



# CHARITIES PROPERTY FUND

Savills Investment Management

## INTERIM REPORT & ACCOUNTS

December 2018



MANAGER'S REPORT

LIST OF PROPERTIES

KEY FUND DATA

FINANCIAL STATEMENTS



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West Malling



Liverpool



London, NW5



Poole



Swindon



Birmingham



London, N1



Bath

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# MANAGER'S REPORT



You will recall that we wrote two letters to investors in July 2016 explaining that with the vote to leave the European Union, wider economic instability is expected to impact on the UK economy and therefore the property market. The daily trading retail funds suffered redemptions as investors attempted to withdraw cash due to this uncertainty. This in turn led to some distressed selling which depressed prices for a short period, however, very quickly normal conditions prevailed and prices swiftly recovered to their pre referendum levels.

There has been a sense developing in the final quarter of 2018 and which continued into 2019, of renewed concern that we had merely delayed the inevitable. Real estate (and other asset prices) may have recovered post the referendum result, but now we are facing up to actually leaving the EU (with the potential of a “no deal” still alive at the time of writing), does this mean we are simply going to experience a re-run of this volatility at the end of March 2019?

In terms of valuations, valuers have been clear that these must be based on evidence – and they will not mark values down arbitrarily or based on sentiment alone. Nor will they attempt to forecast values. So it is unlikely these will change significantly unless there is evidence to justify this. The listed property sector has seen companies trading at a significant discount to NAV, but this mainly reflects the fact that many of them have considerable retail and shopping centre exposure and the listed sector always demands a price for instant liquidity. In the direct market it will take longer for the evidence to emerge to assess the impact on pricing.

We maintain that we are very well positioned for whatever result may come to pass. We benefit from

having no debt and therefore any fall in capital values does not put the Fund at risk with lenders or have a magnifying effect on performance. We do not undertake speculative development and have consistently pursued a cautious, low risk approach, focused on creating a quality, predominately prime portfolio. The vacancy rate on the Fund is very low at 3.0%, compared to the market average of 9.9% (MSCI), our leases are long at 12.3 years on average to expiry (MSCI: 8.3 years) and 10.1 years assuming all break options are exercised (MSCI: 7.2 years), our covenant strength is strong with 83.8% rated low or negligible risk (compared to MSCI at 78.1%) and our income return remains higher than the market average.



# HIGHLIGHTS - FIVE YEARS

Capital NAV

+127%

Unit price

+31%

10.6%

per annum  
Fund total return

£235 m

Income distributed

£441 m

Net new investment

Investor base

+36%

+58%

Number of  
properties held



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# CHARITIES PROPERTY FUND TEAM

Savills Investment Management is the global real estate investment management business of the Savills Group and has provided investment services for 30 years. Our clients include pension funds and insurance companies, banks, endowments and family offices on whose behalf we currently manage **£16.50 billion** of office, retail, industrial, residential and alternative real estate assets. We provide clients with access to a full range of real estate investment opportunities, including pooled funds, separate accounts, strategic partnerships and asset management. We have 275 employees across fourteen offices worldwide providing comprehensive investment management, tax and debt advice to clients.

The Savills Group is a global real estate services provider that was founded in 1855 and now has over 600 offices across 60 countries and has over 35,000 employees worldwide providing advice and assistance across a full range of real estate sectors.

## PROPERTY



**Harry de Ferry Foster**  
Fund Director



**Angy Benitz**  
Fund Manager



**Jim Garland**  
Assistant Fund Manager



**Maggie McQuaid**  
Assistant Fund Manager

## INVESTOR RELATIONS



**Lucy MacEwan**  
Marketing Assistant /  
Investor Relations



**Susannah Corpe**  
Investor Relations Manager

## FINANCE



**Natalie Chrimes**  
Fund Finance Manager



**Alexandra Heaton**  
Fund Finance Manager

# HIGHLY RESILIENT QUALITY PORTFOLIO

**1,948**  
Investors

**45%**  
by value located within  
Bath, Brighton, Cambridge,  
Harrogate, Oxford and London

**3.0%**  
Vacancy rate\*

**32%**  
of properties sub £5 million

**36%**  
of annual rent benefits  
from fixed or index  
linked rental increases

**No  
debt\*\***

Strong covenants:  
**84%**  
rated low or negligible risk  
by Dun & Bradstreet

Long unexpired  
lease terms:  
**12.3**  
years to expiry

\* Excluding refurbishment projects  
\*\* There is a fixed revolving credit facility which is currently undrawn



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# OBJECTIVES

The Charities Property 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, Savills Investment Management (UK) Limited (the “Manager”) targets a total return of 7% per annum\*, 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 refurbishment projects and forward fundings of pre-let investments it does not undertake speculative developments.

The Fund’s operating costs (the Total Expense Ratio) are paid from the income account. Whilst this reduces the quarterly

distribution payable, we believe that such expenditure should be financed from current income, rather than from capital.

A number of other property funds either charge some or all of operating costs (such as management fees) to capital and thereby artificially inflate their distribution. Investors should be aware of this when making comparisons. The costs charged to capital by the Fund relate to investment in properties, acquisition and disposal costs or refurbishment.

\* All references to total return in this document are net of all fees, charges and expenses



# STRATEGY

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 and by generating income growth through rental increases, refurbishments, active asset management and new lettings. The vacancy rate is currently 3.0% compared to the MSCI monthly index average of 9.9%, as at December 2018. We continue to have strong covenants (83.8% rate low or negligible risk versus MSCI at 78.1%) and as can be seen on page 10 our leases are longer than the market average (12.3 years to expiry versus the market average of 8.3 years).

We also believe the Fund’s sector weightings deliver a small yield benefit through maintaining a higher weighting to retail warehouses, 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, shopping centre 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 generally providing a higher than average yield. In the case of industrial, assets can be acquired close to replacement costs and our retail and

alternative assets provide longer than average leases and a high element of rental indexation.

We have acquired over **130 buildings** in the last nine years, investing almost **£960 million** in assets that are now valued (or have been sold) for a total consideration of almost **£1.24 billion**. Of these acquisitions, we have subsequently sold 25 properties totalling only 10% 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.



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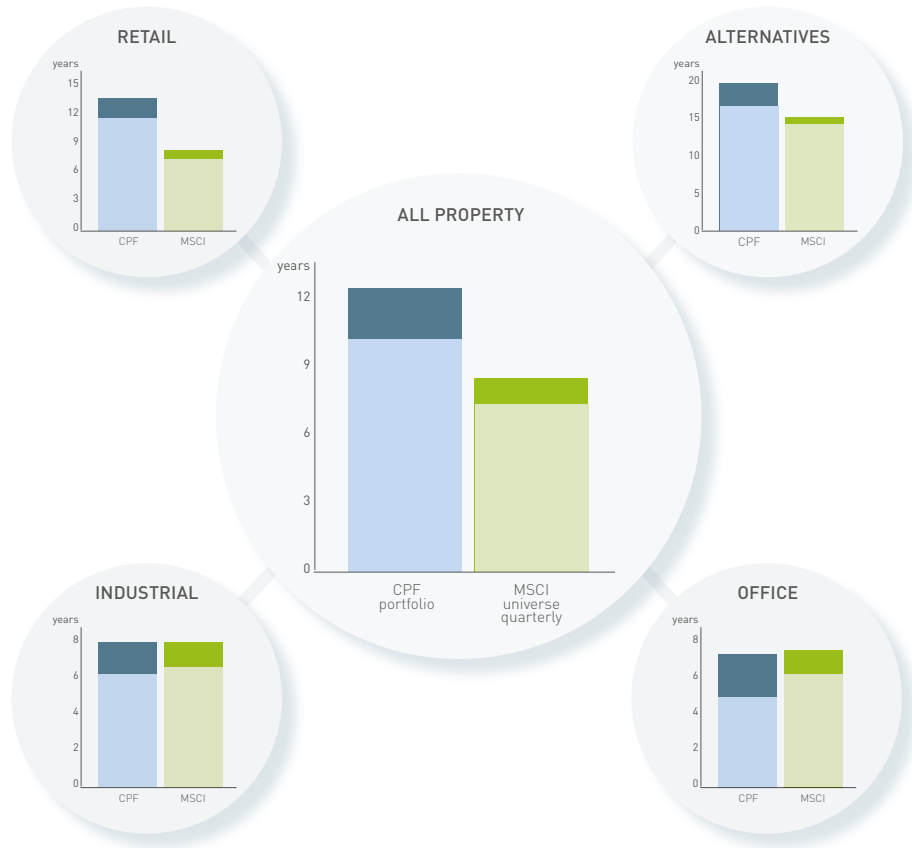
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# LEASE EXPIRY PROFILE

The Fund's average lease length to expiry at 12.3 years is some 50% higher than the market average and 40% higher to earliest break. The average unexpired terms in the office and industrial sectors are in line with the market average. The big difference is in the retail and alternatives sector – where it is helpful to have long index-linked leases to good covenants as it insulates us in turbulent times when maintaining the cashflow is paramount. It also demonstrates the quality of the assets we have in these sectors, where tenants have chosen to take long leases to guarantee their future occupation in core locations.



