

Legal & General UK Property Feeder Fund  
**Interim Manager's Report**  
**for the period ended**  
**28 May 2023**  
**(Unaudited)**





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# Manager's Investment Report

## Investment Objective and Policy

The objective of the Fund is to achieve income and capital growth by investing solely in the Legal & General UK Property Fund (the "Master Fund").

The investment objectives and policies for the Master Fund are available on:

<https://fundcentres.lgim.com/uk/ad/fund-centre/Unit-Trust/UK-Property-Fund>

While the Fund aims to be 100% invested in the Master Fund, it may hold cash where necessary to enable the making of payments to unitholders or creditors.

## Manager's Investment Report

During the period under review, the published price of the Fund's R-Class accumulation units fell from 81.48p on 28 November 2022 to 80.90p on 28 May 2023, representing a fall of 0.71%.

**Past performance is not a guide to future performance.**

**The value of investments and any income from them may go down as well as up.**

## Market/Economic Review

Since the end of November 2022, the performance from commercial property has shown signs of settling and of some recovery, as financial markets experience less volatility and market sentiment indicates pricing of commercial property in the UK has largely corrected.

Total return across all sectors from December to May were negative at -2.10% according to the MSCI Monthly Index, primarily driven by negative capital growth in December. Income return throughout this period was positive and stable. Total returns in March, April and May saw positive performance of +0.70%, +0.50% and +0.50% respectively, as market sentiment improved, seen through the easing of reductions in capital value, and continued stability of income return.

Overall, investor sentiment has remained largely positive for living sector (residential, hotels, student accommodation) assets. Leisure & Other sectors saw the lowest capital value decline in December at -1.40% and a positive total return from December to May at 2.10%.

Capital value decline has also eased off in the industrial sector and has returned to positive, at 0.40% in May 2023. Investor interest in the sector continues to be supported by strong occupier demand and a shortage of available space.

Returns in the retail market continue to be driven by investor interest in Retail Warehousing, which saw the lowest capital value decline within the sector at -1.50% from December to May. The retail sector saw the highest total return in Q1 2023, at 0.90% compared the market at 0.10%.

Returns in the Office sector continue to be negative, with a total return of -5.70% and capital growth of -8.20% in from December to May. Offices in the suburbs of London saw the worst total returns of the MSCI All Property at -1.60% in May.

# Manager's Investment Report continued

## Fund Review

Driven by wider market conditions, the Fund's direct property valuations across all sectors continued to fall in December and in early 2023. Recent months have shown signs of stabilisation and a return to positive performance.

Investor flows to the Fund have been negative since October due to wider economic and political conditions such as rising interest rates and the Mini-Budget. As such, the Fund has continued to undertake disposals in order to support liquidity and facilitate redemptions.

At the end of May 2023, the Fund has a cash position of 15.00%, and a further allocation of 3.00% in UK listed REITs.

To maintain sector weightings and sustain ample liquidity, the Fund's sales have been across sectors.

The Fund successfully completed the sale of Fradley Park Industrial Estate in Lichfield, which achieved a price of £140.50 million, one of the largest lot sizes to transact in what is still an uncertain market, where debt availability is limited.

In addition to this, we also completed sales elsewhere in the portfolio in line with the asset business plans. St James Retail Park in Dumbarton achieved a sale price of £33.80 million, following completion of a 15-year lease to ASDA. We also extended the lease at the Waitrose in Lichfield, which we subsequently sold for £13.10 million.

We elected to sell some lower grade assets with impending capital expenditure requirements, including Tavistock Industrial Estate, in Twyford for a sale price of £5.90 million and 5-6 Commercial Street, a retail unit in Leeds, which sold for £1.70 million. We sold Royal Buildings in Manchester, a vacant office building with some part-occupied retail units below. The asset achieved a sale price of £10.30 million.

