

THE LOCAL AUTHORITIES'  
PROPERTY FUND  
INTERIM REPORT AND  
UNAUDITED FINANCIAL STATEMENTS

Half year ended 30 September 2018

**CCLA**

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\*Collectively, these comprise the Manager's Report.

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 Interim Report and Unaudited Financial Statements are available in large print and audio formats.

## STRUCTURE OF THE FUND

for the half year ended 30 September 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 30 September 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 half year ended 30 September 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 £23.5bn as at 30 September 2018, ranging in size from £136.5m to £3.48bn.

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 half year ended 30 September 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 half year ended 30 September 2018

We have pleasure in presenting our interim 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 assurance function, on a continuing basis. On an annual basis, the Trustee receives and considers an operational risk report from the Manager.

During the period, 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  
26 November 2018

## REPORT OF THE PROPERTY MANAGER for the half year ended 30 September 2018

### Performance

The Fund's total return after all expenses was 2.7%, derived mainly from the income return of 2.1%. Over the last twelve months the total return is 7.6%, including a 4.4% contribution from income. By comparison, the AREF/IPD Other Balanced Property Funds Index, the Fund's benchmark, has distributed a 1.7% income yield for the half year and a 3.7% income return over twelve months. The benchmark recorded total returns at 4.0% and 9.5% for the six and twelve month periods respectively.

The Unit price increased from 301.27p to 302.84p, a capital return of 0.5% and a reflection of a steady but modest rise in property asset valuations. Income payments totalled 6.4484p per Unit. The total return record of the Fund for this period and over the longer term is noted in the table below.

The Fund continues to provide a superior income for its Unit holders consistent with the income focus of the investment objectives and the income needs of the local authority unitholder base. The longer-term total return record is attractive and competitive.

More recently, however, the strategy necessary to provide this premium income has faced headwinds. At the structural level the portfolio is well positioned, with high weightings to industrial property, which is the strongest performing sub-sector and a below average exposure to the weakest area of the market, High Street retail. Offsetting this, however, has been an increased market focus on safety and low volatility in which the relatively short lease profile of the portfolio has slowed capital returns relative to the benchmark, with the position exacerbated by the high level of capital expense incurred in a busy period of management activity.

### Market review

Although valuations have generally moved higher since the Referendum, that unexpected outcome started sector trends which have both continued and intensified over the subsequent period. Even though there has been price progress overall, the disparity of returns between the various sub-sectors has widened dramatically whilst, at the asset level, the focus has shifted to income security. The result has been strong competition for a narrowing band of investments offering long-term secure income in the

### Total return against benchmark to 30 September 2018 (after expenses)

	1 year %	3 years %	5 years %	10 years %
<b>Performance against market indices (after expenses)</b>				
<b>The Local Authorities' Property Fund</b>	<b>7.61%</b>	<b>6.60%</b>	<b>10.91%</b>	<b>6.09%</b>
IPD Other Balanced Property Funds Index	9.47%	7.72%	10.97%	5.71%

Source: The Manager/IPD

Past performance is not a reliable indicator of future returns.

## REPORT OF THE PROPERTY MANAGER for the half year ended 30 September 2018

sub-sectors where market fundamentals are most attractive. This narrow focus, coupled with supply shortages, has driven both rents and prices higher. Capitalisation yields have continued to compress and have reached levels in the most popular areas which can be justified only by very optimistic valuation assumptions. The 24 month unbroken run of capital growth has therefore been based upon an increasingly narrow sub-set of the overall market. Of the sub-sectors, industrial assets continue to dominate returns, supported by the positive outlook for rents and valuations. Twelve month rental growth is 4.3%, and is 2.0% during the half year, the major contributor to the 0.4% rental growth of the All Property Index.

MSCI IPD All Property Index capital growth in the period was 1.3%, led by 6.3% growth in industrial assets (over 15% higher for the twelve month period), with London and the south-east the strongest regions. Capital growth elsewhere was at best modest and was negative in the retail sector where rents have been increasingly under attack. At the total return level, the MSCI IPD UK Index returned 3.9%, despite an 8.8% contribution from industrials. Industry voids increased to 10.3%, due to weakness in the office sub-sector and re-letting delays in a cautious investment environment.

