Royal London UK Real Estate Feeder Fund

Interim report

For the six month period ended 30 June 2021 (unaudited)

Contents

* The ACD's report comprises of these items.

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

Company information

Company

Royal London UK Real Estate Feeder Fund

Registered office:
55 Gracechurch Street, London EC3V 0RL

Authorised Corporate Director (the "ACD")

The ACD is Royal London Unit Trust Managers Limited.

Place of business and Registered office:
55 Gracechurch Street, London EC3V 0RL

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

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Directors of the ACD

A.S. Carter (resigned 21 June 2021)
H.I. Georgeson (appointed 21 June 2021)
R.A.D. Williams
A. Hunt
R. Kumar
S. Spiller
C.R. Read
J.M. Brett (Non-executive Director)
N.A. O'Mahony (Non-executive Director) (resigned 31 July 2021)

Investment Adviser

Royal London Asset Management Limited

Place of business and Registered office:
55 Gracechurch Street, London EC3V 0RL

Authorised and regulated by the Financial Conduct Authority.

Depositary of the ACD

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Registrar and Transfer Agents

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Administrator of the ACD

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Atria One, 144 Morrison Street, Edinburgh EH3 8EX

Report of the Authorised Corporate Director

We are pleased to present the interim report and financial statements covering the period from 1 January 2021 to 30 June 2021.

About the Company

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

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

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

Authorised status

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

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

The financial statements

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

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

For and behalf of Royal London Unit Trust Managers Limited

Authorised Corporate Director

H. I. Georgeson (Director)

J. M. Brett (Director)

25 August 2021

ACD's Investment Adviser's report

Objective

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

As the Company's sole investment are units held in the Master Fund, the Company is subject to the same underlying risks and returns of the Master Fund, and as such, the commentary presented on pages 4 to 8 is consistent with those of the Master Fund.

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

Strategy

The Master Fund will invest in UK real estate across all major property sectors in a balanced portfolio. The portfolio will be significantly weighted toward London and the South East of England as a key driver to long-term returns, whilst also reducing the potential downside in a weak market. Diversification will also be provided by investing in key cities and locations across the UK to balance the risk profile of the portfolio and increase the running yield. Attention will be focused on securing prime properties in these strategic locations, to maintain exposure to assets with limited downside risk, plus strong asset management/development potential in a recovering market. The long-term investment philosophy of the Master Fund requires strategic planning and preparation of asset management opportunities through market cycles, to position them for exploitation as and when market conditions are favourable. New acquisitions will be sought where they add to existing holdings.

Performance

For the six month period ended 30 June 2021, the Master Fund delivered a net return of 5.85%. This compares to the Master Fund's benchmark, the All Balanced Funds component of the AREF/MSCI UK Quarterly Property Fund Index which showed a return for the same period of 6.05%.

Since its launch in October 2017, the Master Fund has seen very strong investment performance in both absolute terms and in comparison to its benchmark. Since inception, the Master Fund has outperformed its benchmark by 358 basis points (20.61% vs 17.03%).

Market review

The UK has been at the forefront of the global vaccine effort. As of 10th July, over 80 million vaccinations have been given with around 87% of all adults having now received their first dose. Despite this remarkable achievement, progress in opening up the economy has been gradual and understandably cautious. Significantly, we have reached the stage where the UK government is confident enough to lift almost all legal restrictions on social contact in England, on 19 July. Since the turn of the year and leading up to this point, the UK commercial property market has remained relatively stable and more recently shown signs of positive momentum. As the economic recovery continues, this should support further demand for commercial property, from the perspective of both the occupier markets and from investors.

Focusing on the investment market, Colliers report that around £2.6bn was invested during May, down slightly from April's £2.9bn, but more than twice the corresponding 2020 figure of £1.2bn. In the first five months of the year, total investment volumes stood at £16.6bn. This is down slightly from £18.7bn over the same period in 2019 and £18.8bn in 2020. However, the 2020 figure was boosted by the £4.7bn iQ student portfolio deal, without which the 2021 figure would be up by 20% on the 2020 figure. This is despite strict travel restrictions, which have prevented many overseas buyers from visiting the UK and carrying out due-diligence or to inspect potential acquisitions. As travel restrictions are relaxed, we anticipate investment volumes should increase as pent up demand for UK property is released. A recent global investor survey carried out by CBRE indicates that London is the top ranked destination in EMEA, ahead of Berlin, Frankfurt, Paris and Amsterdam. Central London offices look relatively cheap in comparison to many European counterparts, so there is scope for momentum to pick up during the second half of the year.

