

THE LOCAL AUTHORITIES'
PROPERTY FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 March 2024

CCLA

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*Collectively, these comprise the Manager's Report.

^Audited.

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

Disability Discrimination Act 1995

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

STRUCTURE OF THE FUND

for the year ended 31 March 2024

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 together with the Trust Deed dated 6 April 1972 as amended by supplemental trust deeds dated 6 April 1972, 13 September 1978, 21 April 2016 and 23 September 2019 (the 'Scheme').

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 and officers of a council appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Association, The Welsh Local Government Association and Unitholders represented by the Trustee.

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 under the UK 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 ("CCLA FM"), an authorised full-scope UK Alternative Investment Fund Manager ("AIFM"), has been appointed by the Trustee as the Manager of the Fund. The Manager has appointed CCLA Investment Management Limited ("CCLA IM") as the Investment Manager of the Fund under an Investment Management Agreement dated 22 July 2014. The Manager has delegated to the Investment Manager the fund management, administration and secretarial functions of the Fund. CCLA FM is a wholly owned subsidiary of CCLA IM.

The Trustee has delegated to CCLA IM the registrar functions of the Fund under a Registrar Agreement dated 1 October 1998. CCLA FM and CCLA IM are both authorised and regulated by the Financial Conduct Authority ("FCA"). As at 31 March 2024 the Trustee owns 13.42% of the ordinary share capital of CCLA IM.

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

STRUCTURE OF THE FUND

for the year ended 31 March 2024

Investment objectives

The Fund provides facilities exclusively for local authorities 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 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.

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, whilst holding some more liquid instruments and cash for liquidity purposes.

A suitable spread is maintained between different types of property and geographic

locations. Overriding importance is attached to locations, standard of construction and to covenant quality of the tenants and the occupational lease terms. 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 improvements and 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.

Comparator benchmark

The comparator benchmark for the Fund is the MSCI/AREF UK Other Balanced Open-Ended Quarterly Property Fund Index calculated on a net asset value basis, after all expenses.

The benchmark covers the investment performance of 17 property funds valued at £16.07bn as at 31 March 2024, ranging in size from £3.19bn to £136.25m.

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 tax exempt.

STRUCTURE OF THE FUND

for the year ended 31 March 2024

Subscription dates

Investment in the Fund may be made by a local authority on any month end valuation date. Withdrawals from the Fund are subject to a notice period of at least 180 days. Unit holders will receive the price ruling when the redemption request is processed. 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.

These facilities can also be used to accommodate timing differences between the availability of funds for investment and the making of suitable property purchases. Currently the Fund has no borrowing facilities available.

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

REPORT OF THE TRUSTEE for the year ended 31 March 2024

We have pleasure in presenting our annual report of 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 FM 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 Risk and compliance function, on a continuing basis. The Trust receives and considers relevant operational risk information from the Manager.

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 Scheme and the Management Agreement.

R Kemp CBE
Chairman of The Local Authorities'
Mutual Investment Trust
26 September 2024

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2024

Performance

Given the difficult property market conditions which prevailed throughout the period under review, it is encouraging that the Fund produced a modestly positive total return. As shown in the table, the Fund's annualised returns have been ahead of the performance benchmark, the MSCI/AREF UK Other Balanced Open-Ended Property Fund Index, over 1, 3, 5 and 10 years.

The Fund's more attractive income yield compared to the benchmark provides a firm foundation for unitholder returns and represented a decisive performance advantage at a time when capital values remained under pressure across the market. The Fund's income return was 5.1% whilst the Benchmark income return was 4.0%. However the Fund's performance relative to the benchmark was aided by capital as well as income results. Capital returns were -3.9% for the Fund compared with -5.1% for the benchmark.

This outperformance was supported by a range of factors including the Fund's relatively high cash holding, overweight positioning in the better-performing retail warehouse and industrial assets, and caution with regard to the weaker offices and shops sectors. In addition, some notable individual asset management and sales contributions were achieved during the year, boosting both income and capital performance.

Quarterly income payments to unitholders in the period increased the total distribution for the year to 14.3049p per unit representing income growth of 16.4% over the previous 12-month period. The income distribution yield at the year-end was 5.2%, significantly higher than the 4.2% current average distribution yield for the MSCI/AREF UK Other Balanced Open-Ended Property Funds Benchmark.

Total return against benchmark to 31 March 2024 (after expenses)

	1 year %	3 years % p.a.	5 years %	10 years % p.a.
Performance (after expenses) the comparator benchmark				
The Local Authorities' Property Fund	1.07	2.20	2.20	5.77
MSCI/AREF UK Other Balanced Open-Ended Quarterly Property Fund Index	-1.29	1.28	1.28	5.37

Source: CCLA & MSCI AREF UK Quarterly Property Funds Digest Q1 2024

Past performance is not a reliable indicator of future results.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2024

The Fund ended the year with a total value of £1,031bn, down from £1,190bn twelve months ago. The reduction was in part due to the ongoing slide in asset capital valuations recorded by the Fund's external valuer during the year, but there was also a net outflow of investor capital as new subscriptions were outweighed by a higher-than-normal volume of unitholder redemption requests, of which £112.8m were settled in the period. Clients withdrawing capital typically told us that they were doing so with regret and as a financial necessity amid intensifying pressure on local authority finances.

Despite this challenge, liquidity in the Fund has been well managed with several property assets successfully sold in difficult market conditions and achieving good prices relative to carrying valuations. By the year-end the cash holding was £51.5m, representing liquidity of 5.0%. The scale of redemption requests has now moderated and the total amount currently outstanding to be settled subject to the Fund's six-month notice period, is £6.5m.

Strategy

The core aim is to maintain a well-diversified portfolio of good quality property assets, capturing sub-sector strength and fundamentals. This is combined with a dynamic approach that navigates short term sub-sector volatility and asset difficulties, achieving allocations and weightings that gain from longer term trends.

Asset selection and active management are important in controlling the dominant stock specific risk associated with property as an investment asset class, and to also ensure the Fund remains well placed structurally and maintains the asset quality in the portfolio.

The portfolio is weighted in favour of industrial warehouse property, where occupier market fundamentals are most attractive, supporting strong rental growth performance to underpin rental income and drive income growth at lease events such as new leases and rent reviews. Elsewhere a material allocation is held in the retail warehouse sub-sector, and this continues to offer good value with attractive yields and some defensive qualities. We also aim to increase the weighting to the range of uses within the Other category, which includes hotels and leisure facilities. These assets further support portfolio diversification and typically offer attractive longer-term income streams and assured growth mechanisms.

Meanwhile the Fund remains low and underweight shops and offices, for which the outlook remains especially weak, uncertain, and challenging at the asset level. Future exposures and activity in the office sector will be highly selective, and reflecting that prospects are best for those offices in strong locations with the highest quality specification as occupiers consolidate demand at the prime end.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2024

Market review

The property investment market offered little relief for investors throughout the period, with weakness persisting in the wake of the valuation shock experienced in the second half of 2022. At around £36 billion, transaction volumes for 2023 were the lowest total since 2012 and more than 30% below the 10-year average. Early indications are that the cautious mood continued in the first quarter of 2024. Such activity as did take place continued to be dominated by overseas buyers, a reminder of the attraction of the UK property investment sector in a global context.

Within the overall market there was significant divergence between sectors. Weak fundamentals in the offices and retail sectors in particular were a drag on performance, and lack of price discovery continues to undermine investor confidence and appetite for risk. However industrials and warehouses sub-sectors, with more supportive fundamentals, recovered some stability. Nevertheless the prevailing weakness in traditional commercial subsectors is underlined by the fact that in the first quarter of 2024, almost half of the total investment volume was attributed to the living sector and its range of residential uses.

In contrast to the slowdown in investment transactions, conditions in occupier markets and prospects for rental and income growth remain attractive and realisable as lease events are managed. This is especially the case for assets in the industrial warehouse and retail warehouse sub-sectors, and alternatives in the 'other'

sub-sector where rents and income growth are typically driven by the retail price index.