### Activity

2018 generally has been a busy year for the Fund in terms of both investment and management activity. The inflow of new investors has continued, but although there has been a focus on acquisitions, we have also worked to maintain momentum in key management projects to support income and capital returns and control voids and portfolio expenses.

Eight new investments have been added to the portfolio during the half year: three industrial warehouses, four car show rooms and a prominent regional office. Purchase expenditure, including stamp duty and other associated costs, totalled approximately £134m. The acquisitions support the Fund's income security by bringing to the portfolio highly rated tenant covenants, longer income streams and by boosting the weighting to the alternative "Other" sub-sector that is typically the main source of longer leases. The car showrooms have strong Greater London locations, whilst the regional office investment is prominently located in Leeds and has income secured by a long lease of eleven years. The industrial purchases offer a mix of shorter and longer leases and future management opportunities, including significant rental income growth potential.



## REPORT OF THE PROPERTY MANAGER for the half year ended 30 September 2018

The portfolio void rate fluctuates over time subject to the scale of lettings and management activity in hand. Over the period, the net impact of new leases granted, and new vacancies incurred, is a modest reduction from 9.1% to 8.9%. This is expected to decline further in the months ahead, as projects including those at Blythswood Square in Glasgow and Kingsway in London come to a close, in so doing making a beneficial contribution to reducing income expenses.

### Strategy

In pursuit of the performance objectives, especially the high-income yield target, and reflecting the nature of the property asset class, the investment strategy is focused on asset selection and active asset and portfolio management. To control stock specific risk the portfolio is diversified by asset type, tenant, sector and region. Micro location is also monitored to control risk. The long-term strategy has a bias towards higher yielding assets, but without sacrificing quality or using gearing to boost returns. This is achieved by carefully controlled exposures to assets with shorter leases or

requiring active management to control risk and realise return potential. At the sub-sector level, there is a bias to offices and industrials in the south-east, a cautious approach to the retail sector with High Street weightings low and underweight. The portfolio contains an attractive range of investment management opportunities with a core providing high quality, reliable income flows and others with the potential to provide significant growth in capital and income over time. The current uncertain outlook requires a greater focus on the cautious element of the strategy, pro-actively managing the shorter leases and increasing allocations to assets with longer leases to reinforce capital and income resilience.

### The Issue of New Units and Redemptions

Inflows over the period totalled £70m from 36 local authorities, of which 16 were new to the Fund. The total number of investors is now 228. There were no outstanding redemption requests at the half year-end and by the 30 September 2018 the size of the Fund had passed the £1 billion level, ending the period at £1,048m, compared to £976m at the start of the period.

## REPORT OF THE PROPERTY MANAGER for the half year ended 30 September 2018

### Outlook

The long term attractions of the sector are currently challenged by factors as diverse as Brexit uncertainty, polarised investor demand and the challenges facing retailing. Sentiment is fragile and investors averse to risk. Good value is extremely hard to find in the most popular asset classes. In this near term environment, return expectations are sensibly cautious with little, if any, capital growth factored-in. However, more encouragingly, income returns look secure and will provide an attractive base for investors. Looking further ahead, the excess sector supply which has undermined returns in the past is absent this time. Overall, our expectations are for modest, but positive, returns based principally on the contribution from income, but with scope for management action to boost the total return.

### 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](http://www.aref.org.uk).

Paul Hannam  
Head of Property  
CCLA Investment Management Limited  
1 November 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.

## REPORT OF THE VALUERS

Dear Sirs,

**The Local Authorities' Property Fund**  
**Property valuation as at 30 September 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 30 September 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 30 September 2018 is **£1,048,300,000 (One Billion, Forty Eight Million and Three Hundred Thousand Pounds)**.

Details of the basis of our valuation and the individual properties are set out in our valuation report dated 30 September 2018.

