

COIF CHARITIES PROPERTY FUND  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

Year ended 31 December 2021

**CCLA**

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\*Collectively, these comprise the Investment Manager's Report.

\*\*Audited.

References to "CCLA" refer to The CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

#### Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

## REPORT OF THE BOARD

for the year ended 31 December 2021

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Property Fund (the Fund), which includes a separate report from CCLA Fund Managers Limited (the Manager) as Manager of the Fund.

### Structure and management of the Fund

The Fund is a Common Investment Fund and was established in 2002. The Fund is governed by a scheme of the Charity Commission dated 12 July 2002 and as modified by a scheme dated 13 May 2009 and a scheme effective on 21 July 2014 and as amended by resolutions of the trustees of the Fund passed under Section 280 of the Charities Act 2011 on 21 July 2014, 22 July 2014 and 29 July 2014 and by an order dated 9 October 2014 and an order dated 19 October 2016 (the Scheme).

The day to day management of the Fund is delegated to the Manager by the Board which is also responsible for appointing the Manager, setting the investment policy and determining the criteria and methods of evaluating the performance. The Board also appoints the Auditors and the Trustee.

The Trustee and Depositary is HSBC Bank plc who is responsible for the supervision and oversight of the Manager's compliance with the Scheme and for the custody and safekeeping of the assets. The division between management and trustee functions provides an additional layer of protection for Unitholders.

The Manager is responsible for management and the administration of the Fund, including marketing the Fund.

### Investment objective

The Fund aims to provide investors with a high level of income and long-term capital appreciation.

### Investment policy

The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties but may invest in other assets, which may be either liquid or illiquid in nature.

The Fund may invest a proportion of its assets in liquid instruments and cash in order to obtain appropriate levels of liquidity. Instruments used for this purpose may include cash and near cash equivalents, participation notes, UK real estate investment trusts, regulated or unregulated investment funds, and loan notes.

The Fund is managed in accordance with the policies of the Church of England's Ethical Investment Advisory Group.

### Benchmark

The Fund's benchmark is the MSCI/AREF UK Other Balanced Quarterly Property Fund Index.

**REPORT OF THE BOARD****for the year ended 31 December 2021****Target investors**

The Fund is targeted at eligible Charity investors, with at least a basic knowledge of property related investments, who are seeking to invest in an actively managed fund that reflects the investment objective and investment policy of the Fund. The Fund has direct holdings in direct property, which is inherently illiquid, and investors should take particular note of the actions the Manager may have to take in stressed market conditions, such as suspending or delaying Fund dealings. The Fund also has a minimum redemption notice period of 90 days. The Fund is therefore not suitable for investors that might have a need for immediate liquidity in their investments. Investors should be looking to invest for at least five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise.

**Borrowing powers**

Under the Scheme, the Manager may borrow a maximum of 25% of the net asset value of the Fund with the prior written consent of the Board.

**Review of investment activities and policies of the Fund**

The Board held quarterly meetings during the year to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to review investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board monitored the administration, expenses and pricing of the Fund.

During the year, the Board also met quarterly with the Manager to review investments, transactions and policies of the Fund. The Manager's report, which appears later, provides further details.

**Controls and risk management**

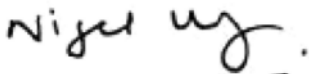
During the year, the Board, assisted by the Manager, reviewed the Fund's systems of internal control and risk report. The Board receives from the Manager and reviews a formal risk management report setting out the main risks facing the Fund, the controls in place to mitigate the risks and the assessment of each risk after application of mitigating controls. Investors should note that the management of direct property is outside the scope of the Financial Services and Markets Act 2000 (as amended or replaced from time to time).

**REPORT OF THE BOARD**

for the year ended 31 December 2021

**Responsible investment**

Achieving sustainable long-term returns is a key objective of the Fund and an important consideration for the Fund's Unitholders. We link the financial assessments of the investments made on behalf of the Unitholders with broader environmental, social and governance (ESG) issues. This recognises the importance of ESG risks for property and is reflected in our investment processes and the day to day management of the Fund's property portfolio. CCLA's Ethical & Responsible Investment and Property teams work closely together with the BNP Paribas Real Estate sustainability function, to integrate ESG and performance monitoring. Further details on the Fund's Responsible investment Policy and management information is available on request from the Manager.



N Morecroft

Chair

10 June 2022

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2021

### Performance

The Fund produced an annual total return for Unitholders, after all expenses, of 19.8%. The benchmark, the MSCI/AREF UK Other Balanced Property Funds Index, recorded a total return of 18.0%.

In the period increasingly positive market data supported both investor sentiment and asset valuations to drive a recovery in returns that accelerated as the year progressed. Beneath the headlines, performance at the sub-sector and

asset levels was initially very narrowly focused and although the upturn broadened out during the second half of the year, the divergence between the highest and the lowest returns remained wide, providing the opportunity for better positioned funds to out-perform.

The Fund's total return performance record compared to the benchmark over longer-term periods to the 31 December 2021 is shown in the table below.

### Annualised total capital and income return

To 31 December 2021	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
<b>Performance against benchmark (after expenses)</b>				
<b>COIF Charities Property Fund</b>	+19.75	+6.94	+7.76	+8.34
MSCI/AREF UK Other Balanced Quarterly Property Fund Index	+18.02	+5.93	+7.14	+7.83

Source: CCLA.

Past performance is not a reliable indicator of future results.

Over the year, the Fund's Unit price increased from 110.64p to 126.40p, a capital only return for Unitholders of 14.2%. Although some rent collection issues remained to be resolved, rental income also became more reliable, making it possible to increase the income distributed to Unitholders to 5.60p per Unit compared to 5.20p in 2020, growth of 7.7% for the year.

The income only return for Unitholders in 2021 was 4.9%, one of the highest in the MSCI Balanced Property Funds indices, and compares to a Benchmark income return of 3.3%. The Fund's annual distribution yield is 4.4%, whilst the equivalent MSCI Benchmark distribution yield is 3.0% and the MSCI UK All Balanced Property Fund Index yield is just 2.1%.

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2021

The superior income return has been an important support to performance. Capital also contributed, with valuations improving over the year and driven in the final quarter by the outstanding strength of the industrial warehouse sub-sector – an area where the portfolio has a significant presence. Another important contributor to relative performance was the below average exposure to the retail sectors, where returns stabilised, but could not match those of the sector as a whole.

The size of the Fund has grown during the year to £652.5m from £584.5m twelve months ago. The increase is due to improved valuations, as the inflow of new investor capital has been modest and outweighed by redemption requests. Several asset sales were completed in the period, but Fund liquidity ended the year at 3.4%, down from 4.1%.

### Strategy

In tune with the income led investment objectives, asset focused strategies combined with a bottom-up investment process are both appropriate for the Fund and reflect the inefficient nature of property as an investment asset class. An income bias to the investment policy is also consistent with both the income needs of the Unitholders and the long-term performance characteristics of property, which is

dominated by the income return. This approach is further supported by a stock selection style that favours higher yielding assets with shorter unexpired term leases, to help achieve the investment objectives whilst maintaining asset quality and obviating the need to use gearing to boost returns. An attractive range of investment management opportunities lie within the portfolio, underpinned by strong fundamentals. The emphasis on asset quality, growth sectors and active management is vital to control asset level risk and support capital growth. The asset level approach is complemented by a top-down process that constructs a diversified portfolio but one weighted towards those sub-sectors offering the most attractive prospects. For the Fund, biases towards industrial property and away from a difficult retail sector have supported returns, whilst the uncertain backdrop for some of the traditional sub-sectors has meant that allocations to the ‘alternative other’ group of property types have increased.

### Market review

The principal feature of this year has been a recovery in market conditions which has exceeded even the most optimistic forecasts. As the economy recovered so there was a strong improvement in sector transaction volumes which, at c.£60bn, are now back above longer-term averages. The improved breadth and depth

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2021

of demand has provided good support to valuations. Industrial warehouses remained the best performing sub-sector but by the end of the period, green shoots were emerging elsewhere, boosting optimism that the recovery was starting to broaden out. Although investors remained cautious and secure income assets remained most popular, confidence improved on evidence of some increased stability in traditional retail asset valuations, while a recovery in transaction volumes helped to stabilise prices in the office sector. An encouraging feature was a continued renaissance in demand for retail warehouses as investors increasingly recognised the sub-sector's trading resilience and potential for higher valuations from alternative site use.

