Royal London UK Real Estate Fund

Annual Report

For the year ended 31 December 2024

Contents

* The ACS Manager's report comprises these items.

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

ACS Information

Authorised Contractual Scheme (the "ACS")

Royal London UK Real Estate Fund

Registered office:
80 Fenchurch Street, London EC3M 4BY

Authorised Contractual Scheme Manager (the "ACS Manager")

The ACS Manager 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

F: 020 7506 6501

Directors of the ACS Manager

A.L. Hunt

H.I. Georgeson

J.M. Brett (Non-executive Director)

J.M. Jackson (Non-executive Director)

J.S. Glen (Appointed 1 April 2024)

R. Kumar

R.A.D. Williams (Resigned 26 April 2024)

S. Spiller

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 ACS Manager

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 ACS Manager

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Standing Independent Valuers

Cushman & Wakefield Debenham Tie Leung Limited

43/45 Portman Square, London W1A 3BG

CBRE Limited

Henrietta House, Henrietta Place, London W1G 0BN

Property Manager

Jones Lang LaSalle Limited (JLL)

30 Warwick Street, London W1B 5NH

Legal Advisers to the ACS Manager

Eversheds Sutherland (International) LLP

One Wood Street, London EC2V 7WS

Independent Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor

15 Canada Square, London E14 5GL

With effect 20 June 2024 PricewaterhouseCoopers LLP resigned as auditor of the ACS. The Directors have appointed KPMG LLP as replacement.

Report of the ACS Manager

We are pleased to present the Annual Report and Financial Statements covering the year from 1 January 2024 to 31 December 2024.

About the ACS

Royal London UK Real Estate Fund (the "ACS") is an authorised contractual scheme in co-ownership form under section 235A of the Financial Services and Markets Act 2000 and was authorised by the FCA with effect from 3 February 2017. The FCA's product reference number (PRN) for the ACS is 769047.

As a consequence of being constituted as an authorised co-ownership scheme, the ACS is treated as tax-transparent in the UK. The structure was designed with the intention of its being regarded as tax-transparent elsewhere. Unitholders which are resident for tax purposes in the UK or in any other jurisdiction which recognises the tax-transparency of the ACS will be treated as receiving their appropriate proportion of the net income arising from the Scheme Property as it arises.

The unitholders are not liable for the debts of the ACS.

Authorised status

The ACS is a single sub-fund and a stand-alone Collective Investment Scheme as defined in the Financial Services and Markets Act 2000. The ACS was authorised by the Financial Conduct Authority (FCA) on 3 February 2017. The ACS is a Qualified Investor Scheme (QIS) and qualifies as an Alternative Investment Fund within the meaning of Alternative Investment Fund Managers Directive ("AIFMD") for the purposes of the FCA Rules.

Royal London UK Real Estate Feeder Fund, a stand-alone open-ended investment company with variable capital (ICVC) with a Property Authorised Investment Fund (PAIF) status dedicated to investment in units of the ACS was launched for those investors unable to invest directly in the ACS.

The financial statements

The information for Royal London UK Real Estate Fund (the "ACS") has been included in these financial statements. We have provided a detailed description of the strategy that was adopted during the year under review.

Change of Independent Auditor

With effect 20 June 2024 PricewaterhouseCoopers LLP resigned as auditor of the ACS. The Directors appointed 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

ACS Manager

R. Kumar (Director)

S. Spiller (Director)

22 April 2025

Statement of ACS Manager’s Responsibilities in Relation to the Financial Statements of the ACS

The FCA Collective Investment Schemes Sourcebook (COLL) requires the ACS Manager to prepare financial statements for each accounting year which give a true and fair view of the financial position of the ACS for the year.

The financial statements are prepared on the basis that the ACS will continue in operation unless it is inappropriate to assume this. In preparing the financial statements the ACS Manager is required to:

- select suitable accounting policies and apply them consistently;
- make adjustments and estimates that are reasonable and prudent;
- comply with the requirements of the Statement of Recommended Practice for Authorised Funds issued by The Investment Association in May 2014 and amended in June 2017 (the 2014 SORP);
- follow UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- comply with the disclosure requirements of the prospectus and the provisions of the Co-Ownership Deed and Supplemental Co-Ownership Deed (ACS Deed);
- use the going concern basis of accounting unless they either intend to liquidate the ACS or to cease operations, or have no realistic alternative but to do so;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

The ACS Manager is responsible for the management of the ACS in accordance with its Prospectus, the FCA’s rules, provisions of the ACS deed and to use monitoring controls to enable preparation of financial statements free from material misstatements or error.

Investment Adviser's Report

Objective

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

Strategy

The ACS 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 overview

Fund performance over the 12 months to December 2024 was 6.14% outperforming the MSCI/AREF All Balanced UK Quarterly Property Fund Index by 75 basis points.

Positive performance was delivered from strong capital growth in the industrial portfolio, which was boosted significantly by the sale of the Southall Industrial Estate at £315m, to a specialist data centre provider.

Market overview

Following on from two years of weak investment performance, when ungeared total returns from UK real estate were negative, 2024 saw a welcome return to positive territory as sentiment gradually improved as the year progressed. According to the MSCI UK Monthly Index, total returns over the calendar year were 7.0% across all sectors. This compares favourably to a long-term average of 5.5%, over the past 20 years. Performance during the final quarter of the year accelerated to 2.8%, the strongest single quarter since Q2 2022, when the market was rebounding after the pandemic.

The recovery in pricing has been supported by central banks reducing interest rates, which has subsequently improved investor sentiment in property. As a result, investors are increasingly seeking opportunities to deploy capital, in order to take advantage of this cyclical turning point. Recent evidence supports this, with transactional activity increasing towards the end of the year.

Looking at submarkets in more detail, the retail sector was the best performing area of the market with total returns of 10.4% over the past 12 months. This performance was driven by the retail warehouse sector, which benefitted from a combination of positive rental growth and yields tightening, in addition to a relatively high income return. The retail sector was closely followed by industrial sector where total returns stood at 9.2% for the year. Industrial assets continued to see strong increases in rental values with yields relatively stable year-on-year. The office sector lagged the wider market with returns of -0.2%. Office values declined over the 12 months, the result of yields continuing to drift out, however there were signs of stabilisation in the final quarter of the year.

Portfolio commentary

The Fund performed better than its benchmark over the past 12 months. This is the sixth consecutive calendar year that the Fund has outperformed its benchmark. The Fund benefits from a large, well-diversified portfolio of assets with a focus on prime buildings in core markets. In April 2024, the Fund completed the sale of four industrial assets in Southall for a combined price of £315m to a specialist data centre provider, who paid a price considerably above the market value as an industrial asset.

Another area of the portfolio that added significant upside was the retail warehouse portfolio. The Fund owns seven retail warehouses across the UK, with a combined capital value of £291m. In 2024, the retail warehouse portfolio delivered a total return of 14.3%, with strong contributions from assets located at Greenford, Norwich, Watford and Chatham.

The three biggest detractors from relative performance during 2024, were all Central London office assets. The Earnshaw, London is the largest asset in the portfolio with a valuation of £285m. The total return over the year was positive at 2.2% and ahead of the benchmark average for offices, but as it lagged the all sector average, it weighed on overall performance for the year.

The Fund was active in the investment market disposing a total of seven assets with combined sale proceeds of £331m. In October, the Fund completed the freehold acquisition of a prime industrial development site in Coventry for £36.1m. This acquisition is in line with the Fund's strategy to increase its industrial sector exposure whilst continuing to improve the environmental and sustainable credentials of the portfolio.

Investment outlook

We believe that the outlook for property in 2025 remains positive. Economic growth is expected to sustain occupational demand, which enjoyed a strong end to 2024. A continuation of the rate-cutting cycle should support a recovery in capital values in the UK and globally.

Investor demand and risk appetite have risen, boosting competition for assets and is starting to drive prices higher albeit slowly. We expect this trend to intensify in 2025. Following the general election, the UK is considered relatively more stable than other large European economies, which will appeal to investors. As a result, we expect international investors to renew their appetite for UK property.

Investment Adviser's Report (continued)

Investment outlook – continued

We forecast that all-property total returns will average 7.1% annually over the next five years, driven by some yield compression and rental growth. Certain sectors are expected to outperform this average. Among these are the industrial and living sectors, which are supported by strong fundamentals, particularly a limited supply. This suggests a strategy to focus investment on build-to-rent, healthcare, and industrial sectors.

Responsible Property Investment (RPI)

In 2024, we released our Responsible Property Investment (RPI) Report and our Net Zero Carbon (NZC) Progress Report. These publications showcase the substantial advancements made in implementing our RPI Strategy and NZC Pathway, initially introduced in 2021. We are actively engaged in multiple initiatives to integrate these strategies, aiming to generate positive environmental and social impacts for our investors, occupiers, and other key stakeholders.