Yours faithfully,

Knight Frank LLP  
26 November 2018

**REPORT OF THE DEPOSITARY**

to the unitholders of The Local Authorities' Property Fund  
for the half year ended 30 September 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 Information 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*  
26 November 2018

## RISK AND REWARD INDICATOR

With effect from 1 January 2018, the European Union imposed new regulations which set out detailed guidelines for the calculation of the risk ratings to be portrayed through this Summary Risk Indicator (“SRI”). It is a guide to the level of risk of this product compared to other products. It shows how likely it is that the Fund will lose money because of movements in markets. The risk indicator assumes investment in the Fund is maintained for the recommended holding period of five years. Property is recognised as an illiquid asset and is therefore most suited to long-term investment. 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.



We have classified the Fund as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact the capacity of the Manager to pay you.

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.

Please refer to our Key Information Document on our website for information on the SRI.

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

	Half year to 30.09.2018 pence per unit	Year to 31.03.2018 pence per unit	Income units			
			Year to 31.03.2017 pence per unit	Year to 31.03.2016 pence per unit	Year to 31.03.2015 pence per unit	Year to 31.03.2014 pence per unit
Opening net asset value per unit	301.27	287.34	291.72	274.08	244.26	227.00
Return before operating charges	10.85	30.38	11.62	34.13	45.93	31.76
Operating charges	(2.83)	(2.75)	(2.81)	(2.53)	(2.69)	(3.02)
Return after operating charges	8.02	27.63	8.81	31.60	43.24	28.74
Distributions on income units	(6.45)	(13.70)	(13.19)	(13.96)	(13.42)	(11.48)
Closing net asset value per unit	302.84	301.27	287.34	291.72	274.08	244.26

## Performance

Return after charges**	2.66%	9.44%	3.02%	11.53%	17.70%	12.71%
Gross yield***	4.02%	4.25%	4.29%	4.46%	4.59%	4.40%

## Other information

Closing net asset value (£'000)	1,044,937	973,948	705,409	596,471	323,179	131,253
Closing number of units	345,050,808	323,280,765	245,494,148	204,466,118	117,915,497	53,735,568

## Prices (pence per unit)

Highest unit price (offer)	324.40	322.40	315.17	312.67	292.20	261.09
Lowest unit price (bid)	322.45	283.31	277.89	274.76	242.92	222.85

Annual management charge*	0.62%	0.61%	0.63%	0.61%	0.58%	0.61%
Other costs	0.13%	0.07%	0.11%	0.13%	0.16%	0.25%

Operating charges	0.75%	0.68%	0.74%	0.74%	0.74%	0.86%
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Other property costs	0.19%	0.28%	0.22%	0.22%	0.36%	0.47%
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Total charges figure	0.94%	0.96%	0.96%	0.96%	1.10%	1.33%
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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 30 September 2018

## Tenure

	30.09.2018		31.03.2018	
	£'000	%	£'000	%
Freehold or heritable	913,250	87.12	780,300	85.60
Leasehold	135,050	12.88	131,300	14.40
	<b>1,048,300</b>	<b>100.00</b>	<b>911,600</b>	<b>100.00</b>

## Tenants' unexpired lease terms

Unexpired term	30.09.2018		31.03.2018	
	%*		%*	
Over 10 years	22.16		18.10	
5-10 years	19.13		27.51	
Under 5 years	49.82		45.26	
Void	8.89		9.13	
	<b>100.00</b>		<b>100.00</b>	

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

	30.09.2018		31.03.2018	
	£'000	%	£'000	%
Completed properties	1,048,300	100.32	911,600	93.60
Indirect investments	4,298	0.41	4,497	0.46
Net other (liabilities)/assets	(7,660)	(0.73)	57,851	5.94
	<b>1,044,938</b>	<b>100.00</b>	<b>973,948</b>	<b>100.00</b>