In a challenged investment market, we found some tenants were prepared to acquire the buildings they currently rent. Sales of both Cedar House in Cobham and the Vauxhall showroom in Edinburgh were sold to tenants looking to become owner-occupiers, achieving prices of £13.10 million and £5.70 million respectively. The Fund sold a further two Car Showrooms, a Ford showroom in Bedford, and Nissan showroom in Sunderland, both of which sold at prices ahead of valuations.

The Fund has not and does not intend to undertake acquisitions at this point in time.

The Fund announced on 1 April 2022 that the anti-dilution spread on unit prices was to be temporarily reduced, effectively lowering the costs of entry to the Fund. The reduced spread still applies. For more details, please see the Fund's website.

## Outlook

Going forward, we anticipate modest performance from the market in the short term across all sectors as the market adapts to the inflationary economic environment and to interest rates that are rising in response. However, we are seeing signs that prices have stabilised since Q3 2022 and there may be growth opportunities as the market recovers, through careful positioning and asset management initiatives.

We anticipate reduced levels of consumer confidence as a result of continued inflation to hinder performance from the retail sector relative to others.

We expect more positive prospects from the leisure and other sector, to include living sectors such as residential, student accommodation and hotels. Whilst consumer confidence may have an effect, these sectors have a lack of supply, which should support rental and capital values.

## Manager's Investment Report continued

Prime quality real estate that is both flexible and relevant to occupier's needs will exhibit more defensive characteristics. We believe the Fund's current strategy for a higher exposure to industrial and alternatives and a lower exposure to both office and retail property will present further opportunity for growth and continue to benefit investors.

Legal & General Investment Management Limited  
(Investment Adviser)  
26 June 2023

### **Important Note from the Manager**

The impacts of COVID-19 across society and business operations have significantly reduced during the course of 2022 following the vaccine roll out and milder strains of the virus coming to the fore. However, the duration of the COVID-19 pandemic and its effects cannot be determined with any certainty. As such, the Manager continues to monitor the COVID-19 pandemic on an on-going basis.

In response to events in Eastern Europe, the Manager is closely monitoring financial markets and any potential liquidity and volatility risks which may have an impact on the Fund.

Legal & General (Unit Trust Managers) Limited  
June 2023

## Authorised Status

### Authorised Status

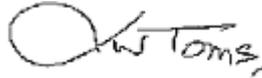
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a Non-UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

### Directors' Statement

We hereby certify that this Manager's Report has been prepared in accordance with the requirements of the FCA Collective Investment Schemes sourcebook.



A. J. C. Craven  
(Director)



L. W. Toms  
(Director)

Legal & General (Unit Trust Managers) Limited  
21 July 2023

## Portfolio Statement

### Portfolio Statement as at 28 May 2023

All investments are in collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 28 November 2022.

Holding/ Nominal Value	Investment	Market Value £'000	% of Net Assets
	<b>PROPERTY AUTHORISED INVESTMENT FUNDS — 98.52% (98.80%)</b>		
379,382,267	Legal & General UK Property Fund Feeder Acc Shares	394,839	38.01
1,173,396,256	Legal & General UK Property Fund Feeder Inc Shares	628,533	60.51
		1,023,372	98.52
<b>Portfolio of investments</b>		1,023,372	98.52
<b>Net other assets</b>		15,413	1.48
<b>Total net assets</b>		£1,038,785	100.00%

Total purchases for the period: £222,773,002.

Total sales for the period: £350,226,724.

