

London Borough of Camden Pension Fund

9th September 2020



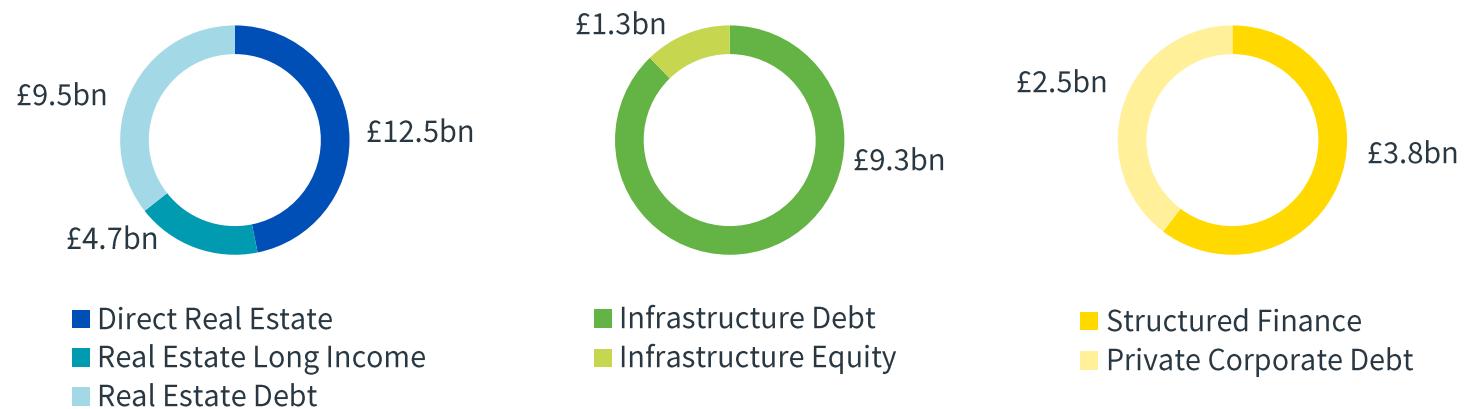
LCIV Inflation Plus Fund

Luke Layfield – Fund Manager
Heather Brown – Client Director

Specialists in Real Assets

Investment professionals based across 5 financial centres

	Real Estate	Infrastructure	Private Debt
AuM	£27.7bn	£10.6bn	£6.3bn
Investment professionals	180+	40+	10+
Number of assets	3000+	240+	130+



Source: Aviva Investors as at 31 March 2020. Investment professionals and no. of assets as at 31 Dec 2019.

Aviva Investors Team

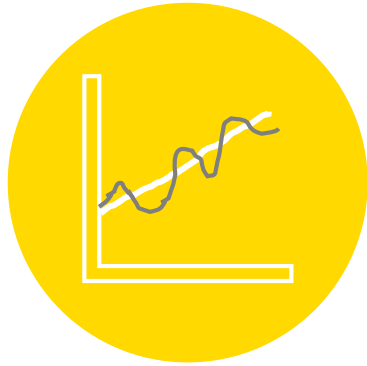
Breadth of expertise in structuring, implementing and servicing Alternative Income

Mark Versey, CIO Real Assets, Executive oversight					
Renos Booth, Head of Real Estate Long Income					
Global Client Solutions	Luke Layfield, Fund Manager				Governance and Risk
Heather Brown Client Director	Real Estate Long Income	Real Estate Debt	Private Corporate Debt	Infrastructure Debt	ESG
John Andrews Client Director	Renos Booth (Head)	Gregor Bamert (Head)	Munawer Shafi (Head)	Darryl Murphy (Head)	Legal
Issie Armstrong Investment Director	11 team members	29 team members	12 team members	22 team members	Tax
Andrew Catchpole Investment Specialist	Credit Risk and Analysis				Compliance
	Mark Butcher (Head)				Asset Management
	17 team members				

Source: Aviva Investors as at 30 June 2020. Numbers include team head. The team members are investment professionals only.

