

LPI Income Property Fund

Unit-Linked Life Insurance Reported in GBP (Gross of charges)



FUND AIM

To provide an income stream that rises annually in line with LPI (RPI between 0% and 5%).

WHO IS THIS FUND FOR?

- The trustees of UK registered defined benefit occupational pension schemes, which may be classified as either retail clients or professional clients.
- Please refer to your professional advisor who should be able to advise you on the suitability of this fund for your scheme.

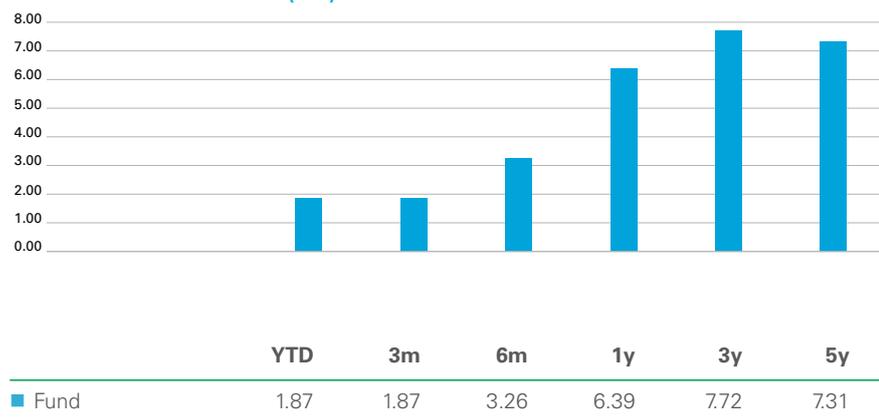
KEY CHARACTERISTICS

No. of assets	71
No. of direct properties	71
Void rate ex. development	0.0%
Average lease length	24.5 years
Average lot size	£23.7m
Cash level	£42.7m
Income return	3.1%

FUND FACTS

NAV	Base currency
£1,713.9m	GBP
Launch date	Domicile
Jul 2010	United Kingdom

PERFORMANCE (%)



CALENDAR YEAR PERFORMANCE (%)

	2019	2018	2017	2016	2015
Fund	6.13	7.93	9.39	5.55	7.61

All performance periods over a year will be annualised. Source: LGIM. Performance based on weekly mid-market prices before the deduction of fees. **Past performance is not a guide to the future.**

FUND CHARACTERISTICS

The fund invests in freehold and leasehold property in the UK with a view to securing long let, secure income streams. In some cases the fund will invest in income strips where the tenant has the option to buy back the freehold from the fund on lease expiry for a nominal amount. The fund does not engage in higher risk activities for example development of unlet property or gearing on directly held assets. The fund may invest selectively in indirect vehicles. The fund may also hold derivatives such as Limited Price Inflation (LPI) swaps to aid efficient portfolio management in line with the FCA permitted link rules. Derivative exposure will be collateralised to protect against counterparty risk.

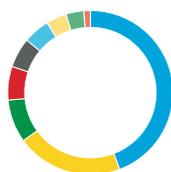
PORTFOLIO BREAKDOWN

All data source LGIM unless otherwise stated. Totals may not sum due to rounding.



LEASE LENGTH

<20 years	23.2
20-25 years	38.9
25-30 years	19.6
30+ years	18.3



SECTOR (%)

Regional Office	44.2
Educational Sector	20.8
Supermarket	8.5
Distribution Warehouse	6.6
Other Commercial	5.9
Leisure	5.2
Other Industrial	4.0
Health Care	3.5
Shopping Centre	1.3



REGION (%)

South East	11.8
South West	3.8
Eastern	3.3
West Midlands	8.3
East Midlands	6.1
North West	11.4
Yorkshire & Humberside	5.4
North East	13.5
Wales	5.2
Scotland	9.2
West End London	17.0
Outer London	4.9

TOP 10 DIRECT PROPERTY HOLDINGS (£M)

Holding	Sector	Valuation
Sanctuary Buildings, London	Offices	280-300
Next, Doncaster	Distribution Warehouse	70-80
India Buildings, Liverpool	Offices	70-80
Mitchells & Butlers, Birmingham	Offices	70-80
Newcastle INTO University, Newcastle	Educational Sector	50-60
Sainsbury's, Glasgow	Supermarket	50-60
Marston's Portfolio, Various	Leisure	50-60
Aberystwyth University, Aberystwyth	Educational Sector	50-60
Scottish Ministers, Glasgow	Offices	40-50
Tesco, Littlehampton	Supermarket	40-50

FUND MANAGER COMMENTARY

The Fund returned 1.87% in Q1 2020 with performance underpinned by income and the capitalisation of RPI linked rental growth.

There were eleven rent reviews completed in the quarter on an upward only basis, in line with RPI.

During the quarter the fund completed a £285m purchase of a 225,000 sq.ft office building in London, let to Secretary of State for Communities and Local Government Department of Education. The investment is underpinned by a new 25 year lease which incorporates annual RPI linked rent reviews.

The Fund continues to actively pursue additional pipeline assets to facilitate Fund growth and deployment of capital.

All pipeline assets offer investment grade covenants and are aligned to the Fund's strategy of securing suitable off market stock which will deliver appropriate returns, while meeting the investment criteria.

LGIM PROPERTY FUND MANAGEMENT TEAM

The LPI Fund team is led by Derek Gilby, a Senior Fund Manager with 26 years' experience and 20 years tenure at L&G. The Fund team is supported by LGIM Real Assets' wider platform resources and capabilities, including an in-House Credit team providing analysis on occupier covenants. Assets are sourced through the team's market relationships, working in conjunction with a dedicated Transactions team.

