CHARITIES PROPERTY FUND

Savills Investment Management

INTERIM REPORT & ACCOUNTS

December 2016

CHARITIES PROPERTY FUND TEAM

Savills Investment Management is a dedicated specialist international property investment management business with c.**£13.9 billion** of assets under management (as at 31 December 2016), with an experienced team of c.270 professionals located in 15 offices across Europe and Asia. It has provided investment services for 30 years, comprising separate accounts and investment mandates on an advisory or discretionary basis, and the establishment and management of pooled property funds. Clients include pension funds, insurance companies, endowments, charities and family offices on whose behalf we invest in office, retail, industrial, residential and alternative sectors in property.

Savills Investment Management is wholly owned by the Savills Group, a FTSE 250 company and international real estate consultancy. Savills Investment Management retains operational independence from the wider Savills Group to enable us to act on a best execution basis on behalf of our clients.

PROPERTY

Harry de Ferry Foster
Fund Director

Angy Benitz
Fund Manager

Jim Garland
Assistant Fund Manager

INVESTOR RELATIONS

Amy Joslin
Investor Relations
Charities Property Fund

Lucy Auden
Investor Relations

Shalin Khanna
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FINANCE

Tammy Thomas
Fund Finance Manager

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OBJECTIVES AND STRATEGY

The Charities Property Fund (the "Fund") aims to provide a high and secure level of income with the prospect of growth in income and to maintain the capital value of the assets held in the Fund, through investing in a diversified UK commercial property portfolio.

To meet this objective, we as the manager, Savills Investment Management (UK) Limited (the "Manager") target a total of 7%, of which we look to deliver the majority through income. However this is an aspiration and a guideline, not a guarantee, and the level of income and total return may fluctuate.

The Fund invests in the principal commercial property sectors: office (both London and regional), retail (high street, supermarkets and retail warehouses), industrial (manufacturing and distribution) and alternatives (hotels, car showrooms, roadside and leisure) and whilst it will undertake forward fundings of pre-let investments it does not undertake speculative developments.

We aim to achieve an above average income return by keeping vacancy and associated costs (such as empty rates, service charges, repairs and insurance) to a minimum (the vacancy rate is currently 0.9% compared to the MSCI average of 8.2% as at December 2016) and by generating income growth through rental increases, refurbishments and new lettings.

We also believe the Fund's sector weightings deliver a small yield benefit through maintaining a higher weighting to the London office sector (excluding core City and Mayfair areas) and the industrial and alternative sectors, and a lower weighting to the high street retail and core City and Mayfair office markets.

We continue to look for interesting growth locations and opportunities, with a bias towards fringe London locations, good quality retail warehousing, alternatives and the industrial/distribution markets. These sectors benefit from a positive demand/supply imbalance and in the case of industrials, provide a higher yield and assets can be acquired close to replacement costs, thereby giving downside protection.

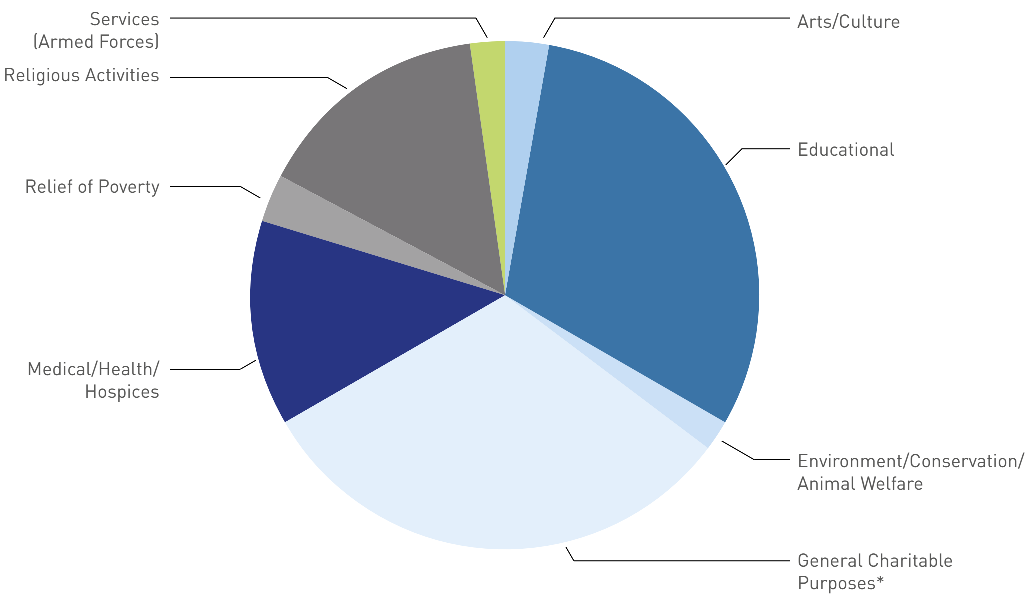
We have acquired **116 buildings** in the last seven years, investing almost **£850 million** in assets that are now valued (or have been sold) for a total consideration of over **£1 billion**. Of these, we have sold 21 properties totalling only 9.3% of all properties, illustrating that acquisitions have generally been made for the long term.

Our ability to source the right investment stock at the right price continues to be the biggest driver of performance.

INVESTOR CATEGORISATION

38 OXBRIDGE COLLEGES

24 UNIVERSITIES



49 SCHOOLS

40 SERVICES (ARMED FORCES)

13 CATHEDRALS

Source: Savills Investment Management (December 2016)

* This category includes charities with multiple sector beneficiaries or charities who offer a range of services to a set geographical area.

FUND GROWTH

PERFORMANCE HIGHLIGHTS TO 31 DECEMBER 2016

The Charities Property Fund has returned

6.4%

year to December 2016

The Charities Property Fund has returned

11.9%

annualised over a three year period

The Charities Property Fund has returned

9.9%

annualised over a five year period

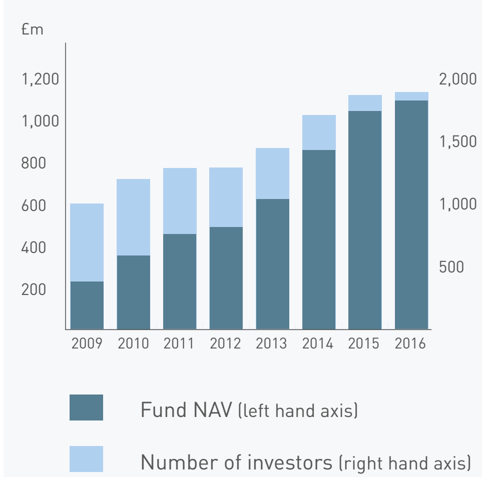
The Charities Property Fund has returned

7.4%

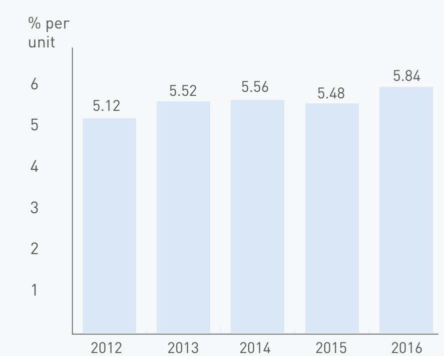
annualised since launch

GROWTH IN FUND NAV

as at 31 December 2016



DIVIDEND GROWTH

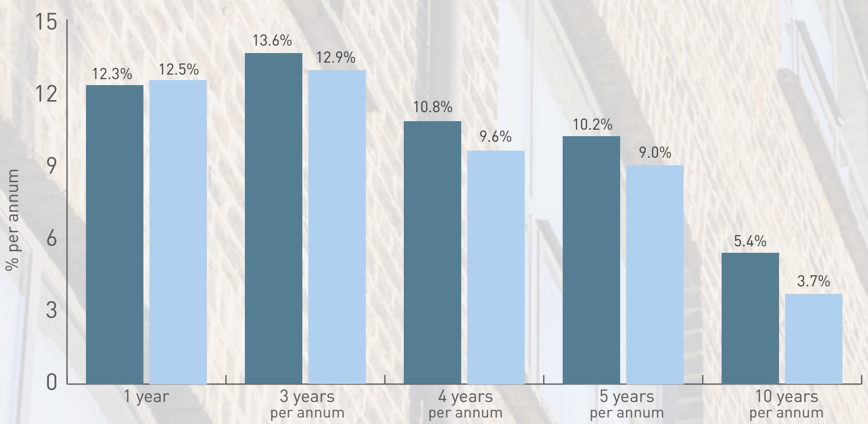


FUND PERFORMANCE

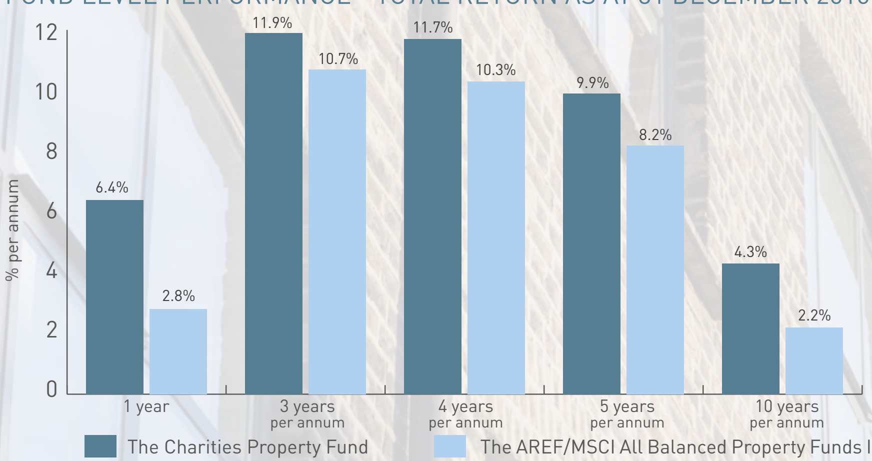
The total return for the Fund for 2016 was 6.4% against the Fund's target annual return of 7%. The AREF/MSCI All Balanced Property Funds Index produced a 2.8% total return over the same period. The capital NAV of the Fund has increased by 3.57% during the last six months from £1,064 million* in June 2016 to £1,102 million* in December 2016. This included £34.8 million of net cash inflow.