Secure long-term cashflows with attractive return potential

Aiming to deliver on investor outcomes



Low volatility and security



Predictable cash flows



Illiquidity yield premium

Outcomes may not be guaranteed

Powering change in Real Assets

Delivering tangible environmental, social and governance impacts through structuring transactions and actively managing our clients' assets

COVENANTS

We include ESG covenants in our transactions to mandate positive change from our sponsors over the lifetime of the loan



INCENTIVES

We provide financial incentives to encourage positive behaviours such as reducing energy use or installing renewable energy equipment



ENERGY EFFICIENCY PROJECTS

We focus asset management resources and partner with specialist consultants to reducing building energy use



COMMUNITY PROGRAMMES

We run Community Grant funding programmes and fund local charities and community groups to create positive social impacts



Bespoke Inflation Linked Portfolio

A diverse opportunity set accessible via bespoke strategy



Source: Aviva Investors as of 18 August 2020.

Investment approach

Aiming to secure attractive long-term, defensive returns

Net Income Yield 3% p.a.

Total Net Return RPI +1.5-2% p.a.*

Risk

- Low risk profile achieved by predominantly investing in a non cyclical, inflation linked, income producing portfolio of real assets

Term

- Long-term leases and loans with 20+ years weighted average term at portfolio level
- Minimum 80% of assets to have inflation-linked cashflows

Credit

- Minimum 80% of the portfolio to be rated as investment grade or equivalent on acquisition

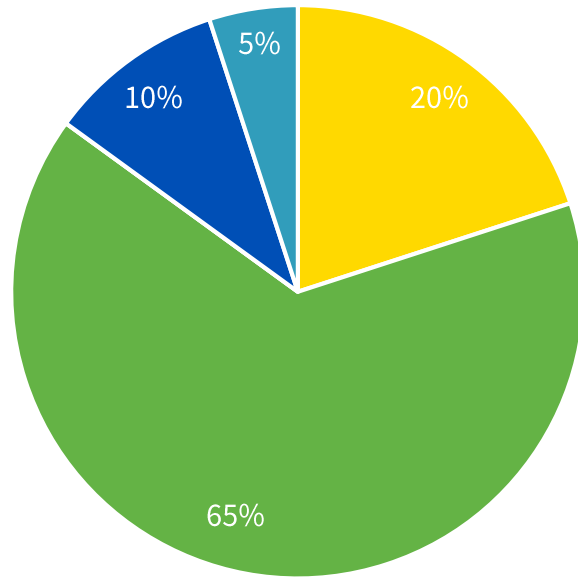
Portfolio restrictions

- Maximum Single Asset: 20%
- Maximum Single Sector: 40%
- Maximum Single Creditor: 25%

Source: Aviva Investors for illustrative purposes only *over a rolling 5 year period once fully invested. **Target returns are not guaranteed**

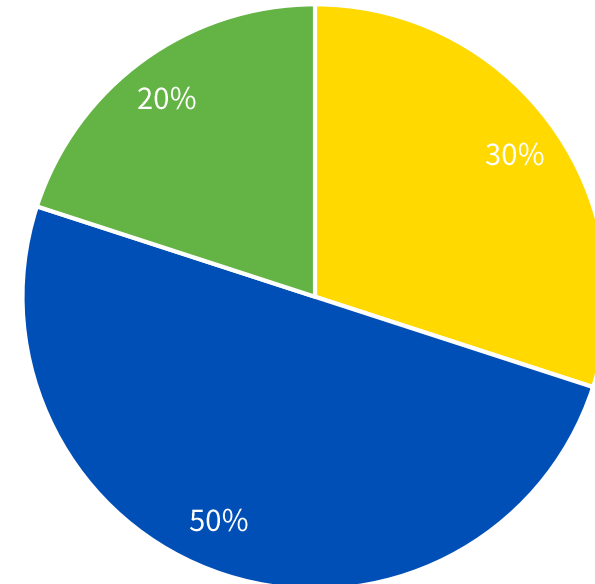
LCIV Inflation Plus Fund: indicative portfolio

