

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

For the year ended 31 December 2025

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 2025

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, and the Church Funds Investment Measure 2025 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 2025

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/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 2025**

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 of 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).

Sustainable Investment Label

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.

REPORT OF THE TRUSTEE

for the year ended 31 December 2025

Approach to Sustainability

Sustainability approach (including faith-consistent investment policy) The fund invests in the COIF Charities Property Fund, which is compliant with the faith-consistent investment policy of the fund, developed by CCLA and implemented by other CBF Church of England Funds, 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. The restrictions that apply to the fund are set out in the scheme information.

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, a property can move into a position where it is no longer in compliance with the values-based screens.

Sustainability and 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. Additionally, CCLA has committed to reporting, at least annually, against its approach to sustainability. This is accomplished via the publication of a product-level sustainability report for each fund it manages. The content of this report aligns with the requirements of the environmental, social and governance (ESG) sourcebook published by the Financial Conduct Authority (FCA) and the recommendations of the Task Force on Climate- Related Financial Disclosures (TCFD).

The funds Public product-level sustainability report can be found in the individual fund's document section of website www.ccla.co.uk/funds/cbf-church-england-property-fund#fund-documents

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.

REPORT OF THE TRUSTEE

for the year ended 31 December 2025

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.

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 2027, the Trustee has concluded that the financial statements should be prepared on a basis other than going concern.

REPORT OF THE TRUSTEE**for the year ended 31 December 2025****Acquisition by Jupiter Fund Management**

On 2 February 2026, CCLA Investment Management Limited was acquired by the Jupiter Group (a UK-based active investment management company). The transaction followed an extensive strategic review and engagement with key stakeholders and is expected to support the long-term sustainability of the business. CCLA will retain its brand, investment philosophy and client service model, while benefiting from access to the Jupiter Group's broader investment capabilities, resources and infrastructure. Planning for operational and regulatory integration commenced in the latter part of 2025 and continues following completion of the transaction.

CCLA remains committed to serving churches, charities and local authorities.

A Brookes, Chair

CBF Funds Trustee Limited

11 May 2026

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. More information about the EIAG is available at www.churchofengland.org/eiag.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

The UK property investment sector stayed stable over the twelve months under review, with steady returns. The Fund's performance reflects this. Capital values grew, but the rate of growth slowed compared to the pace evident at end of 2024. Even so, small capital gains and a reliable income return together delivered a total return in 2025 of 7.7%, ahead of its 6.1% performance in 2024.

The UK property market continued to recover in 2025. Commercial values were stable, and a few areas even showed gains. Overall growth was still modest, but the property sector's resilience during economic and political uncertainty was good news for investors. The sector's recovery was slower than we had hoped. The Bank of England's interest rate cuts rates didn't boost activity much because bond yields remained high, and investment levels remained weak.

Over the 12 months to 31 December 2025, the Fund's total return was 7.7%. In each quarter of 2025, the Fund's returns were ahead of its benchmark, the MSCI/AREF UK Other Balanced Open-Ended Property Fund Index, with particularly strong outperformance in the final quarter of 2025 (2.1% for the Fund versus 0.4% for the Benchmark). By contrast, the benchmark itself performed less well than in 2024. It returned 4.7% in 2025, down from 5.4% in 2024.

The Fund consistently met its performance objectives in 2025 and over long timeframes. It has also outperformed its benchmark over the long term as recorded in the table below. This competitive performance is mainly driven by a higher income yield, without the use of gearing.

Annualised total capital and income return

To 31 December 2025	1 year %	5 years % p.a.	10 years % p.a.
Performance against benchmark (after expenses)			
The CBF Church of England Property Fund*	7.70	4.51	4.52
Comparator benchmark [#]	4.73	3.10	3.75
Consumer Price Index (CPI)	3.32	5.11	3.40

[#] Comparator Benchmark – AREF/MSCI™ Other Balanced 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 2025

Weak market conditions and ongoing macroeconomic uncertainty meant the recovery in capital values stayed slow throughout 2025. The markets capital growth eased over 2025. Nevertheless, prices and valuations remained broadly stable.

Income was therefore the main driver of performance. It supported the Fund's returns in 2025 and added to its long-term record. The fact that income is the Fund's core focus fits the long-term nature of property investment. It helps when capital growth is limited or uncertain, as it was during this review period.

