



for Charities

# COIF Charities Property Fund

**Report and Accounts**  
**Year ended 31 December 2009**

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### **Details of Board and Manager**

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### **Description of COIF Charity Funds**

(outside back cover)

### **Disability Discrimination Act 1995**

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

# Report of the Board

## for the year ended 31 December 2009

On behalf of the Board, we have pleasure in presenting our annual report of 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 Auditor.

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 2009

### 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 2009

### **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**

Under the Scheme of the Fund, the Manager may borrow a maximum of 25% of the net asset 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.

### **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.

### **Chairman of the Board**

The Chairman, Mr David Henderson, on behalf of his fellow Board Members would like to express his appreciation for the significant contribution from Mr Ben Wrey who, since 1998, was a Board Member of the COIF Charity Funds and subsequently was Chairman from 2005 until 2009.

D Henderson  
Chairman of the Board

10 March 2010

# Report of the Property Manager

for the year ended 31 December 2009

## Performance

Over the twelve month period to 31 December 2009, the total return of the COIF Charities Property Fund, before expenses, was +6.9%. The performance benchmark for the Fund is the IPD Quarterly and Monthly Valued Funds. The performance of the Fund as at 31 December 2009 is noted in the table below along with results recorded by the benchmark.

During the year the price of a COIF Charities Property Fund Income Unit fell by -1.9%, to 97.26p per unit compared to 99.15p twelve months ago, however, the total return for the period after expenses was +6.4%.

The positive performance of the Fund over the year reflects the recent improvements in property asset valuations over the past quarter following a prolonged period of decline. A further contribution came from an opportunistic property sale which achieved a price significantly above valuation. The

income payment for the full year was 7.42p per unit, +3.1% above the payment of 7.2p in 2008. The income return for the period was 7.5%, whilst the annual income distribution yield of the Fund on the year end price is 7.6%. The value of an Accumulation Unit, with income re-invested, at the year end was 145.88p and compares with the price in December 2008 of 137.12p.

## Market review

For much of these last two years property investment markets have experienced a very low level of transactions. Vendors have been unwilling to accept depressed prices and bankers, keen to avoid recognising losses, did not press them. Potential buyers too were cautious, in an environment where values were falling and recessionary economic conditions threatened income. With a reluctance to trade on both sides of the process, it can be no surprise that property investment markets largely ground to a halt.

### COIF Charities Property Fund Total capital and income return

To 31 December 2009	1 year %	3 years % p.a.	5 years % p.a.
<u>Performance against benchmark (before expenses)</u>			
<b>COIF Charities Property Fund</b>	+6.90	-7.10	+2.20
IPD All Quarterly and Monthly Funds Index	+2.76	-8.48	+1.41
<u>Performance after expenses</u>			
Income units*	+6.43	-7.77	+1.45
Accumulation units*	+6.39	-7.87	+1.40

\* 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 2009

The low point of the market was reached during the summer months of 2009 but once the nadir had been reached it was followed by clear signs of improvement. In the first six months of the year the capital valuations of the Fund's properties declined by -14%, but in the second half these losses were substantially recovered, with the rise in valuations accelerating at the year end. Demand was rising from a variety of investor types, including overseas buyers, attracted by the weakened sterling exchange rate. Despite the marked improvement in sentiment, concerns over income security remained and it is noticeable that the best performances have come from the most income secure assets. At present the strongest interest is being shown in retail and industrial investments. Interest in office investment is more subdued, a reflection of investor concern for the rental prospects for the sector.

### Activity

In order to maintain sufficient liquidity to meet redemption calls but also to reduce threats to overall income from less strong investments, two sales were agreed during the early part of the year. A vacant office property, at 17 Bath Road Slough, was sold for £1.33m to an owner occupier in May 2009. The part vacant offices at 185 Kings Road Reading were sold in August 2009 to the majority tenant, Wipro, for £3.8m. Both prices exceeded the external valuations.

Towards the end of the year, as property market conditions became more conducive to transactional activity, the Fund completed three acquisitions, the first since 2007.

