

THE LOCAL AUTHORITIES'
PROPERTY FUND
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS

Year ended 31 March 2018

CCLA

CONTENTS

Structure of the Fund*	03
Report of the Trustee	06
Report of the Property Manager*	07
Independent Auditors' Report	12
Report of the Valuers	15
Report of the Depositary	16
Risk and reward indicator	17
Comparative table	18
Portfolio analysis	19
Portfolio statement*	21
Ownership of the Fund	21
Property portfolio*	22
Statement of total return [^]	41
Statement of change in net assets attributable to unitholders [^]	41
Balance sheet [^]	42
Cash flow statement [^]	43
Notes to the financial statements [^]	44
Distribution table [^]	55
Statement of Trustee, Manager and Depositary responsibilities	56
Appendix	58
Trustee and Manager*	59

*Collectively, these comprise the Manager's Report.

[^]Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

Disability Discrimination Act 1995

Extracts from the Annual Report and Audited Financial Statements are available in large print and audio formats.

STRUCTURE OF THE FUND

for the year ended 31 March 2018

Structure and management

The Local Authorities' Property Fund (the Fund) is established under a Scheme approved by HM Treasury under Section 11 of the Trustee Investments Act 1961 and is subject to the provisions of a Trust Deed dated 6 April 1972 and a Supplemental Trust Deed dated 13 September 1978.

The Local Authorities' Mutual Investment Trust (the Trustee) is a company limited by guarantee. It does not have share capital and acts as the Trustee and Operator of the Fund.

The Trustee is controlled by Members of its Council under the provisions of the Memorandum and Articles of Association of the Trustee.

The Members of the Council are members and officers appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers' Superannuation Committee and representative unitholders.

The Members of the Council meet regularly to receive reports and monitor the progress of the Fund.

The Fund is an open-ended, unregulated collective investment scheme. It is classified as an Alternative Investment Fund (AIF) under the Alternative Investment Fund Managers Directive

(AIFMD). It is domiciled in the United Kingdom and subject to appropriate UK laws and regulations.

CCLA Fund Managers Limited, an authorised full-scope UK AIFM, has been appointed by the Trustee as the Manager of the Fund. The Manager has appointed CCLA Investment Management Limited as the Investment Manager of the Fund under an Investment Management Agreement. The Manager has delegated to the Investment Manager the fund management, administration and secretarial functions of the Fund. CCLA Fund Managers Limited is a wholly owned subsidiary of CCLA Investment Management Limited.

The Trustee has delegated to CCLA Investment Management Limited the registrar functions of the Fund under a Registrar Agreement. CCLA Fund Managers Limited and CCLA Investment Management Limited are both authorised and regulated by the Financial Conduct Authority (FCA). As at 31 March 2018 the Trustee owns 13.42% of the ordinary share capital of CCLA Investment Management Limited.

HSBC Bank plc, an AIFMD authorised Depository, has been appointed in accordance with the AIFMD requirements as the Depository of the Fund. The primary functions of the Depository are cash flow monitoring, safekeeping of assets and oversight of operational functions.

STRUCTURE OF THE FUND

for the year ended 31 March 2018

Objective

The Fund provides facilities exclusively for local authorities and other public sector organisations to invest in commercial and industrial property on a collective basis so as to obtain a spread of risk with constant expert property management. The Fund aims to provide investors with a high level of income and long-term capital appreciation.

Investment policy

The Fund's powers of investment are not restricted either to particular types of property or, subject to the consent of HM Treasury, to specific parts of the world. However, it is the present policy to confine investment to commercial and industrial properties and property pooled funds within the United Kingdom.

A suitable spread is maintained between different types of property and geographic location. Overriding importance is attached to location, standard of construction and to covenant quality of the tenants. The portfolio is kept under constant review with the object of disposing of any property if appropriate returns have not been achieved or if future growth prospects diminish unacceptably. Properties are regularly inspected to ensure that the tenants comply with maintenance and other contractual obligations. Finance may be provided for suitable property developments.

Any proposed amendment to the investment objective or policy of the Fund must be approved by HM Treasury and sanctioned by a special resolution of the Trustee.

Benchmark

The performance benchmark for the Fund is the AREF/IPD™ Other Balanced Property Fund Index calculated on a net asset value basis, after all expenses.

The benchmark covers the investment performance of 21 property funds valued at £22.8bn as at 31 March 2018, ranging in size from £128m to £3.4bn.

An IPD Direct Property Benchmark is also used to review and monitor the performance of the Fund's property portfolio. This provides an appropriate and durable index for measuring the performance of the Fund's property assets and details can be supplied on application to the Manager.

Eligible contributors

Units of the Fund can only be issued to and owned by local authorities in the United Kingdom which are entitled to receive distributions from the Fund gross of tax.

STRUCTURE OF THE FUND

for the year ended 31 March 2018

Monthly subscription dates

Investment in the Fund may be made by a local authority on any month end dealing day. Withdrawals from the Fund may be requested by a local authority on any month end dealing day. The Fund may, however, at its discretion, defer the processing of any application or withdrawal for a period, as it may deem fit, to allow time for the purchase or sale of properties to utilise funds, meet the withdrawals or to protect the interest of the unitholders in the Fund, if required.

Borrowing powers

The Trustee believes that the management of a property portfolio is facilitated by the exercise of a limited power to borrow and the Scheme provides for borrowings of up to 25% of the value of the Fund. The Fund has in place borrowing facilities of £60m.

These facilities can also be used to accommodate timing differences between the availability of funds for investment and the making of suitable property purchases.

The Fund does not use any financial instruments or derivatives for the purpose of interest rate hedging or for any other purpose.

REPORT OF THE TRUSTEE for the year ended 31 March 2018

We have pleasure in presenting our annual report of The Local Authorities' Property Fund (the Fund) to the unitholders of the Fund.

Responsibilities of the Trustee

The Trustee is responsible for approving the Fund's property investment strategy, monitoring diversification, suitability and risk, reviewing the performance of the Fund and approving its distribution payments. In addition, we have monitored the administration, expenses and property valuations of the Fund.

The Trustee meets four times in each calendar year to undertake the responsibilities detailed above.

Controls and risk management

CCLA Fund Managers Limited has a risk management framework which provides a methodology for the assessment, mitigation and reporting of risk, ensuring a high quality of risk management and control is maintained for all funds under the Manager's control. The effectiveness of risks and controls is assessed by the directors of the Manager, with the help of the operational risk function, on a continuing basis. On an annual basis, the Trustee receives and considers an operational risk report from the Manager.

During the year, the Trustee reviewed the annual operational risk report, which records any residual risks outside the risk appetite set by the Manager and the actions being taken to mitigate those risks.

Compliance with Trust Deed and Management Agreement

Following our regular meetings and consideration of the reports and papers we have received, we are satisfied that the Manager, to whom we have delegated the administration and management of the Fund, has complied with the terms of the Fund's Trust Deeds and the Management Agreement.

T Salmon OBE
Chairman of The Local Authorities'
Mutual Investment Trust
16 July 2018

REPORT OF THE PROPERTY MANAGER for the year ended 31 March 2018

Performance

During the year to 31 March 2018, the Local Authorities' Property Fund produced a total return after all expenses of 9.7%. The return was sourced in broadly equal measure from income receipts and positive movements in the Unit price. This ended the period at 301.27p per Unit, compared to a price of 287.34p twelve months ago, the result of a steady improvement in property values.

Quarterly income distributions increased by 3.9% to 13.70p per Unit. On the year-end Unit price, the income yield is 4.5%. The equivalent yield on the Fund's performance benchmark, the AREF/IPD Other Balanced Property Funds Index is 3.6%; whilst the yield on the AREF/IPD All Pooled Property Funds Index is just 2.7%. A higher capital return by the benchmark produced a total return on it of 10.5%. The total return record of the Fund over longer periods is shown in the table below.

The Fund's long-term record and the level of income are attractive over longer term periods. However, over the recent past, the environment has proved to be less supportive, as the portfolio characteristics consistent with providing a high level of income have fallen out of favour with

investors. At the portfolio level, industrial asset valuations rose strongly and the Fund's overweight allocation here benefited performance. Capital returns within the office sub-sector, however, disappointed and a high weighting in this area had a negative effect on the total return. In addition, a shift in investor preferences to favour long secure income investments benefited the "Other" asset group, a sector where the Fund held only a limited exposure. At the asset level, lease management activities supported returns and created longer income streams, but the full gains were not reflected in higher values, as valuers became more cautious about shorter leases and the capital expenditure necessary to support the management programme also counted against returns.

