



Investment Committee

- Date:** WEDNESDAY, 9 MAY 2012
- Time:** 1.45pm
- Venue:** COMMITTEE ROOMS - WEST WING, GUILDHALL
- Members:** Ray Catt (Chairman)
Deputy Michael Cassidy (Deputy Chairman)
Deputy Ken Ayers (Chief Commoner)
Roger Chadwick
Simon Duckworth
Deputy Anthony Eskenzi
Martin Farr
Alderman Sir Robert Finch
Archie Galloway
George Gillon
Brian Harris
Tom Hoffman
Robert Howard
Michael Hudson
Robert Hughes-Penney
Clare James
Deputy Keith Knowles
Anthony Llewelyn-Davies
Deputy Edward Lord
Jeremy Mayhew
Henry Pollard
Ian Seaton
Mark Boleat (Ex-Officio Member)
Stuart Fraser (Ex-Officio Member)

Enquiries: Claire Sherer
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Lunch will be served in the Guildhall Club at 1pm

Chris Duffield
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **DECLARATIONS BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS**
3. **ORDER OF THE COURT OF COMMON COUNCIL (19 APRIL 2012)**
To appoint the Committee and approve its Terms of Reference.

For Information
(Pages 1 - 2)
4. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 13 January 2012.

For Decision
(Pages 3 - 6)
5. **MINUTES OF THE FINANCIAL INVESTMENT BOARD**
To note the draft public minutes and non-public summary of the meeting held on 2 February 2012.

For Information
(Pages 7 - 10)
6. **MINUTES OF THE PROPERTY INVESTMENT BOARD**
To note the public minutes and non-public summary of the meetings held on 18 January 2012, 15 February 2012 and 14 March 2012.

For Information
(Pages 11 - 22)
7. **APPOINTMENT OF BOARDS AND FREQUENCY OF GRAND COMMITTEE AND BOARD MEETINGS**
Report of the Town Clerk.

For Decision
(Pages 23 - 30)
8. **ELECTION OF CHAIRMAN**
To elect a Chairman pursuant to Standing Order No. 29.

For Decision
9. **ELECTION OF DEPUTY CHAIRMAN**
To elect a Deputy Chairman pursuant to Standing Order No. 30.

For Decision

10. **THE GLOBAL ECONOMY AND THE UK AND CENTRAL LONDON PROPERTY MARKET**
 Presentation of Peter Damesick, Chief Economist - Global Research & Consulting at CBRE.
For Information
(Pages 31 - 54)
11. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
 The Town Clerk to be heard.
12. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
13. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
14. **EXCLUSION OF THE PUBLIC**

MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
15 - 16	3
17	3 & 7
19 – 21	-

Part 2 - Non-Public Agenda

15. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
 To agree the non-public minutes of the meeting held on 13 January 2012.
For Decision
(Pages 55 - 56)
16. **NON-PUBLIC MINUTES OF THE FINANCIAL INVESTMENT BOARD**
 To note the non-public minutes of the meeting held on 2 February 2012.
For Information
(Pages 57 - 60)
17. **NON-PUBLIC MINUTES OF THE PROPERTY INVESTMENT BOARD**
 To note the non-public minutes of the meetings held on 18 January 2012, 15 February 2012 and 14 March 2012.
For Information
(Pages 61 - 82)

18. **SECURITIES INVESTMENTS - REVISED STRATEGY**

Report of the Chamberlain.

For Information
(Pages 83 - 96)

19. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND
URGENCY PROCEDURES**

The Town Clerk to be heard.

20. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE
COMMITTEE**

21. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND
WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE
PUBLIC ARE EXCLUDED**

Agenda Item 3

WOOTTON, Mayor

RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 19th April 2012, doth hereby appoint the following Committee until the first meeting of the Court in April, 2013.

INVESTMENT COMMITTEE

1. **Constitution**

A Non-Ward Committee consisting of,

- 14 Members elected by the Court of Common Council, at least one of whom shall have fewer than five years' service on the Court at the time of their appointment
- eight Members nominated by the Policy & Resources Committee
- the Chairman and Deputy Chairman of the Policy & Resources Committee (ex-officio)
- the Chairman and Deputy Chairman of the Finance Committee (ex-officio)

2. **Quorum**

The quorum consists of any seven Members.

3. **Membership 2012/13**

- 2 (2) Simon D'Olier Duckworth, D.L., *for two years*
- 2 (2) Brian Nicholas Harris, *for two years*
- 2 (2) Archibald Duncan Galloway, O.B.E., *for two years*
- 2 (2) James Henry George Pollard, *for two years*
- 2 (2) Ian Christopher Norman Seaton, *for three years*
- 2 (2) Michael John Cassidy, C.B.E., Deputy, *for three years*
- 2 (2) Roger Arthur Holden Chadwick, *for three years*
- 2 (2) Kenneth Edwin Ayers, M.B.E., Deputy
- 2 (2) George Marr Flemington Gillon
- 2 (2) Robert Charles Hughes-Penney
- 2 (2) Jeremy Paul Mayhew, M.A., M.B.A.
- 2 (1) Raymond Michael Catt
- 2 (1) Tom Hoffman
- 1 (1) Clare James, M.A.

together with the Members referred to in paragraph 1.

4. **Terms of Reference**

- (a) To be responsible for the strategic oversight and monitoring of the performance of all of the City of London Corporation's investments, in accordance with the investment strategy determined by the Policy & Resources Committee.
- (b) To fulfil (a) above by means of the appointment of a Property Investment Board and a Financial Investment Board, responsible for property and financial investments respectively.

Note: The Property Investment Board and a Financial Investment Board shall have the power to:-

- i) co-opt people with relevant expertise or experience, including non-Members of the Court; and
- ii) submit reports on matters relevant to their responsibilities directly to the Court of Common Council.

Duffield

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INVESTMENT COMMITTEE

13 JANUARY 2012

Minutes of the meeting of the INVESTMENT COMMITTEE held at Guildhall, EC2 on FRIDAY 13 DECEMBER 2012 at 2.15pm

Present

Members:

Robert Hughes-Penney (Chairman)
Deputy Michael Cassidy (Deputy Chairman)
Deputy Kenneth Ayers
Raymond Catt
Roger Chadwick (Ex-officio)
Simon Duckworth
Deputy Anthony Eskenzi
Archie Galloway
Tom Hoffman
Clare James
Deputy Keith Knowles
Oliver Lodge
Jeremy Mayhew
Henry Pollard
Ian Seaton

Officers:

Claire Sherer	Town Clerk's Department
Chris Bilsland	Chamberlain
Paul Mathews	Corporate Treasurer
Mark Bryans	Chamberlain's Department
Peter Bennett	City Surveyor
Nicholas Gill	City Surveyor's Department

By Invitation

Jonathon Ruffer - Chief Investment Officer and Chief Executive, Ruffer LLP
Steve Russell – Investment Director - Ruffer LLP

Part 1 – Public Agenda

CHAIRMAN'S OPENING REMARKS

The Chairman welcomed those present to the meeting and in particular, Jonathon Ruffer and Steve Russell from Ruffer LLP who were in attendance to present to the Committee. As the presentation did not contain any information which was exempt from publication, it was agreed that Item 12 could be taken under Item 7 instead.

1. APOLOGIES

Apologies for absence were received from Martin Farr, George Gillon, Brian Harris, Anthony Llewelyn-Davies and Edward Lord.

2. DECLARATIONS BY MEMBERS OF PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ITEMS TO BE CONSIDERED AT THIS MEETING

Henry Pollard declared a personal but not prejudicial interest in that he was employed by Invesco Perpetual, an investment manager.

3. MINUTES

RESOLVED: That the minutes of the Investment Committee meeting held on 20 July 2011 be approved as an accurate record.

4. MINUTES OF THE PROPERTY INVESTMENT BOARD

RECEIVED

5. MINUTES OF THE FINANCIAL INVESTMENT BOARD

RECEIVED

6. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were none.

7. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

As the Fund Manager Presentation included at Item 12 in the non-public part of the agenda did not contain any information which was exempt from publication, it was instead considered here.

Fund Manager Presentation - Ruffer LLP

Jonathan Ruffer gave the Committee an overview of Ruffer's recent activities and performance and also set out his views on the global economy and the impact on lending and debt. The Chairman thanked Mr Ruffer for his presentation and invited the Committee to ask questions.

Members asked a number of questions including what Mr Ruffer's thoughts were on various investment opportunities including equities, Government bonds, real estate and gold. They also asked his views on the current economic instability in Europe. Mr Ruffer recommended property and gold as good investments at the present time, although recognised that lower risk equities could achieve a good return. With regards to Europe, it was difficult to predict any fallout from the current difficulties so a lower risk option would be to invest in China as although growth appeared to be slowing, there were still good opportunities.

8. EXCLUSION OF THE PUBLIC

MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
9 - 11	3 & 7
13	3
14 - 15	-

**SUMMARY OF MATTERS CONSIDERED WHILST
THE PUBLIC WERE EXCLUDED**

9. NON-PUBLIC MINUTES

RESOLVED: That the non-public minutes of the Investment Committee meeting held on 20 July 2011 be approved as an accurate record.

10. NON-PUBLIC MINUTES OF THE PROPERTY INVESTMENT BOARD

RECEIVED

11. NON-PUBLIC MINUTES OF THE FINANCIAL INVESTMENT BOARD

RECEIVED

12. FUND MANAGER PRESENTATION

The presentation was considered under Item 7 in the public session as it did not contain any information which was exempt from publication.

13. ANALYSIS OF INVESTMENTS MANAGED

The Committee considered a joint report of the Chamberlain and City Surveyor.

**14. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE
COMMITTEE**

There were none.

**15. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED
WHILST THE PUBLIC ARE EXCLUDED**

There was none.

The meeting closed at 3:20pm

CHAIRMAN

Contact Officer: Claire Sherer
Tel: 020 7332 1971
Email: Claire.Sherer@cityoflondon.gov.uk

FINANCIAL INVESTMENT BOARD

2 February 2012

Minutes of the meeting of the FINANCIAL INVESTMENT BOARD held at Guildhall, EC2 on THURSDAY 2 FEBRUARY 2012 at 1.45pm.

Present

Members:

Robert Hughes-Penney (Chairman)	Clare James
Ray Catt (Deputy Chairman)	Anthony Llewelyn-Davies
Deputy Kenneth Ayers	Jeremy Mayhew
Simon Duckworth	Henry Pollard
Brian Harris	Ian Seaton
Tom Hoffman	

Officers:

Paul Mathews	Chamberlain's Department
Caroline Al-Beyerty	Chamberlain's Department
Mark Bryans	Chamberlain's Department
Claire Sherer	Town Clerk's Department

In Attendance

Simon Harris (Item 11 only)	GMO (UK) Ltd
Tom Smith (Item 11 only)	GMO (UK) Ltd
Peter Froude (Item 11 only)	GMO (UK) Ltd
John Harrison (Item 12 only)	Aon Hewitt
Emily McGuire (Item 12 only)	Aon Hewitt

1. APOLOGIES

Apologies for absence were received from Roger Chadwick and Oliver Lodge.

2. DECLARATIONS BY MEMBERS OF PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ITEMS TO BE CONSIDERED AT THIS MEETING

There were none.

3. MINUTES

The public minutes and summary of the non-public minutes of the meeting held on 12 December 2011 were approved.

4. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012/13

The Board were given an outline of the Treasury Management Strategy Statement and Annual Investment Strategy 2012/13, which would subsequently feed into the 'City Fund 2012/13 Budget and Medium Term Financial Strategy' report which would be submitted to the Finance Committee and Court of Common Council. It was noted that the 'Approved Countries for Investments –

as based on Fitch Ratings' (as set out in Appendix 6 of the report) had changed since the papers were circulated and also that the UK would remain as an approved country even if it were to be downgraded from its current AAA status.

In response to a question, Officers agreed to review and update Members on current policy regarding Insurance Companies.

RESOLVED: That the Treasury Management Strategy Statement and Annual Investment Strategy be approved and submitted to the Court of Common Council for formal adoption.

5. UK STEWARDSHIP CODE

The Board were asked to note the requirements of the Finance Reporting Council's UK Stewardship Code (as published in July 2010) and to take assurance that the majority of the City Corporation's Investment Fund Managers adhere fully to the code (as shown in the appendices to the report).

The Chairman welcomed the positive findings and noted that it would be useful for the Board to receive an annual report on voting and corporate governance.

RESOLVED: That the City Corporation's current approach towards the Stewardship Code, as adopted by its Investment Managers, was agreed.

6. PENSION FUND – ACTUARIAL VALUATION

As requested at the previous meeting, the Board considered a December 2010 report to the Finance Committee which identified a decrease in the overall funding level of the Pension Fund following an Actuarial Valuation. This had resulted in Members agreeing to increase the deficit recovery period from 17 years to 20 years.

One Member noted that, in the context of disappointing investment returns and the current low growth period, this approach could only be deemed as short-term fix.

RESOLVED: That the report be noted.

7. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were none.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

9. EXCLUSION OF THE PUBLIC

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

**SUMMARY OF MATTERS CONSIDERED WHILST
THE PUBLIC WERE EXCLUDED**

10. NON-PUBLIC MINUTES

The non-public minutes of the Financial Investment Board meeting held 12 December 2011 were approved.

11. FUND MANAGER PRESENTATION

The Board considered a presentation from GMO (UK) Ltd.

12. IMPLEMENTATION OF INVESTMENT STRATEGY

The Board considered report of Aon Hewitt on implementing the City of London Corporation Investment Strategy.

**13. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE
COMMITTEE**

There were no questions.

**14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED
WHILST THE PUBLIC ARE EXCLUDED**

There were no urgent items.

