For professional clients only, not suitable for retail investors.

# Royal London Property Trust

## Interim Report

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

ROYAL LONDON
ASSET MANAGEMENT

# Contents



* The Manager's report comprises these items.

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

# Trust Information

## Trust

The Royal London Property Trust (the "Trust") is an authorised unit trust. The Trust is a feeder fund which has been established to facilitate investment into the Royal London Property Fund (the "Master Fund"). For more details, please refer to general information on pages 19 and 20.

## Authorised Fund Manager (the "Manager")

**The Manager 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 Manager

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.

## Trustee

**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 Trust

**HSBC Bank plc**

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

## Independent Auditor

**KPMG LLP**
**Chartered Accountants and Statutory Auditor**

15 Canada Square, London E14 5GL

# Authorised Fund Manager's Report

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

## About the Trust

The Trust is a feeder fund which has been established to facilitate investment in the Royal London Property Fund (the "Master Fund").

## Authorised status

The Trust was launched and authorised by the Financial Conduct Authority ("FCA") on 28 May 2010. The Trust is 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) operating under Chapter 5 of COLL. The Trust qualifies as an Alternative Investment Fund within the meaning of Alternative Investment Fund Managers Directive ("AIFMD") for the purposes of the FCA Rules.

## The financial statements

The information for the Trust 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**

**Manager**

**R. Kumar** (Director)

**S. Spiller** (Director)

**26 August 2025**

# Manager's Investment Adviser's Report

The investment objective of the Royal London Property Trust (the "Trust") is to achieve capital growth and income by investing solely in the Royal London Property Fund (the "Master Fund").

As the Trust's sole investment are shares held in the Master Fund, the Trust is subject to the same underlying risks and returns of the Master Fund, and as such, the commentary presented on pages 5 to 7 is consistent with those of the Master Fund. Any performance differential between the feeder and master therefore reflects different management charges that may be applicable, rather than any underlying investment reason.

It is intended that the Trust will be the feeder fund for the Master Fund at all times.

## Objective

The investment objective of the Master Fund is to manage a balanced UK property portfolio across business sectors and regions, seeking to balance income from core holdings with active management. The objective is to target a total return over the long term, which should be considered as a period of 7-plus years by investing predominantly in UK commercial properties.

## Strategy

The Master Fund 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 Master Fund's value. The Master Fund 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 Master Fund'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

The Master Fund's 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 the Master Fund's 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 Master 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 3.68%, 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 Master Funds 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 Master Fund agreed a new lease at a higher rent, following a CAT A+ refurbishment on one of the floors.

# Manager's Investment Adviser's Report (continued)

## Portfolio commentary – continued

The Master 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 Master Fund's overweight position to retail warehouse. In May, the Master Fund successfully completed the sale of 18–20 High Street, Winchester, for £2.8 million. This disposal aligned with the Master 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 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.

# Manager's 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 Trust'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 Trust'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

| Holding | Investment | Fair/Market value (£'000) | Total net assets (%) |
|---|---|---|---|
| **Property Authorised Investment Fund 100.00% (31/12/24 – 100.00%)** | | | |
| 38,984,004 | Royal London Property Fund Class 'A' | 320,729 | 100.00 |
| **Total value of investments** | | **320,729** | **100.00** |
| **Net other assets** | | **–** | **–** |
| **Total net assets** | | **320,729** | **100.00** |

As a clarification to the SORP the amounts disclosed in a Feeder fund Portfolio Statement should reflect the accounts value in the underlying Master Fund. The Master Fund is a Related Party.

