



CCLA INVESTMENT MANAGEMENT LIMITED  
**COIF Charity Funds**

**COIF Charities Property Fund**

**Report and Accounts**  
**Half Year to 30 June 2006**  
**(unaudited)**



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## **Board and Manager**

*(inside back cover)*

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

*(outside back cover)*



**7-8 Conduit Street, London W1**

New purchase in March 2006

**Disability Discrimination Act 1995**

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

# COIF Charities Property Fund

## Structure of the Fund

### Structure and Management

COIF Charities Property 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's management of COIF Charities Property Fund, whereas the management of direct property within the Fund is outside the scope of the Financial Services and Markets Act 2000 (FSMA).

CCLA has been appointed Manager by the COIF Charities Property Fund Scheme (the Scheme).

The COIF Charities Property Fund has a Board which meets 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, appointing the Auditors to the Fund and agreeing the fees charged by the Corporate Trustee, the Manager and the Auditors.

The Corporate 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, excluding the smallest and largest 5% of Funds by size and single asset companies.

### Investment Policy

#### *Investments*

The Fund principally invests in direct freehold, feuhold and leasehold property assets within the United Kingdom. Direct assets can comprise commercial, industrial, retail 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 on a freehold, feuhold 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%, at the time of investment, of its total assets in financing or acquiring property redevelopments.

The Fund can 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.

# COIF Charities Property Fund

## Structure of the Fund

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%.

### *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 judgement 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.

### **Risk Warning**

The value of COIF Charities Property Fund 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. The unit value will reflect fluctuations in property and share values.

The units are intended only for long-term investment and are not suitable for money liable to be needed in the near future. They are realisable only on each monthly dealing date and a period of notice not exceeding six months may be imposed for the redemption of units.

# COIF Charities Property Fund Report of the Board for the six months ended 30 June 2006

On behalf of the Board, we have pleasure in presenting our half-year report on COIF Charities Property Fund.

## Responsibilities of the Board

We have met quarterly during the period to carry out our 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 we have monitored the administration, expenses and pricing of the Fund.

## 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 has in place a borrowing facility (see Note 1(g) & 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.

## Review of investment activities and policies of the Fund

During the period we 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.

## Controls and Risk Management

The Board receives and considers regular reports from the Manager and 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.

The Board receives an annual report on the controls of the Manager (FRAG 21). The last report covered the year ended 31 December 2005 and included a satisfactory report by the Manager's reporting accountants, PricewaterhouseCoopers LLP.

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



B.H.B. Wrey  
Chairman of the Board

27 July 2006

# COIF Charities Property Fund

## Report of the Property Manager

### for the six months ended 30 June 2006

#### Fund size

The COIF Charities Property Fund continues to grow in size and, by 30 June 2006, had reached £155m compared with £144m as at 31 December 2005. The growth achieved in this half-year period has been largely due to the net capital gains from the revaluation of the property portfolio in the six-month period. Whilst the flow of new money into the Fund has reduced, in the period £1.1m was received. 252 charities currently invest in property through the Fund.

#### Unit price movements

During the course of the half-year period to 30 June 2006, the value of a Property Fund Income Unit has increased from 131.08p to 140.12p per unit. For Income Unitholders, this represents a capital return for the half-year of 6.9%.

The value of Accumulation Units in the Fund has risen in the period from 155.88p to 170.51p per unit.

#### Dividend

Two dividend payments of 1.6p per unit have been distributed to Income Unitholders in the six month period. The total dividend for the half-year has, therefore, been 3.2p per unit. This represents a slight increase in the amount of income received by investors compared to the 3.1p distributed in the corresponding period to 30 June 2005. The income return during the period is 2.4% and the amount of dividends paid during the course of the last twelve months has totalled 6.5p representing an annual income return of 5.3%.

#### Performance

Movement in the Fund's unit price (Net Asset Value) during the half year to 30 June 2006, together with the amount of income distributed to Income unitholders during this period, has produced for investors a total return on units held for the six months of 9.4%.

The total return of the Fund for the half year, before management expenses, was 10.0%. The IPD All Quarterly and Monthly Valued Funds recorded a total return of x.x% for the same six-

month period. This represents a good start to 2006 for the Fund and an improvement in performance relative to the benchmark. In a property investment market that has produced high and attractive levels of total return, the Fund's performance has been stronger than that recorded in the same six month period of 2005, whilst the twelve-month total return has continued to rise.

A moderation in property sector performance in 2006 had been expected. However, so far this year, the downward pressure on property yields has continued to ensure total returns from property investment remain high. This reflects a property market that continues to be characterised by a mismatch between the demand that exists for property investments and the limited supply of good quality stock available to purchase. Whilst optimism about rental value growth is increasing and rents have risen in the last six months, property sector performance continues to be dominated by the impact on capital values of falling yields.

It has been an encouraging six month period for the COIF Charities Property Fund. The exposure of the Fund to a strong Central London office investment market has been increased whilst the size of the cash holding, which had been a major source of weaker performance in 2005, has now been fully invested. An improved rate of capital performance in the Fund's property portfolio has been enhanced by the industrial holdings, where the impact on capital valuations of some of the active management initiatives has been significant. The Fund's retail warehouse holdings have also performed well in the period supported by good rent reviews.

