



The Local Authorities' Property Fund

Annual Report & Accounts 31 March 2007



CCLA INVESTMENT MANAGEMENT LIMITED

Contents

1	Financial highlights
2	Structure of the Fund
3	Report of the Trustee
4	Report of the Property Manager
7	Report of the Independent Auditors
8	Report of the Valuers
9	Net asset value, unit price range, net distributions and total expense ratio
10	Portfolio analysis
13	Ownership of the Fund
13	Portfolio statement
14	Summary of investments and other assets
14	Distribution statement
15	Statement of total return
15	Statement of change in unitholders' net assets
16	Property portfolio
23	Balance sheet
24	Cash flow statement
25	Notes to the accounts
30	Statement of Trustee and Manager responsibilities

Disability Discrimination Act 1995

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



The Local Authorities' Property Fund

The Local Authorities' Property Fund enables local authority superannuation and other long-term funds to invest in United Kingdom commercial and industrial property through a well-spread portfolio with constant professional management at reasonable administrative cost.

The Local Authorities' Mutual Investment Trust, controlled by Members and Officers appointed by the Associations of Local Authorities in England, Wales, Scotland and Northern Ireland, acts as Trustee of the Fund and has appointed CCLA Investment Management Limited to manage and administer the Fund. CCLA Investment Management Limited is also responsible for maintaining the Fund's unit register.

Nineteen local authorities invest through the Fund, which has a value of £136 million as at 31 March 2007.

Financial Highlights

Year to	31 March 2007	31 March 2006
Value of Fund	£136 million	£118 million
Number of Properties	21	19
Net Asset Value Pence per Unit	366.88p	326.85p
Distribution per Unit* ¹	14.3770p	13.2106p
Dividend Yield* ²	3.92%	4.04%
Total Capital and Income Return* ¹	16.8%	18.9%

*¹ gross distribution after management expenses

*² at 31 March



2 - 4 Blythswood Square, Glasgow, is a modern 1980's refurbished office with a Grade II Listed period frontage, occupying a prominent location in one of the cities historic office districts.

The Local Authorities' Property Fund

Structure of the Fund

Structure and Management

The Local Authorities' Property 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 (LAMIT) is a company incorporated under the Companies Act 1948, limited by guarantee and not having a share capital, and acts as Trustee 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.

LAMIT, the Trustee and operator of The Local Authorities' Property Fund, is controlled by Members of the Council under the provisions of the Memorandum and Articles of Association of LAMIT.

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.

LAMIT has delegated to CCLA Investment Management Limited (CCLA), 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. LAMIT owns 15% of the share capital of CCLA.

Under the provisions of the Financial Services and Markets Act 2000 (FSMA), LAMIT, as Trustee of the Fund, is not considered to be operating the Fund by way of business. In consequence, it is not required to be authorised and regulated by the FSA and the members of LAMIT are not required to be authorised by the FSA for this purpose. This extends to CCLA 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, over the long term, a satisfactory total capital and income return.

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, but it is the present policy to confine investment to commercial and industrial properties in the United Kingdom.

In accordance with Clause 14 of the scheme, following HM Treasury approval, revised borrowing powers are available to the Manager to enhance the Fund's flexibility. Details are available from the Manager.

A suitable spread is maintained between different types of property and geographical 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. Finance is also provided for suitable property developments. 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.

Benchmark

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

The benchmark covers the investment performance of 21 property funds (31.3.2007) valued at £13.24bn, ranging in size from £57.0m to £2.5bn.

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 CCLA Investment Management Limited.

Monthly Subscription Dates

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

Withdrawals from the Fund may also be requested by a local authority on any month-end dealing date. The Fund may, however, at its discretion, defer the processing of any withdrawal for such period not exceeding six months from the relevant valuation date as it may think fit, to allow time for the sale of properties, if required.

Risk Warning

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 Property Fund's 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 needed in the near future. They are realisable only on each monthly dealing date and a period of notice, not exceeding six months, may be imposed for the redemption of units.

The Local Authorities' Property Fund

Report of the Trustee

for the year ended 31 March 2007

We have pleasure in presenting our Annual Report to unitholders in The Local Authorities' Property Fund.

Responsibilities of the Trustee

We have met half-yearly 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 dividend 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 half-yearly with the Property Manager to review the Fund's property portfolio, transactions and policies. In addition, the Trust'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 and ad hoc reports and information are supplied 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.

The Trustee receives an annual report on the controls of the Manager (FRAG 21). The last report covered the year ended 31 December 2006 and included a report by CCLA's reporting accountants, PricewaterhouseCoopers LLP.

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

Review of the structure of the Fund

In May 2005 the Trustee considered a review of the structure of the Fund which had been carried out by a Working Party on its behalf with a contribution from external consultants. The Working Party recommended that the Manager be allowed a period to achieve growth in the size of the Fund through an increase in the number of units in issue. Central to this course of action was a marketing strategy for the Fund linked to continuing good performance.

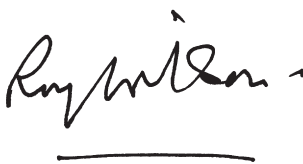
The recommendation was agreed by the Trustee and the progress of the Manager in achieving the required growth will be monitored in the course of each year and reviewed annually by the Trustee.

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 CCLA Investment Management Limited, to whom we have delegated the administration and management of the Fund, has complied with the terms of the Fund's Trust Deed and the Management Agreement.

Auditors

Following a review of the audit arrangements for the Local Authorities' Property Funds, and after completion of the current year's audit, the Trustee will be asking Ernst & Young LLP to become Auditors to the Funds. We would like to thank our current Auditors, PriceWaterhouseCoopers LLP, for all of their hard work over many years.



Roy Wilson
Chairman of The Local Authorities' Mutual Investment Trust

8 May 2007

The Local Authorities' Property Fund

Report of the Property Manager

for the year ended 31 March 2007

Unit price performance

Over the twelve month period to end March 2007, the price of units in the Local Authorities' Property Fund Unit rose from 326.85p to 366.88p, giving a capital return to unitholders of 12.3%, and over the same period the Investment Property Databank (IPD) Monthly Index recorded a capital return of 10.1%.

An increase in the income distribution

Over the year to 31 March 2007, unitholders were paid quarterly dividends totalling 14.1600p per unit. This compares with an amount of 13.2106p that was distributed during the year to 31 March 2006 and represents income growth of 6.9%. The income return expressed against fund value was 4.3%.

This growth in income was achieved despite modest market level rental growth and a deliberate policy to adopt an active approach to management with the intention of benefiting capital and long term income flows. Active management requires some acceptance of rental voids, to allow redevelopment for example, and also higher management expenditure.