The latest investment performance figures provided by the MSCI UK Monthly Index also signals an improving outlook. Year to date total returns, as at June stand at +6.2%. The market has now seen positive capital growth for eight consecutive months, with valuations surging by +1.5% in the month of June, the highest level of growth since June 2014. Divergence between sectors is stark though, with industrials significantly ahead of the rest of the market and pulling up the all sector average. The industrial sector has been buoyed by strong occupational fundamentals; increasing demand for warehousing space against very tight supply and low vacancy rates. In contrast, the pandemic has had a major impact on the occupational markets for both the retail and office sectors and they have lagged behind. Focusing on the retail sector, rents are still falling, but the rate of decline has decreased. Retail warehouse assets are becoming increasingly attractive as investors realise they have the potential for not only retail but also as a last mile logistics hub for the retailers. In office markets, faced with a prolonged period of uncertainty, corporate occupiers have understandably been reluctant to commit to longer term leases and take up levels have suffered as a result. With more certainty surrounding the timelines for recovery this should provide occupiers with greater clarity for relocation decisions. Encouragingly, leasing levels have begun to improve as occupiers shift their thoughts to the future office requirements. Polarisation is likely to become a theme as there

ACD's Investment Adviser's report (continued)

Market review – continued

is a flight to prime, well located buildings. ESG and flexibility are likely to be key differentiators going forward.

Looking ahead more generally, we feel there are reasons for optimism. Property looks good value relative to other asset classes. Government bond yields are higher than at the turn of the year, however the yield gap to property is still wide by historic standards at around 380 basis points (compared against 10 year gilts). The level of income generated by real estate is likely to draw investors towards the asset class. We have seen considerable yield compression already this year for prime industrial assets and there is scope for this to transfer into other sectors, when occupational markets normalise. Prime Central London offices, (particularly those offering best in class space) are in short supply and are anticipated to see some inward yield movement. Consumer confidence has been improving of late and we could see a splurge of spending once the economy re-opens. However, it is abundantly clear that risks around mutated virus strains still exist and the current third wave of transmissions in the UK is a concern, particularly as it coincides with relaxation of restrictions on 19 July. It is likely that there will be some bumps in the road ahead. Only when government support is removed will it be possible to see how many of the firms currently operating with little or no working capital can survive. Much is riding on the way things evolve over the next six months, but the path out of the pandemic appears that bit closer.

Portfolio review and activities

The Master Fund's property portfolio is currently valued at £3.0bn, held in 80 properties with an estimated rental value of £144.0m, giving a portfolio income yield of 4.0% and a reversionary portfolio yield of 4.9%.

Balance sheet management

As at the 30 June 2021, the Master Fund held £122.7m in cash (ex. distribution) equating to 4.1% of the Master Fund's NAV.

The Master Fund currently has no gearing.

Rent collection

The Master Fund has a collection rate to date of 82.68% of the collectable March and June rent demands. The remainder is subject to either ongoing discussions with tenants, agreements that have been reached or potential legal action to pursue recovery.

Acquisition

There were no property acquisitions for the Master Fund for the six month period to 30 June 2021.

Disposals

Eden House, London

In February, the Master Fund completed on the sale of Eden House, London to Global Holdings for £51.0m. The sale price for Eden House was £1.85m above valuation which was considered at the top of the range for a vacant building – so an excellent result for the Master Fund.

21/23 Coney Street, York

In February also, the Master Fund completed on the sale of 21/23 Coney Street, York for £2.0m.

Developments

The Master Fund has a bias towards Central London development so progressing the development initiatives to take advantage of an improving tenant market, combined with a short term restricted supply pipeline for best in class offices, is key.

The Earnshaw, London

In May 2017, the Master Fund obtained planning permission for the redevelopment of Castlewood House plus a smaller, nearby ownership, Medius House, to be replaced by a new building comprising 139,000 sq ft of office accommodation, 20,000 sq ft of retail/restaurant space and 18 'affordable' residential units.

Castlewood and Medius House have now been demolished, other than the retained façade of Medius House, and Skanska UK Plc, have been appointed as main contractor. The new steel frame and floors are currently being erected, and overall completion is scheduled for Q1 2023. Considerable thought has gone into the planning and design of the proposed building, with the aim of being 'best in class' in all respects.

Marketing of the development has commenced and the new office building has been branded as 'The Earnshaw'. Interest has already been received from potential occupiers and it is anticipated that a pre-let can be secured during the construction phase.

The Distillery, Bristol

The site comprises four plots located in the heart of Bristol City centre, in close proximity to Bristol Temple Meads train station and the Cabot Circus Retail Quarter. Working with AWW architects the Master Fund secured detailed planning consents for the delivery of a 200 bed hotel on Plot 2 in the northwest corner of the site and a 92,000 sq ft, Grade A office development on plot 4.

During the design and planning process the team were able to secure a Pre-let to Jurys Hotels (now the Leonardo Group) for a new 35 year lease subject to 5 yearly index linked uplifts. The development reached practical completion in Q1 2021 and the lease is in the process of being documented. This letting will provide a strong index linked income for the Master Fund over the very long term.

ACD's Investment Adviser's report (continued)

Portfolio review and activities – continued

Developments – continued

The Distillery, Bristol – continued

The marketing and branding for the office scheme are progressing well with the development branded and marketed as 'The Distillery, Bristol'. The office element comprises two buildings being No. 1 & No 2 The Distillery of 37,800 sq ft and 53,874 sq ft respectively. Practical completion was reached in March 2021 and discussions are ongoing with prospective occupiers. The development is currently in the process of finalising its sustainability and environmental certifications and is expected to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) Excellent rating and a Fitwel 2* rating. The Distillery incorporates a beautiful active stairwell which is aesthetically pleasing to encourage active movement within the buildings as well as a living wall located in the piazza courtyard entrance.

