



Legal & General Property Fund Suspension

In light of extreme market volatility and the exceptional circumstances in the UK property market, Legal & General (L&G) have taken the difficult decision to suspend trading in the L&G UK Property Fund (the "Fund").

The suspension will apply to any instructions to be effected on or after the valuation point at 12.00 midday on 18th March 2020. This means they cannot process any instruction to buy, sell, transfer or switch shares in the funds placed after midday on 17th March 2020. The suspension will remain in place until further notice.

Why have they suspended dealing in the fund?

Given the impact of the COVID-19 virus outbreak on global financial markets, the Fund's independent valuers, Knight Frank LLP, has introduced a material valuation uncertainty clause as of 18th March to its valuations of the underlying properties in the Fund. This means they cannot be confident about the valuation of properties, in the interests of customers and in the light of their regulatory responsibilities they have taken the decision to suspend the Funds.

This uncertainty is due to the unprecedented set of circumstance caused by the COVID-19 virus impacting market activity across all sectors. This means the independent valuers are unable to rely on previous market experience to inform their opinion of values of the properties held by the Fund. L&G believe this suspension to be the fairest outcome for all investors, taking an appropriate forward looking view through the current crisis. While the Funds have sufficient liquidity to meet redemptions received so far, L&G have taken this action as a prudent and temporary measure until such times as these extreme conditions stabilise and the uncertainty around property valuations is removed.

Fund positioning

Despite the suspension, the Fund's strategic position is particularly well placed for the long-term UK property market outlook. The property portfolio is well diversified across sectors and geography, with assets in locations believed to be strong and below benchmark vacancy rates. From a sector position the portfolio is overweight to industrial and alternatives which L&G believe to have better long term dynamics and underweight to the retail sector, which is currently the weakest part of the market. At present there are high levels of liquidity with **24% held in cash** and 2% in Real Estate Investment Trusts, which should help navigate the market during this declared period of valuation uncertainty.

What happens next?

L&G will continue to monitor the Fund and market closely and take all actions that they consider to be in the best interests of investors, with a view to resuming dealing in the Funds as soon as possible. They continue to engage frequently with our regulator, the FCA, the independent valuers and with industry bodies such as the Association of Real Estate Funds. Once valuation certainty has been re-established by the independent valuers, L&G will look to reopen the Funds as soon as they are able.



For now, any requests to buy, sell or exchange shares of the Funds during the suspension will not be processed.

We will provide further information about the suspension and inform you once dealing in the Funds has resumed.

L&G will continue to calculate and publish the prices of the Funds during the period of suspension.

Central Administration
London Office
Registered Office

The Old Court Yard, Threshelfords Business Park, Feering, Colchester, Essex, CO5 9SE
Longcroft House, 2-8 Victoria Avenue, London, EC2M 4NS
Mayfield Farm, Hungerdown Lane, Ardleigh, Colchester, Essex, CO7 7LZ

Tel: 0345 319 0005
Fax: 0207 160 5265

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