

Legal & General UK Property Feeder Fund

Interim Manager's Report
for the period ended
28 May 2019
(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.

While the Fund will be solely invested in the Legal & General UK Property Fund, it may also hold cash where necessary to enable the making of payments to Unitholders or creditors.

Manager's Investment Report

During the period under review, the bid price of the Fund's R-Class accumulation shares rose by 0.55%.

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 November 2018, the performance from commercial property in the UK has remained positive but has been muted. Total returns for the MSCI Monthly Index were consistent, at between 0.1% and 0.2% per month from December 2018 to the end of May 2019 (Source: MSCI IPD Monthly Digest).

Despite the positive Total Return overall, the market is experiencing some capital value decline. Total returns are still marginally positive as highlighted above, but this is due to Income Return component (from rents) which for the wider market is currently providing 0.4% per month. By contrast the Capital Growth component has experienced decline over recent months of between 0.2% to 0.3% per month.

The capital value decline for the market has been driven by further deterioration in conditions for both leasing and investment within the retail sector. Continuing the negative trend seen during 2018, the retail property market has provided negative returns for every month in the reporting period.

As detailed previously, performance headwinds are apparent in the retail sector as a result of continuing structural change to the sector which is manifesting in increasing cases of high profile occupier failures, with store closure programmes, Company Voluntary Arrangements and Administration. The net effect of these events is that there is more space available to lease where tenants have defaulted on their lease contracts, and where contracts have been renegotiated these have been on less favourable terms for landlords. Rents are under downward pressure and naturally those retail occupiers who are not struggling in the current environment now have a very strong bargaining position in respect of new leases and lease renewals. Investors are reluctant to support pricing in many parts of the market, with particular lack of investor demand notable in the shopping centre markets and for larger retail warehouse investments.

By contrast, total returns in Offices and Industrial remain positive, with the Industrial sector outperforming Offices through marginally superior capital growth.

Offices have been broadly stable, with provincial locations outperforming the South-East, and the South-East outperforming the London markets. Outperformance for the provincial office markets has been driven by both higher levels of income returns as well as more positive capital growth results.

Whilst the Industrial sector provided significant outperformance over all other sectors during 2018, in recent months the levels of capital growth have subsided as investors

Manager's Investment Report continued

have been less aggressive in chasing available investment stock. This in turn is due to the higher pricing now being demanded by those selling.

Fund Review

Investor flows to the Master Fund have been volatile, with several months of net redemptions from December, turning back to positive flows in May. Overall, from the end November 2018 to the end of May 2019 the Fund experienced net redemptions of £55.57 million.

During this time, the Fund has continued to reshape the property portfolio with selective acquisition activity and some strategic sales.

Sales from the Fund include a Mercedes car dealership let to Pendragon Plc in Giffnock, near Glasgow. This was sold to a competing dealership for £3.65 million. In addition we sold a distribution warehouse let to John Lewis in Brackmills Industrial Estate in Northampton. This was sold for £29 million following successful completion of our business plan to renegotiate and extend the lease to John Lewis Partnership.

On acquisitions, in December the Fund acquired part of Taylor Wimpey's Chelmer Riverside residential development scheme in Chelmsford. The Fund has entered into an agreement with Taylor Wimpey whereby they will build 104 flats on the land acquired to our specification. Following construction of the flats the UK Property Fund will appoint a third party manager to run the block and lease out the individual flats. We anticipate the Fund making further acquisitions in the Build to Rent sector over the coming years.

Outlook

Going forward, we anticipate weak performance from retail returns as recent occupier difficulties impact further on both rents and investment pricing. Political uncertainty is likely to result in some volatility. Positive returns for the sector will be reliant on robust performance in the non-retail sectors, notably the industrial and to a lesser extent the Other/Alternative sub-sectors.

Legal & General Investment Management Limited
(Investment Adviser of the L&G UK Property Fund)
17 June 2019

Authorised Status

Authorised Status

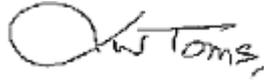
This Fund is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and is a Non-UCITS Retail Scheme within the meaning of the FCA Collective Investment Schemes sourcebook.

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
17 July 2019

Portfolio Statement

Portfolio Statement as at 28 May 2019

All investments are in collective investment schemes unless otherwise stated. The percentages in brackets show the equivalent holdings at 28 November 2018.

Holding/ Nominal Value	Investment	Market Value £'000	% of Net Assets
	PROPERTY AUTHORISED INVESTMENT FUNDS		
	— 99.52% (99.55%)		
1,528,758,567	Legal & General UK Property Fund Feeder Acc Shares	1,387,590	62.92
1,467,131,305	Legal & General UK Property Fund Feeder Inc Shares	806,996	36.60
		<hr/> 2,194,586	<hr/> 99.52
Portfolio of investments		2,194,586	99.52
Net other assets		10,578	0.48
Total net assets		<hr/> £2,205,164	<hr/> 100.00%

Total purchases for the period: £158,672,586.

Total sales for the period: £180,906,686.

