

COIF CHARITIES PROPERTY FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 December 2020

CCLA

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*Collectively, these comprise the Investment 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 Financial Statements are available in large print and audio formats.

REPORT OF THE BOARD

for the year ended 31 December 2020

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Property Fund (the Fund), which includes a separate report from CCLA Fund Managers Limited (the Manager) as Manager of the Fund.

Structure and management of the Fund

The Fund is a Common Investment Fund and was established in 2002. The Fund is governed by a scheme of the Charity Commission dated 12 July 2002 and as modified by a scheme dated 13 May 2009 and a scheme effective on 21 July 2014 and as amended by resolutions of the trustees of the Fund passed under Section 280 of the Charities Act 2011 on 21 July 2014, 22 July 2014 and 29 July 2014 and by an order dated 9 October 2014 and an order dated 19 October 2016 (the Scheme).

The day to day management of the Fund is delegated to the Manager by the Board which is also responsible for appointing the Manager, setting the investment policy and determining the criteria and methods of evaluating the performance. The Board also appoints the Auditors and the Trustee.

The Trustee and Depositary is HSBC Bank plc who is responsible for the supervision and oversight of the Manager's compliance with the Scheme and for the custody and safekeeping of the assets. The division between management and trustee functions provides an additional layer of protection for Unitholders.

The Manager is responsible for management and the administration of the Fund, including marketing the Fund.

Investment objective

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

Investment policy

The Fund is holding an actively managed, diversified portfolio of UK commercial property. It is managed in accordance with the policies of the Church of England's Ethical Investment Advisory Group (EIAG).

The Fund invests principally in direct commercial property assets in the UK. It may also invest in other property assets and indirectly, including listed securities and unlisted property funds. Whilst maintaining a full exposure to the UK property sector, indirect investments can assist in managing portfolio diversification and fund liquidity. The Manager operates indirect exposure limits of no more than 5% in any single property collective investment scheme, with a maximum aggregate exposure of 15%. Similar thresholds apply to securities in property companies and joint ventures.

Benchmark

The Fund's benchmark is the MSCI/AREF UK Other Balanced Quarterly Property Fund Index.

REPORT OF THE BOARD

for the year ended 31 December 2020

Target investors

The Fund is suitable for the long-term funds of any charity seeking exposure to UK commercial property.

Borrowing powers

Under the Scheme, the Manager may borrow a maximum of 25% of the net asset value of the Fund with the prior written consent of the Board.

Review of investment activities and policies of the Fund

The Board held quarterly meetings during the year to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to review investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board monitored the administration, expenses and pricing of the Fund.

During the year, the Board also met quarterly with the Manager to review investments, transactions and policies of the Fund. The Manager's report, which appears later, provides further details.

Controls and risk management

During the year, the Board, assisted by the Manager, reviewed the Fund's systems of internal control and risk report. The Board receives from the Manager and reviews a formal risk management report setting out the main risks facing the Fund, the controls in place to mitigate the risks and the assessment of each risk after application of mitigating controls.

Investors should note that the management of direct property is outside the scope of the Financial Services and Markets Act 2000 (as amended or replaced from time to time).

Responsible investment

Achieving sustainable long-term returns is a key objective of the Fund and an important consideration for the Fund's Unitholders. We link the financial assessments of the investments made on behalf of the Unitholders with broader environmental, social and governance (ESG) issues. This recognises the importance of ESG risks for property and is reflected in our investment processes and the day to day management of the Fund's property portfolio. CCLA's Ethical & Responsible Investment and Property teams work closely together with the BNP Paribas Real Estate sustainability function, to integrate ESG and performance monitoring. Further details on the Fund's Responsible investment Policy and management information is available on request from the Manager.

The Manager informed the Board of the need to suspend the Fund and the Board was agreeable. Thereafter, the Board made regular representations to the Manager for the Fund to be re-opened at the earliest opportunity subject to the interests of existing investors being safeguarded.

N Morecroft
Chairman
19 July 2021

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

Performance

Over the year the Fund achieved a total return after expenses of -0.54%. This compares with a return of -1.04% on the comparator benchmark.

Initially capital values fell broadly across the sector as valuers struggled to understand the likely impact of the pandemic. As the uneven nature of the crisis became evident, sub-sector performances diverged, resulting in a substantial dispersion of returns by the end of the year. Well known challenges facing the retail sector meant that it was the weakest performer, in contrast distribution assets remained in strong demand and outperformed. Transaction volumes fell to historically low levels and one outcome of this was an early increase in valuer caution. Valuation weakness was greatest in the second quarter but even though the rate of decline later moderated, the decline was too substantial to be offset by the positive contribution from income, resulting

in the negative total return for the period. Income payments to Unitholders totalled 5.2p, below that achieved during 2019 reflecting more provision for bad debts in the accounts due to rising rent arrears, and higher income expenses given rising vacancy levels and longer void periods in challenging occupier market conditions. Despite this, the Fund's annual distribution yield of +4.70% was the highest recorded in the MSCI Balanced Property Funds Indices for 2020. The MSCI benchmark yield was +3.4%, whilst the MSCI UK All Property Fund Index yielded just +2.2%. The Unit price declined from 116.52p in December 2019 to 110.64p at the end of 2020, a capital return of -5.05%.

The Fund's performance record compared to the benchmark over longer term periods to the 31 December 2020 is shown in the table below.

Annualised total capital and income return

To 31 December 2020	1 year %	3 years %	5 years % p.a.	10 years % p.a.
Performance against benchmark (after expenses)				
COIF Charities Property Fund	-0.54	+3.45	+4.45	+7.03
MSCI/AREF UK Other Balanced Quarterly Property Fund Index	-1.04	+2.66	+4.40	+6.75

Source: CCLA.

Past performance is not a reliable indicator of future results.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

The underweight allocation to the Retail sector relative to the benchmark, with no shopping centres holdings, has supported performance this year. Another important contribution has resulted from the overweight exposure to the fundamentally stronger industrial and warehouse sub-sector. Offices have demonstrated a degree of resilience, but the performance of the alternative Other Property assets was disappointing, reflecting the impact of lock-down and social distancing on the hospitality and leisure sectors. Active management positions made a mixed contribution. Those where progress was secure were recognised in valuations but early-stage projects and less secure income streams, were treated with caution to reflect a perceived reduction in investor risk appetite and the drag on returns from high property income expenses and future capital expenditure. One positive of this, is that a good deal of potential value has yet to be reflected in the Fund's valuation.

Dealing in the Fund's Units was suspended at the end of March due to material valuation uncertainty and for the protection of Unitholders. As a result, during that period no new investor capital was accepted. Net new money flow to the Fund prior to suspension was positive, amounting to £24.6m, however, this was largely reversed when dealings commenced in September, leaving a net gain of £3.6m. This modest improvement was more than offset by weaker valuations and capital expenditure on asset projects. The overall result was a decline in the Fund's NAV to £584.5m compared to

£615.6m twelve months ago. Investor outflows reduced portfolio liquidity to 4.1% from 7.1% at the half year.

Strategy

The strategy adopted in managing the COIF Charities Property Fund is asset focused. This investment approach is appropriate given the imperfect nature of property as an investment asset class and also reflects its long-term performance characteristics, which are driven by income. In turn, this is consistent with the Fund's performance objectives and the income needs of Unitholders. A bottom-up investment process supports holding higher yielding investments and assets with shorter unexpired term leases, despite the risk of rising income expenses, helping to deliver attractive total performance and an above average income, whilst maintaining asset quality and avoiding the need to use gearing to boost returns. Although the strategy can be challenged in periods of uncertainty and lower appetite for risk, when additional income and capital expenditure can lag the recognition of income and valuation gains, a pro-active approach protects value and income, helping to manage risk whilst a dynamic portfolio structure means the Fund is well placed to navigate short term sector and asset challenges and reflect lasting change in the sector outlook. The portfolio has above index weightings in office and industrial assets and has a low exposure to a difficult retail sector. Reflecting the maturity of the investment cycle and the persistent uncertain backdrop, in particular for traditional sub-sectors, weightings

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

have been growing in the alternative Other group of assets, with the objective of enhancing portfolio diversification, lengthening the lease expiry profile and building greater income resilience and growth prospects.