The meeting closed at 3.35pm.

CHAIRMAN

Contact Officer: Claire Sherer
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PROPERTY INVESTMENT BOARD

WEDNESDAY 18 JANUARY 2012

Minutes of the meeting of the PROPERTY INVESTMENT BOARD held at Guildhall, EC2 on WEDNESDAY 18 JANUARY 2012 at 11.30AM.

Present

Members:

Deputy Michael Cassidy, Chairman
Archie Galloway, Deputy Chairman
Deputy Kenneth Ayers
Mark Boleat
Roger Chadwick
Deputy Anthony Eskenzi
Alderman Sir Robert Finch
George Gillon
Brian Harris
Robert Hughes-Penney
Deputy Keith Knowles

Officers:

Susan Attard	- Deputy Town Clerk
Lorraine Brook	- Town Clerk's Department
Daniel Hooper	- Town Clerk's Department
Peter Bennett	- City Surveyor
Nicholas Gill	- City Surveyor's Department
Tom Leathart	- City Surveyor's Department
Colin Wilcox	- City Surveyor's Department
John James	- Chamberlain's Department
Alan Bennetts	- Comptroller & City Solicitor's Department

1. APOLOGIES

There were no apologies for absence.

2. DECLARATIONS BY MEMBERS OF PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ITEMS TO BE CONSIDERED AT THIS MEETING

There were none.

3. MINUTES

The public minutes and summary of the meeting held on 14 December 2011 were approved.

4. QUESTIONS ON MATTERS RELATING TO THE WRK OF THE COMMITTEE

There were no questions.

5. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT ITEMS**

Members were reminded of the forthcoming site visit that would take place in advance of the next meeting on 15th February 21012, between 10am and 12 noon. Members were asked to confirm their availability as soon as possible.

6. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act:-

Item No.	Exempt Paragraph/s
7-15	3
16-17	--

SUMMARY OF MATTERS CONSIDERED WITH THE PUBLIC EXCLUDED

7. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 14 December 2011 were approved subject to a minor correction at Item 16 - 1-5 London Wall Buildings, EC2 - Detailed Options Appraisal.

8. **CITY SURVEYOR'S BUSINESS PLAN – 3RD QUARTER UPDATE**

A report of the City Surveyor detailing progress against the 2011-14 Business Plan was considered.

9. **PP2P BUILDING REPAIR AND MAINTENANCE CONTRACT - UPDATE**

An update report of the City Surveyor was received.

10. **CITY'S ESTATE, BRIDGE HOUSE, CITY FUND, STRATEGIC ESTATES AND LEADENHALL MARKET - VACANT ACCOMMODATION UPDATE**

A report of the City Surveyor was received.

11. **QUARTERLY DELEGATED AUTHORITIES UPDATE – 1ST OCTOBER 2011 TO 31ST DECEMBER 2011**

The Board received a report of the City Surveyor.

12. **OUTSTANDING LEASE RENEWALS AND RENT REVIEWS AS AT 25TH DECEMBER 2011**

A report of the City Surveyor was received.

13. **STRATEGIC PROPERTY ESTATE –UPDATE**

The Board received a report of the City Surveyor.

14. **FROBISHER CRESCENT FLATS - UPDATE REPORT**

The Board approved a report of the City Surveyor.

BRIDGE HOUSE ESTATES

15. BRIDGE HOUSE ESTATES LETTING REPORT – 10-16 BEVIS MARKS, LONDON, EC3

A report of the City Surveyor was approved.

16. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

Two questions were raised by Members of the Board and responded to by the City Surveyor.

17. ANY OTHER URGENT BUSINESS

With the Chairman's consent, one item of urgent business in respect of updating the Board about two properties, was considered.

The meeting ended at 12.34pm

CHAIRMAN

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e-mail: lorraine.brook@cityoflondon.gov.uk**

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PROPERTY INVESTMENT BOARD

WEDNESDAY 15 FEBRUARY 2012

Minutes of the meeting of the PROPERTY INVESTMENT BOARD held at Guildhall, EC2 on WEDNESDAY 15 FEBRUARY 2012 at 1.45PM.

Present

Members:

Deputy Michael Cassidy, Chairman
Archie Galloway, Deputy Chairman
Deputy Kenneth Ayers
Deputy Anthony Eskenzi
Martin Farr
Alderman Sir Robert Finch
Robert Hughes-Penney
Deputy Keith Knowles
Edward Lord

Officers:

Susan Attard	- Deputy Town Clerk
Lorraine Brook	- Town Clerk's Department
Daniel Hooper	- Town Clerk's Department
Peter Bennett	- City Surveyor
Tom Leathart	- City Surveyor's Department
Trevor Nelson	- City Surveyor's Department
Colin Wilcox	- City Surveyor's Department
Hazel Lerigo	- Chamberlain's Department
John James	- Chamberlain's Department
Alan Bennetts	Comptroller & City Solicitor's Department

1. APOLOGIES

Apologies for absence were received from Mark Boleat, Roger Chadwick, George Gillon and Brian Harris.

2. DECLARATIONS BY MEMBERS OF PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ITEMS TO BE CONSIDERED AT THIS MEETING

There were none.

3. MINUTES

The public minutes and summary of the meeting held on 18 January 2012 were approved.

4. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

5. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT ITEMS**

There was none.

6. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act:-

Item No.	Exempt Paragraph/s
7-16	3
16-17	--

SUMMARY OF MATTERS CONSIDERED WITH THE PUBLIC EXCLUDED

7. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 18 January 2012 were approved subject to a minor correction at Item 14 - Frobisher Crescent Flats - Update Report and resolution (iv) which should read as:

"the Property Investment Board notes that the noise testing approach in respect of the Frobisher Crescent Flats has been satisfactory and the necessary noise works will be undertaken."

8. **SEETHING LANE GARDEN, EC3 - DEVELOPMENT**

A report of the City Surveyor was approved.

9. **CITY FUND: SPITALFIELDS, E1 - DEED OF VARIATION- S106 AGREEMENT**

A report of the City Surveyor was approved.

10. **LEADENHALL MARKET - STRATEGIC UPDATE**

The Board received a report of the City Surveyor.

11. **BRIDGE HOUSE ESTATES - LETTING REPORT**

The Board approved a report of the City Surveyor.

12. **PROCUREMENT AND PROCURE TO PAY - CONSTRUCTION CATEGORY - MINOR WORKS AND REFURBISHMENT**

A joint report of the City Surveyor and Chamberlain was received.

13. **CITY'S RENTAL FORECAST MONITORING REPORT**

The Board received a report of the City Surveyor.

14. **CITY'S ESTATE, BRIDGE HOUSE ESTATES, CITY FUND ESTATE, STRATEGIC PROPERTY AND LEADENHALL MARKET - ARREARS OF RENT ETC**

A report of the City Surveyor was received.

15. **FIRST REGISTRATION OF THE CITY'S FREEHOLD TITLES - PROGRESS REPORT**

The Board received a report of the City Surveyor.

16. **REPORT OF ACTION TAKEN BETWEEN MEETINGS**

The Town Clerk informed the Board of two property related matters which had been approved under Delegated Authority since the last meeting.

17. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

One question was raised by a Member of the Board and responded to by the City Surveyor.

18. **ANY OTHER URGENT BUSINESS**

With the Chairman's consent, three items of urgent business in respect of property matters were considered.

The meeting ended at 2.37pm

CHAIRMAN

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PROPERTY INVESTMENT BOARD

WEDNESDAY 14 MARCH 2012

Minutes of the meeting of the PROPERTY INVESTMENT BOARD held at Guildhall, EC2 on WEDNESDAY 14 MARCH 2012 at 1.45PM.

Present

Members:

Deputy Michael Cassidy, Chairman
Archie Galloway, Deputy Chairman
Deputy Kenneth Ayers
Deputy Anthony Eskenzi
Martin Farr
Alderman Sir Robert Finch
George Gillon
Brian Harris
Edward Lord

Officers:

Lorraine Brook	- Town Clerk's Department
Daniel Hooper	- Town Clerk's Department
Peter Bennett	- City Surveyor
Nick Gill	- City Surveyor's Department
Trevor Nelson	- City Surveyor's Department
Colin Wilcox	- City Surveyor's Department
Will Wright	- City Surveyor's Department
John James	- Chamberlain's Department
Alan Bennetts	- Comptroller & City Solicitor's Department

The order of business was amended as follows.

1. **APOLOGIES**

Apologies for absence were received from Mark Boleat, Robert Hughes-Penney, Deputy Keith Knowles and Roger Chadwick.

2. **DECLARATIONS BY MEMBERS OF PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ITEMS TO BE CONSIDERED AT THIS MEETING**

There were none.

3. **MINUTES**

The public minutes and summary of the meeting held on 15 February 2012 were approved.

4. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

5. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT ITEMS**

There was none.

6. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act:-

Item No.	Exempt Paragraph/s
7-11, 14	3
12-13	7
15-16	--

SUMMARY OF MATTERS CONSIDERED WITH THE PUBLIC EXCLUDED

7. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 15 February 2012 were approved.

BRIDGE HOSUE ESTATES

8. **BRIDGE HOUSE ESTATES – LETTING REPORTS**

A report of the City Surveyor was approved.

9. **NMB HOUSE, CREECHURCH LANE – ACQUISITION FREEHOLD INTEREST**

A report of the City Surveyor was approved.

CITY FUND ESTATE

10. **70 MARK LANE, EC3**

The Board approved a report of the City Surveyor.

11. **BRIDGE HOSUE ESTATES - BRIDGEMASTER'S HOUSE – POTTERS FIELDS DEVELOPMENT – PHASE II**

The Board approved a report of the City Surveyor.

ALL ESTATES

12. **FORMER TENNANTS RENT ARREARS – WRITE OFF REPORT**

A joint report of the City Surveyor and Chamberlain was approved.

13. **MANAGEMENT OF RISK – INVESTMENT PROPERTY**

The Board received a report of the City Surveyor.

14. **REPORT OF ACTION TAKEN BETWEEN MEETINGS**

A report of the Town Clerk was received.

15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were none.

16. **ANY OTHER URGENT BUSINESS**

With the Chairman's consent, three items of urgent business in respect of property matters were considered by the Board.

The meeting ended at 2.46pm

CHAIRMAN

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Agenda Item 7

Committee(s):	Date(s):
Investment Committee	09 May 2012
Subject: Appointment of Boards and Frequency of Grand Committee and Board Meetings	Public
Report of: The Town Clerk	For Decision
<u>Summary</u>	
<ol style="list-style-type: none">1. The purpose of this report is to consider the appointment of the Committee's Boards, to approve their composition and to agree the frequency of meetings.2. It is proposed that the Committee appoints the same two Boards (Financial Investment and Property Investment) as for 2011/12. Details of the composition and terms of reference of the Boards are set out in Appendix 1.3. It is also proposed that the protocol for co-option to the Financial Investment Board and the Property Investment Board, as agreed for 2011/12, be agreed in the same form as set out at Appendix 2.	
Recommendation(s):	
<ol style="list-style-type: none">4. It is recommended that:-<ol style="list-style-type: none">a) consideration be given to the appointment, composition and terms of reference of the following Boards:<ul style="list-style-type: none">• Financial Investment Board• Property Investment Boardb) consideration be given to the frequency of meetings for the Investment Committee and the Financial Investment and Property Investment Boardsc) it be noted that the Chairman and Deputy Chairman are ex-officio Members of the following Committees:<ul style="list-style-type: none">• Policy & Resources• Financed) the protocol for co-option to the Financial Investment Board and the Property Investment Board be agreed.	

Main Report

5. The Investment Committee is responsible for the strategic oversight and monitoring of all of the City of London Corporation's investments, in accordance with the investment strategy as determined by the Policy & Resources Committee. This is fulfilled by the appointment of a 'Financial Investment Board' and a 'Property Investment Board' so the Committee should consider appointing Members to those two Boards.
6. This report also sets out the Terms of Reference for both of the Investment Committee's Boards and the proposed frequency of meetings and work programme.
7. The Committee's Boards are considered in turn below and details of their proposed composition and terms of reference are set out in Appendix 1 of this report.
8. As agreed at the meeting on 6 May 2011, the protocol for co-option to the Boards should be reviewed and agreed on an annual basis and is included at Appendix 2.

Financial Investment Board

9. It is proposed that the Investment Committee appoints Members to its 'Financial Investment Board'. The proposed Terms of Reference and composition of the Board are given at Appendix 1.
10. It is proposed that the Terms of Reference continue as present and that the Board should continue to meet approximately six times a year.
11. The Financial Investment Board met six times between April 2011 and April 2012 and at April 2012 the membership was as follows:-
 - Robert Hughes-Penney, Chairman
 - Ray Catt, Deputy Chairman
 - Deputy Kenneth Ayers
 - Roger Chadwick
 - Simon Duckworth
 - Stuart Fraser
 - Brian Harris
 - Tom Hoffman
 - Clare James
 - Anthony Llewelyn-Davies
 - Oliver Lodge
 - Edward Lord
 - Jeremy Mayhew
 - Henry Pollard
 - Ian Seaton

Property Investment Board

12. It is proposed that the Investment Committee appoints Members to its 'Property Investment Board'. The proposed Terms of Reference and composition of the Board are given at Appendix 1.
13. It is proposed that the Terms of Reference continue as present and that the Board should continue to meet approximately eight to ten times a year.
14. The Board met nine times between April 2011 and April 2012 and at April 2012 the membership was as follows:-
 - Deputy Michael Cassidy, Chairman
 - Archie Galloway, Deputy Chairman
 - Deputy Kenneth Ayers
 - Mark Boleat
 - Roger Chadwick
 - Deputy Anthony Eskenzi
 - Martin Farr
 - Alderman Sir Robert Finch
 - George Gillon
 - Brian Harris
 - Robert Hughes-Penney
 - Deputy Keith Knowles
 - Edward Lord

Ex-officio representation on other Committees

15. Note that the Chairman and Deputy Chairman of the Investment Committee are ex-officio Members of the following Committees:-
 - Policy & Resources
 - Finance

Frequency of meetings and future work programme of the Investment Committee

16. It is proposed that the Investment Committee continues to meet three times a year and these meetings should be held in January, April/May and July. An indicative work programme is shown below.

