For professional clients only, not suitable for retail investors.

Royal London Property Fund

Interim Report

For the six month period ended 30 June 2025 (unaudited)

Contents

* The Authorised Corporate Director's report comprises these items.

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

Company Information

Company

Royal London Property Fund

Registered in England with Company Number IC000822

Registered office:
80 Fenchurch Street, London EC3M 4BY

Authorised Corporate Director (the "ACD")

The ACD is Royal London Unit Trust Managers Limited which is the sole director.

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 ACD

J.M. Brett (Independent Non-executive Director) (Chairman)

H.I. Georgeson

J.S. Glen

A.L. Hunt

J.M. Jackson (Independent Non-executive Director)

R. Kumar

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 ACD

NatWest Trustee and Depositary Services Limited

250 Bishopsgate, London, EC2M 4AA

Authorised and regulated by the Financial Conduct Authority.

Registrar

SS&C Financial Services Europe Limited

The Register may be inspected at:
SS&C House, St Nicholas Lane, Basildon, Essex SS15 5FS

Authorised and regulated by the Financial Conduct Authority.

Administrator to the ACD

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Independent Valuers

Cushman & Wakefield Debenham Tie Leung Limited

43/45 Portman Square, London W1A 3BG

Property Manager

Jones Long LaSalle Limited (JLL)

30 Warwick Street, London W1B 5NH

Independent Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor

15 Canada Square, London E14 5GL

Report of the Authorised Corporate Director

We are pleased to present the Interim Report and Financial Statements for the Royal London Property Fund (the "Company"), covering the period from 1 January 2025 to 30 June 2025.

About the Company

The Company is an open-ended investment company with variable capital (ICVC) which has Property Authorised Investment Fund (PAIF) status, as defined in Part 4A of the Tax Regulations and the Glossary to the FCA Handbook, incorporated in England on 28 May 2010. It is governed by the OEIC Regulations, the Collective Investment Schemes Sourcebook (COLL) and its Instrument of Incorporation. Registered in England with Company Number IC000822.

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

Authorised status

The Company is a single sub-fund and a stand-alone Collective Investment Scheme as defined in the Financial Services and Markets Act 2000 which is categorised as a non-Undertaking for Collective Investments in Transferrable Securities retail scheme (NURS). The Company was authorised by the Financial Conduct Authority ("FCA") on 28 May 2010 and its Instrument of Incorporation was registered with the Registrar of Companies for England and Wales. The Company qualifies as an Alternative Investment Fund within the meaning of Alternative Investment Fund Managers Directive ("AIFMD") for the purposes of the FCA Rules.

A unit trust in umbrella form (Royal London Property Trust) was launched for those investors unable to invest directly in the Company.

The financial statements

As required by the OEIC Regulations, information for the Company has been included in these financial statements. We have provided a detailed description of the strategy that was adopted during the period under review.

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

For and behalf of Royal London Unit Trust Managers Limited

Authorised Corporate Director

R. Kumar (Director)

S. Spiller (Director)

26 August 2025

Investment Adviser's Report

Objective

The investment objective of the Company is to carry on Property Investment Business, and to manage cash raised from investors for investment in the Property Investment Business, with the intention of achieving a combination of capital growth and income (total return) over the long term (at least 7 years) by investing predominantly in UK commercial properties.

Strategy

The Company invests across business sectors and regions seeking to balance the income from 'core' holdings with active management, taking advantage of opportunities when they arise to enhance the Company's value. The Company will aim to purchase properties of suitable quality and manage them actively and effectively, until positive market conditions allow them to sell on beneficial terms. The Company's manager aims to mostly acquire properties which are fully let to tenants of sound financial strength, but can take a measured exposure to development property. Investments will be made in a wide range of UK commercial property, with diversification geographically throughout the UK and across a range of business sectors and tenant covenant.

Performance overview

Fund performance over the six months to June 2025 was 3.00%. This compares with the MSCI / AREF UK All Property Fund Index at 2.87%, an outperformance of 13 basis points.

The majority of performance so far this year has come from distributable income, with an income return of 1.70%. Movement in Fund NAV has also provided positive performance this year, increasing by 1.28%.

Market overview

Investment volumes so far this year have been rather muted, losing some of the traction that had been building in the latter half of 2024. The latest data from RCA suggests deals totalling £9.7bn completed in Q2 2025. This represents a 10% increase on the level seen in Q1 2025, which in isolation is encouraging and shows that investors are still transacting. However, compared to the levels seen during H1 2024, the YTD total is around 23% lower.

Despite the slowing of completed deals, investment performance has remained resilient. According to the latest MSCI UK Monthly Index, performance in Q2 2025 was stable with an ungeared total return of 1.7% over the last 3 months, and capital values on average 0.3% higher. This marks a slight cooling in momentum when compared to Q1 2025, when capital values increased by 0.6%, but it represents the fifth consecutive quarter of growth for UK real estate values and demonstrates that the recovery in values has not been knocked off course.