The Fund has outperformed the AREF/MSCI All Balanced Property Funds Index and was the best performing UK balanced Fund in 2016 (out of 27 funds). The Fund is also the second best performing fund over 10 years, and the third highest performer over five years.

FUND LEVEL PERFORMANCE - TOTAL RETURN AS AT 31 DECEMBER 2015



FUND LEVEL PERFORMANCE - TOTAL RETURN AS AT 31 DECEMBER 2016



Source: Savills Investment Management/ AREF/MSCI All Balanced Property Funds Index

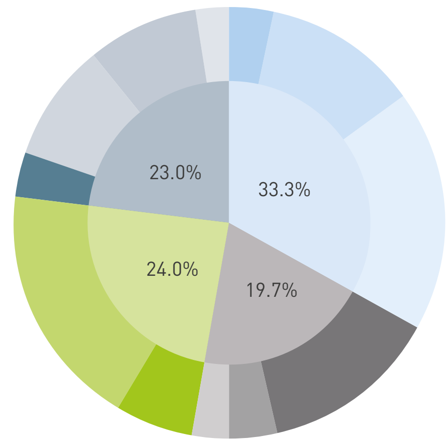
*** The capital NAV excludes revenue items which are included in the NAV in the Financial Information section**

SECTOR WEIGHTINGS

The portfolio is well diversified and is not over exposed to any one particular sector. It continues to have a bias towards London offices, alternatives and the industrial/distribution sectors and it remains underweight (relative to the AREF/MSCI All Balanced Funds Index) to high street retail, shopping centres, regional offices and the core City of London office market.

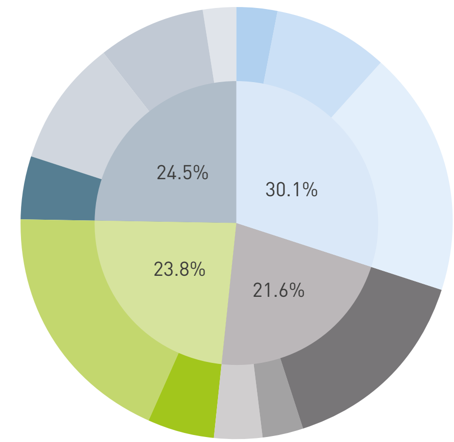
We have increased our exposure to retail warehousing, fringe London offices, regional offices, rest of UK industrials and alternatives over the last 12 months, whilst reducing our exposure to high street retail, supermarkets and South East industrials.

CPF December 2015



RETAIL	33.3%
Retail	3.6%
Supermarkets	11.6%
Retail Warehouses	18.1%
OFFICES	19.7%
London Offices	13.2%
South East Offices	3.6%
Rest of UK Offices	2.9%
INDUSTRIAL	24.0%
South East Industrials	5.7%
Rest of UK Industrials	18.3%
ALTERNATIVES	23.0%
Leisure	3.3%
Hotels	8.9%
Automotive	8.3%
Roadside	2.5%

CPF December 2016



RETAIL	30.1%
Retail	3.1%
Supermarkets	8.7%
Retail Warehouses	18.3%
OFFICES	21.6%
London Offices	15.1%
South East Offices	3.1%
Rest of UK Offices	3.4%
INDUSTRIAL	23.8%
South East Industrials	5.0%
Rest of UK Industrials	18.8%
ALTERNATIVES	24.5%
Leisure	4.5%
Hotels	9.6%
Automotive	8.0%
Roadside	2.4%

Source: Savills Investment Management

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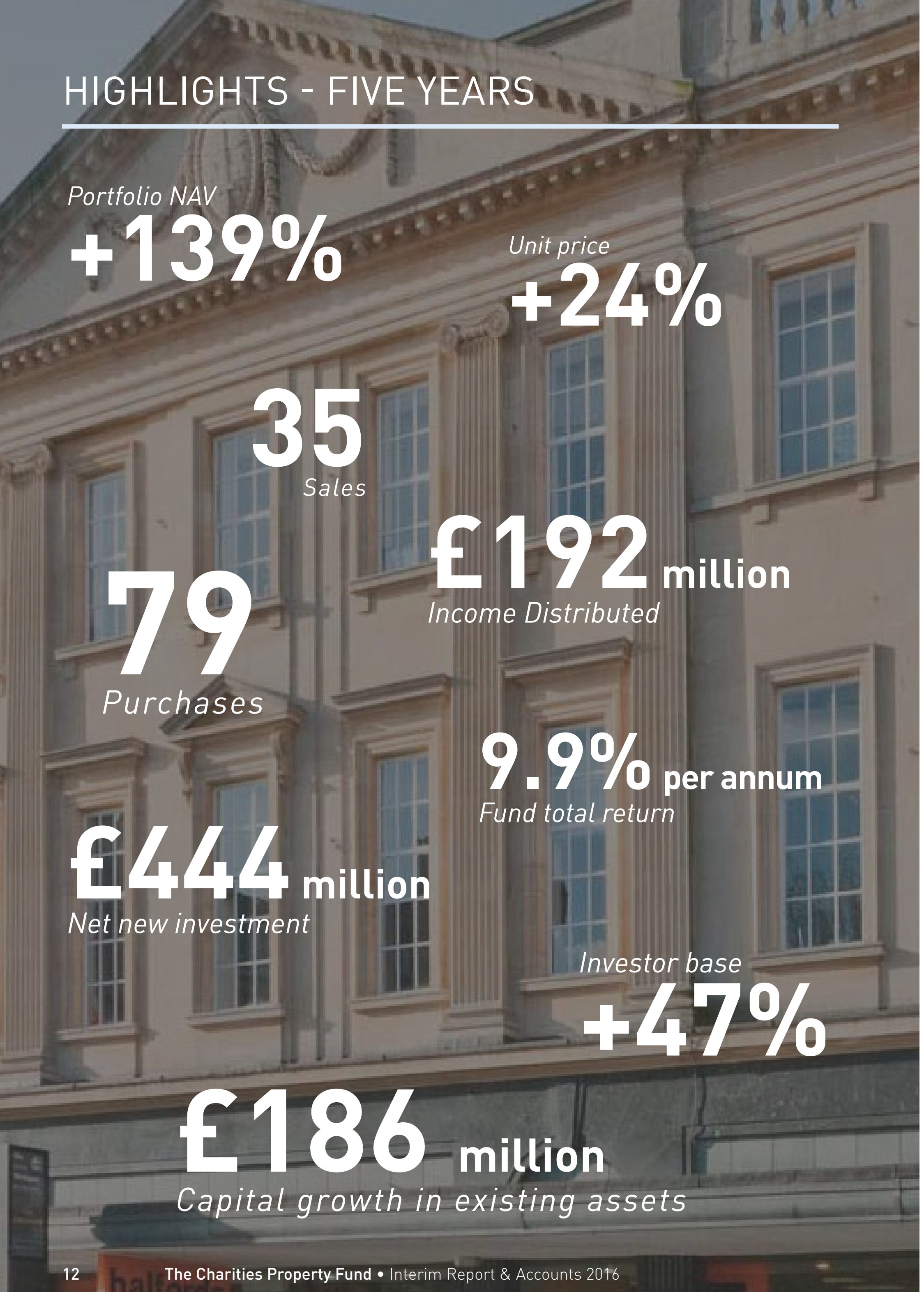


HIGHLIGHTS - FIVE YEARS

Portfolio NAV
+139%

Unit price
+24%

35
Sales

£192 million
Income Distributed

79
Purchases

9.9% per annum
Fund total return

£444 million
Net new investment

Investor base
+47%

£186 million
Capital growth in existing assets

PORTFOLIO REPORT - PURCHASES

The Fund purchased three individual property investments during the six months to 24 December 2016, investing **£21.3 million**.

These properties are generally of high quality and let to very strong tenants (100% rated as negligible or low risk by Dun & Bradstreet, compared to MSCI at 78.0%). The leases have on average **11.4 years remaining** until expiry and 7.2 years on average to earliest break (compared to MSCI at 8.4 and 7.4 years respectively) and 64% of the income benefits from fixed or inflation linked rental increases.

The average yield to the Fund inclusive of acquisition costs is **6.0**%. This compares to the MSCI Monthly Index average net initial yield of **5.1**% as at December 2016.

The Fund's purchases include:

1. **Amazon, Liverpool** – a newly constructed distribution warehouse unit let to Amazon on a 10 year lease, was acquired for £8.6 million reflecting a yield of 6.7%.

2. **Whiteladies House, Clifton, Bristol** – this property provides office accommodation over four floors with 12 car parking spaces and is fully let to two tenants, Handelsbanken and Films 59, and was acquired for £4.15 million reflecting a yield of 6.4%.