Asset management and lettings

Industrial

The Master Fund's high weighting to London and the South East continues to be highly beneficial to the Master Fund. The Master Fund's industrial portfolio saw capital growth of +9.7% over the quarter. High demand and significant forecasted rental growth, driven by the last mile logistics model, continues to increase rental and capital growth across the main urban areas.

Stourton Link, Leeds

The lease renewal of Unit 1 to Troy Foods (Salads) ltd was completed in Q1. The tenant signed a new 5 year lease at an annual rent of £218,772 (£6psf) with 4 months rent free. The new rent achieved reflected a 14.3% increase on the previous passing rent. The tenant had considered vacating the unit in order to consolidate into another premises they already occupy nearby. As a result of retaining them, the estate is fully let. This renewal will provide helpful evidence for the upcoming rent reviews of units 2 & 3, which are currently paying £5psf and £5.25psf respectively. The occupier demand in Leeds is very strong so it is anticipated that further external evidence will be created in the interim to push the rental tone on further. As a result of the transaction the asset saw an 11.4% increase in value on the previous quarter.

Ellerslie Square Industrial Estate, Brixton

The outstanding rent review of Unit 9, which is occupied by Fulham Timber Merchants Limited was completed in Q1. The new annual rent is £274,980 (£20psf), reflecting an 18% increase on the previous passing rent and 11% above ERV. This settlement will assist in the negotiations with Howdens on the lease renewal of unit 10.

Elsewhere on the estate, a planning application for a certificate of lawfulness for change of use to Class E was approved and has resulted in the last remaining void to go under offer to a climbing wall operator on 10 year straight lease, £332,334 per annum (£18psf) with 10 months rent free. Following the conclusion of this transaction, the estate will be fully let. This asset is in a prime location for trade and urban logistics and we have continually looked to move the rents on as supply has diminished. It is anticipated that this will continue.

Springfield Business Park, Chelmsford

Plans are being progressed to speculatively develop an industrial terrace delivering c 35,000 sq ft on the existing 'Phase 1' site, adjacent to the recently developed DPD distribution warehouse . The scheme will deliver a flexible building capable of being let as a single unit or split into 2 with the appropriate amenity and office provisions.

The building design and specification fully considers and incorporates the latest ESG standards, targeting 'A' EPC & BREEAM 'excellent' certifications. The project is currently in the tender phase and the programme assumes completion in May 2022. Given the huge lack of available supply in the local market we are expecting the units to let well, setting new headline rental evidence for the estate, and performing strongly for the Master Fund.

Redbourne Park, Liliput Road, Northampton

The first quarter saw the completion of the letting of the only void unit on the estate. Pattern UK Limited have taken units 5 & 6 on a 10 year lease with a 5th year break at a rent of £306,000 per annum (£7.50psf) with the first 10 months at half rent. Prior to the new tenant's occupation, the unit was extensively refurbished. As a result, the EPC increased from a C to an A. The headline rent of £7.50psf was 36% ahead of ERV. Elsewhere on the estate, the February 2020 rent review of units 3 & 4 was settled. The new rent was agreed at £243,000 per annum (£6.48psf) which represents a 53% increase on the previous passing rent and 18% above ERV.

Retail

Against the ongoing backdrop of the pandemic, the focus for the retail team remains on protecting income, disposing of assets that are expected to underperform and assessing repurposing options where appropriate.

Concessionary deals with occupiers have been agreed where necessary, if possible linked to changes to lease structures, such as removal of break options, or extensions to the lease term. The Government has recently extended the moratorium on pursuing tenants for rent arrears, so the restrictions on a landlord's remedies remain in place.

The Government has also recently announced its intention to introduce legislation to create a legally binding arbitration process where landlord and tenant have not been able to agree a compromise on pandemic rental arrears. It is hoped that this will encourage retailers that have been taking advantage of the moratorium to act more reasonably.

ACD's Investment Adviser's report (continued)

Portfolio review and activities – continued

Asset management and lettings – continued

Retail – continued

470/482 Oxford Street, London

The Master Fund owns a long leasehold interest in a block adjacent to Marks & Spencer's Marble Arch store. It comprises three shop units over ground and basement levels with the upper parts being let on a long lease to Marks & Spencer.

Marks & Spencer announced plans for the redevelopment of the store to create a new office development with an element of retail that Marks & Spencer will occupy. The proposed scheme included the Master Fund's ownership. Marks & Spencer has recently submitted a planning application for the proposed development. We continue to appraise the proposal to establish the best outcome for the Master Fund, which includes the funding of this flagship office development.

Offices

As the COVID-19 restrictions begin to be lifted tenant activity has started to increase with businesses focusing on their future occupational needs in a post pandemic world and being more prepared to make decisions.

The emphasis for the Master Fund is liaising with tenants, particularly the retail tenants of the mixed use buildings, over rent arrears and how these can be recovered over time, as well as tenant retention and minimising voids.