#### Activity

A key acquisition has been completed in the London West End market. The new holding is a mixed retail and office property located in Conduit Street, London, W1. The purchase price at £10.65m provides the Fund with a good exposure to an important area of the property market where falling yields have been justified by

# COIF Charities Property Fund

## Report of the Property Manager

### for the six months ended 30 June 2006

greater rental growth expectations. The Fund also completed the acquisition of another office property centrally located in Glasgow. The purchase price was £6.4m and the property replaces another holding in Glasgow, Apsley House, Wellington Street, which had been actively managed during 2005 and was sold during the half-year to crystallise a significant capital gain. The multi-let nature of both of the investments acquired will also provide active management opportunities for the future.

As a result of this investment activity, the Fund's cash holding has been eliminated and the borrowing facility had been drawn with a total outstanding at the half year end of £9m. This has enabled a disposals plan to be implemented and, during the period, the sale of some of the Fund's smaller and less attractive holdings has been progressed.

#### Property management

Several of the Fund's property holdings are currently benefiting from active management and good progress has been made during the last six months. In particular future redevelopment opportunities that exist on the industrial warehouse investments in Leeds and Notting Hill are presently being appraised and our plans have had a positive impact on capital values.

One rent review has been concluded during the period whilst progress has been made on several other rent reviews that remain outstanding. Voids in the property portfolio remain below average at 3.6%. The most significant void exists in the industrial warehouse on Humber Road London NW4. Another void exists in the recently acquired Glasgow office building. This building is expected to be only temporarily vacant whilst subject to refurbishment.

#### Outlook

Property sector total returns currently remain strong and 2006 is expected to produce another good year for property investment performance. Nevertheless, performance should moderate from current levels as the year progresses. Capacity does exist for yields to fall a little further, and a healthier outlook for rental value growth appears to be now emerging. This should mean that the moderation in returns are likely to be reasonably smooth.

Overall, long-term property total returns should remain appealing to investors and underpinned by an attractive income yield. However, a strong return in 2006 will make it more difficult in 2007 and the risk premium, at both an asset level and for the property sector as a whole when compared to gilt yields, has been squeezed. Beyond 2006, the market environment is likely to be more challenging and performance levels are likely to vary significantly between property sectors. In this regard, a good exposure to Central London offices is considered key to the management of the Fund. We are confident that the investment activity in the half-year means the Fund is well placed to produce competitive levels of total return as the property cycle moves into a period of more modest performance.



Paul Hannam  
Head of Property  
CCLA Investment Management Limited

27 July 2006

# COIF Charities Property Fund Report of the Valuers

# Report of the Corporate Trustee for the six months ended 30 June 2006

Dear Sirs,

## **COIF Charities Property Fund Valuation as at 30 June 2006**

In accordance with your instructions, we have valued all the property investments owned by the COIF Charities Property Fund as at 30 June 2006. 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 30 June 2006 was:

£161,225,000

(One hundred and sixty one million, two hundred 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 4 July 2006.

Yours faithfully,

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

4 July 2006

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 on the investment and borrowing powers of the Manager and Trustee, and in accordance with the provisions of the Scheme.

HSBC Bank plc  
Corporate Trustee  
8 Canada Square  
London E14 5HQ

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

27 July 2006

# COIF Charities Property Fund

## Net Asset Value, Unit Price Range, Net Distributions & Total Expense Ratio

### Net Asset Value

At 31 December	Net Asset	Income Units		Accumulation Units	
	Value £'000	Net Asset Value Pence per Unit	Number of Units in Issue	Net Asset Value Pence per Unit	Number of Units in Issue
2003	88,719	108.72	81,057,065	116.64	505,957
2004	113,712	120.31	93,443,568	136.08	945,204
2005	144,136	131.08	105,956,171	155.88	3,370,336
At 30 June 2006	155,030	140.12	106,072,222	170.51	3,751,709

### 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
2003	111.99	101.22	118.68	102.71
2004	123.96	107.75	138.46	115.59
2005	135.03	119.47	158.61	135.13
To 30 June 2006	144.10	130.33	173.49	154.98

### Net Distributions

Year to 31 December	Income Units		Accumulation Units	
	Pence per Unit	Yield on one Unit held for the period*%	Pence per unit	Yield on one Unit held for the period*%
2003	6.00	5.77	6.60	6.26
2004	6.20	5.60	7.49	6.31
2005	6.40	5.23	7.74	5.59
To 30 June 2006	3.20	2.40	3.78	2.38

\* Yield expressed as a percentage of the Unit offer price at the beginning of the period.

### Unit Prices at 30 June 2006

	Bid Price Pence per Unit	Offer Price Pence per Unit
Income Units	137.95	142.57
Accumulation Units	167.88	173.49

The Unit prices are published in The Times, The Daily Telegraph and Financial Times.  
The offer and bid prices are calculated on the net asset value plus or minus a 1.75% surcharge or 1.55% deduction respectively.

### Total Expense Ratio

	30.6.2006	30.6.2005
Total expense ratio (annualised)	0.69%	0.72%

The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the period. It does not include expenses incurred in managing and maintaining the individual properties held in the fund. These expenses are detailed in note 4 on page 22.