Market review

The uptrend in property valuations which began after the EU Referendum continued and indeed accelerated through the period under review. Trends at the sub-sector level, however, diverged significantly, to give the widest range of outcomes since the early 1990s. Shopping centres lagged behind the averages, with a total return of just c.4% whilst, in contrast, industrial assets in the South East returned c.23%.

Total return against benchmark to 31 March 2018 (after expenses)

	1 year %	3 years %	5 years %	10 years %
Performance against market indices (after expenses)				
The Local Authorities' Property Fund	9.72%	7.96%	11.11%	4.90%
AREF/IPD™ Other Balanced Property Fund Index	10.46%	8.63%	10.94%	4.18%

Source: The Manager/IPD

Past performance is not a reliable indicator of future returns.

REPORT OF THE PROPERTY MANAGER for the year ended 31 March 2018

Transaction volumes remained buoyant and above the 5-year and 10-year averages. Positive occupier trends in several key sub-sectors, coupled with robust demand levels and supply shortages, supported growth in rental values and underpinned growth in rents. Demand continued from domestic investors and those based overseas, whilst the supply of good quality assets was thin, creating a highly competitive market backcloth and fierce bidding for the best assets. Overall, the MSCI IPD UK Monthly Capital Index rose by 5.6%, an outcome far above the cautious forecasts published at the start of the year.

These attractive headlines, however, disguise a more complicated underlying picture, with investors being increasingly highly selective and performances between the main sub-sectors diverging. It is true that sentiment was buoyed by the absence of the selling pressure many expected and the continued demand from overseas investors. However, transaction data has been flattered by several large deals, and investor interest has been increasingly limited to a narrow range of industrial assets and investments offering secure longer-term income, a focus that appeared to intensify as the year unfolded. Demand for a mixed group of 'Other' assets, such as hotels, leisure, and various forms of residential property has increased, whilst demand in the industrial sector has reflected strong fundamentals. Against this, structural challenges continue to affect key traditional sub-sectors, including retail and parts of the office sector.

These contrasting fortunes are evident in the significant divergence in sub-sector performance; industrial sector capital growth far exceeded progress elsewhere, reaching 15.5%, compared with 1.0% and 3.6% on retail and office investments respectively. Of the alternative asset types, hotels led the way, rising by 13.0%. Turning to income, industrial warehouse rental growth amounted to 4.9% in the year, whilst retail and office sectors achieved just 0.4% and 1.6% respectively. Non-traditional alternative asset categories remained attractive to investors because they tended to provide inflation linked or assured growth in income and, because of their long lease nature, a boost to portfolio lease length. Void rates across the property sector remained stubbornly high, an indication that letting prospects may not be as healthy as some headlines suggest.

Activity

Over the year, the inflow of new capital remained strong; asset acquisitions therefore remained a key focus of activity.

Fourteen new property investments have been acquired and one further purchase completed shortly after the year-end. The assets acquired were predominantly industrial warehouses, a reflection of the sub-sector's broad attractions. Purchase expenditure, including stamp duty and other associated costs, amounted to around £228m. Details of all purchases are summarised on the following page.

REPORT OF THE PROPERTY MANAGER

for the year ended 31 March 2018

Property acquisitions in the year ended 31 March 2018

Location	Sector	Tenant	Purchase Price	Yield	Date
London, Elstree	Industrial warehouse	Multi-let	£28.25m	4.8%	April 2017
Ashford, Orbital Park	Industrial warehouse	Menzies Distribution Ltd	£8.42m	6.8%	April 2017
Wellingborough Sywell	Industrial warehouse	Premium Warehousing Ltd	£9.50m	7.4%	May 2017
Crawley, Manor Royal	Office/ Business	Multi-let	£10.15m	8.4%	June 2017
M Maidenhead, Vanwall Park	Office	Multi-let	£7.85m	7.8%	July 2017
Orpington, Cray Avenue	Trade Park	Multi-let	£13.70m	4.7%	July 2017
St Neots, Alpha Park	Industrial warehouse	Multi-let	£16.30m	5.1%	August 2017
Milton Keynes	Industrial warehouse	Apex Space Solutions Ltd	£14.55m	4.7%	October 2017
Brighton	Hotel	Travelodge Hotels	£28.00m	3.8%	October 2017
London City	Hotel	Travelodge Hotels	£47.10m	3.6%	November 2017
Northampton	Industrial warehouse	Johnson & Starley	£5.35m	5.3%	December 2017
Bolton	Industrial warehouse	Tesco Stores Ltd	£24.40m	5.4%	December 2017
Derby	Educational	Derby College	£14.00m	5.7%	February 2018

The acquisitions bring to the portfolio a range of future opportunities, increase the industrial sector allocation and expand the exposure to longer income streams. Selective disposals of some of the smaller and older holdings were also completed. Sales receipts amounted to £10.7m, substantially above the valuations.

Asset management continued at a high level. Office refurbishments were progressed at Blythswood Square in Glasgow, in Taunton and at Kingsway in London. Although these activities are expected to bring strong benefits over time, the short-term impact can be negative due to capital expenditure and the loss of income during the refurbishment programme.

REPORT OF THE PROPERTY MANAGER for the year ended 31 March 2018

The most significant rent review related to the Fund's office building on Stockley Park, Uxbridge. This property produces the biggest single rental payment in the portfolio and has Marks and Spencer as the tenant. A successful review increased rental receipts by 20%. The portfolio void rate fluctuates over time, subject to the scale of management activity in hand. It has increased recently and is currently 9.1%. The void rate recorded by MSCI for the IPD Monthly Index is 10.3%.

Strategy

The Fund's performance objectives target a high and above average income return plus some capital appreciation, combining to provide a competitive total return over the long-term. These objectives are consistent with the income needs of the Unit holders and fit well with the performance characteristics of property as an asset class over the longer-term. The investment strategy adopted to achieve these objectives is focused on asset selection and an active approach to asset and portfolio management. Risk control is supported by a high level of diversification by asset type, tenant, sector, region and micro location. The shape of the portfolio will change over time to reflect the manager's views of investment conditions. The long-term strategy has a bias towards higher yielding assets, including those with shorter leases, but without sacrificing asset quality or using gearing to boost total returns. At the sub-sector level, offices and industrials in south-east locations are favoured, whilst High Street retail

exposure is underweight relative to the sector. The Fund's portfolio contains an attractive range of properties, with some assets offering high quality, reliable income flows and others the potential to provide significant growth in capital values and income in the future. Given the current uncertain outlook, a more cautious approach is being adopted currently, principally reflected in a longer lease profile. This action will bring greater income resilience and increased protection for capital values in the period ahead.

The Issue of New Units and Redemptions

New investor capital over the last twelve months amounted to £244m, a figure almost twice the inflow received in the previous year. 40 new local authorities invested, bringing the total to 211. There were no redemption requests outstanding at the year-end. At the date of this report, the Fund had grown to £974m compared to £705m twelve months ago. In the two months since the year-end, another £40m has been received, taking the total over £1 billion.

Outlook

In many ways the start to 2018 resembles that of 2017. The UK investment environment is similar to that of 12 months ago, whilst the same uncertainties are also present, including Brexit, the lack of supply and the narrowing focus of demand. At present, good value is difficult to find; but that is not to say that greater clarity on prospects could not lead to upside surprises – as it did last year. The sector's

REPORT OF THE PROPERTY MANAGER for the year ended 31 March 2018

income qualities remain reliably attractive and protective against any increase in interest rates whilst, although capital growth prospects for 2018 and beyond are a little less certain, there are few suggestions that valuations are at risk of a significant set-back, not least because of the absence of the excess speculative supply which has caused problems at a similar stage of the cycle in the past.

Overall, our expectation is for positive, but more moderate returns, sourced mainly from income. A prudent strategy of risk diversification, more secure income streams, and a focus on the proactive management of well-chosen individual assets is expected to provide positive support to performance in the period ahead.

Association of Real Estate Funds

The Fund complies with the minimum requirements of the Association of Real Estate Funds (AREF) Code of Practice, which is a voluntary Code which aims to encourage members of AREF to adopt best practice whenever possible.

The Code is publicly available and published on the Association's website: www.aref.org.uk.

Paul Hannam
Head of Property
CCLA Investment Management Limited
16 July 2018

Risk warning

The Fund's units and the revenue from them can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns.

Property and property related assets are inherently difficult to value because of the individual nature of each property. As a result valuations are open to substantial subjectivity. There is no assurance that the valuations of the properties will reflect the sale price achieved even where such sale occurs shortly after the valuation point.

The performance of the Fund could be affected adversely by a downturn in the property market in terms of capital value or a weakening of rental yields. The revenue received by the Fund is dependent to a large extent upon the occupancy levels of any property owned by the Fund and the rents paid by these tenants.

Rental revenues and property values are affected by changes in general economic climate and local conditions.