The purchase of a well located retail warehouse in Southampton was completed in November 2009 at a price of just over £5.6m. The property is let to CDS Superstores International Ltd, trading as The Range, with the £431,037 per annum rental income secured for another 14 years providing an attractive yield to the Fund of 7.5%. In December, two high yielding industrial properties were acquired. 1600 Aztec West in Bristol was purchased for £8.75m, achieving a yield to the Fund of 9.5%. The property is let to Spandex Limited to January 2016, at a rent of £846,270 per annum. A further property, Dimensions House on the Brackmills Industrial Estate in Northampton, was purchased for £4.5m at a yield to the Fund of 10.2%. The property is let to Clipper Logistics Limited at a rent of £466,524 per annum under a lease expiring in March 2015.

The late improvement in the market also enabled the Fund to undertake two further opportunistic asset sales. In December, the high street shop property at 100 The Promenade Cheltenham, was sold to the tenant Russell and Bromley for a price of £3.03m. Contracts were also exchanged for the sale of the industrial property at Bradbourne Drive, Milton Keynes, to the adjoining property owner, at a price of £3.5m. Both prices achieved were considerably higher than the open market valuation and reflected the special circumstances of the purchaser.

# Report of the Property Manager

## for the year ended 31 December 2009

It has also been a busy period in terms of management activity with our attention in this recessionary economic environment focused firmly at protecting income, controlling vacancies and adding value. A number of lease events have supported income during the last twelve months. It has also been a busy year for rent reviews. Eight have been completed, five of which produced rental increases. Further rent reviews remain outstanding, offering the prospect of some further growth in rental income. Where possible, leases have been regeared or renewed to retain tenants and maintain income levels. Despite weaker occupational market conditions new lettings have also been achieved, including a significant letting of the ground and basement retail floors at 7-8 Conduit Street in London. Inevitably, some accommodation fell vacant through lease expiries, but the Fund was only exposed to one small tenant failure during the year.

It is encouraging that in difficult conditions the portfolio void rate remained low. By the year end the rate was 4%, below that at the start of the year and substantially below that on the IPD Index, which reached 12.1% at the end of December 2009.

### Strategy

The Fund holds a well diversified portfolio of assets in support of an investment policy that emphasises income yield and active management to add value. The Fund holds good weightings to the retail and industrial sectors which have been boosted by recent acquisitions. As investor sentiment revives, a positive flow of new money into the Fund is anticipated, providing greater capacity to participate in the improving market conditions and add attractively priced, good quality assets to the portfolio.

The wide yield premium that exists between prime, income secure assets and secondary stock creates opportunities for active management to add value and support investment returns. However, although conditions are improving it should be remembered that risks remain, supporting the need for an asset level focus over and above sector allocation strategies. A particular concern is the risk to income as rising voids combine with the erosion of reversions as rental values decline. A focus on income quality is essential to protect income flows.

# Report of the Property Manager

## for the year ended 31 December 2009

### Outlook

In the new environment the property sector could improve quickly. If it does we expect the recovery to spread beyond the narrow band of prime assets to include more secondary grades of investment.

If liquidity flows into the sector too quickly it may be that there is only a narrow buying window before asset prices escalate to unattractive levels. This would bring a risk of consolidation or even decline, overall we remain optimistic, but will nevertheless pursue a prudent and cautious approach.

R Halliday  
Fund Manager  
CCLA Investment Management Limited

10 March 2010

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### Risk warning

The Fund's units and the revenue 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 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. 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 Manager may borrow a maximum of 25% of the net asset 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 2009 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 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) as 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.

# Report of the Independent Auditor to the unitholders of COIF Charities Property Fund

## 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 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 2009, and of the net revenue 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

10 March 2010

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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 the 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 2009**

In accordance with your instructions, we have valued all the property investments owned by COIF Charities Property Fund as at 31 December 2009. 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 2009 was:

£106,100,000  
(One hundred and six million,  
and one hundred 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 2009.