# COIF Charities Property Fund Distribution Table

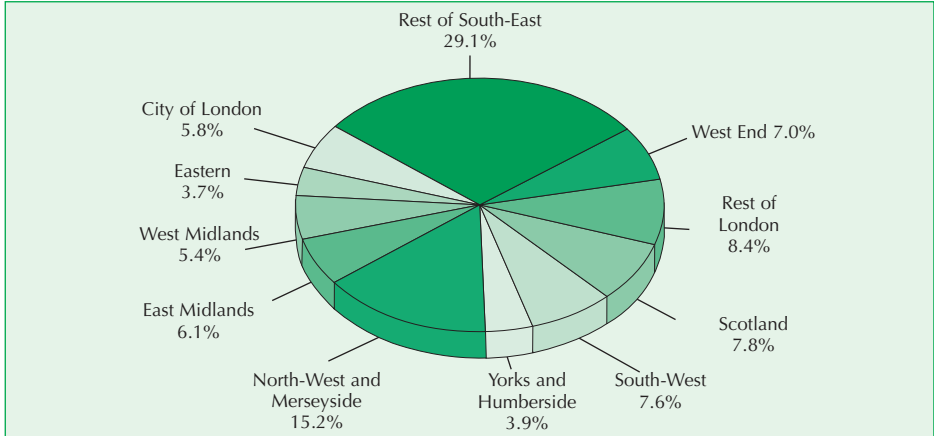
for the six months ended 30 June 2006 (unaudited)

<i>Period Ended</i>	<i>Date of Payment</i>	<i>Distributions Payable Pence per Unit</i>	
		<b>2006</b>	2005
<b>Income Units</b>			
31 March 2006	31 May 2006	<b>1.60</b>	1.50
30 June 2006	31 August 2006	<b>1.60</b>	<u>1.60</u>
		<b><u>3.20</u></b>	<u>3.10</u>
		<i>Income Accumulated Pence per Unit</i>	
<b>Accumulation Units</b>			
31 March 2006		<b>1.89</b>	1.91
30 June 2006		<b>1.89</b>	<u>1.87</u>
		<b><u>3.78</u></b>	<u>3.78</u>

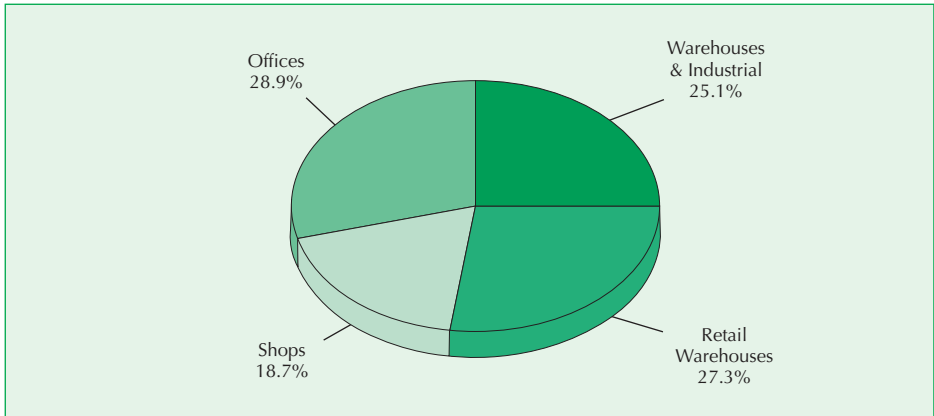
# COIF Charities Property Fund Portfolio Analysis

at 30 June 2006

## Geographical Distribution



## Asset by Type



# COIF Charities Property Fund

## Portfolio Statement

at 30 June 2006 (unaudited)

	£'000	% of Fund
<b>Properties</b>		
Valued between £0 and £5m		
25 properties	79,825	51.49
Valued between £5m and £10m		
8 properties	56,050	36.16
Valued between £10m and £15m		
2 properties	25,350	16.35
	<hr/>	<hr/>
	161,225	104.00
<b>Net current liabilities</b>	<u>(6,195)</u>	<u>(4.00)</u>
<b>Net assets</b>	<u>155,030</u>	<u>100.00</u>

## Summary of Investments and Other Assets

at 30 June 2006 (unaudited)

	30.6.2006		31.12.2005	
	£'000	%	£'000	%
<b>Property Investments</b>				
Shops	30,117	19.43	24,884	17.26
Offices	46,553	30.03	36,891	25.60
Warehouses & Industrial	40,545	26.15	37,100	25.74
Retail Warehouses	<u>44,010</u>	<u>28.39</u>	<u>40,925</u>	<u>28.39</u>
Total property investments	<u>161,225</u>	<u>104.00</u>	139,800	96.99
<b>Net current (liabilities)/assets</b>				
Cash	7,000	4.52	5,088	3.53
Net creditors	<u>(13,195)</u>	<u>(8.52)</u>	<u>(752)</u>	<u>(0.52)</u>
Total net current (liabilities)/assets	<u>(6,195)</u>	<u>(4.00)</u>	<u>4,336</u>	<u>3.01</u>
<b>Total value of Fund</b>	<u>155,030</u>	<u>100.00</u>	<u>144,136</u>	<u>100.00</u>

# COIF Charities Property Fund

## Statement of Total Return

for the six months ended 30 June 2006 (unaudited)

