



for Local Authorities

The Local Authorities' Property Fund

Report and Accounts
Half Year ended 30 September 2009

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Details of Trustee and Manager

(inside back cover)

Disability Discrimination Act 1995

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

Structure of the Fund

for the half year ended 30 September 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.

Structure of the Fund

for the half year ended 30 September 2009

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 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 19 property funds valued at £6.35bn as at 30 September 2009, ranging in size from £26m to £1.27bn.

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 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 half year ended 30 September 2009

We have pleasure in presenting our half year 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 the 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 period, 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.

S Lourie
Chairman of The Local Authorities' Mutual
Investment Trust

9 November 2009

Report of the Property Manager

for the half year ended 30 September 2009

- A property fund suitable for long term capital
- An actively managed and diverse property portfolio
- Rising income

Performance

Over the period to 30 September 2009, the total return of the Local Authorities' Property Fund, after all expenses, was +0.1%.

This compares with a negative return of 2.2% from the Fund's benchmark, the IPD Balanced PUT Index. The benchmark results are published on a calendar quarter basis, and the performance of the Fund for periods to 30 September 2009 is recorded in the table below.

In the half year, the price of a unit declined by -3.6%, to 190.25p per unit compared to 197.30p in March. This reflects a further fall in the valuation of the property portfolio but this was off-set by the income earned to produce a positive total return. The amount of income distributed to unitholders during the half year was 7.0737p per unit. The income return for the six months was +3.6%, whilst the annual income distribution yield of the Fund is currently 8.1%.

In our view the pattern of returns over the period is consistent with an end to the downturn trend in valuations that has been experienced since 2007. An initial easing in the rate of valuation decline was gradually replaced by a period of recovery with positive valuation changes in more recent months. Greater confidence in the wider economic outlook, improved investor sentiment and an increase in market activity all combined to push yields lower. This has taken place whilst rents have continued to fall. The expectation is that occupier markets will remain weak in the period ahead.

Market review

For much of this last two years property investment markets have been almost frozen. Transaction volumes have been thin, as likely vendors found the valuations on offer unattractive whilst banks avoided forcing sales because of the possible adverse impact on their customers. Potential buyers, unsurprisingly, lacked confidence in an environment in which values were falling sharply and recessionary economic conditions threatened income. These conditions effectively imposed illiquidity on both buyers and sellers with the result that property investment markets ground to a halt.

Total return against benchmark

	6 Months	1 year	3 years	5 years
To 30 September 2009 (after expenses)	%	%	% p.a.	% p.a.
The Local Authorities' Property Fund	+0.1	-28.4	-14.2	-2.2
IPD Balanced PUT Index	-2.2	-23.6	-13.4	-1.5

Source: The Manager/IPD

Report of the Property Manager

for the half year ended 30 September 2009

Conditions began to improve over the summer as a more stable economic outlook and improving equity market performance was given support by improving market data from IPD. Demand improved from a variety of sources including overseas buyers and the resulting rise in enquiries increased confidence in valuations and raised the expectation that a recovery would commence. The strongest interest is currently being shown in retail and industrial investments, whilst interest in office investment is more subdued, a signal of concerns in the rental prospects for the sector.

Activity

During this half year, two property assets have been sold. The mixed retail and office holding located on Jermyn Street in the West End of London presented a significant income risk and a yield of 6.5% was achieved on disposal raising £7.5m. The bulky goods retail warehouse property in Sunderland was also sold, realising a further £4.125m. This investment was let to DIY operator Wickes with ten years unexpired, however, the property was part vacant with the location generally suffering occupational weakness. The outlook for the rental value was poor and the 9.5% yield reflected an increasingly over-rented outlook and a value depreciating lease term.

It has also been a busy period in terms of management activity with our attention focused on protecting income, controlling vacancies and adding value. A number of lease events have supported income. Most significantly, three of the five floors of vacant office accommodation at the refurbished

Fenchurch Street property have been let, whilst a longer term void unit on the City Trading Estate in Norwich, has also now found a tenant. In the City of London, the vacant and dilapidated office building on Austin Friars has been let and is fully income producing. An attractive yield of over 10% will be received during the remainder of the Fund's ownership, with the lease agreement linked also to a contract to dispose of the property with a delayed completion date that will realise £2.1m. The security of the income stream from the industrial holding on Inter-Link Park in Bardon, Leicestershire has also been improved. Following the service of a lease break notice, the tenant has now committed to the property for a longer term and to paying a higher rent. Rent reviews have also been concluded on two investments where increases in income have been secured.