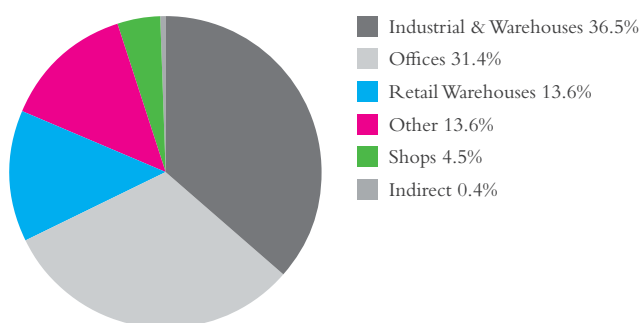
**PORTFOLIO ANALYSIS**

at 30 September 2018

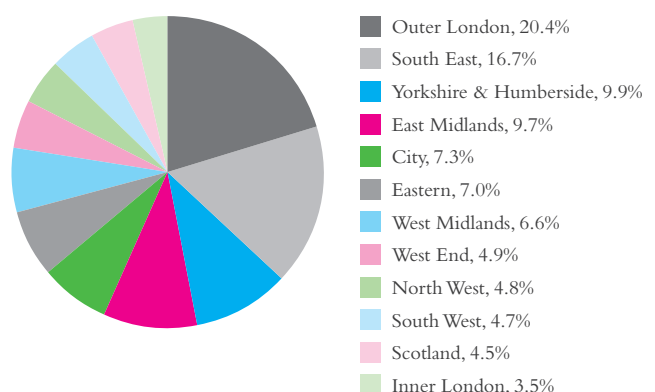
**Top Ten Property Holdings**

Property		% of Fund
London, 15-19 Kingsway	Retail & Offices	4.90
London, 1 Goodman's Yard	Other	4.53
Uxbridge, 3 Longwalk Road, Stockley Park	Offices	4.43
Elstree, Centennial Park	Industrial	3.53
London, Beckton Retail Park, Alpine Way	Retail Warehouse	3.46
Leeds, No 1 Park Row	Offices	3.40
Bristol, Gallagher Retail Park	Retail Warehouse	2.86
Bracknell, 1 The Arena, Downshire Way	Offices	2.76
Coventry, Peugeot Facility, Torrington Avenue	Industrial	2.72
Brighton, 12-14 West Street	Other	2.67

**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.

	30.09.2018	30.09.2017
Portfolio turnover rate	0.00%	1.22%

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 30 September 2018

## Properties

Total in valuation ranges	£'000	% of Fund
Valued between £0m and £5m 6 properties	22,125	2.12
Valued between £5m and £10m 24 properties	184,175	17.63
Valued between £10m and £25m 29 properties	421,575	40.34
Valued at over £25m 12 properties	420,425	40.23
Other investments	4,298	0.41
Net other assets/(liabilities)	(7,660)	(0.73)
<b>Net assets</b>	<b>1,044,938</b>	<b>100.00</b>

## Ownership of the Fund

at 30 September 2018

	Number of investors	Number of units in issue	% of units in issue
Less than 1%	199	157,467,731	45.64
1% or greater but less than 2%	19	87,458,982	25.35
2% or greater but less than 4%	6	59,997,554	17.39
4% or greater but less than 8%	2	40,126,541	11.63
Greater than 8%	0	0	0.00
	226	345,050,808	100.00
Held by the largest investor	1	24,869,899	7.21
Held by top 5 investors	5	74,708,939	21.65

## PROPERTY PORTFOLIO

at 30 September 2018

## Standard Retail

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
84, 85 & 86 East St CHICHESTER	River Island Clothing Co. Ltd	10 yrs 10.03.08	5 yrs	2018	300,000	5-10
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 30 September 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 30 September 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	125,000	
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 30 September 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					5-10
1 Park Row LEEDS	Pinset Masons LLP	30 yrs 30.07.99	5 yrs	2019/ 2029	1,685,000	>25
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 30 September 2018

## Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Castle Boulevard NOTTINGHAM	Gala Leisure Limited	10 yrs 01.08.18	5 yrs	2023/ 2028	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 30 September 2018

## Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Warwick Technology Park WARWICK	Rolls Royce PLC	9 yrs 09.07.12	5 yrs	2021	402,950	10-25
	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	
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					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 30 September 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	
	Finance & Leasing Association	10 yrs 18.02.18	5 yrs	2023/ 2028	266,934	
	Alliots Chartered Accountants	10 yrs 25.04.18	5 yrs	2023/ 2028	328,500	
	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	
	Finance & Leasing Association	10 yrs 18.02.18	5 yrs	2023/ 2028	3,978	