Yours faithfully,

BNP Paribas Real Estate  
90 Chancery Lane,  
London WC2A 1EU

31 December 2009

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Atisreal Limited joined the BNP Paribas Real Estate group in 2004 and adopted the name on 1 June 2009.

# Report of the Corporate Trustee

## for the year ended 31 December 2009

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.

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*

10 March 2010

# 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
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
2009	114,842	97.26	116,066,279	145.88	1,344,828

## 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
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
2009	101.08	83.93	148.43	120.70

## 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 %*
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
2009	7.42	7.36	10.18	7.30

\* 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 2009

	<i>Bid price pence per unit</i>	<i>Offer price pence per unit</i>
Income units	95.75	98.96
Accumulation units	143.62	148.43

The unit prices are published in the *Financial Times*, and on the Manager's website at [www.ccla.co.uk](http://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 ratios

	<b>31.12.2009</b>	31.12.2008
Total expense ratio	0.79%	0.79%
Property expense ratio	0.66%	0.54%

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 2009

## Rent review frequency

Review period	Annual rents as at 31.12.2009		Annual rents as at 31.12.2008	
	£	%	£	%
5 years	<b>8,288,210</b>	<b>98.26</b>	6,584,442	86.38
Other	<b>146,599</b>	<b>1.74</b>	1,037,899	13.62
	<b><u>8,434,809</u></b>	<b><u>100.00</u></b>	<u>7,622,341</u>	<u>100.00</u>

## Tenants' unexpired lease terms

Unexpired term	31.12.2009	31.12.2008
	%	%
Over 10 years	<b>20.77</b>	23.83
5-10 years	<b>36.21</b>	19.46
Under 5 years	<b>39.04</b>	51.64
Void	<b>3.98</b>	5.07
	<b><u>100.00</u></b>	<u>100.00</u>

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

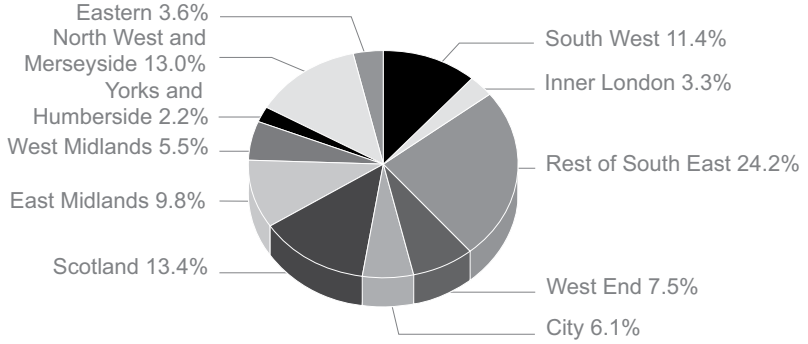
## Use of capital

	31.12.2009		31.12.2008	
	£'000	%	£'000	%
Completed properties	<b>106,100</b>	<b>92.05</b>	95,025	96.67
Net other assets	<b>9,159</b>	<b>7.95</b>	3,270	3.33
	<b><u>115,259</u></b>	<b><u>100.00</u></b>	<u>98,295</u>	<u>100.00</u>

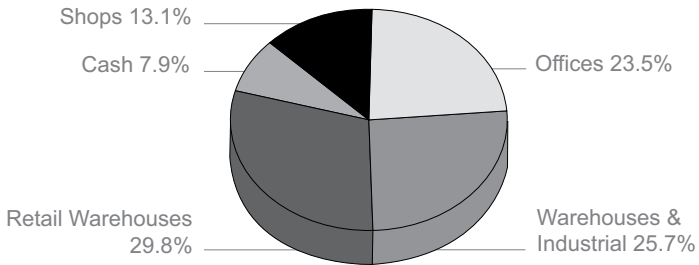
# Portfolio analysis

at 31 December 2009

## Geographical distribution



## Asset by type



# Portfolio statement

at 31 December 2009

	<i>£'000</i>	<i>% of Fund</i>
<b>Properties</b>		
Valued between £0m and £5m	56,050	48.63
20 properties		
Valued between £5m and £10m	50,050	43.42
7 properties		
	<u>106,100</u>	<u>92.05</u>
<b>Net other assets</b>	9,159	7.95
<b>Net assets</b>	<u>115,259</u>	<u>100.00</u>