Activity

Activity within the portfolio featured a high volume of transactions, both in terms of leasing in support of rental income generation, and investment activity dominated by a programme of asset disposals to support Fund liquidity and raising cash in the face of heightened redemption requests.

The disposals also allowed the Fund to pursue our strategic repositioning of the portfolio away from those assets where prospects for future performance had weakened. By the year-end eight assets had been sold, whilst one further asset was under-offer to be sold at the year-end. The assets sold in the period included an office building in Stockley Park (West London) and two in Glasgow. Other sales were a small shop in York and industrial warehouse investments in Aberdeen, Somerset and two in Greater London. The sales prices achieved compared well against the valuations and bearing in mind market conditions. In total £85 million was raised.

The year was also busy in terms of portfolio lease management activities. Rent collection functions have returned to pre-Covid normality, meaning asset and lease event management can now be focused on opportunities to improve assets and achieve attractive new letting terms. As well as achieving significant increases in rental income and producing yield growth these developments also support asset capital valuations.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2024

New leases were completed on previously vacant accommodation, most notably on the Fund's largest asset, the Beckton Retail Park, which as a result is now fully let, as well as a shop in Chichester and offices in Dartford. Just as importantly for the Funds income and performance, activity was completed to secure some of the larger existing rental income streams.

For example, on the Fund's logistics warehouses, lease renewals with covenants such as Tesco and DHL, in Bolton and Lutterworth respectively, have achieved new longer lease terms as well as rent increases of more than 30%. Also demonstrating the strength of industrial warehouse occupier markets, properties in Milton Keynes and Northampton also achieved 60% and 30% market-based increases in their rental incomes. Many other examples of positive leasing and rent review experiences exist across the portfolio to contribute to the Fund's income record. On the Fund's hotel located in the City of London and operated by Travelodge, the RPI-based rent review increased the rent received by 33%.

New vacancy is an ongoing risk to be managed as part of the Fund's strategy and active approach to management. Accordingly, portfolio vacancy can vary from period to period subject to the incidence of lease expiries and the completion of asset improvement works. Over the year, the portfolio investment void rate has increased to 9.6% compared to 7.6% at the start of the year. This was mainly due to the changed status of a large vacant industrial warehouse in Croydon, where a refurbishment project previously classified as a development void was completed,

thus creating an investment void. New vacancy has limited the improvement in the Fund's development void rate but still decreased from 4.2% to 3.2%. For market comparison, the investment void rate of the MSCI Monthly Index was 10.4% at the end of the period; while the total reversionary potential from voids, which includes development vacancy, was recorded at 20.4% by MSCI.

ESG in property portfolio:

Energy Performance Certificates (EPCs) are an important focus with an aim to achieve asset level improvements in performance and ensure compliance with the Minimum Energy Efficiency Standards (MEES) regulations. As part of the Fund's approach, costings are being obtained to improve the sustainability credentials and EPC rating of the poorer rated properties and where lease events provide opportunity for greater engagement in this area with assets and tenants. Our standard lease terms feature green lease clauses which are designed to support our access to data across a range of metrics such as tenants' energy and water consumption, and waste and recycling regimes.

Over the period under review, work has continued with the Fund's approach and improving management systems. To enhance our capabilities in this area Evora Global have been appointed to advise the Fund and provide specialist support in developing policies and asset level plans.

In addition to these asset level initiatives CCLA has used its influence as an investment manager to address systemic risks that have not had the

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2024

attention that they require. Within property we have sought to work with BNP Property Management to ensure that our work on tackling modern slavery has been addressed within its own operations including construction, refurbishment, and support service provision.

The activities of all tenants are reviewed on a quarterly basis. A list of client value related investment restrictions is available on the Managers website Policies and reports | CCLA. All tenants are reviewed against these values before being approved for the fund. If as the result of an assignment the tenant's activity is in breach of a client value restriction CCLA Investment Committee would consider the appropriate way forward, there is no blanket requirement to dispose of the property, but the Investment Committee may require the sale of such an asset over an appropriate time frame and dependent on market conditions.

Outlook

While higher interest rates will remain a drag on economic activity and growth, we can anticipate some improvement in property returns as we move through 2024. However, for the time-being, familiar uncertainties with regards the outlook for the economy and inflation, and especially the timing of interest rate movements, continues to hamper recovery and progress, in terms of market activity and performance. This leaves many investors content to sit and wait, at least for now, with recent signals in the financial markets indicating we may have a bit longer to wait for a meaningful rebound in activity.

Most observers believe we have passed the peak of the interest rate cycle and that rates will begin to decline in the coming months, providing renewed support for property valuations. However, until that prospect becomes clearer, and investors display more confidence and appetite, there is still scope for some further valuation slippage as the market slowly adapts to recent investor liquidity demands and valuation yields become more settled.

In due course rising transaction volumes will aid price discovery, support liquidity, and build further confidence in valuations. Unless economic conditions deteriorate severely and unexpectedly, the attractiveness and reliability of income from property investment can be expected to remain resilient, and the potential for more attractive positive total returns for 2024 and 2025 will be driven by the income contribution and prospects for rental growth.

Within the market, however, we can expect to see ongoing divergence in liquidity and returns at sub-sector and asset levels, with implications for strategic structure and portfolio management activity. Industrial, retail warehouses and alternative. Other asset groups will remain most popular in the market given supportive fundamentals, whilst non-prime offices and retail should remain a performance drag given ongoing challenges and need for uncomfortable decisions and action. Higher portfolio turnover rates are therefore likely as we continue to re-shape portfolio allocations, raise liquidity, repurpose some portfolio assets, and re-engineer rental

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2024

streams to support the Fund's income and add value in an environment where market driven capital growth may be sluggish and uncertain.

Climate-related financial disclosures

CCLA recognises that the investments within the Fund have an impact on the health of the climate. Equally, climate change could influence the performance of investments in the Fund because healthy markets need a healthy planet and healthy communities.

CCLA produces a TCFD Product Report for each fund it manages, which are consistent with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD Product Reports are designed to help you understand how the Fund is exposed to climate-related risks.

These reports are available on the relevant Fund page at www.ccla.co.uk/investments.

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 AREF's website: www.aref.org.uk.

Paul Hannam
Head of Property
CCLA Investment Management Limited
26 September 2024

Risk warning

Investors should consider the risk factors identified in the Scheme Information. Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money.

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 valuation date and a period of delay may be imposed for redemption of units depending on the Fund's liquidity. Redemptions are subject to a notice period of 180 calendar days. The units are realisable only on each monthly dealing day.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of The Local Authorities' Property Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The Local Authorities Property Fund (the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 March 2024 and of the net revenue and the net capital losses on the property of the Fund for the year ended 31 March 2024; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", and the Trust Deed.

We have audited the financial statements which comprise for each sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the cash flow statement;
- the distribution table; and
- the individual notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable

in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Trust Deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of The Local Authorities' Property Fund

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of depositary and Manager

Under the terms of 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 ("the Trust Deed"), the Trustee is responsible for preparing financial statements which give a true and fair view of the financial position of the Fund and of its net revenue and net capital gains of its scheme property in accordance with United Kingdom accounting standards and the Trust Deed.

The Trustee has delegated these duties to the Manager, who is therefore responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

INDEPENDENT AUDITORS' REPORT

to the Unitholders of The Local Authorities' Property Fund

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the manager about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as Real Estate specialists and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- the fair value of investment properties may be misstated due to inappropriate judgements being used to determine their fair value and this represents the most likely opportunity for fraud. With the involvement of our valuation specialists, we tested the key inputs and assumptions that are used to derive the fair value of a sample of investment properties.

