

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**PROPERTY INSPECTION 2012****Purpose of the Report**

1. To report on the inspection of a number of the Fund's directly held properties.

Information and Advice

2. The Fund has a significant portfolio of directly held UK property and, as part of the fiduciary duties of members, each year a visit is arranged to inspect a number of those properties. This year the visit was to Scotland on 9th and 10th October 2012.
3. The first property viewed was the brand new Morrisons store on Gallowgate in Glasgow. This development was funded by the Fund to the specifications set out by Morrisons. The visit enabled members to see the quality of the development and to ask questions about the layout, the location and plans for other parts of the site.
4. Another viewing in Glasgow was the retail and office block at Finlay House. There has been a lot of development undertaken at this property with the possibility also of changing the retail layout on the ground floor. The last visit to Finlay House was a number of years ago and the plans to extend the upper floors were discussed. This visit allowed members to see the completed extensions.
5. The next property was at the Springkerse Retail Park in Sterling. The Fund owns a Wickes outlet on the park and discussions were held with the representatives from Aberdeen Asset Management about the possibilities of reconfiguring the site and about the prospects for the wider park.
6. The final viewing on day one was at Princes Street in Edinburgh where the Fund owns a small retail outlet.
7. Day two began with a training session for members at Aberdeen's offices. This covered Aberdeen's house view of the current macro-economic situation and the new investment processes in place within the property team. Members were then updated on the Fund's investments in strategic land including a presentation on the caravan park in Peebles.

8. The final inspection was of the caravan park and the earlier presentation gave members the context to question the managing agent. It was also useful to see the location, situation and aspect of the park.
9. Overall the visit went well and gave members the opportunity to learn more about the property market in general but more particularly any concerns and potential opportunities at the properties owned by the Fund.

RECOMMENDATION/S

- 1) That it be noted that regular property inspections are regarded as an important part of fulfilling members' fiduciary duties.
- 2) That the report be noted.

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Background Papers

None