## Ownership of the Fund

at 31 December 2009

<b>Ownership band at at 31 December 2009</b>	<i>Number of investors</i>	<i>Number of units</i>	
		<i>in issue '000</i>	<i>% of units in issue</i>
Less than 1%	277	30,254	25.77
1% or greater but less than 2%	2	4,042	3.44
2% or greater but less than 4%	1	3,023	2.58
4% or greater but less than 8%	1	6,085	5.18
Greater than 8%*	1	<u>74,007</u>	<u>63.03</u>
		<u>117,411</u>	<u>100.00</u>

\*COIF Charities Investment Fund has a holding of 74,007,281 units.

# Property portfolio - shops

at 31 December 2009

<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>
76/77 East Street CHICHESTER	C&J Clark	15 yrs	5 yrs	2010	182,250	0-5
	International Ltd	22.3.00				
	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	-	185,000	0-5
95-107 Pinstone Street SHEFFIELD	Greggs Plc	10 yrs 24.6.02	5 yrs	2007	26,000*	0-5
	JD Sports Fashion 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*	
	Cheltenham & Gloucester	15 yrs 26.4.04	5 yrs	2009	36,000*	
	Great Central Developments Ltd	250 yrs 1.10.02	-	-	-	
	Vacant	-	-	-	-	

\* Outstanding rent review or lease renewal as at 31 December 2009.

# Property portfolio - offices

at 31 December 2009

<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	Terrace Hill Group Ltd	15 yrs 12.2.07	5 yrs	2012	55,722	5-10
	Optical Express (Westfield) Ltd	5 yrs 7.8.08	5 yrs	-	66,500	
	Vacant	-	-	-	-	
	Allsop Residential Investment Management	5 yrs 15.4.08	5 yrs	-	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	
	Partners of and Trustees for Simpson & Marwick	10 yrs 9.6.09	5 yrs	2014	65,909	
	JM Architects Ltd	10 yrs 28.5.04	5 yrs	2009	55,590*	
	EBV Elektronik GMBH & Co KG – IM Technology	10 yrs 26.2.01	5 yrs	-	35,500	
	Optical Express (Westfield) Ltd	3 yrs 3.11.08	-	-	2,000	
	Vacant	-	-	-	-	
100 West Regent Street GLASGOW	Thus Plc	25 yrs 30.3.00	5 yrs	2010	56,455	0-5
	Save & Invest (Financial Planning)	10 yrs 18.6.07	5 yrs	2012	75,000	
	Woolgar Hunter Ltd	10 yrs 6.4.06	5 yrs	2010	70,294	
	SI Associates Ltd	10 yrs 10.10.06	5 yrs	2011	26,450	
	Vacant	-	-	-	-	

\* Outstanding rent review or lease renewal as at 31 December 2009.

# Property portfolio - offices

at 31 December 2009

<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.)	Woolgar Hunter Ltd	10 yrs 14.12.06	5 yrs	2010	19,586	
	Absolute Invoice Finance Ltd	10 yrs 16.9.08	5 yrs	2013	63,900	
	Woolgar Hunter Ltd	5 yrs 11.9.06	5 yrs	-	2,500	
	Vodafone Ltd	15 yrs 7.12.04	3 yrs	2010	9,750	
	Additional Income	3 yrs 19.9.07	-	-	2,323	
	Additional Income	3 yrs 19.9.07	-	-	699	
	The Governor & Company of the Bank Vacant	2 yrs 9.4.08 -	- - -	- - -	5,000 - -	
1-3 College Hill LONDON, EC4	Blomfield Corporate Finance Ltd	10 yrs 5.3.08	5 yrs	2013	123,235	5-10
	Drake Beam Morin plc	5 yrs 6.5.09	5 yrs	-	96,870	
	Hedley Foundation Ltd	10 yrs 25.3.08	5 yrs	2013	41,426	
	Citifocus Ltd	10 yrs 24.6.02	5 yrs	-	78,070	
	Scott Harris (UK) Ltd	5 yrs 6.5.05	5 yrs	-	44,550	
	G4S International (UK) Ltd	5 yrs 29.9.06	5 yrs	-	34,000	
	Southern Steamships (London) Ltd	5 yrs 25.3.03	5 yrs	-	37,500	
	William Heard	10 yrs 29.9.04	5 yrs	-	32,500	
	Knightsbridge Guarding Ltd Vacant	5 yrs - -	5 yrs - -	- - -	93,144 - -	

