CHARITIES PROPERTY FUND

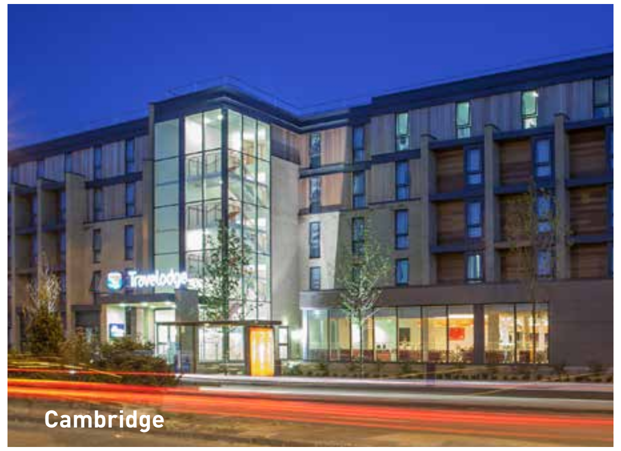
Savills Investment Management

ANNUAL REPORT & ACCOUNTS

June 2019

savills investment management

CHARITIES PROPERTY FUND


Cambridge


Liverpool


London, WC2


London, E1


Burton Upon Trent


Bath


Basingstoke


Bury St Edmunds

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MANAGER'S REPORT

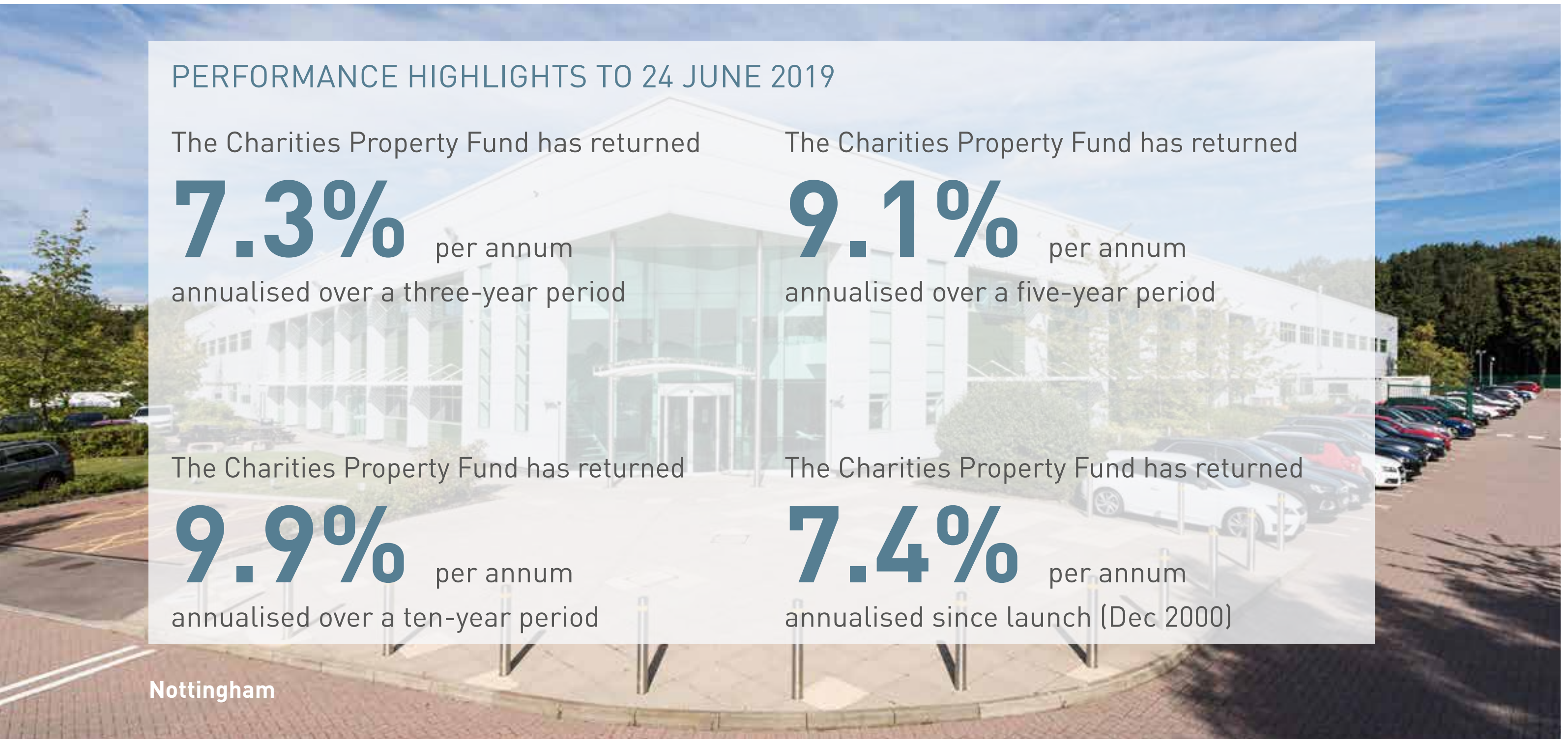
Our focus on best in class locations, strong tenants and long leases twinned with a low vacancy rate and a dedicated asset management team has proved successful and very defensive. It has helped us to deliver our 12th consecutive year of market outperformance.

There is no doubt that the commercial property investment market has been subdued over the last 12 months, with transaction volumes down due to significantly tempered overseas and domestic investor interest. Not only have the headwinds in the retail sector blunted investor and tenant interest, but a slowdown in manufacturing and business expansion caused by the continued Brexit inertia has impacted on the office, industrial and logistics sectors.

Capital growth has slowed in most sectors and reversed in parts of the retail sector, which are suffering from a perfect storm of increased on-line competition, excess supply, a slow down in consumer spending and high costs of occupying physical property - from high business rates, increased minimum wages and town centre parking prices. This has led to the total return from the MSCI/AREF All Balanced Funds Index to fall to 3.4% over the last 12 months.

The Charities Property Fund has fared much better, producing a total return of 4.6% for the last 12 months. We continue to be optimistic. The high level of income from commercial real estate is attractive and dependable. Outside of the high street, most sectors do not exhibit oversupply concerns and the asset class is not over leveraged.

We also have a well balanced portfolio split evenly between the four main sectors. As we have consistently reported, we aim to buy the right buildings in the right locations and hold them for a long time. Many of the REITs have suffered from being too heavily exposed to the wrong parts of the retail sector, compounded by the use of gearing. We don't own any shopping centres, have a very low weighting to the High Street (2%) and the vast majority of our holdings in this sector are in discount retail and grocery, which are far less impacted by internet retailing and in some cases not impacted at all. They offer cheap, affordable rents, with parking and lower business rates bills and this is why our vacancy rate in this sub sector is only 1.2%.



PERFORMANCE HIGHLIGHTS TO 24 JUNE 2019

The Charities Property Fund has returned **7.3%** per annum annualised over a three-year period

The Charities Property Fund has returned **9.1%** per annum annualised over a five-year period

The Charities Property Fund has returned **9.9%** per annum annualised over a ten-year period

The Charities Property Fund has returned **7.4%** per annum annualised since launch (Dec 2000)

Nottingham

Source: AREF/MSCI

* Past performance is not a reliable indicator of future performance

Basingstoke

The overall portfolio is yielding 5.2%. Holding cash reduces this to 4.8% and deducting the total expense ratio (all costs of running the Fund) and empty property costs results in a net dividend to investors of 4.2%.

Our aim is to grow this. It is important to note that if we were fully invested and charged our fees to capital, rather than revenue our dividend yield would be 5.1%. If we then added leverage the distribution would be considerably higher still.

However, we wish to maintain our cautious approach, not to borrow and in this time of Brexit uncertainty – with the 31st October deadline rapidly approaching – it is prudent to maintain our high levels of cash both for liquidity and for opportunistic purchases. However, in the short term this does have an impact on the dividend.

As can be seen above, the dividend grew by 14% - 3.5% per annum between 2012 - 2016. However, since then it has reduced slightly. This is primarily due to holding higher levels of cash because of the increased economic and political uncertainty of the last 3 years.

Brexit and its implications for open ended property funds is clearly an ongoing concern and liquidity in the daily traded funds can be problematic at times such as these, as we saw after the 2016 referendum vote. Illiquidity however is not purely reserved for real estate as those who invested in some equity funds have also discovered. The fact that we trade quarterly (much more appropriate for a fund such as this), twinned with our elevated levels of cash and proven liquidity of holding a larger number of smaller more tradeable properties will help to insulate us as it has done in the past.

As can be seen from the purchases and sales, we are gradually and selectively increasing the yield. Our purchases yielded 5.7% on average compared to the sales at 5.1%. In addition our average yield is higher than IPD and our void rate lower, despite our leases being longer, having a higher percentage of index linked income and being invested in excellent locations and the stand out sectors. 80% of our assets are situated in either London, Oxford, Cambridge, Bath, Brighton, Harrogate, or in the industrial and alternative sectors.

We have been consistently improving the quality of the portfolio whilst maintaining the dividend and this focus on enduring quality will remain a key philosophy for the Manager into the future.

Harry de Ferry Foster MRICS
Fund Director

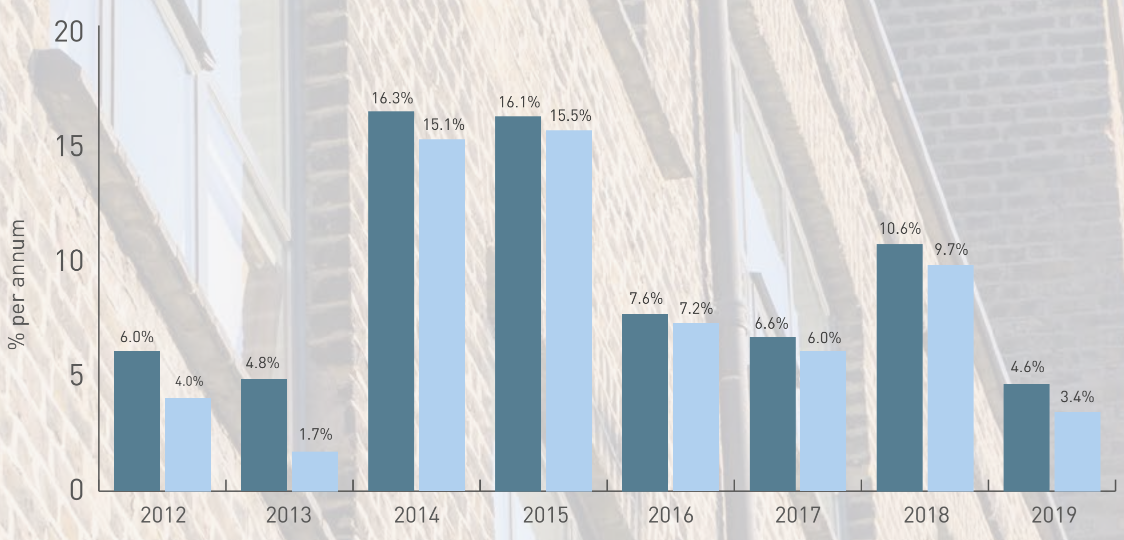
FUND PERFORMANCE

The total return for the Fund during the 12 months to 24 June 2019 was 4.6% against the Fund's target annual return of 7.0%, made up of 4.2% income return (net of all costs and fees) and 0.4% capital growth. The AREF/MSCI All Balanced Property Funds Index produced a total return of 3.4% over the same period. The Fund has increased in size by 2.5% during the last 12 months from £1,285 million* in June 2018 to £1,317 million* in June 2019, including £27 million of net cash inflow from applications and redemptions.

Over the last five years the Fund has returned 9.1% per annum, compared to the Index of 8.3% per annum. Over 10 years the Fund has returned 9.9% per annum, compared to the Index at 8.7% 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 30 JUNE 2019



Charities Property Fund   AREF/MSCI All Balanced Funds Index

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

* Past performance is not a reliable indicator of future performance

CHAIRMAN OF THE ADVISORY COMMITTEE

The Charities Property Fund has once again outperformed the AREF/MSCI All Balanced Property Funds Index with a total return of 4.6%, compared to the benchmark of 3.4%. Whilst this is below its 7.0% per annum objective on an annual basis, over the longer term the Fund continues to exceed its objective registering 7.3% pa over three years, 9.1% pa over five years, 9.9% pa over 10 years and 7.4% pa since launch. The Fund has also outperformed the AREF benchmark for twelve consecutive years.

Importantly for investors, the current income element also remains above average, producing 4.2% (net of all fees and costs) over the last 12 months. The Fund continues to deliver the top quartile income return it set out to do at inception; on average providing 4.7% pa (net of all fees and costs) over the last five years.