Diverse, Secure, Consistent



- RELI Income Strips
- RELI Reversionary
- Infrastructure Leases
- Commercial Ground Rents

Strong BBB portfolio



- A
- BBB
- BB

Source: Aviva Investors. For illustrative purpose only. Credit ratings provided by AIRA, S & P or Moodys

Robust investment process



Source: Aviva Investors

Responsibility built-in



Source: Aviva Investors 30 June 2020.

Example deal – Income strip

Queensway, Stevenage

- Funding the regeneration of the Queensway shopping parade in Stevenage
- Stevenage Council take an over-riding 35 year lease to facilitate the acquisition of the centre from a third party, and to create a significant capital pool to undertake regeneration works
- The asset reverts to the Council for £1 at the end of the lease
- Rent payable by the Council is circa 77% of the improved scheme ERV, including offices, retail, leisure and residential
- Council responsible for leasing of the scheme and will benefit from a significant profit rent if they let the space at full ERV
- Part of a wider regeneration scheme including further residential developments and leisure uses
- Creation of jobs



Source: Aviva Investors 30 June 2020.

Example deal – Reversionary long income

Amazon, Bolton

- £45m Freehold acquisition of a new prime distribution warehouse
- Full repairing and insuring lease to Amazon UK Services Limited for 14.75 years
- Rent linked to CPI (cap 2.5%, floor 0%)
- 358,578 sq ft
- Amazon are undertaking substantial fit-out works at their cost
- Strong covenant and prime asset in well located logistics park

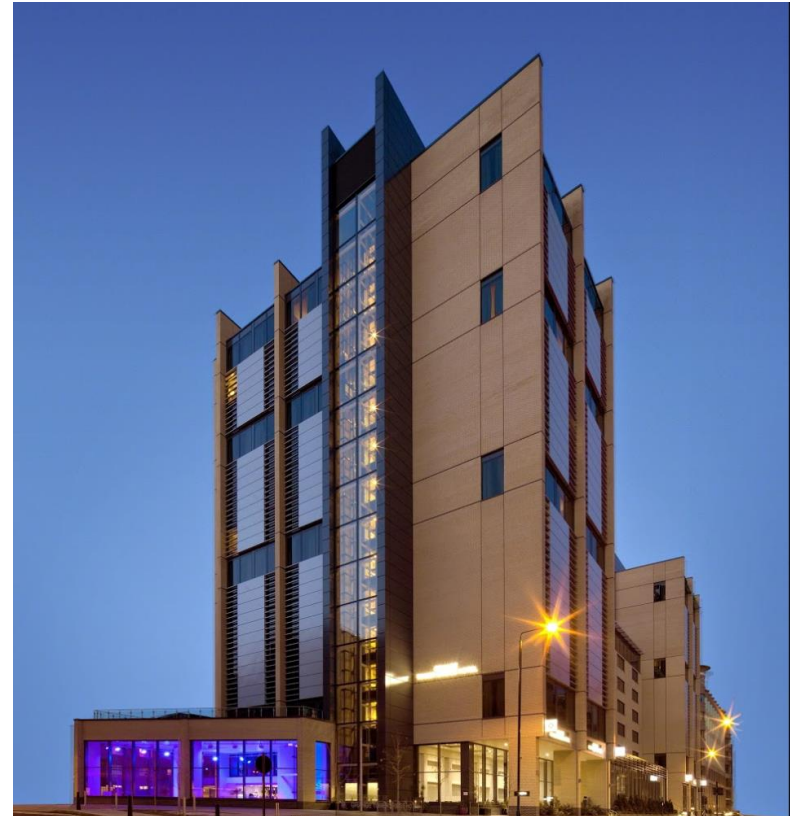


Source: Aviva Investors as at 30 June 2020.

