



**LPP**

Local Pensions Partnership  
Investments

# **LPPI Real Estate Authorised Contractual Scheme**

**Annual Report and Financial Statements for the  
year ended 31 March 2024**

# **LPPI Real Estate ACS**

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### **Annual Reports**

The annual report of the Authorised Contractual Scheme ("the ACS") will normally be published within six months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. A report containing the full accounts is available on the Local Pensions Partnership Investments Ltd ("the ACS Manager") website at [www.localpensionspartnership.org.uk](http://www.localpensionspartnership.org.uk) to any person free of charge.

### **Documents of the ACS**

The following documents may be inspected by any Unitholder or potential Unitholder free of charge during normal business hours on any Business Day at the Principal Place of Business of the ACS Manager at First Floor, 1 Finsbury Avenue, London. EC2M 2PF:

- the Prospectus;
- the most recent annual and half yearly reports of the ACS; and
- the ACS Deed (and any amending documents).

Unitholders may obtain copies of the above documents from the ACS Manager. The ACS Manager may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly reports of the ACS and the Prospectus which are available free of charge to any Unitholder or potential Unitholder).

## **LPPI Real Estate ACS**

### **ACS Manager's Report for the year ended 31 March 2024**

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#### **About the Scheme**

LPPI Real Estate ACS (the "Scheme") is an authorised contractual scheme in co-ownership form authorised by the Financial Conduct Authority ("FCA") with effect from 9 September 2019. The Scheme is a Qualified Investor Scheme under the FCA rules and is subject to the limits on investments set out in the FCA Collective Investment Schemes Sourcebook.

The Scheme is organised as an umbrella authorised contractual scheme comprising separate Sub-funds. As at 31 March 2024, the following Sub-fund was available to investors:

LPPI Real Estate Fund

#### **Cross Sub-fund holdings within the Scheme:**

As at 31 March 2024 there were no cross Sub-fund holdings within the Scheme.

#### **The Alternative Investment Fund Managers Regulations 2013**

The ACS Manager is authorised and regulated by the FCA with permission to carry on the activity of "managing an AIF" in the United Kingdom. As such, the ACS Manager has been appointed to be the alternative investment fund manager of the Scheme, which is an alternative investment fund, or 'AIF', for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD").

In this document the term "AIFMD" means, collectively, Directive 2011/61/EU, as implemented by Commission Delegated Regulation (EU) No. 231/2013 and transposed in the UK by SI 2013/1773 entitled 'Financial Services and Markets; The Alternative Investment Fund Managers Regulations 2013' and any other applicable UK national implementing measures, including (without limitation) the rules contained in the FCA handbook, each as may be amended or updated from time to time.

#### **Going Concern**

The ACS Manager has reasonable expectation, despite current uncertainties around macro-economic risks, that the Scheme has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it has adopted the going concern basis in preparing the financial statements.

#### **Potential implications of the macroeconomic climate on the Scheme**

The ACS Manager, together with their advisors, continues to closely monitor the on-going impact of macro-economic challenges, such as global conflicts, inflation and interest rates and assess any impact this may have on the net asset value of the investments. If the need should arise then the ACS Manager would act accordingly but as it stands there is no significant impact to going concern.

#### **Significant Events**

There were no significant events during the period.

#### **Assessment of Value**

The Assessment of Value report is being prepared with reference to this Annual Report and Financial Statements and will be published before the end of September 2024, in line with FCA requirements.

#### **Task Force on Climate-Related Financial Disclosures (TCFD)**

These reports have been prepared in compliance with the FCA Environmental, Social and Governance (ESG) Sourcebook and are intended to provide investors with insights into how LPPI take climate-related risks and opportunities into account when managing investments.

The TCFD Product Report for the Real Estate Fund is available to download on the LPPI website: TCFD reports ([localpensionspartnership.org.uk](http://localpensionspartnership.org.uk))

## LPPI Real Estate ACS

### ACS Manager's Report for the year ended 31 March 2024

(continued)

#### Report on Remuneration

The below disclosures are made in respect of the remuneration policies of the Local Pensions Partnership Ltd group ("LPP"), as they apply to the Manager. The disclosures are made in accordance with the Alternative Investment Fund Managers Directive (the "AIFMD"), the European Commission Delegated Regulation supplementing the AIFMD (the "Delegated Regulation") as transposed into UK law by the EU Withdrawal Act 2018 and the "Guidelines on sound remuneration policies under AIFMD" issued by the European Securities and Markets Authority and the Financial Conduct Authority ("FCA") Handbook SYSC 19B: The AIFM Remuneration Code, and FUND 3.3.5 R.

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Scheme in respect of the Manager's financial year ending 31 March 2024 was :

	Number of Staff	Total Remuneration		Remuneration attributable to Fund	
		Fixed £	Variable £	Fixed £	Variable £
<b>Total</b>	60	6,358,105	1,988,665	965,608	305,048

The amount of the aggregate remuneration awarded by the Manager, which has been attributed to the Scheme in respect of the Manager's financial year ending 31 March 2024, to its senior management and to members of its staff whose actions have a material impact on the risk profile of the Fund was :

	Number of Staff	Total Remuneration		Remuneration attributable to Fund	
		£		£	
Material Risk Takers	9	1,863,896		413,973	
Senior Management	4	2,012,112		149,415	

LPPI has in place a Remuneration Policy which addresses the requirements of the AIFM Remuneration Code outlined in SYSC19B of the FCA Handbook. This policy is adopted by the LPPI Board and is now overseen by the LPPI Remuneration Committee, this Committee having been established in June 2023. Prior to the establishment of the LPPI Remuneration Committee, this oversight role was performed by the LPP Group Remuneration and Nomination Committee (now dissolved). The Remuneration Policy takes full account of strategic objectives of the LPP Group and the requirements of the shareholders. It aims to maintain a competitive package that will attract, motivate and retain individuals while allowing the overall strategy to be delivered. LPPI remuneration comprises fixed (salary and benefits) and variable pay, it is designed to avoid excessive or inappropriate risk taking. Receipt of variable pay is dependent upon the achievement of personal objectives which are aligned to LPPI strategic objectives. The remuneration of staff employed by the AIFM but providing services to the Fund is included in the remuneration disclosures above.



**Richard J. Tomlinson**

Chief Investment Officer

On behalf of Local Pensions Partnership Investments Ltd

2<sup>nd</sup> August 2024

## LPPI Real Estate ACS

### Independent Auditor's Report to the Unitholders of LPPI Real Estate ACS

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#### Opinion

We have audited the financial statements of LPPI Real Estate ACS (the 'Scheme') for the year ended 31 March 2024. These financial statements comprise together the Statement of Accounting and Distribution Policies, and the individual financial statements of the sub-fund of the Scheme:

- LPPI Real Estate ACS (the 'Sub-fund')

The individual financial statements for the Scheme's sub-fund comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the cash flow statement, notes to the financial statements, and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes sourcebook and the Scheme deed.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Scheme and the sub-fund as at 31 March 2024 and of the net revenue and net capital gains/(losses) on the Scheme property of the Scheme and the sub-fund for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes sourcebook and the Scheme deed.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Contractual Scheme Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's and the sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme and the sub-fund to cease to continue as a going concern.

