

29 September 2020

Dear Investor,

Further to our letter of 24th June and our factsheet and letter of 4th August, COVID-19 continues to impact most areas of the economy and global financial markets.

As previously discussed, the circumstances resulting from the COVID-19 outbreak led AREF (the Association of Real Estate Funds) and the RICS (Royal Institution of Chartered Surveyors) to confirm that commercial real estate valuation firms could no longer make reliable judgements on value. This is known as “material valuation uncertainty”.

The good news is that as parts of the economy have reopened, there has been greater visibility on rent collection within the commercial property market and transactions have resumed (albeit in reduced volumes). As a result, as at the 9th September the RICS recommended a “general lifting” of material valuation uncertainty stating there no longer remains the same material uncertainty in all UK real estate, excluding some assets valued with reference to trading potential such as within some leisure and hospitality assets.

Therefore for the September 2020 valuation Cushman & Wakefield (the Fund’s Independent Valuer) has confirmed that no part of the Charities Property Fund portfolio is subject to valuation uncertainty. As this no longer applies we have decided to re-commence dealings in the Fund, in a limited way, with effect from the September dealing date on the terms set out below.

However, the fact that the Fund can trade, does not mean that all redemptions will be processed at the September dealing date. Under the Charities Property Fund's Scheme Particulars section 5.2.3 (a), the Manager has a general right to delay redemptions for up to 12 months from the Dealing Date in respect of which the request for redemption of units is first made.

Due to the suspension we now have three quarters of redemption forms to process, two which were previously deferred (March & June) and now September. These remain outstanding until settled. Conversely, if application forms are not accepted at the quarter in question (which we were unable to do in March and June because of material valuation uncertainty) then they are deemed to have been rejected and must be resubmitted. Therefore whilst at the March 2020 quarter we were in a net positive application position, this has now turned negative with the addition of June and September redemptions. Whilst some applications have been resubmitted these are far fewer than originally pledged.

We have been carefully considering the position of the Fund and what is in the best interests of investors in order to strike a balance between meeting redemptions and maintaining a prudent cash balance for the ongoing running of the Fund. Having consulted with Citibank Europe plc UK Branch (the Depositary) we have decided upon a phased approach to the deferred redemptions, whereby we settle all March redemptions and accept all September applications, but June and September redemption requests will be deferred. Quarterly distributions will continue to be paid in the normal way to all unitholders and unitholders will continue to receive distributions whilst invested.

We will, in consultation with the Depositary, keep the position under regular review and will keep investors informed of any material developments.

We continue to believe the Charities Property Fund to be well insulated to this exceptional crisis. Rent collection statistics remain high and collection rates for Q3 have been higher than for Q2. The Fund team will continue to provide you with regular updates and will report further on rent collection and dividend payments in the October fact sheet.

If you have any questions regarding this letter please contact Harry de Ferry Foster or Lucy MacEwan.

Kind regards,

A handwritten signature in black ink, appearing to read "Harry de Ferry Foster".

Harry de Ferry Foster
Fund Director

Authorised to sign for and on behalf of Savills Investment Management (UK) Limited

Tel: 020 7409 8715

Mobile: 07870 555 949

Email: harry.deferryfoster@savillsim.com

Savills Investment Management (UK) Limited, 33 Margaret St, London, W1G 0JD



Contact Information

Harry de Ferry Foster

Tel: 020 7409 8715

Mobile: 07870 555 949

Email: harry.deferryfoster@savillsim.com

Lucy MacEwan

Tel: 020 3107 5441

Mobile: 07717 232 942

Email: lucy.macewan@savillsim.com

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

IMPORTANT NOTICE

This letter is issued by Savills Investment Management (UK) Limited (registered in England, number 03680998 at 33 Margaret Street, London W1G 0JD), who is authorised and regulated by the Financial Conduct Authority (firm reference number 193863) and operates as the Manager of the Charities Property Fund ("The Fund").

This Fund is a registered charity (number 1080290) and is a common investment fund established by the Charity Commission for England and Wales under Section 24 of the Charities Act 1993. Investment into the Fund is only available to charities within the meaning of section 96 or 100 of the Charities Act 2011.

This letter has been prepared for existing investors of the Fund. It has been provided for information purposes only and may not be reproduced in any form without the express permission of the Manager. The opinions expressed here represent the views of the Manager at the time of preparation and should not be interpreted as investment advice.

The value of property is generally a matter of a valuer's opinion rather than fact. Please remember that past performance is not necessarily a guide to future performance. The value of an investment and the income from it can fall as well as rise and investors may not get back the amount originally invested. Property can be difficult to sell and it may be difficult to realise your investment when you want to.