



Fund Bulletin

30th April 2009

Market Outlook

The sharp decline in property values experienced in the final three months of 2008 continued in the first quarter of the year. Markets were faced with a maintained trend of downward valuation adjustments, as valuers continued to bring estimates into line with prices achieved in the market and as slowing economic activity manifested in falling rental values and increased voids. Despite abundant evidence of falling prices investors have been slow to enter the market, equity investors deterred by poor sentiment and fears of further weakness to come, debt based investors by those factors and the difficulties of raising credit.

Our economic expectations are broadly consensus for 2009 and 2010; a severe fall in activity this year – as much as a 4% decline in GDP, followed by a flat 2010 with only a modest improvement in activity coming later in the year.

Against this background we expect some further declines in valuations but expect there to be related increasingly to property specific factors rather than sector wide and indiscriminate yield adjustments. In this different environment good quality assets which are well let are expected to show relative strength and in time better values. Our expectation is that income will be a key contributor to overall returns in the near term and in this light the continued reversionary potential of the Fund should be an advantage.

Performance

Recent performance of the Fund has been below the benchmark and this has caused deterioration in the long term record. The prime reason for this underperformance has been the negative effect of gearing in the falling market. The income payment has been increased from 12.6373p in the year to 31 March 2008 to 16.0462p in the year just ended.

Activity

A mixed retail and office property in Conduit Street has been sold and the proceeds used to reduce debt. There are other disposals in the pipeline. There has been letting activity and a number of rent reviews which have produced a significant increase in rental income. The reversionary potential of the Fund remains attractive and it is a key part of our strategy to secure this for our investors.

Paul Hannam
Head of Property

Performance

(after management expenses, NAV - NAV)

31 March 2009

	1 Year %	3 Years %	5 Years %
The Local Authorities' Property Fund	-34.4	-11.4	+0.2
IPD Balanced PUT Index	-29.8	-10.0	+5.6

Source: IPD

The Local Authorities' Property Fund is an unregulated collective investment scheme investing in commercial and industrial property in the United Kingdom. It is an open-ended fund operating like a property unit trust.

The Local Authorities' Mutual Investment Trust (LAMIT) is the Trustee of the Local Authorities' Property Fund ('LAPF'), which is constituted under a Scheme approved by the provisions of the 1961 Trustee Investment Act. LAMIT is controlled by Members and Officers appointed by the Associations of Local Authorities in England, Wales, Scotland and Northern Ireland and by Trust members representing the Fund's Unitholders.

The LAPF is managed by CCLA Investment Management Ltd which is part-owned by LAMIT. The other owners are church and charitable organisations. This arrangement has been in place for some 40 years. The current Fund Manager is Paul Hannam, Head of Property at CCLA.

The Units of the Fund can only be issued to and owned by local authorities in the UK. The LAPF is primarily intended for Pension Fund monies but, subject to investment powers, can also be used for other types of long-term monies controlled by local authorities. Around 20 authorities currently invest the Fund.

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Risk Warning:

Please remember that the value of the Fund's units and the income from them can fall as well as rise and a local authority may not get back the amount originally invested. Past performance is no guarantee of future returns. The unit value will reflect fluctuations in property values. The units are intended only for long-term investment and are not suitable for money liable to be required to be spent in the near future. They are realisable only on each monthly valuation date and a period of notice, not exceeding six months, may be imposed for the redemption of units. Eligibility – The units of the Fund can only be issued to and owned by local authorities in England, Wales, Scotland and Northern Ireland. The Fund is primarily intended for local authority pension fund monies but, subject to investment powers, can also be used for other types of long-term monies controlled by local authorities. The Manager is required under the Money Laundering Regulations 2003 and FSA money laundering rules to satisfy themselves as to the identity of participants in the Fund. Issued by CCLA Investment Management Limited.

CCLA Investment Management Limited (registered in England No. 2183088 at the above office) is authorised and regulated by the Financial Services Authority (FSA) under the Financial Services and Markets Act 2000 (FSMA) and is the manager of The Local Authorities' Property Fund. The Trustee is The Local Authorities' Mutual Investment Trust (registered in England No. 700132 at the above office). Under the provisions of the FSMA, the Trustee of the Fund, is not considered to be operating the Fund by way of business. In consequence, it is not required to be regulated by the FSA and the members of LAMIT are not required to be authorised by the FSA for this purpose.



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