# Property portfolio – offices

at 31 December 2009

<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	Barclays Bank Plc	25 yrs	5 yrs	2011	68,715	0-5
The Anchorage		29.9.91				
MANCHESTER	BUPA Investments Ltd	5 yrs	5 yrs	-	80,000	
		24.6.07				
	BUPA Investments Ltd	5 yrs	5 yrs	-	80,000	
		24.6.07				
	Vacant	-	-	-	-	
82-90 London Road	West Herts Community	25 yrs	5 yrs	2014	132,000	0-5
ST ALBANS	NHS Trust	19.7.94				

# Property portfolio - shops/offices

## at 31 December 2009

<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	-	64,000	
7-8 Conduit St LONDON W1	The East India	15 yrs	5 yrs	2014	125,000	5-10
	Company Fine Foods	17.3.09				
	H2 Glenfern Ltd	5 yrs	5 yrs			
		25.3.08		-	76,450	
	Messrs G Martin, SS	5 yrs	-	-	-	
	Goderski, S Hul	20.12.04	5 yrs	-	25,000	
	Messrs Crosby	5 yrs				
	Milliner and Thrower	25.12.09	5 yrs	-	25,000	
Vacant	-	-	-	-		

# Property portfolio – warehouses/industrial

## at 31 December 2009

<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>
1600 Aztec West BRISTOL	Spandex Ltd	15 yrs 22.1.01	5 yrs	2011	846,270	5-10
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	5 yrs	-	32,250	
	Easynet	15 yrs	5 yrs	2011	31,600	
	Telecommunications Ltd	14.5.01				
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
Dimensions House NORTHAMPTON	Clipper Logistics Group Ltd	10 yrs 24.3.05	5 yrs	2010	446,524	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	2009	27,885*	
	Fox Print Services Ltd	5 yrs 3.1.05	5 yrs	-	80,000	
	Independent Binders Ltd	6 yrs 20.3.04	3 yrs	-	124,327	
	Vacant	-	-	-	-	
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 2009.

+ Contracts exchanged for sale

# Property portfolio – retail warehouses

## at 31 December 2009

<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	25 yrs	5 yrs	2010	330,000	5-10
	Supplies Ltd	24.10.00				
	DP Realty Ltd	25 yrs	5 yrs	2010	17,500	
	t/a Domino's Pizza	24.10.00				
	Blockbuster	15 yrs	5 yrs	2010	45,500	
	Entertainment Ltd	24.10.00				
	BJR Foods Ltd	20 yrs	5 yrs	2010	57,000	
t/a KFC	24.10.00					
	Vacant	-	-	-	-	
100 Regent Road MANCHESTER	Staples UK Ltd	15 yrs 29.9.03	5 yrs	2013	237,500	0-5
Snowden Drive MILTON KEYNES	Wickes Building Supplies Ltd	25 yrs 3.10.03	5 yrs	2013	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	-	220,400	0-5
230-234 Winchester Road SOUTHAMPTON	CDS (Superstores International) Ltd	20 yrs 28.11.03	5 yrs	2008	431,037*	5-10

\* Outstanding rent review or lease renewal as at 31 December 2009.

# Statement of total return

## for the year ended 31 December 2009

	Notes	31.12.2009		31.12.2008	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(94)		(38,011)
Revenue	3	7,830		8,107	
Expenses	4	(1,285)		(1,296)	
Net revenue for the year			6,545		6,811
<b>Total return before distributions</b>			<b>6,451</b>		<b>(31,200)</b>
Finance costs: distributions	6		(7,475)		(7,322)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(1,024)</b>		<b>(38,522)</b>

The notes on pages 28 to 36 form part of these accounts.

