

**CCLA**

**COIF Charities  
Property Fund  
Scheme Particulars  
Investment Policy Statement**

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# Scheme Particulars

## COIF Charities Property Fund

Effective from 28 September 2020

Issued by CCLA Fund Managers Limited

A copy of this document, which constitutes Scheme Particulars for the COIF Charities Property Fund (the **Fund**) established and regulated by a Scheme dated 12 July 2002 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 as amended by resolutions of the Trustee of the Fund dated 13 May 2009, 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**) has been filed with the Charity Commission and adopted by the Manager on 22 July 2014. The Fund is registered with the Charity Commission under Charity Registration Number 1093084.

Should the provisions of the Scheme and the Scheme Particulars be in conflict, the provisions of the Scheme shall prevail.

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## Definitions

**Administrator** means CCLA Investment Management Limited, or such successor entity appointed administrator by the Manager from time to time.

**AIFM** refers to the alternative investment fund manager and has the same meaning as listed in the glossary to the FCA Regulations.

**AIFMD Legislation** refers to the Alternative Investment Fund Managers Directive 2011/61/EU, the Alternative Investment Fund Managers Regulations 2013, and the Commission Delegated Regulation (EU) 231/2013.

**Annual Management Charge** means the periodic charge applied to the Fund by the Manager.

**Annual Report** means the annual report of the Fund prepared by the Board.

**Board** means the persons appointed pursuant to the Scheme and as further described in these Scheme Particulars.

**Business Day** means any day on which the London Stock Exchange is normally open for business, being a day other than a Saturday, Sunday, public or bank holiday in England.

**Charitable Purposes** bears the meaning as set out in section 2 of the Charities Act 2011.

**Charity** means either a charity in England and Wales within the meaning of section 1(1) of the Charities Act 2011 and also an "appropriate body" in Scotland and Northern Ireland within the meaning of section 97(3) of the Charities Act 2011.

**Charity Commission** means the Charity Commission for England and Wales.

**Common Deposit Fund** means a common deposit fund established under section 100 of the Charities Act 2011.

**Common Investment Fund** means a pooled investment fund which is governed by the Charities Act 2011 and authorised by the Charity Commission.

**Data Protection Legislation** means Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and the Data Protection Act 2018 or any successor legislations thereto, and any associated codes, regulation or guidance (as may be amended or replaced from time to time) and any related regulations and guidance and all other laws concerning the processing of data relating to living persons.

**Dealing Days** mean the last Tuesday and Thursday of each month and when these days do not fall on a Business Day, the preceding Business Day.

**Depositary Services Agreement** means the agreement entered into by the Trustee, the Board and the Manager in relation to the depositary services the Trustee provides to the Fund (as amended, supplemented or replaced from time to time).

**Distribution Account** means the account which holds the income of the Fund prior to its distribution to Unitholders.

**Eligible Contributor** means a Charity (or nominee company acting on its behalf) which is a registered holder of Units in the Fund and which is and continues to be eligible to hold

Units in the Fund.

**Equalisation** means an adjustment to the price of the Units to reflect the fact that investors buying Units part way through the Fund's accounting period are not entitled to all the income earned in respect of those Units over that period.

**FCA** means the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN or such regulatory authority which may replace or succeed it from time to time.

**FCA Regulations** means the Handbook of Rules and Guidance issued by the FCA, as amended or replaced from time to time.

**Fund** means the COIF Charities Property Fund.

**Group** has the same meaning as listed in the glossary to the FCA Regulations.

**Income Reserve** means the account which is used to even out fluctuations in income from time-to-time as described in the paragraph entitled The Income Reserve.

**Income Units** means those Units in the Fund which pay income to Unitholders.

**Investment Management Agreement** means the agreement dated 22 July 2014 between the Manager and the Investment Manager delegating the portfolio management and administration of the Scheme Property to the Investment Manager and the Administrator (as amended, supplemented or replaced from time to time).

**Investment Manager** means CCLA Investment Management Limited.

**Investment Policy** means the investment policy as described in the Investment Policy Statement from time-to-time.

**Investment Policy Statement** means the investment policy statement set out in these Scheme Particulars as amended from time to time.

**Manager** means CCLA Fund Managers Limited or such successor body corporate appointed manager pursuant to the Scheme.

**MiFID II** means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and includes where applicable reference to any implementing or supporting Regulations, Directives, or other legislative measures.

**Money Laundering Regulations** means The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as may be amended, updated or replaced from time to time.

**Register** means the register of Unitholders maintained by the Registrar on behalf of the Trustee.

**Registrar** means a corporate body appointed by the Trustee as registrar from time to time for the purpose of maintaining the Register.

**Regulatory Rules** means the AIFMD Legislation, FCA Regulations and MiFID II as may be applicable.

**Scheme** means the Scheme sealed by the Charity Commission on 12 July 2002 as amended

by resolutions of the Trustee of the Fund dated 13 May 2009, 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.

**Scheme Particulars** means these rules and particulars of the Fund made under the Scheme, as amended or replaced from time to time.

**Scheme Property** means the investments, assets and property of the Fund.

**Trustee** means HSBC Bank plc, or any successor body appointed as trustee pursuant to the Scheme.

**Unitholder** means an investor in the Fund and who is registered as a holder of Units in the Fund.

**Units** means Income Units in the Fund or, where the context indicates, an investment which represents the right or interest (however described) of the participants in a collective investment scheme.

**Valuation Point** means the point at which the Manager values the property of the Fund at the close of business on the Business Day prior to the Dealing Day.

References to any statutory provision or Regulatory Rule in these Scheme Particulars shall include any statutory provision or Regulatory Rule which amends or replaces it and any sub-ordinate legislation made under it.

## The Fund

The Fund is a Common Investment Fund established and regulated by the Scheme dated 12 July 2002 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 and amended by resolutions of the Trustee of the Fund dated 13 May 2009, 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 (as amended or replaced from time to time).

The Fund is managed by the Manager as an unregulated collective investment scheme and as an alternative investment fund in accordance with the FCA Regulations and the AIFMD Legislation.

## Investment Objective

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

## Investment Policy

The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties but may invest in other assets, which may be either liquid or illiquid in nature.

The Fund may invest a proportion of its assets in liquid instruments and cash in order to obtain appropriate levels of liquidity. Instruments used for this purpose may include cash and near cash equivalents, participation notes, UK real estate investment trusts, regulated or unregulated investment funds, and loan notes.

The Fund is managed in accordance with the policies of the Church of England's Ethical Investment Advisory Group.

## Responsible Property Investment

The Fund is managed in line with the Manager's Responsible Property Investment Policy. This integrates material environmental, social and governance issues into the investment process including pre-purchase due diligence and the ongoing management of properties in the Fund. Copies of the policy are available on request.

The Manager is a signatory to the United Nations backed Principles for Responsible Investment (PRI). The annual PRI assessment is available on the Manager's website.

## Comparator Benchmark

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

## Target Investors

The Fund is suitable for the long-term funds of any charity seeking exposure to UK commercial property. The Fund is targeted at investors with an understanding or previous history of investing in similar types of fund, with appropriate levels of risk tolerance and ability to bear loss. Please note that the Manager is not required to assess the suitability of the Fund against each investor.

Our investors may be either retail or professional clients (both per se and elective).

## Changes to Investment Objectives and Policy

The Board may only alter the Fund's investment objective and, subject to approval by the Board, the Manager may only alter the Investment Policy in accordance with these provisions.

Where it is proposed that the investment objective or Investment Policy of the Fund be altered and the Board or the Manager (as appropriate) reasonably considers that such an alteration would be considered a "fundamental change" within the meaning in the FCA Regulations such an alteration may only be made following prior approval from the Unitholders by way of an extraordinary resolution (having the same meaning as when used in the FCA Regulations and following the same notice procedures for meetings of Unitholders as used in the FCA Regulations).

Where it is proposed that the investment objective or Investment Policy of the Fund be altered and the Board or the Manager (as appropriate) reasonably considers that such an alteration would be considered a "significant change" within the meaning in the FCA Regulations such an alteration may only be made following the provision of 60 days' prior written notice to the Unitholders.

By way of guidance, the Board and/or the Manager (as appropriate) may consider the change to be "significant" rather than "fundamental" where:

- the proposed alterations do not alter the risk profile of the Fund;
- there is no change to the nature or purpose of the Fund; and
- the Unitholders are not materially prejudiced by the proposed change.

In certain limited circumstances the Board and/or the Manager (as appropriate) may decide that very minor changes to the Investment Policy and/or investment objective of the Fund



(for example, those aimed at clarification of the investment objective and/or Investment Policy) would be considered a notifiable change within the meaning in the FCA Regulations. Such alterations may be made by providing Unitholders with access to an updated copy of these Scheme Particulars. All current scheme particulars for the COIF Charities Funds are available on [www.ccla.co.uk](http://www.ccla.co.uk) or by request please contact our Client Services department on 0800 022 3505.

## Investment and Borrowing Powers

### Investment

Subject to the restrictions set out here and in the Scheme the Manager may invest the property of the Fund at its discretion in any kind of investment which it could make if it were absolutely entitled to the property of the Fund. The Manager must have regard to the need for diversification and suitability of investments.

The Fund's powers permit investment in:

- a) direct property assets in the United Kingdom, freehold and leasehold;
- b) the financing of the redevelopment of, or improvements to, direct property, freehold and leasehold, or the purchase of a right or interest in, or over, freehold and leasehold land;
- c) the shares and loan stock of property companies and joint ventures investing in direct property assets;
- d) property collective investment schemes (including specialist property unit trusts, investment trusts and limited partnerships); and
- e) the COIF Charities Deposit Fund, Sterling accounts with authorised banks in the United Kingdom, Sterling negotiable certificates of deposit and other similar short-term money market investments.

The Fund will maintain a suitable spread between different types of direct property and geographical location. Consideration will be given to the property's specific location, standard of construction, quality of the tenant's covenant and the occupational lease terms preferably embodying upwards only rent reviews at intervals of not more than five years.