Market review

The year began with some optimism that reduced political uncertainty following a decisive General Election and a revival in economic activity fed through to the sector and bring an end to a run of valuation declines. However, these hopes were soon lessened by the Coronavirus global pandemic and the measures taken by governments to contain it. In particular, the effect of lock-down proved to be especially damaging for the retail, hospitality and leisure sectors. The prospects for rents, indeed for the continued viability of many tenants, became increasingly uncertain as business revenues and cash-flow dried up. Working from home helped to minimise the short-term impact on offices, but also raised concerns for future space requirements. In contrast, sectors that remained operational during the lock-down such as industrials, have displayed resilience, whilst others have benefited, such as supermarkets and logistics.

In this environment, markets were initially unable to operate effectively. Uncertainty caused capital values to fall whilst investor inertia resulted in a collapse in transaction volumes. A reduced risk appetite encouraged a flight to prime quality assets and those with long and secure income streams. The result was a wide

dispersion of returns between sectors, investment grades and even regions.

An unusual feature of this crisis was the scale of rent payment delinquency, reflecting the impact of the crisis on business revenues but also the UK Government's policy of protecting tenants from landlord enforcement action. As a result, normally reliable income flows became a challenge to collect. Many tenants did not pay their March and the June quarterly rents and some have continued to ignore their lease obligations and have not paid rent for a whole year. Securing income streams required a pro-active approach from managers, engaging tenants to understand the scale of their financial difficulties and if needed, agreeing relief packages. Valuations too were less reliable and valuers became increasingly cautious, increasing yields and applying reduced rental values in the period of greatest uncertainty. That these responses may have been overly cautious is reflected in improved capital performance at the end of the year, with growth in November and December reversing a trend to lower values which had been in place for two years. Reduced economic activity and weakened tenant finances resulted in increased void rates. The MSCI Monthly Index investment vacancy rate increased to 9.0% compared to 7.5% twelve months ago, but total reversionary potential from voids has risen sharply to 16.7%, indicating significant development vacancy. The highest void rate is in offices at almost 30%. This reflects the trend to shorter leases, greater tenant instability and asset obsolescence.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

MSCI Monthly Capital Indices recovered in the second half of the year but still ended 2020 -6.3% lower. Despite the contribution from income, the total return from the sector was negative, the first negative 12-month total return since the global financial crisis in 2009. Retail values dropped by -16.9% but industrial asset values increased by 3.6%. Sentiment was a factor but so too was income, retail rental values declined by -8.7% whilst industrial rents increased by +2.3%.

Activity

The Fund's cash holding declined over the year from £35m to £24m or 4.1% of NAV. This change reflects the cost of one new acquisition, capital expenditure on active management projects, a small net inflow of new investor capital and two asset disposals.

The property purchased was an industrial warehouse at Magna Park in Lutterworth, a key Midlands distribution and logistics location. The total invested, including acquisition expenses, was £16.2m. The property is let to DHL Supply Chain Limited with three years unexpired on the lease and an attractive rental income yield of 6.1%. Disposal activity was asset led as opposed to strategic. A multi-storey town centre car park in Crawley, let to NCP, was sold with the purchaser paying £7.1m, a premium price reflecting a yield of just 4.2%. The acquisition cost was £5.0m and the most recent valuation £5.3m. The lease had 7 years

unexpired and it was considered that the tenant was unlikely to renew. Also sold was a recently refurbished and multi-let period office building in Edinburgh, on George Street. The sale price achieved, at £4.0m, was substantially above the £2.9m book cost and the £3.3m valuation prior to sale.

A key focus for the Fund was on maintaining rental income and improving and upgrading key assets. Despite the challenges of remote working the Fund's property management and investment activities have continued to function well, and a range of assets in the portfolio have recorded valuable progress during the period. At 80 Cannon Street, in the City of London, the largest of the Fund's investments, the vacant second floor accommodation was let following a successful refurbishment project. Further management activity has commenced involving the refurbishment of the 4th and 9th floors. In the case of the 9th floor, a pre-letting to an existing tenant is already achieved, producing a new record rent for the property. Elsewhere, an important lease extension has been completed on the retail warehouse property in Southampton, let to The Range. Despite the challenging environment a new lease has been completed, helping to secure the long-term income and boosting the capital valuation. New leases were also achieved at the Chorley Retail Park and on the industrial warehouses at Wednesbury in the West Midlands, the IPSL Industrial site at Northampton and at Finlan Road Manchester.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

In addition, the long term vacancy at the warehouse at Meir Point, Stoke and the retail warehouse at Cribbs Causeway Bristol also found tenants. Each of these helped to maintain income and contributed to the Fund's capital performance. A rent review was settled on part of the office accommodation at 1-3 College Hill in London and the uplift in rent achieved, helps to support the overall rental levels in the building and produce an increase in income for the Fund. Plans to redevelop the existing office buildings at Anchorage Gateway, Salford Quays in Manchester and Braywick House in Maidenhead continue to make progress. Here, valuable residential planning consents have been developed, and in the case of Salford Quays, a sale early in 2021 will realise added value from this project.

Although development properties add 3.1%, to the portfolio void total, which is well below MSCI data recorded for December 2020, rising longer term vacancy does expose the Fund to higher property income expenses which have increased significantly in recent years and again during 2020. This is in part due to the accounting treatment of growing provision for bad debts given the unprecedented levels of rental delinquency reflecting the impact of the pandemic on business and the economy. More positively, all outstanding rent arrears currently recorded as bad debts (Other property expenses) remain due. It is expected that some of this will be recovered during the course of 2021 and reversing the large provisions made in this year's accounts.

The focus on rent collection and protecting the income streams has required significant effort, engaging and supporting tenants and working to maintain good landlord and tenant relationships. A firm approach has also been appropriate in some instances to protect the interests of the Fund's Unitholders. A minority of tenants have not paid rent during this period, some have only paid after being pressed and others have agreed monthly payment plans. A few longer-term rent deferrals have been agreed, but as yet no rents have been conceded, and aside from where the tenant has been subject to an insolvency procedure, all outstanding rents remain due as arrears. Much consideration has also been given to ensuring multi-let buildings are safe to occupy and to help tenants with their re-occupation plans as lockdown conditions are eased. Administration and Company Voluntary Arrangements (CVAs) activity has increased. The most significant of these is the Travelodge Hotels CVA which resulted in a 75% reduction in that income stream for 2020, although, for the hotel in Cockermouth, Cumbria, a valuable lease extension of seven years was negotiated. Other casualties include Fox Print, which leased industrial units at Tunbridge Wells and Oak Furnitureland at the Salmon Retail Park, Hereford. During the year, quarterly rent collection rates have consistently improved at around 89%, and the more recent 25 December 2020 quarterly rent run is on track to match those levels. The most challenging sub-sector is retail where 16% of retail warehouse rents and 48% of shop rents remain uncollected.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

In contrast, the collection rates for the industrial and office holdings have been 95% and 91% respectively. This is a complicated and challenging picture with some non-payers genuinely financially distressed. However, of the 11% of rents that currently remain uncollected, most is due from those tenants that have so far refused to pay whilst the UK Governments moratorium against landlord enforcement action continues.

Outlook

It has been a tumultuous year for the real estate sector in the UK, one which is likely to leave a long-term legacy. Existing trends have been amplified and accelerated and new ones have emerged, the result has been severe difficulties for the retail sector and yet sustained support for industrial assets. Questions have been raised about the prospects for the office sector. From an economic perspective there is hope that, as social mobility returns, so activity should rebound quickly. Other non-trivial challenges exist of course, including Brexit and the impact of the lockdown on the important services sector. As a result, even with rising output in 2021 and 2022, it will not be until the end of that year before the output levels achieved at the end of 2019 are regained.

Within the sector we expect some recovery in transaction levels but no early return to past volumes. An environment of recovery will underpin returns, which are expected to be positive, but to a modest extent; valuer caution is likely to persist and rent collection will remain a

challenge given the pressure on some tenants. The divergence of returns at the sub fund level is expected to continue, with questions remaining about the true quality of some retail assets. As a result of this, asset specific risks will remain elevated and void rates could move higher, certainly in the months ahead.

The reality is, that even with recovery, the sector continues to face a number of fundamental challenges each of which could have an important influence on returns. The positive side is that UK real estate continues to offer an accessible and transparent market for investors with a high income yield which stands out in a low income environment.

Suspension of COIF Charities Property Fund

Dealings in the Fund were suspended between 24 March 2020 and 24 September 2020. This followed a notice from the Independent Valuer that in the uncertain environment prevailing at that time it was not possible to provide a valuation with the required level of accuracy and from March 2020 valuations were reported on the basis of 'material valuation uncertainty'. Under these circumstances we were unable to produce a price which we could say with confidence accurately reflected of fair value of the assets and so in order to protect the interests of investors dealing was suspended.

