



# The Local Authorities' Property Fund

## Fund Profile – 31 December 2011

An ideal choice for charity trustees with long-term funds seeking a combination of capital and income growth

### Price at 31.12.11

Income units  
Gross dividend yield

### Net asset value

233.36p (xd)  
6.03%\*

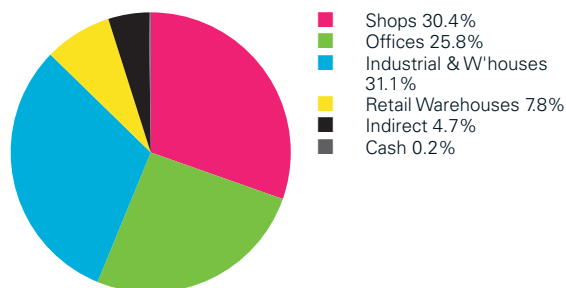
\* Based upon the net asset value and historic annual dividend of 14.0716p, the gross income less management expenses.

The Property Fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

The portfolio is actively managed and seeks to boost returns by lease and tenant management and property improvement.

The Fund has a broad sector spread to maximise the range of opportunities, diversification to keep risks under control.

### Asset allocation by investment category 31 December 2011



**Fund size £79 million**

### Property portfolio details

Top 5 properties = 46.3% of the portfolio

Top 5 tenants = 43.6% of rental income

Weighted unexpired lease term 6.0 years

Vacancy rate 8.9%

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## by region and category 31 December 2011



Fund Data and IPD Balanced Property Unit Trust data as at 31 December 2011

### Market update

Whilst good quality, income secure properties continued to be in demand, the market for secondary assets remained weak. The slight overall improvement in capital values recorded for the sector therefore reflected divergent trends in different parts of the market. The best performing sector was offices in central London, indeed by the end of the period this was the only sector still displaying upward price momentum. Transaction volumes remained very low, limiting the information on which valuers depend to determine valuations. This has resulted in an increased level of subjectivity in valuations and as a result a level of caution has crept into expectations, in particular for shorter lease assets.

Occupier markets remain fragile and void levels uncomfortably high at over 10% overall.

### Fund activity

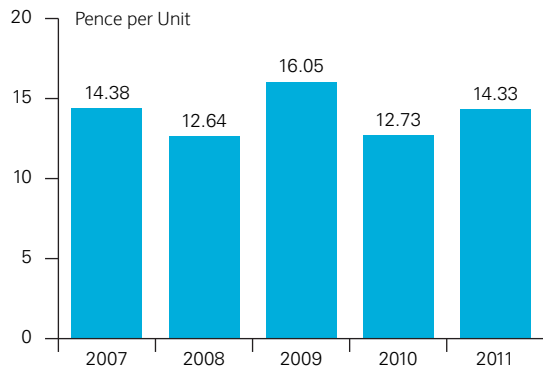
- A new lease was completed on the retail warehouse in Bishop's Stortford which had previously been let to Focus DIY, resulting in a higher immediate rent and scope for future income growth.
- A short term letting was achieved on a shop in Leicester, bringing the void rate down to 8.9% compared with 9.7% on the IPD Index; we expect a further decline in the void rate in the months ahead.
- There were two rent reviews, both of which resulted in small increases in the income received.

## Outlook

We expect the current two tier market to continue, however we do not expect any overall capital growth from the sector in the near term, leaving returns dependent on income receipts. Occupier markets will remain difficult but, despite recent weakness in the retail sector, are not expected to deteriorate. Capital growth prospects look better for 2013.

## The importance of income Dividend history of The Local Authorities' Property Fund

Years to 31 March



## Calendar performance versus the benchmark



The benchmark is the IPD Balanced Property Unit Trust Index.

Source: CCLA – Please note that past performance is no guarantee of future returns. Investments in long term funds can go down as well as up and you may not get back the original amount invested.

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## Long term performance

### Total return performance (net) 12 months to end of December

	2011	2010	2009	2008	2007
The Local Authorities' Property Fund	+6.3%	+17.2%	-0.6%	-29.6%	-2.3%
Benchmark*	+6.7%	+12.1%	-3.5%	-26.0%	-5.4%

\* The benchmark is the IPD Balanced Property Unit Trust Index.

Source: CCLA – Please note that past performance is no guarantee of future returns. Investments in long term funds can go down as well as up and you may not get back the original amount invested.

## Costs and charges

Our policy is always to keep costs and charges low - we believe that high costs and charges have a very damaging cumulative effect on investor returns. We negotiate low expenses and monitor dealing costs closely. We have no entry or exit fees, the only income taken by the investment manager is the annual charge of 0.65%.

## Key facts

Bid/offer spread	4.9%
Dealing day	Month end valuation day*
Minimum initial investment	£250,000
Minimum subsequent investment	£10,000
Dividend payment dates	End January, April, July & October
Annual management charge	0.65% (deducted from income)
Unit types available	Income
Sedol number	0521664
ISIN number	GB0005216642

\* 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.

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## CCLA INVESTMENT MANAGEMENT LTD

80 Cheapside, London EC2V 6DZ  
Client Service Freephone: 0800 022 3505  
Fax: 0844 561 5126  
clientservices@ccla.co.uk  
www.ccla.co.uk



The Fund is 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 Investment Management Limited (registered in England No. 2183088 at the office below) is authorised and regulated by the Financial Services Authority and is the manager of the Local Authorities Property Fund.

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