# Summary of Material Portfolio Changes

For the six month period ended 30 June 2025

## Significant Purchases

| | Cost £'000 |
|---|---|
| There have been no purchases during the period | – |

## Significant Sales

| | Proceeds £'000 |
|---|---|
| There have been no sales during the period | – |

# Comparative Table

## Class A Accumulation

| Change in net assets per unit | 30/06/25 (p) | 31/12/24 (p) | 31/12/23 (p) | 31/12/22 (p) |
|---|---|---|---|---|
| Opening net asset value per unit | 801.21 | 753.51 | 760.31 | 834.78 |
| Return before operating charges | 21.51 | 47.70 | (6.80) | (74.47) |
| Operating charges | 0.00 | 0.00 | 0.00 | 0.00 |
| Return after operating charges | 21.51 | 47.70 | (6.80) | (74.47) |
| **Closing net asset value per unit** | **822.72** | **801.21** | **753.51** | **760.31** |
| Retained distribution on accumulation units | 11.64 | 24.17 | 23.86 | 23.49 |
| **Performance** | | | | |
| Return after charges | 2.68% | 6.33% | (0.89)% | (8.92)% |
| **Other information** | | | | |
| Closing net asset value (£'000) | 320,729 | 312,344 | 251,832 | 254,105 |
| Closing number of units | 38,984,004 | 38,984,004 | 33,421,241 | 33,421,241 |
| Operating charges | 0.00% | 0.00% | 0.00% | 0.00% |
| **Prices** | | | | |
| Highest unit price | 811.34 | 790.98 | 751.31 | 888.90 |
| Lowest unit price | 794.12 | 746.07 | 735.23 | 749.69 |

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.

# Financial Statements

## Statement of Total Return

For the six month period ended 30 June 2025

| | 30 Jun 2025 £'000 | 30 Jun 2025 £'000 | 30 Jun 2024 £'000 | 30 Jun 2024 £'000 |
|---|---|---|---|---|
| Income | | | | |
| Net capital gains | | 3,848 | | 559 |
| Revenue | 5,345 | | 5,152 | |
| Expenses | – | | – | |
| Net revenue before taxation | 5,345 | | 5,152 | |
| Taxation | (808) | | (951) | |
| Net revenue after taxation | | 4,537 | | 4,201 |
| Total deficit before distributions | | 8,385 | | 4,760 |
| Distributions | | (4,537) | | (4,201) |
| **Change in net assets attributable to unitholders from investment activities** | | **3,848** | | **559** |

## Statement of Change in Net Assets Attributable to Unitholders

For the six month period ended 30 June 2025

| | 30 Jun 2025 £'000 | 30 Jun 2025 £'000 | 30 Jun 2024 £'000 | 30 Jun 2024 £'000 |
|---|---|---|---|---|
| **Opening net assets attributable to unitholders** | | **312,344** | | **251,832** |
| Amounts receivable on creation of units | – | | – | |
| Amounts payable on cancellation of units | – | | – | |
| | | – | | – |
| Change in net assets attributable to unitholders from investment activities | | 3,848 | | 559 |
| Retained distributions on accumulation units | | 4,537 | | 4,201 |
| **Closing net assets attributable to unitholders** | | **320,729** | | **256,592** |

## Balance Sheet

As at 30 June 2025

| | 30 Jun 2025 £'000 | 31 Dec 2024 £'000 |
|---|---|---|
| **Assets** | | |
| Fixed assets: | | |
| Investments | 320,729 | 312,344 |
| Current assets: | | |
| Debtors | – | – |
| Cash and bank balances | – | – |
| Total assets | 320,729 | 312,344 |
| **Liabilities** | | |
| Creditors: | | |
| Other creditors | – | – |
| Distribution payable | – | – |
| Total liabilities | – | – |
| **Net assets attributable to unitholders** | **320,729** | **312,344** |

# 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 period/years presented, unless otherwise stated.

### Basis of preparation

The financial statements of the Trust have been prepared in compliance with the FCA's Collective Investment Schemes Sourcebook ("COLL") and in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the 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 Trust Deed. 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 Manager has undertaken a detailed assessment, and continues to monitor the Trust'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 Trust continues to be open for trading and the Manager is satisfied the Trust 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. The Manager has also considered the Master Fund's strategy, forecasted cash flows, liquidity, borrowing facilities, redemptions and subscriptions, operational resilience of its service providers and expected investment activities of the Master Fund and has not identified any material uncertainty that casts significant doubt upon the Master Fund's ability to continue as a going concern for a period of not less than twelve months from the date of the approval of the financial statements. The Manager has satisfied themselves that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing the financial statements.