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



## PROPERTY PORTFOLIO

at 30 September 2018

## Offices/Shops (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Imperial House LONDON (continued)	Alliots Chartered Accountants	10 yrs 25.04.18	5 yrs	2023/ 2028	1,320	
	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	
	Huntress Search Limited	15 yrs 10.09.07	0 yrs	2022	6,888	
	Alliots Chartered Accountants	10 yrs 25.04.18	10 yrs	2023/ 2028	4,240	
	Sweet Ventures Limited	10 yrs 24.08.18	5 yrs	2023/ 2028	4,770	
	Sweet Ventures Limited	10 yrs 24.08.18	5 yrs	2023/ 2028	8,660	
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	
	City Career Management Limited	10 yrs 15.08.18	5 yrs	2023/ 2028	47,581	
	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	50,000	

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

## PROPERTY PORTFOLIO

at 30 September 2018

## Offices/Shops (continued)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
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	6 yrs 01.11.17	0 yrs	2023	122,265	
	Resolute Asset Management LLP	5 yrs 21.06.18	0 yrs	2023	105,325	

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

## PROPERTY PORTFOLIO

at 30 September 2018

## Industrial Property

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	265,176	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
Unit 16 Junction Six BIRMINGHAM	BSS Group plc	15 yrs 04.02.05	5 yrs	2020	592,905	10-25
	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	>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 13.12.13	3 yrs	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 30 September 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Phase 300 Centennial Park ELSTREE	Richardson Healthcare Limited	10 yrs 14.05.18	5 yrs	2023/ 2028	105,000	>25
	Entel UK Limited	9 yrs 22.07.10	0 yrs	2019	20,000	
	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		

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

## PROPERTY PORTFOLIO

at 30 September 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Phase 300 Centennial Park ELSTREE ( <i>continued</i> )	Lumenis (UK) Limited	8 yrs 15.05.18	5 yrs	2023/ 2028	77,500	
	Licensed Carriage Hire Limited	8 yrs 25.07.16	0 yrs	2024	58,850	
	Licensed Carriage Hire Limited	10 yrs 24.07.14	0 yrs	2024	58,850	
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	5 yrs 25.03.18	5 yrs	2023	365,000	>25
	Morley Glass & Glazing 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	

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

## PROPERTY PORTFOLIO

at 30 September 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Watermill Business Centre LONDON	Global Display Projects Limited	10 yrs 17.02.17	5 yrs	2022/ 2027	43,538	10-25
	NSL Limited	11 yrs 01.09.12	5 yrs	2017/ 2023	95,000	
	DW Spinks (Embossing) Limited	10 yrs 22.12.09	0 yrs	2019	86,000	
	Eyre & Elliston Limited	10 yrs 11.05.16	5 yrs	2021/ 2026	33,700	
	Riel Chyc (UK) Limited	5 yrs 29.08.15	0 yrs	2020	32,500	
	Lester Eggs Limited	5 yrs 24.03.14	0 yrs	2019	31,500	
	Eurocell Building Plastics Limited	5 yrs 25.12.15	0 yrs	2020	32,140	
	B C Services Limited	5 yrs 27.04.16	0 yrs	2021	37,000	
	Holemasters Demtech Limited	10 yrs 10.06.14	5 yrs	2019/ 2024	27,000	
	Fowlersfinance.com Limited	5 yrs 15.03.16	0 yrs	2021	31,500	
	I R E (International Roumeli Erifi)	16 yrs 12.03.15	5 yrs	2019/ 2031	18,300	
	Chevron Distribution Limited	4 yrs 22.12.16	0 yrs	2020	19,268	

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

## PROPERTY PORTFOLIO

at 30 September 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Watermill Business Centre LONDON ( <i>continued</i> )	Gamma Systems Limited	5 yrs 20.03.15	0 yrs	2020	17,500	
	Bushfire Limited	5 yrs 25.03.16	0 yrs	2021	19,100	
	Spie Facilities Limited	10 yrs 25.03.16	5 yrs	2021/ 2026	61,600	
	Print4uk Limited	5 yrs 01.11.16	0 yrs	2021	34,160	
	Comex 2000 (UK) Limited	5 yrs 22.06.16	0 yrs	2021	42,250	
5 Pickett's Lock Lane LONDON	Abra Wholesales Ltd	15 yrs 02.09.11	5 yrs	2021/ 2026	793,000	10-25
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 02.10.17	0 yrs	2022	35,750	
	TFS Handling (UK) Limited	10 yrs 13.08.13	5 yrs	2023	37,500	
	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	

