



**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

## **PROSPECTUS**

Legal & General (Unit Trust Managers) Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this document does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Legal & General (Unit Trust Managers) Limited accepts responsibility accordingly.

### **LEGAL & GENERAL INVESTMENT FUNDS ICVC**

**an umbrella Open-Ended Collective Investment Scheme comprising the following Fund:**

#### **LEGAL & GENERAL UK PROPERTY FUND**

This document constitutes the Prospectus for the Company which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at **30 September 2020** Copies of this Prospectus have been sent to the FCA and the Depositary.



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## Important information

No person has been authorised by the ACD to give any information or to make any representations in connection with the offering of Shares other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been made by the ACD. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Funds have not changed since the date of this Prospectus.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the ACD to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to U.S. Persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Legal & General (Unit Trust Managers) Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Legal & General (Unit Trust Managers) Limited.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

This Prospectus is based on information, law and practice at the date of this Prospectus. The ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Legal & General (Unit Trust Managers) Limited that this is the most recently published prospectus.



**Important: If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.**

## Directory

### ACD

Legal & General (Unit Trust Managers) Limited  
One Coleman Street  
London EC2R 5AA

### Depository

Northern Trust Global Services SE, UK Branch  
50 Bank Street  
London E14 5NT

### Custodian

The Northern Trust Company, London Branch  
50 Bank Street  
London E14 5NT

### Investment Manager

Legal & General Investment Management Limited  
One Coleman Street  
London EC2R 5AA

### Registrar

Legal & General (Unit Trust Managers) Limited  
One Coleman Street  
London EC2R 5AA

### Auditor

KPMG LLP  
15 Canada Square  
London E14 5GL

### Standing Independent Valuer

Knight Frank LLP  
55 Baker Street  
London W1U 8AN

## 1. DEFINITIONS

“**ACD**” Legal & General (Unit Trust Managers) Limited;

“**ACD Agreement**” an agreement between the Company and the ACD;

“**AIF**” has the meaning given in Article 4(1)(a) of the AIFM Directive

“**AIFM Directive**” means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2004/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EC) No 1095/2010.

“**Approved Bank**” in relation to a bank account opened in respect of a Fund:

- (a) if the account is opened at a branch in the UK:
  - (i) the Bank of England; or
  - (ii) the central bank of a member state of the OECD; or
  - (iii) a bank; or
  - (iv) a building society; or
  - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
- (b) if the account is opened elsewhere:
  - (i) a bank in (a); or
  - (ii) a credit institution established in an EEA State other than the UK and duly authorised by the relevant Home State regulator; or
  - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- (c) a bank supervised by the South African Reserve Bank;

“**Auditor**” KPMG LLP or such other entity as is appointed to act as auditor to the Company from time to time;

“**Body Corporate**” a body corporate incorporated in any jurisdiction (including within the UK) or any entity treated as a body corporate for tax purposes in any jurisdiction with which the UK has any form of double tax treaty or other agreement to relieve double tax which has effect under the UK’s tax legislation by Order of Council or under such a double tax treaty or other agreement;

“**Business Day**” a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of any of the Funds’ portfolios of securities or a significant portion thereof, the ACD may decide that any Business Day in respect of a Fund shall not be construed as such;

“**Class**” or “**Classes**” in relation to Shares, means (according to the context) all of the Shares related to a Fund or a particular class or classes of Share related to a Fund;

“**COLL**” refers to the appropriate chapter or rule in the COLL Sourcebook;

“**COLL Sourcebook**” the Collective Investment Schemes Sourcebook issued by the FCA, as amended or re-enacted from time to time;

**“Company”** Legal & General Investment Funds ICVC;

**“conversion”** the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund;

**“Custodian”** means The Northern Trust Company, London Branch or such other entity as is appointed to act as custodian;

**“Dealing Day”** Monday to Friday where these days are Business Days;

**“Depository”** Northern Trust Global Services SE or such other entity as is appointed to act as Depository;

**“EEA State”** a member state of the European Union and any other state which is within the European Economic Area;

**“Eligible Institution”** one of certain eligible institutions as defined in the glossary to the FCA Handbook;

**“FCA”** the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;

**“FCA Handbook”** the FCA Handbook of Rules and Guidance as amended from time to time;

**“Feeder Fund”** Legal & General UK Property Feeder Fund;

**“Feeder Fund Shares”** feeder net accumulation and feeder net distribution Class Shares in the PAIF Fund;

**“Fund”** or **“Funds”** a sub-fund of the Company (being part of the property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;

**“Instrument”** the instrument of incorporation constituting the Company, as updated from time to time;

**“Investment Manager”** Legal & General Investment Management Limited, the Investment Manager to the ACD in respect of the Company;

**“ISA”** an individual savings account under the Individual Savings Account Regulations 1998, as amended or re-enacted from time to time;

**“Large deal”** Any purchase or redemption of Shares with a value equal to or in excess of £15,000

**“MiFID or Markets in Financial Instruments Directive”** means the Markets in Financial Instruments Directive 2014/65/EU as may be amended, supplemented, replaced or consolidated from time to time;

**“Net Asset Value”** or **“NAV”** the value of the property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument;

**“NURS”** a non-UCITS retail scheme;

**“OEIC Regulations”** the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;

**“PAIF”** an open-ended investment company or sub-fund which is a Property Authorised Investment Fund, as defined in Part 4A of the Tax Regulations and the Glossary to the FCA Handbook. At the date of this document the PAIF Fund qualifies as a PAIF;

**“PAIF Fund”** the Legal & General UK Property Fund, a sub-fund of the Company;

**“Property Investment Business”** property investment business as defined in the Tax Regulations and summarised in Appendix IV;

“**Register**” the register of Shareholders;

“**Registrar**” Legal & General (Unit Trust Managers) Limited or such other entity as is appointed by the ACD to act as registrar for the Funds from time to time;

“**Regulations**” the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);

“**Scheme Property**” the scheme property of each of the Funds required under the COLL Sourcebook to be given for safekeeping to the Depositary;

“**Standing Independent Valuer**” Knight Frank LLP or such other entity as is appointed to act as standing independent valuer to the PAIF Fund from time to time;

“**switch**” the exchange where permissible of Shares in one Fund for Shares in another Fund or in shares in another scheme managed by the ACD and its associates (as defined in COLL);

“**Share**” a Share in a Fund (including larger denomination Shares);

“**Shareholder**” a holder of registered Shares in a Fund;

“**Tax Regulations**” the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964), as amended or re-enacted from time to time;

“**UCITS**” Undertakings for Collective Investment in Transferable Securities;

“**U.S. Person**” means any citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term “U.S. Person” under Regulation S promulgated under the United States Securities Act of 1933;

“**Valuation Point**” the valuation point for each of the Funds as set out in Appendix I of this Prospectus; and

“**VAT**” value added tax.

## 2. DETAILS OF THE FUNDS

### 2.1 GENERAL

Legal & General Investment Funds ICVC (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000998 and authorised by the Financial Conduct Authority with effect from 27 November 2013. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

The ACD is also the authorised fund manager of certain other authorised unit trusts, details of which are set out in Appendix VI.

### 2.2 HEAD OFFICE

The head office of the Company is at One Coleman Street, London EC2R 5AA.

### 2.3 ADDRESS FOR SERVICE

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

### 2.4 BASE CURRENCY

The base currency of each Fund is pounds sterling.

### 2.5 SHARE CAPITAL

Maximum £100,000,000,000

Minimum £1

Shares have no par value. The Share capital of the Company at all times equals the sum of the Net Asset Values of each of the Funds.

### 2.6 THE STRUCTURE OF THE COMPANY

#### 2.6.1 The Funds

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class.

The Company is a non-UCITS retail scheme (NURS) and qualifies as an AIF under the AIFM Directive. As at the date of this Prospectus, the Company has only one sub-fund; the PAIF Fund which is to be managed so that it is a PAIF.

The FCA product reference number for the Company is 610826.

Investment of the assets of the Funds must comply with the COLL Sourcebook and the investment objective and policy of that Fund. The assets of each Fund are separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. Details of the Funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of the Funds is set out in Appendix IV.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and may not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and are not available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and within each Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Funds.



Whilst the Instrument provides for segregated liability between the Funds, the concept of segregated liability may not be recognised and given effect by a court in certain contexts including where the relevant contractual documents involving the Fund are not construed in a manner to provide for segregated liability. Where claims are brought by local creditors in foreign courts or under foreign law contracts, and the liability relates to one Fund which is unable to discharge that liability, it is not clear whether a foreign court would give effect to the segregated liability contained in the Instrument. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

### 2.6.2 Shares

Shares will be issued in larger and smaller denominations. There are one thousand smaller Shares to each larger Share. Smaller Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

Shares have no par value and, within each Class in each Fund, subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

The Instrument permits Shares to be issued in a variety of Classes in each Fund. Classes are differentiated by their charging structures, entry and redemption requirements and minimum subsequent investment and holding requirements.

The Company may issue income and accumulation Shares, although not necessarily both income and accumulation Shares are currently in issue for every Fund. Details of the Classes presently available in respect of each Fund, including details of their eligibility criteria for investment, subscription and redemption requirements and minimum subsequent investment and holding requirements and charging structure, are set out in Appendix I.

Further Classes may be established from time to time by the ACD in accordance with the Instrument and the Regulations. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared setting out the details of each Class.

The currency in which each new Class will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class.

The net proceeds from subscriptions to a Fund will be invested in the specific pool of assets constituting that Fund. The Company will maintain for each current Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Fund.

Shares in the Company are not currently listed on any investment exchange.

A regular savings plan may be available for certain Classes. The Classes where such a plan is available are set out in Appendix I.

Holders of income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company.

Details of whether gross and/or net Shares are available in any Fund are set out in Appendix I. All references in this Prospectus are to net Shares unless otherwise stated.

Gross Shares are available only to investors who qualify for the gross payment of property income distributions and PAIF interest distributions (whether or not accumulated). These include UK resident companies, ISA managers, certain pension funds and charities. For complete information, please refer to Part 4A of the Authorised Investment Funds (Tax) Regulations 2006.

Where the Funds have different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to exchange all or part of their Shares in a Class for Shares in another Class or Fund. Details of this conversion and switching facility and the restrictions are set out in paragraph 3.6.

The ACD reserves the right to reduce or waive the minimum investment holding and the minimum investment top up amounts detailed in Appendix 1.

### **Benchmarks**

Unless otherwise disclosed in this Prospectus, the indices or benchmarks utilised by the Funds are, as at the date of this Prospectus, provided by benchmark administrators who are availing of the transitional arrangements afforded under Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”) and accordingly do not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

The ACD has adopted a written plan setting out actions, which it will take with respect to the Funds in the event that an index or benchmark utilised by a Fund materially changes or ceases to be provided (the “**Contingency Plan**”), as required by the Benchmark Regulation. Shareholders may access the Contingency Plan, free of charge, upon request, from the ACD.

## **3. BUYING, REDEEMING AND SWITCHING SHARES**

### **3.1 BUYING SHARES**

#### **Procedure:**

Shares in a Fund may be purchased by application to our administration agent, Legal & General (Unit Trust Managers) Limited. For all Shares, this can be:

- in writing addressed to Legal & General Investments, PO Box 6080, Wolverhampton WV1 9RB; or
- via the Legal & General website [www.legalandgeneral.com](http://www.legalandgeneral.com) (for R and F Class Shares).

In respect of certain Classes, Shares may also be purchased:

- by telephone application to the Company’s dealers on 0370 050 0955 between 8.30 a.m. and 6.00 p.m. (an earlier closure may occasionally apply) on Business Days; or
- by placing a valid dealing instruction via an electronic trading system that is supported by Legal & General (Unit Trust Managers) Limited.

\* Please note that the Manager may record telephone calls for record keeping, security and/or training and monitoring purposes and to confirm investors’ instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where we can identify the call coming from you. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.

Investors wishing to purchase gross Shares must complete a Declaration of Eligibility and Undertakings which may be obtained from the ACD.

The ACD has the right to reject on reasonable grounds any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. Settlement is due by close of business on the fourth Business Day following the issue of Shares. If settlement is not made within that time, then

the ACD has the right to cancel any Shares issued in respect of the application.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one-thousandth of a larger denomination Share.

Applicants who have the right to cancel will be sent a cancellation notice from the Manager. Any such customers can cancel their application to buy units at any time during the 14 days after the date on which they receive the cancellation notice. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the manager receives the completed cancellation notice, he or she will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

**Documents the buyer will receive:**

A contract note giving details of the number and price of Shares bought will be issued by no later than the end of the Business Day following execution of that order, together with, where appropriate, a notice of the applicant's right to cancel.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on a Fund's Register (and in the case of joint Shareholders, up to four persons only can be recorded on the Register). Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

The Funds have the power to issue bearer Shares but there are no present plans to do so.

**Minimum subscriptions and holdings:**

The minimum initial subscriptions, subsequent subscriptions and holdings for each Class in a Fund are set out in Appendix I. The ACD may at its discretion in what it considers to be special circumstances accept subscriptions and/or holdings lower than the minimum amount(s).

If following a redemption, a holding in any Class should fall below the minimum holding for that Class, the ACD has the discretion to require redemption of that Shareholder's entire holding in that Class.

**3.2 REGULAR SAVINGS PLAN**

A regular savings plan is available in respect of certain Classes in certain Funds. Please see Appendix I for details. Any further information on how to invest through the regular savings plan is available from the ACD.

Where payment is by direct debit and Shares are purchased monthly only, accumulation Shares are immediately available.

**3.3 BODIES CORPORATE AND NOMINEES ACQUIRING SHARES IN THE PAIF FUND**

The ACD permits investment in the PAIF Fund by Bodies Corporate but only in accordance with the following conditions. The threshold of 10% is set out in this paragraph 3.3 to reflect the requirements of the Tax Regulations, however, in practice the ACD will operate a threshold of 8%. Bodies Corporate which do not meet the following conditions can only invest indirectly through the Feeder Fund:

**3.3.1** *Certificate required whenever Shares in the PAIF Fund are registered in a corporate name*

No Body Corporate may acquire Shares (whether as beneficial owner or otherwise) unless it certifies that it holds:

- (a) all the Shares as beneficial owner (in which case its interest must be less than 10% of the NAV of the PAIF Fund);
- (b) all the Shares on behalf of one or more persons which are not Bodies Corporate; or
- (c) some or all of the Shares on behalf of one or more other Bodies Corporate, in which case it must further certify that:
  - its own interest (if any) is less than 10% of the NAV of the PAIF Fund;
  - the interest of each beneficial owner that is a Body Corporate for which it holds Shares is less than 10% of the NAV of the PAIF Fund; and
  - each of the other Bodies Corporate has given the undertakings described in paragraph

3.3.3 below.

**3.3.2** *Undertaking required from every corporate nominee*

Any Body Corporate that acquires Shares in the PAIF Fund and holds them otherwise than as beneficial owner must undertake to disclose to the ACD the names and extent of the Shareholding of each Body Corporate on whose behalf it is holding Shares.

**3.3.3** *Undertakings regarding size of holding required from any corporate owner*

Any Body Corporate that acquires Shares in the PAIF Fund as beneficial owner (or as trustee of a trust (which is not a registered pension scheme) or a personal representative), whether Shares are registered in its name or the name of a nominee or other person, must give the following undertakings:

- not to acquire 10% or more of the NAV of the PAIF Fund; and
- on becoming aware that it has acquired 10% or more of the NAV of the PAIF Fund, to reduce its proportionate holding of that NAV below 10%.

In the event that a Body Corporate has acquired 10% or more of the of the Net Asset Value of the PAIF Fund as beneficial owner (or as trustee of a trust (which is not a registered pension scheme) or a personal representative), the ACD has the right to reduce the proportionate Shareholding to below 10%.

The ACD's policy, in order to protect investors, is to work with an 8% tolerance limit as set out below. If a Body Corporate is close to reaching the 8% shareholding limit but wishes to remain invested in the PAIF Fund, it should contact the ACD with a view to switching some or all of its Shares in the Fund for units in the Feeder Fund. If a Body Corporate reaches approximately 8% of the NAV of the PAIF Fund, the ACD can, in its absolute discretion, transfer the excess of its Shareholding into the Feeder Fund or compulsorily redeem the excess in each case as described below at paragraph 3.11. Typically in such a scenario the ACD will reduce the Body Corporate's holdings to 6% of the Net Asset Value of the PAIF Fund. Should a Body Corporate hold Shares in the PAIF Fund without having provided the certificate and undertaking outlined above, then that holding will be regarded as "affected Shares" for the purposes of paragraph 3.11. Accordingly, the ACD may require the Body Corporate to redeem those Shares in accordance with paragraph 3.11. The ACD may at its discretion, in those circumstances, permit the Body Corporate concerned to switch its holding of affected Shares for units in the Feeder Fund.