The Fund's active management activities in the year have had a positive impact on portfolio yield and the generation of income. New investments acquired have enhanced the income yield in contrast to the lower yielding sold property, and rent review activity has realised income growth for the portfolio.

Fund total return

The movement in the Fund's net asset value during the year to 31 March 2007, together with the income distributed in the period, produced a total return for unitholders of 16.8%, after all expenses. This builds on the 18.9% fund return achieved for the previous twelve month period to 31 March 2006.

Strong Performance of Property Portfolio

The Fund's property portfolio performed strongly during the twelve months to end March 2007, and the total return of the Fund for that period, before management expenses, was 18.0%. Over the same period, the benchmark of commercial property performance compiled by the IPD Quarterly and Monthly Valued Funds, recorded a total return of 15.8%.

Property Portfolio Performance To 31 March 2007				
	1 yr %	3 yrs %p.a.	5 yrs %p.a.	
Local Authorities' Property Fund	18.0	19.6	16.4	
Benchmark: IPD	15.8	17.6	14.8	
<i>Source: IPD</i>				

In a period when total returns from the property sector have remained high, it is encouraging that the Fund has outperformed property market indices by a comfortable margin to deliver attractive levels of performance for the Fund's investors.

This was achieved despite there being relatively high expenses on the back of above average transactions volumes, which we deemed necessary to position the fund for the future. Use was made of the borrowing facility over the year, to enable the fund to be as fully invested as possible whilst maintaining some cash to facilitate swift, opportunistic transactions and meet cash calls and expenses.

Market background

It had been widely forecast that property investment performance would moderate in 2006. However, a combination of the continued high demand for property, evidenced by the preparedness to accept lower yields, together with sustained levels of improved rental growth, ensured that total returns have been high again. A slow down in property market performance only started to materialise in the latter part of 2006 and this became more established in the first three months of 2007.

Property sector performance has relied very heavily upon a strong contribution from the office sector which has produced, by a large margin, the highest levels of total return. In particular it has been dominated by the performance of those properties located in the West End and City of London. In these Central London office markets, strong demand for investments has combined with rising rents. In contrast with 2005, this year retail investments have generated the weakest levels of performance, although total returns have remained attractive in absolute terms.

Fund details

All areas of the Fund's property portfolio have made a good contribution to the returns generated.

In line with the property sector generally, performance in the Fund has been led by the office holdings in the West End and City of London whilst also, for the Fund, the same magnitude of total return was achieved by the retail warehouse portfolio. This performance indicates both the quality and well balanced features of the property portfolio, and a successful investment policy. In particular, the Fund Manager's active approach to the management of the properties within the Fund has been a driver of performance this year. Success at asset level is combined with a dynamic approach to sector allocations. The Fund moved quickly to achieve an above average weighting to the office sector with strong exposures achieved in Central London. An above average weighting to the retail

The Local Authorities' Property Fund Report of the Property Manager

for the year ended 31 March 2007

warehouse sector was held at the start of the year and two of the Fund's largest assets by value were actively managed, securing significant capital enhancement which in the case of one was crystallised through a sale of the asset in September.

Other fund performance comparators

The strength of performance in the Fund in the twelve month period to 31 March 2007 is less evident when comparing the performance of the Fund at net asset value (NAV) level against the Balanced Property Unit Trust (PUT) Index. This is noted in the table below along with the attractive longer term record of the Fund compared to the benchmark. The total returns are calculated by IPD and published within the UK Pooled Property Fund Indices, sponsored by HSBC and AREF.

Total Return Performance To 31 March 2007			
	1 yr %	3 yrs %p.a.	5 yrs %p.a.
Local Authorities' Property Fund	16.8	19.2	15.7
Benchmark: Balanced PUT Index	17.3	18.8	15.4
Low geared Balanced Funds	16.5	18.4	15.1

Source: IPD

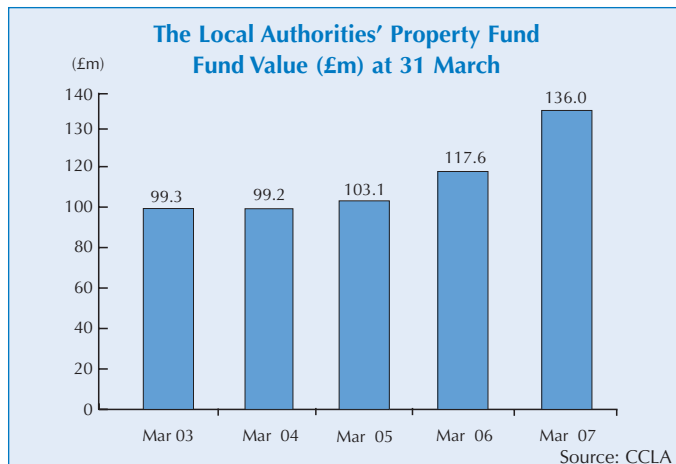
The Balanced PUT Index does involve funds with significant ongoing gearing, where the funds invested therefore include significant levels of borrowed money. This magnifies performance of returns in strong market conditions, where asset returns outpace the costs of borrowing, and equally in more difficult market conditions gearing will hamper performance. The LAPF is run without gearing, except in so far as short term borrowing may be utilised as indicated to assist with the management of cash flows and the maintenance of a fully invested profile. This reflects the intention to permit investors to determine how much investment exposure to have to real estate as a n asset class, and investors then have the choice themselves as to whether to gear their exposure.

The 'Low Geared Balanced Funds' index is confined to those funds with gearing of 25% or less, and it may be noted that in 2006, the Local Authorities' Property Fund produced the highest total return of all the ungeared property funds in the Pooled Funds Indices Report.

The Fund continues to grow

The Local Authorities Property Fund stood at £136m total assets as at 31 March 2007, driven by the internal assets growth and net new investment of £3.4m. Nineteen local authorities' currently invest in property through the Local Authorities' Property Fund.

The history of the fund's size is indicated in the table below:



We are comfortable the current fund size represents no constraint on the implementation of active management and the pursuit of optimal returns.

Asset purchases and sales

Purchase and sales activity over the year involved the acquisition of five new investments, and the sale of three. In the context of the overall portfolio, this level of activity can be seen as above average, reflecting the Manager's perspective of changing market conditions and opportunities to add value and control risks.

New investment has centred upon the office sector and in particular in increasing the exposure to the City of London and Glasgow, both of which have been key markets for performance in 2006 and are expected to continue to support the performance of the Fund in the period ahead. The assets acquired, on Fenchurch Street and Threadneedle Street in the City of London, and St Vincent Street and Blythswood Square in Glasgow involved investment totalling approximately £31m. The purchases have increased the weighting of the portfolio in the office sector to over 40%, reflecting our current strategy, and an emphasis on quality in terms of location, building specification and security of income. Active management opportunities for the future have also been introduced, allowing the Fund Manager to add value to the properties over time. Also acquired was an industrial warehouse investment on the Meridian Business Park at Junction 21 of the M1 motorway near Leicester and accounting for a further £4.6m of expenditure.