In our evaluation of the Contractual Scheme Manager's conclusions, we considered the inherent risks associated with the Scheme's and the sub-fund's business model including effects arising from the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Contractual Scheme Manager and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Contractual Scheme Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's and the sub-fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Contractual Scheme Manager with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Contractual Scheme Manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **LPPI Real Estate ACS**

### **Independent Auditor's Report to the Unitholders of LPPI Real Estate ACS**

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#### **Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Collective Investment Schemes sourcebook**

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Contractual Scheme Manager's Report (which comprises the cross sub-fund holdings within the Scheme contained in the ACS Manager's Report on page 1, the Investment Reports and the Portfolio Statements) is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Scheme or the sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

#### **Responsibilities of the Contractual Scheme Manager**

As explained more fully in the Statement of the Contractual Scheme Manager's Responsibilities set out on page 29, the Contractual Scheme Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Contractual Scheme Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Contractual Scheme Manager is responsible for assessing the Scheme's and the sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Contractual Scheme Manager either intends to terminate a sub-fund, wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Scheme and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Investment Association Statement of Recommended Practice (SORP) 'Financial Statements of UK Authorised Funds' and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.
- We enquired of the ACS Manager and management to obtain an understanding of how the Scheme is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the ACS Manager's meetings.
- In assessing the potential risks of material misstatement, we obtained an understanding of: the Scheme's operations, including the nature of the sub-fund's revenue sources, and of the sub-fund's objectives to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement and the Scheme's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations.

## **LPPI Real Estate ACS**

### **Independent Auditor's Report to the Unitholders of LPPI Real Estate ACS**

(continued)

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and
  - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Scheme operates; and
  - understanding of the legal and regulatory frameworks applicable to the Scheme.

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Scheme's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook. Our audit work has been undertaken so that we might state to the Scheme's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

**Paul Flatley**  
**Senior Statutory Auditor**  
**for and on behalf of Grant Thornton UK LLP**  
**Statutory Auditor, Chartered Accountants**  
**London**  
**2<sup>nd</sup> August 2024**

## **1. Accounting and Distribution Policies**

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- (a) The financial statements have been prepared in compliance with UK Financial Reporting Standard ("FRS") 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (the "SORP") issued by the Investment Management Association (now known as the Investment Association) in May 2014 and as amended in June 2017.

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

The presentation currency of these financial statements is Sterling.

These financial statements have been prepared on a going concern basis. Furthermore, the ACS Manager believes that the Scheme has adequate resources to cover financial liabilities as they fall due for the foreseeable future.

- (b) The direct property investment, which comprise of properties held for generation of rental income and capital gains, are recognised at fair value, being market value as of the Balance Sheet date. The ACS Manager has appointed Avison Young (UK) Limited as the Standing Independent Valuer. The Standing Independent Valuer is responsible for valuing the direct properties on the basis of a full valuation with physical inspection at least once a year. The Standing Independent Valuer also values each direct property on the basis of a review of the last full valuation at least once a quarter. The Independent Standing Valuer will conduct its valuations on the basis of "market value" as defined in the Valuation Standard of the RICS Valuation – Global Standards 2017 as supplemented by the 2018 UK national supplement and as updated or superseded from time to time. The net capital gain or losses arising on revaluation of direct properties are recognised in the Statement of Total Return.

Any costs related to development or acquisition of the direct properties are capitalised on an accruals basis. Costs capitalised in respect of direct properties include acquisition costs of land and buildings, costs incurred in bringing the property to its present condition in accordance with FRS 102. Direct properties in course of development are measured at cost.

- (c) Units or shares in the Collective Investment Schemes ("CIS") are recognised at fair value being market price as at Balance Sheet date if the units or shares are quoted. If prices for units and shares in the CIS are not quoted the market value is the price from the most recent valuation statement issued from time to time by the managers of the CIS the Scheme invested in. The gain or losses arising on revaluation of units and shares in the CIS are recognised as capital in the Statement of Total Return.

All distributions from the CIS are recognised when the securities are quoted ex-dividend. All distributions from holdings in the CIS are treated as revenue with the exception of the equalisation element, which is treated as capital. All distributions accrued or received from the CIS are recognised in the Statement of Total Return.

Investments in jointly controlled entities are held as part of an investment portfolio at fair value with changes in fair value recognised in the Statement of Total Return.

Changes in net asset value of the Special Purpose Vehicles ("SPVs") that the Scheme invests in is recognised in the Statement of Total Return as capital gain or loss.

- (d) Debtors are recognised initially at transaction price. Creditors are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in case of debtors.
- (e) Borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.
- (f) Borrowing costs directly attributable to the acquisition or construction of a direct property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective direct property. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 1. Accounting and Distribution Policies (continued)

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- (g) Rental income is recognised on a straight-line basis over the lease term. Rental income, which excludes value added tax, represents rent from direct properties leased out under operating lease agreements and is measured at fair value of the consideration received or receivable. Where income is received in advance for a period beyond the accounting period, income is deferred and a liability is recognised on the Balance Sheet.
- (h) Service charge income which arises from expenses recharged to tenants is recognised in the period on which the expense can be contractually recovered and is measured at fair value of the consideration received or receivable.
- (i) All expenses, except those relating to the purchase and sale of investments, are charged against revenue. All expenses are recognised on an accruals basis.
- (j) Any transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of any such transaction. Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at Balance Sheet date.
- (k) Revenue items in foreign currencies are translated into Sterling at the exchange rate when the revenue is received.
- (l) Cash and bank balances consist of deposits held on call with banks and cash held with clearing brokers and counterparties. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- (m) Lease incentives in the form of rent free periods, cash incentives and contributions to capital expenditure incurred by the tenants are treated as a reduction in the overall return on the lease and, in accordance with FRS 102 are recognised on a straight line basis over the lease term. The total of the unamortised capital contributions and any lease incentives in place at the period end are included within the fair value of the leased investment property rather than held as a separate debtor.
- (n) The Scheme is tax transparent and is not a taxable entity for UK tax purposes and is not subject to tax in the UK on income or gains arising on underlying investments.
- (o) Distribution of the Scheme's income is made on a quarterly basis. The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable and deducting the charges and expenses paid or payable out of income in respect of that accounting period. Distributions paid are recognised in the Statement of Total Return.

#### 2. Financial Instruments and Risks

The Scheme's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Scheme.

##### Risk management framework

The ACS Manager has implemented a 'three lines of defence' model for managing risks within the Scheme as follows:

- 1. First line of defence (Portfolio Management)** – responsible for identifying and assessing the risks faced in the Scheme and ensuring that appropriate controls are monitored and followed.
- 2. Second line of defence (Risk Management & Compliance)** – responsible for establishing an effective policy and control framework for the risk faced by the Scheme and conducting compliance monitoring.
- 3. Third line of defence (Internal Audit)** – provides independent and objective assurance on the effectiveness of risk management, control and governance processes.

The ACS Manager has developed processes and procedures for the Portfolio Managers to manage the Scheme in line with the guidelines and limits as set out in the prospectus and for monitoring performance, regulatory and operational risk for the Scheme.

The Risk Management team of the ACS Manager is an independent function from the business responsible for developing a policy and control framework that identifies, analyses, measures, monitors and reports the various risks faced by the Scheme.

# LPPI Real Estate ACS

## Accounting and Distribution Policies and Financial Instruments and Risk Disclosures

(continued)

### 2. Financial Instruments and Risks (continued)

Risks are identified using several approaches including, but not limited to:

- calculating risk and stress testing;
- monitoring performance measurement against agreed objectives;
- findings of internal and external risk management reports; and
- informal meetings of senior officers or other staff involved in the management of the Scheme.

Once identified, risks are documented on the ACS Manager's risk register, which is the primary control document for the subsequent analysis, control, and monitoring of those risks.

