

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	23.7 years
Average lot size	£24.9m
Cash level	£27.8m
Income return	3.0%

FUND FACTS

NAV	Base currency
£1,870.7m	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.

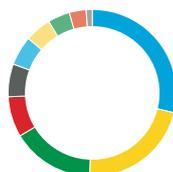
PORTFOLIO BREAKDOWN

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



LEASE LENGTH

<20 years	31.2
20-25 years	31.9
25-30 years	22.0
30+ years	14.9



SECTOR (%)

Regional Office	28.8
Educational Sector	21.7
London Office	15.9
Supermarket	7.9
Distribution Warehouse	6.4
Other Industrial	5.7
Leisure	5.1
Other Commercial	4.2
Health Care	3.2
Shopping Centre	1.2



REGION (%)

South East	11.6
South West	3.5
Eastern	3.3
West Midlands	8.7
East Midlands	5.9
North West	13.7
Yorkshire & Humberside	5.2
North East	13.0
Wales	5.1
Scotland	9.3
Central London	15.9
Outer London	4.7

TOP 10 DIRECT PROPERTY HOLDINGS (£M)

Holding	Sector	Valuation
Sanctuary Buildings London	Office	280-300
India Buildings, Liverpool	Regional Office	130-140
Next, Doncaster	Distribution Warehouse	80-90
Mitchells & Butlers, Birmingham	Regional Office	70-80
Newcastle INTO	Educational Sector	50-60
Sainsbury's, Glasgow	Supermarket	50-60
Aberwystwyth	Educational Sector	50-60
Scottish Ministers, Glasgow	Regional Office	40-50
Marston's Portfolio	Leisure	40-50
Tesco, Littlehampton	Supermarket	40-50

FUND MANAGER COMMENTARY

The Fund returned 1.47% in Q1 2021, with performance underpinned by income and the capitalisation of RPI linked rental growth.

31 rent reviews were completed in the quarter on an upward only basis. All of these were reviewed on an upward only basis in line with RPI.

In terms of pipeline, the Fund has 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.

