

## LGIM launches Sustainable DC Property Fund

**Innovative solution in response to growing demand from DC schemes to align with members' ESG values, while protecting, and enhancing, real assets against the damaging effects of climate change**

**London, 4 October 2021** – Legal & General Investment Management (LGIM) today announces the launch of its Sustainable DC Property Fund ('the Fund'), in response to a growing demand from DC schemes to access real assets and to incorporate more ambitious environmental, social and governance (ESG) targets.

The Fund, is reshaping an existing property portfolio to include responsible investing as a core target, with explicit environmental, social and governance (ESG) objectives, including **net zero operational carbon** in the direct property portfolio by 2030. The Fund is already measuring carbon emissions and has set reduction objectives in line with 'science-based' targets.

In addition to LGIM's wider efforts to advance the low-carbon transition, the Fund has already taken actions to deliver measurable progress on ESG with a focus on explicitly reducing operational energy consumption. The Fund has developed carbon reduction roadmaps at individual asset level and commissioned an estimate of **social value** created by the fund, as a baseline against which to measure future social impact. This is already influencing occupier engagement and producing tangible outcomes. Occupiers are also being screened based on **ESG exclusion criteria**.

Valued at £238 million (as at 30 June 2021), it provides exposure to a diversified portfolio of assets across sectors and aims to achieve both income and long-term capital growth. In addition, the Fund will target a 30 per cent allocation to the L&G Global Real Estate Equity Index Fund to provide liquidity and support daily dealing for DC clients.

On top of the specialist Real Assets ESG team which operates across LGIM Real Assets, the Fund has dedicated resource working to support full ESG integration in its asset management, investment strategy and decision making.

**Michael Barrie, Director of Fund Management for LGIM Real Assets**, said: "Real estate is central in the transition to net zero as buildings play a major role in supporting a low-carbon economy and society. The demand for real assets is growing, three quarters of our recent major investment consultant conversations in DC Distribution have emphasised demand for them. We believe that protecting and enhancing real assets against the effects of climate change will create long-term value and performance. We are adopting this positioning now to capture this performance and to help enhance the long-term financial value of real estate."

**Rob Martin, Director of Strategy and ESG for LGIM Real Assets**, added: "The Fund will provide a market-leading offering for clients that demand an increased focus on ESG. Providing a portfolio that positions towards the highest net zero standards will benefit both occupier demand and investment performance, as well as reduce risk."

**Veronica Humble, Head of DC Investments for LGIM**, said: "Our research shows that DC members care deeply about ensuring that their pensions are invested in a responsible manner. The Sustainable DC Property Fund has ambitious carbon reduction targets and provides diversification through access to an alternative asset class that combines income and long-term capital growth."

[Investment Property Forum research](#) forecasts that DC assets are set to grow to £1 trillion by 2028 and allocation to real estate is forecast to increase from 1.5 per cent to 4 per cent, and alternatives

from 2 per cent to 8 per cent by 2027, coupled with the increasing demand for protecting and enhancing real assets against the effects of climate change.

According to the [World Green Building Council](#), the operation of buildings, from energy to heat, cool and light buildings, is responsible for 28 per cent of global carbon emissions, with a further 11 per cent arising from the construction process. A major shift is required in the way that buildings are constructed and operated to manage environmental and social impact.

Ends

## 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 almost £1.3 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, alternative asset origination, life insurance, workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

*\* at 30 June 2021*

### **About Legal & General Investment Management Real Assets (LGIMRA)**

LGIMRA is a division of Legal & General Investment Management (LGIM), one of Europe's largest institutional asset managers and a major global investor. LGIM manages £1.3 trillion in assets\*, working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

LGIM Real Assets has assets under management of £32.5 billion\* 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. In 2021, we are implementing 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.

*\* at 30 June 2021*

## Further information

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