



for Local Authorities

The Local Authorities Property Fund

Annual Report and Accounts
Year to 31 March 2009

Contents

- 1 Structure of the Fund
 - 3 Report of the Trustee
 - 4 Report of the Property Manager
 - 9 Report of the Independent Auditor
 - 11 Report of the Valuer
 - 12 Net asset value, unit price range, net distribution, unit prices and expense ratios
 - 14 Portfolio analysis
 - 16 Portfolio statement
 - 16 Ownership of the Fund
 - 17 Statement of total return
 - 18 Statement of change in unitholders' net assets
 - 19 Property portfolio
 - 24 Balance sheet
 - 25 Cash flow statement
 - 26 Notes to the accounts
 - 35 Distribution table
 - 36 Statement of Trustee and Manager responsibilities
- Details of Trustee and Manager**
(inside back cover)

Disability Discrimination Act 1995

Extracts from the Reports & Accounts are available in large print and audio formats.

Structure of the Fund

for the year ended 31 March 2009

Structure and management

The Local Authorities Property Fund (the Fund) is established under a Scheme approved by HM Treasury under Section 11 of the Trustee Investments Act 1961 and is subject to the provisions of a Trust Deed dated 6 April 1972 and a Supplemental Trust Deed dated 13 September 1978.

The Local Authorities Mutual Investment Trust (the Trustee) is a company incorporated under the Companies Act 1948, and limited by guarantee. It does not have share capital and acts as the Trustee and Operator of the Fund. 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.

The Trustee is controlled by Members of the Council under the provisions of the Memorandum and Articles of Association of the Trustee.

The Members of the Council are members and officers appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers Superannuation Committee and representative unitholders.

The Members of the Council meet regularly to receive reports and monitor the progress of the Fund.

The Trustee has delegated to CCLA Investment Management Limited (the Manager), which is authorised and regulated by the Financial Services Authority (FSA), the property management, administration, registrar and

secretarial functions of the Fund under a Management Agreement. The Trustee owns 15% of the share capital of the Manager.

Under the provisions of the Financial Services and Markets Act 2000 (FSMA), the Trustee, as Trustee of the Fund is not considered to be operating the Fund by way of a business. In consequence, the Trustee is not required to be authorised and regulated by the FSA and the members of the Trustee are not required to be authorised by the FSA for this purpose. This extends to the Manager in respect of its administrative, registrar and secretarial functions for the Fund. The property management, which refers to direct property, is outside the scope of the FSMA.

Objective

The Fund provides facilities exclusively for local authorities to invest in commercial and industrial property on a collective basis so as to obtain a spread of risk with constant expert property management. Its objective is to provide a satisfactory total capital and income return over the long term.

Investment policy

The Fund's powers of investment are not restricted either to particular types of property or, subject to the consent of HM Treasury, to specific parts of the world. However, it is the present policy to confine investment to commercial and industrial properties within the United Kingdom.

A suitable spread is maintained between different types of property and geographic location. Overriding importance is attached to location, standard of construction and

Structure of the Fund

for the year ended 31 March 2009

to covenant quality of the tenants, with lease terms embodying upwards-only rent reviews at intervals of not more than five years. The portfolio is kept under constant review with the object of disposing of any property if future growth prospects diminish unacceptably. Properties are regularly inspected to ensure that the tenants comply with maintenance and other contractual obligations. Finance is also provided for suitable property developments.

Benchmark

The performance benchmark for the Fund is the Balanced Property Unit Trust Index, compiled and calculated by Investment Property Databank (IPD) and sponsored by HSBC and the Association of Real Estate Funds (AREF), calculated on a net asset value basis.

The benchmark covers the investment performance of 20 property funds valued at £6.99bn as at 31 March 2009, ranging in size from £25m to £1.34bn.

An IPD Direct Property Benchmark is also used to review and monitor the performance of the Fund's property portfolio. This provides an appropriate and durable index for measuring

the performance of the Fund's property assets and details can be supplied on application to the Manager.

Monthly subscription dates

Investment in the Fund may be made by a local authority on any month end dealing day.

Withdrawals from the Fund may be requested by a local authority on any month end dealing day. The Fund may, however, at its discretion, defer the processing of any withdrawal for a period as it may think fit, to allow time for the sale of properties to meet the withdrawals or to protect the interest of the unitholders in the Fund, if required.

Borrowing powers

The Trustee believes that the management of a property portfolio is facilitated by the exercise of a limited power to borrow. The Fund has in place a borrowing facility (see note 12) as allowed under Clause 14 of the Scheme to permit the Manager to borrow up to 25% of the net asset value of the Fund. The facility can be used to accommodate timing differences between the availability of funds for investment and the making of suitable property purchases.

Report of the Trustee

for the year ended 31 March 2009

We have pleasure in presenting our annual report of The Local Authorities Property Fund (the Fund) to the unitholders in the Fund.

Responsibilities of the Trustee

We have met quarterly to carry out our responsibility for the approval of property investment strategy, to monitor diversification, suitability and risk, to review the performance of the Fund and to approve its distribution payments. In addition, we have monitored the administration, expenses and property valuations of the Fund.

Review of property management activities and policies of the Fund

We have met quarterly with the Property Manager to review the Fund's property portfolio, transactions and policies. In addition, the Fund's Property Sub-Committee has met quarterly with the Property Manager.

Controls and risk management

The Trustee receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Trustee as required. The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the

internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

During the year, the Trustee, assisted by the Manager, reviewed the Fund's system of internal control. At each of its meetings the Trustee receives and reviews a formal risk management report from the Manager. This sets out the main risks facing the Fund, the controls in place to mitigate those risks and the assessment of each risk in terms of both gross and residual exposure after application of mitigating controls.

Compliance with Trust Deed and Management Agreement

Following our regular meetings and consideration of the reports and papers we have received, we are satisfied that the Manager, to whom we have delegated the administration and management of the Fund, has complied with the terms of the Fund's Trust Deeds and the Management Agreement.

J Galbraith
Chairman of The Local Authorities Mutual Investment Trust

11 May 2009

Report of the Property Manager

for the year ended 31 March 2009

† 2 ac aVcQj W_U df ZRS]V Wc] _X
term capital

† 2_ RTeQV]j ^ R_RXVU R_U UzVcdV
property portfolio

† CZ_Z_X_Z_T ^ V

Performance

For the year to 31 March 2009, the total return of The Local Authorities Property Fund (LAPF), after all expenses, was -34.4%. The performance record of the Fund at the end of this financial year compared to its benchmark, the IPD Balanced PUT Index, is noted in the table below.