Example deal – Ground rent

The Grange Hotel, London

- Purchase of the freehold of a 5* star 370 bedroom hotel adjacent to the City and close to Tower Bridge
- Ground rent income £2.2m equating to 12% of stabilised EBITDA, with 5 yearly RPI rent reviews for the first 20 years, annual thereafter (0%-5% collar)
- 320bps net spread above long term index linked gilts
- 125 year Head Lease to Queensgate Investments with 25 year operating lease to Fattal Holdings, T/A Leonardo Royal
- Investment rated as 'A+' by the Aviva Investors credit analysis team



Source: Aviva Investors as at 30 June 2020.

Example deal - Infrastructure debt

Hornsea One

- Senior debt financing for £3.3bn wind farm
- World's largest offshore wind farm will power 1 million homes and create 2,300 local jobs
- 16.5 year loan term with CPI-linked repayments
- Debt repayments well-covered by project cashflows
- BBB rating



Source: Aviva Investors as at 30 June 2020.

Current Pipeline

Status	Asset Class	Sector	Credit	Lease	Funding	Lot Size	NIY
Agreed terms	RELI	Hotel	BBB	22.5yrs, 5yrly CPI(0,4)	Standing	£27m	4.70%
Agreed terms	Income Strip	Student Accommodation	A-	50yrs, Ann RPI(0,5)	Funding	£17m	3.20%
Bid off market	RELI	Office	A	20yrs, 5yrly RPI(1,4)	Funding	£22m	5.00%
Bid off market	RELI	Office	AA- / BBB	20-25yrs, Ann RPI(0,5)	Standing	£20-25m	4.25%-5.00%
Off market discussion	RELI	Supermarket	BBB-	21yrs, Ann RPI(1.5,4)	Standing	£22m	4.75%
Off market discussion	Income Strip	Student Accommodation	A	40yrs, Ann CPIH+1%	Standing	£70m(divisible)	3.75%
On market bids	RELI	Office	A-	20.5yrs, Ann RPI(1,5)	Standing	£36m	4.25%
Off market discussion	RELI	Office	BBB+	20yrs, 5yrly RPI	Funding	£25m	4.50%
Off market discussion	Income Strip	Student Accommodation	A-	35yrs, Ann RPI	Funding	£30m	4.00%
Off market discussion	Ground Rent	Hotel	A-	125yrs, Ann RPI	Funding	£14m	2.25%
Off market discussion	RELI	Hotel	BBB	25yrs, 5yrly CPI(0,4)	Funding	£35m	4.50%
On market bids	Income Strip	Industrial	BBB-	25yrs, 5yrly RPI	Funding	£20m	6.00%

Source: Aviva Investors as of 18 August 2020.

Risk management – key to navigating volatility



Counterparty / Tenant risk

- Strong public sector and corporate counterparties
- Detailed and sophisticated credit analysis



Real Estate / Project risk

- Strong underlying fundamentals
- Fully stress tested



Development risk

- Significant risk mitigants
- Expert oversight

Source: Aviva Investors

LCIV Inflation Plus Fund – summary

Portfolio aims

Diverse

Building a bespoke portfolio across a diverse range of real assets

Secure

High quality long-term contractual cashflows from predominantly investment grade counterparties

Consistent

Long-term predictable, inflation-linked cashflows, targeting income distribution in excess of 3% (net of fees)

MSCI 

UK Property Investment Awards
Winner 2019



Source: Aviva Investors as at 30 June 2020.