60 Fenchurch Street, London

60 Fenchurch Street is a 12 storey office building of 61,000 sq ft, located opposite Fenchurch Street station. The building comprises floors of 5,000 ft and is multilet to a number of professional firms including Sedgwick Insurance. HSBC vacated part of the lower floors of the building in July in line with their portfolio rationalisation, which creates the opportunity to undertake a comprehensive redesign of the Ground Floor reception and lower ground floor storage to provide a level of amenity space to be in line with competing schemes in the market. The 3rd Floor was vacated in October 2020 and we have designed, tendered and instructed a contractor on a refurbishment package to deliver a high quality, fully fitted office suite to the market. The works are underway and despite pandemic restrictions and a difficult market we already have a request for a proposal from a prospective tenant.

An architect and project manager have been appointed to produce a design solution and a final design has now been agreed. This will open up both ends of the building to increase prominence, establish break out and communal areas with a new impressive reception.

Trafalgar Buildings, London WC1

A reversionary lease has been completed with Regus Plc to remain in their demise of 30,000 sq ft at a rent of £577,460 pa with an expiry of June 2022 and to incorporate 3 month mutual rolling breaks effective from earliest December 2021. This is to retain income for the Master Fund until the property is ready for redevelopment and follows on from a similar reversionary lease completed with Pret A Manger last year.

Meanwhile, the Master Fund is progressing the detail of the redevelopment scheme and are working with the architect to move through to RIBA Stage 3. As part of this review there are improvements that the team will seek to make to the design to positively impact value. This will include an amendment to the planning consent to both the retail and office elements. At Ground floor the ambition is to add further Food and Beverage provision to position the scheme via securing destination brands. There is also the potential to increase the height of the roof slightly to enable greater floor to ceiling height and improved window alignment for the two upper floors, which will improve the occupier experience and therefore letability and overall value.

Kings Gate, Maidenhead

The holding comprises an established office cluster with associated parking located immediately off the forecourt of Maidenhead Mainline Train Station. Kings Gate comprises a 38,000 ft, four storey office building let to Cincom (a software developer) until December 2022.

The mini estate offers a long term redevelopment opportunity to increase massing and capitalise on the benefits of the delivery of the Elizabeth Line when the lease of the adjacent Sita House expires in 2030.

With the pending lease expiry the office team are engaged with multiple sub tenants in order to negotiate lease extensions and maintain income through to 2030. This will require some investment in the common parts of the building and form part of surrender negotiations with the current tenant. Negotiations are ongoing with the various occupiers and the Master Fund has engaged a planning consultant to provide representations on the future redevelopment to be incorporated in the local plan.

Responsible Property Investment (RPI)

The Master Fund fully recognises the property it owns contributes towards Climate Change and that it is becoming increasingly urgent to manage and mitigate this impact into the future. To address this, and as part of our aspiration to be a leader in Responsible Property Investment (RPI), a strategy has been developed that will enable this to be achieved. The development of our RPI strategy has led to the creation of a new strategic framework.

ACD's Investment Adviser's report (continued)

Responsible Property Investment (RPI) – continued

This identifies the material sustainability issues that we consider are most applicable to the Master Fund and includes focus areas of activity, supported by the foundation of responsible decision making. This strategic framework is linked directly to an action plan which includes the updating of our procedures and the monitoring of progress to ensure we achieve our goals. This applies throughout our fund strategy, acquisitions, developments, and asset management of all commercial real estate assets owned by the Master Fund.

The Master Fund is also currently finalising its Net Zero Carbon pathway which we propose to launch later this year, and at the same time sign up to the Better Buildings Partnership (BBP) Climate Commitment. The Commitment requires signatories to publish their net zero carbon pathways and delivery plans and disclose the energy performance of their assets. It has an overreaching objective of delivering net zero buildings incorporating both direct and indirect investments, operational and embodied carbon. Signatories will also report annually on the progress against their pathways and disclose the energy performance of their portfolios, demonstrating a clear intention to improve transparency within the market.

The Master Fund is about to launch a trial programme of installing utility monitors. This will enable the occupier to better understand the electricity, gas and water profile of their premise, and allow us to monitor the utility consumption of the property portfolio.

Investment outlook

Having slowed in Q1, business surveys suggest that the global economic recovery picked up sharply in late Q1/early Q2 as European economies reopened after lockdowns and with COVID-19 case numbers having fallen back in the US, UK and parts of Europe. Fiscal policy and monetary policy remained a critical underlying support for the economy in Q2. The US fiscal package passed in March will have supported the US economy – and beyond. The UK economy is likely to have grown strongly in Q2 reflecting re-opening (the economy contracted in Q1).

The pace of UK GDP growth slowed in May, after a strong bounce in March and April. With COVID-19 case numbers resurgent in June and despite further reopening, growth may have slowed further in the last month of the quarter if households became more cautious in their social interactions; Google mobility data for the UK shows a fall in activity in areas associated with retail and recreation from early June. Business survey data through to June, however, look consistent with continued relatively strong growth in the UK.

