EST. 1889

LawDebenture

HALF YEARLY REPORT

2020

The Law Debenture Corporation p.l.c.

A differentiated investment proposition

A PROUD HISTORY	
131 years	of value creation for shareholders
STRENGTH AND DIVERSITY OF INCOME	
35%	of dividend funded by our Independent Professional Services business over the past ten years
LONG-TERM DIVIDEND GROWTH	
41 years	of increasing or maintaining dividends to shareholders (113.1% increase in dividend over the last ten years)
CONSISTENT LONG-TERM OUTPERFORMANCE OF BENCHMARK	
57.6%[1]	outperformance of benchmark over ten years, consistent outperformance on a one, three and five year basis.

Key statistics

for the half year ended 30 June 2020

543.9p
NAV per share
(31 December 2019: 702.2p)

(16.5)%
NAV total return for the half year (with debt at par)
(30 June 2019: 10.3%)

(18.6)%
NAV total return for the half year (with debt at fair value)
(30 June 2019: 12.1%)

642.7m[2]
Net Asset Value
(31 December 2019: 830.1m)

(17.5)%
Benchmark total return for the half year
(30 June 2019: 13.0%)

[1] Outperformance compares NAV total return with debt at par to the FTSE Actuaries All-Share Index Total Return.
[2] Please refer to page 21 for calculation of net asset value.

LawDebenture

Law Debenture is an investment trust and a leading provider of independent professional services, listed on the London Stock Exchange. From its origins in 1889, it has diversified to become a Group with a unique range of activities in the financial and professional services sectors. The Group has two distinct areas of business:

Investment Portfolio

c. 83% of NAV

Managed by
James Henderson and Laura Foll
of Janus Henderson

OBJECTIVE: LONG-TERM CAPITAL GROWTH IN REAL TERMS & STEADILY INCREASING INCOME

- Focused on long-term returns
- Low ongoing charges ratio at 0.48%[1] compared to industry average of 1.04%[2]

CONTRARIAN INVESTMENT STYLE:

- Out of favour equities standing at valuation discounts to their long-term historical average
- High quality companies with strong competitive advantage at attractive valuations
- Selective, bottom-up approach
- Diversified portfolio by sector (predominant UK weighting)

Independent Professional Services (IPS) business

c. 17% of NAV

PENSIONS

The longest established and largest UK provider of independent pension trustees

CORPORATE TRUST

A leading independent corporate trustee across international capital markets

CORPORATE SERVICES

Range of outsourced solutions to corporates internationally

INTERNATIONAL PRESENCE:

United Kingdom, New York, Ireland, Hong Kong, Delaware, and Channel Islands

All divisions have further potential for growth through the overall market growth for these services and market share gains, alongside better leveraging technology, strong relationships and a high quality brand

Significant, consistent income contribution from IPS gives greater flexibility in stock selection

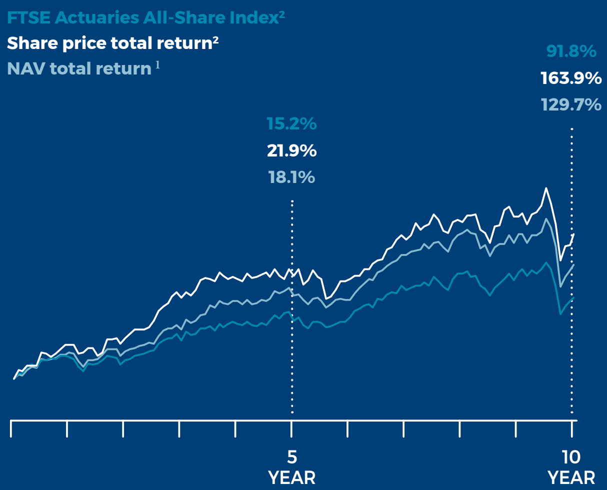
[1] Calculated based on data held by Law Debenture for the year ended 31 December 2019.
[2] Source: Association of Investment Companies industry average (excluding 3i) as at 31 December 2019.

Performance

	YTD %	1 year %	3 years %	5 years %	10 years %
NAV total return (with debt at par)[1]*	(16.5)	(10.6)	(2.0)	24.1	144.7
NAV total return (with debt at fair value)[1]*	(18.6)	(13.0)	(4.8)	18.1	129.7
FTSE Actuaries All-Share Index Total Return[2]	(17.5)	(13.0)	(4.6)	15.2	91.8
Share price total return[2]*	(16.5)	(7.3)	2.0	21.9	163.9
Change in Retail Price Index[2]	0.3	1.1	7.5	13.0	30.6

	30 June 2020 %	30 June 2019 %	31 December 2019 %
Ongoing charges[3]*	0.48	0.43	0.48
Gearing[3]*	19	7	9

Consistent long-term outperformance of benchmark[4]



£10,000 invested in Law Debenture ten years ago would be worth

£26,390

as at 30 June 2020[5]

[1] NAV is calculated in accordance with the Association of Investment Companies (AIC) methodology, based on performance data held by Law Debenture including the fair value of the IPS business and long-term borrowings.
[2] Source: Bloomberg.
[3] Source: AIC. Ongoing charges are based on the costs of the investment trust and include the Janus Henderson Investors management fee of 0.30% of NAV of the investment trust. There is no performance related element to the fee.
[4] The graph shows ten year performance data. The five year data is provided for information only and is not represented by the graph
[5] Calculated on a total return basis assuming dividend re-investment between 30 June 2010 and 30 June 2020.
[6] Items marked "*" are considered to be alternative performance measures. For a description of these measures, see page 115 of the annual report and financial statements for the year ended 31 December 2019.

LawDebenture

Financial summary

	30 June 2020 £000	30 June 2019 £000	31 December 2019 £000
Net assets[1]	642,705	784,213	830,139
	Pence	Pence	Pence
Net Asset Value (NAV) per share at fair value[1,2]*	543.93	663.67	702.17
Revenue return per share			
Investment portfolio	6.33	11.76	22.18
Independent professional services	4.18	3.92	8.54
Group charges	—	—	(0.04)
Group revenue return per share	10.51	15.68	30.68
Capital (loss)/return per share	(131.86)	50.42	79.27
Dividends per share[3]	13.0	6.60	26.00
Share price	517.00	592.00	650.00
	%	%	%
Ongoing charges[4]*	0.48	0.43	0.48
Gearing[4]	19	7	9
Discount*	(5.0)	(10.8)	(7.4)

* Items marked "*" are considered to be alternative performance measures. For a description of these measures, see page 115 of the annual report and financial statements for the year ended 31 December 2019.

1 Please refer to page 21 for calculation of net asset value.

2 NAV is calculated in accordance with the Association of Investment Companies (AIC) methodology, based on performance data held by Law Debenture including fair value of IPS business and long-term borrowings. NAV is shown with debt measured at par and with debt measured at fair value.

3 Whilst the second interim dividend is not due to be announced until September 2020, the Board have already indicated their intention to pay a full year dividend of not less than 26.0 pence for 2020. This number includes an expected second interim dividend of 6.5 pence for comparability.

4 Source: AIC. Ongoing charges are based on the costs of the investment trust and include the Janus Henderson Investors management fee of 0.30% of NAV of the investment trust. There is no performance related element to the fee.

Half yearly management report

Introduction

The Covid-19 pandemic has had a profound impact on the investment trust industry. The impact has not just been felt in the well documented volatility in markets and wide spread dividend cuts, but also by our growing global workforce of 154 people.

During the first three weeks of March, all of our employees transitioned to remote working as Covid-19 took a firm grip on the world's economy.

Since that time, all of our employees have had to adapt their working practices significantly and have made huge sacrifices in both their personal and professional lives. My enduring memory of the last six months will be the way that all of our staff, unselfishly, and with no prompting from me, brought the very best of our collective experience to bear to solve the rapidly evolving needs of our clients. I am proud of the kindness that our staff showed to one another and the calm, measured and thoroughly professional way in which they applied themselves. We are lucky to have them and must continue to invest in them and in their wellbeing.

Dividend

In April, our AGM was held virtually for the first time in your Company's 131 year history. The Corporation declared, and our shareholders overwhelmingly approved, a 50% increase in our final dividend payment for 2019.

With significant turmoil in global markets as a result of the Covid-19 pandemic, a large number of quoted companies cut their dividends in response to the collapse of global revenues. We recognised that this was happening at a time when the recipients of those dividends may themselves be increasingly reliant on that income.

A great advantage of the investment trust structure is the ability to retain a portion of income received each year in order to smooth dividends in times of market stress. With that backdrop, the unique advantage of the Law Debenture structure has never been more evident. We approached 2020 with an Independent Professional Services business that had funded more than a third of dividends for the Group over the preceding 10 years and Group retained earnings of £62.5m[1]. Indeed, Investec produced some independent research in March highlighting that our reserves position was the strongest of all investments trusts in the AIC's UK income and growth sector.

We were able to use these qualities to our shareholders' advantage. Our first quarterly dividend payment of 6.5 pence per ordinary share was made earlier this week to shareholders on the register at the close of business on

[1] Group retained earnings as at 31 December 2019 as disclosed on page 81 of the annual report and accounts.
[2] Based on a closing share price of 522 pence as at 29 July 2020.

The unique combination of our IPS business with our Investment Portfolio provides a significant advantage for our Investment Managers with regards to portfolio construction. Put simply, the cash that we generate from that IPS business has allowed James and Laura to avoid potential value traps, as other income funds may be forced into a narrower selection of stocks to maintain their own dividend yield.