January

- Presentation by independent /external advisor (either a property or financial focus)
- Valuations/Income - property and finance (on a fund basis for the past year and for the coming 6 months)
- Total performance - budget position
- Headline property figures
- Securities - detailed breakdown

April / May

- Election of Chairman and Deputy Chairman
- Appointment of Financial Investment and Property Investment Board
- Presentation - overview of Economic position (Independent/external advisor)

July

- Presentation by independent /external advisor (either a property or financial focus, depending on presentation in January)
- Securities

Co-option arrangements

17. Both the Financial Investment Board and the Property Investment Board are empowered to co-opt people with relevant expertise or experience, including non-Members of the Court of Common Council, to assist in their deliberations. Last year, the Committee agreed a protocol concerning the co-option arrangements for each Board and also agreed that this should, in future years, also be considered at the Boards. The protocol is attached at Appendix 2 and Members are asked to endorse the protocol which will thereafter be considered by the Boards.

Appendices

- Appendix 1: Investment Committee Boards – Composition and Terms of Reference
- Appendix 2: Protocol for co-option to the Financial Investment Board and the Property Investment Board

Contact:

Claire Sherer

Town Clerk's Department

Tel: 020 7332 1971

claire.sherer@cityoflondon.gov.uk

Investment Committee Boards – Composition and Terms of Reference

(A) Financial Investment Board

Composition

- Chairman – To be determined by the Board
- 12-14 Members of the Investment Committee

Terms of Reference

- a) to approve the appointment of and to monitor the performance of investment managers of the following funds:
 - i. City's Cash
 - ii. Bridge House Estate
 - iii. Pension Fund
 - iv. Charities Pool
 - v. Hampstead Heath Trust

Together with such other funds as are under the City of London Corporation's control;
- b) to review the investment strategy for the securities investments of the Pension Fund, City's Cash, Bridge House Estates, Hampstead Heath Trust Fund and the Charities Pool;
- c) to authorise investments and approve the overall parameters within which the investment fund managers will be authorised to operate;
- d) to invest all new monies in respect of the Pension Fund and the Charities Pool;
- e) to invest such other sums as are from time to time allocated for this purpose;
and
- f) to monitor the activities of the Chamberlain in connection with his role as banker to the City of London Corporation.

There is provision within Standing Orders to enable the Chairman of the Financial Investment Board to report on and speak to their activities and responsibilities in the Court of Common Council and to ensure that any decisions are taken without undue delay.

(B) Property Investment Board

Composition

- Chairman - To be determined by the Board
- 12-14 Members of the Investment Committee

Terms of Reference

To determine and approve management and investment matters relating to property within the City's Cash, City Fund and Bridge House Estates in accordance with the management plans and investment strategies;

- a) to acquire, manage or dispose of all City property within its remit;
- b) to determine specific property ownerships in accordance with policies established by the Policy and Resources Committee and the Court of Common Council in relation to the extent of properties to be held by the City of London Corporation for strategic purposes, including within the City itself;
- c) in relation to Leadenhall Market, to lease any shop or shops at less than the full market rent in order to obtain the stated objectives of securing a first class, balanced and varied market; and
- d) to report during the year to the Investment Committee in relation to its activities and the overall performance of the investment property portfolios.

There is provision within the Terms of Reference to enable the Chairmen of the Financial Investment Board and Property Investment Board to report on and speak to the Board's activities and responsibilities in the Court of Common Council and to ensure that any decisions, especially those relating to property, are taken without undue delay.

Protocol for co-option to the Financial Investment Board and the Property Investment Board

1. Both the Financial Investment Board and the Property Investment Board are empowered to co-opt people with relevant expertise or experience, including non-Members of the Court of Common Council, to assist in their deliberations.
2. The arrangements for co-option and the co-opted membership of individuals to the Financial Investment Board and the Property Investment Board will be reviewed on an annual basis at the May meeting of the Investment Committee (and thereafter at the first meetings of the respective Boards).
3. When suggesting individuals with relevant expertise or experience for co-option, Members of the Financial Investment Board or the Property Investment Board will be required to:-
 - a. send a written request for co-option to the Town Clerk, specifying whom it is proposed should be co-opted to either the Financial Investment Board or the Property Investment Board and the reasons for their co-option;
 - b. send a CV or supporting statement, for the individual being suggested for co-option, to the Town Clerk. Bearing in mind the Board's terms of reference, the letter and supporting statement or CV should demonstrate the individual's relevant skills and experience.
4. For the Standards Committee, is it considered inappropriate for past Members of the Court of Common Council or former City Corporation employees to be eligible to serve as [independent] outside members and Members will need to consider if the same conditions should apply in respect of co-option to the Property Investment and Financial Investment Boards. It would be inappropriate for a close friend or relative of any Member or officer to serve or indeed an employee of any organisation of which the City Corporation is a client.
5. The Town Clerk will consult the relevant Chief Officer to discuss the co-option request and will, if necessary, prepare a report for the next meeting of the respective Board. Members of the respective Board will then be asked to consider the co-option request.
6. Unless co-option is time-banded or topic/project restricted, co-opted Members of the Financial Investment and Property Investment Boards will be entitled to attend all meetings of the respective Board for a maximum of 12 months (prior to the annual review in May) and to receive all committee-related documentation, including exempt papers, unless otherwise determined by the Town Clerk in consultation with the relevant Chief Officer.
7. The Financial Investment Board and the Property Investment Board are empowered to approve their own co-opted membership (majority vote) without

prior consultation with, or agreement by, the Investment Committee. The Town Clerk will inform the Chairman and Deputy Chairman of the Committee once a Board has agreed co-option of an individual.

8. Co-opted Members would not have voting rights.
9. Co-opted Members of the Property Investment Board and the Financial Investment Board will be required to complete a Register of Interest form and declare personal and prejudicial interests when in attendance at meetings.



Central London Real Estate Market Outlook

Presentation to Investment Committee City of London

Peter Damesick
EMEA Chief Economist, CBRE

9 May 2012

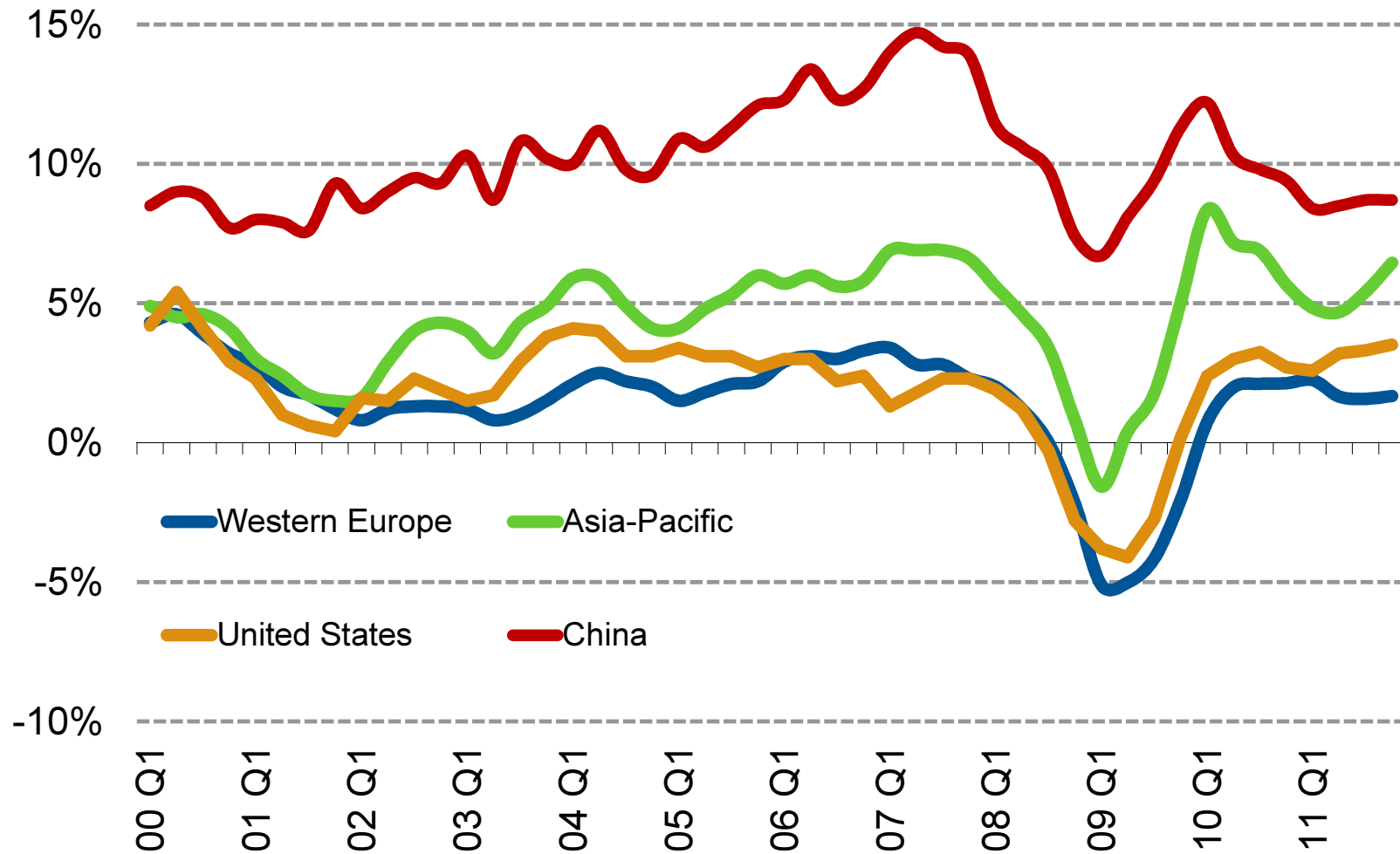
CBRE

- **Economic background and prospects**
- **Retail property market trends in Central London**
- **City office demand, supply and rental outlook**
- **Transport and market evolution**