The net result of the investment activity has been an enhancement of portfolio income yield, and there are opportunities for further income growth through rent review and letting activity. We regard the Fund as well-placed to benefit from rental growth prospects for

The Local Authorities' Property Fund

Report of the Property Manager

for the year ended 31 March 2007

Central London offices, which remain attractive, whilst the Glasgow office market also looks to offer above average growth potential.

The Fund has also taken the opportunity to implement some planned disposals and the use of the borrowing facility during the year allowed the effective management of this process. The retail warehouse holding at Angel Way Romford, which had benefited from active management in the last two years, was sold to crystallise a significant capital gain. An office building, also in Romford, and a shop in Ipswich were also sold, because some risk to future performance of these assets had been identified, and these sales represented part of the drive for improved quality in the portfolio, which we consider appropriate in this part of the market cycle. In total, sales in the period raised approximately £22.4m whilst overall the income yield on the sold property was below average.

Property management

Four rent reviews were completed for fund properties, involving the office at Bell Street in Glasgow, the shop in Leicester, retail warehouse in Sunderland and industrial warehouse in Coalville. A consequence of active management is periodic voids, which permit refurbishment and the negotiation of new leases. By the year end, rental voids amounted to 8.1% compared with 7.6% as at 31 March 2006. The average void rate recorded for All Property by IPD is 7.9%. During the last twelve months, the Banbury industrial warehouse and a floor in the office holding in Watford have fallen vacant. Further management activity is anticipated during the course of the next twelve months but any additional voids that result are expected to be counterbalanced by the positive impact on income from rent review activity.

Specific active management undertaken in the last year has included the letting of the vacant and improved retail accommodation at the Fenchurch Street holding acquired earlier in the year, whilst plans for the refurbishment of the office accommodation in the building are currently being finalised. The Chichester retail site is almost entirely let to a major UK high street retailer. Progress with this project has been delayed but with the security provided by the letting, works are now commencing with the investment expected to be income producing by early 2008. Planning permission also exists for the redevelopment of the Ashford Retail Park although our plans for this site are currently subject to review. The leases to Homebase and Allied Carpets expire in 2011 and in the meantime a significant reversion will be realised on completing outstanding rent reviews.

Units awaiting redemption

As at the 31 March 2007 one redemption notice was outstanding, amounting to 1,010,231 units.

Outlook

The outlook for returns from property looks to be more modest than in prior years. The reduction in yields that has accompanied strong levels of capital growth in recent years has now largely run its course. Nevertheless, property still has much to offer as an investment asset class. Rates of rental value growth have improved in the last twelve months, and a sustained period of rising rents will be critical in allowing yields to increase without a fall in capital valuations. The combination of current yields, rising rents, and ongoing demand for a limited supply of good quality investment stock, point to the likelihood of positive single digit total returns for the year ahead. Whilst this would look weak against the double digit returns enjoyed each year since 2001, it still leaves property investment looking attractive against the reasonable prospects for most other assets, and offering an increasing income yield. However, with risk premiums in the property sector squeezed, future capital performance margins reduced, and investor sentiment likely to be more fragile, greater risk will exist in the period ahead. This will create a more challenging performance environment for property managers compared to recent years, and investors will need to acclimatise to lower total returns from the property sector. During this period, asset quality, income yields, and active management are criteria that will play an important part in future performance.



Paul A. Hannam
Head of Property
CCLA Investment Management Limited

8 May 2007

The Local Authorities' Property Fund

Report of the Independent Auditors

to the unitholders of The Local Authorities' Property Fund

We have audited the accounts 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 distribution statement and the related notes.

Respective responsibilities of the Trustee and Auditors

The Trustee's responsibilities for preparing the annual report and accounts in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Standards) are set out in the Statement of Trustee and Manager Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the unitholders of the Fund as a body, in accordance with the Trust Deed and for no other purpose. We do not, in giving this opinion, accept or assume responsibility, for any other purpose, or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Trust Deed. We also report to you if, in our opinion, the Report of the Property Manager is not consistent with the accounts, the Manager has not kept proper accounting records for the Fund, if the accounts 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 the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the accounts, 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 accounts 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 accounts.

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 31 March 2007, the net income and the net gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed.
- the information given in the report of the Property Manager is consistent with the accounts.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

8 May 2007

Footnote to the Report of the Independent Auditors

The accounts are published on the www.ccla.co.uk website, which is a website maintained by CCLA. The maintenance and integrity of the website maintained by CCLA is, so far as it relates to the Fund, the responsibility of CCLA. The work we carry out as auditors does not involve consideration of the maintenance and integrity of this website and accordingly we accept no

responsibility for any changes that may occur to the accounts following their presentation on the website.

Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

The Local Authorities' Property Fund

Report of the Valuers

Dear Sirs,

The Local Authorities' Property Fund Valuation as at 31 March 2007

In accordance with your instructions, we have valued all the property investments owned by The Local Authorities' Property Fund as at 31 March 2007. 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 accounts and unit pricing purposes.

We are of the opinion that the aggregate Market Values of all the properties held by the Fund as at 31 March 2007 was:

£142,410,000

(One hundred and forty two million, four hundred and ten 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 2 April 2007.

Yours faithfully,

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

2 April 2007

The Local Authorities' Property Fund

Net Asset Value, Unit Price Range, Net Distributions and Total Expense Ratio

Net Asset Value

At 31 March	Net Asset Value £'000	Net Asset Value Pence per Unit	Number of Units in Issue
2005	103,139	286.60	35,984,920
2006	117,614	326.85	35,984,920
2007	135,707	366.88	36,990,016

Unit Price Range

Year to 31 March	Highest Offer Pence per Unit	Lowest Bid Pence per Unit
2003	249.25	224.96
2004	265.17	232.05
2005	303.08	246.91
2006	337.80	282.16
2007	379.17	320.77

Net Distributions

Year to 31 March	Annual Distribution Pence per Unit ¹	Yield on Unit Held for One Year % ²
2003	12.6472	5.07
2004	14.1002	5.32
2005	13.1914	4.35
2006	13.2106	3.91
2007	14.3770	3.79

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

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

Unit Prices at 31 March 2007

	Bid Price Pence per Unit	Offer Price Pence per Unit
Income units	361.19	379.17

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

The monthly unit values of The Local Authorities' Property Fund are published daily in the *Financial Times*.