■ CPF to lease expiry ■ CPF assuming all breaks exercised ■ MSCI to lease expiry ■ MSCI assuming all breaks exercised  
Source: MSCI Quarterly Universe, as at 30 December 2018

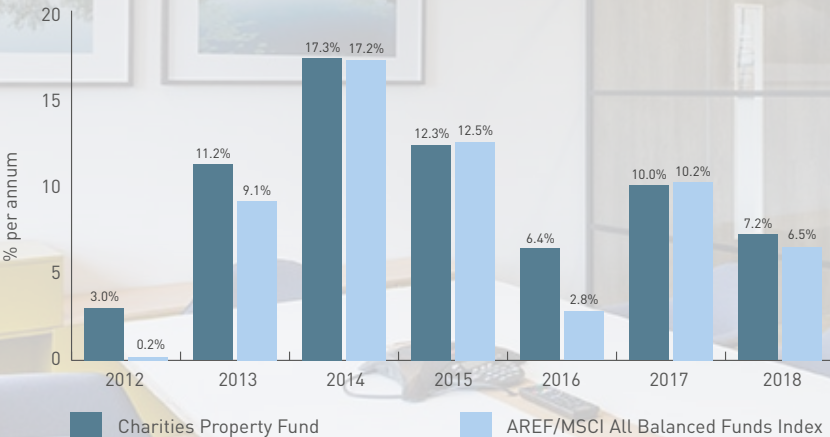
# FUND PERFORMANCE

The total return for the Fund during the 12 months to 24 December 2018 was 7.2% against the Fund's target annual return of 7%. The AREF/MSCI All Balanced Property Funds Index produced a 6.5% total return over the same period. The Fund has increased in size by 2.3% during the last 6 months from £1,285 million\* in June 2018 to £1,314 million\* in December 2018, including £16.4 million of net cash inflow.

Over the last five years the Fund has returned 10.6% per annum, compared to the Index of 9.7% per annum. Over 10 years the Fund has returned 8.8% per annum, compared to the Index at 7.3% per annum.\*\*

\* The capital NAV excludes revenue items which are included in the NAV in the Financial Information section  
\*\* References to total return in this document are net of all fees, charges and expenses

## FUND LEVEL PERFORMANCE - TOTAL RETURN AS AT 31 DECEMBER 2018



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

\* Past performance is not a reliable indicator of future performance

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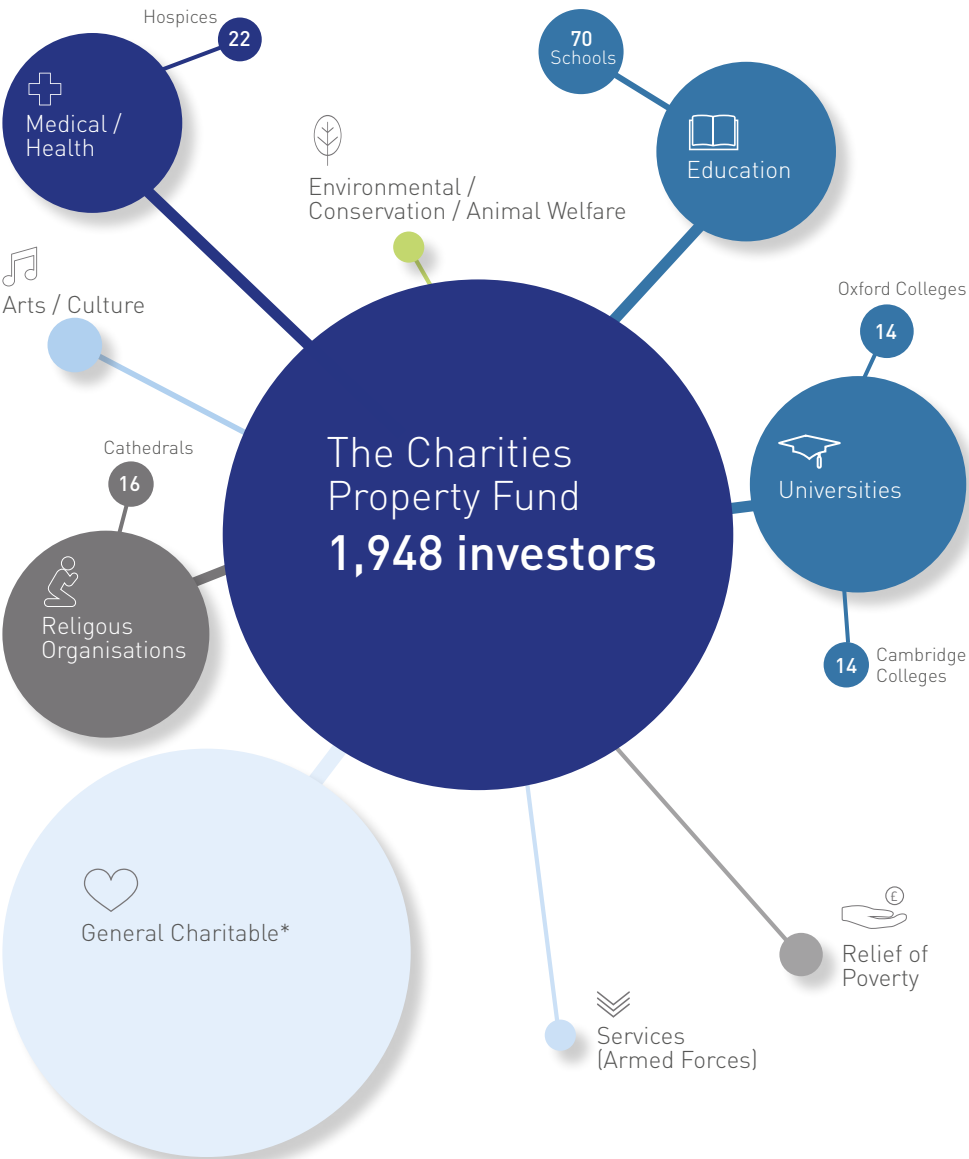
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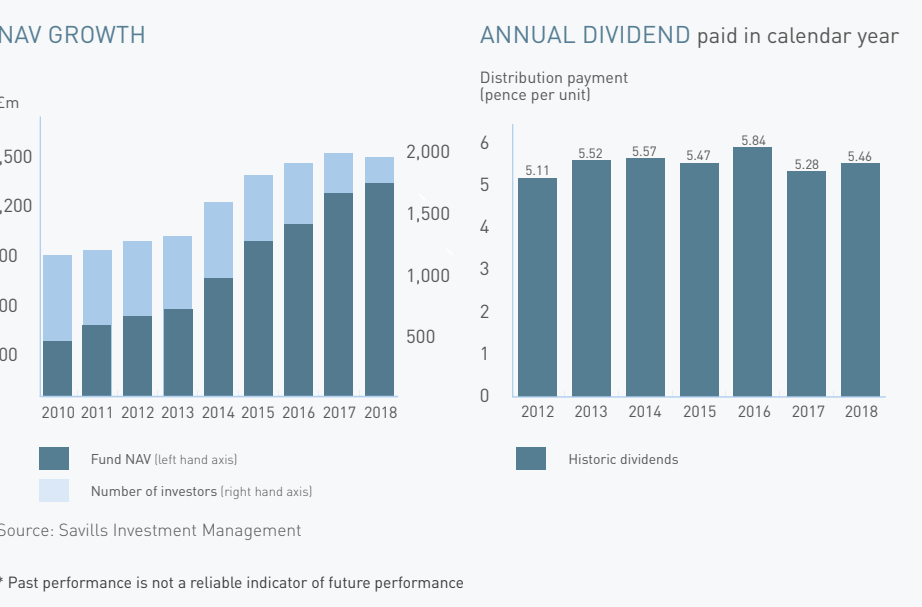
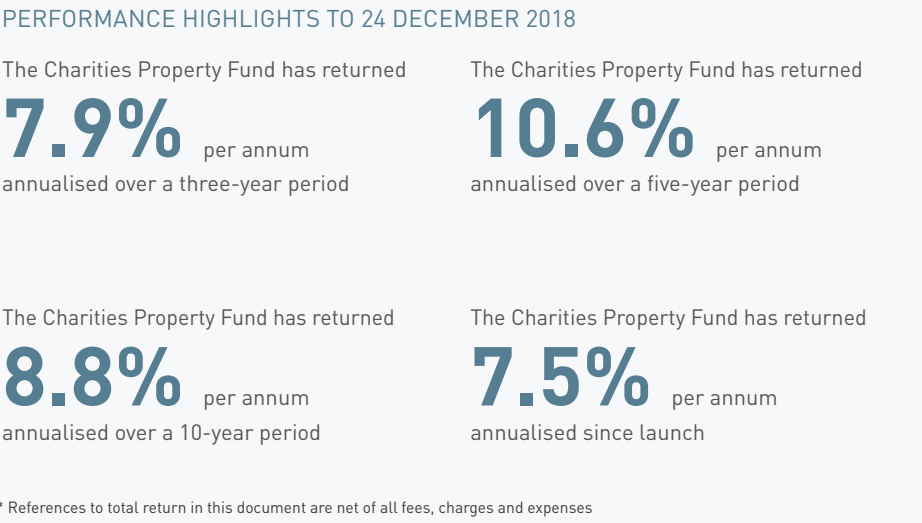
# INVESTOR CATEGORISATION



Source: Savills Investment Management (December 2018)

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

# FUND GROWTH AND PERFORMANCE



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# PORTFOLIO REPORT - PURCHASES

The Fund purchased three individual property investments during the six months to 24 December 2018, investing **£24.2 million**.