Conditions in the sector improved in the months which followed and in September the material uncertainty notice was lifted, allowing transactions to start again.

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 December 2020**Association of Real Estate Funds**

The Fund complies with the minimum requirements of the Association of Real Estate Funds (AREF) Code of Practice, which is a voluntary Code which aims to encourage members of AREF to adopt best practice whenever possible. The Code is publicly available and published on the Association's website: www.aref.org.uk

P Hannam
Head of Property
CCLA Investment Management Limited
19 July 2021

Risk warning

Investors should consider the risk factors identified in the Scheme Particulars. Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money.

Property and property related assets are inherently difficult to value because of the individual nature of each property. As a result, valuations are open to substantial subjectivity. There is no assurance that the valuations of the properties will reflect the sale price achieved, even where such sale occurs shortly after the valuation point.

The performance of the Fund could 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 Fund and the rents paid by these tenants.

Rental revenues and property values are affected by changes in general economic climate and local conditions.

Property values are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant credit worthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investment in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

The Fund's Units are intended only for long term investment and are not suitable for money liable to be spent in the near future. The Units 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 90 calendar days.

INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of COIF Charities Property Fund (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 31 December 2020 incoming resources and application of resources, for the year then ended and of the movements in the net assets of the Fund between their position as at 1 January 2020 and 31 December 2020; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of total return, the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to

conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Base on our work undertaken in the course of the audit, The Charities Act 2011 requires us to also report certain opinions and matters as described below.

Manager's Report

In our opinion, the information given in the Report of the Investment Manager for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements
As explained more fully in the Statement of Board, Depositary and Manager Responsibilities, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

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 wind up or terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditors' 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.

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.

Based on our understanding of the Fund/industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements, we also considered those laws and regulations that have a direct impact on the financial statement. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Fund and assumptions and judgements made by management in their significant accounting estimates. Audit procedures performed included:

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;

INDEPENDENT AUDITORS' REPORT to the Trustees of COIF Charities Property Fund

- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinion, has been prepared for and only for the Fund's Managers as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 24 of The

Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

1. we have not received all the information and explanations we require for our audit; or
2. sufficient accounting records have not been kept; or
3. the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2021

REPORT OF THE VALUERS

Dear Sirs,

**The COIF Charities Property Fund
Property Valuation as at 31 December 2020**

In accordance with your instructions received from The COIF Charities Property Fund (“the Fund”) to value all the property investments owned by the Fund (“the Properties”) on a monthly basis, we have valued the Properties as at 31 December 2020. The valuation has been prepared on the basis of Fair Value, in accordance with the current edition of the RICS valuation – Professional Standards published by the Royal Institution of Chartered Surveyors (RICS). We understand that our valuation is required for Unit pricing and financial statements purposes. Our report is addressed to the Fund.

We are of the opinion that the aggregate Fair Values of all the properties held by the Fund as at 31 December 2020 is **£569,880,000 (Five Hundred and Sixty Nine Million Eight Hundred and Eighty Thousand Pounds)**.

Details of the basis of our valuation and the individual properties are set out in our valuation report, dated 8 January 2021.

Market conditions explanatory note:

Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

REPORT OF THE VALUERS

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Yours faithfully,

Knight Frank LLP
19 July 2021

SUMMARY RISK INDICATOR

The European Union imposed legislation which sets 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 (RHP).



The Manager has classified the COIF Charities Property Fund as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level and poor market conditions are very 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 RHP of five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The Fund should be considered illiquid as it is not admitted to trading on a secondary market and no alternative liquidity facility is promoted by the Manager or a third party. 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 90 calendar days. The Fund normally deals on the last Tuesday and Thursday of each month. The Fund does not include any protection from future market performance, so you could lose some or all your investment.

Commercial property can be an illiquid asset class and the Manager has the discretion to defer redemptions beyond the minimum notice period, up to six months in total (subject to a period of notice of not less than 30 days to investors), if it believes doing so is in the interest of investors and the good management of the Fund. Where an investor makes an application to sell or cancel Units 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 Units, 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 Particulars, which is available on the Manager's website or by request.

COMPARATIVE TABLE

Change in net assets per Unit

	Income Units				
	Year to 31.12.2020 pence per Unit	Year to 31.12.2019 pence per Unit	Year to 31.12.2018 pence per Unit	Year to 31.12.2017 pence per Unit	Year to 31.12.2016 pence per Unit
Opening net asset value per Unit	115.45	119.05	116.05	111.73	115.45
Return before operating charges	0.97	4.51	10.90	11.92	3.88
Operating charges	(1.81)	(1.71)	(1.50)	(1.20)	(1.20)
Return after operating charges	(0.84)	2.80	9.40	10.72	2.68
Distributions on income Units	(5.20)	(6.40)	(6.40)	(6.40)	(6.40)
Closing net asset value per Unit****	109.41	115.45	119.05	116.05	111.73
Performance					
Return after charges**	-0.73%	2.35%	8.10%	9.59%	2.32%
Gross yield***	4.62%	5.40%	5.33%	5.39%	5.62%
Other information					
Closing net asset value (£'000)	584,485	615,605	597,632	520,120	522,735
Closing number of Units (in thousands)	534,234,121	533,227,472	502,012,088	448,183,047	467,870,131
Prices (pence per Unit)					
Highest Unit price (offer)	119.63	122.09	123.51	120.28	120.13
Lowest Unit price (bid)	107.50	114.71	115.25	111.33	109.74
Annual management charge*	0.65%	0.65%	0.64%	0.65%	0.65%
Other costs	0.04%	0.06%	0.08%	0.08%	0.07%
Operating charges	0.69%	0.71%	0.72%	0.73%	0.72%
Other property costs	0.88%	0.73%	0.57%	0.34%	0.32%
Total charges figure	1.57%	1.44%	1.29%	1.07%	1.04%

All of the above figures are ratios set against the Fund's average net assets calculated over the year.

* The Annual Management Charge is 0.65% (plus VAT, which is recoverable) of the net asset value of the Fund and is charged to capital. The month end valuation forms the basis of the charge for the following month.

** The return after charges has been calculated in accordance with the Statement of Recommended Practices' prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed on the Report of the Fund Manager.

*** The gross yield is calculated as the sum of the gross of tax, net of expenses income distributed over the year expressed as a percentage of the offer price at the year end.

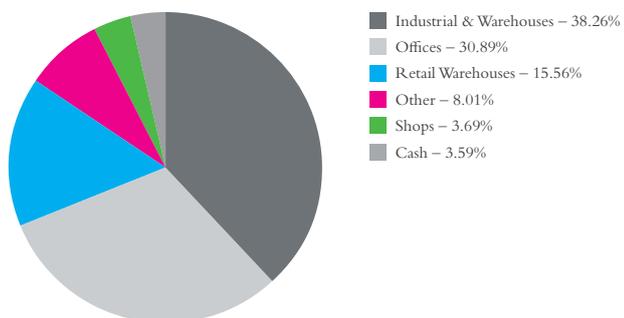
**** Closing net asset value per Unit shown is calculated using the closing net assets attributable to Unitholders as presented in these financial statements. This is for financial statement reporting purposes only and may differ from the Unit price disclosed in the Report of the Investment Manager.