As covered in the Manager's report the last three years of political uncertainty has lead to a hiatus in decision making, reduced transaction volumes and increased uncertainty. However, we believe the portfolio to be well managed and the quality of underlying real estate and its defensive positioning should provide comfort to all investors.

Savills Investment Management and the Charities Property Fund team have navigated this uncertainty well. They are aided by the Advisory Committee which provides a sounding board to the investment manager and the comfort of an additional check and balance for investors, on top of Savills Investment Management's own internal processes and procedures. Whilst the Committee is advisory, we have a good working relationship with the management team and review the portfolio and their performance every quarter. We are also invited to comment and advise on all purchases and sales in advance.

The Committee remains mindful of the fact that all our investors are registered charities with charitable objectives and responsibilities. We work closely with Savills Investment Management to ensure the Fund's clear ethical policies are observed, and likewise that the Fund invests and manages in accordance with socially responsible investment (SRI) principles, more detail on which can be found later in this report.

The Committee benefits from the considerable knowledge and experience of the eight additional members listed below:

Aidan Kearney, CIO, The Health Foundation
Alan Fletcher, Investment committee member, Church of England Pension Board and Chairman of Investment Committee, Leicester Diocesan Board of Finance
Andrew Chapman, Trustee of KidneyCare UK
Chris Hills, CIO, Investec Wealth Management
Nick Downer, Bursar, Selwyn College, Cambridge
Paul Taylor, Investment committee member, Latymer Upper School
Richard Robinson, Investment Director, Paul Hamlyn Foundation
Wilf Stephenson, Bursar, Oriel College, Oxford

We will endeavour to assist the continued success and strong governance of the Charities Property Fund.

RMNaish

Malcolm Naish
Chairman of the Charities Property Fund Advisory Committee

INVESTOR TESTIMONIAL

Selwyn College is one of the 31 constituent colleges of the University of Cambridge whose primary objective is to provide our students with the highest quality education, irrespective of their background or financial circumstances. Much has been written elsewhere about university fees and I will limit myself to saying that these currently cover barely half the cost of a Cambridge education. Selwyn is thus dependent on other sources of income, such as its endowment, to fund its educational and charitable objectives.

The college does not have an investment property portfolio of its own and the Charities Property Fund was and remains the ideal vehicle to obtain exposure to a high quality and diverse portfolio of UK property that would otherwise have been inaccessible. The college particularly values the stable income stream produced by the Fund in an investment environment that has been challenging in recent years. It was a founder investor in the Fund in 2000 and has topped up its holding on two separate occasions since then, most recently in 2018.

In addition, I have had the privilege of sitting on the Advisory Board since 2003 and have seen it grow to over £1.3 billion in size, with a largely unchanged management team. Having seen the inner processes behind this rise, I can confirm that growth has not been at the expense of quality. The team has a relentless focus on the quality of the asset and the tenant covenant. This is backed up by extensive filtering of possible deals, rigorous asset selection and, once purchased, skilful management of the asset to extract maximum value for the Fund's 2,000 or so charity investors. We are in good hands.

Nick Downer, Bursar, Selwyn College, University of Cambridge

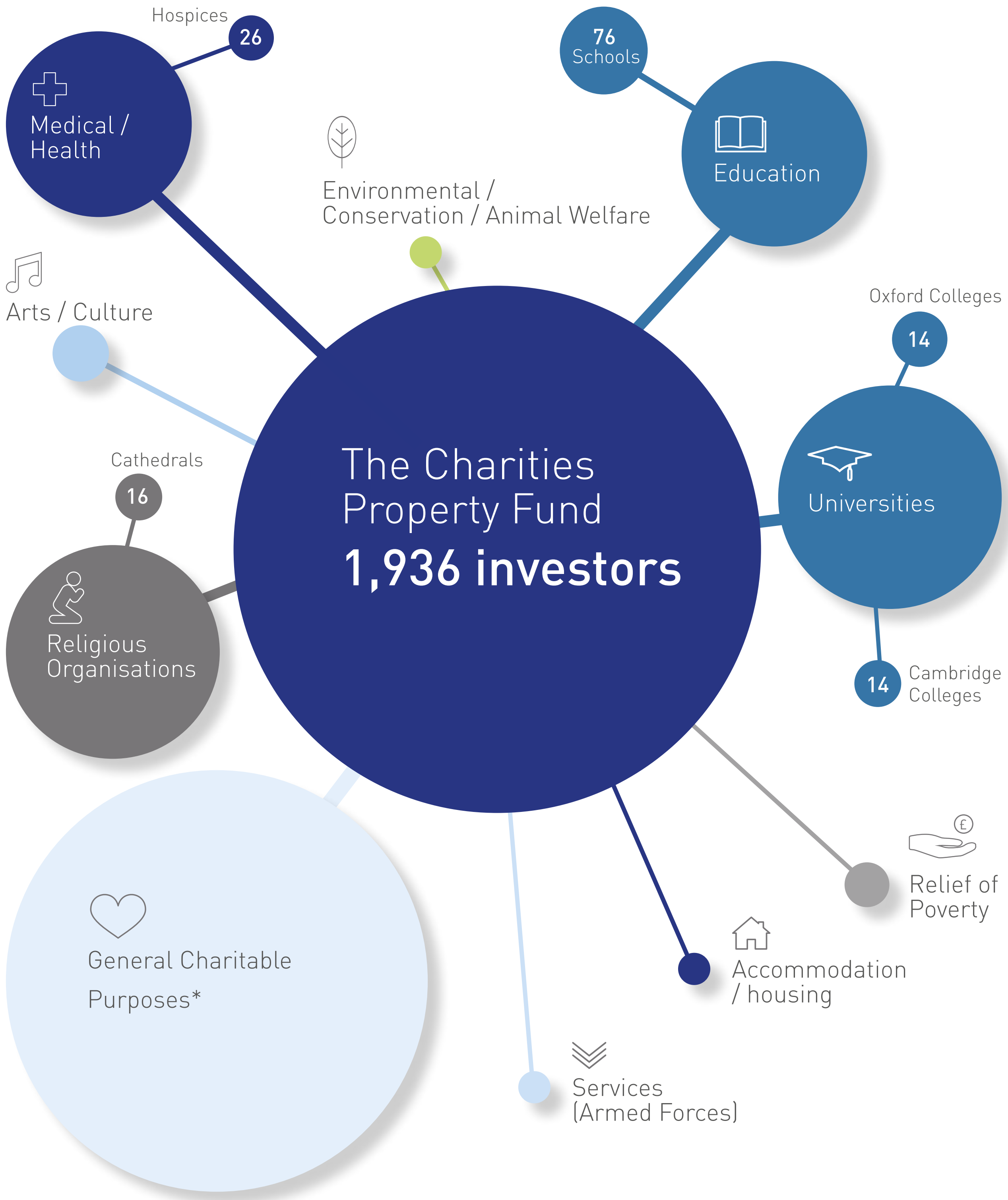
The Diocese of Southwark

The Diocese of Southwark represents the Church of England for most London Boroughs south of the River Thames and East Surrey. It is responsible for housing, training and paying all paid clergy within its parishes and for furthering the mission and ministry of Christ within the Diocese. The income that we receive from our investment portfolio is an important component of our total income and enables us to fund initiatives that we would not otherwise be able to through our Southwark Vision programme.

We look for our investments to deliver stable and growing income and to provide capital growth over the medium term. Our investment portfolio is not large enough to support a diversified commercial property portfolio but by investing in the Charities Property Fund we are able to achieve this objective.

Anthony Demby, Director of Finance, Diocese of Southwark

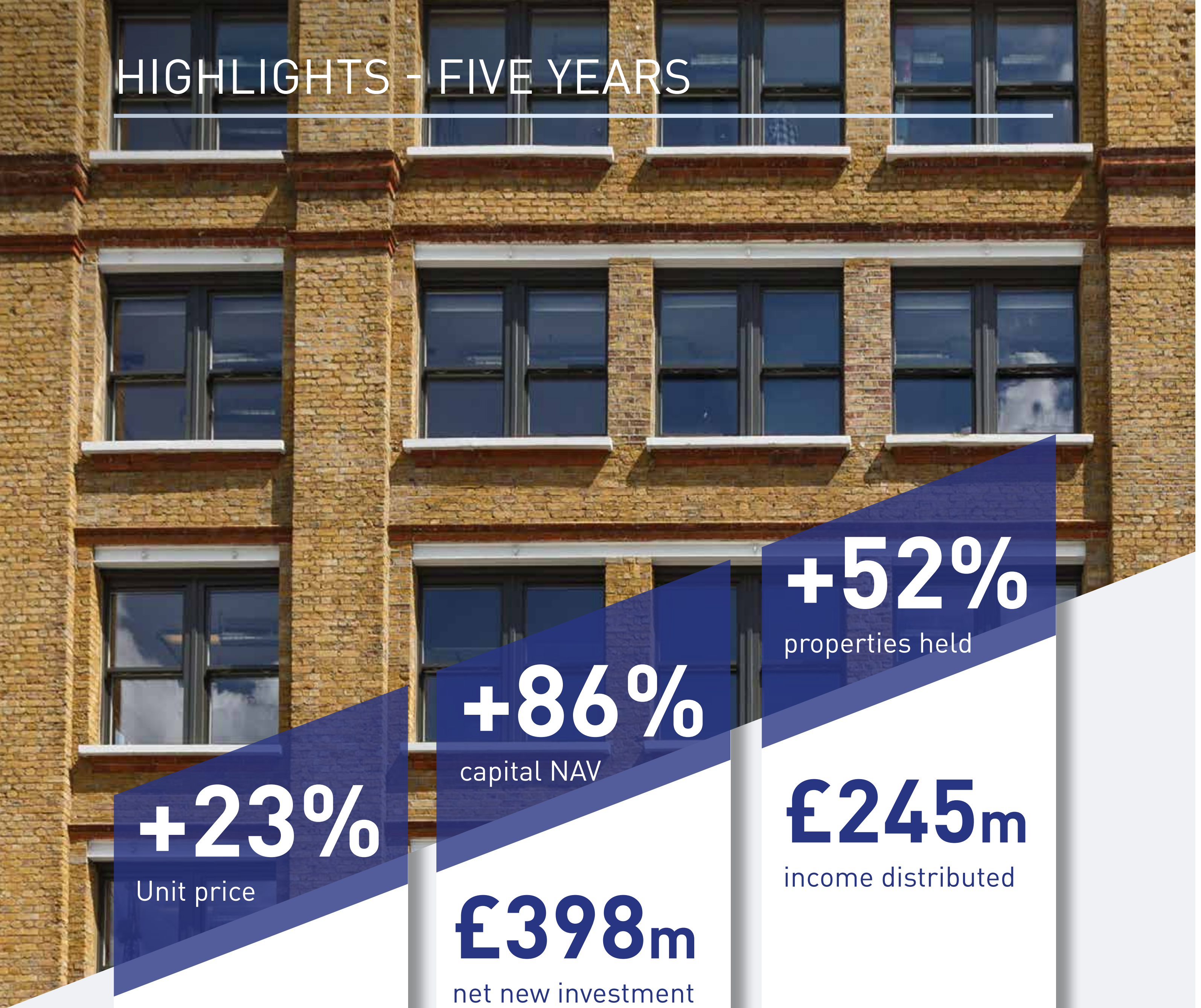
INVESTOR CATEGORISATION



Source: Savills Investment Management (June 2019)

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

HIGHLIGHTS - FIVE YEARS



+23%
Unit price

+24%
investor base

+86%
capital NAV

£398m
net new investment

+52%
properties held

£245m
income distributed

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.