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the management and the manager concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Use of our report

This report is made solely to the Fund's unitholders, as a body. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow
26 September 2024

REPORT OF THE VALUERS

Dear Sirs,

The Local Authorities' Property Fund
Property valuation as at 31 March 2024

In accordance with your instructions received from The Local Authorities' Property Fund ("the Fund") to value all the property investments owned by the Fund ("the Properties") on a monthly basis, we have valued the Properties as at 31 March 2024. The valuation has been prepared on the basis of Fair Value, in accordance with the current edition of the RICS valuation – Professional Standards published by the Royal Institution of Chartered Surveyors (RICS). We understand that our valuation is required for unit pricing and financial statements purposes. Our report is addressed to the Fund.

We are of the opinion that the aggregate Fair Values of all the properties held by the Fund as at 31 March 2024 is **£989,925,000 (Nine Hundred and Eighty Nine Million, Nine Hundred and Twenty Five Thousand Pounds)**.

Details of the basis of our valuation and the individual properties are set out in our valuation report, addressed to CCLA, dated 23 April 2024.

Yours faithfully,

Knight Frank LLP
26 September 2024

SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements set out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the recommended holding period (RHP).



The Manager has classified The Local Authorities' Property Fund as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level and poor market conditions are unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Fund for the RHP of five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. Property is recognised as an illiquid asset and is thus most suited to long-term investment. Whilst, investors can request redemption at any time, all such requests are subject to a minimum notice period of 180 days. The Fund normally deals on the last day of each month. The Fund does not include any protection from future market performance, so you could lose some or all your investment.

Property can be an illiquid asset class and the Manager may also defer redemptions on a dealing day if it considers there is insufficient liquidity in the Fund to meet redemptions and, in agreement with the Trustee, may suspend the buying and selling of units in the Fund due to stressed market conditions. Where an investor makes an application to sell or cancel units the Manager may, with the agreement of the Trustee, 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 investors.

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

* With effect from 17 October 2022 and until further notice, the Manager has exercised its discretion (as provided for in the Scheme Information) to extend the redemption notice period from 90 days to 180 days.

COMPARATIVE TABLE

Change in net assets per Unit

	Income Units				
	Year to 31.03.2024 pence per Unit	Year to 31.03.2023 pence per Unit	Year to 31.03.2022 pence per Unit	Year to 31.03.2021 pence per Unit	Year to 31.03.2020 pence per Unit
Opening net asset value per Unit	285.04	342.44	291.21	293.85	305.20
Return before operating charges	6.34	(41.75)	65.89	13.48	5.10
Operating charges	(3.19)	(3.36)	(3.44)	(3.50)	(3.39)
Return after operating charges	3.15	(45.11)	62.45	9.98	1.71
Distributions on income Units	(14.30)	(12.29)	(11.22)	(12.62)	(13.06)
Closing net asset value per Unit	273.89	285.04	342.44	291.21	293.85

Performance

Return after charges**	1.11%	(13.17%)	21.45%	3.40%	0.56%
Gross yield***	4.84%	3.99%	3.04%	4.03%	4.14%

Other information

Closing net asset value (£'000)	1,030,707	1,189,677	1,427,774	1,192,676	1,198,323
Closing number of Units	376,304,050	417,369,030	416,943,212	409,662,787	407,798,343

Prices (pence per Unit)****

Highest Unit price (offer)	308.72	387.73	368.46	313.45	328.16
Lowest Unit price (bid)	272.73	283.80	289.98	278.22	291.15
Annual management charge*	0.63%	0.64%	0.63%	0.62%	0.64%
Other costs	0.07%	(0.01%)	0.02%	0.26%	0.07%
Operating charges	0.70%	0.63%	0.65%	0.88%	0.71%
Other property costs	0.42%	0.35%	0.39%	0.31%	0.40%
Total charges figure	1.12%	0.98%	1.04%	1.19%	1.11%

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 income. 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.

**** Closing net asset value per Unit shown is calculated using the closing net assets attributable to Unitholders as presented in these financial statements. This is for financial statements reporting purposes only and may differ from the Unit price disclosed in the Report of the Property Manager.

PORTFOLIO ANALYSIS

at 31 March 2024

Tenure

	31.03.2024		31.03.2023	
	£'000	%	£'000	%
Freehold or heritable	893,325	90.24	991,875	88.57
Leasehold	96,600	9.76	128,050	11.43
	989,925	100.00	1,119,925	100.00

Tenancy unexpired lease terms

Unexpired term	31.03.2024		31.03.2023	
	%*		%*	
Over 10 years	16.09		15.38	
5-10 years	23.35		25.50	
Under 5 years	60.56		59.12	
	100.00		100.00	
Investment Void	9.46		7.10	
Development Void	3.17		3.91	
Total Void Rate	12.63		11.01	

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

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

Use of Capital

	31.03.2024		31.03.2023	
	£'000	%	£'000	%
Completed properties	989,925	96.05	1,119,925	94.14
Indirect investments	1,288	0.12	1,880	0.16
Net other assets	39,444	3.83	67,872	5.70
	1,030,657	100.00	1,189,677	100.00

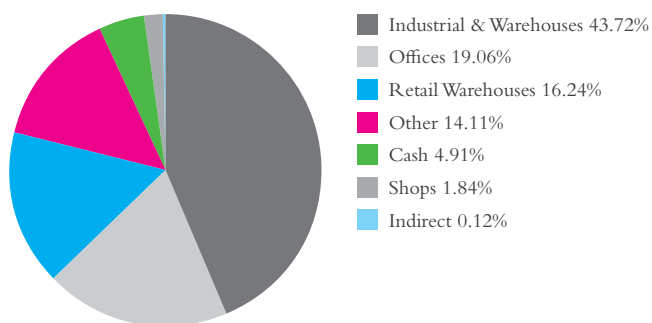
PORTFOLIO ANALYSIS

at 31 March 2024

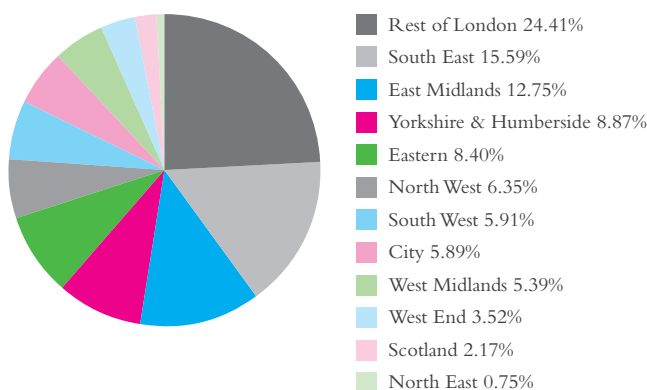
Largest top ten property holdings

Property		% of Fund
London, Beckton Retail Park	Retail Warehouse	6.21
London, 1 Goodman's Yard	Other	4.29
London, 3 Cathedral Street	Offices	3.74
Leeds, 27 Industrial Estate	Offices	3.62
London, Imperial House	Retail & Office	3.52
Bristol, Gallagher Retail Park	Retail Warehouse	3.27
London, 5 Pickett's Lock Lane	Industrial	3.26
Coventry, Torrington Avenue	Industrial	3.03
Bolton, Great Bank Road	Industrial	2.90
Huntingdon, DHL Cardinal Distribution Park	Industrial	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.