Property values are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant credit worthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investment in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

The Fund's units are intended only for long term investment and are not suitable for money liable to be spent in the near future. The units are realisable only on each monthly dealing day and a period of delay may be imposed for redemption of units depending on the Fund's liquidity.

INDEPENDENT AUDITORS' REPORT

to the unitholders of The Local Authorities Property Fund

Report on the audit of the financial statements*Opinion*

In our opinion, The Local Authorities' Property Fund's financial statements (the "financial statements"):

- give a true and fair view of the financial position of the Fund as at 31 March 2018 and of the net revenue and the net capital gains of its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds and the Trust Deed.

In our opinion, The Local Authorities' Property Fund's financial statements for the year ended 31 March 2018 have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the financial statements, and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial statements (the "Annual Report"), which comprise: balance sheet as at 31 March 2018; the statement of total return, the cash flow statement, the statement of change in net assets attributable to unitholders for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

INDEPENDENT AUDITORS' REPORT**to the unitholders of The Local Authorities Property Fund***Conclusions relating to going concern*

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements
As explained more fully in the Statement of Trustee, Manager and Depository responsibilities set out on page 56, the Trustee is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustee is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT to the unitholders of The Local Authorities Property Fund

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the unitholders of the Fund as a body in accordance with the Trust Deed and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
16 July 2018

The maintenance and integrity of the CCLA Investment Management Limited website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE VALUERS

Dear Sirs,

**The Local Authorities' Property Fund
valuation as at 31 March 2018**

In accordance with your instructions received from The Local Authorities' Property Fund ("the Fund") to value all the property investments owned by the Fund ("the Properties") on a monthly basis, we have valued the Properties as at 31 March 2018. The valuation has been prepared on the basis of Fair Value, in accordance with the current edition of the RICS valuation – Professional Standards published by the Royal Institution of Chartered Surveyors (RICS). We understand that our valuation is required for unit pricing and financial statements purposes. Our report is addressed to the Fund.

We are of the opinion that the aggregate Fair Values of all the properties held by the Fund as at 31 March 2018 is **£911,600,000 (Nine Hundred and Eleven Million, Six Hundred Thousand Pounds)**.

Details of the basis of our valuation and the individual properties are set out in our valuation report dated 31 March 2018.

Yours faithfully,

Knight Frank LLP
16 July 2018

REPORT OF THE DEPOSITARY

to the unitholders of The Local Authorities' Property Fund
for the year ended 31 March 2018

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Scheme Particulars of the Company and as required by the AIFMD.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
London E14 5HQ

*HSBC Bank plc is authorised and regulated by the
Financial Conduct Authority*

16 July 2018

RISK AND REWARD INDICATOR

The European Commission imposed regulations which sets out detailed guidelines for the calculation of the risk ratings to be portrayed through this summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products and how likely it is that the fund will lose money because of movements in markets. The risk indicator assumes investment in the fund for the recommended holding period of five years.

In practice, the risk of the fund may be significantly higher than that represented in the summary risk indicator. This may include the effect of holding the fund for less than five years, or if market volatility in the future is higher than that experienced over the past.

With effect from 1 January 2018, new EU regulations changed the requirements for the calculation of the summary risk indicator, which has had the effect of significantly reducing its level. The risk indicator for this fund in last year's report was 5 out of 7. Based on the revised legislative requirements, the risk indicator in last year's report would have been 3.

It is important that investors recognise that whilst the classification has changed there has been no change to the nature of the fund or the risk associated with investing in the domestic commercial property sector.



This year, based on the new legislative obligations, we have classified this fund as 2.

The fund should be considered illiquid as it is not admitted to trading on a secondary market and no alternative liquidity facility is promoted by the manager or a third party. This product does not include any protection from future market performance so you could lose some or all your investment.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Information document available on CCLA's website or by request.

COMPARATIVE TABLE

Change in net assets per unit

	31.03.2018	31.03.2017	Income units 31.03.2016	31.03.2015	31.03.2014
	pence per unit	pence per unit	pence per unit	pence per unit	pence per unit
Opening net asset value per unit	287.34	291.72	274.08	244.26	227.00
Return before operating charges	30.38	11.62	34.13	45.93	31.76
Operating charges	(2.75)	(2.81)	(2.53)	(2.69)	(3.02)
Return after operating charges	27.63	8.81	31.60	43.24	28.74
Distributions on income units	(13.70)	(13.19)	(13.96)	(13.42)	(11.48)
Closing net asset value per unit	301.27	287.34	291.72	274.08	244.26

Performance

Return after charges*	9.44%	3.02%	11.53%	17.70%	12.71%
Gross yield***	4.25%	4.29%	4.46%	4.59%	4.40%

Other information

Closing net asset value (£'000)	973,948	705,409	596,471	323,179	131,253
Closing number of units	323,280,765	245,494,148	204,466,118	117,915,497	53,735,568

Prices (pence per unit)

Highest unit price (offer)	322.40	315.17	312.67	292.20	261.09
Lowest unit price (bid)	283.31	277.89	274.76	242.92	222.85

Annual management charge*	0.61%	0.63%	0.61%	0.58%	0.61%
Other costs	0.07%	0.11%	0.13%	0.16%	0.25%

Operating charges	0.68%	0.74%	0.74%	0.74%	0.86%
-------------------	-------	-------	-------	-------	-------

Other property costs	0.28%	0.22%	0.22%	0.36%	0.47%
----------------------	-------	-------	-------	-------	-------

Total charges figure	0.96%	0.96%	0.96%	1.10%	1.33%
----------------------	-------	-------	-------	-------	-------

All of the above figures are ratios set against the Fund's average net assets calculated over the period.

* The Annual Management Charge is 0.65% (plus VAT, which is recoverable) of the net asset value of the Fund and is charged to capital. The month end valuation forms the basis of the charge for the following month.

** The return after charges has been calculated in accordance with the Statement of Recommended Practices' prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed on the Report of the Fund Manager.

*** The gross yield is calculated as the sum of the gross of tax, net of expenses income distributed over the previous 12 months expressed as a percentage of the offer price at the year end.

PORTFOLIO ANALYSIS

at 31 March 2018

Tenure

	31.03.2018		31.03.2017	
	£'000	%	£'000	%
Freehold or heritable	780,300	85.60	585,985	90.25
Leasehold	131,300	14.40	63,300	9.75
	911,600	100.00	649,285	100.00

Tenants' unexpired lease terms

Unexpired term	31.03.2018		31.03.2017	
	%*		%*	
Over 10 years	18.10		15.82	
5-10 years	27.51		28.95	
Under 5 years	45.26		48.50	
Void	9.13		6.73	
	100.00		100.00	

Lease termination is calculated at first break clause, if any.

* Percentage of total revenue from contracted leases plus estimated rental values of unlet units/developments.

Use of Capital

	31.03.2018		31.03.2017	
	£'000	%	£'000	%
Completed properties	911,600	93.60	649,285	92.04
Indirect investments	4,497	0.46	4,439	0.63
Net other assets	57,851	5.94	51,685	7.33
	973,948	100.00	705,409	100.00

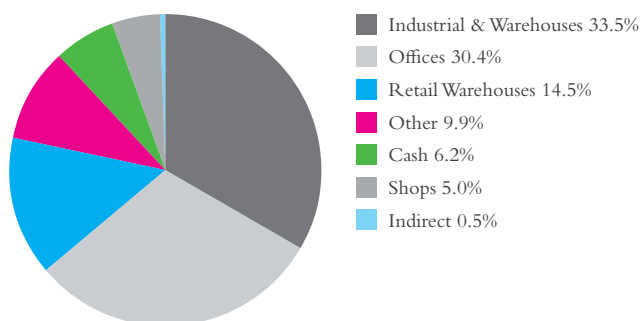
PORTFOLIO ANALYSIS

at 31 March 2018

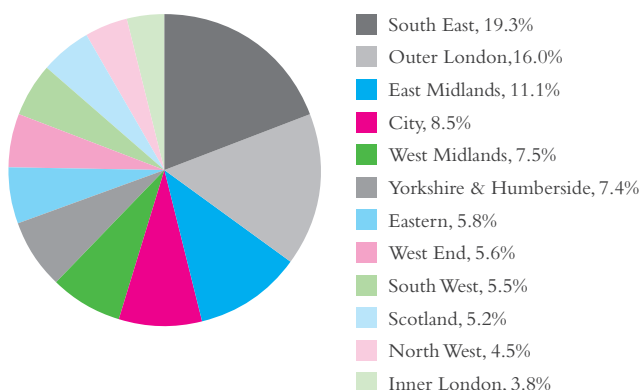
Top Ten Property Holdings

Property		% of Fund
London, 15-19 Kingsway	Retail & Offices	5.63
London, 1 Goodman's Yard	Other	5.17
Uxbridge, 3 Longwalk Road, Stockley Park	Offices	5.09
London, Beckton Retail Park, Alpine Way	Retail Warehouse	3.81
Elstree, Centennial Park	Industrial	3.76
Bracknell, 1 The Arena, Downshire Way	Offices	3.36
Bristol, Gallagher Retail Park	Retail Warehouse	3.29
Coventry, Peugeot Facility, Torrington Avenue	Industrial	3.09
Brighton, 12-14 West Street, Brighton, East Sussex	Other	3.07
Leeds, Leeds 27 Industrial Estate	Industrial	2.76

Asset by type



Geographical distribution



Portfolio turnover rate

The portfolio turnover rate gives an indication of how frequently assets are purchased and sold by the fund.

