



18 December 2020

The Local Authorities' Property Fund - Brexit impact

Dear Investor,

On 31 January 2020, the UK formally withdrew from the European Union (“EU”) and entered a transition period which will end on 31 December 2020 (the “**Transition Period**”). It remains unlikely that the UK and the EU will reach a deal on their future relationship which includes reference to financial services for the period following the end of the Transition Period.

Assuming they reach no deal regarding financial services, certain amendments will be required to the scheme information and other fund documentation of The Local Authorities' Property Fund. The key changes are as follows:

- 1 references to the “AIFMD” will be replaced with “AIFMD” as it applies in England and Wales from time to time including as retained, amended, extended, re-enacted or otherwise given effect on or after 11 pm on 31 January 2020.” The AIFMD is a European piece of legislation which will no longer directly apply to the operation of UK funds at the end of the Transition Period;
- 2 references to any other existing EU legislation will be subject to the same amendment as listed in paragraph 1 above; and
- 3 references to “European Economic Area” will be updated to include the UK, i.e. “UK or European Economic Area”.

We will aim to issue updated fund documents including these changes as soon as reasonably practicable following the end of the Transition Period. Please note that such amendments are purely technical and will have no impact on the way we manage The Local Authorities' Property Fund.

Yours sincerely

CCLA Fund Managers Limited

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CCLA

**The Local Authorities'
Property Fund**
Scheme Information

Scheme Information

The Local Authorities' Property Fund

Effective from 28 September 2020

Issued by CCLA Fund Managers Limited

This Scheme Information summarises the terms and conditions on which the Fund operates. For full information as to the terms, reference should be made to the Fund's Scheme. Copies are available on request from the Manager.

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Definitions

Administrator means CCLA Investment Management Limited or such other successor entity appointed administrator by the Manager from time to time.

AIF means an alternative investment fund.

AIFM means an alternative investment fund manager and has the same meaning as in the glossary to the FCA Regulations.

AIFMD Legislation means the Alternative Investment Fund Managers Directive 2011/61/EU, the Alternative Investment Fund Managers Regulations 2013 and the Commission Delegated Regulation (EU) 231/2013.

Annual Management Charge means the periodic charge applied to the Fund by the Manager in payment for carrying out its duties and responsibilities.

Annual Report means the annual report of the Fund prepared by the Trustee.

Council means the members of the Trustee that direct the activities of the Trustee.

Data Protection Legislation means Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and the Data Protection Act 2018 or any successor legislations thereto, and any associated codes, regulation or guidance (as may be amended or replaced from time to time) and any related regulations and guidance and all other laws concerning the processing of data relating to living persons.

Depository means HSBC Bank plc, or such other entity as may be appointed by the Trustee and the Manager from time to time.

Depository Services Agreement means the agreement dated 22 July 2014, between the Depository, the Trustee and the Manager appointing the Depository (as amended, supplemented or replaced from time to time).

Exemption Order means Part IV of the Schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001.

External Property Valuer means such valuer or valuers as the Manager shall select from time to time.

FCA means the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN or any successor regulatory body.

FCA Regulations means the Handbook of Rules and Guidance issued by the FCA, as amended or replaced from time to time.

FSMA 2000 means the Financial Services and Markets Act 2000.

Fund means the Local Authorities' Property Fund, established under the Scheme and consisting of the Fund Property held on trust by the Trustee.

Fund Property means the assets, investments and property of the Fund from time to time.

Investment Management Agreement means the agreement dated 22 July 2014 between the Manager and the Investment Manager delegating the administration and portfolio

management of the Fund Property to the Investment Manager and the Administrator (as amended, supplemented or replaced from time to time).

Investment Manager means CCLA Investment Management Limited.

Local Authority means Local authority, as defined in chapter 3 of the Local Government Act 2003.

Manager means CCLA Fund Managers Limited or such successor body corporate appointed manager pursuant to the Scheme.

MiFID II means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and includes where applicable reference to any implementing or supporting Regulations, Directives, or other legislative measures.

Money Laundering Regulations means The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as may be amended, updated or replaced from time to time.

OEIC Regulations means the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228).

PRA means the Prudential Regulation Authority of Threadneedle Street, London EC2R 8AH or any successor regulatory body.

Register means the register of Unitholders in the Fund maintained by the Registrar on behalf of the Trustee.

Registrar means CCLA Investment Management Limited appointed by the Trustee pursuant to a registrar agreement dated 1 October 1998 for the purpose of maintaining the Register.

Regulatory Rules means the AIFMD Legislation, FCA Regulations and MiFID II as may be applicable.

Scheme the scheme approved by HM Treasury under Section 11 Trustee Investments Act 1961 together with the trust deed dated 6 April 1972 establishing the Fund, as amended by supplemental trust deeds dated 6 April 1972, 13 September 1978, 21 April 2016 and 23 September 2019.

Scheme Information means these terms and conditions of the Fund as amended or replaced from time to time.

Trustee means the Local Authorities' Mutual Investment Trust.

Unitholder means a Local Authority to which Units in the Fund have been, and continue to be, allocated.

Units means Units in the Fund, or where the context indicates, an investment which represents the rights or interests (howsoever decided) of the participants in a collective investment scheme.

Valuation Date means the end of each calendar month.

References to legislation, statutes or Regulatory Rules in this Scheme Information are references to such legislation, statutes or Regulatory Rules as amended, updated or

replaced from time to time.

The Fund

The Fund is an open-ended, unregulated collective investment scheme established under a Scheme. The Fund is an AIF and is managed by the Manager as an AIFM in accordance with the FCA Regulations and the AIFMD Legislation.

Investment Objectives

The Fund aims to provide a high level of income and long-term capital appreciation.

Investment Policy

The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties but may invest in other assets, which may be either liquid or illiquid in nature.

The Fund may invest a proportion of its assets in liquid instruments and cash in order to obtain appropriate levels of liquidity. Instruments used for this purpose may include cash and near cash equivalents, participation notes, UK real estate investment trusts, regulated or unregulated investment funds, and loan notes.

Comparator Benchmark

The comparator benchmark for the Fund is the MSCI/AREF UK Other Balanced Quarterly Property Fund Index and is compiled, calculated and published by MSCI. It is calculated on a net asset value basis.

Target Investors

The Fund is suitable for the long-term funds of any Local Authority seeking exposure to UK commercial property. The Fund is targeted at investors with an understanding or previous experience of investing in similar types of fund, with appropriate levels of risk tolerance and ability to bear loss. Please note that the Manager is not required to assess the suitability of the Fund against each investor.

Our investors must be able to be categorised as professional clients or, where appropriate, seek independent financial advice before investing.

Investment Powers

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, but it is the present policy to confine investment to freehold and leasehold commercial and industrial property in the United Kingdom, whilst holding some more liquid instruments and cash for liquidity purposes.

The Fund is permitted to finance developments of, or improvements to, both freehold and leasehold property or purchase a right or interest in, or over, freehold or leasehold land, or borrow for the purpose of gearing against the Fund Property, provided that the aggregate borrowing does not exceed 25% of the value of the Fund Property on any quarterly valuation date. With the prior written approval of the Trustee, the Manager may borrow for any purpose set out above up to the limit of 50% of the net asset value of the Fund.