The offer and bid prices are calculated on the net asset value plus or minus a 3.35% surcharge (prior to 31 August 2005: 5.75%) or 1.55% deduction respectively.

Total Expense Ratio

	31.03.07	31.03.06
Total expense ratio	0.68%	0.65%

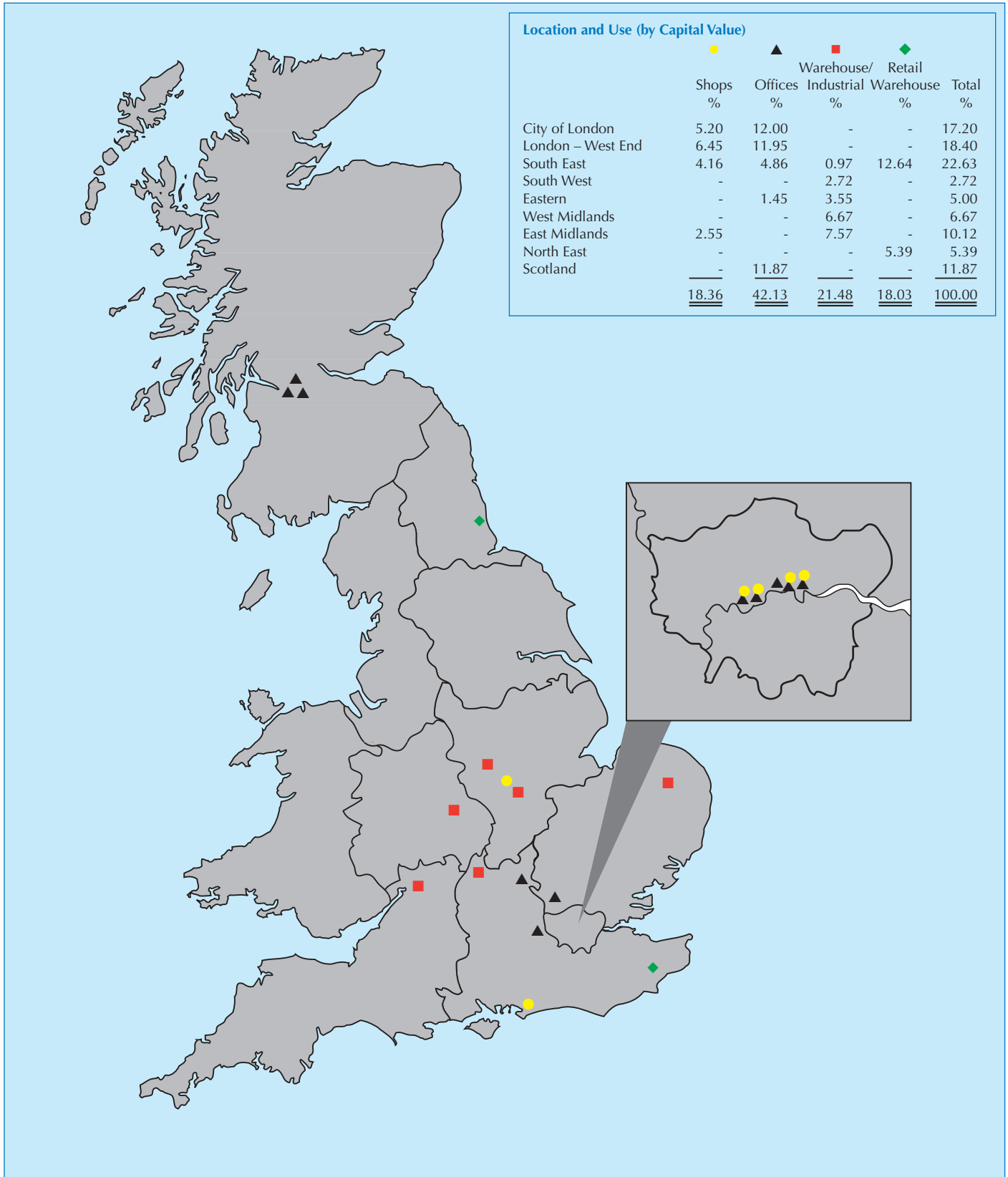
The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the year. It does not include expenses incurred in managing and maintaining the individual properties held in the Fund. These expenses are detailed in note 4(i) on page 26.

The Local Authorities' Property Fund Portfolio Analysis

at 31 March 2007

Geographical Distribution

The Fund's portfolio of 21 properties is well-spread geographically and comprises over 48 separate tenancies.



The Local Authorities' Property Fund

Portfolio Analysis

Tenure

	31.3.2007		31.3.2006	
	£'000	%	£'000	%
Freehold	121,360	85.22	102,525	89.84
Leasehold: (virtual freehold)	21,050	14.78	11,600	10.16
	<u>142,410</u>	<u>100.00</u>	<u>114,125</u>	<u>100.00</u>

Rent Review Frequency

Review Period	31.3.2007		31.3.2006	
	Annual Lease Rent		Annual Lease Rent	
	£	%	£	%
1 to 4 years	232,110	3.46	44,500	0.79
5 years	6,474,549	96.54	5,609,262	99.21
	<u>6,706,659</u>	<u>100.00</u>	<u>5,653,762</u>	<u>100.00</u>

Tenants' Unexpired Lease Terms

	31.3.2007	31.3.2006
Unexpired Term	%*	%*
Over 10 years	16.79	15.89
5-10 years	26.22	41.12
Under 5 years	48.88	35.07
Void	2.91	1.48
Development	5.20	6.44
	<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.

