



The Local Authorities' Property Fund

Fund Profile – 31 March 2011

An ideal choice for charity trustees with long-term funds seeking a combination of capital and income growth

Price at 31.03.11

Income units
Gross dividend yield

Net asset value

231.21p (xd)
6.20%*

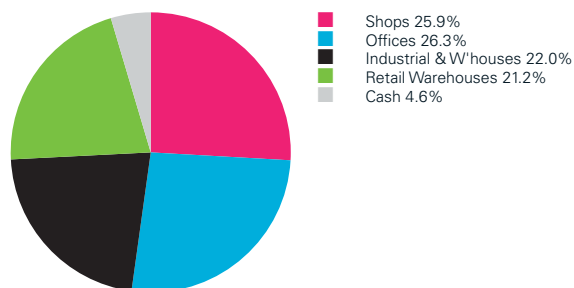
* Based upon the net asset value and historic annual dividend of 14.3309p, the gross income less management expenses.

The Property Fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

The portfolio is actively managed and seeks to boost returns by lease and tenant management and property improvement.

The Fund has a broad sector spread to maximise the range of opportunities, diversification to keep risks under control.

Asset allocation by investment category 31 March 2011



Fund size £76 million

Property portfolio details

Top 5 properties = 53.5% of the portfolio

Top 5 tenants = 39.4% of rental income

Weighted unexpired lease term 5.2 years

Vacancy rate 9.3%

by region and category 31 March 2011



Fund Data and IPD Balanced Property Unit Trust data as at 31 March 2011

Market update

Market indicators suggest little change in valuations overall over the quarter but this masks divergent performance trends between good quality, income secure properties, which remain in demand and more secondary assets where value and rental weakness continue. Over the first three months of 2011 the IPD Balanced PUT Index produced a return of +2.0%, the bulk of this being sourced from income. The best sector performances have come from London offices and shopping centres which began to recover after a weak 2009. Transaction volumes have remained low despite steady demand for secure income producing assets. Occupier markets have been broadly stable although tenant demand remains fragile. Disappointingly, void levels have picked up again from levels which are high by historical standards. Central London offices are the only sector of the market achieving consistent income growth.

Fund activity

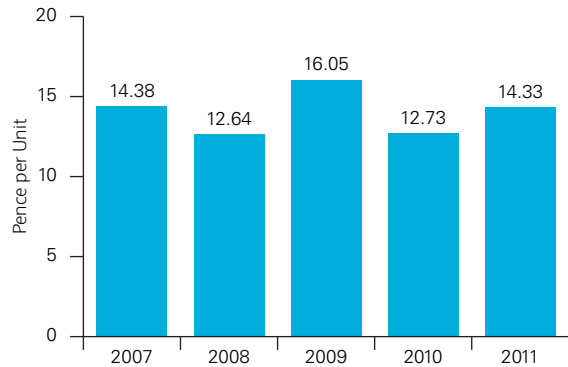
- There have been no transactions over the quarter but nevertheless there has been a high level of activity within the portfolio.
- The lease on a unit in Norwich has expired and we are seeking a new tenant. We have let the shop in Leicester on a short term basis whilst the search for a long term tenant continues. There was a rent review at Junction Six in Birmingham which has resulted in a maintained income flow.
- The disposal of the Ashford Retail Park was concluded soon after the quarter end.