An increase in rents has been the main driver of valuation growth so far this year, off the back of strong occupier demand and limited supply. We are also beginning to see yields compress in parts of the market. CBRE reported that prime yields are trending stronger in Central London and have sharpened their City office yields by 25 basis points, reflecting recent activity. With the Bank of England projected to continue the path of gradual rate cuts, this should be supportive for UK real estate pricing and stimulate greater activity.

Portfolio commentary

During the 6 months to June 2025, the Fund delivered a total return (net of management fees) of 3.00%, which was ahead of its benchmark. The underlying property portfolio delivered a total return of 3.70%, which comprised an income return of 2.28% and capital appreciation of 1.40%.

The portfolio holds an overweight allocation towards the industrial sector, which has been beneficial so far this year, with the industrial sector outperforming the all-sector market average. The Fund's industrial portfolio has delivered a year-to-date total return of 5.44%, which compares favourably to the benchmark average of 3.96%. Capital growth in the industrial portfolio has been driven by strong rental growth over the first half of the year, with rental values increasing by 3.86%.

The office portfolio has also outperformed so far this year, a function of its structural bias towards the West End of London. The office portfolio in aggregate returned 2.62% over the first 6 months of year, which was ahead of the benchmark equivalent rate of 1.32%. Performance was boosted by asset management at Rathbone Place, London, where the Fund agreed a new lease at a higher rent, following a CAT A+ refurbishment on one of the floors.

The Fund has been active in the investment market so far this year, acquiring Eastern Avenue Retail Park in Romford for £26.85m in February. The purchase provides stable income to counterbalance the current development activity at Havant and to further increase the Fund's overweight position to retail warehouse. In May, the Fund successfully completed the sale of 18–20 High Street, Winchester, for £2.8 million. This disposal aligned with the Fund's strategic objectives, as the asset was considered non-core due to its limited performance potential, secondary location, smaller lot size, and suboptimal ESG profile.

Investment Adviser's Report (continued)

Investment outlook

Concerns around US policymaking could fuel a potential reallocation of capital out of US assets, with other regions coming into greater focus, much of it to be redeployed into the UK and Europe. INREV's investment intention survey for 2025 highlighted UK as the top ranked preferred investment destination in Europe, for the second year running. Data from Colliers supports this, suggesting that overseas capital has made up 58% of all investment into the UK so far this year. London could benefit most from this trend as a world-renowned tourist destination and global financial centre. We've seen in the City of London office market, total volumes so far this year have already exceeded the total for the whole of 2024.

In summary, our outlook remains cautiously optimistic. The macroeconomic headwinds present greater risks than at the start of the year, but we are not expecting widespread capital value declines. Under-supply of prime space is a key theme across sectors and development activity remains subdued due to high construction costs and cautious lending conditions. We therefore expect ongoing rental growth to support returns and for investor sentiment to gradually improve as the year progresses.

We forecast that all-property total returns will average 7.4% 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)

Over 2025, we have remained dedicated to implementing initiatives that support the Responsible Property Investment (RPI) Strategy and the Net Zero Carbon Pathway, while upholding industry best practice through the ongoing evaluation and enhancement of our programmes. Our goal is to achieve positive environmental and social outcomes for investors, occupiers, and all key stakeholders.

- Initiated the development of our new RPI Strategy for 2026–2030, recognising that the current strategy will reach the end of its term this year. The process focuses on three primary components, starting with a baseline review of existing RLAM Property strategies, policies and procedures, alongside a peer gap analysis. This was followed by a programme of stakeholder engagement, covering internal teams and external consultants. The next stage is the development of our updated RPI framework, which will be mobilised through a workshop. This will shape the new strategy, overarching framework and future reporting plans. The new RPI strategy is scheduled to be published in early 2026.
- Established Fund-level RPI targets against identified RPI priorities to futureproof our Fund and strive to achieve year-on-year improvements, thereby supporting sustained success across the Fund. These targets reflect our ambitions to deliver assets with strong RPI credentials. They are made up of both quantitative and qualitative targets, focusing on key areas including Scope 1 and 2 emissions reductions, Energy Performance Certificate (EPC) rating enhancements, increased coverage of occupier utility data and enhanced occupier engagement.
- Completed a sector-wide review and refresh of all green clauses following the launch of the updated Better Buildings Partnership's (BBP) Green Lease Toolkit. This comprehensive review evaluated current lease agreements against the latest BBP recommendations, in collaboration with our panel lawyers, to ensure any updated clauses are both ambitious and commercially viable. The revised clauses have been rolled out sector-wide, with adoption monitored via quarterly tracker reports from our panel lawyers. Minimum lease requirements have also been established around key Fund priorities.

