



for Charities

COIF Charities Property Fund

**Annual Report and Accounts
Year to 31 December 2008**

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Details of Board and Manager

(inside back cover)

Description of COIF Charity Funds

(outside back cover)

Disability Discrimination Act 1995

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

Report of the Board

for the year ended 31 December 2008

On behalf of the Board, we have pleasure in presenting our annual report of the COIF Charities Property Fund (the Fund).

Structure and management of the Fund

The Fund was established as a common investment fund by a Charity Commission Scheme dated 12 July 2002 under section 24 of the Charities Act 1993. The Fund was launched on 29 August 2002.

The Financial Services Authority (FSA) rules for the operation of Unregulated Collective Investment Schemes apply to CCLA Investment Management Limited's (the Manager) management of the Fund, whereas the management of direct property within the Fund is outside the scope of the Financial Services and Markets Act 2000 (FSMA).

The property management, administration, registrar and secretarial functions of the Fund have been delegated to the Manager. The Fund has a Board which meets at least four times per annum to receive reports and monitor the progress of the Fund. The Board, created under the Scheme, is made up of individuals appointed under the Scheme. Together, these individuals have wide experience of finance, direct property, investments, charities and the law. No Board member is required to be authorised by the FSA because no Board member carries out regulated activities in relation to the Fund.

The Board is responsible for setting and subsequently advising on the investment policy of the Fund, monitoring performance, obtaining Charity Commission orders for the appointment and discharge of the Manager and Corporate Trustee (the Trustee), appointing the Auditor to the Fund and agreeing the fees charged by the Trustee, the Manager and the Auditors.

The Trustee, HSBC Bank plc, appointed under the Scheme, is responsible for the supervision and oversight of the Manager's compliance with the Scheme and Scheme Particulars, and also for the custody and safekeeping of the property of the Fund. It is also responsible for the appointment and supervision of the Registrar of the Fund. The division between management and trustee functions provides an additional layer of protection for unitholders.

Objective and benchmark

The Fund aims to achieve a high and sustainable level of income and some capital appreciation.

The total return benchmark for the Fund is the IPD Monthly and Quarterly Valued Funds Index, excluding the smallest and largest 5% of Funds by size and single asset companies.

Report of the Board

for the year ended 31 December 2008

Investment policy

Investments

The Fund will principally invest in direct freehold, heritable and leasehold property assets within the United Kingdom (UK). Direct assets may comprise retail, office, industrial and residential property. Additionally, the Fund may finance the development of, or improvements to, direct property assets and, where appropriate, the purchase of a right or interest in land held on a freehold, heritable or leasehold basis.

Reflecting the need for diversification, the Fund maintains a suitable spread of properties by sector and by geographical location. To ensure suitability, consideration is given to each property's specific location, standard of construction, the quality of the tenant's covenant and the occupational lease terms.

The Fund will not invest more than 15% of its total assets, at the time of investment, in any single direct property.

The Fund will not invest more than 15% of its total assets, at the time of investment, in financing or acquiring property redevelopments at any one time.

The Fund may also invest in the shares and loan stock of listed property companies, property

funds, specialist property unit trusts, limited partnerships and joint ventures investing in direct property assets. The Fund will not invest more than 5%, at the time of investment, of its total assets in any property collective investment scheme, and not more than a total of 15% in property collective investment schemes as a whole. The Fund will not invest more than 5%, at the time of investment, of its total assets in any individual security of a listed property company, limited partnership or joint venture, and not more than a total of 15% in such investments as a whole.

The investment policy may mean that at times it is appropriate for the Fund not to be fully invested but to hold cash or near cash. In extreme conditions, the Manager may raise or reduce the liquidity of the Fund from normal working levels within a band of 0% to 20% of its total assets.

Balance between different kinds of investment

The balance between the different kinds of investment is established by reference to the sector allocation of the performance benchmark and the Manager's judgment of the future returns likely to be obtained on each type of property. To control risk, the differences are regularly monitored and reviewed by both the Manager and the Board.

Report of the Board

for the year ended 31 December 2008

Review of investment activities and policies of the Fund

The Board met quarterly during the year to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to monitor 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 Property Manager to review investments, transactions and policies of the Fund. The Property Manager's Report, which appears later, provides further details.

Borrowing powers

The Board believes that the management of a property portfolio is facilitated by the exercise of a limited power to borrow. The Board had in place a borrowing facility (see note 12) as allowed under the powers given in the Scheme to permit the Manager to borrow up to 25% of the value of the Fund. The facility can be used to accommodate timing differences between the availability of funds for investment and the making of suitable property purchases.

Controls and risk management

The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. The Manager has established

an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

During the year, the Board, assisted by the Manager, reviewed the Fund's systems of internal control. Every six months 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 those risks and the assessment of each risk in terms of both gross and residual exposure after application of mitigating controls.

New Chairman

Following the Board meeting held on 25 February 2009 (at which these Annual Report and Accounts were signed) Mr B Wrey retired as a Board Member and Chairman of the Fund after eleven years of service to the COIF Funds as Board Member, including, as Chairman since April 2005.

Mr D Henderson, a current Board Member of the Fund was appointed Chairman of the Fund with effect from conclusion of the Board meeting held on 25 February 2009. He has been a Board Member since July 2006.

B Wrey
Chairman of the Board

25 February 2009

Report of the Property Manager

for the year ended 31 December 2008

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

Performance

In the twelve month period to 31 December 2008, the COIF Charities Property Fund produced a total return before expenses of -22.6%. The performance benchmark for the Fund is the IPD Quarterly and Monthly Valued Funds which is published on a quarterly basis. The performance of the Fund compared to the benchmark data as at 31 December 2008 is noted in the table below.

Valuations for commercial property investments in the UK have fallen sharply during the course of the year, and the rate of decline increased significantly in the second half of 2008. Reflecting this negative

movement in the value of the Fund's property assets, the price of the Income Units has fallen over the twelve month period to 99.15p as at 31 December 2008, compared to a price of 137.28p at the start of the Fund's year.

Although this represents a capital decline for unitholders over the twelve months of -27.8%, the amount of income distributed to Income unitholders has been increased during the year by 7.5%, with the annual dividend paid rising from 6.70p to 7.20p per unit.

The value of an accumulation unit, with income reinvested, has reduced from 178.52p to 137.12p.

