THE CBF CHURCH OF ENGLAND PROPERTY FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

For the year ended 31 December 2024

CCLA

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*Collectively, these comprise the Manager's Report.
**Audited.

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

Disability Discrimination Act 1995
Extracts from the Annual Report and Audited Financial Statements are available in large print and audio formats.

REPORT OF THE TRUSTEE
for the year ended 31 December 2024

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Audited Financial Statements of The CBF Church of England Property Fund (the Fund), which includes a separate report from CCLA Investment Management Limited (the Manager) as Manager of the Fund.

Structure and management

The Fund is an Investment Fund, administered as a Common Fund and is established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000, the Church of England (Miscellaneous Provisions) Measure 2006, the Church of England (Miscellaneous Provisions) 2010, together (the Measure) and the Trustee Act 2000. The Fund was formed on 1 March 1999. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (FSMA).

CBF Funds Trustee Limited (CBFFT), a company incorporated under the Companies Act, limited by guarantee and not having a share capital, is the Trustee and Operator of the Fund. CBFFT has appointed an Audit Committee which meets twice each year to review the Financial Statements and to monitor the control environment in which the Fund operates.

CBFFT has delegated to the Manager, which is authorised and regulated by the Financial Conduct Authority, the investment management, administration, registrar, secretarial and company functions of the Fund under an Investment Management Agreement dated September 2008.

Under the provisions of the FSMA, CBFFT is not considered to be operating the Fund by way of business. In consequence, it is not required to be authorised and regulated by the Financial Conduct Authority and the trustee directors of CBFFT are not required to be approved by the Financial Conduct Authority for this purpose.

Investments in the Fund are not covered by the Financial Services Compensation Scheme.

Charitable status of the Fund

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. In the administration of the Fund, CBFFT is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Church Funds Investment Measure 1958.

Investment objective

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

REPORT OF THE TRUSTEE
for the year ended 31 December 2024

Investment policy
The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties, but may invest in other assets, which may be either liquid or illiquid in nature. It will gain this exposure by investing primarily in the COIF Charities Property Fund.

The Fund is managed in line with a faith-consistent investment policy, developed by the Manager, to meet Shareholders' desire to invest in a way that reflects Christian and Anglican teachings and is grounded in the advice produced by the Church of England's Ethical Investment Advisory Group. This can include restrictions from investment (or other implications for asset selection) and/or engagement activity that goes beyond CCLA's standard approach.

Approach to Property Investment
The Fund is managed in line with CCLA's approach to property investment which is available at www.ccla.co.uk/about-us/policies-and-reports/policies/our-approach-property-investment. This approach outlines our property investment process, from pre-purchase due diligence to the ongoing management and sale of properties.

Comparator Benchmark
The comparator benchmark for the Fund is MSCI/AREF UK Other Balanced Open Ended Quarterly Property Fund Index.

Target investors
The Fund is intended for eligible charity investors, with at least a basic knowledge of property related investments, which are affiliated with the Church of England and seeking to invest in an actively managed fund that reflects the investment objective and investment policy of the Fund. Investors should be looking to invest for at least five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise. The Fund has indirect holdings in direct property, which is inherently illiquid, and investors should take particular note of the risk sections of the Scheme Information, and the actions the Manager may have to take in stressed market conditions, such as suspending or delaying Fund dealings. The Fund also has a minimum redemption notice period of 180 days.

The Fund is therefore not suitable for investors that might have a need for immediate liquidity in their investments. Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor. Investors may be either retail or professional clients (both per se and elective).

Responsibilities of the Trustee
CBFFT receives and reviews a report on the published Financial Statements prepared on its behalf by the Manager twice a year. CBFFT is wholly responsible for the Fund.

REPORT OF THE TRUSTEE
for the year ended 31 December 2024

CBFFT reviews the property and cash management, administration, registrar, secretarial and company secretarial services provided by the Manager under the Investment Management Agreement. It meets quarterly with the Manager to monitor investment strategy, distribution policy, investment diversification, risk and to review the Fund's performance.

In addition, CBFFT reviews the objectives of the Fund annually and is responsible for appointing an Audit Committee, the Auditor and the Custodian.

Delegation of functions
Following its regular meetings and consideration of the reports and papers it has received, CBFFT is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Church Funds Investment Measure 1958 and with the investment management agreement.

Energy Performance Certificates (EPCs) are an important focus with an aim to achieve asset level improvements in performance and ensure compliance with the Minimum Energy Efficiency Standards (MEES) regulations. As part the Fund's approach, costings are being obtained to improve the sustainability credentials and EPC rating of the poorer rated properties and, where lease events provide opportunity, for greater engagement in this area with assets and tenants. Our standard lease terms feature green lease clauses which are designed to support our access to data across a range of metrics such as tenants' energy and water consumption, and waste and recycling regimes.

Over the period under review, work has continued with the Fund's approach and improving management systems. To enhance our capabilities in this area Evora Global have been appointed to advise the Fund and provide specialist support in developing policies and asset level plans.

In addition to these asset level initiatives CCLA has used its influence as an investment manager to address systemic risks that have not had the attention that they require. Within property we have sought to work with BNP Property Management to ensure that our work on tackling modern slavery has been addressed within its own operations including construction, refurbishment, and support service provision.

The Manager is a signatory to both the UK Stewardship Code and the United Nations Principles for Responsible Investment (PRI) and is a member of CDP (formerly the Carbon Disclosure Project), the Institutional Investors Group on Climate Change (IIGCC) and UK Sustainable Investment and Finance Association (UKSIF).

REPORT OF THE TRUSTEE
for the year ended 31 December 2024

Sustainability approach
This product does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainable investment label because it does not have a sustainability goal.

The COIF Charities Property Fund is compliant with the faith-consistent investment policy of the Fund.