The growing strength in capital values during the year has been a key support to improving sector returns. The MSCI Quarterly Capital Index for All Property rose by 11.5%, supported substantially by the industrial sector, where values rose by a remarkable 31.2%. Retail warehouses provided a strong supporting role, achieving 14.1% growth for the year, with a total return of 21.9%. MSCI All Property Total Returns over 12-months have exceeded forecasts by a considerable margin, at 16.5%, led by a total return of 36.4% from industrial warehouse property. Notably, by the end of the year, all the main sub-sectors were recording growth, despite ongoing fears over future rental performance. Offices provided the poorest

returns, at 5.3%, nevertheless capital growth remained positive at 1.3%. Although retail values overall increased by 4.4%, with a double-digit total return of 10.4%, negative capital valuation trends in parts of this sub-sector were disguised by the strong recovery in retail warehouses. Only industrial warehouses saw any meaningful increase in rents, but this was sufficient for the property sector overall to record growth in rents for the first time in three years at 1.8%. Retail rents overall continued their decline, but easing to -3.2%, while office rents remained relatively stable despite the uncertain outlook.

### Activity

The Fund's cash holding changed little during the year, slipping from £24m to £22m. Five assets were sold, producing capital receipts of £23m and only one small acquisition was completed, at £1m, however the receipts from net activity were offset by capital expenses incurred in the management of portfolio assets and a net outflow of Unitholder funds.

The properties sold were at Meir Point, Stoke and Inchinnan, near Glasgow Airport, where the opportunity was taken to sell into strong industrial investment markets to realise attractive exit prices at £6m and £6.2m respectively. The Fund's office holding on the out-of-town park at Aztec West raised £5.4m, reflecting the gains from an attractive new lease agreement.



## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2021

At Salford Quays a vacant office property benefited from a valuable residential redevelopment proposal and was sold to a developer for £4.3m. Elsewhere the vacant office holding on West Regent Street in Central Glasgow was sold for £1.2m, a price well in excess of the external valuation. Further sales are planned, both strategic and asset – risk led, with the realisation of added value and a reduction in the void rate a focus of future activity. The one small acquisition added to the rural industrial warehouse estate at Mendlesham, Suffolk. This new unit is vacant, being acquired directly from the previous owner occupier, but completes the Fund's ownership of this 45-acre site offering 750,000 sq. ft of warehouse accommodation close to the A14 near Ipswich. This property was otherwise fully let and was the Fund's strongest performing asset in 2021.

In line with the Fund's active approach, a high volume of management activity is ongoing across the portfolio, enhancing returns and protecting income. The portfolio contains 63 directly held assets each of which has its own story. An active management style means that the void rate varies over time as new vacancies are recorded, assets are improved, new lettings are achieved and leases renewed. As a result, there have been a number of important management actions in the period, with notable letting activity in all the main property sub-sectors. These include the industrial

warehouse at Tunbridge Wells, which set a new record rent for the location. Elsewhere, on the industrial warehouse units at Aztec West Bristol, a new 10-year lease was signed by Spandex Ltd at a 15% higher rent. The other major tenant occupying this property, Aardman Animations, did not serve their lease break option and as a result of the increased income certainty this property was one of the best performers in the Fund. Valuable lettings were also achieved at the retail warehouse holding at St Peter's Way Northampton, where TK Maxx UK extended their lease by 5-years to 2027, whilst a new 10-year letting was completed with Iceland Foods at Hereford and, at Oldbury in the West Midlands, Matalan renewed their lease for a further 5-years.

In the office sector new leases have been secured on two units at Wellbrook Court, Cambridge, and vacant accommodation has been refurbished and let at College Hill and Cannon Street in the City of London, where a rolling refurbishment and re-letting project is ongoing. By the year-end, the portfolio investment vacancy rate was slightly higher at 8.1% compared to 7.9% at the start of the year, although this includes the new vacant asset at Mendlesham. The MSCI Monthly Index investment void rate remained high at 9.8%. A new vacancy is recorded at the office holding at Stockley Park West London where the accommodation will be refurbished prior to marketing. In addition, planned new

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2021

voids at the Atrium in Crawley and Braywick House in Maidenhead facilitate preparation of these sites for redevelopment projects and asset sales. The Fund's development void rate is currently 7.1% and will be reduced during the year ahead as sales are completed and vacant assets let. The strength of the industrial warehouse sector also supports rent review activity. At Brackmills, Northampton, a 25% increase in the rent was achieved on review, and further market driven growth in ERVs will support rental income growth activity in the future.

An unprecedented feature of the pandemic was the large-scale non-payment of rents. This required significant focus and management resources on credit control and the protection of income streams. During 2021 the rent collection rate has improved to around 96%, with some progress too in collecting arrears, notably from retail tenant, Boots. This compares to the severe disruption experienced during 2020, although the Fund's rent collection record during this challenging period has consistently compared well with industry data and delinquency is now largely focused on a small group of tenants. Although some rent collection issues remain to be resolved, since the year-end this has improved further, helped by the fact the UK Government's moratorium on landlord enforcement action ended in March 2022, meaning any remaining outstanding arrears can now be pursued. Unpaid rents due and relating to any designated forced closure periods are temporarily ring-fenced and subject to an arbitration process during 2022, where the focus will be on tenant viability and affordability.

### Outlook

Shorter-term we expect some further capital growth, driven primarily by yield compression. Investor sentiment for industrial assets will remain strong, supported by genuine prospects of rental growth that can help sustain returns even as the impact of yield compression starts to fade. In addition, retail warehouses have strong defensive qualities and offer good value. Away from these two areas market data suggest a broadening recovery, even if for some sectors that means only a slower pace of decline in rental values.

Beyond this there are some significant challenges for the sector including oversupply and increased obsolescence for both retail and office areas. We expect that future returns will be increasingly defined by asset quality and location rather than simple sector allocations. As a result, stock specific risk will remain high. Property sector return forecasts, averaging around 6%p.a. for the 5-year horizon, therefore remain cautious, dominated by income and industrial sector growth. Against this backdrop it is possible, though not guaranteed, that the portfolio produces another period of relative outperformance reflecting the Fund's high income yield and attractive asset allocation.

### Association of Real Estate Funds

The Fund complies with the minimum requirements of the Association of Real Estate Funds (AREF) Code of Practice, which is a voluntary Code which aims to encourage members of AREF to adopt best practice

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## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2021

whenever possible. The Code is publicly available and published on the Association's website: [www.aref.org.uk](http://www.aref.org.uk)

P Hannam  
Head of Property  
CCLA Investment Management Limited  
7 June 2022

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### Risk warning

Investors should consider the risk factors identified in the Scheme Particulars. Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money.

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 be affected adversely 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. The Units are realisable only on each monthly dealing day and whilst investors can request a redemption at any time, all such requests are subject to a minimum notice period of 90 calendar days which may be increased to up to six month in accordance with the provisions in the Scheme Particular. In certain circumstances, the rights for Unitholders to redeem Units may be suspended. Unitholders should note that where a suspension is implemented, they may not be able to redeem their Units as quickly as they would like to, and that this may have an impact on redemption and may consequently impact the Unitholder's own liquidity.

## INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

### Report on the audit of the financial statements *Opinion*

In our opinion the financial statements of COIF Charities Property Fund (the 'fund'):

- give a true and fair view of the state of the fund's affairs as at 31 December 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Charities Act 2011.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the cash flow statement;
- the accounting policies and risk management policies;
- the distribution tables; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The

Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Conclusions relating to going concern*

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

## INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### *Other information*

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### *Responsibilities of trustees*

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

## INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### *Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the fund's industry and its control environment, and reviewed the fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Charities Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as real estate industry and IT specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

## INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- The fair value of investment properties may be misstated due to inappropriate judgements being used to determine their fair value and this represents the most likely opportunity for fraud. With the involvement of our valuation specialists, we tested the key inputs and assumptions that are used to derive the fair value of a sample of investment properties.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with Charity Commission.

INDEPENDENT AUDITORS' REPORT  
to the Trustees of COIF Charities Property Fund

*Report on other legal and regulatory requirements*

*Matters on which we are required to report by exception*

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

*Use of our report*

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Deloitte C&P*

Deloitte LLP  
Statutory Auditor  
Glasgow  
10 June 2022

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.