The Fund's quarterly income distributions kept the total for the full year at 6.64p per Share. This represented a 5.5% income return, the highest yield of any fund included in the Fund's benchmark, which recorded an average of 3.2%.

On top of this income yield, the Fund's Share price rose 2.2% over the year, also comfortably ahead of the capital growth in its benchmark. This positive result reflected stable valuations across the portfolio, but increases in values of several large properties were key. Where property values rose, the main reasons were higher rental values, active property management and the reliable rents that property provides.

The above drivers of our performance were vital in a year when lower interest rates did little to stimulate activity and impact market prices. Investors stayed cautious because of economic and financial uncertainty and ongoing geopolitical risks. The UK avoided the full force of these pressures, but property investment markets still remained subdued for most of the year. This also encouraged valuers to stay conservative.

By sector, the Fund's large positions in retail parks and industrial assets, compared to its benchmark, helped performance. Rising rents in these areas supported valuations and created room for income growth at future lease events. However, higher costs for maintenance and upgrades – especially for offices – offset some of these gains. Long-term benefits from those works will only come later.

The Fund grew in 2025, from £127.3 million at the start to £131.2 million at the end of the year. Stable valuations and some capital growth contributed to this, but spending on asset projects and improvements offset some of the gains.

Investor flows remained stable. Monthly redemption volumes eased, and the net outflow for the year was £4.4 million. Outstanding redemption requests, within the Fund's notice period, stood at £1 million at the end of 2025. Encouragingly, the Fund received £5.8 million of new investor capital during 2025.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2025

Liquidity is managed via the CBF Property Fund's holding in the COIF Property Fund, where managing investor liquidity needs remains a key focus. As of 31 December 2025, that fund held £28.0 million in cash, or 5.8% of total assets. The Fund also sold four properties during the period – three offices and an industrial building soon to be vacant. These sales supported liquidity and helped deliver the Fund's strategic aims.

Strategy

The UK's economic and financial backdrop remain challenging. Macro and geopolitical uncertainty also continue. To manage risk, the Fund holds a spread of properties across the major sectors and regions. The Fund focuses on income as its main driver of returns. This helps when capital growth is weak and uncertainty is high. For now, investing for capital gain remains risky.

We monitor asset liquidity and the leasing, income and security features of the portfolio on a regular basis. For strategic and tactical reasons, the Fund holds more industrial warehouses and retail parks than its benchmark. We believe these types of property have strong fundamentals and a positive outlook. They also support both capital values and income prospects.

Property is an imperfect asset class. Choosing the right assets, bottom up, and managing them actively is key. This helps reduce risk, grow rental

values and protect income. This approach has supported the Fund's liquidity, and it has helped us navigate a difficult period for UK property.

Challenges have been most intense in the office and retail sectors, which face long-term structural change. Here, a bottom-up process and active asset management remain vital. These sectors have been going through a major transformation, but risks also differ widely between properties, with high property specific risk. Prime assets behave differently from lower quality assets. So, factors such as location, asset quality and proactive management – including lease work and avoiding the rising risk that a property becomes obsolete – will continue to make a difference.

For these reasons, the CBF Property Fund's strategy, investment objectives and risk control, are achieved and enhanced via its holding in the larger COIF Charities Property Fund.

Market Review

The pace of capital growth slowed as 2025 went on. Instead, income, and our associated active asset management, once again shouldered most of the burden of delivering the returns that investors received. Ongoing uncertainty and volatility in the macroeconomic, financial and political backdrop kept yields high for longer. Those high yields and uncertainty also reduced transaction activity for much of the year, which made for an understandably slow market make sense.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2025

By contrast, the underlying markets in which occupiers-tenants operate stayed supportive. Demand for property produced rental growth, especially for higher quality assets. This gave managers like us room to negotiate higher rents and add value.

Even so, UK property faced subdued conditions and persistent macroeconomic risks for most of the year. The Bank of England's interest rate cuts in 2025 have helped investment viability. But investors stayed cautious, and activity broadly paused. A sharp rise in activity in the fourth quarter 2025 was therefore an encouraging sign for 2026.

Property Agents Lambert Smith Hampton's fourth-quarter 2025 Investment Transactions Report shows this clearly. Investment volumes had been well below their long-term averages for three straight quarters and fell to a two-year low. But activity burst into life at year-end, producing a record quarterly total of more than £21 billion.