Use of Capital at 31 March 2007

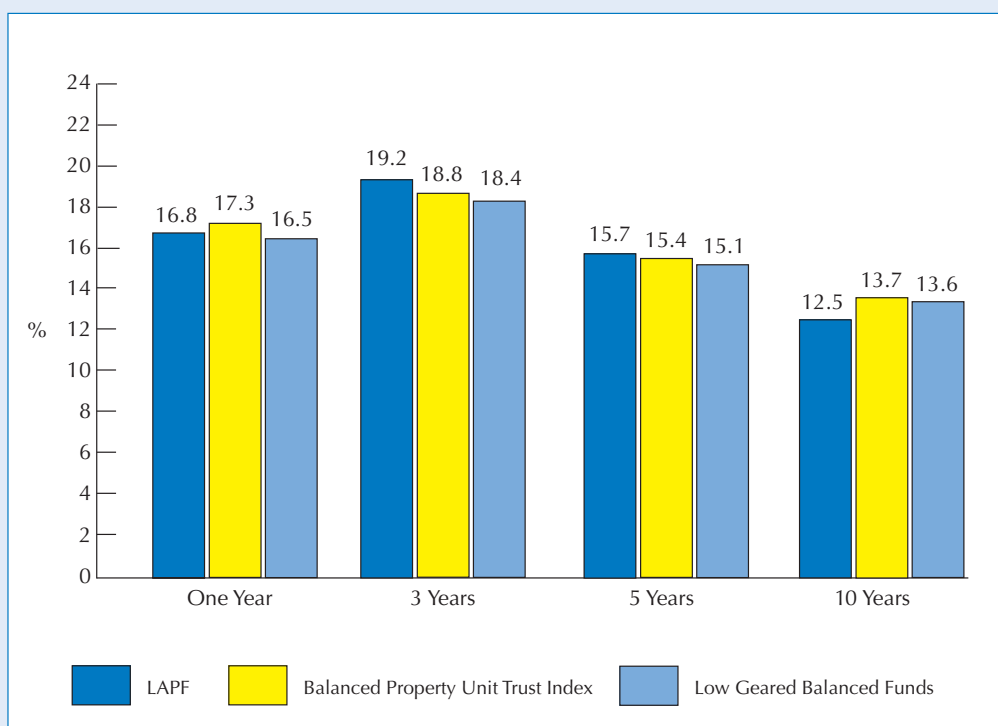
	31.3.2007		31.3.2006	
	£'000	%	£'000	%
Completed properties	142,410	104.94	114,125	97.03
Uncommitted funds	(6,703)	(4.94)	3,489	2.97
	<u>135,707</u>	<u>100.00</u>	<u>117,614</u>	<u>100.00</u>

The Local Authorities' Property Fund Portfolio Analysis

Annual Total Capital and Income Returns

Local Authorities' Property Fund Units compared with the Balanced Property Unit Trust Index compiled and calculated by Investment Property Databank (IPD) and published by HSBC and The Association of Real Estate Funds (AREF, formerly APUT).

Periods to 31 March 2007.



The returns shown above are calculated including distributions paid during the year. The Fund's return shown in the Report of the Property Manager on page 4, has been calculated including distributions declared for the year.

The Local Authorities' Property Fund

Ownership of the Fund

at 31 March 2007

<i>Size of Unitholding at 31 March 2007 '000</i>	<i>No. of Investing Authorities</i>	<i>No. of Units in Issue '000</i>	<i>% of Units in Issue</i>
1 – 500	7	600	1.62
501 – 1,000	6	4,439	12.00
1,001 – 2,000	3	4,273	11.55
2,001 and over*	5	27,678	74.83
	<u>21</u>	<u>36,990</u>	<u>100.00</u>

* Percentage held by largest Unitholder 28.58%

Portfolio Statement

at 31 March 2007

	<i>£'000</i>	<i>% of Fund</i>
Properties		
Valued between £0 and £5m		
8 properties	26,550	19.56
Valued between £5m and £10m		
9 properties	60,160	44.34
Valued between £10m and £15m		
3 properties	37,700	27.78
Valued between £15m and £20m		
1 property	<u>18,000</u>	<u>13.26</u>
	142,410	104.94
Net current liabilities	<u>(6,703)</u>	<u>(4.94)</u>
Net assets	<u>135,707</u>	<u>100.00</u>

The Local Authorities' Property Fund

Summary of Investments and Other Assets

at 31 March 2007

	31.3.2007		31.3.2006	
	£'000	%	£'000	%
Property Investments				
Shops	26,146	19.27	21,772	18.51
Offices	60,004	44.21	34,728	29.53
Warehouses and Industrial	30,585	22.54	23,825	20.25
Retail Warehouses	<u>25,675</u>	<u>18.92</u>	<u>33,800</u>	<u>28.74</u>
Total property investments	142,410	104.94	114,125	97.03
Net current assets				
Cash	3,207	2.36	6,921	5.89
Net creditors	<u>(9,910)</u>	<u>(7.30)</u>	<u>(3,432)</u>	<u>(2.92)</u>
Total net current (liabilities)/assets	<u>(6,703)</u>	<u>(4.94)</u>	<u>3,489</u>	<u>2.97</u>
Total value of Fund	<u>135,707</u>	<u>100.00</u>	<u>117,614</u>	<u>100.00</u>

Distribution Statement

for the year ended 31 March 2007

	<i>Pence per Unit</i>							
	31.3.07	31.12.06	30.9.06	30.6.06	31.3.06	31.12.05	30.9.05	30.6.05
Net income before taxation	4.2167	4.2179	4.4275	3.7041	3.7948	3.9260	3.6051	3.8111
Income tax at 22%	<u>0.9277</u>	<u>0.9279</u>	<u>0.9741</u>	<u>0.8149</u>	<u>0.8348</u>	<u>0.8637</u>	<u>0.7931</u>	<u>0.8384</u>
	3.2890	3.2900	3.4534	2.8892	2.9600	3.0623	2.8120	2.9727
Management expenses	<u>0.3951</u>	<u>0.6090</u>	<u>0.6089</u>	<u>0.5762</u>	<u>0.5203</u>	<u>0.4725</u>	<u>0.3110</u>	<u>0.6226</u>
Distribution payable	<u>2.8939</u>	<u>2.6810</u>	<u>2.8445</u>	<u>2.3130</u>	<u>2.4397</u>	<u>2.5898</u>	<u>2.5010</u>	<u>2.3501</u>
Gross distribution after management expenses	<u>3.8216</u>	<u>3.6089</u>	<u>3.8186</u>	<u>3.1279</u>	<u>3.2745</u>	<u>3.4535</u>	<u>3.2941</u>	<u>3.1885</u>

The Local Authorities' Property Fund

Statement of Total Return*

for the year ended 31 March 2007

	Notes	31.3.2007		31.3.2006	
		£'000	£'000	£'000	£'000
Net gains on investments during the year	2		14,643		14,475
Gross income	3	6,428		5,909	
Property expenses	4	(279)		(327)	
Finance costs: Interest	6	(34)		(121)	
Net income before taxation		6,115		5,461	
Income tax	5	(1,360)		(1,213)	
Net income after taxation		4,755		4,248	
Management expenses	4	(805)		(693)	
Net income after taxation and expenses			3,950		3,555
Total return for the year			18,593		18,030
Finance costs: Distributions	6		(3,950)		(3,555)
Change in net assets attributable to unitholders			14,643		14,475

* Incorporating a Statement of Income and Expenditure

Statement of Change in Unitholders' Net Assets

for the year ended 31 March 2007

Capital Account	31.3.2007		31.3.2006	
	£'000	£'000	£'000	£'000
Net assets at start of the year		117,614		103,139
Movement due to creations and cancellations of units				
Amounts receivable on creation of units	3,450		-	
Less: Amounts payable on cancellation of units	-		-	
		3,450		-
Change in net assets attributable to unitholders (see above)		14,643		14,475
Net assets at end of the year		135,707		117,614

The notes on pages 25 to 29 form part of these accounts.