Questions

Heather Brown

Client Director


Heather.Brown@avivainvestors.com

Important information

Key Risks

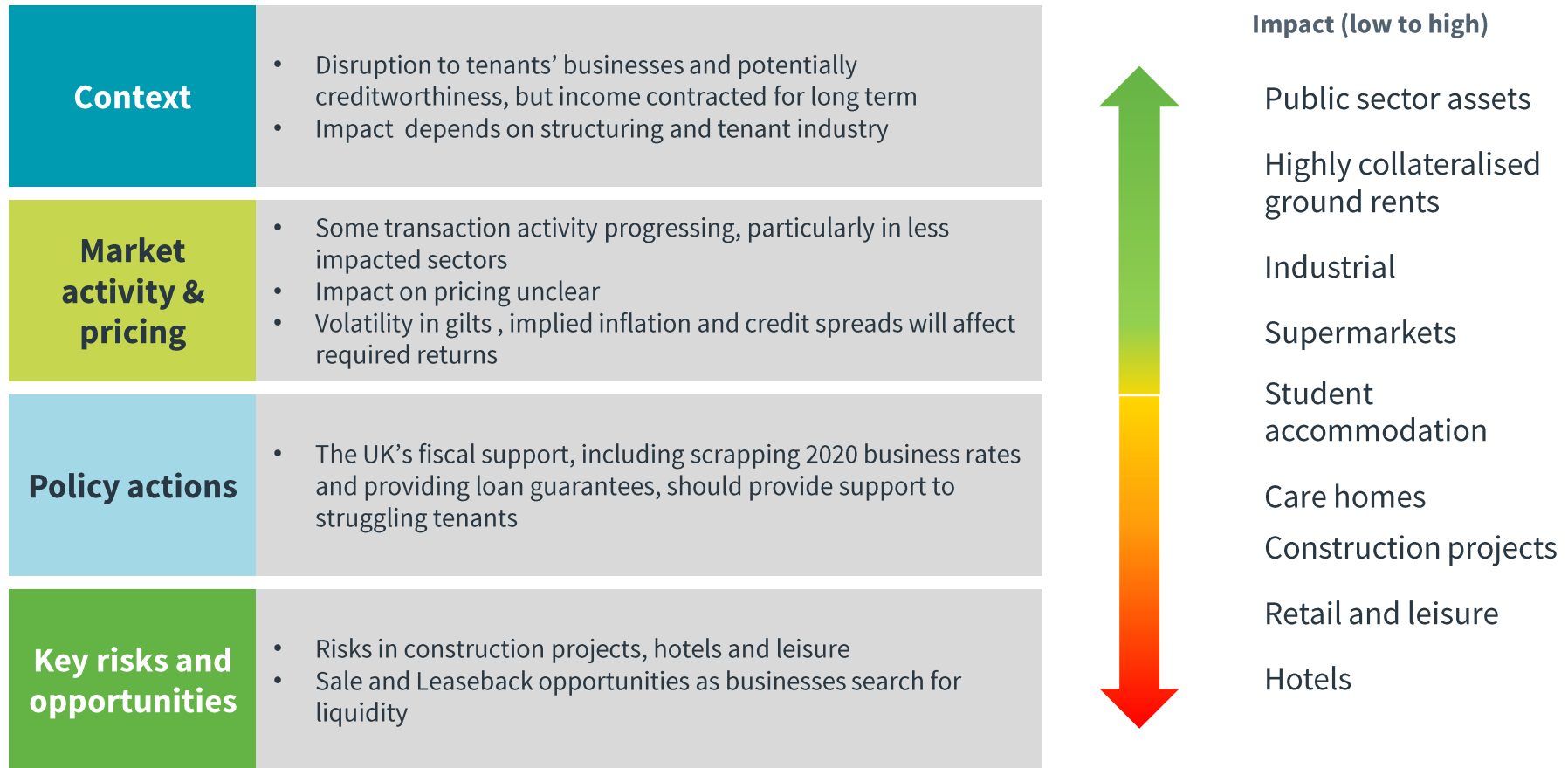
The value of an investment and any income from it can go down as well as up and can fluctuate in response to changes in currency exchange rates. Investors may not get back the original amount invested.