PORTFOLIO ANALYSIS
at 31 December 2020

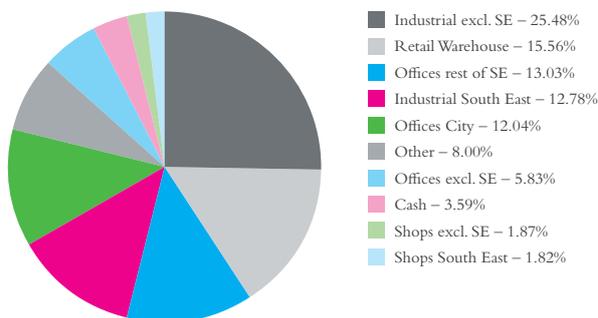
Top Ten Property Holdings

Property		% of Fund
London, 80 Cannon Street	Offices/Shops	10.42%
Brighton, Lewes Road	Retail Warehouses	5.37%
Mendlesham, Norwich Road	Industrial	5.15%
Bracknell, 5 Arlington Square	Office	4.56%
Bath, Rossiter Road	Other	3.44%
London, 1-3 College Hill	Office	3.27%
Lutterworth, Hunter Boulevard	Industrial	3.26%
Lutterworth, Hunter Boulevard	Industrial	2.91%
Bristol, 1400-1600 Aztec West	Industrial	2.90%
Crawley, Manor Gate Manor Royal	Industrial	2.74%

Asset by type



Regional and sector analysis



Portfolio turnover

	Year to 31.12.2020	Year to 31.12.2019
Portfolio turnover rate	1.80%	6.06%

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 2020

Properties

Total in valuation ranges	£'000	% of Fund
Valued between £0 and £5m 29 properties	81,830	14.00
Valued between £5 and £10m 21 properties	150,400	25.73
Valued between £10 and £25m 13 properties	192,300	32.90
Valued at over £25m 4 properties	145,350	24.87
Net other assets	14,605	2.50
Net assets	584,485	100.00

Ownership of the Fund
at 31 December 2020

	Number of investors	Number of Units in issue '000	% of Units in issue
Less than 1%	706	141,845,110	26.55
1% or greater but less than 2%	4	32,840,148	6.15
2% or greater but less than 4%	2	31,602,650	5.92
4% or greater but less than 8%	2	63,469,900	11.88
Greater than 8%	2	264,476,313	49.50
	716	534,234,121	100.00
Held by the largest investor	1	158,730,980	29.71
Held by top 5 investors	5	344,463,373	64.48

The COIF Charities Investment Fund has a holding of 105,745,333 Units – 19.79% (2019: 105,559,890 – 19.80%), the COIF Charities Ethical Investment Fund has a holding of 39,091,751 Units – 7.32% (2019: 39,091,751 – 7.33%) and the CBF Church of England Property Fund has a holding of 158,730,980 Units – 29.71% (2019: 159,711,353 – 29.95%).

PROPERTY PORTFOLIO

at 31 December 2020

Standard Retail

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
71-72 East Street CHICHESTER	Monsoon Accessorize Ltd	10 yrs 18.02.16	5 yrs	2021	108,000	0-5
76/77 East Street CHICHESTER	C & J Clark International Ltd	10 yrs 20.04.16	5 yrs	2021	210,000	0-5
	Alexander Mullan and Charles Williams	1 yr 22.03.19	0 yrs	2020	10,740	
85-89 High Street DUNFERMLINE	Your Conveyancer Ltd	10 yrs 01.08.16	5 yrs	2021	30,000	0-5
	Barrie Dear Ltd	15 yrs 11.06.20	5 yrs	2025	30,000	
	Yaich Import Export Ltd	10 yrs 11.06.20	5 yrs	2025	17,000	
131-135 Northumberland St NEWCASTLE UPON TYNE	Clydesdale Bank Plc	5 yrs 25.06.19	5 yrs	2024	117,500	0-5
	Starbucks Coffee Company (UK) Ltd	18 yrs 02.10.06	0 yrs	2024	109,500	
8-9 High Street STRATFORD UPON AVON	Waterstones Booksellers Ltd	10 yrs 29.03.19	5 yrs	2024	112,500	0-5
	Queensway Coffee House Ltd	10 yrs 14.06.17	5 yrs	2022	80,000	
17 King Street TRURO	Schuh Ltd	10 yrs 15.10.12	5 yrs	2022	120,000	0-5
18 King Street TRURO	Your Phone Care Ltd	15 yrs 30.06.15	5 yrs	2025	34,750	0-5
18-20 Boscawen Street TRURO	Wilco Retail Ltd	15 yrs 06.01.17	5 yrs	2022	420,000	0-5

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Offices

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Aspect 32 ABERDEEN	Technip UK Ltd	12 yrs 07.02.11	5 yrs	2023	575,235	5-10
	Technip UK Ltd	15 yrs 16.05.08	5 yrs	2023	573,975	
New Lanarkshire House BELSHILL	Scottish Enterprise	5 yrs 18.12.17	0 yrs	2022	167,518	0-5
	SSE Telecommunications	30 yrs 08.12.17	1 yr	2021	21,380	
5 Arlington Square BRACKNELL	Virgin Media Ltd	10 yrs 06.02.12	3 yrs	–	2,645	>25
	Verizon UK Ltd	3 yrs 30.01.08	0 yrs	–	2,637	
	Paratus AMC Ltd	6 yrs 17.10.17	0 yrs	2023	562,708	
	Lloyds Register EMEA	10 yrs 02.03.18	5 yrs	2023	574,560	
	Skillsoft UK Ltd	10 yrs 15.03.19	5 yrs	2024	215,604	
	Centrilogic Ltd	24 yrs 26.04.18	5 yrs	2023	88,592	
	Centrilogic Ltd	25 yrs 01.12.17	5 yrs	2022	289,124	
155 Aztec West BRISTOL	Hoare Lea LLP	15 yrs 04.11.16	5 yrs	2021	400,634	5-10

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Wellbrook Court CAMBRIDGE	Streets Whitmarsh Sterland LLP	10 yrs 08.08.16	5 yrs	2021	71,850	10-25
	Chase De Vere IFA Group Plc	10 yrs 10.05.13	0 yrs	2023	43,000	
	Tescan-UK Ltd	5 yrs 20.12.13	0 yrs	2023	52,480	
	Henry Riley LLP	10 yrs 03.06.13	5 yrs	2023	40,986	
	Anatune Ltd	6 yrs 24.06.16	0 yrs	2022	87,068	
	Atkins Ltd	5 yrs 24.06.16	0 yrs	2021	129,675	
	Aecom Ltd	10 yrs 24.07.17	5 yrs	2022	111,764	
	MM Wealth Ltd	10 yrs 22.03.18	5 yrs	2023	91,500	
Syward Place CHERTSEY	Automatic Data Processing Ltd	17 yrs 24.03.05	1 yr	2022	1403,696	10-25
The Atrium CRAWLEY	Hayes & Jarvis (Travel) Ltd	3 yrs 11.02.19	0 yrs	2022	485,000	0-5

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
125/139 West Regent Street GLASGOW	DAC Beachcroft Scotland LLP	5 yrs 01.02.18	0 yrs	2023	97,260	0-5
	DAC Beachcroft Scotland LLP	5 yrs 01.02.18	0 yrs	2023	48,629	
	Blue Arrow Ltd	3 yrs 22.03.19	0 yrs	2022	46,300	
	DAC Beachcroft Scotland LLP	8 yrs 14.06.13	0 yrs	2021	2,000	
100 West Regent Street GLASGOW	Thus Group Holdings Plc	25 yrs 30.03.00	5 yrs	2020	64,660	0-5
	Save & Invest (Financial Planning)	20 yrs 18.06.07	5 yrs	2022	75,000	
	MLM CPS Ltd	5 yrs 01.03.19	0 yrs	2024	26,042	
	Yellowcom Ltd	2 yrs 20.03.17	0 yrs	2019	2,500	
	Vodafone Ltd	15 yrs 07.12.04	3 yrs	2019	12,417	
4 Smith Way LEICESTER	Selfridges Retail Ltd	15 yrs 28.10.15	5 yrs	2025	340,992	5-10
3 Penman Way LEICESTER	Sytner Group Ltd	22 yrs 08.04.19	22 yrs	2024	280,000	0-5
7 Lewis Court LEICESTER	Baker Tilly Management Ltd	15 yrs 29.09.07	5 yrs	2022	241,439	0-5

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
1- 3 College Hill LONDON	Hedley Foundation Ltd	10 yrs 25.03.18	5 yrs	2023	62,820	10-25
	G O Woodcock M Woodcock J Woodcock	9 yrs 12.08.14	0 yrs	2023	122,640	
	Interfax Europe Ltd	5 yrs 08.03.19	0 yrs	2024	90,000	
	MRA Search Ltd	4 yrs 22.12.20	0 yrs	2024	69,120	
	G O Woodcock M Woodcock J Woodcock	7 yrs 08.03.16	0 yrs	2023	59,995	
	Keycraft Ltd	5 yrs 02.11.18	0 yrs	2023	58,435	
	S & H Consulting Ltd	5 yrs 04.07.16	0 yrs	2021	3,000	
	Warren Lefton	3 yrs 28.10.19	0 yrs	2022	3,250	
	Interior Motives International Ltd	10 yrs 01.07.14	0 yrs	2024	60,000	
	Capital Asset Management (Financial Services)	10 yrs 04.07.14	0 yrs	2024	116,000	
MRA Search Ltd	5 yrs 18.01.19	0 yrs	2024	132,720		
Kinney Green LLP	5 yrs 11.02.19	0 yrs	2024	61,468		