The faith-consistent investment policy of the Fund applies the following values-based restrictions. As such, properties whose tenants meet the following restrictions are not eligible to be purchased for the COIF Charities Property Fund:

- **Oil and Gas Extraction:** deriving more than 5% of revenue from the extraction of tar sands and/or generating more than 10% of revenue from the extraction, production and/or refining of oil and/or gas.
- **Thermal Coal Extraction:** deriving more than 5% of revenue from the extraction of thermal coal and/or producing more than 10 million metric tonnes of coal (or have plans to expand coal production).
- **Tobacco:** having any involvement in the production of tobacco.
- **Controversial Weapons:** having any involvement in the production of Controversial Weapons (core weapons and components). These are defined as landmines, cluster munitions, chemical and/or biological weapons.
- **Nuclear Weapons:** companies that have any involvement in the production of core weapons and/or components of nuclear weapons.
- **Alcohol:** deriving more than 25% of revenue from the production and/or retail of alcohol and related products and services.
- **Gambling:** deriving more than 10% of revenue from the operation of gambling establishments and the provision of key support services and products.
- **Civilian Firearms:** deriving more than 10% of revenue from the production and/or retail of civilian firearms (including key components).
- **Military Weapons:** deriving more than 10% of revenue from the production of military weapons and equipment (core weapons, components and equipment/services) and/or the provision of key non-weapons related, tailor-made products for the defence industry.
- **High Interest Rate Lending:** deriving more than 10% of revenue from high interest rate lending.
- **Cannabis:** deriving more than 10% of revenue from the production and/or retail of non-medicinal cannabis.
- **Adult Entertainment:** deriving more than 3% of revenue from the production and/or distribution of adult entertainment.

These restrictions are applied based upon data points selected by CCLA and in accordance with our values-based screening policy which sets out our approach for implementing restrictions across different asset classes and investment structures.

REPORT OF THE TRUSTEE
for the year ended 31 December 2024

We continue to apply these values-based screens post investment. Where possible we review new tenants against criteria and seek to avoid entering into leases with businesses that conduct activities that are proscribed by the values-based screens. However, as per standard practice in property investment management, we do not include restrictive clauses within the leases that are granted to tenants as they significantly impact upon the economic value of the asset. This means that existing tenants can pass on their lease to another business without our approval. For this reason, it is possible that, post-acquisition, a property can move into a position where it is no longer in compliance with the values-based screens.

The full values-based screening policy is available on our website at www.ccla.co.uk/about-us/policies-and-reports.

Recognising the importance of restrictions to Shareholders the Manager will perform a quarterly review of the tenants against the above restrictions, report on the number of tenants in and out of compliance and comment on any action taken or to be taken as a result of non-compliance. The number of new leases or sub-assignments that have been approved (or not) against the above restrictions will also be reported.

Controls and risk management
CBFFT receives and considers regular reports from the Manager. Ad hoc reports and information are supplied as required.

CBFFT has appointed HSBC Bank plc to monitor the Manager in respect of its activities related to the management, oversight, supervision and administration of the Fund, including the custody and safekeeping of the property of the Fund. This monitoring provides an additional layer of comfort for Shareholders.

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.

At its periodic audit committee meetings, CBFFT receives a report from the Chief Risk Officer of the Manager which includes the following areas amongst others:

- breaches and complaints recorded on the Fund during the reporting period;
- compliance monitoring reviews relevant to the Fund during the reporting period;
- a summary of the internal audit reviews carried out during the reporting period and any significant findings;
- an enterprise risk report which outlines an operational risk events which impacted the Fund; and
- an investment risk report on the Fund with relevant metrics as at the last month end prior to the audit committee meeting.

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for the year ended 31 December 2024

The Manager is currently considering the launch of a Charity Authorised Investment Fund ("CAIF"), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to Trustee and investor approval. Should this be approved, on completion of the transfer, the CBF Church of England Property Fund would cease operations and be wound up, with the investors' existing holdings in the CBF Church of England Property Fund being replaced with their equivalent in the new CAIF fund. This change in structure will result in VAT savings on the Annual Management Charge (AMC) and increased regulatory protection for holders of the fund. For existing and future investors the investment experience and service they receive will be unchanged, and the transfer will be undertaken with the minimum of disruption.

The going concern principle applies simply to the vehicle in which the investments are packaged and not to the continuance of the investment offering to investors.

The Archbishops' Council supported the draft legislation that went to Synod. The legislation has received Royal Assent, enabling the future conversion of the funds. Although the timetable is still to be determined following the completion of Trustee approvals, given the intention is to transition the CBF funds into new CAIF funds in 2026, the Trustee has concluded that the financial statements should be prepared on a basis other than going concern.

A Brookes, Chair
CBF Funds Trustee Limited
21 May 2025

The EIAG was established in 1994 and includes representation from The Church Commissioners, The CBF Church of England Funds, the Church of England Pensions Board and up to seven independent members who are appointed by a dedicated Nominations Committee. It is currently Chaired by Barbara Ridpath who took over from the Right Reverend David Walker, The Bishop of Manchester, on the 8 July 2020. More information about the EIAG is available at www.churchofengland.org/eiag.

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 December 2024

2024 was a more stable year for UK property investment. Performance over the year improved, compared to the tough times in preceding years. Real estate showed signs of recovery, which was a relief for investors. Capital values stabilised and even grew somewhat. Given the ongoing income, this improved total returns.

The Fund's annual returns outperformed the benchmark (MSCI/AREF UK Other Balanced Open-Ended Property Fund Index) over 1, 3, 5, and 10 years.

The Fund's investment approach focuses on income distribution. Shareholders receive income each quarter. For this year, the Fund's income return was 5.5%, significantly higher than the benchmark's 3.9%. The total income distributed to Shareholders increased from 6.51p in 2023 to 6.64p per Share in 2024, growth of 2.0%. This higher income yield helps when market conditions and capital growth prospects are uncertain.

Capital values returned to growth in 2024, but in a minor way compared to income. The Fund's capital return was 0.6%, which reflects uncertainty in the economy and prospects for interest rates. Investors remained cautious, and market conditions were weak, even though the outlook improved. Valuer caution, capital expenditure demands, and higher property-specific risks, especially in the office sector, continued to be a drag on performance. However, overweight allocations, compared to the benchmark, to retail warehouse and industrial sectors contributed positively, as did progress with City of London office assets (see below). Stability became more evident across portfolio valuations, especially in areas with attractive rental growth.