The total amount of borrowing and any change to the level of the maximum borrowing permitted by the Manager will be disclosed to the Unitholders in the Annual Report.

Investment Restrictions

The Fund will maintain a suitable spread between different types of property and geographical location. Importance will be attached to location, standard of construction and quality of covenant with lease terms preferably embodying upwards only rent reviews at intervals of not more than five years.

An 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.

Leverage (as defined by the AIFMD Legislation)

This section explains in what circumstances and how the Manager may use leverage as defined by AIFMD Legislation in respect of the Fund and the maximum level of leverage permitted.

Leverage means any method by which the Fund increases its exposure whether through borrowing cash or securities or any other means. The sources of Leverage which can be used when managing the Fund include:

- cash borrowing.

Leverage will be used to purchase direct property and may also be used to meet redemption requests when appropriate.

The Manager is required to calculate and monitor the level of leverage of the Fund. Leverage is expressed as a ratio between the exposure of the Fund and the Fund's net asset value (Exposure/NAV). The exposure of the Fund shall be calculated in accordance with the commitment method (Commitment Method) and the gross method (Gross Method), as set out below.

Under the Gross Method, the exposure of the Fund is calculated as follows:

- 1 include the sum of all assets purchased, plus the absolute value of all liabilities;
- 2 exclude the value of cash and cash equivalents which are highly liquid investments held in the base currency of the Fund, that are:
 - readily convertible to a known amount of cash;
 - are subject to an insignificant risk of change in value; and
 - provide a return no greater than the rate of a three-month high quality government bond;
- 3 derivative instruments are converted into the equivalent position in their underlying assets;
- 4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- 5 include exposure resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of the cash borrowed;
- 6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Under the Commitment Method, the exposure of the Fund is calculated in the same way as under the Gross Method; however, the exposure of derivative or security positions

employed in hedging and netting arrangements are not included in this calculation, provided certain conditions are met. These conditions aim to ensure that only those trades which offset the risks linked to other trades, leaving no material residual risk, are taken into account.

The maximum level of leverage permitted in respect of the Fund is the same regardless of which calculation method is used as no derivative instruments are used in the Fund;
Gross Method: 2.00.

Commitment Method: 2.00.

Further information regarding these different Leverage calculation methods can be found in AIFMD Legislation and the Risk Management Process Document, which is available upon request from the Manager. The total amount of Leverage employed by the Fund will be disclosed in the Fund's Annual Report.

It is not intended that the Depositary or any sub-custodian shall be entitled to re-use for its own benefit and of the Fund's Property it has been entrusted with.

Risks associated with Leverage

The risks associated with Leverage are that a failure by the Fund to perform its obligations under the terms of any loan would permit the lenders to demand early repayment of the finance and to realise any security they have over the Fund's assets.

The Trustee

The Trustee is the trustee of the Fund under the Scheme. The Trustee is a company incorporated under the Companies Act 1948, limited by guarantee and not having a share capital. The Trustee is managed through a Council, the current members of which are detailed in Appendix 1.

The Exemption Order provides that the Trustee of the Fund is exempt from the general prohibition imposed by section 19 of FSMA 2000 in respect of operating a collective investment scheme. In consequence, the Trustee and its members are not required to be authorised by the FCA or the PRA.

The Trustee is controlled by members and officers appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers' Superannuation Committee and by the Trustee to represent Unitholders.

The Trustee is responsible, for among other things, the custody and control of the Fund Property.

The Manager

CCLA Fund Managers Limited is the appointed AIFM of the Fund. The Manager is a limited liability company incorporated in England and Wales, whose address and details are shown in Appendix 1 of this document.

The Manager is authorised and regulated by the Financial Conduct Authority in the conduct

of investment business in the United Kingdom and is entered on the FCA's register under number 611707. The Manager has permission from the FCA to act as a full scope AIFM. The only business activity of the Manager is the management of AIFs as an AIFM. The ultimate holding company of the Manager is CCLA Investment Management Limited, a company incorporated in England and Wales.

The Manager is appointed by the Trustee as the AIFM of the Fund and is responsible for the investment management of the Fund, which includes portfolio management and risk management, and the administration and marketing of the Fund. The Manager's appointment may be terminated by the Trustee serving written notice on the Manager.

Subject to the FCA Regulations and AIFMD Legislation the Manager may delegate (and authorise its delegate to sub-delegate) its duties as AIFM. Under such authority the Manager has delegated the portfolio management of the Fund Property and the administration of the Fund to the Investment Manager and the Administrator under the Investment Management Agreement.

Duties of the Manager

The Manager is responsible for all the investment management and administration services in relation to the Fund. These are:

- the day-to-day management of the Fund including power to buy and sell investments and to operate bank accounts and to borrow;
- the preparation of any valuations or other calculations set out in this Scheme Information;
- the receipt of contributions and the satisfaction of withdrawals;
- the decision as to whether any particular asset is to be accepted as a contribution;
- the keeping of such accounts as the Trustee may require;
- company secretarial services to the Trustee; and
- any matters incidental to the above matters.

The Manager is also responsible for the risk management of the Fund.

No warranty is given by the Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objectives of the Fund will be successfully accomplished.

Investment Manager

The Investment Manager is CCLA Investment Management Limited, a limited liability company registered in England, company No. 2183088. The Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of its investment business and has permission that covers the provision of investment advice to a Local Authority about Units in the Fund. The management of the properties held by the Fund itself is outside the scope of FSMA 2000.

The Investment Manager has been appointed by the Manager under the Investment Management Agreement to manage the Fund Property.

The Administrator

The Manager has appointed the Administrator to carry out certain administrative tasks including the preparation of valuation and other reports together with marketing activities on behalf of the Fund. The Administrator has been appointed under the Investment Management Agreement with the Manager and the Manager meets the fees of the Administrator from the Annual Management Charge.

The Administrator provides the Manager with all administrative services necessary for the management of the Fund. These include:

- the valuation of the Fund Property in conjunction with an appointed External Property Valuer;
- the issue and redemption of Units in the Funds; and
- the payment of dividends and the maintenance of the accounts of the Fund.

The Fund operates on a financial year to 31 March.

The Depositary

Pursuant to the Depositary Services Agreement and for the purposes of and in compliance with the AIFMD Legislation and the relevant FCA Regulations, the Depositary has been appointed as depositary to the Fund.

The Depositary is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc. The Depositary's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Depositary is the provision of financial services, including trustee and depositary services. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

The Depositary provides services to the Fund as set out in the Depositary Services Agreement and, in doing so, shall comply with the AIFMD Legislation, the OEIC Regulations and the relevant FCA Regulations.

The Depositary's duties include the following: -

- Ensuring that the Fund's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units have been received.
- Safekeeping the assets of the Fund, which includes (i) holding in custody all financial instruments that can be physically delivered to the Depositary; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- Ensuring that issues, redemptions and cancellations of Units are carried out in accordance with applicable law and the relevant FCA Regulations.
- Ensuring that the value of Units is calculated in accordance with applicable law and the relevant FCA Regulations.
- Carrying out the instructions of the Manager, unless they conflict with applicable law and the relevant FCA Regulations.
- Ensuring that in transactions involving the Fund's assets, any consideration is remitted to the Fund within the usual time limits.