Less positively, a well located shop unit on Gallowtree Gate in Leicester, and the office holding centrally located in Slough have both fallen vacant due to tenants not renewing their leases. The financial strain that is currently being imposed on tenants remains a concern and a threat. This is demonstrated by the placing into Administration of Allied Carpets, a tenant on the Ashford Retail Park. Although the lease continues to run, the prospect of receiving further rental payments is negligible. It is nevertheless positive that the portfolio void rate has been reduced further to 8.1% compared to 11.2% at the end of March 2009. In contrast, IPD continues to report a void rate on the Monthly Index that has remained at around 12% throughout the period.

Report of the Property Manager

for the half year ended 30 September 2009

Strategy

The Fund holds a generally well diversified portfolio of property assets to support an investment policy that currently places emphasis on income yield and active management. We believe that the Fund is well placed strategically to benefit from a recovery in the sector. It holds good weightings to the retail and industrial sectors, whilst the completion of asset sales during this half year have given it a more comfortable position with regards net gearing levels. This provides greater capacity for participation in an improving market.

Market conditions and performance expectations are again conducive to the use of debt, whilst dividend income can also benefit from this approach given that net income can gain from the margin between finance costs and the yield on the property portfolio. The wide yield spread that exists between prime, income secure assets and more secondary stock creates an opportunity to add value, supplementing the attractive initial yield and the achievement of income objectives. Although a divergence in the outlook can be identified between sectors, locations and geographical regions, risks will still exist everywhere, enforcing the need for an asset level focus over sector allocation strategies.

Unit Redemptions

No units in the Fund have been redeemed during the half year, although, as at the 30 September 2009, redemption notices from two investing authorities remained outstanding, amounting to 3,031,063 units. The number of units awaiting redemption has however been reduced during the period as a result of a secondary market trade in LAPF units completed between existing unitholders.

Outlook

The autumn property investment market is expected to validate recent IPD data, signalling a bottom to the downturn and signs of recovery. As deal flow improves so property sector performance may improve relatively quickly fuelling greater confidence and spreading the recovery beyond prime assets to include more secondary grades. In this environment, the Fund is expected to benefit from an accelerated recovery.

Report of the Property Manager

for the half year ended 30 September 2009

The nature of the environment indicates that liquidity should now return to the direct property sector, and for those with capital to invest only a narrow buying window may exist before prices rise to unattractive levels. Although this may bring some short term relief to property valuations and performance, it also brings the risk of a short term bubble, possibly to be followed by a further downturn in 2010 as fundamental factors re-surface to depress market activity and value. It will be vital in this period not to lose sight of the scale of the problems that potentially still lay ahead for investors and property managers.

Investment over-supply and continuing rental weakness are factors that can constrain and depress value and these will continue to threaten the sustainability of any recovery in the period ahead. The presence of such factors therefore justifies a prudent and cautious approach.

P Hannam
Head of Property
CCLA Investment Management Limited

9 November 2009

Risk warning

The Fund's units and the revenue 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 revenue 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 units depending on Fund liquidity.

The Fund is permitted to borrow up to 25% of the 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 half year ended 30 September 2009 which comprise the statement of total return, the statement of change in unitholders' net assets, 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 half year 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 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.

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.

Report of the Independent Auditor

to the unitholders of The Local Authorities' Property Fund

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:

- give a true and fair view, in accordance with United Kingdom generally accepted accounting practice of the financial position of the Fund at 30 September 2009 and of the net revenue and the net losses on the scheme property of the Fund for the half year then ended; and
- have been properly prepared in accordance with United Kingdom generally accepted accounting practice, and the Trust Deed.

Ernst & Young LLP
Registered Auditor
London

9 November 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 30 September 2009

In accordance with your instructions, we have valued all the property investments owned by The Local Authorities' Property Fund as at 30 September 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 30 September 2009 was:

£67,125,000

(Sixty seven million, one hundred
and twenty five 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 30 September 2009.

Yours faithfully,

BNP Paribas Real Estate
90 Chancery Lane,
London WC2A 1EU

30 September 2009

Atisreal Limited joined the BNP Paribas Real Estate group in 2004 and adopted the name on 1 June 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	69,339	197.30	35,144,392
Six months to 30 September 2009	66,757	190.25	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
Six months to 30 September 2009	204.22	183.59

Net distribution

<i>Year to 31 March</i>	<i>Distribution pence per unit¹</i>	<i>Yield on unit held for the period %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
Six months to 30 September 2009	7.0737	3.60

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 period.