Investment Adviser's Report (continued)

Responsible Property Investment (RPI) – continued

- Finalised our Biodiversity Strategy, aiming to enhance the biodiversity and natural across our assets. Its development involved initially establishing the Fund's biodiversity and natural capital baseline. This included a desk-based assessment using spatial mapping software and onsite audits across a 10% sample of RLAM Property's assets. Insights from this audit informed scenario analysis testing to identify the portfolio's biodiversity uplift potential which informed the creation of 'minimum' and 'ambitious' biodiversity and natural capital targets. Alongside these targets, sector-specific Nature-based Solutions (NBS) guides were created to help provide support to asset managers on enhancing biodiversity at the asset-level. Going forward, we will look to integrate our new strategy into ongoing projects, with progress tracked against our targets on an annual basis.
- Commenced the development of two metering guidance documents, one for office assets and one for non-office assets, to support standardised and best practice metering across our operational and development portfolio. These documents are intended to help address any inconsistencies in current metering approaches and streamline strategies for both new build and refurbishment projects. Additionally, improving our metering approach will increase the resolution of data on our buildings and improve accessibility to this performance data, supporting us to make well-informed decisions and strive towards our net zero carbon objectives.

Stephanie Hacking
Portfolio Fund Manager
Royal London Asset Management Limited
8 August 2025

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

The Task Force on Climate-related Financial Disclosures (TCFD) Report for Property Funds can be found on our website, at https://www.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 indication of future Company's performance. Portfolio holdings are subject to change, for information only and are not investment recommendations.

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

Portfolio Statement

As at 30 June 2025

Investments	Holding	Tenure	Sector	30 June 2025 Market value (£'000)	Total net assets (%)
Direct Properties					
Direct Properties Market Values up to £10m – 22.21% (31/12/24 – 22.70%)					
Cambridge – 24/26 Hills Street		Freehold	Offices		
Colchester – Axial Way		Freehold	Alternatives		
Eastleigh – St Georges Industrial Estate		Freehold	Industrial		
Havant – Downley Road*		Freehold	Industrial		
Hove – 154 Old Shoreham Road		Freehold	Retail Warehouse		
Leeds – Spring Ram Retail Park		Freehold	Retail Warehouse		
Loughborough – Southfield Road		Leasehold	Alternatives		
Manchester – Fabrica, Great Ancoats Retail Park		Freehold	Alternatives		
Newbury – Newbury Trade Park		Freehold	Industrial		
Northampton – Swan Street		Leasehold	Alternatives		
Tamworth – Unit 2 Alpha Park		Freehold	Industrial		
Total Direct Properties Market Values up to £10m				**89,150**	**22.21**
Direct Properties Market Values between £10m and £20m – 30.44% (31/12/24 – 30.15%)					
Ascot – Kings Ride Park		Freehold	Industrial		
Aylesford – Bellington Way		Freehold	Industrial		
Birmingham – Midpoint 105		Freehold	Industrial		
Chessington – Compass Business Park		Freehold	Industrial		
Ellesmere Port – Junction 8 Business Park		Leasehold	Industrial		
London W1 – 28-32 Lexington Street		Freehold	Offices		
Northampton – Lodge Farm Trade Park		Freehold	Industrial		
Raynes Park – Coombe Lane		Leasehold	Retail		
Total Direct Properties Market Values between £10m and £20m				**122,200**	**30.44**
Direct Properties Market Values over £20m – 37.68% (31/12/24 – 31.31%)					
Hoddesdon – Trident Industrial Estate		Freehold	Industrial		
London W1 – 15-18 Rathbone Place		Freehold	Offices		
London W1 – 44-45 Great Marlborough Street		Freehold	Offices		
Milton Keynes – Cairngorm Retail Park		Freehold	Retail Warehouse		
Romford – Eastern Avenue Retail Park		Freehold	Retail Warehouse		
Total Direct Properties Market Values over £20m				**151,300**	**37.68**
Collective Investment Schemes – 2.38% (31/12/24 – 2.40%)					
Industrial Property Investment Fund	5,278		Collective	9,104	2.26
Octopus Healthcare Fund	355		Collective	466	0.12
Total Collective Investment Schemes				**9,570**	**2.38**
Portfolio of investments				**372,220**	**92.71**
Adjustments to Fair Value*				**(1,845)**	**(0.46)**
Net other assets				**31,057**	**7.75**
Total net assets				**401,432**	**100.00**

* Under construction.

