For professional clients only, not suitable for retail investors.

Royal London UK Real Estate Fund

Interim Report

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

ROYAL LONDON
ASSET MANAGEMENT

Contents

* The ACS Manager's report comprises these items.

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

ACS Information

Authorised Contractual Scheme (the "ACS")

Royal London UK Real Estate Fund

Registered office:
80 Fenchurch Street, London EC3M 4BY

Authorised Contractual Scheme Manager (the "ACS Manager")

The ACS Manager is Royal London Unit Trust Managers Limited.

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

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

T: 020 3272 5000

F: 020 7506 6501

Directors of the ACS Manager

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 ACS Manager

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Registrar and Transfer Agents

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Administrator of the ACS Manager

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Standing Independent Valuers

Cushman & Wakefield Debenham Tie Leung Limited

43/45 Portman Square, London W1A 3BG

CBRE Limited

Henrietta House, Henrietta Place, London W1G 0BN

Property Manager

Jones Lang LaSalle Limited (JLL)

30 Warwick Street, London W1B 5NH

Legal Advisers to the ACS Manager

Eversheds Sutherland (International) LLP

One Wood Street, London EC2V 7WS

Independent Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor

15 Canada Square, London E14 5GL

Report of the ACS Manager

We are pleased to present the interim report and financial statements covering the period from 1 January 2025 to 30 June 2025.

About the ACS

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

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

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

Authorised status

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

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

The financial statements

The information for the ACS 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

ACS Manager

R. Kumar (Director)

S. Spiller (Director)

26 August 2025

Investment Adviser's Report

Objective

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

Strategy

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

Performance overview

Fund performance over the 6 months to June 2025 was 3.66%, outperforming the MSCI/AREF UK All Balanced Open-ended Quarterly Property Fund Index by 65 basis points.

Positive performance was delivered from strong capital growth which was boosted significantly by the sale of 149-151 Oxford Street, London at £63m.

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

The Fund benefits from a large, well-diversified portfolio of assets with a focus on prime buildings in core markets. In June 2025, the Fund completed the sale of 149-151 Oxford Street, London at £63m, to a special purchaser. The price reflected the premium an owner occupier was prepared to pay to secure a building which exactly matched their occupational requirements. This transaction was accretive to overall Fund performance and significantly boosted the year-to-date returns of the retail portfolio. Retail returns were also increased by asset management activities at Mayfair Quarter, London. As at June 2025, the retail portfolio in aggregate, delivered a 6-month return of 6.58%, comfortably above the benchmark average of 4.01%.

Another area of the portfolio that has contributed to performance this year has been the overweight position to Central London offices. The Fund has 88% of its office exposure located within the City and West End market. The two submarkets have seen much more resilient performance so far this year when compared to offices outside of Central London. This structural position has supported relative performance. Furthermore, the RLUKREF portfolio has benefited from some asset specific contributions, with The Earnshaw, London seeing yield improvement as it moves closer to being income producing. The development at Holborn Viaduct is progressing well and is beginning to deliver positive capital growth.

The industrial sector has also outperformed in the first 6 months of the year, delivering a total return of 4.39%, compared to the benchmark at 3.78% over the same period.

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.

Investment Adviser's Report (continued)

Investment outlook – continued

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.
- 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 ACS' Annual Assessment of Value report is available on www.rlam.com. Portfolio holdings are subject to change, for information only and are not investment recommendations.