Additional capital investment of approximately **£3.2 million** was made into existing assets and also through funding pre-let developments, refurbishments, securing planning permissions, combating obsolescence and funding general improvements elsewhere within the portfolio to help deliver future income growth.

The purchased properties are of high quality and there is **0.0% vacancy** (compared to MSCI at 9.9%). The leases have on average **16.75 years remaining** until expiry and 11.4 years on average to earliest break (compared to MSCI at 8.2 and 7.3 years respectively). Over 40% of the contractual rent benefits from fixed or inflation-linked rental increases.

The average yield to the Fund inclusive of acquisition costs is **5.9%**. This compares to the MSCI Monthly Index average net initial yield of 4.5%, as at December 2018. Once again we have been able to acquire a collection of very well let properties at a significant yield discount to the market average.

### The Fund’s purchases were:

1. **Lookers House, Altrincham** – a newly refurbished office building to the south of Manchester, located close to Altrincham town centre and Manchester Airport. The building comprises 21,000 sq ft with 125 car

parking spaces and has been comprehensively refurbished. It is let on a new 15 year lease (with a break at year 10) to Lookers Plc and will provide their new UK HQ. The price of £5.2 million reflects a yield to the Fund of 7.0%.



**£27.4 million**  
invested in 6 months

**5.9%**  
average yield to Fund

2. **5 Centurion Way, Belvedere** – a newly constructed industrial unit in Belvedere close to Abbey Wood in South East London. The property comprises 78,500 sq ft on a prominent three acre site and is let to Allied Hygiene Systems on a new 25 year lease with a break at year 15. It also benefits from 5 yearly rent reviews to RPI collared and capped at 2-4% per annum. The price of £10.0 million reflects a very attractive yield to the Fund of 5.9% for this sector and length of lease.

3. **Units 1 & 2 Gemini, Basingstoke** – the Fund completed on the acquisition of two industrial units in Basingstoke let to Vodafone and Berry Bros. & Rudd until 2025 & 2027 respectively. The units are modern and constructed to a high specification with both tenants having invested significant capital into the units. The purchase price of £9.0m reflected a yield to the Fund of 5.4%.



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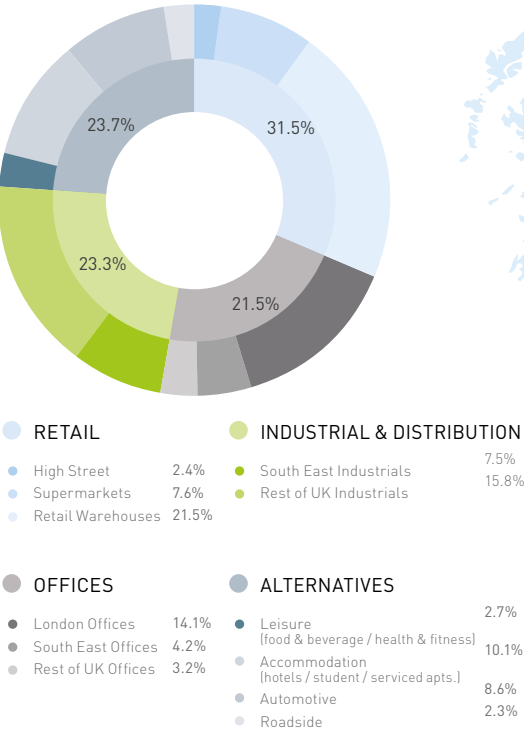


SECTOR WEIGHTINGS

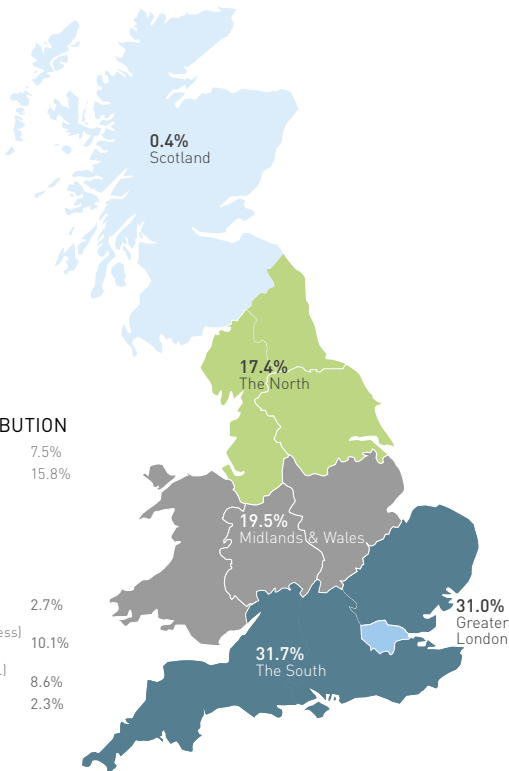
The portfolio is well diversified and is not overly exposed to any one particular sector. It continues to have a bias towards London offices, alternatives, the industrial/distribution and retail warehouse sectors and it remains underweight (relative to the AREF/MSCI All Balanced Funds Index) to high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

Over the last 12 months we have increased our exposure to the industrial and distribution sector and to accommodation assets. We now have a third of the portfolio invested in *Beds 'n' Sheds*. We have also increased our weighting to both the south east office and rest of UK office sectors. We have reduced our exposure to the retail, London offices and alternative sectors.

CPF PORTFOLIO BY SECTOR  
as at 24 December 2018

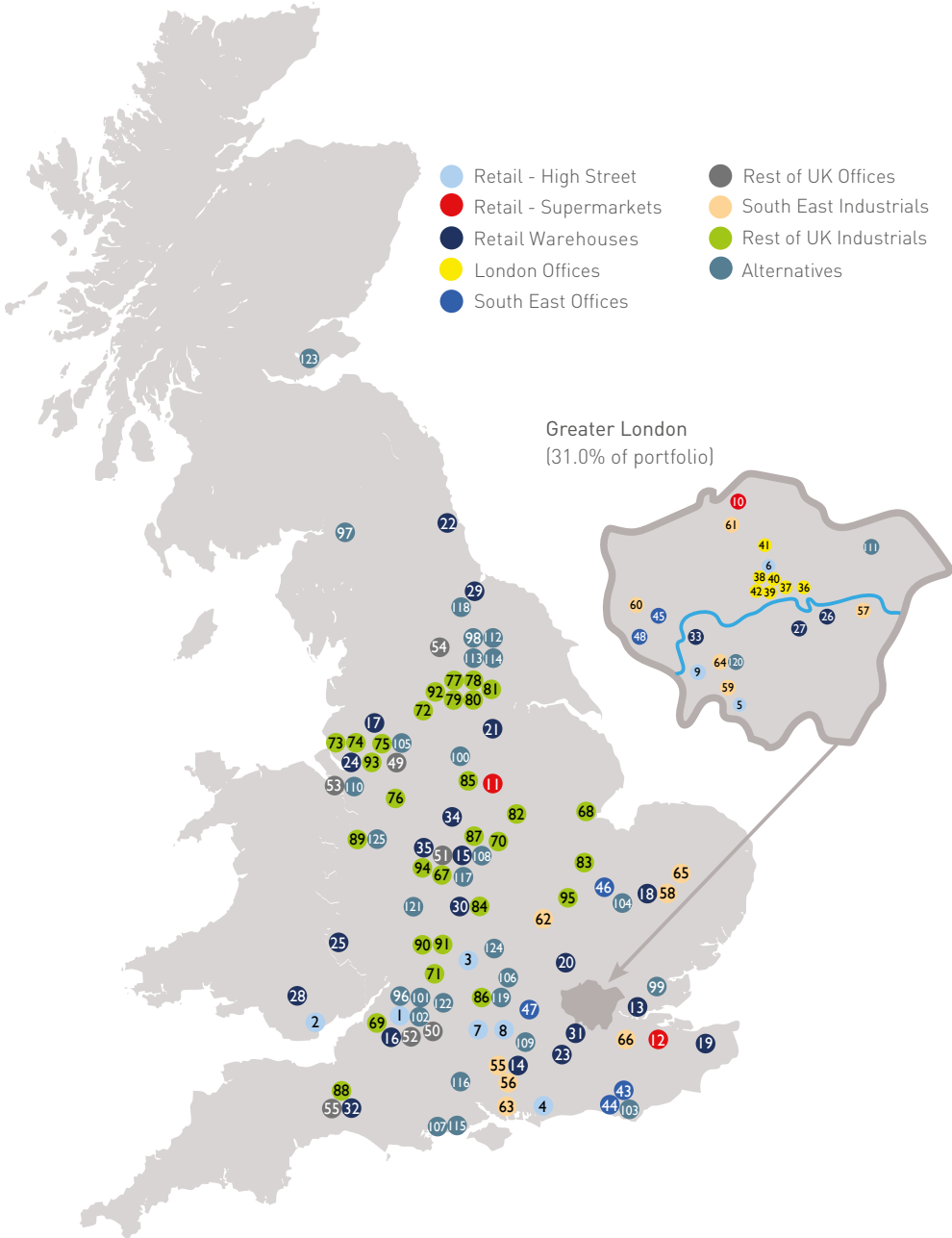


CPF PORTFOLIO BY REGION  
as at 24 December 2018



Source: Savills Investment Management

MAP OF PROPERTIES



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## RETAIL - HIGH STREET

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
1 Bath	Vacant	-	-
2 Cardiff	Burger King	325,000	2023
3 Cheltenham	Poundland	128,600	2020
4 Chichester	House of Fraser	752,584	2039
5 Cobham	Lloyds Pharmacy	86,000	2021 (2019)
6 London N1 (Chapel Market)	JD Sports, Superdrug	194,000	2020
7 Marlborough	Superdrug	140,000	2020
8 Newbury	Oxfam	35,500	2022
9 Walton-on-Thames	Benson Beds	121,451	2025 (2020)
Total, High Street		1,783,135	