3. **17-23 Parliament Street, Harrogate** – a newly developed block of five retail/leisure units located on an established leisure pitch in Harrogate town centre, let to Five Guys, Mitchells & Butler, Marston's, and Moss Bros, was acquired for £8.55 million reflecting a yield of 5.0%. This property benefits from long leases (17 years on average) and from fixed or RPI linked rent reviews.

Liverpool

PORTFOLIO REPORT - SALES

The Fund completed eight sales during the six months to 24 December 2016 and five of the eight properties benefitted from successful asset management to enhance their value prior to sale.

The Fund's sales include:

1. **Tesco, Nailsea** – a supermarket in Nailsea, let to Tesco, was sold back to Tesco for £23.63 million reflecting a net initial yield of 4.85%. The property was acquired for £21.3 million in 2011 and the Fund has received approximately £5.9 million in rent since purchase. The sale price represents a £2.33 million capital uplift since acquisition (June 2016 valuation: £24 million, 4.8%).

2. **Telford Way, Kettering** – an industrial unit in Kettering, let to Designer Contracts Ltd, was sold for £7.37 million reflecting a net initial yield to the Fund of 6.25%. The property was acquired in 2004 for £6.3 million. We secured a long lease of 15 years prior to the sale and over £5 million in rent has been received since purchase (June 2016: £7.35 million, 6.3%).

3. **Oasis, Chichester** – a retail unit in Chichester, let to Oasis, was sold for £2.55 million reflecting a net initial yield of 3.69%. The property was acquired in April 2011 as part of an in specie transfer at a price of £1.695 million. The sale price represents a 50% premium to the purchase price. In June 2016 we increased the unexpired term from two years to 10 years prior to the sale (June 2016 valuation: £1.95 million, 4.8%).

4. **Worcester** – a retail unit in Worcester, let to Costa Limited, was sold for £1.925 million reflecting a net initial yield of 4.1%. The property was acquired in April 2011 as part of an in specie transaction at a price of £1.4 million and the sale price represents a 40% premium over its purchase price and a 20% premium to the June 2016 valuation (June 2016 valuation: £1.6 million, 5.0%).

5. **31 Market Place, St Neots** – a retail unit in St Neots, let to Iceland until December 2021, was sold for £1.825 million, reflecting a net initial yield of 6.75%. The unit had been acquired in March 2015, as part of an in specie transaction at a price of £1.7 million (September 2016 valuation: £1.76 million, 7.0%).

6. **Mercedes, Dorchester** – a car showroom in Dorchester, let to Mercedes was sold for £2.3 million reflecting a net initial yield of 5.65%. The property was acquired as part of a portfolio of three Mercedes car showrooms for £1.92 million only 18 months before. It was let on a relatively long lease to 2030 at an affordable rent to a good quality tenant (June 2016 valuation: £2.25 million, 5.75%).

Nailsea

£45.85 million total sales proceeds

EIGHT sales completed

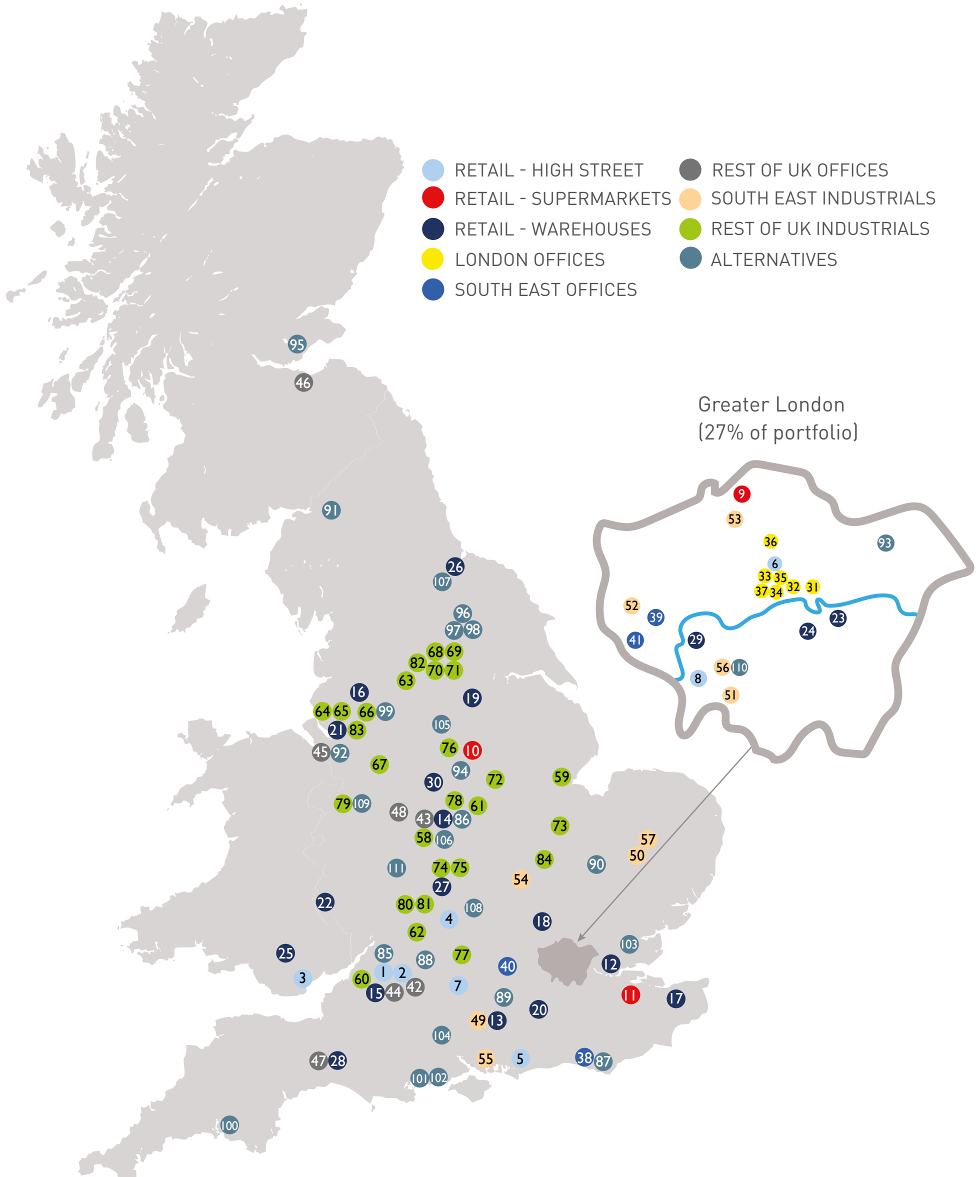
£0.39 million increase over JUNE 2016 valuations

7. **Smith's Metals, Biggleswade** – an industrial unit let to Smith's Metals, was sold for £5.0 million reflecting a net initial yield of 7.45%. It was acquired by Aberdeen UK Property Fund who own the neighbouring retail park. The property was purchased in November 2002 at a price of £4.57 million and the Fund has received £5.25 million in rent alone over the period of ownership. Prior to sale the lease was extended by seven years to April 2025 and it was disposed at a 9.4% premium to the purchase price (June 2016 valuation: £5.25 million, 7.1%).

8. **169/175 High Street, Southend** – a retail unit let to Muffin Break and The Works, was sold for £1.25 million reflecting a net initial yield of 7.9%. The property was acquired in December 2009 by way of an in specie transfer. The asset management of this property allowed us to sell with the benefit of two new leases, at rebased rents and with the benefit of residential development potential of the upper parts (September 2016 valuation: £1.30 million, 7.8%).

Total sales proceeds of **£45.85 million** reflected an increase of **£0.39 million** (+0.8%), before sales costs, over the June 2016 valuation of **£45.46 million**. These properties also contributed over **£500,000** of income from 24 June 2016 to their disposal.

MAP OF PROPERTIES



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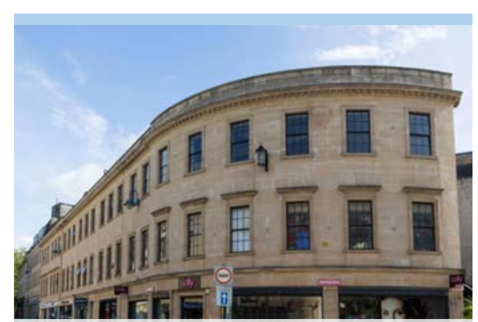
RETAIL - HIGH STREET

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
1	Bath (5-10 Westgate Buildings)	Sports Direct, Halfords, Maplin, Sally Salon, Sony Centre, Travelodge (under construction)	343,500	2016 - 2020 (2016)
2	Bath (Union Street)	Dune	146,000	2018
3	Cardiff	Burger King	325,000	2023
4	Cheltenham	Poundland	128,600	2020
5	Chichester	WH Smith	163,750	2022
6	London N1	JD Sports, Superdrug	194,000	2020
7	Marlborough	Morrisons	140,000	2020
8	Walton-on-Thames	Benson Beds	121,451	2025 (2020)
		Total, High Street	1,562,301	

SUPERMARKETS

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
9	Barnet	Sainsbury's	1,722,145	2037
10	Mansfield	Tesco	2,290,277	2039
11	West Malling	Waitrose	162,000	2026
		Total, Supermarkets	4,174,422	