The Fund will not invest more than 15% of its total assets at the time of investment in any single direct property. The Fund will not invest more than 15% at the time of investment of its total assets in financing or acquiring property redevelopments at any one time. The Fund will not invest more than 5% at the time of investment of its total assets in any property collective investment scheme, up to a total of 15% in property collective investment schemes as a whole. The Fund will not invest more than 5% at the time of investment of its total assets in any individual security of a property company or joint venture, up to a total of 15% in such investments as a whole.

The Fund may affect transactions in investments, the price of which may be stabilised. The Fund may not contain securities of which any issue or offer for sale was underwritten, managed or arranged by the Manager. No property of the Fund shall be lent to or deposited by way of collateral with a third party. The Fund shall not undertake stock lending activity.

A breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Trustee is obtained but, in the event of a breach, the Manager must then take such steps as are necessary to restore compliance with

the investment limits.

### **Borrowing**

- 1 The Manager may borrow temporarily for the purpose of meeting payments to be made out of the Fund (other than for the purpose specified in (2) below) provided that the borrowing does not exceed 10% of the value of the property of the Fund on any Business Day.
- 2 The Manager may borrow with the prior written consent of the Board:
  - a) in the course of reinvestment of any property comprised in the Fund;
  - b) for the purpose of the management or improvement of any property comprised in the Fund;
  - c) for the purpose of investment in direct property assets; and
  - d) for the purpose of discharging any liability properly payable out of the Fund.

Provided that the aggregate borrowing under paragraphs (1) and (2) above does not exceed 25% of the value of the property of the Fund on any Business Day.

With the prior written approval of the Charity Commission the Manager may borrow for any of the purposes set out in paragraphs (1) or (2) above notwithstanding the limits set out therein.

For further information on the Fund's borrowings please see the Leverage section below. Cash awaiting investment may be deposited with a bank or in a Common Deposit Fund.

### **Investment in in-house collective investment schemes**

The Fund may invest in other collective investment schemes, Common Investment Funds and Common Deposit Funds which may be operated or managed by the Manager or an associate of the Manager.

### **Breach of Investment Limits**

A breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Trustee is obtained but, in the event of a breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits. The power to invest in direct property is among the wide investment powers of the Fund.

### **Leverage (as defined by the AIFMD Legislation)**

This section explains in what circumstances and how the Manager may use leverage as defined by the AIFMD Legislation (Leverage) in respect of the Fund and maximum level of Leverage permitted.

Leverage means any method by which the Fund increases its exposure whether through borrowing cash or securities or Leverage embedded in derivative positions or any other means. The sources of Leverage which can be used when managing the Fund include cash borrowing.

Leverage may be used to facilitate the purchase of Scheme Property but the Investment Manager does not intend to use its borrowing powers to meet redemption requests.

The Manager is required to calculate and monitor the level of leverage of the Fund. Leverage is expressed as a ratio between the exposure of the Fund and its Net Asset Value (Exposure/NAV). The exposure of the Fund shall be calculated in accordance with the commitment method (Commitment Method) and the gross method (Gross Method).

Under the Gross Method, the exposure of the Fund is calculated as follows:

- a) include the sum of all assets purchased, plus the absolute value of all liabilities;
- b) exclude the value of cash and cash equivalents which are highly liquid investments held in the base currency of the Fund, 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;
- c) derivative instruments are converted into the equivalent position in their underlying assets;
- d) exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- e) include exposure resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of the cash borrowed; and
- f) include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Under the Commitment Method, the exposure of the Fund is calculated in the same way as under the Gross Method; however, the exposure of derivative or security positions employed in hedging and netting arrangements are not included in this calculation, provided certain conditions are met. These conditions aim to ensure that only those trades which offset the risks linked to other trades, leaving no material residual risk, are taken into account.

Further information regarding these different Leverage calculation methods can be found in the AIFMD Legislation and the Investment Risk Policy, which is available upon request from the Manager.

The total amount of Leverage employed by the Fund will be disclosed in the Fund's Annual Report.

The maximum level of Leverage permitted in respect of the Fund is the same regardless of which calculation method is used as no derivative instruments are used in the Fund;

Gross Method: 1.33.

Commitment Method: 1.33.

It is not intended that the Trustee or any sub-custodian shall be entitled to re-use for its own benefit any of the Scheme Property it has been entrusted with.

## The Board - Duties and Responsibilities

The Fund is subject to oversight by the Board, which has been assigned certain duties details of which are set out in the Scheme. It meets regularly to receive reports and monitor

the progress of the Fund.

The duties of the Board include (but are not limited to):

- making an Annual Report regarding the discharge of its responsibilities;
- a duty to inform the Charity Commission promptly and in writing if the Board is not satisfied as to the compliance of the Trustee or the Manager with the Scheme or these Scheme Particulars; and
- a duty to inform the FCA promptly and in writing if the Board is not satisfied as to the compliance of the Trustee or the Manager with the applicable provisions of the AIFMD Legislation.

The Board is made up of individuals who together have wide experience of finance, investments, charities and the law. A non-executive director of the Investment Manager (or an associate) is entitled to be a member of the Board. No Board member is required to be authorised by the FCA because no Board member offers investment advice or conducts investment business in relation to the Fund.

In safeguarding the interests of Unitholders the Board has a number of responsibilities which include setting and subsequently advising on the investment objective and Investment Policy of the Fund, monitoring performance, the appointment and discharge of the Manager and the Trustee, appointing the Auditor to the Fund, and agreeing the fees charged by the Trustee, the Manager and the Auditor. Prior to the Trustee making any written declaration that the Fund is to be wound up, the Trustee must serve on the Board a notice of the Trustee's intention to wind up the Fund and consider the Board's representations (if any). To the extent of those duties and powers specified in the Scheme, the Board members are charity trustees within the meaning of the Charities Act 2011.

The Board members are entitled to be paid out of the property of the Fund any reasonable costs and expenses incurred by them in carrying out their duties as a member of the Board. Such reasonable costs and expenses may be drawn from the Fund. The Manager currently pays the reasonable costs and expenses of the Board members and intends to continue to do so for the foreseeable future.

## The Trustee and Depositary

The Trustee acts as a trustee of the Fund for the purposes of and pursuant to the Scheme. Pursuant to the Depositary Services Agreement and for the purposes of and in compliance with the AIFMD Legislation and the relevant FCA Regulations, the Trustee has been appointed as depositary to the Fund.

The depositary, HSBC Bank plc, is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc. The depositary's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the depositary is the provision of financial services, including trustee and depositary services. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

The depositary provides services to the Fund as set out in the Depositary Services

Agreement and, in doing so, shall comply with the AIFMD Legislation, the relevant FCA Regulations and the terms of the Scheme.

The depositary's duties include the following: -

- Ensuring that the Fund's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units have been received.
- Safekeeping the assets of the Fund, which includes (i) holding in custody all financial instruments that can be physically delivered to the depositary; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- Ensuring that issues, redemptions and cancellations of Units are carried out in accordance with applicable law and the Scheme.
- Ensuring that the value of Units is calculated in accordance with applicable law and the Scheme.
- Carrying out the instructions of the Manager, unless they conflict with applicable law or the Scheme.
- Ensuring that in transactions involving the Fund's assets, any consideration is remitted to the Fund within the usual time limits.
- Ensuring that the Fund's income is applied in accordance with applicable law and the Scheme.

The appointment of the depositary under the Depositary Services Agreement may be terminated without cause by not less than 90 days' written notice provided that the Depositary Services Agreement does not terminate until a replacement depositary has been appointed.

The depositary may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement.

Unitholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.

In general, the depositary is liable for losses suffered by the Fund as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the depositary will be liable to the Fund for the loss of financial instruments of the Fund which are held in its custody. The depositary will not be indemnified out of the Scheme Property for the loss of financial instruments where it is so liable.

The liability of the depositary will not be affected by the fact that it has delegated safekeeping to a third party save where this liability has been lawfully discharged to a delegate any such discharge will be notified to the Unitholders and consent will be obtained from the Manager to such delegation and discharge. At the date of these Scheme Particulars, the depositary has not discharged its liability for the safekeeping of assets in its safekeeping.

The depositary will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The depositary shall not be liable for any indirect, special or consequential loss.

In the event there are any changes to the depositary's liability under the AIFMD Legislation and the relevant FCA Regulations, the Manager will inform Unitholders of such changes without delay.

### **Trustee and Depositary Conflicts of Interest**

From time to time actual or potential conflicts of interest may arise between the depositary and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to the Fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to the Fund. The depositary maintains a conflict of interest policy to address this.

In addition, actual or potential conflicts of interest may also arise between the Fund, the Unitholders or the Manager on the one hand and the depositary on the other hand. For example, such actual or potential conflict may arise because the depositary is part of a legal entity or is related to a legal entity which provides other products or services to the Fund or the Manager and from which fees and profits in relation to the provision of those products or services may arise and from which the depositary may benefit directly or indirectly. In addition, the depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Fund, or may have other clients whose interests may conflict with those of the Fund, the Unitholders or the Manager.

In particular, HSBC Bank plc may provide foreign exchange services to the Fund for which they are remunerated out of the Scheme Property. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of the Fund; provide broking services to the Fund and/or to other funds or companies; act as financial adviser, banker, derivatives counterparty or otherwise provide services to the issuer of the investments of the Fund; act in the same transaction as agent for more than one client; have a material interest in the issue of the investments of the Fund; or earn profits from or have a financial or business interest in any of these activities.

The depositary will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Fund than if the conflict or potential conflict had not existed.

The depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary's issues to be properly identified, managed and monitored.

### **Remuneration and Expenses of the Trustee**

The Scheme provides for the remuneration of the Trustee out of the property of the Fund by way of a periodic charge (plus VAT, if applicable and if any), and the reimbursement of expenses (including VAT, if applicable and if any) properly incurred by the Trustee. The rate

of the Trustee's periodic charge is to be agreed in writing with the Board from time to time.