26 June 2020. Based on the current share price, that implies a dividend yield for the Law Debenture share of 5.0%[2].

Part of the reason for the confidence in our dividend is that we have done this for a long time. The business itself was founded as a Corporate Trustee 131 years ago; in every single one of the last 41 years we have either increased or at least maintained that dividend. Indeed, in the last 10 years the dividend has more than doubled. We intend to pay two further interim dividends of 6.5 pence per ordinary share in October 2020 and January 2021. Shareholders will be asked to vote on a final dividend to be paid in April 2021 at the Corporation's 2021 AGM. It is the Board's current intention to recommend the final dividend payment be at least 6.5 pence per share, thus sustaining our dividend at a time of persistent market cuts.

Our Investment Portfolio

The impact on global stock markets of the Covid-19 pandemic has been profound. Every business has been affected in some way, as our way of life changed overnight. For many businesses, at least initially, this impact has been a negative one. For a smaller proportion, the impact has been positive, as change drove strong demand for certain pockets of products.

We approached 2020 with a professional services business that had funded more than a third of dividends for the Group over the preceding 10 years and group retained earnings of £62.5m[1].

Your investment portfolio has shared in some of that pain. At the peak of market dislocation on 23 March, the FTSE Actuaries All Share Index against which we benchmark our performance was down 34.3%. With a predominately UK portfolio of quoted stocks, combined with a widening of discounts across the sector, our share price at that point in the cycle had declined by 33.4% from the start of the year.

Since then, we have seen a partial recovery from markets and a strengthening of demand for our shares which, as I write to you today, have gained 24.8%[2] from that low. The net asset value total return performance (with debt at par) for the first half of 2020 declined by 16.5%, compared to a decline of 17.5% by the benchmark. With a mandate to grow capital for our shareholders, we can never be comfortable reporting such a decline. We can, and do however, take comfort from our outperformance of the benchmark on a year to date, one, three, five and 10 year performance metric[3].

The unique combination of our IPS business with our investment portfolio, as we have noted above, provides a significant advantage for our Investment Managers with regards to portfolio construction. Put simply, the cash that we generate from that IPS business has allowed James and Laura to avoid potential value traps, as other income funds may be forced into a narrower selection of stocks to maintain their own dividend yield. You can hear from James and Laura in their own words on pages 9 to 12 on the drivers behind the performance of the portfolio for the period and their outlook on markets in these challenging economic circumstances.

We are fortunate to have secured their expert services for a management fee of 30 basis points. Our ongoing charges ratio is currently 48[4] basis points compared to a sector average of 103[5] basis points, which we believe makes the trust excellent value for money. In light of continued market volatility, we will be providing a daily NAV to the market from the start of August. This is another step in our journey of increasing transparency for our shareholders.

[1] Group retained earnings as at 31 December 2019 as disclosed on page 81 of the annual report and accounts.
[2] Based on a closing share price of 522 pence as at 29 July 2020.
[3] Outperformance compares NAV total return with debt at par to the FTSE Actuaries All-Share Index Total Return.
[4] Calculated based on data held by Law Debenture for the year ended 31 December 2019.
[5] Source: Association of Investment Companies industry average (excluding 3i) as at 31 December 2019.

Half yearly management report continued

Independent Professional Services

DIVISION	Revenue[1] 30 June 2019 £000	Revenue[1] 30 June 2020 £000	Growth 2019/2020 %
Pensions	5,098	5,839	14.5%
Corporate Trust	4,372	4,878	11.6%
Corporate Services	5,991	5,753	(4.0%)
Total	15,461	16,470	6.5%

[1] Revenue shown is net of cost of sales

We have often talked about the advantage of our structure, but it is at points like this in the cycle where that benefit is even more pronounced. Firstly, the capital valuation of the IPS business (which currently accounts for 17% of the net asset value of the Group), while linked to, is not directly correlated with markets. This provides a diversification of risk for our investors, compared to broader market movements. Secondly, as noted above, it allows James and Laura a genuine flexibility in portfolio construction. Thirdly, within the IPS business, our diverse revenue streams have afforded our shareholders a great deal of resilience in these challenging economic circumstances.

> Over the course of the first half of 2020 we have been able to grow our revenues by 6.5% and earnings per share by 6.6% compared to 2019. We are proud that our business has been able to deliver these results for shareholders in such a difficult economic environment.

Over the course of the first half of 2020 we have been able to grow our revenues by 6.5% and earnings per share by 6.6% compared to 2019. This builds on revenue growth of 9.0% and earnings per share growth of 9.2% in 2018 and on revenue growth of 7.5% and earnings per share growth of 8.5% in 2019. Over the past two and a half years we have grown revenue by 20.8% and earnings per share by 22.1%. We are proud that our business has been able to deliver these results for shareholders in such a difficult economic environment.

Our Pensions business

Our Pensions business has posted its fourth year of positive growth, with revenue increasing by 14.5% compared to the first half of 2019. Today, we service more than 200 schemes, with oversight of over £350bn of assets, providing pension benefits to more than three million families.

The requirement for excellent governance of pension schemes is not dependent on economic conditions. In fact, with extreme market dislocation comes heightened risk. Covid-19 has brought many challenges to the pensions industry, including the weakening of employer covenants; cash constraints in large corporates to fund deficits; and concerns around the administration of schemes and the payment of pensions in light of remote working requirements. In these circumstances, the focus of the management teams of the sponsor may legitimately be elsewhere. This highlights the benefit of our sole trustee and Pegasus offerings to take away the administrative burden of a highly complex area. Over the past two years, our Pegasus business, which provides outsourced pensions executive services, has doubled the size of its' team and grown revenue by 85%. Revenues for the first half of 2020 have more than doubled compared to the same period in 2019.

In addition to supporting our clients on a day to day basis through these turbulent times, we have also been providing innovative solutions to broader strategic problems. We have been involved in several transformational deals and industry initiatives, including playing an instrumental role in Premier Foods PLC's landmark agreement regarding the restructure of its pension schemes. Cash contributions required to the schemes have reduced by between £115m and £145m. The shares in the company have more than doubled since the changes were announced. We have improved the security for British Bankers' Association scheme members (a sole corporate trustee client) through the purchase of a £95 million insurance policy with FTSE 100 Aviva. Two of our trustees were also elected to the Legal & General Mastertrust Board and the Legal & General Investment Management's Independent Governance Committee respectively as we continue to develop our defined contribution offering.

Our Corporate Trust business

Our Corporate Trust business is why we came into being in 1890, providing services to act as a bridge between the issuers and holders of bonds. Much of this revenue is predictable and inflation linked, which is a considerable advantage when operating under these type of market conditions. We started 2020 with almost two thirds of our revenue secured and inflation linked.

In addition to this structural advantage, there is a strong degree of counter-cyclicality to this business. In times of economic stress, we are often required to do additional work for our clients as they seek waivers or restructure their debt. Our post issue work has seen a 47.6% increase in revenue in the first half of 2020, compared to the same period in the prior year. This in turn has contributed to overall revenue growth in the Corporate Trust business of 11.6%. Following the global financial crisis in 2008, after an initial slowdown of revenue as a result of a drying up of debt issuance, we ultimately saw revenues recover and grow over the following three year period. This crisis has fundamentally different characteristics, with the possibility of increased revenue from stressed situations. That said, we must be mindful that in some circumstances default scenarios may involve the business incurring cost and can take years to play out.

In addition to the stability and predictability of our revenues, despite more than 130 years in this business, we still display the ability to innovate. We have been quick to support new clients as countries have needed to urgently source PPE to combat the Covid-19 crisis, providing a small, but absolutely critical contribution through our escrow services to help to solve those procurement issues. Working with both new and existing clients in the year, we have acted as trustee on almost £30bn of bonds, notes and certificates issued in the first half of the year. This brought the total principal value on which we act as trustee to more than £900bn as at 30 June 2020.

Our Corporate Services business

Our diversified pool of businesses has served us well during this challenging period but our Corporate Services business suffered the greatest collective headwinds. This line of business is made up of three distinct revenue streams being core Corporate Services, the Safecall whistleblowing business and Service of Process.

Our company secretarial, special purpose vehicle accounting and administrative services offering continued to grow nicely from a small base, with a particularly strong first quarter. We made new hires during the period and will continue to do so to stay ahead of demand. We are relatively small compared to the market opportunity and are confident we can significantly increase our footprint.

Our Safecall whistleblowing business had a bright start to the year in January and February and wins during the period included Channel 4, Morgan Sindall and Westminster Council. On 27 January, The House of Lords had its first reading of the Office of the Whistle-blower Bill which establishes the UK frameworks for whistleblowing legislation. Helpful too, in the medium term, is the European Whistleblowing Directive that comes into force in 2021. The Directive requires all companies with over 50 employees or €10m in turnover in the EU to have a whistle blowing regime in place. These regulatory tailwinds will be supportive to our long term growth ambitions. Equally important are the numerous examples of the high quality work that we completed on behalf of our existing clients during the period.

With the onset of Covid-19 in March, the growth of this business did slow from the c.20% seen in the prior two calendar years, as many purchasing decisions were

> We have listened to our investors who are seeking regular, reliable income and have moved to a quarterly dividend cycle. We are currently providing a dividend yield of 5%. Our dividend is underpinned by the diversified and highly repeatable nature of the revenues in our professional services business. We believe, and our track record over the past three years demonstrates, our ability to continue to grow over time.

Half yearly management report continued

understandably placed on hold. Conversely, the value of our proposition to the management teams and boards of our clients has never been clearer. Employees used our service to raise concerns around working conditions, allowing employers to quickly adapt to new working practices. We have received much unsolicited praise for our work and have an increased confidence in both the quality and value of our product. As we start the second half of the year, new business enquiries are returning to more normal levels. We remain optimistic regarding our ability to grow our market share around the world.

