

## Industrial Property Investment Fund

### INVESTMENT POLICY AND OBJECTIVES

The Fund's strategy is investment in good quality, higher yielding, and predominantly multi-let industrial estates. The Fund also maintains a rolling refurbishment program. Its objective is to outperform its benchmark, the All Industrial sub-sector of the MSCI UK Annual Index, by 1% pa over three-year rolling periods.

### INVESTOR CONSTITUENCY

The Fund is open to investment by pension funds, charities, insurance & other companies and other intermediate investors from within the UK or abroad, subject to relevant local regulations. Entry is via the Jersey registered IPIF Feeder Unit Trust.

Fund details	
Type of fund	Limited Partnership: entry via Jersey Feeder Unit Trust
Residence	United Kingdom
Launch date	June 1997
Open/closed-ended	Semi evergreen
Earliest date of winding up	June 2020
Year-end	31st March
NAV (GBPm)	2004.7

Source: Legal & General Investment Management Limited

Management/professional advisors	
Vehicle manager/Operator	Legal & General Investment Management Limited
Property asset manager	Legal & General Property Ltd
Investment Advisor	-
Fund Manager	Jonathan Holland
Trustee	JTC
Auditors	PricewaterhouseCoopers

Source: Legal & General Investment Management Limited

	Industrial Property Investment Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
3 months	2.2	0.3	0.3	0.0
Year-to-date	7.5	1.8	1.6	0.7
12 months	7.5	1.8	1.6	0.7
3 years+	17.9	6.5	6.0	5.3
5 years+	16.2	7.2	6.6	6.0
10 years+	14.7	8.1	7.7	7.7

Source: MSCI/AREF UK Quarterly Property Fund Index (Sponsored by PropertyMatch)

Property investment restrictions	
Maximum development exposure	*
Maximum speculative development exposure	*
Maximum lot-size holding as a standing investment	*
Maximum lot-size holding permitted at purchase	*
Maximum exposure to limited partnerships	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	*

Source: Legal & General Investment Management Limited

Portfolio distribution %		
	Industrial	Total
Rest of London*	31.2	31.2
South East	26.6	26.6
Eastern	12.8	12.8
West Midlands	6.4	6.4
Yorkshire & Humberside	6.0	6.0
South West	2.5	2.5
East Midlands	2.3	2.3
Scotland	2.8	2.8
North West	7.2	7.2
Wales	1.4	1.4
City	0.0	0.0
West End	0.0	0.0
Midtown	0.0	0.0
North East	0.4	0.4
Northern Ireland	0.0	0.0
Other	0.0	0.0
Cash***	0.0	0.3
<b>Overall</b>	<b>99.7</b>	<b>100.0</b>

**Property ownership structure**

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	168	2,302.7	100.0
Joint and indirect holdings	0	0	0
Listed investments	0	0	0
<b>Total</b>	<b>168</b>	<b>2,302.7</b>	<b>100.0</b>

Source: Legal &amp; General Investment Management Limited

**Largest direct investments by lot size & percentage of total portfolio**

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
CLOCK TOWER INDUSTRIAL ESTATE	ISLEWORTH	Industrial	60+	0.0
BERMONDSEY TRADING ESTATE	BERMONDSEY	Industrial	60+	0.0
CLIFTON MOOR INDUSTRIAL ESTATE	YORK	Industrial Other	60+	0.0
CENTRAL PARK ESTATE	MANCHESTER	Industrial	40-50	0.0
BARTON PARK INDUSTRIAL ESTATE	EASTLEIGH	Industrial	40-50	0.0
LONDON IND PARK	BECKTON	Industrial	40-50	0.0
WEST WILTS TRADING ESTATE	WESTBURY	Industrial	40-50	0.0
PIPPS HILL BUSINESS PARK	BASILDON	Industrial	40-50	0.0
HIGH STREET & OAKFIELD ROAD PENGE	PENGE	Industrial	35-40	0.0
HAZLETON INTERCHANGE HORNDEAN	HORNDEAN	Industrial	35-40	0.0
<b>10 largest investments as % of portfolio</b>				<b>0.0</b>

Source: Legal &amp; General Investment Management Limited

**Direct portfolio structure by lot-size bands**

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	10	17.0	0.7
2.5 - 5	30	116.0	5.0
5-10	52	378.5	16.4
10-25	49	780.1	33.9
25 - 50	24	802.5	34.8
50 - 100	3	208.6	9.1
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
<b>Total</b>	<b>168</b>	<b>2302.7</b>	<b>100.0</b>
Average lot size		13.7	

Source: Legal &amp; General Investment Management Limited

**Property Yield**

Net initial yield	4.30%
Nominal equivalent yield	5.01%
True equivalent yield	5.17%
Net reversionary yield	4.90%

Source: Legal &amp; General Investment Management Limited

**Voids as % of ERV**

Investments	8.90%
Developments	-2.10%
<b>Total</b>	<b>6.80%</b>

**Rental income & ERV by type of property**

	Rental income %	Estimated rental value %
Standard retail	0.0	-
Retail warehousing	0.0	-
Shopping centres	0.0	-
Central London offices	0.0	-
Other offices	0.0	-
Industrial	100.0	-
Other	0.0	-
<b>Overall</b>	<b>100.0</b>	<b>0.0</b>

Source: Legal &amp; General Investment Management Limited

**Over Renting and Reversionary Potential, % Rent Passing**

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	-	-	-	-	-	-	-	-
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	-	-	-	-	-	-	-	-
Industrial	103.1	-	-	-	-	-	-	0.0
Other	-	-	-	-	-	-	-	-
<b>Overall</b>	<b>103.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.0</b>