- Ensuring that the Fund's income is applied in accordance with applicable law and the relevant FCA Regulations.

The appointment of the Depositary under the Depositary Services Agreement may be terminated without cause by not less than 90 days' written notice provided that the Depositary Services Agreement does not terminate until a replacement Depositary has been appointed.

The Depositary may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement.

Unitholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.

In general, the Depositary is liable for losses suffered by the Fund as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Depositary will be liable to the Fund for the loss of financial instruments of the Fund which are held in its custody. The Depositary will not be indemnified out of the Fund Property for the loss of financial instruments where it is so liable.

The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party save where this liability has been lawfully discharged to a delegate any such discharge will be notified to the Unitholders and consent will be obtained from the Manager to such delegation and discharge. At the date of this Scheme Information, the Depositary has not discharged its liability for the safekeeping of assets in its safekeeping.

The Depositary will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss.

In the event there are any changes to the Depositary's liability under the AIFMD Legislation and the relevant FCA Regulations, the Manager will inform Unitholders of such changes without delay.

Depositary Conflicts of Interest

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to the Fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to the Fund. The Depositary maintains a conflict of interest policy to address this.

In addition, actual or potential conflicts of interest may also arise between the Fund, the Unitholders or the Manager on the one hand and the Depositary on the other hand. For example, such actual or potential conflict may arise because the Depositary is part of a legal

entity or is related to a legal entity which provides other products or services to the Fund or the Manager and from which fees and profits in relation to the provision of those products or services may arise and from which the Depositary may benefit directly or indirectly. In addition, the Depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Fund, or may have other clients whose interests may conflict with those of the Fund, the Unitholders or the Manager.

In particular, HSBC Bank plc may provide foreign exchange services to the Fund for which they are remunerated out of the Fund Property. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of the Fund; provide broking services to the Fund and/or to other funds or companies; act as financial adviser, banker, derivatives counterparty or otherwise provide services to the issuer of the investments of the Fund; act in the same transaction as agent for more than one client; have a material interest in the issue of the investments of the Fund; or earn profits from or have a financial or business interest in any of these activities.

The Depositary will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Fund than if the conflict or potential conflict had not existed.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary's issues to be properly identified, managed and monitored.

Title Documents to Fund Property

The Trustee has appointed Hogan Lovells International LLP and DLA Piper (for Scottish Properties) to hold in safe custody the deeds, leases and other documents relating to the Fund Property. The Trustee may review these arrangements from time to time.

Registrar

The Registrar has been appointed to provide registrar services for the Fund and to operate the Fund's Register.

Unitholders' Rights against Service Providers

It should be noted that Unitholders will only be able to exercise their rights directly against the Fund and the Manager and that Unitholders will not have any direct contractual rights against the service providers of the Fund appointed from time to time.

This is without prejudice to any right a Unitholder may have to bring a claim against an FCA authorised service provider, the Manager, the Investment Manager or the Depositary under Section 138D of the FSMA 2000 (as a result of a breach of the FCA Regulations by such service provider, the Manager, the Investment Manager or the Depositary), or any tortious or contractual cause of action.

Units of the Fund

The Fund issues Units which pay dividends quarterly.

Eligible Contributors

Units of the Fund can only be issued to and owned by Local Authorities in England, Wales, Scotland and Northern Ireland which are entitled to receive distributions from the Fund gross of tax. The Manager is required under Money Laundering Regulations to satisfy itself as to the identity of participants (please see section headed Anti-Money Laundering Requirements below).

Any Local Authority applying to participate in the Fund is required to give a declaration of eligibility to participate in the Fund and an indemnity to the Fund for any liabilities arising from such Local Authority's ineligibility to participate in the Fund. The Trustee will require evidence of the Local Authority's eligibility to invest in the Fund and may defer the issue of Units in the Fund until such time as the eligibility of the Local Authority has been confirmed.

Under the Scheme the Trustee has the discretion to refuse to accept any contribution or to refuse to accept any particular asset by way of contribution.

Inducements

In accordance with the Regulatory Rules, the Manager when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the Fund must not accept and retain any fees, commission or monetary benefits from a third party (**Third Party Payments**). If the Manager receives any Third Party Payments, the Manager will return the Third Party Payments to the Fund as soon as reasonably possible and will inform Unitholders of the amount received which will be set out in the Annual Reports.

The Manager must not accept any non-monetary benefits when executing orders or placing orders with other entities for execution in relation to financial instruments on behalf of the Fund, except those which are capable of enhancing the quality of the service provided to the Fund, and which are of a scale and nature such that they could not be judged to impair the Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Fund.

Research

Certain brokers provide research services to the Investment Manager, which the Investment Manager pays for out of its own resources. This research is used by the Investment Manager in its fund management process.

Anti-Money Laundering

The Manager is required by law to maintain procedures to combat money laundering. In order to implement these procedures, proof of identity may sometimes be required either when buying or when selling Units from time to time, even of existing Unitholders. We may freeze or return your investments and/or subscription amounts unless or until the necessary evidence of identity can be obtained. In the case where Units are being sold, the remittance of proceeds may be delayed until proof of identity has been obtained. Electronic identity checks may be undertaken on the persons named within the application form.

Telephone and electronic communications

The Manager, in accordance with the Regulatory Rules, must take all reasonable steps to record telephone conversations and keep a copy of electronic communications where such conversations and communications relate to activities in financial instruments as required by the FCA Regulations.

Ceasing to Satisfy Unitholder Eligibility Requirements

If, at any time, a Unitholder:

- ceases to qualify as eligible to be an investor in the Fund: or
- suffers a change in circumstances or is in breach of any applicable law or government rule or regulation which may affect its ability to remain invested in the Fund:

the Unitholder must inform the Manager of this fact promptly and must redeem their Units.

At the time the Manager becomes aware or has reasonable grounds to suspect that the Unitholder has ceased to qualify as eligible to invest in the Fund, the Unitholder will be deemed to have submitted an application for the redemption of all of the Units held by the Unitholder in the Fund and the notice period for redemptions will be deemed to have been served. Where a Unitholder delays in informing the Manager that it has ceased to be or may no longer be eligible to remain invested in the Fund, the Manager will deem the request to redeem the Units in the Fund as being made on the date on which the Unitholder's circumstances changed.

The Unitholder:

- undertakes to indemnify the Fund (on the written demand of the Manager) against all losses suffered by the Fund (including, without limitation, any assessment for income or capital gains tax or any other tax to which the Fund would not have been assessed had the Unitholder remained eligible, and all costs and expenses including professional fees incurred in connection with such assessment) as a consequence of the ineligibility of the Unitholder; and
- agrees that any proceeds of sale in relation to the redemption of Units set out above may be retained by the Manager in order to satisfy any losses suffered by the Fund (including, without limitation, any assessment for tax on capital gains tax or income tax or any other tax to which the Fund would not have been assessed had the Unitholder remained eligible, and all costs and expenses including professional fees incurred in connection with such assessment) as a result of the Unitholder ceasing to qualify as eligible to invest in the Fund.