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Windsor Road MAIDENHEAD	Schneider Electric Ltd	10 yrs 12.09.11	5 yrs	2021	378,500	5-10
	UK Drainage Claims Ltd	3 yrs 09.01.18	0 yrs	2021	31,500	
	Windsor Accountancy Ltd	2 yrs 04.09.20	0 yrs	2022	50,000	
	Via Resource Ltd	5 yrs 01.01.15	0 yrs	2020	30,000	
	The Therapy Rooms South Ltd	5 yrs 31.05.16	0 yrs	2021	7,000	
	Kalra Business Services Ltd	2 yrs 07.06.18	0 yrs	2020	17,500	
	Semarchy Ltd	3 yrs 04.03.20	0 yrs	2025	33,000	
	Zagg International Ltd	2 yrs 01.04.19	0 yrs	2021	140,300	
Gateway House The Anchorage MANCHESTER	Vacant	–	–	–	–	0-5
AECOM House ST ALBANS	Aecom Ltd	14 yrs 20.06.08	5 yrs	2022	545,127	5-10

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Offices (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
1 Roundwood Avenue WEST LONDON	Kuehne & Nagel Ltd	15 yrs 20.01.19	5 yrs	2025	285,110	5-10
	WorldVision International	10 yrs 20.01.12	5 yrs	2022	227,887	
	K2M UK Ltd	5 yrs 16.11.16	0 yrs	2021	261,434	
	Kuehne & Nagel Ltd	4 yrs 16.07.15	0 yrs	2019	3,000	

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Offices/Shops

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
80 Cannon Street LONDON	Boots UK Ltd	10 yrs 16.10.19	5 yrs	2024	350,000	>25
	Cabot Credit Management Ltd	10 yrs 01.03.19	5 yrs	2024	255,024	
	International Registries (UK) Ltd	10 yrs 25.03.20	5 yrs	2025	306,393	
	Freight Investor Services Ltd	1 yr 09.08.20	0 yrs	2021	240,000	
	Advantage Professional UK Ltd	11 yrs 19.01.10	0 yrs	2020	257,600	
	Silver Development and Constuction	10 yrs 11.11.13	5 yrs	2023	238,619	
	Freight Investor Services Ltd	5 yrs 10.11.20	0 yrs	2025	384,000	
	Sonovate Ltd	5 yrs 10.05.16	0 yrs	2021	218,477	
	SW6 Associates Ltd	5 yrs 10.05.16	0 yrs	2021	92,100	
	Nextthink Ltd	5 yrs 15.06.18	0 yrs	2023	242,450	
	ISR Research Ltd	5 yrs 21.09.18	0 yrs	2023	128,467	
Netroadshow Inc	5 yrs 27.09.18	0 yrs	2023	150,309		

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Industrial

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Wallace Facility Badentoy ABERDEEN	Vacant	–	–	–	–	0-5
Drum Industrial Estate BIRTLEY	Rettig (UK) Ltd	99 yrs 17.10.69	14 yrs	2025	669,814	10-25
1400-1600 Aztec West Business Park BRISTOL	Aardman Holdings Ltd	6 yrs 25.03.19	6 yrs	2022	95,272	10-25
	Aardman Holdings Ltd	6 yrs 25.03.19	6 yrs	2022	269,130	
	Aardman Holdings Ltd	6 yrs 25.03.19	6 yrs	2022	63,820	
	Aardman Holdings Ltd	6 yrs 25.03.19	6 yrs	2022	62,820	
	PJH Group Ltd	10 yrs 03.12.18	5 yrs	2022	78,000	
	Aardman Holdings Ltd	6 yrs 25.03.19	3 yrs	2022	68,958	
	Spandex Ltd	5 yrs 22.01.16	0 yrs	2021	540,350	
Batchelor Road CARDIFF	Giant Booker Ltd	25 yrs 28.02.05	5 yrs	2020	652,923	5-10
Manor Gate Manor Royal CRAWLEY	Rossetts (UK) Ltd	10 yrs 26.11.18	5 yrs	2023	132,000	10-25
	Creative Technology Ltd	10 yrs 07.06.11	5 yrs	2021	443,000	

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Industrial (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Unit 61 Finlan Road GREATER MANCHESTER	Romac Logistics Ltd	16 yrs 03.12.20	5 yrs	2026	319,992	5-10
28-32 Fountain Drive INCHINNAN	Elis UK Ltd	25 yrs 23.06.17	5 yrs	2022	275,000	0-5
Unit B Telford Point KETTERING	Knights of Old Ltd	13 yrs 01.07.13	5 yrs	2021	357,832	5-10
7 St Andrews Way LONDON	Vacant	–	–	–	–	10-25
3320 Hunter Boulevard LUTTERWORTH	VWR International Ltd	35 yrs 10.10.94	5 yrs	2024	1,044,223	10-25
Unit 3220 Wellington Park LUTTERWORTH	DHL Supply Chain Ltd	10 yrs 25.12.14	0 yrs	2024	980,699	10-25
Unit G1 Touchet Hall Road MANCHESTER	Disaster Recovery Services Ltd	15 yrs 07.01.13	5 yrs	2023	362,000	5-10
Norwich Road MENDLESHAM	CEVA Logistics Ltd	20 yrs 20.05.10	1 yr	2021	2,200,889	>25
Brackmills Industrial Estate NORTHAMPTON	C Butt Ltd	10 yrs 24.06.14	5 yrs	2024	635,000	10-25
Dimensions House NORTHAMPTON	Harvey Nichols and Company Ltd	10 yrs 11.03.15	5 yrs	2020	479,543	5-10
100 Pavilion Drive NORTHAMPTON	Intelligent Processing Solutions Ltd	15 yrs 25.12.10	0 yrs	2025	1,275,000	10-25

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Industrial (continued)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
35 Willis Way Industrial POOLE	Sunseeker International Ltd	20 yrs 26.04.20	5 yrs	2022	320,000	0-5
Mier Point STOKE-ON-TRENT	Emma Bridgewater Ltd	15 yrs 04.11.20	5 yrs	2025	346,480	5-10
Units 1& 2 Longfield Road TUNBRIDGE WELLS	SH Muffet Ltd	10 yrs 24.03.10	5 yrs	2025	118,600	5-10
Javelin Park WEDNESBURY	Smiths News Trading Ltd	15 yrs 03.07.20	5 yrs	2025	285,000	0-5
6 Weston Avenue WEST THURROCK	Royal Mail Group Ltd	11 yrs 31.12.19	5 yrs	2025	246,000	5-10
	Cosentino UK Ltd	10 yrs 06.11.12	5 yrs	2022	179,616	

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Retail Warehouses

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Unit 5 Highwood Lane BRISTOL	What Stores Ltd	3 yrs 23.10.20	0 yrs	2023	40,000	0-5
Lewes Road BRIGHTON	Aldi Stores Ltd	20 yrs 18.06.18	5 yrs	2023	400,000	>25
	Hobbycraft Trading Ltd	15 yrs 25.05.18	5 yrs	2023	236,828	
	Halfords Ltd	10 yrs 04.09.17	5 yrs	2022	240,000	
	B&Q Plc	15 yrs 04.08.16	5 yrs	2021	945,765	
	Costa Ltd	10 yrs 04.06.18	5 yrs	2023	67,500	
Silver Street BROWNHILLS	B&M Retail Ltd	31 yrs 30.04.03	5 yrs	2023	309,100	0-5
Chorley Retail Park CHORLEY	Wickes Building Supplies Ltd	25 yrs 24.10.00	5 yrs	2025	330,000	5-10
	DP Realty Ltd t/a Domino's Pizza	25 yrs 24.10.00	5 yrs	2020	17,500	
	Subway Realty Ltd	10 yrs 26.01.15	5 yrs	2020	20,000	
	BJR Foods Ltd t/a KFC	10 yrs 24.10.20	5 yrs	2025	67,575	
	Diets 2 Go Ltd	10 yrs 10.10.19	5 yrs	2024	9,000	
	Sunseeker Beds Ltd	10 yrs 23.09.19	5 yrs	2024	25,000	