Market review

Property markets have remained weak all year reflecting the negative impact of the financial crisis on investment demand that commenced midway through 2007 and still continues. This crisis has exacerbated a cyclical downturn for UK property which was already beginning in a sector where valuations were extended and

Total capital and income return

To 31 December 2008	1 year % p.a.	3 years % p.a.	5 years % p.a.
<u>Performance against benchmark (before expenses)</u>			
COIF Charities Property Fund	-22.56	-3.28	+4.14
IPD All Quarterly and Monthly Funds Index	-22.14	-4.23	+4.37
<u>Performance after expenses</u>			
Income units*	-23.18	-4.14	+3.34
Accumulation units*	-23.19	-4.18	+3.29

* Net asset value to net asset value plus income reinvested

Source: The Manager/IPD

Report of the Property Manager

for the year ended 31 December 2008

exposed to a change in sentiment. Demand for investments has disappeared almost completely given a general absence of equity buyers and markets heavily constrained by current lending conditions. Difficult funding, liquidity problems, fragile investor sentiment and low transactions volumes, have created a market where there is a significant difference between valuations and achieved prices. Even at the lower levels transactions are hard to achieve. Whilst these conditions persist, valuations continue to fall, gravitating towards the harsher reality of where deals are being struck.

To compound matters, the impact of the financial crisis on the real economy is increasing, raising fears over the depth and duration of the economic recession, in both the UK and overseas markets. Against this very difficult background the total return recorded by IPD deteriorated during the year with the rate of capital decline accelerating in more recent months, reflecting the prospects for rental value growth and portfolio voids. In the twelve month period to 31 December 2008 the IPD Monthly Index recorded All Property capital returns of -27.1% and a total return of -22.5%. Negative rates of rental growth have been reported for the first time in five years and retail rents have started to fall for the first time since 1995, helping to trigger the feared second dip in property sector performance. The decline in capital valuations recorded to date can almost entirely be attributed to an upward shift in yields and negative investor sentiment rather than any impact yet from falling rents and so developments here could worsen the current poor trend. At a sector level, a degree of convergence in performance

has taken place. The returns produced by office property have been weakest, due to a greater decline in rental values in Central London. Industrial property has so far fared best due in part to the higher income yield available from this type of property.

Activity

Investment market conditions have not been conducive to transactional activity, but nevertheless the Fund has successfully disposed of three investment properties during the year. The holding at Olaf Street London W11 had delivered attractive capital value growth due to development potential; however, this investment also provided a very low income yield and the enhanced capital value was vulnerable to erosion in the economic downturn. The sale of this asset in March for £8.25m was at a price well above the valuation and realised a substantial capital gain. In May, the Fund also disposed of an out of town office investment holding on the Almondsbury Business Park, Bristol and in December sold its interest in its high street retail holding in Truro. Rent reviews had recently been completed to both properties and no future rental growth was anticipated in the foreseeable future. The total receipts amounted to £13.1m, which enabled the Fund to clear all borrowings, boost the cash holding and to manage unitholder redemptions throughout the year.

During this period of investment market instability and valuation uncertainty we have placed emphasis on property management issues and in particular the enhancement of the current and projected future income flows. Office suites have been refurbished and let

Report of the Property Manager

for the year ended 31 December 2008

at College Hill London EC4 and at the West George Street and West Regent Street office properties in Glasgow, all at increased rents. Eleven rent reviews were settled, nine of which produced uplifts. Two leases were also renewed. A number of rent reviews remain in negotiation. The support that these activities provide to the Fund's income stream has been important. Some new voids have been suffered during the year, however overall the Fund's property portfolio void rate has fallen from 6.3% to 5.1% by the year end. In comparison, the void rate recorded by IPD has increased over a twelve month period from 8.9% to 10.4%.

Strategy

The success achieved with property disposals has been positive for the Fund's performance during 2008, shielding the Fund from more severe capital valuation markdowns. This has been sufficient to overcome some other negative factors, such as a high weighting to retail warehouse property and the exposure to Central London offices, which have been the sectors to see some of the highest rates of valuation decline. The best performance over the year has been produced by the Fund's industrial warehouse properties, which were boosted by the sale of the Olaf Street property.

Individual property assets are selected for the potential they offer in growing income and adding value from management activity. This

approach has benefited performance in recent years. The strategy during the year has been to concentrate on enhancing and strengthening the income flow by settling outstanding rent reviews, renewing leases and letting vacant property. This process will continue during 2009. A focus on securing income growth will provide a foundation for further increases in distributions for unitholders and lend more support to performance during this period of pricing uncertainty.

Outlook

The outlook for the UK property investment sector is a mixture of uncertainty and caution, but there are also some reasons for optimism. The first phase of the downturn in property investment markets and performance can be directly attributed to conditions in financial markets, the fall-out from which has been extensive. In more recent months, the rate of valuation decline has accelerated and the fall in asset values is expected to continue into 2009. The difficult market environment is allowing the process of valuation downgrading to continue, moving towards real market conditions. Whilst transactions volumes are dangerously low, the evidence that does exist is providing a depressing glimpse of how much further valuations still need to fall. The prospect of falling rents, tenant default and rising portfolio voids has intensified the emphasis on property fundamentals and property management that had already re-surfaced.

Report of the Property Manager

for the year ended 31 December 2008

More positively, the yields now available on property assets represent better value, providing a sounder base from which to anticipate capital growth over the long term. Investors now have an opportunity to acquire assets at prices not seen for many years. Good quality investments, featuring secure tenants and attractive property leasing structures, should ensure income streams from property remain attractive and unbroken during this period of uncertainty. Another factor that may

help to kick-start property investment market activity in 2009 is the significant yield margin that has now materialised.

R Halliday
Fund Manager
CCLA Investment Management Limited

25 February 2009

Risk warning

The Fund's units and the income from them can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns.

Property and property related assets are inherently difficult to value because of the individual nature of each property. As a result valuations are open to substantial subjectivity. There is no assurance that the valuations of the properties will reflect the sale price achieved even where such sale occurs shortly after the valuation point.

The performance of the Fund could adversely be affected by a downturn in the property market in terms of capital value or a weakening of rental yields. The income received by the Fund is dependent to a large extent upon the occupancy levels of any property owned by the Fund and the rents paid by these tenants. Rental revenues and property values are affected by changes

in general economic climate and local conditions.