	31.03.2024	31.03.2023
Portfolio turnover rate	0.08%	0.01%

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

PORTFOLIO STATEMENT

at 31 March 2024

Properties

Total in valuation ranges	£'000	% of Fund
Valued between £0 and £5m 10 properties	31,350	3.04%
Valued between £5 and £10m 22 properties	167,150	16.22%
Valued between £10 and £25m 25 properties	430,025	41.73%
Valued at over £25m 10 properties	361,400	35.07%
Other investments	1,288	0.12%
Net other assets/(liabilities)	39,444	3.82%
	1,030,657	100.00%

OWNERSHIP OF THE FUND

at 31 March 2024

	Number of investors	Number of Units in issue	% of Units in issue
Less than 1%	238	200,607,178	53.31
1% or greater but less than 2%	13	64,987,388	17.27
2% or greater but less than 4%	9	90,829,593	24.14
4% or greater but less than 8%	1	19,879,891	5.28
Greater than 8%	–	–	–
	261	376,304,050	100.00
Held by the largest investor	1	19,879,891	5.28
Held by top 5 investors	5	68,124,774	18.10

PROPERTY PORTFOLIO

at 31 March 2024

Standard Retail

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
84,85 & 86 East St CHICHESTER	Mountain Warehouse Ltd	10 yrs 07.12.23	5 yrs	2028/ 2033	210,000	0-5
22 and 23 Gentleman's Walk NORWICH	The White Company (U.K.) Ltd	10 yrs 24.03.14	5 yrs	2019/ 2024	270,000	0-5
89-89A Broad Street READING	Gadgets4UK Enterprises Ltd	10 yrs 27.09.23	5 yrs	2028/ 2033	55,000	0-5
	Waterstones Ltd Booksellers	10 yrs 24.06.16	5 yrs	2021/ 2026	270,000	

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

PROPERTY PORTFOLIO

at 31 March 2024

Offices

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
The Arena BRACKNELL	Epicor Software (UK) Ltd	11 yrs 01.01.16	5 yrs	2026/ 2027	534,664	10-25
	Eli Lilly and Company Ltd	10 yrs 07.04.20	5 yrs	2025/ 2030	1,085,021	
	Southern Electric Power Distribution	99 yrs 22.07.20	0 yrs	2119	–	
	Flying Bean Café Ltd	3 yrs 11.1.20	0 yrs	2023	–	
Kings Orchard BRISTOL	Bevan Brittan LLP	20 yrs 14.03.07	5 yrs	2027	2,033,000	10-25
Compass & Alexandra House CRAWLEY	Permasense Ltd	10 yrs 12.06.23	5yrs	2028/ 2033	376,065	5-10
	Rentokil Initial 1927 Plc	10yrs 23.04.21	5yrs	2031	587,685	
Lakeview East & West DARTFORD	Kuehne & Nagel	10 yrs 12.10.19	5 yrs	2029	408,432	5-10
	Swan Staff Recruitment Ltd	11 yrs 12.12.14	5 yrs	2019/ 2025	202,092	
	Launch Diagnostics Ltd	10 yrs 26.10.23	5 yrs	2028/ 2033	247,588	
9-10 Lochside Place EDINBURGH	Ooni Ltd	10 yrs 20.09.22	5 yrs	2027/ 2032	449,050	5-10
	Spie Ltd	16 yrs 21.01.16	0 yrs	2027/ 2032	48,994	
	Computacenter Plc	10 yrs 27.04.20	5 yrs	2025/ 2030	133,043	

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

PROPERTY PORTFOLIO

at 31 March 2024

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Edinburgh Park EDINBURGH	Sainsbury's Bank Plc	15 yrs 19.02.14	5 yrs	2024/ 2029	1,514,280	5-10
1 Park Row LEEDS	Pinset Masons LLP	30 yrs 30.07.99	5 yrs	2024/ 2029	1,720,000	10-25
Vanwall Business Park MAIDENHEAD	Hiscox Insurance Company Ltd	3 yrs 07.04.21	0yrs	2024	57,640	0-5
	Hiscox Insurance Company Ltd	3 yrs 07.04.21	0yrs	2024	23,744	
	Preact Ltd	10 yrs 19.10.18	5 yrs	2023/ 2028	97,254	
Castle Boulevard NOTTINGHAM	UPS Ltd	5 yrs 30.04.19	0 yrs	2024	252,544	5-10
	GTT EMEA Ltd	10 yrs 01.12.15	0 yrs	2025	328,763	
	Telefonica UK Ltd	15 yrs 08.03.01	0 yrs	2016	18,186	
	Entain Holdings (UK) Ltd	10 yrs 03.01.23	5 yrs	2028/ 2033	313,880	
Trinity Park SOLIHULL	Allianz Management Services Ltd	32 yrs 25.03.92	8 yrs	2024	461,400	0-5
Warwick Technology Park WARWICK	Vacant					5-10
3 Longwalk Road WEST LONDON	Marks & Spencer Plc	16 yrs 29.09.10	5 yrs	2021/ 2026	2,600,000	10-25

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

PROPERTY PORTFOLIO

at 31 March 2024

Offices/Shops

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Imperial House LONDON	Wasabi Co Ltd	10 yrs 09.09.22	5 yrs	2027/ 2032	100,000	>25
	Coco Di Mama Ltd	5 yrs 17.05.23	0 yrs	2028	77,500	
	SV London Ltd	10 yrs 31.01.19	5 yrs	2024/ 2029	30,700	
	Knotel 8 Kean Ltd	10 yrs 20.11.18	5 yrs	2023/ 2028	332,375	
	Knotel 8 Kean Ltd	10 yrs 20.11.18	5 yrs	2023/ 2028	337,500	
	Knotel 8 Kean Ltd	10 yrs 20.11.18	5 yrs	2023/ 2028	149,215	
	Agatha Christie Ltd	10 yrs 25.03.22	5 yrs	2027/ 2032	140,382	
	St Luke's Communications Ltd	5 yrs 09.07.20	0 yrs	2025	243,250	
	Kenny Wax Ltd	10 yrs 19.07.21	5 yrs	2026/ 2031	209,453	
	AC Priggen & TP Gale	10yrs 09.01.18	0 yrs	2028	1,500	
	DX Network Services Ltd	10 yrs 26.07.15	0 yrs	2025	1,500	
	St Luke's Communications Ltd	3 yrs 07.03.22	0 yrs	2025	7,000	
	SV London Ltd	5 yrs 24.10.23	0 yrs	2028	3,000	

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

PROPERTY PORTFOLIO

at 31 March 2024

Offices/Shops (continued)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Imperial House LONDON (continued)	SV London Ltd	10 yrs 24.08.18	5 yrs	2023/ 2028	4,770	
	SV London Ltd	9 yrs 02.09.19	5 yrs	2023/ 2028	2,700	
	SV London Ltd	10 yrs 24.08.18	5 yrs	2023/ 2028	8,660	
3 Cathedral Street LONDON	Nero Holdings Ltd	10 yrs 11.06.22	5 yrs	2027/ 2032	150,000	>25
	Kaplan Estates Ltd	15 yrs 04.06.17	5 yrs	2027/ 2032	148,925	
	Kaplan Estates Ltd	15 yrs 04.06.17	5 yrs	2027/ 2032	351,843	
	Kaplan Estates Ltd	14 yrs 01.09.18	5 yrs	2027/ 2032	660,699	
	Kaplan Estates Ltd	15 yrs 04.06.17	5 yrs	2027/ 2032	660,100	
	Kaplan Estates Ltd	14 yrs	5 yrs	2027/ 2032	575,368	
	Kaplan Estates Ltd	14 yrs 01.09.18	5 yrs	2027/ 2032	76,980	
	James Roberts and Sarah Lygo Robert	75 yrs 02.12.10	0 yrs	2085	10	

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

PROPERTY PORTFOLIO

at 31 March 2024

Offices/Shops (continued)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
34 Threadneedle Street LONDON	Replete Ltd	30 yrs 29.09.07	5 yrs	2022/ 2037	106,500	5-10
	Replete Ltd	24 yrs 19.07.13	5 yrs	2023/ 2037	55,350	
	Emmaus Consulting Ltd	5 yrs 05.08.19	0 yrs	2024	90,000	
	W T Partnership Ltd	5 yrs 06.07.22	0 yrs	2027	64,000	
157-159 Fenchurch Street LONDON	Hawes & Curtis Ltd	10 yrs 13.07.23	5 yrs	2028/ 2033	300,000	10-25
	EE Ltd	10 yrs 23.07.15	5 yrs	2020/ 2025	4,428	
	Central Bank of the Republic of Turkey	10 yrs 10.08.20	5 yrs	2025/ 2030	128,586	
	Bircroft Insurance Services Ltd	10 yrs 25.03.20	5 yrs	2025/ 2030	122,265	
	IF P & C Insurance Ltd	5 yrs 24.08.19	0 yrs	2024	122,100	