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

Unit prices at 30 September 2009

	<i>Bid price pence per unit</i>	<i>Offer price pence per unit</i>
Income units	187.30	196.62

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>30.9.2009</i>	<i>30.9.2008</i>
Total expense ratio (annualised)	0.77%	0.73%
Property expense ratio (annualised)	0.56%	0.26%

The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the period. 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 period. These expenses are detailed in note 4.

Portfolio analysis

at 30 September 2009

Tenure

	30.9.2009		31.3.2009	
	£'000	%	£'000	%
Freehold	51,600	76.87	65,150	80.28
Leasehold	3,875	5.77	4,325	5.33
Heritable	11,650	17.36	11,675	14.39
	<u>67,125</u>	<u>100.00</u>	<u>81,150</u>	<u>100.00</u>

Tenants' unexpired lease terms

Unexpired term	30.9.2009	31.3.2009
	%*	%*
Over 10 years	22.33	31.59
5-10 years	16.13	10.42
Under 5 years	50.74	46.76
Void	10.80	11.23
	<u>100.00</u>	<u>100.00</u>

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

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

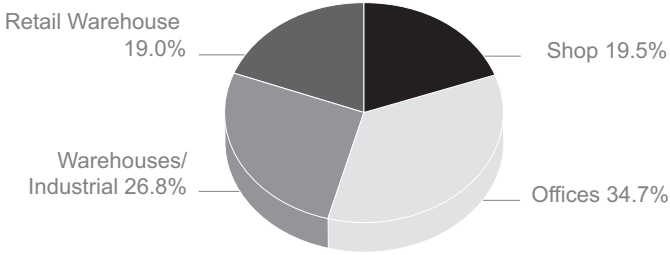
Use of capital at 30 September 2009

	30.9.2009		31.3.2009	
	£'000	%	£'000	%
Completed properties	67,125	100.55	81,150	116.92
Net other liabilities	(368)	(0.55)	(11,742)	(16.92)
	<u>66,757</u>	<u>100.00</u>	<u>69,408</u>	<u>100.00</u>

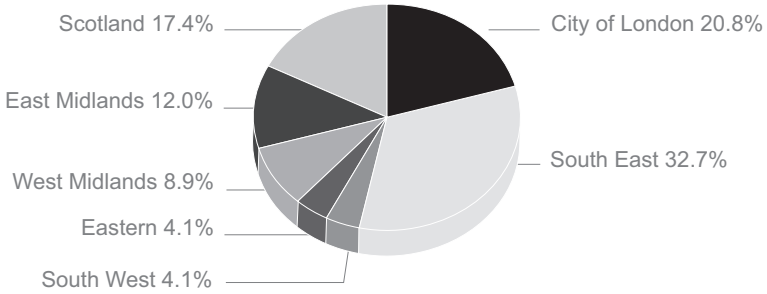
Portfolio analysis

at 30 September 2009

Asset by type



Geographical distribution



Portfolio statement

at 30 September 2009

	<i>£'000</i>	<i>% of Fund</i>
Properties		
Valued between £0m and £5m 12 properties	33,975	50.89
Valued between £5m and £10m 5 properties	33,150	49.66
	<u>67,125</u>	<u>100.55</u>
Net other liabilities	(368)	(0.55)
Net assets	<u>66,757</u>	<u>100.00</u>

Ownership of the Fund

at 30 September 2009

Ownership band at 30 September 2009	<i>Number of investors</i>	<i>Number of units</i>	
		<i>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%	-	-	-
4% or greater but less than 8%	8	13,013	37.03
Greater than 8%*	2	20,971	59.67
	<u>17</u>	<u>35,144</u>	<u>100.00</u>

* Percentage held by largest unitholder is 30.08%

Property portfolio - offices

at 30 September 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 Children's Reporter Administration	20 yrs 11.2.94	5 yrs	-	269,250	0-5
	Scottish Children's 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	-	430,000	5-10
13 Austin Friars LONDON, EC2	Hanover Securities Ltd	6 yrs 18.5.09	-	-	225,000	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	Vacant	-	-	-	-	0-5