## RETAIL - SUPERMARKETS

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
10 Barnet	Sainsbury's	1,722,145	2037
11 Mansfield	Tesco	2,441,298	2039
12 West Malling	Waitrose	180,744	2026
Total, Supermarkets		4,344,187	



Barnet



Cheltenham

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## RETAIL WAREHOUSES

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
13 Basildon	McDonald's, KFC, Pets at Home, Farmfoods, Poundland	677,705	2021 - 2035
14 Basingstoke	Homebase	900,000	2026
15 Birmingham	Halfords	105,300	2024 (2022)
16 Bristol	Pets at Home, McDonald's	378,320	2022 - 2027
17 Bury	Halfords, KFC, Home Bargains, Farmfoods	484,058	2021 - 2030 (2026)
18 Bury St Edmunds	Matalan	305,000	2029
19 Canterbury	Dunelm, Poundstretcher	521,000	2026
20 Chesham	Wickes	306,400	2026
21 Doncaster	Wickes	296,327	2028
22 Gateshead	The Range, Sports Direct	2,262,843	2048 (2033)
23 Guildford	Magnet	600,000	2024
24 Halewood	Aldi, Card Factory, Age UK, Home Bargains, Tesco, Iceland, Ladbroke's, Specsavers, Subway, Shop Express, Halewood Fish Bar, Brunch Box Cafe, Marie Curie Cancer Care	656,624	2022 - 2032 (2019 - 2023)
25 Hereford	Pets at Home, Lidl, Poundstretcher	328,609	2023 - 2024
26 London SE7	Next, Primark, Aldi, Mothercare	2,336,625	2027 - 2037 (2032)
27 London SE15	B&M	263,250	2025
28 Merthyr Tydfil	Halfords, Home Bargains, Sports Direct, Dreams, Poundstretcher, Iceland, Phillip Evans	673,111	2021 - 2027
29 Middlesbrough	B&M	239,180	2023
30 Redditch	Aldi, Pets at Home, Poundstretcher, Iceland, Home Bargains, KFC	943,118	2019 - 2026
31 Redhill	Majestic Wine	42,500	2020
32 Taunton	Matalan	175,185	2029
33 Twickenham	Currys, Wickes	951,500	2024 - 2032
34 Uttoxeter	B&Q, Shoe Zone, Poundland, Pets at Home, Argos, B&M, KFC, Frankie & Benny's, Poundstretcher, Majestic Wine, Scentarea, PR Bason & J Gathercole	948,151	2018 - 2032 (2022 - 2023)
35 Wolverhampton	JD Sports Gyms, Iceland Foods	475,000	2032 (2027)
Total, Retail Warehouses		14,869,806	



Gateshead



London, EC1

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## LONDON OFFICES

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
36 London E1 (Whitechapel)	The British Diabetic Association	1,126,173	2026 (2023)
37 London EC1 (Farringdon)	Macmillan Publishers	2,360,641	2034 (2029)
38 London EC2 (Shoreditch)	Michael J Lonsdale	255,000	2024
39 London EC2 (Shoreditch)	LK Bennett	808,013	2030 (2025)
40 London N1 (Shoreditch)	VF Northern Europe, Sunshine Partners, Spiers & Major, UK Broadband, Kairos Media	692,885	2019 - 2027 (2019)
41 London NW5 (Kentish Town)	Marketing VF	750,000	2026 (2021)
42 London WC2 (Chancery Lane)	Church Retail, Guido's, PCB Litigation, Konica Minolta Business Solutions, EMW Law, Alliance Automotive, Linkdex, The Lord's Taverners	1,516,902	2019 - 2024
<b>Total, London Offices</b>		<b>7,509,614</b>	

## SOUTH EAST OFFICES

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
43 Brighton (Aspect House)	NHS, Bullhorn International, Michael Page, Dehns	569,549	2019 - 2026 (2021)
44 Brighton (International House)	Fitness First, The Student Group, Hays, Brightwave, Brilliant Noise, Haybury, Booker Retail Partners	841,454	2021 - 2028 (2021 - 2023)
45 Feltham	The Secretary of State for Communities and Local Government	712,557	2022
46 Huntingdon	Cambridgeshire & Peterborough NHS Foundation	102,631	2022 (2020)
47 Maidenhead	Regus, Copper Street Capital	587,301	2021 - 2023 (2019)
48 Staines	Givaudan UK	127,000	2028 (2023)
<b>Total, South East Offices</b>		<b>2,940,492</b>	



Brighton



London, EC2

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## REST OF UK OFFICES

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
49 Altrincham	Bolling Investments	368,567	2033 (2028)
50 Bath	Abel & Imray, Gradwell Communications, EIP Partnership, Coral, Wickes, Starbucks	432,422	2019 - 2024 (2019)
51 Birmingham	Spring Group, Arval UK	584,740	2019 - 2024
52 Bristol	Films at 59, Handelsbanken	279,015	2021
53 Chester	The Secretary of State for Communities and Local Government	437,615	2026 (2021)
54 Ilkley	Smartsearch, Modus UK	453,775	2028 - 2033
55 Taunton	Lloyds Bank	185,105	2020
<b>Total, Rest of UK Offices</b>		<b>2,741,239</b>	

## SOUTH EAST INDUSTRIALS

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
55 Basingstoke	Leverton Clarke	452,336	2033
56 Basingstoke	Vodafone, Berry Bros. & Rudd	483,350	2025 - 2027
57 Belvedere	Allied Hygiene Services	600,000	2043 (2033)
58 Bury St Edmunds	Vitec Videocom	587,400	2032
59 Epsom	Storage King, Screwfix Direct, Euro Car Parts, Heating and Plumbing Supplies, AWE Europe, HSS Hire Services, Photo Me International	742,325	2024 - 2033 (2019 - 2024)
60 Hayes	Tempur UK	497,097	2020
61 London NW9	VW Group	228,544	2031
62 Milton Keynes	Ceva	435,085	2020
63 Portsmouth	SMR Automotive Mirrors UK	665,000	2034 (2029)
64 Thames Ditton	Sytner	342,094	2056 (2026)
65 Thetford	TNT	80,000	2020
66 Tonbridge	NW Autocentres, Kentec 8 Tool Hire, Kentec Training, The Tyre Store	132,050	2022 - 2027 (2022)
<b>Total, South East Industrials</b>		<b>5,245,281</b>	



Altrincham



Belvedere

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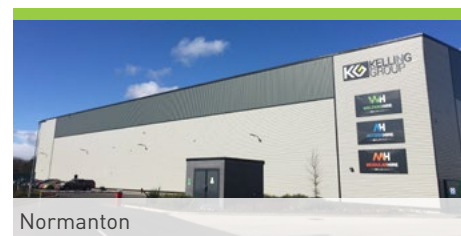
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Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
67 Birmingham	Carpet & Flooring (Trading)	310,005	2020
68 Boston	Fogarty	400,000	2039
69 Bristol	Kuehne + Nagel	480,000	2019
70 Burton-upon-Trent	Waterstones	950,000	2023
71 Gloucester	Severn Glocon	525,000	2021
72 Huddersfield	VTL Group	321,152	2021
73 Liverpool	Amazon UK	577,500	2026 (2021)
74 Liverpool	Toyota Tsusho Assembly Systems	593,450	2023 (2020)
75 Manchester	Royal Mail, Wilkinson Star	318,250	2027 - 2028 (2022)
76 Newcastle-under-Lyme	Intelipac Paper Manufacturing	123,500	2020
77 Normanton	Kelling Group	315,000	2032
78 Normanton	Speedy Hire	199,500	2024
79 Normanton	Kongsberg Actuation Systems	413,704	2038 (2028)
80 Normanton	PNS UK	207,905	2036
81 Normanton	Really Useful Products	270,620	2022
82 Nottingham	Turbine Surface Technologies	433,843	2026
83 Peterborough	Sage Publications	182,900	2020
84 Redditch	Vacant	-	-
85 South Normanton	Recticel	310,000	2031
86 Swindon	Jewson	146,500	2023
87 Tamworth	Speedy Hire	852,500	2029 (2024)
88 Taunton	Rotec Hydraulics, Kings Road Tyres & Repairs	140,460	2026 (2021)
89 Telford	Johnson Controls	715,000	2019
90 Tewkesbury	Tata Steel UK Ltd	879,417	2023
91 Tewkesbury	Idemia UK Ltd	270,000	2020
92 Wakefield	Verhoek Europe	238,400	2025 (2020)
93 Warrington	Eddie Stobart	350,000	2033
94 Wednesbury	AF Blakemore & Son	302,500	2024
95 Wellingborough	CCL Label	552,488	2020
Total, Rest of UK Industrials		11,379,594	