** Fair value adjustments include lease incentive, rent free debtor and finance lease payables.

Summary of Material Portfolio Changes

For the six month period ended 30 June 2025

Significant Purchases

	Cost £'000
Romford – Eastern Avenue Retail Park	26,850
Subtotal	**26,850**
Total purchases for the period	**26,850**

Significant Sales

	Net Proceeds £'000
Winchester – 18/20 High Street	2,800
Subtotal	**2,800**
Total proceeds from sales for the period	**2,800**

Significant Capital Expenditure

	Cost £'000
Romford – Eastern Avenue Retail Park	1,654
Northampton – Lodge Farm Trade Park	1,645
Havant – Downley Road	540
London W1 – 28-32 Lexington Street	438
Milton Keynes – Cairngorm Retail Park	176
Subtotal	**4,453**
Total capital expenditure for the period	**4,967**

Significant Valuation Movements

	Valuation Changes £'000
Northampton – Lodge Farm Trade Park	1,850
London W1 – 15-18 Rathbone Place	1,500
Havant – Downley Road	1,500
Aylesford – Bellington Way	1,100
Ascot – Kings Ride Park	700
Subtotal	**6,650**

The purchases, sales, top 5 capital expenditure and top 5 valuation movements detail the material changes in the portfolio during the period.

Comparative Tables

Class A Accumulation

Change in net assets per share	30/06/25 (p)	31/12/24 (p)	31/12/23 (p)	31/12/22 (p)
Opening net asset value per share	801.21	753.51	760.31	834.78
Return before operating charges*	33.02	68.67	13.46	(56.72)
Operating charges	(11.51)	(20.97)	(20.26)	(17.75)
Return after operating charges*	21.51	47.70	(6.80)	(74.47)
Closing net asset value per share	**822.72**	**801.21**	**753.51**	**760.31**
Retained distribution on accumulation shares	11.64	24.17	23.86	23.49
* after direct transaction costs of:	2.79	1.41	0.10	0.60
Performance				
Return after charges	2.68%	6.33%	(0.89)%	(8.92)%
Other information				
Closing net asset value (£'000)	389,393	379,027	355,757	368,877
Closing number of shares	47,329,980	47,306,664	47,213,538	48,516,569
Operating charges excluding property expenses	0.61%	0.62%	0.75%	0.87%
Property expenses	1.19%	0.72%	0.67%	0.25%
Operating charges	1.80%	1.34%	1.42%	1.12%
Direct transaction costs	0.70%	0.18%	0.01%	0.07%
Prices				
Highest share price	811.34	790.98	751.31	888.90
Lowest share price	794.12	746.07	735.23	749.69

Class B Income

Change in net assets per share	30/06/25 (p)	31/12/24 (p)	31/12/23 (p)	31/12/22 (p)
Opening net asset value per share	282.50	272.37	284.63	321.53
Return before operating charges*	10.84	23.85	2.20	(25.52)
Operating charges	(3.26)	(5.06)	(5.65)	(2.46)
Return after operating charges*	7.58	18.79	(3.45)	(27.98)
Distributions on income shares	(4.08)	(8.66)	(8.81)	(8.92)
Closing net asset value per share	**286.00**	**282.50**	**272.37**	**284.63**
* after direct transaction costs of:	0.97	0.46	0.04	0.11
Performance				
Return after charges	2.68%	6.90%	(1.21)%	(8.70)%
Other information				
Closing net asset value (£'000)	12,039	11,907	14,125	15,052
Closing number of shares	4,209,358	4,214,858	5,185,856	5,288,315
Operating charges excluding property expenses	0.61%	0.62%	0.75%	0.87%
Property expenses	1.19%	0.72%	0.67%	0.25%
Operating charges	1.80%	1.34%	1.42%	1.12%
Direct transaction costs	0.70%	0.18%	0.01%	0.07%
Prices				
Highest share price	282.08	278.78	277.87	336.47
Lowest share price	278.65	269.19	268.38	280.59

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

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

Financial Statements

Statement of Total Return

For the six month period ended 30 June 2025

	£'000	30 Jun 2025 £'000	£'000	30 Jun 2024 £'000
Income				
Net capital gains		4,761		865
Revenue	11,303		10,627	
Expenses	(4,567)		(3,067)	
Net revenue before taxation	6,736		7,560	
Taxation	–		–	
Net revenue after taxation		6,736		7,560
Total return before distributions		11,497		8,425
Distributions		(6,690)		(7,550)
Change in net assets attributable to shareholders from investment activities		**4,807**		**875**

Statement of Change in Net Assets Attributable to Shareholders

For the six month period ended 30 June 2025

	£'000	30 Jun 2025 £'000	£'000	30 Jun 2024 £'000
Opening net assets attributable to shareholders		**390,934**		**369,882**
Amounts receivable on creation of shares	189		371	
Amounts payable on cancellation of shares	(16)		(2,297)	
		173		(1,926)
Change in net assets attributable to shareholders from investment activities		4,807		875
Dilution adjustment		12		58
Retained distributions on accumulation shares		5,506		5,938
Closing net assets attributable to shareholders		**401,432**		**374,827**