- Completed five additional NZC audits, increasing the total number of audits within the Fund to nine. These audits identify the necessary interventions to decarbonise our assets, considering lease profiles and the lifecycle of existing equipment. The recommendations from the reports have been embedded within the annual asset business plan process, with a view to review progress bi-annually. This allows for the interventions to be considered when making asset management decisions.
- Commenced social value pilots on two representative assets within the Fund to test our newly established Social Value Framework created in 2024. This consisted of the completion of a place-based needs analysis to identify opportunities to deliver social value based on the local needs in the vicinity of the asset. We have engaged with key stakeholders, namely the property and facilities managers, as well as the asset manager to ensure its seamless delivery.
- Continued undertaking Energy Performance Certificate (EPC) assessments across all assets. Over 2024, the proportion by floor area of A+ to B rated EPCs increased from 27% to 49%, whilst the proportion of C to G rated EPCs decreased from 61% to 39%. This highlights our commitment to delivering operationally efficient buildings for our occupiers and minimising our transitional risk.
- 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. Detailed assessments have been undertaken on a further five assets within the Fund where the assessments identified a flood risk rating of Medium or above in the present day or an increase to Medium risk under the climate change scenario. Mitigation measures have been recommended, along with the estimated costs of implementation. Following completion of these detailed assessments, discussions with relevant stakeholders will be undertaken to help inform our investment strategy.
- Initiated the development of a solar photovoltaic (PV) specification guide to facilitate our progress towards NZC for which onsite renewable energy is crucial. This guide will set the minimum design and specification requirements for PV array installations, ensuring both occupier and landlord installations meet standards and protect the value of our assets. This guide will contribute towards us achieving our target of generating 9.5 GWh of onsite renewable energy by 2040, as outlined in our NZC Pathway.
- Commenced the development of occupier sustainable fit-out guides. This strategic initiative aims to ensure that our occupiers uphold the sustainability standards established during the design process of our buildings, whilst also supporting their own sustainability goals. These guides offer clear and comprehensive recommendations, including the selection of eco-friendly materials and energy efficient systems. Furthermore, they will enable us to better track the embodied carbon generated through the fit-out process, allowing for more accurate greenhouse gas (GHG) emissions reporting.
- Initiated updates to our Sustainable Acquisition Checklist following the eagerly anticipated 2024 update to the Better Buildings Partnership (BBP) Acquisition Toolkit. This will ensure that our due diligence process is considering any new regulatory changes as well as shifting Environmental, Social and Governance (ESG) priorities across the real estate industry. A robust due diligence process for assessing asset ESG performance of is critical to making well-informed investment decisions and ensuring resilience is integrated within the Fund.

Stephanie Hacking
Portfolio Fund Manager
Royal London Asset Management Limited
10 March 2025

This report covers investment performance, activity and outlook. The ACS' 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.royallondon.com/about-us/our-purpose/responsible-business/sustainability-reporting/. 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 the ACS's performance.

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

Portfolio Statement

As at 31 December 2024

Investments	Holding	Tenure	Sector	31 December 2024 Market value (£'000)	Total net assets (%)
Direct Properties					
Direct Properties Market Values up to £25m – 12.79% (31/12/23 – 13.59%)					
Bedfont – Cargo 30		Freehold	Industrial		
Chelmsford – 5 Springfield Business Park Phase 1		Freehold	Industrial		
Chelmsford – 5 Springfield Business Park Phase 2		Freehold	Industrial		
Chelmsford – 5 Springfield Business Park Phase 3		Freehold	Industrial		
Chelmsford – Land at Springfield Business Park		Freehold	Industrial		
Eastleigh – Royal London Park		Freehold	Industrial		
Gatwick – 2 City Place		Freehold	Offices		
Leeds – Phase 1 and 2 Manston Industrial Estate		Leasehold	Industrial		
Leeds – Stourton Link Haigh Park Road		Freehold	Industrial		
London W1 – 103/103a Oxford Street		Freehold	Retail		
London W1 – 22 Old Bond Street		Leasehold	Retail		
London WC1 – Medius House		Freehold	Offices		
London WC2 – 2-4 Bucknall Street and 12 Dyott Street		Freehold	Offices		
Maidenhead – 68 Lower Cookham Road, Whitebrook Park		Freehold	Offices		
Maidenhead – Beach House		Freehold	Offices		
Maidenhead – King's Gate		Freehold	Offices		
Manchester – Davenport Green		Freehold	Other Commercial		
Manchester – H&M – Kings Court		Leasehold	Retail		
Northampton – Units 1-5 Brackmills Industrial Estate		Freehold	Industrial		
Oxford – Centremead / Ferry Mills		Freehold	Industrial		
Redhill – Gatton Park Business Centre		Freehold	Industrial		
Southampton – Southampton Mail Centre		Freehold	Industrial		
Tamworth – Audi Garage, Cardinal Point		Freehold	Other Commercial		
Tamworth – Cardinal Point Retail Park		Freehold	Retail Warehouse		
Tamworth – Distribution Unit, Winchester Road		Freehold	Industrial		
Tamworth – Plot 1- Mini Car Showroom		Freehold	Other Commercial		
Tamworth – Plot 4 – BMW Car Showroom		Freehold	Other Commercial		
Tamworth – Ventura Park Trading Estate		Freehold	Industrial		
Tunbridge Wells – Longfield Road Retail Park		Freehold	Retail Warehouse		
Windsor – Minton Place and Consort House		Freehold	Offices		
Total Direct Properties Market Values up to £25m				**404,125**	**12.79**
Direct Properties Market Values between £25m and £50m – 12.04% (31/12/23 – 15.53%)					
Chatham – Horsted Retail Park		Freehold	Retail		
Coventry – Pickford Gate Industrial Development*		Freehold	Industrial		
Daventry – Distribution Centre		Freehold	Industrial		
Hayes – Pasadena Close		Freehold	Industrial		
Hemel Hempstead – Robert Dyas		Freehold	Industrial		
Leeds – Colton Retail Park		Freehold	Retail Warehouse		
London EC3 – 62-63 Fenchurch Street		Freehold	Offices		
London NW10 – 1-11 Cumberland Avenue		Freehold	Industrial		
London NW10 – Cumberland and Whitby Avenue		Freehold	Industrial		
London W1 – 149 &151/151a Oxford Street		Freehold	Retail		
London WC2 – 20 and 1-3 Long Acre and 20 Garrick Street		Freehold	Offices		
Total Direct Properties Market Values between £25m and £50m				**380,600**	**12.04**
Direct Properties Market Values between £50m and £100m – 38.19% (31/12/23 – 32.60%)					
Bristol – 1-3 & 5-9 Broad Plain		Freehold	Offices		
Brixton – Ellerslie Square Industrial Estate		Freehold	Industrial		
Greenford – Westway Shopping Park		Freehold	Retail		
Hayes – 1/3 Uxbridge Road		Freehold	Industrial		
London EC1 – 14-21 Holborn Viaduct*		Freehold	Offices		
London EC4 – 1-3 St Pauls Churchyard		Freehold	Offices		
London SE1 – Land at Six Bridges Trading Estate		Freehold	Industrial		
London SE18 – Westminster Industrial Estate		Freehold	Industrial		
London SW1 – 85/87 Jermyn Street		Freehold	Offices		
London SW1 – Parnell House		Freehold	Offices		
London W1 – Frith & Dean Street and Soho Square		Freehold	Offices		
London W1 – 470/482 Oxford Street and Granville Place		Leasehold	Retail		
London W1 – Kingsley House		Freehold	Offices		
London WC2 – 9-12 Bow Street and Hanover Place*		Freehold	Retail		
Norwich – Sprowston Retail Park		Freehold	Retail		
Salford – Metroplex Business Park		Freehold	Industrial		
Watford – Century Retail Park		Freehold	Retail Warehouse		
Total Direct Properties Market Values between £50m and £100m				**1,207,050**	**38.19**

Portfolio Statement (continued)

As at 31 December 2024

Investments	Holding	Tenure	Sector	31 December 2024 Market value (£'000)	Total net assets (%)
Direct Properties Market Values greater than £100m – 21.38% (31/12/23 – 26.31%)					
London W1 – 120-122 New Bond Street		Freehold	Retail		
London W1 – Ham Yard Hotel		Freehold	Hotel		
London WC1 – The Earnshaw, New Oxford Street, London		Freehold	Offices		
Total Direct Properties Market Values greater than £100m				**675,650**	**21.38**
Collective Investment Schemes – 14.38% (31/12/23 – 11.42%)					
Industrial Property Investment Fund	47,845		Collectives	80,979	2.56
Royal London Short Term Fixed Income E Fund	95,045,741		Collectives	110,300	3.49
Royal London Short Term Fixed Income Fund	48,791,865		Collectives	56,221	1.78
Royal London Short Term Money Market Fund	182,242,349		Collectives	207,081	6.55
Total Collective Investment Schemes				**454,581**	**14.38**
Portfolio of investments				**3,122,006**	**98.78**
Adjustments to Fair Value**				**(44,270)**	**(1.40)**
Net other assets				**82,903**	**2.62**
Total net assets				**3,160,639**	**100.00**

* Under construction.

** Adjustments to Fair Value include lease incentives, rent free debtors and finance lease payables.

Summary of Material Portfolio Changes

For the year ended 31 December 2024

Significant Purchases

	Cost £'000
UK Treasury Bill 0% 05/08/2024	141,083
United Kingdom Treasury Bill 0% 03/06/2024	110,290
United Kingdom Treasury Bill 0% 11/11/2024	89,491
United Kingdom Treasury Bill 0% 16/09/2024	88,842
Royal London Short Term Money Market Fund	79,166
United Kingdom Treasury Bill 0% 28/10/2024	64,750
Coventry – Pickford Gate Industrial Development	36,142
United Kingdom Treasury Bill 0% 15/07/2024	29,881
United Kingdom Treasury Bill 0% 10/06/2024	29,700
Royal London Short Term Fixed Income E Fund	4,454
Total purchases for the year	**673,799**

Significant Sales

	Net proceeds £'000
Southall – International Trading Estate	243,900
UK Treasury Bill 0% 05/08/2024	141,806
United Kingdom Treasury Bill 0% 03/06/2024	110,716
United Kingdom Treasury Bill 0% 11/11/2024	90,000
United Kingdom Treasury Bill 0% 16/09/2024	90,000
United Kingdom Treasury Bill 0% 28/10/2024	65,000
Southall – Brent Park Industrial Estate	40,300
United Kingdom Treasury Bill 0% 15/07/2024	30,000
United Kingdom Treasury Bill 0% 10/06/2024	29,840
Southall – 169 Brent Road	17,100
Total proceeds from sales for the year	**858,662**

Significant Capital Expenditure

	Cost £'000
London EC1 – 14-21 Holborn Viaduct	59,519
London EC3 – 62-63 Fenchurch Street	3,177
Coventry – Pickford Gate Industrial Development	3,112
Maidenhead – King's Gate	2,707
Bristol – 1-3 & 5-9 Broad Plain	2,369
London W1 – 120-122 New Bond Street	2,301
Subtotal	**73,185**
Total capital expenditure for the year	**80,009**

The purchases, sales and top 6 capital expenditure detail the material changes in the portfolio during the year.

