with offices seeing the largest valuation falls so far this year, whereas other market sectors have been more resilient and fared better. The Master Fund's office portfolio has seen values decline by 2.80%, which compares favourably against the benchmark at -3.80%. Office sector performance was supported by the relative resilience at The Earnshaw, Parnell House and Soho Square/Frith Street, all in London.

Attribution of relative return shows that the structure/sector allocations of the Master Fund have been a marginal drag on year to date performance. An underweight position to both industrials and alternatives has been detrimental. However, this has been offset by strong selection scores, with the portfolio outperforming in the Office and Industrial sectors. Year to date performance in the industrial sector was particularly strong at 10.71% compared to the benchmark at 3.53%

Investment Adviser's Report (continued)

Portfolio review and activity – continued

Income return over the year was lower than the benchmark, a function of the prime nature of the portfolio and the regional bias towards London, where yields are typically lower. Vacancy rate in the Master Fund has increased this year to 14.70% as at June 2024, this is the function of the vacancy at 111-117 New Bond Street with an ERV of £5.00m. This large space will be comprehensively refurbished and three new flagship stores will be created.

Rent collection

The Master Fund had a collection rate to date of 99.79% (30/06/23: 99.64%) of the rent demanded for the half year ending 30 June 2024. The remainder is subject to either ongoing discussions with tenants, agreements that have been reached or potential legal action to pursue recovery.

Balance sheet management

As at the 30 June 2024, the Master Fund held £89.31m (30/06/23: £70.74m) in cash (ex. distribution) equating to 2.69% (30/06/23: 2.17%) of the Master Fund's NAV. A further £363.76m (30/06/23: £300.15m) of cash is invested in Royal London cash funds for an enhanced near cash return.

There is no pending redemption as at 30 June 2024.

The Master Fund currently has no gearing.

Disposals

In January, the Master Fund completed on the sale of 6-8a Church Street, Kingston for £2.55m. The sale accords with the Master Fund's strategy to divest out of small lot sizes and was subsequently identified as a sale candidate as part of the 2024 Fund Strategy.

In April, the Master Fund completed on the sale of four industrial assets in Southall for a combined price of £315.00m to a specialist data centre provider, who paid a price considerably above the market value as an industrial asset. The estate comprises around 815,000 sq ft of aged industrial accommodation on 34 acres of land in West London, one of the core markets for data centres in the UK. The sale for data centre use offers the opportunity to exit at a best land value price, maximising the return secured for the Master Fund, with no development risk. These assets have been significant out-performers over recent years and the sale will contribute positively to fund performance for the year.

In June, the Master Fund completed on the sale of GP2002 Unit, Grove Park in Leicester for £10.33m. The property has historically performed well for the Master Fund but having completed the lease renewal in December 2023, it was decided there was limited scope for further value enhancement, with potential downside risk at the next reversion owing to what the market would deem to be the property's secondary specification and poor energy efficiency rating.

Also in June, the Master Fund completed on the sale of the affordable housing element of Medius House, 63-69 New Oxford Street in London for £3.66m. The sale is by way of grant of a 250 year head lease to the housing association. The Master Fund still retains the freehold and the ground/basement retail unit.

Acquisition

In May, the Master Fund acquired £140.00m in 1 month duration Treasury Bills and £140.00m in 3 month duration Treasury Bills. The combined £280.00m investment into Treasury Bills allows the Master Fund to benefit from a yield in excess of 5.00% whilst it seeks to redeploy the capital into real estate assets. The Master Fund initial trade of £500,000 was at 5.24%. Splitting the investment 50.00% between one and three months durations provides flexibility for forecast capital expenditure payments and redeployment timescales, as well as removing any risk of becoming overdrawn.

In June, the Master Fund acquired a further £30.00m in 1 month duration Treasury Bills and £90.00m in 3 month duration Treasury Bills. This took the Master Fund's total investment in Treasury Bills during the period to £400.00m with a mix of durations.

Asset management and lettings

Industrial

Unit 216A-D & 217A-D, Westminster Industrial Estate, Woolwich, Greater London: The Master Fund has successfully settled a rent review with SMP Group, the largest tenant by floor area and income at the Westminster Industrial Estate. The subject review relates to unit 216A-D and unit 217A-D (approx. 80,000 sq ft). The newly agreed rent is £956,810 per annum showing a 50.00% uplift on the previous rent (£644,383pa). As a result of this rent review and subsequent improvement on the valuers assumed settlement, the Master Fund benefited from a valuation increase of £825,000 on the quarter.