The expenses will include charges of the Trustee's nominees and agents. The duties of the Trustee for which reimbursement may be made, involve and include (without limitation):

- a) delivery of stock to the Trustee;
- b) custody of assets;
- c) collection of income;
- d) submission of tax returns;
- e) handling of tax claims;
- f) preparation of the Trustee's Annual Report; and
- g) such other duties as the Trustee is required or empowered by law to perform.

The maximum periodic charge that may be made by the Trustee, subject to the prior written approval of the Charity Commission, is 0.1% p.a., (plus VAT if applicable and if any), of the value of the Scheme Property and £1,000 (plus VAT if applicable and if any), for each direct property acquisition or disposal made by the Fund.

The actual periodic charge agreed with the Board, is a flat fee of £36,000 (plus VAT) per annum.

The periodic charge (plus VAT if applicable and if any), accrues daily to the assets of the Fund and is payable monthly in arrears.

In addition to the periodic charge the Trustee is entitled to a transaction fee of £250 (plus VAT, if applicable) for each direct property acquisition or disposal made by the Fund. Any increase in the actual or maximum amount of the periodic charge made by the Trustee shall be subject to:

- a) notice of at least 90 days being given to Unitholders;
- b) the prior written agreement of the Board; and
- c) the prior written approval of the Charity Commission.

## The Manager

CCLA Fund Managers Limited has been appointed as AIFM of the Fund. The Manager is a limited liability company incorporated in England and Wales, whose address is shown in Appendix 1 of this document.

The Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the FCA's register under number 611707. The Manager has permission from the FCA to act as a full scope AIFM. Details of the Manager are set out in Appendix 1.

The only business activity of the Manager is the management of alternative investment funds as an AIFM.

The ultimate holding company of the Manager is CCLA Investment Management Limited, a company incorporated in England and Wales.

## **Terms of appointment**

The Manager is appointed as Manager of the Fund pursuant to the Scheme.

The ultimate holding company of the Manager is CCLA Investment Management Limited, a company incorporated in England and Wales.

Subject to the FCA Regulations and the AIFMD Legislation the Manager may delegate (and authorise its delegate to sub-delegate) its duties as Manager.

The Manager has delegated the provision of certain services including investment management, administration and the preparation of various reports for Unitholders to the Investment Manager and Administrator as detailed below.

The Manager's appointment may be terminated by the Board acquiring approval by the Trustee and serving written notice on the Manager. Earlier termination can only occur in specific circumstances, including a material and irrevocable breach by either party.

The Manager is entitled to its pro rata fees and expenses (as provided for in the Scheme and detailed in these Scheme Particulars) to the date of termination of its appointment as Manager of the Fund and any additional expenses necessarily incurred in settling or realising any outstanding obligations.

## **Duties of the Manager**

The Manager is responsible for all the investment management and administration services in relation to the Fund set out under paragraph 17 of the Scheme. These are:

- the day to day management of the Fund including power to buy and sell investments and to operate bank accounts and to borrow;
- the preparation of any valuations or other calculations to be made under these Scheme Particulars;
- the receipt of contributions and the satisfaction of withdrawals;
- the decision as to whether any particular asset is to be accepted as a contribution;
- the keeping of such accounts as the Trustee or the Board may require; and
- any matters incidental to the above matters.

The Manager is also responsible for the risk management of the Fund.

No warranty is given by the Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objectives of the Fund will be successfully accomplished.

## **Remuneration and Expenses of the Manager**

The Manager is entitled to an Annual Management Charge, which accrues daily, out of the Scheme Property. The maximum charge that may be made by the Manager on the Fund, subject to the prior written approval of the Charity Commission is 1.5% per annum of the value of the Scheme Property (plus VAT, if applicable).

The Annual Management Charge has been agreed by the Board and approved by the Charity Commission. Currently the charge is 0.65% of the net asset value of the Fund. The preceding valuation forms the basis of the charge and the charge (plus VAT if applicable) is paid on or around the last Business Day of each month.



The Annual Management Charge will be paid 100% from capital. The policy of taking the Annual Management Charge to capital could lead to capital erosion. However, it should not change the overall return on the Fund, taking capital and income together.

Where applicable, to avoid double charging, rebates of charges on holdings in the COIF Charities Deposit Fund are calculated and applied to the Fund. The Annual Management Charge is based on the valuation of the Fund on the last day of each preceding month.

Any increase in the actual or maximum amount of the Annual Management Charge shall be subject to:

- a) notice of at least 90 days being given to Unitholders;
- b) the prior written agreement of the Board; and
- c) the prior written approval of the Charity Commission.

## Investment Manager

The Investment Manager is CCLA Investment Management Limited, a limited liability company registered in England, company No. 2183088. The Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of its investment business.

The Investment Manager has been appointed by the Manager pursuant to the Investment Management Agreement to provide portfolio management services to the Fund.

Under the terms of the Investment Management Agreement, the Investment Manager's appointment may be terminated on three months' written notice by the Investment Manager or by the Manager, or in certain limited circumstances immediately by the Manager. No warranty is given by the Investment Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objectives of the Fund will be successfully accomplished.

The Manager is responsible for any fees payable to the Investment Manager and such fees will not be taken from the Scheme Property.

Where research services are provided to the Investment Manager, any research fee is paid from the Investment Manager's own resources and not charged to the Fund.

## The Administrator

CCLA Investment Management Limited is the appointed Administrator of the Fund and carries out certain administrative tasks including the preparation of statements and other reports together with marketing activities on behalf of the Fund. The Administrator has been appointed under the Investment Management Agreement and the Manager meets the fees of the Administrator from the Annual Management Charge the Manager receives for its services to the Fund.

## Registrar

The Trustee has appointed CCLA Investment Management Limited to act as Registrar to the Fund. The agreement provides for the appointment to be terminated by either party giving one year's written notice to the other. Earlier termination can only occur in specific circumstances, including a material and irremediable breach by either party.

## Title Documents to Scheme Property

The Trustee has appointed Hogan Lovells International LLP to hold in safekeeping the deeds, leases and other documents relating to the properties situated in England that are owned by the Fund. Details can be found in Appendix 1.

The Trustee has appointed DLA Piper to hold in safekeeping the deeds, leases and other documents relating to properties situated in Scotland that are owned by the Fund. Details can be found in Appendix 1.

## Unitholders' rights against service providers

A number of third party service providers provide services to the Fund, including the Investment Manager, the Auditor and the Administrator, whose details are set out in these Scheme Particulars (the "Service Providers"). No Unitholder will have any direct contractual claim against any Service Provider with respect to such Service Provider's default.

This is without prejudice to any right a Unitholder may have to bring a claim against an FCA authorised Service Provider, the Manager or the Trustee under Section 138D of the Financial Services and Markets Act 2000 (as a result of a breach of the FCA Regulations by such Service Provider, the Manager or the Trustee), or any tortious or contractual cause of action.

## Additional Payments from the Fund

Payments that may additionally be made out of the property of the Fund are as follows:

All costs and expenses reasonably incurred in the management of the Fund including:

- a) agent's acquisition and disposal fees;
- b) fees on lease renewal, letting, rent review and head lease/lease renegotiation, rating and planning advice, landlord's repairs and improvements, surrender payments and premiums received from tenants;
- c) project management fees, building surveyor fees, other specialist advisers' fees including those incurred in dilapidation negotiations;
- d) the cost of preparing, publishing and sending Annual Reports and Unitholder communications;
- e) valuation, insurance and performance measurements fees;
- f) fees for independent risk assessments, for health and safety or environmental purposes;
- g) solicitors and audit fees;
- h) Property Valuer costs;
- i) brokers' commission (where such payment may be made in accordance with the Regulatory Rules), fiscal charges and other disbursement which are:
  - I. necessary to be incurred in effecting transactions for the Fund;
  - II. normally shown in contract notes, confirmation notes, and margin accounts as appropriate;
- j) interest on borrowings permitted by the Fund and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- k) taxation and duties payable in respect of the property of the Fund, the Scheme or the issue of Units, if applicable;
- l) any costs incurred in modifying the Scheme, where modification is:
  - I. necessary to implement, or necessary as a direct consequence of, any changes in the

- law; or
- II. expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interests of Unitholders; or
  - III. to remove from the Scheme obsolete provisions;
  - IV. agreed by the Manager and Trustee to be in the interest of Unitholders
- m) liabilities on a unitisation, amalgamation or reconstruction arising in certain circumstances;
- n) the expenses of the Board and any remuneration paid to a board member;
  - o) the fees of any Auditor appointed or those of IPD or any other benchmark authority;
  - p) the fees of any relevant regulatory authority in which Units are or may be marketed, or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units are or may be marketed. Payments will be charged to the capital or income of the Fund at the Manager's discretion;
  - q) any costs incurred through purchasing and holding of third party funds; and
  - r) such other fees or expenses as may from time to time be agreed with the Trustee and Depositary.

## Meetings

Any meeting of Unitholders shall be held in accordance with the FCA Regulations (as amended or replaced from time to time), and all the provisions of the FCA Regulations shall apply to such meetings. A meeting of Unitholders of the Fund duly convened and held by the Trustee may vote on a resolution:

- a) to approve a proposed scheme of amalgamation put forward by the Manager and the Trustee (or either of them); or
- b) to approve a proposed scheme of reconstruction put forward by the Manager and the Trustee (or either of them); or
- c) to approve fundamental changes of investment objectives and Investment Policy.

A meeting of Unitholders has no other powers.

## Participation in the Fund

### Income Units

Eligible Contributors to the Fund may purchase Income Units.

Income Units of the Fund provide a regular income and each Unit represents one undivided Unit in the Scheme Property. Holders of Income Units receive distributions quarterly. Unitholders may elect to purchase additional Income Units by reinvesting income. Additional Income Units can be purchased at the offer price.

Distributions are declared and reinvested income is credited gross to Unitholders on the basis that all relevant UK taxation has been recovered or is recoverable. The Manager is responsible for the collection of income. Changes in tax law and regulations may affect the basis of calculation and payment of distributions.