Valuations for commercial property investments in the UK have fallen sharply during the course of 2008, and the rate of decline accelerated significantly in the second half of the Fund's financial year. Reflecting the scale and timing of this move, the price of a LAPF Unit has fallen over the course of the whole twelve month period to 197.49p. This compares to a price of 320.78p at the start of the Fund's year, and 287.04p at the half year

end in September 2008. The capital decline for unitholders over the twelve months was 38.4%. More positively, the income payment was 16.0462p, rising from 12.6373p paid in the previous twelve months, an increase of 27%. The movement in the unit price, together with the rise in income distribution, has meant that the Fund's income yield has more than doubled during the year, from 3.9% in March 2008 to 8.1% by March 2009.

Market review

The financial crisis has frustrated market transactional activity, creating liquidity problems for property investors all year. At the same time, the negative effects of the economic crisis, such as falling rental values and increased voids, have been gaining momentum. This combination of drivers, together with the dislocation of prices from valuations, has seen the pace of valuation decline accelerate through the year. With investor sentiment weak, there has been an absence of equity buyers, whilst debt buyers have been frustrated by the current lending environment. The outwards shift in yields remains significant, and in part reflects the scale of the valuation lag still coming

Total return against benchmark to 31 March 2009 (after expenses)

	1 year %	3 years %	5 years %	10 years %
The Local Authorities Property Fund	-34.4	-11.4	+0.2	+4.8
IPD Balanced PUT Index	-29.8	-10.0	+0.8	+5.6

Source: The Manager/IPD

Report of the Property Manager

for the year ended 31 March 2009

through, but the impact of falling rental values and a higher level of voids is now becoming more influential. As a result, the total returns produced on a quarterly basis at the end of 2008 and early in 2009, were the weakest since the downturn commenced mid 2007. In the twelve months to end of March 2009, the IPD Monthly Index recorded a capital decline for All Property of 30%, producing a negative total return of 26%. The fall in capital valuations that has been reported by IPD since the peak in June 2007, has now reached 41%.

At a sector level, retail warehouse property has suffered most, reflecting more aggressive valuations at the market peak. However, the deterioration in occupier markets and falling rents has been clearly led by the office sector and in particular by those located in Central London. IPD recorded rental growth for all property over the last year at -5%, with offices double that rate at -10%. Nevertheless, the impact of the weakening economic climate on rents is spreading to all sectors of the UK market. The pace of industrial property valuation markdowns has been steadier, and this, combined with the higher income yield, has produced a more resilient performance.

Following an initial period of fairly indiscriminate valuation reductions, sector and property level factors have emerged during the year to drive relative performance. At the portfolio level however, the scale of valuation reductions experienced has meant that cash/debt ratios have dominated fund and benchmark performance. The performance of the Fund has been more volatile during the year and at the year end a margin of under-performance was recorded. Although

the uncertainty surrounding the valuation of property assets has meant this was a possible outcome, benchmark returns should also be treated with some caution. Only after this downturn fully runs its course can the performance of the Fund over this difficult period be properly assessed.

Activity

The Fund's investment and management activity has been focused upon two objectives: firstly, asset sales have been targeted to raise sufficient capital to reduce the amount of debt and to meet outstanding redemption requests. Secondly, there has been an emphasis on protecting and growing income. Unfortunately, investment and occupier market conditions have rendered these objectives a challenge. Markets have not been conducive to any significant volume of transactional activity whilst economic conditions have threatened rising portfolio voids and falling rental values have begun to erode the inherent income growth potential in the portfolio.

One holding, a mixed retail and office property located on Conduit St in the West End of London, was sold. This property had been the subject of a successful rent review in the year but the level of rent achieved became increasingly vulnerable given the bleak outlook for rental growth. The asset sale was implemented whilst the enhanced level of rent was still underpinning the investment capital value. Other sales from the Central London office portfolio are in hand.

Attention has been focused upon management activity aimed at protecting value, converting projects into income producing investments

Report of the Property Manager

for the year ended 31 March 2009

and achieving growth in income by realising the Fund's reversionary potential. Rent review and letting activity has produced a significant increase in rental income, helping to produce the growth in the distribution this year. Most significantly, the retail re-development project in Chichester was completed, with lettings to River Island and Swarovski producing a full income stream from the commencement of the leases. New leases were also agreed on the shop unit at Jermyn St and the industrial units in Tewkesbury. Positive rent reviews were achieved for the retail warehouses in Ashford and Sunderland and the West End offices in Conduit St and Jermyn St. Other reviews and lettings have produced more modest increases in rental but in aggregate this is also significant.

Although office accommodation in Austin Friars and Threadneedle Street fell vacant in the period, the total void rate in the portfolio has been reduced from 13.4% to 11.2% at the year end. In comparison, the average level of voids recorded by IPD has increased during the period from 9.3% to 11.7% by March 2009. The total reversionary potential of the Fund still to be realised remains attractive at 18%, and compares to the current reversion recorded by IPD of 12%.

Strategy

The performance of the Fund in the last twelve months partly reflects the presence of debt, with the use of the borrowing facility magnifying the impact of weaker valuations. Sales activity has reduced the level of debt and planned disposals will lower this further and also provide liquidity to manage outstanding investor redemption requests.

The outlook for asset values and rents has implications for the strategic positioning of the Fund. Although the negative gearing effects of existing debt has been a factor in the performance of the Fund since September 2008, the scale of the margin is due to the higher rate of capital valuation decline in the property portfolio compared to the benchmark. The Fund's active approach to management and the sector weightings, which have both enhanced performance in the past, are factors. The management policy requires portfolio features such as higher void rates, shorter unexpired lease terms and less secure income streams. With a current focus in the sector on income, such features are valued less highly, with a greater yield premium for investors resulting in weaker capital performance. The estimated rental values of void units, and the higher than average reversionary potential, although helpful in growing income when realised, are more exposed to erosion in the economic and occupational market weaknesses that have followed the credit crunch. As a result, a number of the Fund's key actively managed holdings have suffered more severe valuation reductions but this position does serve to underline the opportunities that exist for the future. The portfolio has also held above average weightings in the retail warehouse and Central London office sectors. This position had previously supported performance but in the downturn has produced the weakest capital and rental performance. The Fund's sales activity will be focused on reducing the exposure to Central London offices. We will also seek to strengthen the income features of the portfolio by realising the attractive reversion, controlling voids and increasing income security. The yield

Report of the Property Manager

for the year ended 31 March 2009

profiles for industrial property indicate that this sector may be starting to look vulnerable despite the relative attraction of the initial yield and may therefore be set for further performance weakness. The under-weight position will be monitored.