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

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

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

Portfolio Statement

As at 30 June 2025

Investments	Holding	Tenure	Sector	30 June 2025 Market value (£'000)	30 June 2025 Total net assets (%)
Direct Properties					
Direct Properties Market Values up to £25m – 11.89% (31/12/24 – 12.79%)					
Bedfont – Cargo 30		Freehold	Industrial		
Chelmsford – 5 Springfield Business Park Phase 1		Freehold	Industrial		
Chelmsford – 5 Springfield Business Park Phase 2		Freehold	Industrial		
Chelmsford – 5 Springfield Business Park Phase 3		Freehold	Industrial		
Eastleigh – Royal London Park		Freehold	Industrial		
Gatwick – 2 City Place		Freehold	Offices		
Leeds – Phase 1 and 2 Manston Industrial Estate		Leasehold	Industrial		
Leeds – Stourton Link Haigh Park Road		Freehold	Industrial		
London W1 – 103/103a Oxford Street		Freehold	Retail		
London W1 – 22 Old Bond Street		Leasehold	Retail		
London WC1 – Medius House		Freehold	Offices		
London WC2 – 2-4 Bucknall Street and 12 Dyott Street		Freehold	Offices		
Maidenhead – 68 Lower Cookham Road, Whitebrook Park		Freehold	Offices		
Maidenhead – Beach House		Freehold	Offices		
Maidenhead – King's Gate		Freehold	Offices		
Manchester – Davenport Green		Freehold	Other Commercial		
Manchester – H&M – Kings Court		Leasehold	Retail		
Northampton – Units 1-5 Brackmills Industrial Estate		Freehold	Industrial		
Oxford – Centremead / Ferry Mills		Freehold	Industrial		
Redhill – Gatton Park Business Centre		Freehold	Industrial		
Southampton – Southampton Mail Centre		Freehold	Industrial		
Tamworth – Audi Garage, Cardinal Point		Freehold	Other Commercial		
Tamworth – Cardinal Point Retail Park		Freehold	Retail Warehouse		
Tamworth – Distribution Unit, Winchester Road		Freehold	Industrial		
Tamworth – Plot 1- Mini Car Showroom		Freehold	Other Commercial		
Tamworth – Plot 4 – BMW Car Showroom		Freehold	Other Commercial		
Tamworth – Ventura Park Trading Estate		Freehold	Industrial		
Tunbridge Wells – Longfield Road Retail Park		Freehold	Retail Warehouse		
Windsor – Minton Place and Consort House		Freehold	Offices		
Total Direct Properties Market Values up to £25m				**383,400**	**11.89**
Direct Properties Market Values between £25m and £50m – 11.73% (31/12/24 – 12.04%)					
Chatham – Horsted Retail Park		Freehold	Retail		
Chelmsford – Land at Springfield Business Park		Freehold	Industrial		
Coventry – Pickford Gate Industrial Development		Freehold	Industrial		
Daventry – Distribution Centre		Freehold	Industrial		
Hayes – Pasadena Close		Freehold	Industrial		
Hemel Hempstead – Robert Dyas		Freehold	Industrial		
Leeds – Colton Retail Park		Freehold	Retail Warehouse		
London EC3 – 62-63 Fenchurch Street		Freehold	Offices		
London NW10 – 1-11 Cumberland Avenue		Freehold	Industrial		
London NW10 – Cumberland and Whitby Avenue		Freehold	Industrial		
London WC2 – 20 and 1-3 Long Acre and 20 Garrick Street		Freehold	Offices		
Total Direct Properties Market Values between £25m and £50m				**378,075**	**11.73**
Direct Properties Market Values between £50m and £100m – 35.29% (31/12/24 – 38.19%)					
Bristol – 1-3 & 5-9 Broad Plain		Freehold	Offices		
Brixton – Ellerslie Square Industrial Estate		Freehold	Industrial		
Greenford – Westway Shopping Park		Freehold	Retail		
Hayes – 1/3 Uxbridge Road		Freehold	Industrial		
London EC4 – 1-3 St Pauls Churchyard		Freehold	Offices		
London SE1 – Land at Six Bridges Trading Estate		Freehold	Industrial		
London SE18 – Westminster Industrial Estate		Freehold	Industrial		
London SW1 – 85/87 Jermyn Street		Freehold	Offices		
London SW1 – Parnell House		Freehold	Offices		
London W1 – Frith & Dean Street and Soho Square		Freehold	Offices		
London W1 – 470/482 Oxford Street and Granville Place		Leasehold	Retail		
London W1 – Kingsley House		Freehold	Offices		
London WC2 – 9-12 Bow Street and Hanover Place		Freehold	Retail		
Norwich – Sprowston Retail Park		Freehold	Retail		
Salford – Metroplex Business Park		Freehold	Industrial		
Watford – Century Retail Park		Freehold	Retail Warehouse		
Total Direct Properties Market Values between £50m and £100m				**1,138,050**	**35.29**

Portfolio Statement (continued)