**3.4 REDEMING SHARES**

**Procedure:**

Every Shareholder has the right to require that the ACD redeem its Shares on any Dealing Day unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the required minimum holding in the relevant Class, in which case the Shareholder may be required to redeem his entire holding in that Class in the relevant Fund. Holders of Class L Shares in the PAIF Fund may have to give the ACD six months' advance notice of redemption, see further below at 3.17. The current advance notice requirement for Class L Shares is available on request from the ACD.

**Documents a redeeming Shareholder will receive:**

A contract note giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the Business Day following execution of the order. Payment in satisfaction of the redemption monies will normally be sent by BACS no later than the fourth Business Day following the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders, together with any other appropriate evidence of title, and (b) the Valuation Point following receipt by the ACD of the request to redeem.

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Fund to be redeemed is less than the minimum holding amounts stated in Appendix I.

### 3.5 CLIENT MONEY ACCOUNTS

We bank all Payments into a Client Money Account no later than the business day after they are received.

A Client Money Account is a current or deposit account at a bank that is in our name. Its title will also include an appropriate description to indicate that it holds only clients' money in accordance with our regulatory responsibilities. Each Client Money Account is used to hold the money of one or more clients.

This Client Money Account will be held with The Royal Bank of Scotland plc or such other bank or authorised institution as we may nominate from time to time.

Your money will be held in the Client Money Account until fund settlement date with the Depositary.

It will also be held in a Client Money Account when you are taking money out. The sale proceeds of your withdrawal instruction will be transferred to a Client Money Account when we have received these from the Depositary. This will be done within four business days from the Valuation Point at which your Units are sold. From that date it is your money and is held and protected in the Client Money Account, it cannot be used by us for any other purpose. The money will be retained in the Client Money Account until we are able to release the payment to you. You are not entitled to any interest on the money held in a Client Money Account. Withdrawal payments will be paid in Sterling from a Client Money Account.

Where we haven't been provided with sufficient payment details, we will make reasonable efforts to contact you or your personal representative, as appropriate, and confirm them before any payment is made. Whilst we are waiting for any such query to be resolved, the money will be held in a Client Money Account and no interest will be paid. We may delay payment of the withdrawal proceeds if we reasonably believe that we should delay payment for your, or your personal representative's protection (such as to prevent fraud) or as required by law.

You will not be entitled to any interest earned on your Payments held in a Client Money Account unless we tell you otherwise.

We hold any money in a Client Money Account separate from our own money.

If we become insolvent, all the money held in a Client Money Account will be paid to clients in accordance with the FCA Rules. If there is a shortfall in the money held in the Client Money Account, you will suffer in any shortfall in the same proportion to your share of the money held in the Client Money Account. You may be entitled to compensation under the Financial Services Compensation Scheme.

### 3.6 CONVERSIONS AND SWITCHING

#### 3.6.1 Converting between Classes in the same Fund and switching between Funds

A holder of Shares may at any time convert all or some of his Shares of one Class (or for a switch, switch all or some of his Shares in one Fund) (the "Original Shares") for Shares of another Class in the same Fund (or for a switch, for Shares in another Fund) (the "New Shares") subject to satisfying the minimum investment and eligibility requirements for the Class concerned. For the PAIF Fund, no conversion to or from Class L or to the Feeder Fund Shares is permitted (however conversion between different Classes of Feeder Fund Shares is permitted for the Feeder Fund). Switches into any other Legal & General scheme are permitted at the discretion of the ACD.

The ACD will not normally make a charge on converting between Classes. A Shareholder may convert accumulation Shares to income Shares, and vice versa. Such a conversion will not incur any charges.

The ACD may at its discretion make a charge on switching. The ACD does not currently make a charge on switching between Funds. Any such charge on switching, if imposed, would not constitute a separate charge payable by the Shareholder but rather would be the application of any redemption charge in respect of the Original Shares, subject to certain waivers.

Shareholders may be required to provide written instructions to the ACD (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before a switch or conversion is

effected. Any request for a switch or conversion must be received by the earlier of the relevant dealing cut off points for both the redemption of Original Shares and for the acquisition of the New Shares. Investors wishing to convert or switch to gross Shares must first complete a Declaration of Eligibility and Undertaking that may be obtained from the ACD.

The number of New Shares to be issued on a switch or conversion will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

Conversion or switching of the Original Shares specified in a conversion notice or a switching notice shall take place at the first Valuation Point after the notice is received or deemed to have been received by the ACD or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant notice may determine. For the purposes of this paragraph and for the avoidance of doubt, the ACD shall be construed as the Shareholder of all Shares in a Fund which are in issue and in respect of which no other person's name is entered on the Register. Notices received after a Valuation Point will be held over until the next day which is a Dealing Day in the relevant Fund(s).

Switching of the Original Shares specified in a switching notice shall take place at the first Valuation Point after the switching notice is received or deemed to have been received by the ACD or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant switching notice may determine. For the purposes of this clause and for the avoidance of doubt, the ACD shall be construed as the Shareholder of all Shares in a Fund which are in issue and in respect of which no other person's name is entered on the Register.

The ACD intends to facilitate switching between different Classes in a Fund every three months, immediately after an accounting date.

The ACD shall determine the number of New Shares to be issued to the Shareholder on a switch or conversion in accordance with the following formula:

$$N = O \times \frac{CP \times ER}{SP}$$

where:

N is the number of New Shares to be issued or sold (rounded down to three decimal places);

O is the number of Original Shares specified (or deemed to be specified) in the switching notice or conversion notice which the Shareholder has requested to switch;

CP is the price at which a single Original Share may be cancelled or redeemed or converted as at the Valuation Point applicable to the cancellation or redemption or conversion as the case may be;

ER is 1, where the Original Shares and the New Shares are designated in the same currency and, in any other case, is the exchange rate determined by the ACD in its absolute discretion (subject to the COLL Sourcebook) as representing the effective rate of exchange between the two relevant currencies as at the date the switching notice is received (or deemed to have been received) by the ACD having adjusted such rate as may be necessary to reflect any costs incurred by the Fund in making any transfer of assets as may be required as a consequence of such a switch or conversion being effected; and

SP is the price at which a single New Share may be issued or sold as at the valuation point applicable to the cancellation or redemption or conversion as the case may be.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching or conversion charges (if any) together with any other charges or levies in respect of the issue of the New Shares or cancellation or redemption of the Original Shares as may be made without infringement of the COLL Sourcebook.

If the switch or conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, switch or convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on such switch or conversion) or refuse to effect any switch or conversion of the Original Shares. No switch or conversion will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended.

A conversion of Shares should not normally be treated as a disposal for the purposes of taxation of capital gains. However, a switch of Shares in one Fund for Shares in another Fund is treated as a redemption of the Original Shares and a purchase of the New Shares and will, for persons subject to UK taxation, be a disposal for the purposes of taxation of capital gains.

A Shareholder who switches or converts will not be given a right by law to withdraw from or cancel the transaction. If a Shareholder wishes to cancel a switch, a reverse instruction can be sent to the ACD who will sell the New Shares and then use the proceeds to buy Original Shares at the next available Valuation Point. The number of Shares may change due to market movements.

#### **Switching between the Feeder Fund and PAIF Fund**

The ACD is aware that certain holders who are eligible to invest in the PAIF Fund are unable to do so for administrative reasons and will initially invest through the Feeder Fund. When they are in a position to invest directly in the PAIF Fund, they will be able to switch their holdings of units in the Feeder Fund for Shares in the PAIF Fund. The ACD intends to facilitate switching between the Feeder Fund and the PAIF Fund every three months, immediately after an accounting date for both the PAIF Fund and the Feeder Fund. Eligible investors using these switching arrangements would benefit from income and capital gains tax advantages. The switch would take place when there is no accrued income in the PAIF Fund to avoid income tax consequences and it would be with the agreement of the manager of the Feeder Fund so that the disposal would qualify for capital gains tax rollover relief. The new Shares issued to the investors would therefore have the same acquisition cost and acquisition date for capital gains tax purposes as their original holding of units in the Feeder Fund.

For switches with the co-operation of the manager of the Feeder Fund and the ACD, units will be redeemed in the relevant Feeder Fund at the cancellation price of units of the Feeder Fund calculated in accordance with its prospectus and Shares in the PAIF Fund will be issued at a price calculated on a cancellation basis. Where the switch is made without prior consultation with and the co-operation of the manager of the Feeder Fund, units will be redeemed at cancellation price but Shares in the PAIF Fund will be issued at their issue price. Accordingly, it is likely in that circumstance that a shareholder will suffer a large spread which could be in the region of 5% of the value of the units being redeemed as part of the switch. It would also constitute a disposal of units in the Feeder Fund for the purposes of UK capital gains tax.

### **3.7 DEALING CHARGES**

The price per Share at which Shares are issued or cancelled is based on the dealing prices, the basis of calculation of which is set out at paragraph 4.3. Any redemption charge is payable in addition to the price.

#### **3.7.1 Initial charge**

There is no initial charge on this Fund.

#### **3.7.2 Redemption charge**

The ACD may make a charge on the redemption of Shares in each Class. At present, no redemption charge is levied.

The ACD may only increase or introduce a redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e. those not previously subject to a redemption charge).

#### **3.7.3 Charges on switching and conversions**

There are currently no charges on switching between Funds or converting from one Class to another Class in the same Fund.

#### **3.7.4 Stamp duty reserve tax**

Sales of Shares by one Shareholder to another may trigger SDRT at 0.5 per cent payable by the purchaser. If a Shareholder redeems Shares in specie, that is in return for an appropriate value of assets out of a Fund, there will be no SDRT on UK equities provided the Shareholder receives a

proportionate part of each holding. Otherwise the Shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred.

### 3.8 SPECIAL DEALING ARRANGEMENTS FOR THE PAIF FUND AND THE FEEDER FUND

Prices of Shares in the PAIF Fund are calculated at each Valuation Point for the PAIF Fund as further detailed at paragraph 4. Requests to deal in Shares in the PAIF Fund (other than for redemptions of Class L Shares where there is an advance notice requirement further detailed at paragraph 3.17) must be received before the Valuation Point on a Dealing Day in order to be dealt with at the price established on that Dealing Day. Requests to deal in Shares of the PAIF Fund received after the Valuation Point on a Dealing Day will be dealt with at the price calculated at the Valuation Point on the next Dealing Day. However, dealing requests received from the Feeder Fund on a Dealing Day after the Valuation Point but before the earlier of 6 pm or the price publication point on that Dealing Day will still be accepted by the ACD and dealt with at the price calculated on that Dealing Day.

### 3.9 MARKET TIMING

The ACD has a policy to prevent investments in the Funds which are associated with market timing activities as these may affect the overall interests of Shareholders. The repeated or frequent purchasing and selling of Shares in response to short-term market fluctuations is known as “market timing”.

The ACD also has a policy to prevent late trading. “Late trading” involves the acceptance of a dealing order received after the Valuation Point of a Fund for that Dealing Day. The ACD’s policy is that orders will not be dealt with at the Valuation Point established on that Dealing Day where they have been received by the ACD after that Valuation Point. Late trading does not include a situation where the ACD is satisfied that orders which are received after the Valuation Point have been made by applicants before then, for instance where due to technical reasons the transmission of an order has been delayed. (There are arrangements in place for the PAIF Fund to permit dealing requests to be received after the Valuation Point of the PAIF but to be dealt with at that Valuation Point – see paragraph 3.8 above.)

As part of its policy, the ACD may refuse to accept an application to subscribe or redeem Shares, or an instruction to switch Funds from persons that they reasonably believe are engaged in market timing or late trading.

### 3.10 VERIFICATION OF IDENTITY

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor.

In order to establish the identity of new and sometimes existing Shareholders for the purposes of protecting the Shareholders, the Funds and the ACD from financial crime, the ACD may, in addition to requesting proof of identity from prospective or current Shareholders, use reference agencies to search sources of information relating to prospective or current Shareholders (an identity search). This will not affect a prospective or current Shareholder’s credit rating.

### 3.11 BODIES CORPORATE HOLDING SHARES IN THE PAIF FUND

3.11.1 In accordance with the Tax Regulations, no Body Corporate may be beneficially entitled directly or indirectly to 10% or more of the Net Asset Value of the PAIF Fund. See also paragraph 3.3 regarding corporate holders.

3.11.2 The ACD’s policy, as set out in paragraph 3.3, is that if a Body Corporate should be or become beneficially entitled directly or indirectly to 8% or more of the Net Asset Value in the PAIF Fund or the ACD reasonably believes this to be the case, then the ACD may at its discretion immediately transfer the excess of the Shareholding of that Body Corporate in the PAIF Fund into the Feeder Fund in exchange for the issue to such Body Corporate of units in the Feeder Fund or compulsorily redeem the excess



Shareholding. Shares in the Company will be redeemed at the price calculated on a cancellation basis and units in the Feeder Fund will be issued at the price calculated on an issue basis. Accordingly, it is likely in that circumstance that the Shareholder will suffer a large spread which could be in the region of 5% of the value of the Shares being redeemed as part of the switch. It would also constitute a disposal of Shares for the purposes of UK capital gains tax. Alternatively, the ACD may treat a proportion of the Shares in the PAIF Fund representing the excessive holding (or the proportion it reasonably believes to be an excessive holding) as 'affected Shares' for the purposes of paragraph 3.12 and compulsory transfer and redemption' below and the provisions of that section will apply to them except that for 'thirty days' there shall be substituted 'as soon as reasonably possible'. Typically in such a scenario the ACD will reduce the Body Corporate's holdings to 6% of the Net Asset Value of the PAIF Fund.

- 3.11.3 Where the ACD becomes aware that a Body Corporate holds 8% or more of the Net Asset Value of the Company, it will notify the Body Corporate of that fact and, where a Body Corporate holds more than 10% of the Net Asset Value of the Company, the ACD will not pay any income distribution to that Body Corporate.
- 3.11.4 Furthermore, in the event that the ACD reasonably considers that a Body Corporate holds 8% or more of the Net Asset Value of the Company the ACD is entitled to delay any redemption of Shares if the ACD reasonably considers such action to be necessary in order to enable an orderly reduction of the holding below 8%, and if it is in the interests of Shareholders as a whole.

### 3.12 RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the instrument, the prospectus, the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer, conversion or switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares"):

- (a) are owned directly or beneficially in breach of the instrument, the prospectus, any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case,

the ACD may in its discretion (i) give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares; or (ii) redeem the affected Shares and apply the proceeds of redemption in acquiring Shares of some other class, which Shares shall be registered in the same manner as the affected Shares were registered. The ACD shall promptly notify the Shareholder in question of any such redemption and acquisition.

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless he has already received a notice as set out above, either transfer all his affected Shares to

a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected Shares.

Where a request in writing is given or deemed to be given for the redemption of affected Shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

### 3.13 **ISSUE OF SHARES IN EXCHANGE FOR IN SPECIE ASSETS**

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

### 3.14 **IN SPECIE REDEMPTIONS**

If a Shareholder, other than the Feeder Fund in relation to the PAIF Fund, requests the redemption of Shares the ACD may at its discretion, where it considers the deal to be substantial in relation to the total size of the Fund concerned or in some way advantageous or detrimental to the Fund, arrange, having given prior notice in writing to the Shareholder, that in place of payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant property, to the Shareholder. Before the redemption proceeds of the Shares become payable, the ACD must give written notice to the Shareholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Shareholder so that the Shareholder can acquire the net proceeds of redemption rather than the relevant property if he so desires.

For this purpose, the ACD may consider a deal to be substantial if the relevant Shares constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund. Some Funds may have a higher or lower threshold at which the ACD may consider a deal substantial. Where there is a different threshold for the purpose of this in specie redemption provision in respect of a Fund, this is specified in Appendix I. No such threshold applies in relation to the Feeder Fund Shares.

The ACD will select the property to be transferred in consultation with the Depositary but will only do so where the Depositary has taken reasonable care to ensure the property concerned is not likely to result in any material prejudice to the interests of Shareholders.

### 3.15 **SUSPENSION OF DEALINGS IN THE COMPANY**

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Fund or Funds.

The ACD and the Depositary must ensure that a suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the relevant Fund is offered for sale.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension.

Where such suspension takes place, the ACD will publish details on its website or by other general means, sufficient details to keep Shareholders appropriately informed about the suspension,

including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

#### *Suspension of dealing during periods of material uncertainty*

Where the Standing Independent Valuer has expressed material uncertainty regarding the value of 20% of the Scheme Property of the Fund or the Fund invests at least 20% of its NAV in funds for which dealings have been temporarily suspended for the same reason (“**Material Uncertainty**”), the ACD will, as soon as possible and in any event by the end of the second Business Day after which such Material Uncertainty is expressed, temporarily suspend dealings in the Fund. The ACD and Depositary may agree to suspend one or more classes of Shares without suspending other Classes if the ACD considers that suspension of dealings in Shares of some class of Shares but not all classes of Shares is in the best interest of all the Shareholders of the Fund or sub-fund. The Fund must resume dealing as soon as practicable after Material Uncertainty is no longer present subject to the Depositary giving its approval for the temporary suspension to end.