### Eligible Contributors

Any Charity in England and Wales and any appropriate body in Scotland and Northern Ireland within the meaning of the Charities Act 2011 may invest in the Fund, unless

precluded by a specific provision in its governing instrument provided always that such a Charity is recognised by HM Revenue & Customs as a Charity for tax purposes. The Manager is required under Money Laundering Regulations to satisfy itself as to the identity of Eligible Contributors. Any Charity (or a nominee company acting on its behalf) applying to participate must give a declaration of the eligibility of the Charity to invest in the Fund. Where a contributor is found not to be eligible or becomes ineligible at a later date, it, or its nominee, must inform the Manager and disinvest. The Manager reserves the right to refuse to accept any application without giving any reason and to sell Units on behalf of a Unitholder if it reasonably believes that the Unitholder is no longer eligible to hold the Fund.

## Compulsory Sale of Units where a Unitholder Ceases to be an Eligible Contributor

Where a Unitholder:

- is found not to be eligible or becomes ineligible at a later date; or
- suffers a change in circumstances or is in breach of any applicable law or government rule or regulation which may affect its ability to be an Eligible Contributor,

it, or its nominee, must inform the Manager immediately and at the Manager's request must sell their Units.

The Manager reserves the right to refuse to accept any application without giving any reason and to sell Units on behalf of Eligible Contributors if it reasonably believes that the Unitholder is no longer eligible to hold the Fund.

As soon as the Manager becomes aware or has reasonable grounds to believe that a Unitholder no longer satisfies the requirements to be an Eligible Contributor, the Unitholder will be deemed to have submitted a renunciation form to sell all the Units held by them in the Fund and the notice period for redemptions will be deemed to have been served. Where a Unitholder delays in informing the Manager that it has ceased to be, or may no longer be an Eligible Contributor, the Manager then has the right to treat the request to redeem Units in the Fund as being made on the date on which the Unitholder's circumstances changed.

The Unitholder agrees that any proceeds of sale in relation to the Units sold as a result of the Unitholder ceasing to be an Eligible Contributor may be retained by the Manager in order to satisfy any losses suffered by the Fund as a result of the Unitholder ceasing to be an Eligible Contributor. Such losses may include, but shall not be limited to:

- any assessment for income or capital gains tax or any other tax to which the Fund would not have been assessed had the Unitholder remained as an Eligible Contributor;
- any distributions paid out to or settled in respect of the Unitholder's Units after the date on which the Unitholder ceased to be an Eligible Contributor; and
- all costs and expenses including professional fees incurred in connection with such assessment.

On the written request of the Manager any Unitholder who is required to sell their Units must:

- irrevocably appoint one or more of the directors of the Manager as its attorney to execute

all instruments and other documentation required to effect a sale of its Units and the Unitholder agrees to ratify all and any acts of the attorney; and

- indemnify the Fund against all losses suffered by the Fund as a consequence of the Unitholder no longer remaining an Eligible Contributor.

If at the time a renunciation form is submitted (or is deemed to have been submitted) to the Manager, the Manager has received instructions to sell Units from one or more other Eligible Contributors, the sale of the Units held by a Unitholder who has ceased to be eligible to remain invested in the Fund will be sold in priority to all other sale requests in the queue.

In the event that dealings in the Fund are suspended any deemed or actual instructions for the compulsory sale of Units will not be frozen. In such circumstances the relevant Units will be cancelled and the Manager will make an appropriate provision for the sale proceeds due to the affected Unitholder.

Where an event occurs during a period of suspension that results in a Unitholder ceasing to be an Eligible Contributor, the Unitholder's rights to accrued income will be apportioned according to the date on which the event occurred that triggered the ineligibility.

The sale proceeds will be calculated at the Valuation Point for the first Dealing Day after the lifting of the suspension and will be paid to the Unitholder within four Business Days of the Dealing Day.

### **Registration of Units**

The Register is maintained on behalf of the Trustee by the Registrar. Holdings are registered in the name of the Unitholders or where applicable holdings may be registered in the name of the nominee company acting on behalf of the Unitholders with the name of the Unitholders separately recorded in the Register. Holdings may not be registered in the names of the individual trustees. No certificates are issued, but confirmation of holdings is available on request from the Registrar.

The Register may be inspected free of charge during normal business hours at the office of the Registrar at its registered office (as set out in Appendix 1). Entry in the Register of Unitholders is conclusive evidence of title to the Units in the Fund. The Register contains the name of each Unitholder, the number of Units held and the name and address of the correspondent for each account. In addition, the Register may contain the following particulars:

- a) details of the nominee company acting on behalf of the Unitholder;
- b) client designation;
- c) bank account details for the remittance of income and withdrawals; and
- d) authorised signatory(ies) and the number of signatures required.

No notice of any trust, express, implied or constructive, shall be entered in the Register in respect of any Unit, and the Manager and the Trustee shall not be bound by any such notice. The expenses of maintaining the Register are currently borne by the Manager and covered by the Annual Management Charge paid out of the property of the Fund to the Manager.

The Manager will treat all Unitholders' records as confidential and so reserve the right to

provide copies of your particular record, rather than allow access to files which may contain information about other Unitholders.

## Pricing of Units

### **The Dealing Day**

There are currently two Dealing Days per month, normally the last Tuesday and Thursday, except when this is not a Business Day; that is a day on which the London Stock Exchange (or any successor body) is not open for business, then the preceding Business Day becomes a Dealing Day.

### **Valuation**

The Manager values the Scheme Property as at the Valuation Point for the purpose of determining the prices at which Units may be issued or redeemed.

In addition, for valuation and reporting purposes, the Fund is valued on the last Business Day of each calendar month. The Manager may, subject to the agreement of the Trustee, introduce additional or alternative Dealing Days and Valuation Points.

The Manager may, at any time during a Business Day, carry out an additional valuation of the Scheme Property for the determination of Unit prices if, after consultation with the Trustee, it is considered desirable to do so.

### **Basis of Valuation of the Fund**

The valuation is carried out at mid-market prices at the Valuation Point. The Unit price includes the value of the income property of the Fund which has not been declared as a dividend on the Dealing Day.

The amount of income to be included is the amount of income received by the Fund up to and including the day before the Dealing Day, together with the amount of income accrued and including UK tax credits to which the Fund is entitled. All expenses paid or accrued on the same basis as the income will be deducted from the income.

The valuation of the Scheme Property is determined as follows;

- Units in a collective investment scheme – if the scheme is single priced then that price will be used. If the scheme is dual priced the mid-market price will be used.
- Direct Property – an external Property Valuer is responsible for providing property values for the Fund. All properties are valued at every month end at Open Market Valuation in accordance with the Red Book of the Royal Institute of Chartered Surveyors. Additions to the portfolio are valued externally after acquisition.
- Exchange traded securities - at mid-market prices at the Valuation Point.
- Other assets – all other assets at a value which, in the opinion of the Manager, represents a fair and reasonable value based on independent inputs.

## Buying (offer) and Selling (bid) Prices

The buying and selling prices of the Units are based upon the valuation of the Fund, as described above. To this valuation is added or deducted a fixed percentage of the valuation, representing the estimated transaction costs incurred in purchasing or disposing of assets.

These costs are principally the difference between the bid and offer prices on the sale and purchase of assets and the associated brokers' commission. As a charity, the Fund is currently exempt from UK Stamp Duty and Stamp Duty Reserve Tax.

The Manager may vary the amount of these provisions to reflect their estimate of the costs associated with any transaction. The most recent estimate of the cost is shown on our website [www.ccla.co.uk](http://www.ccla.co.uk)

The offer and bid prices represent the buying and selling prices for Unitholders and also the creation and cancellation prices for the Trustee. No Units are held by the Manager or any other party involved in the management of the Fund other than in the capacity as a custodian or trustee for an Eligible Contributor.

The offer price (the price at which a Contributor may purchase Units) and bid price (the price at which a Unitholder may sell Units), as last notified to the Trustee, is available from the Manager upon request.

## Buying Units

### **General applications**

Generally, applications to buy Units must be made using a completed application form and appropriate payment must be made at the same time as the submission of the application form.

Except as specified below, applications to purchase Units can only be actioned on a particular Dealing Day if, by 5.00pm on the Business Day prior to that Dealing Day:

- a correctly completed application form has been received by the Manager; and
- the Manager is in receipt of cleared funds.

Please note: When monies are received early they will be banked in a "fund transfer agency account" in the name of the Fund for investment on the next Dealing Day.

### **Applications from nominees**

Where a nominee company acts on behalf of prospective investors, and has submitted a signed nominee application form to the Manager, the Manager may, in its discretion, process an application to buy Units which has been received by 5.00pm on the Business Day prior to that Dealing Day even where it is not in receipt of cleared funds.

Where the Manager has acted upon such an instruction, cleared funds must be received by the end of two Business Days following that Dealing Day. Should cleared funds not be received by this time, the Manager reserves the right to immediately redeem any Units created as a result of that instruction.

The nominee company will be responsible for any losses (including costs, expenses or other liabilities) incurred by the Manager as a result of that nominee company failing to provide cleared funds by the end of two Business Days following the relevant Dealing Day. Such losses may include (without limitation) any loss sustained by the Manager or the Fund as a consequence of a fall in the price of Units and any costs sustained by the Manager or the Fund when redeeming such Units.

### **Provisions applicable to all applications**

The account should be held with a banking institution in the European Economic Area (EEA) and made payable in pounds sterling.

Applications to purchase, once made, are irrevocable. However, subject to its obligations under applicable law and regulation, the Manager has the right to reject, on reasonable grounds relating to the circumstances of the applicant (or nominee company, where applicable), any application for Units in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant.

The Manager may also, at its discretion, suspend the issue of new Units if any such new issue would prevent the orderly investment of monies by the Fund.

On acceptance of an application, Units will be issued at the relevant offer price. A contract note will normally be dispatched by the end of the next Business Day following the Dealing Day. The contract note will show certain information, such as the number of Units and the issue price. Units are issued to two decimal places.

### **Top Ups or Additional Investments**

The original application to create a new account needs to be accompanied by a cheque drawn on an account in the name of the applicant. Funds may be sent via CHAPS or BACS for additional investments or top ups. For further details please contact our Client Services team on telephone helpline 0800 022 3505.

