

# 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 | 0.0%       |
| Average lease length      | 24.2 years |
| Average lot size          | £23.9m     |
| Cash level                | £26.7m     |
| Income return             | 3.1%       |

## FUND FACTS

|             |                |
|-------------|----------------|
| NAV         | Base currency  |
| £1,797.1m   | 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.



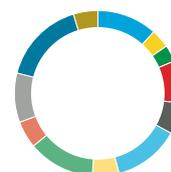
### LEASE LENGTH

|             |      |
|-------------|------|
| <20 years   | 30.2 |
| 20-25 years | 32.4 |
| 25-30 years | 20.5 |
| 30+ years   | 17.0 |



### SECTOR (%)

|                        |      |
|------------------------|------|
| Regional Office        | 28.2 |
| Educational Sector     | 21.7 |
| London Office          | 16.3 |
| Supermarket            | 8.1  |
| Distribution Warehouse | 6.3  |
| Other Industrial       | 5.6  |
| Leisure                | 4.9  |
| Other Commercial       | 4.4  |
| Health Care            | 3.3  |
| Shopping Centre        | 1.2  |



### REGION (%)

|                        |      |
|------------------------|------|
| South East             | 11.7 |
| South West             | 3.7  |
| Eastern                | 3.2  |
| West Midlands          | 8.3  |
| East Midlands          | 6.1  |
| North West             | 12.9 |
| Yorkshire & Humberside | 5.2  |
| North East             | 13.0 |
| Wales                  | 5.3  |
| Scotland               | 9.6  |
| Central London         | 16.3 |
| Outer London           | 4.7  |

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

| Holding                              | Sector                 | Valuation |
|--------------------------------------|------------------------|-----------|
| Sanctuary Buildings, London          | Offices                | 280-300   |
| India Buildings, Liverpool           | Offices                | 110-120   |
| Next, Doncaster                      | Distribution Warehouse | 70-80     |
| 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

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

In Q3, the Fund completed the acquisition of three assets; a car park in Newport, Wales, which is let to the local council for 36 years, an office building in the East Midlands which will be let to the UK Central Government for 20 years following completion of the development, and a teaching block which will be let to Keele University for 40 years following completion of the development. All of these leases will benefit from RPI linked rent reviews throughout the term.

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.