# Financial Statements

## Statement of Total Return For the period ended 28 May 2023

	28/05/23		28/05/22
	£'000	£'000	£'000
<b>Income</b>			
Net capital (losses)/ gains		(18,446)	150,177
Revenue	20,155		24,794
Expenses	(4,208)		(5,697)
Interest payable and similar charges	(4)		-
<b>Net expense before taxation</b>	15,943		19,097
<b>Taxation</b>	(3,720)		(3,553)
<b>Net expense after taxation for the period</b>		12,223	15,544
<b>Total return before distributions</b>		(6,223)	165,721
<b>Distributions</b>		(12,224)	(15,544)
<b>Change in net assets attributable to Unitholders from investment activities</b>		<b>£(18,447)</b>	<b>£150,177</b>

## Statement of Change in Net Assets attributable to Unitholders for the period ended 28 May 2023

	28/05/23		28/05/22
	£'000	£'000	£'000
<b>Opening net assets attributable to Unitholders</b>		1,174,894	1,466,871
<b>Amounts received on issue of units</b>	19,314		32,160
<b>Amounts paid on cancellation of units</b>	(146,463)		(211,620)
		(127,149)	(179,460)
<b>Change in net assets attributable to Unitholders from investment activities</b>		(18,447)	150,177
<b>Retained distributions on accumulation units</b>		9,487	11,337
<b>Closing net assets attributable to Unitholders</b>		<b>£1,038,785</b>	<b>£1,448,925</b>

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# Financial Statements continued

## Balance Sheet as at 28 May 2023

	28/05/23 £'000	28/11/22 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	1,023,372	1,160,781
<b>Current assets:</b>		
Debtors	7,925	18,309
Cash and bank balances	15,823	13,581
<b>Total assets</b>	<b>1,047,120</b>	<b>1,192,671</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Bank overdrafts	–	(4,763)
Distributions payable	(1,110)	(2,179)
Other creditors	(7,225)	(10,835)
<b>Total liabilities</b>	<b>(8,335)</b>	<b>(17,777)</b>
<b>Net assets attributable to Unitholders</b>	<b>£1,038,785</b>	<b>£1,174,894</b>

# Notes to the Financial Statements

## 1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP) and amended in June 2017.

## 2. Accounting Policies

The accounting policies applied are consistent with the most recent annual Financial Statements.

### (a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. In making this assessment, the Manager has considered, amongst other things, factors such as Fund size, cash flows through the Fund and Fund liquidity in its assessment of the Fund's ability to meet its liabilities as they fall due at least the twelve month period from the date the financial statements are signed. Based on this assessment, the Manager deems the basis of preparation appropriate.

## Fund Information

### Net Asset Values and Units in Issue

Class	Net Asset Value (£)	Units in Issue	Net Asset Value per Unit (p)
R-Class			
Distribution Units	458,576	864,849	53.02
Accumulation Units	63,707,474	77,744,390	81.94
F-Class			
Distribution Units	7,652	13,838	55.30
Accumulation Units	246,888	277,171	89.07
I-Class			
Distribution Units	109,912,917	197,305,973	55.71
Accumulation Units	733,834,827	768,845,763	95.45
C-Class			
Distribution Units	95,269,390	164,551,186	57.90
Accumulation Units	35,343,020	35,381,431	99.89
L-Class			
Distribution Units	903	1,619	55.79
Accumulation Units	1,103	2,000	55.15
N-Class			
Distribution Units	987	2,000	49.35
Accumulation Units	998	2,000	49.90

**Past performance is not a guide to future performance.**

**The price of units and any income from them may go down as well as up.**

### Ongoing Charges Figures\*

	28 May 23	28 Nov 22
R-Class	2.41%	2.04%
F-Class	1.91%	1.54%
I-Class	1.66%	1.29%
C-Class	1.54%	1.17%
L-Class	0.94%	0.57%
N-Class	1.54%	–

\* The OCF's shown include the Property Expense Ratio (PER) of the underlying fund. The PER is the ratio of operating costs that relate to the management of the property assets to the average net assets of the L&G UK Property Fund.

The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) and all costs suffered through holdings in the Underlying Master Fund, to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a fund and is calculated based on the last period's figures.

## Fund Information continued

### Distribution Information

#### R-Class

The distribution payable on 28 July 2023 is 0.1917p per unit for distribution units and 0.2959p per unit for accumulation units.

#### F-Class

The distribution payable on 28 July 2023 is 0.2634p per unit for distribution units and 0.4245p per unit for accumulation units.