Outlook

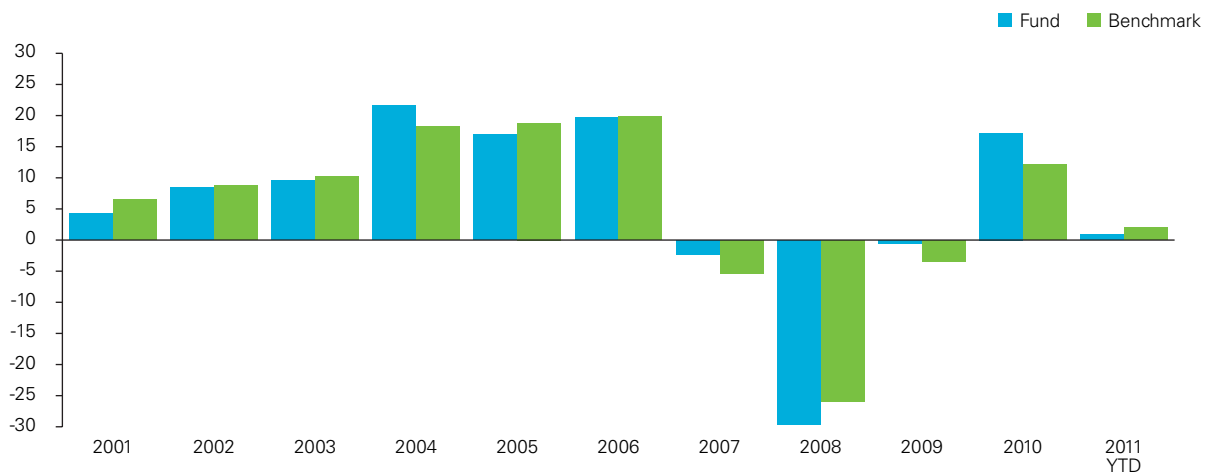
We expect the current two tier market to continue in the immediate future, with solid pricing for good quality, income secure assets but weakness in secondary areas. Occupier markets are expected to continue to improve but only at a pedestrian pace, in line with the economy as a whole. We are more hopeful for overall prospects for 2012 but our expectation is that in 2011 returns will be heavily dependent on income payments.

The importance of income Dividend history of The Local Authorities' Property Fund

Years to 31 March



Calendar performance versus the benchmark



The benchmark is the IPD Balanced Property Unit Trust Index.

Source: CCLA – Please note that past performance is no guarantee of future returns. Investments in long term funds can go down as well as up and you may not get back the original amount invested.



Long term performance

Total return performance (net) 12 months to end of March

	2011	2010	2009	2008	2007
The Local Authorities' Property Fund	+12.1%	+18.4%	-34.4%	-9.3%	+16.7%
Benchmark*	+9.0%	+10.9%	-29.8%	-11.3%	+17.3%

* The benchmark is the IPD Balanced Property Unit Trust Index.

Source: CCLA – Please note that past performance is no guarantee of future returns. Investments in long term funds can go down as well as up and you may not get back the original amount invested.

Costs and charges

Our policy is always to keep costs and charges low - we believe that high costs and charges have a very damaging cumulative effect on investor returns. We negotiate low expenses and monitor dealing costs closely. We have no entry or exit fees, the only income taken by the investment manager is the annual charge of 0.65%.

Key facts

Bid/offer spread	4.9%
Dealing day	Month end valuation day*
Minimum initial investment	£250,000
Minimum subsequent investment	£10,000
Dividend payment dates	End January, April, July & October
Annual management charge	0.65% (deducted from income)
Unit types available	Income
Sedol number	0521664
ISIN number	GB0005216642

* Instructions for the issue or redemption of units must be received by CCLA no later than 5pm on the business day prior to the Valuation Date. If the valuation day is a Bank Holiday the dealing day will be the previous working day. Units are only realisable on each monthly dealing date and redemptions may not be readily realisable; a period of notice not exceeding six months may be imposed for the redemption of units.

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The Fund is an unregulated collective investment scheme established under a Scheme approved by H M Treasury under Section 11 of the Trustee Investments Act 1961 and is subject to provisions of a Trust Deed dated 6 April 1972 and a supplemental Trust Deed dated 13 September 1978. The Fund operates as an open-ended Fund under Part IV of the schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001.

CCLA Investment Management Limited (registered in England No. 2183088 at the office below) is authorised and regulated by the Financial Services Authority and is the manager of the Local Authorities Property Fund.

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