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## Press Release

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### HERMES AND LEGAL & GENERAL LAUNCH THE UK'S LEADING DISTRIBUTION FUND WITH £48.2M INVESTMENT DEAL

The UK Logistics Fund has invested £48.2 million in the purchase of a 618,000 sq ft warehouse in Bardon, Leicestershire. The acquisition follows the Fund's commitment to two speculative development opportunities, The Blade in Sheffield a 412,000 sq ft warehouse nearing practical completion and two warehouses at G Park, Western Approach, Bristol.

The new purchase was formerly owned by Nestlé and will be let to Innovate, who distribute Nestlé's products, and includes the funding of extension works. Innovate have taken a 25 year lease with fixed uplifts at an initial rent of £4.50 per sq ft which represents an initial yield of 5.5% for The UK Logistics Fund.

Jonathan Holland is the fund manager for The UK Logistics Fund. He comments: 'The purchase of this property guarantees long-term income for the fund and, with fixed uplifts agreed on the 25 year lease with a strong

covenant in Innovate and with an attractive yield profile it will help to underpin our portfolio of distribution properties.’

We are currently investing a further £100m in the form of this deal and two further funding deals which are in solicitors hands. We plan to grow the fund by £150m in this financial year, focusing on new developments, in order to provide the potential for attractive returns for our investors.’

The Fund currently has an investment and development portfolio with a completed value of some £450 million and around 80% of which is investment property with average lease lengths in excess of 15 years.

CBRE acted for The UK Logistics Fund in this acquisition.

4<sup>th</sup> May 2007

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**Notes to Editors:**

**About Hermes**

**Hermes** is a leading pension fund investment manager, independent of any broader financial services organisation. Hermes’ market-leading investment strategy has for many years been based on the index/specialist approach and is increasingly being adopted by other large pension funds. Hermes currently invests circa £65.7bn (as at 30.09.06) on behalf of over 245 clients including pension funds, insurance companies, government entities and financial institutions, as well as charities and endowments.

Hermes carries out its real estate investment management activities through Hermes Real Estate Investment Management. This company is responsible for the management and performance of some

£11 billion of real estate for clients such as the British Telecom and Royal Mail Pension Schemes and for Hermes Property Unit Trust.

Hermes Real Estate offers property investment through segregated and pooled vehicles. We operate an integrated portfolio management and research-based approach using a philosophy of targeting high quality properties which are well located and highly competitive in their local marketplaces.

Hermes operates across all the primary markets of retail, office and the industrial sectors. The investment process uses top down portfolio and bottom up property asset models to develop specific investment strategies for clients to maximise their returns. In each of the major markets Hermes has specialist investment managers with specific relevant expertise and market knowledge. This approach ensures that the performance of each portfolio benefits from the input and market insights from sector specialists not just the central fund manager.

An unusual feature of the new Fund is the creation of a dedicated investment management company owned 50/50 by Hermes and Legal & General, which will be the specialist manager of this vehicle.

#### **About Legal & General Property**

- Legal & General Property (LGP) is a wholly-owned subsidiary of Legal & General Investment Management (LGIM).
- LGIM had funds under management of over £230bn as at the end of December 2006
- Legal & General Property manages or co-manages 14 separate Funds with an aggregate asset value of over £12bn as at end December 2006, including eight limited partnerships:
  - Industrial – Industrial Property Investment Fund
  - Regeneration – English Cities Fund
  - Shopping Centres – Performance Shopping Centre Partnership  
Warrington Retail Limited Partnership
  - Leisure
  - Mixed use/Retail – The Leisure Fund Limited Partnership
  - Business Parks – Bracknell Regeneration Partnership
  - Distribution – Arlington Business Parks Partnership
  - Warehouses – UK Logistics Fund
  - Regional Offices – ARC Property Fund
- LGP is also responsible for managing the property portfolio of the Legal & General Assurance Society Ltd which has a total value in excess of £4bn, including major development opportunities in London (Bucklersbury House, St Giles Circus), retail development opportunities in Oxford Street, Bracknell, Northampton and Warrington, together with business park opportunities in the M4 corridor and Manchester.

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