Significant Valuation Movements

	Valuation Changes £'000
London EC1 – 14-21 Holborn Viaduct	53,000
London W1 – 120-122 New Bond Street	7,700
London WC1 – The Earnshaw, New Oxford Street, London	6,050
London W1 – 470/482 Oxford Street and Granville Place	(8,125)
London W1 – Kingsley House	(9,800)
Total significant Valuation movements for the year	**48,825**

Comparative Tables

Class V Gross Income

Change in net assets per unit	31/12/24 (£)	31/12/23 (£)	31/12/22** (£)
Opening net asset value per unit	107.54	111.14	132.84
Return before operating charges*	7.92	(1.24)	(20.21)
Operating charges	(0.54)	(0.56)	(0.54)
Return after operating charges*	7.38	(1.80)	(20.75)
Distribution on income units	(4.52)	(1.80)	(0.95)
Closing net asset value per unit	110.40	107.54	111.14
* after direct transaction costs of:	0.01	0.02	0.03
Performance			
Return after charges	6.86%	(1.62)%	(15.62)%
Other information			
Closing net asset value (£'000)	153,737	149,755	154,776
Closing number of units	1,392,603	1,392,603	1,392,603
Operating charges excluding property expenses	0.01%	0.01%	0.01%
Property expenses	0.48%	0.49%	0.42%
Operating charges	0.49%	0.50%	0.43%
Direct transaction costs	0.01%	0.02%	0.03%
Prices			
Highest unit price	108.64	114.16	136.59
Lowest unit price	107.06	105.92	109.47

** Class V Gross Income unit class launched on 31 March 2022.

Class W Gross Income

Change in net assets per unit	31/12/24 (£)	31/12/23 (£)	31/12/22 (£)
Opening net asset value per unit	107.54	111.14	119.98
Return before operating charges*	7.92	(1.24)	(6.28)
Operating charges	(0.54)	(0.56)	(0.63)
Return after operating charges*	7.38	(1.80)	(6.91)
Distribution on income units	(4.52)	(1.80)	(1.93)
Closing net asset value per unit	110.40	107.54	111.14
* after direct transaction costs of:	0.01	0.02	0.03
Performance			
Return after charges	6.86%	(1.62)%	(5.76)%
Other information			
Closing net asset value (£'000)	2,869,588	2,963,543	3,062,888
Closing number of units	25,993,786	27,558,517	27,558,517
Operating charges excluding property expenses**	0.01%	0.01%	0.01%
Property expenses	0.48%	0.49%	0.50%
Operating charges	0.49%	0.50%	0.51%
Direct transaction costs	0.01%	0.02%	0.03%
Prices			
Highest unit price	108.64	114.16	136.59
Lowest unit price	107.06	105.92	109.47

Class X Gross Income

Change in net assets per unit	31/12/24*** (£)
Opening net asset value per unit	100.00
Return before operating charges*	5.11
Operating charges	(0.92)
Return after operating charges*	4.19
Distribution on income units	(2.62)
Closing net asset value per unit	101.57
* after direct transaction costs of:	0.01
Performance	
Return after charges	4.19%
Other information	
Closing net asset value (£'000)	100,297
Closing number of units	987,500
Operating charges excluding property expenses	0.53%
Property expenses	0.38%
Operating charges	0.91%
Direct transaction costs	0.01%
Prices	
Highest unit price	99.96
Lowest unit price	99.21

*** Class X Gross Income unit class was launched on 1 April 2024.

Class Z Gross Income

Change in net assets per unit	31/12/24 (£)	31/12/23 (£)	31/12/22 (£)
Opening net asset value per unit	107.54	111.14	119.98
Return before operating charges*	7.92	(0.85)	(5.82)
Operating charges	(1.30)	(1.33)	(1.52)
Return after operating charges*	6.62	(2.18)	(7.34)
Distribution on income units	(3.76)	(1.42)	(1.50)
Closing net asset value per unit	110.40	107.54	111.14
* after direct transaction costs of:	0.01	0.02	0.03
Performance			
Return after charges	6.16%	(1.96)%	(6.12)%
Other information			
Closing net asset value (£'000)	37,017	56,109	57,990
Closing number of units	335,316	521,767	521,767
Operating charges excluding property expenses	0.71%	0.72%	0.73%
Property expenses	0.48%	0.49%	0.50%
Operating charges	1.19%	1.21%	1.23%
Direct transaction costs	0.01%	0.02%	0.03%
Prices			
Highest unit price	108.64	114.16	136.59
Lowest unit price	107.06	105.92	109.47

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

Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs.

Statement of Depositary's Responsibilities

The Depositary must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (together "the Regulations") and the Contractual Scheme Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

Report of the Depositary to the Unitholders of the Royal London UK Real Estate Fund

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

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

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme in accordance with the Regulations and Scheme documents of the Scheme.

This report is given on the basis that no breaches are subsequently advised to us before the distribution date. We therefore reserve the right to amend the report in light of such circumstances.

HSBC Bank plc

22 April 2025

Standing Independent Valuer's Report (Cushman & Wakefield Debenham Tie Leung Limited)

Cushman & Wakefield Debenham Tie Leung Limited, acting in its capacity as appointed standing External Valuer to Royal London UK Real Estate Fund (the "ACS"), has valued the immoveables held by the ACS as at 31 December 2024 in accordance with the RICS Valuation – Global Standards which incorporate the international Valuation Standards ("IVS") and the RICS UK Valuation Standards (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS" and are in accordance with 8.4.13R of the Collective Investment Schemes sourcebook.

The immoveables have been valued on the basis of Fair Value as defined in the RICS Valuation – Professional Standards subject to existing leases. Royal London Unit Trust Manager, as the ACS Manager, has been provided with a full valuation certificate dated 31 December 2024.

We have been provided with information from the ACS's property managers including tenancy schedules and floor areas. We have assumed that the ACS's interests in the immoveables are not subject to any onerous restrictions, to the payment of any unusual outgoings or to any changes, easements or rights of way, other than those to which we have referred in our reports. We rely upon the property managers to keep us advised of any changes that may occur in the investments. We are not instructed to carry out structural surveys or test any of the service installations. Our valuations therefore have regard only to the general condition of the immoveables evident from our inspections. We have assumed that no materials have been used in the construction or subsequent alteration of the buildings which are deleterious, hazardous or likely to cause structural defects. We are not instructed to carry out investigations into environmental contamination which might affect the immoveables and our valuations assume the immoveables are not adversely affected by any environmental contamination.

In our opinion the aggregate value of the market values of the immoveables owned by the ACS as at 31 December 2024 is £972,500,000. This figure represents the aggregate of the individual values attributable to the individual immoveables and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot. This report should be read in conjunction with the full valuation certificate dated 31 December 2024 which sets out all assumptions and relevant caveats.

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The immoveables are considered as if free and clear of all mortgages or other charges which may be secured thereon. Valuations are prepared and expressed exclusive of VAT. Pending clarity in the market's response to the International Property Measurement Standard (IPMS), we have continued to use floor areas as defined by the RICS Code of Measuring Practice 6th Edition 2007. This has been discussed and agreed with the ACD.

Cushman & Wakefield Debenham Tie Leung Limited

31 December 2024

Standing Independent Valuer's Report (CBRE)

CBRE Limited, acting in its capacity as appointed standing independent valuer to Royal London Real Estate Fund (the "ACS"), has valued the immoveables held by the ACS as at 31 December 2024 in accordance with the current edition of the Royal Institution of Chartered Surveyors ("RICS") Global Standards including the International Valuation Standards and the RICS Valuation – Global Standards 2017 – UK national supplement and in accordance with 8.4.13R of the Collective Investment Schemes sourcebook. The immoveables have been valued on the basis of Fair Value as defined in the RICS Valuation – Professional Standards subject to existing leases. Royal London Unit Trust Manager, as the ACS Manager, has been provided with a full valuation certificate dated 31 December 2024.

We have been provided with information from the ACS's property managers including tenancy schedules and, where we have not measured the immoveables ourselves, floor areas. We have assumed that the ACS's interests in the immoveables are not subject to any onerous restrictions, to the payment of any unusual outgoings or to any changes, easements or rights of way, other than those to which we have referred in our reports. We rely upon the property managers to keep us advised of any changes that may occur in the investments. We are not generally instructed to carry out structural surveys or test any of the service installations. Our valuations therefore have regard only to the general condition of the immoveables evident from our inspections. We have assumed that no materials have been used in the construction or subsequent alteration of the buildings which are deleterious, hazardous or likely to cause structural defects. We are not instructed to carry out investigations into environmental contamination which might affect the immoveables and our valuations assume the immoveables are not adversely affected by any environmental contamination.

In our opinion the aggregate value of the fair values of the immoveables owned by the ACS as at 31 December 2024 is £1,694,925,000. This figure represents the aggregate of the individual values attributable to the individual immoveables and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The immoveables are considered as if free and clear of all mortgages or other charges which may be secured thereon. Valuations are prepared and expressed exclusive of VAT. The 16 March 2016 Budget issued by UK Government and enacted as part of the Finance Act on 15 September 2016 changed the basis of assessing Stamp Duty Land Tax in England and Wales to a tiered approach and this has been adopted in the valuation as at 31 December 2024. Pending clarity in the market's response to the new International Property Measurement Standard (IPMS), we have continued to use floor areas as defined by the RICS Code of Measuring Practice 6th Edition 2015. This has been discussed and agreed with the ACS Manager.