Such losses covered by the indemnity or the retained proceeds of sale may include but shall not be limited to:

- any assessment for tax or capital gains tax or any other tax to which the Fund would not have been assessed had the Unitholder remained eligible to invest in the Fund;
- any distributions paid out to or settled in respect of the Unitholder's Units after the date on which the Unitholder ceased to be eligible to remain invested in the Fund; and
- all costs and expenses including professional fees incurred in connection with such assessment.

The Unitholder will, on the written request of the Manager, irrevocably appoint one or more of the directors of the Manager as its true and lawful attorney to execute all instruments and other documentation required to effect the redemption of the Units of the Unitholder. The Unitholder agrees to ratify all and any acts of the attorney.

If at the time the request to redeem Units is submitted (or is deemed to have been submitted) to the Manager, the Manager has received instructions to sell Units from one or more other Unitholders, the sale of the Units held by a Unitholder who has ceased to be eligible to remain invested in the Fund will be sold in priority to all other sale requests in the queue.

Where an event occurs during a period of notice that results in a Unitholder ceasing to be eligible to remain invested in the Fund, the Unitholder's rights to accrued income will be apportioned according to the date on which the event occurred that triggered the ineligibility.

In the event that dealings in the Fund are suspended any deemed or actual instructions for the compulsory sale of Units will not be frozen. In such circumstances the relevant Units will be cancelled and the Manager will make an appropriate provision for the sale proceeds due to the affected Unitholder.

The redemption proceeds will be calculated at the Valuation Date after the request to redeem has been submitted (or is deemed to have been submitted) or, where dealings in the Fund have been suspended, following the lifting of the suspension and will be paid to the Unitholder within four business days after the Valuation Date on which the Units are redeemed.

Issue and Redemption of Units

Instructions for the issue or redemption of Units must be made in writing to the Manager at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

Purchases of Units can be made on any Valuation Date, sales of Units are subject to a notice period (see Notice to Redeem paragraph below).

Application monies paid by cheque should be drawn on an EEA (European Economic Area) banking institution and made payable to The Local Authorities' Property Fund. They must be received by the Manager not later than 5.00pm on the business day prior to the Valuation Date. Application monies so received will not earn interest and will be paid into a Fund bank account. Cheques made payable to CCLA Investment Management Limited or CCLA Fund Managers Limited will be returned.

Contract notes will normally be dispatched by close of business on the next business day after the issue of the Units. The contract note will show inter alia, the number of Units and the issue or redemption price. Units will be issued to the nearest round number.

Except during periods of temporary suspension, the Manager will accept orders for the redemption of Units on any business day between 9.00am and 5.00pm.

Redemption instructions must be received by 5.00pm on a business day. Redemption

instructions, once received by the Manager, are irrevocable and cannot be withdrawn. Cheques in respect of redemption of Units are issued within four business days after the Valuation Date on which the Units are redeemed.

Subject to the paragraphs below regarding Deferral of Redemptions and Suspension of Dealing, requests to sell Units will be dealt with on the first Valuation Date after expiry of the required notice period (see Notice to Redeem paragraph below).

If a delay is imposed, proceeds of Units redeemed (or the cost of Units issued) will be calculated on the Valuation Date when the Units can be redeemed (or issued) by the Fund and not on the Valuation Date when notice is received.

Notice to Redeem

Except in the circumstances below, Units are redeemable at the option of a Unitholder on a Valuation Date, upon at least 90 calendar days' prior written notice to the Manager. Redemption instructions, once received by the Manager, are irrevocable and cannot be withdrawn.

For the good management of the Fund and in the interest of Unitholders, the Manager may, at its discretion, extend the period of notice to up to 6 months to allow for the orderly disposal of properties held within the Fund. In the event that the notice period is extended, all Unitholders will be notified in writing.

The Unitholders will receive the price ruling as at the Valuation Date on which the redemption is processed.

Deferral of Redemptions

If on a Valuation Date the Manager considers that there is insufficient liquidity in the Fund to meet instructions to redeem Units, the Manager may delay, in whole or part, the redemption instructions for such period of time as the Manager considers appropriate. Where a request for the redemption of Units is deferred the Manager will inform the Unitholders in writing of the number of their Units that have not yet been processed. To the extent that instructions to redeem are not processed in full in respect of the relevant Valuation Date the instructions to redeem will be treated as being made again in respect of each subsequent Valuation Date until all the deferred redemption instructions have been completed in full. The Unit price for a deferred redemption will be the Unit price calculated at the Valuation Date on which the redemption instruction is honoured.

If the Manager delays the processing of any instructions to redeem, for whatever reason, then the redemption instructions will be placed in a queue and will be acted on in the following order:

- I. any compulsory redemption instructions (whether in whole or part) will take priority in the sale queue and will be acted on in advance of any other redemption instructions irrespective of when the other redemption instructions were received by the Manager;
- II. those applications for the redemption of Units first made in respect of an earlier Valuation Date will be dealt with in priority to those first made in respect of a later Valuation Date;
- III. without prejudice to (ii) above all applications for the redemption of Units made in

respect of a particular Valuation Date shall be ranked and treated equally in priority, irrespective of the time such applications for the redemption of Units were actually received by the Manager in respect of that Valuation Date;

- IV. the Manager can accept in part an application for the redemption of Units and, in the event that it does so, such application for redemption of Units (and any other applications for redemption of Units which are to be treated *pari passu* with it) shall be redeemed in proportion and *pro rata*;
- V. in the event that dealings in the Fund are suspended for any reason, the queue of redemption instructions will be frozen until the suspension is lifted. After the suspension has been lifted the Manager shall process redemption instructions in accordance with the provisions set out in this Scheme Information; and
- VI. in the event that a decision has been made to wind-up the Fund any redemption instructions which have been deferred will be acted on in priority to the deemed redemption requests that arise as a result of the decision to wind-up the Fund.

Where a request for the redemption of Units is deferred the Manager will inform Unitholders in writing of the number of their Units that have not yet been processed. Other than in the case of a compulsory redemption instruction, a Unitholder may, by notice in writing to the Manager, cancel the whole or part of a sale instruction that has been deferred and is in a queue to be processed. Any cancellation request will be binding on the Unitholder and any subsequent request to redeem Units will be treated as a new request to redeem Units.

In the event that the Manager delays the Valuation Date of the Fund on the basis that there is insufficient liquidity in the Fund to meet the sale instructions the Manager will, without disadvantaging the remaining Unitholders in the Fund, concurrently take all necessary steps to liquidate assets in the Fund to meet the instructions to redeem Units.

Suspension of Dealings

Suspension in exceptional circumstances

The Manager may, with the prior agreement of the Trustee, and shall if the Trustee so requires, temporarily suspend the issue, cancellation, buying and redemption of Units in the Fund if the Manager or the Trustee is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the best interests of the Unitholders. During a period of suspension no Units may be bought or redeemed in the Fund.

The Manager will notify the Unitholders in writing of the suspension as soon as reasonably practicable after the suspension commences. The Manager will review the grounds for the suspension every 28 days to ensure that the suspension only continues for so long as it is justified having regard to the interests of the Unitholders. Unitholders will be informed of the outcome of this review.