The Fund may continue to deal during a period of Material Uncertainty where the ACD has agreed with the Depositary that it is in Shareholders’ best interests. The decision to continue dealing will be made as soon as possible and in any event by the second Business Day after the day on which Material Uncertainty is expressed. Where the ACD and Depositary have not agreed to continue dealing after the second Business Day following the day on which Material Uncertainty is expressed, dealings in the Fund will suspend. The ACD and Depositary will review any decision not to suspend at least every two weeks during a period of Material Uncertainty and will inform the FCA of the results of each review. Following such a review, the ACD must temporarily suspend dealings in the Fund unless the ACD and Depositary agree that dealings should continue and is in the Shareholders’ best interests. In periods of material uncertainty, it is likely that dealing will be suspended.

Please refer to the risk factors titled “Market Valuation Risk” and “Suspension Risk” set out at Appendix III.

### 3.16 **DEFERRED REDEMPTIONS OF SHARES IN THE PAIF FUND**

In general redemptions of Shares will be processed on the Business Day of receipt of the notification (provided that it is received before the Valuation Point on that day). However due to the nature of the PAIF Fund’s assets, there may be insufficient liquidity to enable daily redemptions and where this is the case, the ACD has the right to defer redemptions to the next Dealing Day where total requested redemptions exceed 10% of the value of the PAIF Fund. Given the challenges of liquidating real estate quickly, it is unlikely that the ACD will use its rights to defer redemptions.

### 3.17 **NOTICE PERIOD FOR CLASS L SHARES IN THE PAIF FUND**

In order to protect the interests of continuing investors, the ACD may insist that holders of Class L Shares in the PAIF Fund give the ACD up to six months’ advance notice of redemption of those Shares or conversion to another Class. The ACD may redeem Class L Shares before the 185 day notice period expires, if in its view there is sufficient liquidity in the PAIF Fund to do so; but it is not under any obligation to do so if it considers earlier redemption would not be in the interests of the PAIF Fund. The current advance notice requirement is available on request from the ACD.

This arrangement does not apply to other Classes in the PAIF Fund. The ACD will only use this arrangement in exceptional circumstances such as where the PAIF Fund is experiencing a period of

particular illiquidity.

### 3.18 **LARGE DEALS**

Any purchase or redemption of Shares with a value equal to or in excess of £15,000 will amount to a “large deal”. For large deals (subject to the Regulations), the ACD may sell Shares at more than, or redeem Shares at less than, the published price. Dealings in Feeder Fund Shares by the Feeder Fund are not subject to this large deals provision.

### 3.19 **GOVERNING LAW**

All deals in Shares are governed by English law.

### 3.20 **MAXIMUM LEVEL OF LEVERAGE**

The maximum level of leverage for the Fund’s expressed as a ratio of the Fund’s total exposure to its Net Asset Value:

- (a) under the gross method is 300%; and
- (b) under the commitment method is 200%

### 3.21 **LIQUIDITY RISK CONTINGENCY PLAN**

The ACD has a liquidity management contingency plan in place for exceptional circumstances which is based on the requirements set out in COLL.

## 4. **VALUATION OF THE COMPANY**

### 4.1 **GENERAL**

The Company will be valued in accordance with the provisions set out in Appendix VI at the Valuation Point on each Dealing Day. For details of the Valuation Point, please see Appendix I.

### 4.2 **CALCULATION OF THE VALUE**

The Standing Independent Valuer is responsible for valuing the immovables (the land) of the PAIF Fund. Where the appointed Standing Independent Valuer is acting as a connected party to a purchase transaction being carried out by the PAIF Fund, the ACD will, as required, appoint an alternative standing independent valuer to act in relation to that particular transaction only.

Valuations of the Scheme Property of a Fund for the purpose of the calculation of prices of Shares will be carried out on a dual priced basis in accordance with the Instrument and Appendix VI to this Prospectus. This means that the Scheme Property of a Fund is valued by reference to its offer price to determine the issue price of a Share and by reference to its bid price to determine the cancellation price of a Share.

The prices used for these valuations are as follows:

FTSE 100 (including the reserve list):	Best offer and best bid prices.
Other order driven share markets:	Last traded price adjusted to bid and offer prices appropriate to the typical size of deal the Company makes in the market.
Other markets:	Best offer and best bid prices.

Valuations will be made every Business Day at the relevant Valuation Point. The ACD may determine that any Business Day so defined shall not be a Business Day. Such a determination would generally only be made in respect of a particular day if that day were a holiday on a stock exchange which was the principal market for a significant portion of the Fund’s portfolio of securities (namely, its assets other than cash, deposits and short term paper) or was a holiday

elsewhere which impeded the calculation of the fair market value of the portfolio.

If, in the opinion of the ACD, the prices of Scheme Property obtained are unreliable or no recent price exists or does not reflect the ACD's best estimate of the value of the Scheme Property, the ACD may substitute a value which, in the ACD's opinion is fair and reasonable.

In relation to immovable property, where the ACD, Depositary or Standing Independent Valuer has reasonable grounds to believe that the most recent valuation of an immovable does not reflect the current value of that immovable then the ACD and Standing Independent Valuer will consult and agree with the Standing Independent Valuer a fair and reasonable value for the immovable.

Where the ACD decides that an immovable forming part of the Scheme Property needs to be sold quickly to meet redemption requests as they fall due, it will consult and agree with the Standing Independent Valuer a fair and reasonable price for the immovable to reflect a rapid sale. Please note, it is likely that the ACD will only rely on this power in exceptional circumstances.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. The ACD may carry out additional valuations if it considers it desirable to do so or value earlier than the Valuation Point as appropriate, if the length of the Business Day is curtailed. Such an additional valuation may be made if the ACD believes that the value of the Scheme Property has varied by 2% or more from that calculated at the previous valuation.

For single deals of £15,000 or more (large deals) the ACD may recalculate the price at which it issues or redeems Shares in accordance with COLL.

#### 4.3 **PRICE OF SHARES**

Except as otherwise provided at paragraphs 3.3, 3.11 and Appendix I regarding Feeder Fund Shares, the price per Share at which Shares are issued or cancelled is calculated by taking the proportion attributable to the Shares of the Class in question of the value on the issue basis (when calculating the issue price per Share) or the cancellation basis (when calculating the cancellation price per Share) of the Scheme Property by reference to the most recent valuation, computing the number of Shares of the relevant Class in issue immediately before that valuation, dividing the total by that number of Shares. Any redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

There is a single price at which Shares can be purchased and another (lower) price at which Shares can be sold on any Dealing Day.

The price at which the ACD sells Shares (the offer price), may not exceed the issue price of Shares. The price at which the ACD redeems Shares (the bid price) will not be less than the cancellation price (less any redemption charge, if applicable). The bid price will not exceed the relevant issue price. The price at which the ACD issues Shares may be more than the published price and the price at which it redeems Shares may be less than the published price.

Large deals (see paragraph 3.18) may be carried out at a higher offer price or a lower bid price than those published, provided these prices do not exceed the relevant maximum and minimum parameters set out in the paragraph above.

For the purposes of calculating the investment limits the Scheme Property is valued on a bid basis.

The ACD's pricing policy is subject to periodic review to ensure that it is applied consistently and fairly.

The ACD will, upon completion of each valuation, notify the Depositary of the issue price, the cancellation price, the maximum offer price and the minimum bid price of Shares, of each Class.

Subject to paragraph 3.8, a request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the value per Share calculated as at the Valuation Point on that next Dealing Day.

More detailed information on Share pricing is available, on request, from the ACD.

#### 4.4 PRICING BASIS

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

#### 4.5 PUBLICATION OF PRICES

Prices (including the cancellation price last notified to the Depositary) are available from the Legal & General website: [www.legalandgeneral.com](http://www.legalandgeneral.com) (R and F Class only) and from the Company's dealers specified in paragraph 3.1 on request between 8.30 a.m. and 6.00 p.m. for these and all other Classes.

As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish prices of certain Classes in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

### 5. RISK FACTORS

Potential investors should consider the risk factors set out at Appendix III before investing in the Funds (or, in the case of specific risks applying to specific Funds, in those Funds).

### 6. MANAGEMENT AND ADMINISTRATION

#### 6.1 REGULATORY STATUS

The ACD and the Investment Manager are each authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, London E14 5HS.

#### 6.2 ACD

The ACD is Legal & General (Unit Trust Managers) Limited which is a limited liability company incorporated in England and Wales on 28 April 1971.

<b>Registered office:</b>	One Coleman Street, London EC2R 5AA
<b>Principal place of business:</b>	Brunel House, 2 Fitzalan Road, Cardiff CF24 0EB
<b>Share capital:</b>	Authorised issued and paid up share capital of £15,000,000
<b>Ultimate holding company:</b>	Legal & General Group Plc, incorporated in England and Wales

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook.

#### Terms of appointment:

The appointment of the ACD has been made under an agreement between the Company and the ACD, as amended from time to time, (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities. It also excludes the ACD from liability to the Company or any Shareholder for any error of judgment or loss suffered in connection with the subject matter of the ACD Agreement, unless arising as a direct consequence of recklessness, fraud, bad faith, wilful default or negligence in the performance or non-performance of its obligations and functions under the ACD Agreement. Any liability for defaults of a person to whom it has delegated certain functions is also limited to the extent permitted by the Regulations.

The Company has agreed to indemnify the ACD to the extent permitted by the COLL Sourcebook (for itself and its delegates) against claims and expenses that arise in respect of their duties, except where there is fault on its or their part of the kind referred to above.

Details of the fees payable to the ACD are set out in the paragraph headed “Charges payable to the ACD” below.

The ACD (or its associates or any affected person) is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed. The ACD may carry out or arrange for the carrying out of stock lending transactions in respect of the Funds. The ACD reserves the right to receive a fee in relation to stock lending, subject to giving Shareholders sixty days’ written notice of the details of such fees.

The ACD Agreement may be terminated by resolution of the Company in general meeting on not less than six months’ prior notice to the ACD, or earlier on certain types of breaches or the insolvency of a party.

The directors of the ACD are as follows:

A.D. Clare\*  
A. J. C. Craven  
E. Cowhey\*  
S. A. Hynes  
H. J. E. Solomon  
L. W. Toms  
A. R. Toutouchi

*\*Independent Non-Executive Director of the Manager*

Secretary - Legal & General Company Secretary Limited

On an annual basis the conflicts of interest register for directors within the Legal & General Group are reviewed and updated. This requires all directors to disclose any interests, connected persons and potential related party relationships. The following director holds external directorships: A.D. Clare, E. Cowhey and A. R. Toutouchi.

The ACD may delegate its management and administration functions to third parties including associates subject to the rules in the COLL Sourcebook. Details of the functions the ACD currently delegates are set out in this section 6.

The fees to which the ACD is entitled in respect of each Fund are included within the Fund Management Fee as set out in section 7 of this Prospectus.

The ACD acts as manager of various authorised unit trusts. Please see Appendix VII for further details.

### 6.3 THE DEPOSITARY

The Depositary of the Company is Northern Trust Global Services SE. The Depositary is authorised by the European Central Bank and subject to the prudential supervision of the European Central Bank and the Luxembourg Commission de Surveillance du Secteur Financier. The Depositary is authorised and regulated by the Financial Conduct Authority in the conduct of its UK depositary activities. Its registered office is at 10 Rue du Château d’Eau, L-3364 Leudelange, Grand-Duché de Luxembourg. Its principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom.

The Depositary’s ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.

The Depositary is responsible for the safekeeping of all the Scheme Property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and the borrowing powers of the Company. The Depositary is also responsible for monitoring the cash flows of the Company, and must ensure that certain processes carried out by the ACD are performed in accordance with the FCA Handbook, this Prospectus and the Instrument.

### **Terms of appointment**

The appointment of the Depositary has been made under an agreement between the Company, the ACD and the Depositary (the "Depositary Agreement").

The Depositary's Agreement may be terminated on receipt of six months' written notice by either party. The Depositary may not retire voluntarily except on the appointment of a new Depositary.

Subject to the Regulations, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as Depositary of the Company. It has delegated the custody services to The Northern Trust Company, London Branch.

The Northern Trust Company, London Branch is a company established under the laws of the State of Illinois, United States of America with its principal place of business and head office in England and Wales at 50 Bank Street, Canary Wharf, London E14 5NT.

The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Company may invest.

The Depositary Agreement contains provisions indemnifying the Depositary and limiting the liability of the Depositary in certain circumstances.

The Depositary will receive a fee from the Scheme Property of the Fund, and such fee is included within the Fund Management Fee as detailed in Section 7 below.

## **6.4 THE INVESTMENT MANAGER**

The ACD has appointed Legal & General Investment Management Limited to provide investment management and advisory services to the ACD.

The Investment Manager is a member of the Legal & General group of companies.

The principal activity of the Investment Manager is the provision of investment management services.

### **Terms of appointment:**

The Investment Manager was appointed by an agreement between the ACD and the Investment Manager (the "Investment Management Agreement").

Subject to appropriate controls imposed by the ACD, all relevant law and regulation, this Prospectus and the Instrument, and further instructions given by the ACD, the Investment Manager has discretion to take day to day investment decisions and to deal in investments in relation to the investment management of the Company, without prior reference to the ACD.

The Investment Management Agreement may be terminated on six months' written notice or immediately in certain circumstances. The Investment Manager's fee is included within the Fund Management Fee as set out in section 7 of this Prospectus.

## **6.5 REGISTRAR AND REGISTER OF SHAREHOLDERS**

The ACD has delegated to Legal & General (Unit Trust Managers) Limited responsibility for the maintenance of the Register and ISA plan sub-register.

The Register and ISA plan sub-register are kept at Legal & General Investments, Customer Services Centre, Brunel House, 2 Fitzalan Road, Cardiff CF24 0EB and may be inspected during normal business hours by any Shareholder or any Shareholder's duly authorised agent. The Registrar's fee is included within the Fund Management Fee as set out in section 7 of this Prospectus.

## **6.6 SALES, MARKETING, VALUATION AND COMPANY ACCOUNTING AGENTS**

The customer service function for individual investors, the promotion, marketing, sales, investment and administration functions via all sales channels are outsourced to Legal & General (Unit Trust Managers) Limited.

The fund valuation and accounting functions are outsourced to Northern Trust Global Services SE. The fees for carrying out these functions are included within the Fund Management Fee as set out in section 7 of this Prospectus.



## 6.7 STANDING INDEPENDENT VALUER

The Standing Independent Valuer of the scheme is Knight Frank LLP which has its registered office at 55 Baker Street, London W1U 8AN.

The Standing Independent Valuer is responsible for valuing the immovables (the land) of the PAIF Fund. Where the appointed Standing Independent Valuer is acting as a connected party to a purchase transaction being carried out by the Company, the ACD will, as required, appoint an alternative standing independent valuer to act on its behalf in relation to that particular transaction only.

### Terms of appointment

The Standing Independent Valuer was appointed by an agreement between the ACD and the Standing Independent Valuer (the 'Property Valuation Agreement'). Under the terms of the Property Valuation Agreement, the Standing Independent Valuer must carry out its obligations under the agreement in accordance with the applicable provisions of COLL.

The Property Valuation Agreement may be terminated by either party for insolvency of the other party, and by the ACD at any time if the Standing Independent Valuer fails to attain service levels or remedy a material breach of agreement. The Standing Independent Valuer's fee is included within the Fund Management Fee as set out in section 7 of this Prospectus.

## 6.8 THE AUDITOR

The auditor of the Company is KPMG LLP of 15 Canada Square, London, E14 5GL. The fees of the Auditor are included within the Fund Management Fee as set out in section 7 of this Prospectus.

## 6.9 CONFLICTS OF INTEREST

The ACD, the Investment Manager and other companies within the Legal & General Group of companies may, from time to time, act as ACD, manager or investment managers to other funds which follow similar investment objectives to those of the Funds. A Fund may also invest in other funds managed by the ACD and other companies within the Legal & General group.

It is therefore possible that the ACD and/or the Investment Manager may, in the course of their business, have potential conflicts of interests with the Company or a particular Fund. Each of the ACD and/or the Investment Manager will, however, have regard in such event to its obligations to act in the best interests of Shareholders so far as practicable, having regard to its obligations to other clients when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and the other funds it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or a particular Fund or its Shareholders will be prevented. Should any such situations arise the ACD will disclose these to Shareholders in the Company's report and accounts or in another appropriate format.

The Depositary may, from time to time, act as Depositary, trustee or custodian of other collective investment schemes.