Balance Sheet

As at 30 June 2025

	30 Jun 2025 £'000	31 Dec 2024 £'000
Assets		
Fixed assets:		
Land and buildings	360,805	327,211
Investments	9,570	9,393
Total fixed assets	370,375	336,604
Current assets:		
Debtors	12,117	14,845
Cash and bank balances	28,177	50,586
Total current assets	40,294	65,431
Total assets	410,669	402,035
Liabilities		
Creditors:		
Other creditors	8,433	10,301
Finance lease payable	783	783
Distribution payable	21	17
Total liabilities	9,237	11,101
Net assets attributable to shareholders	**401,432**	**390,934**

Financial Statements (continued)

Statement of Cash Flows

For the six month period ended 30 June 2025

	30 Jun 2025 £'000	30 Jun 2024 £'000
Net cash inflow from operating activities	**7,285**	**9,007**
Distributions to shareholders	(1,180)	(1,614)
Interest received	309	335
Net cash generated from operating activities	**6,414**	**7,728**
Cash flows from investing activities		
Payments to acquire investments and capital expenditure	(31,816)	(7,429)
Receipts from sale of investments	2,808	2,812
Net cash outflow from investing activities	**(29,008)**	**(4,617)**
Net cash outflow/inflow before financing activities	**(22,594)**	**3,111**
Cash flows from financing activities		
Amounts received from creation of shares	189	371
Amounts paid on cancellation of shares	(16)	(2,297)
Dilution adjustment	12	58
Net cash inflow/outflow from financing activities	**185**	**(1,868)**
Net decrease/increase in cash during the period	**(22,409)**	**1,243**
Cash and bank balances brought forward	50,586	32,245
Cash and bank balances at the end of the period	**28,177**	**33,488**

Notes to the Financial Statements

For the six month period ended 30 June 2025

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 accounting period/years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in compliance with the FCA's Collective Investment Schemes Sourcebook ("COLL") and in accordance with the UK Accounting Standards, 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") the Prospectus and Instrument of Incorporation. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through the profit or loss.

Going concern

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

Basis of valuation of investments

Fair value of investment property

Investment properties owned by the Company 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 monthly basis by Cushman & Wakefield Debenham Tie Leung Limited in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Global Standards 2017 ("The Red Book") on the basis of Fair Value 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 Company's properties are subject to an ongoing rolling programme of internal and external inspection by the standard independent valuers each year.

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 Company 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 ACD.

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.

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 period in which termination takes place.

Lease incentives

Incentives received to enter into an operating lease are credited to the Statement of Total Return account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Provision for bad and doubtful debts

It is the policy of the Company 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.

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

1. Significant accounting policies – continued

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 the 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 the 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.

Shares

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

Taxation

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

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

1. Property income distributions, representing income from its property investment business;
2. PAIF dividend distributions representing any dividends received by it; and
3. PAIF interest distributions representing the net amounts of all other income received.

Capital allowances are accrued in line with the other policies in these statements. Capital deductions increase the distributable income of the Company. This income is classified as dividend for the purpose of the three streams.

Income tax has been provided for at an appropriate rate for distribution to Shareholders and the calculation of the Share price is net of tax. Property Income is taxed at 20%, interest income being taxed at 20% and dividend income at 0%.

Revenue recognition

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

Rental income

Rental income is accounted for on an accruals basis. Rental income received in advance is deferred and recognised in the period 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 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 Company 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.

Collective Investment Schemes

Dividend income from collective investment schemes are accounted for on an accruals basis.

Expenses recognition

Expenses are classified as 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.

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

Fund manager's fee

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

The manager's fee is based on 0.60% of the net asset value of the previous month accrued on a daily basis across all share classes.

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

1. Significant accounting policies – continued

Service charge expenses

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

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

Distribution to Shareholders

Dividends and other distributions to the Company's Shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's Depositary. These amounts are recognised in the Statement of Total Return. The reinvestment of the accumulation distribution is recognised in the Statement of Change in Net Assets Attributable to Shareholders.

Dilution levy

In certain circumstances the ACD may charge a dilution levy on the sale or repurchase of shares. The levy is intended to cover certain dealing charges not included in the value of the Company used in calculating the share price, which could have a dilutive effect. Normally the Company 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 ACD.

Related party transactions

The Company 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 ACD, separate disclosure is necessary to understand the effect of the transactions on the Company'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.

Key accounting estimates and assumptions

Estimation of fair value of investment property

Investment property is measured at fair value which represents a significant proportion of the Company's net assets at 89.88% (31/12/24: 83.70%). Therefore, the estimates and assumptions made to determine their carrying value during valuation are critical to the Company'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 period end, the Company's portfolio had an equivalent yield of 5.74% (31/12/2024: 5.74%). If the yield of every property within the portfolio increased by 0.25% (31/12/2024: 0.25%) it is estimated that the net asset value would fall by 3.81% (31/12/2024: 3.49%). If the yield decreased by 0.25% (31/12/2024: 0.25%) it is estimated that the net asset value would rise by 4.17% (31/12/2024: 3.82%). The 0.25% benchmark has been used to measure sensitivity analysis as the ACD believes that it is a good indicator or materiality in yield movements. These estimates are subject to the prevailing conditions at the period end.