Supply chain issues caused problems for UK manufacturers in Q2, as well as generated inflationary pressure. Consumer price inflation climbed over the quarter, on base effects, supply chain issues and re-opening effects. UK CPI inflation reached 2.5% year-on-year in June – well above the Bank of England's 2% inflation target. The Bank of England adjusted their own expectations over the quarter and signalled that they expect inflation to peak above 3%. RPI inflation finished the quarter at 3.9%Y, its highest level since the start of 2018.

The delta variant has grown as a threat to the UK outlook over the rest of the year. However, at this stage, the second half of 2021 is expected to see robust, albeit slower, economic growth as the successful vaccine rollout has left the UK government comfortable with reopening even further rather than rolling back, or even pausing its 'roadmap' out of lockdown. Consumer spending and business investment should be growth supportive given healthy aggregate finances. Data continue to show that UK households in aggregate have a high savings rate and built bank deposits at pace during the crisis. As fear of COVID-19 falls again and confidence rises, there is potential spending power to fuel a further rise in consumer spending. However, the rise in COVID-19 cases from late Q2 may dent consumer confidence for a time and data continues to suggest that the increase in UK savings has strongly favoured those on higher incomes/those who were already wealthy.

Monetary policy remained accommodative, but the Bank of England decided to slow the pace of asset purchases in May. Fiscal policy is set to become less supportive in the UK. Several key elements of UK emergency fiscal support are set to end by the Autumn, including the furlough scheme and additional Universal Credit payments.

Tensions between the UK and EU on post-Brexit trade relations were tense for much of the quarter. The two sides have agreed to more talks to resolve issues around trade in Northern Ireland. A serious deterioration in relations could damage business confidence and trading conditions.

Drew Watkins
Portfolio Fund Manager
30 June 2021
Royal London Asset Management

This report covers investment performance, activity and outlook. For a wider look at the Company, our Annual Value Assessment report is available on www.rlam.co.uk. Portfolio holdings are subject to change, for information only and are not investment recommendations.

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

Source: Royal London Asset Management, unless otherwise stated.

Portfolio statement

As at 30 June 2021

Holding	Investment	Market value (£'000)	Total net assets (%)
Real Estate Authorised Contractual Scheme – 100.00% (31/12/20 – 100.00%)			
521,767	Royal London UK Real Estate Z Inc	55,737	100.00
Total value of investments		**55,737**	**100.00**
Net other assets		**–**	**–**
Total net assets		**55,737**	**100.00**

Summary of material portfolio changes

For the six month period ended 30 June 2021

Significant purchases

	Cost £'000
No purchases in the period	–

Significant sales

	Proceeds £'000
No sales in the period	–

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

Comparative table

Class J Gross Income

Change in net assets per share	30/06/21 (£)	31/12/20 (£)	31/12/19 (£)	31/12/18** (£)
Opening net asset value per share	102.48	105.67	107.00	100.00
Return before operating charges*	6.40	1.26	3.75	12.05
Operating charges	(0.45)	(1.49)	(1.38)	(1.54)
Return after operating charges*	5.95	(0.23)	2.37	10.51
Distribution on income share	(1.61)	(2.96)	(3.70)	(3.51)
Closing net asset value per share	106.82	102.48	105.67	107.00
* after direct transaction costs of:	0.00	0.00	0.00	0.00
Performance				
Return after charges	5.81%	(0.22)%	2.21%	10.51%
Other information				
Closing net asset value (£'000)	55,737	53,470	55,136	55,830
Closing number of shares	521,767	521,767	521,767	521,767
Operating charges excluding property expenses	0.70%	0.71%	0.71%	0.70%
Property expenses	0.17%	0.74%	0.57%	0.75%
Operating charges	0.87%	1.45%	1.28%	1.45%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
Prices				
Highest share price	110.03	106.92	109.88	110.21
Lowest share price	101.89	99.13	104.09	101.87

** The first issue of shares was on 2 January 2018.

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

Financial statements

Statement of total return

For the six month period ended 30 June 2021

	£'000	30 Jun 2021 £'000	£'000	30 Jun 2020 £'000
Income				
Net capital gains/(losses)		2,268		(2,347)
Revenue	1,175		1,765	
Expenses	(335)		(875)	
Interest payable and similar charges	–		131	
Net revenue before taxation	840		1,021	
Taxation	–		–	
Net revenue after taxation		840		1,021
Total return/(loss) before distributions		3,108		(1,326)
Distributions		(841)		(890)
Changes in net assets attributable to shareholders from investment activities		**2,267**		**(2,216)**

Statement of changes in net assets attributable to shareholders

For the six month period ended 30 June 2021

	£'000	30 Jun 2021 £'000	£'000	30 Jun 2020 £'000
Opening net assets attributable to shareholders		**53,470**		**55,136**
Amounts receivable on issue of shares	–		–	
Amounts payable on cancellation of shares	–		–	
		–		–
Changes in net assets attributable to shareholders from investment activities		2,267		(2,216)
Closing net assets attributable to shareholders		**55,737**		**52,920**

Balance sheet

As at 30 June 2021

	30 Jun 2021 £'000	31 Dec 2020 £'000
Assets		
Fixed Assets:		
Investments	55,737	53,470
Current assets:		
Debtors	389	356
Cash and bank balances	–	–
Total current assets	389	356
Total assets	56,126	53,826
Liabilities		
Creditors:		
Distribution payable	389	356
Total liabilities	389	356
Net assets attributable to shareholders	**55,737**	**53,470**