As at 30 June 2025

Investments	Holding	Tenure	Sector	30 June 2025 Market value (£'000)	Total net assets (%)
Direct Properties Market Values greater than £100m – 25.94% (31/12/24 – 21.38%)					
London EC1 – 14-21 Holborn Viaduct*		Freehold	Offices		
London W1 – 120-122 New Bond Street		Freehold	Retail		
London W1 – Ham Yard Hotel		Freehold	Hotel		
London WC1 – The Earnshaw, New Oxford Street, London		Freehold	Offices		
Total Direct Properties Market Values greater than £100m				**836,275**	**25.94**
Collective Investment Schemes – 13.18% (31/12/24 – 14.38%)					
Industrial Property Investment Fund	47,845		Collectives	82,530	2.56
Royal London Short Term Fixed Income E Fund	95,045,741		Collectives	113,641	3.52
Royal London Short Term Fixed Income Fund	48,791,865		Collectives	57,607	1.79
Royal London Short Term Money Market Fund	147,493,281		Collectives	171,474	5.31
Total Collective Investment Schemes				**425,252**	**13.18**
Portfolio of investments				**3,161,052**	**98.03**
Adjustments to Fair Value**				**(50,395)**	**(1.56)**
Net other assets				**113,842**	**3.53**
Total net assets				**3,224,499**	**100.00**

* Under construction.

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

Summary of Material Portfolio Changes

For the six month period ended 30 June 2025

Significant Purchases

	Cost £'000
Royal London Short Term Money Market Fund	4,539
Royal London Short Term Fixed Income E Fund	2,276
Royal London Short Term Fixed Income Fund	1,297
Total purchases for the period	**8,112**

Significant Sales

	Net proceeds £'000
London W1 – 149 &151/151a Oxford Street	63,000
Royal London Short Term Money Market Fund	40,000
Total proceeds from sales for the period	**103,000**

Significant Capital Expenditure

	Cost £'000
London EC1 – 14-21 Holborn Viaduct	53,141
London W1 – 120-122 New Bond Street	1,629
London W1 – Frith & Dean Street and Soho Square	1,492
London WC2 – 9-12 Bow Street and Hanover Place	1,337
Bristol – 1-3 & 5-9 Broad Plain	1,082
Coventry – Pickford Gate Industrial Development	890
Subtotal	**59,571**
Total capital expenditure for the period	**63,264**

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

Significant Valuation Movements

	Valuation Changes £'000
London EC1 – 14-21 Holborn Viaduct	61,175
London W1 – 120-122 New Bond Street	9,900
London WC1 – The Earnshaw, New Oxford Street, London	9,200
Salford – Metroplex Business Park	3,425
Chatham – Horsted Retail Park	3,400
Total significant valuation movements for the period	**87,100**

Comparative Tables

Class V Gross Income

Change in net assets per unit	30/06/25 (£)	31/12/24 (£)	31/12/23 (£)	31/12/22** (£)
Opening net asset value per unit	110.40	107.54	111.14	132.84
Return before operating charges*	4.70	7.92	(1.24)	(20.21)
Operating charges	(0.40)	(0.54)	(0.56)	(0.54)
Return after operating charges*	4.30	7.38	(1.80)	(20.75)
Distribution on income units	(2.07)	(4.52)	(1.80)	(0.95)
Closing net asset value per unit	**112.63**	**110.40**	**107.54**	**111.14**
* after direct transaction costs of:	0.00	0.01	0.02	0.03
Performance				
Return after charges	3.89%	6.86%	(1.62)%	(15.62)%
Other information				
Closing net asset value (£'000)	156,843	153,737	149,755	154,776
Closing number of units	1,392,603	1,392,603	1,392,603	1,392,603
Operating charges excluding property expenses	(0.01)%	0.01%	0.01%	0.01%
Property expenses	0.73%	0.48%	0.49%	0.42%
Operating charges	0.72%	0.49%	0.50%	0.43%
Direct transaction costs	0.00%	0.01%	0.02%	0.03%
Prices				
Highest unit price	110.94	108.64	114.16	136.59
Lowest unit price	109.01	107.06	105.92	109.47