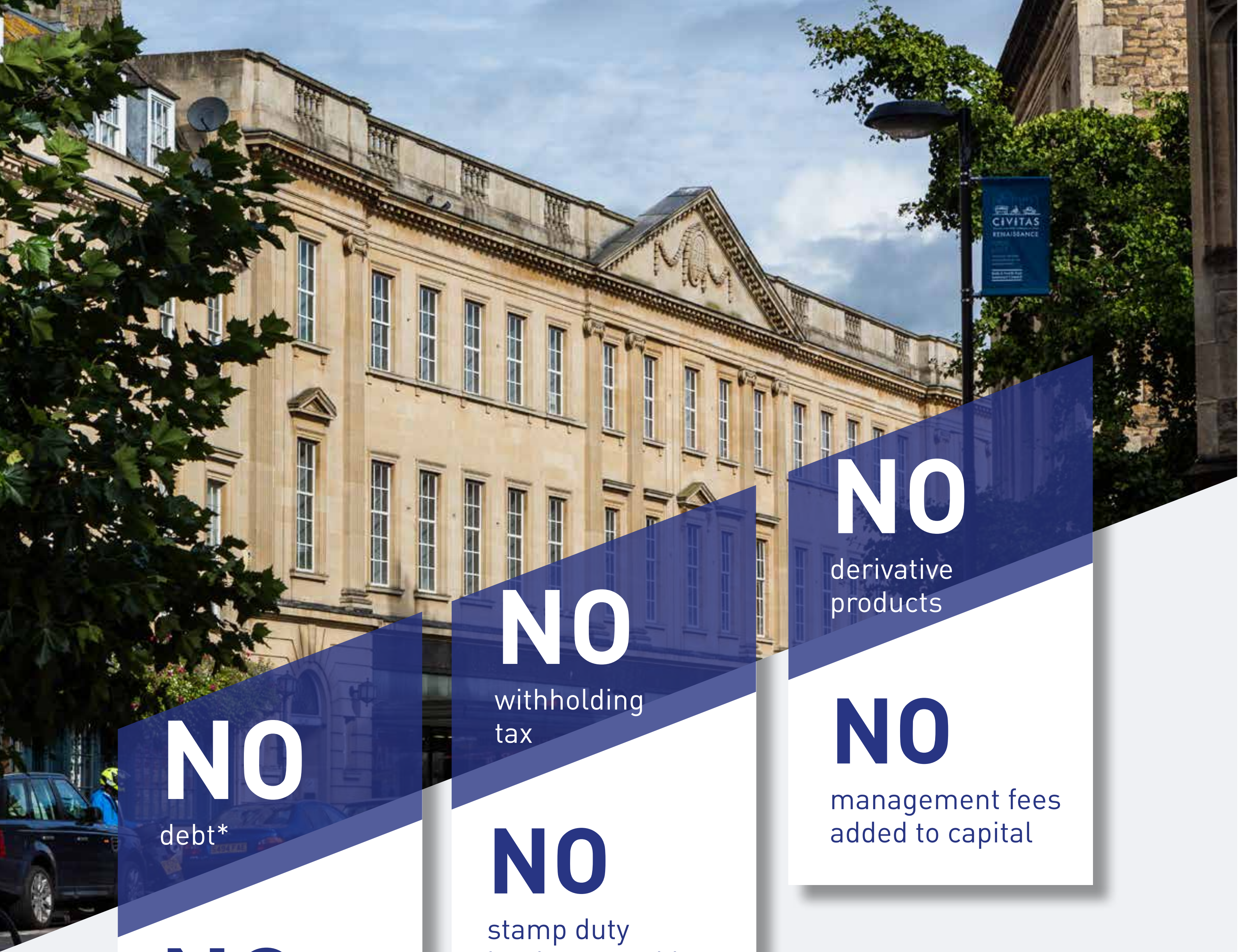
The Fund invests in the principal commercial property sectors: office (both London and regional), retail (high street, supermarkets and retail warehouses), industrial (manufacturing and distribution) and alternatives (hotels, student accommodation, serviced apartments, car showrooms, roadside and leisure) 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.

"To provide a high and secure level of income with the prospect of growth in income"

CHARITIES PROPERTY FUND



NO derivative products

NO withholding tax

NO debt*

NO management fees added to capital

NO stamp duty land tax payable

NO performance fees

The yield on the portfolio is **higher than** IPD/MSCI average and our void rate lower, despite our leases being longer, having a higher percentage of index linked income and being invested in excellent locations and the stand out sectors – 80% of our assets are in London, Oxford, Cambridge, Bath, Brighton, Harrogate and in the industrial and alternative sectors.

* There is a fixed revolving credit facility which is currently undrawn

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 3.8% compared to the MSCI monthly index average of 10.3% (including developments), as at June 2019.

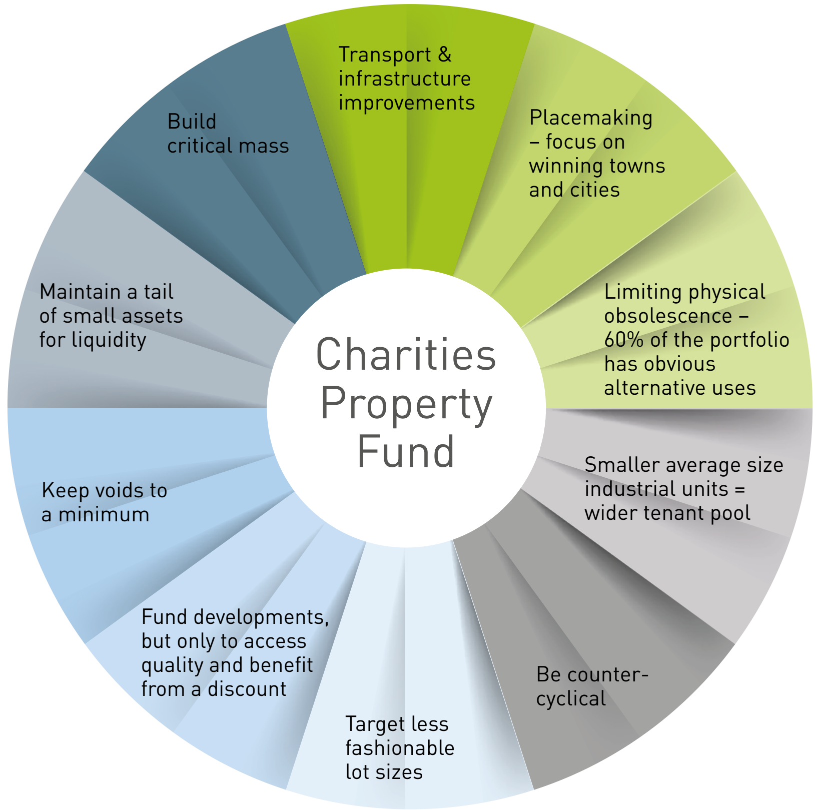
We also believe the Fund's sector weightings deliver a small yield benefit through maintaining a higher weighting to retail warehouses, the London office sector (excluding core City and Mayfair areas) and the industrial and alternative sectors, and a lower weighting to the high street retail, shopping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

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

We continue to look for interesting growth locations and opportunities, with a bias towards fringe Central London locations (Farringdon, Clerkenwell, Whitechapel) regional offices, alternatives and the industrial & distribution markets. These sectors benefit from good demand and supply dynamics and are often underpinned by replacement cost. We have seen significant rental growth in all these sectors and the alternative assets provide longer than average leases and a high proportion of rental indexation.

We have acquired almost **140 buildings** during the last nine years, investing almost **£1 billion** in assets that are now valued (or have been sold) for a total consideration of over **£1.25 billion**. Of these acquisitions, we have subsequently sold 28 properties totalling only 17% 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.



PORTFOLIO REPORT - PURCHASES

The Fund purchased six individual property investments during the 12 months to 24 June 2019, investing **£47.7 million**. Additional capital investment of approximately **£6.6 million** was made into existing assets through refurbishments, securing planning consents, combating obsolescence and funding general improvements elsewhere within the portfolio to help deliver future income growth.

The purchased properties are of high quality and with **no vacancy** (compared to MSCI at 10.3%). The leases have on average **17.8 years remaining until expiry** and 11.7 years on average to earliest break (compared to MSCI at 8.2 and 7.1 years respectively). Over a quarter of the contractual rent benefits from fixed or inflation-linked rental increases.

The total consideration of £47.7 million reflected a very low capital value of £142 per sq ft. The average yield to the Fund inclusive of acquisition costs is **5.7%**. This compares to the MSCI Monthly Index average net initial yield of 4.6%, as at June 2019. 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. CENTURION WAY, BELVEDERE, GREATER LONDON

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 in this location.

2. ETCHELLS ROAD, 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 as their new UK headquarters. The price of **£5.2 million** reflects a yield to the Fund of 7.0%.

Basingstoke
Purchase price: **£9.0 million**
Weighted unexpired lease term: **6 years**
Yield to the Fund: **5.4%**

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 and 2027 respectively. The units are modern and constructed to a high specification with both tenants having invested significant capital into the units. They also benefit from very low rental levels offering significant reversions. The purchase price of **£9.0 million** reflected a yield to the Fund of 5.4%.

Bury St Edmunds
Purchase price: **£17.25 million**
Lease length: **25 years**
Yield to the Fund: **5.0%**
BREEAM: **Excellent**

4. 9-10 TRIM STREET, BATH

A freehold Georgian property arranged as ten serviced apartments. The building has been recently renovated to a very high standard and let to TS Apartments Limited (trading as Hiding Places) on a new 10 year lease. The rent under the lease benefits from annual RPI indexation. The tenant is well known to the Fund as they already operate another 17 serviced apartments in Bath owned by the Fund. The purchase continues our strategy of sector diversification whilst building critical mass and local expertise in key centres. The price of **£3.0 million**, reflected a yield to the Fund of 5.0%.

Bath
Purchase price: **£3.0 million**
Lease length: **10 years**
Yield to the Fund: **5.0%**

5. UNIPART LOGISTICS, BURY ST EDMUNDS

A brand new BREEAM* excellent 147,000 sq ft distribution unit forming part of a new development to the east of the town next to the A14. The unit has been let to Unipart Logistics Limited on a 25 year lease at a rent of £5.95 per sq ft. Unipart will be operating a recently awarded NHS contract from the building. The property is subject to a break option at the end of the 15th year and rent reviews are index linked to increase in line with the retail price index (RPI) collared and capped at 1-4% per annum. The price of **£17.25 million**, reflected a yield to the Fund of just over 5.0%.

6. 82-83 QUEENS ROAD, BRIGHTON

Situated between two office buildings already owned by the Fund and adjacent to Brighton station, the buildings comprise retail on the ground floor and offices above. Importantly it provides us with an unbroken parade of three adjacent buildings next to the station, opening up future options for redevelopment, phased refurbishment and increased massing. It also fulfills our strategy of adding to our holdings in core, quality locations. The purchase price of **£3.25 million**, reflected a yield to the Fund of 6.0%.

*Building Research Establishment Environment Assessment Method

PORTFOLIO REPORT - SALES

The Fund completed three sales during the 12 months to 24 June 2019, generating gross sales proceeds of **£47.25 million**. In addition these three properties contributed over **£2.14 million of income** during the period from 24 June 2018 to the date of their disposal.

They are all retail properties and although this is a sector which has been struggling in a number of sub sectors and has suffered negative sentiment, it is interesting to note that they were all sold at or above their purchase prices.

The prices achieved reflected a combined **yield of 5.18%** and a relatively high capital value of £467 per sq ft.

Mansfield
Sale price: **£45.0 million**
Capital growth: **4.7%**
Net initial yield: **5.2%**

The Fund's sales were:

1. MANSFIELD, TESCO STORE

The Tesco Extra in Mansfield has been sold for **£45.0 million** reflecting a net initial yield of 5.2%. The property had been held for 9 years providing uninterrupted and growing income. We have extended the lease once already and at the date of disposal it had just under 20 years unexpired once again. Whilst a 20 year lease to Tesco remains attractive, there were no further asset management or alternative use opportunities for the team to exploit. The rent was also high at over £25.00 per sq ft - by way of comparison the average out of town retail rent in the rest of the portfolio (including London and the South East) is only £14.00 per sq ft. It has delivered £21.25 million in income over the hold period and was sold for £2 million ahead of its original purchase price.

We sold the Tesco store to Supermarket Income REIT plc, a listed real estate investment trust that invests purely in long let UK Supermarkets. The purchase was funded mainly in cash (75% of the total) but also partly by shares in Supermarket Income REIT (25%). 10.922 million shares were issued at a price of 103.00 pence. At the time of writing this report, we have subsequently sold 7.364 million shares (67.4% of the total) at a average price of 104.13 pence per unit, resulting in a profit of circa £80,000. We retain 3.558 million shares.

> "It has delivered **£21.25 million** in income over the hold period and was sold for **£2 million** ahead of its original purchase price."

2. BIRMINGHAM, HALFORDS

The asset was sold for **£1.75 million**, reflecting a net initial yield of 4.4%, achieving 27% in excess of its 2011 purchase price. This premium reflected the value for alternative use and we have a number of other live situations in the retail sector where we are in receipt of offers also at significant premiums which we are considering and which would be accretive to performance. The property was let to Halfords for a further 5 years and delivered a total return of over 10% per annum over its life in the Fund.

Birmingham
Sale price: **£1.75 million**
Capital growth: **27.0%**
Net initial yield: **4.4%**

3. NORTHBROOK STREET, NEWBURY

A high street shop in Newbury, let to Oxfam for a further 3 ½ years, sold for **£500,000**, in line with its acquisition price in 2018. This property was acquired as part of a larger portfolio and was never intended to be held for the long term. This reflected a net initial yield of 6.7%.