Annualised total capital and income return

To 31 December 2024	1 year %	5 years % p.a.	10 years % p.a.
Performance against benchmark (after expenses)			
The CBF Church of England Property Fund*	**6.14**	**2.87**	**5.18**
Comparator benchmark#	5.39	1.94	4.54
Consumer Price Index (CPI)	2.57	4.56	3.08

Comparator Benchmark – AREF/MSCI UK Other Balanced Open Ended Property Fund Index.
* NAV to NAV plus income re-invested for income shares.
Past performance is not a reliable indicator of future results.
Source: CCLA, Bloomberg & HSBC.

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 December 2024

The Fund's net asset value ended the year lower at £133.2m. This decline was partly due to capital expenditure on portfolio property management projects but mostly reflected a net outflow of investor capital. Some of those outflows resulted from investor requests in 2023, lagged by the redemption period. Net investor outflows amounted to £16.7m during 2024, including new, incoming investor capital of £1.1m. Outstanding redemption requests at year-end were modest, at £3.6m. Ten property assets were sold from the COIF Property Fund, raising £62m, and providing CBF Property Fund Shareholders with liquidity in challenging market conditions. The properties sold represented a mix of types, to maintain the existing strategic shape of the portfolio and its asset quality. As of 31 December 2024, the COIF Property Fund held cash representing 5.3% of its assets, with contracts exchanged for the sale of additional properties.

Strategy

The Fund's strategy, investment objectives and risk control, is achieved via its holding in the COIF Charities Property Fund. This fund aims to keep its portfolio well-positioned despite ongoing sector-wide risks and property-specific risks. Property-specific risks often dominate in an imperfect asset class like commercial property. The Fund focuses on generating income, which is crucial for long-term performance, especially when capital returns are uncertain. Pro-active management of properties is key to controlling risk and protecting both value and income. A high-quality portfolio allows for value addition through active management, avoiding the need for debt to boost returns.

We aim for the portfolio to continue to be well-diversified, with exposure to strong sub-sectors while avoiding short-term volatility and difficulties in specific properties:

- The Fund is overweighted, relative to its benchmark, in industrial warehouses: The Fund favours this segment due to its liquidity and attractive market fundamentals. This position should support rental income and growth, especially during lease events (rent reviews, lease renewals, etc.).
- The Fund has a material allocation to retail warehouses: This sub-sector offers good value, with defensive qualities such as higher yields and non-town centre locations with ample parking. Retail parks are less affected by the decline of town centres and high streets due to online shopping.
- We aim to add to the Fund's weighting in the 'Other' category: This includes residential use and hotels, which often offer attractive long-term income and assured income growth. At rent review, for example, review clauses provide for fixed or known levels of uplift, or rents increase by indices such as the retail price index. Adding to this category will further diversify the portfolio.

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 December 2024

- Shops and Offices: The Fund is underweighted in these areas, compared to its benchmark. In our opinion, the outlook for these sectors is weak, with high property-specific risk and operational challenges. Only offices in prime locations with high-quality specifications have good prospects.

We believe that, in the long term, the above stance should allow the Fund to control risks and benefit from structural trends in the UK property sector, supporting income and total returns.

Market Review

2024 was the start of a more positive, but still cautious, phase for the property cycle and UK property investment sector. Uncertainty continued to affect the momentum and strength of the recovery, but greater stability improved sentiment towards the sector.

Property values stopped falling and started to grow towards the end of 2024. This encouraged investors, who believed that the recovery was near. Yields peaked and, together with rising rents, supported growth in capital values. Together with the sector's attractive income returns, this helped total returns turn positive. Quarterly total returns strengthened as the year progressed, resulting in a respectable performance.

The MSCI Quarterly Capital Index All Property recorded its strongest capital performance of 2024 during the fourth quarter. Capital growth was 0.8%, with total returns of 2.0% over the final quarter of the year. This boosted capital growth for the year as a whole into positive territory, at 0.4% and, with income, total return for 2024 to 5.5%.

Because of the uncertain backdrop, the property investment market stuttered for most of the year. But it ended on a high note. Confidence that UK interest rates would begin to fall, and evidence that a rate-cutting cycle had commenced, was vital in boosting investor sentiment. This encouraged some investors to participate in a growing, but sector-focused, volume of transactions. Others, meanwhile, stayed on the sidelines.

As a result, transaction volume remained below long-term averages, according to Lambert Smith Hampton's Q4-24 UK Investment Transactions Report. Total all-sector volume was £46.3 billion, up 24% from 2023. The UK property investment market had its best performance since 2022, with £13.1 billion of assets sold in the fourth quarter of 2024, 11% above the five-year quarterly average. Overseas buyers continued to dominate, showing the global appeal of UK property investment. Recent data also shows increased demand from a broader range of UK investors, and that the number of assets changing hands is rising.

REPORT OF THE INVESTMENT MANAGER
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The combined 'living' sectors, which includes hotels and various residential types, had a record year, making up 39% of 2024 volume. Excluding this, volume in traditional core sectors remained at its lowest since 2011. The office sector had a tough year, with an annual total of £7.3 billion, a record low. Investor interest in office and in-town retail assets remained thin, due to high property-specific risk, such as long or costly vacancies. By contrast, industrial and retail warehousing remained in demand. Industrial warehouses, in particular, showed strong rental growth and the potential for rising income when leases revert.

Activity

Management activity within the COIF property portfolio was high in 2024. Property sales were the main activity, to meet liquidity needs but also for strategic reasons, i.e. focused on actively managing the fund and on lease events to support rental income. The sales helped the repositioning of the portfolio by exiting assets and sub-sectors with poor prospects. This helped consolidate portfolio quality and targeted weightings in sub-sectors.

Ten properties were sold during 2024. Two more were ongoing at the end of the year, with contracts exchanged and completion scheduled for 2025. Properties sold included an office park in Cambridge that had long-term vacancies, a vacant industrial warehouse in Manchester, a car showroom in Glasgow let on a short lease, a cash & carry warehouse in Cardiff, and a TV studio/warehouse in Peterborough that had endured occupancy problems. Other sales included a vacant office in St Albans and retail warehouses in Derby, Southampton, Northampton, and Tamworth. The Fund raised £62 million from these sales, with another £20 million to come from sales under contract. Despite a slow market, sales prices were good compared to valuations.