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

## PROPERTY PORTFOLIO

at 30 September 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
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
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	
	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	
Corner Rhosili & Kilvey Road NORTHAMPTON	Johnson & 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	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	

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



## PROPERTY PORTFOLIO

at 30 September 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Cray Avenue ORPINGTON <i>(continued)</i>	Experteffect Limited	15 yrs 29.09.05	0 yrs	2020	90,400	
	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	
1 Ivatt Way PETERBOROUGH	Clipper Logistics Plc	15 yrs 28.09.18	5 yrs	2023/ 2033	1,095,000	10-25
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	

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

## PROPERTY PORTFOLIO

at 30 September 2018

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Wellingborough Road SYWELL	Premium Warehousing Limited	16 yrs 07.02.17	5 yrs	2022/ 2033	800,000	10-25
Wakefield Eurohub WAKEFIELD	Allied Glass Containers Limited	10 yrs 19.01.17	5 yrs	2022/ 2027	803,854	10-25
Winwick Quay WARRINGTON	Royal Mail Group Limited	10 yrs 20.10.08	5 yrs	2018	632,000	5-10
Grandstand WARRINGTON	Ceva Freight (UK) Limited	8 yrs 25.03.16	5 yrs	2021/ 2024	274,500	5-10
	Topgrade Sportswear Limited	5 yrs 25.09.17	0 yrs	2022	95,250	
70 Sinclair Drive WELLINGBOROUGH	IFCO Systems UK Limited	10 yrs 12.02.18	5 yrs	2023/ 2028	605,000	10-25

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

## PROPERTY PORTFOLIO

at 30 September 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 yr	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 Carphone 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 30 September 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 Limited	25 yrs 25.03.03	5 yrs	2018/ 2028	1,200,000	10-25
27 Tollbar Way SOUTHAMPTON	TJX UK	15 yrs 08.06.15	5 yrs	2020/ 2030	742,847	10-25

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

## PROPERTY PORTFOLIO

at 30 September 2018

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
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	2022/ 2048	1,131,214	>25
Bickley Road BROMLEY	DC Management Services Limited	18 yrs 31.12.15	5 yrs	2023/ 2033	457,500	10-25
Locomotive Way DERBY	Derby College	20 yrs 20.10.09	5 yrs	2019/ 2029	848,558	10-25
Mobberley Road KNUTSFORD	R Stratton & Co Limited	50 yrs 24.06.08	5 yrs	2018/ 2058	367,705	5-10
A10 Great Cambridge Road LONDON	DC Management Services Limited	18 yrs 31.12.15	5 yrs	2023/ 2033	710,000	10-25
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	

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

## PROPERTY PORTFOLIO

at 30 September 2018

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review*	Rent £	Mkt value range £m
Duke of Wellington Avenue LONDON	DC Management Services Limited	18 yrs 31.12.15	5 yrs	2023/ 2033	340,000	5-10
Maidstone Road	DC Management Services Limited	18 yrs	5 yrs	2023/ 2033	450,000	10-25

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

STATEMENT OF TOTAL RETURN  
for the half year ended 30 September 2018

	Half year to 30.09.2018		Half year to 30.09.2017	
	£'000	£'000	£'000	£'000
Net capital gains		648		9,856
Revenue	28,995		24,277	
Expenses	(7,174)		(5,300)	
Finance Costs: Interest	–		–	
Net revenue before taxation	21,821		18,977	
Taxation	(24)		(22)	
Net revenue after taxation		21,797		18,955
<b>Total return before distributions</b>		<b>22,445</b>		<b>28,811</b>
Finance costs: distributions		(21,797)		(18,955)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>648</b>		<b>9,856</b>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
for the half year ended 30 September 2018

	Half year to 30.09.2018		Half year to 30.09.2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		<b>973,948</b>		<b>705,409</b>
Amounts receivable on issue of units	70,422		118,834	
Amounts payable on cancellation of units	(80)		(41)	
		70,342		118,793
Change in net assets attributable to unitholders from investment activities		648		9,856
<b>Closing net assets attributable to unitholders</b>		<b>1,044,938</b>		<b>834,058</b>

The note on page 42 and the distribution table on page 43 form part of these financial statements.