	31.03.2018	31.03.2017
Portfolio turnover rate	1.26%	0.39%

The Portfolio turnover rates are calculated by the total sales or purchases (excluding cash), whichever is less, divided by average monthly assets during the year.

PORTFOLIO STATEMENT
at 31 March 2018

Properties

Total in valuation ranges	£'000	% of Fund
Valued between £0 and £5m 6 properties	22,300	2.29
Valued between £5 and £10m 24 properties	185,625	19.06
Valued between £10 and £25m 23 properties	347,925	35.72
Valued at over £25m 10 properties	355,750	36.53
Other investments	4,497	0.46
Net other assets	57,851	5.94
Net assets	973,948	100.00

Ownership of the Fund
at 31 March 2018

	Number of investors	Number of units in issue	% of units in issue
Less than 1%	181	132,499,765	40.99
1% or greater but less than 2%	22	88,431,625	27.35
2% or greater but less than 4%	7	63,847,568	19.75
4% or greater but less than 8%	2	38,501,807	11.91
Greater than 8%	–	–	–
	212	323,280,765	100.00
Held by the largest investor	1	24,869,899	7.69
Held by top 5 investors	5	70,175,003	21.71

PROPERTY PORTFOLIO

at 31 March 2018

Standard Retail

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
84, 85 & 86 East St CHICHESTER	Swarovski UK Ltd	10 yrs 14.04.08	5 yrs	2018	85,000	5-10
	River Island Clothing Co. Ltd	10 yrs 10.03.08	5 yrs	2018	300,000	
22 and 23 Gentleman's Walk NORWICH	The White Company (U.K.) Limited	10 yrs 24.03.14	5 yrs	2019/ 2024	270,000	0-5
89-89A Broad Street READING	Accessorize	25 yrs 25.08.94	5 yrs	2019	99,000	5-10
	Waterstones Booksellers Limited	10 yrs 24.06.16	5 yrs	2021/ 2026	270,000	
13-17 Coney Street YORK	3 UK Retail Limited	20 yrs 23.12.97	0 yrs	2017	85,250	5-10
	Waterstones Booksellers Limited	10 yrs 30.12.13	5 yrs	2018/ 2023	285,000	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
The Arena BRACKNELL	Epicor Software (UK) Limited	11 yrs 01.01.16	5 yrs	2021/ 2027	472,565	>25
	IGE Energy Services (UK) Limited	10 yrs 17.11.14	5 yrs	2019/ 2024	1,142,286	
	JDA Software UK Limited	20 yrs 29.10.98	0 yrs	2018	1,041,572	
Milton Road CAMBRIDGE	AstraZeneca UK Limited	7 yrs 28.11.13	0 yrs	2018	1,356,864	10-25
Compass & Alexandra House CRAWLEY	Sivantos Limited	25 yrs 24.08.98	5 yrs	2018/ 2023	325,000	10-25
	SPX Flow Technology Limited	10 yrs 19.06.14	5 yrs	2019/ 2024	292,000	
	Rentokil Initial 1927 PLC	10 yrs 05.06.15	5 yrs	2020/ 2025	168,810	
Lakeview East & West DARTFORD	Kuehne & Nagel	10 yrs 12.10.09	5 yrs	2019	338,420	10-25
	True Telecom Limited	10 yrs 02.06.14	5 yrs	2019/ 2024	202,092	
	Swan Staff Recruitment Limited	11 yrs 12.12.14	5 yrs	2019/ 2025	202,092	
	HSBC Bank Plc	10 yrs 23.05.11	5 yrs	2016/ 2021	116,298	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Crossways Business Park DARTFORD	Mazda Motors UK Ltd	15 yrs 17.07.15	5 yrs	2020/ 2030	588,500	10-25
	Sky In-Home Service Limited	10 yrs 29.08.14	5 yrs	2019/ 2024	97,160	
	Balfour Beatty Group Ltd	10 yrs 04.09.09	5 yrs	2019	286,700	
9-10 Lochside Place EDINBURGH	Regus (Edinburgh Lochside Place) Limited	24 yrs 27.02.01	5 yrs	2018/ 2025	329,700	5-10
	Bluefin Insurance Services Limited	7 yrs 14.07.14	0 yrs	2019/ 2021	56,380	
	Spie Limited	5 yrs 21.01.16	0 yrs	2021	40,000	
	Computershare Limited	10 yrs 06.09.13	5 yrs	2018/ 2023	87,885	
Edinburgh Park EDINBURGH	Sainsbury's Bank Plc	15 yrs 19.02.14	5 yrs	2019/ 2029	1,274,038	10-25
6-20 Bell Street GLASGOW	Scottish Children's Reporter Admini	10 yrs 11.02.14	5 yrs	2019/ 2024	221,155	0-5
	ICA Architects Limited	10 yrs 15.12.14	5 yrs	2019/ 2024	49,045	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
292 St Vincent Street GLASGOW	McClure Naismith LLP	34 yrs 01.11.85	0 yrs	2017/ 2019	270,000	0-5
2-4 Blythswood Square GLASGOW	Vacant	11.01.07				5-10
Vanwall Business Park MAIDENHEAD	Preact Limited	5 yrs 06.11.14	0 yrs	2019	40,850	5-10
	Consignor Limited	5 yrs 06.03.18	0 yrs	2023	61,215	
	Morgan McKinley Group Limited	10 yrs 10.04.15	5 yrs	2020/ 2025	56,446	
	Pharmalink Consulting Limited	3 yrs 19.01.18	0 yrs	2021	78,260	
	Hiscox Insurance Company Limited	5 yrs 07.04.16	0 yrs	2021	57,640	
	Penna Plc	5 yrs 01.03.15	0 yrs	2020	196,500	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Castle Boulevard NOTTINGHAM	Coral Racing Limited	15 yrs 06.08.03	5 yrs	2018	505,000	10-25
	UPS Limited	5 yrs 30.04.14	0 yrs	2019	197,750	
	Interoute Communications Limited	10 yrs 01.12.15	0 yrs	2025	275,334	
	Telefonica UK Ltd	15 yrs 08.03.01	0 yrs	2016	18,186	
Trinity Park SOLIHULL	Allianz Management Services Limited	32 yrs 25.03.92	8 yrs	2022/ 2024	420,000	5-10
Castle Street TAUNTON	The Trustees of Unison	10 yrs 20.04.17	5 yrs	2022/ 2027	46,152	5-10
	Metron Technology Limited	10 yrs 11.08.17	5 yrs	2022/ 2027	62,520	
	Eden Brown Limited	10 yrs 06.03.17	5 yrs	2022/ 2027	21,300	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Iceni House Warwick	Rolls Royce PLC	9 yrs 09.07.12	5 yrs	2021	402,950	10-25
Technology Park WARWICK	Industrial Turbine Company (UK) Limited	10 yrs 24.02.11	5 yrs	2021	402,950	
	Alliance Medical Limited	10 yrs 24.04.12	5 yrs	2017/ 2022	203,520	
	Siemens PLC	7 yrs 03.12.14	5 yrs	2021	216,400	
Globe House Warwick Technology Park WARWICK	IBM UK Limited	25 yrs 25.03.99	5 yrs	2019/ 2024	618,000	5-10
7 Roundwood Avenue WEST LONDON	Vacant	30.07.14				5-10
3 Longwalk Road WEST LONDON	Marks & Spencer Plc	16 yrs 29.09.10	5 yrs	2021/ 2026	2,600,000	>25