#### I-Class

The distribution payable on 28 July 2023 is 0.2955p per unit for distribution units and 0.5026p per unit for accumulation units.

#### C-Class

The distribution payable on 28 July 2023 is 0.3189p per unit for distribution units and 0.5469p per unit for accumulation units.

#### L-Class

The distribution payable on 28 July 2023 is 0.3799p per unit for distribution units and 0.3685p per unit for accumulation units.

#### N-Class

The distribution payable on 28 July 2023 is 0.2710p per unit for distribution units and 0.2725p per unit for accumulation units.

## General Information

### Constitution

Launch date:	23 May 2014
Period end dates for distributions:	28 February, 28 May, 28 August, 28 November
Distribution dates:	28 January, 28 April, 28 July, 28 October
Minimum initial lump sum investment:	R-Class £100 I-Class £1,000,000 C-Class* £100,000,000 L-Class** £500,000 N-Class† £100,000
Valuation point:	12 noon
Fund Management Fees:	R-Class 1.50% F-Class*** 1.00% I-Class 0.75% C-Class* 0.63% L-Class** 0.03% N-Class† 0.63%
Initial charge:	Nil for all existing unit classes

\* Class C units are only available to distributors who actively market and distribute such units (or whom the Manager believes intends to do so) and who have entered a written agreement with the Manager relating to the conditions for investment in such units.

\*\* Class L units are only available to other Legal & General funds and/or companies which have entered into an agreement with the Manager or an affiliate of the Manager.

\*\*\* Class F units are closed to new subscriptions.

† Class N units are only available to investors which have entered into an agreement with the Manager or an affiliate of the Manager.

### Pricing and Dealing

The prices are published on the internet at [www.legalandgeneral.com/investments/funds/prices-and-reports/daily-fund-prices](http://www.legalandgeneral.com/investments/funds/prices-and-reports/daily-fund-prices) immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 9:00am to 5:00pm, Monday to Friday.

### Buying and Selling Units

Units may be bought on any business day from the Manager or through a financial adviser by completing an application form or on the internet at [www.legalandgeneral.com](http://www.legalandgeneral.com). Units may normally be sold back to the Manager on any business day at the bid price calculated at the following valuation point.

## General Information continued

### ISA Status

This Fund may be held within this tax advantaged savings arrangement. The favourable tax treatment of ISAs may not be maintained. For full written information, please contact your usual financial adviser or ring 0370 050 0955.

Call charges will vary. We may record and monitor calls.

### Prospectus and Manager's Reports

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0370 050 0955 or by writing to the Manager.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0370 050 0955.

### Creation/Cancellation Settlement

The Manager provides a net creation or cancellation decision and settlement with the Trustee, dependent on the inflows or outflows from Unitholders. This netting generates a revenue for the Manager, which is returned to the Fund. This provides an enhanced return to the Fund, though the size of any return is dependent on the size of inflows and outflows from Unitholders.

### Taskforce on Climate related Financial Disclosures (TCFD) Report

In accordance with the Taskforce on Climate related Financial Disclosures (TCFD) requirements, Legal & General (Unit Trust Managers) Limited (UTM) has prepared its public TCFD report which is available for investors to read and review at the following website link:

[https://www.lgim.com/landg-assets/lgim/\\_document-library/capabilities/utm-tcfid-legal-entity-report-2022.pdf](https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/utm-tcfid-legal-entity-report-2022.pdf).

## General Information continued

### Remuneration Disclosure

In accordance with the Alternative Investment Fund Managers Directive (AIFMD), the Legal & General UK Property Feeder Fund, as an Alternative Investment Fund (AIF), is required to disclose the aggregate remuneration paid by the Alternative Investment Fund Manager (AIFM) and by the AIF to Identified Staff, together with the number of beneficiaries, and, where relevant, performance fees paid by the AIF. The aggregate amount of remuneration must be broken down by category of employees or other staff members and be split into fixed and variable remuneration.