	Notes	30.6.2006		30.6.2005	
		£'000	£'000	£'000	£'000
Net gains on investments during the period	2		<b>9,807</b>		3,005
Gross income	3	<b>4,407</b>		3,974	
Expenses	4	<b>(749)</b>		(655)	
Finance Costs: Interest	6	<b>(144)</b>		-	
Income for the period			<b>3,514</b>		3,319
<b>Total return for the period</b>			<b>13,321</b>		6,324
Finance Costs: Distributions	6		<b>(3,524)</b>		(3,071)
<b>Change in net assets attributable to unitholders</b>			<b>9,797</b>		3,253

## Statement of Change in Unitholders' Net Assets

for the six months ended 30 June 2006 (unaudited)

	30.6.2006		30.6.2005	
	£'000	£'000	£'000	£'000
<b>Net assets at start of the period</b>		<b>144,136</b>		113,712
<b>Movement due to creations and cancellations of units</b>				
Amounts receivable on creation of units	<b>5,717</b>		11,721	
Less: Amounts payable on cancellation of units	<b>(4,758)</b>		(170)	
		<b>959</b>		11,551
Change in net assets attributable to unitholders (see above)		<b>9,797</b>		3,253
Retained distribution on accumulation units		<b>138</b>		44
<b>Net assets at end of the period</b>		<b>155,030</b>		128,560

The notes on pages 21 to 26 form part of these accounts.

## COIF Charities Property Fund Property Portfolio – Shops at 30 June 2006 (unaudited)

<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>
30 & 31 Western Road BRIGHTON	Portman Building Society	25 yrs 15.3.99	5 yrs	2009	175,000	0-5
100 The Promenade CHELTENHAM	Russell & Bromley Ltd.	25 yrs 25.3.86	5 yrs	2006	97,500*	0-5
76/77 East Street CHICHESTER	C&J Clark International Ltd.	15 yrs 22.3.00	5 yrs	2005	160,000*	5-10
	West Sussex County Council	10 yrs 2.1.03	5 yrs	2008	47,300	
	West Sussex County Council	10 yrs 12.8.03	5 yrs	2008	4,500	
37 East Street DERBY	The Outdoor Group Ltd.	25 yrs 1.4.82	5 yrs	2007	110,000	0-5
85/89 High Street DUNFERMLINE	Mackays Stores Ltd.	25 yrs 31.7.86	5 yrs	2006	165,000	0-5
10 & 10a-12 Penny Street LANCASTER	Phones 4 U Ltd.	15 yrs 24.2.04	5 yrs	2009	40,000	0-5
	Ernest Jones Ltd.	11 yrs 8.2.02	5 yrs	2003	54,600*	
	Nigel Ward & Ian Thorpe	16 yrs 10.7.97	5 yrs	2008	9,000	
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	2003	46,500*	
	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	2004	27,500*	
	Cheltenham & Gloucester	15 yrs 26.4.04	5 yrs	2014	36,000	
	Great Central Developments Ltd.	250 yrs 1.10.02	–	–	–	
21 & 22-23 Boscawen Street TRURO	Signet Group plc	25 yrs 25.3.87	5 yrs	2007	95,000	0-5
	Mr Minit plc	25 yrs 15.7.94	5 yrs	2009	40,000	

\* Outstanding rent review or lease renewal as at 30 June 2006

**COIF Charities Property Fund**  
**Property Portfolio – Offices**  
**at 30 June 2006 (unaudited)**

<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>
Acuma and Wessex House BRISTOL	Avon Ambulance Services NHS Trust	10 yrs 30.5.97	5 yrs	-	121,250	0-5
	Avon Ambulance Services NHS Trust	14 yrs 28.9.01	5 yrs	2005	80,000*	
74-76 George Street EDINBURGH	The Noble Group Ltd.	25 yrs 7.7.97	5 yrs	2007	171,000	0-5
144 West George Street GLASGOW	Medical and Dental Defence union	21 yrs 25.7.86	5 yrs	2006	51,800	5-10
	Park Circus (Management) Ltd.	10 yrs 28.3.02	5 yrs	2007	21,500	
	Scottish Provident Ltd.	21 yrs 15.8.86	5 yrs	2006	27,000	
	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	
	Alexander Sloan & Company	10 yrs 15.5.98	5 yrs	-	54,700	
	JM Architects Ltd.	10 yrs 28.5.04	5 yrs	2009	53,737	
	EBV Elektronik GMBH & Co	10 yrs 26.2.01	5 yrs	2006	29,051*	