This fourth quarter record rescued the annual 2025 numbers, but much of it came from a few massive transactions. It included the UK's largest property deal on record, of £5.2 billion for a portfolio of healthcare assets, a one-off boost to transaction volume during that quarter. The number of transactions also increased which showed deeper activity and better liquidity. Many transactions focused, however, on non-traditional, alternative and residential assets in the Living sector. (Alternative assets in the "Living" sector, generally included under "Other" in the fund's taxonomy, comprises,

for example, student accommodation, housing for seniors and affordable/social housing. Outside of the "Living" sector, alternative "Other" assets include, for example, supermarkets, leisure and car showrooms.)

Overseas capital continued to dominate activity. This matters because global investors are the main force in the UK market and their engagement underlines the UK's broad appeal. Despite the distortions in the fourth quarter, it was encouraging that retail, offices and industrial property all recorded year end volumes above their five-year averages. This suggests that there were more opportunities for motivated buyers and sellers and better price discovery. For domestic institutions, purchases reached a four year high after 14 quarters of net selling. UK REITs also returned to the market.

Sentiment is positive, but it remains fragile. But the above data points to a potential tangible improvement in activity in 2026. In our analysis, this should support a stronger recovery than in 2025 for a well-positioned UK property sector.

MSCI data confirms how weak activity led to a slowdown in capital value growth, with caution on the part of valuers. The MSCI All Property Quarterly Capital Index rose only 0.2% in each of the last three quarters of 2025. Growth of this index for the 12 months to 31 December 2025 was 1.0%, ahead of the 0.4% recorded in 2024. Income for the index was steady at 5.0% for the year. Total investment returns were 1.5% for the fourth quarter of 2025 and 6.0% for the full year.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

Occupier market fundamentals were vital for stability and supported property returns in 2025. Rental growth reached 3.6% for the year, driven mainly by industrial warehouses. In the fourth quarter of 2025, quarterly rental growth also picked up across most other property types. Our property management actions mattered, as they helped translate rental growth into income and more stable valuations. This produced small gains in some areas. The prospects for yield compression, however, remain limited because yields on competing assets such as gilts remain high.

Property management activity and transactions

The twelve-month period under review was busy for property management work and transactions within the COIF Charities Property Fund.

That fund sold an industrial and office site on Brackmills, Northamptonshire, where the lease was ending. The premises were becoming obsolete, were about to be vacant and would need redevelopment. The Fund also sold three offices with weak management prospects and high holding costs. Buildings we sold in Maidenhead and Aberdeen were vacant. The office we sold on Stockley Park in West London was partly vacant, with more letting risk ahead. All three offices would have needed major repurposing work and would weigh on the Fund's income. Instead, these sales supported key strategic aims, improved asset quality, reduced risk and strengthened liquidity by raising £23 million.

The Fund also bought the freehold in an existing retail warehouse in Brownhills, West Midlands, for £50,000, which it previously held on a long lease. Owning the freehold improves the ownership structure, boosts liquidity and adds value.

We made good progress on several asset management projects across the portfolio. Not all projects are complete yet, and delays can temporarily weigh on performance. Benefits and value gains often come later, especially for large projects that need capital spending. Plans for improvements, repurposing and future projects also influence the timing of when we sell assets.

We continued to actively manage several leases in 2025, by completing new leases on vacant units and renewals of existing leases. A notable example in early 2025 was the letting of a high office content industrial warehouse in Bow, East London, on a 10-year lease. This added a new £928,000 annual income stream. On the Mendlesham Industrial Estate in Suffolk, we let the only remaining vacancy on this large 45-acre, 750,000 square foot (sq ft) warehouse and distribution site, adding £500,000 of annual new income.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

A series of lease renewals were completed with Aardman Animations for all six of their leases on the industrial warehouse at Aztec West in Bristol. These renewals improved the previous terms, with higher rents agreed for this older but well-located asset. In the industrial warehouse sector more broadly, rent reviews produced large rent increases. These increases reflected and secured the strong rental growth seen in the sector in recent years.

Examples include:

- A warehouse unit at Magna Park in Lutterworth, Leicestershire, where income rose by 43% on a large rental stream.
- A warehouse in Birtley, near Gateshead, Tyne and Wear, where income increased by 71%, adding £477,000 of annual income.