## REPORT OF THE VALUERS

Dear Sirs,

**The COIF Charities Property Fund  
Property Valuation as at 31 December 2021**

In accordance with your instructions received from The COIF Charities Property Fund (“the Fund”) to value all the property investments owned by the Fund (“the Properties”) on a monthly basis, we have valued the Properties as at 31 December 2021. The valuation has been prepared on the basis of Fair Value, in accordance with the current edition of the RICS valuation-Professional Standards published by the Royal Institution of Chartered Surveyors (RICS). We understand that our valuation is required for Unit pricing and financial statements purposes. Our report is addressed to the Fund.

We are of the opinion that the aggregate Fair Values of all the properties held by the Fund as at 31 December 2021 is **639,675,000 (Six Hundred and Thirty Nine Million Six Hundred and Seventy Five Thousand Pounds)**.

Details of the basis of our valuation and the individual properties are set out in our valuation report, dated 6 January 2022.

**Market conditions explanatory note:**

**Novel Coronavirus (COVID-19)**

The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential ‘for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Yours faithfully,

Knight Frank LLP  
7 June 2022

## SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements sets out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the recommended holding period (RHP).



The Manager has classified the COIF Charities Property Fund as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level and poor market conditions are very unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Fund for the RHP of five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The Fund should be considered illiquid as it is not admitted to trading on a secondary market and no alternative liquidity facility is promoted by the Manager or a third party. Property is recognised as an illiquid asset and is thus most suited to long-term investment, whilst, investors can request redemption at any time, all such requests are subject to a minimum notice period of 90 calendar days. The Fund normally deals on the last Tuesday and Thursday of each month. The Fund does not include any protection from future market performance, so you could lose some or all your investment.

Commercial property can be an illiquid asset class and the Manager has the discretion to defer redemptions beyond the minimum notice period, up to six months in total (subject to a period of notice of not less than 30 days to investors), if it believes doing so is in the interest of investors and the good management of the Fund. Where an investor makes an application to sell or cancel Units the Manager may, with the agreement of the Trustee, arrange to transfer scheme property out of the Fund in place of payment in cash for the Units, but only if it is judged by the Manager not to disadvantage the remaining investors.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Particulars, which is available on the Manager's website or by request.

## COMPARATIVE TABLE

## Change in net assets per Unit

	Income Units				
	Year to 31.12.2021 pence per Unit	Year to 31.12.2020 pence per Unit	Year to 31.12.2019 pence per Unit	Year to 31.12.2018 pence per Unit	Year to 31.12.2017 pence per Unit
Opening net asset value per Unit	109.41	115.45	119.05	116.05	111.73
Return before operating charges	22.69	0.97	4.51	10.90	11.92
Operating charges	(1.29)	(1.81)	(1.71)	(1.50)	(1.20)
Return after operating charges	21.40	(0.84)	2.80	9.40	10.72
Distributions on income Units	(5.60)	(5.20)	(6.40)	(6.40)	(6.40)
Closing net asset value per Unit****	125.21	109.41	115.45	119.05	116.05

**Performance**

Return after charges**	19.56%	(0.73%)	2.35%	8.10%	9.59%
Gross yield***	4.35%	4.62%	5.40%	5.33%	5.39%

**Other information**

Closing net asset value (£'000)	652,497	584,485	615,605	597,632	520,120
Closing number of Units	521,122,608	534,234,121	533,227,472	502,012,088	448,183,047

**Prices (pence per Unit)**

Highest Unit price (offer)	129.98	119.63	122.09	123.51	120.28
Lowest Unit price (bid)	109.68	107.50	114.71	115.25	111.33

Annual management charge*	0.64%	0.65%	0.65%	0.64%	0.65%
Other costs	0.06%	0.04%	0.06%	0.08%	0.08%
<b>Operating charges</b>	<b>0.70%</b>	<b>0.69%</b>	<b>0.71%</b>	<b>0.72%</b>	<b>0.73%</b>
Other property costs	0.48%	0.88%	0.73%	0.57%	0.34%
Total charges figure	1.18%	1.57%	1.44%	1.29%	1.07%

All of the above figures are ratios set against the Fund's average net assets calculated over the year.

\* The Annual Management Charge is 0.65% (plus VAT, which is recoverable) of the net asset value of the Fund and is charged to capital. The month end valuation forms the basis of the charge for the following month.

\*\* The return after charges has been calculated in accordance with the Statement of Recommended Practices' prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed on the Report of the Fund Manager.

\*\*\* The gross yield is calculated as the sum of the gross of tax, net of expenses income distributed over the year expressed as a percentage of the offer price at the year end.

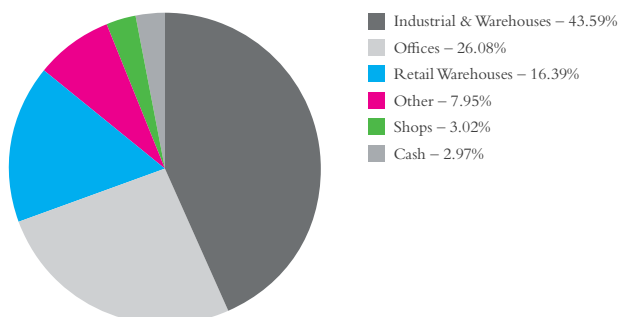
\*\*\*\* Closing net asset value per Unit shown is calculated using the closing net assets attributable to Unitholders as presented in these financial statements. This is for financial statement reporting purposes only and may differ from the Unit price disclosed in the Report of the Investment Manager.

**PORTFOLIO ANALYSIS**  
at 31 December 2021

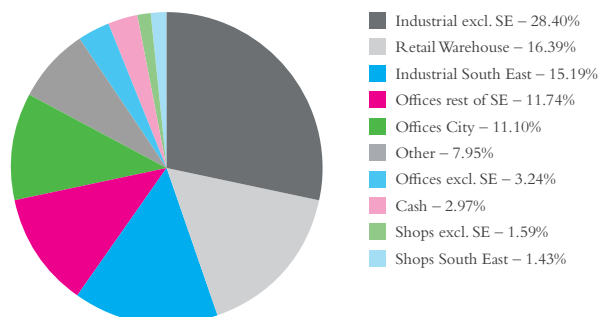
**Top Ten Property Holdings**

Property		% of Fund
London, 80 Cannon Street	Offices/Shops	9.42%
Brighton, Lewes Road	Retail Warehouses	5.89%
Mendlesham, Norwich Road	Industrial	5.83%
Bracknell, 5 Arlington Square	Office	4.01%
Lutterworth, 3320 Hunter Boulevard	Industrial	3.80%
Bristol, 1400-1499 & 1600 Aztec West	Industrial	3.79%
Lutterworth, 3220 Hunter Boulevard	Industrial	3.39%
London, 7 St. Andrews Way	Industrial	3.34%
Bath, Rossiter Road	Other	3.17%
Northampton, 100 Pavilion Drive	Industrial	3.13%

**Asset by type**



**Regional and sector analysis**



**Portfolio turnover**

	Year to 31.12.2021	Year to 31.12.2020
Portfolio turnover rate	0.20%	1.80%

The portfolio turnover rates are calculated by the total sales or purchases (excluding cash), whichever is less, divided by average monthly assets during the year.

**PORTFOLIO STATEMENT**  
at 31 December 2021

**Properties**

Total in valuation ranges	£'000	% of Fund
Valued between £0 and £5m 22 properties	53,475	8.20
Valued between £5 and £10m 18 properties	120,200	18.42
Valued between £10 and £25m 19 properties	305,100	46.75
Valued at over £25m 4 properties	160,900	24.66
Net other assets	12,822	1.97
<b>Net assets</b>	<b>652,497</b>	<b>100.00</b>

**Ownership of the Fund**  
at 31 December 2021

	Number of investors	Number of Units in issue	% of Units in issue
Less than 1%	645	132,419,131	25.41
1% or greater but less than 2%	3	24,060,320	4.62
2% or greater but less than 4%	4	66,123,231	12.69
Greater than 8%	3	298,519,926	57.28
	655	521,122,608	100.00
Held by the largest investor	1	150,463,168	28.87
Held by top 5 investors	5	334,184,692	64.13

The COIF Charities Investment Fund has a holding of 90,997,544 Units (17.46%) (2020: 105,745,333 – 19.79%), the COIF Charities Ethical Investment Fund has a holding of 57,059,214 Units (10.95%) (2020: 39,091,751 (7.32%)) and the The CBF Church of England Property Fund has a holding of 150,463,168 units (28.87%) (2020: 158,730,980 (29.71%)).