Unit redemptions

The liquidity of the UK property market has been severely affected by prevailing conditions in the financial markets and the associated fears of a significant slow-down in the UK economy. The sales activities of the Fund have demonstrated the harsh reality of current property market conditions, the dysfunctional condition of investment markets and the scale of dislocation between valuations and market prices. These conditions have created much uncertainty with regards the valuation of property assets, the pricing of the Fund's units and have also made sales much more difficult to achieve. As a result it has not been possible to realise sufficient capital during the year to meet redemption requests.

In response, the Local Authorities Mutual Investment Trust, the Trustee of the Local Authorities Property Fund, has found it necessary to review its redemption and valuation policies. These changes are now described in the Fund's Scheme Information and have been implemented in the interests of fairness and for the benefit of all unitholders. As at 31 March 2009, redemption notices from two investing authorities were outstanding, amounting to 3,859,792 units. No units in the Fund have been redeemed during the year.

Outlook

Performance in the UK property investment sector and the outlook has been transformed by the financial crisis and the recessionary economic environment that has followed. The outlook offers a mixture of uncertainty and caution, but there is room for optimism also. The first phase of the downturn has been characterised by a sector wide correction across all types of property assets. During the second phase, property specific features will be more influential and a greater divergence in performance between sectors, geographical regions and individual assets can be expected. Well let prime stock will offer more yield stability, but secondary grades are expected to see further yield weakness as risk premiums widen. Another source of performance variability is rental growth. Central London and South East office markets are expected to suffer the greatest rates of rental decline whilst shops and retail warehouses will also experience rental weakness. Although tenant default and void rates will rise across all areas of the market, secondary locations/building and shorter lease terms will suffer most. A relatively high void rate for industrial property could be the signal of some weakness to come in a sector where the downturn has so far been less severe compared to other types of property asset.

This outlook presents a challenge for property investors, promising further significant falls in asset values, with falling rents and rising void rates putting income under pressure. With opportunities to achieve capital growth

Report of the Property Manager

for the year ended 31 March 2009

limited, income will dominate total return performance. This environment requires an asset based investment management approach with a focus on managing property income flows, income security and the generation of more sustainable performance. With that income objective in mind, property values can be observed to have corrected quickly and already offer investors attractive yields and better value opportunities from which to anticipate growth over the longer term. Although the risk to income has increased, good quality investments, featuring secure tenants and attractive leasing

structures should provide high and unbroken income streams during this period of pricing uncertainty and volatility. This may attract investors seeking a high income who are willing to take a long term view on capital values in order to secure the yields available.

P Hannam
Head of Property
CCLA Investment Management Limited

11 May 2009

Risk warning

The Fund's units and the income from them can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns.

Property and property related assets are inherently difficult to value because of the individual nature of each property. As a result, valuations are open to substantial subjectivity. There is no assurance that the valuations of the properties will reflect the sale price achieved even where such sale occurs shortly after the valuation point.

The performance of the Fund could adversely be affected by a downturn in the property market in terms of capital value or a weakening of rental yields. The income received by the Fund is dependent to a large extent upon the occupancy levels of any property owned by the Fund and the rents paid by these tenants. Rental revenues and property values are affected by changes

in general economic climate and local conditions.

Property values are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant credit worthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investment in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

The Fund's units are intended only for long-term investment and are not suitable for money liable to be spent in the near future. They are realisable only on each monthly dealing day and a period of notice may be imposed for redemption of shares depending on Fund liquidity.

The Fund has the facility to borrow up to 25% of the net asset value of the Fund which may increase the volatility within the Fund.

Report of the Independent Auditor

to the unitholders of The Local Authorities Property Fund

We have audited the financial statements of The Local Authorities Property Fund for the year ended 31 March 2009 which comprise the statement of total return, the statement of change in unitholders' net assets, the property portfolio, the balance sheet, the cash flow statement, the related notes and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Trust Deed. Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and Auditor

The Trustee is responsible for the preparation of the annual report and financial statements in accordance with Accounting Standards (United Kingdom generally accepted accounting practice) as set out in the Statement of the Trustee and Manager responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with United Kingdom legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom generally accepted accounting practice, and the Trust Deed. We also report to you if, in our opinion, the Report of the Property Manager is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Fund, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only of the Report of the Property Manager and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Report of the Independent Auditor to the unitholders of The Local Authorities Property Fund

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- † XZjV Rēf V R_U VZgZ/h tZ_RTT` dJR_TV with United Kingdom generally accepted accounting practice of the financial position of the Fund at 31 March 2009 and of the net income and the net losses on the scheme property of the Fund for the year then ended; and
- † YRgV SVV_ ac aVqj adVaRd/U_Z accordance with United Kingdom generally accepted accounting practice, and the Trust Deed.

Ernst & Young LLP
Registered Auditor
London

11 May 2009

The maintenance and integrity of the CCLA Investment Management Limited website is the responsibility of the directors of CCLA Investment Management Limited; the work carried out by the auditors of The Local Authorities' Property Fund does not involve consideration of these matters and, accordingly, the auditors accept no

responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

Report of the Valuer

Dear Sirs,

The Local Authorities Property Fund valuation as at 31 March 2009

In accordance with your instructions, we have valued all the property investments owned by The Local Authorities Property Fund as at 31 March 2009. The valuation has been prepared on the basis of market value in accordance with the current edition of the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS). We understand that our valuation is required for unit pricing and accounts purposes.

We are of the opinion that the aggregate market values of all the properties held by the Fund as at 31 March 2009 was:

£81,150,000

(Eighty one million, one hundred and fifty thousand pounds)

Details of the basis of our valuation and the individual properties are set out in our Report and Valuation addressed to you and dated 31 March 2009.

Yours faithfully,

Atisreal Limited
Chartered Surveyors and International
Real Estate Consultants,
Norfolk House, 31 St James s Square,
London SW1Y 4JR

31 March 2009

Net asset value, unit price range, net distribution, unit prices and expense ratios

Net asset value

<i>At 31 March</i>	<i>Net asset value £'000</i>	<i>Net asset value pence per unit</i>	<i>Number of units in issue</i>
2007	135,707	366.88	36,990,016
2008	112,733	320.78	35,144,392
2009	69,408	197.49	35,144,392

Unit price range

<i>Year to 31 March</i>	<i>Highest offer pence per unit</i>	<i>Lowest bid pence per unit</i>
2005	303.08	246.91
2006	337.80	282.16
2007	379.17	320.77
2008	388.74	315.81
2009	330.38	194.24

Net distribution

<i>Year to 31 March</i>	<i>Distribution pence per unit¹</i>	<i>Yield on unit held for the year %²</i>
2005	13.1914	4.35
2006	13.2106	3.91
2007	14.3770	3.79
2008	12.6373	3.81
2009	16.0462	7.87

¹ Distributions are stated gross before taxation but after management expenses.