### **Conditional Orders**

The Manager cannot accept conditional purchase or sale instructions from clients. A conditional order is one where the instruction specifically states that a purchase or sale may only proceed at a specified price, e.g. purchase £50,000 worth of COIF Property Fund Units if the offer price is less than £5.

### **Selling Units**

Except during periods of temporary suspension, the Manager will accept orders for the redemption of Units on any Business Day between 9.00am and 5.00pm.

All instructions to sell Units must be on a completed renunciation form and received by the Manager by 5.00 p.m. on a Business Day. Redemption instructions, once received by the Manager, are irrevocable and cannot be withdrawn.

Subject to the paragraphs below regarding Deferral of Redemptions and Suspension of Dealing, requests to sell Units will be dealt with on the first Dealing Day after expiry of the required notice period (see Notice to Redeem paragraph below) and at the price calculated at the Valuation Point in respect of that Dealing Day.

A contract note detailing the transaction will be sent out by the close of business on the Business Day following the relevant Dealing Day. The contract note will contain certain dealing information such as the number of Units sold and the redemption price.

Proceeds of sales can either be remitted direct by BACS to the nominated bank account of



the Charity or be paid direct to a COIF Charities Deposit Fund account held in the name of the Charity or be sent by cheque to the correspondent and made payable to the Charity. Settlement cheques are sent out within four Business Days of the Dealing Day. Proceeds that are directly transferred to a COIF Charities Deposit Fund account are credited with effect from the settlement date.

### **Preliminary Charge**

A preliminary charge may be included in the price at which Units may be purchased, out of which the expenses and remuneration of the Manager may be paid. No preliminary charge is currently levied. The introduction of a preliminary charge and any increase in the actual or maximum amount of a preliminary charge made by the Manager shall be subject to:

- a) notice of at least 90 days being given to Unitholders;
- b) the prior written agreement of the Board; and
- c) the prior written approval of the Charity Commission.

### **Switches**

Switches between the COIF Charities Funds are permitted although switches involving the Fund can only be undertaken on the monthly Thursday Fund Dealing Day.

### **The Issue and Redemption of Units in the Fund**

To apply for Units in the Fund, an investor must have an active open account. An application to open or reactivate an account will normally take 48 hours provided all documents required are provided along with the application. Instructions cannot be accepted until the account is active.

Units are dealt on a forward price basis. All instructions for buying Units in the Fund must be received by 5.00 p.m. on the Business Day prior to the Dealing Day if they are to be processed at the prices to be calculated on that day. Instructions received later will be held over to the next Dealing Day. Redemption instructions must be received by 5.00pm on a Business Day.

The Manager will execute purchases or redemptions on the instructions of the client at the published offer/bid price at the relevant Valuation Point. Units can only be created or liquidated through the Trustee on behalf of the Fund.

### **Inducements**

It is the Manager's policy not to enter into any soft commission arrangements with its brokers for the supply of goods and services, in return for an agreed volume of business.

In accordance with the Regulatory Rules, the Manager when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the Fund must not accept and retain any fees, commission or monetary benefits from a third party (Third Party Payments). If the Manager receives any Third Party Payments, the Manager will return the Third Party Payments to the Fund as soon as reasonably possible and will inform Unitholders of the amount received which will be set out in the annual reports.

The Manager must not accept any non-monetary benefits when executing orders or placing orders with other entities for execution in relation to financial instruments on behalf of the

Fund, except those which are capable of enhancing the quality of the service provided to the Fund, and which are of a scale and nature such that they could not be judged to impair the Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Fund.

### Exchanging Existing Property for Units and In-specie Redemptions

The Manager may accept a transfer of property into the Fund in exchange for Units of the Fund but only if it is judged by the Manager to be in the best interests of existing Unitholders of the Fund. An External Property Valuer nominated by the Manager, and independent of the investor and Manager, shall produce a valuation of the property which an investor has offered to exchange for Units at the expense of the applicant. The property will be valued in accordance with the RICS Appraisal and Valuation Standards. If accepted, the exchange would be made at the market valuation of the property and at the net asset value of the Units issued. In general, the costs of the conveyance shall be borne by the applicant by deduction from the value of the property being exchanged for Units. Such costs will include valuation and legal costs and disbursements of the applicant and the Fund. However, the Manager (acting in consultation with the Trustee) may agree at their discretion to contribute towards the costs of the conveyance (including but not limited to legal and valuation costs) where they believe it is in the interests of the Fund to do so. The Manager has absolute discretion as to which properties it will accept.

Where a Unitholder 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 Unitholders. The value of the Scheme Property being transferred out of the Fund in place of cash will be determined by the Manager by reference to the value of the Scheme Property at the most recent Valuation Point, unless the Manager, after consultation with the Trustee, considers it to be desirable to carry out an additional valuation. If accepted, the exchange will be made at the value of the Scheme Property being transferred out, calculated in accordance with this paragraph and the net asset value of the Units being redeemed, plus any applicable costs (for example the costs of conveyance).

In general, the costs of the conveyance shall be borne by the Unitholder by:

- deduction from the value of the property where a property is being exchanged for Units; or
- addition to the value of the Scheme Property being transferred out where Units are being redeemed in exchange for Scheme Property.

Such costs will include valuation and legal costs and disbursements of the Unitholder and the Fund. In the event that the costs of conveyance together with the value of the Scheme Property being transferred out of the Fund exceed the net asset value of the Units held by the Unitholder, the Unitholder will make a payment in cash to the Fund for the difference. However, the Manager (acting in consultation with the Trustee) may agree at their discretion to contribute towards the costs of the conveyance (including but not limited to legal and valuation costs) where they believe it is in the interests of the Fund to do so. The Manager has absolute discretion as to which direct properties it will accept into or transfer out of the Fund.

## Notice to Redeem

Except in the circumstances below, Units are redeemable at the option of a Unitholder on a Dealing Day, upon at least 90 calendar days' prior written notice to the Manager. Redemption instructions, once received by the Manager, are irrevocable and cannot be withdrawn.

For the good management of the Fund and in the interest of other Unitholders, the Manager may, at its discretion, extend the notice period to up to 6 months to allow for the orderly disposal of properties held within the Fund. In the event that the notice period is extended, Unitholders will be notified in writing and sales will be processed in strict order of the instructions to sell being received. The Unitholder will receive the price ruling as at the date on which the sale is processed.

## Deferral of Redemptions

If on a Dealing Day the Manager considers that there is insufficient liquidity in the Fund to meet instructions to sell Units, the Manager may delay, in whole or part, the sale instructions for such period of time as the Manager considers appropriate. To the extent that sale instructions are not processed in full in respect of the relevant Dealing Day the sale instructions will be treated as being made again in respect of each subsequent Dealing Day until all the deferred sale instructions have been completed in full. The Unit price for a deferred sale will be the Unit price calculated at the Valuation Point for the Dealing Day on which the sale instruction is honoured.

If the Manager delays the processing of any sale instructions, for whatever reason, then the sale instructions will be placed in a queue and will be acted on in the following order:

- I. any compulsory sale instructions (whether in whole or part) will take priority in the sale queue and will be acted on in advance of any other sale instructions irrespective of when the other sale instructions were received by the Manager;
- II. sale instructions made in respect of an earlier Dealing Day will be processed in priority to those made in respect of a later Dealing Day;
- III. without prejudice to (i) above, all sale instructions in respect of a particular Dealing Day shall be ranked and treated equally in priority, irrespective of the date or time such sale instructions were actually received by the Manager in respect of that Dealing Day;
- IV. the Manager can accept in part an instruction to sell Units and, in the event that the Manager does so, the instruction to sell Units shall be redeemed in proportion and pro rata with any other instructions to sell Units which are to be treated *pari passu* with it;
- V. in the event that dealings in the Fund are suspended for any reason, the queue of sale instructions will be frozen until the suspension is lifted. After the suspension has been lifted the Manager shall process sale instructions in accordance with the provisions set out in these Scheme Particulars; and
- VI. in the event that a decision has been made to wind-up the Fund any sale instructions which have been deferred will be acted on in priority to the deemed redemption requests that arise as a result of the decision to wind-up the Fund.

Where a request for the sale of Units is deferred the Manager will inform Unitholders of the number of their Units that have not yet been processed. Other than in the case of a

compulsory sale instruction, a Unitholder may, by notice in writing to the Manager, cancel the whole or part of a sale instruction that has been deferred and is in a queue to be processed. Any cancellation request will be binding on the Unitholder and any subsequent request to sell Units will be treated as a new request to sell Units.

In the event that the Manager delays the Dealing Day of the Fund on the basis that there is insufficient liquidity in the Fund to meet the sale instructions the Manager will, without disadvantaging the remaining Unitholders in the Fund, concurrently take all necessary steps to liquidate assets in the Fund to meet the instructions to sell Units.

## Suspension of Dealing

### **Suspension in exceptional circumstances**

The Manager may, with the prior agreement of the Trustee, and shall, if the Trustee so requires, temporarily suspend the issue, cancellation, buying and selling of Units in the Fund if the Manager or the Trustee is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of the Unitholders. During a period of suspension no Units may be bought or sold in the Fund.

The Manager will notify the Unitholders of the suspension as soon as reasonably practicable after the suspension commences. The Manager will review the grounds for the suspension every 28 days to ensure that the suspension only continues for so long as it is justified having regard to the interests of the Unitholders. Unitholders will be informed of the outcome of this review.

### **Suspension during periods of material valuation uncertainty**

The Manager with the agreement of the Trustee may temporarily suspend the issue, cancellation, buying and selling of Units in the Fund where the external Property Valuer has expressed material uncertainty about the value of one or more immoveables under management, and that material uncertainty applies to at least 20% of the value of the property of the Fund.

Alternatively, dealing in Units may continue during a period of material valuation uncertainty where the Manager and the Trustee agree that dealing should continue and the Manager and the Trustee have a reasonable basis (not solely reliant on a fair value price adjustment) for determining that the suspension of the Fund would not be in the best interests of the Unitholders in the Fund.