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

PROPERTY PORTFOLIO

at 31 March 2024

Industrial Property

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Aker Solutions Village ABERDEEN	MW Wirth Ltd	10 yrs 20.12.17	0 yrs	2027	310,000	0-5
The Boulevard ASHFORD	Menzies Distribution Ltd	10 yrs 25.03.16	5yrs	2026	283,500	10-25
	L'Artisan Du Chocolat Ltd	10 yrs 13.09.21	5 yrs	2026/ 2031	410,500	
Unit 16 Junction Six BIRMINGHAM	Pointbid Logistics Systems Ltd	10 yrs 04.11.19	5 yrs	2024/ 2029	652,430	10-25
Great Bank Road BOLTON	Tesco Stores Ltd	11 yrs 01.01.17	0yrs	2028	1,914,000	>25
Plot 5 Interlink Park COALVILLE	MTS Logistics Ltd	5 yrs 15.05.20	0 yrs	2028	466,050	5-10
Torrington Avenue COVENTRY	Peugeot Motor Company Plc	15 yrs 13.12.13	3 yrs	2022/ 2028	1,558,311	>25
	Western Power Distribution	99 yrs 14.09.22	0 yrs	2121	1	
Unit 4 500 Purley Way CROYDON	Vacant					10-25
Pioneer Business Park ELLESMERE PORT	Novar E D & S Ltd	10 yrs 08.11.19	5 yrs	2024/ 2029	1,112,585	10-25
Cardinal North HUNTINGDON	Vacant					10-25
Cardinal North HUNTINGDON	DHL Supply Chain Ltd	10 yrs 25.05.17	5 yrs	2022/ 2027	1,157,572	>25
Stadium Gate LEEDS	Mailing and Marketing Solutions Ltd	20 yrs 11.02.19	5 yrs	2024/ 2039	356,750	5-10

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

PROPERTY PORTFOLIO

at 31 March 2024

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Leeds 27 Industrial Estate LEEDS	AAH Pharmaceuticals	10 yrs 22.03.24	0 yrs	2029/ 2034	600,000	>25
	Herida Healthcare Ltd	5 yrs 09.09.19	0 yrs	2024	125,844	
	Morley Glass & Glazing Ltd	15 yrs 17.05.16	5 yrs	2026/ 2031	233,000	
	Apleona HSG Ltd	5 yrs 25.09.20	5 yrs	2025	180,000	
	Aptar UK Ltd	5 yrs 09.07.20	0 yrs	2025	209,000	
	Nobia Holdings UK Ltd	5 yrs 07.08.20	0 yrs	2025	292,127	
	Nobia Holdings UK Ltd	5 yrs 07.08.20	0 yrs	2025	360,250	
Watermill Business Centre LONDON	Chevron Distribution Ltd	10 yrs 23.09.20	5 yrs	2025/ 2030	52,650	10-25
	Transport for London	15 yrs 12.12.22	5 yrs	2022/ 2037	150,000	
	Security Fibres UK Ltd	10 yrs 23.06.21	5 yrs	2026/ 2031	129,300	
	Eyre & Elliston Ltd	10 yrs 11.05.16	5 yrs	2026	46,000	
	Riel Chyc (UK) Ltd	5 yrs 29.08.20	0 yrs	2025	45,110	

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

PROPERTY PORTFOLIO

at 31 March 2024

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Watermill Business Centre LONDON (<i>continued</i>)	Eurocell Building Plastics Ltd	5 yrs 29.09.21	0 yrs	2026	44,600	
	Security Fibres UK Ltd	5 yrs 07.06.22	0 yrs	2027	53,680	
	Holemasters Demtech Ltd	10 yrs 10.06.14	5 yrs	2024	43,750	
	Bonvilla Foods Ltd	5 yrs 26.10.20	0 yrs	2025	43,500	
	P Fitzsimmons Ltd	10 yrs 29.11.21	5 yrs	2026/ 2031	28,575	
	Mega Packaging Ltd	6 yrs 13.03.23	3 yrs	2026/ 2029	32,000	
	Bushfire Ltd	5 yrs 25.03.21	0 yrs	2026	29,000	
	Print4uk Ltd	5 yrs 01.11.21	0 yrs	2026	50,960	
	Comex 2000 (UK) Ltd	5 yrs 22.06.21	0 yrs	2026	59,500	
	Nu Vending Ltd	10 yrs 20.10.21	5 yrs	2026/ 2031	55,250	
Stars Day Services Ltd	5 yrs 01.06.22	0 yrs	2027	52,920		
5 Pickett's Lock Lane LONDON	Abra Wholesales Ltd	15 yrs 02.09.11	5 yrs	2026	1,135,000	>25

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

PROPERTY PORTFOLIO

at 31 March 2024

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
3310 Hunter Boulevard LUTTERWORTH	DHL Supply Chain Ltd	10 yrs 16.01.19	0 yrs	2029	1,366,225	10-25
Garamonde Drive MILTON KEYNES	Whittan Industrial Ltd	25yrs 17.10.17	5yrs	2027/ 2042	1,208,172	10-25
Motherwell Bridge MOTHERWELL	MB Engineering Services Ltd	25 yrs 19.04.07	5 yrs	2027/ 2032	155,797	0-5
	MB Engineering Services Ltd	25 yrs 19.04.07	5 yrs	2027/ 2032	116,848	
	MB Aerospace Ltd	25 yrs 19.04.07	5 yrs	2022/ 2032	201,587	
Brackmills Business Park NORTHAMPTON	Stertil UK Ltd	10 yrs 25.03.14	5 yrs	2024	91,200	5-10
	In 'N' Out Centres Ltd	10 yrs 17.04.14	5 yrs	2024	120,540	
	Bourbon Automotive Plastics Northampton	5 yrs 26.06.19	0 yrs	2024	172,128	
	Howden Joinery Ltd	5 yrs 09.05.22	5 yrs	2027	116,413	
Corner Rhosili & Kilvey Road NORTHAMPTON	Johnson & Starley Ltd	15yrs 25.03.16	5 yrs	2026/ 2031	396,006	5-10
Brackmills 192 NORTHAMPTON	Uniserve Holdings Ltd	10 yrs 04.05.18	5 yrs	2028	1,400,000	10-25

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

PROPERTY PORTFOLIO

at 31 March 2024

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Cray Avenue ORPINGTON	Nicholls & Clarke Ltd	10 yrs 13.02.23	5 yrs	2028/ 2033	95,627	10-25
	Stiled Holdings Ltd	25 yrs 29.09.05	5 yrs	2025/ 2030	58,025	
	Bathroom and Plumbing Superstore Ltd	12 yrs 16.10.18	0 yrs	2025/ 2030	44,800	
	Crown Paints Ltd	26 yrs 29.09.05	0 yrs	2026/ 2031	44,713	
	Carpets 4 Less Ltd	10 yrs 29.09.20	5 yrs	2025/ 2030	97,463	
	Carpets 4 All Ltd	15 yrs 05.10.23	5 yrs	2028/ 2038	149,500	
	Toolstation Ltd	15 yrs 10.07.08	5 yrs	2023	70,570	
	Giant Floors Ltd	5 yrs 13.11.20	0 yrs	2025	30,627	
	Hamilton Villiers Ltd	4 yrs 12.12.23	0 yrs	2027	37,587	
	Ranebrook Windows Ltd	5 yrs 01.04.22	0 yrs	2027	34,370	
	Teamframes Ltd	13 yrs 30.10.14	5 yrs	2024/ 2027	28,560	
	Fresh Eric's Cakes Company Ltd	10 yrs 22.12.15	5 yrs	2025	48,438	
	Trade Spray Services Ltd	20 yrs 24.10.11	0 yrs	2026/ 2031	49,221	