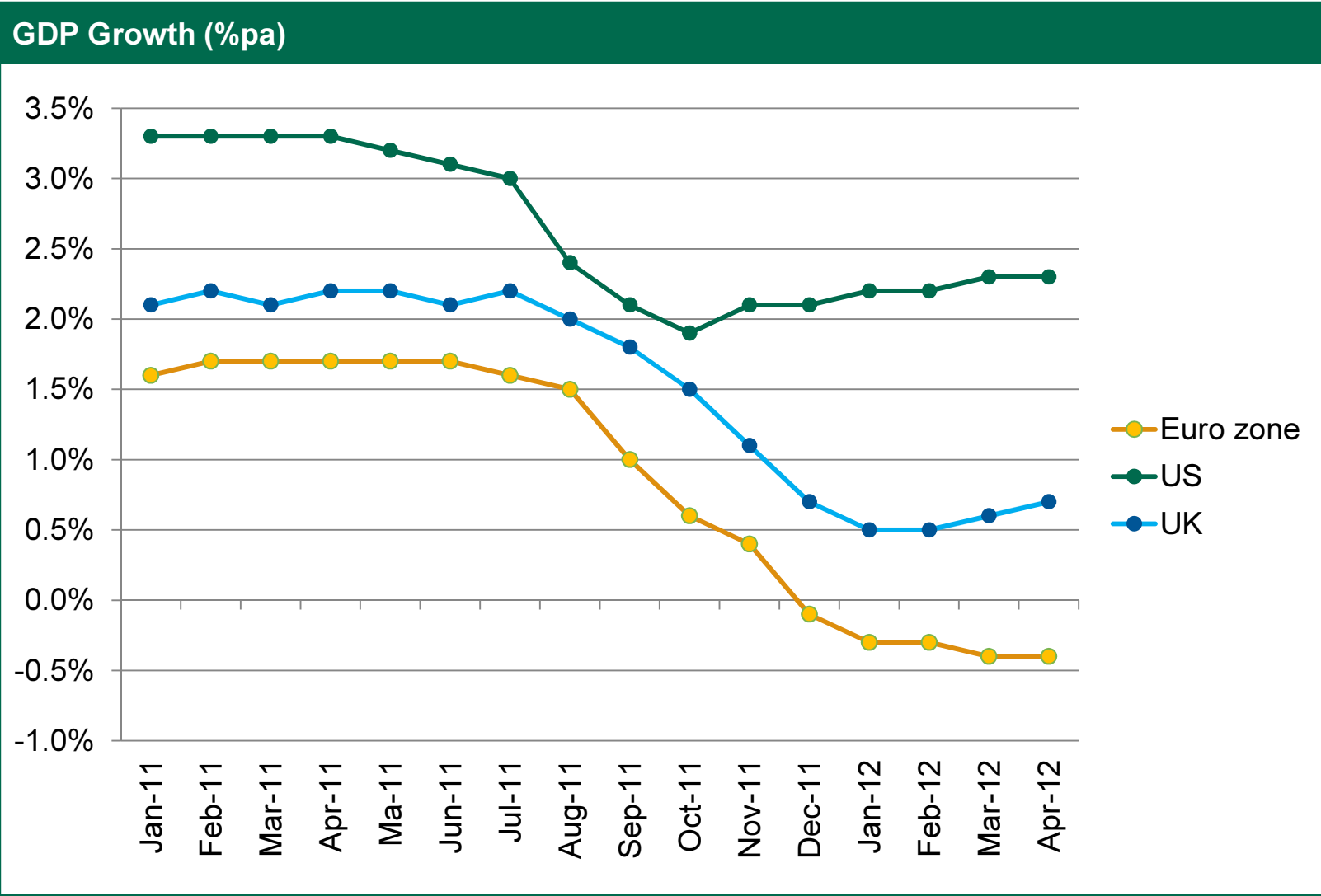
Economies moving at different speeds

GDP, % change yoy



Changing economic sentiment

How forecasts for GDP growth in 2012 have changed

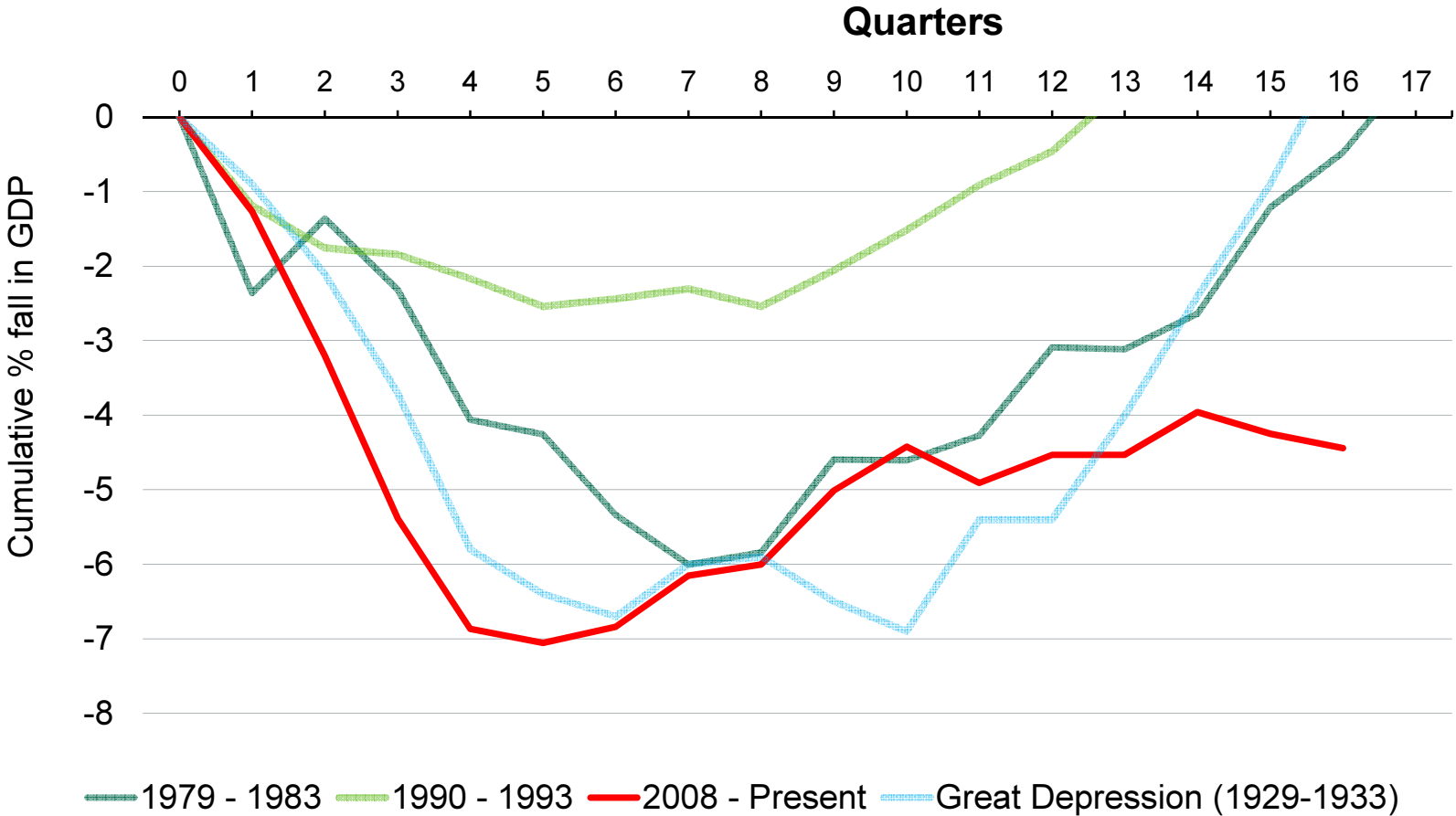


Source: Consensus Economics



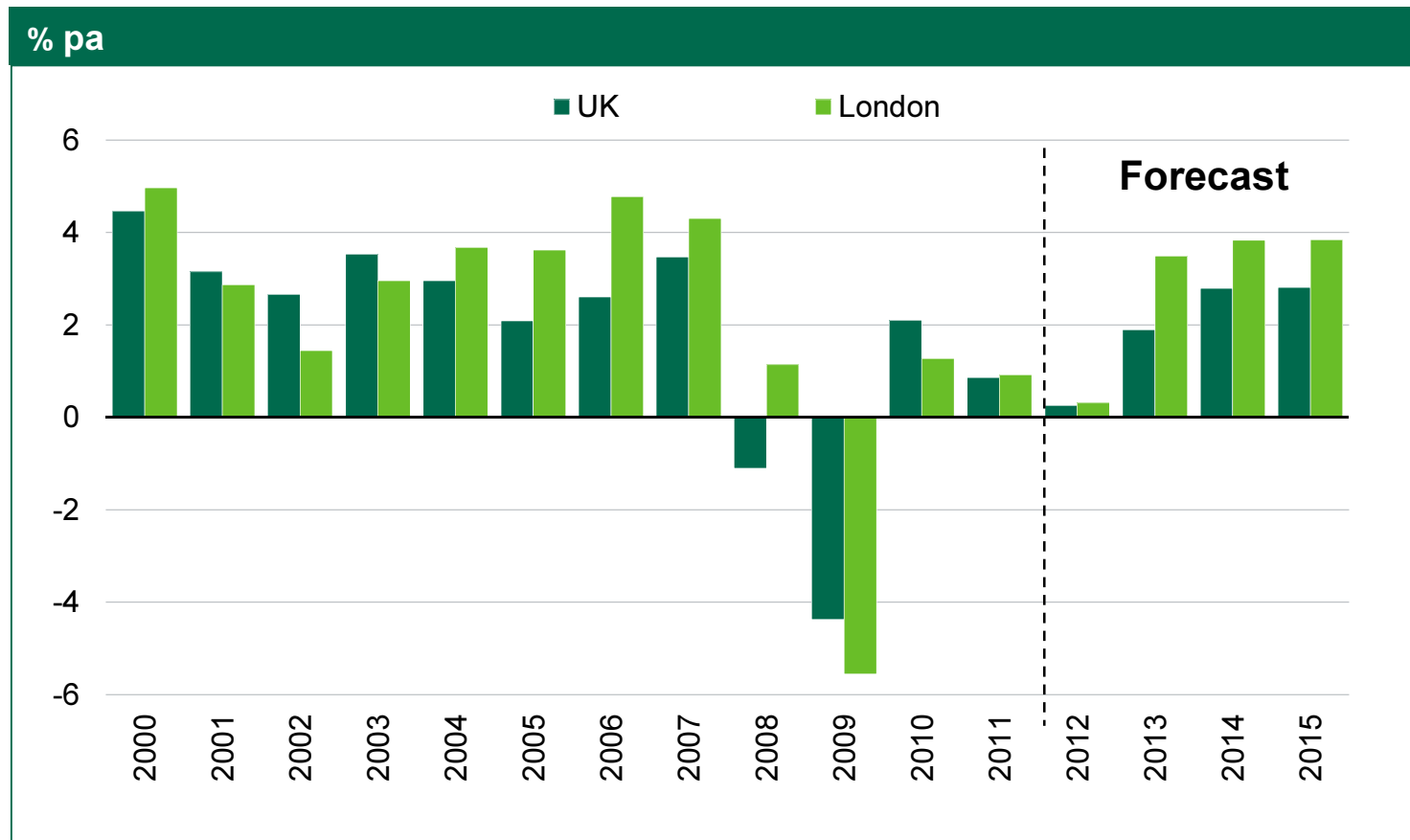
UK Recession Comparison

Cumulative % fall in output from peak



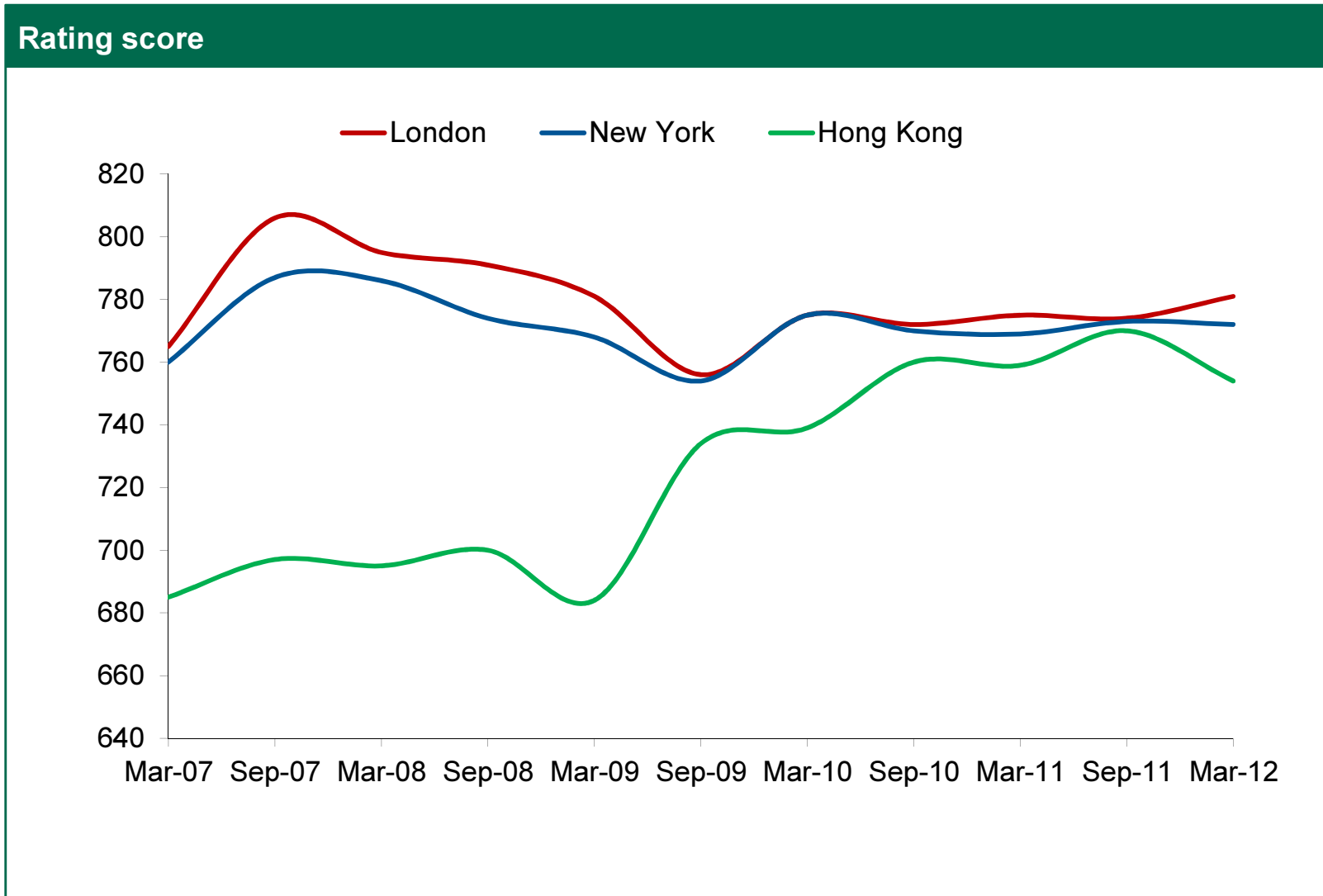
London to outperform UK

UK vs. London, real GDP growth

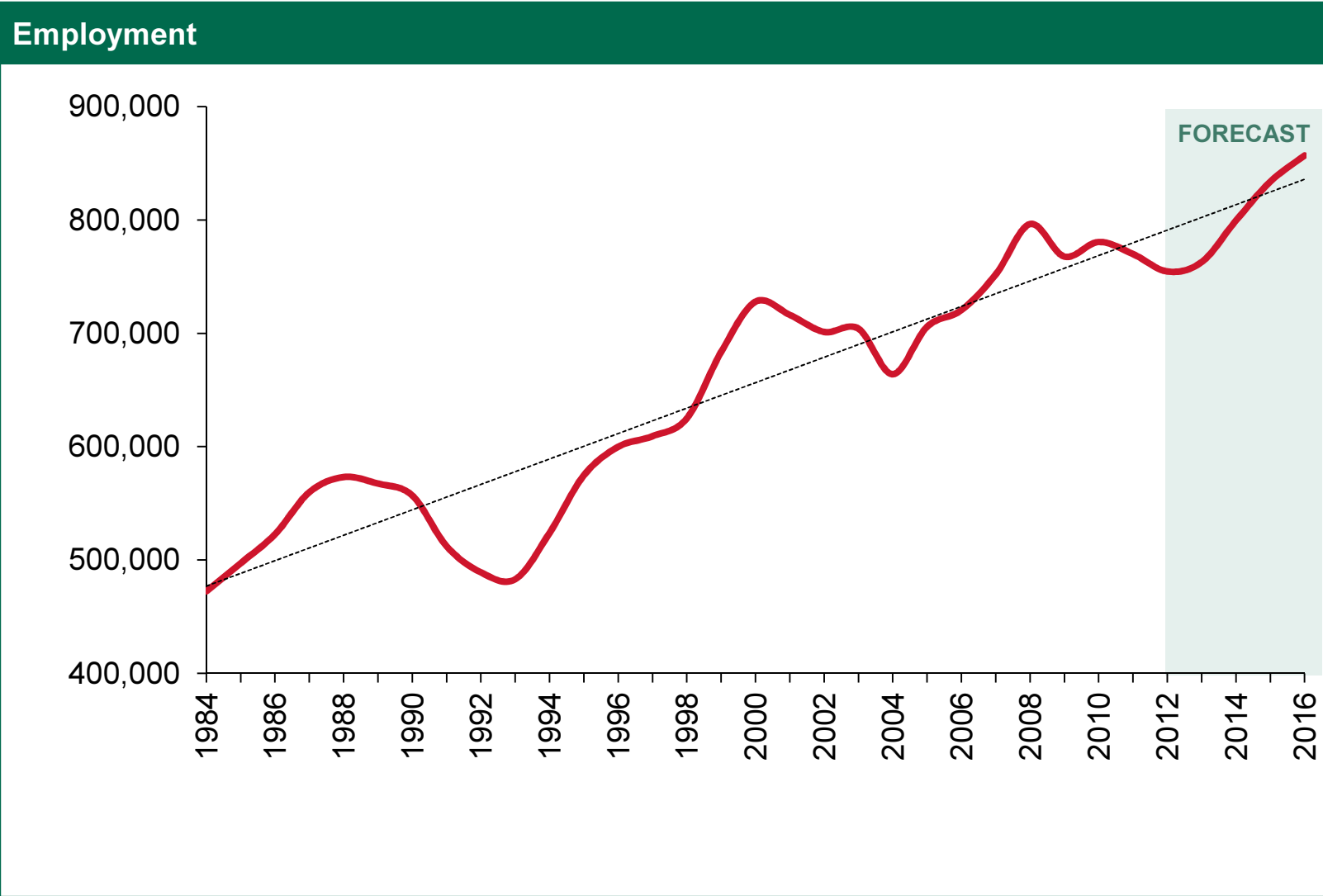