Financial Statements

Statement of Total Return For the period ended 28 May 2019

	28/05/19		28/05/18
	£'000	£'000	£'000
Income			
Net capital (losses)/ gains		(12,587)	64,516
Revenue	41,307		43,534
Expenses	(8,446)		(7,815)
Interest payable and similar charges	(7)		(4)
Net revenue before taxation	32,854		35,715
Taxation	(6,378)		(6,442)
Net revenue after taxation for the period		26,476	29,273
Total return before distributions		13,889	93,789
Distributions		(26,477)	(25,766)
Change in net assets attributable to Unitholders from investment activities		£(12,588)	£68,023

Statement of Change in Net Assets attributable to Unitholders for the period ended 28 May 2019

	28/05/19		28/05/18
	£'000	£'000	£'000
Opening net assets attributable to Unitholders		2,210,869	1,952,974
Amounts received on issue of units	67,466		126,618
Amounts paid on cancellation of units	(80,762)		(40,092)
		(13,296)	86,526
Change in net assets attributable to Unitholders from investment activities		(12,588)	68,023
Retained distributions on accumulation units		20,179	19,363
Closing net assets attributable to Unitholders		£2,205,164	£2,126,886

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 2019

	28/05/19 £'000	28/11/18 £'000
ASSETS		
Fixed assets:		
Investments	2,194,586	2,200,882
Current assets:		
Debtors	28,134	28,079
Cash and bank balances	7,831	2,228
Total assets	2,230,551	2,231,189
LIABILITIES		
Creditors:		
Bank overdrafts	–	(1,975)
Distributions payable	(3,279)	(3,763)
Other creditors	(22,108)	(14,582)
Total liabilities	(25,387)	(20,320)
Net assets attributable to Unitholders	£2,205,164	£2,210,869

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 Management Association in May 2014 (2014 SORP).

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.

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	3,862,792	7,164,941	53.91
Accumulation Units	69,093,608	88,747,710	77.85
F-Class			
Distribution Units	16,478	29,318	56.20
Accumulation Units	1,067,021	1,280,957	83.30
I-Class			
Distribution Units	353,965,775	624,686,802	56.66
Accumulation Units	1,604,799,106	1,812,693,218	88.53
C-Class			
Distribution Units	156,903,188	266,439,677	58.89
Accumulation Units	15,454,201	16,737,920	92.33
L-Class			
Distribution Units	918	1,619	56.70
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 19	28 Nov 18
R-Class	1.91%	1.81%
F-Class	1.41%	1.31%
I-Class	1.16%	1.06%
C-Class	1.04%	0.94%
L-Class	0.44%	0.34%

* 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 2019 is 0.2598p per unit for distribution units and 0.3737p per unit for accumulation units.

F-Class

The distribution payable on 28 July 2019 is 0.3265p per unit for distribution units and 0.4814p per unit for accumulation units.

I-Class

The distribution payable on 28 July 2019 is 0.3574p per unit for distribution units and 0.5549p per unit for accumulation units.

C-Class

The distribution payable on 28 July 2019 is 0.3855p per unit for distribution units and 0.6003p per unit for accumulation units.

L-Class

The distribution payable on 28 July 2019 is 0.4399p per unit for distribution units and 0.1425p 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 F-Class* £500 I-Class £1,000,000 C-Class** £100,000,000 L-Class*** £500,000
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%
Initial charge:	Nil for all existing unit classes

* Class F units are available to:

- (i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in units in the Fund; and
- (ii) distributors who the Manager reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the Manager, and to whom the Manager has confirmed that such distributor or investor meets the criteria for investment in such units.

** 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.

Pricing and Dealing

The prices are published on the internet at www.legalandgeneral.com/investments/fund-information/daily-fund-prices immediately after they become available.

Dealing in units takes place on a forward pricing basis, from 8:30am to 6:00pm, 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. 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

The Manager will send to all persons on the Unitholder Register annual and interim short form 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.

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 2018:

Controlled Functions

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
22	5,329	9,851	798

Material Risk Takers

Headcount	Fixed Remuneration (£,000)	Variable Remuneration (£,000)	Remuneration related to this Fund (Pro-rated) (£'000)
38	3,776	2,480	516

Controlled Functions

During 2018, Legal & General Unit Trust Managers Limited (UTM) engaged the services of six employees of Legal & General Investment Management (Holdings) Limited (LGIMH), plus a further two employees of Legal & General Resources (LGR) to act as Directors. In addition, there was one non-executive Director. UTM also engaged the services of a further ten LGIMH employees and a further three L&G Resources (LGR) employees to act in a variety of Controlled Functions, including Chief Compliance Officer, Money Laundering Reporting Officer, Client Asset Oversight, Systems and Controls Functions and Significant Management 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 above. We have pro-rated the remuneration figures by the Net Asset Value of the AIF as a percentage of the total assets under management of UTM.

Material Risk Takers

During 2018, UTM engaged the services of Legal & General Investment Management's Real Assets Investment team, which consists of 38 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 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 above. We present the total value of the Fund and total value of assets managed by the Real Assets Investment team, to help put this remuneration in context.

General Information continued

Significant Change

New Unit Class: L-Class

L-Class accumulation units were launched on 25 April 2019.

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

R. M. Bartley (resigned 31 December 2018)
A. J. C. Craven
S. Hynes
H. Morrissey
H. Solomon
L. W. Toms
A. R. Toutouchi*
M. J. Zinkula

*Non-executive Director

Secretary

J. McCarthy

Registrar

Legal & General (Unit Trust Managers) Limited
P.O. Box 6080,
Wolverhampton WV1 9RB
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 Global Services SE UK Branch
Trustee and Depositary Services
50 Bank Street,
Canary Wharf,
London E14 5NT

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

Independent Auditors

KPMG LLP
15 Canada Square,
London E14 5GL

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
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