The Manager and the Trustee may agree to resume dealings in Units as soon as reasonably practicable after the external Property Valuer's material uncertainty assessment applies to less than 20% of the value of the property of the Fund.

### **Pricing after a suspension**

Once the suspension has been lifted the Manager expects Units to be priced at the Valuation Point for the next Dealing Day.

### **Compulsory sales of Units during periods of suspension**

During a period of suspension any application for the compulsory sale of Units will not be

frozen. The Units will be cancelled and the Fund will maintain and hold a suitable provision for the amount due to the redeeming Unitholder. The sale proceeds will be calculated using the Unit price at the Valuation Point for the first Dealing Day after the suspension has been lifted.

### **Application to sell Units during periods of suspension**

If dealing in the Fund is suspended for any reason, any application to sell Units (other than for Units which are being compulsorily redeemed) will be frozen until such time as the suspension of dealing is lifted.

### **Trustee's Refusal to Issue or Cancel Units**

The Trustee has the power to refuse to issue or cancel Units where:

- the Trustee is of the opinion that it is appropriate to do so; or
  - the Trustee considers that there may be an issue with the Manager's ability or competence to continue as the Manager of the Fund; or
- a) on receipt of instructions from the Manager to issue or cancel Units, the Trustee is of the opinion that such action would result in a breach of law or regulation; or
- b) the potential investor may be ineligible for the Fund; or
- c) there may be potential detriment to the Fund; or
- d) it is not in the interests of Unitholders that:
- Units should be issued; or
  - Units should be cancelled; or
  - Units should be issued or cancelled in the number requested by the Manager.

In all the cases where the Trustee refuses to issue or cancel Units the Trustee must give notice to the Manager that the Trustee refuses to issue or, as the case may be, cancel, all, or a specified number of, the Units.

On giving such a notice the Trustee is relieved of the obligation to issue or cancel the number of Units to which the notice relates.

### **Publication of Prices**

Month end prices for valuation purposes and bid and offer prices are displayed on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk)

The Fund's past performance is set out in Appendix 2 and is also available on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk)

### **Minimum Investment**

The normal initial minimum investment in the Fund is £10,000. Any additional amount may be invested thereafter.

## Distributions to Unitholders

### **Quarterly Distribution**

Income Unit distributions are calculated quarterly at the end of March, June, September and December. The distribution is based upon undistributed income received and receivable to each quarterly date less any costs and expenses for the period and subject to flows to or from the Income Reserve (see below). Distributions in respect of the preceding quarter are made at the end of May, August, November and February. Special distributions may be calculated and declared on any month end.

Monies will be paid directly to a bank account held in the name of the investing Charity or a nominee company acting on behalf of that Charity, or into a COIF Charities Deposit Fund account in the name of the investing Charity. Changes in tax law and regulations may affect the basis of calculation and payment of distributions.

### **The Income Reserve**

Each quarter income may be transferred to an Income Reserve Account, held in the name of the Trustee, thereby reducing the distribution for that quarter, or income can be transferred from the Income Reserve to the Distribution Account, which increases the distribution. The Income Reserve is used to even out fluctuations in income which arise from time to time. The Income Reserve of the Fund forms part of the capital of the Fund and is included in the price of the Fund until it is used in the payment of a distribution. Additionally, where there is a balance brought forward on the Income Reserve new investors are acquiring a right to a proportion of the reserve, and those selling are giving up the right to the reserve of the Fund. In order to deal with this issue, equalisation is applied.

### **Equalisation**

The first allocation of income to which a Unitholder is entitled, following the purchase of Units, is calculated as if the purchase had been made at the beginning of the quarter. The distribution will therefore include that part of the purchase price consisting of income from the beginning of the quarter to the date of purchase. The Manager is able to supply a breakdown of the amount of accrued income in the purchase price.

For each creation and liquidation of Units, a portion of capital will be applied to the Income Reserve, such that a fund inflow or outflow maintains the ratio of Income Reserve to non-Income Reserve capital. Thus, current investors' value of the Income Reserve will remain unaffected by additional creations and liquidations.

### **Material Interest and Conflicts**

The Manager, the Trustee, or the Administrator are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest in the management of the Fund. In addition, the Fund may enter into transactions at arm's length with companies in the same Group as the Manager.

The Trustee may, from time to time, act as trustee of other funds.

Each of the parties will, to the extent of their ability and in compliance with the FCA Regulations and the AIFMD Legislation, ensure that the performance of their respective

duties will not be impaired by any such involvement.

The Fund has the power to invest in other COIF Charities Funds and a rebate of charges is made to ensure no double charging of the management fee. The Manager operates a client relationship management service to offer suitable support to Charities. It should be noted that this service is associated with the COIF Charities Funds and that the COIF Charities Investment Fund owns 22.37% of the share capital of the CCLA Investment Management Limited.

## Conflicts of Interest Policy

The Manager and the Investment Manager operate a Conflicts of Interest Policy to ensure that their clients are fairly treated. The policy seeks to avoid circumstances which they consider may give rise to potential conflicts of interest and materially disadvantage their clients. The policy describes the controls and arrangements for preventing the Manager, the Investment Manager and their staff from:

- favouring one client over another;
- making a financial gain, or avoiding a financial loss, at the expense of the client;
- favouring a member of staff over a client;
- providing to (or receiving from) a person other than the client, an inducement in relation to a service provided to the client, in the form of a financial interest; and
- favouring the Manager's or the Investment Manager's shareholders over a client.

Full details of the Conflicts of Interest Policy are available on request and on the website [www.ccla.co.uk](http://www.ccla.co.uk)

## Charity Trustees' Obligations

The primary duty of a charity trustee of a charity must always be to act exclusively in the interest of the charity under their care and to promote the interest of beneficiaries by seeking the best return on their investments. Before investing the charity's money in the Fund, they must also be able to satisfy themselves that they will be furthering the Charitable Purposes of the Charity under their care.

The Charity trustees of Unitholders should consider carefully their general legal powers and duties of investment, in particular those relating to selection of investments using non-financial (e.g. ethical and socially responsible) criteria, as well as all applicable policies or guidelines issued by the Charity Commission which may impact on their eligibility to invest.

Under the Trustee Act 2000, charity trustees are obliged to review their investments regularly. If you need a valuation to be able to conduct this review please contact the Manager, at the Registered Office of the Company.

## Changes to Authorised Signatories

Changes to the authorised signatories for a Charity's holding of Units in the Fund must be made on a duly completed mandate form by the Charity (or the nominee company acting on behalf of the Charity) signed by authorised signatories. Where an existing authorised signatory is removed by way of a mandate form, they shall receive notification of the removal by the Manager.

## Changes in Correspondents

A Unitholder must notify the Manager of any change in the authorised correspondent for its Fund account.

## Anti-Money Laundering

The Manager is required by law to maintain procedures to combat money laundering. In order to implement these procedures, proof of identity may sometimes be required either when buying or when selling Units from time to time, even of existing Unitholders. We may freeze or return your investments and / or subscription amounts unless or until the necessary evidence of identity can be obtained. In the case where Units are being sold, the remittance of proceeds may be delayed until proof of identity has been obtained. Electronic identity checks may be undertaken on the persons named within the application form.

## Telephone and electronic communications

The Manager, in accordance with the Regulatory Rules, must take all reasonable steps to record telephone conversations and keep a copy of electronic communications where such conversations and communications relate to activities in financial instruments as required by the FCA Regulations.

## Complaints

The Manager has established a complaints handling procedure to investigate all complaints received.

Any complaints regarding the operation of the Fund, or the Manager, should be addressed in writing to the addresses shown in Appendix 1.

Unitholders who are eligible complainants (as defined in the FCA Regulations) may have the right to complain directly to the Financial Ombudsman Service (FOS) if a complaint is not dealt with to the satisfaction of the Unitholder. The address and telephone number of the FOS is shown in Appendix 1 of this document.

A copy of the Manager's complaints policy is available on [www.ccla.co.uk](http://www.ccla.co.uk)

## Potential Risks

### General risks

Past performance is not a reliable indicator of future results. The price of Units and income from them may fall as well as rise and a Unitholder may not recover the full amount invested. There can be no assurance that the Fund will achieve its investment objective or that a Unitholder will recover the full amount invested in the Fund. The capital return and income of the Fund is based on the capital appreciation and income on the Fund Property it holds, less expenses incurred.

Therefore, the Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income.

The Fund is permitted to borrow up to 25% of the value of the Fund in order to purchase direct properties. A failure by the Fund to perform its obligations under the terms of any such loan would permit the lenders to demand early repayment of the finance and to realise any security they have over the Scheme Property. Borrowing also increases risk by



magnifying capital and income performance, gains and losses. The Fund may also be affected either directly or indirectly by changes in interest rates to the extent that this affects any borrowings, or, the property market generally.

### **Diversification risk**

The Fund is invested in direct property and assumes the property related risks outlined under 'Direct Property Risks'. The Fund invests in UK properties only and as such is not as diversified as if it were invested across several asset classes and/or several geographical locations. Any change in legal, tax or regulatory requirements affecting the Fund or its investments may be amplified by this lack of diversification.

### **Liquidity risk**

The liquidity of an investment is generally considered to be a measure of how quickly it can be converted into cash without impacting its value while the liquidity of a fund is considered to be the ability to fulfil redemption requests without a price discount to the assets that are sold to meet that request.

Direct property is an illiquid investment relative to other asset classes (such as equities or bonds). Assets that comprise real property take time to sell, and when market conditions are uncertain, it can be even more difficult to find a buyer than in normal market conditions which can impact on a property's price.

Liquidity risks may crystallise due to a number of events. For example, liquidity risks may crystallise when investors wish to redeem their Units before they fall in price during times of market stress or uncertainty. Liquidity risks may also crystallise in circumstances where a Unitholder with significant holdings in the Fund seeks to redeem all or a substantial portion of its holdings with the effect that a number of assets in the Fund need to be sold to meet the redemption request, which may take some time to sell.

The Units are intended only for long-term investment and are not suitable for money to be spent in the near future. Investments are realisable on each 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 of these Scheme Particulars.