Where funds are invested in real estate, investors may not be able to switch or cash in an investment when they want because real estate should also bear in mind that the valuation of real estate is generally a matter of valuers' opinion rather than fact.

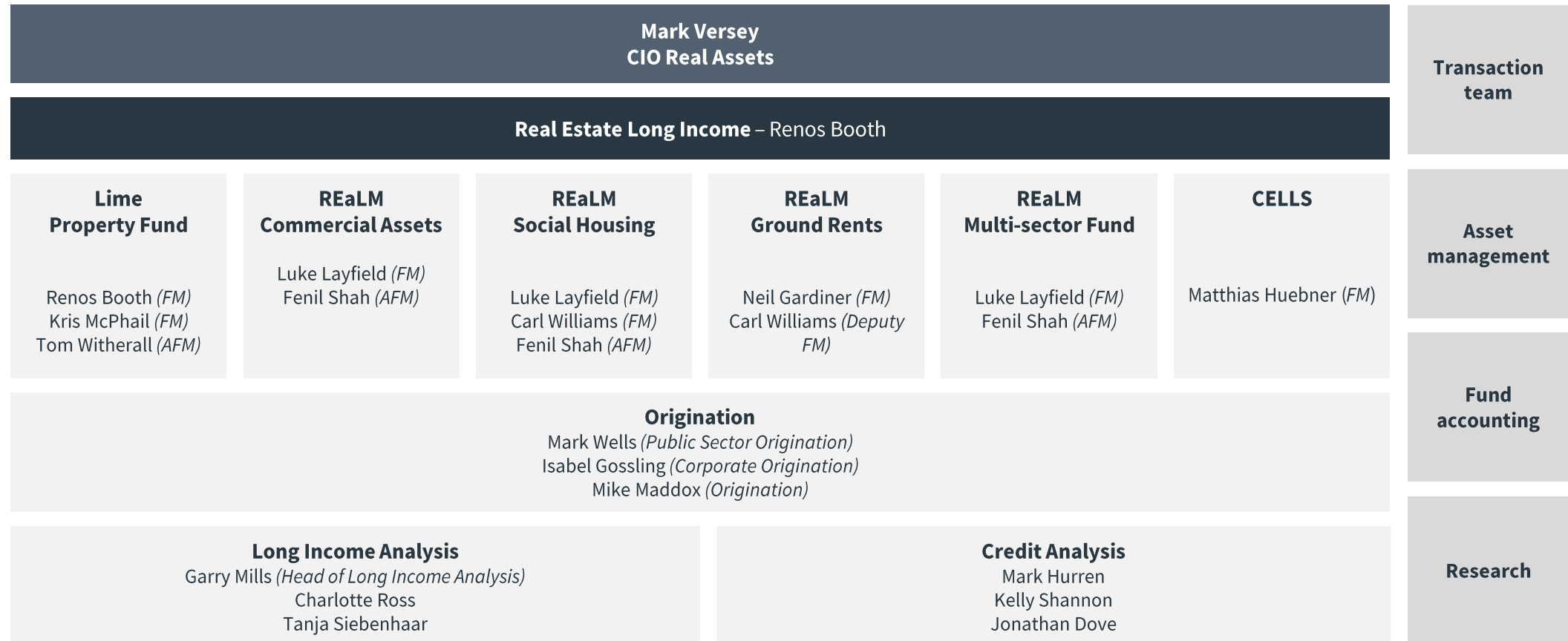
 Past performance is not a guide to future returns.