Newbury
Sale price: **£500,000**
Capital growth: **0.0%**
Net initial yield: **6.7%**

CHARITIES PROPERTY FUND

MANAGER'S REPORT

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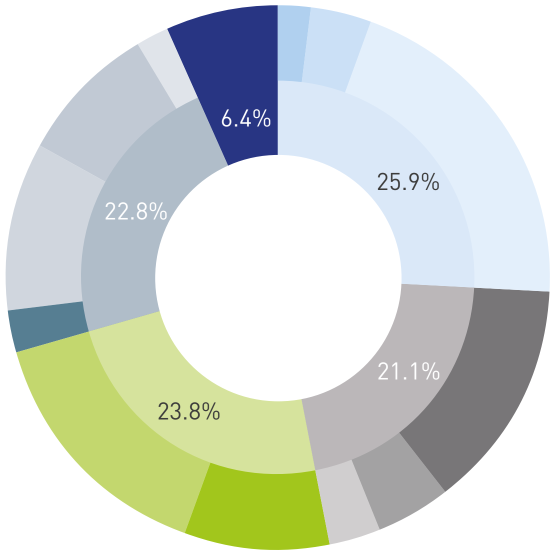
KEY FUND DATA

FINANCIAL STATEMENTS

SECTOR WEIGHTINGS - THE FUND

The portfolio is well diversified and is not over exposed to any one particular sector. It continues to have a bias towards industrial/distribution, alternatives, London offices and the retail warehouse sectors. It remains significantly underweight (relative to the AREF/ MSCI All Balanced Funds Index) to high street retail and shopping centres. The MSCI/IPD weightings are shown on the facing page.

CPF PORTFOLIO BY SECTOR
as at 24 June 2019



RETAIL

High Street	2.2%
Supermarkets	3.6%
Retail Warehouses	20.1%

INDUSTRIAL & DISTRIBUTION

South East Industrials	8.7%
Rest of UK Industrials	15.1%

OFFICES

London Offices	13.7%
South East Offices	4.3%
Rest of UK Offices	3.1%

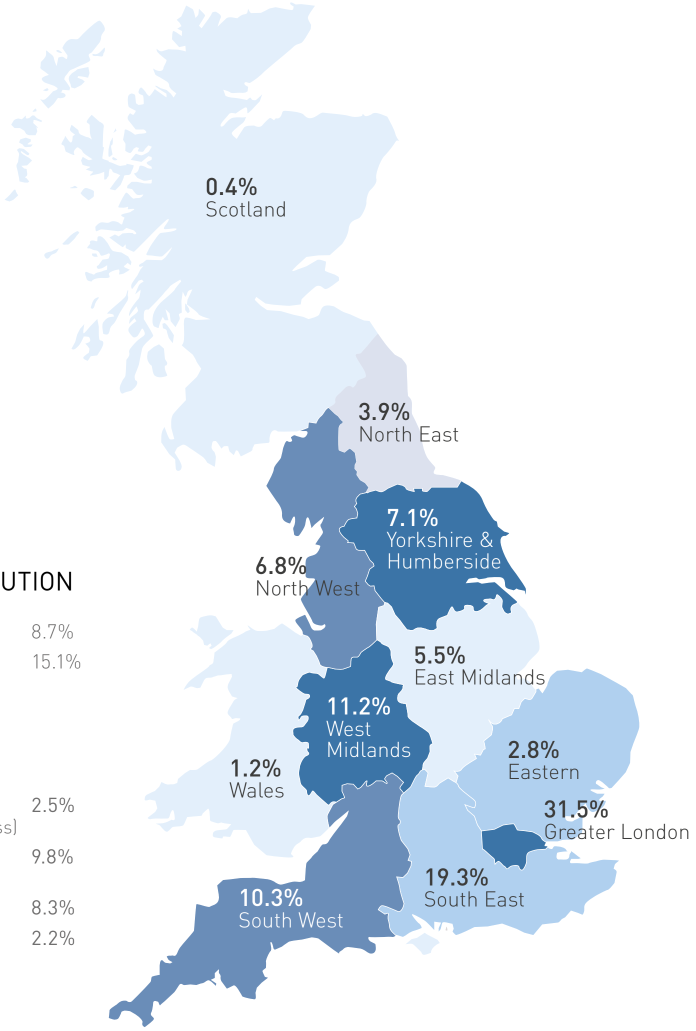
ALTERNATIVES

Leisure (food & beverage / health & fitness)	2.5%
Accommodation (hotels / student / serviced apts.)	9.8%
Automotive	8.3%
Roadside	2.2%

CASH 6.4%

Source: Savills Investment Management

CPF PORTFOLIO BY REGION
as at 24 June 2019



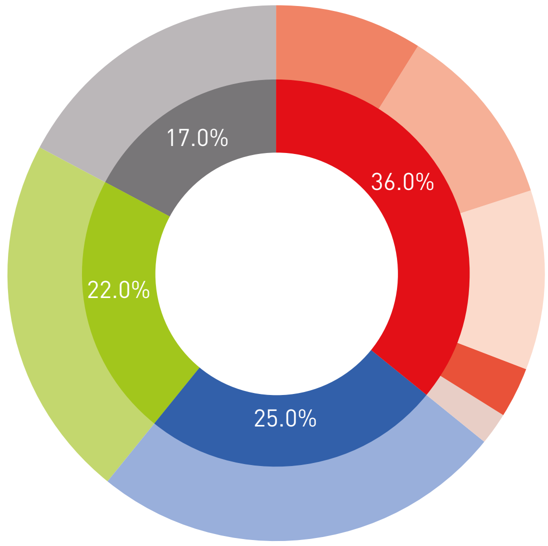
Over the last 12 months we have increased our exposure to the industrial and distribution sector, to accommodation assets and to regional offices. We have reduced our exposure to the retail and alternative sectors.

We have set out analysis of the four sectors and how the Fund is positioned within them on pages 26 - 33.

SECTOR WEIGHTINGS - MSCI/IPD

Geographically the Fund's weightings are very similar to the IPD weightings. The main difference being we have almost no exposure to Scotland and less to Greater London, but proportionately more in the South East and South West of England. The Midlands and the North are broadly the same.

MSCI/IPD SECTOR WEIGHTINGS
as at 24 June 2019



RETAIL

High Street	9.0%
Shopping centres	11.0%
Retail Warehouses	11.0%
Supermarkets	3.0%
Other retail	2.0%

INDUSTRIAL & DISTRIBUTION

Industrial & distribution	22.0%

OTHER

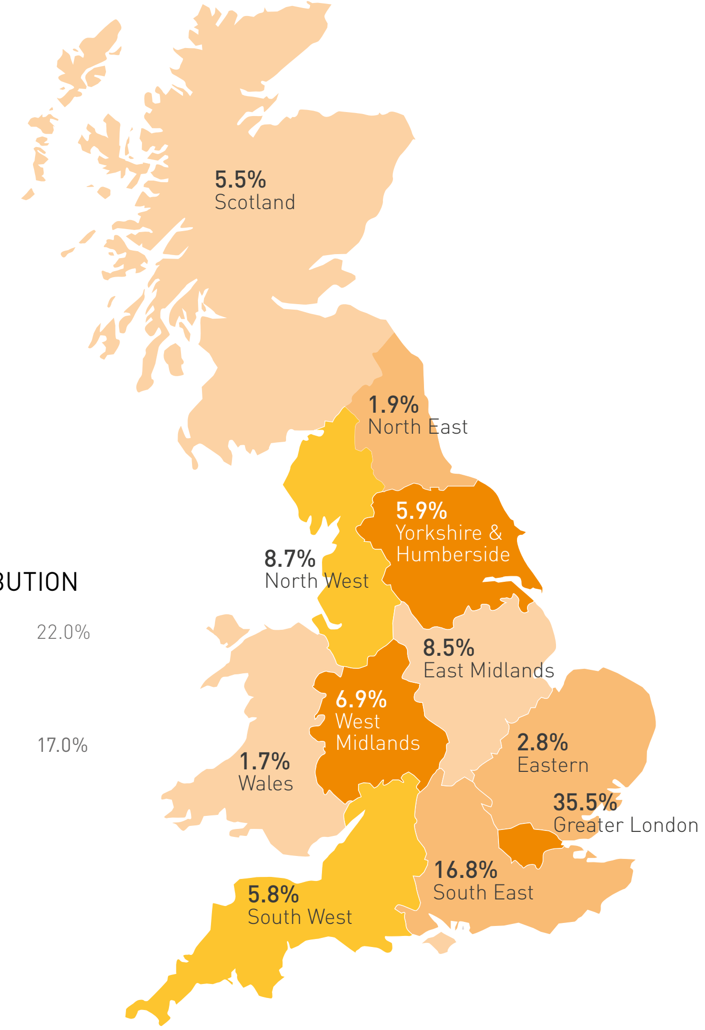
Other	17.0%

OFFICES

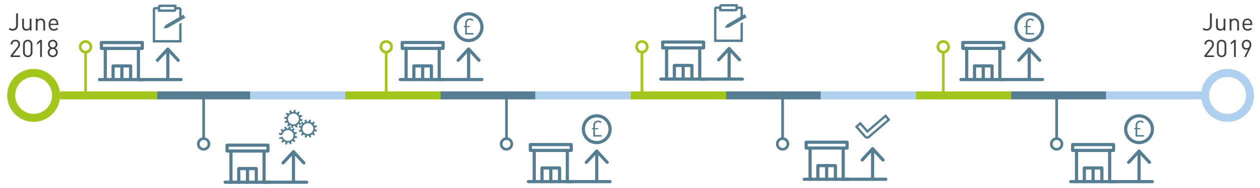
Offices	25.0%

Source: MSCI/IPD

MSCI/ IPD GEOGRAPHICAL WEIGHTINGS
as at 24 June 2019



It has been a busy year for the Fund with 62 new lettings and renewals completed or rent reviews documented. We completed one of the Fund's smallest ever lettings at £15,000 pa and more importantly the largest letting ever undertaken at £2.4m pa at The Smithson. The average increase at rent review was almost 10% adding over £1m pa in income over the year to June.



30
lettings completed

£15,000 pa
the Fund's smallest letting at Merthyr

£2.4m pa
the Fund's largest letting at The Smithson

£7.3m
of lettings / renewals and regears

32
rent reviews completed

+56%
largest % increase rent review
(Bath, Westpoint)

9.4%
the average increase at review

£1.0m
increase in rent received from rent reviews

ASSET MANAGEMENT

Three individual examples of lease renewals and new lettings are set out below. It is satisfying to see considerable increases in our London office portfolio particularly and see our retail assets bucking the trend of softening rents. This supports our confidence in the quality of the individual assets owned by the Fund.

Previous rent: **£255,000 pa**
New rent: **£425,810 pa**
% increase: **+67.0%**

COWPER STREET, LONDON

The Fund exercised its mutual break option given that the property was significantly underrented. The existing tenant subsequently agreed to a substantial rental increase.

Previous rent: **£175,330 pa**
New rent: **£250,000 pa**
% increase: **+43.0%**

SHEPHERDESS WALK, LONDON

The Fund completed a new 5 year lease of the ground and lower ground floors to LeeWrangler UK at rent of £250,000 pa (an increase of 43%) after they exercised their break option and then had a change of heart.

Previous rent: **£117,000 pa**
New rent: **£131,000 pa**
% increase: **+12.0%**

REDDITCH

After Maplin collapsed into administration we suffered a vacancy at our retail park in Redditch. We set about re-marketing this unit and are delighted to report that we have now signed agreements for lease with Costa Coffee and Sue Ryder, both on 10 year terms on the basis we split the unit. The combined rent of £131,000 per annum reflects £21.95 per sq ft overall and this is 12% higher than the level previously being paid by Maplin. The park is therefore back up to 100% occupancy and the overall rental level has increased. We have also extended the lease to Poundstretcher on this park by a further 5 years at the same rent.

HIGHLY RESILIENT QUALITY PORTFOLIO

126 properties

11.7 years to lease expiry

3.8% vacancy rate

38.7% of annual rent benefits from fixed or index linked rental increases

1,936 investors

87.5% of tenants rated low or negligible risk by Dun & Bradstreet

NO debt*

46.0% by value located within Bath, Brighton, Oxford Cambridge, Harrogate, and London

* There is a fixed revolving credit facility which is currently undrawn

LEASE EXPIRY PROFILE

The Fund's average lease length to expiry at 11.7 years is almost 43% longer than the market average at 8.2 years and at 9.3 years to earliest date is 29% longer than the market average of 7.1 years.