The ACD has delegated certain administrative functions to Northern Trust Global Services SE, including registrar, fund accounting, valuation, calculation and transfer agency services. Northern Trust Global Services SE has functionally and hierarchically separated the performance of its trustee and depositary functions from its administration tasks delegated to it by the ACD.

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or Fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Instrument, the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have

and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

### **Inducements and Soft Commissions**

#### **Inducements**

The Manager is subject to inducement rules set out in the UCITS Directive pursuant to which it will not be regarded as acting honestly, fairly and in accordance with the best interests of the Company or its Shareholders if, in relation to the activities performed when carrying out its functions it pays or is paid any fee or commission, or provides or is provided with any non-monetary benefit, other than those permitted in the UCITS Directive e.g. a fee, commission or non-monetary benefit paid by or on behalf of a third party where the M can demonstrate (i) the existence, nature and amount of the fee, commission or benefit and (ii) the payment of the fee or commission, or the provision of the non-monetary benefit are designed to enhance the quality of the relevant service and not impair compliance with the Manager's duty to act in the best interests of the Company or its Shareholders.

#### **Soft Commissions**

The Manager or any non-MiFID authorised investment manager, its delegates or connected persons of the non-MiFID authorised investment manager may not retain cash or other rebates but may receive, and are entitled to retain, research products and services (known as soft dollar benefits) from brokers and other persons through whom investment transactions are carried out ("brokers") which are of demonstrable benefit to the Shareholders (as may be permitted under applicable rules and regulations) and where such arrangements are made on best execution terms and brokerage rates are not in excess of customary institutional full-service brokerage rates and the services provided must be of a type which assist in the provision of investment services to the Company.

#### **MiFID Authorised Investment Managers**

In accordance with its obligations under MiFID, the Investment Manager shall return to the relevant Fund any fees, commissions or other monetary benefits paid or provided by a third party in relation to the investment management services provided by the Investment Manager to the Fund as soon as reasonably possible after receipt, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

In particular, where the Investment Manager successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities, permitted derivative instruments or techniques and instruments for the Company or a Fund, the rebated commission shall be paid to the Company or the relevant Fund as the case may be.

The Investment Manager shall however be permitted to retain minor non-monetary benefits received from third parties where the benefits are such that they could not impair the Investment Manager from complying with its obligation to act in the best interests of the Fund, provided they are disclosed to the Company prior to the provisions of investment management services by that entity.

The Investment Manager may only receive third-party investment research, provided it is received on such basis that it does not contravene MiFID or the rules of the FCA and is of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Fund.

Investment research will not constitute an inducement under MiFID where it is paid for by the Investment Manager itself out of its own resources or out of a research payment account funded by a specific research charge to the applicable Fund. In this regard, the Investment Manager will discharge the charges relating to investment research which is or may be used by the Investment Manager in managing the assets of the Company out of its own resources.

## **6.10 PROFESSIONAL LIABILITY RISK**

In accordance with the requirements of the AIFM Legislation, the ACD covers its potential liability risks arising from professional negligence by holding the appropriate additional own funds within the meaning of Article 14 of the AIFMD Regulation.

## 6.11 FAIR TREATMENT OF SHAREHOLDERS

To ensure the fair treatment of the Shareholders, all of the Shareholders invest on the terms of the Prospectus and the Instrument of Incorporation. As set out in section 3, the manner in which shares in the scheme are applied for by each Shareholder and the form of contract note received by Shareholder will be on substantially the same terms for each Shareholder.

## 6.12 SHAREHOLDERS' RIGHTS

No Shareholder receives preferential treatment over another Shareholder. Shareholders have the rights specified in this Prospectus and Instrument of Incorporation.

However, in certain limited circumstances and subject at all times to the provisions of the Conduct of Business Sourcebook of the FCA's Handbook of Rules and Guidance, the ACD may at its sole discretion rebate its initial or periodic charges in respect of any application for, or holding of shares. Such rebates may be offered to investors that direct significant investment flow to the Fund.

## 7. FEES AND EXPENSES

### 7.1 GENERAL

Each Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

All fees or expenses payable by a Shareholder or out of the property of the Funds are set out in this section 7.

### 7.2 FUND MANAGEMENT FEE

The ACD is entitled to be paid an annual fee for its services in managing the Fund.

This fee is a fixed rate fee and is inclusive of all of the fees and expenses which are paid by the ACD in relation to the operation and administration of the Fund. The fee will be reimbursed as part of a single charge that is deducted from the Scheme Property, namely the Fund Management Fee (the "FMF").

The Investment Manager will bear the costs of the provision of investment research by third parties out of the fee it receives from the Manager for its discretionary investment management and investment advisory services.

The FMF is a fixed rate fee charged by the ACD to the Fund, as set out in Appendix I and which is comprised of the following:

- (a) the fees, expenses and disbursements payable to each of the service providers (including the ACD, the Registrar and the Auditor) and legal or other professional advisers; the fees, expenses and disbursements payable to the Depositary including custody and transaction charges and;
- (b) those expenses properly incurred in the performance of, or arranging the performance of, functions conferred on the Depositary by the Depositary Agreement, the Regulations or by the general law, all of the costs, charges, fees, and expenses payable.
- (c) in relation to operation and management of the Fund which may be taken from Scheme Property under the FCA Rules, excluding those set out in section 7.5 "Other payments from the Scheme Property" below. The permitted costs, charges, fees and expenses are:
  - (i) the costs and expenses of attending meetings relating to any asset of a Fund;
  - (ii) taxation and duties payable in respect of the issue or sale of shares;
  - (iii) any costs incurred in preparing, printing, updating and modifying the Instrument of Incorporation, Prospectus or any Key Investor Information Document and the costs of distributing this Prospectus, the Instrument of Incorporation or any Key Investor Information Document;
  - (iv) the costs of modifying the ACD Agreement or any other relevant document under the Regulations;

- (v) fees and expenses incurred in relation to valuing assets, analysing or securing independent comparative fund performance;
- (vi) complying with any law and any obligation whatsoever including meeting obligations to banks and funders, fees and expenses in respect of the listing of Shares on any stock exchange or incurred in registering, having recognised or going through any other process in relation to a Fund in any territory or country outside the UK for the purposes of marketing Shares in such territory or country;
- (vii) liabilities on transfer of assets arising and payable as specified in COLL 6.7.15 R, such liabilities to include VAT (if applicable);
- (viii) the fees and expenditure incurred in relation to the immovable property in respect of the PAIF Fund. "Expenditure" in this context means in respect of any moveable or immovable property or property related right or interest whatsoever which is, or may be intended to become, part of the Scheme Property, taxes, charges, costs, expenditure, outgoings or disbursements whatsoever (including abortive costs) incurred or legally committed in relation thereto including at present the following:
  - (a) researching, acquiring, developing, letting, reletting, disposing, structuring or restructuring, reinstating, varying, managing, funding, financing, refinancing, securing, profit sharing, clawback arrangements, hedging, procuring swaps, procuring underwriting, paying interest, commissions, charges and fees;
  - (b) taxes, rates, charges, duties, levies, assessments, impositions or other outgoings whatsoever whether of a capital or revenue nature including stamp duty and stamp duty land tax, stamp duty reserve tax, transfer tax, withholding tax, transfer pricing and irrecoverable VAT;
  - (c) fees and other payments to any planning authority or other competent authority or to a third party pursuant to any planning highways or similar agreement or arrangement whatsoever;
  - (d) fees and other payments to agents, brokers, solicitors, attorneys, counsel, notaries, accountants, actuaries, insurers, surveyors, architects, engineers, developers, analysts, rating agencies, credit reference agencies, advertisers, marketers, information providers, enquiry agents, publishers, property manager, experts and/or arbiters and any other professional advisers and consultants whatsoever, professional or industry organisations, governments, government agencies, suppliers, contractors, security, concierge and maintenance staff whatsoever including their respective disbursements;
  - (e) valuing assets, analysing or securing independent comparative fund performance, securing financial reports and other information on and investigating actual or prospective occupiers, tenants, vendors, purchasers and any other third parties;
  - (f) any project or development management whether internal or external;
  - (g) for any works, systems, plant or equipment or plinishings whatsoever including environmental, demolition, building, fitting out, commissioning decommissioning, decontaminating, decorating, equipping, furnishing, repairing, replacing, maintaining, remediating, refurbishing, refurnishing, rebuilding, redecorating, re-equipping, restorative and preventative measures;
  - (h) any rent-free or reduced period, commission, premium, fine or other financial inducement or incentive of any nature whatsoever given to any third party to induce it to enter into any lease licence renewal or other arrangement whatsoever;

- (i) any ground rent payable to the freeholder (where a building is owned on a leasehold basis);
  - (j) complying with any law and any obligation whatsoever including meeting obligations to banks, funders, superiors, landlords, tenants, occupiers and paying rents, costs and expenses including for voids and service charges for voids;
  - (k) attributable to property management, expert determinations, arbitrations, dispute resolution, litigation, enforcement of rights, including employment issues, rent reviews, actual or threatened repairs and dilapidations, evictions, debt recovery, surety enforcement, forfeiture, and bad debts; and
  - (l) any other items whatsoever properly incurred in the day to day operation of a property portfolio of the type envisaged in this Prospectus including analogous items in any country in which immovable property may be held in terms of this Prospectus;
- (i) any costs of convening and holding shareholder meetings (including meetings of holders of any particular Class) and associated documentation;
  - (ii) the costs and expenses of collecting income and any costs and expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
  - (iii) the costs and expenses incurred in relation to effecting stock lending transactions in accordance with the provisions of COLL;
  - (v) the periodical fees of the FCA in respect of the Company as may be prescribed under the Act, or any relevant regulations made thereunder, or the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares in the Company are or may be marketed;
  - (v) fees in respect of the publication and circulation of the Net Asset Value of each class of Share;
  - (vi) the costs of printing and distributing reports and accounts;
  - (vii) the costs related to the listing of Shares on any stock exchange.
  - (viii) subject to the COLL Sourcebook, any amount payable from the Scheme Property under any indemnity provisions contained in the Instrument of Incorporation or any agreement with the Investment Adviser or the Registrar and Transfer Agent;
  - (ix) any costs incurred in forming a class of Shares;
  - (x) any costs and expenses incurred in relation to the winding up of the Company or termination of a Fund;
  - (xi) any other costs or expenses that may be taken out of the Scheme Property in accordance with the COLL Sourcebook; and
  - (xii) VAT payable on any of the fees, expenses or disbursements listed above.

### 7.3 CALCULATION AND OPERATION OF THE FUND MANAGEMENT FEE

The FMF is calculated as a percentage of the Scheme Property and the amount each Unit Class will pay will depend on the costs, fees and expenses attributable to each such Unit Class. The FMF accrues on a daily basis by reference to the value of the Scheme Property on the immediately preceding Dealing Day in accordance with Regulations and is payable to the ACD monthly.

The current FMF in relation to each Unit Class is set out in Appendix 1.

In deducting the FMF at a fixed rate, the ACD is taking upon itself the risk that the market value of the Fund will fall to the extent that the FMF will not fully recompense it for the charges and expenses that the ACD would otherwise be entitled to charge to the Fund. Conversely, the ACD is not accountable to Shareholders should the aggregate fees generated by the FMF in any period exceed the charges and expenses that the ACD would be entitled to charge under the traditional charging method. The FMF will be allocated to the capital or income account of the Fund as set out in Appendix I.

If the FMF is taken from the income of the Fund and the income received by the Fund is insufficient to meet the FMF then all or some of the FMF may be taken from the capital, of the Fund, which may constrain capital growth. Please refer to Appendix III for an explanation of the risks relating to taking charges from capital.

#### 7.4 CHANGES TO THE FUND MANAGEMENT FEE

Should the underlying fees and expenses that make up the FMF reduce or increase, the ACD may change the FMF where it reasonably considers this to be appropriate. The ACD reserves the right to increase or decrease the FMF.

In the event of any changes to the FMF the ACD will notify Shareholders in writing in accordance with the FCA's requirements under the COLL Sourcebook. For example:

- (a) before increasing the FMF, the ACD will give Shareholders at least 60-days prior notice in writing;
- (b) before introducing a new category of costs, charges, fees or expenses which make up the FMF but which are not currently charged to the Fund, the ACD will seek the approval of an extraordinary resolution of relevant Shareholders at an Extraordinary General Meeting;
- (c) before decreasing the FMF, the ACD will give a reasonable period of notice (which may be before or after the decrease in the FMF becomes effective) utilising an appropriate method of communication as specified in the Regulations, such as notice on the website and in the next Report and Accounts of the Fund.

#### 7.5 OTHER PAYMENTS FROM THE SCHEME PROPERTY

In addition to the FMF, and in accordance with the Regulations, the following payments will be made out of the property of the Fund:

- (a) costs of dealing in the property of the Fund;
- (b) interest and charges in respect of permitted borrowings and any charges, costs or expenses incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (c) taxation and duties and other fiscal charges or costs and expenses incurred in effecting transactions for the Fund (including costs and expenses incurred in acquiring and disposing of assets, including legal fees and expenses, whether or not the acquisition or disposal is carried out);
- (d) broker's commission;
- (e) any value added or similar tax relating to any charge or expense set out above.

### 8. SHAREHOLDER MEETINGS AND VOTING RIGHTS

#### 8.1 CLASS AND FUND MEETINGS

The provisions below, unless the context otherwise requires, apply to Class meetings as and meetings of Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Fund concerned and the Shareholders and value and prices of such Shares.

#### 8.2 REQUISITIONS OF MEETINGS

The ACD may requisition a general meeting at any time.

Shareholders may also requisition general meetings of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD

must convene a general meeting no later than eight weeks after receipt of such requisition.

### 8.3 NOTICE AND QUORUM

Shareholders will receive at least 14 days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy.

The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Shareholders (or in the case of joint Shareholders, the first named Shareholder) at their registered addresses.

### 8.4 VOTING RIGHTS

At a general meeting, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price of all the Shares in issue at a reasonable date before the notice of meeting is sent out such date to be decided by the ACD.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

In the case of joint Shareholders, the vote of the first named in the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Shareholders.

Except where the COLL Sourcebook or the Instrument require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution. In the case of an equality of, or an absence of, votes cast, the chairman is entitled to the casting vote.

The ACD and any associate (as defined in the COLL Sourcebook) may hold Shares in a Fund. They are entitled to receive notice of and attend any meeting but the ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate of the ACD is entitled to vote at any meeting of the Company (or a Fund or Class, as the case may be) except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

Where all the Shares in a Fund are registered to, or held by, the ACD or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares in issue.

"Shareholders" in this context means Shareholders entered on the Register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

### 8.5 VARIATION OF CLASS RIGHTS

The rights attached to a Class may not be varied otherwise than in accordance with the Regulations.

## 9. TAXATION

### 9.1 GENERAL

The comments below are of a general nature. They reflect the ACD's understanding of current UK taxation law and HM Revenue & Customs practice and they are subject to change. These comments are not exhaustive and Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction should consult their own professional advisers. The basis of taxation may change in the future.

## 9.2 THE PAIF FUND

The PAIF Fund qualifies as a PAIF for tax purposes. Accordingly, the income generated by its Property Investment Business will be exempt from UK tax. Any dividend income it receives from United Kingdom companies or, in general, from non-United Kingdom companies will also be exempt from tax. It would, however, be subject to tax in the unlikely event that there should be a net balance of other income, which will generally consist of interest but could include other property income, less deductible expenses and the gross amount of any PAIF interest distributions made, or a tax charge otherwise arises.

Interest distributions are paid gross (i.e., without income tax being deducted at source). Non-tax paying investors therefore do not need to reclaim tax from HM Revenue & Customs.

The PAIF Fund is generally exempt from UK tax on capital gains realised on the disposal of its investments (including interest-paying securities and derivatives contracts). The PAIF Fund's distributions will be split into three streams for UK tax purposes:

- (a) property income distributions, representing income from its Property Investment Business;
- (b) PAIF dividend distributions, representing any dividends received by it and certain other income; and
- (c) PAIF interest distributions, representing the net amount of all other income received.

The Fund is liable to corporation tax at 20% on the property income distributions and the PAIF interest distributions. The Fund will pay all distributable income as dividend distributions (or accumulate it within the Fund in the case of accumulation Units). The PAIF Fund will be managed so that its Shares are eligible as an ISA investment (except for L and C Class Shares)

### 9.2.1 UK Shareholders

Tax regulations require the ACD to collect certain information about each investor's tax arrangements.

If you are a UK resident you authorise the ACD to disclose all relevant information about you and your account to HM Revenue & Customs in connection with your tax responsibilities and in accordance with UK law.

If the ACD has reason to believe you are a resident for tax purposes outside of the UK you authorise the ACD to share information about you and your account with relevant tax authorities, as prescribed by law.