### Cash flow statement

The Trust is required to produce a cash flow statement in accordance with FRS 102 7.IA as the Trust's investments in the Master Fund are made up mainly of immovable property which are highly illiquid. However, as the Trust does not hold cash or have a bank account, it would not be possible to prepare a cash flow statement.

### Basis of valuation of investments

The Trust invests all of its capital in Class A Accumulation Units (institutional) of the Master Fund. This is valued at fair value, which is deemed to be the net asset value per share reported in the comparative table in the Trust's Interim Report and financial statements at the end of the current accounting period.

### Revenue recognition

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

Distributions received from the underlying investment in the Master Fund are recognised on an accrual basis. Distributions received from the Master Fund are in three streams (dividend, interest and property).

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

### Treatment of expenses

All expenses (other than those relating to the purchase and sale of units in the Master Fund) are charged to, and paid for, by the Master Fund. These include the annual management charge and fund administration charge of 0.60%.

### Taxation

The sole investment of the Trust is its holding of A Accumulation Shares in the Master Fund which qualifies as a Property Authorised Investment Fund ("PAIF").

In outline, the relevant tax treatment of the PAIF is that it is not liable to tax on capital gains realised on the disposal of its investments. The income generated by its underlying property investment business is exempt from tax in the Master Fund, as are any dividends received on underlying equity instruments. Its other income (which will mainly comprise interest) although technically taxable will be distributed as a tax-deductible payment so no tax should in practice be payable on it.

The Trust is an authorised scheme and accordingly is not liable to tax on capital gains on the disposal of any of its property, that it shares in the Master Fund.

The Trust will be deemed to receive the appropriate proportion of the income accumulated on its holding of A Accumulation Shares in the Master Fund. This will be streamed (for tax purposes only) into up to three parts depending on the nature of the income generated by the PAIF. The property income accumulations stream will be accumulated net of basic rate of tax (20%) withheld by the Master Fund, and this will satisfy the corporation tax liability of the Trust.

# Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

## 1. Significant accounting policies – continued

### Taxation – continued

Any dividends received by the Master Fund will constitute a separate stream of PAIF dividend accumulations for tax purposes. No further tax will be payable by the Trust on this income, and the remaining income will be PAIF interest accumulations which will be accumulated net of basic rate of income tax (20%) withheld by the Master Fund, which will satisfy the Trust's corporation tax liability on it.

Corporate unitholders holding accumulation units in the Trust which are within the charge to corporation tax will be treated for tax purposes as receiving income which, depending on the breakdown of the income of the underlying Master Fund, may be streamed into two parts (in these cases, the amounts will be indicated on the tax voucher). The income accumulated that represents income other than the Master Fund dividend accumulations, should be treated by corporate investors as an annual payment (made after deduction of income tax at the rate of 20%). Unitholders subject to corporation tax on the income allocation may offset the basic rate income tax credit against their tax liability, while corporate investors that are exempt from corporation tax on the income, for example where a life office holds the units as pension business, may reclaim the amount specified on their tax voucher from HMRC. Income allocations representing the Master Fund dividend accumulation will not generally be subject to corporation tax when received by a corporate shareholder but the notional tax credit attached cannot be reclaimed from HMRC. Income tax has been provided for at an appropriate rate for distribution to shareholders and the calculation of the share price is net of tax. Income received from investment in the Fund is taxed depending on the income stream. Property Income is taxed at 20%, interest income being taxed at 20% and dividend income at 0%.