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

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	6.04%	0.25%	6,971,000	1.74%	(6,410,000)	(1.60)%
Offices	4.99%	0.25%	5,015,000	1.25%	(4,530,000)	(1.13)%
Retail	5.90%	0.25%	3,598,000	0.90%	(3,302,000)	(0.82)%
Other	6.13%	0.25%	1,165,000	0.29%	(1,073,000)	(0.27)%

Critical judgements in applying the Company's accounting policies

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

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

3. Distribution policies

Basis of distribution

The distribution policy of the Company is to distribute or accumulate all available property rents, interest and dividend income earned on an accruals basis, after deduction of charges and expenses payable, subject to adjustment for income tax and for any other expenses which may be transferred to capital (abortive costs and property gains and losses). Under the PAIF structure, the Company distributes income in three streams (property rents, interests and dividend income).

Distribution in respect of Income shares is paid out at the end of the relevant accounting period whilst distribution in respect of Accumulation shares is retained at the end of each distribution period and will be reflected in the price of each Accumulation share at the end of the relevant accounting period and represents a reinvestment of revenue.

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

Apportionment to share classes

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

Expenses

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

4. Risk management policies

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

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

The risks set out below do not purport to be exhaustive and the Company 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 Company's investments including, but not limited to, adverse property valuation movements.

Since the fair value of investment property represents a significant proportion of the Company's net assets at 89.88% (31/12/24: 83.70%), property values are exposed to a number of risk factors which may affect the total return of the Company. These may be attributable to changes to global or local economic 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 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 price risk is minimised through holding a diversified portfolio that invests across various property sectors.

The ACD may employ derivatives solely for the purposes of Efficient Portfolio Management. The use of derivatives for EPM purposes is not expected to affect the risk profile of the Company. The use of these instruments may however from time to time expose the Company to volatile investment returns and increase the volatility of the net asset value of the Company. The Company does not currently use derivatives for investment purposes.

The Company adheres to the investment guidelines and investment and borrowing powers established in the Prospectus, instrument of incorporation and in the rules governing the operation of open ended investment companies.

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

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 Company 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.

In normal circumstances, the Company permits redemptions on a monthly basis but with shareholder's required to provide 3 months' advance notice of their intention to redeem, although the ACD may waive this notice period at its discretion provided that this does not materially prejudice shareholders. The ACD also has additional tools to deal with liquidity constraints which could arise. The Company may (i) borrow cash to meet redemptions within the limits, that is, the value of the assets involved in Property Investment Business will be at least 60% of the value of the total value of the assets held by the Company at the end of each of its accounting periods; (ii) defer a redemption request to the next dealing day where requested redemptions exceed 5% of the Net Asset Value or (iii) apply the in specie redemption provisions issue in which shares in the Company are exchanged for assets as well as cash in excess of £10m.

The ACD has established a liquidity management policy and procedures for the qualitative and quantitative assessment of existing positions taken by the Company and to assess whether intended investments would have a material impact on the overall liquidity profile of the Company. In following these procedures, the assessment by the ACD takes account of actual and anticipated subscription and redemption flows, investor concentration, the current level of readily realisable assets in the Company and the time required to realise further assets, prices and or spreads of investments in both normal and exceptional liquidity conditions. These factors are monitored and managed to ensure the liquidity profile of the Company is aligned appropriately with the anticipated redemption flows. The ACD conducts regular stress testing (at least annually) of the Company's portfolio in order to fully understand the liquidity profile of the Company.

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

	Within three months	Over three months but not more than one year	Over one year
As at 30 June 2025	**£'000**	**£'000**	**£'000**
Cash at bank	28,177	–	–
	%	**%**	**%**
Shareholding that can be redeemed	100	–	–
Portfolio capable of being liquidated	–	100	–
As at 31 December 2024	**£'000**	**£'000**	**£'000**
Cash at bank	50,586	–	–
	%	**%**	**%**
Shareholding that can be redeemed	100	–	–
Portfolio capable of being liquidated	–	100	–

The following table provides a maturity analysis of the Company'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
As at 30 June 2025	**£'000**	**£'000**	**£'000**
Distribution payable	21	–	–
Finance lease payable	50	202	11,227
Other creditors	8,433	–	–
	8,504	**202**	**11,227**
As at 31 December 2024	**£'000**	**£'000**	**£'000**
Distribution payable	17	–	–
Finance lease payable	50	202	11,251
Other creditors	10,301	–	–
	10,368	**202**	**11,251**

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

4. Risk management policies – continued

Credit and counterparty risk

Credit risk is the risk that counterparty will default on their contractual obligations resulting in financial loss to the Company. The Company 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 Company 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 sector and or regions within the Company is monitored so that it does not exceed a certain threshold of the aggregate revenue in relation to the property investments in any accounting period as determined from time to time by the ACD. 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 ACD might not be able to recover cash or assets of equivalent value in full. The ACD has been closely monitoring the ability of tenants to pay their rent and adjusting bad debt provision accordingly. The ACD 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 Company'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 Company is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

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

The Company's cash and short term deposits at 30 June 2025 amounted to £28.18m (31/12/2024: £50.59m). Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings.