The COIF Property Fund was also busy managing leases across the portfolio. With rent collection back to normal after Covid, the Fund could apply itself to improving properties, securing attractive new leases, and protecting existing income. This work is crucial for managing risk, securing income streams and supporting property values.

The Fund's offices on College Hill and Cannon Street in the City of London saw new leases and renewals, but also vacancies during 2024. This activity led to higher rents, including an 11% rent increase at Cannon Street. These properties will continue to be a focus of management activity as the Fund improves tenant facilities and energy performance. Benefits include income protection, higher rents, and increased value as the Fund completes new leases.

REPORT OF THE INVESTMENT MANAGER
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In Truro, the Fund quickly re-let a shop vacated by Wilko Stores, when it went into administration, to Mountain Warehouse on a 10-year lease. Lease renewals in Tamworth and Derby led to successful sales of those properties at attractive prices. In Chorley, Lancashire, Wickes renewed its lease for 10 years. Open market rent reviews secured attractive increases in income on an industrial warehouse in Crawley, a car showroom in Cheltenham, and Pavilion Retail Park in Brighton. The Travelodge hotel in Bath saw an annual, RPI-based rent increase.

New vacancies from lease expiries or after the Fund improves a property are always a risk. The portfolio's investment void rate rose to 14.5% of rental values by year-end. Two leases expired in City of London offices (see above) and an unexpected vacancy in a large warehouse in Lutterworth, Leicestershire, leased to DHL, was a disappointment. The warehouse will be refurbished, but it is large, which was a factor in the temporary rise in the Fund's void rate. The development void rate remained stable, at 2.5%. For comparison, the MSCI Monthly Index reported the market's total voids, including development vacancies, increased to 26.9%.

Outlook

Last year's recovery turned out weaker than expected. However, the strong finish to 2024, in prices as well as transaction volumes, boosted UK property. This raised optimism that may encourage more investor interest and funding that has been lacking. But progress on interest rates, economic resilience, and political stability is needed for momentum to take hold and reduce price risks.

There is reason to be optimistic about prices as well as transaction volumes in 2025. We expect the UK property investment sector to improve in activity and performance in 2025, in line with consensus return forecasts typically published by sector researchers and consultants. Property sector risks are now more balanced, as yields have risen, and valuations fallen since 2022. Structural, society-wide changes in retail and office occupancy pose challenges, but sector-specific risks, such as valuations and rent adjustments, are moderating. In our opinion, yields are peaking, and valuations are stabilising, promising higher returns in the years ahead, even for offices.

The macroeconomic environment seems more stable, but uncertainty persists. Market sentiment is improving as investors expect lower interest rates. Transaction volume, depressed since 2022, is slowly recovering. If transaction volumes continue to rise, this will boost confidence in pricing among buyers and sellers, which should encourage volumes even further.

REPORT OF THE INVESTMENT MANAGER
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Occupier-market fundamentals are positive across many sub-sectors, supported by a, so far, milder-than-expected economic slowdown. As a result, rental value growth is sustained, attracting investors and supporting valuations, especially in sectors such as offices, where highest-quality properties continue to be in short supply.

All this suggests that the UK property sector has moved into a positive phase. In our view, but by no means guaranteed, total returns will continue to improve in 2025. More stable yields and the impact of rental growth on valuations will combine with the rental income that is an enduring feature of property.

However, events in late 2024 and political and fiscal impacts on the macroeconomic backdrop remind us of the risks to forecasts and to the positive outlook. The new year began with fresh uncertainty in investment markets. Inflation risks and rising gilt yields have made the pace of interest rate cuts less clear. 'Higher-for-longer' thinking has returned, which is probably keeping some investors on the sidelines.

With capital returns flat and falls in yields uncertain, we expect that income will likely dominate total returns in 2025. Active management of property assets will be key to adding value and boosting performance. The office sub-sector is likely to remain a drag on performance. A lack of supply supports rental growth, capital performance and liquidity. But high property-specific risk, such as long or costly vacancies, means that outcomes will vary across segments.

UK property investment delivered a respectable performance in 2024, but one that suggests a limited and unspectacular recovery in 2025. Despite upticks in several markets at the end of 2024, the reality is that property markets face complex challenges from economic and financial uncertainty, and geopolitics. We expect UK markets to see gains as investors benefit from strategic positions, shifting from crisis management to value and growth. The recent bond market wobble will keep some investors on the sidelines. But others will find income-driven opportunities at re-based prices, supported by positive occupier market fundamentals, even in offices.

This year highlights the need to drive income and management, and investing for value gains still appears risky at this stage of the cycle. On the positive side, with the market correction mostly over, we see considerable opportunities to find value, backed by ongoing rental growth.

Climate-related financial disclosures
CCLA recognises that the investments within the Fund have an impact on the health of the climate. Equally, climate change could influence the performance of investments in the Fund because healthy markets need a healthy planet and healthy communities.

REPORT OF THE INVESTMENT MANAGER
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CCLA produces a TCFD Product Report for each fund it manages, which are consistent with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD Product Reports are designed to help you understand how the Fund is exposed to climate-related risks.

These reports are available on the relevant fund page at www.ccla.co.uk/investments.

Paul Hannam
Head of Property
CCLA Investment Management Limited
21 May 2025

Risk warning
Investors should consider the risk factors identified in the Scheme Information. Past performance is not a reliable indicator of future results. The price of the Fund's Shares and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

The Fund may invest indirectly in property which is an illiquid asset class. The Fund will achieve this indirect exposure by investing primarily in the COIF Charities Property Fund which invests directly in property and property related assets which are valued by an independent external property valuer and as such are open to substantial subjectivity. The performance of the COIF Charities Property Fund may be adversely affected by a downturn in the property market which could impact on the capital and or income value of the Fund.

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 held by COIF Charities Property Fund will reflect the sale price achieved, even where such sale occurs shortly after the fund's valuation point.