Property values are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant credit worthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investment in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

The Fund's units are intended only for long-term investment and are not suitable for money liable to be spent in the near future. They are realisable only on each monthly dealing day and a period of up to six months may be imposed for redemption of units depending on Fund liquidity.

The Fund has the facility to borrow up to 25% of the value of the property of the Fund which may increase the volatility within the Fund.

Report of the Independent Auditor

to the unitholders of COIF Charities Property Fund

We have audited the financial statements of COIF Charities Property Fund for the year ended 31 December 2008 which comprise the statement of total return, the statement of change in unitholders' net assets, the property portfolio, the balance sheet, the cash flow statement the related notes and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Scheme of the Charity Commissioners under the Charities Act 1993. Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board, Manager and Auditor

The Manager is responsible for the preparation of the annual report and financial statements in accordance with Accounting Standards (United Kingdom generally accepted accounting practice) are set out in the Statement of the Board, Trustee and Manager responsibilities in relation to the financial statements. Our responsibility is to audit the financial statements in accordance with United Kingdom legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom generally accepted accounting practice, the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993. We also report to you if, in our opinion, the Report of the Property Manager is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Fund, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only of the Report of the Property Manager and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

Report of the Independent Auditor

to the unitholders of COIF Charities Property Fund

the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom generally accepted accounting practice of the financial position of the Fund as at 31 December 2008, and of the net income and the net losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom generally accepted accounting practice, Regulation 4 of the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993, dated 29 November 2000.

Ernst & Young LLP
Registered Auditor
London

25 February 2009

The maintenance and integrity of the CCLA Investment Management Limited website is the responsibility of the directors of CCLA Investment Management Limited; the work carried out by the auditor of COIF Charities Property Fund does not involve consideration of these matters and, accordingly, the auditor

accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

Report of the Valuer

Dear Sirs,

COIF Charities Property Fund valuation as at 31 December 2008

In accordance with your instructions, we have valued all the property investments owned by COIF Charities Property Fund as at 31 December 2008. The valuation has been prepared on the basis of Market Value in accordance with the current edition of the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS). We understand that our valuation is required for unit pricing and accounts purposes.

We are of the opinion that the aggregate Market Values of all the properties held by the Fund as at 31 December 2008 was:

£95,025,000

(Ninety five million and twenty five thousand pounds)

Details of the basis of our valuation and the individual properties are set out in our report and valuation addressed to you and dated 31 December 2008.

Yours faithfully,

Atisreal Limited
Chartered Surveyors and International
Real Estate Consultants,
90 Chancery Lane,
London WC2A 1EU

31 December 2008

Report of the Corporate Trustee

for the year ended 31 December 2008

We confirm that based upon the information available to us, we are of the opinion that the Manager of the Scheme has, in all material respects, managed the Scheme during the period covered by these accounts in accordance with the limitations imposed upon the investment and borrowing powers of the Manager and Trustee, and in accordance with the provisions of the Scheme.

This report is given on the basis that no breaches are subsequently advised to us by the Auditors before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

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

HSBC Bank plc is authorised and regulated by the Financial Services Authority

25 February 2009

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

Net asset value

At 31 December	Net asset value £'000	Income units		Accumulation units	
		Net asset value pence per unit	Number of units in issue	Net asset value pence per unit	Number of units in issue
2006	162,042	149.66	103,831,184	186.53	3,507,461
2007	144,735	137.28	102,444,274	178.52	2,298,417
2008	97,866	99.15	96,302,935	137.12	1,736,334

Unit price range

Year to 31 December	Income units		Accumulation units	
	Highest offer pence per unit	Lowest bid pence per unit	Highest offer pence per unit	Lowest bid pence per unit
2004	123.96	107.75	138.46	115.59
2005	135.03	119.47	158.61	135.13
2006	153.85	130.32	189.79	154.98
2007	158.35	135.15	201.42	175.75
2008	136.50	97.61	177.50	134.90

Net distribution

Year to 31 December	Income units		Accumulation units	
	Annual distribution pence per unit	Yield on unit held for the year % *	Annual distribution pence per unit	Yield on unit held for the year % *
2004	6.20	5.60	7.49	6.31
2005	6.40	5.23	7.74	5.59
2006	6.55	4.91	7.57	4.77
2007	6.70	4.48	7.33	3.86
2008	7.20	5.15	9.98	5.49

* Yield expressed as a percentage of the unit offer price at the beginning of the year.

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

Unit prices at 31 December 2008

	<i>Bid price pence per unit</i>	<i>Offer price pence per unit</i>
Income units	97.61	100.88
Accumulation units	134.99	139.52

The unit prices are published in the *Financial Times*, and on the Manager's website at www.ccla.co.uk.

The bid and offer prices are calculated on the net asset value minus or plus a 1.55% deduction or 1.75% surcharge respectively.

Expense ratio

	<i>31.12.2008</i>	<i>31.12.2007</i>
Total expense ratio	0.79%	0.77%
Property expense ratio	0.27%	0.18%

The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the year. The property expense ratio is the ratio of the Fund's direct costs incurred in managing and maintaining the individual properties to its average net assets calculated over the year. These expenses are detailed in note 4.

Portfolio analysis

at 31 December 2008

Rent review frequency

Review period	Annual rents as at 31.12.2008		Annual rents as at 31.12.2007	
	£	%	£	%
5 years	6,584,442	86.38	7,013,913	89.00
Other	1,037,899	13.62	867,076	11.00
	<u>7,622,341</u>	<u>100.00</u>	<u>7,880,989</u>	<u>100.00</u>

Tenants' unexpired lease terms

Unexpired term	31.12.2008		31.12.2007	
		%		%
Over 10 years	23.83		26.81	
5-10 years	19.46		18.65	
Under 5 years	51.64		48.27	
Void	5.07		6.27	
	<u>100.00</u>		<u>100.00</u>	