At 30 June 2025, the fair value of all interest rate derivative assets held by the Company was £nil (31/12/2024: £nil).

At 30 June 2025, 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 £28.18m (31/12/2024: £50.59m). This represents 7.02% (31/12/24: 12.94%) of gross assets of the Company.

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 Company.

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

Interest rate risk

The Company may at certain times invest cash on deposit. The Company held £28.18m (31/12/24: £50.59m) cash at the end of the period and has minimal exposure to interest rate risk. In times of low nominal interest rate, there may be no, negative or low interest paid on these holdings. In such circumstances, the Company could be subject to losses especially after charges are deducted.

The ACD assesses the interest rate risk and has determined that the interest rate risk is 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 Company's ability to raise rents in markets with low vacancy rates, thus outpacing rising inflation and potentially increasing income distribution to unitholders/shareholders. The Company 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 Company 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 six month period ended 30 June 2025

4. Risk management policies – continued

Inflation risk– continued

The ACD address inflationary risk associated with increased costs by adjusting its cash flows for inflation to prevent changes in purchasing power especially in relation to capital expenditure such as construction and refurbishment costs. The ACD 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.

On the other hand, sharp increase in construction and building costs may constrain the growth of new property stocks to some degree which would support property values. In fact, construction cost inflation has outrun other measures of inflation in recent years since high construction costs imply increased replacement costs for buildings and making existing property investments more valuable.

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 Company, the ACD may from time to time use leverage, 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 Company). Currently the Company 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 Company 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 Company'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 Company's goals.

Economic and geopolitical risk

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

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

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

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

However, sanctions imposed on Russia as a response by the UK and its allies have had a significant impact on the UK economy due to the disruption to the supply of energy to Europe which has affected wholesale prices in the UK to a greater extent than implied by direct trade links. The full economic impact of the 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 Company, which has its assets predominantly based in the UK, are not likely to be materially affected by the situation in Ukraine or the Middle East but by the political and economic climate in the UK.

Distribution Tables

For the six month period ended 30 June 2025

Class A Accumulation

Distribution in pence per share

Distribution period	Property income distribution per share	Interest income distribution per share	Dividend income distribution per share	Equalisation	Total distribution per share 2025	Total distribution per share 2024
January						
Group 1	0.3343	0.1554	2.2594	–	2.7491	3.0104
Group 2	0.3343	0.1554	2.2594	–	2.7491	3.0104
February						
Group 1	1.0024	0.1305	0.0961	–	1.2290	1.9181
Group 2	1.0024	0.1305	0.0961	–	1.2290	1.9181
March						
Group 1	1.6008	0.0392	0.2186	–	1.8586	1.8681
Group 2	1.6008	0.0392	0.2186	–	1.8586	1.8681
April						
Group 1	2.5569	0.0733	0.0758	–	2.7060	2.1229
Group 2	2.5569	0.0733	0.0758	–	2.7060	2.1229
May						
Group 1	1.5010	0.0887	0.0752	–	1.6649	1.7459
Group 2	1.5010	0.0887	0.0752	–	1.6649	1.7459
June						
Group 1	1.2991	0.0548	0.0756	–	1.4295	1.9053
Group 2	1.2991	0.0548	0.0756	–	1.4295	1.9053

Distribution Tables (continued)

For the six month period ended 30 June 2025

Class B Income

Distribution in pence per share

Distribution period	Property income distribution per share	Interest income distribution per share	Dividend income distribution per share	Equalisation	Total distribution per share 2025	Total distribution per share 2024
January						
Group 1	0.1178	0.0548	0.7963	–	0.9689	1.0932
Group 2	0.1178	0.0548	0.7963	–	0.9689	1.0932
February						
Group 1	0.3521	0.0459	0.0338	–	0.4318	0.6939
Group 2	0.3521	0.0459	0.0338	–	0.4318	0.6939
March						
Group 1	0.5615	0.0138	0.0767	–	0.6520	0.6742
Group 2	0.5615	0.0138	0.0767	–	0.6520	0.6742
April						
Group 1	0.8950	0.0257	0.0265	–	0.9472	0.7644
Group 2	0.8950	0.0257	0.0265	–	0.9472	0.7644
May						
Group 1	0.5237	0.0310	0.0263	–	0.5810	0.6270
Group 2	0.5237	0.0310	0.0263	–	0.5810	0.6270
June						
Group 1	0.4524	0.0191	0.0263	–	0.4978	0.6827
Group 2	0.4524	0.0191	0.0263	–	0.4978	0.6827