CBRE Limited

31 December 2024

Independent Auditor's Report to the Unitholders of Royal London UK Real Estate Fund ('the Scheme')

Opinion

We have audited the financial statements of the Scheme for the year ended 31 December 2024 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Cash Flow Statement, the Related Notes and Distribution Tables for the Scheme and the accounting policies set out on pages 20 to 22.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Scheme as at 31 December 2024 and of the net revenue and the net capital gains on the property of the Scheme for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Scheme or to cease its operations, and as they have concluded that the Scheme's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Scheme's business model and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser;
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Independent Auditor's Report to the Unitholders of Royal London UK Real Estate Fund (continued)

Fraud and breaches of laws and regulations – ability to detect – continue

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Scheme's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Manager (Royal London Unit Trust Managers Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

Manager's responsibilities

As explained more fully in their statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Unitholders of Royal London UK Real Estate Fund (continued)

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Scheme's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Scheme's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Berry
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

22 April 2025

Financial Statements

Statement of Total Return

For the year ended 31 December 2024

	Note	31 Dec 2024 £'000	31 Dec 2024 £'000	31 Dec 2023 £'000	31 Dec 2023 £'000
Income					
Net capital gains/(losses)	5		82,479		(106,122)
Revenue	6	170,195		139,757	
Expenses	7	(35,153)		(31,708)	
Interest payable and similar charges	8	(1)		1	
Net revenue before taxation		135,041		108,050	
Taxation	9	–		–	
Net revenue after taxation			135,041		108,050
Total return before distributions			217,520		1,928
Distributions	10		(135,038)		(108,175)
Change in net assets attributable to unitholders from investment activities			**82,482**		**(106,247)**

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 December 2024

	31 Dec 2024 £'000	31 Dec 2024 £'000	31 Dec 2023 £'000	31 Dec 2023 £'000
Opening net assets attributable to unitholders		**3,169,407**		**3,275,654**
Amounts receivable on issue of units	98,598		–	
Amounts payable on cancellation of units	(190,000)		–	
		(91,402)		–
Dilution adjustment		152		–
Change in net assets attributable to unitholders from investment activities		82,482		(106,247)
Closing net assets attributable to unitholders		**3,160,639**		**3,169,407**

Balance Sheet

As at 31 December 2024

	Note	31 Dec 2024 £'000	31 Dec 2023 £'000
Assets			
Fixed assets:			
Tangible assets			
Investment property		2,542,805	2,733,789
Property under construction		80,350	27,350
Investments		454,581	361,776
Total fixed assets		3,077,736	3,122,915
Current assets:			
Debtors	11	98,712	71,590
Cash and bank balances	12	251,096	45,104
Total current assets		349,808	116,694
Total assets		3,427,544	3,239,609
Liabilities			
Creditors:			
Other creditors	13	227,697	37,078
Finance lease payable	14	1,154	1,155
Distribution payable		38,054	31,969
Total liabilities		266,905	70,202
Net assets attributable to unitholders		**3,160,639**	**3,169,407**

The accompanying notes form part of the Financial statements

Financial Statements (continued)

Statement of Cash Flows

For the year ended 31 December 2024

	Note	31 Dec 2024 £'000	31 Dec 2023 £'000
Net cash inflow from operating activities	16	**287,442**	**98,009**
Distribution paid to unitholders		(128,953)	(100,566)
Interest received	6	7,768	3,524
Interest paid		(2)	–
Net cash generated from operating activities		**166,255**	**967**
Cash flows from investing activities			
Payments to acquire investments and capital expenditure		(757,286)	(332,259)
Receipts from sale of investments		888,273	253,513
Net cash inflow/(outflow) from investing activities		**130,987**	**(78,746)**
Net cash inflow/(outflow) before financing activities		**297,242**	**(77,779)**
Cash flows from financing activities			
Amounts received from creation of units		98,598	–
Amounts paid on cancellation of units		(190,000)	–
Dilution adjustment		152	–
Net cash outflow from financing activities		**(91,250)**	**–**
Net increase/(decrease) in cash during the year		**205,992**	**(77,779)**
Cash balance brought forward		45,104	122,883
Cash and bank balances at the end of the year		**251,096**	**45,104**

The accompanying notes form part of the Financial statements

Notes to the Financial Statements

For the year ended 31 December 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 years presented, unless otherwise stated.

Basis of preparation

The financial statements of the ACS, which is a single sub-fund, have been prepared in compliance with the FCA's Collective Investment Schemes Sourcebook ("COLL") and in accordance with the United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the UK 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 the Co-ownership and Supplemental Co-ownership Deed in respect of the ACS. 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 profit or loss.

Going concern

The ACS Manager has undertaken a detailed assessment and continues to monitor the ACS'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 ACS continues to be open for trading and the ACS Manager is satisfied the ACS 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.

Basis of valuation of investments

Fair value of investment property

Investment properties owned by the ACS which are classified under land and buildings are held either to earn rental income or for capital appreciation or both. Investment properties are measured initially on acquisition at their costs, including transaction costs. Acquisitions of investment properties are recognised where, by the end of the accounting period, there is a legally binding, unconditional and irrevocable contract. Additions to investment properties consist of costs of a capital nature.

Subsequent to initial recognition, investment properties are valued individually on a quarterly basis by either Cushman & Wakefield Debenham Tie Leung Limited or CBRE Limited on the basis of "Fair Value" as defined in the International Valuation Standards of the ('RICS') Valuation Global Standards 2017 (the "RICS Red Book") and in accordance with FRS 102.

Fair value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller and is a product of rent and yield derived using comparison techniques.

The ACS's properties are subject to an on-going rolling programme of internal and external inspection by the standard independent valuers each year.

Fair value of property under construction

Property under construction owned by the ACS for such purposes which are classified under land and buildings are measured initially on acquisition at its cost, including transaction costs. The fair value of the property under construction for continuing use as investment property has been determined on the same basis as the investment property taking into consideration costs for construction and development as well as capital expenditure outlays using recognised valuation techniques.

Fair value of collective investment schemes

Units in collective investments schemes are valued at bid-price if dually priced as provided by the relevant fund managers. The fair value of single priced collective investment schemes is their single price.

The ACS considers the availability and punctuality of the valuation provided by the fund manager, which is based on the net asset value and, if necessary, can adjust it to obtain the best estimates of fair value at the reporting date. The fair value assigned to the collective investment schemes are based on a fair value pricing methodology as determined by the ACS Manager.

Fair value of debt securities

Debt securities held by the ACS have been valued at market value. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security.

Finance leased assets

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the equivalent yield. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

1. Significant accounting policies – continued

Basis of valuation of investments – continued

Lessor operating leases

Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

Provision for bad and doubtful debts

It is the policy of the ACS to make provision for bad and doubtful debts which are based on objective evidence of impairment using available information to determine whether it has become probable, for example, that a debtor will enter bankruptcy. The amount of the loss is measured as the difference between the asset's carrying amount and the estimated recoverable amount and is recognised in the Statement of Total Return.

Cash and bank balances

Cash is cash in hand and at bank. Bank overdrafts are shown within borrowings in current liabilities where held.

Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the credit instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Units

Units are recognised as financial liabilities and are measured based on the NAV per unit for each relevant unit class as set out within the comparative tables.

Taxation

For both UK income tax and corporation tax purposes, the ACS will be treated as transparent with regards to income. Consequently, its income and expenses (i.e., net income) are treated for UK tax purposes as arising or accruing to each Unitholder in proportion to the value of the Units beneficially owned by that Unitholder as if the net income had arisen or accrued to that Unitholder directly.

Revenue recognition

Revenue includes rental income, insurance and service charges from investment properties and distributions from collective investment schemes.

All 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.

Distributions from collective investment schemes and dividends received from quoted equity and non-equity shares 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.

Revenue received from investments in authorised collective investment schemes, which are purchased during the year, will include an element of equalisation which represents the average amount of revenue included in the price paid for shares or units. Equalisation received and accrued from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of investment.

Rental income

Rental income is accounted for on an accruals basis. Rental income received in advance are deferred and recognised in the year to which it relates. Rental income from properties where leases have been entered into, which have been let subject to an initial rent free period, or lease incentive, are accounted for on a straight-line basis over the life of the tenancy in accordance with FRS 102. Additional rental income arising from rent reviews will be recognised once the review is complete.

Service charge income

The service charge is operated by the ACS on a self-funding basis by collecting and disbursing service charge income to cover service charge expenses. Service charge income is recognised in the Statement of Total Return on an accruals basis.

Interest income

Interest income from bank balances and deposits is recognised on an accruals basis.

Interest earned on interest bearing securities are determined on an effective yield basis. Effective yield is a revenue calculation that reflects the amount of amortisation of any discount or premium on the purchase price over the remaining life of the security.

Expenses recognition

Expenses are charged against revenue based on the nature of the expenses such as, audit, fund management, service charge or other operating expenses. Expenses relating to or incidental to the purchase and sale of land and buildings and property under construction and stamp duty land tax are treated as capital.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

1. Significant accounting policies – continued

Expenses recognition – continued

All expenses are recognised in the Statement of Total Return in the year in which they are incurred (on an accruals basis).

Fund manager's fee

The fund manager's fee is calculated quarterly, accrued on a daily basis by reference to the net asset value of each unit class on that dealing day and the amount due for each quarter is payable the last working day of the following quarter.

Service charge expenses

Service charges expenses represent the aggregate of all service charge expenses incurred by the ACS's property portfolio and reported by the managing agent at the year end.

Service charge expenses are recognised in the Statement of Total Return on an accruals basis.

Distribution to unitholders

Dividends and other distributions to ACS's unitholders are recognised as a liability in the financial statements in the year in which the dividends and other distributions are approved by the ACS's Depositary. These amounts are recognised in the Statement of Total Return.

Dilution levy

In certain circumstances the ACS Manager may charge a dilution levy on the sale or repurchase of units. The levy is intended to cover certain dealing charges not included in the value of the ACS used in calculating the unit price, which could have a dilutive effect. Normally the ACS will only charge such a levy on a sub-fund experiencing large levels of net purchases or net redemptions relative to its size. Any dilution levy is charged at the discretion of the ACS Manager.

Related party transactions

The ACS discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the ACS Manager, separate disclosure is necessary to understand the effect of the transactions on the ACS's financial statements.

2. Estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Estimation of fair value of investment property

Investment property is measured at fair value which represents a significant proportion of the ACS's net assets at 82.99% (31/12/23: 87.12%). Therefore, the estimates and assumptions made to determine their carrying value during valuation are critical to the ACS's financial position and performance.