# Statement of change in net assets attributable to unitholders

for the year ended 31 December 2009

	31.12.2009		31.12.2008	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		<b>98,295</b>		145,041
Amounts receivable on issue of units	<b>25,737</b>		416	
Amounts payable on cancellation of units	<b>(7,907)</b>		<b>(8,819)</b>	
		<b>17,830</b>		(8,403)
Change in net assets attributable to unitholders from investment activities		<b>(1,024)</b>		(38,522)
Retained distribution on accumulation units		<b>158</b>		179
<b>Closing net assets attributable to unitholders</b>		<b>115,259</b>		<b>98,295</b>

# Balance sheet

at 31 December 2009

		31.12.2009		31.12.2008	
	Notes	£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Investment assets	7		<b>106,100</b>		95,025
Debtors	8	<b>1,051</b>		1,084	
Cash and bank balances	9	<b><u>12,797</u></b>		<u>5,910</u>	
Total other assets			<b>13,848</b>		6,994
<b>Total assets</b>			<b><u>119,948</u></b>		<u>102,019</u>
<b>LIABILITIES</b>					
Creditors	10	<b>2,228</b>		1,894	
Distribution payable on income units		<b><u>2,461</u></b>		<u>1,830</u>	
<b>Total liabilities</b>			<b>4,689</b>		3,724
<b>Net assets attributable to unitholders</b>			<b><u>115,259</u></b>		<u>98,295</u>
Approved on behalf of the Board					
10 March 2009			D Henderson, <i>Chairman</i>		

The notes on pages 28 to 36 form part of these accounts.

# Cash flow statement

## for the year ended 31 December 2009

	Notes	31.12.2009		31.12.2008	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	16		<b>6,912</b>		7,849
<b>Net cash inflow/(outflow) from financing activities</b>					
Issue of units		<b>25,737</b>		416	
Cancellation of units		<b>(7,907)</b>		(8,819)	
Distributions paid		<b>(6,686)</b>		(7,157)	
			<b>11,144</b>		(15,560)
<b>Net cash (outflow)/inflow from investment activities</b>					
Capital revenue	7	-		-	
Capital expenses	7	<b>(259)</b>		(1,016)	
Payments to acquire investments	7	<b>(18,870)</b>		-	
Proceeds on disposal of investments	7	<b>7,960</b>		13,095	
			<b>(11,169)</b>		12,079
<b>Increase in cash</b>	17		<b>6,887</b>		<b>4,368</b>

The notes on pages 28 to 36 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 November 2008.

Previously, the requirements of the SORP issued by the IMA in December 2005 had been applied. There was no change to either the total return or net assets attributable to shareholders as presented in the preceding year.

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) Revenue recognition

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

# Notes to the accounts

## (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 BNP Paribas Real Estate, 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 Market Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) as advised by BNP Paribas Real Estate, Chartered Surveyors.

<b>2. Net capital losses</b>	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
The net capital losses during the year comprise:		
Non-derivative securities	<b><u>(94)</u></b>	<u><i>(38,011)</i></u>
<b>3. Revenue</b>	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
Rental revenue	<b>7,497</b>	<i>7,737</i>
Interest on COIF Charities Deposit Fund	<b>81</b>	<i>216</i>
Bank interest	<b>1</b>	<i>73</i>
Lease surrender premium	<b>200</b>	<i>-</i>
Other revenue	<b><u>51</u></b>	<i><u>81</u></i>
	<b><u>7,830</u></b>	<i><u>8,107</u></i>