#### a) Market risk

Market risk is potential loss in the value of investments from movements in market prices such as real estate assets, interest rate and currency movements. The funds in the Scheme are exposed to these risks.

#### LPPI Real Estate Fund:

The worst loss potential of the LPPI Real Estate ACS for March 2024 based on the conditional 95% Value-at-Risk is -18.76%. In a scenario of 10% negative return in the Real Estate markets, the expected loss in the real estate fund for March 2024 is -9.5%.

#### b) Risk arising from foreign currency risk

##### Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme is accounted for in Sterling and holds financial assets and liabilities denominated in Sterling and other international currencies. Therefore, the Balance Sheet and Statement of Total Return may be affected by currency movements.

##### Management of foreign currency risk

The ACS Manager may utilise various instruments including, but not limited to forward currency contracts, currency futures and currency swaps to seek to reduce, but not eliminate, the effect of exchange rate fluctuations between the currencies of the underlying investments of the Scheme.

The foreign currency profile for the Scheme's net assets at 31 March 2024 was:

	Monetary £000's	Non- Monetary £000's	Total £000's
Australian Dollar	-	72,896	72,896
Euro	25,696	37,726	63,422
Japanese Yen	205	5,334	5,539
Norwegian Krone	-	5,664	5,664
US Dollar	240	145,628	145,868
<b>Total</b>	<b>26,141</b>	<b>267,248</b>	<b>293,389</b>

A 10% adverse move in the foreign currencies will result in 1.76% loss for the Scheme at 31 March 2024 (2023: 2.15%).

#### i) Risk arising from interest rate risk

##### Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme's exposure to risk of change on market interest rates relates mainly to floating interest rate on the credit facility. As at Balance Sheet date the exposure to interest rate risk is not significant. An adverse movement in floating interest rates would have a minimal effect on the net asset value of the Scheme.

## LPPI Real Estate ACS Accounting and Distribution Policies and Financial Instruments and Risk Disclosures

(continued)

### 2. Financial Instruments and Risks (continued)

#### Management of interest rate risk

Interest rate risk exposure is managed by constantly monitoring the position for deviations outside of a pre-determined tolerance level and, when necessary, rebalancing back to the original desired parameters.

The interest rate risk profile of financial assets and liabilities at 31 March 2024 was as follows:

LPPI Real Estate ACS	Floating rate £000's	Total £000's
Borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The interest rate risk profile of financial assets and liabilities at 31 March 2023 was as follows:

LPPI Real Estate ACS	Floating rate £000's	Total £000's
Borrowings	22,000	22,000
<b>Total</b>	<b>22,000</b>	<b>22,000</b>

#### ii) Risk arising from other price risk

##### Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Scheme is exposed to other price risk arising from its investments. The exposure of the Scheme to other price risk is the market value of the investments held as shown in the portfolio statement of the Scheme.

##### Management of other price risk

The Investment Managers manage the Scheme's other price risk on a daily basis in accordance with the individual Sub-fund's investment objective.

By diversifying the portfolio, where this is appropriate and consistent with the individual Sub-fund's objectives, the risk that a price change of a particular investment will have a material impact on the net asset value of the Sub-fund is minimised. The investment concentrations within the portfolio are disclosed in the portfolio statement by investment type.

#### c) Counterparty credit risk

##### Exposure to counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Scheme is exposed to counterparty credit risk from the parties with which they trade and will bear the risk of settlement default.

##### Management of counterparty credit risk

The ACS Manager maintains a list of approved counterparties. This list is regularly monitored and revised for the changes based on the counterparty's creditworthiness, market reputation and expectations of future financial performance. Transactions will only be opened with financial intermediaries on the approved counterparties list.

As at 31 March 2024, the LPPI Real Estate ACS portfolio has 43.62% (2023: 42.31%) invested in Collective Investment Schemes which are not rated.

#### i) Depositary and Custodian

The Scheme's Depositary is NatWest Trustee and Depositary Services Limited (the "Depositary"). The Depositary has delegated some of the function of custodian of the property of the Scheme to The Bank of New York Mellon SA/NV London Branch (the "Custodian").

### Accounting and Distribution Policies and Financial Instruments and Risk Disclosures

(continued)

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#### 2. Financial Instruments and Risks (continued)

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Substantially all of the investments other than financial derivative instruments of the Scheme are held by the Custodian at the year end. Investments are segregated from the assets of the Custodian's, with ownership rights remaining with the Scheme. Bankruptcy or insolvency of the Custodian may cause the Scheme's rights with respect to its investments held by the Custodian to be delayed or limited. The maximum exposure to this risk is the amount of long investments disclosed in the portfolio statement.

##### Management of counterparty credit risk related to the Depositary and Custodian

The Scheme will be exposed to the credit risk of the Custodian, or any depositary used by the Depositary regarding cash balances held in accounts with same. In the event of insolvency or bankruptcy of the Custodian or any depositary used by the Depositary, the Scheme will be treated as a general creditor of the Depositary.

To mitigate the Scheme's credit risk with respect to the Depositary, the Investment Managers of the Scheme employ specific procedures to ensure that the Depositary employed is a reputable institution and that the associated credit risk is acceptable to the Scheme. The Scheme only transacts with counterparties that are regulated entities subject to prudential supervision or with high credit-ratings assigned by international credit-rating agencies.

##### d) Liquidity risk

###### Exposure to liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulties in meeting its obligations associated with financial liabilities.

Liquidity risk to the Scheme arises from the redemption requests of investors and the liquidity of the underlying investments the Scheme is invested in. The Scheme's Unitholders may redeem their units on the close of any daily dealing deadline for cash equal to a proportionate share of the Scheme's Net Asset Value. The Scheme is therefore potentially exposed to the liquidity risk of meeting the Unitholders' redemptions and may need to sell assets at prevailing market prices to meet liquidity demands.

The Scheme invests primarily in real estate properties and Collective Investment Schemes based in the UK, which are typically considered to be illiquid assets which may take time to realise. The mitigation of inherited liquidity risk involved in holding real estate properties and collective investment schemes is explained below.

All financial liabilities held by the Scheme as at 31 March 2024, based on contractual maturities, fall due within one to three months.

As at 31 March 2024, there are no assets which are subject to special arrangements due to their illiquid nature.

###### Management of liquidity risk

The ACS Manager is responsible for managing the liquidity risk of the ACS. To manage and monitor liquidity risk the ACS Manager maintains liquidity risk management policies and procedures.

The liquidity risk management policies and procedures include the management implementation and maintaining of appropriate liquidity limits and monitoring and assessing the policies and procedures of the Investment Managers in managing the Scheme's liquidity limits.

Liquidity risk management policies also include the periodic stress testing of the Scheme and the procedures of each Investment Manager under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

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 Managers, 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, if there is insufficient liquidity in the Scheme to meet the redemption requests, the ACS Manager may ultimately need to temporarily suspend dealing in the Scheme.

## LPPI Real Estate ACS

### Accounting and Distribution Policies and Financial Instruments and Risk Disclosures

(continued)

#### 2. Financial Instruments and Risks (continued)

##### e) Property risk

###### Property valuation risk

The value of a property is generally a matter of a valuer's opinion rather than fact and may go down as well as up. There is also a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to lack of liquidity in the relevant market.

The simplest yardstick of property valuation is initial yield, which is current annual rent divided by the value of the property, including purchase costs. Property yields will fluctuate through time and may reflect the general economic cycle. Past performance is no indicator of future performance.