² Yield is expressed as a percentage of the unit offer price at the end of the year.

Net asset value, unit price range, net distribution, unit prices and expense ratios

Unit prices

<i>At</i> <i>31 March 2009</i>	<i>Bid price</i> <i>pence per unit</i>	<i>Offer price</i> <i>pence per unit</i>
Income units	194.42	204.11

The Fund's units were first issued on 18 April 1972 at a price of 100.00p.

The monthly unit prices are published in the *Financial Times* and on the Manager's website at www.ccla.co.uk.

The bid and offer prices are calculated on the net asset value minus or plus a 1.55% deduction or 3.35% surcharge respectively.

Expense ratios

	<i>31.3.2009</i>	<i>31.3.2008</i>
Total expense ratio	0.77%	0.75%
Property expense ratio	0.36%	0.18%

The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the year. The property expense ratio is the ratio of the Fund's direct costs incurred in managing and maintaining the individual properties to its average net assets calculated over the year. These expenses are detailed in note 4.

Portfolio analysis

at 31 March 2009

Tenure

	31.3.2009		31.3.2008	
	£'000	%	£'000	%
Freehold	65,150	80.28	102,425	76.99
Leasehold	4,325	5.33	19,950	15.00
Heritable	11,675	14.39	10,650	8.01
	<u>81,150</u>	<u>100.00</u>	<u>133,025</u>	<u>100.00</u>

Rent review frequency

Review period	Annual rents as at 31.3.2009		Annual rents as at 31.3.2008	
	£	%	£	%
1 to 4 years	186,000	2.88	3,250	0.05
5 years	6,278,881	97.12	6,644,712	99.95
	<u>6,464,881</u>	<u>100.00</u>	<u>6,647,962</u>	<u>100.00</u>

Tenants unexpired lease terms

Unexpired term	31.3.2009		31.3.2008	
	%*		%*	
Over 10 years	31.59		23.90	
5-10 years	10.42		16.11	
Under 5 years	46.76		46.57	
Void	11.23		7.80	
Development	-		5.62	
	<u>100.00</u>		<u>100.00</u>	

Lease termination is calculated at first break clause, if any.

* Percentage of total income from contracted leases plus estimated rental values of unlet units/developments.

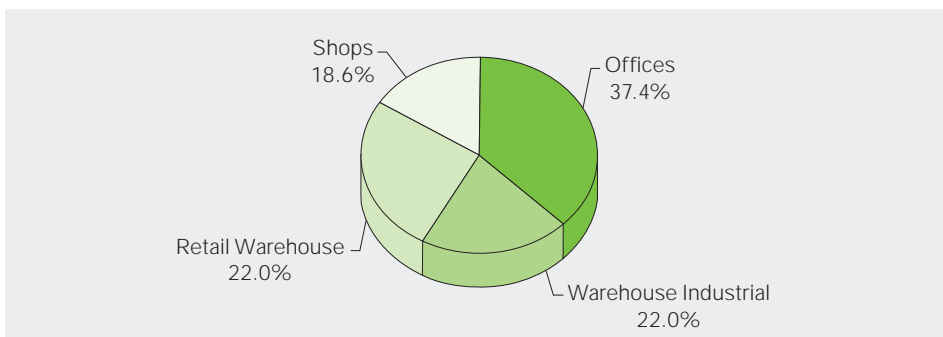
Portfolio analysis

at 31 March 2009

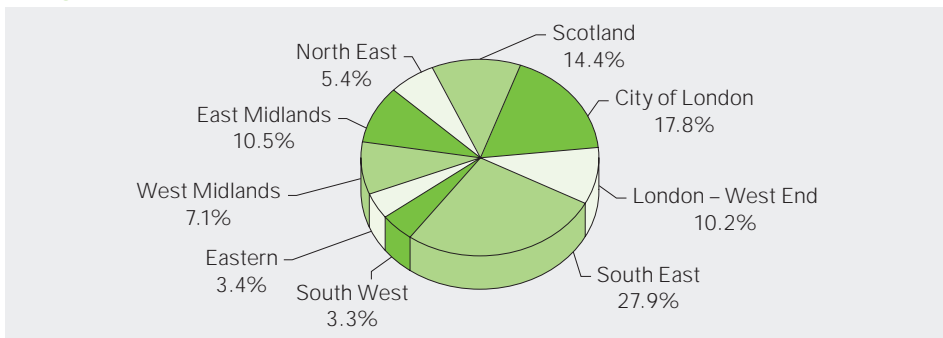
Use of capital

	31.3.2009		31.3.2008	
	£'000	%	£'000	%
Completed properties	81,150	116.92	126,125	111.88
Properties under development	-	-	6,900	6.12
Net other liabilities	(11,742)	(16.92)	(20,292)	(18.00)
	<u>69,408</u>	<u>100.00</u>	<u>112,733</u>	<u>100.00</u>

Asset by type



Geographical distribution



Portfolio statement

at 31 March 2009

	<i>£'000</i>	<i>% of Fund</i>
Properties		
Valued between £0 and £5m		
14 properties	45,050	64.91
Valued between £5m and £10m		
5 properties	<u>36,100</u>	<u>52.01</u>
	81,150	116.92
Net other liabilities	<u>(11,742)</u>	<u>(16.92)</u>
Net assets	<u>69,408</u>	<u>100.00</u>

Ownership of the Fund

at 31 March 2009

Ownership band at 31 March 2009	<i>Number of investors</i>	<i>Number of units in issue '000</i>	<i>% of units in issue</i>
Less than 1%	5	167	0.48
1% or greater but less than 2%	2	993	2.82
2% or greater but less than 4%	3	3,402	9.68
4% or greater but less than 8%	5	9,611	27.35
Greater than 8%*	<u>2</u>	<u>20,971</u>	<u>59.67</u>
	<u>17</u>	<u>35,144</u>	<u>100.00</u>