We achieved smaller increases on older, smaller industrial units in Tunbridge Wells, Kent, and in Mendlesham, Suffolk.

We also secured additional rental income at retail warehouse parks in Brighton and Hereford, where renewals set higher rental values per sq ft. The income from a hotel the Fund owns in Bath also rises each year in line with RPI (retail price index).

In the office sector, showing the improvement in demand for well-located City of London space, we completed several new leases and renewals at College Hill and, most notably, on Cannon

Street. At Cannon Street, a new record rent for the building was set following our upgrades to the building's quality, specification and energy performance. This activity supports valuation growth for the largest holding in the portfolio by capital value.

At two industrial warehouses on the Brackmills Industrial Estate in Northampton – Units B8 and Dimension House – the leases expired and the tenants vacated. This temporarily reduced income, but it created the chance to refurbish the properties before re letting them at higher rents. Both warehouses are expected to re-let quickly on better terms. Although these events increased the portfolio's void rate at mid-year, vacancy has fallen since then. The year ended with an investment void rate of 12.9% of rental value. With three of the four significant vacancies in sought-after industrial or warehouse assets, the prospects for quick lettings, lower voids and stronger income in 2026 are encouraging.

MSCI's monthly index shows a lower investment void rate of 11.6%. However, when development vacancies are included, the MSCI figure rises to 20.3%. The contrast between those two numbers reflects the large number of increasingly obsolete offices in the MSCI universe. Development vacancy in the fund remained at 2.7% at the end of 2025, focused on one asset: a vacant office in Bracknell that is being prepared for sale.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2025

Outlook

The year under review was very positive. The Fund kept up its record of producing above average returns, helped by the income from the properties it holds and a wide range of investment management activity.

For the UK property sector overall, the year was more mixed. Investors stayed cautious, especially on investment activity, and conditions at the asset level remained challenging. Steady progress on pricing, income and valuations, against an improving backdrop, is encouraging but the recovery remains slow.

In our analysis, the UK property sector looks increasingly well placed to move forward with more confidence. It has shown stability and resilience in a difficult economic and financial environment. Income strength has stood out, and we expect steady progress through 2026.

Macroeconomic risks were a constant feature in 2025. A softer fourth quarter for performance was balanced by a welcome pick up in investment market activity. Policymakers will continue to grapple with a delicate economic picture and tight fiscal constraints, but the prospects for further interest rate cuts are positive for property. As the pressure from the uncertain backdrop eases, and depending on how investment yields move, investors could receive clearer signals. Under that scenario, property would look increasingly good value and gain momentum, as price uncertainty reduces.

Within the traditional UK property sub sectors, we expect industrial and retail warehouses to remain popular. These areas benefit from strong occupier demand and clear opportunities to manage and grow income yields, even if rental growth is likely to slow from recent high levels. A healthy focus by investors on alternative property types – especially in the Living sector – should also continue. Income strength and solid fundamentals across residential type assets remain supportive and continue to attract investment interest.

Even if stability across UK property is encouraging, property specific risk remains high. This is especially true for lower quality retail and office assets that face a rising risk of obsolescence and falling income. There are significant opportunities, however, for investors willing to take on major redevelopment, refurbishment or repurposing projects. These often require substantial management time and capital, particularly in prime offices, where high quality space in the best locations remains scarce and continues to command strong rental growth.

For now, uncertainty continues to limit the strength of any performance rebound. Progress is steady rather than spectacular. Even so, confidence is improving, activity levels are rising, and the pricing gap between buyers and sellers is narrowing. This should help investment flows. Occupier markets will continue to drive returns and management activity, but the scope for near term yield compression remains limited.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

Over the next five years, capital growth should, in our analysis, increase its contribution to returns. In the short term, income yields and active management are likely to remain the core drivers of performance.

The broader economic and political environment suggests, in our view, that the path ahead for all asset classes will be uneven. Within that environment, property looks well placed.

If that view turns out correct, it should support improving sentiment and create a stronger outlook for capital flows into UK property funds.

Paul Hannam
Head of Property
CCLA Investment Management Limited
11 May 2026

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 2025 and of the net revenue and the net capital gain on the property of the Fund for the year ended 31 December 2025;
- 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 unitholders;
- 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), and the Charities Act 2011.

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 Trustee is 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.

