



# The CBF Church of England Property Fund

## Fund Profile – 31 December 2011

An ideal choice for charity trustees with long-term funds seeking a combination of capital and income growth

### Prices at 31.12.11

### Net asset value (includes income)

Income shares	121.08p
Accumulation shares	169.76p
Gross dividend yield	6.82%*

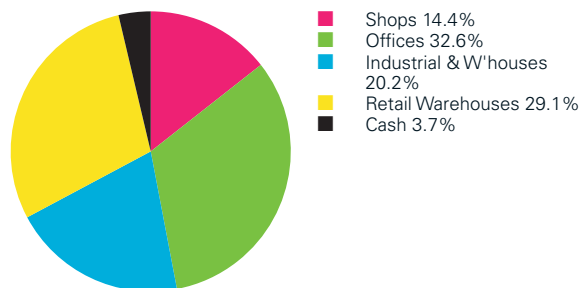
\* Based upon the net asset value and historic annual dividend of 8.26p

The Property Fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

The portfolio is actively managed and seeks to boost returns by lease and tenant management and property improvement.

The Fund has a broad sector spread to maximise the range of opportunities, diversification to keep risks under control.

### Asset allocation by investment category 31 December 2011



**Fund size £130 million**

### Property portfolio details

Top 5 properties = 35.0% of the portfolio

Top 5 tenants = 29.3% of rental income

Weighted unexpired lease term 5.7 years

Vacancy rate 4.5%

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## by region and category 31 December 2011



Fund Data and IPD Balanced Property Unit Trust data as at 31 December 2011

### Market update

Whilst good quality, income secure properties continued to be in demand, the market for secondary assets remained weak. The slight overall improvement in capital values recorded for the sector therefore reflected divergent trends in different parts of the market. The best performing sector was offices in central London, indeed by the end of the period this was the only sector still displaying upward price momentum. Transaction volumes remained very low, limiting the information on which valuers depend to determine valuations. This has resulted in an increased level of subjectivity in valuations and as a result a level of caution has crept into expectations, in particular for shorter lease assets.

Occupier markets remain fragile and void levels uncomfortably high at over 10% overall.

### Fund activity

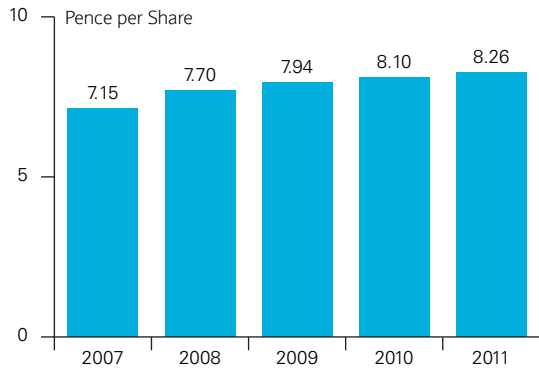
- There were no transactions in the final quarter of 2011 and although there were a number of rent reviews, none resulted in an increase.
- A positive development is that there is a good interest in two current void units, with negotiations now in solicitor's hands. Void control is a key part of our strategy.

## Outlook

We expect the current two tier market to continue, however we do not expect any overall capital growth from the sector in the near term, leaving returns dependent on income receipts. Occupier markets will remain difficult but, despite recent weakness in the retail sector, are not expected to deteriorate. Capital growth prospects look better for 2013.

## The importance of income

### Dividend history of The CBF Church of England Property Fund



## Calendar performance versus the benchmark



The benchmark is the IPD Balanced Property Unit Trust Index.

Source: CCLA – Please note that past performance is no guarantee of future returns. Investments in long term funds can go down as well as up and you may not get back the original amount invested.

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## Long term performance

### Total return performance (net) 12 months to end of December

	2011	2010	2009	2008	2007
The CBF Church of England Property Fund	+6.8%	+10.9%	+4.4%	-19.6%	-2.9%
Benchmark*	+6.7%	+12.1%	-3.5%	-26.0%	-5.4%

\* The benchmark is the IPD Balanced Property Unit Trust Index.

Source: CCLA – Please note that past performance is no guarantee of future returns. Investments in long term funds can go down as well as up and you may not get back the original amount invested.

## Costs and charges

Our policy is always to keep costs and charges low – we believe that high costs and charges have a very damaging cumulative effect on investor returns. We negotiate low commission rates and monitor dealing costs closely. We limit the use of expensive external third party funds where there can be hidden costs and charges. We have no entry or exit fees, the only income taken by the investment manager is the annual charge of 0.65%. As the Fund is designed solely for charity investors, the Fund does not pay tax, and there is no stamp duty on UK share and property investments. Dividends are paid to investors without any additional tax deductions.

## Key facts

Bid/offer spread	3.3%
Dealing day	Last Tuesday of the month*
Minimum initial investment	£10,000
Dividend payment dates	End January, April, July & October
Annual management charge	0.65% on 1st £100m then 0.5% thereafter (deducted from capital)**
Share types available	Income and Accumulation shares
Sedol numbers	0539054 (Income shares) B0ZTCQ1 (Accumulation shares)
ISIN numbers	GB0005390546 (Income shares) GB00B0ZTCQ10 (Accumulation shares)

\* Dealing instructions must be received by 5pm on the business day preceding the dealing day. If Tuesday is a bank holiday the dealing day will be the previous working day. Shares are only realisable on each monthly dealing date and redemptions may not be readily realisable; a period of notice not exceeding six months may be imposed for the redemption of shares.

\*\* The annual management charge is deducted from capital which may restrict capital growth.

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The Fund is a Common Fund established under The Church Funds Investment Measure 1958 (as amended or replaced from time to time) and investment in the Fund is only available to charitable trusts with objects closely connected with the work of the Church of England.

CCLA Investment Management Limited (registered in England No. 2183088 at the office above) is authorised and regulated by the Financial Services Authority (FSA) and is the manager of The CBF Church of England Funds. CBF Funds Trustee Limited is a registered charity no. 1116932 and is registered in England as a company limited by guarantee (No. 5957490).

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