Our service of process business is highly transactional and is our business with the least contractual recurring revenues. Put simply, sharp contractions in the global economy mean less deals are signed, which in turn reduces demand for a service of process agent. History tells us that the drop off in revenues that we saw from March onwards is similar to the sharp drop off that we saw in 2008 at the height of the global financial crisis. History tells us too that demand should recover well as the subsequent restructuring phase of economic hardship gets a full head of steam. We have deep relationships around the globe that have been built over many decades, and remain sanguine that our opportunities will increase as the world economy begins to recover. In the meantime we continue to invest in the technology platform that supports this business and in developing digital distribution channels that we believe will differentiate our offering.

Outlook

The next six months will undoubtedly bring ongoing challenges due to the pandemic and the UK's exit from European Union. We feel optimistic for the rest of year and excited to see what the longer term future will hold for your Company.

As announced previously Katie Thorpe, our Chief Financial Officer, will be leaving us in October. Katie has made a hugely positive contribution to our business and we wish her every continued success in her new endeavours. I am delighted to announce that Hester Scotton will be promoted to replace Katie as CFO. We have also promoted Kelly Stobbs to the role of General Counsel.

We have listened to our investors who are seeking regular, reliable income and have moved to a quarterly dividend cycle. We are currently providing a dividend yield of 5%, which we have sustained at a time of profound and widespread dividend cuts across the wider market. Our dividend is underpinned by the diversified and highly repeatable nature of the revenues of our professional services business. We believe, and our track record over the past three years demonstrates, we can continue to grow over time. We have an excellent long term track record of outperformance versus our benchmark and believe we are at a favorable point in the investment cycle to identify quality companies that have been mispriced by the market.

Despite these unprecedented challenges, our Independent Professional Services business was able to produce a plethora of outstanding outcomes for our clients and a positive result for our shareholders. I suspect though, the real value creation for our shareholders from the IPS business over last six months will be harvested over time, as the litany of best in class experiences has added materially to our reputation for operational excellence. We also remain alert to any prospective acquisitions that we feel could accelerate growth in returns for our shareholders.

This combination of factors underpins my belief that the Law Debenture investment proposition is, in fact, stronger now than it was at the end of last year. On behalf of the Board, I would like to thank all of our shareholders who have trusted us with their hard earned capital, and to reassure you that we are working tirelessly to reward the faith you have shown in us over this unprecedented crisis.

Denis Jackson
Chief Executive
30 July 2020

Investment manager's report

Investment approach and process

The challenges facing the global economy as a result of the Covid-19 pandemic are well documented, albeit the longer term implications are still uncertain. For managers looking to provide a much needed source of income as well as a long term capital return to shareholders, the almost unprecedented dividend cuts implemented by companies have made the markets in 2020 particularly difficult to navigate.

In markets such as these, the advantages of the investment trust structure, when compared to open ended investment products, become even more pronounced. Specifically, we know the Board had the advantage of entering this period of global uncertainty with the strongest reserves position in the UK equity income sector[1]. Coupled with that, we have the unique advantage of the diversified source of revenue provided by the IPS business, which has funded 35%[2] of Law Debenture's dividends to its shareholders over the past ten years. As a result of the continued robust nature of the IPS revenue, we have not been forced into the value traps that may have ensnared other income investors as they search for yield to maintain their own dividend payments to their investors.

We have a diversified investment portfolio, which aims to be a one-stop-shop for investors seeking quoted market exposure to quality companies. Our overall approach of the portfolio has not changed, either as a result of the current pandemic or the change in sector from the AIC's Global sector to the UK Equity Income sector, slightly over a year ago. What we believe has changed over that same period is the opportunity set when we look at global valuations. 2020 has continued the theme of the second half of 2019, rotating out of overseas stocks on the grounds of valuation and rotating into UK stocks we feel have been disproportionately penalised by the market in the current economic environment.

The majority of the portfolio, 80.3%, was in UK stocks at the half year end, little changed from 80.7% at 31 December 2019. Of the UK portfolio, around 55% of the portfolio is invested in the FTSE 100, with the remainder in small and medium sized companies.

Although our focus remains the UK, we will continue to confidently go to other geographies for companies that do not have a credible UK equivalent where we perceive we can add value to the overall portfolio. This approach remains entirely consistent with the approach we have applied historically and has not been affected by the change in sector. Looking to the global element of the portfolio, we have reduced our

[1] Source: Investec.
[2] Dividends paid to shareholders between 1 July 2010 and 30 June 2020.

Investment manager's report continued

exposure to North America, primarily as a result of the stretch in valuation levels.

Our long standing benchmark is the FTSE Actuaries All-Share Index Total Return. The portfolio performance for the period is discussed in more detail below.

Portfolio performance and activity

The trust's NAV fell 16.5% on a total return basis (with debt at par) in the first half of 2020. While it is always disappointing to see the NAV decline in absolute terms, this decline was modestly less than the FTSE All-Share benchmark which fell 17.5% during the same time period. We go into more detail in the portfolio attribution section below, but predominantly the outperformance was driven by two alternative energy names held (Ceres Power and ITM Power), as well as holding comparatively less than the benchmark in the oil & gas industry following a material fall in the oil price. On a debt at fair value basis, the NAV fell 18.6%, modestly underperforming the benchmark. This is because in an environment of falling bond yields the fair value of the debt was revised upwards.

The largest change in positioning year to date is that we were sizeable net investors during the period, investing £33m in total and taking the gearing at period end to 19%. The majority of this net investment took place in March during a period of heightened market weakness; in recent months we have been largely neutral with buying and selling approximately matched.

Net investment during the six months was concentrated in the UK and Continental Europe. In contrast, in North America we reduced the exposure by £16m, exiting long held positions including Microsoft and Johnson & Johnson. In both cases the positions were sold on valuation grounds following strong performance rather than as a result of fundamental concerns.

New positions established during the six months included Anglo American, Marks & Spencer, Linde, Tesco, Boku and Ricardo. There is deliberately no common theme across these additions; they range from small to large companies, domestically focused to international, and the impact on their businesses of Covid-19 varies widely. For example Boku, which sells mobile payments technology, has benefitted during the period with mobile payment volumes growing materially as consumers transitioned to spending online. For Tesco, the effect of Covid-19 has been broadly neutral, with higher sales largely offset by additional costs, while for Marks & Spencer the effect has been negative as the majority of their clothing & home sales were temporarily paused (although the share price, in our view, more than reflects this difficult trading period).

If there were to be a commonality across the additions to the portfolio it would be that the majority have chosen to temporarily suspend their dividends as a result of Covid-19. This is not a coincidence. It has come about because, in our view, the best total return opportunities in the market currently reside in areas that have been most affected by the virus and have therefore chosen to temporarily suspend payments. When these companies return to paying dividends, and some have already signalled their desire to do so, the prices that we have been purchasing the shares will, we think, result in an attractive dividend yield in the future. The unique structure of Law Debenture with the income provided by the IPS business means that we can confidently purchase these shares that are currently not paying a dividend, while knowing that the Trust as a whole can still pay an attractive dividend yield to shareholders.

Portfolio attribution

At the sector level, the largest positive contributor to returns relative to the FTSE All-Share benchmark was oil & gas. This splits into two distinct categories; the larger position in alternative energy names (Ceres Power and ITM Power), which contributed strongly to performance at both an absolute and relative level, and the relatively smaller holding in traditional oil & gas companies (specifically Royal Dutch Shell and BP), which contributed positively to relative performance.

Conversely the largest detractor from returns relative to the benchmark was the sizeable position in the industrials sector, specifically companies exposed to civil aerospace including Rolls-Royce and Senior. We go into those companies in more detail in the detractors section below.

Top five contributors

The following five stocks produced the largest absolute contribution for 2020:

Stock	Share price total return (%)	Contribution (£m)
Ceres Power	103.1	12.4
ITM Power	275.2	6.3
Flutter Entertainment	19.5	1.8
Microsoft	14.5	1.4
Cellnex Telecom Sau	51.0	1.0

Source: Bloomberg calendar year share price total return as at 30 June 2020.

As the need to reduce global carbon emissions becomes evident, there is a growing interest in alternatives to fossil fuels. One area of focus is the role that hydrogen can play in the transition to a lower carbon economy. We have two companies exposed to the area, Ceres Power, which designs fuel cells and licenses the technology to partners including Bosch and Weichai, and ITM Power, which produces electrolysers that can be used to generate hydrogen from electricity and water (ideally 'green hydrogen' with electricity generated from renewable energy sources). Both companies have performed well as they move closer towards widespread commercialisation of their technologies by forming agreements with large partners.

ITM Power announced a joint venture with industrial gases company Linde (also held in the portfolio), and Ceres Power announced that Bosch would be increasing their stake in the company and taking a seat on the Ceres Board. These partners provide external validation of the technologies and could also accelerate commercialisation because of the relationships and balance sheets that they bring. In both cases following strong share price performance we have reduced the positions.

Another strong performer during the period was Flutter Entertainment (formerly Paddy Power Betfair), which completed the acquisition of US company Stars Group giving them exposure to the fast growing US gambling market. Following strong performance we have recently taken modest profits in the position.

As noted above, we have now exited the Microsoft position on the basis of valuation following strong performance. Cellnex, a Spanish telecoms infrastructure business, also performed well, benefitting from its defensive revenue streams at a time of high economic uncertainty and also from the perception that large, incumbent telcoms companies will continue to sell their tower assets to specialist tower companies.

Top five detractors

The following five stocks produced the largest negative impact on the portfolio valuation for 2020:

Stock	Share price total return (%)	Contribution (£m)
Royal Dutch Shell	-45.3	-12.7
Hammerson	-73.4	-7.6
Rolls Royce	-60.5	-6.8
Senior	-57.9	-6.5
Carnival	-72.9	-6.0

Source: Bloomberg calendar year share price total return as at 30 June 2020.