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Unit 8 DERBY	Boots UK Ltd	20 yrs 24.06.04	5 yrs	2019	227,988	0-5
Holmer Road HEREFORD	B&M Retail Ltd	10 yrs 11.02.16	0 yrs	2026	210,000	0-5
	Dreams PLC	6 yrs 12.12.18	0 yrs	2024	75,000	
	Oak Furnitureland Group Ltd	10 yrs 03.07.19	5 yrs	2024	168,000	
	Jacmar Developments Ltd	125 yrs 25.12.93	0 yrs	–	–	
100 Regent Road MANCHESTER	Vacant	–	–	–	–	0-5
Snowden Drive MILTON KEYNES	Wickes Building Supplies Ltd	25 yrs 03.10.03	5 yrs	2023	638,750	5-10
Wellingborough Road NORTHAMPTON	B&M Retail Ltd	15 yrs 11.10.12	5 yrs	2022	374,638	0-5
St Peter's Way NORTHAMPTON	TJX UK	19 yrs 24.06.03	5 yrs	2022	347,500	0-5
Portway Road OLDBURY	Matalan Retail Ltd	25 yrs 17.11.95	5 yrs	2020	253,600	0-5
Solihull Gate Retail Park SOLIHULL	Wren Kitchens Ltd	10 yrs 10.04.13	0 yrs	2023	296,221	10-25
	Sofology Ltd	10 yrs 08.04.13	0 yrs	2023	445,804	

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Retail Warehouses (*continued*)

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Solihull Gate Retail Park	Tapi Carpets & Floors Ltd	10 yrs 24.07.17	5 yrs	2022	330,693	
SOLIHULL (<i>continued</i>)	Furniture Village Ltd	20 yrs 04.05.07	15 yrs	2022	325,000	
230-234 Winchester Road SOUTHAMPTON	CDS (Superstores International) Ltd	32 yrs 28.11.03	5 yrs	2023	431,037	5-10
Units 1 & 2 TAMWORTH	TJX UK Ltd	20 yrs 25.12.02	5 yrs	2022	379,300	5-10
	Argos Ltd	10 yrs 20.12.19	5 yrs	2024	247,894	

* Date in the past indicates that the review has not been settled yet.

PROPERTY PORTFOLIO

at 31 December 2020

Other

Property	Tenant	Term/ from	Lease review period	Next* review	Rent £	Mkt value range £m
Rossiter Road BATH	Travelodge Hotels Ltd	40 yrs 02.06.08	1 yr	2021	320,130	10-25
Rutherford Way CHELTENHAM	Broughtons of Cheltenham Ltd	15 yrs 11.01.11	5 yrs	2021	261,500	5-10
	Inchcape Estates Ltd	10 yrs 08.09.11	0 yrs	2021	143,500	
Europe Way COCKERMOUTH	Travelodge Hotels Ltd	32 yrs 14.12.07	5 yrs	2022	43,022	0-5
Rennie Drive DARTFORD	Motorlines Holdings Ltd	25 yrs 23.11.18	5 yrs	2023	400,000	5-10
100 West Street GLASGOW	Eastern Western Motor Group Ltd	25 yrs 27.07.01	5 yrs	2021	286,254	0-5
Newark Road PETERBOROUGH	Ideal Shopping Direct Ltd	20 yrs 31.01.14	5 yrs	2024	509,134	5-10
	Ideal Shopping Direct Ltd	18 yrs 13.06.16	5 yrs	2024	12,808	

* Date in the past indicates that the review has not been settled yet.

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2020

	Note	Year ended 31.12.2020		Year ended 31.12.2019	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(33,128)		(14,997)
Revenue	3	42,890		39,700	
Expenses	4	(15,946)		(12,138)	
Finance costs: interest	6	(33)		(9)	
Net revenue before taxation		26,911		27,553	
Taxation	5	–		–	
Net revenue after taxation			26,911		27,553
Total return before distributions			(6,217)		12,556
Finance costs: distributions	6		(28,475)		(34,011)
Change in net assets attributable to Unitholders from investment activities			(34,692)		(21,455)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the year ended 31 December 2020

	Year ended 31.12.2020		Year ended 31.12.2019	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Unitholders		615,605		597,632
Amounts receivable on issue of Units	30,154		85,510	
Amounts payable on cancellation of Units	(26,582)		(46,082)	
		3,572		39,428
Change in net assets attributable to Unitholders from investment activities		(34,692)		(21,455)
Closing net assets attributable to Unitholders		584,485		615,605

The notes on pages 40 to 52 and distribution table on page 53 form part of these financial statements.

BALANCE SHEET
at 31 December 2020

	<i>Note</i>	31.12.2020		31.12.2019	
		£'000	£'000	£'000	£'000
ASSETS					
Investment property	7		563,279		586,646
Debtors	8	13,260		9,517	
Cash and bank balances	9	6,730		8,809	
Cash equivalents	9	17,288		26,162	
Total other assets			37,278		44,488
Total assets			600,557		631,134
LIABILITIES					
Creditors	10	9,341		6,624	
Distribution payable on income Units		6,731		8,905	
Total liabilities			16,072		15,529
Net assets attributable to Unitholders			584,485		615,605

The financial statements on pages 37 to 52 have been approved by the Board.

Approved on behalf of the Board
19 July 2021

N Morecroft, Chairman

The notes on pages 40 to 52 and distribution table on page 53 form part of these financial statements.

CASH FLOW STATEMENT

for the year ended 31 December 2020

	<i>Note</i>	Year ended 31.12.2020		Year ended 31.12.2019	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	<i>18</i>		25,884		27,036
Servicing of finance					
Distributions paid			(30,479)		(33,774)
Net cash outflow from investment activities					
Capital expenses		(4,622)		(2,518)	
Payments to acquire investments		(16,188)		(84,053)	
Proceeds on disposal of investments		11,050		38,148	
			(9,760)		(48,423)
Net cash inflow from financing activities					
Issue of Units		30,154		85,510	
Cancellation of Units		(26,582)		(46,082)	
Net revenue received from issue of Units		(170)		284	
			3,402		39,712
Decrease in cash and cash equivalent			(10,953)		(15,449)
Opening balance			34,971		50,420
Closing balance			24,018		34,971

The notes on pages 40 to 52 and distribution table on page 53 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and in accordance with the the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Association in May 2014 (and amended in June 2017) and the Scheme of Charity Commission made under the Charities Act 1993 (amended Charities Act 2011), dated 12 July 2002, as modified by a scheme dated 13 May 2009 and a scheme effective on 21 July 2014, as amended by resolutions of the trustees of the Fund passed under Section 280 of the Charities Act 2011 on 21 July 2014, 22 July 2014 and 29 July 2014 and by an Order dated 9 October 2014 and an Order dated 19 October 2016.

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

(b) Revenue recognition

Rental revenue, interest on bank deposits and the COIF Charities Deposit Fund balances are accrued on a daily basis. In accordance with FRS 102, the rent free period is recognised over the entire term of the lease.

(c) Expenses

During the year the annual management charge (AMC) paid to the Manager, was taken to the capital of the Fund. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. The Fund receives an annual management charge rebate credited to the revenue of the Fund for its deposits in the COIF Charities Deposit Fund, where management fees are charged to revenue. The Trustee fee, audit, legal, insurance, property valuation fees and direct property fees are charged separately to the revenue of the Fund before distribution.

(d) Distributions

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1. Accounting policies (continued)

(e) Capitalised costs

All costs associated with buying, selling and development of properties are charged to capital. Other expenses, including the property valuation fees payable to Knight Frank LLP are deducted from revenue.

(f) Basis of valuation

Freehold and leasehold properties are valued at each monthly dealing date and at quarter end dates on the basis of 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 21 for more details.

(g) Unit pricing policy

The Fund follows AREF's fund pricing recommendations and is priced at the Standard NAV. Any adjustments around the Mid Price (Bid/Offer) would follow AREF's fund pricing recommendations as required.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

2. Net capital losses

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
The net capital gains during the year comprise:		
Unrealised lossess on investment properties*	(36,086)	(18,899)
Realised gains on investment properties*	2,958	3,902
Losses on investment properties	(33,128)	(14,997)

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

3. Revenue

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Rental revenue	35,829	35,386
Service charge income	6,272	3,050
Other revenue	654	897
Interest on the COIF Charities Deposit Fund	125	318
Bank interest	10	49
	42,890	39,700

4. Expenses

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
<i>i) Property expenses:</i>		
Service charge expenses	6,951	4398
Other property outgoings	3,115	876
Property legal and professional fees	968	945
Property ground rent and empty rates	608	1,331
Property repairs and maintenance	42	99
	11,684	7,649

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

4. Expenses (*continued*)

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
<i>ii) Management expenses:</i>		
Manager's annual management charge – see note 1(c)	3,998	4,087
Property valuation fees	147	144
Legal fees	46	35
Investment Property Database fee	40	52
Trustee fee	36	36
Miscellaneous expenses	25	172
Audit fee	20	19
Insurance fee	7	6
Bank charges	2	2
Manager's annual management charge rebate – see note 1(c)	(59)	(64)
	4,262	4,489
Total expenses	15,946	12,138

The above expenses include irrecoverable VAT where applicable.

