

# 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)	3192.5

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	14.0	6.7	7.5	6.7
Year-to-date	40.0	18.0	19.1	17.3
12 months	40.0	18.0	19.1	17.3
3 years+	18.8	5.9	6.2	4.7
5 years+	20.6	7.1	7.0	5.9
10 years+	17.5	7.8	7.6	6.9

Source: MSCI/AREF UK Quarterly Property Fund Index

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*	32.8	32.8
South East	24.2	24.2
Eastern	15.7	15.7
West Midlands	5.9	5.9
Yorkshire & Humberside	6.2	6.2
South West	2.2	2.2
East Midlands	1.5	1.5
Scotland	4.4	4.4
North West	4.3	4.3
Wales	0.5	0.5
City	0.0	0.0
West End	0.0	0.0
Midtown	0.0	0.0
North East	0.8	0.8
Northern Ireland	0.0	0.0
Other	0.0	0.0
Cash***	0.0	1.3
<b>Overall</b>	<b>98.3</b>	<b>99.6</b>

Source: Legal & General Investment Management Limited

Notes: \* Excluding the City, the West End and Holborn

#### Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	168	3,455.4	100.0
Joint and indirect holdings	0	0	0
Listed investments	0	0	0
<b>Total</b>	<b>168</b>	<b>3,455.4</b>	<b>100.0</b>

Source: Legal & General Investment Management Limited

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

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
Bermondsey Trading Estate, Bermondsey	LONDON	Industrial	100+	-
Clock Tower Industrial Estate, Isleworth	ISLEWORTH	Industrial	100+	-
Central Park, Manchester	MANCHESTER	Industrial	100+	-
Clifton Moor Industrial Estate, York	YORK	Industrial Other	80-90	-
Phase 2 London Industrial Park, Beckton	LONDON	Industrial	70-80	-
Barton Park and Deacon Ind Estate, Eastleigh	EASTLEIGH	Industrial	70-80	-
Pipps Hill Business Park, Basildon	BASILDON	Industrial Other	60-70	-
Pasadena Trading Estate, Hayes	HAYES	Industrial	50-60	-
Unis 74-100 London Industrial Park, Beckton	LONDON	Industrial	50-60	-
Units A, B, C Brantwood Road Estate, Tottenham	LONDON	Industrial	50-60	-
<b>10 largest investments as % of portfolio</b>				<b>0.0</b>

Source: Legal & 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	4	8.2	0.2
2.5 - 5	15	53.0	1.5
5-10	44	317.9	9.2
10-25	61	1008.5	29.2
25 - 50	31	1123.8	32.5
50 - 100	10	609.1	17.6
100-150	3	334.8	9.7
Over 150	0	0.0	0.0

<b>Total</b>	<b>168</b>	<b>3455.4</b>	<b>100.0</b>
Average lot size		20.6	

Source: Legal & General Investment Management Limited

Property Yield		Voids as % of ERV	
Net initial yield	3.11%	Investments	6.90%
Nominal equivalent yield	3.90%	Developments	3.80%
True equivalent yield	3.98%	<b>Total</b>	<b>10.70%</b>
Net reversionary yield	3.91%		

Source: Legal & General Investment Management Limited

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

	Rental income %	Estimated rental value %
Standard retail	0.0	0.0
Retail warehousing	0.7	0.4
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	0.0	0.0
Industrial	99.1	99.5
Other	0.1	0.1
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source: Legal & 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	0.9	0.0	0.0	17.8	-50.1	-32.3	-82.4	67.7
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Industrial	114.3	3.2	0.8	10.3	-1.6	24.5	23.0	128.6
Other	0.2	0.0	0.0	0.0	-29.2	-29.2	-58.4	70.8
<b>Overall</b>	<b>115.3</b>	<b>3.1</b>	<b>0.8</b>	<b>10.4</b>	<b>-1.9</b>	<b>24.1</b>	<b>22.1</b>	<b>128.0</b>

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

Source: Legal & General Investment Management Limited

#### Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Source: Legal & General Investment Management Limited

#### The unexpired term of leases

Years	% of rent passing
20 years or greater	2.3
15 years or greater, but less than 20	1.0
10 years or greater, but less than 15	4.5
5 years or greater, but less than 10	17.2
Less than 5 years	74.9

Source: Legal & General Investment Management Limited

### Joint and Indirect property holdings

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

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)+
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
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	%
Howden Joinery Properties Ltd	2.0
Screwfix Direct Ltd	1.5
Grace Foods UK Limited	1.2
XPO Supply Chain UK Limited	1.2
Clipper Logistics Plc	1.0

Wolseley UK Limited	0.9
Flakt Woods Limited	0.8
Fourpure Limited	0.8
Jaguar Land Rover Limited	0.8
Royal Mail Group Limited	0.7
Three largest tenants' contribution to rental income	4.7
Five largest tenants' contribution to rental income	6.9
Ten largest tenants' contribution to rental income	10.9

Source: Legal & General Investment Management Limited

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	3455.4	0.0	0.0	0.0	3455.4
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-327.0	0.0	0.0	0.0	-327.0
Cash	45.8	0.0	0.0	0.0	45.8
Other net assets/liabilities	18.3	0.0	0.0	0.0	18.3
Total net assets	3192.5	0.0	0.0	0.0	3192.5
Gearing (%)					
Net debt (cash)/properties	8.1	-	-	-	8.1
Net debt (cash)/equity	8.8	-	-	-	8.8

Source: Legal & General Investment Management Limited

Quarterly data per unit						
As at	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1,287.31	1,388.35	1,446.80	1,557.53	1,679.18	1,906.18
Quarterly distribution (GBP)	5.95	9.91	9.61	10.15	6.72	6.72
Yield	2.77%	2.44%	2.25%	2.21%	2.11%	1.76%

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	56	27.3
1% or greater but less than 2%	14	20.3
2% or greater but less than 4%	13	34.0
4% or greater but less than 8%	2	9.4
Greater than 8.0%	1	9.0
<b>Total</b>	<b>86</b>	<b>100.0</b>
Major investors		
Largest holder	1	9.0
Three largest holders	3	18.3
Five largest holders	5	25.5
Ten largest holders	10	39.4
Internal/external investors		
Internal	2	9.9
External	84	90.1

Source: Legal & General Investment Management Limited

Liquidity						
Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
<b>Issues and redemptions</b>						
Units in issue as at start of period	1,482,263	1,482,263	1,482,263	1,524,676	1,566,538	1,566,538
Units issued during period	-	-	42,413	41,862	-	105,044
Units redeemed during period	-	-	-	-	-	-
Units in issue at end of period	1,482,263	1,482,263	1,524,676	1,566,538	1,566,538	1,671,582
<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