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## L&G and Federated Hermes Merge to Form £4.7bn UK Property Fund

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Two of the UK's longest-running real estate funds are combining to create a £4.7 billion property vehicle, following overwhelming support from investors.

The Federated Hermes Property Unit Trust (FHPUT), first launched in 1967, will be absorbed into the L&G Managed Property Fund (MPF), established in 1971. Under the agreement, MPF will take ownership of the enlarged portfolio. A substantial portion of FHPUT unitholders' stakes will transfer into MPF, while the remainder will be redeemed.

Federated Hermes confirmed that a strong majority of its unitholders voted in favour of the merger.

Mark Russell, Chief Investment Officer of Federated Hermes Real Estate, said the merger reflected the changing needs of clients in an evolving market. “This outcome follows months of detailed and thoughtful planning, undertaken in close consultation with FHPUT’s unitholders. Our goal throughout has been to deliver a solution that offers continued market exposure for the majority, while enhancing stability and liquidity over the long term,” he said.

Russell added that while it was with “some nostalgia” that the 24-year association with the fund was ending, the merger ensures investors remain well-positioned through a transition to a larger, more resilient vehicle.

Michael Barrie, Head of Real Estate for the UK and Europe at Legal & General, described the combination as a “significant step” in L&G’s wider growth strategy. “Bringing together two of the UK’s most established property funds reinforces our position as the partner of choice for consolidation opportunities. The overwhelming support from FHPUT unitholders is a clear vote of confidence in both our strategy and our collaboration with Federated Hermes,” Barrie stated.

The MPF, already known for its acquisitive activity in recent years, is expected to further strengthen its portfolio through the addition of FHPUT’s assets. Rob Codling, Head of Commercial Funds, Real Estate Equity at L&G, said the merger would “drive strong returns for all investors” by complementing existing holdings and broadening the fund’s market reach.

The deal highlights ongoing consolidation within the UK’s property fund sector, as managers seek scale and stability in an uncertain economic environment. Both companies emphasised that the integration was designed to support long-term value creation and resilience for investors.

With this transaction, the MPF becomes one of the largest open-ended real estate funds in the UK, reinforcing its role as a key player in the commercial property market.