The valuation derived is only an opinion and is a product of rent and yield derived using comparison techniques. In undertaking the valuation of properties under this method, an assessment has been made on the basis of a collation and analysis of appropriate comparable investment, rental and sale transaction, together with evidence of demand within the vicinity of subject property.

Sensitivity analysis

The values of investment properties are driven by their rental yield. At the year 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 4.08% (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 4.52% (31/12/23: 4.72%). The 0.25% benchmark has been used to measure sensitivity analysis as the ACS Manager believes that it is a good indicator of materiality in yield movements. These estimates are subject to the prevailing conditions at the year 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%.

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	5.29%	0.25%	39,175,000	1.36%	(35,532,000)	(1.23)%
Offices	5.74%	0.25%	40,813,000	1.41%	(37,083,000)	(1.28)%
Retail	4.91%	0.25%	43,559,000	1.51%	(38,936,000)	(1.35)%
Other	5.69%	0.25%	6,919,000	0.24%	(6,334,000)	(0.22)%

Estimation of fair value of property under construction

Valuations of property under construction have been based on the assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specifications, current British Standards and any relevant codes of practice. The assumption has also been made that a duty of care and all appropriate warranties are available from the professional team and contractors, which will be assignable to third parties.

Critical judgements in applying the ACS's accounting policies

The ACS makes assessments on whether it requires any critical judgements in applying accounting policies. There were no critical judgements applied to any of the ACS's accounting policies for the current year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. Distribution policies

Basis of distribution

Revenue is generated by the ACS'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 unit class and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACS Manager 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 unitholders, interim distributions will be made at the ACS Manager's discretion, up to a maximum of the distributable income available for the period. All remaining income is distributed, at unit class level, to the unitholders in accordance with the ACS's Prospectus.

All unit classes of the ACS are priced and distributed 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 unit class prices.

Apportionment to unit classes

The allocation of revenue and expenses to each unit class is based on the proportion of the ACS's assets attributable to each share class on the day the revenue is earned or the expenses are suffered.

Revenue from debt securities

For the purposes of the calculation of the distribution, revenue from debt securities is computed on an effective yield basis.

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 ACS.

4. Risk management policies

In accordance with its investment objective, the ACS holds financial instruments which may comprise:

- UK property and shares in collective investment schemes; and
- Cash, liquid resources and short-term debtors and creditors that arise directly from the ACS's operations; and
- Short term borrowings used to finance investments activity.

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

Market price risk and valuation of property

Market risk is the risk of loss resulting from fluctuations in the market value of the ACS's investments including, but not limited to, adverse property valuation movements.

Since the fair value of investment property represents a significant proportion of the ACS's net assets at 82.99% (31/12/23: 87.12%), property values are exposed to a number of risk factors which may affect the total return of the ACS. These may be attributable to changes to global or local economic and geo-political conditions; local market conditions such as the price volatility of the UK commercial property markets or performance of individual properties; the financial conditions of tenants; changes in interest rates or exchange rates; real estate tax rates and other operational expenses; environmental laws and regulations; planning laws and other governmental legislation; energy prices and the relative attractiveness of real estate types or locations. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in values.

Market risk is minimised through holding a geographically diversified portfolio that invests across various property sectors.

The ACS Manager may make use of Efficient Portfolio Management techniques to reduce risk and/or costs in the ACS and to produce additional capital or income in the ACS in a manner which is economically appropriate and with an acceptable level of risk. Techniques used by the ACS Manager may include using derivatives for hedging against price or currency fluctuations, engaging in securities lending and reverse repurchase transactions.

The ACS adheres to the investment guidelines and investment and borrowing powers established in the Prospectus, Co-ownership and Supplemental Co-ownership Deed in respect of the ACS and in the rules governing the operation of open ended investment companies.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. Risk management policies – continued

Liquidity risk

Liquidity risk is the risk that cash cannot be raised, or investments sold at limited cost or in an adequate time frame to meet financial commitments such as redemptions.

Since the ACS invests mainly in 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 ACS Manager's responsibilities for managing and monitoring the liquidity risk of the ACS 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 ACS and monitoring and assessing the policies and procedures of the Investment Adviser for the ACS in managing the ACS's liquidity limits. In determining its risk management policies, the ACS Manager 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 unitholders on each dealing day.

In exceptional circumstances, such as market uncertainty, the ACS Manager may defer redemptions where the ACS Manager considers it to be in the best interests of the unitholders. 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 ACS Manager, acting in the best interests of the unitholders, redemption will be deferred in whole or in part by the ACS Manager within this timeline.

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

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

	Within three months	Over three months but not more than one year	Over one year
31 December 2024	**£'000**	**£'000**	**£'000**
Cash at bank	251,096	–	–
	%	**%**	**%**
Unitholding that can be redeemed	–	100.00	–
Portfolio capable of being liquidated	17.73	76.89	5.38
31 December 2023	**£'000**	**£'000**	**£'000**
Cash at bank	45,104	–	–
	%	**%**	**%**
Unitholding that can be redeemed	–	100.00	–
Portfolio capable of being liquidated	9.54	88.25	2.21

The following table provides a maturity analysis of the ACS's financial liabilities showing the remaining contractual maturities on an undiscounted basis.

	Within one year	Over one year but not more than five years	Over five years
31 December 2024	**£'000**	**£'000**	**£'000**
Distribution payable	38,054	–	–
Finance lease payable	98	390	7,533
Other creditors	227,697	–	–
	265,849	**390**	**7,533**
31 December 2023	**£'000**	**£'000**	**£'000**
Distribution payable	31,969	–	–
Finance lease payable	98	392	7,629
Other creditors	37,078	–	–
	69,145	**392**	**7,629**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. Risk management policies – continued

Credit and counterparty risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the ACS. The ACS 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 ACS 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, specific industry sectors and or regions within the ACS is monitored so that it does not exceed a certain threshold of the aggregate revenue in relation to the property investments in any accounting year as determined from time to time by the ACS Manager. Rent is collected from tenants in advance, usually quarterly. Cash 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 ACS might not be able to recover cash or assets of equivalent value in full. The ACS has been closely monitoring the ability to tenants to pay their rent and adjusting bad debt provision accordingly. The ACS also works with the tenants to determine any rent concessions on a case-by-case basis.

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 ACS'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 ACS is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

The ACS 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 ACS's cash and short term deposits at 31 December 2024 amounted to £251.10m (31/12/23: £45.10m). Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings.

At 31 December 2024, taking into consideration any offset arrangements, the largest combines credit exposure to a single counterparty arising from money market deposits, liquid investments and derivatives was £251.10m (31/12/23: £45.10m). This represents 7.94% (31/12/23: 1.42%) of gross assets of the ACS.

The deposit exposures are with UK banks.

Currency risk

Currency of foreign exchange risk is a financial risk that exists when a financial transaction is denominated in a currency other than the domestic currency of the ACS.

All financial assets and financial liabilities of the ACS are in sterling thus the ACS 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 ACS will be affected by fluctuations in interest rates. In times of low nominal interest rate, there may be no negative or low interest paid on these holdings. In such circumstances, the ACS could be subject to losses especially after charges are deducted. The ACS continuously reviews interest rates and the assessment of this may result in a change in investment strategy. The ACS held £251.10m (31/12/23: £45.10m) cash at the year end and has minimal exposure to interest rate risk since it has no gearing.

The ACS assesses the interest rate risk as being low 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 ACS's ability to raise rents in markets with low vacancy rates, thus outpacing rising inflation and potentially increasing income distribution to unitholders/shareholders. The ACS 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 ACS 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. Risk management policies – continued

Inflation risk – continued

The ACS Manager 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 ACS Manager 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

Leverage risk is the uncertainty introduced by the method by which the ACD finances parts of its investments through borrowing.

In managing the assets of the ACS, the ACS Manager 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 ACS).

Currently the ACS has no borrowings of cash or securities and as such no disclosure is required under the AIFM Directive.

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 ACS 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 ACS'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 ACS's goals.

Economic and political risk

The performance of the ACS may be adversely affected by the impact of geopolitical and general economic conditions under which the ACS 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 risk for the world economy. If geopolitical uncertainties persist, volatility in energy prices and inflation could return. The ACS has no exposure to Russian companies as commercial tenants or investments.

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 war on Western economies including the UK with higher inflation, volatile financial markets and adverse economic environment will depend on the extent to which the conflict, and therefore the severity of sanctions and economic disruption, escalates and how long it lasts.

The returns that are likely to be achieved on an investment in the ACS, which has its 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

5. Net capital gains/(losses)

	31 Dec 2024 £'000	31 Dec 2023 £'000
The net capital gains/(losses) during the year comprise:		
Non derivative securities realised gains	–	859
Non derivative securities unrealised gains	6,207	8,841
Investment property realised gains	85,868	4,879
Investment property unrealised losses	(9,596)	(120,701)
Net capital gains/(losses)	**82,479**	**(106,122)**

6. Revenue

	31 Dec 2024 £'000	31 Dec 2023 £'000
Property rental income	122,460	109,141
Interest income from authorised funds	16,599	9,646
Service charge income	15,863	14,950
Bank interest	7,768	3,524
Overseas income*	4,178	2,496
Interest on debt securities	3,327	–
Total revenue	**170,195**	**139,757**

* There is no (2023: none) FX impact to overseas income as the income received is wholly due to the ACS's investment in the Industrial Property Investment Fund. This is a Jersey based entity and income is paid in pounds sterling.

