



meeting

PENSIONS INVESTMENT SUB COMMITTEE

date

12 DECEMBER 2008

agenda item number

REPORT OF THE SERVICE DIRECTOR (FINANCE)

PROPERTY INSPECTION 2008

Purpose of the Report

1. To report on the Pension Fund Property Inspection which took place on 8th and 9th October 2008.

Information and Advice

2. The Myners Principles set out best practice on trustee investment responsibilities and emphasise the need for trustee Members to be well informed of their Pension Fund's investments. The annual property inspection provides Members with the opportunity to:
 - a) appreciate the nature and potential of the properties in the Fund's portfolio
 - b) assess the investment performance of each property at first hand
 - c) discuss with the Fund Managers their plans for the properties and offer views on proposed strategies
 - d) assess the state of the property market specific to the properties inspected
 - e) increase their awareness of the Fund Managers' performance.
3. The 2008 Property Inspection reviewed properties owned by the Pension Fund in the South and London area. In total, five separate properties were inspected, with a combined valuation of just over £71 million, which represents approximately 24% of the total value of the Property Portfolio. The properties involved were:

Property	Valuation £m	Description
Biggleswade Retail Park, Biggleswade	10.45	Terrace of five retail warehouse units with planning consent
Elstree Gate, Borehamwood	13.50	Six units fully refurbished as offices
Kirby Street, London	9.75	Former warehouse, refurbished as a multi let office building
Greybrook House, Brook St, London	12.35	Multi let offices with retail unit on ground floor
Chiswick Park	25.18	A 1.8 m sq ft office park development
Total	71.23	

4. As part of the inspection process, Members were presented with the tenancy schedules for each property, highlighting key factors including the rental sums involved and the level of vacant space available. Individual properties were discussed in detail with Aberdeen, the Fund's main Property Manager, and issues raised on each property. Aberdeen explained their strategy in more detail and described the key investment features of each property. In addition, Members received a detailed presentation on the Chiswick Park marketing approach and the results of employee surveys carried out at the office park. Overall, the inspection proved a very helpful and useful means of updating Members on current market positioning and strategy.
5. The estimated cost of the property inspection including overnight accommodation was £3,200 which has been met from the Pension Fund's budget for Trustee Training and Activities.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder, human rights and those using the relevant service. Where such implications are material, they have been described in the text of the report.

Recommendations

7. That the report be noted and that the Fund's Property Managers be asked to organise another property inspection in 2008.

**ALAN SUMBY
SERVICE DIRECTOR (FINANCE)**

Background Papers Available for Inspection

Nil.