# Notes to the accounts

## 4. Expenses

	<b>31.12.2009</b>	31.12.2008
	<b>£'000</b>	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(c)	<b>577</b>	824
Manager's periodic charge rebate – see note 1(c)*	<b>(10)</b>	(5)
	<b><u>567</u></b>	<u>819</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee fee	<b><u>33</u></b>	<u>39</u>
	<b><u>33</u></b>	<u>39</u>
Other expenses:		
Insurance fee	<b>2</b>	3
Audit fee	<b>7</b>	7
Investment property database fee	<b>8</b>	21
Loan finance cost	<b>13</b>	(7)
Sundry expenses	<b>-</b>	4
Property ground rent and empty rates	<b>72</b>	50
Property legal and professional fees	<b>124</b>	117
Property valuation fees	<b>63</b>	77
Property non-recoverable insurance	<b>14</b>	11
Property non-recoverable repairs and maintenance	<b>10</b>	9
Property service charge	<b>367</b>	133
Property other expenses	<b><u>5</u></b>	<u>13</u>
	<b><u>685</u></b>	<u>438</u>
Total expenses	<b><u>1,285</u></b>	<u>1,296</u>

The above expenses include VAT where applicable.

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

## 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 revenue 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 revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
31 March – interim distribution	<b>1,671</b>	1,737
30 June – interim distribution	<b>1,766</b>	1,837
30 September – interim distribution	<b>1,649</b>	1,795
31 December – final distribution	<b>2,497</b>	1,877
	<b>7,583</b>	7,246
Add: revenue deducted on cancellation of units	<b>83</b>	79
Deduct: revenue received on issue of units	<b>(191)</b>	(3)
Net distribution for the year	<b><u>7,475</u></b>	<u>7,322</u>
Net revenue for the year	<b>6,545</b>	6,811
Transfer from/(to) income reserve – see note 11	<b>309</b>	(456)
Manager's periodic charge – see note 1(c)	<b>621</b>	967
Net distribution for the year	<b><u>7,475</u></b>	<u>7,322</u>

## 7. Property investments

	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
Market value at the start of the year	<b>95,025</b>	145,115
Acquisitions at cost	<b>18,870</b>	-
Capital expenses	<b>259</b>	1,016
Sales proceeds from disposals	<b>(7,960)</b>	(13,095)
Realised losses on disposals	<b>(1,500)</b>	(6,848)
Unrealised gains/(losses) on revaluation	<b>1,406</b>	(31,163)
Market value at the end of the year	<b><u>106,100</u></b>	<u>95,025</u>
Historical cost at the end of the year	<b><u>126,276</u></b>	<u>116,607</u>

# Notes to the accounts

<b>8. Debtors</b>	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
Rents receivable	<b>806</b>	801
Property payments recoverable	<b>176</b>	180
Property incentives	<b>69</b>	-
Prepayments	-	2
VAT recoverable	-	101
	<b><u>1,051</u></b>	<u>1,084</u>

<b>9. Cash and bank balances</b>	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
Cash in COIF Charities Deposit Fund	<b>12,531</b>	4,442
Cash at bank	<b>266</b>	1,468
	<b><u>12,797</u></b>	<u>5,910</u>

<b>10. Creditors</b>	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
Rent received in advance	<b>1,583</b>	1,696
Accrued expenses	<b>22</b>	23
VAT payable	<b>623</b>	-
Service charge payable	-	48
Rent deposits	-	127
	<b><u>2,228</u></b>	<u>1,894</u>

## 11. Income reserve

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

	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
Income reserve at the start of the year	<b>1,158</b>	702
Transfer (from)/to income reserve	<b>(309)</b>	456
Income reserve at the end of the year	<b><u>849</u></b>	<u>1,158</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**

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, 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 accounts

The interest rate risk profile of the Fund's financial assets and liabilities at 31 December 2009 was as set out below:

<b>Currency</b>	<b>Floating rate financial assets* £'000</b>	<b>Fixed rate financial assets £'000</b>	<b>Financial assets not carrying interest £'000</b>	<b>Total £'000</b>
<b>Sterling</b>	<b>12,797</b>	<b>-</b>	<b>107,151</b>	<b>119,948</b>

<b>Currency</b>	<b>Floating rate financial liabilities £'000</b>	<b>Fixed rate financial liabilities £'000</b>	<b>Financial liabilities not carrying interest £'000</b>	<b>Total £'000</b>
<b>Sterling</b>	<b>-</b>	<b>-</b>	<b>4,689</b>	<b>4,689</b>

31 December 2008

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

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

\* 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 revenue for its deposits in COIF Charities Deposit Fund where management fees are charged to revenue as disclosed in note 1(c).