We discussed among the audit engagement team 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 fund. In response we have: assessed the applied valuation methodologies; agreed 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 the Charity Commission.

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
11 May 2026

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.



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

	Year to 31.12.2025 pence per Share	Income Shares Year to 31.12.2024 pence per Share	Year to 31.12.2023 pence per Share
Opening net asset value per Share	121.31	120.63	128.50
Return before operating charges*	9.27	7.35	(1.33)
Operating charges***	(0.03)	(0.03)	(0.03)
Return after operating charges*	9.24	7.32	(1.36)
Distributions on Income Shares	(6.64)	(6.64)	(6.51)
Closing net asset value per Share	123.91	121.31	120.63

* after direct transaction costs of:

Performance

Return after charges	7.62%	6.07%	(1.06%)
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Other information

Closing net asset value (£'000)	131,234	127,312	147,225
Closing number of Shares	105,908,198	104,949,018	122,048,098
Operating charges**	0.74%	0.75%	0.68%
Direct transaction costs	—	—	—

Prices (pence per Share)

Highest Share price (offer)	128.35	125.66	132.01
Lowest Share price (bid)	121.39	119.48	120.61

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 (0.75%), less rebates (0.03%) plus expenses in the Fund (0.02%).

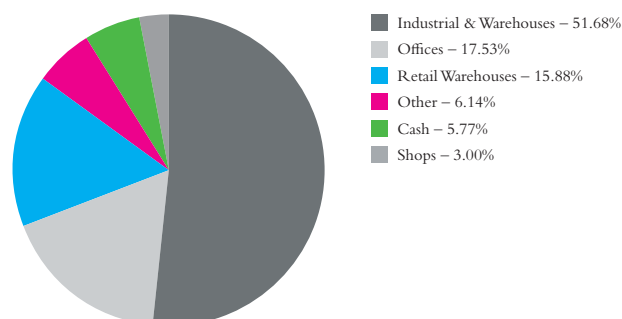
PORTFOLIO ANALYSIS

at 31 December 2025

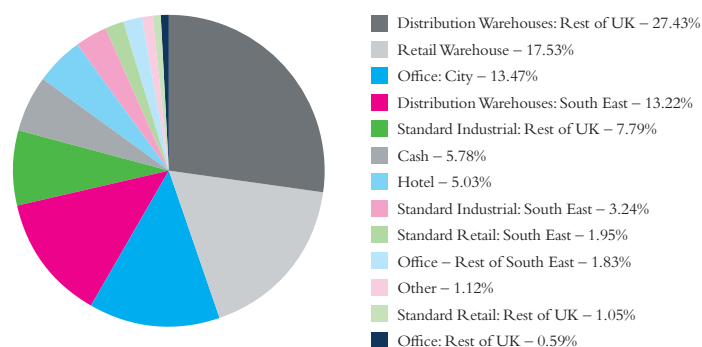
Top Ten Property Holdings

Property		% of Property Portfolio
London, 80 Cannon Street	Offices/Shops	11.82
Brighton, Lewes Road	Retail Warehouses	9.63
Mendlesham, Norwich Road	Industrial	8.23
Ashby-de-la-Zouch, 15 Coalfield Way	Industrial	6.91
Lutterworth, 3320, Hunter Boulevard	Industrial	5.43
Bristol, 1400-1600 Aztec West Business	Industrial	5.23
Bath, Rossiter Road	Other	4.79
Lutterworth, 3220, Wellington Parkway	Industrial	4.66
Solihull, Solihull Gate Retail Park	Retail Warehouses	4.18
London, 7 St Andrew's Way	Industrial	3.92

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

	31.12.2025	31.12.2024
Portfolio turnover rate	0.00%	0.13%

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 2025

	Holding	Fair value £'000	% of total net assets
COIF Charities Property Fund Income units	123,389,639	130,102	99.14
INVESTMENT ASSETS		130,102	99.14
NET OTHER LIABILITIES		1,132	0.86
TOTAL NET ASSETS		131,234	100.00

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2025

		Year ended 31.12.2025		Year ended 31.12.2024	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		3,400		1,618
Revenue	3	7,029		7,889	
Expenses	4	(998)		(1,095)	
Net revenue before taxation		6,031		6,794	
Taxation	5	—		—	
Net revenue after taxation		6,031		6,794	
Total return before distributions			9,431		8,412
Distributions	6		(6,937)		(7,743)
Change in net assets attributable to Shareholders from investment activities			2,494		669

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2025

	Year ended 31.12.2025		Year ended 31.12.2024	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		127,312		147,225
Amounts receivable on issue of Shares	5,830		1,267	
Amounts payable on cancellation of Shares	(4,402)		(21,849)	
		1,428		(20,582)
Change in net assets attributable to Shareholders from investment activities		2,494		669
Closing net assets attributable to Shareholders		131,234		127,312

The notes on pages 28 to 39 and the distribution tables on page 40 form part of these financial statements.