The largest detractor from returns on an absolute basis was Royal Dutch Shell. The sharp fall in the oil price as a result of falling demand (particularly in transportation) meant their ability to generate free cash flow was substantially reduced. As a result the Board took the (in our view logical) decision to reduce the dividend by two thirds to a level which we now view as sustainable, and which has the potential to grow if the oil price recovers. The share price performance has been disappointing and (with hindsight) the company was over-distributing. However, at the newly rebased level the shares are still paying an approximately 4% dividend yield and on an oil price recovery the shares could recover.

One of the main detractors from performance at the sub-sector level has been civil aerospace, where we have three holdings exposed materially to the supply chain; engine maker Rolls-Royce and components manufacturers Senior and Meggitt. The sharp fall in flying hours that will occur this year has been a seismic shock for the aerospace industry; considerably worse in terms of the hit to passenger miles flown than the financial crisis of 9/11. It will likely take several years for passenger numbers to recover to 2019 levels. This backdrop creates a challenging environment for the supply chain in terms of, for example, excess capacity that needs to come out and likely pricing pressure from Boeing and Airbus. However, we need to view these challenges in the context of how weak the shares have already been, the cost savings programmes that are being accelerated, and the other businesses that the companies operate in (for example all three companies also operate in defence as an end market, which is proving resilient). In our view the very challenging end market in civil aerospace is well known and understood, and on balance we have decided to maintain our exposure to the area.

Also among the largest detractors were retail property owner Hammerson and cruise ship operator Carnival, both of which had their business models severely disrupted as a result of Covid-19. In the case of Hammerson, the majority of their tenants had to close stores during 'lockdown' and as a result rental receipts were poor. This came at a time when retail property values were already under pressure from the shift in consumer spending to online. In our view these structural factors will persist but there will continue to be a value for prime retail properties, such as Bicester village (in which Hammerson own a stake) or the Bullring in Birmingham. Cruise operator Carnival, in a similar manner to the airline industry, had to temporarily suspend its cruises and the timeline to re-starting in some countries (such as the US) remains unclear. The valuation is low on a return to historic levels of profitability, but in the short term there is a lack of visibility.

Investment manager's report continued

Income

Investment income during the period fell to £9.1m, compared to £15.1m in the first six months of 2019. This fall was a result of widespread dividend suspensions in a broad variety of sectors including retailers, housebuilders, industrial companies, non-life insurers and banks. Other sectors including life insurers, pharmaceuticals, utilities, consumer goods and alternative asset classes (such as renewable energy) are proving more resilient, as are the overseas holdings. As a result of the diversified nature of the portfolio we expect the fall in investment income in 2020 to be less than the fall in the overall market, although still material.

Given the strength of the reserves and the contribution of the IPS business, the Board recently announced its intention for the 2020 dividend to be at least equal to the 2019 level of 26.0p per share (paid in quarterly instalments). We fully support this decision and crucially do not think that it impacts the way the portfolio has always been managed, which is to treat income as an output and focus on growing the capital.

Outlook

There is large divergence in economic forecasts from reputable analysts. It is not clear how consumers and corporates in aggregate are going to behave as 'lockdown' is eased. The consumers saving ratio has substantially risen while peacetime has never seen government indebtedness expand faster. Companies, given the increased cost of production as they comply with social distancing, may use an increase in demand to raise prices while the changes to trading patterns forced by the approach of Brexit are unclear.

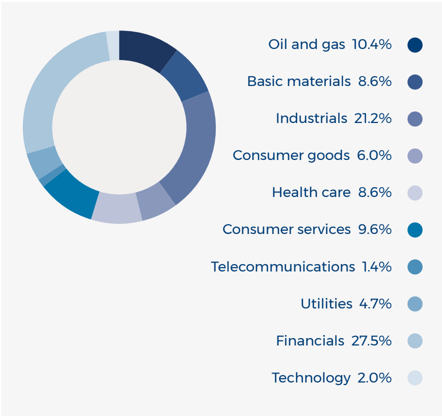
We take comfort from the fact that Law Debenture's portfolio is not a proxy for the UK economy, but rather a diverse mix of holdings in companies with strong management teams that are well placed to cope with adversity. It is a focus on excellence of product or service that is the best solution in dealing with an erratic economy. The valuation of the overall portfolio holdings is low given their longer-term earnings prospects. This is why after share price weakness we have increased gearing, positioning the portfolio for a pick-up in economic activity, as confidence slowly returns.

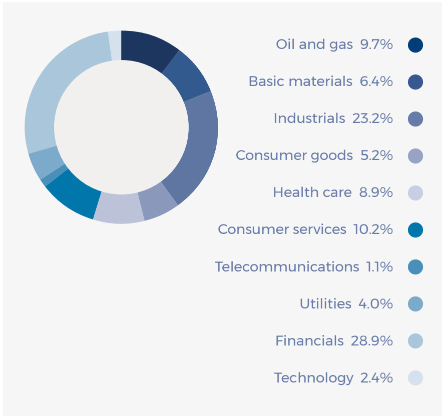
James Henderson and Laura Foll
Investment Managers
30 July 2020

Sector distribution of portfolio by value

30 June 2020

31 December 2019

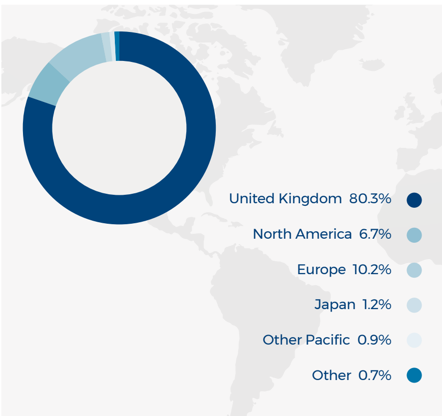


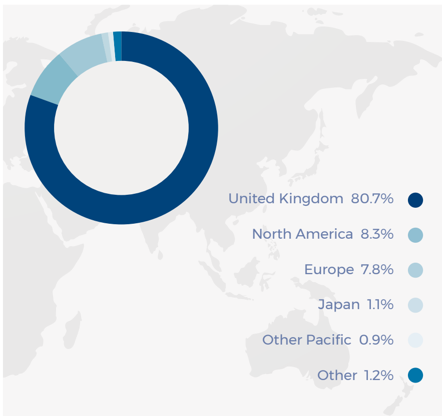


Geographical distribution of portfolio by value

30 June 2020

31 December 2019





Fifteen largest holdings: investment rationale

at 30 June 2020

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
1	**GlaxoSmithKline**	UK	3.91	£82bn	29,792	—	—	(2,386)	27,406

GlaxoSmithKline (GSK) is one of the world's largest pharmaceutical, vaccine and consumer healthcare companies. The position was added to in 2019 as we gained confidence in the strategy under the (relatively) new CEO Emma Walmsley. GSK has historically traded at a discount to the global pharmaceutical sector, as while they have world leading consumer healthcare and vaccines businesses, the pharmaceutical division has lagged behind others in, for example, innovative oncology drugs. Under a new management team (as well as Emma there is a new head of pharmaceuticals and new head of research & development) they are re-investing in R&D and focussing on innovative products. Given the long development time within pharmaceuticals it will take years for this change to become fully evident but we are seeing early stages of an improved drug pipeline. Calendar year to date the shares have declined modestly in absolute terms, however they have outperformed the FTSE All-Share benchmark due to the defensive nature of the pharmaceutical and consumer healthcare industry.

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
2	**Ceres Power**	UK	3.09	£924m	12,052	—	(2,869)	12,428	21,611

The company operates as a fuel cell technology and engineering business. The technology is fuel flexible and the company has licensed out its technology to partners including Bosch, Weichi, Minra and Doosan, therefore strong revenue growth is expected in coming years. The desire to push towards lowering carbon emissions drives the need for fuel cell technology to be adopted. Their fuel cell is being used to power buses in China as well as data centres in the UK, The adoption of this new technology is rapidly spreading.

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
3	**Rio Tinto**	UK	2.43	£57bn	16,884	—	—	173	17,057

Rio Tinto is one of the world's largest mining companies with a particular focus on iron ore, aluminium and copper. Their mines are well positioned on the cost curve, often at the lowest cost quartile globally, meaning that they can continue to be highly cash generative despite volatile commodity prices. This cash generation combined with a strong balance sheet has resulted in an attractive ordinary dividend payment combined with some special dividends in recent years. Dividends have continued to be paid in 2020 despite a volatile demand backdrop for commodities.

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
4	**Royal Dutch Shell**	UK	2.18	£96bn	27,994	—	—	(12,694)	15,300

Royal Dutch Shell is a vertically integrated oil & gas company. Following a fall in the oil price in the first half of 2020 the board took the decision to rebase the dividend by two thirds and further reduce capital and operating expenditure. At the rebased level the dividend is covered by free cash flow at the current oil price and is in a position to grow if the oil price recovers. Shell are perceived to be among the leaders within integrated oil & gas companies at the transition to renewable energy.

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
5	**Relx**	UK	2.00	£37bn	14,288	—	—	(263)	14,025

Relx (formerly Reed Elsevier) is an information services provider across a broad range of industries. For example their LexisNexis software is used as a reference and analytical tool by the majority of law firms globally. They also manage exhibitions and publish scientific and medical journals. Relx have done an excellent job historically of growing sales and earnings, with low single digit organic sales growth plus a small amount of margin growth leading to high single digit earnings growth. This consistency has meant they have acquired an (in our view justified) valuation premium relative to the broader market. Their exhibitions business (with large numbers of exhibits being cancelled this year due to Covid-19) means earnings are forecast to fall in 2020, however the business as a whole remains profitable and they have continued to pay a dividend.