Suspension during periods of material valuation uncertainty

The Manager with the agreement of the Trustee may temporarily suspend the issue, cancellation, buying and selling of Units in the Fund where the External Property Valuer has expressed material uncertainty about the value of one or more immoveables under

management, and that material uncertainty applies to at least 20% of the value of the property of the Fund.

Alternatively, dealing in Units may continue during a period of material valuation uncertainty where the Manager and the Trustee agree that dealing should continue and the Manager and the Trustee have a reasonable basis (not solely reliant on a fair value price adjustment) for determining that the suspension of the Fund would not be in the best interests of the Unitholders in the Fund.

The Manager and the Trustee may agree to resume dealings in Units as soon as reasonably practicable after the External Property Valuer's material uncertainty assessment applies to less than 20% of the value of the property of the Fund.

Pricing after a suspension

Once the suspension has been lifted the Manager expects Units to be priced at the next Valuation Date.

Compulsory sales of Units during periods of suspension

During a period of suspension any application for the compulsory sale of Units will not be frozen. The Units will be cancelled and the Fund will maintain and hold a suitable provision for the amount due to the redeeming Unitholder. The sale proceeds will be calculated using the Unit price at the next Valuation Date after the suspension has been lifted.

Application to sell Units during periods of suspension

If dealing in the Fund is suspended for any reason, any application to redeem Units (other than for Units which are being compulsorily redeemed) will be frozen until such time as the suspension of dealing is lifted. After the suspension has been lifted the Manager shall process redemption instructions in accordance with the provisions set out in this Scheme Information.

Trustee's Refusal to Issue or Cancel Units

The Trustee has the power to refuse to issue or cancel Units where:

- the Trustee believes it is appropriate to do so;
- the Trustee considers that there may be an issue with the Manager's ability or competence to continue as the Manager of the Fund; or
- on receipt of instructions from the Manager to issue or cancel Units, the Trustee believes:
 - I. such action would result in a breach of law or regulation;
 - II. the potential investor may be ineligible for the Fund;
 - III. there may be potential detriment to the Fund; or
 - IV. it is not in the interests of Unitholders that:
 - Units should be issued; or
 - Units should be cancelled; or
 - Units should be issued or cancelled in the number requested by the Manager.

In all the cases where the Trustee refuses to issue or cancel Units the Trustee must give notice to the Manager that the Trustee refuses to issue or, as the case may be, cancel, all, or

a specified number of, the Units.

On giving such a notice the Trustee is relieved of the obligation to issue or cancel the number of Units to which the notice relates.

Minimum Investment

The minimum sum that can be invested initially is £25,000. Thereafter additions to unitholdings can be made of £10,000 or above.

Registration of Units

Units are registered in the name of the Local Authority or in recognised bank nominee names under a designated account. No certificates are issued and the Register is the definitive evidence of title. The Units have no par value and entitle the Unitholder to a proportionate interest in the Fund. Units cannot be assigned or transferred except from one Local Authority to another subject to the payment of Stamp Duty Reserve Tax payable by the Trustee and recharged to the purchaser. The number of Units held will be certified on written request for audit or other purposes.

Secondary Market Units

From time to time the Manager may become aware of opportunities for Unitholders to trade Units other than via the Manager (the Secondary Market). In which case and at its discretion the Manager may, but is not obliged to, inform other Unitholders and or other Local Authorities.

This can enable investors to transfer holdings on terms set between themselves. The investors should instruct the Registrar to amend the Register to record the transfer of the Units to the new Unitholder.

Local Authorities should note that the Manager does not make a market and, therefore, may not be aware of every opportunity that exists to trade on the secondary market.

Exchanging Existing Property for Units and In-Specie Redemptions

The Fund may consider accepting existing properties in exchange for Units of the Fund. However, the Manager may do so but only if it is judged to be in the best interests of existing Unitholders of the Fund and on the basis of an independent professional valuation at the expense of the Unitholder. If accepted, the exchange would be made at the open market value of the property at the net asset value of the Units issued. The Manager has absolute discretion as to which properties it will accept.

Where a Unitholder makes an application to redeem or cancel Units the Manager may, with the agreement of the Trustee and in consultation with the redeeming Unitholder, arrange to transfer Fund Property out of the Fund in place of payment in cash for the Units, but only if it is judged by the Manager not to disadvantage the remaining Unitholders. The value of the Fund Property being transferred out of the Fund in place of cash will be determined by the Manager by reference to the value of the Fund Property at the most recent Valuation Date, unless the Manager, after consultation with the Trustee, considers it to be desirable to carry out an additional valuation. If accepted, the exchange will be made at the value of the Fund Property being transferred out, calculated in accordance with this paragraph and the net asset value of the Units being redeemed, plus any applicable costs (for example, the costs

of conveyance).

In general, the costs of the conveyance shall be borne by the Unitholder by:

- deduction from the value of the property where a property is being exchanged for Units; or
- addition to the value of the Fund Property being transferred out where Units are being redeemed in exchange for Fund Property.

Such costs will include valuation and legal costs and disbursements of the Unitholder and the Fund. If the costs of conveyance together with the value of the Fund Property being transferred out of the Fund exceed the net asset value of the Units held by the Unitholder, the Unitholder will make a payment in cash to the Fund for the difference. However, the Manager (acting in consultation with the Trustee) may agree at its discretion to contribute towards the costs of the conveyance (including but not limited to legal and valuation costs) where the Manager believes it is in the interests of the Fund to do so. The Manager has absolute discretion as to which direct property it will accept into or transfer out of the Fund.

Risk Factors

General risks

Past performance is not a reliable indicator of future results. The price of Units and income from them may fall as well as rise and a Unitholder may not recover the full amount invested. There can be no assurance that the Fund will achieve its investment objective or that a Unitholder will recover the full amount invested in the Fund. The capital return and income of the Fund is based on the capital appreciation and income on the Fund Property it holds, less expenses incurred. Therefore, the Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income.

The Fund is permitted to borrow up to 50% of the value of the Fund in order to purchase direct properties. A failure by the Fund to perform its obligations under the terms of any such loan would permit the lenders to demand early repayment of the finance and to realise any security they have over the Fund's Property. Borrowing also increases risk by magnifying capital and income performance, gains and losses. The Fund may also be affected either directly or indirectly by changes in interest rates to the extent that this affects any borrowings, or, the property market generally.

Diversification risk

The Fund is invested in direct property and assumes the property related risks outlined under 'Direct Property Risks'. The Fund invests in UK properties only and as such is not as diversified as if it were invested across several asset classes and/or several geographical locations. Any change in legal, tax or regulatory requirements affecting the Fund or its investments may be amplified by this lack of diversification.

Liquidity risk

The liquidity of an investment is generally considered to be a measure of how quickly it can be converted into cash without impacting its value while the liquidity of a fund is considered to be the ability to fulfil redemption requests without a price discount to the assets that are sold to meet that request.

Direct property is an illiquid investment relative to other asset classes (such as equities or bonds). Assets that comprise real property take time to sell, and when market conditions are uncertain, it can be even more difficult to find a buyer than in normal market conditions which can impact on a property's price.