BALANCE SHEET
at 31 December 2025

	<i>Note</i>	31.12.2025		31.12.2024	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			130,102		129,965
Current assets:					
Debtors	7	1,838		1,966	
Cash equivalents	8	817		782	
Cash and bank balances	8	605		467	
Total current assets			3,260		3,215
Total assets			133,362		133,180
LIABILITIES					
Creditors:					
Other creditors	9	398		4,105	
Distribution payable on Income Shares		1,730		1,763	
Total creditors			2,128		5,868
Total liabilities			2,128		5,868
Net assets attributable to Shareholders			131,234		127,312

The financial statements on pages 25 to 40 have been approved and authorised for issue by the Trustee.

Approved on behalf of the Trustee
11 May 2026

A Brookes, Chair
CBF Funds Trustee Limited

The notes on pages 25 to 39 and distribution tables on page 40 form part of these financial statements.

CASH FLOW STATEMENT

for the year ended 31 December 2025

	<i>Note</i>	Year ended 31.12.2025		Year ended 31.12.2024	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	13		6,021		6,971
Net cash inflow from investment activities					
Payments to acquire investments		(4,748)		(916)	
Proceeds on disposal of investment		7,044		17,826	
Manager's periodic charge rebate		967		1,064	
			3,263		17,974
Net cash outflow from financing activities					
Issue of shares		5,925		1,163	
Cancellation of shares		(8,067)		(17,892)	
Distributions paid		(6,969)		(7,933)	
			(9,111)		(24,662)
Increase in cash	14		173		283

The notes on pages 28 to 39 and distribution tables on page 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

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 2027. 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 2027, 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 2025

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.

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 2025

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

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
The net capital gains during the year comprise:		
Unrealised gains on non-derivative securities*	2,356	511
Realised gains on non-derivative securities*	77	43
Manager's annual management charge rebate – see note 1(c)**	967	1,064
	3,400	1,618

* 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 2025

3. Revenue

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Property income distributions	6,938	7,757
Manager's annual management charge rebate*	38	69
Interest on The CBF Church of England Deposit Fund	34	48
Bank interest	19	15
	7,029	7,889

* 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 31.12.2025 £'000	Year ended 31.12.2024 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(c)	967	1,064
Other expenses:		
Audit fee	11	11
Monitoring fee	5	5
Insurance fee	2	2
Other fees	13	13
	31	31
Total expenses	998	1,095

Audit fee net of VAT is £9,400 (31.12.2024, £9,100).

The above expenses include VAT where applicable.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

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 31.12.2025 £'000	Year ended 31.12.2024 £'000
31 March – interim distribution	1,848	2,148
30 June – interim distribution	1,659	1,942
30 September – interim distribution	1,700	1,890
31 December – final distribution	1,730	1,763
Net distribution for the year	6,937	7,743
Net revenue after taxation for the year	6,031	6,794
Manager's annual management charge – see note 1(c)	967	1,064
Transfer from income reserve – see note 10	(37)	(144)
Income deficit taken to capital	(24)	29
Net distribution for the year	6,937	7,743

Details of the distribution per Share are set out in the distribution tables on page 40.

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 no unclaimed distributions as at 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

7. Debtors

	31.12.2025 £'000	31.12.2024 £'000
Accrued revenue	1,736	1,771
Rebate management fee receivable	93	90
Prepayments	–	1
Amounts receivable for the creation of Shares	9	104
	1,838	1,966

8. Cash equivalents, cash and bank balances

	31.12.2025 £'000	31.12.2024 £'000
Cash equivalent: cash in The CBF Church of England Deposit Fund	817	782
Cash and bank balances – cash at bank	605	467

9. Other creditors

	31.12.2025 £'000	31.12.2024 £'000
Purchases awaiting settlement	–	42
Amount payable on cancellation of Shares	294	3,958
Accrued expenses	104	105
	398	4,105

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 31.12.2025 £'000	Year ended 31.12.2024 £'000
Income reserve at the start of the year	895	887
Transfer to income reserve	37	144
Equalisation of the income reserve	9	(136)
Income reserve at the end of the year	941	895

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

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 2025, 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 £6,505,000 (31.12.2024, £6,498,000).