Statement of cash flows

For the six month period ended 30 June 2021

	30 Jun 2021 £'000	30 Jun 2020 £'000
Net cash inflow from operating activities	**807**	**936**
Servicing of finance		
Distributions paid to shareholders	(808)	(937)
Interest received	1	1
Net cash outflow from servicing of finance	**(807)**	**(936)**
Net increase in cash during the period	**–**	**–**
Cash balance brought forward	–	–
Cash and bank balances at the end of the period	**–**	**–**

Notes to the financial statements

For the six month period ended 30 June 2021

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 the period and all the years presented, unless otherwise stated.

Basis of preparation

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

Going concern

The ACD has examined significant areas of possible financial risks including the impact of COVID-19 and has not identified any material uncertainty that casts significant doubt upon the Company'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 ACD has satisfied themselves that the Company has adequate resources to continue in operational existence for the foreseeable future.

Based on the above and after due consideration, the ACD believes it is still appropriate to continue to adopt the going concern basis in preparing the financial statements.

Tax transparency

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

Basis of valuation of investments

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

Revenue recognition

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

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

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

Treatment of expenses

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

Taxation

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

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

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

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

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

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

Notes to the financial statements (continued)

For the six month period ended 30 June 2021

2. Distribution policies

Basis of distribution

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

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

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

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

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

Expenses

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

Equalisation

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

3. Risk management policies

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

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

Market price risk and valuation of collective investment scheme

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

Sensitivity analysis

The only investment within the Company is in the Master Fund and is dependent on the same sensitivities. The values of investment properties are driven by their 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	Expected Yield	Risk % by Sector	Value if increase by risk %	NAV impact	Value if increase by risk %	NAV impact
Industrial	4.25%	0.25%	51,767,000	1.73%	(45,784,000)	(1.53)%
Offices	3.77%	0.50%	94,198,000	3.14%	(76,021,000)	(2.53)%
Retail Warehouses	4.68%	0.75%	25,121,000	0.75%	(19,136,000)	(0.64)%
Alternatives	4.77%	0.75%	25,779,000	0.86%	(18,705,000)	(0.62)%
Leisure & Retail	4.95%	1.00%	202,447,000	6.75%	(127,558,000)	(4.25)%

Liquidity risk

Since the Company invests solely in the Master Fund that comprise mainly immovable property, which is relatively illiquid and more difficult to realise than most equities or bonds, it can be exposed to liquidity risk surrounding its capacity to maintain sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet its obligations to fund its distribution payments and redemptions. If an asset cannot be liquidated in a timely manner, then it may be harder to attain a reasonable price.

Notes to the financial statements (continued)

For the six month period ended 30 June 2021

3. Risk management policies – continued

Liquidity risk – continued

In normal circumstances, redemption requests will be processed under valid instructions to redeem units received before a redemption cut-off point by the ACD which will be processed at the redemption price for the relevant unit class calculated at the applicable valuation point. In order for a redemption request to be dealt with at the above valuation point on any dealing day, the instruction must have been received at least 6 months prior to the relevant dealing day.

In exceptional circumstances, such as market uncertainty, the ACD may defer redemptions where the ACD considers it to be in the best interests of the shareholders. The deferral period for any redemption request is a maximum of 12 months from the original dealing day when the request for redemption would otherwise have been processed. When deemed appropriate by the ACD, acting in the best interests of the shareholders, redemption will be deferred in whole or in part by the ACD within this timeline. The ACD must give shareholders notice of the deferral no later than two calendar months prior to the original dealing day. The price at which such shares will be redeemed will be the redemption price on the dealing day on which the shares are actually redeemed. The ACD may cancel the deferral (wholly or in part) by giving notice to shareholders no later than one calendar month prior to the next dealing day. Where a deferral is cancelled the redemption will be settled on the dealing day immediately following the date of the notice of cancellation. Any deferred redemption will be processed on a first come, first served basis. Those redeeming shareholders at the front of the queue will be processed first. Requests for redemption that have been accepted at an earlier dealing day will be dealt with pro-rata prior to any requests for redemption that are accepted at a later dealing day. Requests for redemption may be deferred in whole or in part several times save that any such deferred request may only be deferred to a dealing day which is no more than 12 months after the original dealing day.

Neither the ACD nor Investment Adviser is aware of any redemption requests pending or any indication that any of the shareholders intend to redeem shares in the Company in the near future.

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

Included in the ACD's responsibilities for managing and monitoring the liquidity risk of the Company is to maintain liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for the Company and monitoring and assessing the policies and procedures of the Investment Adviser for the Company in managing the Company's liquidity limits.

In determining its risk management policies, the ACD has taken into account the nature, scale and complexity of its activities including those of the delegated Investment Adviser, and has liquidity risk profiles that are consistent with those required for a well-functioning and robust system including the requirement to meet redemption requests from shareholders on each dealing day.