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 Unitholders on the basis that all appropriate UK taxation has been both reclaimed and recovered.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

6. Finance Costs: interest and distributions

Distributions

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

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
31 March – interim distribution	8,474	8,061
30 June – interim distribution	6,591	8,455
30 September – interim distribution	6,509	8,874
31 December – final distribution	6,731	8,905
	28,305	34,295
Add: revenue deducted on cancellation of Units	313	370
Deduct: revenue received on issue of Units	(143)	(654)
Net distribution for the year	28,475	34,011
Net revenue for the year	26,911	27,553
Transfer (to)/from the income reserve – see note 11	(2,434)	2,371
Manager's periodic charge paid by capital	3,998	4,087
Net distribution for the year	28,475	34,011
Interest for the year	33	9
Total finance costs	28,508	34,020

Details of the distribution per Unit are set out in the distribution table on page 58.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

7. Investment property

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Market value at the start of the year	586,646	553,220
Acquisitions at cost	16,188	84,053
Capitalised expenses	4,577	2,397
Disposals at cost	(8,047)	(34,125)
Unrealised losses on revaluation	(36,085)	(18,899)
Market value at the end of the year	563,279	586,646
Historical cost at the end of the year	558,141	545,423

8. Debtors

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Property incentives	6,601	5,692
Rents receivable	4,950	3,056
Prepayments	1,260	470
Other debtors	237	237
Property payments recoverable	212	62
	13,260	9,517

9. Cash and bank balances and Cash equivalents

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Cash in the COIF Charities Deposit Fund	17,288	26,162
Cash at bank	6,730	8,809
Total cash	24,018	34,971

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

10. Creditors

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Rent received in advance	4,900	5,356
Accrued expenses	3,454	674
VAT payable	987	594
	9,341	6,624

11. Income reserve

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

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Income reserve at the start of the year	2,335	4,420
Transfer to/(from) the income reserve	2,434	(2,371)
Equalisation of the income reserve	(63)	286
Income reserve at the end of the year	4,706	2,335

12. Financial instruments

The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year and the comparative year.

Market price risk

Whilst the value of direct property is independently valued on a monthly basis, such valuations are a matter of the valuer's opinion and such values may or may not be achieved on disposal.

The Fund seeks to minimise the impact of these risks by maintaining a well diversified property portfolio, both geographically and by sector.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

12. Financial instruments (continued)

Market price risk (continued)

Following the collapse of economic and property market activity as a result of the ongoing COVID19 health crisis and the UK Government containment policies, from the end of March 2020 until September 2020 property valuers have provided their valuations with a material valuation uncertainty clause. In order to protect the interests of investors, we have suspended dealing in the fund from 24 March 2020 until 24 September 2020. This action reflected the exceptional circumstances in the UK property market and the need to protect investor interests when there was material uncertainty regarding how the assets should be valued. We lifted the suspension as soon as confidence returned to the market and there was more certainty regarding asset valuations.

At 31 December 2020, if the price of investment property held by the Fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to Unitholders would increase or decrease by approximately £28.16m (2019: £29.33m).

Financial assets

All cash and bank balances earn interest at a floating rate based on either LIBOR or base rate. Debtors and creditors of the Fund do not pay or receive interest.

Financial liabilities

Under the Scheme of the Fund, the Manager may borrow a maximum of 25% of the value of the property of the Fund to assist with investing in, improvements to, or the managing of property and the short-term financing of, or meeting payments to be made out of the Fund.

Liquidity risk

By their very nature, direct properties are less liquid and therefore the investments may not be readily realisable. The Fund's liquidity may be affected by unexpected or high levels of redemptions. The Units are realisable only on each monthly dealing day but redemptions are subject to a 90 day period of notice, which may be increased to up to six months in accordance with the provisions in the Scheme Particulars.

In certain circumstances, the rights for Unitholders to redeem Units may be suspended. Unitholders should note that where a suspension is implemented, they may not be able to redeem their Units as quickly as they would like to, and that this may have an impact on the price they receive on redemption and may consequently impact the Unitholder's own liquidity.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

12. Financial instruments (continued)

Currency risk

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

Interest rate risk

The majority of the Fund's assets are direct property investments and therefore do not pay interest or have maturity dates. As a consequence any changes in interest rates will not significantly affect the Fund, except in so far as they affect rental levels generally.

The total exposure at 31 December 2020 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	24,018	–	576,539	600,557

Currency	Floating rate financial liabilities* £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	16,072	16,072

The total exposure at 31 December 2019 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	34,971	–	596,163	631,134

Currency	Floating rate financial liabilities* £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	15,529	15,529

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

12. Financial instruments (continued)

Currency risk (continued)

All financial liabilities are due to be settled within one year or on demand. There were no derivatives held by the Fund during the year or prior year.

13. Commitments and contingent liabilities

There were no commitments or contingent liabilities as at 31 December 2020 (31.12.2019 £nil).

14. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds. Mr G Newson was a Director of the Manager's parent company, CCLA Investment Management Limited (CCLA IM) throughout the year. Mr Newson received remuneration from CCLA IM, which is disclosed in CCLA IM's financial statements.

15. Related party transactions

The Manager's periodic charge is paid to the Manager and the Trustee fee is paid to HSBC Bank plc, both related parties to the Fund. The amounts paid in respect of these charges are disclosed in note 4.

At 31 December 2020 the balance due to HSBC Bank plc was as set out below:

	31.12.2020	31.12.2019
	£'000	£'000
Custody and transaction fees	9	3

At 31 December 2020, a cash balance of £17,287,765 (31.12.2019, £26,161,876) was held in the COIF Charities Deposit Fund. During the year the Fund received rebates of management fees for its deposits in the COIF Charities Deposit Fund where the management fees were charged to revenue as disclosed in note 4.

The COIF Charities Investment Fund has a holding of 105,745,333 Units – 19.79% (2019: 105,559,890 – 19.80%), the COIF Charities Ethical Investment Fund has a holding of 39,091,751 Units – 7.32% (2019: 39,091,751 – 7.33%) and The CBF Church of England Property Fund has a holding of 158,730,980 Units – 29.95% (2019: 159,711,353 – 29.95%).

The CBF Church of England Property Fund is also managed by CCLA IM.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

16. Turnover of Units

The number and net asset value of Units in the Fund issued, cancelled and transferred in the year ended 31 December 2020 and 31 December 2019 are as follows:

31 December 2020	Number of Units	Value £'000	% of NAV
Units issued	25,617,000	30,154	5.16%
Units cancelled	24,610,351	26,582	4.55%
31 December 2019	Number of Units	Value £'000	% of NAV
Units issued	71,044,401	85,510	13.89%
Units cancelled	39,829,017	46,082	7.49%

At 31 December 2020 there were no redemption notices outstanding (31 December 2019, nil).

17. Reconciliation of net cash inflow from operating activities

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Net revenue for the year	26,911	27,553
Increase in creditors	2,716	1,218
Increase in accrued revenue	(1,894)	(638)
Increase in debtors	(1,849)	(1,097)
Net cash inflow from operating activities	25,884	27,036

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

	Year ended 31.12.2020 £'000	Year ended 31.12.2019 £'000
Net cash at beginning of the year	34,971	50,420
Movement in cash during the year	(10,953)	(15,449)
Net cash at the end of the year	24,018	34,971

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

19 Unitholders' funds – reconciliation of Units

	Year ended 31.12.20	Year ended 31.12.19
Opening number of Units at beginning of year	533,227,472	502,012,088
Units issued in year	25,617,000	71,044,401
Units cancelled in year	(24,610,351)	(39,829,017)
Closing number of Units at end of year	534,234,121	533,227,472

20. 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 fair value.

Investment property is held at fair value. The fair value of all investments are derived from valuation techniques using non-observable data.

The Fund's freehold and leasehold investment properties were independently valued by Knight Frank LLP, Chartered Surveyors, acting in the capacity of external valuers. As described in note 1(f), the valuation was to fair value in accordance with the Professional Standards of The Royal Institution of Chartered Surveyors (the 'Red Book'). Knight Frank LLP's opinions were primarily derived from comparable recent market transactions on arm's length terms. The Manager discusses these valuations with Knight Frank LLP at least once every quarter to assess them.