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
6	**National Grid**	UK	1.99	£37bn	13,307	—	—	618	13,925

National Grid is a regulated utility company with operations in both the UK and the US. The position was added to substantially in 2018 as it was trading at a material discount to global peers, partly due to the threat of nationalisation of its UK assets under a potential Labour government. In our view this valuation discount was underestimating how global its operations are, with the US already generating roughly 50% of its earnings (where they own gas and electricity distribution networks in cities such as New York). The need to reduce global carbon emissions could also increase demands on electricity networks and this could lead to faster asset growth in future driven by the need to increase grid capacity. The position brings defensive qualities and continues to pay an attractive dividend yield.

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
7	**Herald Investment Trust**	UK	1.86	£1bn	12,580	—	—	476	13,056

Herald is a global technology focussed Investment Trust managed by Katie Potts (who launched the trust in 1994). Its technology focus brings worthwhile diversity to the portfolio and it has been an excellent performer over time.

8	**Severn Trent**	UK	1.77	£6bn	12,575	—	—	(180)	12,395

Severn Trent is a UK water utility. Similar to National Grid the position was added to substantially in 2018 and early 2019 on the view that the threat of nationalisation was causing the valuation to be too low. Severn Trent is one of the best quality water companies in the UK on metrics such as preventing leakages as it has a well invested network. The position brings defensiveness to the overall portfolio and the dividend yield remains attractive.

9	**Dunelm**	UK	1.75	£2bn	11,907	—	—	340	12,247

Dunelm is an in-store and online homeware retailer in the UK with a leading market share and a focus on good value for the customer. Under a (relatively) new CEO they have taken a number of measures to improve both financial and operating performance, leading to an improvement in trading both in store and online (where they have materially improved their website and are seeing the benefit of this). Their recent trading performance has understandably been impacted by the need to close stores during 'lockdown' as a result of Covid-19. However, their website continued to trade for the majority of the period and stores have since re-opened. In our view their value proposition for the consumer remains intact and they could emerge to an improved competitive environment with some smaller competitors having to exit the market.

10	**Prudential**	UK	1.62	£32bn	13,506	—	—	(2,125)	11,381

The company is a leading provider of insurance products in Asia, with additional operations in the US. In 2019 Prudential spun off its M&G division which constituted its UK business. This brings a clearer focus to the company and enhances its growth prospects. The savings market in Asia is immature and has strong growth drivers. In our view the franchise value of their Asian business is not fully reflected in the current share price. The business will simplify further as they plan to list on the market a portion of their US business later this year.

11	**AstraZeneca**	UK	1.49	£111bn	13,609	—	(3,962)	789	10,436

AstraZeneca is a global pharmaceutical company. Following the appointment of Pascal Soriot as CEO in 2012 the business has invested heavily in R&D and has become one of the world leaders in oncology drugs. The shares have performed well and now trade at a valuation premium to the global pharmaceutical sector. However, the fast growing new oncology products in the portfolio mean it is also growing sales and earnings substantially faster than peers.

12	**HSBC**	UK	1.42	£78bn	15,606	—	—	(5,629)	9,977

HSBC is a global bank with a substantial presence in Hong Kong and mainland China. Their geographic focus brings worthwhile diversity to the portfolio. As a result of Covid-19 they have suspended their dividend following guidance from the regulator, and the level of future loan impairments is difficult to forecast. However, the shares are trading at a material discount to book value which in our view suggests a degree of uncertainty is already reflected in the share price. The new management team also have a 'self-help' opportunity to scale back their relatively lower returning US and European businesses in order to improve the overall group returns.

13	**BP**	UK	1.40	£62bn	15,091	—	—	(5,262)	9,829

BP is a vertically integrated oil and gas company. Similar to Royal Dutch Shell, their ability to generate free cash flow has reduced this year following the fall in the oil price. While they have currently maintained their dividend payment, in our view they are likely to follow Royal Dutch Shell and permanently rebase their dividend to a lower, more sustainable level from which it can subsequently grow. Under a new CEO BP have announced ambitious plans to reach net zero carbon emissions by 2050. Details are currently fairly limited around reaching this goal but a fuller new strategy is expected in the autumn.

Fifteen largest holdings: investment rationale continued

at 30 June 2020

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
14	**Urban Logistics REIT**	UK	1.33	£258m	9,933	—	—	(620)	9,313

Urban Logistics is a property investment company focussed on 'last mile' logistics warehouses near city centres. As online shopping continues to take market share relative to physical stores, the need for well invested, modern logistics facilities is also growing. This higher demand combined with relatively constrained supply near urban areas has meant strong rental growth and low vacancy levels in recent years. The company went into the recent downturn with a strong balance sheet leaving them well positioned to buy further properties.

Rank 2020	Company	Location	% of portfolio	Approx Market Cap.	Valuation 2019 £000	Purchases £000	Sales £000	Appreciation/ (Depreciation) £000	Valuation 2020 £000
15	**Morgan Advanced Materials**	UK	1.32	£688m	11,095	979	—	(2,795)	9,279

Morgan Advanced Materials is a specialist materials producer for a wide variety of end markets including transportation, healthcare, industrials and semiconductors. Under a relatively new management team they have simplified the business via divestments, strengthened the balance sheet and invested in new product development. While in the current year industrial end markets are challenging, in our view the management team have positioned the business in a way that when end markets improve they are well placed to take market share and increase margins from the current level.

Investment portfolio valuation

based on market values at 30 June 2020

Law Debenture now publishes details of its full investment portfolio monthly. As at 30 June 2020 the portfolio comprised as follows:

Holding name	Location	Sector	Industry	£000	%
GlaxoSmithKline	UK	Health Care	Pharmaceuticals & biotechnology	27,406	3.91
Ceres Power	UK	Oil & Gas	Oil equipment services & distribution	21,611	3.09
Rio Tinto	UK	Basic Materials	Mining	17,057	2.43
Royal Dutch Shell	UK	Oil & Gas	Oil & gas producers	15,300	2.18
Relx	UK	Consumer Services	Media	14,025	2.00
National Grid	UK	Utilities	Gas, water & multiutilities	13,925	1.99
Herald Investment Trust	UK	Financials	Equity investment instruments	13,056	1.86
Severn Trent	UK	Utilities	Gas, water & multiutilities	12,395	1.77
Dunelm	UK	Consumer Services	General retailers	12,247	1.75
Prudential Corp	UK	Financials	Life insurance / assurance	11,381	1.62
AstraZeneca	UK	Health Care	Pharmaceuticals & biotechnology	10,436	1.49
HSBC	UK	Financials	Banks	9,977	1.42
BP	UK	Oil & Gas	Oil & gas producers	9,829	1.40
Urban Logistics REIT	UK	Financials	Real estate investment trusts	9,313	1.33
Morgan Advanced Materials	UK	Industrials	Electronic & electrical equipment	9,279	1.32
Smith (DS)	UK	Industrials	General industrials	9,242	1.32
BHP	UK	Basic Materials	Mining	9,098	1.30
Direct Line Insurance	UK	Financials	Nonlife insurance	8,804	1.26
BAE Systems	UK	Industrials	Aerospace & defence	8,701	1.24
Croda	UK	Basic Materials	Chemicals	8,666	1.24
Land Securities	UK	Financials	Real estate investment trusts	8,426	1.20
Cummins	USA	Industrials	Industrial engineering	8,378	1.20
M&G	UK	Financials	Financial services	8,375	1.19
Hipgnosis Songs Fund	UK	Financials	Equity investment instruments	8,375	1.19
Toyota Motor	Japan	Consumer Goods	Automobiles & parts	8,321	1.19
Standard Chartered	UK	Financials	Banks	8,297	1.18
Hill & Smith	UK	Industrials	Industrial engineering	8,280	1.18
ITM Power plc	UK	Oil & Gas	Oil equipment services & distribution	8,052	1.15
Flutter Entertainment	UK	Consumer Services	Travel & leisure	7,946	1.13
Aviva	UK	Financials	Life insurance / assurance	7,893	1.13
Johnson Service	UK	Industrials	Support services	7,212	1.03
Balfour Beatty	UK	Industrials	Construction & materials	7,204	1.03
Mondi	UK	Basic Materials	Forestry & paper	7,175	1.02
Caterpillar	USA	Industrials	Industrial engineering	7,133	1.02
Hiscox	UK	Financials	Nonlife insurance	7,130	1.02
Smith & Nephew	UK	Health Care	Health care equipment & services	7,076	1.01
Anglo American	UK	Basic Materials	Mining	7,010	1.00
Accsys Technologies	UK	Industrials	Construction & materials	6,846	0.98