Liquidity risks may crystallise due to a number of events. For example, liquidity risks may crystallise when investors wish to redeem their Units before they fall in price during times of market stress or uncertainty. Liquidity risks may also crystallise in circumstances where a Unitholder with significant holdings in the Fund seeks to redeem all or a substantial portion of its holdings with the effect that a number of assets in the Fund need to be sold to meet the redemption request, which may take some time to sell.

The Units are intended only for long-term investment and are not suitable for money to be spent in the near future. Investments are realisable on each monthly Valuation Date but redemptions are subject to a 90 day period of notice, which may be increased to up to six months in accordance with the provisions of this Scheme Information.

Notice Period

Redemptions are subject to a 90 day notice period, which can be increased to six months (as set out in this Scheme Information). Unitholders should be aware that they may not be able to redeem their Units as quickly as they would like to, and that this may have an impact on the price they receive on redemption and may consequently impact the Unitholder's own liquidity.

Suspension and Deferral risk

In certain circumstances, the rights for Unitholders to redeem Units may be suspended, as further set out in this Scheme Information. Unitholders should note that where a suspension is implemented, they may not be able to redeem their Units as quickly as they would like to, and that this may have an impact on the price they receive on redemption and may consequently impact the Unitholder's own liquidity.

The Manager is able to defer redemptions of Units (in whole or part) where the Manager considers that there is insufficient liquidity in the Fund to meet instructions to sell Units, for such period of time as the Manager considers appropriate. Unitholders should note that where deferral is applied they may not be able to redeem their Units as quickly as they would like to, and that this may have an impact on the price they receive on redemption and may impact the Unitholder's own liquidity.

Risk associated with investment in other collective investment schemes

The Fund may invest in one or more collective investment schemes including schemes that are managed by the Manager or affiliated companies. In some cases these collective investment schemes may be unregulated. Other collective investment schemes may be illiquid and will likely be exposed to the same risks as the Fund and as described elsewhere in this document.

Credit risk

The Fund may have a credit risk on the issuer of debt securities or deposits in which it invests which will vary depending on the issuer's ability to make principal and interest payments on the obligation.

The Fund may also have credit risk on the parties with which it trades. For example, if a trading party becomes insolvent or bankrupt or defaults in some way, the Fund may experience delays in liquidating the underlying assets and the securities' value may decrease.

Direct Property Risks**Pricing and Liquidity**

There is a risk that the price at which an asset in the Fund is valued may not be realisable in the event of a sale. This could be due to a lack of liquidity in the market. It may also be due to a mis-estimation of the asset's value. Where this occurs, the Manager may decide to postpone selling investments as to do so may have a material adverse impact on the value of the Units.

Valuation

Property and property related assets are inherently difficult to value because of the individual nature of each property. For example, a property's value may be affected by: (i) its location (noting that the desirability of an area may change over time), (ii) the characteristics of the building (wear and tear and advances in technology or tenant's requirements may render a building unattractive over time), the length of a lease and creditworthiness of a tenant. 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 a valuation point.

Property Market

The value of property could adversely be affected by a downturn in the property market in terms of capital value or a weakening of rental yields. The income received is dependent to a large extent upon the occupancy levels of any property and the rents paid by the tenants. Rental revenues and property values are affected by changes in the general economic climate and local conditions. Property values are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant creditworthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

Planning laws

The value of properties can also be negatively impacted by changes in planning laws.

Counterparty risk

Additional risks may arise in the event that there is a failure by a counterparty to perform its obligations under a contract or other agreement (including failure arising from the insolvency of a tenant of a property).

Liability risk

Property ownership assumes associated risks including, without limitation, environmental and third-party liability risk the value of which may exceed the value of the property itself.

Risk Management Process and Liquidity Management

The Manager employs a risk management process, including the use of appropriate stress-testing procedures, which enables it to identify measure, manage and monitor at any time the relevant risks of the positions to which the Fund is or may be exposed and their contribution to the overall risk profile of the Fund.

The Manager maintains a liquidity management process to monitor the liquidity risk of the Fund, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions.

The liquidity management systems and procedures allow the Manager to apply various tools and arrangements necessary to ensure that the Fund is sufficiently liquid to respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in this Scheme Information.

Other arrangements may also be used in response to redemption requests, including, in extreme cases, temporary suspension which, if activated, will restrict the redemption rights investors benefit from in normal circumstances as set out in this Scheme Information.

Responsible Property Investment

The Fund is managed in line with the Manager's Responsible Property Investment Policy. This integrates material environmental, social and governance issues into the investment process including pre-purchase due diligence and the ongoing management of properties in the Fund. Copies of the policy are available on request.

The Manager is a signatory to the United Nations backed Principles for Responsible Investment (PRI). The annual PRI assessment is available on the Manager's website.

Valuations

The Fund is valued monthly on the Valuation Date for the issue and redemption of Units and the value of the Fund shall be the value of its assets, including capital cash, less the value of its liabilities. The valuation of Fund property is determined as follows;

Units in a collective investment scheme – if the scheme is single priced then that price will be used. If the scheme is dual priced the mid-market price will be used.

Direct Property – an External Property Valuer is responsible for providing property values for the Fund. All properties are valued at every month end at Open Market Valuation in accordance with the Red Book of the Royal Institute of Chartered Surveyors. Additions to the portfolio are valued externally after acquisition.

Exchange traded securities – at mid-market prices at the Valuation Date.

Other assets – all other assets at a value which, in the opinion of the Manager, represents a fair and reasonable value based on independent inputs.

To calculate the issue and redemption price (offer and bid prices) of the Units the net capital asset value of the Fund shall be divided by the number of Units in issue. The Trustee may increase the issue price by such a surcharge and reduce the redemption price by such a deduction as in either case it may think fit with a view to protecting the Unitholders of subsisting Units from being adversely affected in respect of the values of the Units by the effects of contributions and/or withdrawals. The Trustee may vary the amount of the surcharge or deduction at any time.

Publication of Prices

The Fund's Unit price is published on the CCLA website.

Management Charges

Fees

The Manager is entitled to its pro rata fees and expenses as detailed in this Scheme Information to the date of termination of its appointment as Manager of the Fund and any additional expenses necessarily incurred in settling or realising any outstanding obligations. The Manager shall be responsible for paying the fees of the Investment Manager and the Administrator. These fees will be met from the Annual Management Charge.

Annual Management Charge

The Manager makes an annual charge on the assets of the Fund at a fixed rate of 0.65% per annum (plus VAT if applicable and if any). The Annual Management Charge is based on the valuation of the Fund on the last day of the preceding month. The charge accrues daily and is deducted from the income of the Fund on the last business day of each month. The Manager makes no charge in respect of transactions carried out by the Fund.

Preliminary Charge

The Manager makes no preliminary charge on the issue of Units.

Depositary Fees, Charges and Expenses

The Depositary is entitled to a periodic fee which is agreed between the Manager, the Depositary and the Trustee. The Depositary is paid an annual fee of £15,000. This is charged to the Fund and paid on a monthly basis.