The Local Authorities' Property Fund

Property Portfolio – Offices

at 31 March 2007

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
GLASGOW 6-20 Bell Street	Scottish Children's Reporter Administration	20 yrs 11.2.94	5 yrs	2009	225,000	5-10
	Scottish Children's Reporter Administration	10 yrs 7.12.00	5 yrs	2005	45,500*	
	Mrs Taylor	5 yrs 15.5.06	-	2011	960	
	Scott Murdoch	5 yrs 14.4.06	-	2011	900	
GLASGOW 292 St Vincent Street	McClure Naismith Anderon & Garde	25 yrs 01.11.85	-	2010	260,000	0-5
GLASGOW 2-4 Blythswood Square	Brodies LLP	25 yrs 29.09.88	5 yrs	2008	415,000	5-10
LONDON, EC2 13 Austin Friars	Devonshire Business Services Ltd.	20 yrs 10.10.97	5 yrs	2007	270,000	5-10
MILTON KEYNES Grant Thornton House Silbury Boulevard	Grant Thornton Nominees	25 yrs 15.12.89	5 yrs	2009	252,000	0-5
SLOUGH Bridge House Stoke Road	Inkfish Call Centres Ltd.	10 yrs 18.6.99	5 yrs	-	170,000	0-5
WATFORD Clarendon Road	The Norwich Union Life Insurance Company	25 yrs 1.11.83	5 yrs	-	25,900	0-5
	Mainline Fashion Accessories Ltd.	3 yrs 14.8.04	-	-	37,500	
	The Royal Bank of Scotland plc	10 yrs 13.8.99	5 yrs	2004	35,000*	
	Part Vacant	-	-	-	-	

* Outstanding rent review or lease renewal as at 31 March 2007

The Local Authorities' Property Fund
Property Portfolio – Offices
at 31 March 2007



212 St Vincent Street, Glasgow - Recent Acquisition October 2006

The Local Authorities' Property Fund

Property Portfolio – Offices/Shops

at 31 March 2007

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
LONDON, SW1 101-102 Jermyn Street	DAKS Simpson Group plc	15 yrs 24.6.94	5 yrs	-	123,000	10-15
	Kessler Financial Services International LLC.	5 yrs 13.9.04	-	-	74,132	
	Quadrant Holdings Ltd.	10 yrs 24.3.03	5 yrs	2008	87,500	
	Quadrant Holdings Ltd.	10 yrs 24.3.03	5 yrs	2008	-	
	BM Investments LLP.	5 yrs 4.3.05	-	-	92,250	
	Material Entertainment	5 yrs 8.4.05	5 yrs	-	54,900	
LONDON, EC2 34 Threadneedle Street	Mssrs Allen and Hibberd	16 yrs 1.6.06	5 yrs	2007	156,000	5-10
	Cambrian Capital Management.	10 yrs 30.6.03	5 yrs	2008	61,200	
	P.M.L. (Programme Management) Ltd.	10 yrs 16.6.06	5 yrs	2011	58,485	
	AO Services	10 yrs 7.8.98	5 yrs	2008	62,160	
	Conyers Dill & Perryman	10 yrs 7.4.98	5 yrs	2008	47,200	
	Mssrs Michael A. Perry & Stuart M	10 yrs 12.12.97	5 yrs	2007	34,800	
LONDON, W1 12-13 Conduit Street	Belstaff International Ltd.	15 yrs 17.3.98	5 yrs	2008	250,000	10-15
	Hartnells Ltd.	15 yrs 13.8.98	5 yrs	2008	201,000	

The Local Authorities' Property Fund

Property Portfolio – Offices/Shops

at 31 March 2007

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
LONDON, EC3 157-159 Fenchurch Street	TM Lewin & Sons Ltd.	15 yrs 20.2.07	5 yrs	2012	300,000	10-15
	Royal Sun Alliance Plc.	23 yrs 11.12.84	5 yrs	2007	3,250	
	O2 (UK) Limited	10 yrs 17.7.06	1 yrs	2011	3,250	
	Orange Personal Communication Services Ltd.	10 yrs 17.7.06	-	2011	-	



Threadneedle Street, London - New Acquisition December 2006

The Local Authorities' Property Fund

Property Portfolio – Shops

at 31 March 2007

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
CHICHESTER ⁺ 84-85 & 86 East Street	Vacant	-	-	-	-	5-10
LEICESTER 15-17 Gallowtree Gate	Hutchinson 3G UK Ltd.	3 yrs 4.7.06	-	-	186,000	0-5

⁺ Subject to development

Property Portfolio – Retail Warehouses

at 31 March 2007

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
ASHFORD Barrey Road	Allied Carpets Properties Ltd.	25 yrs 29.9.86	5 yrs	2006	205,000*	15-20
	Homebase Ltd.	25 yrs 29.9.86	5 yrs	2006	398,277*	
	Comet Group plc	5 yr 1.12.05	-	2010	2,000	
	Boots The Chemists Ltd.	5 yr 1.12.05	-	2010	2,000	
	NCB Apparel	5 yr 17.3.06	-	2011	2,000	
SUNDERLAND Wessington Way	Wickes Building Supplies Ltd.	25 yrs 29.9.94	5 yrs	2009	248,966	5-10
	Wickes Building Supplies Ltd.	25 yrs 29.9.94	5 yrs	2007	100,000	
	McDonald's Property Co. Ltd.	25 yrs 29.9.94	5 yrs	2009	53,000	