## PROPERTY PORTFOLIO

at 31 December 2021

## Standard Retail

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
71-72 East St CHICHESTER	Monsoon Accessorize Ltd	10yrs 18.02.16	5yrs	2021/ 2026	108,000	0-5
	Victoria Davey	1yr 24.02.21	0yrs	2022	13,200	
76/77 East Street CHICHESTER	C & J Clark International Ltd	10yrs 20.04.16	5yrs	2021/ 2026	98,000	0-5
85-89 High Street DUNFERMLINE	Barrie Dear Ltd	15yrs 11.06.20	5yrs	2025/ 2035	30,000	0-5
	Yaich Import Export Ltd	10yrs 12.10.20	5yrs	2025/ 2030	20,000	
131-135 Northumberland St NEWCASTLE	Clydesdale Bank Plc	5yrs 25.06.19	5yrs	2024	124,275	0-5
	Starbucks Coffee Company (UK) Ltd	5yrs 29.09.20	5yrs	2025	55,000	
8-9 High Street STRATFORD UPON AVON	Waterstones Booksellers Ltd	10yrs 29.03.19	5yrs	2024/ 2029	112,500	0-5
	Queensway Coffee House Ltd	10yrs 14.06.17	5yrs	2022/ 2027	80,000	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

Standard Retail (*continued*)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
17 King Street TRURO	Schuh Ltd	10yrs 15.10.12	5yrs	2017/ 2022	120,000	0-5
18 King Street TRURO	Your Phone Care Ltd	15yrs 30.06.15	5yrs	2025/ 2030	34,750	0-5
18 -20 Boscawen Street TRURO	Wilco Retail Ltd	15yrs 06.01.17	5yrs	2022/ 2032	420,000	0-5

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Offices

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Aspect 32 ABERDEEN	Technip UK Ltd	12yrs 07.02.11	5yrs	2023	575,235	5-10
	Technip UK Ltd	15yrs 16.05.08	5yrs	2023	573,975	
New Lanarkshire House BELSHILL	Scottish Enterprise	5yrs 18.12.17	0yrs	2022	167,518	0-5
	SSE Telecommunications	30yrs 08.12.17	1yrs	2022/ 2047	25,560	
	Cellnex UK Ltd	5yrs 21.12.21	0yrs	2026	51,984	
5 Arlington Square BRACKNELL	Virgin Media Ltd	10yrs 06.02.12	3yrs	2018/ 2022	2,645	>25
	Verizon UK Ltd	3yrs 30.01.08	0yrs	–	2,637	
	Paratus AMC Ltd	6yrs 17.10.17	0yrs	2023	562,708	
	Lloyds Register EMEA	10yrs 02.03.18	5yrs	2023/ 2028	574,560	
	Skillsoft UK Ltd	10yrs 15.03.19	5yrs	2024/ 2029	215,604	
	Centrilogic Ltd	24yrs 26.04.18	5yrs	2022/ 2042	88,592	
	Centrilogic Ltd	25yrs 01.12.17	5yrs	2022/ 2042	289,124	

\* Date in the past indicates that the review has not been settled yet.



## PROPERTY PORTFOLIO

at 31 December 2021

## Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Wellbrook Court CAMBRIDGE	Streets Whitmarsh Sterland LLP	10yrs 08.08.16	5yrs	2021/ 2026	71,850	10-25
	Chase De Vere IFA Group Plc	10yrs 10.05.13	0yrs	2023	43,000	
	Tescan-UK Ltd	5yrs 20.12.18	0yrs	2023	52,480	
	Henry Riley LLP	10yrs 03.06.13	5yrs	2018/ 2023	40,986	
	Anatune Ltd	11yrs 24.06.16	0yrs	2027	87,068	
	Aecom Ltd	10yrs 24.07.17	5yrs	2022/ 2027	111,764	
	MM Wealth Ltd	10yrs 22.03.18	5yrs	2023/ 2028	91,500	
	Atkins Ltd	5yrs 26.06.21	0yrs	2026	106,667	
	EA First Ltd	10yrs 23.08.21	5yrs	2026/ 2031	53,910	
	EA First Ltd	10yrs 23.08.21	1yr	2022/ 2031	2,500	
Syward Place CHERTSEY	Automatic Data Processing Ltd	17yrs 24.03.05	1yrs	2022	1,403,696	10-25
The Atrium CRAWLEY	Vacant	–	–	–	–	0-5

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
125 West Regent Street GLASGOW	DAC Beachcroft Scotland LLP	5yrs 01.02.18	0yrs	2023	97,260	0-5
	DAC Beachcroft Scotland LLP	5yrs 01.02.18	0yrs	2023	48,629	
	Blue Arrow Ltd	5yrs 22.03.19	0yrs	2024	46,300	
	DAC Beachcroft Scotland LLP	8yrs 14.06.13	0yrs	2021	2,000	
100 West Regent Street GLASGOW	Thus Group Holdings Plc	25yrs 30.03.00	5yrs	2020/ 2025	64,660	0-5
	Save & Invest (Financial Planning)	20yrs 18.06.07	5yrs	2022/ 2027	75,000	
	MLM CPS Ltd	5yrs 01.03.19	0yrs	2024	26,042	
	Yellowcom Ltd	2yrs 20.03.17	0yrs	2019	2,500	
	Vodafone Ltd	15yrs 07.12.04	3yrs	2019	12,417	
4 Smith Way LEICESTER	Selfridges Retail Ltd	15yrs 28.10.15	5yrs	2025/ 2030	340,992	5-10

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
3 Penman Way LEICESTER	Sytner Group Ltd	22yrs 08.04.19	5yrs	2024/ 2041	280,000	0-5
7 Lewis Court, LEICESTER	Baker Tilly Management Ltd	15yrs 29.09.07	5yrs	2022	241,439	0-5
1- 3 College Hill LONDON	Hedley Foundation Ltd	10yrs 25.03.18	5yrs	2023/ 2028	62,820	10-25
	G O Woodcock M Woodcock J Woodcock	9yrs 12.08.14	0yrs	2023	122,640	
	Interfax Europe Ltd	5yrs 08.03.19	0yrs	2024	90,000	
	MRA Search Ltd	4yrs 22.12.20	0yrs	2024	69,120	
	G O Woodcock M Woodcock J Woodcock	7yrs 08.03.16	0yrs	2023	59,995	
	Keycraft Ltd	5yrs 02.11.18	0yrs	2023	58,435	
	Thames Estate Commercial Ltd	20yrs 18.08.21	0yrs	2041	95,000	
	Warren Lefton	3yrs 28.10.19	0yrs	2022	3,250	
	Interior Motives International Ltd	10yrs 01.07.14	0yrs	2024	60,000	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
1- 3 College Hill LONDON (continued)	Capital Asset Management (Financial Services)	10yrs 04.07.14	0yrs	2024	116,000	
	MRA Search Ltd	5yrs 18.01.19	0yrs	2024	132,720	
	Kinney Green LLP	5yrs 11.02.19	0yrs	2024	61,468	
Windsor Road MAIDENHEAD	Vacant	–	–	–	–	5-10
AECOM House ST ALBANS	Aecom Ltd	14yrs 20.06.08	5yrs	2022	545,127	5-10
1 Roundwood Avenue LONDON	Kuehne & Nagel Ltd	15yrs 16.07.15	5yrs	2025/ 2030	285,110	5-10
	World Vision International	10yrs 20.01.12	5yrs	2022	227,887	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Offices/Shops

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
80 Cannon Street LONDON	Boots UK Ltd	10yrs 16.10.19	5yrs	2024/ 2029	350,000	>25
	Cabot Credit Management Ltd	10yrs 01.03.19	5yrs	2024/ 2029	255,024	
	International Registries (UK) Ltd	10yrs 25.03.20	5yrs	2025/ 2030	306,393	
	Silver Development and Constuction	10yrs 11.11.13	5yrs	2023	238,619	
	Freight Investor Services Ltd	5yrs 10.11.20	0yrs	2025	384,000	
	Sonovate Ltd	1yrs 10.05.16	0yrs	2022	174,250	
	Nexthink Ltd	5yrs 15.06.18	0yrs	2023	242,450	
	ISQ Reserch Ltd	5yrs 21.09.18	0yrs	2023	128,467	
	Netroadshadow Inc	5yrs 27.09.18	0yrs	2023	150,309	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Industrial