Costs and Expenses

The following expenses incurred for the Fund shall be paid either directly by the Fund or by the Trustees and recharged to the Fund:

- legal and other costs associated with obtaining and maintaining any authorisation or registration of the Fund;
- any governmental duties payable in respect of the issue of the Fund's Units;
- cost of property transactions including, but not limited to, stamp duty, agents and survey fees
- External Property Valuer's fees;
- legal fees;
- professional and agency fees;

- audit fees;
- bank charges;
- any rates, taxes, insurance premiums, costs of security, maintenance and repairs and other costs and service charges related to specific properties which cannot be recovered;
- the fee of any external property adviser;
- cost of liability insurance for the Trustee;
- costs incurred in respect of Unitholder meetings or in modifying the constitution of the Fund; and
- such other fees or expenses as may from time to time be agreed with the Trustee.

Taxation

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

This is our understanding of the tax position as at the date of this Scheme Information. The tax position may change in the future. Investors should obtain their own tax advice in respect of their own position.

FATCA

The UK International Tax Compliance (United States of America) Regulations 2014 (the UK Regulations) came into force on 30 June 2014 and implement the "Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America to improve International Tax Compliance and to implement FATCA" (commonly known as FATCA). Under UK Regulations, Financial Institutions must identify all reportable accounts and establish the tax residency of all account holders not just in respect of US persons. More background on how FATCA has been implemented in the UK can be found in HMRC's Guidance Notes at <https://www.gov.uk/government/publications/uk-us-automatic-exchange-of-information-agreement/uk-us-automatic-exchange-of-information-agreement>.

In order to comply with the UK Regulations, the Manager may be required to collect certain information about each Unitholder's tax residence(s), and determine whether it is obliged to submit certain account information to UK tax authorities, who may pass it on to other tax authorities.

Unitholders may also be asked to provide additional information to the Manager to enable the Fund to satisfy its obligations. Institutional Unitholders may be required to provide a Global Intermediary Identifications Number (GIIN). Failure to provide requested information may subject a Unitholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Unitholder's interest in its Units. The GIIN for the Fund is available on request.

By signing the application form to subscribe for Units, each Unitholder agrees and acknowledges that, in certain circumstances, the Manager will be obliged to share this information with UK tax authorities, who may pass it on to other tax authorities. Unitholders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their interest in the Fund.

Dividends

Dividends are paid quarterly to a nominated bank account in respect of the three months to the end of June, September, December and March. They are paid one month after each quarter end. Income is calculated as income receivable by the Fund whether already received or not, less any costs and expenses accrued to date. Income is allocated to Unitholders monthly but is not included in the Unit price.

Regular Statements

Statements of Units, management expenses and dividends paid are provided as at 30 September and 31 March.

The Manager reserves the right to charge reasonable expenses in relation to printing and postage of any additional documentation required by a Unitholder.

Accounts of the Fund

The report and accounts of the Fund are prepared at 30 September and 31 March, being the half year and year ends respectively.

The Annual Report, in addition to the regular statements detailed above includes, amongst other things, information on the Fund's;

- assets and liabilities (including the percentage of the Fund Property that is subject to special arrangements arising from its illiquid nature);
- income and expenditure;
- total amount of leverage employed;
- activities of the financial year; and
- risk profile.

The Annual Report will also include details of:

- the Manager's risk management systems;
- details of any changes to the Fund's liquidity management;
- the remuneration paid by the Manager to its staff;
- any material changes to the information in the Scheme Information;
- any change to the Fund's use of leverage, including the maximum level of Leverage the Fund may employ; and
- any further disclosures required by AIFMD.

All accounts are audited. The Manager will make available, free of charge on its website (www.ccla.co.uk) the Fund's Annual Report and Accounts for the period to 31 March (the accounting reference date) and half year report and accounts for the period to 30 September (the interim accounting date).

Fair Treatment of Unitholders

The Manager has established policies and procedures and made arrangements to ensure the fair treatment of Unitholders. Such arrangements include, but are not limited to, ensuring that no one or more Unitholders are given preferential treatment over any rights and obligations in relation to their investment in the Fund. All rights and obligations to Unitholders, including those related to subscription and redemption requests, are set out in this Scheme Information.

The Manager has established fair and transparent pricing models and valuation systems and procedures for the Fund Property and endeavours to ensure that there are no undue costs being charged to the Fund and the Unitholders.

The Manager has also established procedures to identify, manage and monitor conflicts of interest and, where applicable, disclose those conflicts of interest to prevent them from adversely affecting the interests of the Unitholders. The Manager has established a process for recognising and dealing with complaints fairly.

Material Interests

The Investment Manager operates a client relationship management service.

The Trustee owns approximately 14% of the share capital of the Investment Manager.

The Manager is a wholly-owned subsidiary of the Investment Manager.

Conflicts of Interest

The Manager, the Depositary, the Investment Manager and the Administrator are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest in the management of the Fund. In addition, the Fund may enter into transactions at arm's length with companies in the same group as the Manager.

The Depositary may, from time to time, act as depositary of other funds.

Each of the parties will, to the extent of their ability and in compliance with the FCA Regulations and AIFMD Legislation, ensure that the performance of their respective duties will not be impaired by any such involvement.

The Manager and the Investment Manager operate a Conflicts of Interest Policy (Policy) to ensure that their clients are fairly treated. The Policy seeks to avoid circumstances which they consider may give rise to potential conflicts of interest and materially disadvantage their clients. The Policy describes the controls and arrangements for preventing the Manager, the Investment Manager and their staff from:

- favouring one client over another;
- making a financial gain, or avoiding a financial loss, at the expense of the client;
- a member of staff being favoured over a client;
- providing to (or receiving from) a person other than the client, an inducement in relation to a service provided to the client, in the form of a financial interest; and
- favouring the Manager's or the Investment Manager's shareholders over a client.

Full details of the Policy are available on request and on the website www.ccla.co.uk.

Authority to Open and Operate an Account

The Manager is entitled to assume that the person(s) signing an application form to purchase the Fund's Units in a Local Authority's name are duly authorised. In the case of sales, money is only remitted to the Local Authority or its bank but not to third parties. Where instructions are received in respect of Units held in a nominee name, the written confirmation from the Local Authority may be required by the Manager.

Trustee Meetings

The Trustee and the Manager meet at least half yearly and the Trustee receives quarterly written reports from the Manager. The Trustee's property sub-committee meets each quarter with the Manager and Investment Manager.

Winding Up

The Trustee has the power to wind up the Fund in accordance with the Scheme.

Once the Trustee has specified the date on which the Fund is to be wound up the Manager shall no longer effect any applications for the purchase or redemption of Units. As soon as practicable after the Fund falls to be wound up the Fund Property will be realised and after paying the costs of winding up and all other liabilities properly payable out of the Fund Property the net Fund Property will be distributed to the Unitholders pro rata to the Units held by each Unitholder. The Manager has discretion to make in-specie redemptions in place of payments in cash.

Data Protection

The Manager is a data controller in accordance with the Data Protection Legislation and will hold personal data about each Unitholder's representatives (referred to below as "representatives") that has been supplied to the Manager (whether by the representative, a Unitholder or otherwise) as set out in CCLA's Privacy Notice. Each Unitholder agrees to ensure that the contact details and other personal data provided for it and its representatives to the Manager remains up to date at all times.

