

# 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.

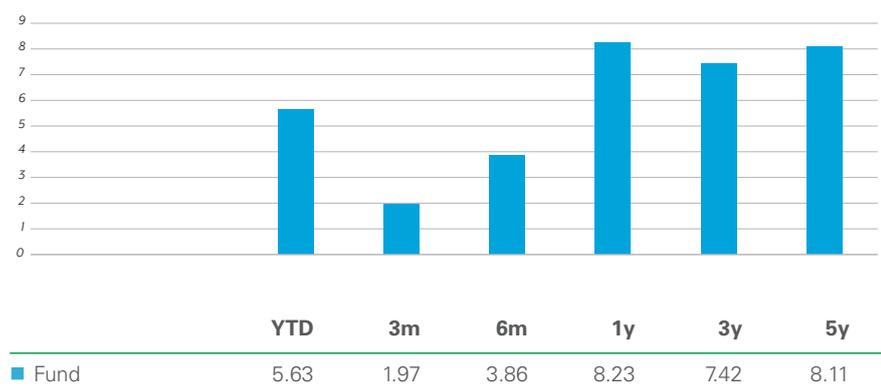
## KEY CHARACTERISTICS

No. of assets	68
No. of direct properties	68
Void rate ex. development	0.0%
Average lease length	25.1 years
Average lot size	£18.5m
Cash level	£18.6m
Income return	3.8%

## FUND FACTS

NAV	Base currency
£1,279.3m	GBP
Launch date	Domicile
Jul 2010	United Kingdom

## PERFORMANCE (%)



## CALENDAR YEAR PERFORMANCE (%)

	2017	2016	2015	2014	2013
Fund	9.39	5.55	7.61	9.04	10.91

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 future performance and the value of investments can go down as well as up.**

## 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	18.6
20-25 years	36.3
25-30 years	23.7
30+ years	21.4



### SECTOR (%)

Regional Office	32.5
Educational Sector	23.2
Supermarket	10.7
Distribution Warehouse	8.6
Other Commercial	7.4
Leisure	6.7
Other Industrial	4.7
Health Care	4.4
Shopping Centre	1.7



### REGION (%)

London	6.3
South East	11.8
South West	4.9
Eastern	4.4
West Midlands	10.2
East Midlands	6.2
North West	12.8
Yorkshire & Humberside	8.8
North East	17.5
Wales	6.9
Scotland	10.3

### TOP 10 DIRECT PROPERTY HOLDINGS (£M)

Holding	Sector	Valuation
Next, Doncaster	Distribution Warehouse	75-80
Mitchells & Butlers, Birmingham	Offices	70-75
Marston's Portfolio	Leisure	55-60
Newcastle INTO University	Educational Sector	55-60
India Buildings, Liverpool	Offices	50-55
Sainsbury's, Glasgow	Retail Warehouse, Supermarket	50-55
Aberystwyth University	Educational Sector	45-50
Scottish Ministers, Glasgow	Offices	45-50
Tesco, Littlehampton	Retail Warehouse, Supermarket	40-45
Fletton Quays, Peterborough	Offices	40-45

### FUND MANAGER COMMENTARY

The Fund returned 2.0% in Q3 2018 with performance underpinned by income and the capitalisation of RPI linked rental growth.

Eight rent reviews completed in the September quarter, all on an upward only basis in line with RPI.

The Fund acquired two properties Q3; a shopping centre in Weston super Mare, let to North Somerset Council and a second student accommodation block let to the University of Lincoln, structured as a two-phase project with the first phase fully occupied from October and the second completing for the 2019/20 academic year.

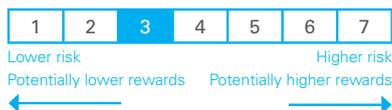
At the end of Q3 the Fund was under offer on a further forward funding opportunity to deliver 227 new student accommodation rooms in close proximity to campus, with a 21 year lease to a university on completion, benefiting from annual RPI-linked uplifts.

The Fund is also considering a further pipeline of assets for investment and engineering lease structures to deliver suitable properties which will meet the investment criteria at advantageous pricing.