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Wallace Facility Badentoy ABERDEEN	Vacant	–	–	–	–	0-5
Drum Industrial Estate BIRTLEY	Rettig (UK) Ltd	99yrs 17.10.69	14yrs	2025/ 2068	669,814	10-25
1400-1600 Aztec West Business BRISTOL	Aardman Holdings Ltd	6yrs 25.03.19	3yrs	2022/ 2025	95,272	10-25
	Aardman Holdings Ltd	6yrs 25.03.19	3yrs	2022/ 2025	269,130	
	Aardman Holdings Ltd	6yrs 25.03.19	3yrs	2022/ 2025	63,820	
	Aardman Holdings Ltd	6yrs 25.03.19	3yrs	2022/ 2025	62,820	
	PJH Group Ltd	10yrs 03.12.18	5yrs	2023/ 2028	78,000	
	Aardman Holdings Ltd	6yrs 25.03.19	3yrs	2022/ 2025	68,958	
	Spandex Ltd	10yrs 22.01.21	5yrs	2026/ 2031	621,650	
Batchelor Road CARDIFF	Giant Booker Ltd	25yrs 28.02.05	5yrs	2020/ 2030	652,923	5-10
Manor Gate Manor Royal CRAWLEY	Rossetts (UK) Ltd	10yrs 26.11.18	5yrs	2023/ 2028	132,000	10-25
	Creative Technology Ltd	10yrs 07.06.11	5yrs	2021	443,000	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Industrial (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Unit 61 Finlan Road GREATER MANCHESTER	Romac Logistics Ltd	16yrs 03.12.20	5yrs	2026/ 2036	408,609	10-25
Unit B Telford Point KETTERING	Knights of Old Ltd	13yrs 01.07.13	5yrs	2021	357,832	5-10
7 St Andrews Way LONDON	Vacant	–	–	–	–	10-25
3320 Hunter Boulevard LUTTERWORTH	VWR International Ltd	35yrs 10.10.94	5yrs	2024/ 2029	1,044,223	10-25
3220 Hunter Boulevard LUTTERWORTH	DHL Supply Chain Ltd	10yrs 25.12.14	0yrs	2024	980,699	10-25
Unit G1 Touchet Hall Road MANCHESTER	Disaster Recovery Services Ltd	15yrs 07.01.13	5yrs	2023/ 2028	362,000	5-10
Norwich Road MENDLESHAM	CEVA Logistics Ltd	20yrs 20.05.10	1yrs	2021/ 2030	2,255,912	>25
Brackmills Industrial Estate NORTHAMPTON	C Butt Ltd	10yrs 24.06.14	5yrs	2024	635,000	10-25
Dimensions House NORTHAMPTON	Harvey Nichols and Company Ltd	10yrs 11.03.15	5yrs	2025	597,223	10-25
100 Pavilion Drive NORTHAMPTON	Intelligent Processing Solutions Ltd	15yrs 25.12.10	0yrs	2025	1,275,000	10-25

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Industrial (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
35 Willis Way Industrial POOLE	Sunseeker International Ltd	20yrs 26.04.20	5yrs	2022	320,000	5-10
Units 1& 2 Longfield Road TUNBRIDGEWELLS	SH Muffet Ltd	10yrs 24.03.20	5yrs	2025/ 2030	118,600	10-25
	R.H. Claydon Ltd	10yrs 04.10.21	5yrs	2026/ 2031	247,490	
Javelin Park WEDNESBURY	Smiths News Trading Ltd	5yrs 03.07.20	0yrs	2025	285,000	5-10
6 Weston Avenue WEST THURROCK	Royal Mail Group Ltd	11yrs 31.12.19	5yrs	2025/ 2030	246,000	10-25
	Cosentino UK Ltd	10yrs 06.11.12	5yrs	2022	179,616	

\* Date in the past indicates that the review has not been settled yet.



## PROPERTY PORTFOLIO

at 31 December 2021

## Retail Warehouses

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Lewes Road BRIGHTON	Aldi Stores Ltd	20yrs 18.06.18	5yrs	2023/ 2038	400,000	>25
	Hobbycraft Trading Ltd	15yrs 25.05.18	0yrs	2023/ 2033	236,828	
	Halfords Ltd	10yrs 04.09.17	5yrs	2022/ 2027	240,000	
	B&Q Plc	15yrs 04.08.16	5yrs	2021/ 2031	945,765	
	Costa Ltd	10yrs 04.06.18	5yrs	2023/ 2028	67,500	
Unit 5, Highwood Lane BRISTOL	What Stores Ltd	3yrs 23.10.20	0yrs	2023	40,000	0-5
Silver Street BROWNHILLS	B & M Retail Ltd	31yrs 30.04.03	5yrs	2023/ 2034	309,100	5-10
Chorley Retail Park CHORLEY	Wickes Building Supplies Ltd	25yrs 24.10.00	5yrs	2015/ 2025	330,000	5-10
	DP Realty Ltd t/a Domino's Pizza	25yrs 24.10.00	5yrs	2025	17,500	
	Subway Realty Ltd	10yrs 26.01.15	5yrs	2020/ 2025	20,000	
	BJR Foods Ltd t/a KFC	10yrs 24.10.20	5yrs	2025/ 2030	67,575	
	Diets 2 Go Ltd	10yrs 10.10.19	5yrs	2024/ 2029	18,000	
	Sunseeker Beds Ltd	10yrs 23.09.19	5yrs	2024/ 2029	25,000	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Unit 8 DERBY	Boots UK Ltd	20yrs 24.06.04	5yrs	2019/ 2024	227,988	0-5
Holmer Road HEREFORD	B & M Retail Ltd	10yrs 11.02.16	0yrs	2026	210,000	5-10
	Dreams Plc	6yrs 12.12.18	0yrs	2024	75,000	
	Iceland Food Ltd	10yrs 11.12.21	5yrs	2026/ 2031	166,306	
	Jacmar Developments Ltd	125yrs 25.12.93	0yrs	2118	–	
100 Regent Road MANCHESTER	Vacant	–	–	–	–	0-5
Snowden Drive MILTON KEYNES	Wickes Building Supplies Ltd	25yrs 03.10.03	5yrs	2023/ 2028	638,750	10-25
Wellingborough Road NORTHAMPTON	B & M Retail Ltd	15yrs 11.10.12	5yrs	2022/ 2027	374,638	5-10
St Peter's Way NORTHAMPTON	TJX UK	24yrs 24.06.03	5yrs	2027	285,000	0-5
Portway Road OLDBURY	Matalan Retail Ltd	25yrs 03.12.21	5yrs	2026	237,000	0-5
Solihull Gate Retail Park SOLIHULL	Wren Kitchens Ltd	10yrs 10.04.13	10yrs	2023	296,221	10-25
	Sofology Ltd	10yrs 08.04.13	0yrs	2023	445,804	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Solihull Gate Retail Park	Tapi Carpets & Floors Ltd	10yrs 24.07.17	5yrs	2022/ 2027	330,693	
SOLIHULL ( <i>continued</i> )	Furniture Village Ltd	20yrs 04.05.07	15yrs	2022/ 2027	325,000	
230-234 Winchester Road SOUTHAMPTON	CDS (Superstores International) Ltd	32yrs 28.11.03	5yrs	2023/ 2035	431,037	5-10
Units 1 & 2 TAMWORTH	TJX UK Ltd	20yrs 25.12.02	5yrs	2022	379,300	5-10
	Argos Ltd	10yrs 20.12.19	5yrs	2024/ 2029	247,894	

\* Date in the past indicates that the review has not been settled yet.

