

The Local Authorities' Property Fund

Fund Profile – 31 December 2019

A unique, specialist Property Fund available only to Local Authority Investors

Price at 31.12.19

Income units
Gross dividend yield

Net asset value

302.3p (xd)
4.33%*

* Based upon the net asset value and historic gross annual dividend of 13.1160p.

Strong governance

The trustee is the Local Authorities' Mutual Investment Trust (LAMIT). LAMIT is 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 to represent unitholders. As fully independent trustee, LAMIT approves the investment strategy and the risk profile of the portfolio and reviews performance.

Meeting your needs

Suitable for Local Authorities, the Fund aims to provide investors with a high level of income and long-term capital appreciation.

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

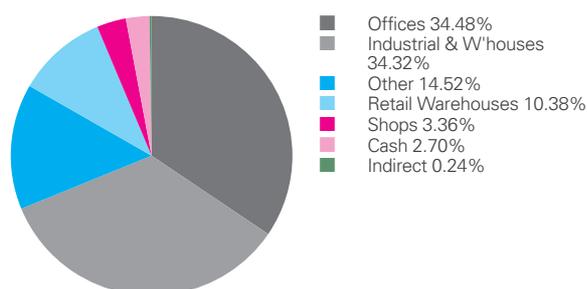
The portfolio is actively managed with a focus on asset selection. The intention is to boost returns by lease and tenant management and property improvement.

The Fund has a broad sector spread, with prudent diversification to keep risks under control.

Sector strategy

The portfolio favours industrial assets and well placed offices. The allocation to hotels has been increased. Traditional shop exposures are low, there are no holdings of shopping centres.

Asset allocation at 31 December 2019



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

Fund size: £1,200 million

Property portfolio details

Top 5 properties = 20.8% of the portfolio

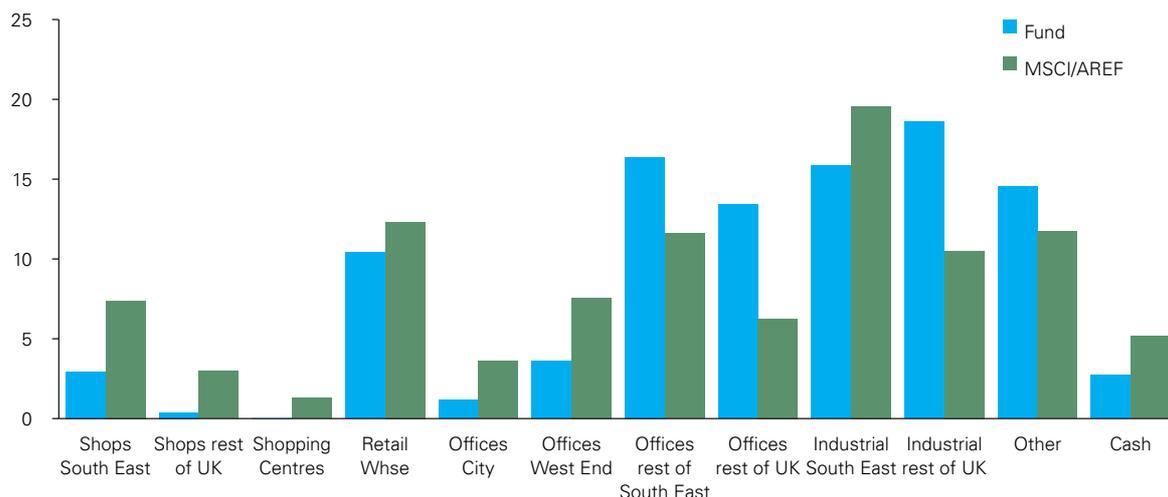
Top 5 tenants = 18.9% of rental income

Weighted unexpired lease term years 7.2 yrs

Void rate excluding developments in progress 4.8%

Void rate including developments in progress 9.8%

Asset allocation by region and category 31 December 2019



Fund Data and MSCI/AREF UK Other Balanced Quarterly Property Fund Index data as at 31 December 2019. Source: CCLA & MSCI/AREF

Top ten property holdings at 31 December 19 – total 35.18%

London, Beckton Retail Park
 London, Palace House
 London, Kingsway
 London, Goodman's Yard
 London, Stockley Park, Longwalk

Elstree, Centennial Park
 Leeds, Park Row
 Bristol, Kings Orchard
 Bracknell, The Arena
 Coventry, Torrington Avenue

Market update

Commercial property values declined through the period, continuing the trend which began at the end of 2018. Total returns, however, remained positive, due to the contribution from income received. The main source of the decline was further weakness in the retail sub-sectors, where the effects of excess supply and changing shopping behaviours were exacerbated by selling pressure and a shortage of buyer support. Elsewhere in the sector conditions were better. Office returns were mixed and there was continued demand for industrial assets and those with secure income prospects, strong enough to generate capital and income growth. Transaction volumes remained at low levels and the scarcity of market data meant that valuations became more subjective and more volatile at the individual asset level.