Elland Road Industrial Estate, Leeds: Unit 7, Elland Road Industrial Estate was let to Northside Truck & Van Limited on a lease expiring in November 2028, with an outstanding rent review from November 2023. The passing rent was £225,824 pa. After the usual negotiations, the Master Fund settled the rent review at a new passing rent of £320,000 pa, which reflects a 41.70% increase. During the negotiation it became apparent that the tenant was planning a major capital expenditure investment into the unit. Therefore a 6 year reversionary lease was also completed, extending their occupation until 2034, with open market rent reviews in 2028 and 2031. There was a period of 12 months at half rent as a tenant incentive.

Investment Adviser's Report (continued)

Portfolio review and activity – continued

Retail

Unit 4, Tunbridge Wells Shopping Park, Tunbridge Wells: In February 2024, the Master Fund exchanged an Agreement for Lease with Mountain Warehouse, subject to completion of landlord works. The rent will be the higher of £230,625 pa (£22.50 psf) or 12.00% of net sales. A 10 year lease was agreed with a break at the end of year 5 and an open market upward only rent review on the 5th anniversary. The tenant will benefit from a 12 month incentive package. Practical completion of the landlord works will be achieved on 8 April 2024 with the lease completing five working days thereafter.

149-151 Oxford Street, London: The retail element of the premises is occupied by Matalan who operated their break option effective 1st August 2024. In order to re-let the premises, it was agreed that the front elevation and internal ground floor required remodelling. In its current configuration, the building is unattractive both in terms of appearance and the retail layout. The brief was to create a façade that responded to the heritage of the site and its local context and improved the presence and lettability of the unit. In addition, minor improvements will be undertaken to the façade of the upper floors to rationalise the elevation. Planning permission for the remodelling was submitted to Westminster Council in March 2024 and granted in May 2024. As a result, the ERV is expected to increase to £1.35m pa compared with the valuation of £1.21m pa.

Offices

1-3 Long Acre & 20 Garrick Street, London: The 3 upper floors were all due to become vacant between April and September this year. Given the age of the building and current fit-out, this would normally have led to a full refurbishment project, followed by a leasing void and rent free period. RLAM have managed to re-let the 2nd & 3rd floors to an existing occupier, at the same rental level but without any rent free period or capital expenditure. With regard to the 4th floor the lease expires in October 2024 and we are in negotiation with the 2nd floor tenant to take the space on the same favourable terms as the 2nd & 3rd floors. This facilitates a 'block date' for the building in late 2029. This asset management initiative has maintained income for the Master Fund by preventing voids and reducing capital expenditure.

Responsible Property Investment (RPI)

Since the start of 2024, we have continued to make significant progress in delivering against our Responsible Property Investment (RPI) Strategy and our Net Zero Carbon Pathway. We are undertaking several programmes of works to embed these strategies and create positive environmental and social outcomes for our investors, occupiers, and other key stakeholders.

- Following the successful completion of Net Zero Carbon (NZC) audits across four multi-let offices within the Master Fund last year, we have commissioned a further five NZC audits across three multi-let offices and two single-let offices within the Master Fund. These audits benchmark the performance of the asset against the 1.5-degree pathway set out by the Carbon Risk Real Estate Monitor (CRREM) and the UK Green Building Council (UKGBC) Paris-proof Energy Use Intensity (EUI) target of 70 kWh/m2 by 2030. These audits identify interventions required to decarbonise our assets with regard to the lease profile and lifecycle of existing equipment, enabling us to achieve our target of NZC by 2040 across our whole portfolio.
- Completed the development of our Social Value Framework which identified opportunities to embed social value in our existing processes and procedures. The framework is accompanied by core key performance indicators (KPIs) which will be used to track and report on the progress of our interventions. We have now entered the pilot stage of the strategy where we will test the framework on five representative assets, of which two are within the Master Fund, across all typologies enabling us to establish an effective approach to implementing the framework across the Master Fund.
- Continued undertaking Energy Performance Certificate (EPC) assessments across all of our assets using the new methodology which came into effect in June 2022. In the year to June 2024, the number of A+ to B rated EPCs has increased from 95 to 194, whilst the number of C to G rated EPCs has decreased from 375 to 271. Additionally, EPC Building Upgrade Reports (BURs) are being produced on all units with an EPC rating below a B in response to the potential legislation requiring all commercial buildings to achieve an EPC B rating by 2030. As of June 2024, 68% of units with an EPC rating below a B have had a BUR completed. This highlights our focus on reducing the Master Fund's transitional risk, whilst delivering more operationally efficient assets for our occupiers.
- Continued our efforts in collecting occupier consumption data through the installation of utility loggers across our largest single-let properties and Automatic Meter Reading (AMRs) devices on all refurbishments and developments. We have also used two specialist consultancies to access aggregated, anonymous energy data at the building level directly from a national database across 549 single-let units to further increase occupier data coverage across the Master Fund.
- Completed flood risk assessments across all assets to identify those at highest risk of flooding both in the present day and in the future using climate projections. More detailed assessments are currently being undertaken on a further five assets within the Master Fund where the assessments identified a flood risk of medium or above in the present day or an increase to medium risk under the climate change scenario. Where required, mitigation measures are recommended, along with estimated costs to then be implemented.