London pulling away from New York again

Global Financial Centres index scores



Central London: Finance and Business Services Employment

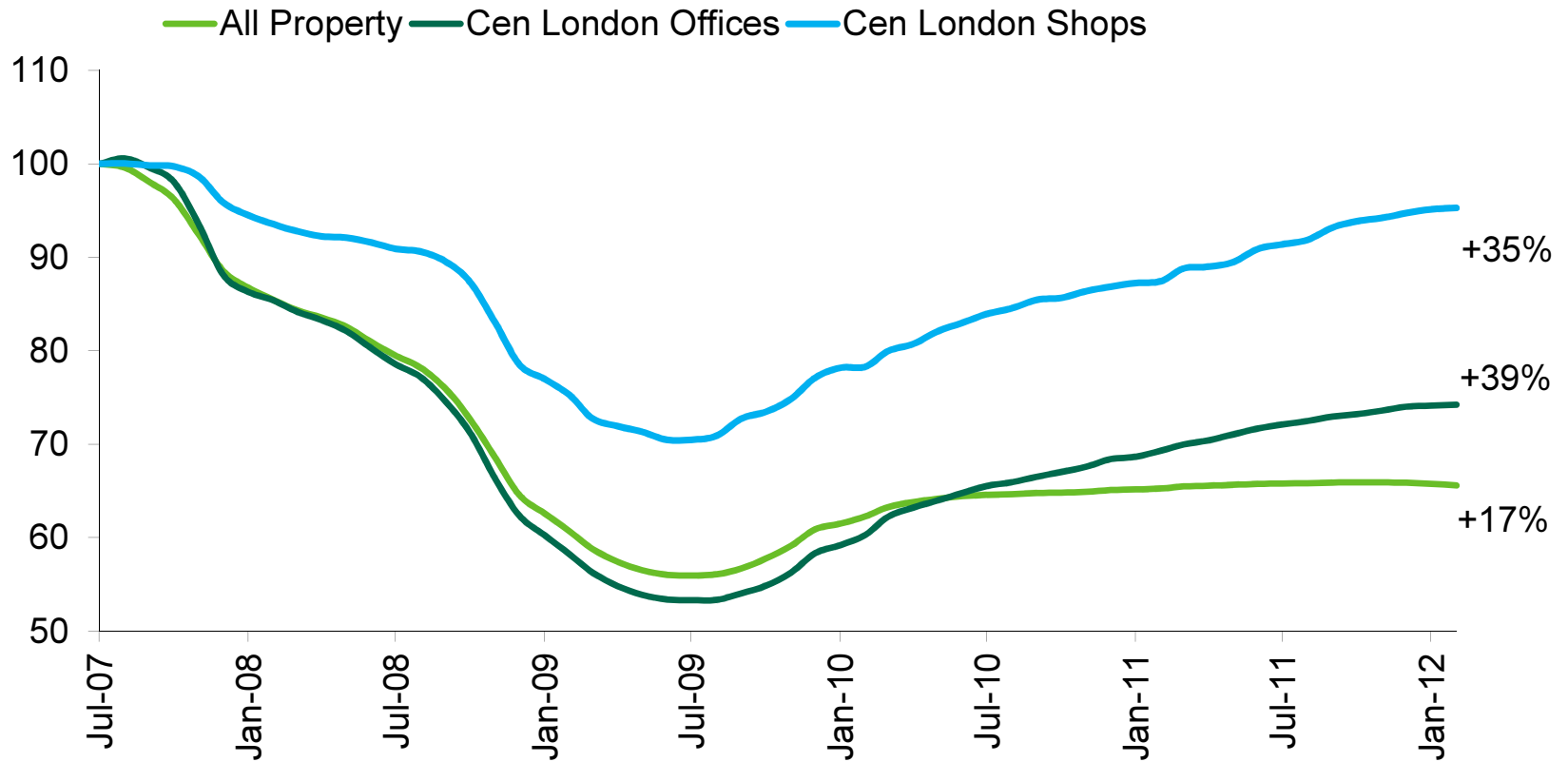


Source: CBRE and Oxford Economics



All Property and Central London Sectors: Capital Growth

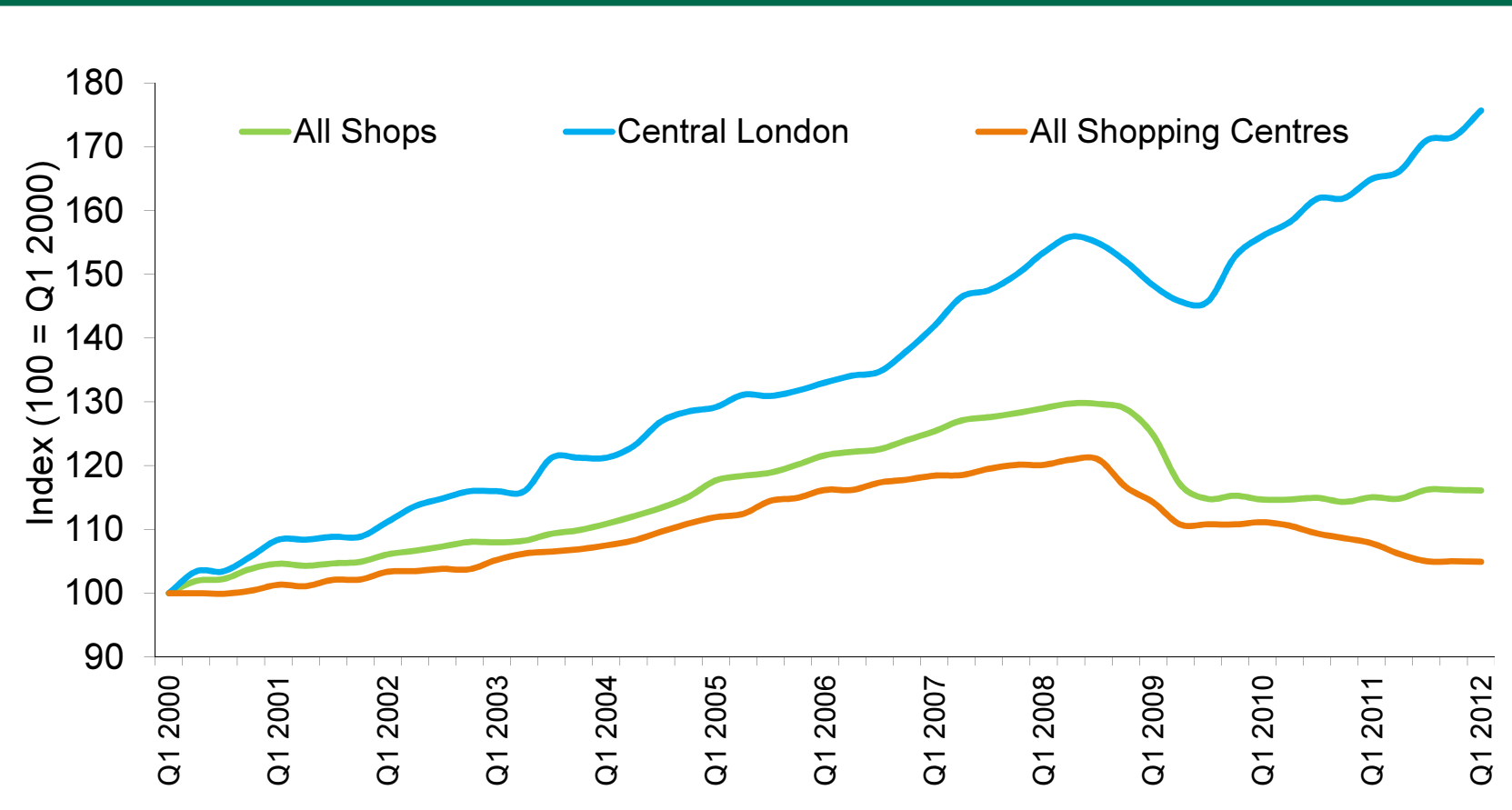
Index, July 2007 = 100



UK Retail: Prime Rent Index

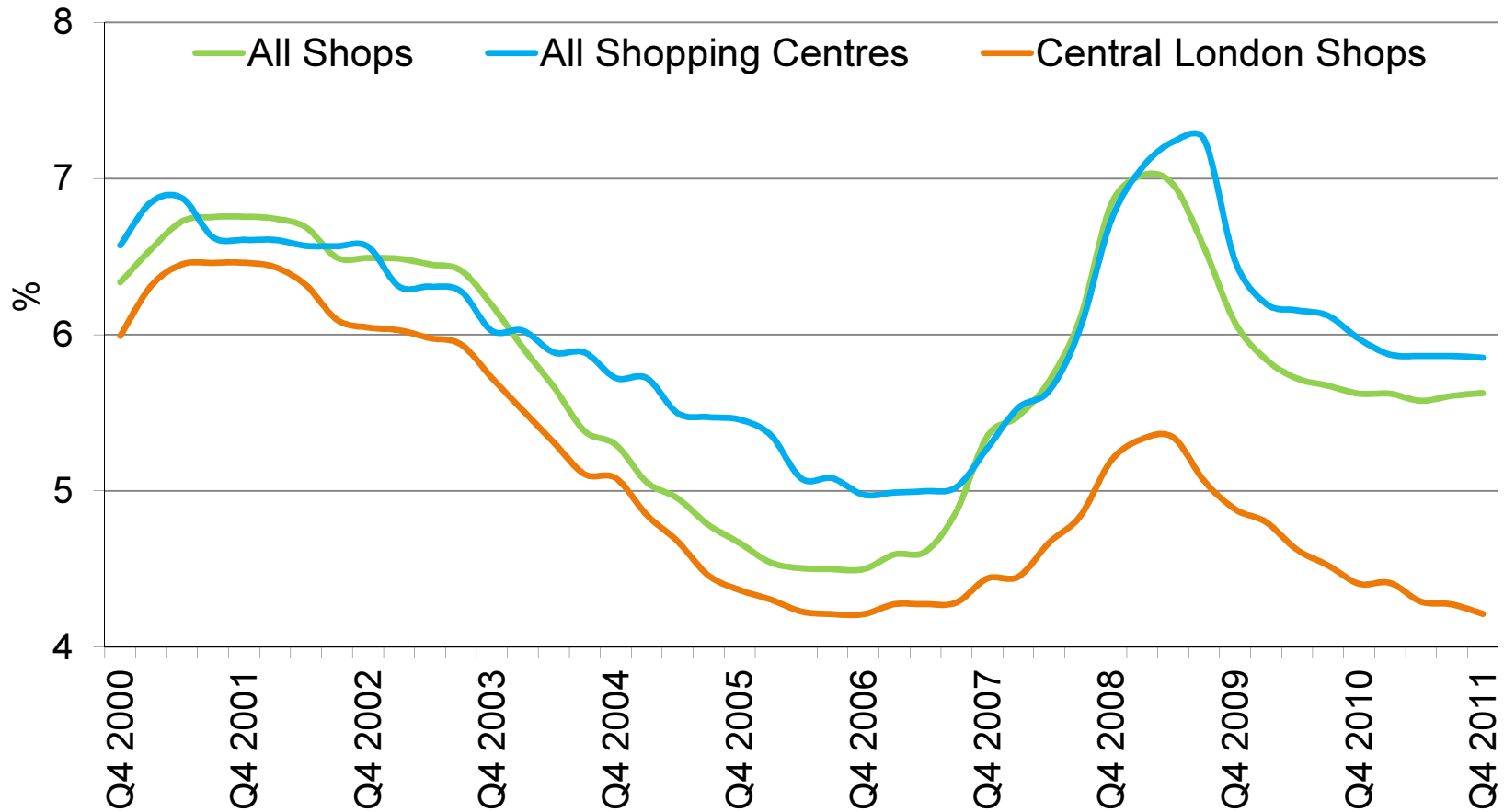
Prime Central London shops outpace rest of UK retail