Bath, 5-10 Westgate Buildings

Mansfield

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RETAIL WAREHOUSES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
12	Basildon	McDonald's, KFC, Pets at Home, Farmfoods, Poundland	620,181	2020 - 2035
13	Basingstoke	Homebase	1,113,000	2026
14	Birmingham	Halfords	105,300	2019
15	Bristol	Pets at Home, McDonald's	378,320	2022 - 2027
16	Bury	Carpetright, Halfords, KFC, Home Bargains, Farmfoods	657,041	2021 - 2030 (2026)
17	Canterbury	Dunelm, Carpetright	521,000	2026
18	Chesham	Wickes	306,400	2026
19	Doncaster	Wickes	296,327	2028
20	Guildford	Magnet	600,000	2024
21	Halewood	Aldi, Card Factory, Age UK, Home Bargains, Tesco, Iceland, Big Munch, Ladbrokes, Barnardo's, Blow Salon, Shop Express, Halewood Fish Bar, Brunch Box Cafe, Marie Curie Cancer Care	604,500	2017 - 2038 (2017-2023)
22	Hereford	Pets at Home, Lidl, Poundland, Poundstretcher	378,609	2023 - 2024 (2019)
23	London SE7	Under construction (pre-let to: Next, Primark, Aldi, Mothercare)	-	-
24	London SE15	B&M	263,250	2025
25	Merthyr Tydfil	Halfords, Home Bargains, Sports Direct, Dreams, PC World, Poundstretcher, Iceland, Phillip Evans	807,018	2021 - 2027 (2018)
26	Middlesbrough	B&M	239,180	2023
27	Redditch	Aldi, Pets at Home, Poundstretcher, Iceland, Home Bargains, KFC, Maplin	1,057,118	2019 - 2026
28	Taunton	Matalan	175,185	2029
29	Twickenham	Currys, Wickes	951,500	2019 - 2032
30	Uttoxeter	B&Q, Brantano, Poundland, Pets at Home, Argos, B&M, KFC, Frankie & Benny's, Poundstretcher, Majestic Wine, Scentarea, PR Bason & J Gathercole, Mumfeys Ices	952,114	2018 - 2032 (2017 - 2023)
		Total, Retail Warehouses	**10,026,043**	

Basingstoke

Greenwich, London

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LONDON OFFICES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
31	London E1	The British Diabetic Association	1,126,173	2026 (2023)
32	London EC1	EHS Brann	2,536,433	2017
33	London EC2 (Cowper Street)	Michael J Lonsdale	255,000	2024 (2019)
34	London EC2 (Rivington Street)	LK Bennett	808,013	2030 (2025)
35	London N1	VF Northern Europe, Sunshine Partners, Ticket Script, Spiers & Major, Odd London, UK Broadband	586,147	2018 - 2023 (2018)
36	London NW5	Marketing VF	750,000	2026 (2021)
37	London WC2	Church Retail, PCB Litigation, Konica Minolta Business Solutions (UK), EMW Law, Alliance Automotive, Linkdex, The Lord's Taverners	1,301,451	2019 - 2024 (2017 - 2019)
		Total, London Offices	**7,363,217**	

SOUTH EAST OFFICES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
38	Brighton	NHS, Bullhorn International, Michael Page, Dehns	569,549	2019 - 2026 (2021)
39	Feltham	The Secretary of State for Communities and Local Government	650,677	2017
40	Maidenhead	Regus, Copper Street Capital	584,207	2021 - 2023 (2019)
41	Staines	Givaudan UK	103,000	2018
		Total, South East Offices	**1,907,433**	


Chancery Lane, London


London, NW5

REST OF UK OFFICES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
42	Bath	Abel & Imray, Gradwell Communications, Local World, EIP Partnership, Coral Racing, Wickes, Starbucks	488,710	2018 - 2024 (2018 - 2019)
43	Birmingham	Spring Group, Arval UK	584,740	2019 - 2024 (2019)
44	Bristol	Films at 59, Handelsbanken	269,015	2121
45	Chester	The Secretary of State for Communities and Local Government	437,615	2026 (2021)
46	Edinburgh	BBC, Vattenfall Wind Power, Comas, University of Edinburgh, European Parliament, General Medical Council, MCAL Sweet Retail, WWF-UK, Cloudreach Europe	613,702	2019 - 2027 (2019 - 2021)
47	Taunton	Lloyds Bank	185,105	2020
48	Wolverhampton	ADAS UK	100,000	2022 (2017)
		Total, Rest of UK Offices	**2,678,887**	

SOUTH EAST INDUSTRIALS

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
49	Basingstoke	Debenhams	317,000	2017
50	Bury St Edmunds	Vacant	-	-
51	Epsom	Storage King, Screwfix Direct, Euro Car Parts, Heating and Plumbing Supplies, AWE Europe, HSS Hire Services	551,326	2018 - 2033 (2019)
52	Hayes	Tempur UK	497,097	2020
53	London NW9	VW Group	228,544	2031
54	Milton Keynes	Ceva	435,085	2016
55	Portsmouth	SMR Automotive Mirrors UK	665,000	2019
56	Thames Ditton	Sytner	316,754	2056 (2026)
57	Thetford	TNT	78,000	2020
		Total, South East Industrials	**3,088,806**	

Thetford


Thames Ditton

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REST OF UK INDUSTRIALS

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
58	Birmingham	Sheffield Insulation Group	310,005	2020
59	Boston	Fogarty	400,000	2039
60	Bristol	Kuehne + Nagel	480,000	2019
61	Burton-upon-Trent	Unipart Logistics	869,464	2017
62	Gloucester	Severn Glocon	525,000	2021
63	Huddersfield	VTL Group	301,498	2021
64	Liverpool	Amazon UK Services	577,500	2026 (2021)
65	Liverpool	Toyota Tsusho Assembly Systems	593,450	2023 (2020)
66	Manchester	Royal Mail, Wilkinson Star	318,250	2027-2028 (2022)
67	Newcastle-under-Lyme	Vacant	–	–
68	Normanton	Speedy Hire	199,500	2024
69	Normanton	Kongsberg Actuation Systems	365,654	2038 (2028)
70	Normanton	PNS UK	200,750	2031
71	Normanton	Really Useful Products	270,620	2022
72	Nottingham	Turbine Surface Technologies	433,843	2026
73	Peterborough	Sage Publications	182,900	2020
74	Redditch	iForce Group	1,437,900	2027
75	Redditch	SP Group	684,385	2021
76	South Normanton	Recticel	206,925	2031
77	Swindon	Jewson	146,500	2023
78	Tamworth	Speedy Hire	852,500	2029 (2024)
79	Telford	Johnson Controls	715,000	2019
80	Tewkesbury	Sapa Building Systems	879,417	2023
81	Tewkesbury	Oberthur Card Systems	270,000	2020
82	Wakefield	Verhoek Europe	238,400	2025 (2020)
83	Warrington	Eddie Stobart	330,000	2033
84	Wellingborough	CCL Label	552,488	2020
		Total, Rest of UK Industrials	**12,341,949**	


Normanton


Liverpool

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ALTERNATIVES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
	Leisure			
85	Bath (1-3 Westgate Buildings)	Stable Bar & Restaurant, Westgate Bath	169,500	2039 (2029)
91	Carlisle	DW Fitness	420,035	2034
96	Harrogate	Five Guys, Mitchells & Butlers, Marston's, Moss Bros	430,000	2026 - 2041 (2021 - 2031)
100	Plymouth	Travelodge, Bella Italia, Tasty Plc, Revolution, The Gym Group, UKPM	939,465	2029 - 2039 (2019)
103	Rayleigh	Virgin Active	464,000	2028
105	Sheffield	JD Wetherspoon, ASK, Slug and Lettuce, Caffe Nero, Meaty Fish, Yorkshire Metropolitan Housing Association	416,500	2023 - 2124 (2018)
		Total, Leisure	**2,839,500**	
	Hotels			
87	Brighton	Jurys Inn	1,568,125	2042
90	Cambridge	Travelodge	1,095,000	2048
94	Derby	Jurys Inn	1,250,000	2044
99	Manchester	Serviced Apartment Company (SACO), CDP, K Parry & J Bowden	629,624	2017 - 2035 (2025)
101	Poole	Travelodge, Costa Coffee, Anytime Fitness, Subway, Rental Guarantee	834,590	2017 - 2051 (2026)
		Total, Hotels	**5,377,339**	


Chigwell

Harrogate

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ALTERNATIVES continued

	Property	Principal Tenants	Annual Rent As at 24 Dec 2016 £	Lease Expiry (Break)
	Car Showrooms			
86	Birmingham	VW Group - SEAT	153,872	2027
89	Camberley	VW Group - Audi	333,765	2026
92	Chester	Rybrook - Jaguar & Volvo	209,724	2036
93	Chigwell	Sytner - BMW & Mini	696,858	2056 (2026)
97	Harrogate	JCT600 - Mercedes Benz, BP, M&S	423,100	2035 - 2036
98	Harrogate	Sytner - Audi	384,020	2025
102	Poole	Sandown Motors - Mercedes Benz	395,000	2030
104	Salisbury	Sandown Motors - Mercedes Benz	351,600	2030
106	Solihull	Rybrook - McLaren & Rolls Royce	275,000	2036
107	Stockton-on-Tees	VW Group - Audi	311,137	2027
110	Thames Ditton	Sytner - Jaguar Land Rover	342,094	2056 (2026)
111	Worcester	Rybrook - BMW & Mini	540,000	2036
		Total, Car Showrooms	**4,416,170**	
	Roadside			
88	Calne	Esso, Spar	160,000	2035
95	Glenrothes	BP, M&S	233,615	2034
108	Stow on the Wold	BP, M&S	185,000	2033
109	Telford	Welcome Break - Shell, Waitrose, WH Smith, Burger King, Starbucks, Krispy Kreme	896,060	2027
		Total, Roadside	**1,474,675**	
		Total, Alternatives	**14,107,684**	


