



Legal & General's Industrial Property Investment Fund reaches £2.5 bn AUM as it expands its portfolio

LGIM Real Assets (Legal & General), on behalf of its Industrial Property Investment Fund ('IPIF' or 'the Fund'), announces that it has expanded its investment portfolio to over £2.5 billion following a string of deals, investing over £100 million in multi-let operational industrial assets and development sites across the UK. IPIF's strategy is to acquire undermanaged industrial estates and use its asset management skills to continue to add value and grow the Fund over the long-term.

Given wider concerns over some commercial property sectors and the lack of activity in the retail and office markets as a result of Covid-19, investors are increasingly turning their focus towards the industrial market; a sector that had already proved its buoyancy prior to the pandemic. The rise of e-commerce alongside continued population growth, have proved significant contributors to strong occupational demand. With a scarcity of high-quality, well located industrial assets, the supply, demand imbalance is significant. This presents a compelling investment proposition, particularly in multi-lets.

Representing the largest single transaction in the Fund's most recent string of deals, IPIF has acquired The Saxon Portfolio, a 525,000 sq. ft. portfolio comprising 11 multi-let light industrial and trade counter estates for £58 million from PFC Property Ltd, with assets located in Worthing, Goring-by-Sea, Chichester and Midhurst.

Recognising the high prospects of rental growth in the South-East, the Fund has had ambitions to gain greater exposure to the south coast market for some time. The Saxon Portfolio is let to 74 occupiers with an average unit size of around 5,500 sq. ft. with a number of opportunities to increase value through active management. Notable tenants include World of Books, Booker Wholesale, Saint-Gobain, Screwfix and Toolstation. Substantial holdings of quality industrial stock are rare in this area, making The Saxon Portfolio a strong addition to the Fund.

Forming part of LGIM Real Assets strategy to build and diversify its real estate portfolio, IPIF has recently acquired two purpose-built operational self-storage assets in Bury and Lichfield, and an under-utilised retail park in Stevenage, Hertfordshire, with the intention to reposition the site into a self-storage, retail and trade park. With a combined investment of £20 million, these transactions demonstrate a continued focus on investing in operational assets and developments for the Fund's growing self-storage portfolio.

Jonathan Holland, Senior Fund Manager at LGIM Real Assets, said: "As a result of our strategy to invest in multi-let industrials, a prudent gearing policy and strong asset management, alongside a commitment to future proof our portfolio through the delivery of net zero carbon by 2050, the Fund continues to deliver significant added value and rental growth.

"Given the continued strength of the industrial sector, the Fund is targeting a significant proportion of its new investment on value creation opportunities, primarily large scale development opportunities. With a focus on sectors that continue to see a growth in demand, IPIF has around 20 projects in the pipeline across urban logistics, trade developments and self-storage accommodation, requiring c. £200 million of capital expenditure over the next two years. An equity fundraise is currently underway to support the delivery of these projects."

IPIF has remained highly resilient and continued to outperform the market. It has delivered the highest returns of the AREF index over one, three, five and ten years. Over the past 10 years, the fund has delivered a return of 16.2% per year compared to the PFI all property return of 3.9%. Through a proactive and transparent approach to collaborating with occupiers, IPIF has maintained high occupancy levels throughout the coronavirus pandemic.



Further information

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Notes to editors

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.24 trillion in total assets under management, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

LGIM Real Assets

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe's largest institutional asset managers and a major global investor. LGIM manages £1.24tn in assets (as at 30 June 2020), working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM Real Assets has AUM of £35.9bn (as 30 June 2020) and is one of the largest private markets investment managers in the UK.

Investing in both debt and equity and across the risk/return spectrum, LGIM Real Assets actively invests in and manages assets across commercial, operational and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt. Taking a long term view in order to future proof our investments, LGIM Real Assets continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level. During 2020, we are developing a strategy as part of our commitment to net zero carbon emissions across the real estate equity business by 2050, and have also committed to measuring social value across 20% of our platform by the end of the year.