The performance of the Fund could be affected adversely by a downturn in the property market in terms of capital value or a weakening of rental yields. The revenue received by the Fund is dependent to a large extent upon the occupancy levels of any property owned by the COIF Charities Property 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 Shares are intended only for long term investment and are not suitable for money liable to be spent in the near future. The Shares are realisable only on each monthly dealing day and whilst investors can request a redemption at any time, all such requests are subject to a minimum notice period of 180 calendar days.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee') of The CBF Church of England Property Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The CBF Church of England Property Fund (the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2024 and of the net revenue and the net capital gains on the property of the Fund for the year ended 31 December 2024;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Church Funds Investment Measure 1958 ('the Measure') Scheme Information and the Trustee Act 2000.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Church Funds Investment Measure 1958 ('the Measure') Scheme Information and the Trustee Act 2000.

Basis for opinion

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

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

INDEPENDENT AUDITOR'S REPORT
to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee') of The CBF Church of England Property Fund

Emphasis of matter – Financial statements prepared other than on a going concern basis
We draw attention to note 1a in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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

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

We have nothing to report in this regard.

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

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

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

INDEPENDENT AUDITOR'S REPORT
to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee') of The CBF Church of England Property Fund

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

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

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustee about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included The Church Funds Investment Measure 1958 and Trustee Act 2000.

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

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the sub-fund. In response we have agreed the investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

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

INDEPENDENT AUDITOR'S REPORT
to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee') of The CBF Church of England Property Fund

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

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

Use of our report

This report is made solely to the shareholders of the Fund, as a body, in accordance with paragraph 14 of the Schedule to the Church Investment Funds Measure 1958. Our audit work has been undertaken so that we might state to the shareholders 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 shareholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
21 May 2025

SUMMARY RISK INDICATOR

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

1	2	**3**	4	5	6	7

Lower risk ⟷ Higher risk

The Manager has classified The CBF Church of England Property Fund as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level and poor market conditions are unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

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

Property is recognised as an illiquid asset and is thus most suited to long-term investment. Whilst investors can request redemption at any time, all such requests are subject to a minimum notice period of 6 months. The Fund normally deals on the last business day of each month. The Fund does not include any protection from future market performance, so you could lose some or all your investment.

Property can be an illiquid asset class and the Manager may also defer redemptions on a dealing day if it considers there is insufficient liquidity in the Fund to meet redemptions and, in agreement with the Trustee, may suspend the buying and selling of Shares in the Fund due to stressed market conditions. Where an investor makes an application to sell or cancel Shares the Manager may, with the agreement of the Trustee, arrange to transfer scheme property out of the Fund in place of payment in cash for the Shares, but only if it is judged by the Manager not to disadvantage the remaining investors.

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

COMPARATIVE TABLE

Change in net assets per Share

	Income Shares		
	Year to 31.12.2024 pence per Share	Year to 31.12.2023 pence per Share	Year to 31.12.2022 pence per Share
Opening net asset value per Share	**120.63**	128.50	145.59
Return before operating charges*	**7.35**	(1.33)	(10.56)
Operating charges	**(0.03)**	(0.03)	(0.02)
Return after operating charges*	**7.32**	(1.36)	(10.58)
Distributions on Income Shares	**(6.64)**	(6.51)	(6.51)
Closing net asset value per Share	**121.31**	120.63	128.50
* after direct transaction costs of:	**–**	–	–
Performance			
Return after charges	**6.07%**	(1.06%)	(7.27%)
Other information			
Closing net asset value (£'000)	**127,312**	147,225	161,519
Closing number of Shares	**104,949,018**	122,048,098	125,692,322
Operating charges**	**0.75%**	0.68%	0.65%
Direct transaction costs	–	–	–
Prices (pence per Share)			
Highest Share price (offer)	**125.66**	132.01	165.15
Lowest Share price (bid)	**119.48**	120.61	128.50

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

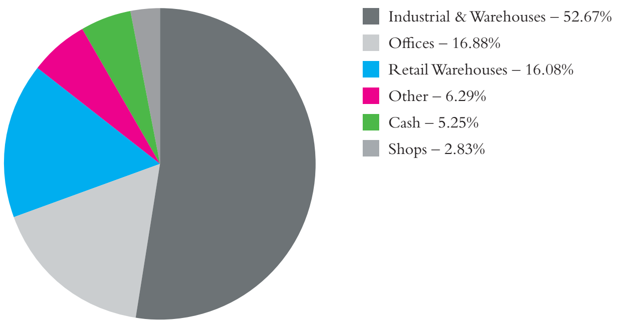
** Operating charges reflect the Manager's annual management charge and other expenses annualised and divided by average net assets for the year. Industry guidance requires a 'synthetic' operating charge figure to be calculated where a Fund invests a substantial proportion of its assets in other funds. As substantially all of the Fund's assets are held in the COIF Charities Property Fund, the operating charge figure comprises the operating charge figure in the COIF Charities Property Fund (0.78%), less rebates (0.05%) plus expenses in the Fund (0.02%).

PORTFOLIO ANALYSIS
at 31 December 2024

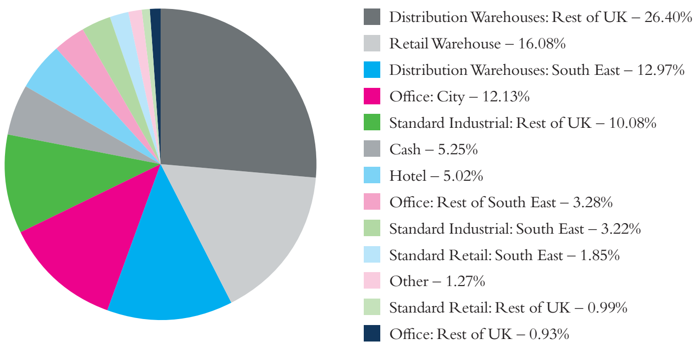
Top Ten Property Holdings

Property		% of Property Portfolio
London, 80 Cannon Street	Offices/Shops	10.85
Brighton, Lewes Road	Retail Warehouses	8.29
Mendlesham, Norwich Road	Industrial	8.06
Ashby-de-la-Zouch, 15 Coalfield Way	Industrial	6.82
Lutterworth, 3320, Hunter Boulevard	Industrial	5.06
Bristol, 1400-1600 Aztec West Business	Industrial	4.78
Bath, Rossiter Road	Other	4.76
Lutterworth, 3220, Wellington Parkway	Industrial	4.15
Solihull, Solihull Gate Retail Park	Retail Warehouses	4.05
Bow, 7 St Andrew's Way	Industrial	3.69

Asset by type



Regional and sector analysis



The portfolio analyses above differs from the following portfolio statement because the analysis shown here is on a 'look through' basis in respect of cross holdings in COIF Charities Property Fund.