Solihull

Stow on the Wold

AT 24 DECEMBER 2016

Portfolio of Investments	
Properties valued at greater than £15m	
Tesco, Chesterfield South Road, Mansfield	Backchurch Lane, London EC2
Crystal Court, Briset Street, London EC1	Rivington Street, London EC2
Sainsbury's, East Barnet Road, Barnet	Jurys Inn, Derby
90 Chancery Lane, London WC2	Homebase, Winchester Road, Basingstoke
Jurys Inn, Stroudley Road, Brighton	Trafford Retail Park, Redditch
Brocklebank Retail Park (under construction), London SE7	Apex Retail Park, Hampton Road West, Twickenham
iForce, Hedera Road, Ravensbank Business Park, Redditch	8 Shepherdess Walk, London N1
Travelodge, Newmarket Road, Cambridge	
Valuation £m (percentage of total net assets)	£404.850 (36.87%)
Properties valued at between £10m to £15m	
Imperial Works, Kentish Town, London NW5	SP Group, Hedera Road, Ravensbank Business Park, Redditch
Derry's Cross, Plymouth	Unit 5300, Severn Drive, Tewkesbury
Dovefields Retail Park, Uttoxeter	Old Market Retail Park, Station Lane, Pitsea, Basildon
Welcome Break, MSA, Junction 4, M54, Telford	One Bell Street, Maidenhead
BMW & Mini, Langston Road, Loughton, Chigwell	5-10 Westgate Buildings, Bath
Lifeboat Quay, West Quay Road, Poole	Magnet, Ladymead, Guildford
Emperor Point, Centurion Park, Tamworth	SACO, Minshull Street, Manchester
Unipart Logistics Limited, Barberry 157, Burton-upon-Trent	BMW & Mini, Knightsbridge Park, Worcester
Epsom Trade Park and Units 450A and 450B, Epsom	York & Wellington House, Dukes Green, Feltham
Pentrebach Retail Park, Merthyr Tydfil	The Lanconite Building, Stafford Park 6, Telford
Valuation £m (percentage of total net assets)	£245.995 (22.40%)
Properties valued at between £5m to £10m	
Aspect House, Queens Road, Brighton	Mercedes Benz, Holes Bay Road, Poole
Halewood Shopping Centre, Leather's Lane, Liverpool	Fogarty Ltd, Havenside, Fishtoft Road, Boston
Caxton Point, Printing House Lane, Hayes	Units 3010 and 3020, Birmingham Business Park, Birmingham
Toyota Tsusho, Hornhouse Lane, Liverpool	Units 1-7, Cambridge Street, Barkers Pool, Sheffield
Amazon Unit, Hornhouse Lane, Knowsley	Jaguar Land Rover, Portsmouth Road, Thames Ditton
Moorgate Retail Park, Bury	200 Rayleigh Road, Rayleigh
17-23 Parliament Street, Harrogate	Mercedes Benz, Southampton Road, Salisbury
Wincheap Retail Park, Canterbury	Chester Civil Justice Centre, Trident House, Chester
SMR, Castle Trading Estate, Porchester, Portsmouth	Kongsberg, Foxbridge Way, Normanton
The Tun, Holyrood, Edinburgh	Pets at Home & McDonald's, Bath Road, Brislington, Bristol
Severn Glocon Ltd, Olympus Park, Gloucester	DW Sports, Currock Road, Carlisle
Avery Dennison, Warth Park, Raunds, Wellingborough	Audi, London Road, Camberley
11 Poplar Way East, Cabot Park, Bristol	Brook Retail Park, Commercial Road, Hereford
Cowper Street, London EC2	Appleton Thorn Trading Estate, Warrington
Westpoint, James Street, Bath	Audi, Brooklime Avenue, Stockton-on-Tees
Audi, James Business Park, Knaresborough	Rolls Royce & McLaren, Stratford Road, Solihull
TST, Site 13A, Little Oak Drive, Sherwood Park, Nottingham	
Valuation £m (percentage of total net assets)	£240.215 (21.88%)

PORTFOLIO STATEMENT

AT 24 DECEMBER 2016

Portfolio of Investments	
Properties valued at between £2.5m to £5m	
Wickes, Townsend Road, Chesham	Units 1 & 2, Bradley Junction Industrial Park, Huddersfield
Units A & B, Wardley Cross Industrial Estate, Manchester	Jaguar & Volvo, Sealand Road, Chester
Debenhams, Knight's Park, Houndmills, Basingstoke	Unit 1, Rosevale Business Park, Newcastle-Under-Lyme
Dawson Road, Mount Farm Industrial Estate, Milton Keynes	16/17 North Street, Chichester
Jaguar Land Rover Service Centre, Portsmouth Road, Thames Ditton	BP & M&S, Station Road Garage, Stow on the Wold
78 Queen Street, Cardiff	B&M, Parkway Centre, Coulby Newham, Middlesbrough
Wickes, Leger Way, Doncaster	Trident Park, Normanton
Emerald Point, Bell Heath Way, Birmingham	Verhoek, Kenmore Road, Wakefield
Mercedes-Benz, Leeds Road, Harrogate	BP, M&S, Mercedes-Benz, Leeds Road, Harrogate
593-613 Old Kent Road, London SE15	PNS Unit, Trident Park, Normanton
Really Useful Products, Foxbridge Way, Normanton	Waitrose, Fortune Way, Kings Hill, West Malling
BP & M&S, Bankhead Park Service Station, Woodside Way, Glenrothes	Clover Nook Industrial Estate, Alfreton, South Normanton
51-55 Whiteladies House, Clifton, Bristol	BP & M&S, Pippen Service Station, Oxford Road, Calne
Skoda/Volkswagen, 78 Capitol Way, Colindale, London NW9	Dune, 4 Union Street, Bath
54/55 Chapel Market, Islington, London N1	SEAT, Watson Road, Star City, Birmingham
Alexandra Way, Ashchurch Business Centre, Tewkesbury	Unit 18, Fengate East, Peterborough
1-3 Westgate Buildings, Bath	Matalan, Bindon Road, Taunton
Valuation £m (percentage of total net assets)	£132.175 (12.04%)
Properties valued at between £0m to £2.5m	
232-234 High Street, Cheltenham	Sedgemoor House, Deane Gate Office Park, Taunton
134/135 High Street, Marlborough	Halfords, Watery Lane, Birmingham
Jewson, Kembrey Street, Kembrey Park, Swindon	Magna House, 76-80 Church Street, Staines
Moreton Hall Industrial Estate, Bury St Edmunds	TNT, Fisons Way Industrial Estate, Thetford
Hepworth Way, Walton-on-Thames	Pendeford House, Pendeford Business Park, Wolverhampton
Valuation £m (percentage of total net assets)	£17.900 (1.63%)
Total value of property holdings	**£1,041,135 (94.82%)**

	Valuation £000	Percentage of total net assets
Portfolio of investments	**1,041,135**	**94.82%**
Other net assets	**56,832**	**5.18%**
Net assets	**1,097,967**	**100.00%**

FINANCIAL INFORMATION

EXPENSE RATIOS

	Total Expense Ratio	Property Expense Ratio	Transaction Cost Ratio
24 December 2016	0.54%	0.14%	0.13%
24 December 2015	0.56%	0.20%	0.16%

The total expense ratio (TER) of the Fund is the ratio of the Fund's total operating costs to its average net assets for the prior 12 months. Operating costs are specifically those costs associated with operating the Fund itself and do not include additional costs associated with the day to day ownership of the assets. The property expense ratio (PER) includes those costs associated with the assets which are not recoverable from tenants. The transaction cost ratio (TCR) of the Fund is the ratio of all professional fees and other costs associated with the purchase and sale of property to the Fund's average net assets for the prior 12 months.

The TER is in line with the prior year. The PER is lower than the prior year as the void rate within the property portfolio has decreased due to active asset management. The TCR is lower than the prior year due to a lower number of acquisitions taking place during the current period.

PORTFOLIO TURNOVER RATE

	Portfolio Turnover Rate
24 December 2016	5.22%
24 December 2015	3.69%

The portfolio turnover rate gives an indication of how frequently the assets are purchased and sold by the Fund. It is calculated by dividing the total disposal value over the Fund's average net assets for the prior 12 months. The current year rate is higher than the prior year as there has been a greater number of asset disposals during the current period.

DISTRIBUTION YIELD

	Distribution Yield
24 December 2016	4.9%
24 December 2015	4.6%

The distribution yield represents the total distribution per unit over the period as a percentage of the net asset value per unit as at the end of the period.