* Percentage held by largest unitholder is 30.08%

Statement of total return

for the year ended 31 March 2009

	Notes	31.3.2009		31.3.2008	
		£'000	£'000	£'000	£'000
Net losses on investments during the year	2		(43,325)		(16,457)
Gross Income	3	7,527		6,552	
Property expenses	4	(387)		(316)	
Finance costs: interest	6	<u>(880)</u>		<u>(843)</u>	
Net income before taxation		6,260		5,393	
Income tax	5	<u>(1,261)</u>		<u>(1,206)</u>	
Net income after taxation		4,999		4,187	
Management expenses	4	<u>(620)</u>		<u>(821)</u>	
Net income after taxation and expenses			<u>4,379</u>		<u>3,366</u>
Total return for the year			(38,946)		(13,091)
Finance costs: distributions	6		<u>(4,379)</u>		<u>(3,366)</u>
Change in net assets attributable to unitholders			<u>(43,325)</u>		<u>(16,457)</u>

Statement of change in unitholders net assets

for the year ended 31 March 2009

	31.3.2009		31.3.2008	
	£'000	£'000	£'000	£'000
Net assets at start of the year		112,733		135,707
Movement due to creations and cancellations of units				
Less: amounts payable on cancellation of units		-	(6,517)	(6,517)
Change in net assets attributable to unitholders		(43,325)		(16,457)
Net assets at end of the year		<u>69,408</u>		<u>112,733</u>

The notes on pages 26 to 34 form part of these accounts.

Property portfolio - of ces

at 31 March 2009

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
6-20 Bell Street GLASGOW	Scottish Childrens Reporter Administration	20 yrs 11.2.94	5 yrs	2009	225,000*	0-5
	Scottish Childrens Reporter Administration	10 yrs 7.12.00	5 yrs	-	45,500	
	Mrs Taylor	5 yrs 1.6.08	-	-	960	
	Vacant	-	-	-	-	
292 St Vincent Street GLASGOW	McClure Naismith Anderson & Gardener	28 yrs 1.11.85	-	-	260,000	0-5
2-4 Blythswood Square GLASGOW	Brodies LLP	25 yrs 29.9.88	5 yrs	2008	415,000*	0-5
13 Austin Friars LONDON, EC2	Vacant	-	-	-	-	0-5
202-216 Silbury Boulevard MILTON KEYNES	Grant Thornton Nominees	25 yrs 15.12.89	5 yrs	2009	252,000	0-5
1a Stoke Road SLOUGH	Ink sh Call Centres Ltd	10 yrs 18.6.99	5 yrs	-	170,000	0-5

* Outstanding rent review or lease renewal as at 31 March 2009.

Property portfolio of centres/shops

at 31 March 2009

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
101/102 Jermyn Street LONDON, SW1	DAKS Simpson Group plc	11 yrs 1.9.08	5 yrs	2014	185,000	5-10
	BM Investments LLP	5 yrs 4.3.05	-	-	92,250	
	Kessler Financial Services International LLC	5 yrs 13.9.04	-	-	74,132	
	Material Entertainment	5 yrs 8.4.05	-	-	54,900	
	Quadrant Holdings Ltd	10 yrs 24.3.03	5 yrs	-	112,500	
	Quadrant Holdings Ltd	10 yrs 24.3.03	5 yrs	-	-	
	34 Threadneedle Street LONDON, EC2	Replete Ltd	15 yrs 29.9.07	5 yrs	2012	
Taberna Securities (UK) Ltd	5 yrs 12.4.07	-	-	69,360		
PML (Programme Management) Ltd	10 yrs 16.6.06	5 yrs	2011	58,485		
Messrs Michael A Perry and Stuart M Hope	5 yrs 29.9.07	-	-	41,325		
Vacant	-	-	-	-		
Vacant	-	-	-	-		
157-159 Fenchurch Street LONDON, EC3	TM Lewin and Sons Ltd	15 yrs 20.2.07	5 yrs	2012	315,000	5-10
	O2 (UK) Ltd	10 yrs 17.7.06	1 yr	2011	3,250	
	Orange Personal Communication Services Ltd	10 yrs 17.7.06	-	2011	3,500	
	Vacant	-	-	-	-	
	Vacant	-	-	-	-	

Property portfolio - shops

at 31 March 2009

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
84, 85 & 86 East Street CHICHESTER	Swarovski UK Ltd	10 yrs 14.4.08	5 yrs	2013	85,000	5-10
	River Island Clothing Co Ltd	10 yrs 10.3.08	5 yrs	2013	300,000	
15-17 Gallowtree Gate LEICESTER	Hutchinson 3G UK Ltd	3 yrs 4.7.06	-	-	186,000	0-5

Property portfolio retail warehouses

at 31 March 2009

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
Barrey Road ASHFORD	Allied Carpets Properties Ltd	25 yrs 29.9.86	5 yrs	-	278,400	5-10
	Homebase Ltd	25 yrs 29.9.86	5 yrs	-	512,700	
	Comet Group plc	5 yrs 1.12.05	-	-	2,000	
	Boots The Chemists Ltd	5 yrs 1.12.05	-	-	2,000	
	NBC Apparel	5 yrs 17.3.06	-	-	2,000	
Goodliffe Park BISHOPS STORTFORD	Payless DIY Ltd	35 yrs 29.9.89	5 yrs	2009	398,880	0-5
Wessington Way SUNDERLAND	Wickes Building Supplies Ltd	25 yrs 29.9.94	5 yrs	2009	248,966	0-5
	Wickes Building Supplies Ltd	25 yrs 29.9.94	5 yrs	2012	115,000	
	McDonalds Property Co Ltd	25 yrs 29.9.94	5 yrs	2009	53,000	

Property portfolio warehouse and industrial

at 31 March 2009

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
Unit 16 Junction Six BIRMINGHAM	BSS Group plc	15 yrs 4.2.05	5 yrs	2010	500,000	5-10
	BSS Group plc	13 yrs 15.8.07	-	-	30,000	
Interlink Park COALVILLE	Copper Cable Company Ltd	15 yrs 20.3.95	5 yrs	-	394,000	0-5
Meridian Business Park LEICESTER	Knauf Insulation Ltd	25 yrs 29.9.96	5 yrs	2011	300,565	0-5
Units 7-11 Marriot Close NORWICH	Edmundson Electrical Ltd	10 yrs 24.8.98	5 yrs	2013	21,850	0-5
	Miller West Ltd	15 yrs 23.11.04	5 yrs	2009	24,000	
	Kent Blaxill and Co Ltd	15 yrs 5.3.04	5 yrs	2009	23,720*	
	Holden & Holden Ltd	15 yrs 29.9.04	5 yrs	2009	24,150	
	Sunfen Ltd	15 yrs 5.3.04	5 yrs	2009	52,050*	
	Uniglaze 2 (East Anglia) Ltd	9 yrs 31.1.06	5 yrs	2010	56,135	
	Unipart Automotive Ltd	15 yrs 13.6.03	5 yrs	2008	18,000*	
	RAC Auto Windscreens Ltd	10 yrs 22.6.04	5 yrs	2009	17,774	
	Robinsons Autoservices Ltd	15 yrs 1.9.02	5 yrs	2012	3,329	
	R Robinson & Co (Motor Spares) Ltd	5 yrs 23.2.05	-	-	7,700	
Vacant	-	-	-	-		
Alexandra Way TEWKESBURY	Moog Controls Ltd	15 yrs 25.12.78	5 yrs	2013	270,000	0-5

* Outstanding rent review or lease renewal as at 31 March 2009.