Property portfolio - offices/shops

at 30 September 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>
34 Threadneedle Street LONDON, EC2	Replete Ltd	15 yrs 29.9.07	5 yrs	2012	160,000	0-5
	Rait 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	5 yrs 29.9.07	-	-	41,325	
	M Hope					
	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	
	IF P & C Insurance Ltd	5 yrs 24.8.09	-	-	66,600	
	Mapfre Re Compania De Reaseguros	5 yrs 1.10.09	-	-	64,467	
	Mapfre Asistencia Compania Internac	5 yrs 1.10.09	-	-	55,535	
	Vacant	-	-	-	-	

Property portfolio - shops

at 30 September 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	Vacant	-	-	-	-	0-5

Property portfolio - retail warehouses

at 30 September 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	25 yrs	5 yrs	-	278,400	5-10
	Properties Ltd	29.9.86				
	Homebase Ltd	25 yrs	5 yrs	-	512,700	
		29.9.86				
	Comet Group plc	5 yrs	-	-	2,000	
		1.12.05				
	BootsThe Chemists	5 yrs	-	-	2,000	
	Ltd	1.12.05				
	NBC Apparel	5 yrs	-	-	2,000	
		17.3.06				
Goodliffe Park BISHOPS STORTFORD	Payless DIY Ltd	35 yrs	5 yrs	2009	398,880*	0-5
		29.9.89				

* Outstanding rent review or lease renewal as at 30 September 2009.

Property portfolio – warehouse and industrial

at 30 September 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	10 yrs 24.6.09	5 yrs	2014	410,000	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 29.9.08	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	2013	21,000			
	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			
	Toolstation Ltd	10 yrs 11.5.09	5 yrs	2014	41,866			
	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 30 September 2009.

Statement of total return

for the half year ended 30 September 2009

	Notes	30.9.2009		30.9.2008	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(2,651)		(11,857)
Revenue	3	3,015		3,790	
Expenses	4	(209)		(154)	
Finance costs: interest	6	(81)		(582)	
Net revenue before taxation		2,725		3,054	
Taxation	5	(549)		(614)	
Net revenue after taxation		2,176		2,440	
Management expenses	4	(239)		(372)	
Net revenue after taxation and expenses			<u>1,937</u>		<u>2,068</u>
Total return before distributions			(714)		(9,789)
Finance costs: distributions	6		(1,937)		<u>(2,068)</u>
Change in net assets attributable to unitholders from investment activities			<u>(2,651)</u>		<u>(11,857)</u>

The notes on pages 25 to 33 form part of these accounts.

Statement of change in net assets attributable to unitholders

for the half year ended 30 September 2009

	30.9.2009		30.9.2008	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		69,408		112,733
Amounts receivable on issue of units	-		-	
Amounts payable on cancellation of units	<u>-</u>		<u>-</u>	
		-		-
Change in net assets attributable to unitholders from investment activities		<u>(2,651)</u>		<u>(11,857)</u>
Closing net assets attributable to unitholders		<u>66,757</u>		<u>100,876</u>

The above statement shows the comparative net assets at 30 September 2008 whereas the opening net assets for the current accounting period commenced on 1 April 2009.

Balance sheet

at 30 September 2009

		30.9.2009		31.3.2009	
	Notes	£'000	£'000	£'000	£'000
ASSETS					
Investment assets	7		67,125		81,150
Debtors	8	1,550		1,116	
Loan due from LAMIT	9	200		200	
Cash and bank balances		<u>11,880</u>		<u>1,332</u>	
Total other assets			13,630		<u>2,648</u>
Total assets			80,755		83,798
LIABILITIES					
Creditors	10	2,067		2,117	
Distribution payable on income units		806		1,148	
Short term loans		<u>11,125</u>		<u>11,125</u>	
Total liabilities			13,998		<u>14,390</u>
Net assets attributable to unitholders			<u>66,757</u>		<u>69,408</u>

Approved on behalf of the Trustee
9 November 2009

S Lourie, *Chairman*

The notes on pages 25 to 33 form part of these accounts.

Cash flow statement

for the half year ended 30 September 2009

		30.9.2009		<i>31.3.2009</i>	
	<i>Notes</i>	£'000	£'000	<i>£'000</i>	<i>£'000</i>
Net cash inflow from operating activities	17		1,453		3,170
Net cash outflow from financing activities					
Distributions paid		(2,279)		(4,329)	
Drawdown of loan		<u>-</u>		<u>(7,375)</u>	
			(2,279)		(11,704)
Net cash inflow from investing activities					
Capital expenses	7	(251)		(1,050)	
Proceeds on disposal of investments	7	<u>11,625</u>		<u>9,600</u>	
			11,374		8,550
Increase in cash	18		<u>10,548</u>		<u>16</u>

The notes on pages 25 to 33 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 November 2008.