Appendix

COVID 19 – Impact on Real Estate Long Income



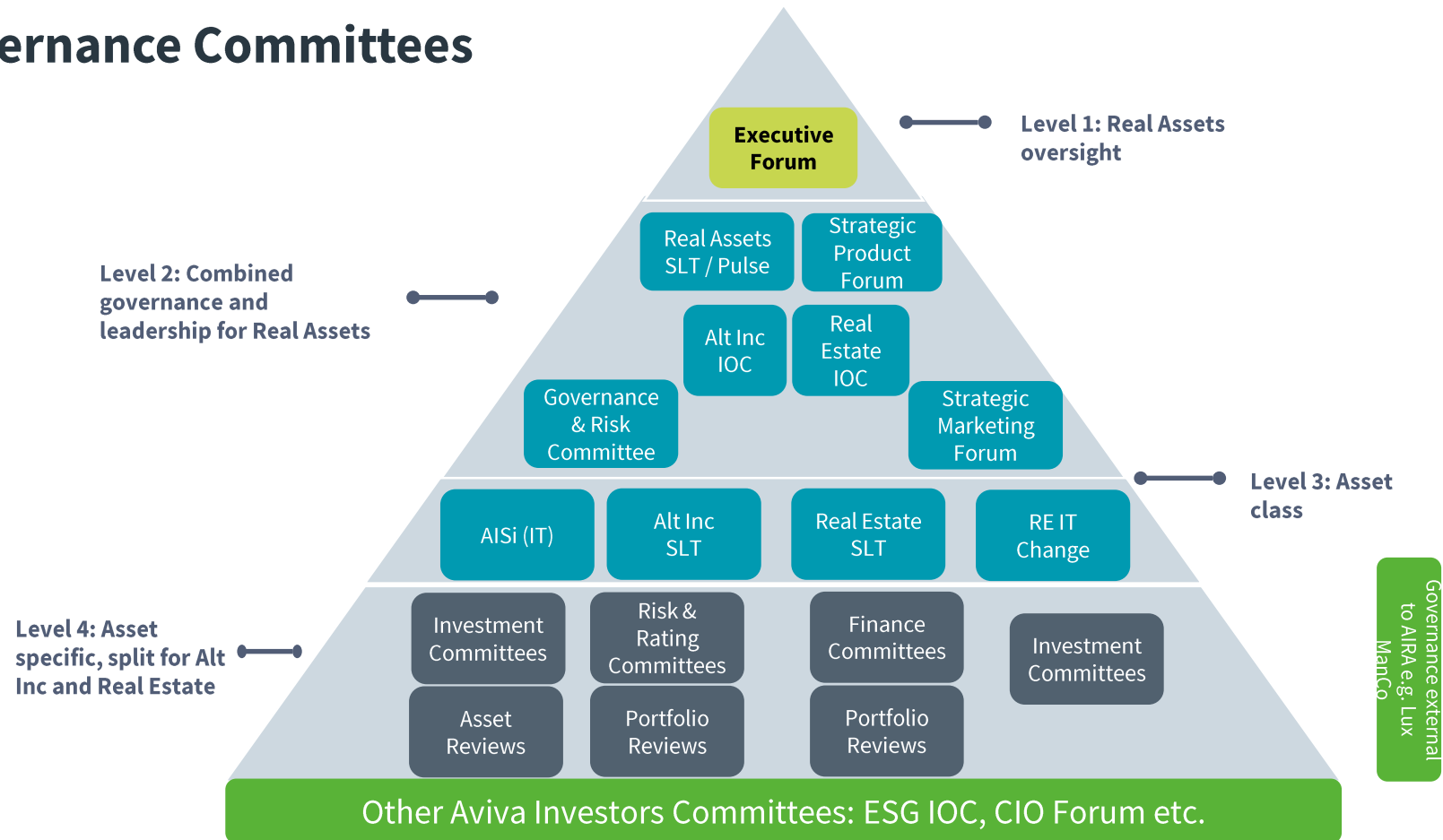
Experienced real estate long income team



Source: Aviva Investors as at 30 June 2020. Team numbers are inclusive of team head.

Aviva Investors Real Assets

Governance Committees



Source: Aviva Investors

Important information

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