Investment Adviser's Report (continued)

Responsible Property Investment (RPI) – continued

- Completed a desk-based biodiversity baselining exercise across all assets within the Master Fund in support of the development of our biodiversity framework. The framework will use this baseline to set quantifiable targets for different asset typologies to improve levels of biodiversity across the Master Fund, alongside the creation of sector-specific nature-based solution (NBS) design guides that can be used to inform interventions across our properties.
- Following the success of the RPI training day held in September 2023 for the Property team, we have commenced mandatory RPI training on a quarterly basis. These half day sessions cover various aspects of sustainability within the context of the Royal London Asset Management Property team, using our RPI strategy to create points of discussion and frame scenarios across investment, development, and asset management activities. To date, these training sessions have covered NZC and occupier engagement.

Stephanie Hacking
Portfolio Fund Manager
Royal London Asset Management Limited
19 August 2024

This report covers investment performance, activity and outlook. The Master Fund's Annual Assessment of Value report is available on www.rlam.com. Portfolio holdings are subject to change, for information only and are not investment recommendations.

The Task Force on Climate-related Financial Disclosures (TCFD) Report for Property Funds can be found on our website, at https://www.rlam.com/uk/institutional-investors/our-capabilities/property/responsible-property-investment/. This report has been prepared in accordance with the recommendations of the TCFD, which aims to help the investment community build a more in-depth and consistent picture of the impact of climate change.

The views expressed are the author's own and do not constitute investment advice and are not an indicator of future Master Fund's performance.

Source: Royal London Asset Management Limited, unless otherwise stated.

Portfolio Statement

As at 30 June 2024

Holding	Investment	Market value (£'000)	Total net assets (%)
Real Estate Authorised Contractual Scheme – 100.00% (31/12/23 – 100.00%)			
427,359	Royal London UK Real Estate Z Inc	46,784	100.00
Total value of investments		**46,784**	**100.00**
Net other assets		**–**	**–**
Total net assets		**46,784**	**100.00**

Summary of Material Portfolio Changes

For the six month period ended 30 June 2024

Significant Purchases

	Cost £'000
No purchases in the period	–

Significant Sales

	Proceeds £'000
Royal London UK Real Estate Z Inc	10,000

The purchases and sales detail the material changes in the portfolio during the period.

Comparative Table

Class J Gross Income

Change in net assets per share	30/06/24 (£)	31/12/23 (£)	31/12/22 (£)	31/12/21 (£)
Opening net asset value per share	107.54	111.14	119.98	102.48
Return before operating charges*	4.44	(0.85)	(5.82)	21.71
Operating charges	(0.65)	(1.33)	(1.52)	(0.90)
Return after operating charges*	3.79	(2.18)	(7.34)	20.81
Distribution on income share	(1.86)	(1.42)	(1.50)	(3.31)
Closing net asset value per share	109.47	107.54	111.14	119.98
* after direct transaction costs of:	0.00	0.00	0.00	0.00
Performance				
Return after charges	3.52%	(1.96)%	(6.12)%	20.31%
Other information				
Closing net asset value (£'000)	46,784	56,109	57,990	62,601
Closing number of shares	427,359	521,767	521,767	521,767
Operating charges excluding property expenses	0.69%	0.70%	0.71%	0.71%
Property expenses	0.47%	0.48%	0.49%	0.14%
Operating charges	1.16%	1.18%	1.20%	0.85%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
Prices				
Highest share price	112.76	114.16	136.59	123.58
Lowest share price	107.06	105.92	109.47	101.89

It should be remembered that past performance is not a reliable indicator of future performance and that the value of shares, and the income derived from them, can vary.

Financial Statements

Statement of Total Return

For the six month period ended 30 June 2024

		30 Jun 2024		30 Jun 2023
	£'000	£'000	£'000	£'000
Income				
Net capital gains/ (losses)		675		(288)
Revenue	1,175		1,218	
Expenses	(380)		(480)	
Interest payable and similar charges	–		–	
Net revenue before taxation	795		738	
Taxation	–		–	
Net revenue after taxation		795		738
Total return before distributions		1,470		450
Distributions		(795)		(740)
Changes in net assets attributable to shareholders from investment activities		**675**		**(290)**

Statement of Change in Net Assets Attributable to Shareholders

For the six month period ended 30 June 2024

		30 Jun 2024		30 Jun 2023
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		**56,109**		**57,990**
Amounts receivable on issue of shares	–		–	
Amounts payable on cancellation of shares	(10,000)		–	
		(10,000)		–
Changes in net assets attributable to shareholders from investment activities		675		(290)
Closing net assets attributable to shareholders		**46,784**		**57,700**