7. Expenses

	31 Dec 2024 £'000	31 Dec 2023 £'000
Payable to the ACS Manager or associates of the ACS Manager and their agents:		
Manager's fee	847	404
Payable to the Depositary, associates of the Depositary and their agents:		
Depositary's fee	263	264
Safe custody fee	12	1
	275	265
Other expenses		
Recoverable service charges	15,817	14,940
Irrecoverable service charges	5,823	4,812
Other	3,811	1,139
Void council tax	3,229	3,212
Legal and lettings fees	2,068	2,038
Surveyor's fee	1,779	2,515
Property repairs and maintenance	474	374
Bad and doubtful debts**	378	924
Valuation fee	315	281
Head rent	144	143
Audit fee*	86	94
Administration fee	80	80
Insurance expense	16	478
Registration fee	11	9
	34,031	31,039
Total expenses	**35,153**	**31,708**

* Audit fee £74,930 (31/12/23: £85,728) net of VAT. The Audit fee includes £11,467 (31/12/23: £8,328) paid on behalf of the UK Real Estate Feeder Fund.

** Includes write down of bad debt provision (see note 11).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

8. Interest payable and similar charges

	31 Dec 2024 £'000	31 Dec 2023 £'000
The interest payable and similar charges comprise:		
Finance charge on leased asset	(1)	(1)
Interest payable	2	–
Total interest payable and similar charges	**1**	**(1)**

9. Taxation

	31 Dec 2024 £'000	31 Dec 2023 £'000
Overseas tax	–	–
Total taxation	**–**	**–**

As the ACS is a stand alone ACS, the ACS is not subject to UK tax on income or capital profits.

10. Distributions

	31 Dec 2024 £'000	31 Dec 2023 £'000
Interim distribution	96,984	76,206
Final distribution	38,054	31,969
Net distributions for the year	**135,038**	**108,175**

The difference between the net revenue after taxation and the distribution paid is as follows:		
Net revenue after taxation	135,041	108,050
Expenses charged to capital	(2)	126
Non distributable finance lease amortisation	(1)	(1)
Net distributions for the year	**135,038**	**108,175**

Details of the distribution per unit are set out on page 35.

11. Debtors

	31 Dec 2024 £'000	31 Dec 2023 £'000
Rent free debtor	38,863	23,252
Managing agent	29,273	19,421
Rental income receivable*	14,249	11,343
Service charges receivable	7,139	7,960
Lease incentive	6,561	7,079
Sundry debtors**	2,017	1,895
Accrued income	547	615
Accrued interest	63	25
Total debtors	**98,712**	**71,590**

* Rental income receivable is shown after deducting a provision for bad and doubtful debts of £925,946 (31/12/23: £611,314). The provision for doubtful debts is calculated based on the incurred loss model in accordance with FRS 102. The charge to the Statement of Total Return in relation to write-offs and provisions made against doubtful debts was £378,000 (31/12/23: £924,000).

** Sundry debtors includes £1,543,000 (31/12/23: £1,518,000) insurance income receivable, £245,000 (31/12/23: £228,000) amounts receivable from Managing Agent and £229,000 (31/12/23: £149,000) from other debtors.

12. Cash and bank balances

	31 Dec 2024 £'000	31 Dec 2023 £'000
Cash and bank balances	251,096	45,104
Total cash and bank balances	**251,096**	**45,104**

13. Other creditors

	31 Dec 2024 £'000	31 Dec 2023 £'000
Trades awaiting settlement	180,000	–
Deferred rent	20,117	21,276
Sundry creditors	14,644	529
Service charges payable	7,139	7,960
VAT payable	3,773	2,650
Accrued expenses	1,077	903
Development costs payable	947	3,760
Total other creditors	**227,697**	**37,078**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

14. Finance lease payable

The following properties have finance lease commitments:

London W1 – 22 Old Bond Street

Leeds – Phase 1 and 2 Manston Industrial Estate

London W1 – 470/482 Oxford Street and Granville Place

	31 Dec 2024 £'000	31 Dec 2023 £'000
Commitments in relation to finance leases are payable as follows:		
Not later than one year	98	98
Later than one year and not later than five years	390	392
Later than five years	7,533	7,629
Minimum lease payments	8,021	8,119
Future finance charges	(6,867)	(6,964)
Total lease liabilities	**1,154**	**1,155**
The present value of finance lease liabilities are as follows:		
Not later than one year	93	93
Later than one year and not later than five years	301	302
Later than five years	760	760
Minimum lease payments	**1,154**	**1,155**
Finance lease amortisation		
Brought forward at 1 January	1,155	1,156
Release of finance lease commitment	–	–
Carried forward at 31 December	(1,154)	(1,155)
Finance lease amortisation	**1**	**1**

15. Operating leases

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 Dec 2024 £'000	31 Dec 2023 £'000
Not later than one year	91,237	96,339
Later than one year and not later than five years	250,409	258,959
Later than five years	1,140,846	1,094,506
Total	**1,482,492**	**1,449,804**

16. Reconciliation of total return before distributions to net cash flow from operating activities

	31 Dec 2024 £'000	31 Dec 2023 £'000
Total return before distributions	217,520	1,928
Add: Net capital (gains)/losses	(82,479)	106,122
Less: Interest received	(7,768)	(3,524)
Less: Interest on debt securities	(3,327)	–
Less: Finance lease payments	(1)	(1)
Net income from operating activities	123,945	104,525
(Increase)/decrease in debtors	(27,122)	672
Increase/(decrease) in creditors	190,619	(7,188)
Net cash inflow from operating activities	**287,442**	**98,009**

17. Reconciliation of number of units

	Class V Gross Income	Class W Gross Income
Opening units 01/01/2024	1,392,603	27,558,517
Units issued	–	–
Units cancelled	–	(1,564,731)
Closing units at 31/12/24	**1,392,603**	**25,993,786**

	Class X Gross Income*	Class Z Gross Income
Opening units 01/01/2024	–	521,767
Units issued	987,500	–
Units cancelled	–	(186,451)
Closing units at 31/12/24	**987,500**	**335,316**

* Class X Gross Income unit class was launched on 1 April 2024.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

18. Contingent liabilities and outstanding commitments

Commitments

At the Balance Sheet date the ACS had entered into forward funding and capital expenditure commitments on various assets in the property portfolio. These undertakings are variable, dependent on a number of outcomes and independent valuations.

Property	31 Dec 2024 £'000	31 Dec 2023 £'000
London EC1 – 14-21 Holborn Viaduct	124,583	941
London WC1 – The Earnshaw, New Oxford Street, London	4,420	5,990
London W1 – 103/103a Oxford Street	48	48
London W1 – 120-122 New Bond Street	20	–
Chelmsford – Land at Springfield Business Park	–	156
Total commitments	**129,071**	**7,135**

Contingent liabilities

There were no contingent liabilities at the current balance sheet date (31/12/23: £nil).

19. Related party transactions

The ACS's Authorised Contractual Scheme Manager and Royal London Unit Trust Managers Limited are related parties to the ACS as defined by Financial Reporting Standard 102 section 33 'Related Party Disclosures'.

Manager fees charged by Royal London Unit Trust Managers Limited are shown in note 7 and details of units issued and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of change in unitholders' net assets. At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £256,689 (31/12/23: £101,099).

The Royal London Mutual Insurance Society, as a material unitholder, is a related party holding units comprising 96% (31/12/23: 98%) of the total net assets of the ACS as at 31 December 2024.

RLGPS Trustee Limited, as a material unitholder, is a related party holding units comprising 1% (31/12/23: 2%) of the total net assets of the ACS as at 31 December 2024.

The Royal London UK Real Estate Feeder Fund, which invests solely into the Royal London UK Real Estate Fund, is part of the same group as the ACS Manager of the Royal London UK Real Estate Fund. During the year to 31 December 2024, the Royal London UK Real Estate Feeder Fund was paid gross distributions totalling £1,606,000 (31/12/23: £1,518,000).

Royal London UK Real Estate Feeder Fund as a feeder fund for the ACS holds units comprising 1% (31/12/23: 2%) of the total net assets of the ACS.

20. Financial instruments

The policies applied to the management of the financial instruments are set out in note 4. The fair values of the ACS's assets and liabilities are represented by the values shown in the Balance Sheet on page 18. There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

The ACS's financial assets comprise cash, on which interest is receivable. However, no interest is receivable or payable on the ACS's other assets (debtors) or liabilities (creditors).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

21. Portfolio transaction costs

For the year ended 31 December 2024

Analysis of total purchase costs	Value £'000	Commissions and legal fees £'000	Commissions and legal fees %	Taxes £'000	Taxes %	Total £'000
UK Treasury Bill 0% 05/08/2024	141,083	–	–	–	–	141,083
United Kingdom Treasury Bill 0% 03/06/2024	110,290	–	–	–	–	110,290
United Kingdom Treasury Bill 0% 11/11/2024	89,491	–	–	–	–	89,491
United Kingdom Treasury Bill 0% 16/09/2024	88,842	–	–	–	–	88,842
Royal London Short Term Money Market Fund	79,166	–	–	–	–	79,166
United Kingdom Treasury Bill 0% 28/10/2024	64,750	–	–	–	–	64,750
Coventry – Pickford Gate Industrial Development	36,142	–	–	–	–	36,142
United Kingdom Treasury Bill 0% 15/07/2024	29,881	–	–	–	–	29,881
United Kingdom Treasury Bill 0% 10/06/2024	29,700	–	–	–	–	29,700
Royal London Short Term Fixed Income E Fund	4,454	–	–	–	–	4,454
Royal London Short Term Fixed Income Fund	2,980	–	–	–	–	2,980
United Kingdom Treasury Bill 0% 07/24	498	–	–	–	–	498
Total	**677,277**	**–**		**–**		**677,277**

