

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)	2631.2

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 open-ended funds	All balanced open-ended funds	All funds
3 months	-21.4	-14.0	-14.1	-13.4
Year-to-date	-17.8	-8.7	-9.5	-10.0
12 months	-17.8	-8.7	-9.5	-10.0
3 years+	8.8	2.2	2.2	0.8
5 years+	10.9	3.1	2.9	1.7
10 years+	15.1	6.8	6.5	5.7

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*	31.0	31.0
South East	24.8	24.8
Eastern	15.1	15.1
West Midlands	6.0	6.0
Yorkshire & Humberside	7.1	7.1
South West	1.9	1.9
East Midlands	1.5	1.5
Scotland	5.0	5.0
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	1.6	1.6
Northern Ireland	0.0	0.0
Other	0.0	0.0
Cash***	0.0	0.9
Overall	98.9	99.8

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	182	3,059.4	100.0
Joint and indirect holdings	0	0	0
Listed investments	0	0.00	0.00
Total	182	3,059.4	100.0

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	LONDON	Industrial	90-100	-
CLOCK TOWER INDUSTRIAL ESTATE	ISLEWORTH	Industrial	80-90	-
CENTRAL PARK ESTATE	MANCHESTER	Industrial	70-80	-
CLIFTON MOOR INDUSTRIAL ESTATE	YORK	Industrial Other	70-80	-
BARTON PARK & DEACON INDUSTRIAL ESTATE	EASTLEIGH	Industrial	60-70	-
LONDON IND PARK	LONDON	Industrial	50-60	-
HAZLETON INTERCHANGE HORNDEAN	WATERLOOVILLE	Industrial	50-60	-
WEST WILTS TRADING ESTATE	WESTBURY	Industrial	50-60	-
UNITS A B AND C BRANTWOOD RAOD	LONDON	Industrial	50-60	-
PIPPS HILL BUSINESS PARK	BASILDON	Industrial Other	50-60	-

10 largest investments as % of portfolio

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	7	11.2	0.4
2.5 - 5	24	86.7	2.8
5-10	49	353.3	11.5
10-25	62	966.9	31.6
25 - 50	30	981.2	32.1
50 - 100	10	660.1	21.6
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	182	3059.4	100.0
Average lot size		16.8	

Source: Legal & General Investment Management Limited

Property Yield		Voids as % of ERV	
Net initial yield	4.00%	Investments	5.90%
Nominal equivalent yield	5.10%	Developments	5.70%
True equivalent yield	5.20%	Total	11.60%
Net reversionary yield	5.30%		

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	0.0	0.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	0.9	0.0
Industrial	99.1	100.0
Other	0.0	0.0
Overall	100.0	100.0

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	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	1.2	0.0	0.0	0.0	-100.0	-100.0	-200.0	0.0
Industrial	129.2	3.2	1.4	9.7	-1.5	31.1	29.7	130.1
Other	-	-	-	-	-	-	-	-
Overall	130.4	3.1	1.4	9.6	-2.4	29.9	27.5	128.9

*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	1.8
15 years or greater, but less than 20	1.2
10 years or greater, but less than 15	1.9
5 years or greater, but less than 10	15.4
Less than 5 years	79.7

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

	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	%
PUBLIC SECTOR	2.4
HOWDEN JOINERY PROPERTIES LTD	2.4
Screwfix Direct Ltd	1.5
GXO Logistics UK Limited	1.4
GRACE FOODS UK LIMITED	1.2
HFC Prestige Manufacturing UK Limited	1.1
Toolstation Limited	1.0
CLIPPER LOGISTICS PLC	0.9
RSPCA	0.9
WOLSELEY UK LTD	0.8
Three largest tenants' contribution to rental income	6.3
Five largest tenants' contribution to rental income	8.9
Ten largest tenants' contribution to rental income	13.7

Source: Legal & General Investment Management Limited

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	3059.4	0.0	0.0	0.0	3059.4
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-485.0	0.0	0.0	0.0	-485.0
Cash	27.5	0.0	0.0	0.0	27.5
Other net assets/liabilities	29.3	0.0	0.0	0.0	29.3
Total net assets	2631.2	0.0	0.0	0.0	2631.2
Gearing (%)					
Net debt (cash)/properties	15.0	-	-	-	15.0

Net debt (cash)/equity	17.4	-	-	0.0	17.4
------------------------	------	---	---	-----	------

Source: Legal & General Investment Management Limited

Quarterly data per unit						
As at	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1,679.18	1,906.18	2,056.70	2,174.17	1,962.74	1,534.50
Quarterly distribution (GBP)	6.72	6.72	9.20	14.88	8.70	13.33
Yield	2.11%	1.76%	1.73%	1.97%	2.28%	3.17%

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	26.8
1% or greater but less than 2%	14	20.4
2% or greater but less than 4%	12	30.6
4% or greater but less than 8%	3	13.5
Greater than 8.0%	1	8.7
Total	86	100.0
Major investors		
Largest holder	1	8.7
Three largest holders	3	18.1
Five largest holders	5	25.9
Ten largest holders	10	39.5
Internal/external investors		
Internal	2	9.7
External	84	90.3

Source: Legal & General Investment Management Limited

Liquidity						
Period	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022
Issues and redemptions						
Units in issue as at start of period	1,482,263	1,482,263	1,524,676	1,566,538	1,566,538	1,671,464
Units issued during period	-	42,413	41,862	-	104,926	43,242
Units redeemed during period	-	-	-	-	-	-
Units in issue at end of period	1,482,263	1,524,676	1,566,538	1,566,538	1,671,464	1,714,706
Unit transfers						
Matched bargains	-	-	-	-	-	-
Matched bargains %*	-	-	-	-	-	-

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

Source: Legal & General Investment Management Limited