Balance Sheet

As at 30 June 2024

	30 Jun 2024 £'000	31 Dec 2023 £'000
Assets		
Fixed Assets:		
Investments	46,784	56,109
Current assets:		
Debtors	405	467
Cash and bank balances	–	–
Total current assets	405	467
Total assets	47,189	56,576
Liabilities		
Creditors:		
Distribution payable	405	467
Total liabilities	405	467
Net assets attributable to shareholders	**46,784**	**56,109**

Statement of Cash Flows

For the six month period ended 30 June 2024

	30 Jun 2024 £'000	30 Jun 2023 £'000
Net cash inflow from operating activities	**806**	**623**
Distributions paid to shareholders	(857)	(663)
Interest received	51	40
Net cash generated from operating activities	**–**	**–**
Cash flows from investing activities		
Receipts from sale of investments	10,000	–
Net cash inflow from investing activities	**10,000**	**–**
Net cash inflow before financing activities	**10,000**	**–**
Cash flows from financing activities		
Amounts paid on cancellation of units	(10,000)	–
Net cash outflow from financing activities	**(10,000)**	**–**
Net increase in cash during the period	**–**	**–**
Cash balance brought forward	–	–
Cash and bank balances at the end of the period	**–**	**–**

Notes to the Financial Statements

For the six month period ended 30 June 2024

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods/years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in compliance with the FCA's Collective Investment Schemes Sourcebook ("COLL") and in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102''), the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by The Investment Association in May 2014 and amended in June 2017 (the "2014 SORP") and the Prospectus and Instrument of Incorporation. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through the profit or loss.

Going concern

The ACD has undertaken a detailed assessment, and continues to monitor the Company's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Company continues to be open for trading and the Manager is satisfied the Company has adequate financial resources to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, it is appropriate to adopt the going concern basis in preparing the financial statements.

Tax transparency

Revenue, expenses, finance lease amortisation and taxation of Royal London UK Real Estate Fund (the "Master Fund"), are recognised on a look through basis proportionate to the Company's investment and are reflected within the Financial statements on account of the Master Fund being a tax transparent fund.

Basis of valuation of investments

The Company invests all of its capital in Class Z gross income share class of the Master Fund. This is valued at fair value, which is deemed to be the net asset value per share reported in the comparative table in the Master Fund's Annual Report and Accounts at the end of the current accounting period.

Revenue recognition

Distributions from collective investment schemes (the "Master Fund") are credited to revenue when the security is quoted ex-dividend. Accumulation of revenue relating to accumulation units or shares held in underlying funds is recognised as revenue and included in the amount available for distribution.

Distributions received from the underlying investment in the Master Fund are recognised on an accruals basis. The distributions reflect the Company's proportion of distributable revenue due, from its investment in the Master Fund. The revenue is recognised in the Company's revenue and expenses streams on a look-though basis.

Revenue is accrued in line with the Master Fund and is recognised when the Master Fund is priced ex-dividend.

Treatment of expenses

All expenses (other than those relating to the purchase and sale of units in the Master Fund) are charged to, and paid for, by the Master Fund. These include the annual management charge and fund administration charge.

Taxation

The Company qualifies as a PAIF for tax purposes. Accordingly, the income generated by its Property Investment Business will be exempt from tax. Any dividend income it receives from United Kingdom companies or, in general, from non-United Kingdom companies will also be exempt from tax. The Company would, however, be subject to tax in the unlikely event that there should be a net balance of other income, which will generally consist of interest but could include other property income, less deductible expenses and the gross amount of any PAIF interest distributions made, or a tax charge otherwise arises.

The Company's distributions will be split into up to three streams for United Kingdom tax purposes:

1. Property income distributions, representing income from its Property Investment Business;
2. PAIF dividend distributions representing any dividends received by it; and
3. PAIF interest distributions representing the net amount of all other income received.

Income tax has been provided for at an appropriate rate for distribution to shareholders and the calculation of the share price is net of tax. Income received from investment in the Master Fund is taxed depending on the income stream. Property Income is taxed at 20%, interest income being taxed at 20% and dividend income at 0%.

Deferred tax is provided on all timing differences that have originated but not reversed by the Balance Sheet date.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2024

2. Distribution policies

Basis of distribution

Revenue is generated by the Company's investments during each accounting period. The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable of the relevant share class and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate in relation to taxation, income unlikely to be received, income which should not be accounted for on an accruals basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

In order to conduct a controlled distribution flow to shareholders, interim distributions will be made at the ACD's discretion, up to a maximum of the distributable income available for the period. All remaining income is distributed, at share class level, to the shareholders in accordance with the Company's Prospectus.

The distribution policy is to distribute all available dividends (including distributions from collective investment schemes) on investments marked ex-dividend up to the accounting date are included in revenue inclusive of any tax deductions at source and net of attributable tax credits.