The fair value of investment property 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 2020

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

For the year ended 31 December 2020:

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment property	–	–	563,279	563,279
	–	–	563,279	563,279

For the year ended 31 December 2019:

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment property	–	–	586,647	586,647
	–	–	586,647	586,647

DISTRIBUTION TABLE

for the year ended 31 December 2020

Period ended	Date paid/payable	Dividends paid/payable pence per Unit	
		2020	2019
Income Units			
31 March	29 May	1.53	1.53
30 June	30 August	1.19	1.57
30 September	30 November	1.22	1.63
31 December	26 February	1.26	1.67
		5.20	6.40

The distributions for Units were paid in the same year, apart from the distributions declared on 31 December which is payable on 26 February in the subsequent year.

STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES for the year ended 31 December 2020

Responsibilities of the Board

The Board shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme, as follows:

- making and revising the written statement of the investment objectives of the Fund and ensuring that details of such investment objectives will be included in the Scheme Particulars;
- determining the criteria and methods for evaluating the performance of the Fund;
- granting prior written approval to the Manager should the Manager wish to enter into certain types of investment or a specific course of borrowing on behalf of the Fund;
- appointing the Auditor of the Fund and agreeing their terms of engagement;
- making an annual report on the discharge of the Board's responsibilities;
- determining the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- applying to the Charity Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme;
- making representations to the Trustee on the winding up of the Fund, provided that any Board member who has any interests in the Trustee or the Manager shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- informing the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Under the Alternative Investment Fund Managers Directive ("AIFMD"), the Board has certain additional responsibilities including:

- the duty to inform the FCA promptly and in writing if the Board is not satisfied with the compliance of the Trustee or the Manager with the applicable provisions of AIFMD; and
- the direct power (without reference to the Charity Commission) to require the removal of the Manager and/or the Trustee where it considers for good and sufficient reason that a change of Manager or Trustee is in the interests of the Unitholders.

STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES for the year ended 31 December 2020

Responsibilities of the Trustee

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied that the Manager is competently exercising its powers and discharging its duties under the Scheme, and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund;
- the creation and cancellation of Units as instructed by the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions or allocations to Unitholders in proportion to their respective Units in the property of the Fund;
- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and
- winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to ensure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attaching to the ownership of property of the Fund and that the purchases and sales of investments for or of the Fund are properly completed.

The Trustee shall maintain such records as are necessary to enable it to comply with the Scheme and with section 130 of the Charities Act 2011 and to demonstrate that such compliance has been achieved.

STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES for the year ended 31 December 2020

Responsibilities of the Manager

The Manager shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Manager shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme. The following are the duties and powers of the Manager:

- instructing the Trustee with respect to the creation and cancellation of Units;
- managing the investments of the Fund in conformity with the investment objectives made by the Board;
- ensuring that regular valuations of the property of the Fund are carried out and to ensure that the Units are correctly priced;
- the creation and revision of the Scheme Particulars;
- maintenance of a daily record of Units purchased or sold on behalf of the Trustee;
- the creation of all records in respect of the Fund, available for inspection by the Trustee;
- the preparation of reports and accounts in respect of every accounting period; and
- the supervision and oversight of any appointed delegate.

The Manager of the Fund is required by the Scheme to:

- prepare and submit to the Charity Commission a statement of accounts and annual report complying with the requirements of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time; and
- prepare and submit to the Charity Commission a half yearly report and accounts for the Fund made up to the date of the interim balance sheet.

The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Association in May 2014 (amended in June 2017);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the Financial Statements as prepared comply with the above requirements;

STATEMENT OF BOARD, TRUSTEE AND MANAGER RESPONSIBILITIES
for the year ended 31 December 2020

- make judgments and estimates that are reasonable and prudent;
- prepare the Financial Statements on the basis that the Fund will continue in operation, unless it is inappropriate to presume this.
- maintain internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Trustee has appointed the Investment Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has certain additional responsibilities including, ensuring compliance with the applicable provisions of AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement manager who is eligible under AIFMD to act as manager of the Fund.

STATEMENT OF DEPOSITARY RESPONSIBILITIES AND REPORT OF THE DEPOSITARY for the year ended 31 December 2020

Responsibilities of the Depositary

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Fund's Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with the Regulations;
- the assets under management and the net asset value per Unit of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;

- that the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

Report of the Depositary

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Scheme Particulars of the Company and as required by the AIFMD.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
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
19 July 2021

AIFMD DISCLOSURES (UNAUDITED)

Manager remuneration

The Manager has no employees, but carries out its services through employees of its parent company, CCLA Investment Management Limited.

Recharges for these services are levied in respect of CCLA Investment Management Limited's year ending on 31 March each year. The recharge for the year to 31 March 2020 was £28,700,000. A recharge of £24,000,000 was levied in the year to 31 March 2019.

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2020 was 137 (year ended 31 March 2019: 124).

During the year ended 31 March 2020 and the prior year, remuneration was paid to CCLA Investment Management Limited staff as shown below. Totals for staff whose actions have material impact on the risk profile of the Fund ("identified staff") are shown separately.

	Year to 31 December 2020		
	Fixed	Variable	Total
	remuneration	remuneration	
	£'000	£'000	£'000
Identified staff	1,355	1,870	3,225
Other staff	11,605	4,422	16,027
Total	12,960	6,292	19,252

	Year to 31 December 2019		
	Fixed	Variable	Total
	remuneration	remuneration	
	£'000	£'000	£'000
Identified staff	1,212	3,394	4,606
Other staff	9,824	3,412	13,236
Total	11,036	6,806	17,842

Remuneration above is the total remuneration for CCLA Investment Management Limited: it is not possible to separate the element of that relating only to the Fund. The components of remuneration are appropriately balanced and do not create a conflict of interest for the Fund.

(Charity Registration No. 1093084)

DIRECTORY

Board

N Morecroft, ASIP (Chairman)
K Corrigan, FCCA
J Hobart, MA
G Newson, MRICS
S Niven, CFA
C Ong, MBA
A Watson, CBE

Secretary

J Fox

Manager/Alternative Investment Fund

Manager (AIFM)

CCLA Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority
Senator House, 85 Queen Victoria Street
London EC4V 4ET
Telephone: 0207 489 6000
Client Service:
Freephone: 0800 022 3505
Email: clientservices@ccla.co.uk
www.ccla.co.uk

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited
Authorised and regulated by the Financial Conduct Authority
Senator House, 85 Queen Victoria Street
London EC4V 4ET
Telephone: 0207 489 6000
Client Service:
Freephone: 0800 022 3505
Email: clientservices@ccla.co.uk
www.ccla.co.uk

Executive Directors of the Manager

P Hugh Smith (Chief Executive Officer)
J Bevan (Chief Investment Officer)
E Sheldon (Chief Operating Officer)
A Robinson, MBE (Director Market Development)

Non-Executive Directors of the Manager

R Horlick (Chair)
J Jesty – appointed 24 April 2020
C Johnson
G Newson
A Roughead – appointed 24 April 2020
J Tattersall – retired 8 July 2020

Fund Manager

P Hannam

Company Secretary

J Fox

Head of Risk

R Plumridge – resigned 31 January 2020
JP Lim – appointed 1 May 2020

Head of Ethical and Responsible Investment

J Corah

Head of Risk

R Plumridge – resigned 31 January 2020
JP Lim – appointed 1 May 2020

Third Party Advisors

External Property Valuer

Knight Frank
55 Baker Street
London W1U 8AN

Managing Agent

BNP Paribas Real Estate
5 Aldermanbury Square
London EC2V 7BP

Custodian, Trustee and Depositary

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

Banker

HSBC Bank plc
60 Queen Victoria Street
London EC4N 4TR

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH

Hogan Lovells International LLP
Atlantic House, Holborn Viaduct
London EC1A 2FG

DLA Piper Scotland LLP

Collins House
Rutland Square
Edinburgh EH1 2AA

Independent Auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

ABOUT CCLA

Founded in 1958, CCLA is one of the UK's largest charity fund managers.
Managing investments for charities, religious organisations
and the public sector is all that we do.

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

CCLA

CCLA Fund Managers Limited

Senator House, 85 Queen Victoria Street, London EC4V 4ET

T: 0800 022 3505 E: clientservices@ccla.co.uk

www.ccla.co.uk

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

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: Senator House, 85 Queen Victoria Street, London EC4V 4ET.

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