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

PROPERTY PORTFOLIO

at 31 March 2024

Industrial Property (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
1 Ivatt Way PETERBOROUGH	GXO Logistics UK II Ltd	15 yrs 28.09.18	5 yrs	2028/ 2033	1,289,516	10-25
Alpha Park ST NEOTS	Applehill Properties Ltd	5yrs 02.07.20	0yrs	2025	1,219,900	10-25
Wellingborough Road SYWELL	Premium Warehousing Ltd	16 yrs 07.02.17	5 yrs	2027/ 2033	1,088,300	10-25
Wakefield Eurohub WAKEFIELD	Verallia UK Ltd	10 yrs 19.01.17	5 yrs	2027	1,073,846	10-25
Grandstand WARRINGTON	Ceva Freight (UK) Ltd	8 yrs 25.03.16	5 yrs	2024	310,077	5-10
	Topgrade Sportswear Ltd	3 yrs 29.09.23	0 yrs	2026	318,000	
70 Sinclair Drive WELLINGBOROUGH	IFCO Systems UK Ltd	10 yrs 12.02.18	5 yrs	2028	756,250	10-25

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

PROPERTY PORTFOLIO

at 31 March 2024

Retail Warehouses

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Goodliffe Park BISHOPS STORTFORD	Wickes Building Supplies Ltd	42 yrs 29.09.89	5 yrs	2026/ 2031	517,110	5-10
Gallagher Retail Park BRISTOL	B&Q Plc	33 yrs 29.09.98	5 yrs	2026/ 2031	1,730,000	>25
	Currys Group Ltd	5 yrs 01.02.24	0 yrs	2029	292,600	
Wincheap Retail Park CANTERBURY	Mothercare UK Ltd	30yrs 24.06.96	5 yrs	2021/ 2026	317,811	5-10
	Boots UK Ltd	10 yrs 12.04.16	5 yrs	2021/ 2026	143,700	
	Hobbycraft Trading Ltd	10 yrs 16.06.23	5 yrs	2028/ 2033	185,259	
Tewkesbury Road CHELTENHAM	HHGL Ltd	15 yrs 05.03.21	5 yrs	2026/ 2036	500,000	5-10
Victoria Street North GRIMSBY	CDS(Superstores International) Ltd	20 yrs 25.03.15	5 yrs	2025/ 2035	323,443	0-5
Birstall Retail Park LEEDS	CDS(Superstores International) Ltd	10 yrs 21.06.19	0 yrs	2029	429,390	5-10
Beckton Retail Park LONDON	Iceland Food Ltd	10 yrs 15.07.13	5 yrs	2018/ 2023	125,000	>25
	Kacha Bazar International Ltd	11 yrs 22.11.17	5 yrs	2028	234,000	
	Multi-Tile Ltd	10 yrs 29.09.12	5 yrs	2022	135,000	
	Kacha Bazar International Ltd	8 yrs 09.11.20	5 yrs	2028	150,000	

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

PROPERTY PORTFOLIO

at 31 March 2024

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Beckton Retail Park LONDON (<i>continued</i>)	Kacha Bazar International Ltd	5 yrs 10.07.23	0 yrs	2028	323,000	
	TJ Morris Ltd	15 yrs 09.09.13	5 yrs	2018/ 2028	250,000	
	Selco Trade Centres Ltd	4 yrs 04.01.24	0 yrs	2028	442,603	
	Dreams Ltd	20 yrs 29.09.03	5 yrs	2018/ 2023	150,000	
	Lituanica UK Ltd	15 yrs 17.07.08	5 yrs	2013/ 2023	144,540	
	Kacha Bazar International Ltd	9 yrs 20.09.19	5 yrs	2028	107,579	
	Matalan Retail Ltd	5 yrs 07.02.21	0 yrs	2026	316,360	
	Lituanica UK Ltd	1 yr 17.07.23	0 yrs	2024	10,000	
Stafferton Way MAIDENHEAD	Halfords Ltd	20 yrs 24.06.05	5 yrs	2025	195,000	10-25
	Pure Gym Ltd	10 yrs 10.10.22	5 yrs	2027/ 2032	267,000	
	Hobbycraft Trading Ltd	10 yrs 06.03.23	5 yrs	2028/ 2033	125,760	
	Pets at Home Ltd	21 yrs 31.07.06	5 yrs	2027	135,244	
	HHGL Ltd	25 yrs 22.08.05	0 yrs	2030	749,850	

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

PROPERTY PORTFOLIO

at 31 March 2024

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
Stafferton Way MAIDENHEAD <i>(continued)</i>	South Electric Distribution Ltd	125 yrs 29.09.04	0 yrs	2129	–	
27 Tollbar Way SOUTHAMPTON	TJX UK	15 yrs 08.06.15	5 yrs	2025/ 2030	742,847	10-25
Albion Mills Retail Park WAKEFIELD	Wickes Building Supplies Ltd	25 yrs 25.05.05	5 yrs	2015/ 2030	602,325	5-10

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

PROPERTY PORTFOLIO

at 31 March 2024

Other

Property	Tenant	Term/ from	Lease review period	Next review/ expiry	Rent £	Mkt value range £m
14 West Street BRIGHTON	Travelodge Hotels Ltd	41 yrs 20.12.07	5yrs	2027/ 2048	1,469,594	10-25
Bickley Road BROMLEY	DC Management Services Ltd	32 yrs 31.12.15	5 yrs	2027/ 2047	518,556	5-10
Locomotive Way DERBY	Derby College	20 yrs 20.10.09	5yrs	2024/ 2029	960,066	5-10
Mobberley Road KNUTSFORD	R Stratton & Co Ltd	50 yrs 24.06.08	5yrs	2028/ 2058	467,109	5-10
A10 Great Cambridge Road LONDON	DC Management Services Ltd	32 yrs 31.12.15	5 yrs	2027/ 2047	804,769	10-25
1 Goodman's Yard LONDON	Travelodge Hotels Ltd	40yrs 15.12.08	5yrs	2028/ 2048	2,675,209	>25
	UK Broadband Ltd	20yrs 30.09.14	5yrs	2019/ 2034	6,188	
Duke of Wellington Avenue LONDON	DC Management Services Ltd	32 yrs 31.12.15	5 yrs	2027/ 2047	385,382	5-10
Queens Drive NOTTINGHAM	Car Shops Ltd	20 yrs 22.05.19	5 yrs	2024/ 2039	1,100,000	10-25
52-55 Friar St & 12 Greyfriars READING	Sainsbury's Supermarkets Ltd	20 yrs 29.09.18	5 yrs	2023/ 2038	485,000	5-10
Maidstone Road SIDCUP	DC Management Services Ltd	32 yrs 31.12.15	5 yrs	2027/ 2047	510,064	5-10

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

STATEMENT OF TOTAL RETURN
for the year ended 31 March 2024

	Notes	Year ended 31.03.2024		Year ended 31.03.2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		(46,135)		(240,240)
Revenue	3	74,066		66,840	
Expenses	4	(15,673)		(15,390)	
Net revenue before taxation		58,393		51,450	
Taxation	5	(60)		(156)	
Net revenue after taxation			58,333		51,294
Total return before distributions			12,198		(188,946)
Finance costs: distributions	6		(58,333)		(51,294)
Change in net assets attributable to unitholders from investment activities			(46,135)		(240,240)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the year ended 31 March 2024

	Year ended 31.03.2024		Year ended 31.03.2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Unitholders		1,189,677		1,427,774
Amounts receivable on issue of Units	145		15,433	
Amounts payable on cancellation of Units	(112,980)		(13,290)	
		(112,885)		2,143
Change in net assets attributable to Unitholders from investment activities		(46,135)		(240,240)
Closing net assets attributable to Unitholders		1,030,707		1,189,677

The notes on pages 42 to 52 and the distribution table on page 53 form part of these financial statements.