The policy of the Company is to make distribution to shareholders on a quarterly basis each year.

Gains and losses on investments, whether realised or unrealised, are taken to capital and not available for distribution.

Expenses

In determining the net revenue available for distribution, expenses that are deemed to be capital in nature or are related to the purchase and sale of investments are ultimately charged to the capital of the Company.

Equalisation

All share classes of the Company are priced and distribute on a quarterly basis, therefore, there are no group 2 units at the end of each distribution period and therefore no equalisation is applied to share class prices.

3. Risk management policies

The sole investment in the Company is shares in the Master Fund and is subject to the same underlying risks of the Master Fund. The Company has a concentrated portfolio (it invests 100% of its assets in the "Master Fund") and if this investment declines in value or is otherwise adversely affected, it will have a direct effect on the Company's value.

The risks set out below do not purport to be exhaustive and the ACD may be exposed to risks of an exceptional nature from time to time.

With the exception of the above, the risk factors applicable to the Master Fund also apply to the Company as follows:

Market price risk and valuation of collective investment scheme

The Company invests solely in the Master Fund which is a collective investment scheme. The value of this collective investment scheme is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual property or investment within the Master Fund or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser of the Master Fund seeks to minimise these risks by holding a diversified portfolio of direct property and other investments spread across all market sectors in line with the Master Fund's objectives. In addition, the management of the Master Fund complies with the Financial Conduct Authority COLL sourcebook, which includes rules limiting the size of investment in any particular holding. As a Feeder Fund invested in a single, qualifying authorised contractual scheme, the aforementioned limit is not applicable to the Company's own investment in the Master Fund.

Sensitivity analysis

The only investment within the Company is in the Master Fund and is dependent on the same sensitivities. The values of investment properties are driven by their equivalent yield. At the period end, the ACS's portfolio had an equivalent yield of 5.35% (31/12/23: 5.12%). If the yield of every property within the portfolio increased by 0.25% (31/12/23: 0.25%) it is estimated that the net asset would fall by 3.81% (31/12/23: 4.23%). If the yield decreased by 0.25% (31/12/23: 0.25%) it is estimated that the net asset value would rise by 4.22% (31/12/23: 4.72%). The 0.25% benchmark has been used to measure sensitivity analysis as the ACD believes that it is a good indicator of materiality in yield movements. These estimates are subject to the prevailing conditions at the period end.

The current equivalent yield by sector is shown in the following table, along with the potential impact to values if all the properties in the sector increased or decreased by 0.25%.

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2024

3. Risk management policies – continued

Sensitivity analysis – continued

Sector	Weighted average equivalent yield	Yield shift by Sector	Change in value if decrease in yield	NAV impact	Change in value if increase in yield	NAV impact
Industrial	5.30%	0.25%	38,139,000	1.25%	(34,602,000)	(1.13)%
Offices	5.71%	0.25%	41,236,000	1.35%	(37,439,000)	(1.23)%
Retail	4.93%	0.25%	43,049,000	1.41%	(38,342,000)	(1.26)%
Other	5.72%	0.25%	6,655,000	0.22%	(6,097,000)	(0.20)%

Liquidity risk

Since the Company invests solely in the Master Fund that comprise mainly immovable property, which is relatively illiquid and more difficult to realise than most equities or bonds, it can be exposed to liquidity risk surrounding its capacity to maintain sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet its obligations to fund its distribution payments and redemptions.

Included in the ACD's responsibilities for managing and monitoring the liquidity risk of the Company is to maintain liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for the Company and monitoring and assessing the policies and procedures of the Investment Adviser for the Company in managing the Company's liquidity limits. In determining its risk management policies, the ACD has taken into account the nature, scale and complexity of its activities including those of the delegated Investment Adviser, and has liquidity risk profiles that are consistent with those required for a well-functioning and robust system including the requirement to meet redemption requests from shareholders on each dealing day.

In exceptional circumstances, such as market uncertainty, the ACD may defer redemptions where the ACD considers it to be in the best interests of the shareholders. The deferral period for any redemption request is a maximum of 12 months from the original dealing day when the request for redemption would otherwise have been processed. When deemed appropriate by the ACD, acting in the best interests of the shareholders of the property of the Master Fund in money-market instruments and/or cash deposits, provided that the ACD satisfies all the rules in the COLL on the types of permitted investments.

Also during periods of uncertainty or volatile markets, the Investment Adviser may choose to hold a substantial proportion of the property of the Master Fund in money-market instruments and/or cash deposits, provided that the ACD satisfies all the rules in the COLL on the types of permitted investments.

The following table provides a profile of the Company's liquidity.