Burton-upon-Trent



Normanton

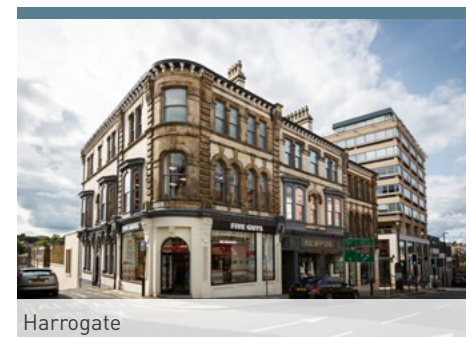
# LIST OF PROPERTIES

## ALTERNATIVES

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
<b>Leisure</b>			
96 Bath (1-3 Westgate Buildings)	Stable Bar & Restaurant, Westgate Bath	169,500	2039 (2029)
97 Carlisle	DW Fitness	420,035	2034
98 Harrogate	Five Guys, Mitchells & Butlers, Marston's, Moss Bros, Porco Rosso	432,500	2026 - 2041 (2021 - 2031)
99 Rayleigh	Virgin Active	464,000	2028
100 Sheffield	JD Wetherspoon, ASK, Stonegate, Caffè Nero, Meaty Fish, Yorkshire Metropolitan Housing Association	416,500	2023 - 2044
Total, Leisure		1,902,535	
<b>Hotels / Student / Serviced Apartments</b>			
101 Bath (5-10 Westgate Buildings)	Travelodge, Sports Direct, Halfords, Sally Salon, F45	777,200	2020 - 2042 (2021 - 2024)
102 Bath	Westgate Apartments	200,000	2027 (2022)
103 Brighton	Jurys Inn	1,757,756	2042
104 Cambridge	Travelodge	1,225,086	2048
105 Manchester	SACO, CDP, K Parry & J Bowden	648,104	2019 - 2046 (2025)
106 Oxford	D'Overbroeck's	417,000	2047
107 Poole	Travelodge, Costa Coffee, Anytime Fitness, Subway, NHS	723,614	2031 - 2051 (2026)
Total, Hotels		5,748,760	



Brighton



Harrogate



## MANAGER'S REPORT

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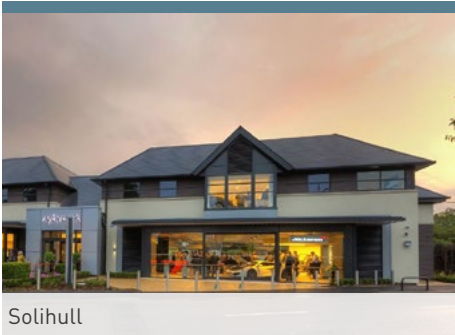
## FINANCIAL STATEMENTS



LIST OF PROPERTIES

ALTERNATIVES continued

Property	Principal Tenants	Annual Rent As at 24 Dec 2018 £	Lease Expiry (Break)
<b>Car Showrooms</b>			
108 Birmingham	VW Group - SEAT	153,872	2027
109 Camberley	VW Group - Audi	333,765	2026
110 Chester	Rybrook - Volvo	240,191	2036
111 Chigwell	Sytner - BMW & Mini	696,858	2056 (2026)
112 Harrogate	VW Group - Volkswagen	340,000	2027
113 Harrogate	JCT600 - Mercedes-Benz, BP, M&S	458,415	2035 - 2036
114 Harrogate	Sytner - Audi	540,000	2035
115 Poole	Sandown Motors - Mercedes-Benz	395,000	2030
116 Salisbury	Sandown Motors - Mercedes-Benz	396,090	2030
117 Solihull	Rybrook - McLaren & Rolls Royce	314,949	2036
118 Stockton-on-Tees	VW Group - Audi	350,383	2027
119 Swindon	Sytner - Mercedes-Benz	455,000	2039
120 Thames Ditton	Sytner - Jaguar Land Rover	342,094	2056 (2026)
121 Worcester	Rybrook - BMW & Mini	618,446	2036
	<b>Total, Car Showrooms</b>	<b>5,635,063</b>	
<b>Roadside</b>			
122 Calne	Esso, Spar	160,000	2035
123 Glenrothes	BP, M&S	233,615	2034
124 Stow on the Wold	BP, M&S	209,311	2033
125 Telford	Welcome Break - Shell, Waitrose, WH Smith, Burger King, Starbucks, Krispy Kreme, Days Inn	1,013,810	2027
	<b>Total, Roadside</b>	<b>1,616,736</b>	
	<b>Total, Alternatives</b>	<b>14,903,094</b>	
	<b>Total, portfolio</b>	<b>65,716,442</b>	



Solihull



Stockton-on-Tees

PORTFOLIO STATEMENT

AT 24 DECEMBER 2018

<b>Portfolio of Investments</b>	
<b>Properties valued at greater than £15m</b>	
The Smithson, Briset Street, London EC1	Homebase, Winchester Road, Basingstoke
Brocklebank Retail Park, London SE7	Welcome Break, MSA, Junction 4, M54, Telford
Tesco, Chesterfield South Road, Mansfield	Trafford Retail Park, Redditch
Sainsbury's, East Barnet Road, Barnet	5-10 Westgate Buildings, Bath
Jurys Inn, Stroudley Road, Brighton	8 Shepherdess Walk, London N1
Metro Park West, Gateshead	Fifth Avenue, Burton-upon-Trent
90 Chancery Lane, London WC2	International House, Queens Road, Brighton
Travelodge, Newmarket Road, Cambridge	Epsom Trade Park and Units 450A and 450B, Epsom
Backchurch Lane, London E1	Imperial Works, Kentish Town, London NW5
Rivington Street, London EC2	Emperor Point, Centurion Park, Tamworth
Apex Retail Park, Hampton Road West, Twickenham	
Valuation £m (percentage of total net assets)	£571.250 (43.81%)
<b>Properties valued at between £10m to £15m</b>	
Dovefields Retail Park, Uttoxeter	Caxton Point, Printing House Lane, Hayes
Lifeboat Quay, West Quay Road, Poole	Audi, James Business Park, Knaresborough
BMW & Mini, Langston Road, Loughton, Chigwell	Toyota Tsusho, Hornhouse Lane, Liverpool
SACO, Minshull Street, Manchester	House of Fraser, West Street, Chichester
Aspect House, Queens Road, Brighton	One Bell Street, Maidenhead
Moreton Hall Industrial Estate, Bury St Edmunds	York & Wellington House, Dukes Green, Feltham
Unit 5300, Severn Drive, Tewkesbury	5 Centurion Way, Belvedere
Hedera Road, Ravensbank Business Park, Redditch	Magnet, Ladymead, Guildford
BMW & Mini, Knightsbridge Park, Worcester	Halewood Shopping Centre, Leather's Lane, Liverpool
Pentrebach Retail Park, Merthyr Tydfil	The Lanconite Building, Stafford Park 6, Telford
Old Market Retail Park, Station Lane, Pitsea, Basildon	
Valuation £m (percentage of total net assets)	£246.720 (18.92%)
<b>Properties valued at between £5m to £10m</b>	
Amazon Unit, Hornhouse Lane, Knowsley	Dawson Road, Mount Farm Industrial Estate, Milton Keynes
Units 1 & 2 Gemini, Hamilton Close, Houndmills, Basingstoke	200 Rayleigh Road, Rayleigh
Mercedes-Benz, Drake's Way, Swindon	Kongsberg, Foxbridge Way, Normanton
376 Banbury Road, Oxford	Mercedes-Benz, Southampton Road, Salisbury
Mercedes-Benz, Leeds Road, Harrogate	593-613 Old Kent Road, London SE15
SMR, Castle Trading Estate, Porchester, Portsmouth	Brook Retail Park, Commercial Road, Hereford
17-23 Parliament Street, Harrogate	DW Sports, Currock Road, Carlisle
Severn Glocon Ltd, Olympus Park, Gloucester	Mayfield Business Park, Ilkley
Wincheap Retail Park, Canterbury	Appleton Thorn Trading Estate, Warrington
Cowper Street, London EC2	Chester Civil Justice Centre, Trident House, Chester
Westpoint, James Street, Bath	Kelling Unit, Trident Park, Normanton
CCL Label, Warth Park, Raunds, Wellingborough	Pets at Home & McDonald's, Bath Road, Brislington, Bristol
11 Poplar Way East, Cabot Park, Bristol	Volkswagen Harrogate, St James Business Park, Knaresborough
Sytner Jaguar Landrover, Portsmouth Road, Thames Ditton	Audi, London Road, Camberley
Knight's Park, Houndmills, Basingstoke	Rolls Royce & McLaren, Stratford Road, Solihull
TST, Little Oak Drive, Sherwood Park, Nottingham	Audi, Brooklime Avenue, Stockton-on-Tees
Units 3010 and 3020, Birmingham Business Park, Birmingham	Lookers House, Etchells Road, Altrincham
Units 1-7, Cambridge Street, Barkers Pool, Sheffield	Wickes, Townsend Road, Chesham
Units 1-3 Phoenix Retail Park, Wolverhampton	Jaguar Land Rover Service Centre, Portsmouth Road, Thames Ditton
Mercedes-Benz, Holes Bay Road, Poole	AF Blakemore unit, Steelmans Road, Wednesbury
Moorgate Retail Park, Bury	
Valuation £m (percentage of total net assets)	£294.945 (22.62%)