All Shops, Central London Shops, Shopping Centres



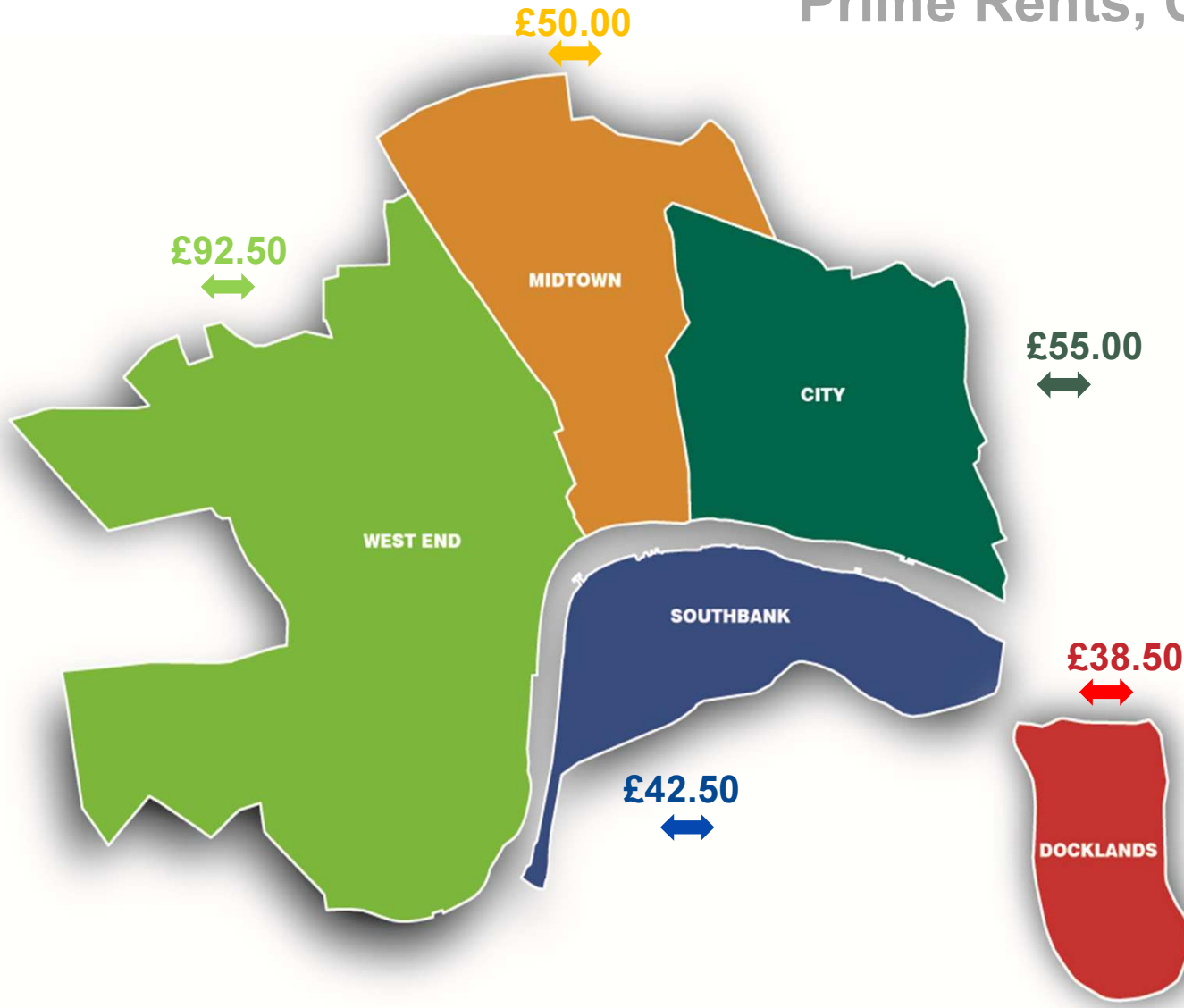
UK Retail: Average Prime Yields

Prime London shops return to 2007 yield levels



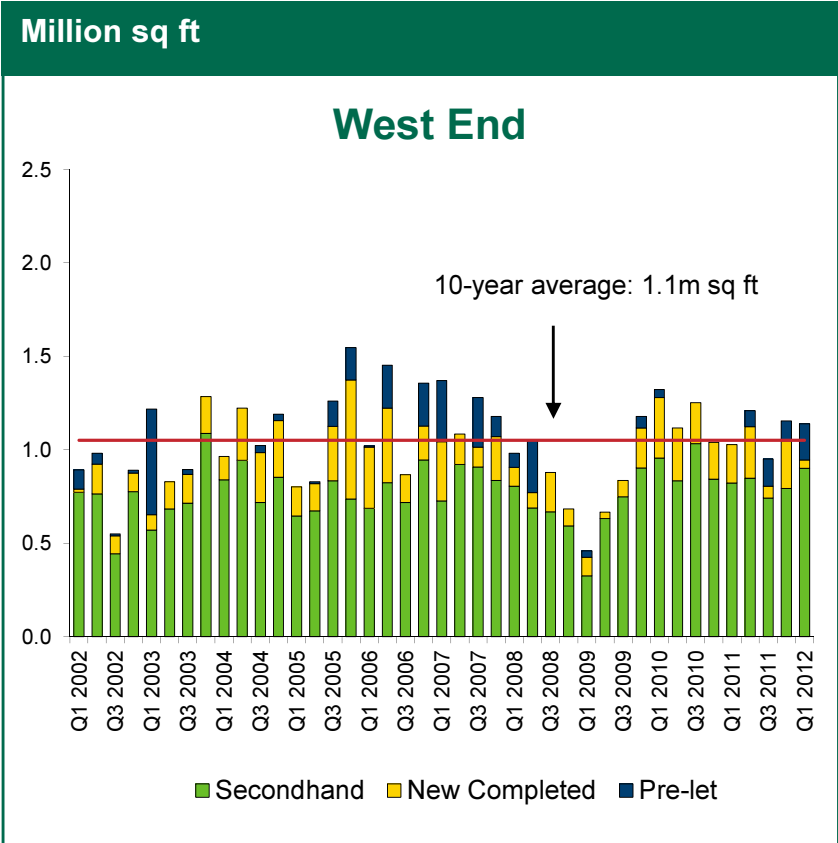
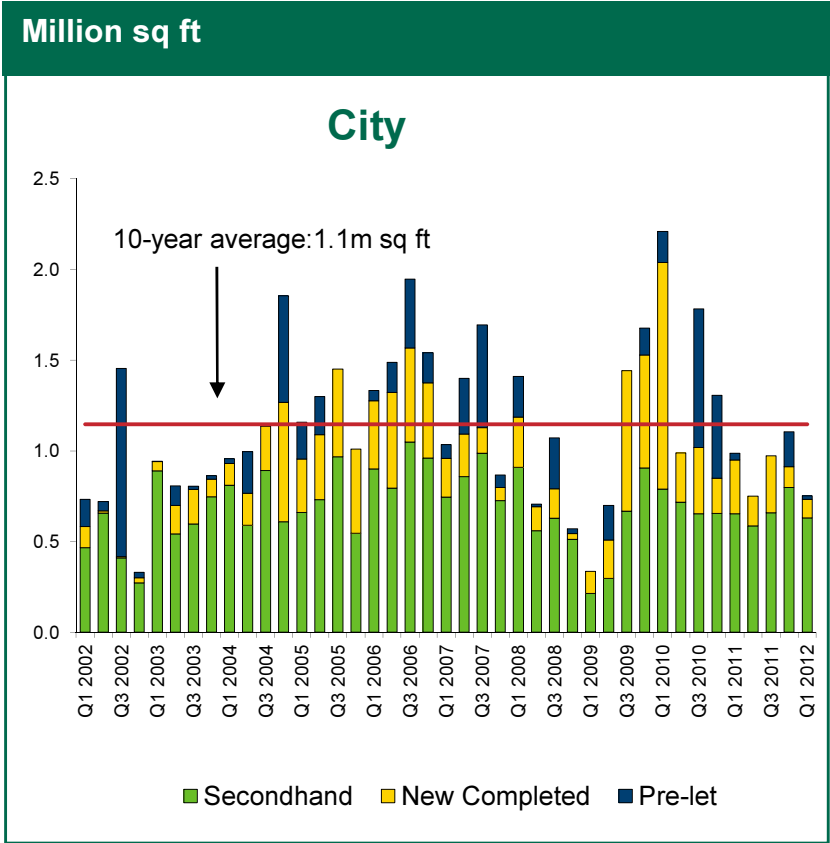
Central London Office Markets