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

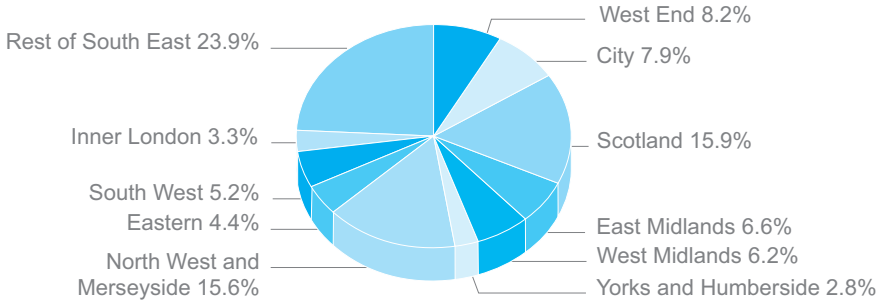
Use of capital at 31 December

	31.12.2008		31.12.2007	
	£'000	%	£'000	%
Completed properties	95,025	96.67	145,115	100.05
Net other assets/(liabilities)	3,270	3.33	(74)	(0.05)
	<u>98,295</u>	<u>100.00</u>	<u>145,041</u>	<u>100.00</u>

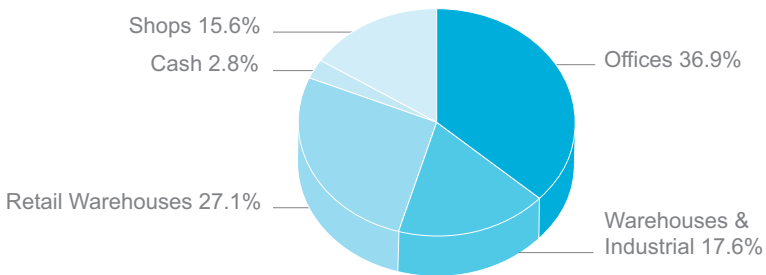
Portfolio analysis

at 31 December 2008

Geographical distribution



Asset by type



Portfolio statement

at 31 December 2008

	£'000	% of Fund
Properties		
Valued between £0m and £5m	55,600	56.56
21 properties		
Valued between £5m and £10m	39,425	40.11
6 properties		
	<u>95,025</u>	<u>96.67</u>
Net other assets	3,270	3.33
Net assets	<u>98,295</u>	<u>100.00</u>

Ownership of the Fund

at 31 December 2008

Ownership band at 31 December 2008	Number of investors	Number of units	
		in issue '000	% of units in issue
Less than 1%	269	27,632	28.19
1% or greater but less than 2%	2	2,187	2.23
2% or greater but less than 4%	1	2,073	2.11
4% or greater but less than 8%	-	-	-
Greater than 8%*	1	66,147	67.47
	<u>273</u>	<u>98,039</u>	<u>100.00</u>

*COIF Charities Investment Fund has a holding of 66,147,379 units.

Statement of total return

for the year ended 31 December 2008

	Notes	31.12.2008		31.12.2007	
		£'000	£'000	£'000	£'000
Net losses on investments during the year	2		(38,011)		(12,763)
Income	3	8,107		8,369	
Expenses	4	(1,296)		(1,520)	
Finance costs: interest	6	-		(28)	
Net income for the year			<u>6,811</u>		<u>6,821</u>
Total return before distributions			(31,200)		(5,942)
Finance costs: distributions	6		<u>(7,322)</u>		<u>(7,186)</u>
Change in net assets attributable to unitholders			<u>(38,522)</u>		<u>(13,128)</u>

Statement of change in unitholders' net assets

for the year ended 31 December 2008

	31.12.2008		31.12.2007	
	£'000	£'000	£'000	£'000
Net assets at start of the year		145,041		161,984
Movement due to creations and cancellations of units				
Amounts receivable on creation of units		416		7,055
Less: amounts payable on cancellation of units		<u>(8,819)</u>		<u>(11,033)</u>
		(8,403)		(3,978)
Change in net assets attributable to unitholders		<u>(38,522)</u>		(13,128)
Retained distribution on accumulation units		<u>179</u>		<u>163</u>
Net assets at end of the year		<u>98,295</u>		<u>145,041</u>

The notes on pages 29 to 37 form part of these accounts.

Property portfolio - shops

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
100 The Promenade CHELTENHAM	Russell & Bromley Ltd	25 yrs 25.3.86	5 yrs	-	128,500	0-5
76/77 East Street CHICHESTER	C&J Clark International Ltd	15 yrs 22.3.00	5 yrs	2010	182,250	0-5
	West Sussex County Council	10 yrs 2.1.03	5 yrs	-	56,000	
	West Sussex County Council	10 yrs 12.8.03	5 yrs	-	5,500	
37 East Street DERBY	The Outdoor Group Ltd	10 yrs 4.12.08	5 yrs	2013	115,000	0-5
85/89 High Street DUNFERMLINE	Mackays Stores Ltd	25 yrs 31.7.86	5 yrs	2011	185,000	0-5
95-107 Pinstone Street SHEFFIELD	Greggs plc	10 yrs 24.6.02	5 yrs	2007	26,000*	0-5
	John David Sports plc	10 yrs 29.9.98	5 yrs	-	55,000*	
	Matthew Rowbotham	20 yrs 29.9.97	5 yrs	2007	30,000*	
	Hair Cuttery Ltd	10 yrs 22.4.04	5 yrs	2009	30,000	
	Andrew Garner	15 yrs 25.12.94	5 yrs	-	27,500	
	Cheltenham & Gloucester	15 yrs 26.4.04	5 yrs	2014	36,000	
	Great Central Developments Ltd	250 yrs 1.10.02	-	-	-	

* Outstanding rent review or lease renewal as at 31 December 2008.