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices/Shops

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Imperial House LONDON	Wasabi Co Limited	15 yrs 17.07.07	5 yrs	2022	135,000	>25
	POD Food Limited	10 yrs 06.05.16	5 yrs	2021/ 2026	135,000	
	Sweet Ventures Limited	5 yrs 29.07.13	0 yrs	2018	34,440	
	Finance & Leasing Association	10 yrs 05.08.07	0 yrs	2017	174,304	
	I Davies, C Farmer, S Gupta, P Guin	11 yrs 03.10.12	5 yrs	2018/ 2023	218,440	
	Sphere Digital Recruitment Limited	5 yrs 30.03.15	0 yrs	2020	123,075	
	Thornton & Baines Independent Finance	10 yrs 21.01.14	5 yrs	2019/ 2024	114,750	
	Sphere Digital Recruitment Limited	5 yrs 30.03.15	0 yrs	2020	89,950	
	Playbuzz UK Limited	5 yrs 19.03.18	0 yrs	2023	257,150	
GDFC Services Plc	5 yrs 16.12.17	0 yrs	2022	215,659		

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices/Shops (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Imperial House LONDON (<i>continued</i>)	Frixou, Koschland & Fothergill	5 yrs 29.09.06	0 yrs	2011	3,250	
	Finance & Leasing Association	10 yrs 05.08.07	0 yrs	2017	2,470	
	AC Priggen & TP Gale	10 yrs 09.01.18	0 yrs	2028	1,500	
	DX Network Services Limited	5 yrs 26.07.10	0 yrs	2015	1,316	
	BCL Burton Copeland Solicitors	5 yrs 26.11.06	0 yrs	2011	5,540	
	Huntress Search Limited	10 yrs 10.09.07	0 yrs	2022	6,888	
	I Davies, C Farmer, S Gupta, P Guin	10 yrs 12.02.13	5 yrs	2018/ 2023	2,700	
	Sweet Ventures Limited	5 yrs 29.07.13	0 yrs	2018	1,180	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Offices/Shops (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
34 Threadneedle Street LONDON EC2	Replete Limited	30 yrs 29.09.07	5 yrs	2022/ 2037	177,500	5-10
	Replete Limited	24 yrs 19.07.13	0 yrs	2018/ 2037	57,120	
	China CITIC Bank	5 yrs 04.11.14	0 yrs	2019	64,258	
	Scorpeo UK Limited	2 yrs 23.11.16	0 yrs	2018	83,985	
	Professional Assured Financial Services	10 yrs 26.11.10	5 yrs	2020	58,000	
	Mssrs McCredie, Hayden Hale, McCus	5 yrs 29.09.17	0 yrs	2022	25,000	
157-159 Fenchurch Street LONDON EC3	TM Lewin and Sons Ltd	15 yrs 20.02.07	5 yrs	2022	368,000	10-25
	O2 (UK) Limited	10 yrs 17.07.06	5 yrs	2016	3,851	
	EE Limited	10 yrs 23.07.15	5 yrs	2020/ 2025	4,428	
	Central Bank of the Republic of Turkey	10 yrs 10.08.10	5 yrs	2020	122,000	
	Bircroft Insurance Services Limited	10 yrs 25.03.10	5 yrs	2020	111,200	
	IF P & C Insurance Limited	5 yrs 24.08.14	0 yrs	2019	109,890	
	Resolute Asset Management LLP	5 yrs 01.11.17	0 yrs	2022	122,265	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Aker Solutions Village ABERDEEN	MW Wirth Limited	2 yrs 20.12.17	0 yrs	2019	236,748	0-5
Peregrine Road ABERDEEN	IKM Testing Facility (UK) Limited	15 yrs 17.03.14	5 yrs	2019/ 2029	318,606	0-5
The Boulevard ASHFORD	Menzies Distribution Limited	10 yrs 25.03.16	5 yrs	2021/ 2026	252,688	5-10
	Brooke Homes Development Limited	10 yrs 24.01.17	5 yrs	2022/ 2027	353,749	
Unit 16 Junction Six BIRMINGHAM	BSS Group plc	15 yrs 04.02.05	5 yrs	2020	592,905	5-10
	BSS Group plc	13 yrs 15.08.07	0 yrs	2020	30,000	
Great Bank Road BOLTON	Tesco Stores Limited	4 yrs 01.01.17	0 yrs	2021	1,395,000	10-25
Huntsworth Business Park BRIDGWATER	Rochpion Properties (4) Limited	21 yrs 06.11.02	5 yrs	2017/ 2023	622,275	5-10
Plot 5 Interlink Park COALVILLE	MTS Logistics Limited	5 yrs 15.05.15	0 yrs	2020	388,375	5-10
Torrington Avenue COVENTRY	Peugeot Motor Company Plc	15 yrs	3 yrs 13.12.13	2019/ 2028	1,432,631	>25
Unit 4 500 Purley Way CROYDON	VOW Europe Limited	25 yrs 13.05.96	5 yrs	2021	824,000	10-25

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Phase 300 Centennial Park ELSTREE	Entel UK Limited	9 yrs 22.07.10	0 yrs	2019	20,000	>25
	Entel UK Limited	10 yrs 21.07.09	0 yrs	2019	68,048	
	Entel UK Limited	10 yrs 21.07.09	0 yrs	2019	88,452	
	Secomak Limited	10 yrs 06.02.16	5 yrs	2021/ 2026	115,000	
	Fujitsu General (UK) Co. Limited	5 yrs 04.01.18	0 yrs	2023	51,661	
	Sensornet Limited	10 yrs 02.02.16	0 yrs	2021/ 2026	168,550	
	Apatech Limited	11 yrs 30.05.08	0 yrs	2019	195,000	
	Apatech Limited	11 yrs 07.05.08	0 yrs	2019	195,000	
	Apatech Limited	15 yrs 13.12.04	0 yrs	2019	133,325	
	Masters Pharamaceuticals Limited	5 yrs 24.08.15	0 yrs	2020	130,650	
	Hasselblad (UK) Limited	15 yrs 08.07.03	0 yrs	2018	68,500	
	Licensed Carriage Hire Limited	3 yrs 25.07.16	0 yrs	2019	58,850	
Licensed Carriage Hire Limited	5 yrs 24.07.14	0 yrs	2019	58,850		

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Cardinal North HUNTINGDON	Co-operative Foodstores Limited	25 yrs 09.08.94	5 yrs	2019	562,067	5-10
Stadium Gate LEEDS	Vacant					0-5
Leeds 27 Industrial Estate LEEDS	AAH Pharmaceuticals	25 yrs 25.03.93	5 yrs	2018/ 2018	350,500	>25
	GF Genovate Limited	10 yrs 26.08.16	5 yrs	2021/ 2026	103,972	
	Morley Glass & Glazign Limited	15 yrs 17.05.16	5 yrs	2021/ 2031	185,886	
	Apleona HSG Limited	10 yrs 26.04.10	5 yrs	2020	139,095	
	Aptar UK Limited	5 yrs 20.03.15	0 yrs	2020	170,000	
	Nobia Holdings UK Limited	5 yrs 24.06.12	0 yrs	2017	230,000	
	Redcastle Limited	25 yrs 08.06.94	0 yrs	2019	263,380	
5 Pickett's Lock Lane LONDON	Abra Wholesales Ltd	15 yrs 02.09.11	5 yrs	2016/ 2026	560,777	10-25

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Clayton Business Centre LONDON	Luxwood Bespoke Joinery Ltd	10 yrs 10.05.16	5 yrs	2021/ 2026	27,015	10-25
	Eurocell Group Limited	5 yrs 02.10.12	0 yrs	2017	26,387	
	TFS Handling (UK) Limited	10 yrs 13.08.13	5 yrs	2018/ 2023	25,130	
	Luxwood Bespoke Joinery Ltd	10 yrs 10.05.16	5 yrs	2021/ 2026	27,198	
	Howdens Joinery Properties Limited	15 yrs 15.09.14	5 yrs	2019/ 2029	69,000	
	Sky Telecommunications Services Limited	15 yrs 22.09.15	5 yrs	2020/ 2030	67,505	
	Hayes Automobiles Limited	20 yrs 25.09.15	5 yrs	2020/ 2035	102,008	
3310 Hunter Boulevard LUTTERWORTH	DHL Supply Chain Limited	5 yrs 16.01.14	0 yrs	2019	921,993	10-25
Garamonde Drive MILTON KEYNES	Apex Space Solutions Limited	25 yrs 17.10.17	5 yrs	2022/ 2042	755,110	10-25