At any time, the market value of a property will, broadly, reflect market expectations for rental growth. If an investment is made in the expectation that a certain level of rental growth will be achieved and that growth fails to materialise, then the returns from holding that property are likely to be lower than anticipated. Rental growth is affected by many things: general economic conditions, local trading conditions, relative scarcity of alternative space and so on.

If, in exceptional circumstances, significant redemptions are requested, the ACS Manager may be forced to sell properties which could result in properties being sold for less than expected which would reduce the value of Units.

###### Property transaction charges

Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.

###### Leverage

The Scheme may employ leverage and borrow cash in accordance with the stated investment policy or investment strategy of each Sub-fund. The Scheme may employ leverage in its investment programmes through various means including the use of financial derivative instruments (FDIs).

The ACS Manager is required to calculate and monitor the level of leverage of the Scheme, expressed as a ratio between the exposure of the Sub-fund and its Net Asset Value, under both the gross and commitment methods (in accordance with articles 7 and 8 of The Alternative Investment Fund Managers Regulations 2013). For a scheme with no borrowing or derivative usage the leverage ratio would be 1:1 under the commitment method. The gross method calculation excludes cash and cash equivalents which are highly liquid.

	Gross method 31 March 2024	Commitment method 31 March 2024	Gross method 31 March 2023	Commitment method 31 March 2023
<b>Sub-Fund</b>				
LPPI Real Estate Fund	95.66%	100%	94.5%	100%

The table below shows the maximum level of leverage each fund is allowed to employ.

	Gross method 31 March 2024	Commitment method 31 March 2024	Gross method 31 March 2023	Commitment method 31 March 2023
<b>Sub-Fund</b>				
LPPI Real Estate Fund	135%	135%	135%	135%

## LPPI Real Estate Fund

### About the Sub-fund

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#### Investment Objective & Policy

The LPPI Real Estate Fund (the “Sub-fund”) seeks a total return (comprising income and capital growth) exceeding that of the Consumer Price Index by 3% to 5% each year measured over a rolling 10-year period net of all fees and expenses at portfolio level.

The Sub-fund invests in a diverse portfolio of real estate assets in the UK and globally. As well as investing directly, the Sub-fund’s investment in real estate may be indirect, through Collective Investment Schemes (including those managed by the ACS Manager), REITs and other transferable securities and derivatives.

The Sub-fund may invest in cash, money market instruments and Collective Investment Schemes for cash management purposes and may also use derivatives for the purpose of Efficient Portfolio Management.

The Sub-fund may borrow up to 35% of its NAV for such purposes which include, but are not limited to, funding acquisitions, and/or redemptions or the repayment of other property related costs including, but not limited to, property development costs and property refurbishment costs and fees.

#### Performance Table

**01 April 2023 to  
31 March 2024**

**01 April 2022 to  
31 March 2023**

#### Total Return

##### Unit Class I

LPPI Real Estate Fund	(5.4%)	(3.9%)
MSCI Quarterly UK Property Index	(1.1%)	(12.0%)

The Sub-fund figures quoted are based on single prices and are calculated net of fees. Performance returns are cumulative. All returns are in Sterling.

All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the return of the initial investment amount cannot be guaranteed. Changes in exchange rates may cause the value of an investment to fluctuate.

Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

## **LPPI Real Estate Fund Investment Report**

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### **LPPI Real Estate Fund ('The Sub-Fund')**

The Sub-fund was authorised by the FCA on 9 September 2019 and began trading on 1 October 2019. The year ending 31 March 2024 represented the Sub-fund's fourth full year of operation.

### **Summary of Performance over the period**

The Sub-fund returned (5.4%) (net of fees) over the period from 1 April 2023 to 31 March 2024. Its benchmark (MSCI Quarterly UK Property Index) returned (1.1%) over that period.

### **ACS Manager's Commentary**

The 12-month period to 31 March 2024 saw continued pressure on real estate values as markets across the globe saw repricing, albeit at varying degrees of speed. There remains significant divergence in real estate markets. The divergence was evident in several aspects: prime versus secondary real estate, location (both within and between geographical regions), and between real estate sub-sectors.

There has also been a notable divergence between real estate capital markets and occupier markets. In capital markets, there has been a continued dearth of transactions leading to little comparable evidence whereas in occupier markets, many subsectors, most notable Living and Logistics, have experienced strong tenant demand leading to high occupancy levels and strong rental growth. However, there are some signs that the capital value declines of the past 18-24 months are starting to taper, and that liquidity is returning to the capital markets as central banks start to consider or implement rate cuts, which should encourage those with capital back to the market. There is still a risk that those out of favour sectors such as secondary offices continue to see pricing falls as more price discovery feeds through into valuer's evidence.

The Sub-fund's total return of (5.4%) over the 12-month period to 31 March 2024 comprised an income return of 3.1% which was offset by a capital value decline of (8.5%). The Sub-fund's underperformance versus the benchmark over the same period can be attributed to the benchmark reflecting direct UK real estate values, which reset sharply in Q3 and Q4 of 2022, and for which data has now dropped from the one-year benchmark numbers. In contrast, the exposure of the Sub-fund to indirect and ex-UK real estate has been repriced over a lagged period. The Sub-fund continued to outperform its benchmark over the three-year time-period and since its inception.

During the year, the ACS Manager continued to reposition the portfolio to reduce exposure to holdings which do not benefit from structural changes to real estate, including some areas of the office sub-sector. Given ongoing repricing in the real estate sector over the past 12-month period, deployment was cautious with a commitment to a European Value Add/Opportunistic closed-ended fund, which it is believed will be able to take advantage of market dislocation. In addition, the Sub-fund published net zero commitments under the Institutional Investors Group on Climate Change (IIGCC) framework for the UK direct holdings within the portfolio (including joint venture and co-investments) and the ACS Manager expects to bring indirect holdings in scope in the coming 12-month period. In addition, the Sub-fund contributed to the Global Real Estate Sustainability Benchmark (GRESB), being scored for its direct assets for the first time and also became an investor member of GRESB to enable consistency, enhanced Responsible Investment monitoring and engagement on indirect holdings.

Going forward, the ACS Manager remains confident that the Sub-fund will meet its long-term return objectives. The portfolio will continue to focus on sectors, which we expect to be defensive going forward and on prime, well-located assets with strong Environmental, Social & Governance (ESG) credentials.

**LPPI Real Estate Fund**  
**Comparative table**

	<b>01/04/2023 to 31/03/2024</b>	<b>01/04/2022 to 31/03/2023</b>
<b>Unit Class I</b>	<b>(£ per unit)</b>	<b>(£ per unit)</b>
<b>Change in net assets per unit</b>		
<b>Opening net asset value per unit</b>	<b>10,202.91</b>	<b>10,990.13</b>
Loss before operating charges**	(502.76)	(411.37)
Operating charges**	(74.21)	(77.28)
Loss after operating charges**	(576.97)	(488.65)
Distributions**	(304.08)	(298.57)
<b>Closing net asset value per unit</b>	<b>9,321.85</b>	<b>10,202.91</b>
<b>Performance</b>		
Return after charges†	(5.65)%	(4.45)%
<b>Other information</b>		
Closing net asset value (£000's)	1,663,654	1,748,195
Closing number of units	178,468	171,343
Operating Charges#	1.20%	1.18%*
<b>Prices</b>		
Highest price	10,046.65	11,424.59
Lowest price	9,385.36	10,203.16

\*\* Above comparative table is prepared based on time weighted average number of units during the year.