### **Notice Period**

Redemptions are subject to a notice period (currently 90 calendar days and which can be increased to up to six months if so determined by the Manager). Unitholders should be aware that 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.

### **Suspension and Deferral risk**

In certain circumstances, the rights for Unitholders to redeem Units may be suspended, as further set out in these Scheme Particulars. 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.

The Manager is able to defer redemptions of Units (in whole or part) where the Manager considers that there is insufficient liquidity in the Fund to meet instructions to sell Units, for such period of time as the Manager considers appropriate. Unitholders should note that where deferral is applied 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 impact the Unitholder's own liquidity.

### **Risk associated with investment in other collective investment schemes**

The Fund may invest in one or more collective investment schemes including schemes that are managed by the Manager or affiliated companies. In some cases these collective investment schemes may be unregulated. Other collective investment schemes may be illiquid and will likely be exposed to the same risks as the Fund and as described elsewhere in this document.

### **Credit risk**

The Fund may have a credit risk on the issuer of debt securities or deposits in which it invests which will vary depending on the issuer's ability to make principal and interest payments on the obligation.

The Fund may also have credit risk on the parties with which it trades. For example, if a trading party becomes insolvent or bankrupt or defaults in some way, the Fund may experience delays in liquidating the underlying assets and the securities' value may decrease.

### **Direct Property Risks**

#### **Pricing and Liquidity**

There is a risk that the price at which an asset in the Fund is valued may not be realisable in the event of a sale. This could be due to a lack of liquidity in the market. It may also be due to a mis-estimation of the asset's value. Where this occurs, the Manager may decide to postpone selling investments as to do so may have a material adverse impact on the value of the Units.

#### **Valuation**

Property and property related assets are inherently difficult to value because of the individual nature of each property. For example, a property's value may be affected by (amongst other things): (i) its location (noting that the desirability of an area may change over time), (ii) the characteristics of the building (wear and tear and advances in technology or tenant's requirements may render a building unattractive over time), and (iii) the length of a lease and creditworthiness of a tenant. 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 a Valuation Point.

#### **Property Market**

The value of property could adversely be affected by a downturn in the property market in terms of capital value or a weakening of rental yields. The income received is dependent to

a large extent upon the occupancy levels of any property and the rents paid by the tenants.

Rental revenues and property values are affected by changes in the general economic climate and local conditions. Property values are dependent in particular on current rental values, prospective rental growth, lease lengths, tenant creditworthiness and the valuation yield (which is itself related to interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned.

### **Planning laws**

The value of properties can also be negatively impacted by changes in planning laws.

### **Counterparty risk**

Additional risks may arise in the event that there is a failure by a counterparty to perform its obligations under a contract or other agreement (including failure arising from the insolvency of a tenant of a property).

### **Liability risk**

Property ownership assumes associated risks including, without limitation, environmental and third party liability risk the value of which may exceed the value of the property itself.

## **Insurance of Immovable Property**

All immovable property forming part of the Scheme Property will be insured against the risk of physical loss or damage and other perils considered appropriate by the Manager. However, there is no guarantee that any or all claims on the insurance will be payable in any given circumstance. Where insurance policies do not meet any liability, in whole or in part, any outstanding liability will be met out of the Scheme Property.

## **Risk Management Process and Liquidity Management**

The Manager employs a risk management process, including the use of appropriate stress-testing procedures, which enables it to identify, measure, manage and monitor at any time the relevant risks of the positions to which the Fund is or may be exposed and their contribution to the overall risk profile of the Fund.

The Manager maintains a liquidity management process to monitor the liquidity risk of the Fund, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions.

The liquidity management systems and procedures allow the Manager to apply various tools and arrangements necessary to ensure that the Fund is sufficiently liquid to respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in these Scheme Particulars.

Other arrangements may also be used in response to redemption requests, including, in extreme cases, temporary suspension which, if activated, will restrict the redemption rights investors benefit from in normal circumstances as set out in these Scheme Particulars.

## Compensation

The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

As the Fund is unregulated it is not covered by the Financial Services Compensation Scheme (FSCS). However, Unitholders may be eligible for compensation under the FSCS if they have claims against the Manager, Trustee or another FCA authorised Service Provider which is in default. There are limits on who can claim and the amount of compensation available. Further information about the FSCS is at [www.fscs.org.uk](http://www.fscs.org.uk)

The maximum level of compensation payable by the FSCS for a claim is £85,000 per person per eligible complainant. Further information is available from the Manager on request or via [www.fscs.org.uk](http://www.fscs.org.uk) or at their address below:

Financial Services Compensation Scheme,  
10th Floor,  
Beaufort House,  
15 St Botolph Street,  
London, EC3A 7QU.

## Data Protection

The Manager is a data controller in accordance with the Data Protection Legislation and will hold personal data about each Unitholder's representatives (referred to below as "representatives") that has been supplied to the Manager (whether by the representative, a Unitholder or otherwise) as set out in CCLA's Privacy Notice. Each Unitholder agrees to ensure that the contact details and other personal data provided for it and its representatives to the Manager remains up to date at all times.

The Unitholder acknowledges that the Fund may invest in investment schemes operated and managed by the Manager and/or by third parties (referred to below as "investment schemes") and that the Manager may need to pass data, including personal data regarding the representatives, to those investment schemes. The Manager will not pass on any personal data to any other third party or permit the investment schemes to pass the personal data to third parties except: (i) where, in relation to the performance of its services to the Unitholder, the Manager (or the investment scheme) sub-contracts part of the services or any support services; (ii) as agreed by the Unitholder; or (iii) where required to do so for legal or regulatory purposes as set out in CCLA's Privacy Notice.

The Manager (and the investment schemes) may keep records of all business transactions for at least five years. Unitholders have a right to inspect copies of contract notes and entries in the Manager's books or computerised records relating to their transactions. Their representatives also have certain rights under applicable Data Protection Legislation, including the right to access copies of their personal data and change the permissions given in respect of the processing of it. The Manager will treat all Unitholders' records as confidential and so reserves the right to provide copies of the Unitholder/representative's particular record, rather than allow access to files which may contain information about other Unitholders. Requests to access the above records/personal data or to exercise any other rights under applicable Data Protection Legislation should be directed to The Data Protection Adviser at the Manager's office, Senator House, 85 Queen Victoria Street,

London, EC4V 4ET.

## Accounts of the Fund

The Annual Report of the Fund is normally prepared for the half year to 30 June (unaudited) and the year to 31 December (audited).

The Manager will make available, free of charge on its website ([www.ccla.co.uk](http://www.ccla.co.uk)) the Annual Report for the period to 31 December (the accounting reference date) and the half-yearly reports and accounts for the period to 30 June (the interim accounting date) within six months of the end of the relevant period.

An Annual Report is issued on or before 30 June each year which in addition to the valuation reports detailed above includes, amongst other things, information on the Fund's risk profile, the Manager's risk management systems and details of any changes to the Fund's liquidity management. The Annual Report will also include details of any change to the Fund's use of leverage and further disclosures required by the AIFMD Legislation.

If a hard copy or an email of a report is required please contact customer services telephone helpline on 0800 022 3505.

## Auditor

The Auditor of the Fund is shown in Appendix 1 of this document.

## 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. It is exempt from Stamp Duty Land Tax on its property purchase transactions and from Stamp Duty and Stamp Duty Reserve Tax on the purchase of securities.

The Fund's quarterly income distributions are paid gross without any deduction of tax as all the Unitholders have charitable status and are entitled to receive such payments without deduction of tax provided they are used for Charitable Purposes.

The references to tax exemptions and reliefs are based on the law as at the date of publication of these Scheme Particulars. The tax position may change in the future. Unitholders should obtain their own tax advice in respect of their own position.

The Manager shall not have a lien or security interest in the property of the Fund.

The Manager will not act as principal in any transaction with the Fund. The Manager accepts responsibility for loss of the investments of the Fund to the extent that such loss is due to the negligence, wilful default or fraud of itself or any delegates. The Manager will not otherwise be liable for any loss to the investments of the Fund. No warranty is given by the Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objectives of the Fund will be successfully accomplished.

Distributions are paid and reinvested income credited gross to Unitholders on the basis that all UK taxation has been both reclaimed and recovered. Overseas income is credited net and any overseas withholding tax is credited to income when it is recovered. No deductions in respect of tax are made with regard to income distributions or income passed to capital.

## Professional liability

The Manager holds professional indemnity insurance (PII) to cover professional liability risk.

## Fair treatment of Unitholders

The Manager has established policies and procedures and made arrangements to ensure the fair treatment of Unitholders. Such arrangements include, but are not limited to, ensuring that no one or more Unitholders are given preferential treatment over any rights and obligations in relation to their investment in the Fund that would result in a disadvantage to any other Unitholder. All rights and obligations to Unitholders, including those related to subscription and redemption requests, are set out in the Scheme and these Scheme Particulars.

The Manager has established fair and transparent pricing models and valuation systems and procedures for the assets of the Fund and endeavours to ensure that there are no undue costs being charged to the Fund and the Unitholders.

The Manager has also established procedures to identify, manage and monitor conflicts of interest and, where applicable, disclose those conflicts of interest to prevent them from adversely affecting the interests of the Unitholders. The Manager has established a process for recognising and dealing with complaints fairly.

## Amending these Scheme Particulars

These Scheme Particulars may be updated or amended by the Manager from time to time, subject where applicable to the approval of the Board or the Charity Commission where necessary as set out in the Scheme and these Scheme Particulars, and in relation to any changes to the investment objective and Investment Policy only in accordance with the provisions dealing with such changes as set out above in these Scheme Particulars.

The approval of the Board is necessary where the Manager seeks to amend the investment objective or Investment Policy, or where the Manager wishes to enter into a course of borrowing in excess of 10% of the Net Asset Value.

The approval of the Charity Commission is required in the following circumstances:

- if it is proposed that the fees of the Manager or the Trustee be increased; or
- if any amendment is proposed that modifies or relaxes any duty to account to the Fund which may result from a conflict of interest or duty on the part of the Trustee, Manager or other person.