\* Outstanding rent review or lease renewal as at 30 June 2006

**COIF Charities Property Fund**  
**Property Portfolio – Offices**  
**at 30 June 2006 (unaudited)**

<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	The Regent Organisation	5 yrs 25.12.04	–	–	58,240	5-10
	Drake Bearn Morin plc	8 yrs 25.3.00	3 yrs	–	74,520	
	Drake Bearn Morin plc	8 yrs 25.3.00	5 yrs	–	98,973	
	Drake Bearn Morin plc	10 yrs 14.9.01	5 yrs	2006	113,015	
	Drake Bearn Morin plc	7 yrs 25.12.01	–	–	36,015	
	Citifocus Ltd.	10 yrs 24.6.02	5 yrs	2007	78,070	
	Hill International (UK) Ltd.	5 yrs 6.5.05	–	–	44,550	
	Securicor International Valuables	5 yrs 29.9.01	–	–	38,850	
	Southern Steamships (London) Ltd.	5 yrs 25.3.03	–	–	33,750	
	William Heard	0 yrs 29.9.04	5 yrs	2009	25,001	
	Part Vacant	–	–	–	–	
Gateway House MANCHESTER	Barclays Bank plc	25 yrs 29.9.91	5 yrs	2006	68,715	0-5
	Royal Liver Assurance Ltd.	10 yrs 1.3.97	5 yrs	–	75,000	
	BUPA Investments Ltd.	10 yrs 24.6.97	5 yrs	–	75,000	
	BUPA Investments Ltd.	10 yrs 24.6.97	5 yrs	–	75,000	
602 South Seventh Street MILTON KEYNES	Redrow Homes (Southern) Ltd.	25 yrs 10.4.87	5 yrs	2007	80,616	0-5

**COIF Charities Property Fund**  
**Property Portfolio – Offices**  
at 30 June 2006 (unaudited)

<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>
King's Court READING	Ernst & Young LLP	22 yrs 1.9.88	5 yrs	2008	78,936	5-10
	Ernst & Young LLP	22 yrs 1.9.88	5 yrs	2008	72,864	
	Abbey National plc	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.	0 yrs 9.12.00	1 yr	2005	1,200*	
	Wipro Ltd.	5 yrs 7.1.06	1 yr	–	4,400	
	Wipro Ltd.	0 yrs 18.6.04	1 yr	–	2,200	
	Abbey National plc	0 yrs 2.12.04	–	–	3,120	
	Part Vacant	–	–	–	–	
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

\* Outstanding rent review or lease renewal as at 30 June 2006

**COIF Charities Property Fund**  
**Property Portfolio – Shops/Offices**  
**at 30 June 2006 (unaudited)**

<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	2006	60,000	
	Asiana Airlines Inc	10 yrs 22.3.02	5 yrs	2007	77,000	
	Princeton Investments plc	22 yrs 25.3.87	5 yrs	–	61,600	
	Messrs G Martin, SS	5 yrs	5 yrs	–	55,000	
	Goderski, S Hul Preasepe 1 BV	20.12.04 1 yrs 20.3.06	–	–	45,000	

**COIF Charities Property Fund**  
**Property Portfolio – Warehouses/Industrial**  
**at 30 June 2006 (unaudited)**

<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 Futuretools Ltd.	15 yrs 6.4.00	5 yrs	2005	52,006*	0-5
	British Energy Generation Ltd.	3 yrs 12.9.03	–	–	28,950	
	Easynet Telecommunications Ltd.	15 yrs 14.5.01	5 yrs	2006	31,600*	
1 Thomas Road HIGH WYCOMBE	Avery Dennison UK Ltd.	20 yrs 29.9.92	5 yrs	2007	255,000	0-5
West Street LEEDS	Graham Group	25 yrs 25.12.84	5 yrs	–	116,000	0-5
Units 1 & 2 Humber Road LONDON	Nando's Chickenland Ltd.	15 yrs 23.4.02	5 yrs	2007	195,000	5-10
	Part vacant	–	–	–	–	
21 Olaf Street LONDON	W H Smith plc	57 yrs 5.6.73	7 yrs	2009	122,500	0-5
7 St. Andrews Way LONDON	Westex Ltd.	25 yrs 16.11.94	5 yrs	2004	225,000*	0-5
Unit G1 Touchet Hall Road MANCHESTER	Christian Salvesen plc	25 yrs 3.7.95	5 yrs	2010	352,500	5-10
Bradbourne Drive MILTON KEYNES	Geest Properties Ltd.	14 yrs 1.1.02	5 yrs	2007	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	–	110,166	
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 30 June 2006

## COIF Charities Property Fund

### Property Portfolio – Retail Warehouses

at 30 June 2006 (unaudited)

<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	2005	300,000*	5-10	
	DP Realty Ltd. t/a Domino's Pizza	25 yrs 24.10.00	5 yrs	2005	16,000*		
	Motor World Ltd.	15 yrs 15.6.01	5 yrs	2006	18,750*		
	Blockbuster Entertainment Ltd.	15 yrs 24.10.00	5 yrs	2005	36,750*		
	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	10-15
St. Peter's Way NORTHAMPTON	NBC Apparel t/a TK Maxx	15 yrs 24.6.03	5 yrs	2008	311,535	5-10	
Portway Road OLDBURY	Matalan Retail Ltd.	25 yrs 17.11.95	5 yrs	2005	191,995*	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 30 June 2006

# COIF Charities Property Fund

## Balance Sheet

at 30 June 2006 (unaudited)

	Notes	30.6.2006		31.12.2005	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Portfolio of investments	7		<b>161,225</b>		139,800
Debtors	8		<b>550</b>		2,902
Cash and bank balances	9		<b><u>8,054</u></b>		<u>5,088</u>
Total current assets			<b><u>8,604</u></b>		<u>7,990</u>
<b>Total assets</b>			<b><u>169,829</u></b>		<u>147,790</u>
<b>LIABILITIES</b>					
Creditors	11		<b>3,048</b>		1,853
Proposed distribution of income			<b>1,697</b>		1,801
Bank overdrafts and short term loans	10		<b><u>10,054</u></b>		-
Total current liabilities			<b><u>14,799</u></b>		<u>3,654</u>
<b>Net assets attributable to unitholders</b>			<b><u>155,030</u></b>		<u>144,136</u>

The notes on pages 21 to 26 form part of these accounts.

