

Legal & General Property Fund Update – September 2020

The Legal & General (L&G) Property Fund has been suspended for trading since March 2020. On September 2nd the fund manager's board met and reviewed the suspension. They concluded that the suspension should continue for another 28 days, at which point they are obliged to review this again.

L&G have issued the following statement:

"Given the impact of the COVID-19 virus outbreak on global financial markets, the independent valuers of the Legal & General UK Property Fund (the "Fund") and the Legal & General UK Property Feeder Fund (together, the "Funds"), Knight Frank LLP, introduced a material valuation uncertainty clause as of 18th March to its valuations of the underlying properties in the Fund. As such, we could not be confident about the valuation of properties, and in the interests of customers and in the light of our regulatory responsibilities, we took the decision to suspend the Funds.

Although now the material uncertainty clauses are being removed from the assets in the Funds, we cannot reopen the Funds until we are confident that to do so will be in the best interests of investors and the exceptional circumstances affecting the Funds no longer apply, taking into account all of the following:

- *At least 80% of the Fund's assets have valuations that are free from the material uncertainty clauses;*
- *We are confident that units can be marked at a fair and reliable price for investors;*
- *We believe the Funds will be able to remain open, taking into account potential outflows that may impact the level of material uncertainty clauses and the liquidity position of the Funds.*

Having considered all of the factors, the authorised fund manager, Legal & General (Unit Trust Managers) Limited (LGUTM), has decided to continue the suspension of the Funds. The LGUTM board came to this decision as there is currently a risk of a further suspension and/or a liquidity event upon reopening of the Funds. This decision will be reviewed periodically and the LGUTM board will reopen the Funds when the risks associated with reopening can be managed and it is in the best interests of investors to do so."

At the present moment the first clause is met as only 16% of the funds assets are currently affected by the clause.

L&G are also confident that the second point can be met.

It is the third point on which they are currently working.

The cash position of the fund is currently 24% and this is expected to rise should deals complete (expected to be above previous valuations).

There are certainly positive noises coming from L&G currently and we look forward to their update following the Fund Manager Board meeting on 30th September