Portfolio turnover

	31.12.2024	31.12.2023
Portfolio turnover rate	**0.13%**	0.10%

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

PORTFOLIO STATEMENT
at 31 December 2024

	Holding	Fair value £'000
COIF Charities Property Fund Income units	125,837,153	129,965
INVESTMENT ASSETS		**129,965**
NET OTHER LIABILITIES		**(2,653)**
TOTAL NET ASSETS		**127,312**

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2024

	Note	**Year ended 31.12.2024** £'000	**Year ended 31.12.2024** £'000	Year ended 31.12.2023 £'000	Year ended 31.12.2023 £'000
Income					
Net capital gains/(losses)	*2*		**1,618**		(8,724)
Revenue	*3*	**7,889**		8,212	
Expenses	*4*	**(1,095)**		(1,190)	
Net revenue before taxation		**6,794**		7,022	
Taxation	*5*	**–**		–	
Net revenue after taxation			**6,794**		7,022
Total return/(deficit) before distributions			**8,412**		(1,702)
Distributions	*6*		**(7,743)**		(8,077)
Change in net assets attributable to Shareholders from investment activities			**669**		(9,779)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2024

	Year ended 31.12.2024 £'000	**Year ended 31.12.2024** £'000	Year ended 31.12.2023 £'000	Year ended 31.12.2023 £'000
Opening net assets attributable to Shareholders		**147,225**		161,519
Amounts receivable on issue of Shares	**1,267**		1,049	
Amounts payable on cancellation of Shares	**(21,849)**		(5,564)	
		(20,582)		(4,515)
Change in net assets attributable to Shareholders from investment activities		**669**		(9,779)
Closing net assets attributable to Shareholders		**127,312**		147,225

The notes on pages 27 to 38 and distribution table on page 39 form part of these financial statements.

BALANCE SHEET
at 31 December 2024

	Note	31.12.2024 £'000	31.12.2024 £'000	31.12.2023 £'000	31.12.2023 £'000
ASSETS					
Fixed assets:					
Investments			**129,965**		146,278
Current assets:					
Debtors	7	**1,966**		2,042	
Cash equivalents	8	**782**		742	
Cash and bank balances	8	**467**		224	
Total current assets			**3,215**		3,008
Total assets			**133,180**		149,286
LIABILITIES					
Creditors:					
Other creditors	9	**4,105**		108	
Distribution payable on Income Shares		**1,763**		1,953	
Total creditors			**5,868**		2,061
Total liabilities			**5,868**		2,061
Net assets attributable to Shareholders			**127,312**		147,225

The financial statements on pages 24 to 39 have been approved and authorised for issue by the Trustee.

Approved on behalf of the Trustee
21 May 2025

A Brookes, Chair
CBF Funds Trustee Limited

The notes on pages 27 to 38 and distribution tables on page 39 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 December 2024

		Year ended 31.12.2024		Year ended 31.12.2023	
	Note	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	*13*		**6,971**		7,094
Net cash inflow from investment activities					
Payments to acquire investments		**(916)**		(780)	
Proceeds on disposal of investment		**17,826**		5,199	
Manager's periodic charge rebate		**1,064**		1,154	
			17,974		5,573
Net cash outflow from financing activities					
Issue of shares		**1,163**		1,049	
Cancellation of shares		**(17,892)**		(5,563)	
Distributions paid		**(7,933)**		(8,135)	
			(24,662)		(12,649)
Increase in cash	*14*		**283**		18

The notes on pages 27 to 38 and distribution tables on page 39 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. **Accounting policies**

   (a) Basis of preparation

   The financial statements have been prepared on a basis other than that of a going concern, as a result of the intention to transition the CBF Church of England Property Fund into new Charity Authorised Investment Fund ("CAIF") in 2026. This basis includes, where applicable, writing the Fund's assets down to net realisable value. As of the reporting date, no assets have been written down, and they continue to be reflected at their fair value. No provision has been made for the future cost of terminating the Fund unless such costs were committed at the reporting date. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements and applicable accounting standards have been followed.

   The financial statements have been prepared in compliance with FRS 102, the Scheme Information, The Church Funds Investment Measures Act 1958 and the Trustee Act 2000.

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

   The Manager is currently considering the launch of a Charity Authorised Investment Fund ("CAIF"), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to Trustee and investor approval. Should this be approved, on completion of the transfer, the CBF Church of England Property Fund would cease operations and be wound up, with the investors' existing holdings in the CBF Church of England Property Fund being replaced with their equivalent in the new CAIF fund. This change in structure will result in VAT savings on the Annual Management Charge (AMC) and increased regulatory protection for holders of the fund.

   The going concern principle applies simply to the vehicle in which the investments are packaged and not to the continuance of the investment offering to investors.

   The Archbishops' Council supported the draft legislation that went to Synod. The legislation has received Royal Assent, enabling the future conversion of the funds. Although the timetable is still to be determined following the completion of Trustee approvals, given the intention is to transition the CBF funds into new CAIF funds in 2026, the Trustee has concluded that the financial statements should be prepared on a basis other than that of a going concern.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. **Accounting policies** ***(continued)***

(b) Revenue recognition

Property income distributions received are credited to revenue on the dates when the investments are first quoted ex-dividend or otherwise, on receipt of cash. Interest on bank deposits and interest on deposits in the CBF Church of England Deposit Fund are credited to revenue on receipt of cash.

(c) Expenses

During the year, the annual management charge (AMC), paid to the Manager, was taken to the capital of the Fund. The AMC is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT on the first £100m, then 0.50% p.a. plus VAT thereafter. VAT is recoverable.