Fact File

Royal London Property Fund

Launch date	Class A – Accumulation shares	28 May 2010
	Class B – Income shares	28 May 2010
Accounting end dates	31 December (Final)	
	30 June (Interim)	
Distribution dates	31 January (Final)	
	Last business day of every month (Interim)	
Minimum investment	£100,000	
Management charges	Preliminary charge	0.00%
	ACD's periodic management charge	0.60%
	Performance fee	0.00%

General Information

Pricing and dealing

For the purposes of determining the prices at which shares may be purchased from or redeemed by the ACD, the ACD will carry out a valuation of the Scheme Property at 5:00 p.m. (the "valuation point") on the last business day (a day on which the London Stock Exchange Limited is open for business) of each calendar month, unless otherwise agreed by the Depositary. However, the ACD may, at its discretion, value the Company at any other time.

Dealing in shares conducted on a monthly basis; on the seventh business day following the end of the previous month, between 9:00 a.m. and 5:00 p.m.

Buying shares

Investors should complete an application form available from the ACD and send it to the ACD, on or before the 15th of the month prior to the Dealing Day, at its administration centre with a cheque payable to Royal London Unit Trust Managers Limited. On acceptance of the application, shares will be sold at the relevant sale price, and a contract note confirming the sale price and the number of shares sold together with, in appropriate cases, a notice of the applicant's right to cancel, will be issued. An order for the purchase of shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

Selling shares

To redeem shares, investors should provide a written instruction, three months in advance of a monthly Dealing Day, to the ACD at its administration centre with instructions to redeem the relevant number (if known) or value of shares. The shares will be repurchased at the price calculated at the valuation point on the appropriate Dealing Day. Proceeds of redemption (less, if the proceeds are to be remitted abroad, the cost of such remittance) will be paid no later than the close of business on the fourth business day following receipt of a signed form of renunciation.

Cancellation rights

Where a person purchases shares the Conduct of Business Sourcebook (as amended from time to time) may give the investor the right to cancel the relevant purchase within 14 days of receipt of the requisite notice of a right to cancel. The right to cancel does not arise if (a) the investor is not a private customer, (b) the investor is not an execution-only customer, (c) the agreement to purchase is entered into through a direct offer financial promotion, or (d) the agreement is entered into under a customer agreement or during negotiations (which are not ISA related) intended to lead to a client agreement.

UK taxation

This information is based on United Kingdom law and practice known at the date of this document. Shareholders are recommended to consult their professional adviser if they are in any doubt as to their tax position.

The Company is an authorised scheme and accordingly is not liable to tax on capital gains on the disposal of any of its property (including interest-bearing securities and derivatives).

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

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

- property income distributions, representing income from its property investment business;
- PAIF dividend distributions representing any dividends received by it; and
- PAIF interest distributions representing the net amounts of all other income received.

Tax-exempt shareholders: Shareholders who are exempt from tax on income will be able to reclaim from HM Revenue & Customs the basic rate of tax withheld on the payment of property income distributions and PAIF interest distributions. The tax credits on PAIF dividend distributions cannot be reclaimed.

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

General Information (continued)

UK taxation – continued

Individual shareholders: Property income distributions and PAIF interest distributions will be made to shareholders subject to deduction of tax at 20%. Individuals will be liable for income tax on this income at their marginal rate and may set off the tax credit against their liability. PAIF dividend distributions will carry a notional tax credit rate at the rate of 10% of the gross income. It will be taxable at the appropriate dividend tax rate and the tax credit may be used to reduce the tax liability. The tax credit only applies to pay dates until 5 April 2016.

For all income allocations: A tax voucher showing the amount of the income distributed or deemed to be distributed to the shareholder and the notional tax credits and tax deducted will be sent to the shareholders at the time of a distribution.

Capital gains: The sale of the shares by a shareholder will constitute a disposal for the purposes of tax on capital gains. The extent of any liability to tax will depend upon the particular circumstances of shareholders. For shareholders within the charge to corporation tax, net capital gains on shares should be added to their profits chargeable to corporation tax.

Any individual shareholders resident or ordinarily resident in the United Kingdom will generally be liable to tax on their capital gains. A shareholder who is an individual, and is not resident or ordinarily resident in the United Kingdom, would not normally be liable to United Kingdom tax on capital gains.

SDLT: Stamp Duty Land Tax (SDLT) is payable by the Company on the purchase of property investments.

Fund 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 or at the following address, http://www.rlam.com.

Contact Us

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