

# The Local Authorities' Property Fund

Fund Fact Sheet - 31 December 2017

### Investment objective

The Fund aims to provide investors with a high level of income and long-term capital appreciation.

#### **Investment policy**

The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties, but may invest in other assets.

#### Suitability

The Fund is suitable for the long-term funds of any local authority seeking exposure to UK commercial property.

### **Independent Governance**

The trustee is the Local Authorities' Mutual Investment Trust (LAMIT) a body controlled by members and officers appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers' Superannuation Committee and investors in the Fund

#### Who can invest?

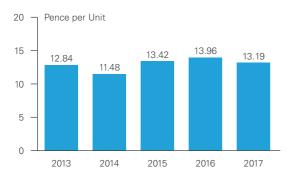
Any local authority in England, Wales, Scotland and Northern Ireland.

#### Income

Gross dividend yield	4.58%*
AREF/IPD™ Other Balanced Property Fund	
Index yield	3.58%
Official Bank Rate	0.50%

<sup>\*</sup> Based upon the net asset value and historic gross annual dividend of 13.7122p

# Rolling 12 month distributions to 31st March:



#### Unique accounting advantages

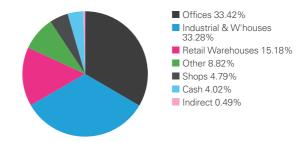
Unlike other property fund investments or even direct property purchases, investment in the Fund does not count as capital expenditure for English or Scottish local authorities. Dividends are treated as revenue but the General Fund is protected from fluctuations in the unit price. The investment is treated as an available for sale financial asset.

# **Fund update**

The prime focus of our investment strategy is on asset selection and management. We try to identify assets which, through active management, can make a significant contribution to total returns and to the income payment to investors. We also bias the subsector weightings to reflect our view of their relative attractiveness. At present, this means a relatively high weighting to industrial and office assets and a relatively low weighting to retail, with no shopping centre or supermarket holdings.

The Fund has continued to enjoy a strong inflow of new money. Reflecting these cash receipts and the wish to avoid a drag on returns from unwanted cash holdings, the focus of activity has been on acquisitions; five properties have been bought. These include two hotels, one on the outskirts of the City of London, the other in Brighton. The initial yields on both are under 4%, but rents are RPI based and the leases are long, 31 years in both cases. We have also bought three industrial warehouse investments, in Milton Keynes, Northampton and Bolton. Total expenditure has amounted to £127m, with another purchase expected to complete shortly. There was one sale, of a small retail asset, the proceeds were materially above valuation. Rent reviews made a positive contribution to income but these were being offset by the temporary rental loss from refurbishment work, such as in Kingsway. At the end of the quarter the void rate was 7.6%, similar to the level at the end of September and significantly below that of the market.

#### **Asset allocation**



The Fund has credit facilities which, at quarter end, were not utilised.

12 months to 31 December	2017	2016	2015	2014	2013
The Local Authorities' Property Fund	+9.68%	+2.12%	+14.09%	+19.50%	+8.92%
Benchmark	+10.58%	+3.66%	+12.97%	+17.34%	+9.25%

#### **Annualised total return performance (net)**

Performance to 31 December 2017	1 year	3 years	5 years
The Local Authorities' Property Fund	+9.68%	+8.52%	+10.71%
Benchmark	+10.58%	+9.00%	+10.67%

Benchmark AREF/IPD<sup>TM</sup> Other Balanced Property Fund Index. Net performance shown after management fees and other expenses. Past performance is no guarantee of future returns. Source: CCLA

#### Top ten property holdings – total 37.28%

London, KingswayElstree, Centennial ParkLondon, Goodman's YardBristol, Gallagher Retail ParkLondon, Stockley Park, LongwalkBrighton, West Street

London, Beckton Retail Park

Bracknell, The Arena

Cambridge, Cambridge Science Park

Bolton, Wingates Industrial Estate

# **Key facts**

Total fund size £931m
Current borrowing £0m
Number of holdings 62

 Offer (buying) price
 319.44p (xd)

 Net asset value
 299.24p (xd)

 Bid (selling) price
 294.60p (xd)

Launch date18 April 1972Unit typesIncomeMinimum initial investment£25,000Minimum subsequent investment£10,000

Dealing day

Month end valuation day\*

Sedol & ISIN numbers

0521664, GB0005216642

Dividend payment dates

End January, April, July & October

Annual management charge (taken 100% from income) 0.65%

Income units

Tax reclaims should be addressed to: Glynis Free, Specialist Repayment Team 7 South, Ty - Glas, Cardiff, CF14 8HR. Telephone 03000 580618, 9.30am - 1pm.

#### **Risk Warning**

This document is a financial promotion and is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. CCLA have not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether our product is suitable, please read the Fund Factsheet document and the Scheme Particulars. We strongly recommend you seek independent professional advice prior to investing. Investors should consider the following risk factors identified as specific to the Fund before investing: Counterparty/Tenant/Credit Risk (financial institution/tenants may not pay), Market Risk (investment value affected by market conditions), Operational Risk (general operational risks), Expiry/Maturity Profile (timing of maturity of tenancies), Liquidity Risk (investment in non-readily realisable assets), Interest Rate risk (changes to interest rate affecting income), Concentration Risk (need for diversification and suitability of investment), Business Risk (possibility of lower than anticipated profits). Please see the Fund Scheme Particulars for further details.

#### **Disclosure**

Investment in the Fund is for Eligible Local Authorities only. Past performance is not an indicator of future performance. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money. Any forward-looking statements are based upon our current opinions, expectations and projections. We undertake no obligations to update or revise these. Actual results could differ materially from those anticipated. Investments in the Fund and the Fund itself are not covered by the Financial Services Compensation Scheme (FSCS). However, the Manager may pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund. The Fund is an Alternative Investment Fund and an Unregulated Collective Investment Scheme established under a Scheme approved by H M Treasury under Section 11 of the Trustee Investments Act 1961 and is subject to provisions of a Trust Deed dated 6 April 1972 and a supplemental Trust Deed dated 13 September 1978. The Fund operates as an open-ended Fund under Part IV of the schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001. CCLA Fund Managers Limited (registered in England No. 8735639 at the office below) is authorised and regulated by the Financial Conduct Authority and is the manager of the Local Authorities Property Fund.

<sup>\*</sup> Instructions for the issue or redemption of units must be received by CCLA no later than 5pm on the business day prior to the Valuation Date. If the valuation day is a bank holiday, the dealing day will be the previous working day. Units are only realisable on each monthly dealing date and redemptions may not be readily realisable; a period of notice not exceeding six months may be imposed for the redemption of units.