BALANCE SHEET
at 31 March 2024

	Notes	31.03.2024		31.03.2023	
		£'000	£'000	£'000	£'000
ASSETS					
Investment assets	7		979,547		1,108,400
Debtors	8	19,621		18,109	
Cash and bank balances	9	13,720		10,983	
Cash equivalents	9	48,068		81,455	
Total other assets			81,409		110,547
Total assets			1,060,956		1,218,947
LIABILITIES					
Creditors	10	16,296		16,453	
Distribution payable on income Units		13,953		12,817	
Total liabilities			30,249		29,270
Net assets attributable to Unitholders			1,030,707		1,189,677

The financial statements on pages 39 to 53 were approved and authorised for issue on behalf of the Board by R. Kemp CBE, Chairman, on 26 September 2024.

The notes on pages 42 to 52 and the distribution table on page 53 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 March 2024

	<i>Notes</i>	31.03.2024		31.03.2023	
		£'000	£'000	£'000	£'000
Net revenue for the year			58,333		51,294
Net cash inflow from operating activities					
Decrease in accrued revenue		1,273		2,694	
Increase in debtors		(2,785)		(2,086)	
Decrease in creditors		(157)		(1,938)	
			(1,669)		(1,330)
Net cash-flow from investment activities					
Capital expenses		(53)		(2,974)	
Payments to acquire investments		(931)		(93)	
Proceeds on disposal of investments		83,702		4,800	
			82,718		1,733
Net cash inflow from financing activities					
Issue of Units	16	145		15,433	
Cancellation of Units	16	(112,980)		(13,290)	
Distributions paid		(57,197)		(49,995)	
			(170,032)		(47,852)
Decrease/(increase) in cash			(30,650)		3,845
			31.03.2024		31.03.2023
			£'000		£'000
Net cash and cash equivalents at beginning of the year			92,438		88,593
Movement during the year			(30,650)		3,845
Net cash and cash equivalent at the end of the year			61,788		92,438

The notes on pages 42 to 52 and the distribution table on page 53 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and in accordance with the Statement of Recommended Practice for UK Authorised Funds (“SORP”) issued by the Investment Association in May 2014 (and amended in June 2017) and the Trust Deed. The financial statements have been prepared under the historical cost basis, as modified by revaluation of investment property.

(b) Revenue recognition

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

In accordance with FRS 102 the rent free period is recognised over the entire term of the lease. Lease incentives in the form of capital contributions are also shown as capital debtors and are amortised over the entire term of the lease.

(c) Expenses

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

(d) Distributions

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

(e) Capitalised costs

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

1. Accounting policies (continued)

(f) Basis of valuation

Freehold and leasehold properties are valued each month, on the basis of Fair Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) is advised by Knight Frank LLP, Chartered Surveyors. Additions to the portfolio are valued externally after acquisition. The UK Retail Warehouse Fund is valued monthly as advised by Nuveen Property Management (Jersey) Limited. (Please refer to note 18 for more details).

(g) Unit pricing policy

The Fund follows AREF's fund pricing recommendations and is priced at the Standard (NAV). Any adjustments around the Mid price (Bid/Offer) would follow AREF's fund pricing recommendations as required.

(h) Cash equivalents

The manager has treated some assets as Cash equivalents for the purpose of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling 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.

2. Net capital gain

	31.03.2024	31.03.2023
	£'000	£'000
The net capital gains during the period comprise:		
Unrealised losses on investment properties*	(31,084)	(238,808)
Unrealised gains/(losses) on collective investment schemes*	43	(200)
Realised losses on investment properties*	(14,686)	(1,231)
Realised loss on collective investment schemes	(408)	–
Net capital losses	(46,135)	(240,239)

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

3. Revenue

	31.03.2024 £'000	31.03.2023 £'000
Rental revenue	64,667	62,718
Interest on the Public Sector Deposit Fund	4,450	1,583
Service charge income	2,738	2,226
Other revenue	1,437	89
Bank Interest	735	115
Income from collective investment schemes	39	109
	74,066	66,840

4. Expenses

	31.03.2024 £'000	31.03.2023 £'000
i) Property expenses:		
Services charge expenses	4,795	4339
Property ground rent and empty rates	1,141	1,251
Property legal and professional fees	797	641
Other property outgoings	686	713
Property repairs and maintenance	190	66
Property valuation fees	155	165
	7,764	7,175
ii) Management expenses:		
Payable to The Local Authorities' Mutual Investment Trust:		
Manager's periodic charge – see note 1(c)	7,292	8,729
Bad debt	270	(771)
Legal fees	93	2
Audit fee	87	81
Investment Property Database fee	74	77
Insurance fee	46	32
Miscellaneous expenses	30	23
Depositary fee	15	15
Taxation fees	2	27
	7,909	8,215
Total expenses	15,673	15,390

The above expenses include irrecoverable VAT where applicable.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

5. Taxation

The Fund has been approved as an Exempt Unauthorised Unit Trust ("EUUT") under Regulation 3 of the Unauthorised Unit Trusts (Tax) Regulations 2013 (the "UUT Regulations"). Under the UUT Regulations, the Fund, as an EUUT is exempt from capital gains tax on its chargeable gains.

With regard to income arising to the Fund, such income will be treated as income of the Trustee and not of the unitholders, and will be chargeable to income tax at the basic rate. Under Regulation 18 of the UUT Regulations, where unitholders are treated as receiving income from an EUUT in respect of a period of account, the trustees are treated as making a deemed payment of the same amount on the final day of the period of account. Relief is available for the deemed payment against the income of the EUUT that is subject to income tax in the Trustees' hands.

	31.03.2024 £'000	31.03.2023 £'000
Income tax	60	156

Income tax is calculated as follows:

Net taxable revenue at 20%	60	79
Prior year tax adjustment	–	77
Income tax	60	156

6. Finance Costs: interest and distributions*Distributions*

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

	31.03.2024 £'000	31.03.2023 £'000
30 June – interim distribution	14,058	11,983
30 September – interim distribution	15,612	13,614
31 December – interim distribution	14,710	12,880
31 March – final distribution	13,953	12,817
Distribution for the year	58,333	51,294

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

6. Finance Costs: interest and distributions (*continued*)

	31.03.2024 £'000	31.03.2023 £'000
<i>Interest:</i>		
Interest for the year	–	–
Total finance costs	58,333	51,294
Net revenue for the year	58,333	51,294
Net distribution for the year	58,333	51,294

Details of the distribution per Unit are set out in the distribution table on page 53.

There were no unclaimed distributions as at 31 March 2024 (31.03.2023, £nil).

Value of distributions paid in the year to 31 March 2024 excludes current year's final distribution for the quarter ended 31 March 2024, and includes prior year's final distribution for the quarter ended 31 March 2023. This is due to the final distribution being paid post year end.

7. Investment property

	31.03.2024 £'000	31.03.2023 £'000
Market value at the start of the year	1,108,400	1,350,372
Acquisitions at cost	931	93
Capitalised expenses	53	2,974
Unrealised losses on revaluation	(31,041)	(239,008)
Disposals at cost	(98,796)	(6,031)
Market value at the end of the year	979,547	1,108,400
Historical cost at the end of the year	1,107,676	1,205,489

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

8. Debtors

	31.03.2024	31.03.2023
	£'000	£'000
Unamortised rent free periods	8,259	8,725
Rents receivable	6,270	3,522
Unamortised lease incentives	3,406	4,679
Property payments recoverable	1,077	954
Prepayments	330	150
Accrued interest/revenue	203	52
Other debtors	50	–
Due from The Local Authorities' Mutual Investment Trust	26	27
	19,621	18,109

9. Cash and bank balances and Cash equivalents

	31.03.2024	31.03.2023
	£'000	£'000
Cash in the Public Sector Deposit Fund	48,000	81,455
Restricted cash	68	–
Cash at bank	13,720	10,983
Total cash	61,788	92,438

10. Creditors

	31.03.2024	31.03.2023
	£'000	£'000
Rent received in advance	13,883	13,786
VAT payable	1,604	2,070
Accrued expenses	809	597
	16,296	16,453

11. Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

11. Financial instruments (continued)

Market price risk

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

At 31 March 2024, if the value of investment held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders, and profit or loss, would increase or decrease respectively by approximately £48,977,000.00 (31.03.2023: £55,420,000.00).