Analysis of total sales cost	Value £'000	Commissions and legal fees £'000	Commissions and legal fees %	Taxes £'000	Taxes %	Total £'000
Southall – International Trading Estate	243,900	214	0.09	–	–	244,114
UK Treasury Bill 0% 05/08/2024	141,806	–	–	–	–	141,806
United Kingdom Treasury Bill 0% 03/06/2024	110,716	–	–	–	–	110,716
United Kingdom Treasury Bill 0% 11/11/2024	90,000	–	–	–	–	90,000
United Kingdom Treasury Bill 0% 16/09/2024	90,000	–	–	–	–	90,000
United Kingdom Treasury Bill 0% 28/10/2024	65,000	–	–	–	–	65,000
Southall – Brent Park Industrial Estate	40,300	–	–	–	–	40,300
United Kingdom Treasury Bill 0% 15/07/2024	30,000	–	–	–	–	30,000
United Kingdom Treasury Bill 0% 10/06/2024	29,840	–	–	–	–	29,840
Southall – 169 Brent Road	17,100	–	–	–	–	17,100
Southall – Bulls Bridge Trading Estate	13,700	–	–	–	–	13,700
Leicester – GP2002 Unit Grove Park	10,325	–	–	–	–	10,325
London WC1 – Medius House	3,660	–	–	–	–	3,660
Kingston-upon-Thames – 6/8a Church Street	2,545	9	0.35	–	–	2,554
United Kingdom Treasury Bill 0% 07/24	500	–	–	–	–	500
Total	**889,392**	**223**		**–**		**889,615**

Commissions, taxes and fees as % of average net assets

Commissions and legal fees	0.0067%
Taxes	0.0000%

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

21. Portfolio transaction costs – continued

For the year ended 31 December 2023

Analysis of total purchase costs	Value £'000	Commissions and legal fees £'000	Commissions and legal fees %	Taxes £'000	Taxes %	Total £'000
Royal London Short Term Money Market Fund	150,062	–	–	–	–	150,062
Royal London Short Term Fixed Income E Fund	102,275	–	–	–	–	102,275
Royal London Short Term Fixed Income Fund	2,309	–	–	–	–	2,309
Total	**254,646**	**–**		**–**		**254,646**

Analysis of total sales cost	Value £'000	Commissions and legal fees £'000	Commissions and legal fees %	Taxes £'000	Taxes %	Total £'000
Royal London Short Term Money Market Fund	125,000	–	–	–	–	125,000
London – Trafalgar Buildings 1-6 Northumberland Avenue/ Whitehall WC2N 5BW	47,500	68	0.14	–	–	47,568
Preston – Capitol Retail Park, London Road, Walton le Dale PR5 4AW	27,949	164	0.59	–	–	28,113
Preston – Capitol Leisure Park, London Road, Walton le Dale PR5 4AW	23,551	266	1.13	–	–	23,817
Guildford – Woodbridge Road GU1 1EF	17,250	18	0.10	–	–	17,268
Egham – Runnymede Centre, The Avenue TW20 2AB	13,500	20	0.15	–	–	13,520
Total	**254,750**	**536**		**–**		**255,286**

Commissions, taxes and fees as % of average net assets

Commissions and legal fees	0.0166%
Taxes	0.0000%

Portfolio transaction costs are commissions and legal fees paid to agents and advisers, and transfer taxes and duties associated with investment transaction on the ACS.

At the Balance Sheet date the portfolio dealing spread was 0.00% (31/12/23: 0.00%).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

22. Fair value of investments

The primary financial instruments held by the ACS at 31 December 2024 were property related investments, cash, short term assets and liabilities to be settled in cash. The ACS did not hold, and was not a counterparty to, any derivative instruments either during the year or at the year end.

The policies applied to the management of the financial instruments are set out in note 1. The fair values of the ACS's assets and liabilities are represented by the values shown in the Balance Sheet on page 18. There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

The fair value of investments has been determined using the following hierarchy:

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

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

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

For the year ended 31 December 2024

Level	1 £'000	2 £'000	3 £'000	Total £'000
Investments				
Collective Investment Schemes	–	373,602	80,979	454,581
Total	**–**	**373,602**	**80,979**	**454,581**

For the year ended 31 December 2023

Level	1 £'000	2 £'000	3 £'000	Total £'000
Investments				
Collective Investment Schemes	–	285,139	76,637	361,776
Total	**–**	**285,139**	**76,637**	**361,776**

At the current and prior year end, the level 3 asset held was the Industrial Property Investment Fund (IPIF). This asset has been classified as level 3 due to redemptions being capped at 10% for the year.

Reconciliation to Market Value

	31 Dec 2024 £'000	31 Dec 2023 £'000
Reconciliation to Fair Value – Land and Buildings		
Cost		
At 1 January	2,529,623	2,645,398
Additions – acquisitions	36,142	–
Additions – subsequent expenditure	80,009	77,613
Disposals	(81,208)	(193,388)
At 31 December	**2,564,566**	**2,529,623**
Revaluation Surplus		
At 1 January	231,516	282,463
Revaluations in the year	(258,795)	(55,826)
Transferred to realised	85,868	4,879
At 31 December	**58,589**	**231,516**
At 31 December	**2,623,155**	**2,761,139**
Reconciliation to Market Valuation		
Fair value at 31 December	2,623,155	2,761,139
Rent free debtor fair value adjustment	38,863	23,252
Capital lease incentive fair value adjustment	6,561	7,079
Finance lease fair value adjustment	(1,154)	(1,155)
Market value reported by valuers	**2,667,425**	**2,790,315**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

23. Events after the end of reporting year

The final distribution for the year ended 31 December 2024 was paid on 15 January 2025.

The impact of the volatility on the ACS's NAV between the end of the reporting period and the latest prices available as at the date of which the financial statements were authorised for issue are shown below:

	Price 31 Dec 2024 (£)	Price 31 Mar 2025 (£)	Movement (%)
Royal London UK Real Estate Fund, Class V Gross Income	110.40	110.67	0.24%
Royal London UK Real Estate Fund, Class W Gross Income	110.40	110.67	0.24%
Royal London UK Real Estate Fund, Class Z Gross Income	110.40	110.67	0.24%
Royal London UK Real Estate Fund, Class X Gross Income	101.57	101.82	0.25%

Distribution Tables

For the year ended 31 December 2024

Class V Gross Income

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2024	Total distribution per unit 2023
March				
Group 1	110.0201		110.0201	85.6731
Group 2	110.0201	–	110.0201	85.6731
June				
Group 1	113.6697		113.6697	94.6408
Group 2	113.6697	–	113.6697	94.6408
September				
Group 1	101.7751		101.7751	79.2762
Group 2	101.7751	–	101.7751	79.2762
December				
Group 1	126.4926		126.4926	108.8134
Group 2	126.4926	–	126.4926	108.8134

Class W Gross Income

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2024	Total distribution per unit 2023
March				
Group 1	110.0201		110.0201	85.6731
Group 2	110.0201	–	110.0201	85.6731
June				
Group 1	113.6697		113.6697	94.6408
Group 2	113.6697	–	113.6697	94.6408
September				
Group 1	101.7751		101.7751	79.2762
Group 2	101.7751	–	101.7751	79.2762
December				
Group 1	126.4926		126.4926	108.8134
Group 2	126.4926	–	126.4926	108.8134

Class X Gross Income*

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2024	Total distribution per unit 2023
March				
Group 1	–		–	–
Group 2	–	–	–	–
June				
Group 1	87.1746		87.1746	–
Group 2	87.1746	–	87.1746	–
September				
Group 1	75.9132		75.9132	–
Group 2	75.9132	–	75.9132	–
December				
Group 1	98.6988		98.6988	–
Group 2	98.6988	–	98.6988	–

* Class X Gross Income unit class was launched on 1 April 2024.

Class Z Gross Income

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2024	Total distribution per unit 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
September				
Group 1	82.5120		82.5120	59.7646
Group 2	82.5120	–	82.5120	59.7646
December				
Group 1	107.2783		107.2783	89.4371
Group 2	107.2783	–	107.2783	89.4371

All unit classes of the ACS 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 unit class prices.

Fact File

Royal London UK Real Estate Fund

Launch date	Class V – Gross Income Units	31 March 2022
	Class W – Gross Income Units	1 October 2017
	Class Z – Gross Income Units	2 January 2018
	Class X – Gross Income Units	1 April 2024
Accounting end dates	31 December (Final)	
	30 June (Interim)	
Distribution dates	15 January (Final)	
	15 April	
	15 July	
	15 October	
Minimum investment	£50m	
Management charges	Preliminary charge	
	Class V – Gross Income Units	1.25%
	Class W – Gross Income Units	1.25%
	Class X – Gross Income Units	1.25%
	Class Z – Gross Income Units	0.00%
	Annual management charge	
	Class V – Gross Income Units	0.00%
	Class W – Gross Income Units	0.00%
	Class X – Gross Income Units	0.70%
	Class Z – Gross Income Units	0.70%

Remuneration Policy (unaudited)

The Authorised Contractual Scheme Manager ("ACS Manager") of the Royal London UK Real Estate Fund, Royal London Unit Trust Managers Limited ("RLUTM"), is subject to remuneration policies, procedures and practices (together, the "Remuneration Policy"), as required under the UCITS Directive ("UCITS V"). RLUTM has appointed Royal London Asset Management Limited ("RLAM") as the Investment Adviser to the ACS.

RLUTM and RLAM are wholly owned subsidiaries of The Royal London Mutual Insurance Society, "the Group". The Group maintains a "Group Remuneration Policy" that RLUTM has adopted which is consistent with and promotes sound and effective risk management. It is designed so that risk-taking is not encouraged where this is inconsistent with the risk profiles or the instrument constituting the fund or the prospectus, as applicable, of the UCITS it manages. The Group has appointed a Remuneration Committee which is made up of Non-Executive Directors and is advised by independent remuneration consultants. The Committee considers the advice by independent remuneration consultants and the implications of remuneration policies across the Group, including for RLUTM.