At 31 December 2009 the balances due to the Manager and HSBC Bank plc were as set out below:

	<b>31.12.2009</b>	<i>31.12.2008</i>
	<b>£'000</b>	<i>£'000</i>
The Manager	-	-
HSBC Bank Plc	<b>6</b>	7

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

At 31 December 2009 a cash balance of £12,530,794 (31.12.08, £4,442,237) 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 issued, cancelled and transferred in the year to 31 December 2009 was as follows:

	<i>Number of units</i>	<i>Value £'000</i>	<i>% of NAV at 31.12.2009</i>
Units issued	28,462,017	25,737	22.33
Units cancelled	9,090,179	7,907	6.86

At 31 December 2009 there were no outstanding redemption notices (31.12.2008: nil).

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

	<b>31.12.2009</b>	31.12.2008
	<b>£'000</b>	£'000
Net revenue for the year	<b>6,545</b>	6,811
(Increase)/decrease in accrued revenue	<b>(5)</b>	1,196
Decrease/(increase) in debtors	<b>38</b>	(96)
Increase/(decrease) in creditors	<b>334</b>	(62)
Net cash inflow from operating activities	<b><u>6,912</u></b>	<u>7,849</u>

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

	<b>31.12.2009</b>	31.12.2008
	<b>£'000</b>	£'000
Net cash at the beginning of the year	<b>5,910</b>	1,542
Increase in cash during the year	<b><u>6,887</u></b>	<u>4,368</u>
Net cash at the end of the year	<b><u>12,797</u></b>	<u>5,910</u>

# Distribution table

## for the year ended 31 December 2009

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Distributions paid/payable</i>	
		<i>pence per unit</i>	
		<b>2009</b>	2008
<b>Income units</b>			
31 March 2009	29 May 2009	<b>1.70</b>	1.70
30 June 2009	28 August 2009	<b>1.80</b>	1.80
30 September 2009	30 November 2009	<b>1.80</b>	1.80
31 December 2009	26 February 2010	<b><u>2.12</u></b>	<u>1.90</u>
		<b><u>7.42</u></b>	<u>7.20</u>
		<i>Revenue accumulated</i>	
		<i>pence per unit</i>	
		<b>2009</b>	2008
<b>Accumulation units</b>			
31 March 2009		<b>2.52</b>	2.29
30 June 2009		<b>2.60</b>	2.69
30 September 2009		<b>2.38</b>	2.29
31 December 2009		<b><u>2.68</u></b>	<u>2.71</u>
		<b><u>10.18</u></b>	<u>9.98</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 revenue 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);

# Statement of Board, Corporate Trustee and Manager responsibilities

- making distributions to Participating Charities holding income units and making allocations to Participating Charities holding 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 November 2008;
- 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

D Henderson, Chairman of the Board (appointed 25.2.09), *FCA, Company Director*  
B Wrey, Chairman of the Board, *Former Chairman, Henderson Global Investors* (resigned 25.2.09)  
T Bell, FRICS  
P Cawdron, FCA, *Company Director* (resigned 10.3.10)  
T Clark, *Solicitor*  
A Daws, *Solicitor*  
R Fitzalan Howard, *Chief Executive, FF&P Asset Management Limited*  
G Newson, MRICS  
Mrs F Quint, *Barrister* (resigned 25.2.09)

## Secretary

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

J Fox

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

A Kemp

### External Property Valuer

BNP Paribas Real Estate  
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 Ethical Investment Fund**

- An actively managed fund with a diversified portfolio suitable from a wide range of charities
- Managed with a strong regard for ethical and socially responsible investment principles
- A focus on long term returns and a rising income stream for investors

### **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, Ethical 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**

80 Cheapside

London EC2V 6DZ

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