

meeting PENSIONS INVESTMENT SUB COMMITTEE

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REPORT OF THE SERVICE DIRECTOR (FINANCE)

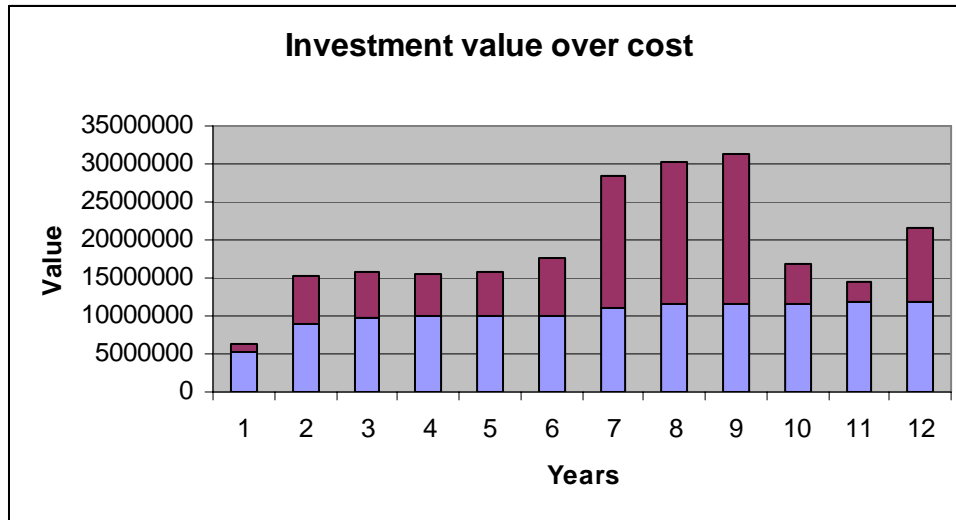
CHISWICK PARK UNIT TRUST

1. **Purpose**

- 1.1 To report on the history of this investment.

2. **History**

- 2.1 This investment opportunity was brought to our attention by our property advisors, (the same advisors as at present but then under the name Argyll) in 1999. Following various consultations and a site inspection by Councillors Carter and Cox the report attached as an appendix was approved.
- 2.2 £5,366,000 was invested in the Trust in June 1999, subscribing for 5,366 units, representing 7.84% of the original equity. This initial equity was used to purchase the land.
- 2.3 Subsequent payments over the lifetime of the Trust took the total equity invested by the Fund to £11,859,945. This money was mostly used to provide working capital for the Trust as the bulk of construction expenditure necessary to fund the next phase of buildings was secured on the value of the completed and let buildings, providing a rolling source of security for the capital raised.
- 2.4 The table below indicates how the value of our investment rose and fell, magnifying the movement of the property market and then rising again in the final year as it was sold.



- 2.5 The Trust was sold in March 2011 for a gross price of £480,000,000. After deduction of costs and an allowance for the outstanding rent free periods, a net capital distribution of £287,509,594 was made to unit holders, of which the Fund received £21,649,313. This provided a capital surplus to the Fund of £9,789,359 on original equity invested.
- 2.6 In addition, over the lifetime of the Trust, income distributions amounting to £4,290,088 were received by the Fund - although with the development phase requiring funding, the first distribution was not actually received until April 2005. The final income distribution of £363,055 was received on the date of sale.
- 2.7 So over its life (from June 1999 to March 2011), our investment in Chiswick Park returned 10.9% per annum compared with the IPD Monthly Universe of 7.3% per annum for the same period.

3. **Conclusion**

- 3.1 The Fund has experienced some difficulties with this investment, particularly at the end when it was sold at a time not at the best to achieve its full development benefit. However, despite this, Chiswick Park is an example of how investment in a collective vehicle can work to the benefit of the Fund. It has enabled participation in a scheme much larger than could be achieved solely by the Fund and also benefit from a high return from a development which members can be proud of being associated with.

Statutory and Policy Implications

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

5. **Recommendation**

5.1 That the report be noted.

**PAUL SIMPSON
SERVICE DIRECTOR (FINANCE)**

**Background Papers available for inspection
None.**