The Remuneration Policy is in line with the business strategy, objectives, values and the interests of the ACS Manager and the interests of the Royal London UK Real Estate Fund and includes measures to avoid conflicts of interest. The Remuneration Policy adopts performance related pay, with salaries determined by reference to both individual performance and the external market. Total Remuneration comprises of a mix of fixed remuneration (including base salary and benefits), and variable remuneration in the form of incentives. The ratio between fixed and variable pay (both short-term and long-term incentives) is set by the Group to ensure that there is appropriate balance between the fixed and variable remuneration components. The Group Remuneration Policy applies to staff of the ACS Manager whose professional activities have a material impact on the risk profile of the ACS Manager or the ACS and ensures that an individual cannot be involved in determining or approving their own remuneration. The UCITS Directive requires RLUTM to identify employees whose professional activities have a material impact on the risk profile of the RLUTM and the ACS. Identified staff includes senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

The Remuneration Policy is updated annually and reviewed and approved by the Remuneration Committee. The most recent review include increases to the maximum incentive opportunities for executive directors of the Group, updates to reflect the Financial Conduct Authority's (FCA) Consumer Duty principle and supporting rules which comes into effect in July 2023, as well as minor wording changes to improve clarity. Details of the Remuneration Policy (provided in the form of the "UCITS Summary Remuneration Policy"), includes a description on the purpose of the policy, how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits. The UCITS Summary Remuneration Policy will be made available for inspection and a paper copy may be obtained, free of charge, at the registered office of the ACS Manager, upon request.

RLUTM has a board of directors (the "Directors"). The Directors of the Company who are also employees of the Group do not receive any remuneration in respect of their services as directors of RLUTM. The other Non-Executive Directors receive fixed remuneration in respect of their services which is set at a level determined by the Group and is not performance related. None of the Directors are currently in receipt of variable remuneration in respect of their services as Directors of RLUTM. RLUTM has no employees and therefore there are no other controlled functions, or senior management employed and paid by RLUTM. However, for the financial year ending 31 December 2024, total remuneration of £29,836,582 was paid to 46 individuals whose actions may have a material impact on the risk profile of RLUTM, of which £10,159,813 related to senior management. The fixed element of the total remuneration mentioned above is £10,802,215 and the variable element is £19,034,367. By comparison for the financial year ending 31 December 2023, total remuneration of £32,720,486 was paid to 48 individuals whose actions may have a material impact on the risk profile of RLUTM, of which £8,986,030 related to senior management. The fixed element of the total remuneration mentioned above is £10,709,034 and the variable element is £22,011,452. In addition, the ACS does not make any payments directly to any staff of the delegates.

In accordance with the Remuneration Policy and the requirements of UCITS V, staff working for RLAM are not remunerated by the ACS Manager but they are subject to remuneration requirements which are equally as effective as those in place under the UCITS Directive. RLAM is also subject to the Financial Conduct Authority's Remuneration Codes.

General Information

Pricing and dealing

For the purposes of determining the prices at which Units may be purchased from or redeemed by the ACS Manager, the ACS Manager will carry out a valuation of the Fund'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 ACS Manager may, at its discretion, value the Fund at any other time. The valuation shall exclude any income in respect of the interim accounting period ending on that Dealing Day.

Dealing in Units 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 units

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 ACS Manager and returned by 17:00 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. In respect of the initial offer of Units only, the ACS Manager may, at its discretion, accept certain applications for Units which are received after the Subscription Cut-off Point. On acceptance of the application, Units will be sold at the relevant sale price, and a contract note confirming the sale price and the number of units sold together with, in appropriate cases, a notice of the applicant's right to cancel, will be issued. An order for the purchase of Units will only be deemed to have been accepted by the ACS Manager once it is in receipt of cleared funds for the application.

Redemption of units

To redeem units, an investor should provide a written instruction by 17:00 UK time on the last Business Day that is at least six months prior to the relevant Dealing Day to the ACS Manager at its administration centre with instructions to redeem the relevant number (if known) or value of units. Instructions received after this point will be dealt with on the next applicable Dealing Day. The units 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, two full Business Days prior to the relevant Dealing Day. Redemption settlement is by 17:00 UK time at the Business Day, three full Business Days prior to the relevant Dealing Day.

Distribution dates

Distribution of income is on the 15th calendar day following the end of the relevant accounting period.

UK taxation

The ACS is transparent and is not a taxable entity for UK tax purposes. As such, it is not subject to tax in the UK on income or gains arising on underlying investments. Distributions to Unitholders in the Gross Class will not be subject to UK withholding tax, but distributions to any investors in the Net Class will be made with a tax credit for the basic rate income tax withheld from the distributions.

The following applies to Unitholders which are resident in the UK. It does not apply to Unitholders holding Units as trading assets, or subject to particular tax regimes.

Income tax: For both UK income tax and corporation tax purposes, the ACS will be treated as transparent with regard to income. Consequently, its income and expenses (i.e. net income) are treated for UK tax purposes as arising or, as the case may be, accruing to each Unitholder in proportion to the value of the Units beneficially owned by that Unitholder as if the net income had arisen or, as the case may be, accrued to that Unitholder directly.

Unitholders who are exempt from tax on income will be treated as receiving their proportionate share of the net income of the ACS in which they invest, regardless of whether the net income is distributed to them. As the income will retain its original character in the hands of Unitholders, Unitholders exempt from tax on income should be able to benefit from their proportionate share of any tax credits for UK tax withheld at source and to reclaim such amounts from HMRC.

Any Unitholders liable to tax on income will be liable on their proportionate share of the net income of the ACS, regardless of whether the net income is distributed to them. Such income will retain its original character in the hands of Unitholders, and its nature will determine whether any tax credits are available for Unitholders generally and whether Unitholders that are subject to corporation tax can benefit from the dividend exemption. The ACS Manager intends to ensure that an appropriate share of the capital allowances are available to taxpaying Unitholders. In the case of Unitholders in the Net Class, UK taxpaying Unitholders should be able to offset the tax withheld against their UK tax liability on the income.

Unitholders will require detailed information about the income they receive from the ACS, and the ACS Manager intends to supply the necessary information to them in an appropriate form and a timely manner.

General Information (continued)

UK taxation – continued

Chargeable gains: For the purposes of UK tax on chargeable gains only, the Units in the ACS will be deemed to be chargeable securities and the underlying assets not to be chargeable assets with the result that Unitholders will not be liable to tax on chargeable gains realised by the ACS. Any Unitholders liable to tax on chargeable gains will be liable on their proportionate share of such gains arising from the redemption of Units depending on their own UK tax position.

Stamp taxes: No UK SDLT, stamp duty reserve tax (SDRT) or stamp duty will be due on initial subscriptions for Units. Surrenders (i.e. the redemption or Switching) of Units are not subject to UK SDLT, SDRT or stamp duty provided the surrender does not form part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of stamp tax.

SDLT or SDRT will be payable on the purchase in the market by the ACS of property in England and Northern Ireland or UK equities respectively. This will be accounted for from the ACS on behalf of Unitholders. In the event that the ACS acquires and holds property in Scotland then Scottish Land and Buildings Transaction Tax (LBTT) will be due on the purchase of units (whether by subscription or transfer). LBTT will be due on a proportionate part of market value (at the time of unit purchase) of the Scottish Property held by the ACS.

For the first contribution of property to the ACS there was a 100% 'seeding relief' from SDLT. However should any seeding investor reduce its interest in the ACS below the value for which relief was obtained at any time during a three year period following completion of the initial property contribution into the ACS, then the ACS will be subject to a proportionate withdrawal of the seeding relief. In this event the seeding investor will be required to compensate the ACS for this cost.

LBTT will also be payable on the purchase by the ACS of any Scottish property.

Similarly, Welsh Land Transaction Tax (LTT) will be payable on the purchase by the ACS of any Welsh property.

Authorisation

The ACS was authorised by the Financial Conduct Authority on 3 February 2017.

ACS Manager 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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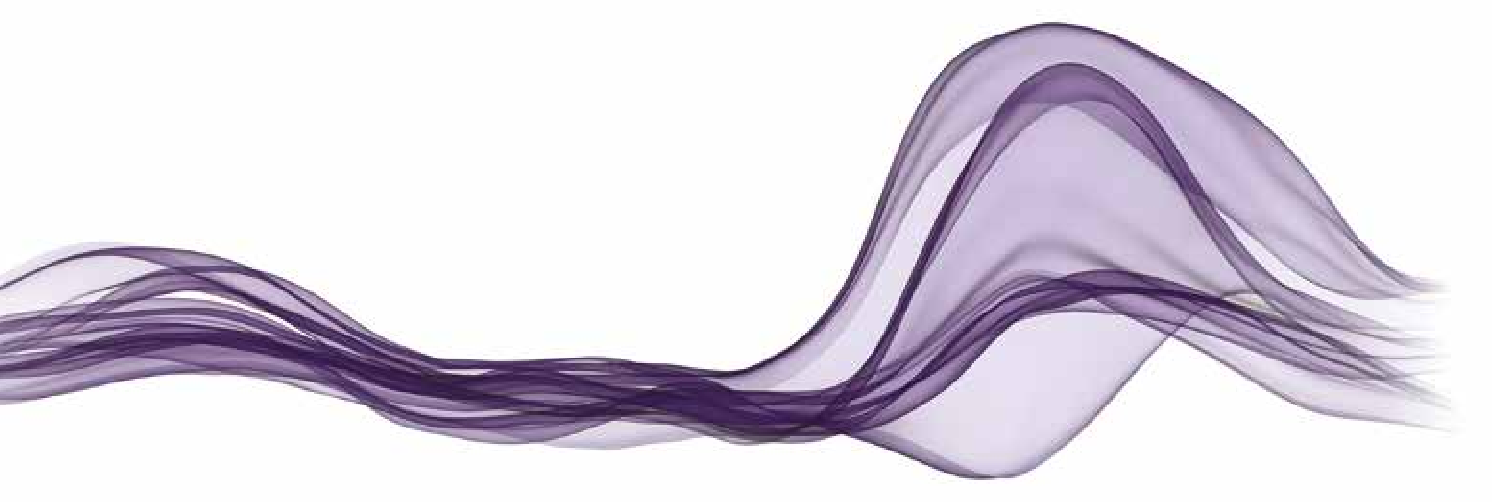
Royal London Asset Management Limited is a marketing group which includes Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority and which manages collective investment schemes, registered in England and Wales number 2372439.

Royal London Asset Management Limited is a subsidiary of The Royal London Mutual Insurance Society Limited, registered in England and Wales number 99064.

Registered office: 80 Fenchurch Street, London EC3M 4BY.

Ref: SREP RLAM PD 0359



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