The above statement shows the comparative closing net assets at 30 September 2017, whereas the opening net assets for the current accounting period commenced on 1 April 2018.

**BALANCE SHEET**  
at 30 September 2018

	30.09.2018		31.03.2018	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investment assets		1,049,709		913,606
Debtors	11,860		11,859	
Cash and bank balances	6,924		11,352	
Cash equivalents	25		66,200	
Total other assets		18,809		82,423
<b>Total assets</b>		<b>1,068,518</b>		<b>996,029</b>
<b>LIABILITIES</b>				
Creditors	12,702		11,902	
Distribution payable on income units	10,878		10,179	
<b>Total liabilities</b>		<b>23,580</b>		<b>22,081</b>
<b>Net assets attributable to unitholders</b>		<b>1,044,938</b>		<b>973,948</b>

The financial statements on pages 39 to 43 were approved on behalf of the Trustee by T Salmon OBE, Chairman, on 26 November 2018.

The note on page 42 and the distribution table on page 43 form part of these financial statements.



## CASH FLOW STATEMENT

for the half year ended 30 September 2018

	30.09.2018		30.09.2017	
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities		15,632		17,539
<b>Servicing of finance</b>				
Distributions paid		(21,098)		(16,306)
Taxation		(24)		(22)
<b>Net cash outflow from investment activities</b>				
Capital expenses	(2,112)		(5,304)	
Payments to acquire investments	(133,343)		(98,441)	
Proceeds on disposal of investments	–		9,485	
Other loss from investments	–		(49)	
		(135,455)		(94,309)
<b>Net cash inflow from financing activities</b>				
Issue of units	70,422		118,834	
Cancellation of units	(80)		(41)	
		70,342		118,793
Increase/(decrease) in cash		(70,603)		25,695

The note on page 42 and the distribution table on page 43 form part of these financial statements.

NOTE TO THE FINANCIAL STATEMENTS  
for the half year ended 30 September 2018

1. **Accounting policies**

*Basis of preparation*

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for Authorised Funds issued by The Investment Association in May 2014 and the Scheme. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments.

Unless otherwise stated, all other accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2018 and are described in those financial statements.

## DISTRIBUTION TABLE

for the half year ended 30 September 2018

Period ended	Date paid/payable	Dividends paid/payable pence per unit	
		2018	2017
<b>Income units</b>			
30 June	31 July	3.2808	3.3426
30 September	31 October	3.1676	3.7673
		6.4484	7.1099

## 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 Information.

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 Information in relation to the investment and borrowing powers applicable to 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.uk](mailto:clientservices@ccla.co.uk)[www.ccla.co.uk](http://www.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.uk](mailto:clientservices@ccla.co.uk)[www.ccla.co.uk](http://www.ccla.co.uk)**Directors responsible for the Fund**

M Quicke OBE (Chief Executive)

J Bevan (Chief Investment Officer)

A McMillan (Chief Operating Officer –  
retired 19 November 2018)L Sheldon (Chief Operating Officer –  
appointed 19 November 2018 subject to FCA approval)

A Robinson MBE (Director Market Development)

**Head of Property**

P Hannam

**Company Secretary**

J Fox

**Head of Assurance**

R Plumridge

**Third party Advisers****External Property Valuer**

Knight Frank LLP

55 Baker Street

London W1U 8AN

**Managing Agents**

BNP Paribas Real Estate

5 Aldermanbury Square

London EC2V 7BP

**Depository**

HSBC Bank plc

8 Canada Square

London E14 5HQ

**Banker**

HSBC Bank plc

60 Queen Victoria Street

London EC4N 4TR

**Solicitors**

Farrer &amp; 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](mailto:clientservices@ccla.co.uk)

[www.ccla.co.uk](http://www.ccla.co.uk)

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