Property portfolio - offices

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
74-76 George Street EDINBURGH	The Noble Group Ltd	25 yrs 7.7.97	5 yrs	2012	172,000	0-5
144 West George Street GLASGOW	Vacant	-	-	-	-	5-10
	Terrace Hill Group Ltd	15 yrs 12.2.07	5 yrs	2012	55,722	
	Optical Express (Westfield) Limited	5 yrs 7.8.08	5 yrs	-	34,000	
	Vacant	-	-	-	-	
	Allsop Residential Investment Management	5yrs 15.4.08	0yrs	-	39,410	
	Midland Valley Exploration Ltd	10 yrs 11.11.05	5 yrs	2010	57,022	
	The City and Guilds of London Institute	10 yrs 21.2.05	5 yrs	2010	57,555	
	Vacant	-	-	-	-	
	JM Architects Ltd	10 yrs 28.5.04	5 yrs	2009	55,590	
	EBV Elektronik GMBH & Co KG – IM Te	10 yrs 26.2.01	5 yrs	-	35,500	
Optical Express (Westfield) Limited	1 yr 3.11.08	-	-	2,000		
100 West Regent Street GLASGOW	Thus plc	25 yrs 30.3.00	5 yrs	2010	56,455	5-10
	Save & Invest (Financial Planning)	10 yrs 18.6.07	5 yrs	2012	75,000	

Property portfolio – offices

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
100 West Regent Street GLASGOW (cont.)	Additional Income	2 yrs 19.9.07	-	-	68,900	
	Woolgar Hunter Ltd	10 yrs 6.4.06	5 yrs	2008	67,971	
	SI Associates Ltd	10 yrs 10.10.06	-	2011	26,450	
	Woolgar Hunter Ltd	10 yrs 14.12.06	5 yrs	2009	18,887	
	Cattles Invoice Finance Ltd	10 yrs 16.9.08	5 yrs	2013	63,900	
	Vacant	-	-	-	-	
	Woolgar Hunter Limited	5 yrs 11.9.06	-	-	2,500	
	Vodafone Ltd	15 yrs 7.12.04	3 yrs	2010	9,750	
	Additional Income	3 yrs 19.9.07	-	-	4,646	
	Additional Income	3 yrs 19.9.07	-	-	1,398	
	The Governor & Company of the Bank	2 yrs 09.4.08	-	-	5,000	
1-3 College Hill LONDON	The Regent Organisation	5 yrs 12.5.04	-	-	58,240	5-10
	Vacant	-	-	-	-	

Property portfolio – offices

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
1-3 College Hill LONDON (cont.)	Blomfield Corporate Finance Ltd	10 yrs 5.3.08	5 yrs	2013	123,235	
	Drake Beam Morin plc	10 yrs 14.9.01	5 yrs	2006	113,015*	
	Handley Foundation Ltd	10 yrs 25.3.08	-	2013	41,426	
	Citifocus Ltd	10 yrs 24.6.02	5 yrs	-	78,070*	
	Scott Harris (UK) Ltd	5 yrs 6.5.05	-	-	44,550	
	G4S International (UK) Ltd	5 yrs 29.9.06	-	-	34,000	
	Southern Steamships (London) Ltd	5 yrs 25.3.03	-	-	37,500	
	William Heard	10 yrs 29.9.04	5 yrs	2009	25,001	
	Vacant	-	-	-	-	
	Vacant	-	-	-	-	
	Vacant	-	-	-	-	
Gateway House The Anchorage MANCHESTER	Barclays Bank plc	25 yrs 29.9.91	5 yrs	2011	68,715	0-5
	Vacant	-	-	-	-	
	BUPA Investments Ltd	5 yrs 24.6.07	-	-	80,000	

* Outstanding rent review or lease renewal as at 31 December 2008.

Property portfolio – offices

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
Gateway House The Anchorage MANCHESTER (cont.)	BUPA Investments Ltd	5 yrs 24.6.07	5 yrs	-	80,000	
King's Court READING	Wipro Ltd	10 yrs 2.10.06	5 yrs	2011	92,200	5-10
	Vacant	-	-	-	-	
	Royal London Mutual Insurance Society	25 yrs 25.12.84	5 yrs	-	91,750	
	Dow Corning Ltd	25 yrs 25.12.85	5 yrs	-	92,880	
	Wipro Ltd	10 yrs 9.12.00	5 yrs	-	89,250	
	Wipro Ltd	5 yrs 7.1.06	1 yr	-	4,400	
	Wipro Ltd	9 yrs 9.12.00	1 yr	-	1,200	
	Wipro Ltd	5 yrs 7.1.06	1 yr	-	4,400	
	Wipro Ltd	5 yrs 18.6.04	1 yr	-	2,200	
	Royal London Mutual Insurance Society	1 yr 24.8.08	-	-	5,000	
17 Bath Road SLOUGH	Computer Associates UK Ltd	25 yrs 1.3.84	5 yrs	-	200,000	0-5
82-90 London Road ST ALBANS	West Herts Community NHS Trust	25 yrs 19.7.94	5 yrs	2009	125,500	0-5

Property portfolio – shops/offices

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
1-3 Westgate Buildings BATH	Pizza Hut (UK) Ltd	15 yrs 17.11.04	5 yrs	2009	78,800	0-5
	Future Publishing Ltd	25 yrs 18.5.88	5 yrs	2008	58,000*	
7-8 Conduit St LONDON W1	Qatar Airways	25 yrs 24.6.84	5 yrs	-	187,500	10-15
	Martin David Paisner & David Davis	13 yrs 23.12.96	5 yrs	-	65,000	
	H2 Glenfern Ltd	5 yrs 25.3.08	5 yrs	2010	76,450	
	Princeton Investments plc	22 yrs 25.3.87	5 yrs	-	61,600	
	Messrs G Martin, SS Goderski, S Hul	5 yrs 20.12.04	5 yrs	-	55,000	
	Messrs Crosby Milliner and Thrower	2 yrs 8.10.07	-	-	74,000	

* Outstanding rent review or lease renewal as at 31 December 2008.

Property portfolio – warehouses/industrial

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
11 Barnett Way GLOUCESTER	Hydro Aluminium Extrusion Ltd	8 yrs 3.5.07	5 yrs	2010	52,006	0-5
	British Energy Generation Ltd	5 yrs 12.9.06	-	-	32,250	
	Easynet Telecommunications Ltd	15 yrs 14.5.01	5 yrs	2006	31,600*	
7 St Andrews Way LONDON E3	Westex Ltd	25 yrs 16.11.94	5 yrs	2009	250,000	0-5
Unit G1, Touchet Hall Road MANCHESTER	Christian Salvesen plc	25 yrs 3.7.95	5 yrs	2010	352,500	0-5
Bradbourne Drive MILTON KEYNES	Bakkavor Properties Ltd	14 yrs 1.1.02	5 yrs	2012	315,000	0-5
Units 1 & 2 Longfield Road TUNBRIDGE WELLS	SHM Holdings Ltd	16 yrs 16.3.94	5 yrs	-	62,000	0-5
	SH Muffet Ltd	6 yrs 23.3.04	5 yrs	-	27,885	
	Fox Print Services Ltd	5 yrs 3.1.05	5 yrs	2010	80,000	
	Independent Binders Ltd	6 yrs 20.3.04	3 yrs	-	124,327	
Javelin Park WEDNESBURY	WH Smith Trading Ltd	15 yrs 20.12.04	5 yrs	2009	269,000	0-5

* Outstanding rent review or lease renewal as at 31 December 2008.