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Portfolio of Investments		
Properties valued at between £2.5m to £5m		
Havenside, Fishtoft Road, Boston	Alexandra Way, Ashchurch Business Centre, Tewkesbury	
Units A & B, Wardley Cross Industrial Estate, Manchester	1-3 Westgate Buildings, Bath	
Really Useful Products, Foxbridge Way, Normanton	PNS Unit, Trident Park, Normanton	
Emerald Point, Bell Heath Way, Birmingham	BP & M&S, Station Road Garage, Stow on the Wold	
Whiteladies House, Clifton, Bristol	Verhoek, Kenmore Road, Wakefield	
Wickes, Leger Way, Doncaster	Speedy Hire, Trident Park, Normanton	
Matalan, Easlea Road, Bury St Edmunds	4 Westgate Buildings, Bath	
Units 1 & 2, Bradley Junction Industrial Park, Huddersfield	Waitrose, Fortune Way, Kings Hill, West Malling	
Jaguar & Volvo, Sealand Road, Chester	B&M, Parkway Centre, Coulby Newham, Middlesbrough	
54/55 Chapel Market, Islington, London N1	Esso & Spar, Pippen Service Station, Oxford Road, Calne	
BP & M&S, Bankhead Park Service Station, Woodside Way, Glenrothes	Unit 18, Fengate East, Peterborough	
Clover Nook Industrial Estate, Alfreton, South Normanton	SEAT, Watson Road, Star City, Birmingham	
78 Queen Street, Cardiff	Jewson, Kembrey Street, Kembrey Park, Swindon	
Unit 1, Rosevale Business Park, Newcastle-Under-Lyme	Matalan, Bindon Road, Taunton	
Skoda/Volkswagen, 78 Capitol Way, Colindale, London NW9		
Valuation £m (percentage of total net assets)		£117.770 (9.03%)
Properties valued at between £0m to £2.5m		
232-234 High Street, Cheltenham	Priorswood Industrial Estate, Taunton	
134/135 High Street, Marlborough	Halfords, Watery Lane, Birmingham	
4 Union Street, Bath	16 High Street, Cobham	
Magna House, 76-80 Church Street, Staines	Redshank House, Huntington	
Hepworth Way, Walton-on-Thames	TNT, Fisons Way Industrial Estate, Thetford	
Sedgemoor House, Deane Gate Office Park, Taunton	Brighton Road, Redhill	
Riverdale Industrial Estate, Tonbridge	Northbrook Street, Newbury	
Valuation £m (percentage of total net assets)		£22.135 (1.70%)
Total value of property holdings £m		£1,252.820 (96.08%)

	Valuation £000	Percentage of total net assets
Portfolio of investments	£1,252,820	96.08%
Other net assets	£51,133	3.92%
Net assets	£1,303,953	100.00%

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# FINANCIAL INFORMATION

## EXPENSE RATIOS

	Total Expense Ratio	Property Expense Ratio	Transaction Cost Ratio
24 December 2018	0.56%	0.11%	0.08%
24 December 2017	0.56%	0.15%	0.15%

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 12 months prior to the balance sheet date. Operating costs are specifically those costs associated with operating the Fund itself (excluding financing costs) 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 12 months prior to the balance sheet date.

The TER is in line with last year, as these expenses have grown in proportion with the Fund, while the PER has fallen due to a reduction in costs incurred on vacant properties. The TCR has fallen due to the lower number and value of transactions which have taken place during the year.

## PORTFOLIO TURNOVER RATE

	Portfolio Turnover Rate
24 December 2018	2.85%
24 December 2017	3.29%

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 12 months prior to the balance sheet date. The current year rate is lower than the prior year as there have been fewer asset disposals during the period.

## DISTRIBUTION YIELD

	Distribution Yield
24 December 2018	4.2%
24 December 2017	4.2%

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 year.

## ANNUALISED PERFORMANCE

	1 Year*	3 Years**	5 Years***
24 December 2018	7.2%	7.9%	10.6%
24 December 2017	10.0%	9.5%	11.4%

\* total return for twelve months to 24 December 2018

\*\* 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

# FINANCIAL INFORMATION CONTINUED

## CHANGE IN NET ASSETS PER UNIT

	24 December 2018 (p)	24 December 2017 (p)	24 December 2016 (p)
Opening net asset value per unit	125.65	119.30	117.96
Return before operating charges*	9.54	12.40	7.93
Operating charges	(0.87)	(0.86)	(0.80)
Return after operating charges*	8.67	11.54	7.13
Distributions	(5.43)	(5.19)	(5.79)
Closing net asset value per unit	128.89	125.65	119.30
* after direct transaction costs of:	0.10	0.19	0.16

The above table is calculated using the average number of units in issue during the year to December.



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# INVESTOR ANALYSIS

Holding	Number of beneficial owners	Total percentage holding %
Less than 0.01%	1,073	4.30
0.01% but less than 0.05%	572	13.39
0.05% but less than 0.10%	139	9.72
0.10% but less than 0.50%	125	27.34
0.50% but less than 1.00%	25	18.77
1.00% but less than 2.00%	10	13.46
2.00% but less than 4.00%	3	8.30
Greater than 4.00%	1	4.72
<b>Total number of investors</b>	<b>1,948</b>	
<b>Total number of units in issue at the end of the period</b>	<b>1,011,693,391</b>	
<b>Percentage held by the largest investor</b>		<b>4.72</b>

Holding	Total percentage holding %
Top 10 largest investors	21.88
Top 25 largest investors	36.36
Top 50 largest investors	49.95
Top 100 largest investors	63.74

# 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 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
	24 December 2017	1,249,388,894	994,341,676	125.65
	24 December 2018	1,303,953,123	1,011,693,391	128.89

Price and Income History	Year Ended	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income Per Unit (p)
	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
	24 December 2017	128.28	118.56	5.28
	24 December 2018	131.83	126.37	5.46

## DISTRIBUTION

		2018		2017	
Distribution Number	Distribution Period	Distribution Per Unit (p)	Date Paid	Distribution Per Unit (p)	Date Paid
1	25 December to 24 March	1.42	15/05/18	1.30	15/05/17
2	25 March to 24 June	1.37	15/08/18	1.31	15/08/17
3	25 June to 24 September	1.32	15/11/18	1.26	15/11/17
4	25 September to 24 December	1.35	15/02/19	1.41	15/02/18
<b>Total</b>		<b>5.46</b>		<b>5.28</b>	

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



## MANAGER'S REPORT

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# STATEMENT OF 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 preparation of these interim financial statements for the six month period ended 24 December 2018 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these interim financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the interim financial statements;
- assess the fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

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

# INDEPENDENT AUDITOR’S REVIEW

## INDEPENDENT REVIEW REPORT TO THE MANAGER OF THE CHARITIES PROPERTY FUND (‘THE FUND’)

### Conclusion

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 for the six months ended 24 December 2018 which comprises the Statement of Total Return and Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Cash Flow Statement and the related explanatory notes and the Distribution Table on page 31.

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 for the six months ended 24 December 2018 is not prepared, in all material respects, in accordance with UK Generally Accepted Accounting Practices.

### 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. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

### The impact of uncertainties due to Britain exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the interim financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. No audit, still less a review as has been conducted here,

should be expected to predict the unknowable factors or all possible future implications for a Fund and this is particularly the case in relation to Brexit.

### Manager’s responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Manager.

The annual 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*. The Manager is responsible for preparing the interim financial statements included in the half-yearly financial report 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 Manager a conclusion on the interim financial statements in the half-yearly report based on our review.

### The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Fund’s Manager in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Fund’s Manager those matters we are required to state to it 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’s manager for our review work, for this report, or for the conclusions we have reached.