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

Class W Gross Income

Change in net assets per unit	30/06/25 (£)	31/12/24 (£)	31/12/23 (£)	31/12/22 (£)
Opening net asset value per unit	110.40	107.54	111.14	119.98
Return before operating charges*	4.70	7.92	(1.24)	(6.28)
Operating charges	(0.40)	(0.54)	(0.56)	(0.63)
Return after operating charges*	4.30	7.38	(1.80)	(6.91)
Distribution on income units	(2.07)	(4.52)	(1.80)	(1.93)
Closing net asset value per unit	**112.63**	**110.40**	**107.54**	**111.14**
* after direct transaction costs of:	0.00	0.01	0.02	0.03
Performance				
Return after charges	3.89%	6.86%	(1.62)%	(5.76)%
Other information				
Closing net asset value (£'000)	2,927,568	2,869,588	2,963,543	3,062,888
Closing number of units	25,993,786	25,993,786	27,558,517	27,558,517
Operating charges excluding property expenses	(0.01)%	0.01%	0.01%	0.01%
Property expenses	0.73%	0.48%	0.49%	0.50%
Operating charges	0.72%	0.49%	0.50%	0.51%
Direct transaction costs	0.00%	0.01%	0.02%	0.03%
Prices				
Highest unit price	110.94	108.64	114.16	136.59
Lowest unit price	109.01	107.06	105.92	109.47

Comparative Tables (continued)

Class X Gross Income

Change in net assets per unit	30/06/25 (£)	31/12/24** (£)
Opening net asset value per unit	101.57	100.00
Return before operating charges*	3.50	5.11
Operating charges	(0.72)	(0.92)
Return after operating charges*	2.78	4.19
Distribution on income units	(0.73)	(2.62)
Closing net asset value per unit	**103.62**	**101.57**
* after direct transaction costs of:	0.00	0.01
Performance		
Return after charges	2.74%	4.19%
Other information		
Closing net asset value (£'000)	102,323	100,297
Closing number of units	987,500	987,500
Operating charges excluding property expenses	0.69%	0.53%
Property expenses	0.73%	0.38%
Operating charges	1.42%	0.91%
Direct transaction costs	0.00%	0.01%
Prices		
Highest unit price	106.73	99.96
Lowest unit price	104.87	99.21

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

Class Z Gross Income

Change in net assets per unit	30/06/25 (£)	31/12/24 (£)	31/12/23 (£)	31/12/22 (£)
Opening net asset value per unit	110.40	107.54	111.14	119.98
Return before operating charges*	4.70	7.92	(0.85)	(5.82)
Operating charges	(0.78)	(1.30)	(1.33)	(1.52)
Return after operating charges*	3.92	6.62	(2.18)	(7.34)
Distribution on income units	(1.69)	(3.76)	(1.42)	(1.50)
Closing net asset value per unit	**112.63**	**110.40**	**107.54**	**111.14**
* after direct transaction costs of:	0.00	0.01	0.02	0.03
Performance				
Return after charges	3.55%	6.16%	(1.96)%	(6.12)%
Other information				
Closing net asset value (£'000)	37,765	37,017	56,109	57,990
Closing number of units	335,316	335,316	521,767	521,767
Operating charges excluding property expenses	0.69%	0.71%	0.72%	0.73%
Property expenses	0.73%	0.48%	0.49%	0.50%
Operating charges	1.42%	1.19%	1.21%	1.23%
Direct transaction costs	0.00%	0.01%	2.00%	0.03%
Prices				
Highest unit price	110.94	108.64	114.16	136.59
Lowest unit price	109.01	107.06	105.92	109.47

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

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

Financial Statements

Statement of Total Return

For the six month period ended 30 June 2025

		30 Jun 2025		30 Jun 2024
	£'000	£'000	£'000	£'000
Income				
Net capital gains		63,903		57,461
Revenue	78,399		83,226	
Expenses	(19,647)		(16,814)	
Interest payable and similar charges	1		(1)	
Net revenue before taxation	58,753		66,411	
Taxation	–		–	
Net revenue after taxation		58,753		66,411
Total return before distributions		122,656		123,872
Distributions		(58,796)		(66,417)
Change in net assets attributable to unitholders from investment activities		**63,860**		**57,455**