## PROPERTY PORTFOLIO

at 31 December 2021

## Other

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Rossiter Road BATH	Travelodge Hotel Ltd	40yrs 02.06.08	1yrs	2020/ 2048	1,280,521	10-25
Rutherford Way CHELTENHAM	Broughtons of Cheltenham Ltd	15yrs 11.01.11	5yrs	2021/ 2026	261,500	5-10
	Car Shops Ltd	15yrs 04.11.21	5yrs	2026/ 2036	155,000	
Europe Way COCKERMOUTH	Travelodge Hotel Ltd	32yrs 14.12.07	5yrs	2022/ 2039	172,087	0-5
Rennie Drive DARTFORD	Motorlines Holdings Ltd	25yrs 23.11.18	5yrs	2023/ 2043	400,000	5-10
100 West Street GLASGOW	Eastern Western Motor Group Ltd	25yrs 27.07.01	5yrs	2021/ 2026	286,254	0-5
Newark Road PETERBOROUGH	Ideal Shopping Direct Ltd	20yrs 31.01.14	5yrs	2024/ 2034	509,134	10-25
	Ideal Shopping Direct Ltd	18yrs 13.06.16	5yrs	2024/ 2034	12,808	

\* Date in the past indicates that the review has not been settled yet.

STATEMENT OF TOTAL RETURN  
for the year ended 31 December 2021

	Note	Year ended 31.12.2021		Year ended 31.12.2020	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		84,447		(33,128)
Revenue	3	37,824		42,890	
Expenses	4	(10,395)		(15,946)	
Finance costs: interest	6	–		(33)	
Net revenue before taxation		27,429		26,911	
Taxation	5	–		–	
Net revenue after taxation			27,429		26,911
<b>Total return before distributions</b>			<b>111,876</b>		<b>(6,217)</b>
Distributions	6		(29,548)		(28,475)
<b>Change in net assets attributable to Unitholders from investment activities</b>			<b>82,328</b>		<b>(34,692)</b>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
for the year ended 31 December 2021

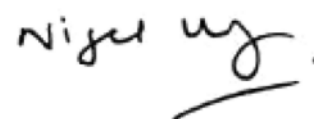
	Year ended 31.12.2021		Year ended 31.12.2020	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Unitholders		584,485		615,605
Amounts receivable on issue of Units	24,240		30,154	
Amounts payable on cancellation of Units	(38,556)		(26,582)	
		(14,316)		3,572
Change in net assets attributable to Unitholders from investment activities		82,328		(34,692)
<b>Closing net assets attributable to Unitholders</b>		<b>652,497</b>		<b>584,485</b>

The notes on pages 40 to 52 and distribution table on page 53 form part of these financial statements.

**BALANCE SHEET**  
at 31 December 2021

	Note	31.12.2021		31.12.2020	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Investment property	7		633,433		563,279
Debtors	8	11,106		13,260	
Cash and bank balances	9	5,295		6,730	
Cash equivalents	9	16,961		17,288	
Total other assets			33,362		37,278
<b>Total assets</b>			<b>666,795</b>		<b>600,557</b>
<b>LIABILITIES</b>					
Creditors	10	7,161		9,341	
Distribution payable on income Units		7,137		6,731	
<b>Total liabilities</b>			<b>14,298</b>		<b>16,072</b>
<b>Net assets attributable to Unitholders</b>			<b>652,497</b>		<b>584,485</b>

The financial statements on pages 40 to 52 have been approved by the Board.



Approved on behalf of the Board  
10 June 2022

N Morecroft, Chair

The notes on pages 40 to 52 and distribution table on page 53 form part of these financial statements.

## CASH FLOW STATEMENT

for the year ended 31 December 2021

	<i>Note</i>	Year ended 31.12.2021		Year ended 31.12.2020	
		£'000	£'000	£'000	£'000
Net revenue for the year			27,429		26,911
<b>Adjustments for</b>					
Realised loss on disposal of property due to unamortised Rent Free Provision write off			(859)		(45)
<b>Net cash outflow from operating activities</b>					
Decrease/(increase) in accrued revenue		945		(1,894)	
Decrease/(increase) in debtors		1,209		(1,849)	
(Decrease)/increase in creditors		(2,180)		2,716	
			(26)		(1,027)
<b>Net cash inflow/(outflow) from investment activities</b>					
Capital expenses		(6,610)		(4,577)	
Payments to acquire investments		(1,237)		(16,188)	
Proceeds on disposal of investments		22,999		11,050	
			15,152		(9,715)
<b>Net cash outflow from financing activities</b>					
Issue of Units		24,240		30,154	
Cancellation of Units		(38,556)		(26,582)	
Net revenue received from issue of Units		(82)		(170)	
Distributions paid		(29,060)		(30,479)	
			(43,458)		(27,077)
Increase/(decrease) in cash and cash equivalent			(1,762)		(10,953)
Opening balance			24,018		34,971
Closing balance			22,256		24,018

The notes on pages 40 to 52 and distribution table on page 53 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 1. Accounting policies

##### *(a) Basis of preparation*

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and in accordance with the the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Association in May 2014 (and amended in June 2017) and the Scheme of Charity Commission made under the Charities Act 1993 (amended Charities Act 2011), dated 12 July 2002, as modified by a scheme dated 13 May 2009 and a scheme effective on 21 July 2014, as amended by resolutions of the trustees of the Fund passed under Section 280 of the Charities Act 2011 on 21 July 2014, 22 July 2014 and 29 July 2014 and by an Order dated 9 October 2014 and an Order dated 19 October 2016.

The financial statements have been prepared under the historical cost basis, as modified by revaluation of investment porperty.

##### *(b) Revenue recognition*

Rental revenue, interest on bank deposits and the COIF Charities Deposit Fund balances are accrued on a daily basis. In accordance with FRS 102, the rent free period is recognised over the entire term of the lease.

##### *(c) Expenses*

During the year the Manager's periodic charge, paid to the Manager, was taken from the capital of the Fund. 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 Fund receives a management fee rebate credited to the revenue of the Fund for its deposits in the COIF Charities Deposit Fund, where management fees are charged to revenue. The Trustee fee, audit, legal, insurance, property valuation fees and direct property fees are charged separately to the revenue of the Fund before distribution.

##### *(d) Distributions*

Distributions are calculated and declared quarterly at the end of March, June, September and December. The distribution is based upon undistributed income received and receivable to each quarterly date less any costs and expenses for the period and subject to flows to or from the Income Reserve Account. The Fund manages an income reserve to even out the fluctuations in the revenue received, which arise over the years.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

1. Accounting policies (continued)

*(d) Distributions (continued)*

Currently we aim to at least maintain the annual distribution payment, subject to the amount of income being generated by the property portfolio and property investment and occupier market conditions. Proposed annual income distributions and quarterly payment plans are approved by the CCLA Investment Committee annually.

*(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 Knight Frank LLP are deducted from revenue.

*(f) Basis of valuation*

Freehold and leasehold properties are valued at each monthly dealing date and at quarter end dates on the basis of Fair Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) as advised by Knight Frank LLP, Chartered Surveyors. In addition, the Manager reviews these values at each intervening month end and makes adjustments where necessary. Additions to the portfolio are valued externally after acquisition. Please refer to note 20 for more details.

*(g) Unit pricing policy*

The Fund follows AREF's fund pricing recommendations and is priced at the Standard NAV. Any adjustments around the Mid Price (Bid/Offer) would follow AREF's fund pricing recommendations as required.

*(h) Cash equivalents*

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality Government bond.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

2. Net capital gains/(losses)

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
The net capital gains/(losses) during the year comprise:		
Unrealised gain/(loss) on investment properties*	79,801	(36,086)
Realised gains on investment properties*	4,646	2,958
Gain/(loss) on investment properties	84,447	(33,128)

\* Where net realised gains include gains/(losses) arising in previous periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

3. Revenue

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
Rental revenue	33,850	35,829
Service charge income	2,869	6,272
Other revenue	1,064	654
Bank interest	32	10
Interest on the COIF Charities Deposit Fund	9	125
	37,824	42,890

4. Expenses

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
<i>i) Property expenses:</i>		
Service charge expenses	4,018	6951
Property legal and professional fees	1,041	968
Property ground rent and empty rates	762	608
Property repairs and maintenance	249	42
Other property outgoings	(26)	3,115
	6,044	11,684

Included in other property outgoings, amongst other property related costs, there is a reversal of bad debt provision of £936,000 (2020: £2,690,000 provided for).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

4. Expenses (*continued*)

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
<i>ii) Management expenses:</i>		
Manager's periodic charge – see note 1(c)	3,960	3,998
Property valuation fees	140	147
Audit fee	120	20
Legal fees	57	46
Miscellaneous expenses	42	25
Trustee fee	36	36
Insurance fee	15	7
Bank charges	3	2
Investment Property Database fee	3	40
Manager's annual management charge rebate – see note 1(c)*	(25)	(59)
	4,351	4,262
Total expenses	10,395	15,946

The above expenses include irrecoverable VAT where applicable.