### LGIM PROPERTY FUND MANAGEMENT TEAM

The LPI Fund team is led by Derek Gilby, a Senior Fund Manager with 24 years' experience and 18 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.

## RISK AND REWARD PROFILE



The summary risk indicator does not capture the likelihood of tenants paying their rents on the properties that this fund owns.

The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

## PMC KEY RISKS

- The value of an investment and any income taken from it is not guaranteed and can go down as well as up. You may get back less than the amount you originally invested.
- The return from your investment is not guaranteed and therefore you may receive a lower or higher return than you anticipated. There will be a variation in performance between funds with similar objectives due to the different assets selected.
- PMC's charges and associated transaction costs are subject to change, with notice for the former and without notice for the latter. Charges and transactions costs deducted from the policy reduce your potential for capital growth in the future.
- Tax rules and the treatment of income and capital gains could change in the future and may be applied retrospectively.
- Inflation reduces the purchasing power of money over time as the cost of purchasing goods and services increases. If the rate of inflation exceeds the rate of return on your portfolio, it will erode the value of your portfolio and its investments in real terms.
- In extreme market conditions it may be difficult to realise assets held for a fund and it may not be possible to redeem units at short notice. We may have to delay acting on your instructions to sell or the price at which you cancel the units may be lower than you anticipated.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.
- PMC seeks to mitigate counterparty risk wherever possible on behalf of its policyholders through a variety of measures which include: each fund's non-cash assets being held with independent custodians, sweeping cash (where appropriate) overnight into the LGIM's range of Liquidity funds (above a deminimus level), using the delivery versus payment system when settling transactions and the use of central clearing for exchange traded derivatives and forward foreign exchange transactions. However, in the event of the failure of a counterparty, custodian or issuer there is a residual risk that a fund may suffer asset losses which are unrecoverable.

For more information, please refer to the Description of Funds [↗](#)



## SPOTLIGHT ON LEGAL &amp; GENERAL INVESTMENT MANAGEMENT

We are one of Europe's largest asset managers and a major global investor, with assets under management of £984.8 billion (as at 30 June 2018). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Assets under management include derivative positions and assets managed by LGIMA, an SEC Registered Investment Advisor.

## DEALING INFORMATION

Units can be purchased, sold or switched on a designated dealing day. Funds are offered on a weekly or daily basis as below:

Weekly close	Yes
Daily close	No
Daily midday	No

Further information is available in the relevant operational procedures sheet and the Description of Funds [↗](#)

## TO FIND OUT MORE

 Visit [www.lgim.com/realassets](http://www.lgim.com/realassets)

 Call **+44 (0) 20 3124 3277**

 Email [contactrealassets@lgim.com](mailto:contactrealassets@lgim.com)

We may record and monitor calls. Call charges will vary.

## Important information

Issued by Legal and General Assurance (Pensions Management) Limited ("PMC") which is a life insurance company and manages this investment using an insurance policy notionally divided into a number of Funds. Registered in England and Wales No. 01006112. Registered Office: One Coleman Street, London, EC2R 5AA. Authorised by the Prudential Regulation Authority and Regulated by the Financial Conduct Authority and the Prudential Regulation Authority No. 202202. Legal & General Investment Management Limited has been appointed as the discretionary investment manager for this Fund, it is authorised and regulated by the Financial Conduct Authority No. 119272. All features described in this factsheet are those current at the time of publication and may be changed in the future. Nothing in this factsheet should be construed as advice and it is therefore not a recommendation to buy or sell securities. If in doubt about the suitability of this product, you should seek professional advice. Copies of the Key Features Document, Descriptions of Funds and associated policy documents are available free of charge on request. This document is only directed at investors resident in jurisdictions where our funds are registered for sale. It is not an offer or invitation to persons outside of those jurisdictions. We reserve the right to reject any applications from outside of such jurisdictions.

Source: Unless otherwise indicated all data contained in this factsheet is sourced from Legal & General Investment Management Limited. Where this document contains third party data ("Third Party Data"), we cannot guarantee the accuracy, completeness or reliability of such Third Party Data and accept no responsibility or liability whatsoever in respect of such Third Party Data.

Internal Fund Code: YA