Investment portfolio valuation continued

based on market values at 30 June 2020

Holding name	Location	Sector	Industry	£000	%
RSA Insurance	UK	Financials	Nonlife insurance	6,762	0.96
St Modwen Properties	UK	Financials	Real estate investments & services	6,383	0.91
Scottish Oriental Small Co	Pacific	Financials	Equity investment instruments	5,968	0.85
Senior	UK	Industrials	Aerospace & defence	5,959	0.85
Chesnara	UK	Financials	Life insurance / assurance	5,948	0.85
Gibson Energy	Canada	Oil & Gas	Oil & gas producers	5,838	0.83
IP Group	UK	Financials	Financial services	5,660	0.81
Lloyds Banking Group	UK	Financials	Banks	5,612	0.80
Applied Materials	USA	Technology	Technology hardware & equipment	5,603	0.80
Watkin Jones	UK	Consumer Goods	Household goods & home construction	5,572	0.79
Rolls Royce	UK	Industrials	Aerospace & defence	5,565	0.79
Marshalls	UK	Industrials	Construction & materials	5,540	0.79
Royal Mail	UK	Industrials	Industrial transportation	5,468	0.78
British American Tobacco	UK	Consumer Goods	Tobacco	5,433	0.78
Standard Life Aberdeen	UK	Financials	Financial services	5,369	0.77
Spectris	UK	Industrials	Electronic & electrical equipment	5,366	0.77
Irish Continental	Ireland	Consumer Services	Travel & leisure	5,073	0.72
Deere	USA	Industrials	Industrial engineering	4,946	0.71
Tesco	UK	Consumer Goods	Food & Drug Retailers	4,790	0.68
Bristol-Myers Squibb	USA	Health Care	Pharmaceuticals & biotechnology	4,739	0.68
General Motors	USA	Consumer Goods	Automobiles & parts	4,589	0.65
Royal Bank of Scotland	UK	Financials	Banks	4,558	0.65
Taylor Wimpey	UK	Consumer Goods	Household goods & home construction	4,555	0.65
Vodafone	UK	Telecommunications	Mobile telecommunications	4,510	0.64
Linde	Germany	Basic Materials	Chemicals	4,269	0.61
SSE	UK	Utilities	Electricity	4,094	0.58
IMI	UK	Industrials	Industrial engineering	4,036	0.58
Oxford Sciences Innovation	UKULM	Financials	Financial services	4,008	0.57
Pfizer	USA	Health Care	Pharmaceuticals & biotechnology	3,954	0.56
Ibstock	UK	Industrials	Construction & materials	3,947	0.56
Euromoney	UK	Consumer Services	Media	3,946	0.56
Babcock	UK	Industrials	Aerospace & defence	3,866	0.55
Ryanair	Ireland	Consumer Services	Travel & leisure	3,859	0.55
Provident Financial	UK	Financials	Financial services	3,854	0.55
Foresight Solar	UK	Financials	Equity investment instruments	3,815	0.54
TT Electronics	UK	Industrials	Electronic & electrical equipment	3,769	0.54

Holding name	Location	Sector	Industry	£000	%
Koninklijke DSM	Netherlands	Basic Materials	Chemicals	3,720	0.53
Muenchener Rueckver	Germany	Financials	Nonlife insurance	3,647	0.52
Nestlé	Switzerland	Consumer Goods	Food producers	3,632	0.52
Marks and Spencer	UK	Consumer Services	General retailers	3,464	0.49
Grit Real Estate Income	Other	Financials	Real estate investments & services	3,446	0.49
Indus Gas	UK	Oil & Gas	Oil & gas producers	3,381	0.48
Vivendi	France	Consumer Services	Media	3,285	0.47
Studio Retail Group	UK	Consumer Services	General retailers	3,283	0.47
Phoenix Group Holdings	UK	Financials	Life insurance / assurance	3,220	0.46
Prosus	Netherlands	Technology	Software & computer services	3,186	0.45
Elementis	UK	Basic Materials	Chemicals	3,100	0.44
Hammerson	UK	Financials	Real estate investment trusts	3,090	0.44
Allied Minds	UK	Financials	Financial services	3,062	0.44
International Consolidated Airlines	UK	Consumer Services	Travel & leisure	3,054	0.44
Novo-Nordisk	Denmark	Health Care	Pharmaceuticals & biotechnology	2,969	0.42
SigmaRoc	UK	Industrials	Construction & materials	2,958	0.42
Meggitt	UK	Industrials	Aerospace & defence	2,941	0.42
UniCredit	Italy	Financials	Banks	2,773	0.40
Cellnex Telecom Sau	Spain	Telecommunications	Mobile telecommunications	2,743	0.39
Amundi	France	Financials	Financial services	2,729	0.39
Deutsche Boerse	Germany	Financials	Financial services	2,708	0.39
BAWAG	Austria	Financials	Banks	2,668	0.38
Total (Fra)	France	Oil & Gas	Oil & gas producers	2,619	0.37
Worldline	France	Industrials	Support services	2,583	0.37
Telecom Italia RSP	Italy	Telecommunications	Mobile telecommunications	2,539	0.36
Roche	Switzerland	Health Care	Pharmaceuticals & biotechnology	2,422	0.35
SIMEC Atlantis Energy	UK	Utilities	Electricity	2,414	0.34
SAP	Germany	Technology	Software & computer services	2,389	0.34
St. James's Place	UK	Financials	Life insurance / assurance	2,382	0.34
Combibloc	Switzerland	Industrials	General industrials	2,323	0.33
International Personal Finance	UK	Financials	Financial services	2,301	0.33
ASML	Netherlands	Technology	Technology hardware & equipment	2,234	0.32
Carnival	UK	Consumer Services	Travel & leisure	2,218	0.32
Unilever	UK	Consumer Goods	Personal goods	2,178	0.31
Weir Group	UK	Industrials	Industrial engineering	2,127	0.30
Marstons	UK	Consumer Services	Travel & leisure	1,952	0.28

Investment portfolio valuation continued

based on market values at 30 June 2020

Holding name	Location	Sector	Industry	£000	%
Redde Northgate	UK	Industrials	Support services	1,935	0.28
Premier Oil	UK	Oil & Gas	Oil & gas producers	1,931	0.28
Daily Mail & General Trust 'A'	UK	Consumer Services	Media	1,902	0.27
Augean	UK	Industrials	Support services	1,821	0.26
Kier	UK	Industrials	Construction & materials	1,805	0.26
Ricardo	UK	Industrials	Support services	1,787	0.25
Embraer	Other	Industrials	Aerospace & defence	1,653	0.24
Nexi	Italy	Industrials	Support services	1,600	0.23
Grifols, S.A.	Spain	Health Care	Pharmaceuticals & biotechnology	1,552	0.22
JDE Peet's	Netherlands	Consumer Goods	Food producers	1,516	0.22
Morses Club	UK	Financials	Financial services	1,284	0.18
Moncler	Italy	Consumer Goods	Personal goods	1,200	0.17
Schlumberger	USA	Oil & Gas	Oil equipment services & distribution	1,186	0.17
Velocys	UK	Oil & Gas	Oil equipment services & distribution	1,112	0.16
AMS AG	Switzerland	Technology	Technology hardware & equipment	924	0.13
Wincanton	UK	Industrials	Industrial transportation	879	0.13
Boku	UK	Industrials	Support services	835	0.12
Halfords	UK	Consumer Services	General retailers	758	0.11
Ilika	UK	Oil & Gas	Alternative Energy	675	0.10
Eddie Stobart Logistics	UK	Industrials	Industrial transportation	639	0.09
Tullow Oil	UK	Oil & Gas	Oil & gas producers	632	0.09
Renold	UK	Industrials	Industrial engineering	612	0.09
GVS	Italy	Industrials	Waste & environmental services & equipment	565	0.08
National Oilwell Vaeco	USA	Oil & Gas	Oil equipment services & distribution	494	0.07
Severfield	UK	Industrials	Industrial engineering	483	0.07
Mirriad Advertising	UK	Consumer Services	Media	388	0.06
Centrica	UK	Utilities	Gas, water & multiutilities	385	0.05
LDIC Investments	UK	Financials	Financial services	213	0.03
Providence Resources	UK	Oil & Gas	Oil & gas producers	116	0.02
Carclo	UK	Basic Materials	Chemicals	101	0.01
Now Inc	USA	Oil & Gas	Oil equipment services & distribution	87	0.01
FastJet	UK	Consumer Services	Travel & leisure	77	0.01
Better Cap	UK	Financials	Equity investment instruments	25	0
Permanent TSB (Ire)	Ireland	Financials	Banks	2	0
				701,014	100.00

Calculation of net asset value (NAV) per share

Valuation of our IPS Business

Accounting standards require us to consolidate the income, costs and taxation of our IPS business into the Group income statement on page 22. The assets and liabilities of the business are also consolidated into the Group column of the statement of financial position on page 24. A segmental analysis is provided on pages 26 and 27 of these accounts which shows a detailed breakdown of the split between the investment portfolio, IPS business and Group charges.

Consolidating the value of the IPS business in this way failed to recognise the value created for the shareholder by the IPS business. To address this, from December 2015, the NAV we have published for the Group has included a fair value for the standalone IPS business.

The current fair value of the IPS business is calculated based upon historical earnings before interest, taxation, depreciation and amortisation (EBITDA) for the second of half of 2019, and the EBITDA for half year 2020, with an appropriate multiple applied.

The calculation of the IPS valuation and methodology used to derive it are included in the previous annual report at note 14. In determining a calculated basis for the fair valuation of the IPS business, the Directors have taken external professional advice. The multiple applied in valuing IPS is from comparable companies sourced from market data, with appropriate adjustments to reflect the difference between the comparable companies and IPS in respect of size, liquidity, margin and growth. A range of multiples is then provided by the professional valuation firm, from which the Board selects an appropriate multiple to apply. The multiple selected for the current year is 8.7x, which represents a discount of almost 39% on the mean multiple across the comparable businesses.

It is hoped that our initiatives to inject growth into the IPS business will result in a corresponding increase in valuation over time. As stated above, management is aiming to achieve mid to high single digit growth in 2020. The valuation of the business has increased by £21.6m/23.8% since the first valuation of the business as at 31 December 2015.

Valuation guidelines require the fair value of the IPS business be established on a stand-alone basis. The valuation does not therefore reflect the value of Group tax relief from the investment portfolio to the IPS business.

In order to assist investors, the Company restated its historical NAV in 2015 to include the fair value of the IPS business for the last ten years. This information is provided in the annual report within the 10 year record.