Richard Long  
for and on behalf of KPMG LLP  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
15 March 2019



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

		Unaudited 6 months to 24 December 2018	Unaudited 6 months to 24 December 2017
	Note	£	£
Net capital gains	3	9,924,932	47,011,908
Income	4	32,662,693	30,142,892
Expenses	5	(4,465,297)	(4,248,102)
Net income before finance costs		28,197,396	25,894,790
Finance costs – interest and other	6	(134,975)	(85,427)
Net income		28,062,421	25,809,363
<b>Total return before distributions</b>		<b>37,987,353</b>	<b>72,821,271</b>
Finance costs – distributions	7	(26,871,828)	(26,401,550)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>11,115,525</b>	<b>46,419,721</b>
<b>Statement of change in net assets attributable to unitholders</b>			
Opening net assets attributable to unitholders		1,276,434,072	1,153,789,556
Net amounts receivable on creation of units		16,403,526	49,179,617
Change in net assets attributable to unitholders from investing activities		11,115,525	46,419,721
<b>Closing net assets attributable to unitholders</b>		<b>1,303,953,123</b>	<b>1,249,388,894</b>

The accompanying notes form part of these financial statements.

# BALANCE SHEET

		Unaudited as at 24 December 2018	Unaudited as at 24 December 2017
	Note	£	£
<b>Assets</b>			
<b>Fixed assets</b>			
Investment properties	8	1,253,599,210	1,202,308,200
<b>Current assets</b>			
Debtors	9	13,227,341	26,509,725
Cash and bank balances		70,552,492	51,617,429
		<b>83,779,833</b>	<b>78,127,154</b>
<b>Total assets</b>		<b>1,337,379,043</b>	<b>1,280,435,354</b>
<b>Less: current liabilities</b>			
Creditors	10	18,948,445	16,704,506
Distribution payable		13,698,333	14,341,954
		<b>32,646,778</b>	<b>31,046,460</b>
<b>Less: non-current liabilities</b>			
Finance liability	11	779,142	-
		<b>779,142</b>	<b>-</b>
<b>Total liabilities</b>		<b>33,425,920</b>	<b>31,046,460</b>
<b>Net assets attributable to unitholders</b>		<b>1,303,953,123</b>	<b>1,249,388,894</b>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors of the Manager on 15 March 2019 and were signed on its behalf by



**Richard James**  
Chief Financial Officer  
15 March 2019



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# CASH FLOW STATEMENT

	Unaudited 6 months to 24 December 2018	Unaudited 6 months to 24 December 2017
	£	£
<b>Cash flow from operating activities</b>		
Reconciliation from net operating income to net cash flows from operating activities		
Net income before finance costs	28,197,396	25,894,790
Bank interest received	(109,361)	(19,500)
(Increase)/decrease in trade and other receivables	(2,272,205)	192,189
(Decrease)/increase in trade and other payables	(62,847)	1,863,169
Net cash inflow from operating activities	25,752,983	27,930,648
<b>Cash flows from investment activities</b>		
Purchase of properties and development expenditure	(27,358,800)	(58,769,027)
Sale of properties	-	18,380
Bank interest received	109,361	19,500
Net cash outflow from investment activities	(27,249,439)	(58,731,147)
<b>Cash flows before financing activities</b>	(1,496,456)	(30,800,499)
Repayment of obligations under finance leases	(13,896)	-
Net amounts received on creation of units	16,484,033	62,039,773
Borrowing costs and interest	(121,079)	(85,427)
Distributions paid	(26,863,236)	(24,316,988)
Net cash (outflow)/inflow from financing activities	(10,514,178)	37,637,358
Net (decrease)/increase in cash and cash equivalents for the period	(12,010,634)	6,836,859
Cash and cash equivalents at the start of the period	82,563,126	44,780,570
<b>Cash and cash equivalents at the end of the period</b>	<b>70,552,492</b>	<b>51,617,429</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS AS AT 24 DECEMBER

## 1 ACCOUNTING POLICIES

### a) Basis of accounting

These 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 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) and (l) 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.

These interim financial statements have been prepared on a going concern basis. The Fund's property portfolio is well diversified and the Fund has access to a £20,000,000 loan facility to manage short-term liquidity requirements. Therefore the Manager believes that the Fund has adequate resources to continue in operational existence for the foreseeable future.

### 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 2018. 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 fair value.

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.

Investment properties acquired under finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the net present value of the minimum lease payments. The investment properties acquired under finance leases are subsequently carried at fair value plus an adjustment for the carrying amount of the finance lease obligation (see note 8). The corresponding rental obligations, net of finance charges, are included in the creditors balance (see note 10). The associated finance charges are charged to the Statement of Total Return.

### c) Basic financial instruments

#### Debtors and Creditors

Debtors are recognised initially at transaction price. Creditors are recognised initially at transaction price less 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 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.



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d) Transaction costs

The Fund aggregates properties in the portfolio statement on pages 25 and 26 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.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the lease term. As this income is not realised, it is not included in the distributions to the investors.

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 of the development.

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.

l) Comparatives

The Fund presents comparative information for the balance sheet as at 24 December and therefore does not comply fully with the SORP which requires the balance sheet of the preceding financial year to also be included; the audited financial statements of the preceding financial year can be found on the Fund's website ([www.cpfund.co.uk](http://www.cpfund.co.uk)).

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 a 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 to mitigate the impact of interest rate fluctuations 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.

Considerations of the prospective market impact of Brexit are discussed in the Manager's Report.

To mitigate against market price movements, the Manager of the Fund performs a number of controls, including the following:

Criteria	Risk Control
Rental income	Monitors the proportion of secure or rental income
Term of rental	Verified in advance of an acquisition or lease event (e.g. tenant change) and compared with equivalent fund types or data of the Investment Property Databank (IPD)
Quality of tenants	Verified in advance of an acquisition or lease event (e.g. tenant change) by means of the credit rating from Experian and Dun & Bradstreet and benchmarking against the IPD's Rental Information Services (IRIS)
Diversification of sectors	Monitored and constantly reviewed in advance of each property acquisition or disposal
Geographic diversification	Monitored and constantly reviewed in advance of each property acquisition or disposal

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.



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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.

A further 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 is monitored.

3 NET CAPITAL GAINS

The net gains on investments during the period comprise:

	6 months to 24 December 2018	6 months to 24 December 2017
	£	£
Net proceeds from disposal of properties	-	-
Carrying value of properties disposed during the period	-	-
Movement in accruals on properties disposed in prior period	(54)	18,380
(Losses)/gains realised on properties disposed	(54)	18,380
Unrealised gains on revaluation for the period	20,275,389	49,239,559
Unrealised losses on revaluation for the period	(10,350,403)	(2,246,031)
Net capital gains	9,924,932	47,011,908

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.

4 INCOME

	6 months to 24 December 2018	6 months to 24 December 2017
	£	£
Rental income	32,088,332	30,108,864
Sundry income	465,000	14,528
Bank interest	109,361	19,500
	32,662,693	30,142,892

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

	As at 24 December 2018	As at 24 December 2017
Within 1 year	63,266,337	61,218,849
Later than 1 year and no later than 5 years	225,813,167	225,477,331
Later than 5 years	554,548,501	544,149,014
	843,628,005	830,845,194

5 EXPENSES

	6 months to 24 December 2018	6 months to 24 December 2017
	£	£
Manager and Property Management Company fees	3,248,185	2,937,503
Corporate Trustee's fees	102,095	91,726
	3,350,280	3,029,229
Other expenses:		
Insurance	36,047	39,813
Audit fee	13,582	13,186
Review fee	13,379	12,989
Valuation fee	99,484	102,525
Legal and professional fees	472,504	660,616
Transfer Agent and Administrator fees	154,066	165,965
Marketing and communication costs	40,127	40,230
Vacant property and property maintenance costs	285,828	183,549
	1,115,017	1,218,873
	4,465,297	4,248,102

Included within vacant property and property maintenance costs are £4,821 of service charge rebates (2017: £53,967).



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## 6 FINANCE COSTS – INTEREST AND OTHER

Finance cost during the period (excluding distributions) comprise:

	6 months to 24 December 2018	6 months to 24 December 2017
	£	£
<b>Capital expenses</b>		
Credit facility arrangement fee	34,109	24,844
Legal and professional fees	19,066	10,720
Interest expense on capital contribution	219	-
	<b>53,394</b>	<b>35,564</b>
<b>Revenue expenses</b>		
Non-Utilisation fee	67,685	49,863
Finance lease interest	13,896	-
	<b>81,581</b>	<b>49,863</b>
Finance costs: interest and other	<b>134,975</b>	<b>85,427</b>

On 23 February 2018, the Fund extended its fixed revolving credit facility (the "Facility") with the Royal Bank of Scotland international ("RBSI") for a further two years to 20 February 2020. The Facility can continue to be utilised within the parameters outlined below:

- 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 2018	6 months to 24 December 2017
	£	£
First interim distribution	13,173,495	11,629,951
Second interim distribution	13,698,333	12,957,911
Net distribution from income for the period	<b>26,871,828</b>	<b>24,587,862</b>
Capital distribution	-	1,813,688
Total distribution	<b>26,871,828</b>	<b>26,401,550</b>

Details of the distribution per unit are set out in the distribution table on page 31.

