

City of Westminster Pension Fund

The London Fund

Introduction

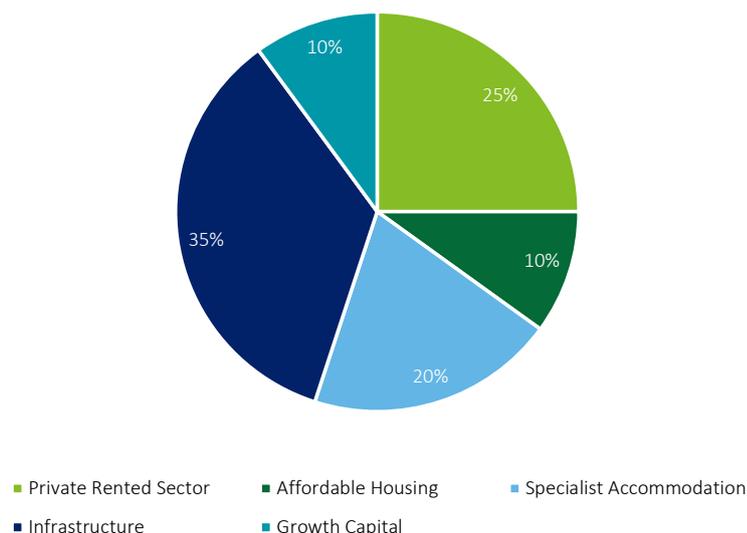
This paper has been prepared for the City of Westminster Pension Fund (the “Fund”) and has been written following discussion with the Pension Fund Committee (the “Committee”) at the last Committee meeting on 24 June 2021, during which the Committee requested we provide a summary of The London Fund for the October 2021 Committee meeting. There is no recommendation to this paper, as this is for information only. Please note, information in this paper is accurate as of September 2021 and has been provided by the London CIV.

The London Fund

Below, we include details of The London Fund, a fund offered by the London CIV and managed by Local Pensions Partnership Investments (LPPI) which focuses on investing in real estate, infrastructure and growth capital sectors.

The majority of the portfolio will be invested in assets that are income generating with an inflation-linkage and generally operational. The Fund will also include a small allocation to assets with a focus on capital gains and a higher degree of risk (through development or construction risk) with the majority of investment taking place through third party fund managers.

The chart below reflects an illustrative example of what the London Fund portfolio might look like, with 55% of the illustrative portfolio consisting of real estate assets.



Source: London CIV

The London Fund’s secondary objective is to generate a social benefit in Greater London through job creation, area regeneration and positive environmental impact with c. 80% of investments targeted within Greater London. The London Fund is being constructed to align with the London Quality of Life Indicators published by

the London Sustainable Development Commission which have been designed to help recognise whether London is making progress towards becoming a sustainable world city.

The London Fund is closed-ended with a 15-year term and has a fund size capacity of c. £500m, targeting LGPS investors across London. While the London Fund portfolio is not primarily made up of social supported or affordable housing, the strategy principally invests in real assets with a focus on generating stable long-term cashflows with an inflation-linkage.

Some of the key details underlying the London Fund are provided in the table below:

The London Fund	
Strategy	Real estate (including build-to-rent and affordable housing), community regeneration projects, infrastructure and growth capital sectors
Fund size/AuM	£195m committed since launch in December 2020, following second close in July 2021. £300m target with a capacity of £500m
Target return	CPI +3% p.a. (net of fees, costs and expenses) over seven years
Yield target	50% of total return after building out portfolio
Term	15-year term with ability to extend for two consecutive periods of two years each with approval from investors
Investment period	4 years from final close
Leverage	Unlevered at a portfolio level but may enter into hedging/working capital facilities
Investment limits	Maximum 25% of commitments on a single asset

Source: London CIV

Deloitte Total Reward and Benefits Limited

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Risk Warnings

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

Our advice will be specific to your current circumstances and intentions and therefore will not be suitable for use at any other time, in different circumstances or to achieve other aims or for the use of others. Accordingly, you should only use the advice for the intended purpose.



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