The Unitholder acknowledges that the Fund may invest in investment schemes operated and managed by the Manager and/or by third parties (referred to below as "investment schemes") and that the Manager may need to pass data, including personal data regarding the representatives, to those investment schemes. The Manager will not pass on any personal data to any other third party or permit the investment schemes to pass the personal data to third parties except: (i) where, in relation to the performance of its services to the Unitholder, the Manager (or the investment scheme) sub-contracts part of the services or any support services; (ii) as agreed by the Unitholder; or (iii) where required to do so for legal or regulatory purposes as set out in CCLA's Privacy Notice.

The Manager (and the investment schemes) may keep records of all business transactions for at least five years. Unitholders have a right to inspect copies of contract notes and entries in the Manager's books or computerised records relating to their transactions. Their representatives also have certain rights under applicable Data Protection Legislation, including the right to access copies of their personal data and change the permissions given in respect of the processing of it. The Manager will treat all Unitholders' records as confidential and so reserves the right to provide copies of the Unitholder/representative's particular record, rather than allow access to files which may contain information about other Unitholders. Requests to access the above records/personal data or to exercise any other rights under applicable Data Protection Legislation should be directed to The Data Protection Adviser at the Manager's office, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Complaints

Complaints concerning the operation or marketing of the Fund should be referred in writing to:

- the Manager at; The Head of Client Services, CCLA Fund Managers Limited, 85 Queen Victoria Street, London, EC4V 4ET; or
- the Investment Manager at; The Head of Client Services, CCLA Investment Management Limited, 85 Queen Victoria Street, London, EC4V 4ET; or
- the Trustee at; The Secretary, Local Authorities' Mutual Investment Trust, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Compensation

As the Fund is not an authorised unit trust within the meaning of the FSMA 2000, investments in the Fund are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

Further information is available from the Manager on request or via www.fscs.org.uk or at their address below;

Financial Services Compensation Scheme,
10th Floor,
Beaufort House,
15 St Botolph Street,
London, EC3A 7QU.

The Manager covers its potential liability risks arising from professional liability by holding appropriate professional indemnity insurance.

Acceptance of Terms and Conditions

By completing the application form, the Unitholder acknowledges and accepts the terms and conditions and agrees to be bound by the provisions of this Scheme Information and of the Scheme.

Amendments

The Trustee and the Manager reserve the right to amend the Scheme Information at any time. Subject, where applicable, to the approval of the Treasury where necessary as set out in the Scheme and this Scheme Information, and in relation to any changes to the investment objective and policy only in accordance with the provisions dealing with such changes as set out in this Scheme Information. Unitholders will be notified of any amendment material to them.

The Manager will endeavour to give Unitholders 90 days' notice of significant changes to the Scheme Information. When changes are required for regulatory or other reasons it may not always be possible to give 90 days' notice.

In certain limited circumstances the Trustee and/or the Manager (as appropriate) may decide that very minor changes to the investment policy and/or investment objective of the Fund (for example, those aimed at clarification of the investment objective and/or policy) would be considered a "notifiable change" within the meaning in the FCA Regulations. Such alterations may be made by providing Unitholders with access to an updated copy of these

Scheme Particulars. The current Scheme Information is available on www.ccla.co.uk or by request please contact our Client Services department on 0800 022 3505.

Applicable Law

Any agreement to invest in the Fund is governed by English law and subject to all applicable laws, regulations and rules. In the event of a conflict between such agreement and any such laws, regulations and rules, the latter shall prevail.

Scheme Information

Any person relying on the information contained in this document which was current at the date shown, should check with the Manager that the document is the most current version and that no revisions or corrections have been made to the information contained herein. Copies of this document are available free of charge.

APPENDIX 1 - Directory

The Council of the Trustee

The Trustee, The Local Authorities' Mutual Investment Trust, is a company limited by guarantee and not having a share capital. The Trustee operates through a Council.

The members of the Council are:

- T. Beattie
- P. Clokie
- R. Kemp CBE
- A. Naylor
- C. Noble
- S. Pickup OBE

The Manager

The Manager, CCLA Fund Managers Limited, a wholly-owned subsidiary of the Investment Manager, is a limited liability company, registered in England and Wales with Company Number 08735369 and with its registered office at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

Incorporated on 16 October 2013. The directors of the Manager are:

- R. Horlick (Chairman)*
- J. Bevan
- P. Hugh Smith
- J. Jesty*
- C. Johnson*
- G. Newson*
- A. Robinson
- A. Roughead*
- E. Sheldon

(* indicates a Non-Executive Director)

CCLA Fund Managers Limited is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN.

The Investment Manager

The Investment Manager, CCLA Investment Management Limited, is a limited liability company registered in England and Wales with Company Number 2183088 and with its registered office at Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Incorporated on 26 October 1987. The directors of the Investment Manager are:

- R. Horlick (Chairman)*
- J. Bevan
- P. Hugh Smith
- J. Jesty*

C. Johnson*
G. Newson*
A. Robinson
A. Roughead*
E. Sheldon

(* indicates a Non-Executive Director)

CCLA Investment Management Limited is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN.

The Customer Telephone Helpline Number is 0800 022 3505. Please note telephone calls may be recorded.

The Depositary

The Depositary of the Fund is HSBC Bank plc, a public limited company registered in England and Wales with its registered address at 8 Canada Square, London E14 5HQ. The Depositary is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Custodian

The Custodian of the Fund is HSBC Bank plc, a public limited company registered in England and Wales with its registered address at 8 Canada Square, London E14 5HQ. The Custodian is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Registrar

The Registrar of the Fund is CCLA Investment Management Limited. The Register of Unitholders may be inspected at the registered office of CCLA Investment Management Limited, at Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

The Administrator

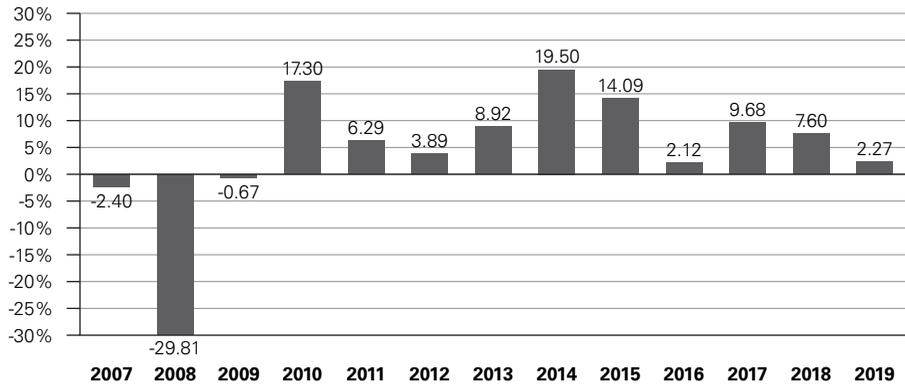
The Administrator of the Fund is CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

The Auditor

The Auditor of the Fund is PricewaterhouseCoopers LLP, a limited liability partnership with an office at 7 More London Riverside, London SE1 2RT.

APPENDIX 2 - Past Net Performance

Net performance shown after management fees and other expenses.



The Fund launched in April 1972. Past performance is not a reliable indicator of future results.

CCLA

CCLA Client Services:
Freephone: 0800 022 3505
or visit www.ccla.co.uk

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