5. Taxation

The Fund has charitable status and is not liable to UK tax on gains arising on disposal of investments or on income from investments. Distributions are paid and reinvested revenue credited gross to Unitholders on the basis that all appropriate UK taxation has been both reclaimed and recovered.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

6. Finance Costs: interest and distributions

*Distributions*

Distributions take account of revenue received on the issue of Units and revenue deducted on the cancellation of Units, and comprise:

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
31 March – interim distribution	8,015	8,474
30 June – interim distribution	7,226	6,591
30 September – interim distribution	7,088	6,509
31 December – final distribution	7,137	6,731
	<b>29,466</b>	<b>28,305</b>
Add: revenue deducted on cancellation of Units	314	313
Deduct: revenue received on issue of Units	(232)	(143)
Net distribution for the year	<b>29,548</b>	<b>28,475</b>
Net revenue for the year	27,429	26,911
Transfer to the income reserve – see note 11	(1,841)	(2,434)
Manager's periodic charge paid by capital	3,960	3,998
Net distribution for the year	<b>29,548</b>	<b>28,475</b>
Interest for the year	–	33
Total finance costs	<b>29,548</b>	<b>28,508</b>

Details of the distribution per Unit are set out in the distribution table on page 53.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

7. Investment property

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
Market value at the start of the year	563,279	586,646
Unrealised gain/(loss) on revaluation	79,801	(36,085)
Capitalised expenses	6,610	4,577
Acquisitions at cost	1,237	16,188
Disposals at cost	(17,494)	(8,047)
Market value at the end of the year	633,433	563,279
Historical cost at the end of the year	548,495	558,141

Property portfolio valuation, provided by our independent valuer Knight Frank LLP (page17), is made up of Investment property recorded within this note and Property Incentives included within debtors (note8).

8. Debtors

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
Property incentives	6,242	6,601
Rents receivable	4,005	4,950
Prepayments	602	1,260
Property payments recoverable	143	212
Other debtors	114	237
	11,106	13,260

9. Cash and bank balances and Cash equivalents

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
Cash in the COIF Charities Deposit Fund	16,662	17,288
Cash equivalents	299	—
Cash at bank	5,295	6,730
Total cash	22,256	24,018

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

10. Creditors

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
Rent received in advance	4,120	4,900
VAT payable	764	987
Accrued expenses	2,277	3,454
	<b>7,161</b>	<b>9,341</b>

11. Income reserve

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
Income reserve at the start of the year	4,706	2,335
Transfer to the income reserve	1,841	2,434
Equalisation of the income reserve	(158)	(63)
Income reserve at the end of the year	<b>6,389</b>	<b>4,706</b>

12. Financial instruments

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

*Market price risk*

Whilst the value of direct property is independently valued on a monthly basis, such valuations are a matter of the valuer's opinion 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

**12. Financial instruments (continued)**

At 31 December 2021, if the price of investment property held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to Unitholders would increase or decrease by approximately £31.67m (2020: £28.16m).

*Financial assets*

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

*Financial liabilities*

Under the Scheme of the Fund, 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.

*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. The Units are realisable only on each monthly dealing day but redemptions are subject to a 90 day period of notice, which may be increased to up to six months in accordance with the provisions in the Scheme Particulars.

In certain circumstances, the rights for Unitholders to redeem Units may be suspended. Unitholders should note that where a suspension is implemented, they may not be able to redeem their Units as quickly as they would like to, and that this may have an impact on the price they receive on redemption and may consequently impact the Unitholder's own liquidity.

*Currency risk*

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

*Interest rate risk*

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

12. Financial instruments (continued)

The total exposure at 31 December 2021 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	22,256	–	644,539	666,795

Currency	Floating rate financial liabilities* £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	14,298	14,298

The total exposure at 31 December 2020 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	24,018	–	576,539	600,557

Currency	Floating rate financial liabilities* £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	16,072	16,072

\* The floating rate financial assets of the Fund earn interest at rates based on either SONIA 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 during the year or prior year.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

**13. Commitments and contingent liabilities**

There were no commitments or contingent liabilities as at 31 December 2021 (31.12.2020 £nil).

**14. Board remuneration**

The Board members receive no remuneration from the COIF Charity Funds. Mr G. Newson and Ms J Hobart were the Directors of the Manager's parent company, CCLA Investment Management Limited (CCLA IM) during the year. Mr Newson and Ms Hobart received remuneration from CCLA IM, which is disclosed in CCLA IM's financial statements.

**15. Related party transactions**

The Manager's periodic charge is paid to the Manager and the Trustee fee is paid to HSBC Bank plc, both related parties to the Fund. The amounts paid in respect of these charges are disclosed in note 4.

At 31 December 2021 the balance due to HSBC Bank plc was as set out below:

	31.12.2021 £'000	31.12.2020 £'000
Depository fees	6	9

At 31 December 2021, a cash balance of £16,661,876 (31.12.2020, £17,287,765) was held in the COIF Charities Deposit Fund. During the year the Fund received rebates of management fees for its deposits in the COIF Charities Deposit Fund where the management fees were charged to revenue as disclosed in note 4.

The COIF Charities Investment Fund has a holding of 90,997,544 Units – 17.46% (2020: 105,559,890 – 19.80%), the COIF Charities Ethical Investment Fund has a holding of 57,059,214 Units – 10.95% (2020: 39,091,751 – 7.32%) and The CBF Church of England Property Fund has a holding of 150,463,168 Units – 28.87% (2020: 158,730,980 (29.95%)).

The CBF Church of England Property Fund is also managed by CCLA IM.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

16. Turnover of Units

The number and net asset value of Units in the Fund issued, cancelled and transferred in the year ended 31 December 2021 and 31 December 2020 are as follows:

31 December 2021	Number of Units	Value £'000	% of NAV
Units issued	20,580,306	24,240	3.71%
Units cancelled	33,691,819	38,556	5.91%
31 December 2020	Number of Units	Value £'000	% of NAV
Units issued	25,617,000	30,154	5.16%
Units cancelled	24,610,351	26,582	4.55%

At 31 December 2021 there were no redemption notices outstanding (31 December 2020, nil).

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

	Year ended 31.12.2021 £'000	Year ended 31.12.2020 £'000
Net cash at beginning of the year	24,018	34,971
Movement in cash during the year	(1,762)	(10,953)
Net cash at the end of the year	22,256	24,018

18. Unitholders' funds – reconciliation of Units

	Year ended 31.12.21	Year ended 31.12.20
Opening number of Units at beginning of year	534,234,121	533,227,472
Units issued in year	20,580,306	25,617,000
Units cancelled in year	(33,691,819)	(24,610,351)
Closing number of Units at end of year	521,122,608	534,234,121

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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

**19. Fair value of financial assets and financial liabilities**

In respect of financial assets and liabilities other than investments, there is no material difference between their values and fair value shown on the balance sheet.

Investment property is held at fair value. The fair value of all investments are derived from valuation techniques using non-observable data.

The Fund's freehold and leasehold investment properties were independently valued by Knight Frank LLP, Chartered Surveyors, acting in the capacity of external valuers. As described in note 1(f), the valuation was to fair value in accordance with the Professional Standards of The Royal Institution of Chartered Surveyors (the 'Red Book'). Knight Frank LLP's opinions were primarily derived from comparable recent market transactions on arm's length terms. The Manager discusses these valuations with Knight Frank LLP at least once every quarter to assess them.

The fair value of investment property has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

19. Fair value of financial assets and financial liabilities (*continued*)

For the year ended 31 December 2021:

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment property	–	–	633,433	633,433
	–	–	633,433	633,433

For the year ended 31 December 2020:

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment property	–	–	563,279	563,279
	–	–	563,279	563,279

## DISTRIBUTION TABLE

for the year ended 31 December 2021

Period ended	Date paid/payable	Dividends paid/payable pence per Unit	
		2021	2020
<b>Income Units</b>			
31 March	31 May	1.53	1.53
30 June	31 August	1.35	1.19
30 September	30 November	1.35	1.22
31 December	28 February	1.37	1.26
		<b>5.60</b>	<b>5.20</b>

The distributions for Units were paid in the same year, apart from the distributions declared on 31 December which is payable on 28 February in the subsequent year.

## STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES for the year ended 31 December 2021

### Responsibilities of the Board

The Board shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme, as follows:

- making and revising the written statement of the investment objectives of the Fund and ensuring that details of such investment objectives will be included in the Scheme Particulars;
- determining the criteria and methods for evaluating the performance of the Fund;
- granting prior written approval to the Manager should the Manager wish to enter into certain types of investment or a specific course of borrowing on behalf of the Fund;
- appointing the Auditor of the Fund and agreeing their terms of engagement;
- making an annual report on the discharge of the Board's responsibilities;
- determining the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- applying to the Charity Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme;
- making representations to the Trustee on the winding up of the Fund, provided that any Board member who has any interests in the Trustee or the Manager shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- informing the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Under the Alternative Investment Fund Managers Directive ("AIFMD"), the Board has certain additional responsibilities including:

- the duty to inform the FCA promptly and in writing if the Board is not satisfied with the compliance of the Trustee or the Manager with the applicable provisions of AIFMD; and
- the direct power (without reference to the Charity Commission) to require the removal of the Manager and/or the Trustee where it considers for good and sufficient reason that a change of Manager or Trustee is in the interests of the Participating Charities.

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STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES  
for the year ended 31 December 2021

**Responsibilities of the Trustee**

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied that the Manager is competently exercising its powers and discharging its duties under the Scheme, and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund;
- the creation and cancellation of units as instructed by the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions or allocations to Participating Charities in proportion to their respective units in the property of the Fund;

- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and
- winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to ensure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attaching to the ownership of property of the Fund and that the purchases and sales of investments for or of the Fund are properly completed.

The Trustee shall maintain such records as are necessary to enable it to comply with this Scheme and with section 130 of the Charities Act and to demonstrate that such compliance has been achieved.

## STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES for the year ended 31 December 2021

### Responsibilities of the Manager

The Manager shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Manager shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme. The following are the duties and powers of the Manager:

- instructing the Trustee with respect to the creation and cancellation of units;
- managing the investments of the Fund in conformity with the investment objectives made by the Board;
- ensuring that regular valuations of the property of the Fund are carried out and to ensure that the units are correctly priced;
- the creation and revision of the Scheme Particulars;
- maintenance of a daily record of units purchased or sold on behalf of the Trustee;
- the creation of all records in respect of the Fund, available for inspection by the Trustee;
- the preparation of reports and accounts in respect of every accounting period; and
- the supervision and oversight of any appointed delegate.

The Manager of the Fund is required by the Scheme to:

- prepare and submit to the Commission a statement of accounts and annual report complying with the requirements of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time; and
- prepare and submit to the Commission a half yearly report and accounts for the Fund made up to the date of the interim balance sheet.

The Manager is required to:

- select suitable 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 Association in May 2014 (amended in June 2017);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the Financial Statements as prepared comply with the above requirements;



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STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES  
for the year ended 31 December 2021

- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the basis that the Fund will continue in operation, unless it is inappropriate to presume this.

The Trustee has appointed the Investment Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has certain additional responsibilities including, ensuring compliance with the applicable provisions of AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement Manager who is eligible under AIFMD to act as Manager of the Fund.

## STATEMENT OF THE DEPOSITARY RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

for the year ended 31 December 2021

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Fund's Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- that the Fund's income is applied in accordance with the Regulations; and

- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

### Report of the Depositary to the Unitholders of the following funds ("the Schemes") COIF Property Fund for the Period Ended 31 December 2021.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Scheme Particulars of the Company and as required by the AIFMD.

HSBC Bank plc  
Trustee and Depositary Services  
8 Canada Square  
London E14 5HQ

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority  
6 June 2022

## AIFMD DISCLOSURES (UNAUDITED)

**Manager remuneration**

The Manager has no employees, but carries out its services through employees of its parent company, CCLA Investment Management Limited.

Recharges for these services are levied in respect of CCLA Investment Management Limited's year ending on 31 March each year. The recharge for the year to 31 March 2021 was £30,000,000. A recharge of £28,700,000 was levied in the year to 31 March 2020.

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2021 was 145 (year ended 31 March 2020: 137).

During the year ended 31 March 2021 and the prior year, remuneration was paid to CCLA Investment Management Limited staff as shown below. Totals for staff whose actions have material impact on the risk profile of the Fund ("identified staff") are shown separately.

	Year to 31 December 2021		
	Fixed	Variable	Total
	remuneration	remuneration	
	£'000	£'000	£'000
Identified staff	1,380	1,827	3,207
Other staff	12,659	5,327	17,986
<b>Total</b>	<b>14,039</b>	<b>7,154</b>	<b>21,193</b>

	Year to 31 December 2020		
	Fixed	Variable	Total
	remuneration	remuneration	
	£'000	£'000	£'000
Identified staff	1,355	1,870	3,225
Other staff	11,605	4,422	16,027
<b>Total</b>	<b>12,960</b>	<b>6,292</b>	<b>19,252</b>

Remuneration above is the total remuneration for CCLA Investment Management Limited: it is not possible to separate the element of that relating only to the Fund. The components of remuneration are appropriately balanced and do not create a conflict of interest for the Fund.

(Charity Registration No. 1093084)

## DIRECTORY

**Board**

N Morecroft, ASIP (Chair)  
 K Corrigan, FCCA  
 J Hobart, MA  
 G Newson, MRICS  
 S Niven, CFA  
 C Ong, MBA  
 A Watson, CBE

**Secretary**

J Fox

**Manager/Alternative Investment Fund Manager (AIFM)**

CCLA Fund Managers Limited  
*Authorised and regulated by the Financial Conduct Authority*  
 Senator House, 85 Queen Victoria Street  
 London EC4V 4ET  
 Telephone: 0207 489 6000  
 Client Service:  
 Freephone: 0800 022 3505  
 Email: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)  
[www.ccla.co.uk](http://www.ccla.co.uk)

**Investment Manager, Administrator and Registrar**

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 Senator House, 85 Queen Victoria Street  
 London EC4V 4ET  
 Telephone: 0207 489 6000  
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[www.ccla.co.uk](http://www.ccla.co.uk)

**Executive Directors of the Manager**

P Hugh Smith (Chief Executive Officer)  
 J Bevan (Chief Investment Officer) –  
 resigned on 1 June 2021  
 E Sheldon (Chief Operating Officer)  
 A Robinson, MBE (Director Market Development) –  
 resigned on 1 June 2021

**Non-Executive Directors of the Manager**

R Horlick (Chair)  
 J Jesty  
 C Johnson – resigned on 1 June 2021  
 G Newson – resigned on 1 June 2021  
 A Roughead

**Fund Manager**

P Hannam

**Company Secretary**

J Fox

**Chief Risk Officer**

JP Lim

**Head of Sustainability**

J Corah

**Third Party Advisors****External Property Valuer**

Knight Frank  
 55 Baker Street  
 London W1U 8AN

**Managing Agent**

BNP Paribas Real Estate  
 5 Aldermanbury Square  
 London EC2V 7BP

**Custodian, Trustee and Depositary**

HSBC Bank plc  
 8 Canada Square  
 Canary Wharf  
 London E14 5HQ

**Banker**

HSBC Bank plc  
 60 Queen Victoria Street  
 London EC4N 4TR

**Solicitors**

Farrer & Co LLP  
 66 Lincoln's Inn Fields  
 London WC2A 3LH

**Hogan Lovells International LLP**

Atlantic House, Holborn Viaduct  
 London EC1A 2FG

**DLA Piper Scotland LLP**

Collins House  
 Rutland Square  
 Edinburgh EH1 2AA

**Independent Auditor**

Deloitte LLP  
 110 Queen Street,  
 Glasgow G1 3BX

## ABOUT CCLA

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Founded in 1958, CCLA is one of the UK's largest charity fund managers.  
Managing investments for charities, religious organisations  
and the public sector is all that we do.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to all organisations, irrespective of their size.

# CCLA

### **CCLA Fund Managers Limited**

Senator House, 85 Queen Victoria Street, London EC4V 4ET

T: 0800 022 3505 E: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)

[www.ccla.co.uk](http://www.ccla.co.uk)

CCLA is the trading name for CCLA Investment Management Limited (Registered in England No. 2183088)  
and CCLA Fund Managers Limited (Registered in England No. 8735639)

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: Senator House, 85 Queen Victoria Street, London EC4V 4ET.

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