

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.

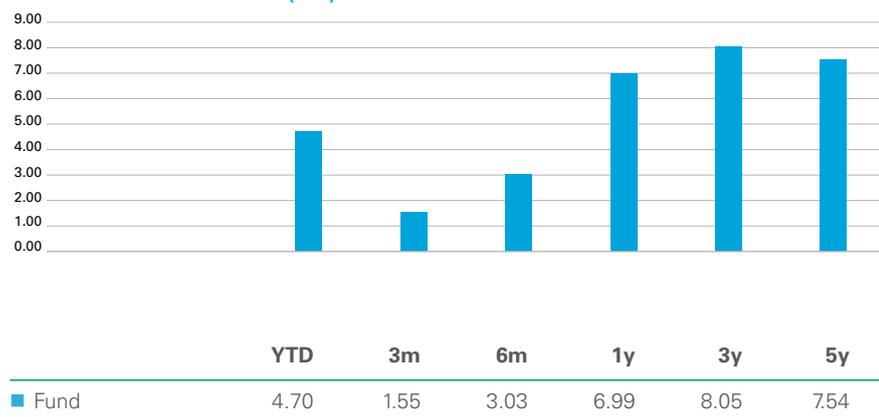
KEY CHARACTERISTICS

No. of assets	70
No. of direct properties	70
Void rate ex. development	0.0%
Average lease length	24.3 years
Average lot size	£19.9m
Cash level	£28.1m
Income return	3.6%

FUND FACTS

NAV	Base currency
£1,413.2m	GBP
Launch date	Domicile
Jul 2010	United Kingdom

PERFORMANCE (%)



CALENDAR YEAR PERFORMANCE (%)

	2018	2017	2016	2015	2014
Fund	7.93	9.39	5.55	7.61	9.04

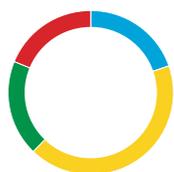
All performance periods over a year will be annualised. Source: LGIM. Performance based on weekly mid-market prices before the deduction of fees. **Past performance is not a guide to the future.**

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.

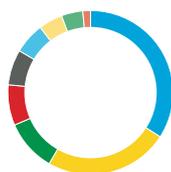
PORTFOLIO BREAKDOWN

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



LEASE LENGTH

<20 years	19.7
20-25 years	42.5
25-30 years	18.9
30+ years	18.8



SECTOR (%)

Regional Office	34.1
Educational Sector	24.3
Supermarket	10.2
Distribution Warehouse	8.0
Other Commercial	7.0
Leisure	6.1
Other Industrial	4.7
Health Care	4.2
Shopping Centre	1.5



REGION (%)

South East	14.2
South West	4.5
Eastern	4.0
West Midlands	9.7
East Midlands	7.0
North West	13.3
Yorkshire & Humberside	8.2
North East	16.1
Wales	6.3
Scotland	10.8
Outer London	5.9

TOP 10 DIRECT PROPERTY HOLDINGS (£M)

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

FUND MANAGER COMMENTARY

The Fund returned 1.55% in Q3 2019 with performance underpinned by income and the capitalisation of RPI linked rental growth.

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

At quarter end the Fund had completed the purchase of a forward funding opportunity of a 150 bedroom hotel, as an income strip investment.

This was pre-let on a fully guaranteed 37 year occupational lease to the University of Keele.

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 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.