The Manager will endeavour to give Unitholders 30 days' notice of changes to the Scheme Particulars save in respect of any proposed increase in the fees of the Manager and/or Trustee when a minimum of 90 days' prior notice is required to be given under the Scheme. For changes other than changes to the fees of the Manager and/or Trustee, in some circumstances it may not be possible to give 30 days' notice when changes are required for regulatory or other reasons.

The Fund is deemed compliant for the purposes of FATCA.

## Corporate Actions

The Fund will take an active policy with regard to corporate actions and voting. Please see comments on the Responsible Investment Policy of the Fund.

## Acceptance of Terms and Conditions

By completing the application form to purchase units the Unitholder acknowledges and accepts the terms and conditions for the unitholding and agrees to be bound by the provisions of these Scheme Particulars and the Scheme.

## Applicable Law and Jurisdiction

Any agreement to invest in the Fund is governed by English Law and subject to all applicable laws, regulations and rules. In the event of a conflict between such agreement and any such laws, regulations and rules the latter shall prevail.

These Scheme Particulars summarise the terms on which the Fund operates. For further information as to the terms on which Units are issued, reference should be made to the Scheme.

By applying for Units, a Unitholder acknowledges that it will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of or in connection with such a Unitholder's investment in the Fund or any related material.

## Scheme Particulars

Any person relying on the information contained in this document which was current at the date shown, should check that the document is the most current version and that no revisions or corrections have been made to the information contained herein. Copies of this document are available free of charge on [www.ccla.co.uk](http://www.ccla.co.uk)

## Additional Information

A Unitholder is entitled to request an unaudited periodic report to be provided within 25 days after the end of the period to which it relates.

The Manager will make available copies of the Scheme Particulars, Key Information Document, factsheets, current Investment Policy and annual and half yearly report and accounts, free of charge, on its website [www.ccla.co.uk](http://www.ccla.co.uk)

If a hard copy or an email copy of any of these documents or the Scheme is required please contact customer services on telephone helpline 0800 022 3505.

## Winding Up

If, upon consideration of the Board's representations (if any), the Trustee remains of the opinion that a winding-up of the Fund is expedient in the interests of the Unitholders, the Trustee may execute a written declaration that the Fund is to be wound up, and if it does so, the Trustee shall send copies of the declaration to the Charity Commission, the Manager and the Board and publish it as the Charity Commission may direct.

Once the Trustee has executed the declaration to wind-up the Fund dealings in the Fund will be suspended and all Unitholders will be deemed to have made an application to sell their Units to the Manager.

As soon as practicable after the Fund falls to be wound up, the Trustee shall realise the property of the Fund and after paying or providing for the liabilities of the Fund and the costs of the winding-up, distribute the proceeds to the Unitholders pro rata to their holdings. Any applications already received by the Manager to sell Units in advance of the declaration to wind-up the Fund but not yet processed will be prioritised ahead of the deemed applications to sell that have been triggered as a result of the decision to wind-up the Fund. After the priority applications to sell have been processed the Fund property will be distributed to the remaining Unitholders on a pro-rata basis according to the number of Units held by them in the Fund. The Manager has discretion to make in-specie redemptions in place of payments in cash.

In the event of winding up the Income Reserve is distributed at the discretion of the Trustee.



## APPENDIX 1 - Directory

### Trustee and Depositary

The Trustee and depositary of the Fund is HSBC Bank plc which is a public limited company, incorporated in England and Wales. It is a 100% subsidiary of HSBC Holdings plc, incorporated in England with limited liability. Its principal business is banking. The Head Office, which is also the Registered Office, is at 8 Canada Square, London E14 5HQ.

### Manager

The Manager is CCLA Fund Managers Limited which is a limited liability company registered in England and Wales authorised and regulated by the FCA in the conduct of investment business. The Manager is authorised by the FCA as a full scope AIFM and is entered on the FCA's register under number 611707.

The main business activity of the Manager is the management of unregulated collective investment schemes in the form of alternative investment funds.

CCLA Fund Managers Limited is a wholly owned subsidiary of CCLA Investment Management Limited. Registered Office at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

Incorporated on 16 October 2013.

Directors of CCLA Fund Managers Limited are:

R. Horlick (Chairman)\*

J. Bevan

P. Hugh-Smith

J. Jesty\*

C. Johnson\*

G. Newson\*

A. Robinson

A. Roughead\*

E. Sheldon

(\* indicates a Non-Executive Director)

The Manager also manages the COIF Charities Ethical Investment Fund, the COIF Charities Global Equity Income Fund, the COIF Charities Fixed Interest Fund, the COIF Charities Investment Fund and the COIF Charities Deposit Fund.

CCLA Fund Managers Limited Customer Telephone Helpline Number is 0800 022 3505.

Please note telephone calls may be recorded.

### Investment Manager

The Investment Manager is CCLA Investment Management Limited which is a limited liability company registered in England and Wales and is authorised and regulated by the FCA in the conduct of investment business. Registered Office at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

## **The Board of the Fund**

The members of the Board are:

K. Corrigan

J. Hobart

N. Morecroft (Chairman)

G. Newson (Non-Executive Director of the Investment Manager)

A. Watson

C. Ong

S. Niven

## **Administrator**

CCLA Investment Management Limited.

## **Registrar**

The Registrar of the Fund is CCLA Investment Management Limited. The Register of Unitholders may be inspected at the Registered Office of CCLA Investment Management Limited.

## **Auditor**

The Auditor of the Fund is PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.

## **Address for Complaints**

Complaints regarding the operation of the Fund or the Manager should be addressed to: The Head of Client Services, CCLA Fund Managers Limited, Senator House, 85 Queen Victoria Street, London EC4V 4ET.

Complaints regarding the Trustee should be addressed to: The Compliance Officer, HSBC Bank plc, Trustee of the COIF Charities Funds, 8 Canada Square, London E14 5HQ.

Unitholders who are eligible complainants may have the right to complain directly to the Financial Ombudsman Service, Exchange Tower, London E14 9SR (telephone 0845 0801 800).

## **Property Valuer**

Knight Frank, 55 Baker Street, London W1U 8AN

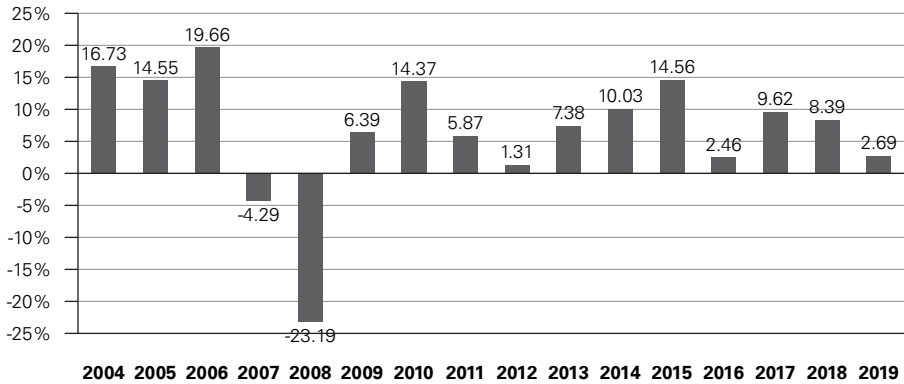
## **Property Lawyers**

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

DLA Piper Scotland LLP Collins House, Rutland Square, Edinburgh EH1 2AA.

## APPENDIX 2 - Past Performance

The performance shown below is net of all Fund charges and expenses and it has been calculated in Sterling.



The Fund started on August 2002. Past performance is not a reliable indicator of future results.

## APPENDIX 3 - Investment Policy Statement

This Investment Policy Statement is provided in accordance with clause 51.4 of the Scheme. It should be read in conjunction with the Scheme Particulars. The Investment Policy of the Fund is designed to meet the investment objective of the Fund and is made and reviewed by the Manager.

### **Investment Objective**

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

### **Investment Policy**

The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties, but may invest in other assets, which may be either liquid or illiquid in nature.

The Fund may invest a proportion of its assets in liquid instruments and cash in order to obtain appropriate levels of liquidity. Instruments used for this purpose may include cash and near cash equivalents, participation notes, UK real estate investment trusts, regulated or unregulated investment funds, and loan notes.

The Fund is managed in accordance with the policies of the Church of England's Ethical Investment Advisory Group.

### **Comparator Benchmark**

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

### **Target Investors**

The Fund is suitable for the long-term funds of any charity seeking exposure to UK commercial property. The Fund is targeted at investors with an understanding or previous history of investing in similar types of fund, with appropriate levels of risk tolerance and ability to bear loss. Please note that the Manager is not required to assess the suitability of the Fund against each investor.

Our investors may be either retail or professional clients (both per se and elective).

### **Balance between different kinds of investment**

The balance between the different kinds of investment will be established by reference to the sector allocation of the comparator benchmark and the Manager's judgement of the future returns likely to be obtained on each type of property. To mitigate risk, the differences will be regularly monitored and reviewed by both the Manager and the Board.

### **Risk**

The nature of the Fund is to be exposed to a number of risks as detailed in the Risks section of the Scheme Particulars. This means that the Unit price may fluctuate. Risk will be

managed to the extent possible by diversification across a number of sectors, by diversification, where possible, within each sector, and by following controlled administrative procedures.

### **Projected return**

The Fund expects to provide a high income to investors, derived from the rent paid on its direct property investments, which may grow as higher rental levels are achieved. The future capital return, which may be negative, cannot be projected as it is dependent upon the level of demand for investment properties and the rate of economic growth.

### **The Realisation of investments**

The Fund will be actively managed, which means that properties will be sold by the Manager for both property specific and sector allocation reasons in furtherance of the Investment Policy.

### **Borrowing**

Borrowing increases the risks involved in the Fund, magnifying both gains and losses. The Manager may borrow temporarily up to 10% of the value of the property of the Fund. With the prior written consent of the Board, the Manager may borrow up to 25% of the value of the property of the Fund for investment in or improvement of property and other purposes.

# **CCLA**

CCLA Client Services:  
Freephone: 0800 022 3505  
or visit [www.ccla.co.uk](http://www.ccla.co.uk)

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