#### Individual Shareholders:

The income tax liability of a UK resident individual is as follows:

	<b>Nature of Payment</b>	<b>Nil Rate Taxpayer</b>	<b>Basic Rate Taxpayer</b>	<b>Higher Rate Taxpayer</b>	<b>Additional Rate Taxpayer</b>
<b>PAIF Dividend Distribution</b>	Dividend distribution paid	0% tax on first £2,000 of dividend distributions and dividends	7.5% tax due on distribution in excess of the 0% dividend allowance	32.5% tax due on distribution in excess of the 0% dividend allowance	38.1% tax due on distribution in excess of the 0% dividend allowance
<b>PAIF Interest Distribution or Accumulation</b>	Interest distribution paid/retained	No income deducted or recoverable	Personal savings allowance of £1,000 per tax year then 20% income tax liability on excess	Personal savings allowance of £500 per tax year then 40% income tax liability on excess	45% income tax due on the distribution
<b>PAIF Property Income Distribution or Accumulation</b>	Property Income distribution paid/retained	Income tax deducted at source at 20%. Income tax repayment may be sought from HMRC	Income tax deducted at source at 20%	Income tax deducted at source at 20% then 20% income tax liability on excess	Income tax deducted at source at 20% then 25% income tax liability on excess



**Corporate Shareholders:**

Property income distributions are generally paid to corporation tax payers without the deduction of tax at source; they are taxed as profits of a property business. PAIF interest distributions are paid gross; they are taxed as yearly interest in the investor's hands. PAIF dividend distributions are treated in the same way as dividends paid by UK companies, and are therefore generally exempt from corporation tax. However the ACD (or its nominee) will need to be satisfied that the recipient is the beneficial owner and that it is entitled to be paid gross property income distributions and/or accumulations. The ACD may require a suitable indemnity from the recipient before a gross payment can be made.

**Tax-exempt Shareholders:**

Tax-exempt investors such as local authorities, charities, pension schemes and ISA managers may be paid gross property income distributions and accumulations. However the ACD (or its nominee) will need to be satisfied that the recipient is the beneficial owner and that it is entitled to be paid gross property income distributions and/or accumulations. The ACD may require a suitable indemnity from the recipient before a gross payment can be made. Otherwise, Shareholders who are exempt from tax on income will be able to reclaim from HM Revenue & Customs the basic rate income tax withheld on the payment of property income distributions.

**For all income allocations:**

A tax voucher showing the amount of the income distributed or deemed to be distributed to the Shareholder and any tax deducted will be sent to Shareholders at the time of a distribution.

**9.2.2 Capital gains tax**

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax or, if companies, corporation tax on chargeable gains ('CGT'). The redemption, sale, switching or transfer of Shares, being chargeable assets, may constitute a disposal or part disposal for the purposes of UK CGT. For individuals there is an annual exempt amount. For a corporate Shareholder indexation relief will be allowed as a deduction from the gain calculated by reference to the period the asset was held and its initial cost.

Special rules apply to life insurance companies and dealers in securities holding investments in authorised investment funds. Individuals who are temporarily not resident in the UK may also be liable to UK tax on capital gains.

**9.2.3 Non-UK Shareholders**

A Shareholder who is not resident in the UK for tax purposes may be entitled to claim part of the tax credit attaching to an income distribution or accumulation depending on his personal circumstances. Generally Shareholders who are not resident in the UK should consult their own tax advisers concerning their tax liabilities on income distributions and accumulations, their entitlements to reclaim any part of the tax credit or tax withheld and the procedure for doing so.

**10. WINDING UP OF THE COMPANY OR TERMINATION OF A FUND**

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Fund may only be terminated under the COLL Sourcebook.

Where the Company is to be wound up or a Fund is to be terminated under the COLL Sourcebook, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company may be wound up or a Fund must be terminated under the COLL Sourcebook:

- (a) if an extraordinary resolution to that effect is passed by Shareholders; or
- (b) when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Fund terminated (for example, if the share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below £10 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is

desirable to terminate the Fund); or

- (c) on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund; or
- (d) on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property; or
- (e) in the case of a Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- (f) on the date on which all of the Funds fall within (e) above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

On the occurrence of any of the above:

- (i) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Fund;
- (ii) the Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Fund;
- (iii) no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- (iv) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (v) the corporate status and powers of the Company and subject to (i) to (iv) above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up or terminated (as appropriate), realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Fund. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

As soon as reasonably practicable after completion of the winding up of the Company or the termination of a particular Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company, will be paid into court by the ACD within one month of the dissolution.

Following the completion of a winding up of the Company or termination of a Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the property was distributed. The Auditor shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the Auditor's report must be sent to the FCA and to each Shareholder (or the first named of

joint Shareholders) on it within two months of the completion of the winding up or termination.

## **11. GENERAL INFORMATION**

### **11.1 ACCOUNTING PERIODS**

The annual and interim accounting periods of the Funds are set out in Appendix I.

### **11.2 NOTICE TO SHAREHOLDERS**

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address (of the first named Shareholder in the case of joint Shareholders) notified in writing to the ACD by the Shareholder.

### **11.3 INCOME ALLOCATIONS**

The interim (where relevant) and final income allocations are set out in Appendix I. Following upon each accounting date of the Company, the ACD and the Depositary will agree the income and expenses for that period and distribute to Shareholders an appropriate level of net income (after any adjustment for tax), gross income for gross Class Shares, commensurate with the investment objective of each Fund. Income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income for the Funds are paid by telegraphic transfer directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I or by cheque where there is no nominated bank account for a Shareholder.

Where accumulation Shares are issued, income will become part of the capital property of the Funds and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Scheme Property.

Where the average income allocation to a Shareholder (excluding the authorised corporate director or an associate thereof) is less than £10 the Depositary after consulting the ACD may decide not to proceed with the distribution and either carry forward the income to the next accounting period or credit it to capital.

### **11.4 EQUALISATION**

When a Share is bought, part of the price generally includes income already held by a Fund. At the first distribution date after a purchase, an amount in respect of this income is treated as a return of capital and is therefore not subject to income tax. It should also be deducted from the acquisition cost of income Shares for capital gains tax purposes. When selling Shares, an investor is not subject to capital gains tax on the equalisation amount contained in those Shares.

Equalisation is calculated on an average basis for all new investments in a distribution period. This is the period between two XD dates. This should be taken into account when calculating your capital gains tax liability.

Where Shares in different Classes are available that capital sum will be calculated separately for each Class of Share.

There is no income equalisation in relation to Feeder Fund Shares.

### **11.5 ANNUAL REPORTS**

The annual report of the Company will be published and sent to Shareholders (or the first named Shareholder, in the case of joint Shareholders) within four months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. Short reports will be issued.

A long report containing the full accounts is available to any person free of charge on request. Most short reports and full accounts are available on [www.legalandgeneral.com](http://www.legalandgeneral.com)

## 11.6 DOCUMENTS OF THE COMPANY

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD:

- (a) the Prospectus;
- (b) the most recent annual and half yearly reports of the Company and the Funds;
- (c) the material contracts referred to below; and
- (d) the Instrument.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus, the Instrument and annual and half yearly reports of the Company which are available free of charge to anyone who requests).

## 11.7 ADDITIONAL INFORMATION AVAILABLE TO SHAREHOLDERS

The following information will be made available to Shareholders as part of the periodic reporting and, as a minimum, in the annual Company Reports and Accounts:

- (a) the percentage of each Fund's assets which will be subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements and how management and performance fees will apply to these assets;
- (b) the current risk profile of each Fund, and information on the risk management systems used by the ACD to manage those risks;
- (c) the total amount of leverage employed by each Fund calculated in accordance with the gross and commitment methods; and
- (d) any material changes to the information above.

Shareholders will be notified appropriately of any material changes to the liquidity management systems and procedures such as the suspension of redemptions, the deferral of redemptions or similar special liquidity arrangements. It is intended that any changes to the maximum level of leverage which a Fund may employ will be provided to Shareholders without undue delay.

## 11.8 MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (a) the ACD Agreement between the Company and the ACD; and
- (b) the Depositary Agreement between the Company the Depositary and the ACD.

Details of the above contracts are given under the section "Management and Administration".

## 11.9 COMPLAINTS

Complaints concerning the operation or marketing of the Company may be referred to the Complaints Manager, Legal & General (Unit Trust Managers) Limited, at the following address Legal & General Investments, Customer Services, PO Box 6080, Wolverhampton WV1 9RB.

Making a complaint will not prejudice your rights to commence legal proceedings. Further information regarding any compensation scheme or any other investor-compensation scheme of which the Manager or the Company is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, is available on request.

A copy of the ACD's procedure for investigating complaints is available to you on request from this address.

If the ACD does not resolve your complaint to your satisfaction, you can refer your complaint to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

#### 11.10 RISK MANAGEMENT

The ACD will provide upon the request of a Shareholder further information relating to:

- (a) the quantitative limits applying in the risk management of any Fund;
- (b) the methods used in relation to (a) above; and
- (c) any recent development of the risk and yields of the main categories of investment.

#### 11.11 NON-ACCOUNTABILITY OF PROFITS

Neither the ACD, the Depositary, the Investment Manager, any of their associates, nor the Auditor (an “affected person”) is liable to account to another affected person or to the Shareholder for any profits or benefits (e.g. box profits) it makes or receives that are made or derived from or in connection with dealing in Shares of the Company or any Fund, any transactions in Scheme Property or the supply of services to the Company or any Fund.

#### 11.12 BEST EXECUTION

The ACD’s best execution policy sets out the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Company and each Fund. Details of the best execution policy are available from the ACD on request.

#### 11.13 EXERCISE OF VOTING RIGHTS

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of the Company. A summary of this strategy, together with details of the actions taken on the basis of this strategy in relation to the Company, is available from the ACD on request.

#### 11.14 PORTFOLIO INFORMATION

Portfolio information relating to the top ten holdings in each Fund is available on request from the ACD. The ACD will not issue more detailed information to any customer or other external body unless they can demonstrate a legitimate purpose for receipt and use of that information.

#### 11.15 GENUINE DIVERSITY OF OWNERSHIP

Shares in each Fund are and will continue to be widely available. The intended categories of investors are retail and institutional investors. Shares in each Fund are and will continue to be marketed and made available widely to reach the intended categories of investors and in a manner appropriate to attract those categories of investors.

#### 11.16 SECURITIES FINANCING TRANSACTIONS DISCLOSURES

The ACD is subject to the provisions of the European Regulation 2015/2365 on Reporting and Transparency of Securities Financing Transactions (the “SFTR”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions and total return swaps. The required disclosures are as set in Appendix VIII.

#### 11.17 DERIVATIVE COUNTERPARTIES AND COLLATERAL POLICY

Derivatives including OTCs must be based on assets which are themselves admissible or based on an index of such assets or on an official index of retail prices. They should be capable of being readily closed out. They should be either listed or transacted with an approved counterparty and have a prescribed third party pricing basis.

##### **Counterparty approval**

The ACD delegates its counterparty approval to the Investment Manager under the terms of the Investment Management Agreement. The Investment Manager’s risk management process policy outlines that each type of counterparty credit risk is based initially on a minimum credit rating (S&P,

Moody's, Fitch) as a starting point for the approval and continued use of a counterparty. This credit rating may be different for each type of counterparty and is mandatory for cash instruments and foreign exchange, but is used as a guide for other trading relationships such as OTCs. The ongoing suitability of each counterparty will be monitored on an ongoing basis by the owner of that counterparty risk for each type of counterparty exposure. The types of counterparties used by the Funds are major European or global financial institutions and tend to be of good credit quality.

The Investment Manager will execute OTC derivatives with bank counterparties on behalf of the Funds. However, before executing any OTC derivative the Investment Manager requires that the clients must have executed ISDA Agreements (International Swaps and Derivative Association) & Credit Support Annexes (as appropriate) in place with one or more bank counterparties. Details of counterparties are maintained on appropriate trading systems and a list of OTC derivative counterparties is maintained on a system maintained by the Investment Manager. The presence of the appropriate documentation ensures that each transaction is immediately covered by the collateralisation or margin processes set out in the agreements and provides protection for Funds in the event of a counterparty default.

### **Collateral Policy**

The terms of the posting or receipt of collateral are outlined in the Fund's respective Credit Support Annex (CSA) accompanying the ISDA. As these securities are traded OTC and not on exchange, the Fund or the relevant counterparty has the potential to be exposed in the event of default to each other. If a counterparty is in default (can no longer meet its obligations) and OTC positions are not fully collateralised, the relevant Fund could see a material impact on the unit price and therefore the Fund's investment return.

In order to mitigate this risk, the valuation of the OTC instrument is marked to market on a daily basis and collateral is posted or received if the value of the security differs from the value of the contract. The Investment Manager will transfer or receive assets that are sufficiently liquid, high quality and meet the criteria laid out in the CSA. Assets held tend to be cash, UK, French, US, German government or corporate bonds denominated in their domestic currencies with a preference for 0-5 years in maturity, indicating liquidity and less exposure to interest rate risk. The collateral amount is determined by the maturity and liquidity of the underlying asset. Those bonds used as collateral with longer maturity dates will have lower haircuts, i.e. more bonds will be required to fully collateralise the OTC position.

**APPENDIX I**  
**FUND DETAILS**

<b>Name</b>	<b>Legal &amp; General UK Property Fund</b>
<b>Date of Authorisation</b>	27 November 2013
<b>FCA product reference number</b>	633786
<b>Type of Fund</b>	Non UCITS retail scheme and a PAIF
<b>Investment objective</b>	<p>The objective of the Fund is to achieve a combination of income and capital growth by carrying on Property Investment Business and managing cash raised from investors for investment in the Property Investment Business.</p> <p>The Fund will be a PAIF at all times.</p>
<b>Investment policy</b>	<p>The Fund will invest a minimum of 60% of its assets directly in commercial property. The Fund will aim to diversify risk by seeking exposure across a range of sectors of the UK commercial property market (including but not limited to retail, offices, industrial, leisure and healthcare). The Fund may, from time to time, seek diversification by investing in the Isle of Man and the Channel Islands however at least 80% of the value of the properties will be situated in the United Kingdom.</p> <p>The Fund typically invests at least 80% of its assets directly in property. However, it may reduce this level (to no lower than 60%) from time to time if it believes it is in the interests of maintaining liquidity and performance.</p> <p>The Fund may invest up to 20% of its assets in residential properties. The Fund may also develop properties with the intention of enhancing their capital value and/or income return. The Fund may also invest in other UK property-related assets (including property-related transferable securities (such as real estate investment trusts) and property-related collective investment schemes), money-market instruments (such as treasury bills), cash, permitted deposits, bonds (issued by governments and public bodies) and money-market-related collective investment schemes. The collective investment schemes in which the Fund invests may include those managed or operated by the Manager or an associate of the Manager.</p> <p>The Fund may only use derivatives for the purposes of Efficient Portfolio Management.</p>
<b>Additional Information</b>	<p>All immovables included in the Fund are separately insured for their reinstatement value. Currently the Fund has an All-Risks policy with a reputable insurer which covers loss of rent and loss or damage to immovable property, where caused, for example, by fire, flood, subsidence, property owner's liability and terrorism. The detailed coverage under this policy may vary from time to time dependent on the availability of suitable cover in the market.</p> <p>The Fund is not managed to a constraining or target benchmark.</p>
<b>Comparator Benchmark:</b>	<p>UK Direct Property IA Sector</p> <p>The Manager is not bound by the comparator benchmark when making their investment decisions and can invest in assets that are not included in the comparator benchmark.</p> <p>The comparator benchmark is selected to be representative of other funds that are classified in the same IA sector, and are therefore broadly comparable in terms of the asset type and potential exposure to property.</p> <p>The performance of the Fund may be compared against the average return of the comparator benchmark.</p> <p>Further information on the comparator benchmark is available on:</p> <p><a href="https://www.theia.org/industry-data/fund-sectors/definitions">https://www.theia.org/industry-data/fund-sectors/definitions</a></p>
<b>Valuation Point</b>	12 noon on each Business Day

<b>Dealing cut off point</b>	12 noon on each Business Day					
<b>ISA status</b>	The ACD's policy for achieving the investment objective of the Fund includes ensuring that all Shares (save for Class L and Class C Shares) will be qualifying investments for the purpose of the Individual Savings Account Regulation 1998 (as amended) (SI 1998/1870).					
<b>Final accounting date</b>	28 November					
<b>Interim accounting dates</b>	28 February, 28 May and 28 August					
<b>Income allocation dates</b>	28 January, 28 April, 28 July and 28 October					
<b>Types of Shares</b>	Income and Accumulation for all Share Classes All Classes in the Fund are net Shares.					
<b>Pricing</b>	Dual					
	<b>Class R</b>	<b>Class I</b>	<b>Class F*</b> (Closed to new business)	<b>Class L**</b>	<b>Feeder ***</b>	<b>Class C****</b>
<b>Initial charge</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Redemption charge</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Fund Management Fee</b>	1.50%	0.75%	1.00%	0.03%	0.00%	0.63%
* Class F is available to:						
i) investors who have received advice from authorised intermediaries, platforms or other distributors in relation to their investment in Shares in the Fund, and						
(ii) distributors who the ACD reasonably considers will adequately bear the costs of marketing to and acquiring investors at no or limited cost to the ACD, and to whom the ACD has confirmed that such distributor or investor meets the criteria for investment in such Shares.						
** Class L is 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.						
***Feeder Fund Shares are only available for investment by Legal & General UK Property Feeder Fund.						
**** Class C is only available to distributors who actively market and distribute such Shares (or whom the ACD believes intend to do so) and who have entered a written agreement with the ACD relating to the conditions for investment in such Shares.						
<b>Investment minima</b>	<b>Class R</b>	<b>Class I</b>	<b>Class F</b>	<b>Class L</b>	<b>Feeder</b>	<b>Class C</b>
<b>Initial subscription</b>	£100	£1,000,000	£500	£500,000	N/A	£100,000,000
<b>Holding</b>	£100	N/A	£500(where the value of a holding falls below £350, the Manager reserves the right to terminate the holding)	N/A	N/A	N/A
<b>Top up</b>	£100	£20,000	£100	£100,000	N/A	£20,000



<b>Regular savings plan*</b>	£20	N/A	£50 per month (and any additional contribution above the monthly minimum must be £10 or more)	N/A	N/A	N/A
<b>Redemption</b>	£100	N/A	£500	N/A	N/A	N/A

**\* Investment in this manner is only available via a regular savings plan with Legal & General (Unit Trust Managers) Limited.**

**For Class F, where Shares are purchased monthly only, accumulation Shares are immediately available. Once Shares to the value of £500 have been purchased the accumulation Shares may be converted to income Shares.**

**The ACD reserves the right to reduce or waive the above investment minima.**

<b>Allocation of charges</b>	<b>Capital</b>	<b>Income</b>
<b>Fund Management Fee</b>	No	100%
<b>Portfolio transactions</b>	100%	No

### **Investor Profile**

The Fund is suitable for investors who want to invest for at least five years and are looking for an option that provides the potential for income and growth through exposure to UK commercial property markets via a balanced portfolio of predominantly UK commercial property.