# COIF Charities Property Fund

## Cash Flow Statement

for the six months ended 30 June 2006 (unaudited)

		30.6.2006		31.12.2005	
	Notes	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	17		<b>6,957</b>		5,241
<b>Net cash inflow from financing activities</b>					
Creation of units		<b>5,717</b>		20,707	
Cancellation of units		<b>(4,758)</b>		<u>(1,265)</u>	
			<b>959</b>		19,442
<b>Net cash outflow from investing activities</b>					
Payments to acquire investments	7	<b>(17,518)</b>		(31,312)	
Proceeds on disposal of investments	7	<b>5,900</b>		<u>2,250</u>	
			<b>(11,618)</b>		(29,062)
<b>Net cash outflow from distributions paid</b>			<b>(3,386)</b>		(6,417)
<b>Decrease in cash</b>	18		<b><u>(7,088)</u></b>		<u><u>(10,796)</u></u>

The notes on pages 21 to 26 form part of these accounts.

# COIF Charities Property Fund

## Notes to the Accounts

(unaudited)

### 1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of properties, and in accordance with the Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commission in March 2005 and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005, with the exception of the omission of the Statement of Material Portfolio Changes.

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

(b) Income recognition

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

(c) Management expenses

The Manager's periodic charge paid to CCLA Investment Management Limited is charged to the income of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT, less a management fee rebate for the Fund's deposits in the COIF Charities Deposit Fund. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. The Corporate 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 fluctuations in income which arise over the years (see Note 11).

(e) Capitalised costs

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

(f) Basis of valuation

Freehold 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 Weatheralls Limited, Chartered Surveyors.

(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 1% 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.

# COIF Charities Property Fund

## Notes to the Accounts

(unaudited)

<b>2. Net gains on investments</b>	<b>30.6.2006</b>	30.6.2005
	<b>£'000</b>	£'000
The net gains on investments during the period comprise:		
Non-derivative investments	<u>9,807</u>	<u>3,005</u>
Net gains on investments	<u>9,807</u>	<u>3,005</u>
<b>3. Gross income</b>	<b>30.6.2006</b>	30.6.2005
	<b>£'000</b>	£'000
Rents receivable	4,213	3,595
Interest on COIF Charities Deposit Fund	64	284
Bank interest	3	1
Other interest	28	3
Insurance commission	30	29
Surrender premium	52	60
Other income	17	2
	<u>4,407</u>	<u>3,974</u>
<b>4. Expenses</b>	<b>30.6.2006</b>	30.6.2005
	<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)	558	393
Manager's periodic charge rebate – see Note 1(c)*	(3)	(12)
	<u>555</u>	<u>381</u>
Payable to the Corporate Trustee, associates of the Corporate Trustee and agents of either of them:		
Corporate Trustee fee	26	26
	<u>26</u>	<u>26</u>
Other expenses:		
Insurance	2	2
Audit fee	4	4
IPD	5	5
Loan finance cost	6	6
Property ground rent and empty rates	8	7
Property legal and professional fees	15	33
Property valuation fees	67	28
Property non-recoverable insurance	8	8
Property non-recoverable repairs and maintenance	2	119
Property service charge	21	7
Insurance commission	30	29
	<u>168</u>	<u>248</u>
Total expenses	<u>749</u>	<u>655</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.

# COIF Charities Property Fund

## Notes to the Accounts

(unaudited)

### 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.

### 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:

	<b>30.6.2006</b>	30.6.2005
	<b>£'000</b>	£'000
31 March – Interim distribution	<b>1,775</b>	1,506
30 June – Interim distribution	<b>1,768</b>	1,662
	<b>3,543</b>	3,168
Add: Income deducted on cancellation of units	<b>33</b>	1
Deduct: Income received on creation of units	<b>(52)</b>	(98)
Net distribution for the period	<b>3,524</b>	3,071
Net income for the period	<b>3,514</b>	3,319
Transfer from/(to) income reserve – see Note 12	<b>10</b>	(248)
Net distribution for the period	<b>3,524</b>	3,071
Interest	<b>144</b>	-
Total finance costs	<b>3,668</b>	3,071

Details of the distribution per unit are set out in the distribution table on page 8.

