

Royal London Property Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to provide the investor with an income return from a diversified portfolio of UK properties, while making acquisitions and disposals at the right time in the market cycle to extract maximum capital growth. The Fund's benchmark is the Other Balanced Fund component of the MSCI/AREF UK Quarterly Property Fund Index.

INVESTOR CONSTITUENCY

The Fund is open to investment by institutional investors including pension funds, SIPPs, investment trusts and charities, wealth managers and individual investors.

Fund details	
Type of fund	Property Authorised Investment Fund
Residence	United Kingdom
Launch date	May 1991*
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	30-Jun
NAV (GBPm)	383.1

Source: Royal London Asset Management

Management/professional advisors	
Manager	Royal London Asset Management Ltd
Investment advisor	Royal London Asset Management Ltd
Property fund manager	Stephanie Hacking
Depository	National Westminster Bank Plc
Auditors	PricewaterhouseCoopers

Source: Royal London Asset Management

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
	Royal London Property Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	0.5	0.3	0.4	0.3
Year-to-date	0.3	0.1	0.2	0.1
12 months	-14.8	-17.1	-17.4	-17.1
3 years+	3.6	3.3	3.4	2.3
5 years+	1.5	2.3	2.2	1.1
10 years+	5.2	6.6	6.3	5.5

Source: Royal London Asset Management

Property investment restrictions	
Maximum development exposure	*
Maximum speculative development exposure	10%
Maximum lot-size holding as a standing investment	15%
Maximum lot-size holding permitted at purchase	15%
Maximum exposure to limited partnerships	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	*

Source: Royal London Asset Management

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
	Royal London Property Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	4.9	4.9	4.6	4.6
Standard retail – Rest of UK	0.0	1.2	1.4	2.3
Shopping centres	0.0	0.6	0.9	2.5
Retail warehouses	9.3	12.4	12.1	7.6
All UK retail	14.2	19.1	19.0	17.1
City offices	4.5	3.3	3.4	3.2
West End offices	23.4	8.1	7.5	5.1
Rest of South East offices	2.9	7.5	7.1	5.5
Rest of UK offices	0.0	5.2	4.9	5.3
All UK offices	30.8	24.2	22.9	19.1
South East industrial	24.4	24.0	24.5	20.3
Rest of UK industrial	13.9	13.6	13.7	11.8
All UK industrial	38.3	37.6	38.2	32.1
Other UK properties	8.6	12.4	12.5	25.9
Cash***	8.1	6.7	7.4	5.8
Overall	100.0	100.0	100.0	100.0

Source: Royal London Asset Management

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	27	343.4	97.5
Joint and indirect holdings	2	8.7	2.5
Listed investments	0	0	0.0
Total	29	352.1	100.0

Source: Royal London Asset Management

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
15-18 RATHBONE PLACE	LONDON	Office	30-40	*
44 - 45 GREAT MARLBOROUGH STREET	LONDON	Office	30-40	*
TRIDENT INDUSTRIAL ESTATE	HODDESDON	Industrial Other	20-30	*
CAIRNGORM RETAIL PARK	MILTON KEYNES	Retail Park	20-30	*
28-32 LEXINGTON STREET	LONDON	Office	10-20	*
COMPASS BUSINESS PARK	CHESSINGTON	Industrial	10-20	*
41 EASTCHEAP	LONDON	Office	10-20	*
JUNCTION 8 BUSINESS PARK	ELLESMERE PORT	Industrial	10-20	*
LODGE FARM TRADE	NORTHAMPTON	Industrial Other	10-20	*
KINGS RIDE PARK	ASCOT	Industrial	10-20	*
10 largest investments as % of portfolio				
Source: Royal London Asset Management				

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	1	2.4	0.7
2.5 - 5	3	9.2	2.6
5-10	11	88.6	25.2
10-25	9	145.5	41.3
25 - 50	3	97.7	27.7
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	27	343.4	97.5
Average lot size		12.7	
Source: Royal London Asset Management			

Property Yield		Voids as % of ERV	
Net initial yield	5.09%	Investments	6.04%
Nominal equivalent yield	-	Developments	0.00%
True equivalent yield	6.02%	Total	6.04%
Net reversionary yield	5.84%		
Source: Royal London Asset Management			