	Within three months	Over three months but not more than one year	Over one year
30 June 2024	**£000**	**£000**	**£000**
Cash at bank	–	–	–
	%	**%**	**%**
Shareholding that can be redeemed	–	–	100.00
Portfolio capable of being liquidated	–	100.00	–
31 December 2023	**£000**	**£000**	**£000**
Cash at bank	–	–	–
	%	**%**	**%**
Shareholding that can be redeemed	–	–	100.00
Portfolio capable of being liquidated	–	100.00	–

Credit and counterparty risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Master Fund. The Master Fund will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Concentration of credit risk refers to disproportionally large risk exposure to specific credit risks, such as, certain individual tenants, specific industry sectors and or regions of the counterparty. The Master Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the counterparty.

In managing counterparty and concentration of credit risk, rental income from any one tenant or tenants within the Master Fund is monitored so that it does not exceed a certain threshold of the aggregate revenue in relation to the property investments in any accounting period as determined from time to time by the manager of the Master Fund. Rent is collected from tenants in advance, usually quarterly. The cash of the Master Fund is placed on deposit with reputable financial institutions and is subject to limits as disclosed in the Prospectus.

In the event of the insolvency of a counterparty, the Master Fund might not be able to recover cash or assets of equivalent value in full. The Master Fund uses an internally generated probability of default based on externally supplied data by MSCI which is derived from Dunn & Bradstreet UK Failure Score to assess the recoverability of the lease receivables.

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2024

3. Risk management policies – continued

Credit and counterparty risk – continued

There are no significant concentrations of credit risk, whether through exposure to certain individual tenants, specific industry sectors and or regions. The credit ratings of the investments are monitored frequently for credit deterioration. By diversifying the portfolio, where this is appropriate and consistent with the Master Fund's objectives, the risk that a significant change in the credit risk or quality of certain individual tenants, particular sector, specific industry and or regions will have a material impact on the Net Asset Value of the Master Fund is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

The Master Fund adheres to regulatory and fund management guidance and investment strategy that mitigates any risk of excessive exposure to any particular type of sector or tenant type.

The Master Fund cash and short term deposits at 30 June 2024 amounted to £89.31m (31/12/23: £45.10m). Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings.

At 30 June 2024, taking into consideration any offset arrangements, the largest combines credit exposure by the Master Fund to a single counterparty arising from money market deposits, liquid investments and derivatives was £89.31m (31/12/23: £45.10m). This represents 2.69% (31/12/23: 1.42%) of gross assets of the Master Fund.

The deposit exposures are with UK banks.

Currency risk

All financial assets and financial liabilities of the Company are in sterling; thus the Company has no exposure to currency risk at the Balance Sheet date.

Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts held by the Master Fund will be affected by fluctuations in interest rates and hence the distribution receivable by the Company from the Master Fund. The ACD continuously reviews interest rates and the assessment of this may result in a change in investment strategy.

The interest rate risk is low for the Company and therefore no sensitivity analysis has been performed.

Inflation risk

Inflationary risk is the risk that the future value of an investment, asset, or income stream, in real terms, will be reduced by unanticipated inflation.

A key to the effectiveness of managing inflationary risk associated with the fall in real income or returns lies in the Master Fund's ability to raise rents in markets with low vacancy rates, thus outpacing rising inflation and potentially increasing income distribution to unitholders/shareholders. The Master Fund also use built-in rent escalators that are tied to inflation that can directly drive rental income which protects the income-generation of existing leases. The Master Fund also allow new leases to capitalise on rising market rents when the leases are being agreed. In general, Property investment has served as a hedge against inflation over the long term and tend to be less sensitive to inflationary risk and may even benefit from unanticipated inflation.

The ACD address inflationary risk associated with increased costs by adjusting its cash flows for inflation to prevent changes in purchasing power especially in relation to capital expenditure such as construction and refurbishment costs. The ACD and the Investment Adviser employ various risk management measures such as, the use of fixed price contract sums; inflation contingency in budgets and in appraisals; early procurement of risk packages; and protection against amendments in construction contracts where the contractor may seek to include an exclusion related to material inflation or supply chain issues.

The ACD assesses the inflation risk and has determined that inflation risk is low and therefore no sensitivity analysis has been performed.

Leverage risk

The Master Fund may from time to time use leverage of up to 20% of the net asset value, either in the form of borrowings (for example, for the purposes of funding acquisitions in anticipation of receiving subscriptions or to meet redemption requests as part of the liquidity management of the Master Fund).

Currently the Master Fund has no borrowings of cash or securities as it does not believe it is needed as this time and as such no disclosure is required under the AIFM Directive.

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2024

3. Risk management policies – continued

Climate Risk

Climate risk is the risk that asset valuations and the wider economy are negatively impacted by the transition to a low-carbon economy, as well as the physical risk to asset holdings as a result of severe weather events and longer-term shifts in climate.

