



Fund Bulletin

31st March 2008

Market Outlook

After a weak final period in 2007 property values continued to decline in the early months of 2008, albeit at a reduced pace. In an environment of very low transactional activity too often the deals have been between needful sellers and opportunist buyers and at prices which are not necessarily representative of the underlying conditions. Nevertheless, in the absence of better data, valuers have moved to reflect these prices in their assessments with a negative overall impact on the sector.

Our central economic expectation is that UK growth will slow in 2008 but remain positive, we expect modest but improving growth in 2009. Against this backdrop rental growth will continue and help provide a floor under valuations. We expect these to stabilise in the second half of this year and to show some advance in 2009.

Performance

The long term return on the Fund relative to the benchmark continues to be satisfactory, either in line with or superior to, the benchmark. The one year returns are also superior. Over the quarter however the Fund is behind the target due to a sharper reduction in capital values than on the IPD Index, despite similar rates of income growth on both. In sectoral terms the weakest area has been retail warehouses.

The Fund is not geared but does have a short term borrowing facility which is used from time to time.

The performance record relative to the benchmark at the Net Asset Value is shown in the table below.

Paul Hannam
Head of Property

Performance

(after management expenses, NAV - NAV)

31 March 2008

	3 Months	1 Year	3 Years	5 Years
	%	%	%	%
The Local Authorities' Property Fund	-5.0	-9.3	+8.0	+11.5
IPD Balanced PUT Index	-3.7	-11.3	+8.1	+10.7

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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