The average unexpired terms in the office and industrial sectors are broadly in line with the market average – in the industrial sector the Fund has longer lease length but a similar average unexpired term to earliest break option. In the office sector again we are broadly in line overall but have a slightly shorter weighted average to earliest break. However when assessing break options, it is interesting to note that out of 13 tenant break options that could have been exercised in the last 12 months, only one was exercised and that tenant subsequently re-committed on the same space at a higher rent.

The main differences are in the alternatives and retail sectors. In the alternatives sector the average lease length is 30% longer than the market average and in the retail sector it is over 50% longer to lease expiry and 40% longer to earliest break. This 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. Many of these leases are index linked to good covenants which insulates the Fund in turbulent times and importantly maintains cashflow.

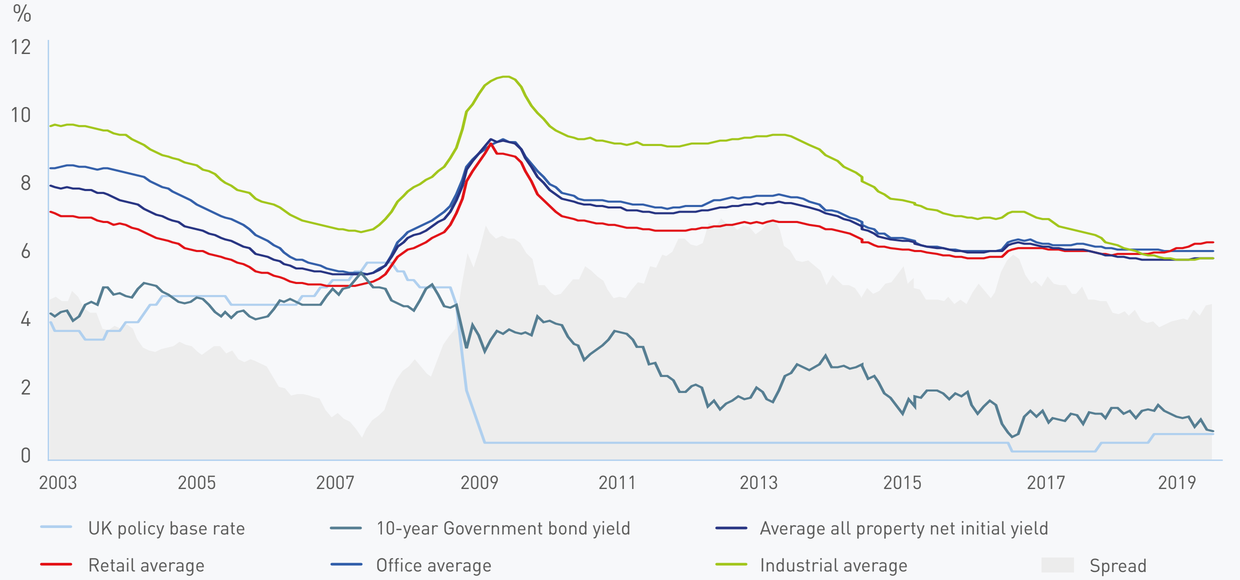
Source: IPD Quarterly Universe, as at 30 June 2019

COMMERCIAL PROPERTY OUTLOOK

The UK economy contracted 0.2% in Q2 2019. Although this was worse than the consensus, the small fall mainly reflected a drag from companies running down stocks built up in Q1 ahead of the original Brexit deadline. A fall in net trade also held the economy back in the second quarter.

While the risk of recession has risen, how the economy fares in the coming months is likely to be driven primarily by what happens with Brexit.

PROPERTY YIELDS COMPARED TO BOND YIELDS AND THE BASE RATE



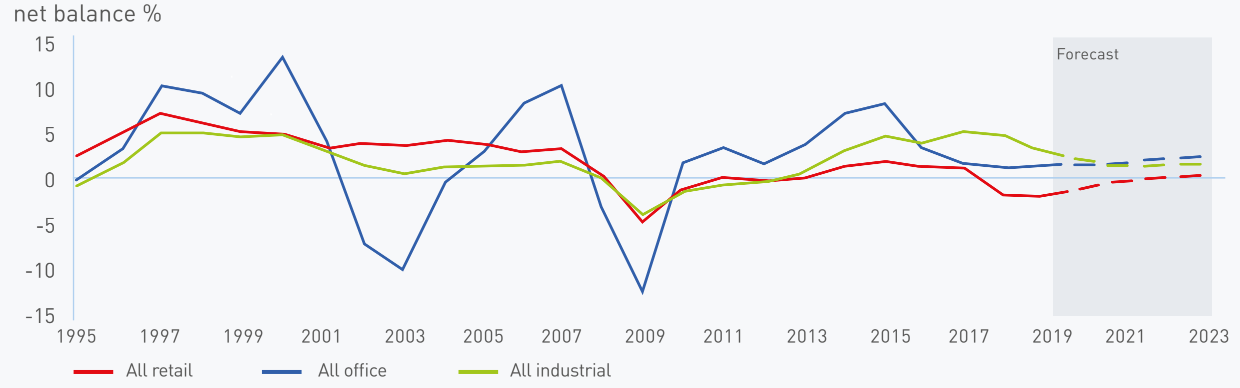
Source: MSCI/Macrobond, June 2019

Businesses continue to hold back on investment and making decisions. Even with a rise in the dominant services-sector PMI to a nine-month high in July, the activity survey is still only consistent with sector growth of little above zero, according to Capital Economics.

Whilst the outlook is challenging, low interest rates and low returns on all asset classes are supporting real estate, due to the relatively high yields available.

Real estate is not over-leveraged and construction activity and speculative development has been muted - restrained by the ongoing uncertainty. The dearth of new supply means we see very low vacancy rates across London (at only 4.7%) and regional offices and the logistics sector (at only 6.8%). Even out of town retailing is only showing a 7% vacancy rate. As a result, however challenging the economic environment may be, rental growth is expected to remain stable (High Street and Shopping Centers excepted).

MSCI RENTAL GROWTH BY SECTOR



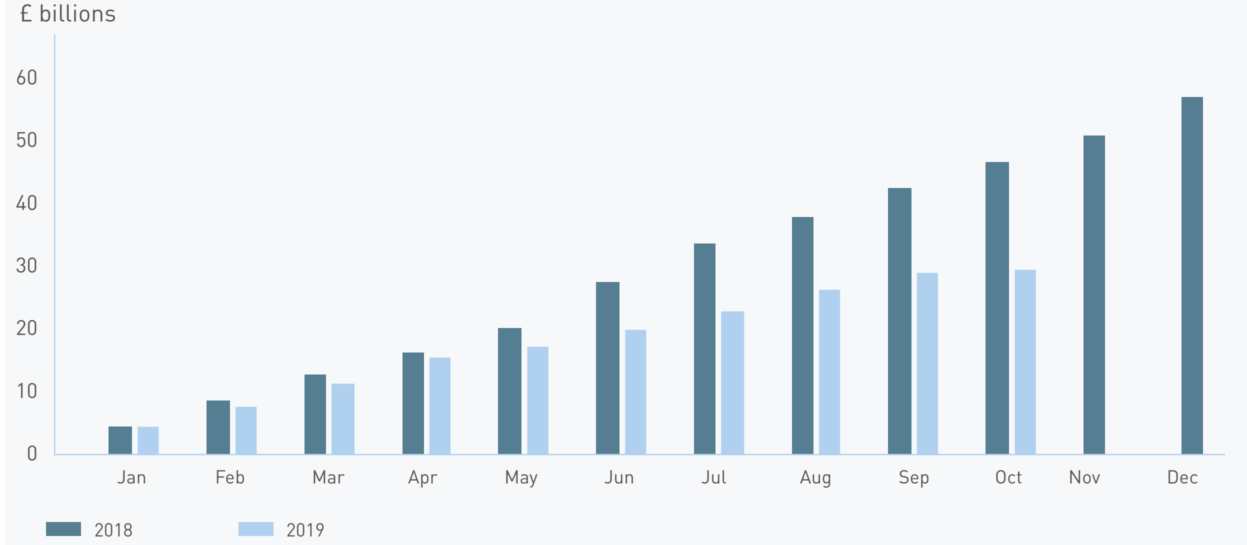
Source: MSCI, RealFor

COMMERCIAL PROPERTY OUTLOOK

Investment volumes have fallen in 2019 and are likely to be circa 25% down on 2018. We believe that volumes will fall into the £40-£45 billion range by the year end, compared to more than £60 billion traded in both 2017 and 2018.

Interestingly the alternatives sector has attracted 45% of all investment, followed by offices (34%), industrial (11%) and retail the least favoured at 10%.

CUMULATIVE MONTHLY UK INVESTMENT VOLUMES



Source: Property Data

RealFor forecasts UK all property total returns to average 4.3% pa over the 2019-23 period. RealFor expects industrial returns to average 5.8% pa over the five-year period, with offices returning 5.1% pa and retail 2.9% pa.

It should be noted we feel the Fund will exceed these returns, due to the quality of locations, long leases, indexation and minimal exposure to the High Street and Shopping Centres.

TOTAL RETURN FORECASTS

Source: RealFor, Savills Investment Management

UK retail is in a state of flux, driven for the most part by the ongoing shift online and changes in consumer behaviour. More recently, this has been compounded by rising costs such as business rates and the minimum wage, not to mention Brexit-related uncertainty. Nearly 3,000 shops shut on UK High Streets in the first half of this year and in July, the proportion of all shops that are empty reached 14.3%, its highest level since January 2015.

Since 2013 over 250 retailers have gone into administration affecting over 160,000 jobs and 11,000 stores. They include BHS, Jack Wills, Evans, Bathstore, Office Outlet, Toys 'R'Us, House of Fraser, Maplin, HMV and Poundworld in 2018. Others such as Homebase, Mothercare, Carpetright, Arcadia, Debenhams and New Look did restructuring deals with their landlords, closing hundreds of shops between them.

In many ways, retail is a pretty simple business. You have to sell things for more than you paid for them. But in the past few years, things have become a lot harder for traditional retailers. Companies have had to deal with rising costs, from wages and business rates to regulatory changes such as the introduction of the European Union's new data law, the General Data Protection Regulation (GDPR).

The structural shift to online in the UK has been underway for over a decade – online sales accounted for just 3% of total retail sales in 2007, against nearly 20% in 2018. This has presented a significant challenge to the traditional retail model and has caused widespread disruption.

And, at the same time, retailers are trying to adapt to rapidly changing shopping habits.

Consumers now spend one in every five pounds online - and if businesses are seeing 20% fewer sales on the shop floor as well as their fixed costs rising, then profit margins will be squeezed. This along with bad weather and economic uncertainty means shoppers are making fewer visits to High Streets. However supermarkets and discount retailers do provide a bright spot. They are much less impacted by the internet and free parking is provided and rents are much more affordable. So whilst shopping centres and the high street are in steep decline, these sub-sectors are much better protected.