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Brackmills Business Park NORTHAMPTON	Stertil UK Ltd	10 yrs 25.03.14	5 yrs	2019/ 2024	76,585	5-10
	Concorde Tyre & Exhaust Centres Ltd	10 yrs 17.04.14	5 yrs	2019/ 2024	90,000	
	Daisy IT Services Limited	5 yrs 29.07.13	0 yrs	2018/ 2018	127,696	
	Howden Joinery Corporate Services Limited	9 yrs 25.12.13	5 yrs	2018/ 2022	77,500	
	Howden Joinery Corporate Services Limited	17 yrs 16.03.05	3 yrs	2016/ 2022	9,142	
	Daisy IT Services Limited	14 yrs 24.06.04	3 yrs	2016/ 2018	2,687	
Corner Rhosili & Kilvey Road NORTHAMPTON	Johnosn & Starley Limited	15 yrs 25.03.16	5 yrs	2021/ 2031	300,000	5-10
Cray Avenue ORPINGTON	Carpetright PLC	15 yrs 29.09.05	5 yrs	2020	88,000	10-25
	Tile Magic Limited	15 yrs 29.09.05	5 yrs	2015/ 2020	53,940	
	Carpetright PLC	15 yrs 29.09.05	5 yrs	2020	41,646	
	Crown Paints Limited	15 yrs 29.09.05	0 yrs	2020	41,564	
	Experteffect Limited	15 yrs 29.09.05	0 yrs	2020	90,400	

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Cray Avenue ORPINGTON <i>(continued)</i>	Carpets 4 All Limited	15 yrs 10.07.08	5 yrs	2018/ 2023	143,451	
	Toolstation Limited	15 yrs 10.07.08	5 yrs	2018/ 2023	68,432	
	Giant Floors Limited	5 yrs 13.11.15	0 yrs	2020	23,480	
	Kula Homes Limited	5 yrs 04.12.15	0 yrs	2020	23,821	
	C & S Contracts (Sevenoaks) Limited	5 yrs 18.07.16	0 yrs	2021	27,375	
	Teamframes Limited	10 yrs 30.10.14	5 yrs	2019/ 2024	22,100	
	Fresh Eric's Cakes Company Limited	10 yrs 22.12.15	5 yrs	2020/ 2025	37,000	
Trade Spray Services Limited	10 yrs 24.10.11	0 yrs	2021	34,072		
Alpha Park ST NEOTS	Cath Kidson Limited	10 yrs 16.04.10	0 yrs	2020	424,500	10-25
	Applehill Properties Limited	5 yrs 02.07.15	0 yrs	2020	425,000	
Wellingborough Road SYWELL	Premium Warehousing Limited	10 yrs 07.02.17	5 yrs	2022/ 2027	750,000	10-25
Wakefield Eurohub WAKEFIELD	Allied Glass Containers Limited	10 yrs 19.01.17	5 yrs	2022/ 2027	803,854	10-25

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Winwick Quay WARRINGTON	Royal Mail Group Limited	10 yrs 20.10.08	5 yrs	2018	632,000	5-10
70 Sinclair Drive WELLINGBOROUGH	IFCO Systems UK Limited	10 yrs 12.02.18	5 yrs	2023/ 2028	605,000	5-10

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Retail Warehouses

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Goodliffe Park BISHOPS STORTFORD	Wickes Building Supplies Ltd	42 yrs 29.09.89	5 yrs	2016/ 2031	517,110	5-10
Gallagher Retail Park BRISTOL	B&Q PLC	25 yrs 29.09.98	5 yrs	2018/ 2023	1,730,000	>25
	DSG Retail Limited	10 yrs 24.05.13	5 yrs	2018/ 2023	292,600	
	Salvatore Corsentino	5 yrs 27.02.16	1 yrs	2017/ 2021	12,731	
Wincheap Retail Park CANTERBURY	Mothercare UK Ltd	30 yrs 24.06.96	5 yrs	2021/ 2026	317,811	10-25
	Boots UK Limited	10 yrs 12.04.16	5 yrs	2021/ 2026	143,700	
	Argos Limited	15 yrs 01.04.08	5 yrs	2018/ 2023	237,833	
	The Carephone Warehouse Limited	15 yrs 06.03.06	5 yrs	2016/ 2021	45,000	
Tewkesbury Road CHELTENHAM	CDS(Superstores International) Limited	35 yrs 14.06.85	5 yrs	2015/ 2020	510,000	5-10
Victoria Street North GRIMSBY	CDS(Superstores International) Limited	20 yrs 25.03.15	5 yrs	2020/ 2035	292,952	5-10

*Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 March 2018

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Beckton Retail Park LONDON	Iceland Food Limited	10 yrs 15.07.13	5 yrs	2018/ 2023	125,000	>25
	Fresh Bazar Limited	6 yrs 22.11.17	0 yrs	2023	101,400	
	Multi-Tile Limited	10 yrs 29.09.12	5 yrs	2022	135,000	
	Poundstretcher Limited	20 yrs 09.01.01	5 yrs	2021	115,000	
	99P Stores Limited	10 yrs 02.04.12	5 yrs	2017/ 2022	250,000	
	TJ Morris Limited	15 yrs 09.09.13	5 yrs	2018/ 2028	250,000	
	Selco Trade Centres Limited	15 yrs 12.10.16	5 yrs	2021/ 2031	380,000	
	Dreams Limited	20 yrs 29.09.03	5 yrs	2018/ 2023	150,000	
	Lituanica UK Limited	15 yrs 17.07.08	5 yrs	2013/ 2023	144,540	
	Matalan Retail Limited	20 yrs 05.10.00	5 yrs	2020	514,085	
	Lituanica UK Limited	7 yrs 19.12.16	0 yrs	2023	10,000	
Queens Drive NOTTINGHAM	Homebase Ltd	25 yrs 25.03.03	5 yrs	2018/ 2028	1,200,000	10-25

PROPERTY PORTFOLIO

at 31 March 2018

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
27 Tollbar Way SOUTHAMPTON	TJX UK	15 yrs 08.06.15	5 yrs	2020/ 2030	742,847	10-25
Albion Mills Retail Park WAKEFIELD	DSG Retail Ltd t/a PC World	20 yrs 29.09.00	5 yrs	2020	206,500	10-25
	Wickes Building Supplies Ltd	25 yrs 25.05.05	5 yrs	2015/ 2030	602,325	
OTHER						
14 West Street BRIGHTON	Travelodge Hotels Limited	41 yrs 20.12.07	5 yrs	2017/ 2048	1,007,346	>25
Locomotive Way DERBY	Derby College	20 yrs 20.10.09	5 yrs	2019/ 2029	848,558	10-25
Mobberley Road KNITSFORD	R Stratton & Co Limited	50 yrs 24.06.08	5 yrs	2018/ 2058	367,705	5-10
1 Goodman's Yard LONDON	Travelodge Hotels Limited	40 yrs 15.12.08	5 yrs	2018/ 2048	1,785,125	>25
	UK Broadband Limited	20 yrs 30.09.14	5 yrs	2019/ 2034	6,189	
	Everything Everywhere Limited	13 yrs 21.12.07	0 yrs	2018/ 2020	11,154	
	Cornerstone Communications	10 yrs 08.11.17	5 yrs	2022/ 2027	13,313	

STATEMENT OF TOTAL RETURN
for the year ended 31 March 2018

	Notes	Year ended 31.03.2018		Year ended 31.03.2017	
		£'000	£'000	£'000	£'000
Net capital gains/(losses)	2		24,858		(17,039)
Revenue	3	51,073		38,545	
Expenses	4	(11,722)		(8,848)	
Finance Costs: Interest	6	–		(18)	
Net revenue before taxation		39,351		29,679	
Taxation	5	(52)		(41)	
Net revenue after taxation			39,299		29,638
Total return before distributions			64,157		12,599
Finance costs: distributions	6		(39,299)		(29,638)
Change in net assets attributable to unitholders from investment activities			24,858		(17,039)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the year ended 31 March 2018

	Year ended 31.03.2018		Year ended 31.03.2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		705,409		596,471
Amounts receivable on issue of units	243,722		126,071	
Amounts payable on cancellation of units	(41)		(94)	
		243,681		125,977
Change in net assets attributable to unitholders from investment activities		24,858		(17,039)
Closing net assets attributable to unitholders		973,948		705,409

The notes on pages 44 to 54 and the distribution table on page 55 form part of these financial statements.

BALANCE SHEET
at 31 March 2018

	<i>Notes</i>	31.03.2018		31.03.2017	
		£'000	£'000	£'000	£'000
ASSETS					
Investment assets	7		913,606		651,585
Debtors	8	4,871		3,039	
Cash and bank balances	9	11,352		11,780	
Cash equivalents	9	66,200		56,884	
Total other assets			82,423		71,703
Total assets			996,029		723,288
LIABILITIES					
Creditors	10	11,902		10,137	
Distribution payable on income units		10,179		7,742	
Total liabilities			22,081		17,879
Net assets attributable to unitholders			973,948		705,409

The financial statements on pages 41 to 54 were approved on behalf of the Trustee by T Salmon OBE, Chairman, on 16 July 2018.