Statement of Change in Net Assets Attributable to Unitholders

For the six month period ended 30 June 2025

		30 Jun 2025		30 Jun 2024
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		**3,160,639**		**3,169,407**
Amounts receivable on issue of units	–		98,598	
Amounts payable on cancellation of units	–		(10,000)	
		–		88,598
Dilution adjustment		–		152
Change in net assets attributable to unitholders from investment activities		63,860		57,455
Closing net assets attributable to unitholders		**3,224,499**		**3,315,612**

Balance Sheet

As at 30 June 2025

	30 Jun 2025 £'000	31 Dec 2024 £'000
Assets		
Fixed assets:		
Tangible assets		
Investment property	2,543,880	2,542,805
Property under construction	141,525	80,350
Investments	425,252	454,581
Total fixed assets	3,110,657	3,077,736
Current assets:		
Debtors	102,569	98,712
Cash and bank balances	84,857	251,096
Total current assets	187,426	349,808
Total assets	3,298,083	3,427,544
Liabilities		
Creditors:		
Other creditors	44,552	227,697
Finance lease payable	1,153	1,154
Distribution payable	27,879	38,054
Total liabilities	73,584	266,905
Net assets attributable to unitholders	**3,224,499**	**3,160,639**

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 (outflow)/inflow from operating activities	**(129,300)**	**59,724**
Distribution paid to unitholders	(68,971)	(64,211)
Interest received	1,050	3,066
Interest paid	–	(2)
Net cash used in operating activities	**(197,221)**	**(1,423)**
Cash flows from investing activities		
Payments to acquire investments and capital expenditure	(71,376)	(513,929)
Receipts from sale of investments	102,358	470,809
Net cash inflow/(outflow) from investing activities	**30,982**	**(43,120)**
Net cash outflow before financing activities	**(166,239)**	**(44,543)**
Cash flows from financing activities		
Amounts received from creation of units	–	98,598
Amounts paid on cancellation of units	–	(10,000)
Dilution adjustment	–	152
Net cash inflow from financing activities	**–**	**88,750**
Net (decrease)/increase in cash during the period	**(166,239)**	**44,207**
Cash balance brought forward	251,096	45,104
Cash and bank balances at the end of the period	**84,857**	**89,311**

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

Going concern

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

Basis of valuation of investments

Fair value of investment property

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

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

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

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

Fair value of property under construction

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

Fair value of collective investment schemes

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

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

Finance leased assets

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

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

1. Significant accounting policies – continued

Basis of valuation of investments – continued

Lessor operating leases

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

Provision for bad and doubtful debts

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

Cash and bank balances

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

Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at 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 transaction price and subsequently measured at amortised cost using the effective interest method.

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

Units

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

Taxation

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

Revenue recognition

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

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

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

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

Rental income

Rental income is accounted for on an accruals basis. Rental income received in advance are deferred and recognised in the 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 over the life of the tenancy in accordance with FRS 102. Additional rental income arising from rent reviews will be recognised once the review is complete.

Service charge income

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

Interest income

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

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

1. Significant accounting policies – continued

Expenses recognition

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

All expenses are recognised in the 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 quarterly, 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 quarter is payable the last working day of the following quarter.

Service charge expenses

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

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

Distribution to unitholders

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

Dilution levy

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

Related party transactions

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

2. Estimates and judgements

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

Estimation of fair value of investment property

Investment property is measured at fair value which represents a significant proportion of the ACS's net assets at 83.28% (31/12/24: 82.99%). Therefore, the estimates and assumptions made to determine their carrying value during valuation are critical to the ACS's financial position and performance.