RETAIL RISK

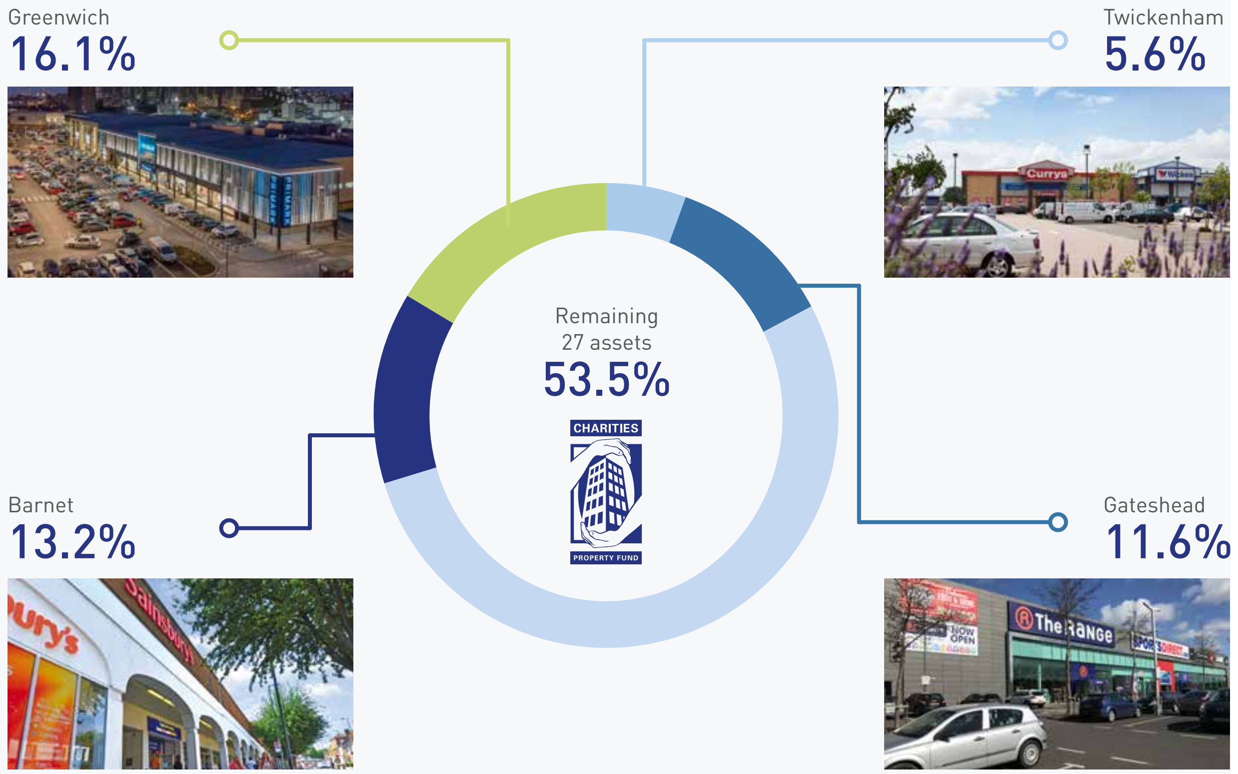
Retail sector	Primary customer mission	Risk of disruption
Outlet Centres	Destination	
Foodstores - convenience	Convenience	
Out of Town – discount / convenience	Convenience	
High Street – Central London	Destination	
Foodstores – Out of Town	Purpose	
High Street – Large Cities	Destination	
Shopping Centres – Out of Town	Destination	
Shopping Centre – in town	Destination	
Retail Parks - fashion	Purpose	
High Street – Medium Towns	Destination/Purpose	
High Street - Small Towns	Purpose/ Convenience	
Secondary Shopping Centres	Purpose	

ONLINE SALES AS A PERCENTAGE OF TOTAL RETAIL SALES

Source: ONS

We do not own any shopping centres and have very little exposure to the High Street within the Charities Property Fund portfolio – at only 2% and this is spread over eight separate properties. Our strategy has always been to only hold a very small number of High Street shops for liquidity. We have not escaped completely unscathed and two of these units are currently vacant, but due to our very small weighting it has a negligible impact on the portfolio as a whole. Within the retail sector, our leases are long at 12 years on average and 39% of the income benefits from being index linked. 75% of our assets are situated in London and the South East, where supply is more limited and alternative land uses more valuable.

BREAKDOWN OF LARGEST ASSETS WITHIN THE RETAIL SECTOR



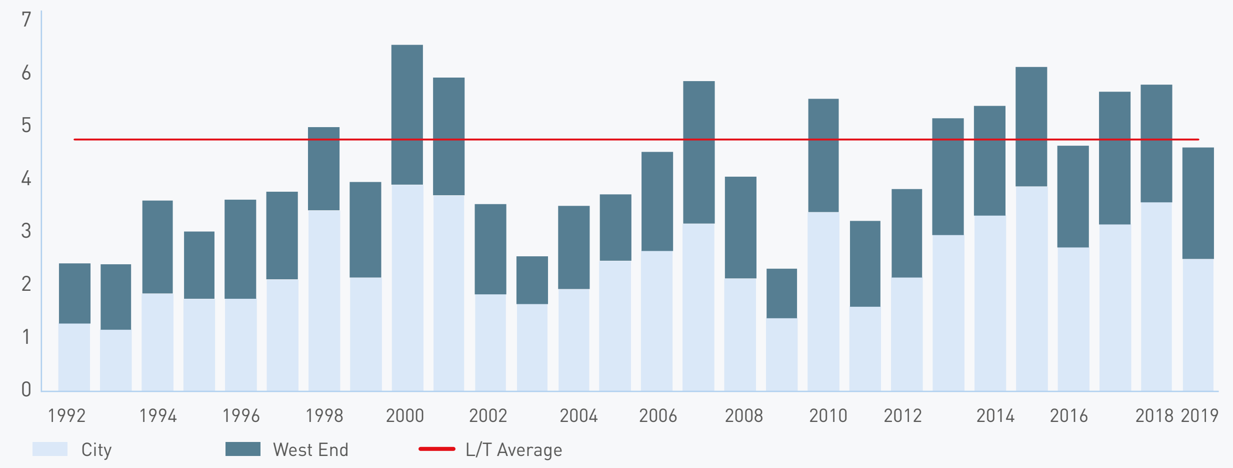
Our four largest retail assets account for almost half our entire retail portfolio and 75% of these are located in Greater London. Generally they are let to excellent covenants (90% secured to Sainsbury's, Tesco, Aldi, Next, Primark and Wickes) on long leases (19 ¼ years on average) and 80% of the income is index linked.

Generally our assets are let at low rents (£14 per sq ft on average) and are focused on food, convenience and discount retailers, much less affected by the internet. These sectors are insulated from future disruption and this is illustrated by only having a 1.2% vacancy rate in these sub-sectors. Also our income from these sub-sectors has actually increased year on year on a like for like basis, despite having some exposure to Carpetright, Homebase, Mothercare, Poundworld and Maplin. Some of these stores have been regeared (Homebase), some have been relet (both Maplins) and some are in the process of being relet (Poundworld) or can be converted to more valuable uses. Index linked leases have contributed valuable rental increases elsewhere.

Once again the London office market has proved resilient to the global and Brexit headwinds. Take up, whilst not setting any records, held steady and was 1% up on the previous year. 89,000 new office jobs in London were also created in the year to March 2019.

CENTRAL LONDON ANNUAL TAKE-UP

Million sq ft



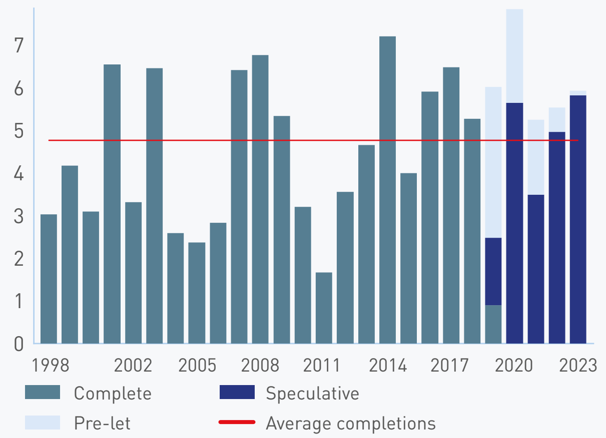
Source: Savills Research

The continued uncertainty over the global economy and in particular Brexit has held back speculative development starts reducing supply, as can be seen from the graph below and interestingly over 60% of all new office buildings under construction are let.

Importantly the vacancy rate remains very low at 4.7% and this lack of supply lends considerable support to rents and capital values. Serviced office providers have been very acquisitive over the last three years and whilst there are ongoing concerns over the WeWork business, underlying occupancy rates of serviced offices remain high.

CENTRAL LONDON SPACE UNDER CONSTRUCTION

Million sq ft

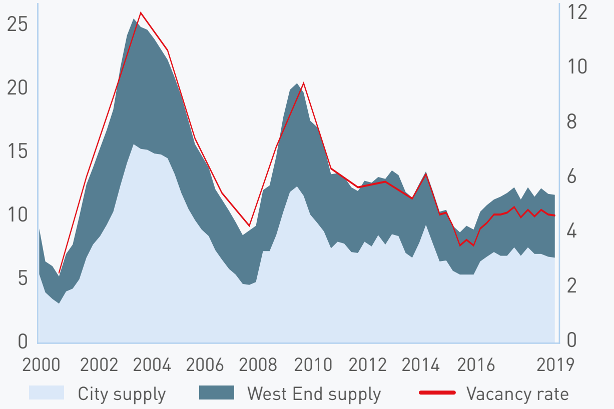


Source: Savills Research

CENTRAL LONDON VACANCY RATES

Million sq ft

Vacancy rate %



Source: Savills Research

Outside of London, tightening supply dynamics in the South East and rest of the UK office markets is keeping headline rents strong. A limited development pipeline and sustained demand for grade A offices, twinned with a loss of office space through permitted development leaves limited options available for occupiers. Supply of office space in the regions is at a 12 year low.

Within Greater London the Fund has always focused on value. Our London portfolio comprises seven buildings collectively making up almost two thirds of our UK office portfolio and almost 15% of the overall portfolio. On average our buildings are small at circa 24,000 sq ft which reduces the need for expensive plant and machinery, and with an average floor plate of less than 5,000 sq ft they are attractive to a wide range of potential occupiers. As with the industrial portfolio, this increases our potential occupier base.

Without exception all the buildings are recently built or refurbished and 5 out of 7 are Victorian warehouse style heritage buildings that are attractive to occupiers and have already proved their adaptability and ability to be recycled (Kentish Town used to be a piano factory for example). They generally benefit from excellent natural light and almost all occupy locations close to Crossrail (the new Elizabeth Line). Although Crossrail's opening has been delayed, it is still due to open next year and is going to disrupt traditional London office locations and provide 10% additional capacity to the London transport network.

The rent payable on these seven buildings remains below £50.00 per sq ft on average, despite our recent large high profile lettings in Farringdon at £65.00 per sq ft, reflecting their inherent affordability.

Outside London we own a further 14 assets, let at an average £18.60 per sq ft, again providing buildings of on average 23,000 sq ft with small average floor plates of 5,500 sq ft and offering affordable space in growth locations such as Maidenhead, Staines, Birmingham, Brighton, Bristol and Bath.

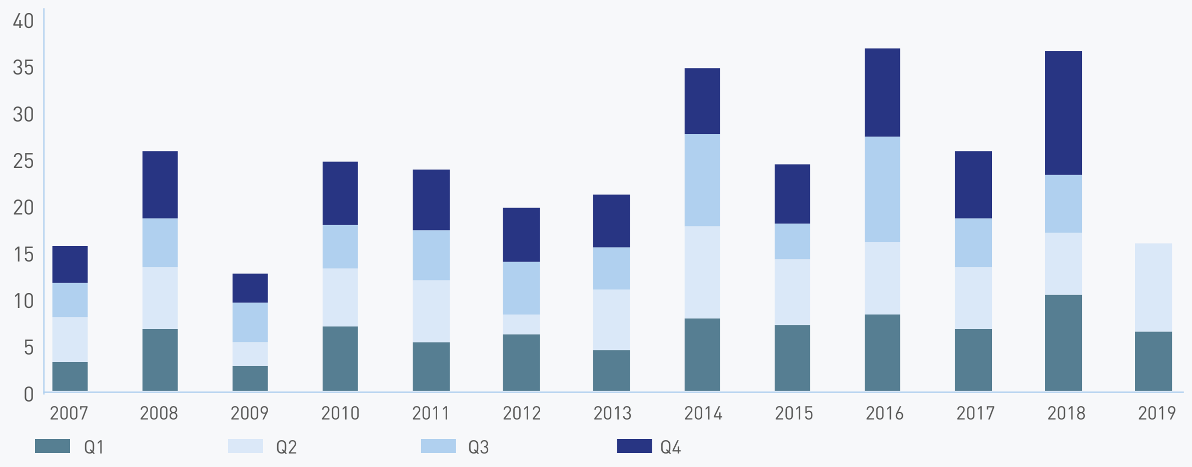
INDUSTRIAL & DISTRIBUTION - IN FOCUS

The logistics sector continues to perform well and Brexit has had limited impact thus far on the demand for warehouse space. Far more important drivers comprise the structural changes in retailing, the growth of the online retail sector and how UK manufacturing supply chains respond in the long term to leaving the EU.

It is reassuring to see that occupational take-up for the first half of 2019 remains strong at 16.07m sq ft, 28% up on the long term average. Moreover the second quarter in isolation was outstanding with 9.55m sq ft transacted, making it the highest level of Q2 take-up since 2014 and the second best Q2 on record.