Property portfolio – retail warehouses

at 31 December 2008

<i>Property</i>	<i>Tenant</i>	<i>Term/ from</i>	<i>Lease review period</i>	<i>Next review</i>	<i>Rent £</i>	<i>Market value range £m</i>
Chorley Retail Park CHORLEY	Wickes Building Supplies Ltd	25 yrs 24.10.00	5 yrs	2010	330,000	5-10
	DP Realty Ltd t/a Domino's Pizza	25 yrs 24.10.00	5 yrs	2010	17,500	
	Motor World Ltd	15 yrs 15.6.01	5 yrs	2011	21,000	
	Blockbuster Entertainment Ltd	15 yrs 24.10.00	5 yrs	2010	45,500	
	BJR Foods Ltd t/a KFC	20 yrs 24.10.00	5 yrs	2010	57,000	
100 Regent Road MANCHESTER	Staples UK Ltd	15 yrs 29.9.03	5 yrs	2008	206,250*	0-5
Snowden Drive MILTON KEYNES	Wickes Building Supplies Ltd	25 yrs 3.10.03	5 yrs	2008	638,750*	5-10
St. Peter's Way NORTHAMPTON	NBC Apparel t/a TK Maxx	15 yrs 24.6.03	5 yrs	2008	311,535*	0-5
Portway Road OLDBURY	Matalan Retail Ltd	25 yrs 17.11.95	5 yrs	2010	242,550	0-5
Mallory Road PETERBOROUGH	Halfords Ltd	25 yrs 20.5.88	5 yrs	2008	220,400*	0-5

* Outstanding rent review or lease renewal as at 31 December 2008.

Balance sheet

at 31 December 2008

		31.12.2008		31.12.2007	
	Notes	£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments	7		95,025		145,115
Debtors	8	1,084		2,184	
Cash and bank balances	9	5,910		1,542	
Total other assets			6,994		3,726
Total assets			102,019		148,841
LIABILITIES					
Creditors	10	1,894		1,956	
Distribution payable on income units		1,830		1,844	
Total liabilities			3,724		3,800
Net assets attributable to unitholders			98,295		145,041
Approved on behalf of the Board 25 February 2009				B Wrey, <i>Chairman</i>	

The notes on pages 29 to 37 form part of these accounts.

Cash flow statement

for the year ended 31 December 2008

	Notes	31.12.2008		31.12.2007	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	16		7,849		5,123
Net cash outflow from financing activities					
Creation of units		416		7,055	
Cancellation of units		(8,819)		<u>(11,033)</u>	
			(8,403)		(3,978)
Net cash inflow from investing activities					
Capital expenses	7	(1,016)		(6,905)	
Proceeds on disposal of investments	7	13,095		<u>10,002</u>	
			12,079		3,097
Net cash outflow from distributions paid			(7,157)		(6,944)
Net increase/(decrease) in cash	17		<u>4,368</u>		<u>(2,702)</u>

The notes on pages 29 to 37 form part of these accounts.

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of properties, and in accordance with accounting policies set out below and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005, with the exception of the omission of the Statement of material portfolio changes.

Part 1.3 and 2.2 of The Association of Real Estate Funds' Code of Practice relating to the format of Property Collective Investment Schemes' accounts has been followed in the preparation of these accounts.

(b) Income recognition

Rental income, interest on bank deposits and COIF Charities Deposit Fund balances are accrued on a daily basis.

(c) Expenses

During the year, the Manager's periodic charge, paid to the Manager, was charged to the capital of the Fund. Prior to 1 January 2008, it was charged to the income 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 income of the Fund for the Fund's deposits in the COIF Charities Deposit Fund, where management fees are charged to income. The Trustee fee, audit, legal, insurance, property valuation fees and direct property fees are charged separately to the income of the Fund before distribution.

(d) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in income which arise over the years (see note 11).

Notes to the accounts

(g) Borrowing

Interest on borrowings made by the Fund, through its loan facility with The Royal Bank of Scotland plc, is accrued on a daily basis, in accordance with the terms of the facility, at a rate of 0.95% per annum above the bank's base rate. All costs associated with the set-up of the facility are amortised over the life of the facility.

(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 Atisreal Limited, are deducted from income.

(f) Basis of valuation

Freehold and leasehold properties are valued at each monthly dealing date and at quarter-end dates on the basis of Market Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) as advised by Atisreal Limited, Chartered Surveyors.

2. Net losses on investments

31.12.2008
£'000

31.12.2007
£'000

The net losses on investments during the year comprise:

Non-derivative securities

(38,011)

(12,763)

3. Income

31.12.2008
£'000

31.12.2007
£'000

Rental income

7,737

8,188

Interest on COIF Charities Deposit Fund

216

104

Bank interest

73

52

Other interest

81

25

8,107

8,369

Notes to the accounts

4. Expenses

	31.12.2008 £'000	31.12.2007 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(c)	824	1,062
Manager's periodic charge rebate – see note 1(c)*	(5)	(1)
	<u>819</u>	<u>1,061</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee fee	39	46
	<u>39</u>	<u>46</u>
Other expenses:		
Insurance fee	3	3
Audit fee	7	5
Investment property database fee	21	10
Loan finance cost	(7)	13
Sundry expenses	4	-
Property ground rent and empty rates	50	57
Property legal and professional fees	117	157
Property valuation fees	77	100
Property non-recoverable insurance	11	10
Property non-recoverable repairs and maintenance	9	4
Property service charge	133	54
Property other expenses	13	-
	<u>438</u>	<u>413</u>
Total expenses	<u>1,296</u>	<u>1,520</u>

The above expenses include VAT where applicable.

* This amount represents the rebate of management fees credited to the Fund's income for its deposits in the COIF Charities Deposit Fund where management fees are charged to income.

5. Taxation

The Fund is exempt from UK income and capital gains tax due to its charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988.

Distributions are paid and reinvested income credited gross to unitholders on the basis that all appropriate UK taxation has been both reclaimed and recovered.