Long-term borrowing

The methodology of fair valuing all long-term borrowings is to benchmark the Group debt against A rated UK corporate bond yields.

Calculation of NAV per share

The table below shows how the NAV at fair value is calculated. The value of assets already included within the NAV per the Group statement of financial position that relate to IPS are removed £(23,179,000) and substituted with the calculation of the fair value and surplus net assets of the business £112,056,000. The fair value of the business has declined by 3.6% in light of the impact on multiples of the Covid-19 pandemic and resulting market instability, partially offset by the increase in EBITDA. An adjustment of £(47,680,000) is then made to show the Group's debt at fair value, rather than the book cost that is included in the NAV per the Group statement of financial position. This calculation shows an NAV fair value for the Group as at 30 June 2020 of £642,705,000 or 543.93 pence per share:

	30 June 2020		31 December 2019	
	£000	Pence per share	£000	Pence per share
Net asset value (NAV) per Group statement of financial position	**609,206**	**515.58**	775,272	655.76
Fair valuation of IPS: EBITDA at a multiple of 8.7x (2019: 9.2x)	102,086	86.40	105,938	89.61
Surplus net assets	9,970	8.44	16,367	13.84
Fair value of IPS business	**112,056**	**94.84**	122,305	103.45
Removal of assets already included in NAV per financial statements	(23,179)	(19.62)	(30,445)	(25.75)
Fair value uplift for IPS business	**88,877**	**75.22**	91,860	77.70
Debt fair value adjustment	(47,680)	(40.36)	(36,992)	(31.29)
Dividend	(7,698)	(6.51)	—	—
NAV at fair value	**642,705**	**543.93**	830,139	702.17

Group income statement

for the six months ended 30 June 2020 (unaudited)

	30 June 2020			30 June 2019		
	Revenue £000	Capital £000	Total* £000	Revenue £000	Capital £000	Total* £000
UK dividends	6,654	—	6,654	11,990	—	11,990
UK special dividends	458	—	458	893	—	893
Overseas dividends	1,986	—	1,986	2,131	—	2,131
Overseas special dividends	—	—	—	85	—	85
	9,098	—	9,098	15,099	—	15,099
Interest income	88	—	88	358	—	358
Independent professional services fees	18,633	—	18,633	17,634	—	17,634
Other income	16	—	16	27	—	27
Total income	27,835	—	27,835	33,118	—	33,118
Net gain on investments held at fair value through profit or loss	—	(152,698)	(152,698)	—	62,730	62,730
Total income and capital (losses)/ gains	27,835	(152,698)	(124,863)	33,118	62,730	95,848
Cost of sales	(2,163)	—	(2,163)	(2,173)	—	(2,173)
Administrative expenses	(11,943)	(1,145)	(13,088)	(11,114)	(1,166)	(12,280)
Operating profit/(loss)	13,729	(153,843)	(140,114)	19,831	61,564	81,395
Finance costs						
Interest payable	(660)	(1,979)	(2,639)	(660)	(1,979)	(2,639)
Profit/(loss) before taxation	13,069	(155,822)	(142,753)	19,171	59,585	78,756
Taxation	(650)	—	(650)	(642)	—	(642)
Profit/(loss) for the period	12,419	(155,822)	(143,403)	18,529	59,585	78,114
Return per ordinary share (pence)	10.51	(131.86)	(121.35)	15.68	50.42	66.10
Diluted return per ordinary share (pence)	10.51	(131.86)	(121.35)	15.68	50.42	66.10

Statement of comprehensive income

for the six months ended 30 June (unaudited)

	30 June 2020			30 June 2019		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit/(loss) for the period	12,419	(155,822)	(143,403)	18,529	59,585	78,114
Other comprehensive income for the period	—	—	—	—	—	—
Foreign exchange on translation of foreign operations	—	489	489	—	12	12
Total comprehensive income for the period	12,419	(155,333)	(142,914)	18,529	59,597	78,126

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Group statement of financial position

	Unaudited 30 June 2020 £000	Unaudited 30 June 2019 £000	Audited 31 December 2019 £000
Assets—Non-current assets			
Goodwill	1,966	1,952	1,930
Property, plant and equipment	78	89	64
Right-of-use asset	5,632	—	1,057
Other intangible assets	73	135	104
Investments held at fair value through profit or loss	701,014	761,784	822,316
Retirement benefit asset	3,180	2,969	2,700
Total non-current assets	711,943	766,929	828,171
Assets—Current assets			
Trade and other receivables	9,208	6,866	7,213
Other accrued income and prepaid expenses	5,822	6,540	6,438
Cash and cash equivalents	25,504	86,467	71,236
Total current assets	40,534	99,873	84,887
Total assets	752,477	866,802	913,058
Current liabilities			
Trade and other payables	13,376	11,525	13,010
Lease liability	240	—	730
Corporation tax payable	814	662	710
Deferred tax liability	150	—	83
Other taxation including social security	714	656	540
Deferred income	5,417	4,719	5,625
Total current liabilities	20,711	17,562	20,698
Non-current liabilities and deferred income			
Long-term borrowings	114,179	114,135	114,157
Deferred income	2,451	3,106	2,463
Lease liability	5,803	—	350
Provision for onerous contracts	127	135	118
Total non-current liabilities	122,560	117,376	117,088
Total net assets	609,206	731,864	775,272
Equity			
Called up share capital	5,922	5,919	5,921
Share premium	9,171	8,916	9,147
Own shares	(1,533)	(1,332)	(1,332)
Capital redemption	8	8	8
Translation reserve	2,386	2,123	1,897
Capital reserves	541,297	663,018	697,119
Retained earnings	51,955	53,212	62,512
Total equity	609,206	731,864	775,272
Net Asset Value (pence) per share	515.58	619.37	655.76

Group statement of cash flows

	Unaudited 30 June 2020 £000	Unaudited 30 June 2019 £000	Audited 31 December 2019 £000
Operating activities			
Operating (loss)/profit before interest payable and taxation	(140,114)	81,395	136,638
Losses/(gains) on investments	153,843	(61,564)	(97,644)
Foreign exchange (gains)/losses	(26)	(1)	20
Depreciation of property, plant and equipment	21	29	55
Depreciation of right-of-use assets	572	—	1,101
Interest on lease liability	35	—	99
Amortisation of intangible assets	37	56	104
(Increase) in receivables	(811)	(713)	(958)
Increase/(decrease) in payables	163	(344)	1,298
Transfer (from) capital reserves	(798)	(867)	(1,680)
Normal pension contributions in excess of cost	(480)	(469)	(1,000)
Cash generated from operating activities	12,442	17,522	38,033
Taxation	(479)	(168)	(663)
Operating cash flow	11,963	17,354	37,370
Investing activities			
Acquisition of property, plant and equipment	(31)	(17)	(21)
Expenditure on intangible assets	(6)	(5)	(23)
Purchase of investments	(89,827)	(70,098)	(163,106)
Sale of investments	58,089	33,445	102,888
Cash flow from investing activities	(31,775)	(36,675)	(60,262)
Financing activities			
Interest paid	(2,639)	(2,639)	(5,277)
Dividends paid	(22,976)	(15,272)	(23,050)
Payment of lease liability	(613)	—	(1,177)
Proceeds of increase in share capital	25	12	245
(Purchase) of own shares	(201)	(366)	(366)
Net cash flow from financing activities	(26,404)	(18,265)	(29,625)
Net (decrease) in cash and cash equivalents	(46,216)	(37,586)	(52,517)
Cash and cash equivalents at beginning of period	71,236	124,148	124,148
Foreign exchange gains/(losses) on cash and cash equivalents	484	(95)	(395)
Cash and cash equivalents at end of period	25,504	86,467	71,236

Group statement of changes in equity

	Share capital £000	Share premium £000
Balance at 1 January 2020	5,921	9,147
Net loss for the period	—	—
Foreign exchange	—	—
Total comprehensive income for the period	—	—
Issue of shares	1	24
Dividend relating to 2019	—	—
Movement in own shares	—	—
Total equity at 30 June 2020	5,922	9,171

Group segmental analysis

	Investment Portfolio			
	30 June 2020 £000	30 June 2019 £000	31 December 2019 £000	30 June 2020 £000
Revenue				
Segment income	9,098	15,099	29,201	18,633
Other income	12	21	17	4
Cost of sales	—	—	—	(2,163)
Administration costs	(1,034)	(865)	(2,186)	(10,909)
Release of onerous contracts	—	—	—	—
	8,076	14,255	27,032	5,565
Interest (net)	(600)	(360)	(822)	28
Return, including profit on ordinary activities before taxation	7,476	13,895	26,210	5,593
Taxation	—	—	—	(650)
Return, including profit attributable to shareholders	7,476	13,895	26,210	4,943
Return per ordinary share (pence)	6.33	11.76	22.18	4.18
Assets	714,209	825,358	870,944	38,218
Liabilities	(128,105)	(123,636)	(126,399)	(15,039)
Total net assets	586,104	701,722	744,545	23,179

The capital element of the income statement is wholly attributable to the Investment Portfolio.