Investors in Class L Shares should recognise that they may have to give up to six months' notice to redeem their Shares.

The Fund is marketable to retail and institutional investors.

**All investors should be aware that they may get back less than they invested**

**APPENDIX  
II****ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS**

All the Funds may deal through securities and derivatives markets established in the UK or an EEA State on which transferable securities admitted to official listing in the UK or the EEA State are dealt in or traded and therefore these markets are not specifically listed below. Please note that in the case of the PAIF Fund in accordance with its investment objective and policy, only a small proportion of Scheme Property of that Fund is likely to be invested on such markets.

Each Fund may also deal through the securities markets and derivatives markets indicated below:

  
**EUREX****NASDAQ OMX****NYSE Euronext**

## APPENDIX III RISK FACTORS

### GENERAL

The value of any investment and any income taken from it may fall as well as rise and is not guaranteed. Investors may not get back the money invested.

The performance of any Fund will generally follow the performance of the market in which it invests. Where this market falls, the value of an investment in that Fund will probably also fall. These Funds may invest in equities (company shares). Investments in shares tend to be riskier than for most other types of investment because there is a higher risk of their value falling, especially in the short term.

The ACD runs a Fund to meet its objectives and a Fund's investments should be expected to change over time.

A Fund's level of risk may also change in future, for example because of:

- global economic conditions.
- investment choices made by the Investment Manager.
- change in the riskiness of the market(s) invested in.

If the performance of a Fund is less than the rate of inflation, the buying power of an investment will fall.

A Fund may have investments valued in currencies that are not sterling (British pounds).

- If the value of these currencies falls compared to sterling, this may mean the value of a Fund and the income paid will go down.
- If arrangements are made to protect the Fund against currency movements (known as 'hedging') and the currencies rise compared to sterling, the value of the Fund will not benefit from those gains.

Where a Fund's charges are taken from income and there is not enough income to pay these charges, the Fund's capital will be used instead. This may reduce the potential for growth or lead to a fall in the value of the fund.

Past performance is not a guide to future performance.

### PROPERTY RISKS

There are fundamental factors which affect the value of a specific building. These include: location of the building (the attractiveness of a particular location may change over time); the physical characteristics of the building (apart from normal wear and tear, advances in technology or requirements of tenants may render a building less attractive over time); creditworthiness of the tenant(s); and length of the lease(s) (if a building is let to a good quality tenant for a long period of time then the value of the property will reflect this even if general economic conditions are more volatile).

#### *Market Liquidity Risk*

All property investments are relatively illiquid compared to bonds and equities. Liquidity is a function both of the time to effect a sale and the extent to which it is possible to trade at the market price. Property is slow to transact in normal market conditions and hence is illiquid. In poor market conditions, or where there is a run of redemptions on a Fund invested in property, it will take even longer to find a buyer to pay an acceptable price. Where property needs to be sold in order to meet redemption requests as they fall due, whilst the ACD shall consult with the Standing Independent Valuer to ensure the price received is fair and reasonable, the property may be sold at a lower price than it would have achieved with a longer lead time to sale, and the Fund may accordingly suffer a negative impact on its value.

#### *Market Valuation Risk*

The value of a property, except where it is bought or sold, is generally a matter of a valuer's opinion rather than fact and may go down as well as up. The simplest yardstick of property valuation is initial yield, which is current annual rent divided by the value of the property, including purchase costs. Property yields will fluctuate through time and may reflect the general economic cycle.

At any time, the market value of a property will, broadly, reflect market expectations for rental growth. If an investment is made in the expectation that a certain level of rental growth will be achieved and that growth fails to materialise, then the returns from holding that property are likely to be lower than anticipated. Rental growth is affected by many things: general economic conditions, local trading conditions, relative scarcity of alternative space and so on.

In certain economic conditions, it may not be possible to accurately value the property. This may in turn lead to a suspension of the Fund (see paragraph 3.15 and 'Suspension Risk', below).

#### *Diversification Risk*

If the size of a Fund invested in property falls significantly, the Fund may have to invest in fewer properties. This may lead to an increase in risk.

#### *Property Availability Risk*

Sometimes, the Investment Manager may find it difficult to find suitable new properties to buy for a Fund invested in property. If this situation persists, a significant proportion of the Fund may remain uninvested in commercial property. This may constrain the performance of the Fund.

### **PAIF STATUS**

If the PAIF Fund should breach any of the statutory conditions required for PAIF status, then depending on the nature of the breach and the number of breaches that have occurred, this may result in a corporation tax liability arising or HM Revenue & Customs terminating its PAIF status.

### **UK COMMERCIAL PROPERTY**

The performance of the PAIF Fund will generally follow the performance of the UK commercial property market. Where this market declines in value, the value of Shares in the PAIF Fund will also probably fall in value.

### **SUSPENSION RISK**

In certain circumstances the right of Shareholders to redeem Shares (including a redemption by way of switching) may be suspended and Shareholders will not be able to redeem their Shares until the suspension is lifted. Given the illiquid nature of real estate assets, notwithstanding the ACD's liquidity management processes, there is a greater possibility of the ACD being unable to meet redemption requests. This means that there is a higher risk of suspension of dealing in this type of fund. For more information, see paragraph 3.15.

### **NOTICE PERIOD FOR CLASS L Shares**

Redemptions in Class L Shares can be subject to a 185 day notice period. The redemption will receive the price calculated at the Valuation Point on the day of the redemption, not the price at the Valuation Point following receipt of the instruction.

### **LARGE PRICE SPREAD**

The difference between the buying and selling price of Shares for the PAIF Fund is likely to be larger than for funds investing in assets other than commercial property. Consequently there is a higher possibility of an investment being worth less than when invested, especially in the early years.

### **FINANCIAL DERIVATIVE INSTRUMENTS**

The use of futures, options and contracts for differences are subject to the limits and conditions imposed by the FCA Rules and this Prospectus. Such financial derivative instruments tend to have a greater volatility than the securities to which they relate and they bear a corresponding greater degree of risk. This may lead to high volatility in the Share price of the Fund and may cause the Funds' risk profile to rise. However this is not expected to be the case to any material extent for the PAIF Fund where financial derivative instruments are to be used only for efficient portfolio management rather than in pursuit of the investment objective.

The FCA Rules also permit a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the Fund) under certain conditions. If a Fund uses derivatives to create short exposure, while there is the potential for a gain to be made when the underlying securities are falling in value there is also the risk of loss when the underlying is rising in value. The implication of such exposure is that a Fund's performance may be less closely related

to the performance of the type of assets to which it would ordinarily be exposed.

#### **Over-the-Counter (OTC) Markets Risk**

The Fund may hold derivatives in OTC markets where there may be uncertainty as to the fair value of such derivatives due to their tendency to have limited liquidity and possibly higher price volatility. In addition, if they do so the Fund will be exposed to credit risk on counter-parties with whom the transactions are made and will bear the risk of settlement default with those counter-parties. However, there are specific FCA Rules with respect to OTC transactions in derivatives which may reduce the risk and magnitude of any potential loss to the Fund.

#### **CREDIT RISK**

The Fund may have a credit risk on the issuer of debt securities or deposits in which it invests which will vary depending on the issuer's ability to make principal and interest payments on the obligation. Not all of the securities in which the Fund may invest that are issued by sovereign governments or political sub-divisions, agencies or instrumentalities thereof, will have the explicit full faith and credit support of any such political sub-divisions, agencies or instrumentalities, as a result of which default will have adverse consequences for a Fund and will adversely affect the Net Asset Value per Share of the Fund.

The Fund may also have a credit risk on the parties with which they trade including for example, counter-parties to repurchase agreements or securities lending contracts. In the event of the insolvency, bankruptcy or default of the seller under a repurchase agreement, the Fund may experience both delays in liquidating the underlying securities and losses, including possible decline in the value of securities, during the period while they seek to enforce their rights thereto, possible sub-normal levels of income, lack of access to income during the period and expenses in enforcing their rights. The risks associated with lending portfolio securities include the possible loss of rights against the collateral for the securities should the borrower fail financially.

The Funds' foreign exchange, futures and other transactions also involve counter-party credit risk and will expose the Fund to unanticipated losses to the extent that counter-parties are unable or unwilling to fulfil their contractual obligations. With respect to futures contracts and options on futures, the risk is more complex in that it involves the potential default of the clearing house or the clearing broker.

Derivative transactions involve counter-party credit risk and if entered into will expose the relevant Fund to unanticipated losses to the extent that counter-parties are unable or unwilling to fulfil their contractual obligations. A Fund will have contractual remedies upon any default pursuant to the agreements related to the transactions. Such remedies could be inadequate, however, to the extent that collateral or other assets available are insufficient.

#### **EU Market Infrastructure Reforms**

The package of European Union market infrastructure reforms known as "MiFID II" is expected to have a significant impact on the European capital markets. MiFID II, which takes effect on 3 January 2018, will increase regulation of trading platforms and firms providing investment services, including the Investment Manager.

Among its many reforms, MiFID II will bring in significant changes to pre- and post-trade transparency obligations in respect of financial instruments admitted to trading on EU trading venues, including a new transparency regime for non-equity financial instruments; an obligation to execute transactions in shares and derivatives on a regulated trading venue; and a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and an increase in transaction costs, and, as a consequence, may have an adverse impact on the ability of the Investment Manager, or where relevant its authorised delegates, to execute the investment strategy of the Funds effectively.

New rules requiring unbundling the costs of research and other services from dealing commission and further restrictions on the ability of the Investment Manager or, where relevant, its authorised delegates to receive certain types of goods and services from brokers are likely to result in an increase in the investment-related expenditure of the Company.

#### **RESIDENTIAL PROPERTIES**

At times, the PAIF Fund may hold residential properties as part of its portfolio. It is not intended for residential properties to become a large part of the PAIF Fund assets. Any residential properties that are held are likely to be as a result of either:

- development of an existing commercial building into a residential building; or
- the purchase of a predominantly commercial building that also contains residential dwellings, for example a building with shops underneath and residential flats above.

In these instances, the commercial element of the property will make up the bulk of the value.

Residential properties will perform in a different way to the commercial properties that will make up the majority of the PAIF Fund's assets. The reasons for this include the quality of the residential property, the level of tenant demand, the level of buyer demand and the statutory obligations on landlords of residential properties.

Properties that fall under the definition of Houses in Multiple Occupation given in the Housing Act 2004 may become subject to licensing and regulation by their local authorities. This could give rise to additional management costs and control issues for the PAIF Fund.

Where the PAIF Fund invests in or holds let residential property on a furnished basis there will be additional regulatory requirements in respect of furniture provided within the property. If these are not met then additional liabilities may attach to the PAIF Fund, which may not be adequately covered by insurance policies in place.

For certain residential properties the PAIF Fund will have statutory responsibility for domestic safety and compliance checks. This will be addressed by professional property management from properly insured providers.

## PROPERTY DEVELOPMENT

At times, the PAIF Fund may develop properties in order to enhance the capital or income return from those properties. This can lead to increased risks including, without limitation, the following;

- risks relating to the availability and timely receipt of planning and other regulatory approval and the timely completion of construction (including risks beyond the control of the PAIF Fund, such as weather or labour conditions or material shortages);
- the risk that the costs of completing any work exceed that set out in the original budget or business plan;
- the risk that contractors retained to conduct the works fail to perform their obligations;
- the risk that completion of the development does not achieve the desired aim of increasing the property's capital value or rental income; and
- the fact that during development works, properties are harder to value given the greater number of unknown factors that will feed into the value of a property.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken. Any of these risks could have an adverse effect on the PAIF Fund and on the amount of income available for distribution to the Shareholders in the PAIF Fund.

## APPENDIX IV

### INVESTMENT MANAGEMENT AND BORROWING POWERS OF THE COMPANY

#### 1. GENERAL

- 1.1 The Scheme Property of each Fund will be invested with the aim of achieving the investment objective of that Fund, but subject to the limits set out in its investment policy set out in Appendix I, this Prospectus and Chapter 5 of the COLL Sourcebook ("COLL") as it applies to non-UCITS retail schemes, and (in relation to the PAIF Fund) the relevant provisions of the Tax Regulations. These limits apply to each Fund as summarised below.
- 1.2 Normally, a Fund will be fully invested save for an amount to enable redemption of Shares, efficient management of a Fund in relation to its strategic objective and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Funds. This amount will vary depending upon prevailing circumstances but may increase materially in times when the Investment Manager considers relevant assets to be overpriced or that a period of instability exists which presents unusual risks.
- 1.3 It is intended that the PAIF Fund will be a PAIF at all times. HM Revenue & Customs has provided confirmation to the ACD that the PAIF Fund meets the requirements to qualify as a PAIF under Regulation 69O of the Tax Regulations.
- 1.4 Consequently, the net income of the PAIF Fund deriving from Property Investment Business will be at least 60% of the PAIF Fund's net income in each of the Company's accounting periods, and the value of the assets involved in Property Investment Business will be at least 60% of the value of the total value of the assets held by the PAIF Fund at the end of each of the Company's accounting periods. For the purpose of this paragraph, net income means the amount falling to be dealt with under the heading "net revenue/expenses before taxation" in the PAIF Fund's statement of total return for the period.
- 1.5 From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold up to 40% of the Scheme Property of the PAIF Fund in money-market instruments and/or cash deposits, provided the PAIF Fund satisfies all those provisions in the Tax Regulations required for it to maintain its PAIF tax status.

#### 2. PRUDENT SPREAD OF RISK

- 2.1 The ACD must ensure that, taking account of the investment objectives and policies of each Fund, the Scheme Property aims to provide a prudent spread of risk.

#### 3. COVER

- 3.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of a Fund under any other of those rules has also to be provided for.
- 3.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
- 3.2.1 it must be assumed that in applying any of those rules, a Fund must also simultaneously satisfy any other obligation relating to cover; and
  - 3.2.2 no element of cover must be used more than once.