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	6.6	4.7
Retail warehousing	14.0	10.2
Shopping centres	0.0	0.0
Central London offices	25.2	27.8
Other offices	1.5	5.2
Industrial	41.8	42.9
Other	10.9	9.1
Overall	100.0	100.0
Source: Royal London Asset Management		

Over Renting and Reversionary Potential, % Rent Passing									
Sector	Rent Passing, GBP Millions	Rent Free , % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented,% Rent Passing	Reversionary potential,% Rent Passing	Reversionary potential Net of Over renting,% Rent Passing	Market Value,% Rent Passing	
Standard retail	1.2	0.0	0.0	0.0	-18.6	-18.6	-37.2	81.4	
Retail warehousing	2.6	0.0	0.0	0.0	-18.3	-17.3	-35.6	82.7	
Shopping centres	-	-	-	-	-	-	-	-	
Central London offices	4.7	0.0	0.0	8.8	-2.0	26.1	24.0	126.1	
Other offices	0.3	0.0	0.0	283.4	0.0	298.2	298.2	398.2	
Industrial	7.8	0.0	0.0	1.0	-2.6	17.2	14.6	117.2	
Other	2.0	0.0	0.0	0.0	-6.0	-5.1	-11.1	94.9	
Overall	18.7	0.0	0.0	6.9	-6.0	14.0	7.9	114.0	
*Comprising the ERV of developments in progress or contracted which have not been pre-let									
Source: Royal London Asset Management									

Listed Investments			
	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

The unexpired term of leases	
Years	% of rent passing
20 years or greater	0.0
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	9.5
5 years or greater, but less than 10	18.6
Less than 5 years	71.9
Source: Royal London Asset Management	

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
INDUSTRIAL PROPERTY INVESTMENT FUND	Industrial	INDIRECT RE	-	100.0	-	-
Medicx Health Fund II	Healthcare	INDIRECT RE	-	100.0	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Royal London Asset Management

Debt analysis					
Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Source: Royal London Asset Management

Development exposure*				
Capital value of developments				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Royal London Asset Management

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, on the last working day of the month
Valuers	Cushman and Wakefield
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: Royal London Asset Management

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	10.0%

Source : Royal London Property Fund

The contribution of major tenants to rental income	
Tenant	%
THE FARM POST PRODUCTION LIMITED	6.4
PREMIER INN HOTELS LTD	5.8
WAITROSE	3.9
PARTS ALLIANCE GROUP LTD	3.5
FURNITURE VILLAGE LIMITED	3.5
DFS FURNITURE COMPANY LIMITED	3.4
ACCOR (T/A IBIS)	2.9
SELCO	2.9
SCHLUMBERGER OILFIELD UK PLC	2.8
STAPLETON'S (TYRE SERVICES) LTD	2.8
Three largest tenants' contribution to rental income	16.1
Five largest tenants' contribution to rental income	23.2
Ten largest tenants' contribution to rental income	38.0

Source: Royal London Asset Management

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	343.4	0.0	8.7	0.0	352.1
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	31.1	0.0	0.0	0.0	31.1
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	374.4	0.0	8.7	0.0	383.1
Gearing (%)					
Net debt (cash)/properties	-9.1	-	0.0	-	-8.8
Net debt (cash)/equity	-8.3	-	0.0	-	-8.1

Source: Royal London Asset Management

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	3.290	3.358	3.265	2.806	2.774	2.765
Offer (GBP)	3.529	3.601	3.500	3.013	2.977	2.966
Mid (GBP)	3.409	3.479	3.382	2.910	2.876	2.866
Bid/offer spread	6.8%	6.7%	6.7%	6.9%	6.8%	6.8%
Net asset value (GBP)	3.336	3.405	3.310	2.846	2.813	2.804
Quarterly distribution (GBP)	0.027	0.030	0.023	0.027	0.026	0.024
Yield	3.1%	3.0%	3.1%	3.8%	3.8%	3.6%

Source: Royal London Asset Management

Unit pricing

The share price is calculated monthly on valuation day, the last working day of each month.

Distributions

Distributions of income are made monthly, on the 14th of each month.