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

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

## 2. Distribution policies

### Basis of distribution

The Trust invests in accumulation shares in the Master Fund. Accordingly, it does not receive income distribution (although it is treated for accounting and tax purposes as doing so). Instead the Master Fund's accumulating income will be reflected monthly in the increasing value of the units in the Trust.

Unitholders are treated for tax purposes as receiving income on accumulation shares and units for every distribution period, even though the income has actually been accumulated, so unitholders will be deemed to receive dividend distributions with their accompanying tax credits, reflecting the income accumulated in the Master Fund.

Revenue attributable to accumulation unitholders is retained at the end of the distribution period and represents a reinvestment of revenue.

### 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 Master Fund.

## 3. Risk management policies

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

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

### Market price risk and valuation of property

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

# Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

## 3. Risk management policies – continued

### Sensitivity analysis

The only investment within the Trust is in the Master Fund and is dependent on the same sensitivities. The values of investment properties are driven by their expected rental yield. The current expected 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 based on a risk based percentage.

| 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)% |

### Liquidity risk

The Trust does not hold cash or have a bank account. The Trust's assets comprise holding of A Accumulation Shares in the Master Fund which qualifies as a PAIF. Accordingly, it does not receive income payments (although it is treated for accounting and tax purposes as doing so). Instead the Master Fund's accumulating income will be reflected monthly in the increasing value of the units in the Trust.

Since the Trust solely invests in the Master Fund that comprises 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 Master Fund's 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 Trust permits redemptions on a monthly basis but with unitholders required to provide 3 months' advance notice of their intention to redeem, although the Manager may waive this notice period at its discretion provided that this does not materially prejudice unitholders. The Manager also has additional tools to deal with liquidity constraints which could arise. The Master Fund 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 total value of the assets held by the Master Fund 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 Master Fund are exchanged for assets as well as cash in excess of £10m.

The Manager has established a liquidity management policy and procedures for the qualitative and quantitative assessment of existing positions taken by the Trust and to assess whether intended investments would have a material impact on the overall liquidity profile of the Trust. In following these procedures, the assessment by the Manager takes account of actual and anticipated subscription and redemption flows, investor concentration, the current level of readily realisable assets in the Trust 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 Trust is aligned appropriately with the anticipated redemption flows. The Manager conducts regular stress testing (at least annually) of the Trust's portfolio in order to fully understand the liquidity profile of the Trust.

The following table provides a profile of the Trust'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 | – | – | – |
| | % | % | % |
| Unitholding that can be redeemed | – | – | 100.00 |
| Portfolio capable of being liquidated | – | 100.00 | – |
| **As at 31 December 2024** | **£'000** | **£'000** | **£'000** |
| Cash at bank | – | – | – |
| | % | % | % |
| Unitholding that can be redeemed | – | – | 100.00 |
| Portfolio capable of being liquidated | – | 100.00 | – |

### Credit and counterparty risk

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

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

# Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

## 3. Risk management policies – continued

### Credit and counterparty risk – continued

In managing counterparty and concentration of credit risk, rental income from any one tenant or tenants, specific industry sectors and or regions within the Master Fund is monitored so that it does not exceed a certain threshold of the aggregate revenue in relation to the property investments in any accounting period as determined from time to time by the Manager. 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 Master Fund might not be able to recover cash or assets of equivalent value in full. The Master Fund 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 Master Fund's objectives, the risk that a significant change in the credit risk or quality of certain individual tenants, particular sector, specific industry and or regions will have a material impact on the Net Asset Value of the Master Fund is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

The Master Fund 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 Master Fund'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 by held by the Master Fund was £nil (31/12/2024: £nil).

At 30 June 2025, taking into consideration any offset arrangements, the largest combines credit exposure by the Master Fund to a single counterparty arising from money market deposits, liquid investments and derivatives was £28.18m (31/12/2024: £50.59m). This represents 7.02% (31/12/24: 12.94%) of gross assets of the Master Fund.