The Fund received AMC rebates credited to the capital of the Fund for its holdings during the year in the COIF Charities Property Fund. The fee payable to the Manager is offset against the fee charged by the Manager on the COIF Charities Property Fund which represents all of the property assets of the Fund. The Fund also received AMC rebates credited to revenue of the Fund for its deposits in The CBF Church of England Deposit Fund, where the AMC is charged to revenue.

On a daily basis, the net asset value of the Fund at the end of the previous day is taken to calculate the AMC due. The Manager charges an AMC for the provision of managing investments. From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit fee, legal fees, safe custody fees and transaction charges, insurance fees and other 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 10). Movements in the income reserve are therefore adjustments made to the net revenue in determining the distributions.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

1. **Accounting policies** ***(continued)***

(e) Basis of valuation

The investment is valued at bid-market values, at the close of business, on the last business day of the accounting period.

Freehold and leasehold properties, held by the COIF Charities Property Fund, are valued at each monthly dealing date and at quarter-end dates on the basis of Fair Value in accordance with the current RICS Appraisal and Valuation Standards (The Red Book) as advised by Knight Frank LLP, Chartered Surveyors. In addition, the Manager reviews these values at each intervening month end and makes adjustments where necessary. Additions to the portfolio are valued externally after acquisition. Please refer to note 15 for more details.

(f) Cash equivalents

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

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

2. **Net capital gains/losses**

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
The net capital gains/(losses) during the year comprise:		
Unrealised gains/(losses) on non-derivative securities*	**511**	(10,086)
Realised gains on non-derivative securities*	**43**	208
Manager's annual management charge rebate – see note 1(c)**	**1,064**	1,154
	1,618	(8,724)

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

** This amount represents the annual management charge credited to the Fund's capital. This is for the Fund's holdings in the COIF Charities Property Fund where the annual management charge is charged to capital.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

3. Revenue

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Property income distributions	**7,757**	8,100
Manager's annual management charge rebate*	**69**	74
Interest on The CBF Church of England Deposit Fund	**48**	28
Bank interest	**15**	10
	7,889	8,212

* This amount represents the annual management charge rebates credited to the Fund's revenue. This is for the Fund's deposits in The CBF Church of England Deposit Fund where the annual management charge is charged to revenue.

4. Expenses

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(c)	**1,064**	1,154
	1,064	1,154
Other expenses:		
Audit fee	**11**	10
Monitoring fee	**5**	5
Insurance fee	**2**	2
Other fees	**13**	19
	31	36
Total expenses	**1,095**	1,190

Audit fee net of VAT is £9,100 (31.12.2023, £8,750).

The above expenses include VAT where applicable.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

5. **Taxation**

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

6. **Distributions**

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

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
31 March – interim distribution	**2,148**	2,227
30 June – interim distribution	**1,942**	1,968
30 September – interim distribution	**1,890**	1,929
31 December – final distribution	**1,763**	1,953
	7,743	8,077
Net revenue after taxation for the year	**6,794**	7,022
Manager's annual management charge – see note 1(c)	**1,064**	1,154
Transfer to income reserve – see note 10	**(144)**	(109)
Income deficit taken to capital	**29**	10
Net distribution for the year	**7,743**	8,077

Details of the distribution per Share are set out in the distribution tables on page 39.

The Manager's annual management charge is charged to capital, so this amount is added back in the table above to the net distribution for the year and deducted from capital.

There were unclaimed distributions as at 31 December 2024 of £nil (31.12.2023, £4,430).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

7. Debtors

	31.12.2024 £'000	31.12.2023 £'000
Accrued revenue	**1,771**	1,949
Annual management charge rebates receivable	**90**	92
Prepayments	**1**	1
Amounts receivable for the creation of Shares	**104**	–
	1,966	2,042

8. Cash equivalents, cash and bank balances

	31.12.2024 £'000	31.12.2023 £'000
Cash equivalent: cash in The CBF Church of England Deposit Fund	**782**	742
Cash and bank balance: cash at bank	**467**	224

9. Other creditors

	31.12.2024 £'000	31.12.2023 £'000
Purchases awaiting settlement	**42**	–
Amounts payable on cancellation of Shares	**3,958**	–
Accrued expenses	**105**	108
	4,105	108

10. Income reserve

The income reserve, accumulated out of revenue, is used to smooth fluctuations paid out by the Fund. The income reserve is included in the total value of the Fund and is attributable to Income Shareholders.

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Income reserve at the start of the year	**887**	803
Transfer to income reserve	**144**	109
Equalisation of the income reserve	**(136)**	(25)
Income reserve at the end of the year	**895**	887

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

11. Financial instruments

The main risks arising from the Fund's financial instruments and the 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 underlying Fund, the COIF Charities Property Fund, seeks to minimise the impact of these risks by maintaining a well diversified portfolio, both geographically and by sector.

At 31 December 2024, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £6,498,000 (31.12.2023, £7,314,000).

Liquidity risk

By their very nature, direct property investments held in the COIF Charities Property Fund are less liquid and therefore the underlying 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 Shares. The Shares are realisable only on each monthly dealing day and all such requests are subject to a minimum notice period of 90 calendar days. From 18 October 2022, redemptions are subject to a minimum notice period of 180 calendar days.

Currency risk

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

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

Credit risk

Credit risk is the risk that one party to a financial arrangement will cause a financial loss for the other party by failing to discharge an obligation. The Fund has an indirect credit risk exposure through its investment in the COIF Charities Property Fund. The COIF Charities Property Fund assesses the credit risk of third parties before entering into business with them. Debtor balances are monitored on a regular basis to mitigate the COIF Charities Property Fund's exposure to bad debts and, in addition, the ongoing credit strength of third parties are monitored.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

11. Financial instruments ***(continued)***

Interest rate risk

Any changes in interest rates will not significantly affect the Fund except in so far as they affect rental levels of properties held by the COIF Charities Property Fund. All cash and bank balances earn interest at floating rates based on either SONIA or base rate. Debtors and creditors of the Fund do not pay or receive interest. A sensitivity analysis for interest rate risk is not shown as the impact is unlikely to be significant.

