

L&G UK Property Fund

INVESTMENT POLICY AND OBJECTIVES

The Trust's investment objective is to achieve income and capital growth through investment predominantly in commercial property throughout the UK (mainly in the retail, office and industrial sectors, but possibly including smaller sectors such as leisure property). It may also invest in other property-related assets (including property shares and property-related collective investment schemes) and in cash and other short-term investments, but commercial property will comprise not less than 70%, and generally over 80%, of its portfolio.

INVESTOR CONSTITUENCY

The Fund is open to investment by pension funds, charities, insurance companies, other corporate and institutional investors, and private individuals.

Fund details	
Type of fund	Property Authorised Investment Fund
Residence	United Kingdom
Launch date	12-Jan-06
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Mar
NAV (GBPm)	1567.8

Source: Legal & General Investment Management Limited

Management/professional advisors	
Manager	Legal & General (Unit Trust Managers) Limited
Property advisor	-
Investment Advisor	Legal & General Investment Management Limited
Fund Manager	Michael Barrie
Corporate trustee	Royal Bank of Scotland Group plc
Auditors	PricewaterhouseCoopers LLP

Source: Legal & General Investment Management Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index**		
L&G UK Property Fund*		Other balanced Open-ended funds	All balanced Open-ended funds	All funds
3 months	1.6	0.3	0.4	0.3
Year-to-date	1.5	0.1	0.2	0.1
12 months	-15.9	-17.1	-17.4	-17.1
3 years+	2.9	3.3	3.4	2.3
5 years+	2.0	2.3	2.2	1.1
10 years+	5.3	6.6	6.3	5.5

Source: Legal & General Investment Management Limited

** MSCI/AREF UK Quarterly Property Fund Index, calculated on an NAV to NAV basis, gross income reinvested

Note: * Weighted average returns + Annualised

Property investment restrictions	
Maximum development exposure	10% (includes speculative)
Maximum speculative development exposure	10%
Maximum lot-size holding as a standing investment	12%
Maximum lot-size holding permitted at purchase	10%
Maximum exposure to limited partnerships	-
Maximum exposure to joint ventures	10%
Maximum exposure to closed and open-ended property unit trusts	10%

Source: Legal & General Investment Management Limited

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index**		
L&G UK Property Fund+*		Other balanced Open-ended funds	All balanced Open-ended funds	All funds
Standard retail – South East	3.0	4.9	4.6	4.6
Standard retail – Rest of UK	1.0	1.2	1.4	2.3
Shopping centres	0.0	0.6	0.9	2.5
Retail warehouses	8.1	12.4	12.1	7.6
All UK retail	12.1	19.1	19.0	17.1
City offices	2.4	3.3	3.4	3.2
West End offices	2.5	8.1	7.5	5.1
Rest of South East offices	3.5	7.5	7.1	5.5
Rest of UK offices	6.0	5.2	4.9	5.3
All UK offices	14.5	24.2	22.9	19.1
South East industrial	16.9	24.0	24.5	20.3
Rest of UK industrial	17.5	13.6	13.7	11.8
All UK industrial	34.4	37.6	38.2	32.1
Other UK properties	23.6	12.4	12.5	25.9
Cash***	15.4	6.7	7.4	5.8
Overall	100.0	100.0	100.0	100.0

Note: + Including the Trust's share of any properties held jointly or through indirect holdings Sources: * Legal & General Investment Management Limited

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	66	1,284.9	96.9
Joint and indirect holdings	0	0.0	0.0
Listed investments	1	40.8	3.1
Total	67	1,325.7	100.0

Source: Legal & General Investment Management Limited

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
WOODSIDE INDUSTRIAL ESTATE	DUNSTABLE	Industrial	100+	10.2
FOLLINGSBY PARK	GATESHEAD	Industrial Other	100+	7.9
BIRSTALL SHOPPING PARK	BATLEY	Retail Park	50-75	5.4
INTO EXETER RESIDENTIAL BLOCKS A-E	EXETER	Residential	50-75	5.3
ONE CANALSIDE (BLOCK C)	CHELMSFORD	Residential	50-75	4.1
NORTH TOWER	MANCHESTER	Apartments- Applicable Not Categorized	50-75	3.9
HBH HOTEL STANSTED	STANSTED	Hotel	50-75	3.9
THE AIRCRAFT FACTORY, HAMMERSMITH	LONDON	Office	25-50	3.5
120 ALDERSGATE STREET	LONDON	Office	25-50	2.8
MALMAISON HOTEL	MANCHESTER	Hotel	25-50	2.5
10 largest investments as % of portfolio				49.4