ANNUALISED PERFORMANCE

	1 Year*	3 Years**	5 Years***
24 December 2016	6.4%	11.9%	9.9%
24 December 2015	12.3%	13.6%	10.2%

* total return year to 24 December 2016
** total return annualised over a three year period
*** total return annualised over a five year period

Source: AREF/MSCI All Balanced Property Funds Index
Basis: Capital NAV-to-NAV with gross income reinvested

INVESTOR ANALYSIS

Holding	Number of beneficial owners	Total percentage holding %
Less than 0.01%	693	1.76%
0.01% but less than 0.05%	854	13.67%
0.05% but less than 0.10%	161	10.37%
0.10% but less than 0.50%	135	27.62%
0.50% but less than 1.00%	22	15.44%
1.00% but less than 2.00%	12	15.58%
2.00% but less than 4.00%	4	11.41%
Greater than 4.00%	1	4.15%
Total number of investors	**1,882**	
Total number of units in issue at the end of the period	**920,362,074**	
Percentage held by the largest investor		**4.15%**

Holding	Total percentage holding %
Top 10 largest investors	23.42%
Top 25 largest investors	38.03%
Top 50 largest investors	51.37%
Top 100 largest investors	64.61%

FUND HISTORY AND DISTRIBUTION

FUND HISTORY

Net Asset Value/Fund Size	Date	Net Asset Value £	Units in Issue	Net Asset Value Per Unit (p)
	24 December 2012	492,061,038	520,137,801	94.61
	24 December 2013	627,033,467	629,731,793	99.57
	24 December 2014	861,549,836	780,413,123	110.40
	24 December 2015	1,050,001,676	890,156,751	117.96
	24 December 2016	1,097,966,540	920,362,074	119.30

Price and Income History	Year/Period Ended	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income Per Unit (p)
	24 December 2012	98.18	93.56	5.26
	24 December 2013	101.12	93.75	5.46
	24 December 2014	112.36	99.63	5.57
	24 December 2015	120.08	109.83	5.47
	24 December 2016	121.63	117.46	5.84

DISTRIBUTION

		2016		2015	
Distribution Number	Distribution Period	Distribution Per Unit (p)	Date Paid	Distribution Per Unit (p)	Date Paid
1	25 December to 24 March	1.41	13/05/16	1.57	15/05/15
2	25 March to 24 June	1.50	15/08/16	1.28	14/08/15
3	25 June to 24 September	1.48	15/11/16	1.28	13/11/15
4	25 September to 24 December	1.45	15/02/17	1.34	15/02/16
Total		**5.84**		**5.47**	

The Fund distributes all available income for each quarter and therefore does not need to apply an equalisation policy.

STATEMENT OF THE MANAGER'S RESPONSIBILITIES IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

The manager of the Charities Property Fund, Savills Investment Management (UK) Limited ('the Manager'), has accepted responsibility for the preparation of these interim financial statements for the six month period ended 24 December 2016 which are intended by the Manager to give a true and fair view of the state of affairs of the Fund and of the profit or loss for that period.

The Manager has decided to prepare the interim financial statements in accordance with UK Accounting Standards and applicable law including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these interim financial statements, the Manager has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable UK Accounting Standards have been followed; subject to any material departures being disclosed and explained in the non-statutory accounts; and
- prepared the interim financial statements on the going concern basis as it believes that the Fund will continue in business.

The Manager has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

INDEPENDENT REVIEW REPORT

INDEPENDENT REVIEW REPORT TO UNITHOLDERS OF THE CHARITIES PROPERTY FUND

Introduction
We have been engaged by the Manager of the Charities Property Fund (the "Fund") to review the interim financial statements in the half-yearly report and accounts for the six months ended 24 December 2016 which comprise the Statement of Total Return and Change in Net Assets Attributable to Unitholders, the Balance Sheet, and the Cash Flow Statement, together with the related explanatory notes and the Distribution Table on page 29. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

This report is made solely to the Fund's unitholders as a body in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and its unitholders, as a body for our review work, for this report, or for the conclusions we have reached.

Manager's responsibilities
The interim financial statements are the responsibility of, and have been approved by, the Manager.

The interim financial statements of the Fund are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Our responsibility
Our responsibility is to express to the Fund's unitholders as a body a conclusion on the interim financial statements in the half-yearly report and accounts based on our review.

Scope of review
We conducted our review in accordance with International Standard on *Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements in the half-yearly report and accounts for the six months ended 24 December 2016 are not prepared, in all material respects, in accordance with UK Generally Accepted Accounting Practice.

KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
13 March 2017

STATEMENT OF TOTAL RETURN AND CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Note	Unaudited 6 months to 24 December 2016 £		Unaudited 6 months to 24 December 2015 £	
Net capital gains	3		5,197,128		18,896,652
Income	4	27,991,981		26,007,791	
Expenses	5	(3,844,247)		(3,686,266)	
Net income before finance costs		24,147,734		22,321,525	
Finance costs – interest and other	6	(83,168)		(158,578)	
Net income			24,064,566		22,162,947
Total return before distributions			29,261,694		41,059,599
Finance costs – distributions	7		(25,497,948)		(22,189,902)
Change in net assets attributable to unitholders from investment activities			3,763,746		18,869,697
Statement of change in net assets attributable to unitholders					
Opening net assets attributable to unitholders			1,059,491,941		956,046,558
Net amounts receivable on creation of units			34,710,853		75,085,421
Change in net assets attributable to unitholders from investing activities			3,763,746		18,869,697
Closing net assets attributable to unitholders			1,097,966,540		1,050,001,676

BALANCE SHEET

	Note	Unaudited as at 24 December 2016 £		Unaudited as at 24 December 2015 £	
Assets					
Fixed assets					
Investment properties	8		1,041,135,000		1,003,480,000
Current assets					
Debtors	9	29,916,595		41,677,288	
Cash and bank balances		54,822,009		32,531,332	
			84,738,604		74,208,620
Total assets			1,125,873,604		1,077,688,620
Less: current liabilities					
Creditors	10	14,820,355		16,060,459	
Distribution payable		13,086,709		11,626,485	
			27,907,064		27,686,944
Total liabilities			27,907,064		27,686,944
Net assets attributable to unitholders			1,097,966,540		1,050,001,676

The financial statements were approved by the Board of Directors of the Manager on 9 March 2017 and were signed on its behalf by

Richard James
Chief Financial Officer
9 March 2017

CASH FLOW STATEMENT

	Unaudited 6 months to 24 December 2016 £	Unaudited 6 months to 24 December 2015 £
Cash flow from operating activities		
Reconciliation from net operating income to net cash flows from operating activities		
Net income before finance costs	24,147,734	22,321,525
Bank interest received	(36,117)	(47,101)
Decrease in trade and other receivables	1,136,276	1,665,587
Increase/(decrease) in trade and other payables	60,423	(721,520)
Net cash inflow from operating activities	25,308,316	23,218,491
Cash flows from investment activities		
Purchase of properties and capital expenditure	(24,711,857)	(86,338,201)
Sale of properties	44,223,358	33,343,574
Bank interest received	36,117	47,101
Net cash inflow/(outflow) from investment activities	19,547,618	(52,947,526)
Cash flows before financing activities	44,855,934	(29,729,035)
Cash flows from financing activities		
Net amounts received on creation of units	13,020,820	45,478,755
Borrowing costs and interest	(83,168)	(158,578)
Distributions paid	(26,617,672)	(21,188,302)
Net cash (outflow)/inflow from financing activities	(13,680,020)	24,131,875
Net increase/(decrease) in cash and cash equivalents for the period	31,175,914	(5,597,160)
Cash and cash equivalents at the start of the period	23,646,095	38,128,492
Cash and cash equivalents at the end of the period	54,822,009	32,531,332

The net amounts received on creation of units do not include movements relating to in-specie transfers which do not impact the cash position of the Fund.

NOTES TO THE FINANCIAL STATEMENTS AS AT 24 DECEMBER

1 ACCOUNTING POLICIES

a) Basis of accounting

These interim financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with the requirement of the Charities Act 2011 and the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the IMA in May 2014 (the "SORP"), other than as set out in (d) below.

The Fund is exempt from complying with the Charities Statement of Recommended Practice as per the guidance under paragraph 22.4 of that document.

b) Investment properties

The direct property investments which comprise properties held for rental, are recognised at fair value, being market value as defined in the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors, and in accordance with the Scheme Particulars. The interests in property are valued on a quarterly basis and were last valued by Cushman and Wakefield on 24 December 2016. The aggregate surplus or deficit on revaluation is taken to the Statement of Total Return.

Costs capitalised in respect of properties under development include acquisition costs of land and buildings, costs incurred in bringing the property to its present location and condition in accordance with FRS 102. Investment properties in the course of development are also held at valuation.

Properties, for which unconditional exchange of contracts occurs during the period, are accounted for as acquisitions or disposals within that period. Conditional exchanges are accounted for as acquisitions or disposals only when all substantive conditions have been met but are disclosed in the Manager's Report for information.

c) Basic financial instruments

Debtors and Creditors

Debtors are recognised initially at transaction price less attributable transaction costs. Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. These assets/liabilities are discounted where the time value of money is material.

Cash at bank

Cash at bank comprises cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are included as a component of cash for the purpose only of the cash flow statement. No bank overdrafts were utilised during the period.

d) Transaction costs

The Fund aggregates properties in the portfolio statement on pages 24 and 25 in bands greater than 5% and does not disclose transaction costs separately in order to avoid disclosure of sensitive commercial information and does not therefore comply fully with the SORP.

e) Depreciation
No depreciation is provided in respect of freehold and long leasehold investment properties or in respect of assets in the course of construction.

f) Income and expenses
Investment income, rental income, service charges and other expenses are recognised on an accruals basis. The periodic charge of the Manager is deducted from income.

Rents received in advance are accounted as prepaid rent within creditors.

Lease rental income is recognised over the lease term on a straight-line basis.

All expenses other than transaction charges relating to the purchase and sale of investments and certain borrowing costs (see point h) are included in 'Expenses' in the Statement of Total Return. Transaction charges are treated as a capital expense and are therefore capitalised.

g) Lease incentives
Benefits to lessees in the form of rent free periods, cash incentives and capital contributions are treated as a reduction in the overall return on the leases and, in accordance with FRS 102 are recognised on a straight line basis over the lease term. The total of the unamortised capital contributions and any lease incentives in place at the period end are included within the carrying value of investment properties rather than held as a separate debtor. Any remaining lease incentive balances in respect of properties disposed of are included in the calculation of profit or loss arising on disposal. See also Note 3.

h) Borrowing costs
Loan arrangement fees payable and legal costs associated with the establishment of the facility are deemed to be costs which are incurred to give the Fund the opportunity to enter into the credit facility agreement. On this basis they are deemed to be capital in nature and excluded from distribution calculations.