UK LOGISTICS TAKE-UP

million sq ft

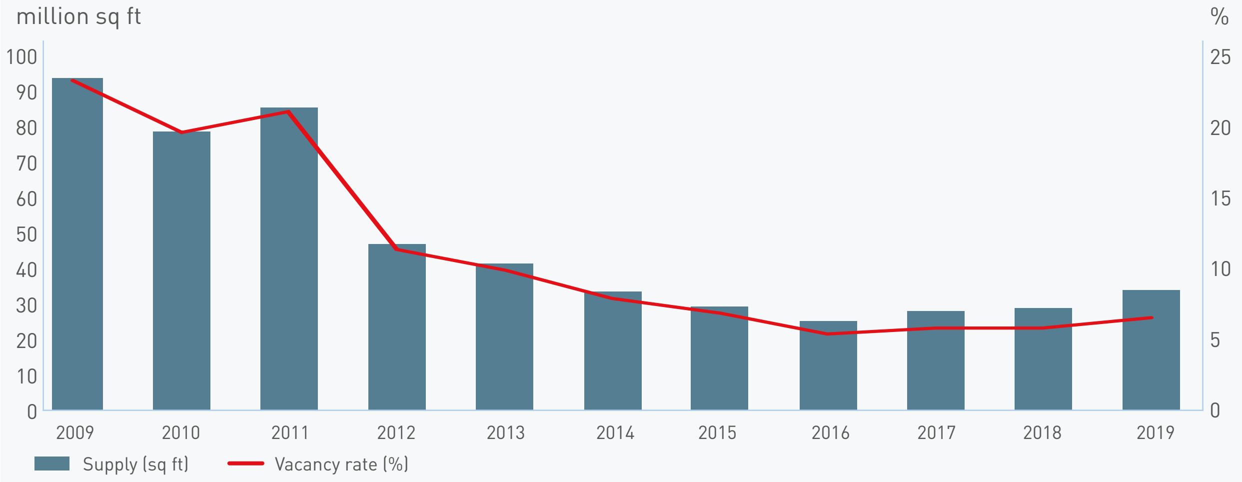


Source: Savills Research

However, supply has risen nationwide in 2019 and now stands at over 34m sq ft, and the volume of speculative logistics development across the UK amounted to 7.15 million sq ft at the end of Q2. As new development has entered the market, vacancy has started to rise, standing at 6.8% nationally at the end of June. This is up from 6.7% in Q1 and 5.9% a year ago. Moreover, new speculative development is shifting the balance of available supply towards Grade A stock. With increased options for top quality space, this is likely to take pressure off further rental growth.

SUPPLY AND VACANCY

million sq ft



Source: Savills Research

INDUSTRIAL & DISTRIBUTION - THE PORTFOLIO

The Fund has a very well diversified estate of industrial and distribution units extending across the country in 42 individual assets providing 64 individual units and covering 3.55 million sq ft.

The unit sizes are generally small benefitting from a much wider pool of occupiers. The average rent per sq ft is low at only £4.66 per sq ft and the average capital value per sq ft is in line with replacement cost, which is a very defensive position.

3.55 million sq ft

Units of

2,500 - 180,000 sq ft

Average

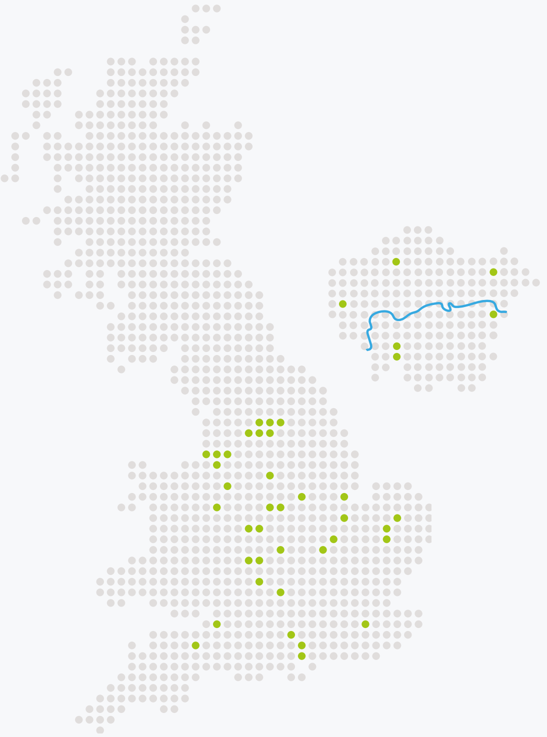
55,000 sq ft

Average rent

£4.66 per sq ft

Average capital value

£87.50 per sq ft



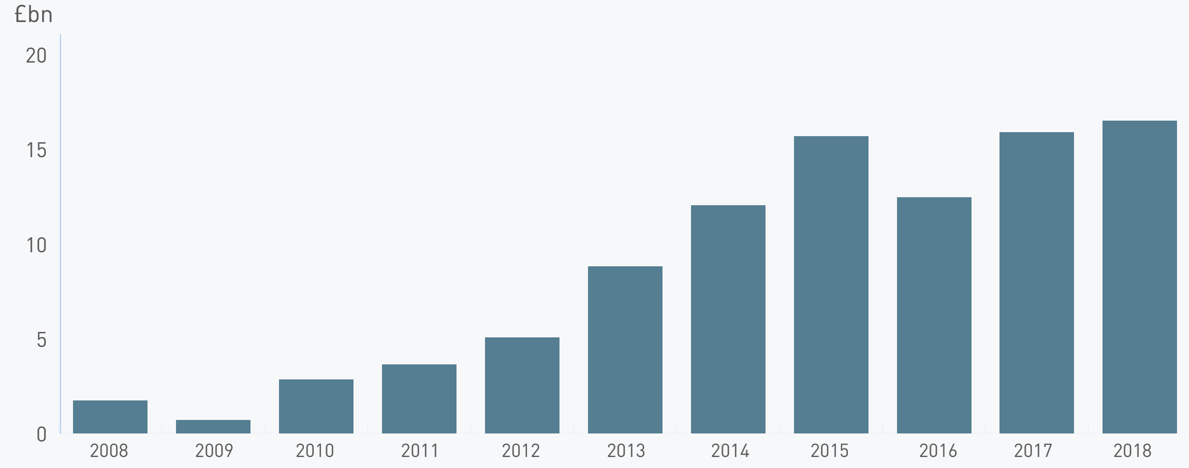
Swindon

The scale of investment into Alternatives continues to grow, with investment volumes exceeding £16.3 billion in 2018, up from £15.7 billion the year before. In the year to the date the alternatives sector has accounted for 45% of all investment transactions, supporting our strategy of being an early mover into this sector and adopting an overweight position.

As shown by the chart below the Alternatives sector is firmly the fourth sector having accounted for 25-30% of all UK investments volumes for the last 5 years and 45% in 2019. This is why they make up almost a quarter of the CPF portfolio, compared to only 16% for the MSCI/IPD average.

Alternatives are now an established part of the real estate market in the UK. Regardless of what impact economic uncertainty may have on the commercial market, the fundamentals behind Alternatives remain strong and there is still a need for more purpose-built supply across all sectors to meet growing demand.

ALTERNATIVES DEAL VOLUMES 2008 - 2018 IN THE UK

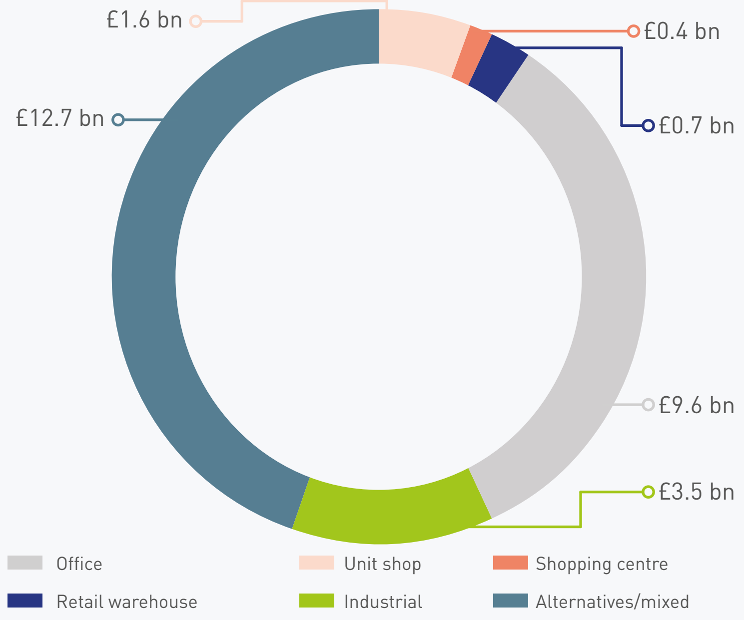


Source: JLL

What is driving this demand and the need for more supply are the structural and demographic changes currently taking place. Population growth and an ageing population are the most well known. Perhaps of equal importance is where this population growth is taking place. By 2035, there will be 5.5 million more people living in cities across the UK, resulting in the pressure on urban land use becoming far greater.

This has implications for all the sectors across the Alternatives spectrum, not just those that provide people with somewhere to live. The sector is very defensive.

TOTAL TRADING VOLUMES IN 2019 YTD



Alternatives would not be completely immune from any major economic shock, but the outlook for the next 12 months remains favourable. The quality of the locations the Fund is invested in (highlighted by the photographs on this page), the high percentage of fixed or RPI increases - 85% of the Fund's portfolio benefits from indexation and 100% from long leases - 19 years on average, effectively guarantee that these assets will continue to deliver secure, attractive, long and growing income.

Cambridge

Brighton


Harrogate


Poole

40% of our exposure to alternatives and 10% of the portfolio as a whole is invested within the accommodation sector. 80% is located within Bath, Brighton, Oxford, Cambridge, Harrogate and Greater London.


Bath


Oxford

Governance and Responsible Investment

Trim Street, Bath

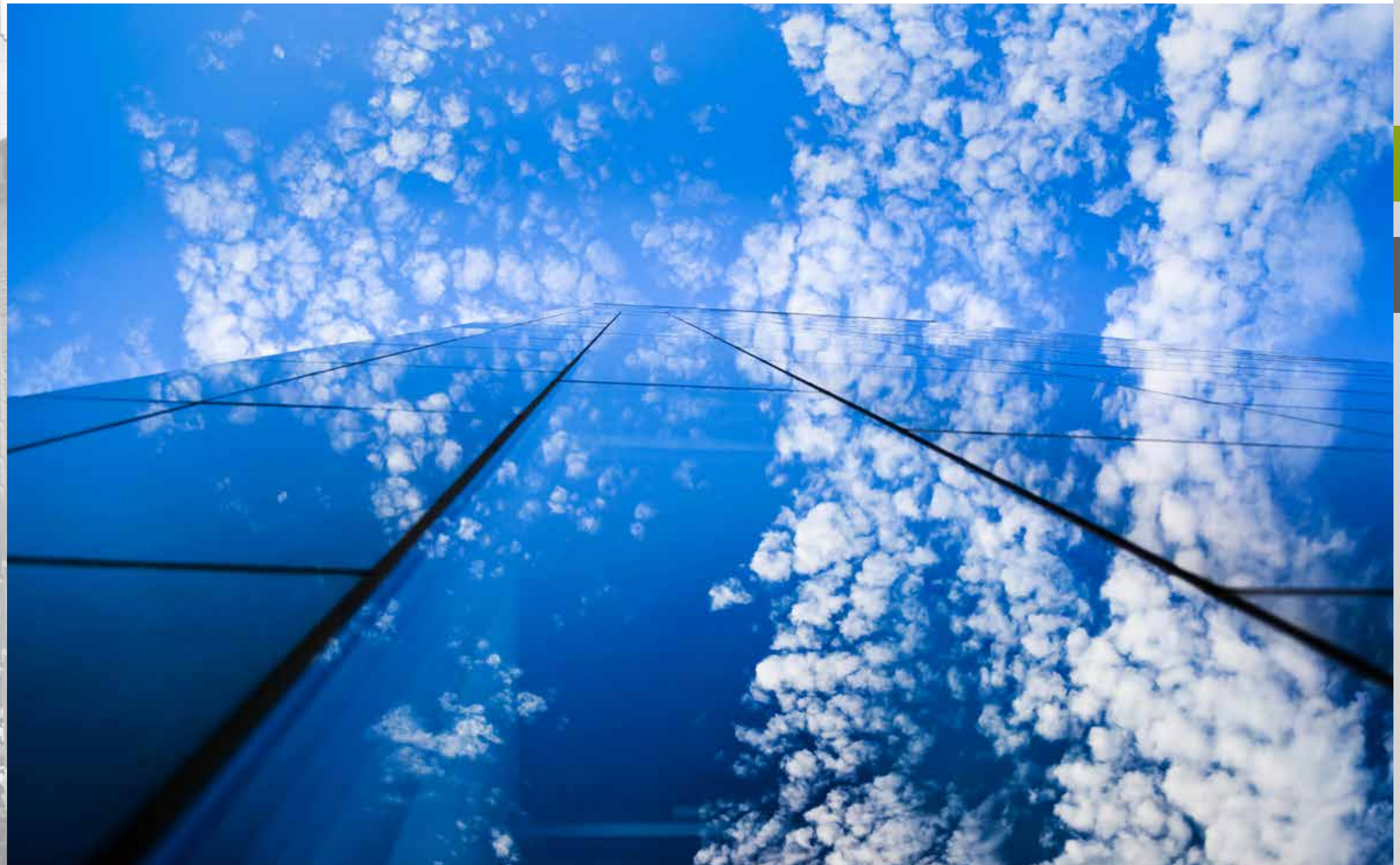
GOVERNANCE, PROCEDURES AND OVERSIGHT

The Charities Property Fund benefits from the governance, procedures and oversight of the wider Savills Investment Management business.