The notes on pages 44 to 54 and the distribution table on page 55 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 March 2018

	<i>Notes</i>	Year ended 31.03.2018		Year ended 31.03.2017	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	17		39,284		28,364
Servicing of finance					
Distributions paid			(36,862)		(29,232)
Taxation			(52)		(41)
Net cash outflow from investment activities					
Capital expenses		(6,274)		(3,542)	
Payments to acquire investments		(241,553)		(82,105)	
Proceeds on disposal of investments		10,664		2,500	
			(237,163)		(83,147)
Net cash inflow from financing activities					
Issue of units		243,722		126,071	
Receipts of future issuance of units		–		–	
Cancellation of units		(41)		(94)	
Drawdown of loan		–		–	
Repayment of loan		–		–	
			243,681		125,977
Increase in cash	18		8,888		41,921

The notes on pages 44 to 54 and the distribution table on page 55 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Management Association in May 2014, in accordance with the Scheme and the Collective Investment Scheme Sourcebook.

(b) Revenue recognition

Rental revenue and interest on bank deposits are accrued on a monthly basis. Dividends on unit trusts are accrued on the dates when the investments are first quoted ex-dividend.

In accordance with FRS 102, the rent free period is recognised on a straight line basis over the entire term of the lease.

Lease incentives in the form of capital contributions are also shown as capital debtors and are amortised over the shorter of, the entire term of the lease; or to the period when the first market break option takes place.

(c) Expenses

During the year, the Manager's periodic charge, paid by the Trustee to the Manager and recharged to the Fund, was deducted from revenue of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. The audit, insurance, property valuation fees and direct property fees are paid either directly by the Fund or by the Trustee and recharged to the revenue of the Fund before distribution.

(d) Distributions

Distributions are prepared quarterly and paid one month after each quarter end. Each month the revenue is applied to unitholders in the Fund and no revenue is included in the unit price. A net distribution is paid after deduction of expenses.

(e) Capitalised costs

All costs associated with buying, selling and the development of properties are charged to capital. Other expenses, including the property valuation fees payable to BNP Paribas Real Estate and Knight Frank LLP, are deducted from revenue.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

1. Accounting policies (continued)

(f) Basis of valuation

Freehold and leasehold properties have since January 2015 been valued at each month end (previously quarterly), on the basis of Fair Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) as advised by Knight Frank LLP, Chartered Surveyors. In addition, the Manager reviews these values at each intervening month end and makes adjustments where necessary. Additions to the portfolio are valued externally after acquisition. The Henderson UK Retail Warehouse Fund is valued monthly as advised by Henderson Global Investors. (Please refer to note 20 for more details.)

2. Net capital gains/(losses)

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
The net capital gains during the year comprise:		
Unrealised gains/(losses) on investment properties*	21,418	(15,980)
Unrealised gains/(losses) on collective investment schemes*	58	(620)
Realised gains/(losses) on investment properties*	3,431	(439)
Realised loss – other	(49)	–
Net capital gains/(losses)	24,858	(17,039)

*Where net realised gains include gains/(losses) arising in previous periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

3. Revenue

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Rental revenue	46,628	35,321
Service charge income	3,505	2,643
Other revenue	487	87
Income from collective investment schemes	277	282
Interest on the Public Sector Deposit Fund	139	183
Bank Interest	37	29
	51,073	38,545

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

4. Expenses

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
i) Property expenses:		
Services charge expenses	3,984	2,995
Other property outgoings	849	261
Property ground rent and empty rates	844	817
Loan administration fees	271	246
Property legal and professional fees	218	113
Property valuation fees	210	207
Property repairs and maintenance	63	7
	6,439	4,646
ii) Management expenses:		
Payable to The Local Authorities' Mutual Investment Trust:		
Manager's periodic charge – see note 1(c)	5,173	4,061
Investment Property Database fee	25	22
Legal fees	20	26
Audit fee	17	17
Depositary fee	16	14
Miscellaneous expenses	14	35
Taxation fees	14	5
Insurance fee	4	22
	5,283	4,202
Total expenses	11,722	8,848

The above expenses include irrecoverable VAT where applicable.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

5. Taxation

The Fund is not subject to capital gains tax. The Fund was approved as an exempt unauthorised unit trust on 1 April 2014 and is not subject to income tax from this date. Prior to this, the Fund was subject to income tax at the basic rate.

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Income tax	52	41
Income tax is calculated as follows:		
Net taxable revenue at 20%	–	–
Prior year tax adjustment	52	41
Items not allowable for income tax purposes:		
Revaluation fee at 20%	–	–
Income tax	52	41

6. Finance Costs

Distributions

Distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
30 June – interim distribution	8,564	7,338
30 September – interim distribution	10,391	7,183
31 December – interim distribution	10,165	7,376
31 March – final distribution	10,179	7,741
Distribution for the year	39,299	29,638
Interest:		
Interest for the year	–	18
Total finance costs	39,299	29,656
Net revenue for the year	39,299	29,638
Net distribution for the year	39,299	29,638

Details of the distribution per unit are set out in the distribution table on page 55.

There were no unclaimed distributions as at 31 March 2018 (31.03.2017: nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

7. Investment assets

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Market value at the start of the year	651,585	585,271
Acquisitions at cost	241,553	82,105
Unrealised gains/(losses) on revaluation	21,476	(16,600)
Capitalised expenses	6,225	3,624
Realised gains/(losses) on disposals	3,431	(439)
Unamortised lease incentives	–	105
Unamortised rent free periods	–	19
Sales proceeds from disposals	(10,664)	(2,500)
Market value at the end of the year	913,606	651,585
Historical cost at the end of the year	887,240	646,695

8. Debtors

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Unamortised rent free periods	1,782	1,389
Property payments recoverable	1,323	453
Rents receivable	920	482
Unamortised lease incentives	709	583
Accrued Revenue	137	128
Prepayments	–	4
	4,871	3,039

9. Cash and bank balances and Cash equivalents

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Cash in the Public Sector Deposit Fund	66,200	27,800
Restricted cash	–	29,084
Total cash equivalents	66,200	56,884
Cash at bank	11,352	11,780
Total cash	77,552	68,664

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

10. Creditors

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Rent received in advance	10,075	8,865
VAT payable	1,445	1,096
Accrued expenses	382	161
Due to The Local Authorities' Mutual Investment Trust	–	15
	11,902	10,137

11. Loans

Total borrowing is £nil (2017: £nil), 0% of the net asset value of the Fund. It has not exceeded the maximum permitted level of gearing.

12. Financial instruments

The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year and the comparative year.

Market price risk

Whilst the value of direct property is independently valued on a monthly basis, such valuations are a matter of the valuer's opinion and such values may or may not be achieved on disposal. The Fund seeks to minimise the impact of these risks by maintaining a well diversified property portfolio, both geographically and by sector.

At 31 March 2018, if the value of investment held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders, and profit or loss, would increase or decrease respectively by approximately £45,680,000 (31.03.2017: £32,579,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

12. Financial instruments (continued)

Financial assets

All cash and bank balances earn interest at a floating rate based on either LIBOR or base rate. Debtors and creditors of the Fund do not pay or receive interest.

Financial liabilities

Under the Scheme of the Fund, the Manager may borrow a maximum of 25% of the value of the property of the Fund to assist with investing in, improvements to, or the managing of property and the short-term financing of, or meeting payments to be made out of the Fund.

Liquidity risk

By their very nature, direct properties are less liquid and therefore the investments may not be readily realisable. The Fund's liquidity may be affected by unexpected or high levels of redemptions. Under these circumstances, a period of notice of up to six months may be imposed for the redemption of units. The units are realisable only on each monthly dealing day.

Currency risk

There is no exposure to foreign currency fluctuations as all investments, revenue and short-term debtors and creditors are denominated in sterling.

Interest rate risk

The majority of the Fund's assets are direct property investments and therefore do not pay interest or have maturity dates. As a consequence any changes in interest rates will not significantly affect the Fund, except in so far as they affect rental levels generally. The Fund also invests in cash deposits, the revenue of which may be affected by changes to interest rates. A sensitivity analysis for interest rate risk is not shown as the impact is unlikely to be significant.

The total exposure at 31 March 2018 was:

	Floating rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency	£'000	£'000	£'000	£'000
Sterling	77,552	–	918,477	996,029

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

12. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities** £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	22,081	22,081

The total exposure at 31 March 2017 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	68,664	–	654,624	723,288

Currency	Floating rate financial liabilities** £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	17,879	17,879

* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR, base rate or the interest rate of The Public Sector Deposit Fund.

** All financial liabilities are due to be settled within one year or on demand.

There were no derivatives held by the Fund as at 31 March 2018 (31.03.2017, £nil).