\*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: Legal &amp; General Investment Management Limited

**Listed Investments**

	% of issue held	Valuation (GBPm)	Est. % of total portfolio
0	0.0	0.0	0.0
0	0.0	0.0	0.0
0	0.0	0.0	0.0
0	0.0	0.0	0.0

0	0.0	0.0	0.0
	0.0	0.0	0.0

#### The unexpired term of leases

Years	% of rent passing
20 years or greater	2.6
15 years or greater, but less than 20	1.4
10 years or greater, but less than 15	3.9
5 years or greater, but less than 10	19.7
Less than 5 years	72.4

Source: Legal & General Investment Management Limited

#### Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Legal & General Investment Management Limited

#### Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
137.5	4.16%	0.50	152.5	1.50%	0
0	0.00%	0	0	0.00%	0
0	0.00%	0	0	0.00%	0
0	0.00%	0	0	0.00%	0
0	0.00%	0	0	0.00%	0

Source: Legal & General Investment Management Limited

#### Development exposure\*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

\* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Legal & General Investment Management Limited

#### Valuations/performance monitors/affiliations

Frequency of valuation	Quarterly, on the last day of the quarter
Valuers	DTZ Debenham Tie Leung
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: Legal & General Investment Management Limited

#### Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	50% of Gross Asset Value
Cash holdings (maximum)	None
Cash holdings (minimum)	None

Source: Legal & General Investment Management Limited

#### The contribution of major tenants to rental income

Tenant	%
HOWDENS JOINERY PROPERTIES LIMITED	2.1
SCREWFIX DIRECT LTD	1.5
XPO SUPPLY CHAIN UK LIMITED	1.4
CLIPPER LOGISTICS PLC	1.2
WOLSELEY UK LIMITED	1.0
GRACE FOODS UK LIMITED	0.9
FLAKT WOODS LIMITED	0.9
JAGUAR LAND ROVER LIMITED	0.9
SPEEDY ASSET SERVICES LTD	0.8
FORMAPLEX LIMITED	0.8
Three largest tenants' contribution to rental income	5.0
Five largest tenants' contribution to rental income	7.2
Ten largest tenants' contribution to rental income	11.5

Source: Legal & General Investment Management Limited

#### Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	2302.7	0.0	0.0	0.0	2302.7
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-290.0	0.0	0.0	0.0	-290.0
Cash	7.3	0.0	0.0	0.0	7.3

Other net assets/liabilities	-15.2	0.0	0.0	0.0	-15.2
<b>Total net assets</b>	<b>2004.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2004.7</b>
Gearing (%)					
Net debt (cash)/properties	12.3	-	-	-	12.3
Net debt (cash)/equity	14.1	-	-	-	14.1

Source: Legal & General Investment Management Limited

Quarterly data per unit						
As at	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1,188.99	1,228.30	1,241.42	1,253.76	1,265.28	1,279.73
Quarterly distribution (GBP)	10.15	10.03	7.72	8.24	9.93	11.69
Yield	2.77%	2.93%	2.91%	2.88%	2.84%	2.94%

Source: Legal & General Investment Management Limited

### Net asset value

The closing NAV of the Fund is calculated in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) from 1 January 2015 (and was calculated using UK GAAP prior to this date).

### Distributions

The fund distributes 100% of its income 10 days after the end of each quarter.

### Minimum investment/disinvestment

N/A

### Transfer and realisation of units

The fund is now semi evergreen and there are annual opportunities for fund raises and liquidity windows.

### Taxation

#### Capital Gains Tax

The partnership is tax transparent. The admission of a new partner would not give rise to a capital gains tax liability, but the disposal of a partnership interest may give rise to a capital gains tax liability. Those investors in the IPIF Feeder Unit Trust who are subject to tax may be liable to capital gains tax on the sale of their units in the Trust.

#### Income Tax

While distributions are made net of tax, non-taxpayers are entitled to reclaim the tax that has been deducted

#### Stamp duty reserve tax

Transfers of partnership interests are subject to SDRT at the prevailing rate, currently 4.0%. Since the IPIF Feeder Unit Trust is registered in Jersey, transfers of units in the Trust are not subject to SDRT.

### Charges

#### Vehicle manager/operator and Property asset manager

The vehicle manager/operator and property asset manager are entitled to fees equivalent to 0.7% pa of the average value of the property held by the Fund and to 0.25% pa of any cash balances. Performance fee: 20.0% over the benchmark return plus 0.25% on a 3 year rolling basis.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	51	22.3
1% or greater but less than 2%	21	30.4
2% or greater but less than 4%	12	30.6
4% or greater but less than 8%	1	5.3
Greater than 8.0%	1	11.4
<b>Total</b>	<b>86</b>	<b>100.0</b>
Major investors		
Largest holder	1	11.4
Three largest holders	3	19.8
Five largest holders	5	25.8
Ten largest holders	10	38.5
Internal/external investors		
Internal	4	15.8
External	82	84.2

Source: Legal & General Investment Management Limited

Liquidity						
Period	Year to Dec 2014	Year to Dec 2015	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019
<b>Issues and redemptions</b>						
Units in issue as at start of period	1,370,901	1,370,901	1,482,263	1,482,263	1,482,263	1,524,676
Units issued during period	-	111,362	-	-	42,413	41,862
Units redeemed during period	-	-	-	-	-	-
Units in issue at end of period	1,370,901	1,482,263	1,482,263	1,482,263	1,524,676	1,566,538
<b>Unit transfers</b>						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

\* as % of units in issue at the end of the period

Source: Legal & General Investment Management Limited