The built environment is particularly susceptible to the effects of climate change. It affects the exposure of our assets to physical risks, such as flooding. It influences transition risks, such as divestment away from high-risk assets. It contributes to urban heat islands and impacts the health and wellbeing of occupants and local communities.

The Master Fund has reviewed the carbon footprint and emissions trajectory of its property portfolio for the coming decades. Based on this review, it has developed an informed pathway to decarbonise the property portfolio and achieve net zero carbon. This pathway is aligned with the latest industry guidance and principles for the built environment on how to reduce and compensate for its emissions meaningfully and accountably.

A key element of the Master Fund's risk mitigation strategy is set out within its new Responsible Property Investment (RPI) framework which covers four strategic focus areas:

- Investing in a resilient portfolio
- Developing for the future
- Managing assets for positive impact
- Responsible decision making.

Ten material Environmental, Social & Governance (ESG) issues form the foundation of the RPI framework, of which one was identified as the 'Transition to net zero carbon'. A set of Key Performance Indicators (KPIs) will be developed to track quantitative performance against achieving net zero carbon and actions will be undertaken as necessary to ensure fulfilment of the Master Fund's goals.

Economic and political risk

The performance of the Company may be adversely affected by the impact of geopolitical and general economic conditions under which the Company operates.

Political risks include changes in landlord and tenant, planning, trust or other law in the UK could also materially affect the investment returns.

Geopolitical risk feeds through into real economic activity because uncertainty over future economic conditions, particularly when caused by a large-scale war, causes firms and consumers to adopt a 'wait and see' approach, cutting back on investment and consumption plans.

The ongoing conflicts in Ukraine and in the Middle East continue to carry huge risks for the world economy. If geopolitical uncertainties persist, volatility in energy prices and inflation could return. The Master Fund has no exposure to Russian companies as commercial tenants or investment.

However, sanctions imposed on Russia as a response by the UK and its allies have had a significant impact on the UK economy due to the disruption to the supply of energy to Europe which has affected wholesale prices in the UK to a greater extent than implied by direct trade links. The full economic impact of the conflicts on Western economies including the UK with higher inflation, volatile financial markets and adverse economic environment will depend on the extent to which the conflicts, and therefore the severity of sanctions and economic disruption, escalates and how long they last.

The returns that are likely to be achieved on an investment in the Master Fund, which invests in assets predominantly based in the UK, are not likely to be materially affected by the situation in Ukraine but by the political and economic climate in the UK.

Distribution Table

For the six month period ended 30 June 2024

Class J Gross Income

Distribution in pence per share

Distribution period	Distribution per share	Equalisation	Total distribution per share 2024	Total distribution per share 2023
March				
Group 1	91.3041		91.3041	66.4898
Group 2	91.3041	–	91.3041	66.4898
June				
Group 1	94.7524		94.7524	75.2980
Group 2	94.7524	–	94.7524	75.2980

All share classes of the Company are priced and distribute on a quarterly basis therefore there are no group 2 shares at the end of each distribution period and therefore no equalisation is applied to share class prices.

Fact File

Royal London UK Real Estate Feeder Fund

Launch date	Class J – Gross Income Shares	1 October 2017
Accounting end dates	31 December (Final)	
	30 June (Interim)	
Distribution dates	20 January (Final)	
	20 April	
	20 July	
	20 October	
Minimum investment	£50m	
Management charges	Preliminary charge	1.25%
	Annual management charge	0.00%

General Information

Pricing and dealing

For the purposes of determining the prices at which Shares may be purchased from or redeemed by the ACD, the ACD will carry out a valuation of the Company's Property at 23:59 UK time each Dealing Day (the "valuation point") on the last Business Day (a day on which the London Stock Exchange Limited is open for business) of each calendar quarter, unless otherwise agreed by the Depositary. However, the ACD may, at its discretion, value the Company at any other time.

Dealing in Shares are conducted on a quarterly basis; on the last calendar day of each calendar quarter (i.e. the 31 March, 30 June, 30 September and 31 December) (a Dealing Day), between 9:00 and 17:00 UK time.

Subscription of shares

In order for an application to be dealt with at the above Valuation Point on any Dealing Day, an investor should complete an application form available from the ACD and returned by 12:00 midday UK time on the last Business Day that is at least three months prior to the Dealing Day. Instructions received after this point will be dealt with on the next Dealing Day. On acceptance of the application, Shares will be sold at the relevant sale price, and a contract note confirming the sale price and the number of Shares sold together with, in appropriate cases, a notice of the applicant's right to cancel, will be issued. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

Redemption of shares

To redeem Shares, an investor should provide a written instruction by 12:00 midday UK time on the last Business Day that is at least six months prior to the relevant Dealing Day to the ACD at its administration centre with instructions to redeem the relevant number (if known) or value of Shares. Instructions received after this point will be dealt with on the next applicable Dealing Day. The Shares will be repurchased at the price calculated at the valuation point on the appropriate Dealing Day. Proceeds of redemption (less, if the proceeds are to be remitted abroad, the cost of such remittance) will be paid no later than the close of business on the fourth business day following receipt of a signed form of renunciation.