The total exposure at 31 December 2024 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,249	–	131,931	133,180

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	5,868	5,868

The total exposure at 31 December 2023 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	966	–	148,320	149,286

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	2,061	2,061

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

12. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of this, inclusive of annual management charge rebates are disclosed in note 4. Please see note 1 (c) for further information. An amount of £1,979 was due from/to the Manager at 31 December 2024 (31.12.2023, £1,776). There were no other transactions entered into with the Manager during the year (31.12.2023, £nil).

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2024 (31.12.2023, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2023, £nil).

At 31 December 2024 a cash balance of £781,655 (31.12.2023, £742,257) was held in The CBF Church of England Deposit Fund. During the year, the Fund received interest of £48,582 (31.12.2023, £27,718) from The CBF Church of England Deposit Fund.

At 31 December 2024 the Fund held 27.88% (31.12.2023, 27.20%) of the value of the COIF Charities Property Fund, a related party to the Fund, as CCLA is the Investment Manager for both funds.

At 31 December 2024, The CBF Church of England Investment Fund held 36.67% (31.12.2023, 32.49%) of the value of the Fund.

13. Reconciliation of net revenue to net cash inflow from operating activities

	31.12.2024 £'000	31.12.2023 £'000
Net revenue for the year	**6,794**	7,022
Decrease in accrued revenue	**178**	58
Decrease in debtors	**2**	27
Decrease in creditors	**(3)**	(13)
Net cash inflow from operating activities	**6,971**	7,094

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

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

	31.12.2024 £'000	31.12.2023 £'000
Net cash at the beginning of the year	**966**	948
Movement in cash during the year	**283**	18
Net cash at the end of the year	**1,249**	966

15. Portfolio transaction costs

For the year ended 31 December 2024:
The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread as at 31 December 2024 was 3.04%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike Shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

16. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.2024 Income Shares
Opening number of Shares at beginning of year	122,048,098
Shares issued in year	1,021,665
Shares cancelled in year	(18,120,745)
Closing number of Shares at end of year	104,949,018

All Shares carry the same rights.

17. Fair value of financial assets and financial liabilities

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

The fair values of all investments are derived from valuation techniques using observable data, being the prices provided by the Manager of the COIF Charities Property Fund.

The COIF Charities Property Fund itself derives the fair values of its property investments using unobservable data. Further information is provided in the financial statements of that Fund.

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

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

For the year ended 31 December 2024

Category	**Level 1** £'000	**Level 2** £'000	**Level 3** £'000	**Total** £'000
Investment assets	**–**	**129,965**	**–**	**129,965**
	–	**129,965**	**–**	**129,965**

For the year ended 31 December 2023

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	–	146,278	–	146,278
	–	146,278	–	146,278

DISTRIBUTION TABLE
for the year ended 31 December 2024

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2024	2023	**2024**	2023
Income Shares				
31 March	**31 May**	31 May	**1.77**	1.77
30 June	**30 August**	31 August	**1.62**	1.57
30 September	**29 November**	30 November	**1.62**	1.57
31 December	**28 February**	29 February	**1.63**	1.60
			6.64	6.51

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

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Church Funds Investment Measure 1958 (as amended from time to time) and the Trustee Act 2000 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 Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- determine the rate of remuneration of the Manager in accordance with the Church Funds Investment Measure 1958 and the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Church Funds Investment Measure 1958 and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Church Funds Investment Measure 1958 and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme Information;
- review the custody and control of the property of the Fund and the collection of all revenue due to the Fund in accordance with the Church Funds Investment Measure 1958;
- make distributions to investors holding Income Shares; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

Preparation of financial statements
The Trustee of the Fund is required, by the Church Funds Investment Measure 1958, to prepare Financial Statements which give a true and fair view of the financial position of the Fund at each interim and year end valuation date. The net revenue for the period, together with a report on the operation of the Fund, is also required.

The financial statements show the net asset value of the Shares in the Fund as at the date to which the financial statements are prepared, the amount of revenue per Share and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Church Funds Investment Measure 1958. In preparing the financial statements, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of FRS 102;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the financial statements, as prepared, comply with the above requirements;
- makes judgments and estimates that are prudent and reasonable; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Church Funds Investment Measure 1958 and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Church Funds Investment Measure 1958.

Manager responsibilities
The Manager is required to carry out these duties in accordance with the Church Funds Investment Measure 1958 and take reasonable steps for the prevention and detection of fraud and other irregularities.

CBF Funds Trustee Limited
(Charity Registration No. 1116932)

DIRECTORY

Trustee Directors
A Brookes (Chair)
C Chan*
P Chandler
O Home
C Johnson
A Milligan*
M Orr*
D Rees*
* *Members of the Audit Committee*

Manager and Registrar
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Telephone: 0207 489 6000
Client Service:
Freephone: 0800 022 3505
Email: clientservices@ccla.co.uk
www.ccla.co.uk
Authorised and regulated by the Financial Conduct Authority

Administrator
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8 Canada Square
Canary Wharf
London
E14 5HQ
HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Transfer Agent
FNZ TA Services Limited
7th Floor, 2 Redman Place
London
E20 1JQ
Authorised and regulated by the Financial Conduct Authority

Executive Directors of the Manager
P Hugh Smith (Chief Executive Officer)
E Sheldon (Chief Operating Officer)
A Robinson, MBE (Director Market Development)

Non-Executive Directors of the Manager
R Horlick (Chair)
J Jesty
C Johnson
A Roughead
C West
J Hobart

Fund Manager
P Hannam

Company Secretary
M Mochalska
J Fox (retired 31 March 2025)

Chief Risk Officer
J-P Lim

Head of Sustainability
J Corah

Third Party Advisers
Banker
HSBC Bank plc
8 Canada Square
Canary Wharf
London
E14 5HQ

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

Independent Auditor
Deloitte LLP
110 Queen Street Glasgow
G1 3BX

ABOUT CCLA

Founded in 1958, CCLA is the largest fund manager for charities in the UK based on the number of charities invested with us. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

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

CCLA

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