Financial assets

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

Financial liabilities

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

Liquidity risk

By their very nature, direct properties are less liquid and therefore the investments may not be readily realisable. The Fund's liquidity may be affected by unexpected or high levels of redemptions. Under these circumstances, redemptions are subject to a notice period of 180 calendar days and which can be increased to up to six months if so determined by the Manager. The units are realisable only on each monthly dealing day.

Currency risk

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

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

11. Financial instruments (continued)

The total exposure at 31 March 2024 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	61,788	–	999,168	1,060,956

Currency	Floating rate financial liabilities** £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	30,249	30,249

31 March 2023

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	92,438	–	1,126,509	1,218,947

Currency	Floating rate financial liabilities** £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	29,270	29,270

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

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

There were no derivatives held by the Fund as at 31 March 2024 (31.03.2023, £nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

12. Commitments and contingent liabilities

There were no contingent liabilities as at 31 March 2024 (31.03.2023, £nil). At 31 March 2024 there were no redemption notices outstanding (31.03.2023, nil units).

As at 31 March 2024 there were pending redemption notices totally £6,461,191.

13. Trustee remuneration

The Trustee is controlled by the Members of the Council who receive no remuneration from the Fund.

14. Related party transactions

CCLA FM the Manager, charges an annual management charge for the management of LAPF to LAMIT, the Trustee of LAPF. CCLA IM is a parent company of the Manager (CCLA FM) and both these companies are related parties of both, LAPF and LAMIT. There were no outstanding balances due to or from CCLA FM and CCLA IM as of 31.03.2024 (31.03.2023, £nil).

The annual charge is paid by LAMIT on behalf of LAPF. LAMIT receives reimbursement from LAPF to cover these management expenses. LAMIT holds shares in CCLA IM and the dividends received by LAMIT in respect of these shares may be used to offset the reimbursement. In the year to 31.03.2024 LAMIT contributed £319,583 of its dividend income towards these costs (31.03.2023, £308,750). The amounts received by LAMIT from LAPF in respect of the recharges were £9,015,971 (31.03.2023, £10,660,196). There was an outstanding balance of £25,854 due from LAMIT to LAPF (31.03.2023, £27,214).

15. Turnover of Units

The number and net asset value of units in the Fund issued, cancelled and transferred in the year to 31 March 2024 was as follows:

	Number of Units	Value £'000	% of NAV
Units issued	47,883	145	0.01%
Units cancelled	41,112,863	112,980	10.96%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

15. Turnover of Units (*continued*)

Year to 31 March 2023 was as follows:

	Number of Units	Value £'000	% of NAV
Units issued	4,143,305	15,433	1.30%
Units cancelled	3,717,487	13,290	1.12%

At 31 March 2024 there were no redemption notices outstanding (31 March 2023, nil).

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

	31.03.2024 £'000	31.03.2023 £'000
Net cash and cash equivalents at beginning of the year	92,438	88,593
Movement during the year	(30,650)	3,845
Net cash and cash equivalents at the end of the year	61,788	92,438

17. Unitholders' funds – reconciliation of Units

	31.03.2024 Income Units	31.03.2023 Income Units
Opening number of Units at beginning of period	417,369,030	416,943,212
Units issued in period	47,883	4,143,305
Units cancelled in period	(41,112,863)	(3,717,487)
Closing number of Units at end of period	376,304,050	417,369,030

18. Fair value of financial assets and financial liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

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

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

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

For the year ended 31 March 2024:

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment property	–	–	989,925	989,925
Indirect investments	–	–	1,288	1,288
	–	–	991,213	991,213

For the year ended 31 March 2023:

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment property	–	–	1,119,925	1,119,925
Indirect investments	–	–	1,880	1,880
	–	–	1,121,805	1,121,805

DISTRIBUTION TABLE
for the year ended 31 March 2024

Period ended	Date paid/payable	Dividends paid/payable pence per Unit	
		2024	2023
Income Units			
30 June	31 July	3.35	2.85
30 September	31 October	3.74	3.26
31 December	31 January	3.59	3.09
31 March	30 April	3.62	3.09
		14.30	12.29

The distributions for income Units were paid in the same year, apart from the distribution declared on 31 March, which is payable on 30 April in the subsequent year.

STATEMENT OF TRUSTEE AND MANAGER 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 (IA) in May 2014 (and amended in June 2017);
- 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 DEPOSITARY RESPONSIBILITIES AND
REPORT OF THE DEPOSITARY**
for the year ended 31 March 2024

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;

- that 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.

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 by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
26 September 2024

AIFMD DISCLOSURES (UNAUDITED)

Manager Remuneration

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

Recharges for the services of CCLA IM to the Manager are levied in respect of the year ending on 31 March each year. The recharge for the year to 31 March 2024 was £36,649,000. A recharge of £35,420,000 was levied in the year to 31 March 2023.

The average number of full time equivalent staff of CCLA IM, including temporary staff, for the year ended 31 March 2024 was 185 (year ended 31 March 2023: 175).

During the year ended 31 March 2024 and the prior year, remuneration was paid to CCLA IM staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Fund ("identified staff") are shown separately.

	Year to 31 March 2024			Year to 31 March 2023		
	Fixed	Variable	Total	Fixed	Variable	Total
	remuneration	remuneration		remuneration	remuneration	
	£000	£000	£000	£000	£000	£000
Identified staff	1,035	981	2,017	1,035	1,287	2,322
Other staff	18,065	584	18,649	15,918	7,135	23,053
Total	19,101	1,565	20,666	16,953	8,422	25,375

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

TRUSTEE AND MANAGER

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

R Kemp CBE

Local Government Association

M Evey – appointed 5 October 2023

B Ingram

J Lewis – appointed 5 October 2023

R Love

R Woodley

Independent

R Kemp CBE

K Stevens

C West

Northern Ireland Local Government Officers' Superannuation Committee

D Donnelly – resigned 5 October 2023

T Andrews – appointed 5 October 2023

Convention of Scottish Local Authorities

G Macgregor

Welsh Local Government Association

C Weaver

The Manager/Alternative Investment Fund Manager (AIFM)

CCLA Fund Managers Limited

Authorised and regulated by the Financial Conduct Authority

One Angel Lane

London EC4R 3AB

Telephone: 0207 489 6000

Client Service:

Freephone: 0800 022 3505

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

CCLA Investment Management Limited

Authorised and regulated by the Financial Conduct Authority

One Angel Lane

London EC4R 3AB

Telephone: 0207 489 6000

Client Service:

Freephone: 0800 022 3505

Email: clientservices@ccla.co.ukwww.ccla.co.uk**Executive Directors of the Manager**

D Sloper (Chief Executive)

E Sheldon (Chief Operating Officer)

J Berens

Non-Executive Directors of the Manager

J Bailie (Chair)

N McLeod-Clarke

R Fuller – appointed 1 April 2024

Head of Property

P Hannam

Company Secretary

J Fox

Chief Risk Officer

J-P Lim

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

Hogan Lovells LLP

Atlantic House, Holborn Viaduct

London EC1A 2FG

DLA Piper Scotland LLP

Collins House

Rutland Square

Edinburgh

EH1 2AA

Independent Auditors

Deloitte LLP

110 Queen Street

Glasgow G1 3BX

ABOUT CCLA

Founded in 1958, CCLA is now the UK's largest charity fund manager. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This means we must provide a supportive and stable environment for our staff, and deliver trusted, responsibly managed products and services to our clients, irrespective of their size.

CCLA

CCLA Fund Managers Limited
One Angel Lane, London EC4R 3AB
T: 0800 022 3505 E: clientservices@ccla.co.uk

www.ccla.co.uk

CCLA is the trading name for CCLA Investment Management Limited (Registered in England and Wales No. 2183088) and CCLA Fund Managers Limited (Registered in England and Wales No. 8735639)

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: One Angel Lane, London EC4R 3AB.

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