Balance sheet

at 31 March 2009

	Notes	31.3.2009		31.3.2008	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments	7		81,150		133,025
Debtors	8	1,116		909	
Loan due from LAMIT	9	200		150	
Cash and bank balances		<u>1,332</u>		<u>1,316</u>	
Total other assets			<u>2,648</u>		<u>2,375</u>
Total assets			83,798		135,400
LIABILITIES					
Creditors	10	2,117		3,069	
Distribution payable on income units		1,148		1,098	
Short term loan	11	<u>11,125</u>		<u>18,500</u>	
Total liabilities			<u>14,390</u>		<u>22,667</u>
Net assets attributable to unitholders			<u>69,408</u>		<u>112,733</u>
Approved on behalf of the Trustee 11 May 2009				J Galbraith, <i>Chairman</i> S Lourie, <i>Vice-Chairman</i>	

The notes on pages 26 to 34 form part of these accounts.

Cash flow statement

for the year ended 31 March 2009

	Notes	31.3.2009		31.3.2008	
		£'000	£'000	£'000	£'000
Net cash in flow from operating activities	16		3,170		3,065
Net cash (out flow)/in flow from financing activities					
Cancellation of units		-		(6,517)	
Distributions paid		(4,329)		(3,338)	
(Repayment)/drawdown of loan		<u>(7,375)</u>		<u>11,971</u>	
			(11,704)		2,116
Net cash out flow from investing activities					
Payments to acquire investments	7	-		(7,100)	
Capital expenses	7	(1,050)		(3,577)	
Proceeds on disposal of investments	7	<u>9,600</u>		<u>3,605</u>	
			8,550		<u>(7,072)</u>
Net increase/(decrease) in cash and cash equivalents	17		<u>16</u>		<u>(1,891)</u>

The notes on pages 26 to 34 form part of these accounts.

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of properties, and in accordance with accounting policies set out below and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005, with the exception of the omission of the Statement of Material Portfolio Changes.

Parts 1.3 and 2.2 of The Association of Real Estate Funds Code of Practice relating to the format of Property Collective Investment Schemes accounts have also been followed in the preparation of these accounts.

(b) Cash and cash equivalents

Cash comprises cash balances and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Income recognition

Rental income, interest on development loans, cash and cash equivalents, and bank deposits are accrued on a daily basis.

(d) Expenses

During the year, the Manager's periodic charge, paid to the Manager, was charged to the income of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. The audit, insurance, property valuation fees and direct property fees are charged separately to the income of the Fund before distribution.

(e) Distributions

Distributions are prepared quarterly and paid one month after each quarter end. Each month the income is applied to unitholders in the Fund and no income is included in the unit price. A net distribution is paid after deduction of expenses and taxation.

Notes to the accounts

(f) Capitalised costs

All costs associated with buying, selling and development of properties are charged to capital. Other expenses, including the property valuation fees payable to Atisreal Limited, are deducted from income.

(g) Basis of valuation

Freehold and leasehold properties are valued at each quarter-end date on the basis of Market Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) as advised by Atisreal Limited, Chartered Surveyors. In addition, the Manager reviews these values at each intervening month end. Additions to the portfolio are valued externally after acquisition.

(h) Borrowing

Interest on borrowings made by the Fund, through its loan facility with The Royal Bank of Scotland plc, was accrued on a daily basis, in accordance with the terms of the facility, at a rate of 0.95% per annum above the bank's base rate.

2. Net losses on investments	31.3.2009	31.3.2008
	£'000	£'000
The net losses on investments during the year comprise:		
Non-derivative securities	<u>(43,325)</u>	<u>(16,457)</u>
3. Income	31.3.2009	31.3.2008
	£'000	£'000
Rental income	7,387	6,352
Bank interest	22	75
Other income	118	125
	<u>7,527</u>	<u>6,552</u>

Notes to the accounts

4. Expenses

	31.3.2009	31.3.2008
	£'000	£'000
i) Property expenses:		
Loan finance fee	-	(5)
Property repairs and maintenance	1	-
Property empty rates	29	6
Property legal and professional fees	191	143
Property service charges	67	44
Property revaluation fees	44	90
Other property outgoings	<u>55</u>	<u>38</u>
	<u>387</u>	<u>316</u>
ii) Management expenses:		
Payable to The Local Authorities Mutual Investment Trust:		
Manager's periodic charge	652	860
Less: Apportionment of income from Local Authorities Mutual Investment Property Databank	(68)	(61)
Trustee liability insurance	8	19
Audit fee	10	-
Travelling expenses	17	10
Other expenses	2	2
Other expenses	6	-
Less: bank interest received	(5)	(8)
Less: other income	<u>(2)</u>	<u>(1)</u>
	<u>620</u>	<u>821</u>

The above expenses include VAT where applicable.

The Members of the Council receive no remuneration from the Fund. The Chairman of the Council, or his representative, received a fee as a Director of the Manager.

Notes to the accounts

5. Taxation

The Fund is not subject to capital gains tax but is subject to income tax at the basic rate.

	31.3.2009	31.3.2008
	£'000	£'000
Income tax	<u>1,261</u>	<u>1,206</u>
Income tax is calculated as follows:		
Net income before taxation at 20% (prior to 1.4.2008 at 22%)	1,252	1,186
Items not allowable for income tax purposes:		
Revaluation fee at 20% (prior to 1.4.2008 at 22%)	9	20
Income tax	<u>1,261</u>	<u>1,206</u>

6. Finance costs

Distributions

Distributions paid and payable during the year comprise:

	31.3.2009	31.3.2008
	£'000	£'000
30 June interim distribution (paid)	950	762
30 September interim distribution (paid)	1,118	804
31 December interim distribution (paid)	1,163	701
31 March annual distribution (payable)	1,148	1,099
Net distribution for the year	<u>4,379</u>	<u>3,366</u>
Interest		
Net interest for the year	<u>880</u>	<u>843</u>
Total finance costs	<u>5,259</u>	<u>4,209</u>

Details of the distribution pence per unit are set out in the distribution table on page 35.