* Outstanding rent review or lease renewal as at 31 March 2007

The Local Authorities' Property Fund Property Portfolio – Retail Warehouses

at 31 March 2007



Meridian Business Park - New Acquisition January 2007



Ashford Retail Park - Active Asset Management Opportunity

The Local Authorities' Property Fund

Property Portfolio – Warehouses and Industrial

at 31 March 2007

<i>Property</i>	<i>Tenant</i>	<i>Term/ Lease From</i>	<i>Review Period</i>	<i>Review Period</i>	<i>Rent Due</i>	<i>Market Value £</i>	<i>Range £m</i>
BANBURY Overthorpe Industrial Estate	Vacant	-	-	-	-	-	0-5
BIRMINGHAM Unit 16 Junction Six	BSS Group plc	10 yrs 4.2.05	5 yrs	2010	350,000	5-10	
	Additional Income	3 yrs 10.2.06	-	-	150,000		
COALVILLE Interlink Park	Copper Cable Co. Ltd.	25 yrs 20.3.95	5 yrs	2010	394,000	5-10	
LEICESTER Meridian Business Park	Knauf Insulation Ltd.	25 yrs 29.9.96	5 yrs	2006	287,000*	0-5	
NORWICH Units 7, 9 & 11 City Trading Estate	Partco Ltd.	15 yrs 13.6.03	5 yrs	2008	18,000	5-10	
	RAC Auto Windscreens Ltd.	10 yrs 22.6.04	5 yrs	2009	17,774		
	Edmundson Electrical Ltd.	10 yrs 24.8.98	5 yrs	-	17,250		
	Meridian East	15 yrs 8.4.92	5 yrs	-	42,500		
	Miller West Ltd.	15 yrs 23.11.04	5 yrs	2009	24,000		
	Sunfen Ltd.	15 yrs 5.3.04	5 yrs	2009	52,050		
	Holden & Holden Ltd.	15 yrs 29.9.04	5 yrs	2009	24,150		
	Kent Blaxill & Co. Ltd.	15 yrs 5.3.04	5 yrs	2009	23,720		
	Uniglaze 2 (East Anglia) Ltd.	9 yrs 31.1.06	5 yrs	2010	56,135		
	Robinsons Autoservices Ltd.	15 yrs 1.9.02	5 yrs	2007	3,000		
	R.Robinson & Co. (Motor Spares) Ltd.	5 yrs 23.2.05	-	-	7,700		
TEWKESBURY Ashchurch Business Park	Moog Controls Ltd.	30 yrs 25.12.78	5 yrs	2003	126,000*	0-5	
	Moog Controls Ltd.	25 yrs 25.12.83	5 yrs	2003	138,400*		

* Outstanding rent review or lease renewal as at 31 March 2007

The Local Authorities' Property Fund

Balance Sheet

at 31 March 2007

	Notes	31.3.2007		31.3.2006	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments	7		142,410		114,125
Debtors	8	613		275	
Cash and bank balances		<u>3,207</u>		<u>6,921</u>	
Total other assets			<u>3,820</u>		<u>7,196</u>
Total assets			<u>146,230</u>		<u>121,321</u>
LIABILITIES					
Creditors	9	2,924		2,829	
Distribution payable on income units		1,070		878	
Short term loans	10	<u>6,529</u>		<u>-</u>	
Total liabilities			<u>10,523</u>		<u>3,707</u>
Net assets attributable to unitholders			<u><u>135,707</u></u>		<u><u>117,614</u></u>
Approved on behalf of the Trustee 8 May 2007			Roy Wilson, <i>Chairman</i> John Galbraith, <i>Vice-Chairman</i>		

The notes on pages 25 to 29 form part of these accounts.

The Local Authorities' Property Fund

Cash Flow Statement

at 31 March 2007

	Notes	31.3.2007		31.3.2006	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	15		3,899		4,128
Net cash inflow from financing activities					
Creation of units		3,450		-	
Cancellation of units		-		-	
			3,450		-
Net cash (outflow)/inflow from investing activities					
Payments to acquire investments	7	(35,963)		(25,503)	
Capital expenses		(104)		(7)	
Proceeds on disposal of investments	7	22,425		26,170	
			(13,642)		660
Net cash outflow from distributions paid			(3,950)		(3,555)
Decrease in cash	16		(10,243)		(1,233)

The notes on pages 25 to 29 form part of these accounts.

The Local Authorities' Property Fund

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 the 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.

Part I of The Association of Property Unit Trust's Code of Practice relating to the format and content of Property Unit Trust accounts has also been followed in the preparation of these accounts.

(b) Income recognition

Rental income, interest on development loans and bank deposits are accrued on a daily basis. Interest is charged on any sums used to finance property developments. This is charged at a rate agreed in the contract with the developers.

(c) Management expenses

Management expenses are charged to unitholders based on holdings for each month. The Manager's periodic charge payable to CCLA Investment Management Limited is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT (prior to 1 January 2006, 0.59% 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 staff and investment services and other expenses incurred by the Manager. Audit and legal fees and insurance are charged separately.

(d) Distribution policy

Income distributions are made 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.

(e) Capitalised costs

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

(f) Basis of valuation

Freehold property and leasehold properties are valued at each quarter-end date on the basis of Market Value in accordance with the current RICS Appraisal and Valuations 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.

(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 0.95% per annum above the bank's base rate. All costs associated with the set-up of the facility are amortised over the life of the facility.

2. Net gains on investments

31.3.2007
£'000

31.3.2006
£'000

The net gains on investments during the year comprise:

Non-derivative investments

14,643

14,475

Net gains on investments

14,643

14,475

The Local Authorities' Property Fund

Notes to the Accounts

3. Gross income	31.3.2007	31.3.2006
	£'000	£'000
Rents receivable	5,942	5,676
Bank interest	371	178
Other interest	-	11
Surrender premium	-	40
Other income	115	4
	<u>6,428</u>	<u>5,909</u>
4. Expenses	31.3.2007	31.3.2006
	£'000	£'000
i) Property expenses:		
Loan finance arrangement fee	24	30
Ground rent payable	7	17
Property empty rates	19	69
Property non-recoverable repairs and maintenance	-	3
Property legal and professional fees	62	105
Property service charges	98	48
Other property outgoings	1	5
Property revaluation fees	68	50
	<u>279</u>	<u>327</u>
ii) Management expenses:		
Payable to The Local Authorities' Mutual Investment Trust:		
Manager's periodic charge	833	671
Less: Apportionment of income from		
The Local Authorities' Mutual Investment Trust*	(68)	(13)
Investment Property Databank	9	8
Trustee liability insurance	7	8
Audit fee	18	17
Travelling expenses	2	3
Non-recoverable property insurance premiums	9	3
Less: Bank interest receivable	(5)	(4)
	<u>805</u>	<u>693</u>

* Represents a reduction in management expenses due to The Local Authorities' Mutual Investment Trust distributing the majority of its income for the year.

The above expenses include VAT where applicable.

The Members of the Council receive no remuneration from the Fund. The Chairman of the Council receives a fee as a Director of CCLA Investment Management Limited.

5. Taxation

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

	31.3.2007	31.3.2006
	£'000	£'000
Income tax	<u>1,360</u>	<u>1,213</u>
Income tax is calculated as follows:		
Net income before taxation at 22%	1,345	1,202
Items not allowable for income tax purposes:		
Revaluation fee at 22%	15	11
Income tax	<u>1,360</u>	<u>1,213</u>

The Local Authorities' Property Fund

Notes to the Accounts

6. Finance costs

Distributions and interest

Distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	31.3.2007	31.3.2006
	£'000	£'000
30 June – Interim distribution	845	845
30 September – Interim distribution	1,046	900
31 December – Interim distribution	988	932
31 March – Final distribution	1,071	878
Net distribution for the year	<u>3,950</u>	<u>3,555</u>
Interest		
Net interest payable for the year	34	121
Total finance costs	<u>3,984</u>	<u>3,676</u>

Details of the distribution per unit are set out in the distribution statement on page 14.

