

Charities Property Fund – Factsheet

Fund Objectives

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (including Scotland and Northern Ireland). It is a Common Investment Fund (CIF) regulated by the Charity Commission. The Fund's objective is to invest in property throughout the UK to provide a balanced portfolio. It aims to provide a high and secure level of income and to maintain the capital value of assets held.

Key Points

- Fund size £1,018 million
- Well diversified
- 112 properties and 247 tenants
- High yielding (4.9% as at September 2015)
- Low vacancy rate (0.9% versus IPD at 10.7%)
- No gearing
- Strong covenants compared to IPD (86.7% rated low or negligible risk, compared to IPD at 76.2%)
- Allowing for void property, the Fund has a long unexpired average lease term of 11.8 years to expiry (10.3 years to break). IPD: 10.5 years to expiry (9.5 years to break) on the same basis.
- 31.6% of income benefits from fixed rental increases

Applications

£45.3 million (net) of new applications were accepted this quarter. Cash on deposit is £45.9 million (4.5%).

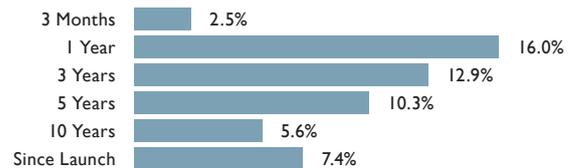
Purchases

There have been two purchases this quarter; a retail warehouse park and a hotel. The purchases totalled £37.5 million and the average yield to the Fund was 5.7%. The combined average lease term for these assets was 23.4 years and the average term to earliest break was 22.8 years. Approximately 87% of the income benefits from RPI or 2.5% pa fixed increases.

The retail warehouse park comprised **Halewood Shopping Centre** in Liverpool which is let to 14 tenants including Aldi, Iceland, Home Bargains and Tesco. It is a newly constructed town centre convenience retail park and incorporates the bus station and lies adjacent to the NHS Health Centre providing considerable footfall. The price of £9.3 million reflected a yield to the Fund of 6.4%.



Fund Performance



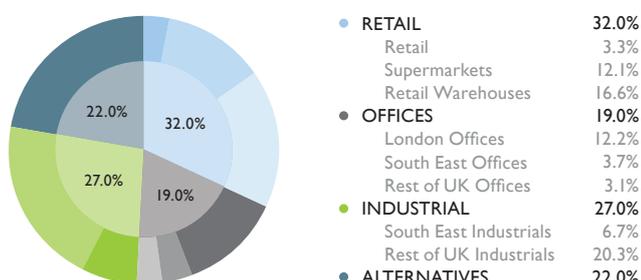
Source: Savills Investment Management, IPD (September 2015)
Basis: NAV-to-NAV with gross income reinvested
The Charities Property Fund launched in 2000

The Fund total return for Q3 2015 was 2.5% compared to 3.0% for the IPD All Balanced Funds Property Index. For the year to date the Fund has returned 10.4% against the Index of 9.4%. Over the last 12 months the Fund has produced a total return of 16.0% compared to 14.4% for the Index.

The second acquisition was the **Jurys Inn hotel** in Brighton and this opportunity presented itself following our recent acquisition of a hotel in Derby. The hotel is let to Jurys Inn until November 2042 and benefits from five yearly rent reviews linked to the increase in RPI, with the next review being in only two years time. The price of £28.23 million reflected a yield to the Fund of 5.5%. The hotel lies adjacent to Brighton railway station and was acquired for a price reflecting only £180 per sq ft capital value.

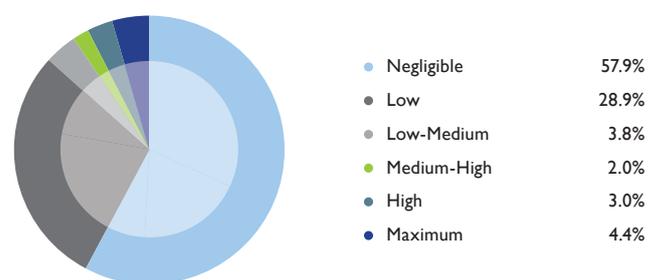


CPF Portfolio September 2015



Source: Savills Investment Management, September 2015

Covenant Strength (IRIS)



Source: IPD IRIS, Savills Investment Management, September 2015 (based on D&B)

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Fund Information (as at 30 September 2015)

Launch date	September 2000
Fund size	£1,018 million
No of investors	1,820
Historic distribution yield	4.9%*
Prospective distribution yield	4.7%**
Fund costs (TER)	0.54% per annum
Unit price	Bid - 116.24 pence
	Offer - 119.45 pence
	NAV - 117.61 pence
Bid/Offer spread	2.5%***
SEDOL	0208075
Next distribution date	13 November 2015
Last distribution payment	1.28p per unit
Next dealing date	31 December 2015 [#]

* Based on the last four distributions declared divided by the current NAV

** Based on the next four estimated distributions divided by the current NAV

*** Assuming Fund fully invested

[#] Applications must be received on the 15th day of the month in which the Valuation Date falls (or if that is not a Business Day the preceding Business Day) for dealing on the next Dealing Date

10 Largest Tenants (by income)

Tesco Stores Limited (surety: Tesco Plc)	6.3%
Jurys Hotel Management (UK) Limited (surety: Vesway Limited)	5.1%
Sytner Properties Limited (surety: Sytner Group Limited)	3.1%
Sainsbury's Supermarkets Limited (surety: Sainsbury's Plc)	3.1%
EHS Brann Limited (surety: Havas SA)	2.9%
John Lewis Plc	2.6%
The Secretary of State for Communities and Local Government	2.5%
Travelodge Hotels Limited	2.5%
Wickes Building Supplies Limited (surety: Wickes Holdings Limited)	2.3%
Rybrook Limited (surety: Rybrook Holdings Limited)	2.3%
Total	32.7%

Source: Savills Investment Management, September 2015

Asset Management

We have agreed to fund the **redevelopment** of an **old piano factory** in Kentish Town NW5. When completed the property will provide almost 18,000 sq ft of office accommodation over the lower ground, ground and four upper floors. Marketing VF Limited will enter into a new ten year lease on completion of the works in January 2016.

The rent of £750,000 per annum will reflect a yield of 5.0% to the Fund on its total outlay of £15.0 million.

This is a very similar asset to the building in Rivington Street EC2, which we funded last year. We have already seen significant rental and capital growth on this property (over 20% in six months) and Kentish Town exhibits many similarities to Shoreditch with its unique community and businesses from various sectors.



Sales

There have been three sales this quarter totalling £14.3 million reflecting a yield of 5.5%. They comprised a supermarket, a high street retail unit and an industrial estate.

The **industrial estate** was situated in Walsall and was acquired in December 2014, as part of the Beam portfolio for £3.0 million. We regeared one of the leases and sold it to an adjoining owner (in effect a special purchaser) for £3.5 million, six months later. The second sale comprised the **Martins newsagents** in St Neots, which was acquired as part of an in specie transfer in March for £755,000. This was sold to a private property company for £820,000 in September.

Finally we sold the **M&S Supermarket** in Rayleigh for £10.0 million to ICL Pension Trust, reflecting a yield of 4.5%.



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Further information can be found about the Fund at our dedicated website: www.cpfund.co.uk

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