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) Revenue recognition

Rental revenue, interest on development loans, and bank deposits are accrued on a daily basis.

(c) Expenses

During the period, the Manager's periodic charge, paid to the Manager, was charged to the revenue 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 revenue of the Fund before distribution.

(d) Distributions

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

(e) 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 BNP Paribas Real Estate, are deducted from revenue.

Notes to the accounts

(f) 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 BNP Paribas Real Estate, Chartered Surveyors. In addition, the Manager reviews these values at each intervening month end. Additions to the portfolio are valued externally after acquisition.

(g) Borrowing

Interest on borrowings made by the Fund, through its loan facility with The Royal Bank of Scotland plc, is accrued on a daily basis, in accordance with the terms of the facility, at a rate of 2.5% per annum above LIBOR.

2. Net capital losses	30.9.2009	30.9.2008
	£'000	£'000
The net capital losses on investments during the period comprise:		
Non-derivative securities	<u>(2,651)</u>	<u>(11,857)</u>
3. Revenue	30.9.2009	30.9.2008
	£'000	£'000
Rental revenue	2,978	3,709
Bank interest	18	17
Other revenue	19	64
	<u>3,015</u>	<u>3,790</u>

Notes to the accounts

4. Expenses

	30.9.2009	<i>30.9.2008</i>
	£'000	<i>£'000</i>
i) Property expenses:		
Loan finance cost	16	-
Property repairs and maintenance	3	-
Property empty rates	(16)	20
Property legal and professional fees	104	73
Property services	83	45
Property revaluation fees	19	16
	<u>209</u>	<u>154</u>
ii) Management expenses:		
Payable to The Local Authorities' Mutual Investment Trust:		
Manager's periodic charge	220	359
Investment Property Databank	4	5
Trustee liability insurance	3	3
Audit fee	9	9
Legal fees	2	-
Travelling expenses	1	1
Less: bank interest received	-	(5)
	<u>239</u>	<u>372</u>

The above expenses include irrecoverable VAT where applicable.

5. Taxation

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

	30.9.2009	<i>30.9.2008</i>
	£'000	<i>£'000</i>
Income tax	<u>549</u>	<u>614</u>
Income tax is calculated as follows:		
Net revenue before taxation at 20%	545	611
Items not allowable for income tax purposes:		
Revaluation fee at 20%	4	3
Income tax	<u>549</u>	<u>614</u>

Notes to the accounts

6. Finance costs

Distributions

Distributions paid and payable during the period comprise:

	30.9.2009	<i>30.9.2008</i>
	£'000	<i>£'000</i>
30 June – interim distribution (paid)	1,131	950
30 September – interim distribution (payable)	806	1,118
Net distribution for the period	<u>1,937</u>	<u>2,068</u>

Interest

Net interest for the period	81	582
Total finance costs	<u>2,018</u>	<u>2,650</u>

Details of the distribution pence per unit are set out in the distribution table on page 34.

7. Property investments

	30.9.2009	<i>31.3.2009</i>
	£'000	<i>£'000</i>
Market value at the start of the period	81,150	133,025
Capitalised expenses	251	1,050
Sales proceeds from disposals	(11,625)	(9,600)
Realised losses on disposals	(875)	(2,396)
Unrealised losses on revaluation	(1,776)	(40,929)
Market value at the end of the period	<u>67,125</u>	<u>81,150</u>
Historical cost at the end of the period	<u>91,574</u>	<u>103,823</u>

Notes to the accounts

8. Debtors	30.9.2009	<i>31.3.2009</i>
	£'000	<i>£'000</i>
Rent due	1,494	1,048
Accrued revenue	-	1
Property payments recoverable	56	67
	<u>1,550</u>	<u>1,116</u>
9. Loan receivable	30.9.2009	<i>31.3.2009</i>
	£'000	<i>£'000</i>
Loan due from The Local Authorities' Mutual Investment Trust (see Note 16)	<u>200</u>	<u>200</u>
10. Creditors	30.9.2009	<i>31.3.2009</i>
	£'000	<i>£'000</i>
Rent received in advance	1,153	1,243
Management expenses payable to The Local Authorities' Mutual Investment Trust	132	99
Taxation payable	606	661
Property deposits	100	-
VAT payable	52	107
Other creditors	24	7
	<u>2,067</u>	<u>2,117</u>
11. Loan payable	30.9.2009	<i>31.3.2009</i>
	£'000	<i>£'000</i>
Bank loan	<u>11,125</u>	<u>11,125</u>

Notes to the accounts

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 period and the comparative period.