Minimum investment/disinvestment

Minimum initial GBP100,000

Minimum additional investment: GBP100,000

Minimum redemption: GBP100,000

Minimum holding: GBP100,000

Creation, transfer and realisation of units

Investment into the Fund is on the monthly Dealing Day. This is the seventh business day of each month. All deals will be transacted at the price which is determined at the Valuation Point for that month (the last business day of the prior month as described following). Applications to purchase shares on a particular Dealing Day must be received by RLAM in writing before close of business on the 15th of each month. (e.g. applications received on or before 15 June will be invested at the price determined on the last day of June, with the investment made on the 7th business day of July.) Investments can be made at any time during the month. Any cash received prior to the Dealing Day will be held in a Designated Client Money Account until the next Dealing Day when shares will be purchased with this cash holding. Interest will not be paid on cash while awaiting investment. Late applications will be carried forward to the next Dealing Day. Shares can be sold/redeemed at any time. Applications to redeem shares must be received by RLAM, in writing, at least three months in advance of the relevant Valuation Point. (e.g. applications received on or before 1 June will be redeemed at the price determined on the last business day of August, with the redemption made on the 7th business day of September.) If the ACD is instructed to send the money to the investor's bank or building society account this will be accepted as a request to send money by telegraphic transfer (the ACD reserves the right to pass on the cost for this service). If the investor sells enough Shares that the value of their holding falls below the minimum holding amount required, then the ACD has the right to sell all of the investor's remaining shares. A contract note will be sent confirming the transaction. If a redemption request exceeds 5% of the value of the Fund, then the ACD, following consultation with the Depositary that it is in the best interest of the holders and the Fund, may defer a request to redeem shares and carry forward any redemption applications to the next Dealing Day, subject to a maximum delay of one Dealing Day.

Taxation

The following is a summary of current law and practice and is subject to change. The information should not be regarded as legal or tax advice.

Capital Gains Tax

The Fund is exempt from capital gains tax.

Income Tax

While distributions of income are made net of income tax, shareholders are able to reclaim the tax deducted, and vouchers for this purpose are sent to shareholders with each distribution.

Stamp duty reserve tax

Transfers of shares are subject to SDRT, currently 0.5%.

Charges

Preliminary charge:

The Fund no longer has a preliminary charge.

Annual charge

The manager is entitled to a minimum fee equivalent to 0.75% pa of the net asset value of the Fund (which is deducted on a monthly basis).

Performance fee

When the performance of the Fund is compared to the performance of the MSCI/AREF UK Quarterly Property Fund Index, the performance fee will be calculated as follows: available Year will be taken and applied to the following table: If performance as compared to the Other Balanced Funds Index component of the MSCI/AREF UK Quarterly Property Fund Index falls into the fourth (bottom) quartile of the index, then the performance fee will be negative at -0.10%. (Any negative performance fee will be deducted from the AMC and will not result in a rebate to the unitholder.) If performance falls into the third quartile of the index, then no performance fee will be payable. If performance falls into the second quartile of the index, then a performance fee of 0.10% will be payable. If performance falls into the first (top) quartile of the index, then a performance fee of 0.30% will be payable. The performance fee will be calculated, and paid out of Scheme Property on a monthly basis, at each monthly valuation point and will paid to the Investment Adviser at the same time as the periodic management charge is also paid to the ACD.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	14	0.9
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	0	0.0
4% or greater but less than 8%	1	6.8
Greater than 8.0%	2	92.3
Total	17	100.0
Major investors		
Largest holder	1	66.3
Three largest holders	3	99.1
Five largest holders	5	99.8
Ten largest holders	10	100.0
Internal/external investors		
Internal	2	92.3
External	15	7.8

Source: Royal London Asset Management

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
Issues and redemptions						
Units in issue as at start of period	65,088,098	65,067,878	63,843,343	63,956,307	60,436,528	60,392,843
Units issued during period	293931	243,358	5,646,446	13,693,258	95,878	55,156
Units redeemed during period	-314151.277	-1467893.481	-5,533,482	-17,213,038	-139,562	-114,787
Units in issue at end of period	65,067,878	63,843,343	63,956,307	60,436,528	60,392,843	60,333,212
Unit transfers						
Matched bargains	0	0	0	0	0	0
Matched bargains %*	0	0.00%	0	0.00%	0	0.00%

* as % of units in issue at the end of the period
Source: Royal London Asset Management