

The Local Authorities Property Fund

INVESTMENT POLICY AND OBJECTIVES

The Fund provides facilities exclusively for local authorities to invest in commercial and industrial property on a collective basis, to obtain a spread of investment risk with constant expert property management. Its objective is to provide a satisfactory total capital and income return over the long term. The Fund's benchmark is the Other Balanced Fund component of the MSCI/AREF UK Quarterly Property Fund Index.

INVESTOR CONSTITUENCY

The Fund is open to investment only to Local Authorities' in England, Wales, Scotland, and Northern Ireland

Fund details	
Type of fund	Unregulated Collective Investment Scheme
Residence	United Kingdom
Launch date	Apr-72
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Mar
NAV (GBPm)	1202.9

Source: CCLA Investment Management Limited

Management/professional advisors	
Operator	Local Authorities Mutual Investment Trust (LAMIT)
Manager & administrator	CCLA Fund Managers Limited
Fund Manager	Paul Hannam
Trustee	Local Authorities Mutual Investment Trust (LAMIT)
Auditors	PricewaterhouseCoopers LLP

Source: CCLA Investment Management Limited

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index*		
	The Local Authorities Property Fund	Other balanced funds	All balanced funds	All funds
3 months	3.1	2.2	2.2	1.8
Year-to-date	3.1	2.2	2.2	1.8
12 months	3.7	2.5	2.5	0.7
3 years+	3.4	2.7	2.4	1.1
5 years+	4.6	4.6	4.1	3.2
10 years+	7.5	6.8	6.4	5.9

Source: MSCI/AREF UK Quarterly Property Fund Index

Note: * Weighted average returns

Property investment restrictions	
Maximum development exposure	*
Maximum speculative development exposure	*
Maximum lot-size holding as a standing investment	*
Maximum lot-size holding permitted at purchase	*
Maximum exposure to limited partnerships	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	*

Source: CCLA Investment Management Limited

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index**		
	THE LOCAL AUTHORITIES' PROPERTY FUND +	Other balanced funds	All balanced funds	All funds
Standard retail – South East	0.0	6.0	5.2	4.9
Standard retail – Rest of UK	0.0	2.1	2.4	3.3
Shopping centres	0.0	0.7	1.2	3.5
Retail warehouses	95.5	10.9	10.5	9.0
All UK retail	95.5	19.7	19.3	20.6

City offices	0.0	3.9	3.6	3.4
West End offices	0.0	7.6	8.5	7.6
Rest of South East offices	0.0	10.8	10.2	7.4
Rest of UK offices	0.0	6.0	5.6	5.1
All UK offices	0.0	28.3	27.9	23.5
South East industrial	0.0	21.7	22.7	18.5
Rest of UK industrial	0.0	12.0	11.8	9.5
All UK industrial	0.0	33.7	34.5	28.0
Other UK properties	0.0	11.3	10.7	21.9
Cash***	4.5	7.0	7.7	5.9
Overall	100.0	100.0	100.0	100.0

Source: CCLA Investment Management Limited

Note: +Including the fund's share of any properties held jointly or through indirect holdings

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	77	1,147.7	99.9
Joint and indirect holdings	1	1.5	0.1
Listed investments	0	0	0.0
Total	78	1,149.2	100.0

Source: CCLA Investment Management Limited

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
BECKTON RETAIL PARK	LONDON	Retail Park	51.3	4.5
3 CATHEDRAL STREET	LONDON	Office/Shops	49.6	4.3
GOODMANS YARD	LONDON	Hotel	45.5	4.0
IMPERIAL HOUSE, 8 KEAN STREET WC2	LONDON	Office/Shops	43.8	3.8
PHASE 300 CENTENNIAL PARK	BOREHAMWOOD	Industrial Other	36.5	3.2
ARLINGTON SQUARE WEST	BRACKNELL	Office	36.1	3.1
3 LONGWALK	UXBRIDGE	Office	34.3	3.0
KINGS ORCHARD,1 QUEEN STREET	BRISTOL	Office	31.1	2.7
310 CAMBRIDGE SCIENCE PARK	CAMBRIDGE	Office	30.0	2.6
1 PARK ROW	LEEDS	Office	29.9	2.6
10 largest investments as % of portfolio			388.1	33.8

Source: CCLA Investment Management Limited

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	3	7.0	0.6
2.5 - 5	8	30.9	2.7
5-10	23	165.8	14.4
10-25	28	420.9	36.6
25 - 50	14	471.8	41.1
50 - 100	1	51.3	4.5
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	77	1147.7	99.9
Average lot size		14.9	

Source: CCLA Investment Management Limited

Property Yield		Voids as % of ERV	
Net initial yield	4.64%	Investments	0.52%
Nominal equivalent yield	5.83%	Developments	9.68%
True equivalent yield	5.85%	Total	10.20%
Net reversionary yield	5.17%		

Source: CCLA Investment Management Limited

Source: CCLA Investment Management Limited

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	2.3	2.4
Retail warehousing	12.3	10.4
Shopping centres	0.0	0.0
Central London offices	8.0	7.9

Other offices	26.0	30.5
Industrial	35.9	35.2
Other	15.5	13.6
Overall	100.0	100.0

Source: CCLA Investment Management Limited

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free , % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented,% Rent Passing	Reversionary potential,% Rent Passing	Reversionary potential Net of Over renting,% Rent Passing	Market Value,% Rent Passing
Standard retail	1.5	0.0	0.0	5.9	-30.5	14.2	-16.3	114.2
Retail warehousing	8.0	6.3	0.0	6.1	-12.2	-4.4	-16.6	95.6
Shopping centres	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Central London offices	5.2	0.0	0.0	11.6	-0.1	11.6	11.5	111.6
Other offices	16.9	9.9	0.4	27.4	-0.6	32.5	32.0	132.5
Industrial	23.3	1.1	0.0	5.1	-1.2	11.0	9.7	110.9
Other	10.0	0.0	0.0	0.0	-3.0	-1.1	-4.1	98.9
Overall	64.8	3.7	0.6	10.8	-3.3	13.0	9.7	112.9