Prime Rents, Q1 2012



City office demand weaker in 2011

Quarterly office take-up

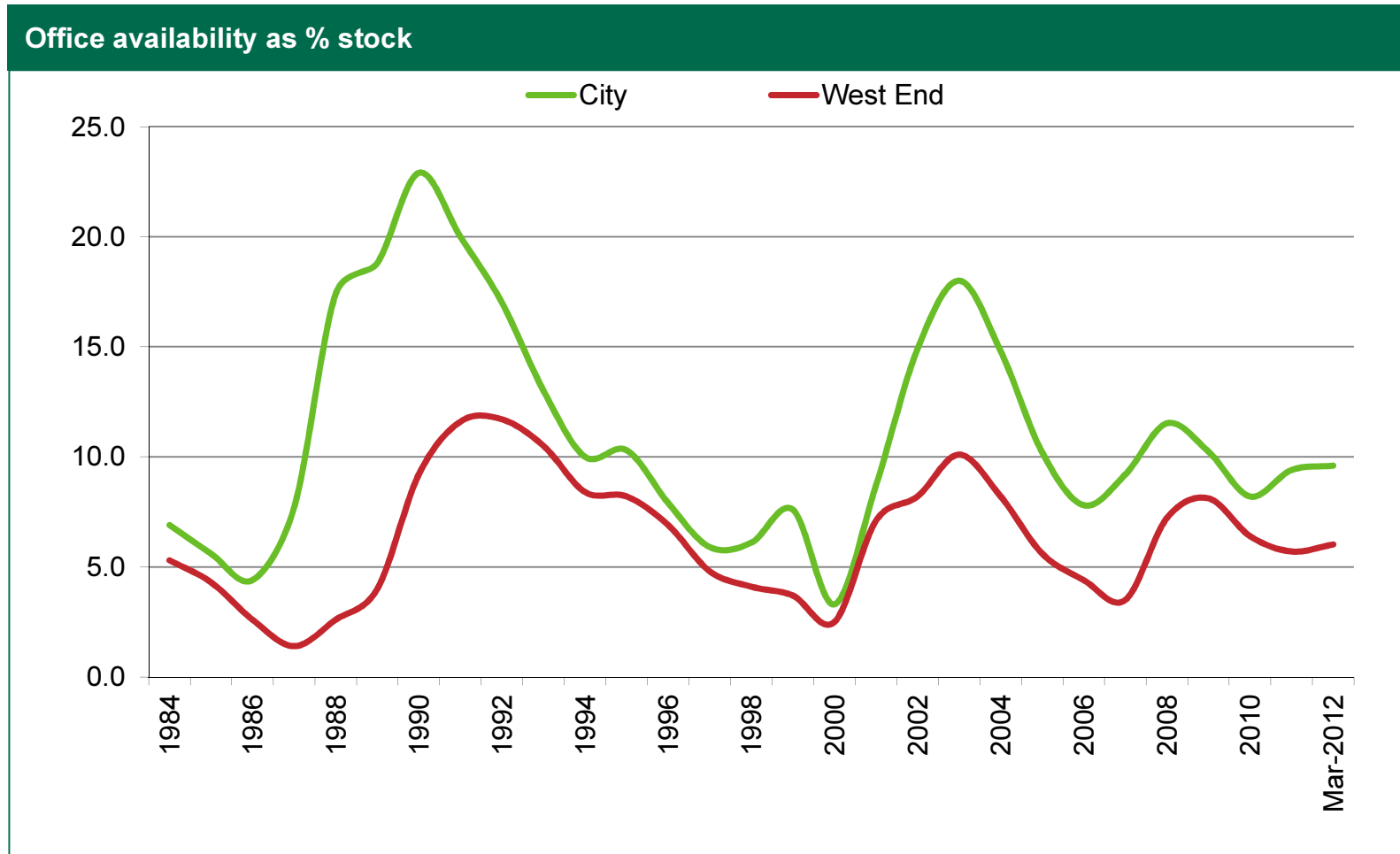


Source: CBRE



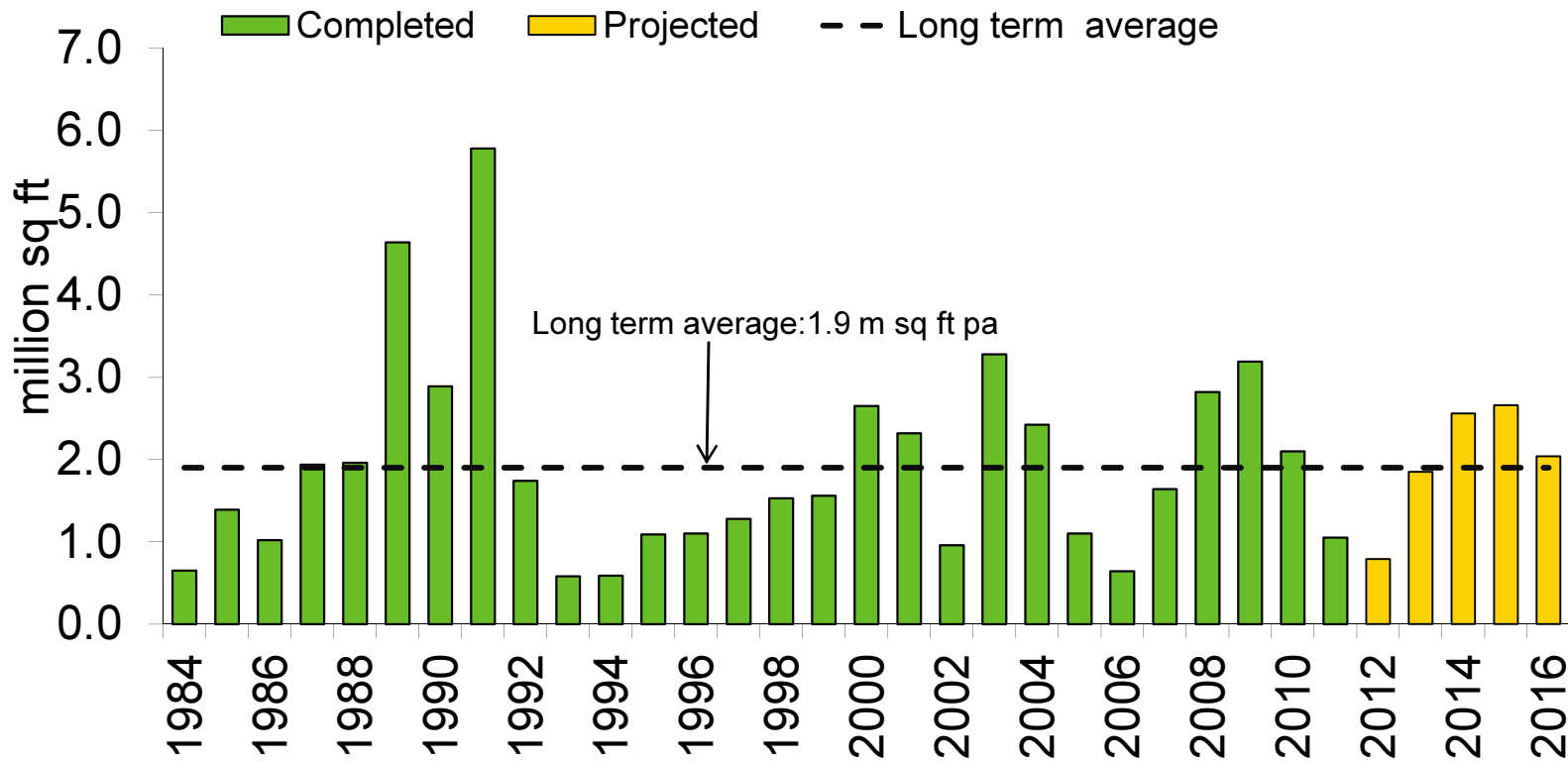
Availability on the rise

Office availability, end year rates

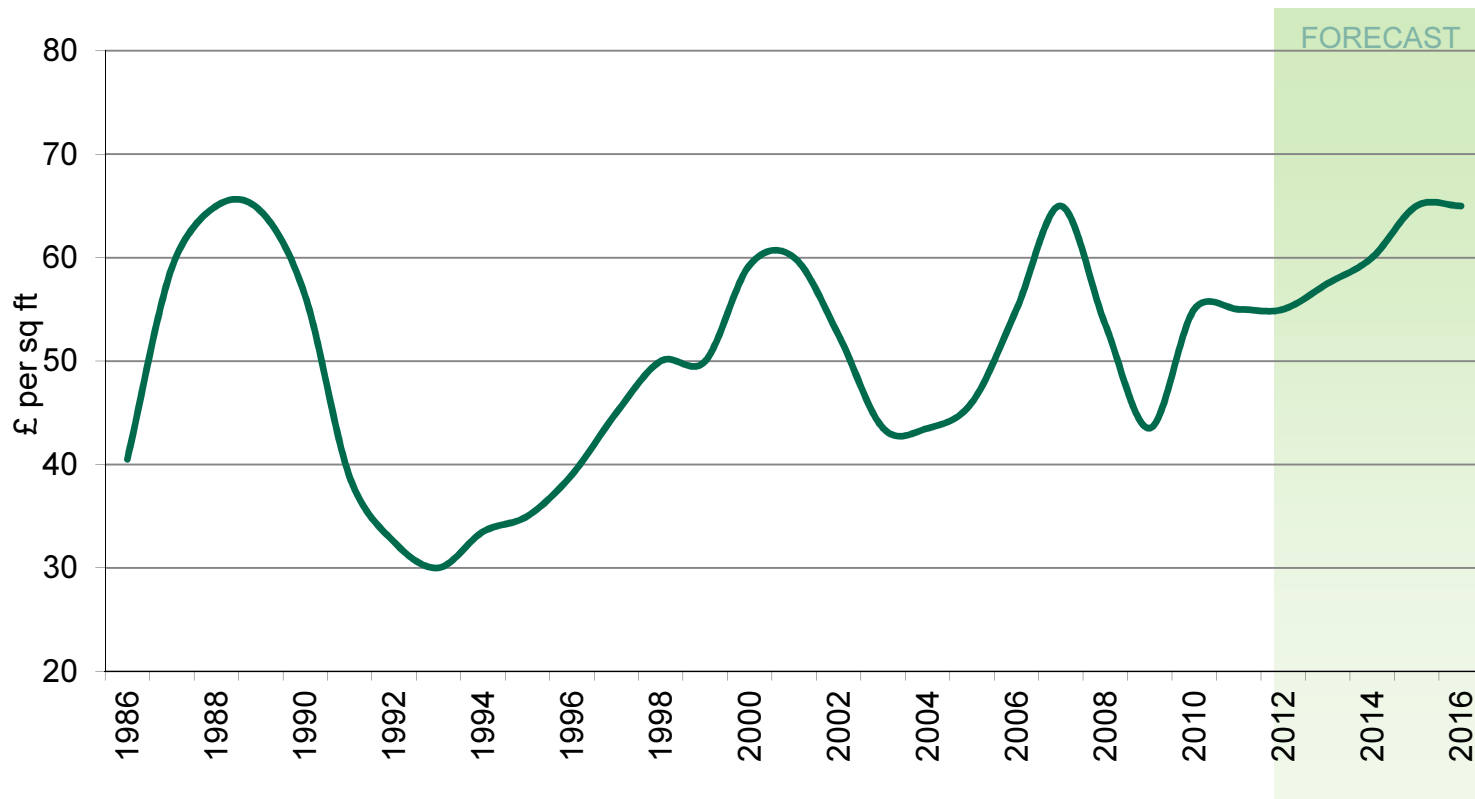


City Office Developments

1985 - 2016



City Prime Office Rents: 1986 – 2016

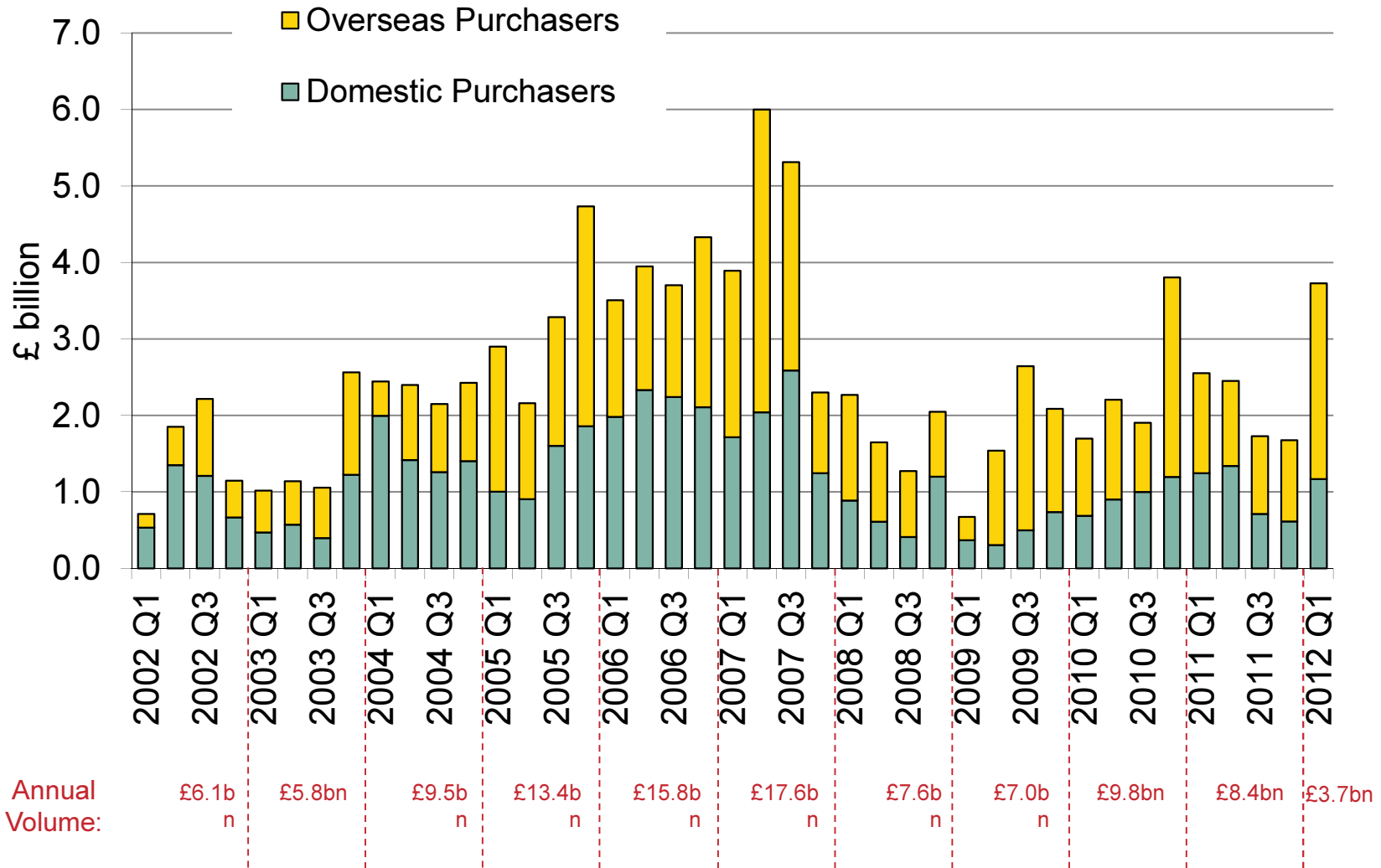


Source: CBRE

CB Richard Ellis | Page 16



Central London Office Investment Transactions



Cross-Regional CRE Investment in Europe, 2011

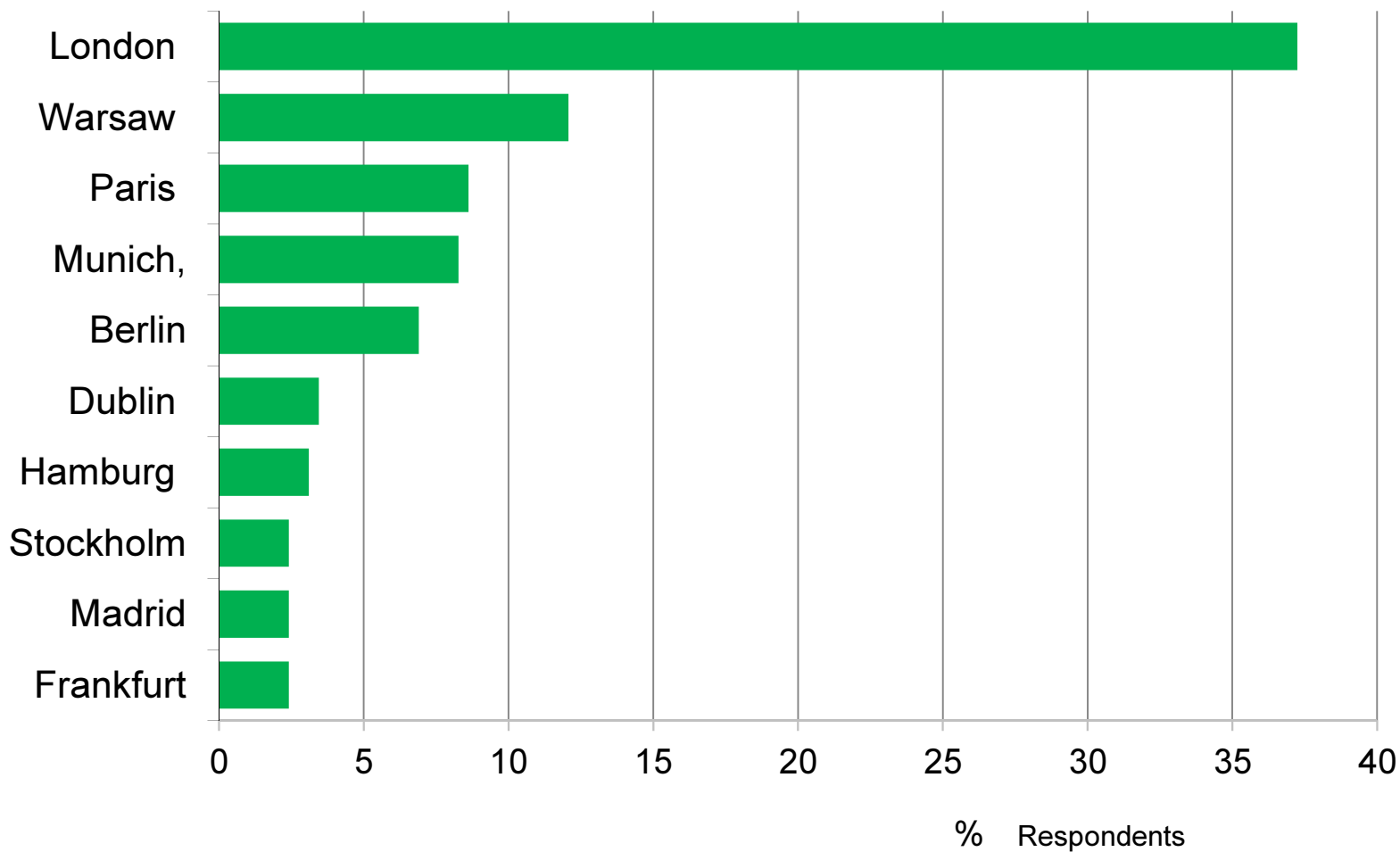
London got 31% of global investment into Europe in 2011



