

# 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.

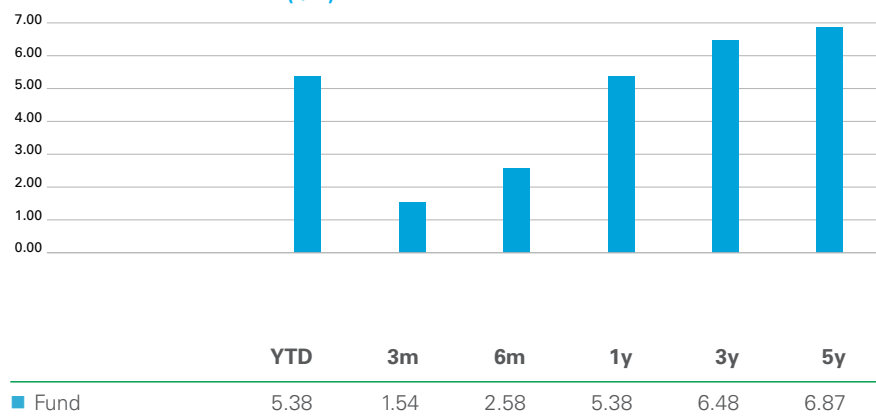
## KEY CHARACTERISTICS

No. of assets	74
No. of direct properties	74
Void rate ex. development	-
Average lease length	23.9 years
Average lot size	£24.4m
Cash level	£34.0m
Income return	3.1%

## FUND FACTS

NAV	Base currency
£1,837.4m	GBP
Launch date	Domicile
Jul 2010	United Kingdom

## PERFORMANCE (%)



## CALENDAR YEAR PERFORMANCE (%)

	2020	2019	2018	2017	2016
Fund	5.38	6.13	7.93	9.39	5.55

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.



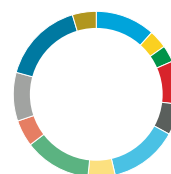
## LEASE LENGTH

<20 years	31.2
20-25 years	32.1
25-30 years	20.1
30+ years	16.6



## SECTOR (%)

Regional Office	28.4
Educational Sector	21.7
London Office	16.1
Supermarket	7.9
Distribution Warehouse	6.4
Other Industrial	5.8
Leisure	4.9
Other Commercial	4.3
Health Care	3.3
Shopping Centre	1.2



## REGION (%)

South East	11.6
South West	3.6
Eastern	3.2
West Midlands	8.4
East Midlands	6.0
North West	13.4
Yorkshire & Humberside	5.3
North East	13.0
Wales	5.2
Scotland	9.5
Central London	16.1
Outer London	4.6

## TOP 10 DIRECT PROPERTY HOLDINGS (£M)

Holding	Sector	Valuation
Sanctuary Buildings, London	Offices	280-300
India Buildings, Liverpool	Offices	120-130
Next, Doncaster	Distribution Warehouse	80-90
Mitchells & Butlers, Birmingham	Offices	70-80
Newcastle INTO University, Newcastle	Educational Sector	50-60
Sainsbury's, Glasgow	Supermarket	50-60
Aberystwyth University, Aberystwyth	Educational Sector	50-60
Scottish Ministers, Glasgow	Offices	40-50
Marston's Portfolio, Various	Leisure	40-50
Tesco, Littlehampton	Supermarket	40-50

## FUND MANAGER COMMENTARY

The Fund returned 1.54% in Q4 2020, with performance underpinned by income and the capitalisation of RPI linked rental growth.

Nine rent reviews were completed in the quarter on an upward only basis. Eight of these were reviewed in line with RPI, and one was increased by 2.50%, in line with a contractual fixed increase.

In Q4, the Fund conditionally exchanged contracts to acquire a new headquarters office building in Cardiff. The deal is structured as a forward commitment, conditional on practical completion of the asset. From completion, the property will be let to an investment grade corporate for 25 years with annual rent increases in line with RPI, capped at 5%.

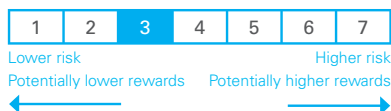
The Fund continues to actively pursue additional pipeline assets to facilitate Fund growth and deployment of capital.

All assets that we consider for the Fund's pipeline offer investment grade covenants and are aligned to the Fund's strategy of securing suitable stock, both on and off market, 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.

## 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 not get back 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 £1,240.6 billion (as at 30 June 2020). We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Source: LGIM internal data as at 30 June 2020. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong. The AUM includes the value of securities and derivatives positions.

## DEALING INFORMATION

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

Monthly close	Yes
Daily close	No
Daily midday	No
NIS available	Yes

The Notional Income Service (NIS) is available from the weekly dealt version where indicated. 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

Copyright © 2021 Legal & General. This document is subject to copyright. Any unauthorised use is strictly prohibited. All rights are reserved.

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**