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

Sensitivity analysis

The values of investment properties are driven by their rental yield. At the period end, the ACS's portfolio had an equivalent yield of 5.35% (31/12/24: 5.35%). If the yield of every property within the portfolio increased by 0.25% (31/12/24: 0.25%) it is estimated that the net asset value would fall by 3.66% (31/12/24: 4.08%). If the yield decreased by 0.25% (31/12/24: 0.25%) it is estimated that the net asset value would rise by 4.05% (31/12/24: 4.52%). The 0.25% benchmark has been used to measure sensitivity analysis as the ACS Manager believes that it is a good indicator of materiality in yield movements. These estimates are subject to the prevailing conditions at the 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	5.31%	0.25%	40,018,000	1.24%	(36,313,000)	(1.13)%
Offices	5.72%	0.25%	41,246,000	1.28%	(37,452,000)	(1.16)%
Retail	4.96%	0.25%	43,641,000	1.35%	(39,042,000)	(1.21)%
Other	5.61%	0.25%	5,762,000	0.18%	(5,270,000)	(0.16)%

Estimation of fair value of property under construction

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

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

2. Estimates and judgements – continued

Critical judgements in applying the ACS's accounting policies

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

3. Distribution policies

Basis of distribution

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

In order to conduct a controlled distribution flow to unitholders, interim distributions will be made at the ACS Manager's discretion, up to a maximum of the distributable income available for the period. All remaining income is distributed, at unit class level, to the unitholders in accordance with the ACS's prospectus.

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

Apportionment to unit classes

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

Expenses

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

4. Risk management policies

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

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

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

Market price risk and valuation of property

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

Since the fair value of investment property represents a significant proportion of the ACS's net assets at 83.28% (31/12/24: 82.99%), property values are exposed to a number of risk factors which may affect the total return of the ACS. These may be attributable to changes to global or local economic and geo-political conditions; local market conditions such as the price volatility of the UK commercial property markets or performance of individual properties; the financial conditions of tenants; changes in interest rates or exchange rates; real estate tax rates and other operational expenses; environmental laws and regulations; planning laws and other governmental legislation; energy prices and the relative attractiveness of real estate types or locations. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in values.

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

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

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

Notes to the Financial Statements (continued)

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

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

In exceptional circumstances, such as market uncertainty, the ACS Manager may defer redemptions where the ACS Manager considers it to be in the best interests of the unitholders. The deferral period for any redemption request is a maximum of 12 months from the original dealing day when the request for redemption would otherwise have been processed. When deemed appropriate by the ACS Manager, acting in the best interests of the unitholders, redemption will be deferred in whole or in part by the ACS Manager within this timeline.

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

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

	Within three months	Over three months but not more than one year	Over one year
30 June 2025	**£'000**	**£'000**	**£'000**
Cash at bank	84,857	–	–
	%	**%**	**%**
Unitholding that can be redeemed	–	100.00	–
Portfolio capable of being liquidated	12.60	82.29	5.11
31 December 2024	**£'000**	**£'000**	**£'000**
Cash at bank	251,096	–	–
	%	**%**	**%**
Unitholding that can be redeemed	–	100.00	–
Portfolio capable of being liquidated	17.73	76.89	5.38

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

	Within one year	Over one year but not more than five years	Over five years
30 June 2025	**£'000**	**£'000**	**£'000**
Distribution payable	27,879	–	–
Finance lease payable	98	389	7,485
Other creditors	44,552	–	–
	72,529	**389**	**7,485**
31 December 2024	**£'000**	**£'000**	**£'000**
Distribution payable	38,054	–	–
Finance lease payable	98	390	7,533
Other creditors	227,697	–	–
	265,849	**390**	**7,533**

Credit and counterparty risk

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

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

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

4. 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 ACS is monitored so that it does not exceed a certain threshold of the aggregate revenue in relation to the property investments in any accounting period as determined from time to time by the ACS Manager. Rent is collected from tenants in advance, usually quarterly. Cash is placed on deposit with reputable financial institutions and is subject to limits as disclosed in the Prospectus.

In the event of the insolvency of a counterparty, the ACS might not be able to recover cash or assets of equivalent value in full. The ACS has been closely monitoring the ability to tenants to pay their rent and adjusting bad debt provision accordingly. The ACS also works with the tenants to determine any rent concessions on a case-by-case basis.

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

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

The ACS's cash and short term deposits at 30 June 2025 amounted to £84.86m (31/12/24: £251.10m). Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings.

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 £84.86m (31/12/24: £251.10m). This represents 2.63% (31/12/24: 7.94%) of gross assets of the ACS.

The deposit exposures are with UK banks.