13. Commitments and contingent liabilities

There were no contingent liabilities as at 31 March 2018 (31.03.2017, £nil). At 31 March 2018 there were no redemption notices outstanding (31.03.2017, nil notices).

14. Trustee remuneration

The Trustee is controlled by the Members of the Council who receive no remuneration from the Fund. Mr T Salmon is a Director of the Manager and of the Investment Manager. During the year he received remuneration from the Investment Manager, which is disclosed in the Investment Manager's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

15. Related party transactions

Management expenses are payable to the Trustee, a related party to the Fund. The amounts paid in respect of management expenses are disclosed in note 4. No balances were due to the Trustee at 31 March 2018 (31.3.2017, £15,475). There were outstanding balances due from the Trustee at 31 March 2018 of £nil (31.3.2017, £nil).

Mr Trevor Salmon (Northern Ireland Local Government Officers' Superannuation Committee) is a Member of the Council and the Trust.

16. Turnover of units

The number and net asset value of units in the Fund issued, cancelled and transferred in the year to 31 March 2018 was as follows:

	Number of units	Value £'000	% of NAV
Units issued	77,801,072	243,722	25.02
Units cancelled	14,455	41	0.00

year to 31 March 2017 was as follows:

	Number of units	Value £'000	% of NAV
Units issued	41,061,774	126,071	17.87
Units cancelled	33,744	94	0.01

At 31 March 2018 there were no redemption notices outstanding (31 March 2017, nil).

17. Reconciliation of net cash inflow from operating activities

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Net revenue for the year before taxation	39,351	29,679
Increase in accrued revenue	(438)	(206)
(Increase)/decrease in debtors	(1,394)	390
Increase/(decrease) in creditors	1,765	(1,499)
Net cash inflow from operating activities	39,284	28,364

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

18. Reconciliation of net cash flow to movement in cash balances

	Year ended 31.03.2018 £'000	Year ended 31.03.2017 £'000
Net cash at beginning of the year	68,664	26,743
Movement in cash during the year	8,888	41,921
Net cash at the end of the year	77,552	68,664

19. Unitholders' funds – reconciliation of units

	Year ended 31.03.2018 Income units	Year ended 31.03.2017 Income units
Opening number of units at beginning of year	245,494,148	204,466,118
Units issued in year	77,801,072	41,061,774
Units cancelled in year	(14,455)	(33,744)
Closing number of units at end of year	323,280,765	245,494,148

20. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities other than investments, there is no material difference between their value, as shown on the balance sheet, and fair value.

Investment property is held at fair value. The fair value of all investments are derived from valuation techniques using non-observable data.

The Fund's freehold and leasehold investment properties were independently valued by Knight Frank LLP, Chartered Surveyors, acting in the capacity of external valuers. As described in note 1(f), the valuation was to fair value in accordance with the Professional Standards of The Royal Institution of Chartered Surveyors (the 'Red Book'). Knight Frank LLP's opinions were primarily derived from comparable recent market transactions on arm's length terms. The Manager discusses these valuations with Knight Frank LLP at least once every quarter to assess them.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

20. Fair value of financial assets and financial liabilities (*continued*)

The fair value of investment property has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

For the year ended 31 March 2018:

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investment property	–	–	913,606	913,606
	–	–	913,606	913,606

For the year ended 31 March 2017:

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investment property	–	–	651,585	651,585
	–	–	651,585	651,585

DISTRIBUTION TABLE
for the year ended 31 March 2018

Period ended	Date paid/payable	Dividends paid/payable pence per unit	
		2018	2017
Income units			
30 June	31 July	3.34	3.45
30 September	31 October	3.77	3.29
31 December	31 January	3.38	3.22
31 March	30 April	3.21	3.23
		13.70	13.19

STATEMENT OF TRUSTEE, MANAGER AND DEPOSITARY RESPONSIBILITIES

Responsibilities of the Trustee and Manager

The Trustee of the Fund is required by the Trust Deed to prepare accounts which give a true and fair view of the financial position of the Fund at the end of each half-yearly accounting period and the movement in net assets for the period then ended, together with the information set out in clause 15(1) of the Trust Deed. In preparing these accounts the Trustee is required to:

- select accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association in May 2014;
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the accounts, as prepared, comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the accounts on a going concern basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has delegated to the Manager the day-to-day management, accounting and administration as permitted by the Trust Deed and the Manager is required to carry out these duties in accordance with the terms of the Trust Deed.

The Trustee is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Under AIFMD the Manager acquired certain additional responsibilities including, ensuring compliance with AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement Manager who is eligible under AIFMD to act as Manager of the Fund.

STATEMENT OF TRUSTEE, MANAGER AND DEPOSITARY RESPONSIBILITIES

Responsibilities of the Depositary

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Fund's Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the Fund are calculated in accordance with the Regulations;

- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

APPENDIX (UNAUDITED)

Manager Remuneration

The Manager has no employees, but delegates the performance of its services to employees of its parent company, CCLA IM.

Recharges for the services of CCLA IM to the Manager are levied in respect of the year ending on 31 March each year. The recharge for the year to 31 March 2018 was £22,700,000. A recharge of £17,157,000 was levied in the year to 31 March 2017.

The average number of full time equivalent staff of CCLA IM, including temporary staff, for the year ended 31 March 2018 was 121 (year ended 31 March 2017: 110).

During the year ended 31 March 2018 and the prior year, remuneration was paid to CCLA IM staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Fund ("identified staff") are shown separately.

	Year to 31 March 2018			Year to 31 March 2017		
	Fixed remuneration £000	Variable remuneration £000	Total £000	Fixed remuneration £000	Variable remuneration £000	Total £000
Identified staff	1,155	910	2,065	1,136	962	2,098
Other staff	8,564	3,113	11,677	7,566	2,622	10,188
Total	9,719	4,023	13,742	8,702	3,584	12,286

Remuneration above is the total remuneration for CCLA IM; it is not possible to separate the element of that relating only to this fund. The components of remuneration are appropriately balanced and do not create a conflict of interest for the Fund.

TRUSTEE AND MANAGER

Members of the Council and the Trust**Chairman**

T Salmon OBE

Secretary

J Fox

Local Government Association

T. Beattie

E. Eyre

P. Findlow

R. Kemp CBE

A. Naylor

S. Pickup OBE

S. Timoney

Northern Ireland Local Government Officers'**Superannuation Committee**

T Salmon OBE

Unitholder Member

P Clokie OBE

The Manager

CCLA Fund Managers Limited

Authorised and regulated by the Financial Conduct Authority

Senator House, 85 Queen Victoria Street

London EC4V 4ET

Telephone: 0207 489 6000

Client Service:

Freephone: 0800 022 3505

Email: clientservices@ccla.co.ukwww.ccla.co.uk**Investment Manager, Administrator and Registrar**

CCLA Investment Management Limited

Authorised and regulated by the Financial Conduct Authority

Senator House, 85 Queen Victoria Street

London EC4V 4ET

Telephone: 0207 489 6000

Client Service:

Freephone: 0800 022 3505

Email: clientservices@ccla.co.ukwww.ccla.co.uk**Directors responsible for the Fund**

M Quicke OBE (Chief Executive)

J Bevan (Chief Investment Officer)

A McMillan (Chief Operating Officer)

A Robinson MBE (Director Market Development)

Head of Property

P Hannam

Company Secretary

J Fox

Head of Assurance

S. Forrest (resigned 31 January 2018)

R. Plumridge (from 31 January 2018)

Third party Advisers**External Property Valuer***(appointment ceased 31 December 2017)*

BNP Paribas Real Estate

5 Aldermanbury Square

London EC2V 7BP

External Property Valuer*(appointed from 1 January 2018)*

Knight Frank LLP

55 Baker Street

London W1U 8AN

Managing Agents

BNP Paribas Real Estate

5 Aldermanbury Square

London EC2V 7BP

Depositary

HSBC Bank plc

8 Canada Square

London E14 5HQ

Banker

HSBC Bank plc

60 Queen Victoria Street

London EC4N 4TR

Solicitors

Farrer & Co LLP

66 Lincoln's Inn Fields

London WC2A 3LH

Hogan Lovells LLP

Atlantic House, Holborn Viaduct

London EC1A 2FG

DLA Piper Scotland LLP

Collins House

Rutland Square

Edinburgh EH1 2AA

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT



Client Services

Senator House, 85 Queen Victoria Street, London EC4V 4ET

T: 0800 022 3505 E: clientservices@ccla.co.uk

www.ccla.co.uk

CCLA Fund Managers Limited (Registered in England No. 8735639) and
CCLA Investment Management Limited (Registered in England No. 2183088)
are authorised and regulated by the Financial Conduct Authority.
Registered address: Senator House, 85 Queen Victoria Street, London EC4V 4ET.