Notes to the accounts

7. Property investments	31.3.2009	31.3.2008
	<i>£'000</i>	<i>£'000</i>
Market value at the start of the year	133,025	142,410
Acquisitions at cost	-	7,100
Capitalised expenses	1,050	3,577
Sales proceeds from disposals	(9,600)	(3,605)
Realised (loss)/gains on disposals	(2,396)	1,917
Unrealised losses on revaluation	(40,929)	(18,374)
Market value at the end of the year	<u>81,150</u>	<u>133,025</u>
Historical cost at the end of the year	<u>103,823</u>	<u>114,769</u>
8. Debtors	31.3.2009	31.3.2008
	<i>£'000</i>	<i>£'000</i>
Rent due	1,048	737
Accrued income	1	1
Property payments recoverable	67	168
Prepayment of expenses	-	<u>3</u>
	<u>1,116</u>	<u>909</u>
9. Loan receivable	31.3.2009	31.3.2008
	<i>£'000</i>	<i>£'000</i>
Loan due from The Local Authorities Mutual Investment Trust (see Note 15)	<u>200</u>	<u>150</u>
10. Creditors	31.3.2009	31.3.2008
	<i>£'000</i>	<i>£'000</i>
Rent received in advance	1,243	1,432
Management expenses payable to The Local Authorities Mutual Investment Trust	99	167
Taxation payable	661	1,178
Property expenses payable	-	42
VAT payable	107	179
Other creditors	7	71
	<u>2,117</u>	<u>3,069</u>

Notes to the accounts

11. Loan payable

	31.3.2009	31.3.2008
	£'000	£'000
Bank loan	<u>11,125</u>	<u>18,500</u>

12. Financial instruments

The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year and the comparative year.

Market price risk

Whilst the value of direct property is independently valued on a quarterly basis, such valuations are a matter of the valuer's opinions and such values may or may be achieved on disposal. The Fund seeks to minimise the impact of these risks by maintaining a well diversified property portfolio, both geographically and by sector.

Financial assets

All cash and bank balances earn interest at a floating rate based on either LIBOR or base rate. Debtors and creditors of the Fund do not pay or receive interest.

Financial liabilities

The Manager may borrow a maximum of 25% of the net asset value of the property of the Fund to assist with investing in, improvements to, or the managing of property and the short-term financing of, or meeting payments to be made out of the Fund.

During the year, the Manager utilised the Fund's power to borrow. The borrowing facility was provided by The Royal Bank of Scotland plc at a floating interest rate of 0.95% above the bank's base rate. Interest on amounts drawn down from the loan facility is calculated on a daily basis and is payable quarterly in arrears. The loan can be drawn in tranches and repaid at any time. As at 31 March 2009 the loan outstanding was £11,125,000 (31.3.2008, £18,500,000).

There were no other financial liabilities that pay either floating rate or fixed rate interest at 31 March 2009 (31.3.2008, £nil). All financial liabilities are due to be settled within one year or on demand.

Liquidity risk

By their very nature, direct properties are less liquid and therefore the investments may not be readily realisable. The Fund's liquidity may be affected by unexpected or high levels of redemptions. Under these circumstances, a period of notice may be imposed for the redemption of units. The units are realisable only on each monthly dealing day.

Notes to the accounts

Currency risk

There is no exposure to foreign currency fluctuations as all investments, income and short-term debtors and creditors are denominated in Sterling.

Interest rate risk

The majority of the Fund's assets are direct property investments and therefore do not pay interest or have maturity dates. As a consequence any changes in interest rates will not significantly affect the Fund except in so far as they affect rental levels generally.

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2009 was as set out below:

	<i>Floating rate financial assets*</i>	<i>Fixed rate financial assets</i>	<i>Financial assets not carrying interest</i>	<i>Total</i>
<i>Currency</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sterling	1,332	-	82,466	83,798

	<i>Floating rate financial liabilities</i>	<i>Fixed rate financial liabilities</i>	<i>Financial liabilities not carrying interest</i>	<i>Total</i>
<i>Currency</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sterling	11,125	-	3,265	14,390

31 March 2008

	<i>Floating rate financial assets*</i>	<i>Fixed rate financial assets</i>	<i>Financial assets not carrying interest</i>	<i>Total</i>
<i>Currency</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sterling	1,316	-	134,084	135,400

	<i>Floating rate financial liabilities</i>	<i>Fixed rate financial liabilities</i>	<i>Financial liabilities not carrying interest</i>	<i>Total</i>
<i>Currency</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sterling	18,500	-	4,167	22,667

* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or base rate.

All financial liabilities are due to be settled within one year, or on demand.

There were no derivatives held by the Fund as at 31 March 2009 (31.3.2008, Enil).

Notes to the accounts

13. Contingent liabilities

There were no contingent liabilities as at 31 March 2009 (31.3.2008, £nil). At 31 March 2009 there were three redemption notices outstanding from two local authorities totalling 3,859,792 units (31.3.2008, nil).

14. Turnover of units

The number and net asset value of units in The Local Authorities Property Fund created and cancelled during the year were as follows:

<i>31.3.2009</i>	Number of units	Value £	% of NAV at 31.3.09
Units created	-	-	-
Units cancelled	-	-	-

<i>31.3.2008</i>	<i>Number of units</i>	<i>Value £</i>	<i>% of NAV at 31.3.08</i>
Units created	-	-	-
Units cancelled	1,845,624	6,517,151	5.78

15. Related party transactions

Management expenses are payable to the Trustee, a related party to the Fund. The amounts paid in respect of management expenses are disclosed in note 4. There were outstanding balances due to the Trustee at 31 March 2009 of £98,945 (31.3.2008, £167,147). There was a non interest bearing loan outstanding from the Trustee at 31 March 2009 of £200,000 (31.3.2008, £150,000). This amount is repayable on demand. There were no other transactions entered into with the Trustee during the year.

The Manager of the Fund is a related party to the Fund. There were no other transactions entered into with the Manager during the year.

The Northern Ireland Local Government Officers Superannuation Committee and the City of Bradford Metropolitan District Council are related parties to the Fund with holdings of 30.08% and 29.59% respectively of the total Fund units in issue. In addition, Mr John Galbraith (Northern Ireland Local Government Officers Superannuation Committee) and Mr Simon Edwards (City of Bradford Metropolitan District Council) are Members of the Council and the Trust.