Currency risk

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

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

Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts held by the ACS will be affected by fluctuations in interest rates. In times of low nominal interest rate, there may be no negative or low interest paid on these holdings. In such circumstances, the ACS could be subject to losses especially after charges are deducted. The ACS continuously reviews interest rates and the assessment of this may result in a change in investment strategy. The ACS held £84.86m (31/12/24: £251.10m) cash at the period end and has minimal exposure to interest rate risk since it has no gearing.

The ACS assesses the interest rate risk as being low and therefore no sensitivity analysis has been performed.

Inflation risk

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

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

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

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

Notes to the Financial Statements (continued)

For the six month period ended 30 June 2025

4. Risk management policies – continued

Leverage risk

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

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

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

Climate risk

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

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

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

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

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

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

Economic and political risk

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

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

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

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

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

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

Distribution Tables

For the six month period ended 30 June 2025

Class V Gross Income

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2025	Total distribution per unit 2024
March				
Group 1	108.8136		108.8136	110.0201
Group 2	108.8136	–	108.8136	110.0201
June				
Group 1	98.2160		98.2160	113.6697
Group 2	98.2160	–	98.2160	113.6697

Class W Gross Income

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2025	Total distribution per unit 2024
March				
Group 1	108.8136		108.8136	110.0201
Group 2	108.8136	–	108.8136	110.0201
June				
Group 1	98.2160		98.2160	113.6697
Group 2	98.2160	–	98.2160	113.6697

Class X Gross Income*

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2025	Total distribution per unit 2024
March				
Group 1	82.5959		82.5959	–
Group 2	82.5959	–	82.5959	–
June				
Group 1	72.5926		72.5926	87.1746
Group 2	72.5926	–	72.5926	87.1746

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

Class Z Gross Income

Distribution in pence per unit

Distribution period	Distribution per unit	Equalisation	Total distribution per unit 2025	Total distribution per unit 2024
March				
Group 1	89.7756		89.7756	91.3041
Group 2	89.7756	–	89.7756	91.3041
June				
Group 1	78.9029		78.9029	94.7524
Group 2	78.9029	–	78.9029	94.7524

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

Fact File

Royal London UK Real Estate Fund

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

General Information

Pricing and dealing

For the purposes of determining the prices at which Units may be purchased from or redeemed by the ACS Manager, the ACS Manager will carry out a valuation of the Fund's Property at 23:59 UK time each Dealing Day (the "valuation point") on the last Business Day (a day on which the London Stock Exchange Limited is open for business) of each calendar quarter, unless otherwise agreed by the Depositary. However, the ACS Manager may, at its discretion, value the Fund at any other time. The valuation shall exclude any income in respect of the interim accounting period ending on that Dealing Day.

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

Subscription of units

In order for an application to be dealt with at the above Valuation Point on any Dealing Day, an investor should complete an application form available from the ACS Manager and returned by 17:00 UK time on the last Business Day that is at least three months prior to the Dealing Day. Instructions received after this point will be dealt with on the next Dealing Day. In respect of the initial offer of Units only, the ACS Manager may, at its discretion, accept certain applications for Units which are received after the Subscription Cut-off Point. On acceptance of the application, Units will be sold at the relevant sale price, and a contract note confirming the sale price and the number of units sold together with, in appropriate cases, a notice of the applicant's right to cancel, will be issued. An order for the purchase of Units will only be deemed to have been accepted by the ACS Manager once it is in receipt of cleared funds for the application.

Redemption of units

To redeem units, an investor should provide a written instruction by 17:00 UK time on the last Business Day that is at least six months prior to the relevant Dealing Day to the ACS Manager at its administration centre with instructions to redeem the relevant number (if known) or value of units. Instructions received after this point will be dealt with on the next applicable Dealing Day. The units will be repurchased at the price calculated at the valuation point on the appropriate Dealing Day. Proceeds of redemption (less, if the proceeds are to be remitted abroad, the cost of such remittance) will be paid no later than the close of business on the fourth Business Day following receipt of a signed form of renunciation.

Settlements time

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

Distribution dates

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

UK taxation

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

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

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

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

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

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

General Information (continued)

UK taxation – continued

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

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

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

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

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

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

Authorisation

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

ACS Manager reports and Prospectus

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

Contact Us

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