### 7. Property investments

	<b>30.6.2006</b>	31.12.2005
	<b>£'000</b>	£'000
Market value at the start of the period	<b>139,800</b>	100,275
Acquisitions at cost	<b>17,518</b>	31,312
Sales proceeds from disposals	<b>(5,900)</b>	(2,250)
Realised losses on disposals	<b>(1)</b>	(50)
Unrealised gains on revaluation	<b>9,808</b>	10,513
Market value at the end of the period	<b>161,225</b>	139,800
Historical cost at the end of the period	<b>129,968</b>	117,052

# COIF Charities Property Fund

## Notes to the Accounts

(unaudited)

<b>8. Debtors</b>	<b>30.6.2006</b>	<b>31.12.2005</b>
	<b>£'000</b>	<b>£'000</b>
Accrued income	458	698
Property payments recoverable	34	13
Service charge recoverable	19	15
Property insurance recoverable	39	-
Prepayments	-	13
VAT recoverable	-	2,163
	<u>550</u>	<u>2,902</u>

<b>9. Cash and bank balances</b>	<b>30.6.2006</b>	<b>31.12.2005</b>
	<b>£'000</b>	<b>£'000</b>
Cash in COIF Charities Deposit Fund	7,251	4,486
Cash at bank	803	602
	<u>8,054</u>	<u>5,088</u>

<b>10. Bank overdrafts and short term loans</b>	<b>30.6.2006</b>	<b>31.12.2005</b>
	<b>£'000</b>	<b>£'000</b>
Overdrawn balances	1,054	-
Short term loan facility	9,000	-
	<u>10,054</u>	<u>-</u>

<b>11. Creditors</b>	<b>30.6.2006</b>	<b>31.12.2005</b>
	<b>£'000</b>	<b>£'000</b>
Rent received in advance	1,954	1,652
Accrued expenses	46	25
Property expenses payable	13	18
VAT payable	459	144
Rent deposits	437	13
Insurances services fee	11	1
Loan interest payable	128	-
	<u>3,048</u>	<u>1,853</u>

### 12. 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.

	<b>30.6.2006</b>	<b>30.6.2005</b>
	<b>£'000</b>	<b>£'000</b>
Income reserve at start of the half-year period	1,318	947
Transfer (from)/to income reserve	(10)	248
Income reserve at end of the half-year period	<u>1,308</u>	<u>1,195</u>

# COIF Charities Property Fund

## Notes to the Accounts

(unaudited)

### 13. 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 period and the comparative period.

#### 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.

#### 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 30 June 2006 there was a financial liability of £9m (31.12.05, £nil) due to utilisation of the Fund's borrowing facility that pays a floating rate of interest. There were no other financial liabilities that pay either floating rate or fixed rate interest at 30 June 2006 (31.12.2005, £nil). All financial liabilities are due to be settled in one year or on demand.

During the period the Manager utilised the Fund's power to borrow. The borrowing facility provided by The Royal Bank of Scotland plc has a limit of £15m and a floating interest rate of 1% above the bank's base rate. Interest on amounts drawn down from the loan facility is calculated on a daily basis and is payable monthly in arrears. The loan can be drawn in tranches and repaid at any time. The loan facility is renewable annually.

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.

### 14. Board remuneration

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

### 15. Related party transactions

The Manager's periodic charge is paid to CCLA Investment Management Limited and the Corporate Trustee fee is paid to HSBC Bank plc, both related parties to the Fund. The amounts paid in respect of the Manager's periodic charge and Corporate Trustee fee are disclosed in Note 4. At 30 June 2006 the balances due to CCLA Investment Management Limited and HSBC Bank plc were as set out below:

	<b>30.6.2006</b>	31.12.2005
	<b>£'000</b>	£'000
CCLA Investment Management Limited	–	–
HSBC Bank plc	<b>35</b>	16

There were no other transactions entered into with CCLA Investment Management Limited or HSBC Bank plc during the period.

# COIF Charities Property Fund

## Notes to the Accounts

(unaudited)

### 16. Turnover of units

The number and net asset value of units in the COIF Charities Property Fund created, cancelled and transferred in the period to 30 June 2006 was as follows:

	<i>Number of units</i>	<i>Value £'000</i>	<i>% of NAV at 30.6.2006</i>
Units created	4,027,524	5,717	3.69
Units cancelled	3,530,100	4,759	3.07
Units transferred	340,440	451	0.29

At 30 June 2006 there were no redemption notices outstanding.

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

	<b>30.6.2006</b>	31.12.2005
	<b>£'000</b>	£'000
Net income for the period	<b>3,514</b>	6,936
Decrease/(Increase) in accrued income	<b>240</b>	(180)
Decrease/(Increase) in debtors	<b>2,112</b>	(2,005)
Increase in creditors	<b>1,091</b>	490
Net cash inflow from operating activities	<b><u>6,957</u></b>	<u>5,241</u>

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

	<b>30.6.2006</b>	31.12.2005
	<b>£'000</b>	£'000
Net cash at beginning of the period	<b>5,088</b>	15,884
Movement in cash during the period	<b><u>(7,088)</u></b>	<u>(10,796)</u>
Net cash at the end of the period	<b><u>(2,000)</u></b>	<u>5,088</u>

# COIF Charities Property Fund

## Statement of Board, Corporate Trustee and Manager Responsibilities

### Responsibilities of the Board

The Board is required by the Scheme of the Charity Commissioners made under the Charities Act 1993, dated 12 July 2002, for the Fund to:

- prepare an annual report and to inform the Charity Commissioners if it is not satisfied with the Corporate Trustee's or the Manager's compliance with the Scheme or the Scheme Particulars;
- meet regularly to receive reports and monitor the progress of the Fund;
- obtain Charity Commission orders for the discharge and appointment of the Corporate Trustee and Manager of the Fund;
- appoint the Auditors of the Fund and to agree their terms of engagement;
- determine the rate of remuneration of the Corporate Trustee and Manager in accordance with the Scheme.