† The return after charges figure is based on the net asset value reported for financial statement purposes and is not the same as the performance returns figure in the Performance Table which is based on dealing prices (the price at which units are sold).

# The Operating Charges figure includes the direct property cost 0.80% (2023: 0.76%) and the Synthetic TER costs 0.40% (2023: 0.42%) of the Sub-fund expressed as a percentage of the average net assets for the year – it does not include initial charges. The Operating Charges figure is expressed as an annual percentage rate.

\*Restated to include Synthetic TER %

## LPPI Real Estate Fund

### Portfolio Statement

as at 31 March 2024

Holding or Nominal Value (000's)	Investment	Market Value (£000's)	% of Total Net Assets
<b>Investment Property 52.48%</b>			
22,575	B & Q, Tangent Link, Gallows Corner, Romford, RM3 8GZ	22,575	1.36%
15,450	Bath Road, Chippenham, SN14 0AT	15,450	0.93%
21,700	Beacon Retail Park, Watling Street, Bletchley, MK1 1BN	21,700	1.31%
19,300	Broadbridge Heath Retail Park, Horsham, RH12 3TQ	19,300	1.16%
9,394	Cala Trading Estate, Ashton Vale Road, Ashton Vale, Bristol, BS3 2HA	9,400	0.57%
12,830	8-18 Clarence St, 22 Church St & The Cloisters, Kingston, KT1 1NX	12,800	0.77%
9,750	Collingham House/Lime Tree House, Russell Road & Gladstone Road, Wimbledon, SW19 1QT	9,750	0.59%
16,100	Crown Road, Unit C, Crown Road, Enfield, EN1 1TH	16,100	0.97%
23,300	DC 1 Apex Park, Nasmyth Road, Daventry, NN11 8NF	23,300	1.40%
12,300	DC 2 Apex Park, Nasmyth Road, Daventry, NN11 8NF	12,300	0.74%
12,136	DC 6 Apex Park, Nasmyth Road, Daventry, NN11 8NF	11,950	0.72%
7,301	Dolphin Square, Weston Super Mare, BS23 1TT	7,300	0.44%
18,644	Dufferin Street, 1-3 Dufferin Street, London, EC1Y 8NA	16,800	1.01%
8,729	Eastgate Court, High Street, Guildford, GU1 3DE	8,700	0.52%
17,500	Effra Road Retail Park, Effra Road, Brixton, London, SW2 1BZ	17,500	1.05%
15,400	Gemini Retail Park, 92 Europa Boulevard, Warrington, WA5 7TY	15,400	0.93%
9,602	35-38 George Street, Richmond Upon Thames, TW9 1HY	9,150	0.55%
10,000	41-53 Goswell Road, London, EC1V 7EH	9,150	0.55%
10,905	Guiseley Retail Park, Leeds Road, Leeds, LS20 8QH	10,750	0.65%
5,654	GWR Building, 1 Passage Street, Bristol, BS2 0JF	4,000	0.24%
18,500	James Street, 8-10 Lower James Street, London, W1F 9EL	18,500	1.11%

**LPPI Real Estate Fund**  
**Portfolio Statement (continued)**  
as at 31 March 2024

<b>Holding or Nominal Value (000's)</b>	<b>Investment</b>	<b>Market Value (£000's)</b>	<b>% of Total Net Assets</b>
<b>Investment Property (continued)</b>			
14,011	Kingsland Trading Estate, St Philips Road, Bristol, BS2 0JZ	14,000	0.84%
10,225	London Road Retail Park, London Road, Hemel Hempstead, HP3 9AA	10,000	0.60%
28,800	Manchester Stay City, Mason Street, Manchester, M1 2GH	27,485	1.65%
25,100	Menzies Distribution Wakefield Distribution Centre, Wakefield Europort, Normanton, Wakefield, WF6 2UA	25,100	1.51%
21,000	Mitre House, 223-237 Borough High Street, London, SE1 4XW	21,100	1.27%
10,045	Norfolk House, 7 Norfolk Street, Manchester, M2 1DW	9,600	0.58%
27,975	Oxonian Park, 1-12 Oxonian Park, Kidlington, OX5 1FP	28,000	1.68%
9,950	Riverside House, Riverside Walk, Windsor, SL4 1NA	9,700	0.58%
16,800	Scimitar Park, Roydon Road, Harlow, CM19 5GU	16,800	1.01%
12,700	Slyfield Industrial Estate, Guildford, GU1 1SQ	12,700	0.76%
32,250	Spectrum West, 20/20 Business Park, St Lawrence Avenue/St Barnabus Close, Maidstone, ME16 0LL	32,250	1.94%
18,000	St Edmundsbury Retail Park, Easlea Road, Bury St Edmunds, IP32 7BT	18,000	1.08%
23,500	51-57 St Peters Street, St Albans, AL1 3DY	23,500	1.41%
16,850	71-77a St Peters Street, St Albans, AL1 3ED	16,850	1.01%
12,175	Stukeley Road Retail Park, Stukeley Road, Huntingdon, PE29 6DA	12,850	0.77%
6,250	The Whitehouse, Units 2 and 6 Belvedere Road, London, SE1 8GA	6,250	0.38%
11,000	Units 1 & 2, Kelvin Lane, Crawley, GU10 9EZ	10,600	0.64%
14,129	Victoria Square, 4 Victoria Square, St Albans, AL1 3TF	13,900	0.84%
8,950	Waitrose Food Store, Tuttlles Lane, Wymondham, NR18 0NS	9,300	0.56%
13,000	Waitrose, Station Road, Cheadle Hulme, SK8 5AE	12,500	0.75%
6,800	Warren Retail Park, Simone Weil Avenue, Ashford, TN24 8XH	6,700	0.40%
8,975	Wates House, Station Approach, Leatherhead, Surrey, KT22 7SQ	8,225	0.49%

**LPPI Real Estate Fund**  
**Portfolio Statement (continued)**  
as at 31 March 2024

<b>Holding or Nominal Value (000's)</b>	<b>Investment</b>	<b>Market Value (£000's)</b>	<b>% of Total Net Assets</b>
<b>Investment Property (continued)</b>			
80,150	1-7 Weir Rd & 15 Endeavour Way, Units 1-7 Weir Rd, Wimbledon, SW19 8UG	80,250	4.82%
31,930	33 Wellington Street, Leeds, LS1 4JP	31,000	1.86%
8,600	Wickes Retail Warehouse, Vincent Lane, Dorking, RH4 3HQ	11,075	0.67%
16,700	1-2 Woodbridge Meadows, Guildford, GU1 1BD	16,700	1.00%
30,136	Wolf Pack, Hilton Cross Business Park, Wolverhampton, WV10 7QZ	30,100	1.81%
40,300	Woodside Business Park, Foster Avenue, Dunstable, LU5 5TA	40,300	2.42%
26,300	XPO - Tuscany Way, Wakefield Westport, Normanton, Wakefield, WF6 2UA	26,300	1.58%
		<b>873,010</b>	<b>52.48%</b>
<b>Investment in Collective Investment Schemes 43.62%</b>			
49,530	Blackstone BioMed Life Science Real Estate	41,107	2.47%
171,043	CBRE GIP London Limited Partnership	150,587	9.05%
44,293	Charter Hall Core Plus Industrial Fund	39,378	2.37%
6,682	DnB NOR FCP-SIF Vital Scandinavian Property Unleveraged Fund	5,664	0.34%
63,139	DOOR S.L.P	50,091	3.01%
25,857	Gatefold Hayes LP	22,349	1.34%
25,943	Goodman Australia Industrial Partnership	24,430	1.47%
10,828	GPT Wholesale Office Fund	9,088	0.55%
35,941	Harrison Street Core Property Fund A LP	31,701	1.91%
2,431	Hunter UK Retail Unit Trust	2,450	0.15%
9,435	Invesco Real Estate - European Hotel Fund FCP-RAIF	8,709	0.52%
2,029	LaSalle Investors Global Fund of Funds	1,841	0.11%
16,893	Morgan Stanley Prime Property Fund	14,933	0.90%