The deposit exposures are with UK banks.

### Currency risk

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

### Interest rate risk

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

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

The 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 Manager 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 inflation risk is low for the Trust and therefore no sensitivity analysis has been performed.

# Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

## 3. Risk management policies – continued

### Leverage risk

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

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

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

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

### Economic and geopolitical risks

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

Russia's invasion of Ukraine continues to carry significant risks for a world economy that's yet to fully recover from the pandemic shock. The Company has no exposure to Russian companies as commercial tenants or investment. The UK has few direct economic links to Russia since trade between the two is small relative to the size of either economy. Moreover, Russia is not closely integrated in the global financial system.

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 but by the political and economic climate in the UK.

# Distribution Table

For the six month period ended 30 June 2025

## Class A Accumulation

### Distributions in pence per unit

| Distribution period | Distribution per unit | Equalisation | Total distribution per unit 2025 | Total distribution per unit 2024 |
|---|---|---|---|---|
| **January** | | | | |
| Group 1 | 2.7491 | | 2.7491 | 3.0104 |
| Group 2 | 2.7491 | – | 2.7491 | 3.0104 |
| **February** | | | | |
| Group 1 | 1.2290 | | 1.2290 | 1.9181 |
| Group 2 | 1.2290 | – | 1.2290 | 1.9181 |
| **March** | | | | |
| Group 1 | 1.8586 | | 1.8586 | 1.8681 |
| Group 2 | 1.8586 | – | 1.8586 | 1.8681 |
| **April** | | | | |
| Group 1 | 2.7060 | | 2.7060 | 2.1229 |
| Group 2 | 2.7060 | – | 2.7060 | 2.1229 |
| **May** | | | | |
| Group 1 | 1.6649 | | 1.6649 | 1.7459 |
| Group 2 | 1.6649 | – | 1.6649 | 1.7459 |
| **June** | | | | |
| Group 1 | 1.4295 | | 1.4295 | 1.9053 |
| Group 2 | 1.4295 | – | 1.4295 | 1.9053 |

# Fact File

## Royal London Property Trust

| | | |
|---|---|---|
| **Launch date** | Class A – Accumulation units (Institutional) | 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% |
| | Manager's periodic management charge | 0.60% |
| | Performance fee | 0.00% |

The Trust was launched following the conversion of the Royal London Exempt Property Unit Trust on 28 May 2010 into the Royal London Property Fund.

# General Information

The Royal London Property Trust (the “Trust”) is an authorised unit trust. The Trust is a feeder fund which has been established to facilitate investment into the Royal London Property Fund (the “Master Fund”).

The Master Fund is a Property Authorised Investment Fund (“PAIF”). The PAIF is an open ended investment company (“OEIC”) and PAIFs may invest in real property (commercial and residential) and units in UK Real Estate Investment Trusts (UK REITs).

The Trust was created because corporate investors are required by the FCA and HMRC to invest into PAIFs via a feeder fund in order to counter potential tax avoidance rules which prevent corporate investors from holding 10% or more of a PAIF but the rules allow them to participate through an intermediate feeder fund. Therefore, the feeder fund’s sole investment comprises shares in the PAIF. As the feeder fund owns only shares of the PAIF, it will have the same ultimate investments, assets and liabilities as the PAIF. It will also have the same price, charges and performance as the PAIF. Consequently, these financial statements should be read in conjunction with the financial statements for the PAIF.

## Pricing and dealing

The buying (offer) price and selling (bid) price of units are determined by reference to the underlying market value of the net assets of the Trust at the relevant valuation point. Unit prices are normally calculated monthly however, if the markets are exceptionally volatile the Manager may conduct more frequent valuations to reflect any significant changes in the value of the Trust’s underlying assets.

Dealing in units 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 units

Investors should complete an application form available from the Manager and send it to the Manager, 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, 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 AFM once it is in receipt of cleared funds for the application.