### Responsibilities of the Corporate Trustee

The Corporate Trustee is required by the Scheme to:

- ensure that the Fund is managed by the Manager in accordance with the Scheme and Scheme Particulars and that proper accounting records have been maintained;
- safeguard the assets of the Fund and hence take reasonable steps for the prevention and detection of fraud and other irregularities;
- appoint and supervise the Registrar of the Fund;
- be responsible for any winding-up of the Fund 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 enables the Manager to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent;
- 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 Corporate 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.H.B. Wrey, Chairman of the Board, *Former Chairman, Henderson Global Investors*

R. Fitzalan Howard, *Chief Executive, FF&P Asset Management Limited*

A. Huntley, FRICS

Mrs F. Quint, *Barrister*

N.S. Wilson, *Solicitor, a former Partner, Slaughter and May*

#### Secretary

Mrs J. Glass, ACIS

### Investment Manager, Administrator and Registrar

#### CCLA Investment Management Limited

*Authorised and regulated by the Financial Services Authority*

80 Cheapside, London EC2V 6DZ

T: 020 7489 6000

*Client Service:* Freephone: 0808 220 2252

T: 020 7489 6010

F: 020 7489 6126

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

#### Directors responsible for

#### COIF Charities Property Fund

#### Property Manager and Head of Property

#### Client Relationship Manager

#### Company Secretary and Head of Compliance

A.G. Gibbs, FCA (*Chief Executive, up to 8.3.2006*)

M.F. Quicke (*Chief Executive, from 8.3.2006*)

D.A.W. Butler, FCA (*Operations*)

T.H. Lavis (*Corporate Relationship, up to 14.7.2006*)

P.A. Hannam, MRICS

M.J. Goddings

Mrs J. Glass, ACIS

### Corporate Trustee

HSBC Bank plc

8 Canada Square, London E14 5HQ

### External Valuers

Atisreal Limited

Chartered Surveyors and International Real Estate Consultants

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

### Bankers

The Royal Bank of Scotland plc

62/63 Threadneedle Street, London EC2R 8LA

### Solicitors

Lovells

Atlantic House, Holborn Viaduct  
London EC1A 2FG

Eversheds LLP

Senator House, 85 Queen Victoria Street  
London EC4V 4JL

### Independent Auditors

PricewaterhouseCoopers LLP

Southwark Towers, 32 London Bridge Street  
London SE1 9SY



## 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

Mainly invested in equities in the United Kingdom and overseas. Intended for a charity's long-term capital. Income and Accumulation Units available. Weekly dealing dates.

#### ● COIF CHARITIES FIXED INTEREST FUND

Invested in fixed interest stocks to provide a good income yield and supplement where necessary the lower income yield on COIF Charities Investment Fund. Intended for long-term investment but offers no protection against inflation. Income and Accumulation Units available. Weekly dealing dates.

#### ● COIF CHARITIES DEPOSIT FUND

Designed for a charity's cash balances. Competitive rate of interest even on small sums. Daily deposit and withdrawal facilities.

#### ● COIF CHARITIES PROPERTY FUND

Invested in commercial and industrial property. Intended for part of a charity's long-term capital to provide a good initial income yield and the prospect of some income and capital growth. Income and Accumulation Units available. Monthly dealing dates.

#### RISK WARNING

*The value of COIF Charities Property, Investment and Fixed Interest Funds' 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. The Property Fund's unit value will reflect fluctuations in property and share values. The Investment Fund's unit value will reflect fluctuations in share prices and currency exchange rates. The Fixed Interest Fund's income yield is an indication of the expected level of income. The corresponding gross redemption yield is an estimate of total return over the long term. The Fixed Interest Fund's income and gross redemption yields are not guaranteed and will change over time, due to changes in interest rates and the average maturity date of the securities held by the Fund. When the Fixed Interest Fund's income yield is higher than the gross redemption yield, income is being paid at the expense of capital.*

*The Property Fund's units are intended only for long-term investment and not suitable for money liable to be needed in the near future. They are realisable only on each monthly dealing date and a period of notice not exceeding six months may be imposed for redemption of the units. The Investment Fund and Fixed Interest Fund's units are intended only for long-term investment and are not suitable for money liable to be needed in the near future. They are realisable only on each weekly dealing date.*

*The Trustees of COIF Charities Deposit Fund cannot give guarantees regarding repayment of deposits in the Deposit Fund but undertake to exercise reasonable care in placing of deposits. The daily deposit rate will fluctuate. Past performance is no guarantee of future returns.*

#### ADDITIONAL INFORMATION

Each Unitholder (Depositor for the COIF Charities Deposit Fund) will receive annual Reports and Accounts within three months of the end of the relevant period and half-yearly Reports and Accounts within two months of the end of the relevant period. Under the FSA Conduct of Business Rules, a Unitholder in the COIF Charities Property, Investment and Fixed Interest Funds is entitled to request an unaudited periodic report to be provided within 25 days after the end of the period to which it relates.

#### CCLA INVESTMENT MANAGEMENT LIMITED

*Authorised and regulated by the Financial Services Authority*

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