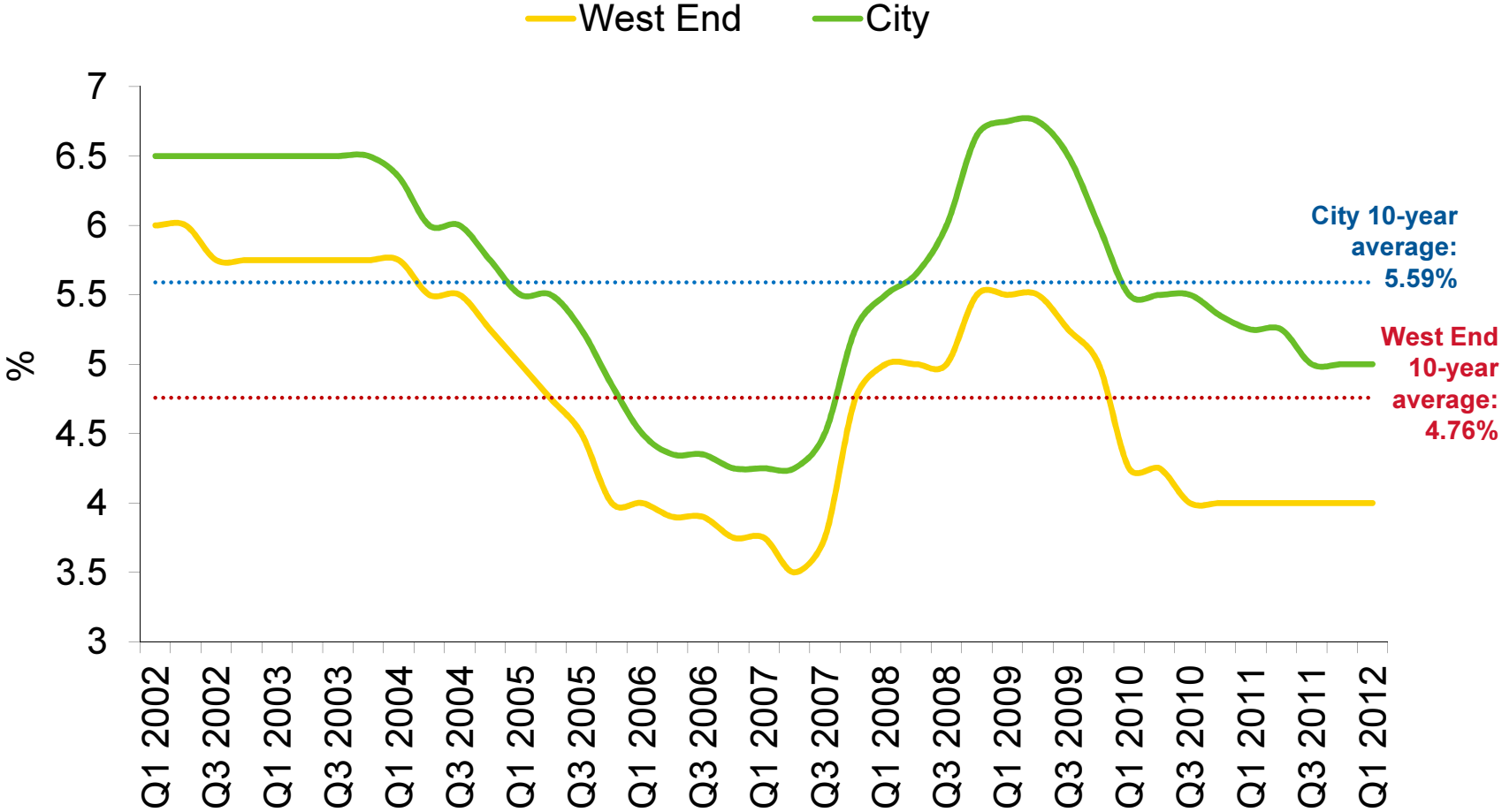
Which city in Europe is most attractive for investment?

Real Estate Investor Intentions 2012

(n = 290)



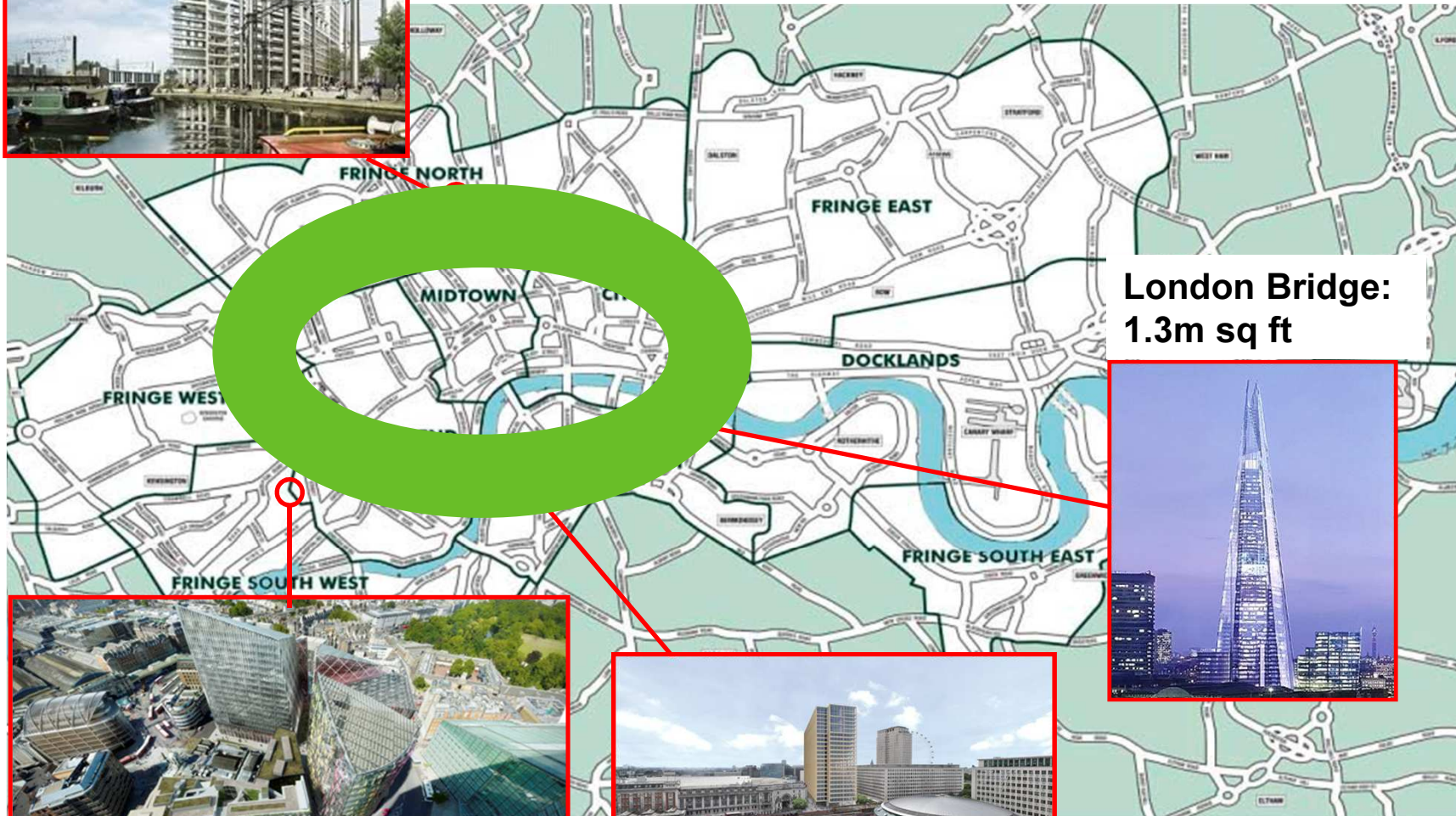
Central London Prime Office Yields (%)



The next wave of development

Mixed use development

King's Cross: 8m sq ft



London Bridge:
1.3m sq ft



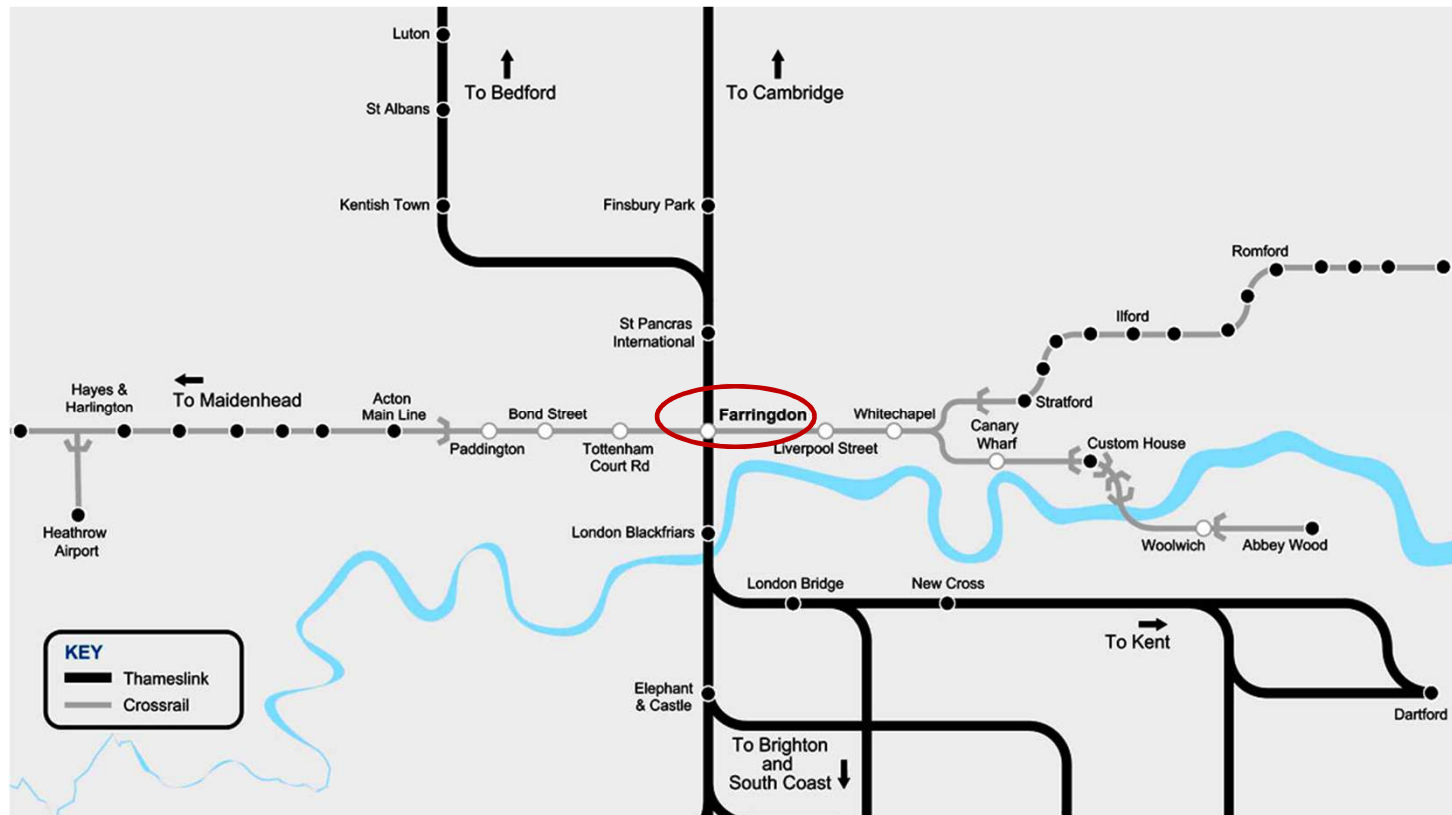
Victoria: 2.5 - 3m sq ft



Waterloo: 3 - 4m sq ft

CBRE

Crossrail and Thameslink Programme



- Redevelopment of Blackfriars and improvement to Farringdon and London Bridge stations
- Farringdon: new transport interchange
- Connectivity creates development potential



Central London Real Estate Market Outlook

Presentation to Investment Committee City of London

Peter Damesick
EMEA Chief Economist, CBRE

9 May 2012

CBRE

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Agenda Item 15

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Agenda Item 16

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Agenda Item 17

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Agenda Item 18

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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