Represented by:

	£	£
Net income	28,062,421	25,809,363
Less: income from rent straight-lining	(1,242,838)	(1,231,198)
Add back: capital expenses	53,394	10,720
Provision for bank charges	(1,149)	(1,023)
Distributable capital income	-	1,813,688
Net distribution for the year	<b>26,871,828</b>	<b>26,401,550</b>



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8 INVESTMENT PROPERTIES

Split of investment properties by freehold and leasehold:

	Freehold	Leasehold	As at 24 December 2018	As at 24 December 2017
	£	£	£	£
Value at the beginning of the period	1,066,810,707	146,979,293	1,213,790,000	1,093,760,000
Purchases and capital expenditure during the period	18,093,497	9,090,521	27,184,018	58,792,698
Carrying value of properties disposed during the period	-	-	-	-
Net unrealised gain on valuation	8,609,997	1,314,989	9,924,986	46,993,528
Income recognised from rent straight-lining and lease incentives	1,785,164	135,832	1,920,996	2,761,974
Fair value	1,095,299,365	157,520,635	1,252,820,000	1,202,308,200
Finance lease asset	-	779,210	779,210	-
Carrying value at the end of the period	1,095,299,365	158,299,845	1,253,599,210	1,202,308,200

Lease incentives and straight-lined rent of £14,166,459 (2017: £9,778,146) are included in the carrying value of the investment properties above.

All the properties have been valued by external chartered surveyors, Cushman & Wakefield, at £1,252,820,000 (2017: £1,202,308,200), in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The historical cost of the properties is £1,019,565,041 (2017: £996,549,371).

During the period the Fund acquired a leasehold property with annual ground rent payable of £37,500 (subject to five-yearly rent reviews). Undiscounted future minimum rent payments on this lease are £4,926,498; the net present value of the future minimum rent payments are £779,210 (see note 11). As the external valuation values properties on a net income basis an adjustment to the valuation equivalent to the lease liability is required.

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 the 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

The two key unobservable inputs are ERV (Estimated Rental Value) and equivalent yield. The estimated fair value of the investment properties would decrease if ERV as a percentage of passing rent decreased and increase if ERV as a percentage of passing rent increased. The estimated fair value would decrease if the yield was increased and increase if the yield was reduced.

The range of these two inputs applied in the 2018 valuations by Cushman & Wakefield is provided below:

Sector	Fair Value	ERV Range (psf)		Equivalent Yield Range	
		Max	Min	Min	Max
Retail - High Street	£30,525,000	£200.00	£75.00	4.00%	6.50%
Retail - Supermarkets	£95,400,000	£24.00	£20.00	3.80%	4.78%
Retail - Warehouses	£268,705,000	£40.00	£8.50	4.15%	6.63%
Warehouses / Industrial	£306,330,000	£12.00	£0.75	4.80%	8.50%
Offices	£269,300,000	£70.00	£10.00	4.05%	8.00%
Alternatives	£282,560,000	n/a*	n/a*	4.40%	6.86%
Total	£1,252,820,000				

\* ERV range has not been provided for the alternatives asset class as the inputs for these properties are assessed on various bases and therefore the range is not considered meaningful.



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9 DEBTORS

	As at 24 December 2018	As at 24 December 2017
	£	£
Amounts receivable for creation of units	-	14,121,730
Rent receivable	7,466,881	8,879,539
Amounts due from managing agents	5,058,895	2,727,759
Sundry debtors	622,537	772,823
Loan arrangement fee	79,028	7,874
	<b>13,227,341</b>	<b>26,509,725</b>

10 CREDITORS

	As at 24 December 2018	As at 24 December 2017
	£	£
Prepaid rent	13,584,776	12,576,693
Purchases awaiting settlement	189,885	454,300
Manager and Property Manager fees	90,000	60,000
Corporate Trustee fees	50,911	46,390
Audit fees	26,961	26,175
Valuation fees	54,811	52,601
Credit facility non utilisation fee and debt arrangement fee	32,548	23,562
VAT payable	2,094,487	1,144,146
Cost to complete on development	269,311	1,876,083
Other creditors	379,308	143,023
Finance lease liability	68	-
Retentions	176,220	301,533
Redemption amount due to redeeming units	1,999,159	-
	<b>18,948,445</b>	<b>16,704,506</b>

11 FINANCE LEASES

	As at 24 December 2018	As at 24 December 2017
	£	£
Finance lease	779,142	-
Total	<b>779,142</b>	<b>-</b>

The future minimum lease payments are as follows:

	As at 24 December 2018	As at 24 December 2017
	£	£
Not later than 1 year	37,500	-
Later than 1 year and not later than 5 years	150,000	-
Later than 5 years	4,738,998	-
Total gross payments	4,926,498	-
Less: Finance charges	(4,147,288)	-
Carrying amount of liability	<b>779,210</b>	<b>-</b>

Total finance lease liabilities amount to £779,210 (2017: £nil), of which £68 is considered current liabilities (see note 10). The remaining £779,142 (2017: £nil) is due after more than 1 year.



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12 RELATED PARTY TRANSACTIONS

Details of the Manager, Property Manager and Corporate Trustee can be found on pages 50 to 52.

During the period the Manager has received management fees of £3,188,185 (2017: £2,877,117) and the Property Management Company fees of £60,000 (2017: £60,386) thereby totalling £3,248,185 (2017: £2,937,503). These fees can be seen in Note 5, Expenses. The amount outstanding at the period end in respect of those fees was £90,000 (2017: £60,000), as can be seen in Note 10, Creditors.

During the period the Property Manager has received transactional fees of £83,718 (2017: £284,965), which are capitalised to Investment Property and deducted from realised gains or losses on disposal. The Property Manager has also received fees relating to asset management activity of £245,051 (2017: £474,711). These fees sit within Note 5, Legal and Professional Expenses.

During the period the Corporate Trustee received £102,095 (2017: £91,726). Amounts payable to the Corporate Trustee or associates of the Corporate Trustee are shown in Note 5, Expenses. Amounts due are shown in Note 10, Creditors. The amount outstanding at the period end in respect of those fees was £50,911 (2017: £46,390).

The aggregate monies received through creations and paid through cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. During the period the Manager has received fees of £184,267 (2017: £177,485) as a result of dealing activity in the Fund. Subscription money awaiting investment into The Charities Property Fund is held in a client money account and dealt with in accordance with the FCA's Client Money Rules.

13 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 31 'Fund History'.

Trading Quarter	No. Units	GROSS		Net Movement
		Applications	Redemptions	
24 Mar 2018	1,000,734,042.415	18,589,615.962	12,197,249.230	6,392,366.732
24 Jun 2018	999,225,948.362	14,617,620.336	16,125,714.389	(1,508,094.053)
24 Sep 2018	1,013,250,246.855	27,389,029.885	13,364,731.392	14,024,298.493
24 Dec 2018	1,011,693,390.877	10,689,914.138	12,246,770.116	(1,556,855.978)
	<b>TOTAL</b>	<b>71,286,180.321</b>	<b>53,934,465.127</b>	<b>17,351,715.194</b>

14 POST BALANCE SHEET EVENTS

There were no post balance sheet events requiring disclosure.

15 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2017: 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 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 FCA 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.

To protect the overall position of unitholders, there are clearly defined restrictions on the right to redeem; the Manager has a general right to delay redemptions for up to 12 months from the Dealing Date in respect of which the application for redemption of units is first made, and where redemptions sought represent an aggregate value of 10% or more of the Net Asset Value of the Fund, the Manager may delay sales for a period of up to 24 months from the Dealing Date in respect of which such application(s) are made. Full details are 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).



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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) are subject to a minimum fee of £15,000 p.a. and 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 depository 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.

INSURANCE AND SERVICE  
CHARGE REBATES

Service charges on properties held by the Fund are generally payable by tenants. To the extent that these are not recoverable (for example, if a unit is not let), the Fund will cover the shortfall. Where there are surpluses in service charge budgets, rebates are received by the Fund. Details of rebates received by the Fund during the financial year can be found in note 5 to the financial statements.

No insurance charge commission is earned by the Fund. Commission is earned by the Property Manager for its services in arranging insurance policies for properties held by the Fund.



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# TRUSTEE, MANAGER AND ADVISERS

## DETAILS

### Corporate Trustee and Depository

Citibank Europe plc, UK branch  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

### Manager / AIFM

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

### Investment Adviser

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

### Property Manager

Savills Investment Management LLP  
33 Margaret Street  
London  
W1G 0JD

### Standing Independent Valuer

Cushman & Wakefield LLP  
43-45 Portman Square  
London  
W1A 3BG

### Auditor

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### Legal Adviser

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

### Property Management Company

Savills (UK) Limited  
33 Margaret Street  
London  
W1G 0JD

### Performance Measurement

MSCI (formerly IPD)  
9th Floor  
10 Bishops Square  
London  
E1 6EG

### Transfer Agent and Administrator

Langham Hall UK Services LLP  
5 Old Bailey  
London  
EC4M 7BA

This report 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 document is 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. This report is aimed at existing investors in the Fund, but it may also be distributed to prospective investors. This report is not an offer to invest in the Fund and independent financial advice should be sought before considering investment into the Fund.

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. Taxation levels, bases and if relevant, reliefs can change. Property can be difficult to sell and it may be difficult to realise your investment when you want to.

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