#### 4. NON-UCITS RETAIL SCHEMES - GENERAL

- 4.1 Subject to the investment objective and policy of a Fund, the Scheme Property must, except where otherwise provided in COLL 5 only consist of any or all of:

- 4.1.1 transferable securities;
  - 4.1.2 money-market instruments;
  - 4.1.3 shares or shares in permitted collective investment schemes;
  - 4.1.4 permitted derivatives and forward transactions;
  - 4.1.5 permitted deposits;
  - 4.1.6 permitted immovables; and
  - 4.1.7 gold up to a limit of 10% in value of the Scheme Property of the Funds.
- 4.2 Transferable securities and money-market instruments held within a Fund must (subject to paragraph 4.2.4 of this Appendix) be:
- 4.2.1 admitted to or dealt on an eligible market as described below;
  - 4.2.2 be approved money-market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 12 in this Appendix;
  - 4.2.3 recently issued transferable securities provided that:
    - 4.2.3.1 the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and
    - 4.2.3.2 such admission is secured within a year of issue.
  - 4.2.4 subject to a limit of 20% in value of the Scheme Property be:
    - 4.2.4.1 transferable securities which are not within 4.2.1 to 4.2.3; or
    - 4.2.4.2 money-market instruments which are liquid and have a value which can be determined accurately at any time.
- 4.3 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply until the expiry of a period of twelve months after the later of the date of effect of the authorisation order in respect of a Fund or the date the initial offer period commenced, provided that the requirement to maintain prudent spread of risk in paragraph 2 of this Appendix is complied with.
- 5. PAIF FUND ONLY: INVESTMENT IN IMMOVABLE PROPERTY**
- 5.1 "Property Investment Business" is defined in the Tax Regulations at the time of this Prospectus as property rental business (meaning property rental business within the meaning given by section 104 Finance Act 2006, and the property rental business of any intermediate holding vehicle), owning shares in UK real estate investment trusts (UK-REITs), and shares or units in non-UK REITs.
- 5.2 The PAIF Fund may invest up to 100% in value of its Scheme Property in eligible immovables, both directly and indirectly, through transferable securities, collective investment schemes (including ETFs) and securities issued by intermediate property holding companies. All investments will be made in the manner described in the investment policy of the PAIF Fund as set out in Appendix I.
- 5.3 Not more than 15% in value of the PAIF Fund is to consist of any one immovable. Immovables adjacent to or in the vicinity of another immovable included in the Scheme Property of that Fund, or another legal interest in an immovable which is already in the Scheme Property of the PAIF Fund, shall be deemed to be one immovable provided, in the opinion of an appropriate valuer, the total value of both immovables would at least equal the sum of the price payable for the



immovable and the existing value of the other immovable. The figure of 15% may be increased to 25% once the immovable has been included in the Scheme Property of the PAIF Fund.

- 5.4 Income received from any one group in an accounting period must not be attributable to immovables comprising (a) more than 25%; or (b) in the case of a government or public body, more than 35%, of the value of the Scheme Property of the PAIF Fund.
- 5.5 Not more than 20% in value of the Scheme Property of the PAIF Fund is to consist of mortgaged immovables and any mortgage must not secure more than 100% of the valuation received from an appropriate valuer.
- 5.6 The aggregate of any mortgages under paragraph 5.5, any borrowings under paragraph 24 and any transferable securities which are not approved securities must not at any time exceed 20% of the value of Scheme Property of the PAIF Fund.
- 5.7 The PAIF Fund may invest up to 50% of its Scheme Property in immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment.
- 5.8 The Company may grant an option to a third party to buy an immovable in the Scheme Property of the PAIF Fund provided the value of the relevant immovable does not exceed 20% of the value of the Scheme Property of the PAIF Fund together with, where appropriate, the value of investments in (a) unregulated collective investment schemes; and (b) any transferable securities which are not approved securities.
- 5.9 Any furniture, fittings or other contents of any building may be regarded as part of the relevant immovable.
- 5.10 The ACD may undertake, where appropriate, property development and funding of such development to the extent permitted by COLL.

## **6. PAIF FUND ONLY: ELIGIBLE IMMOVABLES**

- 6.1 The ACD must take reasonable care to determine that the title to the underlying immovable is a good marketable title.
- 6.2 The ACD must have received a report from an appropriate valuer which contains a valuation of the underlying immovable (with and without any relevant subsisting mortgage) and which states that in the appropriate valuer's opinion the immovable would, if acquired by the Company on behalf of the PAIF Fund or the intermediate investment vehicle, be capable of being disposed of in a reasonable timeframe at that valuer's valuation;  
  
or
- 6.3 the ACD must have received a report from an appropriate valuer stating that the immovable is adjacent to, or in the vicinity of another immovable included in the PAIF Fund or is another legal interest in an immovable which is already included in the assets of the PAIF Fund, and that in the opinion of the appropriate valuer, the total value of both immovables would at least equal the sum of the price payable for the immovable and the existing value of the other immovable.
- 6.4 An immovable must be bought or be agreed by enforceable contract to be bought within six months after receipt of the report of the appropriate valuer. An immovable must not be bought, if it is apparent to the ACD that the report of the appropriate valuer could no longer reasonably be relied on. An immovable must not be bought at more than 105% of the valuation for the relevant immovable in the report of the appropriate valuer.
- 6.5 In circumstances where in a particular jurisdiction it is practical to sell the underlying immovable together with the holding vehicle, the valuations referred to above may be of the holding vehicle and the immovable as its asset.
- 6.6 An appropriate valuer must be a person who has knowledge of and experience in the valuation of immovables of the relevant kind in the relevant area. In addition, an appropriate valuer must be qualified to be a standing independent valuer of a non-UCITS retail scheme or be considered by

the Standing Independent Valuer to hold an equivalent qualification. An appropriate valuer must also be independent of the ACD and the Depositary and must not have engaged himself or any of his associates in relation to the finding of the immovable for the Company. Additional information on the Standing Independent Valuer is provided in paragraph 6.7 of this Prospectus.

## **7. ELIGIBLE MARKETS REGIME: PURPOSE**

- 7.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 7.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 7.3 A market is eligible for the purposes of the rules if it is:
- 7.3.1 a regulated market as defined in the FCA Handbook; or
  - 7.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
- 7.4 A market not falling within paragraph 7.3 of this Appendix is eligible for the purposes of COLL 5 if:
- 7.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 7.4.2 the market is included in a list in the Prospectus; and
  - 7.4.3 the Depositary has taken reasonable care to determine that:
    - 7.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 7.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 7.5 In paragraph 7.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

## **8. SPREAD: GENERAL**

- 8.1 This rule on spread does not apply to government and public securities.
- 8.2 Not more than 20% in value of the Scheme Property of a Fund is to consist of deposits with a single body.
- 8.3 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).
- 8.4 The limit of 10% in paragraph 8.3 above is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds (the Fund does not currently invest in covered bonds).
- 8.5 In applying paragraph 8.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 8.6 Subject to any other limit specified at paragraph 10.1, not more than 35% in value of the Scheme Property of a Fund is to consist of the Shares or shares of any one collective investment scheme.
- 8.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property of a Fund.

- 8.8 For the purpose of calculating the limit in paragraph 8.7, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- 8.8.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 8.8.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 8.8.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 8.8.4 can be fully enforced by a Fund at any time.
- 8.9 For the purposes of calculating the limits in paragraph 8.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 8.9.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
  - 8.9.2 are based on legally binding agreements.
- 8.10 In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 8.10.1 it is backed by an appropriate performance guarantee; and
  - 8.10.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

## 9. SPREAD: GOVERNMENT AND PUBLIC SECURITIES

- 9.1 The following section applies in respect of a transferable security or an approved money market instrument ("such securities") that is issued by:
- 9.1.1 an EEA State;
  - 9.1.2 a local authority of an EEA State;
  - 9.1.3 a non-EEA State; or
  - 9.1.4 a public international body to which one or more EEA States belong.
- 9.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 9.3 The Company or any Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- 9.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of a Fund;
  - 9.3.2 no more than 30% in value of the Scheme Property of a Fund consists of such securities of any one issue;
  - 9.3.3 the Scheme Property of a Fund includes such securities issued by that or another issuer, of at least six different issues;
  - 9.3.4 the disclosures in the Prospectus required by the FCA have been made.

## 10. INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES

- 10.1 Up to 10% of the value of the Scheme Property of a Fund may be invested in Shares or shares in other collective investment schemes ("Second Scheme") provided that the Second Scheme satisfies all of the requirements of paragraphs 10.1.1 to 10.1.5.
- 10.1.1 The Second Scheme must:
- 10.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
  - 10.1.1.2 be authorised as a non-UCITS retail scheme; or
  - 10.1.1.3 be recognised under the provisions of s.264, s.270 or s.272 of the Financial Services and Markets Act 2000; or
  - 10.1.1.4 be constituted outside the UK and have investment and borrowing powers which are the same or more restrictive than those of a non-UCITS retail scheme; or
  - 10.1.1.5 be a scheme not falling within paragraphs 10.1.1.1 to 10.1.1.4 and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.
- 10.1.2 The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.
- 10.1.3 The Second Scheme is prohibited from having more than 15% in value of the scheme assets consisting of Shares or shares in collective investment schemes.
- 10.1.4 The participants in the Second Scheme must be entitled to have their Shares or shares redeemed in accordance with the scheme at a price related to the net value of the assets to which the Shares or shares relate and determined in accordance with the scheme.
- 10.1.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 10.1.2 to 10.1.4 apply to each Fund as if it were a separate scheme.
- 10.2 The Scheme Property attributable to a Fund may include Shares in another Fund of the Company (the "Second Fund") subject to the requirements of paragraph 10.3 below.
- 10.3 A Fund may invest in or dispose of Shares of a "Second Fund" provided that:-
- 10.3.1 the Second Fund does not hold Shares in any other Fund of the Company;
  - 10.3.2 the requirements set out at paragraphs 10.5 and 10.6 below are complied with; and
  - 10.3.3 not more than 35% in value of the Scheme Property of the investing or disposing Fund is to consist of Shares in the Second Fund.
- 10.4 The Funds may subject to the limit set out in paragraph 10.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Funds or one of its associates.
- 10.5 Investment may only be made in a Second Fund or other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus of the Company clearly states that the Funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 10.6 Where a Fund of the Company invests in or disposes of Shares or shares in a Second Fund or in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to that Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

## 11. INVESTMENT IN NIL AND PARTLY PAID SECURITIES

- 11.1 A transferable security or an approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a Fund, at the time when payment is required, without contravening the rules in COLL 5.

## 12. INVESTMENT IN MONEY-MARKET INSTRUMENTS

- 12.1 A Fund may invest in money-market instruments which are within the provisions of 4.2 above or 12.2 below and subject to the limit of 20% referred to in 4.2.4 above, which are normally dealt in or on the money-market, are liquid and whose value can be accurately determined at any time.
- 12.2 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 12.2.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
- 12.2.2 the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.
- 12.3 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- 12.3.1 the instrument is an approved money-market instrument;
- 12.3.2 appropriate information is available for the instrument (including Information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR; and
- 12.3.3 the instrument is freely transferable.

## 13. DERIVATIVES: GENERAL

- 13.1 **Transactions in derivatives may be used for the purposes of hedging in accordance with efficient portfolio management. The Investment Manager may make use of a variety of instruments in accordance with the COLL Sourcebook and in accordance with its risk management policy. The use of derivatives may increase the risk profile of the Funds as set out in more detail in the risk factors listed above.**
- 13.2 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 15 below (Permitted transactions (derivatives and forwards)) and the transaction is covered, as required by paragraph 19 (Cover for transactions in derivatives and forward transactions).
- 13.3 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.6.7R Spread: general, COLL 5.6.8R Spread: government and public securities) except for index based derivatives where the rules in 9.6 apply.
- 13.4 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 13.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 13.5.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

- 13.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 13.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 13.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 13.7 Where a Fund invests in an index-based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

#### 14. EFFICIENT PORTFOLIO MANAGEMENT

- 14.1 **The Company may use the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL. The exposure must be fully “covered” by cash and/or other assets sufficient to meet any obligation to pay or deliver that could arise.**
- 14.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
- 14.2.1 transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
- 14.2.2 transactions for the generation of additional capital growth or income for a Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
- 14.2.2.1 pricing imperfections in the market as regards the assets which a Fund holds or may hold; or
- 14.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on assets of a Fund which the Company is willing to buy or sell at the exercise price, or
- 14.2.2.3 stock lending arrangements.
- A permitted arrangement in this context may at any time be closed out.
- 14.3 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out.

**15. PERMITTED TRANSACTIONS (DERIVATIVES AND FORWARDS)**

- 15.1 A transaction in a derivative must be:
- 15.1.1 in an approved derivative; or
  - 15.1.2 be one which complies with paragraph 19 (OTC transactions in derivatives).
- 15.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Fund is dedicated:
- 15.2.1 transferable securities;
  - 15.2.2 money-market instruments;
  - 15.2.3 deposits;
  - 15.2.4 permitted derivatives under this paragraph;
  - 15.2.5 collective investment scheme Shares permitted under paragraph 10 (Investment in collective investment schemes);
  - 15.2.6 permitted immovables;
  - 15.2.7 gold;
  - 15.2.8 financial indices which satisfy the criteria set out in COLL 5.2.20R;
  - 15.2.9 interest rates;
  - 15.2.10 foreign exchange rates; and
  - 15.2.11 currencies.
- 15.3 The exposure to the underlyings in paragraph 15.2 above must not exceed the limits in paragraphs 8 and 9 above.
- 15.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 15.5 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument and the most recently published version of this Prospectus.
- 15.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, shares in collective investment schemes, or derivatives.
- 15.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.

**16. FINANCIAL INDICES UNDERLYING DERIVATIVES**

- 16.1 The financial indices referred to in paragraph 15.2 are those which satisfy the following criteria:
- 16.1.1 the index is sufficiently diversified;
  - 16.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 16.1.3 the index is published in an appropriate manner.

- 16.2 A financial index is sufficiently diversified if:
- 16.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 16.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 16.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 16.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 16.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 16.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 16.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 16.4 A financial index is published in an appropriate manner if:
- 16.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 16.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 16.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 15.2 be regarded as a combination of those underlyings.

## **17. TRANSACTIONS FOR THE PURCHASE OF PROPERTY**

- 17.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if that asset can be held for the account of a Fund, and the ACD having taken reasonable care determines that delivery of the assets under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

## **18. REQUIREMENT TO COVER SALES**

- 18.1 No agreement by or on behalf of a Fund to dispose of assets or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by a Fund by delivery of assets or the assignment (or, in Scotland, assignation) of rights, and the assets and rights above are owned by a Fund at the time of the agreement. This requirement does not apply to a deposit.

## **19. OTC TRANSACTIONS IN DERIVATIVES**

- 19.1 Any transaction in an OTC derivative under paragraph 15.1.2 must be:
- 19.1.1 in a future or an option or a contract for differences
  - 19.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation permits it to enter into the transaction as principal off-exchange;



- 19.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and
- 19.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
- 19.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
- 19.1.4.2 if the value referred to in paragraph 19.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 19.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- 19.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
- 19.1.5.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property of a Fund and which is adequately equipped for such a purpose.
- 19.2 For the purposes of paragraph 19.1.3, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

## 20. RISK MANAGEMENT

- 20.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the relevant Fund.

## 21. INVESTMENTS IN DEPOSITS

- 21.1 A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## 22. DERIVATIVE EXPOSURE

- 22.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which a Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 22.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of its Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which a Fund is committed. Detailed requirements for cover of a Fund are set out below.
- 22.3 A future is to be regarded as an obligation to which a Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which a Fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

- 22.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

### **23. COVER FOR INVESTMENT IN DERIVATIVES AND FORWARD TRANSACTIONS**

- 23.1 The ACD must ensure that the global exposure of a Fund relating to derivatives and forward transactions held in the Fund does not exceed the net value of its Scheme Property.

### **24. BORROWING**

- 24.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 9 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 24.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 28 (General power to borrow) of this Appendix do not apply to that borrowing.

### **25. CASH AND NEAR CASH**

- 25.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 25.1.1 the pursuit of a Fund's investment objectives; or
  - 25.1.2 the redemption of shares; or
  - 25.1.3 efficient management of a Fund in accordance with its investment objectives; or
  - 25.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of a Fund.
- 25.2 During the period of an initial offer the Scheme Property may consist of cash and near cash without limitation.

### **26. GENERAL**

- 26.1 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

### **27. UNDERWRITING**

- 27.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of a Fund.

### **28. GENERAL POWER TO BORROW**

- 28.1 The Company may, subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument.
- 28.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of each Fund.
- 28.3 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

**29. RESTRICTIONS ON LENDING OF MONEY**

- 29.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by a Fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- 29.2 Acquiring a debenture is not lending for the purposes of paragraph 29.1 nor is the placing of money on deposit or in a current account.

**30. RESTRICTIONS ON LENDING OF ASSETS OTHER THAN MONEY**

- 30.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 30.2 Transactions permitted by paragraph 33 (Stock lending) are not to be regarded as lending for the purposes of paragraph 30.1.
- 30.3 Subject to paragraph 5.5 of this Appendix IV in relation to the PAIF Fund, the Scheme Property of the Funds must not be mortgaged.
- 30.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

**31. GENERAL POWER TO ACCEPT OR UNDERWRITE PLACINGS**

- 31.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.
- 31.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 31.3 The exposure of a Fund to agreements and understandings as set out above, on any business day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

**32. GUARANTEES AND INDEMNITIES**

- 32.1 Subject to any waiver of COLL in relation to the PAIF Fund, the Company or the Depositary for the account of the Company or a Fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 32.2 None of the Scheme Property of a Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 32.3 Paragraphs 32.1 and 32.2 do not apply in respect of a Fund to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:
- 32.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - 32.3.2 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
  - 32.3.3 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the assets of that scheme becomes the first assets of a Fund and the holders of Shares in that scheme become the first shareholders in a Fund.