Source: Legal & General Investment Management Limited

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0-2.5	7	*	*
2.5 - 5	6	*	*
5-10	18	*	*
10-25	22	*	*
25 - 50	6	*	*
50 - 100	5	*	*
100 - 150	2	*	*
Over 150	0	*	*
Total	66	1284.9	96.9
Average lot size		19.5	

Source: Legal & General Investment Management Limited

* Fund cannot disclose this information due to commercial sensitivity

Property Yield*		Voids as % of ERV*	
Net initial yield	4.90%	Investments	8.36%
Nominal equivalent yield	6.05%	Developments	5.00%
True equivalent yield	6.28%	Total	13.36%
Net reversionary yield	6.11%		

Source: Legal & General Investment Management Limited

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	4.8	5.2
Retail warehousing	12.6	8.2
Shopping centres	0.0	0.0
Central London offices	5.3	5.7
Other offices	11.9	20.3
Industrial	34.2	36.6
Other	31.1	24.0
Overall	100.0	100.0

Source: Legal & General Investment Management Limited

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	3.7	8.2	11.1	16.4	-9.0	26.8	17.8	126.8
Retail warehousing	9.6	1.1	0.0	0.0	-30.5	-23.5	-54.1	76.5
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	4.0	9.2	0.0	21.3	-11.3	28.2	16.9	128.2
Other offices	9.1	8.5	31.6	55.5	-2.4	100.9	98.5	200.9
Industrial	26.0	1.4	0.0	8.3	-1.8	26.4	24.7	126.4
Other	23.7	0.0	0.0	0.3	-14.9	-9.1	-24.0	90.9
Overall	75.9	2.5	4.3	11.4	-10.4	18.1	7.6	118.1

* Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: Legal & General Investment Management Limited

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
INVESTMENT IN REITS	-	40.8	3.1
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
		40.8	3.1

Source: Legal & General Investment Management Limited

The unexpired term of leases

Years	% of rent passing
20 years or greater	7.6
15 years or greater, but less than 20	0.2
10 years or greater, but less than 15	9.2
5 years or greater, but less than 10	25.7
Less than 5 years	57.3

Source: Legal & General Investment Management Limited

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Legal & General Investment Management Limited

Debt analysis

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

Source: Legal & General Investment Management Limited

Development exposure*

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

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

Source: Legal & General Investment Management Limited

Valuations/performance monitors/affiliations

Frequency of valuation	The 28th day of each month
Valuers	Knight Frank LLP
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	No
Member of the Association of Real Estate Funds	Full member

Source : L&G UK Property Fund

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	10%
for investment purposes	nil
for liquidity purposes	10%
Cash holdings (maximum)	Maximum non-direct property holding (including cash) 30%
Cash holdings (minimum)	nil

Source : L&G UK Property Fund

The contribution of major tenants to rental income

Tenant	%
HBH Hotel Stansted Limited	6.4
INTO University Of Exeter LLP	6.0
DHL Supply Chain Limited	4.0
The Malmison Hotel (Manchester) Limited	2.7
Red Ahead Storage Shed Limited	2.6
Next Holdings Limited	2.3
Waitrose Limited	2.1
GXO Logistics Drinks Limited	1.9
Whistl Fulfillment (Gateshead) Limited	1.7
Costain Limited	1.6
Three largest tenants' contribution to rental income	16.4
Five largest tenants' contribution to rental income	21.7
Ten largest tenants' contribution to rental income	31.4

Source: Legal & General Investment Management Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1284.9	0.0	0.0	0.0	1284.9
Listed investments	0.0	0.0	0.0	40.8	40.8
Debt	0.0	0.0	0.0	0.0	0.0
Cash	242.1	0.0	0.0	0.0	242.1
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	1527.0	0.0	0.0	40.8	1567.8
Gearing (%)					
Net debt (cash)/properties	-18.8	-	-	-	-18.8
Net debt (cash)/equity	-15.9	-	-	0.0	-15.4

Source: Legal & General Investment Management Limited

Quarterly data per unit

As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	0.62	0.64	0.61	0.52	0.52	0.52
Offer (GBP)	0.66	0.65	0.62	0.53	0.52	0.53

Mid (GBP)	0.64	0.64	0.61	0.53	0.52	0.53
Bid/offer spread	6%	1%	1%	1%	1%	1%
Net asset value (GBP)	-	-	-	-	-	-
Quarterly distribution (GBP)	-	-	-	-	-	-
Yield	-	-	-	-	-	-

Note: * as of June 2014 L&G UK Property Fund has now changed to a PAIF and as such has restructured its unit price.