Notes to the accounts

6. Finance costs

Distributions

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

	31.12.2008	<i>31.12.2007</i>
	£'000	<i>£'000</i>
31 March – interim distribution	1,737	1,734
30 June – interim distribution	1,837	1,769
30 September – interim distribution	1,795	1,760
31 December – final distribution	1,877	1,892
	7,246	7,155
Add: income deducted on cancellation of units	79	67
Deduct: income received on creation of units	(3)	(36)
Net distribution for the year	<u>7,322</u>	<u>7,186</u>
Net income for the year	6,811	6,821
Transfer (to)/from income reserve – see note 11	(456)	365
Manager's periodic charge – see note 1(c)	967	-
Net distribution for the year	<u>7,322</u>	<u>7,186</u>
Interest	-	28
Total finance costs	<u>7,322</u>	<u>7,214</u>

7. Property investments

	31.12.2008	<i>31.12.2007</i>
	£'000	<i>£'000</i>
Market value at the start of the year	145,115	160,975
Capital expenses	1,016	6,905
Sales proceeds from disposals	(13,095)	(10,002)
Realised (losses)/gains on disposals	(6,848)	4,021
Unrealised losses on revaluation	(31,163)	(16,784)
Market value at the end of the year	<u>95,025</u>	<u>145,115</u>
Historical cost at the end of the year	<u>116,607</u>	<u>121,836</u>

Notes to the accounts

8. Debtors	31.12.2008	<i>31.12.2007</i>
	£'000	<i>£'000</i>
Rents receivable	801	1,997
Property payments recoverable	180	83
Service charge recoverable	-	26
Prepayments	2	5
VAT recoverable	101	73
	<u>1,084</u>	<u>2,184</u>

9. Cash and bank balances	31.12.2008	<i>31.12.2007</i>
	£'000	<i>£'000</i>
Cash in COIF Charities Deposit Fund	4,442	3,732
Cash at bank	1,468	(2,190)
	<u>5,910</u>	<u>1,542</u>

10. Creditors	31.12.2008	<i>31.12.2007</i>
	£'000	<i>£'000</i>
Rent received in advance	1,696	1,763
Accrued expenses	23	26
Property expenses payable	-	1
Service charge payable	48	-
Rent deposits	127	153
Property retention	-	13
	<u>1,894</u>	<u>1,956</u>

11. Income reserve

The income reserve, accumulated out of income, is used to smooth fluctuations in the income received in the Fund. The income reserve is included in the total capital value of the Fund attributable to income unitholders.

	31.12.2008	<i>31.12.2007</i>
	£'000	<i>£'000</i>
Income reserve at the start of the year	702	1,067
Transfer to/(from) income reserve	456	(365)
Income reserve at the end of the year	<u>1,158</u>	<u>702</u>

Notes to the accounts

12. Financial instruments

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

Financial assets

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

Financial liabilities

At 31 December 2008 there was no financial liability relating to the Fund's borrowing facility that pays a floating rate of interest (31.12.2007, £nil). There were no other financial liabilities that pay either floating rate or fixed rate interest at 31 December 2008 (31.12.2007, £nil). All financial liabilities are due to be settled within one year or on demand.

The borrowing facility provided by The Royal Bank of Scotland plc had a limit of £15m and a floating interest rate of 0.95% above the bank's base rate. The loan facility is currently in the process of being reviewed.

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. Under these circumstances, a period of notice of up to six months may be imposed for the redemption of units. The units are realisable only on each monthly dealing day.

Currency risk

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

Notes to the accounts

Interest rate risk

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

The interest rate risk profile of the Fund's financial assets and liabilities at 31 December 2008 was as set out below:

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	5,910	-	96,109	102,019

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	3,724	3,724

31 December 2007

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	1,542	-	147,299	148,841

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	3,800	3,800

* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or base rate.

All financial liabilities are due to be settled within one year, or on demand.

There were no derivatives held by the Fund during the year or comparative year.

Notes to the accounts

13. Board remuneration

The Board members receive no remuneration from COIF Charity Funds. Mr R Fitzalan Howard is a Director of the Manager and receives remuneration from the Manager, which is disclosed in that Company's accounts.

14. 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.

A rebate of management fees is credited to the Fund's income for its deposits in COIF Charities Deposit Fund where management fees are charged to income as disclosed in note 1(c).

At 31 December 2008 the balances due to the Manager and HSBC Bank plc were as set out below:

	31.12.2008	<i>31.12.2007</i>
	£'000	<i>£'000</i>
The Manager	-	-
HSBC Bank plc	7	12

There were no other transactions entered into with the Manager or HSBC Bank plc during the year.

At 31 December 2008 a cash balance of £4,442,237 (31.12.07, £3,732,324) was held in the COIF Charities Deposit Fund.

Notes to the accounts

15. Turnover of units

The number and net asset value of units in the Fund created, cancelled and transferred in the year to 31 December 2008 was as follows:

	<i>Number of units</i>	<i>Value £'000</i>	<i>% of NAV at 31.12.2008</i>
Units created	323,719	416	0.42
Units cancelled	7,027,141	8,819	8.97

At 31 December 2008 there were no outstanding redemption notices (31.12.2007: income units: 1,857,204, accumulation units: 326,211).

16. Reconciliation of net income to net cash inflow from operating activities

	31.12.2008	31.12.2007
	£'000	£'000
Net income for the year	6,811	6,821
Decrease/(increase) in accrued income	1,196	(141)
Increase in debtors	(96)	(65)
Decrease in creditors	(62)	(1,492)
Net cash inflow from operating activities	<u>7,849</u>	<u>5,123</u>

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

	31.12.2008	31.12.2007
	£'000	£'000
Net cash at the beginning of the year	1,542	4,244
Increase/(decrease) in cash during the year	4,368	(2,702)
Net cash at the end of the year	<u>5,910</u>	<u>1,542</u>

Distribution table

for the year ended 31 December 2008

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Distributions paid/payable pence per unit</i>	
		2008	2007
Income units			
31 March 2008	30 May 2008	1.70	1.60
30 June 2008	29 August 2008	1.80	1.65
30 September 2008	28 November 2008	1.80	1.65
31 December 2008	27 February 2009	1.90	1.80
		<u>7.20</u>	<u>6.70</u>
		<i>Income accumulated pence per unit</i>	
		2008	2007
Accumulation units			
31 March 2008		2.29	1.55
30 June 2008		2.69	1.83
30 September 2008		2.29	1.86
31 December 2008		2.71	2.09
		<u>9.98</u>	<u>7.33</u>

Statement of Board, Corporate Trustee and Manager responsibilities

Responsibilities of the Board

The Board shall comply with the duty of care when exercising their powers and discharging their duties under the Scheme of the Charity Commission made under the Charities Act 1993, dated 12 July 2002, for the Fund to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Particulars;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- make an annual report on the discharge of the Board's responsibilities;
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- apply to the 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: provided that any Board member who has any interests in the Trustee or the new Trustee 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
- inform 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.