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

	Within three months	Over three months but not more than one year	Over one year
30 June 2021	**£000**	**£000**	**£000**
Cash at bank	–	–	–
	%	%	%
Shareholding that can be redeemed	–	–	100.00
Portfolio capable of being liquidated	–	100.00	–
31 December 2020	**£000**	**£000**	**£000**
Cash at bank	–	–	–
	%	%	%
Shareholding that can be redeemed	–	–	100.00
Portfolio capable of being liquidated	–	100.00	–

Credit and counterparty risk

The Company is exposed to credit risk in the event of default by an occupational tenant in the Master Fund. The Master Fund would suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property.

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

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. The ACD may pass cash or other assets to its counterparties as margin or collateral to an unlimited extent. Subject to the Regulations, at any one time, the Company may be exposed to the creditworthiness of its counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of a counterparty, the ACD might not be able to recover cash or assets of equivalent value in full.

Notes to the financial statements (continued)

For the six month period ended 30 June 2021

3. Risk management policies – continued

Credit and counterparty risk – continued

The Company is exposed to credit risk in the event of default by an occupational tenant in the Master Fund. The Master Fund would suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property.

Consequences of COVID-19 include increased credit and counterparty risks on the entirety of the real estate industry. The Master Fund is significantly exposed to highly affected sectors such as hotel and leisure, retail and office investments which can hamper future and current cash flows and investment performance. The solvency of counterparties such as tenants in the affected sectors has given the ACD greater focus in adopting additional risk management measures to mitigate the lasting impact of the pandemic. The risk management tools include assisting tenants to survive whilst acting to safeguard the interests of the Unitholders. The Master Fund has granted rental concessions in the form of rental deductions and rent free periods to some tenant as a short term measure whilst reassessing planned investments and strategy based on market developments in the long term.

The ACD and Investment Adviser have assessed the recoverability of the Company's assets, including trade and other receivables, recorded as at 30 June 2021 at the date of issue of the financial statements and made the appropriate adjustments were required.

Currency risk

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

Interest rate risk

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

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

Inflation risk

Inflation may, over time, reduce the value of your investments in real terms.

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

Leverage risk

The Master Fund 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 Master Fund) or through leverage obtained by nature of the derivative products in which the Company invests.

Coronavirus risk

The ongoing Coronavirus (COVID-19) pandemic has magnified the key existing risks associated with property values and the performance of the Company's investment in the Master Fund.

Property valuations

It is now over a year since the declaration of COVID-19 pandemic on 11 March 2020 and the recommendation by RICS of the use of the Material Uncertainty Clause on 17 March 2020. Although it has since been recommended that material valuation uncertainty should no longer apply to most sectors and assets classes, the decision on whether to apply the material valuation uncertainty clause in any sector are based on individual valuer judgement and in each case will depend upon the circumstances of the valuation. Many of the property assets valued with reference to trading potential have been the subject of enforced closure for a prolonged period and although most businesses have now been allowed to re-open, not all have done so and, in many cases, it is too early to properly assess the trading potential of these assets with a sufficient degree of certainty. In these circumstances it would be appropriate for the valuer to continue to apply a material uncertainty declaration until such time as the impact on the trading potential of the asset and sector can be seen more clearly. RICS recommendations are based on a high-level overview of market conditions, and necessarily cannot consider factors applying to specific assets, regions or markets. The decision whether to insert, maintain or remove commentary that a valuation is materially uncertain remains with the valuer, considering the specific attributes and performance of the individual asset and its market, and they should have a sound rationale for the decision they reach upon such consideration. None of the properties within the Master Fund' valuations issued on 30 June 2021 were reported as being subject to 'material valuation uncertainty.'

Rental collection

Key credit risk management tools to mitigate the risks of non-payment of rents by tenants include granting of rental concessions, such as monthly payments plan and short-term deferrals. There is also the risk of further government actions that protect some tenants from facing legal actions for non-payment of their rents.

Notes to the financial statements (continued)

For the six month period ended 30 June 2021

3. Risk management policies – continued

Coronavirus risk – continued

Rental collection – continued

The UK Government announced on 16 June 2021 that businesses that have had to remain closed during the COVID-19 pandemic and are unable to pay rent on their commercial property will continue to be protected from eviction until 25 March 2022. In addition, the UK Government has also announced that legislation will be introduced in this parliament to ringfence outstanding unpaid rent that has built up when a business has had to remain closed during the pandemic. Landlords are expected to make allowances for the ringfenced rent arrears from these specific periods of closure due to the pandemic and share the financial impact with their tenants. The legislation is intended to assist tenants and landlords to work together to come to an agreement on how to handle the money owed – this could be done by waiving some of the total amount or agreeing a longer-term repayment plan. This agreement should be between the tenant and landlord and, if in some cases, an agreement cannot be made, the law will ensure a binding arbitration process will be put in place so that both parties can come to a formal agreement. This will be a legally binding agreement that both parties must adhere to.

