

Legal And General Managed Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to deliver good long-term relative performance by being fully invested in a diversified portfolio of UK commercial property. Its objective is to exceed the median return for similar funds in the CAPS Survey of pooled property funds.

Approved defined benefit and defined contribution occupational pension schemes

Fund details	
Type of fund	Exempt approved
Residence	United Kingdom
Launch date	01-Jun-71
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Mar
NAV (GBPm)	3400.1

Source: Legal & General Investment Management Limited

Management/professional advisors	
Manager	Legal & General Investment Management Limited
Property advisor	-
Investment Advisor	Legal & General Investment Management Limited
Fund Manager	Mark Russell
Corporate trustee	Not applicable
Auditors	PwC

Source: Legal & General Investment Management Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index*		
Legal And General Managed Fund		Managed funds	All balanced funds	All funds
3 months	0.5	0.3	0.3	0.0
Year-to-date	2.7	1.1	1.6	0.7
12 months	2.7	1.1	1.6	0.7
3 years+	4.9	4.7	6.0	5.3
5 years+	5.6	5.4	6.6	6.0
10 years+	7.4	7.0	7.7	7.7

Source: Legal & General Investment Management Limited

* MSCI/AREF UK Quarterly Property Fund Index

Note: Weighted average returns + Annualised

Property investment restrictions	
Maximum development exposure	1%
Maximum speculative development exposure	*
Maximum lot-size holding as a standing investment	1%
Maximum lot-size holding permitted at purchase	7.5%

Maximum exposure to limited partnerships	15%
Maximum exposure to joint ventures	15%
Maximum exposure to closed and open-ended property unit trusts	15%

Note: * None specified

Source: Legal & General Investment Management Limited

Portfolio distribution %

	Legal And General Managed Fund+*	MSCI/AREF UK Quarterly Property Fund Index**		
		Managed Funds	All balanced funds	All funds
Standard retail – South East	2.1	5.2	6.8	5.6
Standard retail – Rest of UK	4.6	3.7	3.2	3.6
Shopping centres	2.7	3.7	2.0	6.6
Retail warehouses	10.4	11.2	12.0	10.8
All UK retail	19.8	23.9	23.9	26.5
City offices	0.0	2.4	3.3	2.9
West End offices	12.6	9.3	8.0	6.7
Rest of South East offices	11.3	8.8	10.8	7.6
Rest of UK offices	6.3	4.8	5.9	5.0
All UK offices	30.1	25.3	28.0	22.2
South East industrial	21.7	20.6	19.9	15.9
Rest of UK industrial	3.2	9.5	10.2	8.3
All UK industrial	24.9	30.2	30.1	24.2
Other UK properties	10.2	7.9	10.7	21.4
Cash***	15.0	12.8	7.3	5.7
Overall	100.0	100.0	100.0	100.0

Note: + Includes the Fund's share of any properties held jointly or indirectly Sources: * Legal & General Investment Management Limited

** MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	64	2,381.9	81.1
Joint and indirect holdings	4	554.0	18.9
Listed investments	0	0	0.0
Total	68	2,935.9	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
LONDON - STRAND ISLAND SITE	London	Offices - West End/Mid Town	150-160	*
BRENTFORD - WEST CROSS INDUSTRIAL PARK	Brentford	Industrials - South East	140-150	*
DUNSTABLE - WOODSIDE INDUSTRIAL ESTATE	Dunstable	Industrials - South East	100-110	*
READING - APEX PLAZA	Reading	Offices - South East	90-100	*
LONDON - 76-88 WARDOUR STREET	London	Offices - West End/Mid Town	90-100	*
BASINGSTOKE - KINGSLAND BUSINESS PARK	Basingstoke	Industrials - South East	90-100	*
MANCHESTER - ONE PICCADILLY	Manchester	Offices - Rest UK	90-100	*
MAIDENHEAD - GRENELL ISLAND	Maidenhead	Offices - South East	80-90	*
BEDFORD - INTERCHANGE RETAIL PARK	Bedford	Retail Parks	70-80	*
BIRMINGHAM - RACKHAMS	Birmingham	Retail Units	60-70	*

10 largest investments as % of portfolio

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	1	*	*

2.5 - 5	2	8.9	0.3
5-10	10	81.4	2.8
10-25	16	263.2	9.0
25 - 50	20	712.4	24.3
50 - 100	12	909.8	31.0
100 - 150	2	247.3	8.4
Over 150	1	*	*
Total	64	2381.9	81.1
Average lot size		37.2	

Property Yield*	
Net initial yield	4.56%
Nominal equivalent yield	5.47%
True equivalent yield	5.66%
Net reversionary yield	4.30%

Voids as % of ERV*	
Investments	8.73%
Developments	0.00%
Total	8.73%
Source: Legal & General Investment Management Limited	