7. Property investments

	31.3.2007	31.3.2006
	£'000	£'000
Market value at the start of the year	114,125	100,310
Acquisitions at cost	35,963	25,510
Sales proceeds from disposals	(22,425)	(26,170)
Realised gains on disposals	2,250	3,070
Unrealised gains on revaluation	12,497	11,405
Market value at the end of the year	<u>142,410</u>	<u>114,125</u>
Historical cost at the end of the year	<u>105,780</u>	<u>82,001</u>

8. Debtors

	31.3.2007	31.3.2006
	£'000	£'000
Loan to The Local Authorities' Mutual Investment Trust	150	150
Accrued income	298	95
Property payments recoverable	163	26
Prepayments	2	4
	<u>613</u>	<u>275</u>

9. Creditors

	31.3.2007	31.3.2006
	£'000	£'000
Rent deposits	394	221
Revaluation fees payable	-	6
Rent received in advance	1,267	1,351
Management expenses payable to The Local Authorities' Mutual Investment Trust	129	187
Taxation payable	758	604
Property expenses payable	29	1
Service charge payable	-	15
VAT payable	171	323
Top up rent	143	-
Other creditors	33	-
Loan interest payable	-	121
	<u>2,924</u>	<u>2,829</u>

The Local Authorities' Property Fund

Notes to the Accounts

10. Short term loans

	<i>31.3.2007</i> <i>£'000</i>	<i>31.3.2006</i> <i>£'000</i>
Short term loans	<u><u>6,529</u></u>	<u><u>-</u></u>

The loans bear interest at the RBS plc base rate +0.95% pa.

11. Financial instruments

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

Interest rate risk

The majority of the Fund's assets are 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 insofar as they affect rental levels generally. All cash and bank balances earn interest at floating rates based on either LIBOR or base rate. Other debtors and creditors do not pay or receive interest.

Financial liabilities:

The fund had a short term loan as at 31 March 2007 (31.3.2006, £nil). All financial liabilities are due to be settled within one year, or on demand.

During the year the Manager utilised the Fund's power to borrow. The borrowing facility is 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. The loan facility terminated on 1 September 2005 and was extended on expiry. 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. At the year-end there were no loan monies outstanding.

12. Contingent liabilities

There are no contingent liabilities at 31 March 2007 (31.3.2006, £nil). As at 31 March 2007 there was one redemption notice of 1,010,231 units outstanding (31.3.2006, nil units).

13. Turnover of units

The number and net asset value of units in The Local Authorities' Property Fund created, cancelled and transferred in the year to 31 March 2007 was as follows;

	<i>Number of units</i>	<i>Value £</i>	<i>% of NAV at 31.3.2007</i>
Units created	1,005,096	3,450,000	2.54
Units cancelled	-	-	-
Units transferred	356,151	1,273,454	0.94

The Local Authorities' Property Fund

Notes to the Accounts

14. Related party transactions

Management expenses are payable to The Local Authorities' Mutual Investment Trust, 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 Local Authorities' Mutual Investment Trust at 31 March 2007 of £129,236 (31.3.2006, £187,000). There were loans outstanding due from The Local Authorities' Mutual Investment Trust at 31 March 2007 of £150,000 (31.3.2006, £150,000). There were no other transactions entered into with The Local Authorities' Mutual Investment Trust during the year.

CCLA Investment Management Limited, as Manager of the Fund, is a related party to the Fund. There were no transactions entered into with CCLA Investment Management Limited during the year.

The City of Bradford Metropolitan District Council and the Northern Ireland Local Government Officers' Superannuation Committee are related parties to the Fund with holdings of 28.1% and 28.6% respectively of the total Fund units in issue. In addition Mr John Galbraith (Northern Ireland Local Government Officers' Superannuation Committee) and Mr Stuart Imeson (City of Bradford Metropolitan District Council) are Members of the Council and the Trust.

15. Reconciliation of net income after taxation to net cash inflow from operating activities

	31.3.2007	31.3.2006
	£'000	£'000
Revenue after taxation	3,950	3,555
Increase in accrued income	(203)	(47)
Increase in debtors	(135)	(78)
Increase in creditors	287	698
Net cash inflow from operating activities	<u>3,899</u>	<u>4,128</u>

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

	31.3.2007	31.3.2006
	£'000	£'000
Net cash at beginning of the year	6,921	5,688
Movement in cash during the year	(10,243)	1,233
Net cash at the end of the year	<u>(3,322)</u>	<u>6,921</u>

The Local Authorities' Property Fund

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 disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in December 2005;
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records which enable them to demonstrate that the accounts, as prepared, comply with the above requirements;

- make judgements and estimates that are prudent and reasonable;
- 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

Roy Wilson

Vice-Chairman

John Galbraith

Local Government Association

Serge Lourie

Roy Wilson

Susan Davis, CBE

Toby Eckersley, MBE

Stuart Fraser

Paul Clokie

Peter Hardy

Northern Ireland Local Government Officers' Superannuation Committee

John Galbraith

Unitholder Member

Stuart Imeson (City of Bradford Metropolitan District Council)

Company Secretary

Julie Glass, (Up to 24.8.2006)

Jackie Fox (From 24.8.2006)

Property Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

80 Cheapside, London EC2V 6DZ

Free Phone:

T: 020 7489 6000

Client Service:

T: 080 8220 2252

Property Dept:

F: 020 7489 6126

F: 020 7489 6127

www.ccla.co.uk

Directors responsible for The Local Authorities' Property Fund

Michael Quicke (Chief Executive)

Andrew Robinson (Director of Market Development)

James Bevan (Chief Investment Officer)

David Butler (Chief Operating Officer)

Property Manager and Head of Property

Paul Hannam

Local Authorities Consultant

Jeffrey Crispin

Head Of Compliance

Julie Glass (Up to 24.8.2006)

Jim Hough (From 24.8.2006 to 16.10.2006)

Tony Kemp (From 16.10.2006)

External Valuers

Atisreal Limited, Chartered Surveyors

and International Real Estate Consultants

Norfolk House, 31 St James's Square, London SW1Y 4JR

Bankers

The Royal Bank of Scotland plc

62/63 Threadneedle Street, London EC2A 8LA

Solicitors

Lovells

Atlantic House, Holborn Viaduct, London EC1A 2FG

Eversheds LLP

Senator House, 85 Queen Victoria Street, London

EC4V 4JL

Independent Auditors

PricewaterhouseCoopers LLP

Southwark Towers, 32 London Bridge Street

London SE1 9SY