### 33. STOCK LENDING

- 33.1 The entry into stock lending transactions or repo contracts for the account of a Fund is permitted for the generation of additional income for the benefit of that Fund, and hence for its Shareholders.

The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

- 33.2 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 33.3 The ACD may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of a Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.
- 33.4 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 33.5 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of assets, whether or not the asset is part of the assets of a Fund.
- 33.6 There is no limit on the value of the Scheme Property of a Fund which may be the subject of stock lending transactions or repo contracts.

### 34. TREATMENT OF COLLATERAL

- 34.1 Collateral is adequate for the purposes of this paragraph only if it is:
- 34.1.1 transferred to the Depositary or its agent;
  - 34.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary; and
  - 34.1.3 in the form of one or more of:
    - 34.1.3.1 cash; or
    - 34.1.3.2 a certificate of deposit; or
    - 34.1.3.3 a letter of credit; or
    - 34.1.3.4 a readily realisable security ; or
    - 34.1.3.5 commercial paper with no embedded derivative content; or
    - 34.1.3.6 a qualifying money market fund.
- 34.2 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph 10.5 must be complied with.

- 34.3 Collateral is sufficiently immediate for the purposes of this paragraph if:
- 34.3.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or
  - 34.3.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 34.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.
- 34.4 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.
- 34.5 The duty in paragraph 34.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 34.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of a Fund or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.
- 34.7 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the rules in the COLL Sourcebook, except in the following respects:
- 34.7.1 it does not fall to be included in any calculation of NAV or this Appendix, because it is offset under paragraph 34.6 by an obligation to transfer; and
  - 34.7.2 it does not count as Scheme Property for any purpose of this Appendix other than this paragraph.
- 34.8 Paragraphs 34.6 and 34.7.1 not apply to any valuation of collateral itself for the purposes of this paragraph.

## 35. LEVERAGE

- 35.1 This section explains in what circumstances and how the ACD may use leverage in respect of the Fund where the investment policy of that Fund permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.
- 35.2 Leverage when used in this prospectus means the following sources of leverage can be used when managing the Fund:
- 35.2.1 cash borrowing, subject to the restrictions set out in paragraph 24 (“Borrowing”) of this Appendix;
  - 35.2.2 financial derivative instruments and reinvestment of cash collateral in the context of securities lending, subject in each case to paragraphs 13 (“Derivatives”), 29 (“Restrictions on lending”) and 30 (“Restrictions on lending of assets other than money”) of this Appendix.
  - 35.2.3 The ACD is required to calculate and monitor the level of leverage of the Fund, expressed as a ratio between the exposure of the Fund and its Net Asset Value (Exposure/NAV), under both the gross method and the commitment method.
- 35.3 Under the gross method, the exposure of the Fund is calculated as follows:
- 35.3.1 include the sum of all assets purchased, plus the absolute value of all liabilities;
  - 35.3.2 exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
  - 35.3.3 derivative instruments are converted into the equivalent position in their underlying assets;
  - 35.3.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;

- 35.3.5 include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- 35.3.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.
- 35.4 Under the commitment method, the exposure of the Fund is calculated in the same way as under the gross method; however, where "hedging" offsets risk and "netting" eliminates risk, these values are not included.
- 35.5 The maximum level of leverage which the Fund may employ, calculated in accordance with the gross and commitment methods, is stated in paragraph 3.16 above.
- 35.6 In addition, the total amount of leverage employed by the Fund will be disclosed in the Fund's annual report.

## APPENDIX V

### VALUATION OF THE FUNDS

#### Calculation of the Net Asset Value

The value of the property of a Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

1. All the property of a Fund (including receivables) is to be included, subject to the following provisions.
2. The valuation of the property of a Fund shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.
- 2.1 The valuation of property for that part of the valuation which is on an issue basis is as follows:
  - 2.1.1 property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
    - 2.1.1.1 units or shares in a collective investment scheme:
      - (a) if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs, which means any fiscal charges, commission or other charges (including any preliminary charge) payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and including any dilution levy which would be added in the event of a purchase by a Fund of the units in question (except that, where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units are held by a Fund, dealing costs must not include a preliminary charge which would be payable in the event of a purchase by a Fund of those units); or
      - (b) if separate buying and selling prices are quoted, the most recent maximum sale price, less any expected discount (plus any dealing costs, which means any fiscal charges, commission or other charges (but excluding any preliminary charge on sale of units in a collective investment scheme) payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); but where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units are held by a Fund, the issue price shall be taken instead of the maximum sale price; or
      - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the ACD, is fair and reasonable;
    - 2.1.1.2 immovable property:
      - (a) by a standing independent valuer (as defined in the Glossary to the Financial Conduct Authority's Handbook of Rules and Guidance) or appropriate valuer, on the basis of a "market value" as defined in Valuation Standard of the RICS Valuation

Standards (The Red Book) (9<sup>th</sup> Edition published November 2013) as updated and amended from time to time or a local market equivalent;

- (b) in accordance with COLL 5.6.20(3)(a) on the basis of a full valuation with physical inspection (including where the immovable is or includes a building, internal inspection), at least once a year;
- (c) in accordance with COLL 5.6.20R(3)(c) on the basis of the last full valuation, at least once a month; and
- (d) in each plus any costs and charges incurred in buying immovable property including stamp duty land tax;

2.1.1.3 any other investment:

- (a) the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (b) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the ACD, is fair and reasonable;

2.1.1.4 if any other property, or no price exists under paragraphs 2.1.1.1 to 2.1.1.3 the ACD's reasonable estimate of a buyer's price (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any preliminary charge on sale of units in a collective investment scheme). The buyer's price is the consideration which would be paid by the buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

2.2 The valuation of property for that part of the valuation which is on a cancellation basis is as follows:

2.2.1 property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

2.2.1.1 units or shares in a collective investment scheme:

if a single price for buying and selling units or shares is quoted, at that price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction, any charge payable on the redemption of units in a collective investment scheme, (taking account of any expected discount, any dilution levy which would be deducted in the event of a sale by a Fund of the units in question (except that, where the ACD, or an associate of the ACD, is also the manager or authorised



corporate director of the collective investment scheme whose units are held by a Fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by a Fund of those units); or

- (a) if separate buying and selling prices are quoted, at the most recent minimum redemption price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and any charge payable on the redemption of units in a collective investment scheme (except that, where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units are held by a Fund, dealing costs must not include a redemption charge which would be payable in the event of a redemption by a Fund of those units), less any expected discount); but, if the property sold in one transaction would amount to a large deal (as defined in the Glossary), the cancellation price shall be taken instead of the minimum redemption price; or
- (b) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the ACD, is fair and reasonable;

#### 2.2.1.2 immovable property:

- (a) by a standing independent valuer (as defined in the Glossary to the Financial Conduct Authority's Handbook of Rules and Guidance) or appropriate valuer, on the basis of a "market value" as defined in Valuation Standard of the RICS Valuation Standards (The Red Book) (7<sup>th</sup> Edition published March 2012) as updated and amended from time to time or a local market equivalent;
- (b) in accordance with COLL 5.6.20(3)(a) on the basis of a full valuation with physical inspection (including where the immovable is or includes a building, internal inspection), at least once a year;
- (c) in accordance with COLL 5.6.20R(3)(c) on the basis of the last full valuation, at least once a month; and
- (d) and in each case less costs and charges incurred in selling immovable property;

#### 2.2.1.3 any other investment:

- (a) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (b) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a

seller's price which, in the opinion of the ACD, is fair and reasonable;

2.2.1.4 if any other property, or no price exists under paragraphs 2.2.1.1 to 2.2.1.3 the ACD's reasonable estimate of a seller's price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of a Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by a Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and including any charge payable on the redemption of units in a collective investment scheme, (taking account of any expected discount, any dilution levy which would be deducted in the event of a sale by a Fund of the units in question) (except that, where the ACD, or an associate of the ACD, is also the manager or authorised corporate director of the collective investment scheme whose units are held by a Fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by a Fund of those units). The seller's price is the consideration which would be received by a seller for an immediate transfer or assignment (or, in Scotland, assignment) to him at arm's length.

3. Property which is a derivative transaction shall be treated as follows:

- (a) if a written option, (and the premium for writing the option has become part of the scheme property) deduct the amount of the net valuation of premium (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded, but, in the case of the calculation of the issue basis, deduct and, in the case of the calculation of the cancellation basis, add, dealing costs); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used; or
- (b) if an off-exchange future, include at the net value of closing out (in the case of the calculation of the issue basis and cancellation basis, estimated on the basis of the amount of profit or loss receivable or incurable by a Fund on closing out the contract and deducting minimum dealing costs in the case of profit and adding them in the case of loss; but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used); or
- (c) if any other form of derivative transaction, include at the net value of margin on closing out (estimated on the basis of the amount of margin (whether receivable or payable by a Fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded if that amount is receivable by a Fund deduct dealing costs but if that amount is payable then add minimum dealing costs so that the value is the figure as a negative sum); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used.

4. Cash and amounts held in current and deposit accounts shall be valued at their nominal values.

5. In determining the value of the scheme property, all instructions given to the Depositary to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received (or, in the case of an in specie transfer, assets transferred) and all required consequential action required by the COLL Sourcebook or the Instrument of Incorporation shall be assumed (unless the contrary is shown) to have been taken.

6. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required by their terms assumed to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.

7. Futures or contracts for differences which are not yet due to be performed and unexpired written or purchased options which have not been exercised shall not be included under paragraph 6.
8. All agreements are to be included under paragraph 6. which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
9. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of a Fund; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty land tax, stamp duty and stamp duty reserve tax.
10. Deduct an estimated amount for any liabilities payable out of the property of a Fund and any tax thereon (treating periodic items as accruing from day to day).
11. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
12. In the case of a margined contract, deduct any amount reasonably anticipated to be paid by way of variation margin.
13. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
14. Add any other credits due to be paid into the property of a Fund.
15. In the case of a margined contract, add any amount reasonably anticipated to be received by way of variation margin.
16. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
17. The valuation is in a Fund's base currency. To convert to the base currency the value of property which would otherwise be valued in another currency the ACD will either:
  - 17.1 select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the ACD would normally deal if it wished to make such a conversion; or
  - 17.2 invite the Depositary to agree that it is in the interests of Shareholders to select a different rate, and, if the Depositary so agrees, use that other rate.

## APPENDIX VI

### LIST OF FUNDS FOR WHICH THE ACD IS AN AUTHORISED FUND MANAGER

The following is a complete list of authorised schemes offered and managed by the ACD who will provide details on request:

Legal & General All Stocks Gilt Index Trust	Legal & General Mixed Investment 40-85% Fund
Legal & General All Stocks Index Linked Gilt Index Trust	Legal & General Mixed Investment 0-35% Fund
Legal & General Asian Income Trust	Legal & General Mixed Investment Income 20-60% Fund
Legal & General Cash Trust	Legal & General Multi Manager Balanced Trust
Legal & General Distribution Trust	Legal & General Multi Manager Growth Trust
Legal & General Dynamic Bond Fund	Legal & General Multi Manager Income Trust
Legal & General Emerging Markets Government Bond (Local Currency) Index Fund	Legal & General Multi-Asset Target Return Fund
Legal & General Emerging Markets Government Bond (US\$) Index Fund	Legal & General Multi-Index Funds
Legal & General Ethical Trust	Legal & General Pacific Index Trust
Legal & General European Equity Income Fund	Legal & General Real Capital Builder Fund
Legal & General European Index Trust	Legal & General Real Income Builder Fund
Legal & General European Trust	Legal & General Short Dated Sterling Corporate Bond Index Fund
Legal & General Fixed Interest Trust	Legal & General Sterling Corporate Bond Index Fund
Legal & General Future World Climate Change Equity Factors Index Fund	Legal & General Sterling Income Fund
Legal & General Global 100 Index Trust	Legal & General UK 100 Index Trust
Legal & General Global Emerging Markets Index Fund	Legal & General UK Alpha Trust
Legal & General Global Equity Index Fund	Legal & General UK Equity Income Trust
Legal & General Global Health and Pharmaceuticals Index Trust	Legal & General UK Index Trust
Legal & General Global Inflation Linked Bond Index Fund	Legal & General UK Mid Cap Index Fund
Legal & General Global Infrastructure Index Fund	Legal & General UK Property Feeder Fund
Legal & General Global Real Estate Dividend Index Fund	Legal & General UK Select Equity Fund
Legal & General Global Technology Index Trust	Legal & General UK Smaller Companies Trust
Legal & General Growth Trust	Legal & General UK Special Situations Trust
Legal & General High Income Trust	Legal & General Unit Trust Managers I
Legal & General International Index Trust	Legal & General Unit Trust Managers III
Legal & General Japan Index Trust	Legal & General US Index Trust
Legal & General Managed Monthly Income Trust	Legal & General Worldwide Trust
Legal & General Mixed Investment 0-20% Fund	L&G (N) Tracker Trust
Legal & General Mixed Investment Income 0-35% Fund	Legal & General UK 350 Index Fund
Legal & General Mixed Investment 20-60% Fund	Legal & General Unit Trust Managers III

The ACD also operates the following unregulated collective investment schemes, which are not available to the general public:

Ministry of Justice Equity Index Tracker Fund;  
Charities Aid Foundation UK Equitrack Fund.

## APPENDIX VII Past Performance Information

The Legal & General UK Property Trust converted into the PAIF Fund on 24 May 2014. Both schemes are materially similar and accordingly the past performance of the PAIF Fund can be simulated based on the actual past performance of the Legal & General UK Property Trust as set out below.

The performance data has been calculated on a bid to bid basis in Sterling, with income reinvested. The performance data does not take into account any initial charge.

The following table shows the simulated past performance for the PAIF Fund based on the performance of the Legal & General UK Property Trust for each of five consecutive 12 month periods (or as many as possible since launch if applicable) prior to the launch of the PAIF Fund and the past performance of the Class I Acc for the Fund for each of five consecutive 12 month periods (or as many as possible since launch if applicable) since the launch of the PAIF fund.\*

Please note that past performance is not an indication of future performance.

Fund Name	31/12/13- 31/12/14 (%)	31/12/14- 31/12/15 (%)	31/12/15- 31/12/16 (%)	31/12/16- 31/12/17 (%)	31/12/17- 31/12/18 (%)	31/12/18- 31/12/19 (%)
<b>Legal &amp; General UK Property Fund</b>	13.57	10.50	1.91	8.84	4.65	3.18

Data Source – Lipper

\*With effect from 7 August 2019, the performance set out in this Appendix is shown by calendar year rather than each year ending 30 September.

## APPENDIX VIII

### SECURITIES AND FINANCING TRANSACTIONS

The ACD is subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (the “**SFTR**”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions and total return swaps (“**TRSs**”).

Legal & General UK Property Fund (the “**Fund**”) may have exposure to TRSs. The limitations on the use of TRSs are explained in the “Investment Management and Borrowing Powers of the Company” section set out in Appendix IV. The Fund’s use of TRSs is consistent with its investment objective and policy, and accordingly TRSs may be used to reduce risk, reduce cost and/or generate additional capital or income with a risk level that is consistent with that of the Fund and the risk diversification rules laid down in the COLL Sourcebook.

Subject to the limitations referred to above, any assets of the Fund may have exposure to TRSs. Up to 10% of the Fund’s assets may have exposure to TRSs, with an expectation that at any time no more than 10% of the Fund’s assets may have exposure to such arrangements.

TRSs will only be entered into with “approved counterparties” as defined in the FCA Handbook. Other than this restriction, there are no pre-specified restrictions on the legal status, country of origin or minimum credit rating of any counterparty in such transactions.

The types of acceptable collateral, as well as the diversification requirements, are explained in the “Investment Management and Borrowing Powers of the Company” section set out in Appendix IV. Any collateral obtained by the Fund pursuant to a TRS will be valued in accordance with the ACD’s valuation and haircut policy detailed above. Such haircut policy allows for the fact that the valuation of the collateral or liquidity profile may deteriorate over time.

The assets of the Fund that have exposure to TRSs and any collateral received are held by the Depositary.

The reuse of collateral is limited by the COLL Sourcebook to certain asset classes. Such reuse should not result in a change to the Fund’s investment objectives nor increase substantially the Fund’s risk profile.

All of the revenues arising from TRSs, net of direct and indirect operational costs, will be retained by the Fund.

The ACD will disclose in the Fund’s annual report certain information regarding its use of TRSs.