Loan interest expense is recognised on an effective interest rate basis. This interest and the loan non-utilisation fee are deemed to be revenue in nature and are included within the distribution calculations. Further detail of these costs is included in Note 6.

i) Interest on development drawdowns
Interest charged to developers on forward funded developments is capitalised and treated as a deduction to costs.

j) Distributions payable and distribution policy
Distributions payable are classified as finance costs and are recognised on an accruals basis. Further details of these distributions are included in Note 7.

Distributions are calculated in accordance with the Scheme Particulars.

k) Taxation
As a charity the Fund is not currently liable to UK tax on gains arising on disposals of investments, nor on income from investments, and is not liable to Stamp Duty Land Tax on purchases of property.

2 RISK MANAGEMENT

In pursuing its investment objective, the Fund holds a number of properties and financial instruments. The properties comprise of direct property holdings.
The following are held in accordance with the Fund's investment policy:

- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Short-term borrowings used to finance investment activity and cash flows associated with the application and redemption process; and
- Operating leases on freehold and leasehold properties.

The Manager has responsibility for monitoring the portfolio in accordance with the investment objective and seeks to ensure that investments in direct properties and individual securities also meet a risk reward profile that is acceptable.

The typical risks applicable to the Fund are market risks, liquidity risk, credit risk and sector exposure risk.

Market risks
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Fund's market risks arise from (a) interest rate movements and (b) market price movements.

a) Interest rate risk
The Fund's exposure to interest rate risk mainly arises from any variation in interest income earned on bank balances and interest payable on credit facilities due to volatility in interest rates. The Manager does not consider interest income earned on bank balances to be significant risk to the Fund as it is not the intention of the Fund to maintain cash balances for the purpose of generating income, but to invest in investment properties when suitable investments become available.

In respect of interest payable on credit facilities, if a credit facility is utilised, the Manager will consider the life of the borrowing and will take appropriate action on a case by case basis.

b) Market price movements
Direct property is independently valued on a quarterly basis. However, such valuations are a matter of the valuer's professional judgement and opinion. Such values may or may not be achieved on a sale of a property.

When proposing and considering a disposal, the Property Adviser and Manager will assess each property and consider factors such as current and estimated future prices, Fund liquidity, upcoming redemptions, cash held by the Fund and the portfolio profile before concluding on whether a property should be disposed of and when.

Liquidity risk
The key liquidity risk is the holding of direct property assets. Property by its nature is an illiquid investment and the Fund's investment properties may not be readily realisable for cash. Sales may take a number of months depending on the nature and location of the asset.

The main liquidity risk of the Fund is the redemption of units. The Manager monitors the level of redemptions, and other cash flows, on a regular basis to ensure sufficient funding is available. If insufficient cash is available to fund redemptions, the Fund can dispose of direct property holdings, utilise short term credit facilities, and defer redemptions.

Credit risk
Credit risk is the risk that one party to a financial arrangement will cause a financial loss for the other party by failing to discharge an obligation.

The Fund assesses the credit risk of third parties before entering into business with third parties. Debtor balances are monitored on a regular basis to mitigate the Fund's exposure to bad debts and in addition the ongoing credit strength of third parties are monitored.

Sector exposure risk
The Fund's assets are invested in direct properties. As such the Fund is exposed to sector specific risk as a result of its concentration in the property sector. The underlying risk is the ability to obtain tenants for these properties and tenants being able to fulfil lease commitments.

The Manager mitigates these risks by investing in a diversified portfolio of direct properties in different geographical areas and sectors. In addition, before purchasing a direct property or entering into a new lease, the Manager will examine the covenant strength offered and will aim to let only to tenants with good credit ratings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 NET CAPITAL GAINS

The net gains on investments during the period comprise:

	6 months to 24 December 2016	6 months to 24 December 2015
	£	£
Net proceeds from disposal of properties	44,223,358	33,331,024
Carrying value of properties disposed during the period	(45,459,998)	(32,515,000)
(Losses)/gains realised on properties disposed	(1,236,640)	816,024
Net unrealised gains on revaluation for the period	6,433,768	18,080,628
Net capital gains	5,197,128	18,896,652

4 INCOME

	6 months to 24 December 2016	6 months to 24 December 2015
	£	£
Rental income	27,468,114	25,723,390
Sundry income	487,750	237,300
Bank interest	36,117	47,101
	27,991,981	26,007,791

The estimated future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 24 December 2016	As at 24 December 2015
	£	£
Within 1 year	46,407,436	52,309,435
Later than 1 year and no later than 5 years	185,629,742	209,237,741
Later than 5 years	92,814,871	104,618,870
	324,852,049	366,166,046

5 EXPENSES

	6 months to 24 December 2016	6 months to 24 December 2015
	£	£
Manager and Property Manager and Property Management Company fees	2,730,002	2,513,453
Corporate Trustee's fees	84,699	84,706
	2,814,701	2,598,159
Other expenses:		
Insurance	81,820	74,083
Audit fee	9,252	7,230
Review fee	12,863	16,000
Valuation fee	89,928	95,988
Legal and professional fees	444,396	394,895
Marketing and communication costs	51,105	102,827
Vacant property and property maintenance costs	340,182	397,084
	1,029,546	1,088,107
	3,844,247	3,686,266

6 FINANCE COSTS – INTEREST AND OTHER

Finance cost during the period (excluding distributions) comprise:

	6 months to 24 December 2016	6 months to 24 December 2015
	£	£
Capital expenses		
Credit Facility Arrangement Fee	24,861	30,082
Legal and professional fees	8,170	27,674
	33,031	57,756
Revenue expenses		
Non-Utilisation fee	50,137	100,822
	50,137	100,822
Finance costs: interest and other	83,168	158,578

On 5 April 2016, the Fund renewed it's fixed revolving credit facility (the "Facility") with the Royal Bank of Scotland International ("RBSI") for a further two years to 5 April 2018.

The Facility can be utilised as follows:
- a maximum drawdown of £20,000,000 for the purchase of investment properties
- a maximum drawdown of £10,000,000 for redemptions and distributions

At the period end, the Facility was unutilised and the Fund has not entered into any derivative contracts in respect of interest rates.

Legal costs associated with the establishment of the Facility are deemed to be costs which are incurred in entering into the credit facility agreement. On this basis they are deemed to be capital in nature and excluded from distribution calculations.

7 FINANCE COSTS – DISTRIBUTIONS

Distributions during the period comprise:

	6 months to 24 December 2016	6 months to 24 December 2015
	£	£
First interim distribution	12,104,112	10,563,417
Second interim distribution	11,980,787	11,626,485
Net distribution from income for the period	24,084,899	22,189,902
Capital distribution	1,413,049	-
Total distribution	25,497,948	22,189,902

Details of the distribution per unit are set out in the distribution table on page 29.

Represented by:		
Net income	24,064,566	22,162,947
Capital costs	8,170	27,672
Balance of income brought forward	(1,653)	482
Balance of income carried forward	13,817	(1,199)
Distributable capital income	1,413,049	-
Net distribution for the period	25,497,949	22,189,902

The capital distribution comprises: £413,698 of rental top-ups from acquisitions of property; £778,511 of interest on development drawdowns; and £220,840 from rental guarantees, totalling £1,413,049 (2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 INVESTMENT PROPERTIES

Split of investment properties by freehold and leasehold

	Freehold	Leasehold	As at 24 December 2016	As at 24 December 2015
	£	£	£	£
Value at the beginning of the period	903,545,000	151,915,000	1,055,460,000	930,911,155
Purchases and capital expenditure during the period	15,912,693	8,766,737	24,679,430	86,611,789
Carrying value of properties disposed during the period	(23,683,684)	(21,776,314)	(45,459,998)	(32,515,000)
Net unrealised gain on valuation	10,124,191	(3,690,423)	6,433,768	18,080,628
Income recognised from lease incentives	21,800	-	21,800	391,428
Value at the end of the period	905,920,000	135,215,000	1,041,135,000	1,003,480,000

Lease incentives of £3,846,860 (2015: £3,085,825) are included in the carrying value of the investment properties above.

All the properties have been valued by external chartered surveyors, Cushman & Wakefield, at £1,041,135,000 (2015: £1,003,480,000), in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The historical cost of the properties is £897,516,871 (2015: £871,967,691).

Property valuations

Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Investments in property are relatively illiquid; however the Fund has sought to mitigate this risk by investing in properties that it considers to be good quality.

Fair values are determined using information from a variety of sources, including:

- Independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Fund's assets;
- Current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at reporting date.

Level 1: The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Level 2: When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Level 3: If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

All properties within the portfolio are categorised as Level 3.

Key unobservable inputs	**Range**	**Relationship between key unobservable inputs and fair value measurement. The estimated fair value would increase (decrease) if:**
ERV	Generally 75% to 125% of passing rent *assuming not concessionary	Fair Value would decrease if ERV was 75% of passing rent and increase if the ERV was 125% of passing rent.
Void periods	Generally 9 to 18 months after the end of each lease	Fair Value would decrease if the void periods were longer and increase if the void periods were shorter.
Occupancy rates	0-100%	Fair Value would decrease if the occupancy rate were lower and increase if the occupancy rate was higher.
Yields	Generally in the range 4% -10%	Fair Value would decrease if the yield was increased and increase if the yield was reduced.