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 2025

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 2025 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,422	–	131,940	133,362

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	2,128	2,128

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 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 2025

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 £1,879 was due from/to the Manager at 31 December 2025 (31.12.2024, £1,979). 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 2025 (31.12.2024, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2024, £nil).

At 31 December 2025 a cash balance of £817,029 (31.12.2024, £781,655) was held in The CBF Church of England Deposit Fund. During the year, the Fund received interest of £34,394 (31.12.2024, £48,582) from The CBF Church of England Deposit Fund.

At 31 December 2025 the Fund held 28.63% (31.12.2024, 27.88%) 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 2025, The CBF Church of England Investment Fund held 37.44% (31.12.2024, 36.67%) of the value of the Fund.

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

	31.12.2025 £'000	31.12.2024 £'000
Net revenue for the year	6,031	6,794
Decrease in accrued revenue	35	178
(Increase)/decrease in debtors	(2)	2
Decrease in creditors	(43)	(3)
Net cash inflow from Operating Activities	6,021	6,971

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

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

	31.12.2025 £'000	31.12.2024 £'000
Net cash at the beginning of the year	1,249	966
Movement in cash during the year	173	283
Net cash at the end of the year	1,422	1,249

15. Portfolio transaction costs

For the year ended 31 December 2025:

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread as at 31 December 2025 was 3.05%. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

16. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.2025 Income Shares
Opening number of Shares at beginning of year	104,949,018
Shares issued in year	4,563,674
Shares cancelled in year	(3,604,494)
Closing number of Shares at end of year	105,908,198

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 (including investment liabilities), 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.

- 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 that 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 2025

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

For the year ended 31 December 2025

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	–	130,102	–	130,102
	–	130,102	–	130,102

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

DISTRIBUTION TABLE

for the year ended 31 December 2025

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2025	2024	2025	2024
Income Shares				
31 March	30 May	31 May	1.77	1.77
30 June	29 August	30 August	1.62	1.62
30 September	28 November	29 November	1.62	1.62
31 December	27 February	28 February	1.63	1.63
			6.64	6.64

The distributions for Income Shares were paid in the same year, apart from the distribution declared on 31 December which is payable at the end of 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* (resigned January 2026)
* *Members of the Audit Committee*

Manager and Registrar

CCLA Investment Management Limited
Registered Office Address:
One Angel Lane London
EC4R 3AB
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

HSBC Bank plc
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)
(resigned on 2 February 2026)
A Robinson, MBE (Director Market Development)
(resigned on 2 February 2026)
W Mepham (appointed on 2 February 2026)
T Owen (appointed on 2 February 2026)

Non-Executive Directors of the Manager

R Horlick (Chair)
J Jesty
C Johnson (resigned on 2 February 2026)
A Roughead (resigned on 6 January 2026)
C West (resigned on 2 February 2026)
J Hobart (resigned on 2 February 2026)

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

CCLA was founded in 1958 with the launch of the Church of England Investment Fund, enabling churches to pool their assets and have them professionally managed. We started managing investments for local authorities in 1961, followed by charities in 1963.

In 1987, with the introduction of new financial regulation, those churches, charities and local authorities founded CCLA Investment Management Limited.

Today, CCLA is one of the UK's largest managers of charity, faith and public sector investments, providing pooled and bespoke portfolios, and championing responsible investment.

We know that charities and not-for-profit organisations measure success not in profits, but in lives improved and futures secured. At CCLA, we are honoured to stand alongside them – helping to manage their investments and invest with purpose – so that their impact endures across generations.



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CCLA is the trading name for CCLA Investment Management Limited (registered in England & Wales, No. 2183088) and CCLA Fund Managers Limited (registered in England & Wales, No. 8735639).

Both companies are part of the Jupiter Group, and are authorised and regulated by the Financial Conduct Authority.
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