Source: Legal & General Investment Management Limited

Unit pricing

The unit price is calculated on the last business day of each month. Income is not included in the unit price. Some of the vehicles through which the Fund holds directly-held investments have fixed-rate debt. The market value of this debt is not published and it does not reflect in the monthly recalculation of the Fund's net asset value.

Distributions

Distributions are made monthly, normally on the 20th of each month or the following working day. Ex-distribution dates are the penultimate working day of each month, i.e. the day before pricing. Distributions are paid to the unitholders shown on the register on the ex-distribution dates.

Minimum investment/disinvestment

The minimum initial investment is GBP250,000, although the manager, at their discretion, can allow investors to invest as little as GBP25,000 where it is satisfied that the investor has received financial advice or the investment is made on the investor's behalf by a discretionary investment manager. Existing unitholders may increase or decrease their holdings by minimum amounts of GBP10,000 (rounded to the nearest number of whole units). No redemption notice will be accepted that would result in a holding falling to below the minimum holding value determined by the manager (currently GBP10,000).

Creation, transfer and realisation of units

The fund is open to subscriptions on a monthly basis, with applications to be received at least three business days before subscription day, which is the last working day of the month.

As from March 2009, the Manager has the discretion to defer redemptions if it deems it in the interest of continuing unitholders to do so.

Redeeming unitholders may not withdraw their realisation notice in respect of units which the Manager has notified the unitholder that it has determined can be redeemed or any units which are within the last 3 months of the 24-month redemption window.

The manager will attempt, where possible, the matching of buying and selling orders. Such transfers are effective from the last business day of the month during which they take place.

Taxation

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

Capital Gains Tax

Since it is registered in Jersey, the fund is not subject to UK capital gains tax. Those investors who are subject to tax may be liable to capital gains tax on the redemption or sale of their units in the trust

Income Tax

While distributions of income are made net of UK Income Tax, non-taxpayers are entitled to reclaim any tax deducted at source.

Stamp duty reserve tax

No stamp duty is payable on the transfer of existing units.

Charges

The trust instrument empowers the manager and investment advisor to make an annual charge totalling not more than 2% of the net asset value of the fund (including accrued income). However, the total charge is currently 1% pa and the manager has undertaken to give at least three months' notice of any increase in this figure.

The manager and investment advisor currently bear the cost of fees of service providers in relation to day-to-day management and rent collection of directly held properties, valuations, the trustees' and auditors' fees, custodian fees and the costs of preparing reports and accounts for unitholders, and market research and performance measurement. These costs may, alternatively, be charged to unitholders. The manager has undertaken to give at least three months' notice before so doing.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	221	19.1
1% or greater but less than 2%	6	8.4
2% or greater but less than 4%	3	10.8
4% or greater but less than 8%	7	41.5
Greater than 8.0%	2	20.3
Total	239	100.0
Major investors		
Largest holder	1	11.5
Three largest holders	3	27.6
Five largest holders	5	41.3
Ten largest holders	10	65.7
Internal/external investors		
Internal	3	-
External	236	-

Source: Legal & General Investment Management Limited

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
Issues and redemptions						
Units in issue as at start of period	4,127,636,350	4,380,466,814	3,964,429,344	3,190,180,520	2,855,396,988	2,333,138,431
Units issued during period	608,368,749	426,652,913	23,035,124	191,343,513	256,343,224	63,084,834
Units redeemed during period	-355,538,285	-842,690,383	-797,283,948	-526,127,045	-778,601,781	-316,052,169
Units in issue at end of period	4,380,466,814	3,964,429,344	3,190,180,520	2,855,396,988	2,333,138,431	2,080,171,096
Unit transfers						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

Note: * as % of units in issue at the end of the period

^ as of June 2014 L&G UK Property Fund changed to a PAIF and as such has restructured the number of units issued.

Source: Legal & General Investment Management Limited