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. To the extent of those duties and powers, the Trustee is a charity trustee of the Fund within the meaning of the Charities Act 1993. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties under this Scheme. 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 on a continuing basis that the Manager is competently exercising the powers and competently discharging the duties conferred or imposed on it by or pursuant to the provisions of the Scheme and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of this Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with the Scheme;
- the creation and cancellation of units in accordance with the instructions of the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions to Participating Charities holding income units and making allocations to Participating Charities holding

Statement of Board, Corporate Trustee and Manager responsibilities

accumulation units 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
- the authorisation of payment out of the property of the Fund of any reasonable costs or expenses of the Board members incurred by them in the execution of their duties in accordance with the Scheme.

Responsibilities of the Manager

The Manager of the Fund is required by the Scheme to prepare accounts for the Fund in accordance with the Statement of Recommended Practice 2005 (Accounting and Reporting by Charities). 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 Management Association (IMA) in December 2005;

- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the accounts as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is required to manage and administer the Fund in accordance with the Scheme, maintain accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities. The Trustee has appointed the Manager to act as Registrar to the Fund.

CCLA INVESTMENT MANAGEMENT LIMITED
COIF Charities Property Fund
(Charity Registration No. 1093084)

Board

B Wrey, Chairman of the Board, *Former Chairman, Henderson Global Investors*
T Bell, FRICS (appointed 28.10.08) *former Head of Property Investment, F&C Asset Management plc*
T Clark (appointed 26.2.08), *Solicitor, a former Partner, Slaughter and May*
A Daws (appointed 26.2.08), *Solicitor, Trustee of The Stroke Association, Non Executive Director of West Middlesex University*
R Fitzalan Howard, *Chief Executive, Fleming Family & Partners Asset Management Limited*
D Henderson, FCA, *Company Director, Chairman of Kleinwort Benson Private Banking*
A Huntley, FRICS (resigned 29.4.08)
G Newson, MRICS (appointed 28.10.08) *former Head of Property, Aberdeen Asset Management*
Mrs F Quint, *Barrister, specialising in charity law, former Deputy Commissioner Charity Commission*
N Wilson, *Solicitor (retired 26.2.08)*

Secretary

Mrs J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

*Authorised and regulated by
the Financial Services Authority*
80 Cheapside
London EC2V 6DZ
Telephone: 020 7489 6000
Client Service:
Freephone: 0800 022 3505
Facsimile: 0844 561 5126
Email: clientservices@ccla.co.uk
www.ccla.co.uk

Directors responsible for the Fund

M Quicke (Chief Executive)
J Bevan (Chief Investment Officer)
S Curran (Chief Operating Officer)
C Peters (Investment Director)
A Robinson (Director Market Development)

Fund Manager

R Halliday

Company Secretary

Mrs J Fox

**Head of Operational Risk,
Internal Audit and Compliance**

A Kemp

External Property Valuer

Atisreal Limited
90 Chancery Lane,
London WC2A 1EU

Corporate Trustee

HSBC Bank plc
8 Canada Square
London E14 5HQ

Banker

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA

Solicitors

Lovells LLP
Atlantic House, Holborn Viaduct
London EC1A 2FG

Bates Wells & Braithwaite LLP
2-6 Cannon Street
London EC4M 6YH

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

Independent Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF



CCLA INVESTMENT MANAGEMENT LIMITED **COIF Charity Funds**

The COIF Charity Funds provide a ready and practical means for charities to obtain, at reasonable cost, constant professional investment and cash management for their long-term capital and short-term cash. They also provide protection through diversification combined with simplified administration.

COIF Charities Investment Fund

- A suitable 'all-in-one' long-term fund for most charities
- Highly diversified and well-balanced spread of investments
- Designed to help meet growth and income requirements
- Focus on delivering attractive, growing income

COIF Charities Global Equity Income Fund

- Attractive income now
- Rising income in the future
- Strong growth opportunities from the global economy

COIF Charities Fixed Interest Fund

- Long-term investment focused on income
- Gross income paid quarterly
- Usually held with other investments such as equities and cash to give a broad spread of assets and achieve combined income and growth objectives

COIF Charities Property Fund

- High quality, well-diversified commercial and industrial property portfolio
- Focus on delivering attractive income
- Actively managed to add value
- Usually held with other investments such as equities, bonds and cash to give a broad spread of assets and achieve combined income and growth objectives

COIF Charities Deposit Fund

- A competitive rate
- Interest paid gross
- No minimum balance
- Easy access
- Simple operation
- Excellent service
- Free BACS transfers
- AAA/V1 credit rating*

* The Deposit Fund is rated AAA/V1 by Fitch Ratings. This reflects the high credit quality of the portfolio and its low volatility.

The COIF Charity Funds are common investment funds established by the Charity Commission for England and Wales under Section 24 of the Charities Act 1993. The Deposit Fund was established under Section 25 of the Charities Act 1993. Any charity in the United Kingdom within the meaning of the Charities Act 1993 (as amended or replaced) may invest in the Deposit, Investment and Global Equity Funds. Any charity in England and Wales may invest in the Fixed Interest and Property Funds. CCLA Investment Management Limited operates as the Investment Manager and Administrator of the Funds.

The value of the investments may fall as well as rise and an investor may not get back the full amount originally invested. Deposits in the Deposit Fund are not covered by the Financial Services Compensation Scheme.

CCLA Investment Management Limited (registered in England No. 2183088 - registered office 80 Cheapside, London EC2V 6DZ) is authorised and regulated by the Financial Services Authority.

CCLA INVESTMENT MANAGEMENT LIMITED

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