Fund activity

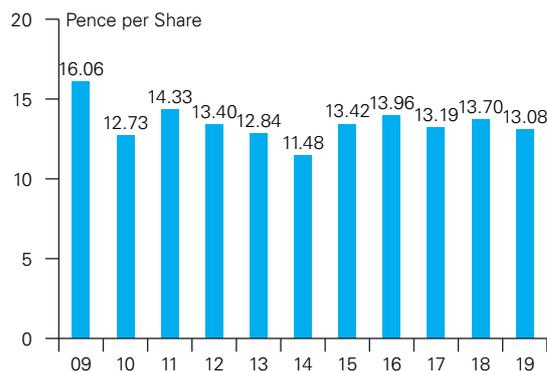
The erosion of capital values which began in the final months of 2018 has continued. Total return, however, has remained positive because of the contribution from income. Price weakness has been centred in the retail sectors with high street shops, shopping centres and retail warehouses all experiencing difficult conditions. In sharp contrast, conditions remained supportive for industrial assets and for those such as good-quality hotels which can offer long-term income security. Transaction volumes fell again; one effect of the fall in market data was increased subjectivity of asset pricing.

Outlook

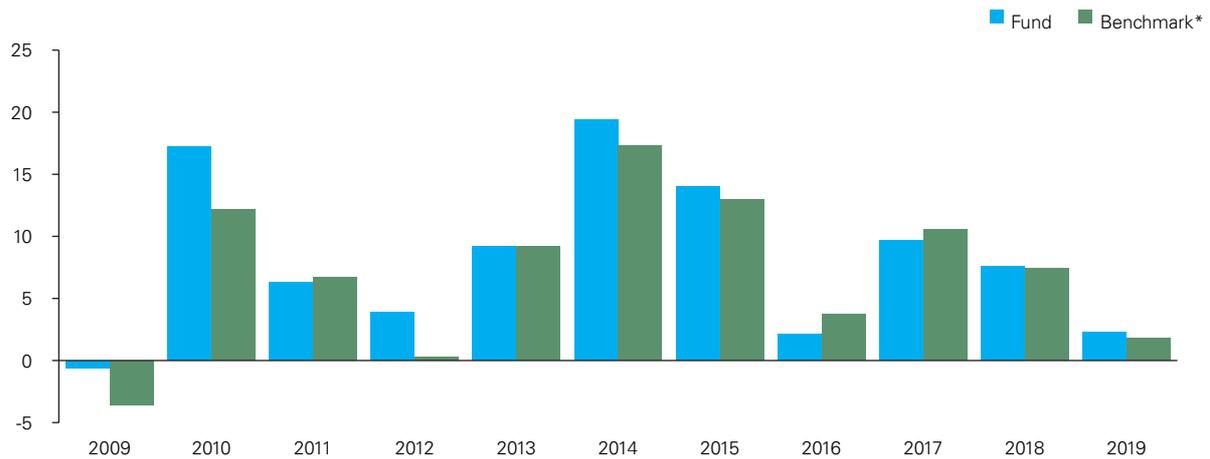
We expect positive returns from the sector but due to the contribution from income, capital values are expected to continue to ease modestly. The key to performance in the period ahead will be sub-sector weightings and asset quality. For the sub-sectors, pressure will continue on most parts of retail. Valuations are lower, but the trading background remains poor and it is too soon for bargain hunting. In contrast, industrial assets are robust and the premium for income security continues. At the asset level managers need to be active, creating value in overall flat conditions. In the Fund we have a busy programme of improvement and development which should support performance through the year.

Dividend history of The Local Authorities' Property Fund

Years to 31 March



Calendar performance versus the benchmark (net)



* The benchmark is the MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Performance shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

Source: CCLA & MSCI/AREF

Note: Fund calendar performance refers to total return whereas investment returns (shown below) splits the total return between income and capital. A small difference arises as a result of the compounding on the income and capital components.

The Local Authorities' Property Fund investment returns (after expenses)



MSCI/AREF UK Annual Property Digest returns (before expenses)



Source: CCLA & MSCI/AREF

Income from Property and the Fund has been consistent even in downturns, a reflection of its contractual basis.

Long-term performance

Total return performance (net) 12 months to 31 December

	2019	2018	2017	2016	2015
The Local Authorities' Property Fund	+2.27%	+7.60%	+9.68%	+2.12%	+14.09%
Benchmark	+1.78%	+7.43%	+10.58%	+3.66%	+12.97%

The benchmark is the MSCI/AREF UK Other Balanced Quarterly Property Fund Index.

Performance shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

Source: CCLA & MSCI/AREF

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 to keep expenses low 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

Dealing day	Month end valuation day*
Minimum initial investment	£25,000
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.

Risk warning and disclosures

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