**LPPI Real Estate Fund**  
**Portfolio Statement (continued)**  
as at 31 March 2024

Holding or Nominal Value (000's)	Investment	Market Value (£000's)	% of Total Net Assets
<b>Investment in Collective Investment Schemes (continued)</b>			
57,345	Multiply Logistics North LP*	59,446	3.57%
11,251	Northern Horizon Nordic Aged Care SCSp SICAV-SIF	9,452	0.57%
68,139	Octopus Healthcare Fund	68,958	4.14%
66,455	Prologis Targeted US Logistics Fund	57,887	3.48%
7,154	Ribston UK Industrial Property Unit Trust	7,157	0.43%
7,048	Savills Japan Value Fund II	5,334	0.32%
7,009	Schroder Residential Land Partnership	7,704	0.46%
27,125	Sodor London Bridge Co-invest Limited	26,804	1.61%
5,668	Standard Life European Property Growth Fund (Aberdeen Standard)	4,999	0.30%
19,135	Tishman Speyer European Core Fund-SIF	14,566	0.88%
65,389	Vesta Limited Partnership*	61,083	3.67%
		<b>725,718</b>	<b>43.62%</b>
<b>Investment Portfolio Summary</b>			
	Investment Property	873,010	52.48%
	Investment in Collective Investment Schemes	725,718	43.62%
	Other net current assets	64,926	3.90%
	<b>Total net assets</b>	<b>1,663,654</b>	<b>100.00%</b>

\* Multiply Logistics North LP and Vesta Limited Partnership are jointly controlled entities where the Scheme holds 80% of each entity.

**LPPI Real Estate Fund**  
**Statement of Total Return**  
for the year ended 31 March 2024

	Notes	31/03/2024		31/03/2023	
		£000's	£000's	£000's	£000's
Income					
Net capital losses	4		(154,546)		(144,832)
Revenue	5	71,492		77,104	
Expenses	6	(17,508)		(18,619)	
Interest payable and similar charges	7	(252)		(410)	
Net revenue before taxation		53,732		58,075	
Taxation	8	-		-	
Net revenue after taxation			53,732		58,075
<b>Total return before distributions</b>			<b>(100,814)</b>		<b>(86,757)</b>
Distributions	9		(53,727)		(50,700)
<b>Change in net assets attributable to Unitholders from investment activities</b>			<b>(154,541)</b>		<b>(137,457)</b>

**Statement of Change in Net Assets Attributable to Unitholders**  
for the year ended 31 March 2024

	31/03/2024		31/03/2023	
	£000's	£000's	£000's	£000's
<b>Opening net assets attributable to Unitholders</b>		1,748,195		1,815,652
Amounts received on issue of units	70,000		70,000	
		1,818,195		1,885,652
Change in net assets attributable to Unitholders from investment activities (see above)		(154,541)		(137,457)
<b>Closing net assets attributable to Unitholders</b>		<b>1,663,654</b>		<b>1,748,195</b>

## LPPI Real Estate Fund

### Balance Sheet

as at 31 March 2024

	Notes	31/03/2024		31/03/2023	
		£000's	£000's	£000's	£000's
<b>ASSETS</b>					
Fixed assets					
Investment properties	10		873,010		918,060
Investment in collective investment schemes	11		725,718		739,585
Current assets					
Debtors	12	5,356		9,557	
Cash and bank balances	13	90,352		118,736	
Total other assets			95,708		128,293
Total assets			1,694,436		1,785,938
<b>LIABILITIES</b>					
Creditors					
Distribution payable	9	(11,595)		(17,360)	
Creditors	14	(19,187)		(20,383)	
Total liabilities			(30,782)		(37,743)
<b>Net assets attributable to Unitholders</b>			<b>1,663,654</b>		<b>1,748,195</b>



**Richard J. Tomlinson**

Chief Investment Officer

On behalf of Local Pensions Partnership Investments Ltd

2<sup>nd</sup> August 2024



**Louise Jack**

Chief Operating Officer

On behalf of Local Pensions Partnership Investments Ltd

2<sup>nd</sup> August 2024

**LPPI Real Estate Fund**  
**Cash Flow Statement**  
for the year ended 31 March 2024

	<b>31/03/2024</b>	<b>31/03/2023</b>
	<b>£000's</b>	<b>£000's</b>
<b>Cash flow from operating activities</b>		
Reconciliation from net revenue before taxation to net cash flows from operating activities		
Net revenue before taxation	53,732	58,075
Interest payable and other charges	252	254
Amortisation of loan arrangement fees	-	156
Effect of foreign exchange movements	(1,475)	(525)
Decrease in debtors	1,494	4,641
Finance income	(15,956)	(24,058)
(Decrease)/ increase in creditors	(1,196)	4,643
Net cash flows from operating activities	<u>36,851</u>	<u>43,186</u>
<b>Cash flows from investment activities</b>		
Purchase of investment properties and development costs	(10,248)	(45,278)
Subsequent expenditure on investment properties	(1,868)	(15,867)
Proceeds from sale of investment properties	-	17,383
Amounts invested in collective investment schemes	(92,017)	(49,632)
Proceeds from sale of collective investment schemes	9,979	77,494
Net cash used in investment activities	<u>(94,154)</u>	<u>(15,900)</u>
<b>Cash flows from financing activities</b>		
Amounts received on creation of the units	70,000	70,000
Finance income received	18,663	21,301
Proceeds from borrowings	-	-
Repayment of borrowings	-	(22,000)
Interest and finance costs paid	(252)	(331)
Distributions paid	(59,492)	(47,249)
Net cash used in financing activities	<u>28,919</u>	<u>21,721</u>
Net (decrease)/increase in cash and bank balances	(28,384)	49,007
Cash and bank balances at the beginning of the year	118,736	69,729
<b>Cash and bank balances at the end of the year</b>	<b><u>90,352</u></b>	<b><u>118,736</u></b>

## LPPI Real Estate Fund

### Notes to the Financial Statements

#### 1. Accounting and Distribution Policies

The accounting and distribution policies are set out on pages 6 to 7.

#### 2. Financial Instruments and Risks

The financial instruments and risks are set out on pages 7 to 11.

#### 3. Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions are made taking into account historical experience, current trends and future expectations. The nature of estimation means that actual outcomes could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming year are set out as follows:

##### Investment properties valuation

Investment properties are valued at the current open market value as defined by the RICS Appraisal and Valuation Standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Information about the valuation techniques and inputs used in determining fair value is disclosed in Note 10 to the financial statements.

Investment properties in the financial statements total £873m (2023: £918.1m).

All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the return of the initial investment amount cannot be guaranteed. Changes in market conditions may cause the value of an investment to fluctuate. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

The fair value of the properties acquired in the year have been arrived at via a combination of valuations carried out by an independent expert. This is on a basis of a full valuation with physical inspection of at least once a year. The valuations by the independent expert conform to RICS Valuation – Global Standards of the Royal Institution of Chartered Surveyors (RICS) effective from 31 January 2022.