The following provides information on the remuneration of persons whose professional activities have a material impact on the company and the funds we manage as at 31 December 2022:

### Controlled Functions

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
37	9,236	11,203	344

### Material Risk Takers

Headcount	Fixed Remuneration (£'000)	Variable Remuneration (£'000)	Remuneration related to this Fund (Pro-rated) (£'000)
75	7,255	3700	363

### Controlled Functions

During 2022, Legal & General Unit Trust Managers Limited (UTM) engaged the services of four employees of Legal & General Investment Management (Holdings) Limited (LGIMH). In addition, there were three non-executive Directors. UTM also engaged the services of a further 30 LGIMH employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions, Significant Management Functions and Customer Functions. These employees were also engaged by other companies in the L&G Group. The aggregate remuneration received by these individuals, for all their services across the L&G Group, is disclosed in the table in the previous page. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of UTM.

### Material Risk Takers

As at 31 December 2022, UTM engaged the services of Legal & General Investment Management's Real Assets Investment team, which consists of 75 investment professionals located in our London Office. The team includes a variety of Fund Managers, Analysts and Support Staff, with the Fund Managers empowered to take discretionary investment management decisions on behalf of the Fund. The team is also engaged in managing other Legal & General UTM Funds/Schemes and is also engaged by other companies in the L&G Group. The aggregate remuneration received by the members of the team, for all their services across the L&G Group, is disclosed in the table in the previous page. We have prorated the remuneration figures by the Net Asset Value of the UCITS Funds as a percentage of the total assets under management of the Legal & General Investment Management's Index Fund Management team.

## General Information continued

### Significant Change

#### **New Unit Class: N-Class**

N-Class units were launched on 8 December 2022.

### Notifiable Change

#### **Prospectus Updates**

With effect from 16 March 2023, the Prospectus was updated for the following:

To introduce wording to allow for the compulsory conversion or cancellation of units and to clarify the circumstances in which redemptions, conversions or cancellations may be carried out.

To introduce revised wording confirming the Fund may not be offered or sold to in the United States of America or held by U.S. Persons and that the compulsory redemption provisions as set out in the Prospectus will apply accordingly to any such U.S. Person.

To introduce wording to reflect the treatment of unclaimed distributions and client money.

With effect from 23 May 2023, the Prospectus was further updated to confirm that units may be redeemed in certain circumstances.

## General Information continued

### Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
Telephone: 0370 050 3350  
Authorised and regulated by the Financial Conduct Authority

### Directors of the Manager

M. M. Ammon  
A. D. Clare\* (resigned on 15 November 2022)  
E. Cowhey\*  
A. J. C. Craven  
D. J. Hosie\*  
L. W. Toms

\*Non-executive Director

### Secretary

J. McCarthy  
One Coleman Street,  
London EC2R 5AA

### Registrar

Legal & General (Unit Trust Managers) Limited  
One Coleman Street,  
London EC2R 5AA  
Authorised and regulated by the Financial Conduct Authority

Dealing: 0370 050 0956  
Enquiries: 0370 050 0955  
Registration: 0370 050 0955

Call charges will vary. We may record and monitor calls.

### Trustee

Northern Trust Investor Services Limited  
Trustee and Depositary Services  
50 Bank Street,  
Canary Wharf,  
London E14 5NT  
Authorised and regulated by the Financial Conduct Authority

### Independent Auditor

KPMG LLP  
319 St Vincent Street,  
Glasgow G2 5AS

### Investment Adviser

Legal & General Investment Management Limited  
One Coleman Street,  
London EC2R 5AA  
Authorised and regulated by the Financial Conduct Authority



**Authorised and regulated by the  
Financial Conduct Authority**

Legal & General  
(Unit Trust Managers) Limited  
Registered in England and Wales No. 01009418  
Registered office:  
One Coleman Street,  
London EC2R 5AA  
[www.legalandgeneral.com](http://www.legalandgeneral.com)