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 not 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 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 period, 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 2.5% above LIBOR. 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 30 September 2009 the loan outstanding was £11,125,000 (31.3.2009, £11,125,000).

There were no other financial liabilities that pay either floating rate or fixed rate interest at 30 September 2009 (31.3.2009, £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.

Currency risk

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

Notes to the accounts

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 30 September 2009 was as set out below:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	11,880	-	68,875	80,755

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	11,125	-	2,873	13,998

31 March 2009

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

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

* 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 30 September 2009 (31.3.2009, £nil).

Notes to the accounts

13. Contingent liabilities

There were no contingent liabilities as at 30 September 2009 (31.3.2009, £nil). At 30 September 2009 there were three redemption notices outstanding from two local authorities totalling 3,031,063 units (31.3.2009, 3,859,792 units).

14. Turnover of units

There have been no unit dealings in The Local Authorities' Property Fund during the current or prior period.

15. Trustee remuneration

The Trustee is controlled by the Members of the Council who receive no remuneration from the Fund. Mr S Lourie is a Director of the Manager and receives remuneration from the Manager, which is disclosed in that Company's accounts.

16. 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 30 September 2009 of £131,621 (31.3.2009, £98,945). There were loans outstanding from the Trustee at 30 September 2009 of £200,000 (31.3.2009, £200,000). There were no other transactions entered into with the Trustee during the period.

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

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 Trevor Salmon (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

17. Reconciliation of net revenue after taxation to net cash inflow from operating activities

	30.9.2009	<i>31.3.2009</i>
	£'000	<i>£'000</i>
Revenue after taxation and expenses	1,937	4,379
Increase in accrued revenue	(447)	(311)
Decrease in debtors	12	54
Decrease in creditors	(49)	(952)
Net cash inflow from operating activities	<u>1,453</u>	<u>3,170</u>

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

	30.9.2009	<i>31.3.2009</i>
	£'000	<i>£'000</i>
Net cash and cash equivalents at the start of the period	1,332	1,316
Movement in cash and cash equivalents during the period	10,548	16
Net cash and cash equivalent at the end of the period	<u>11,880</u>	<u>1,332</u>

Distribution table

for the half year ended 30 September 2009

2009	<i>Pence per unit</i>	
	30.9.2009	30.6.2009
Net revenue before taxation	3.2873	4.4674
Income tax at 20%	0.6575	0.8935
	2.6298	3.5739
Management expenses	0.3287	0.3523
Distribution payable	<u>2.3011</u>	<u>3.2216</u>
Gross distribution after management expenses	<u>2.9586</u>	<u>4.1151</u>
2008	<i>Pence per unit</i>	
	30.9.2008	30.6.2008
Net revenue before taxation	4.6204	4.0690
Income tax at 20%	0.9241	0.8138
	<u>3.6963</u>	<u>3.2552</u>
Management expenses	0.5074	0.5517
Distribution payable	<u>3.1889</u>	<u>2.7035</u>
Gross distribution after management expenses	<u>4.1130</u>	<u>3.5173</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:

- select accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in November 2008;
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the accounts, as prepared, comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the accounts on the basis that the 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.

The Local Authorities' Mutual Investment Trust

80 Cheapside, London, EC2V 6DZ

Members of the Council and the Trust

Chairman

S Lourie (appointed 1.11.2009)
J Galbraith (resigned 31.10.2009)

Secretary

J Fox

Local Government Association

S Lourie
T Eckersley
P Clokie
P Hardy
I Greenwood

Northern Ireland Local Government Officers' Superannuation Committee

T Salmon

Unitholder Member

S Edwards (City of Bradford Metropolitan District Council)

Property Manager, Administrator, and Registrar

CCLA Investment Management Limited

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the Financial Services Authority*
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London EC2V 6DZ
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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 and Head of Property

P Hannam

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

External Property Valuer

BNP Paribas Real Estate
90 Chancery Lane,
London WC2A 1EU

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

The Local Authorities' Mutual Investment Trust

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.

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