#### 4. Net capital (losses)/gains

The net capital (losses) on investments during the year comprise:	31/03/2024 £000's	31/03/2023 £000's
Net unrealised (losses) on revaluation of investment properties	(57,166)	(145,959)
Net unrealised (losses) on collective investment schemes	(88,853)	(7)
Net realised gains on collective investment schemes	-	2,540
Net realised (losses) on disposal of investment property	-	(7,595)
Net unrealised foreign exchange (losses)/gains on collective investment schemes	(10,527)	6,189
<b>Total net capital (losses)</b>	<b>(154,546)</b>	<b>(144,832)</b>

#### 5. Revenue

	31/03/2024 £000's	31/03/2023 £000's
Rental income from investment properties	48,927	46,583
Income from Collective Investment Schemes	15,956	24,058
Recharge income	4,648	-
Service charge income	310	5,906
Other income	1,651	557
<b>Total revenue</b>	<b>71,492</b>	<b>77,104</b>

## LPPI Real Estate Fund

Notes to the Financial Statements (continued)

### 6. Expenses

	31/03/2024 £000's	31/03/2023 £000's
<b>Payable to the Manager or Associate of the Manager</b>		
Management Fee	1,745	1,788
	<b>1,745</b>	<b>1,788</b>
<b>Payable to the Depositary</b>		
Depositary's Fees	144	172
	<b>144</b>	<b>172</b>
<b>Other property operating expenses</b>		
Property management fees	1,957	1,405
Void costs	7,426	6,712
Insurance expenses	27	27
Service charge expenditure	4,648	5,906
Other property expenses	74	126
	<b>14,132</b>	<b>14,176</b>
<b>Other expenses</b>		
Administrative expenses	215	185
Audit fee	62	61
Legal and professional fees	548	612
Bad debt expense	662	1,625
	<b>1,487</b>	<b>2,483</b>
<b>Total expenses</b>	<b>17,508</b>	<b>18,619</b>

All property expenses are related to investment properties that generated rental income during the year.

### 7. Interest payable and similar charges

	31/03/2024 £000's	31/03/2023 £000's
Finance cost	252	254
Amortisation of loan establishment costs	-	156
<b>Total interest payable and similar charges</b>	<b>252</b>	<b>410</b>

## LPPI Real Estate Fund

Notes to the Financial Statements (continued)

### 8. Taxation

#### a) Analysis of tax charge

As the scheme is an ACS, neither the Scheme nor its Sub-funds are subject to UK tax on income or capital profits.

#### b) Factors affecting the tax charge

As an Authorised Contractual Scheme, the Sub-fund is tax transparent for UK tax purposes and not subject to corporation tax.

### 9. Distributions

	31/03/2024 £000's	31/03/2023 £000's
First interim distribution	16,033	12,977
Second interim distribution	11,199	6,926
Third interim distribution	14,900	13,437
Final distribution	11,595	17,360
<b>Total distributions</b>	<b>53,727</b>	<b>50,700</b>

### 10. Investment properties

	31/03/2024 £000's	31/03/2023 £000's
Value at the beginning of the year	918,060	1,027,850
Acquisitions of investment properties	10,248	45,278
Disposal of investment properties	-	(17,383)
Subsequent expenditure on investment property	1,868	15,867
Net unrealised loss on valuation	(57,166)	(153,552)
<b>Total investment properties</b>	<b>873,010</b>	<b>918,060</b>

From the total above:

Investment properties held for income generation and capital appreciation	873,010	918,060
<b>Total investment properties</b>	<b>873,010</b>	<b>918,060</b>

As at the Balance Sheet date, there are no restrictions on disposal of the investment properties or use of income and disposal proceeds from the investment properties.

The ACS Manager appointed Avison Young (UK) Limited as an independent expert to independently value investment property of £873m as at 31 March 2024 (2023: £918.1m). The ACS Manager has used the independent expert's report to determine the fair value of investment property as at the period end.

#### Property valuations

In determining the fair value of investment property, estimates are being used such as future cash flows and discount rates. This is based on the existing local market conditions as at the reporting date.

#### Level 1 – Quoted prices for identical asset in active markets

Quoted in an active market means that quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### Level 2 – Valuation techniques using observable inputs

This category includes assets being valued using quoted prices in active markets for an identical asset; quoted prices for an identical asset in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

## LPPI Real Estate Fund

Notes to the Financial Statements (continued)

### 10. Investment properties (continued)

#### Level 3 – Valuation techniques using significant unobservable inputs

This category includes all assets where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the asset's valuation. This category also includes assets that are valued based on quoted prices for an identical asset where significant entity determined adjustments or assumptions are required.

These valuations are at the current open market value, as defined by the RICS Appraisal and Valuation Standards.

These valuations are performed quarterly.

The table shows the basis of valuation for Sub-fund investment portfolio.

31 March 2024	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
Investment property	-	-	873,010	873,010
Investment in Collective Investment Schemes	-	-	725,718	725,718
<b>Total</b>	-	-	<b>1,598,728</b>	<b>1,598,728</b>

31 March 2023	Level 1 £000's	Level 2 £000's	Level 3 £000's	Total £000's
Investment property	-	-	918,060	918,060
Investment in Collective Investment Schemes	-	-	739,585	739,585
<b>Total</b>	-	-	<b>1,657,645</b>	<b>1,657,645</b>

#### Key unobservable inputs

The significant unobservable inputs used in the fair value measurement of the real estate and real estate related investments are equivalent yield and ERV (Estimated Rental Value).

Significant increases and decreases in any of those inputs in isolation could result in significantly lower or higher fair value measurements.

	ERV Range		Equivalent Yield Range	
	Max £	Min £	Max %	Min %
Industrial	28.16	5.00	5.96	4.01
Offices	83.93	16.00	10.61	4.40
Retail (including shopping centre)	180.08	10.08	7.67	6.32
Warehouse	30.95	10.00	7.24	4.31
Other	71.88	9.00	10.25	5.29

## LPPI Real Estate Fund

Notes to the Financial Statements (continued)

### 11. Investment in collective investment schemes

	31/03/2024 £000's	31/03/2023 £000's
Value at the beginning of the year	739,584	758,199
Drawdowns during the year	92,017	49,632
Disposal during the year	(9,979)	(77,494)
Net gain on disposal	-	2,540
Net unrealised (loss) on valuation	(86,853)	(7)
Net foreign currency translation (loss)/gain	(9,051)	6,714
<b>Total investment properties</b>	<b>725,718</b>	<b>739,584</b>

### 12. Debtors

	31/03/2024 £000's	31/03/2023 £000's
Tenant debtors*	626	1,886
Receivables from SPVs	-	95
VAT Input	2,072	2,211
Accrued income from CIS	2,658	5,365
<b>Total debtors</b>	<b>5,356</b>	<b>9,557</b>

\* The tenant debtor is net of a bad debt provision of £5.7m (2023: £5.1m). The movement amount has been recognised in the Statement of Total return as part of the expenses (included in note 6).

### 13. Cash and bank balances

	31/03/2024 £000's	31/03/2023 £000's
Cash at bank	75,365	102,251
Managing agent cash	14,987	16,485
<b>Total cash and bank balances</b>	<b>90,352</b>	<b>118,736</b>

### 14. Creditors

	31/03/2024 £000's	31/03/2023 £000's
Deferred Income	8,007	8,596
VAT Output	6,303	6,791
Accrued manager's charge	707	385
Accrued other expenses	652	1,384
Service charge balancing adjustment	3,069	2,508
Managing agent creditor	-	246
Trade payables	35	58
Other payables	414	415
<b>Total creditors</b>	<b>19,187</b>	<b>20,383</b>

## LPI Real Estate Fund

Notes to the Financial Statements (continued)

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### 15. Contingent Assets and Liabilities

As at the Balance Sheet date, there were £302.3m (2023: £286.5m) of undrawn commitments into Collective Investments Schemes which the Sub-fund invests in. Other than this, there were no contingent assets or liabilities.