Settlements time

Subscription settlement is by 17:00 UK time at the Business Day, four full Business Days prior to the relevant Dealing Day. Redemption settlement is by 17:00 UK time at the Business Day, five full Business Days prior to the relevant Dealing Day.

Distribution dates

Distribution of income is on the 20th calendar day following the end of the relevant accounting period.

UK taxation

The tax consequences for each Shareholder of acquiring, holding, redeeming or disposing of Shares in the Company depend upon the relevant laws of any jurisdiction to which the Shareholder is subject and may be subject to change in the future. Prospective Shareholders should seek their own professional advice as to this, as well as to any relevant exchange control or other relevant laws and regulations if they are in any doubt as to their tax position.

The Company is an authorised scheme and so is not liable to tax on capital gains on the disposal of any of its property.

The Company qualifies as a PAIF for tax purposes. Accordingly, the income generated by its Property Investment Business will be exempt from tax. Any dividend income it receives from United Kingdom companies or, in general, from non-United Kingdom companies will also be exempt from tax. The Company would, however, be subject to tax in the unlikely event that there should be a net balance of other income, which will generally consist of interest but could include other property income, less deductible expenses and the gross amount of any PAIF interest distributions made, or a tax charge otherwise arises.

The Company's distributions will be split into up to three streams for United Kingdom tax purposes:

1. Property income distributions, representing income from its Property Investment Business;
2. PAIF dividend distributions representing any dividends received by it and certain income; and
3. PAIF interest distributions representing the net amount of all other income received.

Tax-exempt United Kingdom Shareholders: United Kingdom Shareholders who are exempt from tax on income will be able to reclaim from HMRC the basic rate income tax withheld on the payment of property income distributions.

Corporate United Kingdom Shareholders: Property income distributions are generally paid to United Kingdom corporation tax payers without the deduction of tax at source and are taxed as profits of a property business. PAIF interest distributions are also paid gross to United Kingdom corporation tax payers, and are taxed as yearly interest in their hands. PAIF dividend distributions are treated in the same way as dividends paid by United Kingdom companies, and are therefore exempt from corporation tax.

Non-United Kingdom Shareholders: Non-United Kingdom resident Shareholders may be entitled to reclaim part or all of the tax credit on an income distribution or accumulation from HMRC, depending on their personal circumstances and the terms of any double taxation agreement between their country of residence and the United Kingdom.

General Information (continued)

UK taxation – continued

For all income allocations: A tax voucher showing the amount of the income distributor or deemed to be distributed for United Kingdom tax purposes to the Shareholder and any tax deducted will be sent to Shareholders at the time.

Capital gains: The sale of Shares by a Shareholder will constitute a disposal for the purposes of United Kingdom tax on capital gains. The extent of any liability to United Kingdom tax will depend upon the particular circumstances of the Shareholder. For Shareholders within the charge to corporation tax, net capital gains on Shares should be added to their profits chargeable to corporation tax. Any individual Shareholders resident in the United Kingdom will generally be liable to tax on their capital gains. Non-United Kingdom resident Shareholders may also be liable to United Kingdom capital gains tax (or corporation tax) in respect of post-April 2019 gains realised on the disposal of their Shares, depending on their personal circumstances and the terms of any double tax agreement between their country of residence and the United Kingdom.

SDRT: There is no stamp duty or stamp duty reserve tax (SDRT) payable on issues or redemptions of Shares in the Company or on the subscription for or redemption of units in the Master Fund. SDRT may be payable in certain circumstances when a Shareholder transfers ownership of Shares directly to another person.

International and UK tax reporting: In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as 'FATCA' and the international Common Reporting Standard ('CRS')), the ACD (or its agent) will collect and report information about Shareholders for this purpose, including information to verify their identity and tax status. When requested to do so by the ACD or its agent, Shareholders must provide information to be passed on to HMRC, and, by them, to any relevant overseas tax authorities.

Shareholders who do not supply the requisite information when they apply for Shares will not be issued with any Shares and any Shareholders subsequently refusing to provide the requisite information to the ACD may be reported to HMRC, and, by them, to certain overseas tax authorities including those of the United States. If a prospective investor is concerned about this, he should take appropriate advice.

Authorisation

The Company was authorised by the Financial Conduct Authority on 7 June 2017.

ACD reports and Prospectus

Copies of the latest yearly and half yearly financial statements and copies of the Prospectus may be obtained from Royal London Unit Trust Managers Limited upon request.

Contact Us

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