Own shares £000	Capital redemption £000	Translation reserve £000	Capital reserves £000	Retained earnings £000	Total £000
(1,332)	8	1,897	697,119	62,512	775,272
—	—	—	(155,822)	12,419	(143,403)
—	—	489	-	-	489
—	—	489	(155,822)	12,419	(142,914)
—	—	—	—	—	25
—	—	—	—	(22,976)	(22,976)
(201)	—	—	—	—	(201)
(1,533)	8	2,386	541,297	51,955	609,206

Independent Professional Services		Group charges			Total		
30 June 2019 £000	31 December 2019 £000	30 June 2020 £000	30 June 2019 £000	31 December 2019 £000	30 June 2020 £000	30 June 2019 £000	31 December 2019 £000
17,634	36,815	—	—	—	27,731	32,733	66,016
6	3	—	—	—	16	27	20
(2,173)	(5,026)	—	—	—	(2,163)	(2,173)	(5,026)
(10,249)	(20,536)	—	—	(113)	(11,943)	(11,114)	(22,835)
—	—	—	—	113	—	—	113
5,218	11,256	—	—	—	13,641	19,473	38,288
58	209	—	—	—	(572)	(302)	(613)
5,276	11,465	—	—	—	13,069	19,171	37,675
(642)	(1,370)	—	—	(50)	(650)	(642)	(1,420)
4,634	10,095	—	—	(50)	12,419	18,529	36,255
3.92	8.54	—	—	(0.04)	10.51	15.68	30.68
41,387	42,021	50	57	50	752,477	866,802	913,015
(11,167)	(11,226)	(127)	(135)	(118)	(143,271)	(134,938)	(137,743)
30,220	30,795	(77)	(78)	(68)	609,206	731,864	775,272

Principal risks and uncertainties

The principal risks of the Corporation relate to the investment activities and include market price risk, foreign currency risk, liquidity risk, interest rate risk, country/region risk and regulatory risk. These are explained in the notes to the annual accounts for the year ended 31 December 2019. In the view of the board these risks are as applicable to the remaining six months of the financial year as they were to the period under review.

Since the year end the Board has considered the risks faced by the Corporation arising from the Covid-19 pandemic on both the investment portfolio and the ability of the IPS business to operate. More information on the impact is given in the half yearly management report on pages 4 to 8 and in the Investment Manager's report on pages 9 to 12.

The principal risks of the IPS business arise during the course of defaults, potential defaults and restructurings where we have been appointed to provide services. To mitigate these risks we work closely with our legal advisers and, where appropriate, financial advisers, both in the set up phase to ensure that we have as many protections as practicable, and at all other stages whether or not there is a danger of default.

Related party transactions

There have been no related party transactions during the period which have materially affected the financial position or performance of the Group. During the period transactions between the Corporation and its subsidiaries have been eliminated on consolidation. Details of related party transactions are given in the notes to the annual accounts.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and gives a true and fair view of the assets, liabilities, financial position and profit of the Group as required by DTR 4.2.4R;
- the half yearly report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period.

On behalf of the board

Robert Hingley
Chairman
30 July 2020

Basis of preparation

The results for the period have been prepared in accordance with International Financial Reporting Standards (IAS 34 – Interim financial reporting).

The financial resources available are expected to meet the needs of the Group for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

The Group's accounting policies during the period are the same as in its 2019 annual financial statements, except for those that relate to new standards effective for the first time for periods beginning on (or after) 1 January 2020, and will be adopted in the 2020 annual financial statements.

Notes

1. **Presentation of financial information**
   The financial information presented herein does not amount to full statutory accounts within the meaning of Section 435 of the Companies Act 2006 and has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The annual report and financial statements for 2019 have been filed with the Registrar of Companies. The independent auditor's report on the annual report and financial statements for 2019 was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. **Calculations of NAV and earnings per share**
   The calculations of NAV and earnings per share are based on:

   NAV: shares at end of the period 118,159,734 (30 June 2019: 118,162,211; 31 December 2019: 118,224,400) being the total number of shares in issue less shares acquired by the ESOT in the open market.

   Income: average shares during the period 118,169,964 (30 June 2019: 118,168,197; 31 December 2019: 118,181,082) being the weighted average number of shares in issue after adjusting for shares held by the ESOT.

3. **Listed investments**
   Listed investments are all traded on active markets and as defined by IFRS 7 are Level 1 financial instruments. As such they are valued at unadjusted quoted bid prices. Unlisted investments are Level 3 financial instruments. They are valued by the directors using unobservable inputs including the underlying net assets of the instruments.

The Board

Robert Hingley
Chairman, Non-Executive Director

Appointed to the Board in October 2017, becoming Chairman in April 2018. A corporate financier with over 30 years' experience. A partner of Ondra LLP until October 2017. Before that, in 2012 he joined the Association of British Insurers as director, investment affairs and acted as a consultant following the merger of ABI's Investment Affairs with the Investment Management Association, until the end of 2014. From 2010 until 2015, he was a managing director, and later senior advisor, at Lazard. He was previously director-general of The Takeover Panel, on secondment from Lexicon Partners, where he was vice chairman. Prior to that, he was co-head of the global financial institutions group and head of german investment banking at Citigroup Global Capital Markets, which acquired the investment banking business of Schroders in 2000. He joined Schroders in 1985 after having qualified as a solicitor with Clifford Chance in 1984. He is chairman of Phoenix Spree Deutschland Limited, a non-executive director of Marathon Asset Management, chairman of Euroclear UK and Ireland Limited, a member of The Takeover Panel and trustee of a charitable organisation. He is a member of the Remuneration Committee and Chairman of the Nominations Committee.

Denis Jackson
Chief Executive Officer

Appointed to the Board in January 2018 having joined Law Debenture in July 2017 as Chief Commercial Officer. He was previously at Capita plc as director of new business enterprise, having been a director at Throgmorton UK Limited (which Capita acquired). Prior to that, he was regional general manager – Europe and the United States – for Tibra Trading Europe Limited, a FCA regulated proprietary trading company, which he joined from Citigroup (formerly Salomon Brothers). He spent almost 20 years there in a variety of roles including in treasury (both in New York and London), as head of the finance desk in Hong Kong, head of fixed income prime brokerage in New York and ultimately, head of EMEA prime brokerage sales.

Katie Thorpe
Chief Financial Officer

Appointed to the Board in January 2019. She is a chartered accountant and qualified with PricewaterhouseCoopers before joining J. Rothschild Capital Management Limited, the manager/subsidiary of RIT Capital Partners plc. Initially appointed as financial controller, she was promoted to deputy chief operating officer, responsible for day-to-day operations, HR, IT, legal and company secretarial, with a significant emphasis on RIT's investor relations with shareholders and brokers. She is a Trustee of the Rambert School of Ballet and Contemporary Dance and chairs the school's finance and premises committee.

Robert Laing

Non-Executive Director

Appointed to the Board in April 2012. Admitted as a solicitor in England in 1977 and in Scotland in 1985. He worked for Slaughter and May from 1975 until 1983 when he joined Maclay Murray & Spens. He was a partner in that firm (which has since merged with Dentons) from 1985 and its chairman from 1 June 2010 until his retirement from the firm in May 2016. He is a non-executive director of The Independent Investment Trust plc. Senior independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominations Committees.

Mark Bridgeman

Non-Executive Director

Appointed to the Board in March 2013. He spent 19 years with Schroders plc as an analyst and then fund manager, rising to become global head of research. He now manages a large rural estate and farming business in Northumberland. He is a non-executive Director of JP Morgan Brazil Investment Trust plc. He is president of the board of the Country Land and Business Association (CLA) and is also on the boards of two charities. Chairman of the Audit Committee, a member of the Remuneration and Nominations Committees and the designated Non-Executive Director appointed to oversee workforce engagement.

Tim Bond

Non-Executive Director

Appointed to the Board in April 2015. Partner of Odey Asset Management LLP, which he joined in 2010, he currently manages Odey's Odyssey Fund. He previously spent 12 years at Barclays Capital as managing director and head of global asset allocation and was editor and principal author of Barclays Capital's Equity Gilt Study and chief advisor to the bank's RADAR fund. Before Barclays, he worked as a strategist at Moore Capital and at Tokai Bank Europe. He is a member of the Audit, Remuneration and Nominations Committees.

Claire Finn

Non-Executive Director

Appointed to the Board in September 2019. She had a career spanning over 18 years in financial services, with extensive experience in fund product development and distribution to retail and institutional investors. She was previously at BlackRock, where she spent almost 13 years, rising to become managing director – head of UK DC, unit-linked and platforms, responsible for strategy, innovation and growth. She is a non-executive director of Artemis Fund Managers Limited and Sparrows Capital Limited. She is a member of the Audit, Remuneration and Nominations Committees.

Registered office

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(Registered in England – No. 00030397)

Shareholder information

Investment trust status
The Company carries on business as an investment trust company as defined in Sections 1158-1159 of the Corporation Tax Act 2010.

Company share information
Information about the Company can be found on its web site www.lawdebenture.com. The market price of its ordinary shares is also published daily in the Financial Times.

Registrars
Our registrars, Computershare Investor Services PLC, operate a dedicated telephone service for Law Debenture shareholders – 0370 707 1129. Shareholders can use this number to access holding balances, dividend payment details, share price data, or to request that a form be sent to their registered address.

Share dealing
Computershare Investor Services PLC offers shareholders a share dealing service via the internet or by telephone, details of which are as follows:

www.computershare.trade

T: 0370 703 0084

Commission for the internet service is 1% with a minimum charge of £30 and 1% for the telephone service, plus £35.

The service is available only to those shareholders who hold their shares on the register (i.e. it is not available to those who hold their shares via a nominee).

Shareholders using the internet service will need their Shareholder Reference Number (SRN) and post code to complete their trade. The SRN can be found printed on your proxy card.

Computershare Brokerage Services are provided by The Share Centre Ltd, which is member of the London Stock Exchange and is authorised and regulated by the FCA. The Company is not responsible or liable for anything arising from a shareholder's decision to use the service. The Company is not acting as an introducer for the share dealing service and receives no financial benefit, either from making shareholders aware of the service or from any share deals conducted by shareholders who use the service.

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