## Selling units

To redeem units, investors should provide a written instruction, three months in advance of a monthly Dealing Day, to the Manager at its administration centre with instructions to redeem the relevant number (if known) or value of units. 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.

## Cancellation rights

Where a person purchases units 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.

## Accumulation of income

All net income is automatically accumulated within the Trust and reflected in the price of units.

## UK taxation

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

The sole investment of the Trust is its holding of A Accumulation Shares in the PAIF.

In outline, the relevant tax treatment of the PAIF is that it is not liable to tax on capital gains realised on the disposal of its investments. The income generated by its underlying property investment business is exempt from tax in the PAIF, as are any dividends received on underlying equity instruments. Its other income (which will mainly comprise interest) although technically taxable will be distributed as a tax-deductible payment so no tax should in practice be payable on it.

The Trust is an authorised scheme and accordingly is not liable to tax on capital gains on the disposal of any of its property, that it shares in the PAIF.

# General Information (continued)

## UK taxation – continued

The Trust will be deemed to receive the appropriate proportion of the income accumulated on its holding of A Accumulation Shares in the Master Fund. This will be streamed (for tax purposes only) into up to three parts depending on the nature of the income generated by the PAIF. The property income accumulations stream will be accumulated net of basic rate of tax (20%) withheld by the PAIF, and this will satisfy the corporation tax liability of the Trust. Any dividends received by the PAIF will constitute a separate stream of PAIF dividend accumulations for tax purposes. No further tax will be payable by the Trust on this income, and the remaining income will be PAIF interest accumulations which will be accumulated net of basic rate of income tax (20%) withheld by the PAIF, which will satisfy the Trust's corporation tax liability on it.

Corporate unitholders holding accumulation units in the Trust which are within the charge to corporation tax will be treated for tax purposes as receiving income which, depending on the breakdown of the income of the underlying PAIF, may be streamed into two parts (in these cases, the amounts will be indicated on the tax voucher). The income accumulated that represents income other than the PAIF dividend accumulations, should be treated by corporate investors as an annual payment (made after deduction of income tax at the rate of 20%). Unitholders subject to corporation tax on the income allocation may offset the basic rate income tax credit against their tax liability, while corporate investors that are exempt from corporation tax on the income, for example where a life office holds the units as pension business, may reclaim the amount specified on their tax voucher from HMRC. Income allocations representing the PAIF dividend accumulation will not generally be subject to corporation tax when received by a corporate shareholder but the notional tax credit attached cannot be reclaimed from HMRC.

For any individual unitholders who are taxpayers, the gross dividend accumulations will be subject to UK income tax. A dividend accumulation is normally treated as being the top slice of income. The tax credit can be used to reduce the tax liability. A unitholder taxable at either the basic rate of tax (10% on dividends) will have no further tax to pay, whilst a unitholder taxable at the higher rate of tax (32.5% on dividends) will be liable to further tax equal to 22.5% of the gross income (equivalent to 25% of the net receipt), and unitholders liable to the additional rate of tax (42.5% on dividends) will be liable to further tax equal to approximately 36% of the gross income. UK resident individuals not liable to tax on all or part of their income allocation are unable to reclaim any part of the notional tax credit.

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

**Capital gain:** The sale of units by unitholders will constitute a disposal for the purposes of tax on capital gains. For unitholders within the charge to corporation tax, net capital gains on disposal of holdings in the Trust will normally be added to their profits chargeable to corporation tax or exempt from it, depending on the circumstances of each unitholder. Individual unitholders resident or ordinarily resident in the UK will not be liable to tax on their capital gains, unless their chargeable gains from all sources are in excess of the annual exemption.

## Trust 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

For further information please contact:

**Royal London Asset Management Limited**
80 Fenchurch Street,
London EC3M 4BY

020 3272 5950
bdsupport@rlam.co.uk
www.rlam.com



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