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: CCLA Investment Management Limited

Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	0.0	0.0	0.0
-	0.0	0.0	0.0
-	0.0	0.0	0.0
-	0.0	0.0	0.0
-	0.0	0.0	0.0
	0.0	0.0	0.0

The unexpired term of leases

Years	% of rent passing
20 years or greater	6.0
15 years or greater, but less than 20	2.7
10 years or greater, but less than 15	9.4
5 years or greater, but less than 10	29.0
Less than 5 years	52.8

Source: CCLA Investment Management Limited

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
UK WAREHOUSE FUND	Retail Warehouse	INDIRECT RE	0.0	100.0	3.9	0.3
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: CCLA Investment Management Limited

Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Source: CCLA Investment Management Limited

Development exposure*

Capital value of developments

	Not yet started	In progress+	All developments	Cost to complete schemes in progress+
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: CCLA Investment Management Limited

Valuations/performance monitors/affiliations

Frequency of valuation-external	Monthly at every month end
Frequency of valuation-internal	See note below
External Valuers	BNP Paribas Real Estate
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: CCLA Investment Management Limited

Note: The manager reviews the external valuations in the intervening months in consultation, when deemed necessary, with the external valuers. (Additions to the portfolio are valued externally after acquisition.)

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	*
Cash holdings (maximum)	*
Cash holdings (minimum)	*

Source: CCLA Investment Management Limited

The contribution of major tenants to rental income

Tenant	%
TRAVELODGE HOTELS LTD	4.9
MARKS & SPENCER PLC	4.0
KAPLAN ESTATES LIMITED	3.8
ASTRA ZENECA UK LTD	3.0
DC MANAGEMENT SERVICES LIMITED	3.0
BEVAN BRITTAN LLP	3.0
B&Q PLC	2.7
PINSENT MASON	2.6
SAINSBURY'S BANK PLC	2.3
PEUGEOT MOTOR COMPANY PLC	2.2
Three largest tenants' contribution to rental income	12.6
Five largest tenants' contribution to rental income	18.6
Ten largest tenants' contribution to rental income	31.4

Source: CCLA Investment Management Limited

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1147.7	0.0	1.5	0.0	1149.2
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	53.7	0.0	0.0	0.0	53.7
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	1201.4	0.0	1.5	0.0	1202.9
Gearing (%)					
Net debt (cash)/properties	-4.7	-	0.0	-	-4.7
Net debt (cash)/equity	-4.5	-	0.0	-	-4.5

Source: CCLA Investment Management Limited

Quarterly data per unit

As at	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21
Bid (GBP)	297.61	291.15	279.57	279.04	283.05	289.08
Offer (GBP)	322.70	315.70	303.14	302.56	306.91	313.45
Mid (GBP)	310.16	303.43	291.35	290.80	294.98	301.26
Bid/offer spread	7.78%	7.78%	7.78%	7.78%	7.78%	7.78%
Net asset value (GBP)	302.30	295.74	283.97	283.43	287.50	293.63
Quarterly distribution (GBP)	3.21	3.25	2.80	3.10	3.54	2.85
Yield	4.34%	4.42%	4.48%	4.37%	4.49%	4.27%

Unit pricing

The unit price is calculated at the end of each month by the manager. Accrued income is accounted for separately from capital and is not reflected in the fund's unit price.

Distributions

Distributions of income are now made quarterly (one month after each quarter-end)

Minimum investment/disinvestment

Minimum initial investment: GBP 25,000

Minimum additional investment: GBP 10,000

Minimum redemption: GBP 0

Creation, transfer and realisation of units

Local authorities may invest in the fund on any month-end valuation date.

Withdrawals from the fund may also be requested on any month-end valuation date. The fund may, however, at its discretion, defer the processing of any withdrawal for such a period from the relevant valuation date as it may think fit, to allow time for the sale of properties, if required. (See "Redemption notices outstanding".)

Taxation

Capital Gains Tax

The fund is exempt from capital gains tax.

Income Tax

The Fund is not subject to capital gains tax or income tax. Dividends are paid gross.

Stamp duty reserve tax

Transfers of units are subject to SDRT, currently 0.5%.

Charges

The property manager and administrator are together entitled to a fee equivalent to 0.65% pa of the value of the fund.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	0	0.0
1% or greater but less than 2%	0	0.0
2% or greater but less than 4%	0	0.0
4% or greater but less than 8%	0	0.0
Greater than 8.0%	0	0.0
Total	0	0.0
Major investors		
Largest holder	1	0.0
Three largest holders	3	0.0
Five largest holders	5	0.0
Ten largest holders	10	0.0
Internal/external investors		
Internal	0	0.0
External	0	0.0

Source: CCLA Investment Management Limited

Liquidity						
Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
Issues and redemptions						
Units in issue as at start of period	195,123,413	232,063,024	311,069,844	356,200,898	367,793,017	367,968,557
Units issued during period	369,733,555	79,471,275	45,157,980	11,647,904	189,876	0
Units redeemed during period	-33,744	-464,455	-26,926	-55,785	-14,335	0
Units in issue at end of period	232,063,024	311,069,844	356,200,898	367,793,017	367,968,557	367,968,557
Unit transfers						
Matched bargains	-	-	0	0	0	0
Matched bargains %*	-	-	0	0.00%	0	0.00%

* as % of units in issue at the end of the period

Source: CCLA Investment Management Limited