Notes to the accounts

16. Reconciliation of net income to net cash in flow from operating activities

	<i>31.3.2009</i>	<i>31.3.2008</i>
	<i>£'000</i>	<i>£'000</i>
Income after taxation and expenses	4,379	3,366
Increase in accrued income	(311)	(440)
Decrease/(increase) in debtors	54	(6)
(Decrease)/increase in creditors	(952)	145
Net cash in flow from operating activities	<u>3,170</u>	<u>3,065</u>

17. Reconciliation of net cash flow to movement in cash balances

	<i>31.3.2009</i>	<i>31.3.2008</i>
	<i>£'000</i>	<i>£'000</i>
Net cash and cash equivalents at the start of the year	1,316	3,207
Movement in cash and cash equivalents during the year	<u>16</u>	(1,891)
Net cash and cash equivalents at the end of the year	<u>1,332</u>	<u>1,316</u>

18. Post balance sheet event

The borrowing facility provided by The Royal Bank of Scotland plc (RBS) expired on 30 September 2008. From 1 October 2008, terms for a new agreement were under discussion with RBS. A new loan facility of £11,125,000 and a revolving facility of £5,000,000 were agreed with RBS on 11 May 2009 at a floating interest rate of 2.5% above LIBOR. It was also agreed that the total gross borrowings should not exceed 35% of the net asset value of the Fund.

Distribution table

for the year ended 31 March 2009

<i>2009</i>	<i>Pence per unit</i>			
	<i>31.3.2009</i>	<i>31.12.2008</i>	<i>30.9.2008</i>	<i>30.6.2008</i>
Net income before taxation	<u>4.5694</u>	<u>4.7464</u>	<u>4.6204</u>	<u>4.0690</u>
Income tax at 20%	<u>0.9139</u>	<u>0.9493</u>	<u>0.9241</u>	<u>0.8138</u>
	<u>3.6555</u>	<u>3.7971</u>	<u>3.6963</u>	<u>3.2552</u>
Management expenses	<u>0.4195</u>	<u>0.4802</u>	<u>0.5074</u>	<u>0.5517</u>
Distribution payable	<u>3.2360</u>	<u>3.3169</u>	<u>3.1889</u>	<u>2.7035</u>
Gross distribution after management expenses	<u>4.1499</u>	<u>4.2662</u>	<u>4.1130</u>	<u>3.5173</u>

<i>2008</i>	<i>Pence per unit</i>			
	<i>31.3.2008</i>	<i>31.12.2007</i>	<i>30.9.2007</i>	<i>30.6.2007</i>
Net income before taxation	<u>4.4955</u>	<u>3.6798</u>	<u>3.5436</u>	<u>3.5631</u>
Income tax at 22%	<u>0.9890</u>	<u>0.8095</u>	<u>0.7796</u>	<u>0.7839</u>
	<u>3.5065</u>	<u>2.8703</u>	<u>2.7640</u>	<u>2.7792</u>
Management expenses	<u>0.4718</u>	<u>0.9095</u>	<u>0.5487</u>	<u>0.7147</u>
Distribution payable	<u>3.0347</u>	<u>1.9608</u>	<u>2.2153</u>	<u>2.0645</u>
Gross distribution after management expenses	<u>4.0237</u>	<u>2.7703</u>	<u>2.9949</u>	<u>2.8484</u>

Statement of Trustee and Manager responsibilities

The Trustee of the Fund is required by the Trust Deed to prepare accounts which give a true and fair view of the financial position of the Fund at the end of each half-yearly accounting period and the movement in net assets for the period then ended, together with the information set out in clause 15(1) of the Trust Deed. In preparing these accounts the Trustee is required to:

- † dV]TeRTT` f`_eZ`X a`]Z]d eYReRdV appropriate for the Fund and apply them on a consistent basis;
- † T` ^ a]j h ZY eYV UZIT] df dV d/bf ZV^ V_ed` W the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in December 2005;
- † W]] h XV_VcR]] RTTVaeU RTT` f`_eZ`X principles and applicable United Kingdom accounting standards;

- † \WVa ac` aVcRTT` f`_eZ`X dVT` dJd h YZY enable the Manager to demonstrate that the accounts, as prepared, comply with the above requirements;
- † ^ R\V [f UX^ V_ed R_U VdeZ` R/d eYReRdV reasonable and prudent; and
- † adVaRdV eYV RTT` f`_ed` _ eYV SRdZi eYReeYV Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has delegated to the Manager the day-to-day management, accounting and administration as permitted by the Trust Deed and the Manager is required to carry out these duties in accordance with the terms of the Trust Deed.

The Trustee is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

CCLA INVESTMENT MANAGEMENT LIMITED

The Local Authorities Mutual Investment Trust

80 Cheapside, London, EC2V 6DZ

Members of the Council and the Trust

Chairman R Wilson (resigned 7.5.08)
J Galbraith (Chairman) (appointed 7.5.08)
Vice-Chairman S Lourie (Vice-Chairman) (appointed 7.5.08)
Secretary J Fox

Local Government Association

P Clokie
T Eckersley
S Fraser (resigned 30.7.08)
I Greenwood (appointed 7.5.08)
P Hardy
S Lourie
A Galloway (appointed 30.7.08 and resigned 3.4.09)
R Wilson (resigned 7.5.08)

Northern Ireland Local Government Officers Superannuation Committee

J Galbraith

Unitholder Member

S Edwards (City of Bradford Metropolitan District Council)

Property Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority
80 Cheapside
London EC2V 6DZ
Telephone: 020 7489 6000
Client Service:
Freephone: 0800 022 3505
Facsimile: 0844 561 5126
Email: clientservices@ccla.co.uk
www.ccla.co.uk

Directors responsible for the Fund

M Quicke (Chief Executive)
J Bevan (Chief Investment Officer)
S Curran (Chief Operating Officer)
C Peters (Investment Director)
A Robinson (Director Market Development)

Property Manager

P Hannam

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

External Property Valuer

Atisreal Limited
Chartered Surveyors and International Real Estate Consultants
Norfolk House
31 St James s Square
London SW1Y 4JR

Banker

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA

Solicitors

Lovells LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG

Farrer & Co LLP

66 Lincoln s Inn Fields
London WC2A 3LH

Independent Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF



CCLA INVESTMENT MANAGEMENT LIMITED

80 Cheapside
London EC2V 6DZ
Client Service:
Freephone: 0800 022 3505
Facsimile: 0844 561 5126
Email: clientservices@ccla.co.uk

www.ccla.co.uk

CCLA Investment Management Limited
(registered in England No. 2183088
- registered office 80 Cheapside, London,
EC2V 6DZ) is authorised and regulated
by the Financial Services Authority.