

# 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	Closed-ended
Earliest date of winding up	June 2020
Year-end	31st March
NAV (GBPm)	1936.9

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	N/A
Auditors	PricewaterhouseCoopers

Source: Legal & General Investment Management Limited

## Investment rates of return, %

		MSCI/AREF UK Quarterly Property Fund Index		
	Industrial Property Investment Fund	Other balanced funds	All balanced funds	All funds
3 months	4.2	0.3	0.3	0.3
Year-to-date	4.2	0.3	0.3	0.3
12 months	20.8	5.7	4.8	4.1
3 years+	18.9	6.9	6.1	5.6
5 years+	20.2	9.6	9.1	8.5
10 years+	15.8	8.5	8.3	8.5

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*	29.9	29.9
South East	25.2	25.2
Eastern	12.5	12.5
West Midlands	5.5	5.5
Yorkshire & Humberside	5.9	5.9
South West	2.5	2.5
East Midlands	2.3	2.3
Scotland	2.7	2.7

North West	7.1	7.1
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	4.7
<b>Overall</b>	<b>95.3</b>	<b>100.0</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	167	2,200.8	100.0
Joint and indirect holdings	0	0	0
Listed investments	0	0	0
<b>Total</b>	<b>167</b>	<b>2,200.8</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
Clock Tower Industrial Estate	Isleworth	Industrial	60-70	3.2
Bermondsey Trading Estate	Bermondsey	Industrial	60-70	3.0
Clifton Moor Industrial Estate	York	Industrial	60-70	2.7
Central Park Estate	Manchester	Industrial	40-50	2.2
Barton Park and Deacon Industrial Estate	Eastleigh	Industrial	40-50	2.1
Pipps Hill Business Park	Basildon	Industrial	40-50	2.0
West Wilts Trading Estate	Westbury	Industrial	40-50	1.9
London Ind Park	Beckton	Industrial	40-50	1.9
High Street & Oakfield Road Penge	Penge	Industrial	35-40	1.7
Hazleton Interchange Horndean	Horndean	Industrial	35-40	1.7
<b>10 largest investments as % of portfolio</b>				<b>22.4</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	12	18.8	0.9
2.5 - 5	33	132.2	6.0
5-10	50	361.8	16.4
10-25	46	734.5	33.4
25 - 50	23	757.6	34.4
50 - 100	3	195.9	8.9
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
<b>Total</b>	<b>167</b>	<b>2200.8</b>	<b>100.0</b>
Average lot size		13.2	

Source: Legal & General Investment Management Limited

Property Yield		Voids as % of ERV	
Net initial yield	4.20%	Investments	7.50%
Nominal equivalent yield	5.00%	Developments	0.50%
True equivalent yield	5.20%	Total	8.00%
Net reversionary yield	4.80%		

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	0.0	0.0
Industrial	100.0	100.0
Other	0.0	0.0
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source: Legal & General Investment Management Limited

#### Comparison of rents passing and ERV by type of property\*

Sector	Rent passing %	Pre-lets & rent-free periods %	Development voids %	Other voids %	Over rented %	Reversionary potential %	Net reversionary potential %	ERV %
Standard retail	-	-	-	-	-	-	-	0.0
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	-	-	-	-	-	-	-	0.0
Industrial	83.3	1.8	0.0	9.0	-1.8	7.7	5.9	100.0
Other	-	-	-	-	-	-	-	0.0
<b>Overall</b>	<b>83.3</b>	<b>1.8</b>	<b>0.0</b>	<b>9.0</b>	<b>-1.8</b>	<b>7.7</b>	<b>5.9</b>	<b>100.0</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
	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	1.1
10 years or greater, but less than 15	3.8
5 years or greater, but less than 10	18.2
Less than 5 years	74.3

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

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%	1.25	179.5	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	%
Howden Joinery Properties Limited	2.1
Screwfix Direct Limited	1.6
XPO Supply Chain UK Limited	1.5
Wolseley UK Limited	1.1
Grace Goods UK Limited	1.0
Flakt Woods Limited	1.0
Batleys Properties Limited	0.9
Travis Perkins (Properties) Limited	0.9
Speedy Asset Services Limited	0.8
Jaguar Land Rover Limited	0.8
Three largest tenants' contribution to rental income	5.2
Five largest tenants' contribution to rental income	7.3
Ten largest tenants' contribution to rental income	11.7

Source: Legal & General Investment Management Limited

### Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	2200.8	0.0	0.0	0.0	2200.8
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-317.0	0.0	0.0	0.0	-317.0
Cash	108.2	0.0	0.0	0.0	108.2
Other net assets/liabilities	-55.1	0.0	0.0	0.0	-55.1
Total net assets	1936.9	0.0	0.0	0.0	1936.9
Gearing (%)					
Net debt (cash)/properties	9.5	-	-	-	9.5
Net debt (cash)/equity	10.8	-	-	-	10.8

Source: Legal & General Investment Management Limited

Quarterly data per unit						
As at	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1,041.86	1,083.20	1,143.55	1,188.99	1,228.30	1,241.42
Quarterly distribution (GBP)	7.03	7.58	8.19	10.15	10.03	7.72
Yield	2.94%	2.67%	2.61%	2.77%	2.93%	2.91%

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 closed-ended. However, the manager can raise new investment in the fund and bring in new partners without the approval, and without with reference to, existing partners.

### 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.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	54	23.9
1% or greater but less than 2%	20	28.5
2% or greater but less than 4%	12	30.3
4% or greater but less than 8%	1	5.4
Greater than 8.0%	2	12.0
<b>Total</b>	<b>89</b>	<b>100.0</b>
Major investors		
Largest holder	1	11.4
Three largest holders	3	19.9
Five largest holders	5	25.9
Ten largest holders	10	38.3
Internal/external investors		
Internal	2	12.0
External	87	88.0

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	35,567
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	1,560,243
<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