9 DEBTORS

	As at 24 December 2016 £	As at 24 December 2015 £
Amounts receivable for creation of units	19,210,102	29,745,374
Rent receivable	4,260,899	4,882,182
Amounts due from managing agents	4,591,335	6,073,753
Sundry debtors	382,968	836,565
Prepayments	309,469	139,414
Interest on development	1,161,822	-
	29,916,595	41,677,288

10 CREDITORS

	As at 24 December 2016 £	As at 24 December 2015 £
Purchases awaiting settlement	732,577	1,030,259
Prepaid rent	11,709,989	13,077,359
VAT payable	1,609,698	1,359,727
Manager and Property Manager and Property Management Company fees	30,000	80,000
Vacant property costs	75,354	162,466
Corporate Trustee fees	84,588	38,880
Credit facility non utilisation fee	23,288	50,411
Valuation fees	45,550	43,902
Legal and Professional fees	-	35,000
Audit and review fees	20,000	15,000
Other creditors	113,563	114,574
Interest payable	2,881	2,881
Retentions	372,867	50,000
	14,820,355	16,060,459

11 RELATED PARTY TRANSACTIONS

Amounts payable to the Manager, Property Manager or associates of both are shown in note 5. Amounts due are shown in note 10.

During the period the Manager has received management fees of £2,665,982 (2015: £2,454,699) and the Property Management company fees of £64,020 (2015: £58,754) thereby totalling £2,730,002 (2015: £2,513,453).

During the period the Property Manager has received transactional fees of £189,300 (2015: £211,600) and fees relating to asset management and dealing activity of £471,047 (2015: £508,815). The majority of these fees sit within the legal and profession expenses line in note 5.

The amount outstanding at the period end in respect of those fees was £30,000 (2015: £80,000).

Amounts payable to the Corporate Trustee or associates of the Corporate Trustee are shown in note 5. Amounts due are shown in note 10.

During the period the Corporate Trustee received £84,699 (2015: £84,706).

The amount outstanding at the period end in respect of those fees was £84,588 (2015: £38,880).

Details of the Manager, Property Manager and Corporate Trustee can be found on pages 49 through to 51.

The aggregate monies received through creations and paid through cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. Subscription money awaiting investment into The Charities Property Fund is held in an account in the name of Savills Investment Management (UK) Limited, the Manager. The money will be dealt with in accordance with the FCA's Client Money Rules.

12 UNIT RECONCILIATION

The below table details the movement in application and redemption units over the past 12 months. Please also see the table on page 29 'Fund History'.

		GROSS		
Trading Quarter	**No. Units**	**Applications**	**Redemptions**	**Net Movement**
24 Mar 2016	893,746,171.214	14,860,290.281	11,270,870.535	3,589,419.746
24 Jun 2016	891,642,752.354	7,762,630.733	9,866,049.593	-2,103,418.860
24 Sep 2016	904,527,832.296	20,152,211.341	7,267,131.399	12,885,079.942
24 Dec 2016	920,362,073.876	22,492,932.870	6,658,691.285	15,834,241.585
	TOTAL	**65,268,065.225**	**35,062,742.812**	**30,205,322.413**

13 POST BALANCE SHEET EVENTS

There were no post balance sheet events requiring disclosure.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at the period end (2015: none).

FUND STRUCTURE

The Charities Property Fund is a Common Investment Fund which is an open ended investment vehicle, similar to a unit trust, but designed specifically for charities and established under Section 96 of the Charities Act 2011. Common Investment Funds are themselves charities with schemes approved and regulated by the Charity Commission. As a charity, the Fund is currently exempt not only from Stamp Duty Land Tax (currently 5% on all property transactions over £250,000) but also Capital Gains Tax and Income Tax.

INVESTMENT OBJECTIVES

The Fund aims to provide a high and secure level of income with the prospect of growth in income and to maintain the capital value of assets held in the Fund, through investing in a diversified UK commercial property portfolio. The Fund invests in the principal commercial property sectors: office, retail, industrial and other (alternative uses such as hotels, leisure, car showrooms, and roadside). It does not undertake speculative investments.

The Manager does not intend to hold more than 10% in value of the property of the Fund in cash or Near Cash (as defined in FSA Handbook of Rules and Guidance).

UNIT DEALING

As the Fund is valued quarterly, units can be purchased at the end of March, June, September and December. Normally units will be redeemed with effect from a quarter day though this is subject to cash being available for redemptions. In addition, where there are both subscriptions and redemptions at a quarter day, the Manager may apply a matching process. The Manager may, at its sole discretion, defer the acceptance of applications on a pro rata basis when the value of unit applications exceeds the value of units the Manager believes is prudent to issue. These applications for units which have been scaled back will remain valid in respect of the unallocated element for a further three months, i.e. until the next Dealing Date and will be dealt with in priority to those applications first made at this dealing date.

Further details of the process for buying and selling units is set out in the Scheme Particulars which are available on the Fund's website (www.cpfund.co.uk). To protect the overall position of unitholders, there are clearly defined restrictions on the right to redeem as set out in the Scheme Particulars.

MINIMUM INVESTMENT

The minimum investment in the Fund for new investors is £25,000, although smaller amounts may be accepted at the Manager's discretion. There is no minimum investment for existing unitholders.

DISTRIBUTION

The income is paid gross on a quarterly basis, six weeks after each valuation point (on or before 15 February, 15 May, 15 August and 15 November).

CORPORATE TRUSTEE

Citibank Europe plc, UK Branch is the corporate trustee and depository of the Fund, as set out in the Scheme Particulars. The Fund acts by and through the Corporate Trustee. When the Fund acquires property, it does so by way of the Corporate Trustee appointing Citiclient (CPF) Nominees Limited and Citiclient (CPF) Nominees No 2 Limited to hold the relevant property of the Fund as nominees and bare trustees for the Corporate Trustee.

The Corporate Trustee will be entitled to receive fees (payable quarterly in arrears) based on the Net Asset Value at the start of the accrual period, on each Valuation Date. The fees (excluding value added tax) will be based on the following annual rates:

- £0 to £200 million – 0.02%;
- above £200 million – 0.015%.

The Corporate Trustee may increase the current rates of fees if:

(i) the Corporate Trustee has given notice in writing to the Manager and to the unitholders of its intention to increase these rates of fees;

(ii) the Scheme Particulars have been revised (subject to the prior written approval of the Commission) to reflect the proposed increase in the rates; and

(iii) 90 days have elapsed since the revised Scheme Particulars became available.

ALTERNATIVE INVESTMENT FUND MANAGER (AIFM)

Under an AIFM Agreement, the Fund appointed the existing manager of the Fund, Savills Investment Management (UK) Limited as its Alternative Investment Fund Manager (AIFM) for the purposes of the AIFM Directive in 2014. The AIFM is admitted and regulated in the United Kingdom by the Financial Conduct Authority (the "FCA").

The AIFM is subject to the requirements set out in the AIFM Directive, the Scheme and the Scheme Particulars. In its capacity as AIFM, it carries out the following tasks under the AIFM agreement:

(i) Asset management of the Fund, including, without limitation, portfolio and risk management; and

(ii) Marketing and distribution of units in the Fund.

In accordance with the provisions of the AIFM Directive and with the approval of the FCA, the AIFM may delegate, at its own responsibility and cost and under its own supervision, tasks to other entities suitable for the relevant purpose and having the necessary qualification, experience and resources. Any such delegation will be disclosed to the investors. The portfolio management of the Fund was delegated to Savills Investment Management LLP by the AIFM. Citibank Europe plc, UK branch was appointed as the depositary of the Fund. To cover potential professional liability risks resulting from negligence in its business activities, the AIFM has appropriate and sufficient professional indemnity insurance, as stipulated by the relevant provisions of the AIFM Directive.

THE MANAGER AND PROPERTY MANAGER

The Manager's fees and the Property Manager's fees are combined into one management charge. This periodic management charge shall accrue on a quarterly basis and will be determined by the Net Asset Value of the Fund at the start of the accrual period. It will be deducted and paid at the end of each quarter out of the Fund's assets. The fees (excluding value added tax) will be based on the following annual rates:

- £0 to £100 million – 0.70%;
- £100 to £500 million – 0.525%;
- above £500 million – 0.45%.

The Manager may increase the current annual management fees and the current preliminary charge (or introduce a redemption charge) if:

(i) the Manager has given notice in writing to the Corporate Trustee and to the unitholders of its intention to increase the rates of annual management fees, or to increase the preliminary charge, or to introduce a redemption charge (as the case may be);

(ii) the Scheme Particulars have been revised subject to the prior written approval of the Charity Commission to reflect the proposed increase in these rates of annual management fees, or to increase the current preliminary charge, or to introduce a redemption charge; and

(iii) 90 days have elapsed since the revised Scheme Particulars became available.

PRELIMINARY CHARGE

The Manager also applies a preliminary charge of 0.25% of the initial price of the units and this is included in the price at which units may be purchased.

This charge may be reduced at the Manager's sole discretion.

BORROWING POWERS

Under the Scheme, the Manager is allowed to borrow money for the use of the Fund in certain circumstances. The Manager intends to use this power when it considers this to be in the best interests of the unitholders, principally either to obtain bridging finance to purchase real property for the Fund in anticipation of the receipt of committed subscriptions from existing or new unitholders or to finance the redemption of units pending the receipt of sales proceeds. Borrowing will not exceed 10% of the Net Asset Value of the Fund on any Business Day.

TRUSTEE, MANAGER AND ADVISERS

DETAILS

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Citibank Europe plc, UK branch
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