Rental income & ERV by type of property

Source: Legal & General Investment Management Limited

Over Renting and Reversionary Potential, % Rent Passing

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

Source: Legal & General Investment Management Limited

Listed Investments

Source: Legal & General Investment Management Limited

The unexpired term of leases	
Years	% of rent passing
20 years or greater	11.0
15 years or greater, but less than 20	5.1
10 years or greater, but less than 15	6.6
5 years or greater, but less than 10	28.4
Less than 5 years	49.0

Source: Legal & General Investment Management Limited

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
LEISURE FUND LIMITED PARTNERSHIP	Other property	INDIRECT RE - LIMITED PARTNERSHIP	LP	7.4	47.0	1.6
INDUSTRIAL PROPERTY INVESTMENT FUND	Industrial	INDIRECT RE - LIMITED PARTNERSHIP	PUT	11.7	257.7	8.8
CSG	Office	INDIRECT RE - LIMITED PARTNERSHIP	JPUT	25.0	155.8	5.3
HAMMERSMITH	Office	INDIRECT RE - LIMITED PARTNERSHIP	LP	50.0	93.6	3.2
-	-	-	-	-	-	-

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*				
Capital value of developments				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0.0	95.2	95.2	4.3
% of all directly held properties*	0.0	0.0	0.0	0.0

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

+ Including schemes to which the fund is contractually committed

Source: Legal & General Investment Management Limited

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, as at the end of each month
Valuers	CB Richard Ellis
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: Legal & General Investment Management Limited

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	
for investment purposes	NIL*
for liquidity purposes	NIL*
Cash holdings (maximum)	25%
Cash holdings (minimum)	5%

Note: * Gearing is permitted for participation in collective investment schemes.

Source: Legal & General Investment Management Limited

The contribution of major tenants to rental income

Tenant	%
HUTCHISON 3G UK LIMITED	3.4
TIX UK	3.1
EDDIE STOBART LIMITED	2.8
TESCO STORES LIMITED	2.6
THE BANK OF NEW YORK MELLON	2.4
INTO NEWCASTLE UNIVERSITY LLP	2.3
CARE UK COMMUNITY PARTNERSHIPS (SUFFOLK)	2.1
NAPP PHARMACEUTICAL HOLDINGS LIMITED	2.1
DHL SUPPLY CHAIN LIMITED	1.6
MATALAN RETAIL LIMITED	1.5
Three largest tenants' contribution to rental income	9.2
Five largest tenants' contribution to rental income	14.2
Ten largest tenants' contribution to rental income	23.9

Source: Legal & General Investment Management Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	2381.9	0.0	554.0	0.0	2935.9
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	-43.8	0.0	-43.8
Cash	518.5	0.0	0.0	0.0	518.5
Other net assets/liabilities	-12.1	0.0	1.6	0.0	-10.5
Total net assets	2888.3	0.0	511.8	0.0	3400.1
Gearing (%)					
Net debt (cash)/properties	-21.8	-	7.9	-	-16.2
Net debt (cash)/equity	-18.0	-	8.6	-	-14.0

Source: Legal & General Investment Management Limited

Quarterly data per unit

As at	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Bid (GBP)	51.89	51.96	52.50	52.91	53.25	53.57
Offer (GBP)	55.25	55.29	55.85	56.28	56.64	56.98
Mid (GBP)	53.57	53.63	54.18	54.59	54.95	55.27
Bid/offer spread	6.07%	6.02%	5.99%	5.98%	5.99%	5.99%
Net asset value (GBP)	49.53	49.56	50.04	50.38	50.66	50.91
Quarterly distribution (GBP)	n/a	n/a	n/a	n/a	n/a	n/a
Yield	n/a	n/a	n/a	n/a	n/a	n/a

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	259	37.1
1% or greater but less than 2%	14	19.0
2% or greater but less than 4%	2	4.8
4% or greater but less than 8%	2	9.0
Greater than 8.0%	2	30.2
Total	279	100.0
Major investors		
Largest holder	1	21.8

Three largest holders	3	34.9
Five largest holders	5	41.8
Ten largest holders	10	51.1
Internal/external investors		
Internal	2	1.9
External	277	98.1

Source: Legal & General Investment Management Limited

Liquidity						
Period	Year to Dec 2014	Year to Dec 2015	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019
Issues and redemptions						
Units in issue as at start of period	52,580,410	56,700,564	61,384,567	63,567,481	67,666,299	66,043,863
Units issued during period	5114939	4,684,002	2,182,914	4,098,818	764,598	0
Units redeemed during period	-994,785	-	-	-	-2387034.07	-2,869,683
Units in issue at end of period	56,700,564	61,384,567	63,567,481	67,666,299	66,043,863	63,174,181
Unit transfers						
Matched bargains	126,175	-	-	-	-	-
Matched bargains %*	0.20%	-	-	-	-	-

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

Source: Legal & General Investment Management Limited