For the six month period to 30 June 2021, rent demanded was £58.50m of which £48.36m was paid giving the Master Fund a collection rate to date of 82.68% of the annual rent demand. The remainder is subject to either ongoing discussions with tenants, agreements that have been reached or potential legal action to pursue recovery. The Master Fund through its Investment Adviser have been proactive in engaging with the tenants and are trying to consider the individual circumstances of each occupier. The Master Fund is also keeping in close contact with its managing agents and other landlords to gauge the stance others are taking and understand themes as they emerge.

Liquidity

The principal risks and uncertainties due to the ongoing pandemic relate to increased short-term market volatility, including impact on fund liquidity, and the potential adverse long-term effects of disruption to the global economy and markets. The ACD continues to assess the liquidity risks to ascertain whether there was sufficient liquidity in the Master Fund to meet its operational costs and redemption requests if the situation arose. The Master Fund is a Qualified Investor Scheme and is not bound by the FCA rule requiring the suspension of a non-UCIT retail scheme fund where material uncertainty applies to the value of immovables which constitute 20% of the scheme's value. Moreover, the Master Fund unitholders are made up entirely of internal investors whom the Master Fund does not receive any notice to redeem units which has a potential full redemption period of 18 months.

Key liquidity risk management tools employed in addition to those discussed earlier included targeted sales to increase the cash weighting and provide further comfort on liquidity concerns of the Master Fund whilst the lockdown persisted. Additionally, the Master Fund sought a reduction in the committed liabilities and increased its engagement with the unitholders to understand the probability of redemptions.

At 30 June 2021, the Master Fund held £122.68m in cash equating to 4.10% of NAV. The Master Fund had no pending acquisitions with two properties had been identified for sale during 2021, with a combined valued of £59.35m. If all properties were sold during this period the cash holding would increase to £182.03m, equating to 6.06% of NAV. The Master Fund had £81.26m of capital expenditure committed in 2021, reducing the cash weighting to 3.36% of NAV.

Business continuity

There has been increased operational and business continuity risk for the ACD and the Investment Adviser since the outbreak of COVID-19 and the earlier imposition of government restrictions on travelling to and from the office. To mitigate this risk, the ACD and its Investment Adviser activated their business continuity policy which resulted in the seamless transition to a 'working from home' operating model since March 2020 without deterioration to investment operations. Virtual meetings of the ACD and the Company's Shareholders have been held frequently to discuss any impacts on the Company's operations and performance. There has been an increase in the frequency of communications to shareholders throughout with notes issued weekly by the Investment Adviser on macro developments and insights on market conditions, investor activity, fund liquidity, investment performance and continuity of operations and services.

As part of the latest COVID-19 Response Roadmap from the UK Government, it is no longer instructing people to work from home if they can, so employers can start to plan a return to workplaces gradually. In line with this advice, staff of the ACD and the Investment Adviser are being encouraged to return to the office with the target of the new new hybrid model being fully operational in October 2021. In addition, the ACD and the Investment Adviser have reviewed their business continuity plans considering the ability to work from home has been so successful and it has been updated to reflect that in a denial of access event, all staff would work from home.

Economic and political risk

The performance of the Company may be adversely affected by the impact of general economic conditions, by conditions in the property market, changes in occupancy practices or by the particular financial condition of parties doing business with the Company.

Notes to the financial statements (continued)

For the six month period ended 30 June 2021

3. Risk management policies – continued

Economic and political risk – continued

The returns that are likely to be achieved on an investment in the Master Fund, which invests in assets predominantly based in the UK, are likely to be materially affected by the political and economic climate in the UK. In particular, changes in rates of inflation may affect the Company's income and capital value or the value of an investment. Changes in landlord and tenant, planning, trust or other law in the UK could also materially affect the investment returns.

Assessment of the risk relating to the UK exiting the European Union (Brexit)

There are longer-term risks for real estate funds since the UK and EU's new Trade and Cooperation Agreement to govern the future trading relationship does not cover financial service. The very limited nature of the financial services provisions in the Agreement was largely expected and in our experience most financial service providers had factored in the loss of the passport to their Brexit contingency plans.

In the event, the ACD aims to maintain a strong liquidity buffer and a broad mix of high-quality assets across sectors and geographies, with a focus on location, depth of occupational demand, strength of tenant and lease length.

The Directors of the ACD have satisfied themselves that there are adequate plans to mitigate the downside impact on the operations of the Company. Shares in the Company are currently not actively sold to any investors outside of the UK in the European Economic Area.

Distribution table

for the six month period ended 30 June 2021

Class J Gross Income

Distribution in pence per share

Distribution period	Distribution per share	Equalisation	Total distribution per share 2021	Total distribution per share 2020
March				
Group 1	86.6525		86.6525	90.8320
Group 2	86.6525	–	86.6525	90.8320
June				
Group 1	74.5621		74.5621	79.6863
Group 2	74.5621	–	74.5621	79.6863

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

Fact file

Royal London UK Real Estate Fund

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

General information

Pricing and dealing

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

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

Subscription of shares

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

Redemption of shares

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

Settlements time

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

Distribution dates

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

UK taxation

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

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

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

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

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

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

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

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

General information (continued)

UK taxation – continued

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

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

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

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

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

Authorisation

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

ACD reports and Prospectus

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

Contact us

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ROYAL LONDON
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