### 16. Related parties

Local Pensions Partnership Investments Ltd are deemed to be related parties per section 33.10 of FRS102 as they are an entity with control, joint control or significant influence over the entity.

Fund Management Fee charges paid to the ACS Manager are shown in note 6 and details of shares issued and cancelled by the ACS Manager are shown in the statement of change in net assets attributable to Unitholders.

No balance due from the ACS Manager is noted in note 14. No balance due to the ACS Manager in respect of cancellations is noted in note 12.

Distributions payable to the ACS Manager and related parties of the ACS Manager during the year amounted to £53,727 (2023: £50,700). The amount outstanding at the year-end was £11,595 (2023: £17,360). Related parties of the ACS Manager are deemed to be all entities under the control of the ACS Manager. This will include entities which hold Units in the Sub-fund on behalf of other external investors.

Holdings at the year end and movements during the year are as follows:

	<b>Holdings as at 31/03/2024</b>	<b>Movement (units)</b>	<b>Holdings as at 31/03/2023</b>
Lancashire County Pension Fund	93,818	4,550	89,268
London Pensions Fund Authority	71,439	8,547	62,892
Royal County of Berkshire Pension Fund	13,212	(5,972)	19,184

### 17. Subsequent events

Savills (UK) Limited were appointed as the new independent valuers for the direct investment properties from 1st April 2024.

## LPII Real Estate ACS

### Distribution Table

for the year ended 31 March 2024

#### Final Distribution in £ per unit

Units purchased prior to 31 March 2024

<b>Unit Class I</b>	<b>Net Revenue (£ per unit)</b>	<b>Amount paid on 31/05/2024 (£ per unit)</b>	<b>Amount paid on 31/05/2023 (£ per unit)</b>
Group 1	64.97	64.97	101.32

#### Third Interim Distribution in £ per unit

Units purchased prior to 31 December 2023

<b>Unit Class I</b>	<b>Net Revenue (£ per unit)</b>	<b>Amount paid on 28/02/2024 (£ per unit)</b>	<b>Amount paid on 28/02/2023 (£ per unit)</b>
Group 1	83.49	83.49	78.42

#### Second Interim Distribution in £ per unit

Units purchased prior to 30 September 2023

<b>Unit Class I</b>	<b>Net Revenue (£ per unit)</b>	<b>Amount paid on 29/11/2023 (£ per unit)</b>	<b>Amount paid on 30/11/2022 (£ per unit)</b>
Group 1	61.63	61.63	40.42

#### First Interim Distribution in £ per unit

Units purchased prior to 30 June 2023

<b>Unit Class I</b>	<b>Net Revenue (£ per unit)</b>	<b>Amount paid on 31/08/2023 (£ per unit)</b>	<b>Amount paid on 31/08/2022 (£ per unit)</b>
Group 1	93.60	93.60	78.55

\* Income from the Sub-fund will normally be distributed within two months of the accounting dates but the ACS Manager reserves the right to pay at a later date but no later than four months after the accounting date. For this Sub-fund, income equalisation does not apply.

## **LPPI Real Estate ACS**

### **Statement of ACS Manager's Responsibilities**

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The ACS Manager is required by the rules of the FCA Collective Investment Schemes Sourcebook and the FCA Investment Funds Sourcebook (COLL) to prepare the financial statements for each financial period. These financial statements must be prepared in accordance with generally accepted accounting standards in the United Kingdom to give a true and fair view of the state of affairs of the Scheme at the year end and of the net revenue for the year.

The financial statements should comply with the disclosure requirements of the UK Financial Reporting Standard ("FRS") 102 and with the Statement of Recommended Practice (the "SORP") for Authorised Funds issued by the Investment Association, compliance with this SORP is required by the Financial Conduct Authority's (FCA's) Regulations.

In preparing the financial statements the ACS Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the SORP relating to Financial Statements of Authorised Funds as well as in accordance with FRS 102;
- follow applicable accounting standards; and
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The ACS Manager is responsible for the management of the Scheme in accordance with the Prospectus which has been prepared in accordance with the FCA Collective Investment Schemes Sourcebook and the FCA Investment Funds Sourcebook.

The ACS Manager is responsible for managing and administering the Scheme's affairs in compliance with the COLL Sourcebook. The ACS Manager may delegate its management and administration functions, but not responsibility, to third parties subject to the rules in the COLL Sourcebook.

The ACS Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **LPPI Real Estate ACS**

### **Statement of the Depositary's Responsibilities and Report of the Depositary to the Unitholders of LPPI Real Estate ACS ("the Scheme") for the period ending 31 March 2024**

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The Depositary must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (together "the Regulations"), the Contractual Scheme Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Depositary must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Schemes income in accordance with the Regulations and the Scheme documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

**NatWest Trustee and  
Depositary Services Limited**

2<sup>nd</sup> August 2024

## LPPI Real Estate ACS General Information

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### ACS Manager:

Local Pensions Partnership Investments Ltd

Registered Office and Principal Place of Business:

1st Floor  
1 Finsbury Avenue  
London  
EC2M 2PF

Authorised and regulated by the Financial Conduct Authority.

### Depository:

NatWest Trustee and Depository Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

Authorised and regulated by the Financial Conduct Authority.

### Fund Accounting, Registrar and Transfer Agent:

Langham Hall UK LLP  
8th Floor  
1 Fleet Place  
London  
EC4M 7RA

### Legal Advisors:

Eversheds Sutherland LLP  
One Wood Street  
London  
EC2V 7WS

### Auditors:

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

### Custodian:

The Bank of New York Mellon  
160 Queen Victoria Street  
London  
EC4V 4LA

Authorised by the Prudential Regulation Authority Limited and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### Directors of the ACS Manager:

Adrian Taylor - Chief Financial Officer resigned 30 April 2023  
Christopher Rule - Chief Executive Officer  
Jonathan Little - Chair of LPPI Board\* appointed 1 August 2023  
Louise Jack - Chief Operating Officer appointed 10 November 2023  
Malcolm Cooper - Director\*  
Margaret Ammon - Director\*  
Martin Tully - Director\*  
Richard J. Tomlinson - Chief Investment Officer  
Sally Bridgeland - Chair of LPPI Board\* resigned 31 July 2023  
Sarah Laessig - Director\*  
Thomas Richardson - Chief Risk Officer

\* Non-executive Director

### Investment Managers:

Knight Frank Investment Management LLP  
Saddlers House  
44 Gutter Lane  
London  
EC2V 6BR

Local Pensions Partnership Investments Ltd

1st Floor  
1 Finsbury Avenue  
London  
EC2M 2PF

### Independent Property Valuers:

Avison Young  
65 Gresham Street  
London  
EC2V 7NQ

Local Pensions Partnership Investments  
1 Finsbury Avenue  
London  
EC2M 2PF

[lppi.co.uk](http://lppi.co.uk)  
[info@lppi.co.uk](mailto:info@lppi.co.uk)

Company registration no: 09835244

Incorporated in England and Wales and trading as LPP

Authorised and regulated by the Financial Conduct Authority,  
Reference number: 724653