Savills Investment Management is an income-based investment manager and sees income as the key driver of long-term performance. We use research to identify opportunities and risks across property markets and then combine that with the insights of our fund teams in order to create our forecasts, trend analysis and other outputs integral to investment.

These strategies then filter through to our proprietary investment process, STEMM (Strategy, Tactics, Evaluate, Manage and Monitor). This provides a framework for investment decision making and is applied to all portfolios. It aims to establish the strategy of a fund, identify the opportunities to deliver the strategy, analyse at asset and portfolio level, execute and implement initiatives and monitor risk/return.

We ensure this process is enforced through governance procedures. Two important committees that ensure this are the Transaction Advisory Committee (TAC) and the Portfolio Advisory Committee (PAC). The TAC reviews, considers and endorses or rejects the Fund team's recommendations. It is responsible for making sure transactions are appropriate relative to fund allocation, performing due diligence/analysis of the asset and to identify and mitigate any conflicts of interests. The PAC reviews proposals made by the Fund team for portfolio management including investment objectives, attribution analysis, portfolio risk management and the review of asset plans.



OUR POLICY

The Charities Property Fund understands the importance of considering environmental, social and governance (ESG) aspects in its investment and management decisions, and recognises that doing so may help protect and maximise returns. We will not invest in properties whose tenants could potentially cause embarrassment to our unitholders, or be in conflict with the values held by many of our beneficiaries as charitable entities. This would include companies whose primary business is the production or sale of tobacco, arms, pornography or who are involved in animal testing. We provide complete transparency on investments by listing all tenants in the annual and interim report and accounts and on the Fund website.

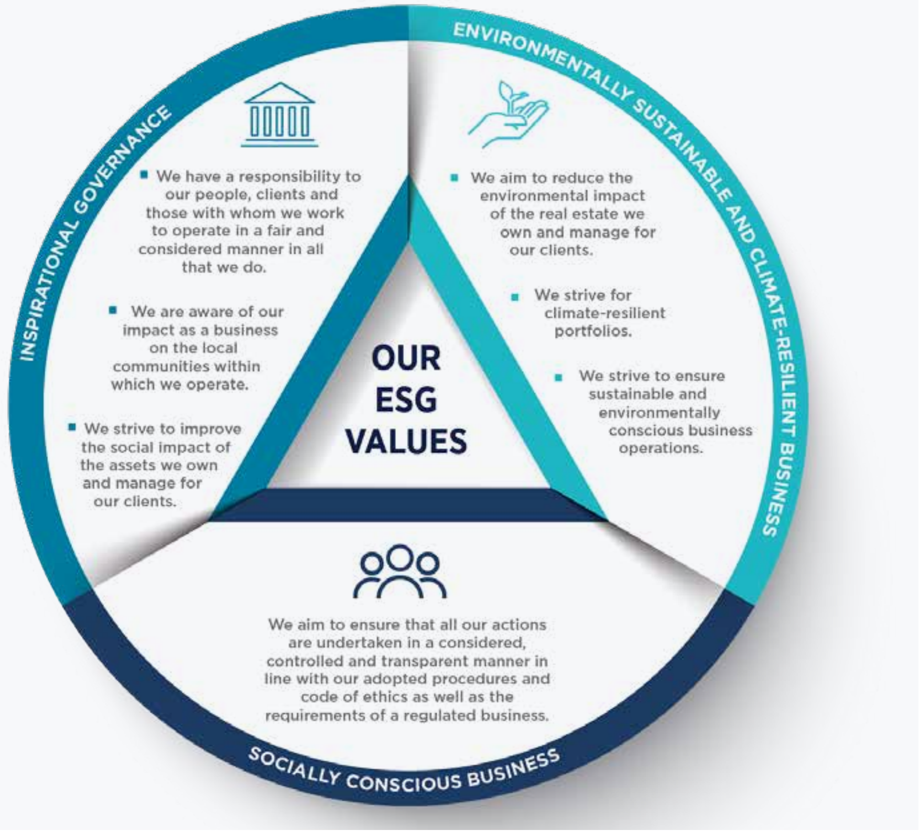
We take our ethical considerations very seriously and continue to monitor every tenant to ensure that the tenant is acceptable, however, it would be easy to find a reason to not accept a multitude of tenants and so we look at the bigger picture. All proposals and tenants are reviewed by an Advisory Committee which is made up of representatives from six charities that are investors in the Charities Property Fund and we would specifically consult with them for their views on whether a proposed tenant was unacceptable.

Savills Investment Management (SIM) has had a Responsible Investment policy in place since 2010, which is regularly reviewed and updated by internal parties and third party sustainability consultants to ensure it remains in line with best business practice and guidance. We publish our full policy to stakeholders and the general public on our website, illustrating our commitment to transparency and accountability in our responsible investment intentions.

Savills Investment Management became a signatory of the UN PRI (UN Principles for Responsible Investment) in October 2014. We have consistently increased our score since 2014, and recently received an A+ grade for Strategy and Governance. The PRI assessment methodology and our 2019 Transparency report is available to download from the Savills IM website.

OUR VALUES

Our holistic approach to environmental, social and governance (ESG) ensures principles for responsible investment are embedded in our business practice:



GRESB

CPF has participated in the Global Real Estate Sustainability Benchmark (GRESB) since 2013. GRESB is an internationally recognised sector-specific and leading benchmark, with growing coverage and influence. We are pleased to report our GRESB score for 2019 has increased by 27% to 62 (up from 49 in 2018). Since participation in GRESB we have seen a 40% increase from 2013 - 2019.

In July 2019, the Fund published its initial ESG document outlining our ethical policies and case studies of ESG objectives in practice. The table on p15 of the ESG document lists the Fund's BREEAM buildings, highlighting the Fund's efforts to invest in sustainable assets.

CPF GRESB score

INITIATIVES

- We have completed several energy efficiency projects across our multi-let portfolio including optimisation of Building Management Systems, adjusting boiler operating times and installing **LED lighting** and smart controls across our retail warehouse car parks.
- We are actively engaged with tenants to promote the importance of ESG during occupation. As well as regular property management meetings , during the last 3 years we have developed a tenant engagement program sending all tenants newsletters, engagement surveys and sustainable fit out-guides.
- We are rolling out a green energy landlord supplies procurement strategy with **Smart meters** (AMR - Automatic Meter Reading) to allow us to identify further efficiency savings.
- **Ecology and biodiversity**: at our multi let industrial park in Epsom we have created a 'sustainable break-out area' to promote Health and Wellbeing for workers and visitors to the site.
- **Corporate volunteering**: in August 2019 members of the CPF team volunteered at Spitalfields City Farm for the day. The volunteer work helps to maintain the community space and ensure the farm provides a positive social impact on the local community.

CASE STUDY: BURY ST EDMUNDS

We continue to buy sustainable buildings. For example Bury St Edmunds, which was acquired in June 2019, has an EPC rating of A (9) against benchmarks of 17 for new build and 45 for existing stock. The property is newly constructed and reached practical completion in December 2018. It has also been awarded a BREEAM 'Excellent' rating.

Various measures have been introduced in order to enhance the sustainability of the unit:

- High efficiency VRV heating/cooling
- Mechanical ventilation with heat recovery
- Low building fabric u-values
- Low air infiltration rate
- PIR and daylight sensing light controls
- LED lighting
- Maximum use of natural daylight
- Rainwater harvesting (grey water)
- Solar shading
- Energy metering
- Thermodynamic hot water system
- External lighting controlled by photocell and time clock
- Surface water is not taken off site but is designed to permeate into the ground
- Automatic control of all major items of plant providing optimum energy efficiently
- Check meters serving main office, future gatehouse, rainwater harvesting systems mains water top up, harvested rain water supply, WH1 cold feed and a leak detection meter at the boundary

Savills Investment Management is a specialist international property investment management business with c.**£16.9 billion** of assets under management (as at 30 June 2019) and an experienced team of c.300 professionals located in 16 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.

PROPERTY

Harry de Ferry Foster
Fund Director

Harry de Ferry Foster is the Fund Director for The Charities Property Fund with responsibility for all aspects of the management of the Fund and for ensuring the Fund fulfils its objectives. He has held this post for 12 years.

Day to day, Harry's role encompasses setting the strategic framework of the portfolio, equity raising, investor relations and marketing, sourcing property investments and investing new subscriptions and managing the Fund team.

Harry is also co-head of Savills Investment Management UK business and has been with Savills Investment Management for 17 years. He sits on the UK Management Committee, the Transaction Advisory Committee and the Portfolio Advisory Committee.

Harry started his career at Cushman & Wakefield (formerly Healey & Baker) in investment agency before assisting with the establishment of their Fund Management team in 1998 and worked on a number of pension fund and charity accounts, including The Wellcome Trust and Guy's and St Thomas' Charitable Foundation.

Harry became RICS qualified in 1999 and has over 20 years experience in property investment and fund management. Harry completed the Investment Management Certificate (IMC) exams in 2003.

Angy Benitz
Fund Manager

Angy Benitz is the Fund Manager for the Charities Property Fund. Angy's primary role involves asset acquisition and disposal together with adopting portfolio and fund management initiatives. He sits on the Transaction Advisory Committee and the Portfolio Advisory Committee.

Angy joined Savills Investment Management in September 2010 from DTZ where he spent 8 years in a variety of advisory roles with an emphasis on investment agency representing a range of clients on acquisition and disposal transactions of commercial real estate within the UK.

Angy graduated from Oxford University in 2001 before joining DTZ and becoming RICS qualified in 2005.

Jim Garland
Portfolio Manager

Jim Garland joined the Savills Investment Management investment team in 2009 where he worked as an analyst in research and strategy contributing to the creation of house views, fund reporting and ad hoc research assignments. Jim moved across to the Charities Property Fund team in 2014. As a Portfolio Manager, Jim supports the Fund Manager and Fund Director with asset management initiatives, acquisitions and disposals.

Prior to joining Savills Investment Management Jim worked at a healthcare strategy and marketing consultancy.

Jim graduated from UCL in 1999 with a degree in Biotechnology and gained an MSc in Real Estate at Cass Business School in 2009. Jim is RICS qualified and has completed the Investment Management Certificate (IMC) exams.

Maggie McQuaid
Portfolio Manager

Maggie McQuaid is Portfolio Manager for the Charities Property Fund. Her day to day role involves asset acquisitions and disposals together with the execution of asset management initiatives.

Maggie graduated from the University of Ulster in 2011 with a degree in Property Investment & Development. She worked for MSCI for over a year following her degree after which time she joined the Savills Graduate Scheme in 2013. She spent time in hotel valuations, retail investment, property management, commercial valuations and Savills Investment Management prior to becoming RICS qualified in 2015. Following qualification she worked in a hotel valuation advisory role at Savills prior to joining Savills Investment Management in 2017. She has recently completed the Investment Management Certificate (IMC) exam.

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.

INVESTOR RELATIONS

Lucy MacEwan
CPF Marketing Manager

Lucy joined Savills Investment Management in 2017. She is responsible for the marketing of CPF and investor relations with both existing and potential investors. Her day to day role involves investor communications, fund dealing, reporting and event management. She is also responsible for the Fund website and marketing documents.

Lucy graduated from University of Exeter in 2016 with a BA degree in Anthropology.

FINANCE

James Davis
Fund Finance Manager

James Davis is a Fund Finance Manager, responsible for financial reporting and analysis, and administrator management.

James joined Savills Investment Management in May 2019 from Goldman Sachs where he was a financial controller in investment accounting, with a focus on investments in real estate across the UK, Ireland, Netherlands and Luxembourg.

James started his career in the audit practice at KPMG in Adelaide, Australia, where he completed his chartered accountancy qualification (CA), before moving to Ernst & Young in London, UK.

James graduated from the University of South Australia in 2009 where he studied accounting and corporate finance.

FINANCE

Kathryn Angliss
Fund Finance Associate

Kathryn Angliss is a Fund Finance Associate, responsible for assisting James with financial reporting and analysis, and administrator management.

Kathryn joined Savills Investment Management in May 2019 from Sanne Group where she worked within the Fund Administration team on various debt funds. Prior to this she worked within the Audit and Tax departments at KPMG Channel Islands, where she qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales.

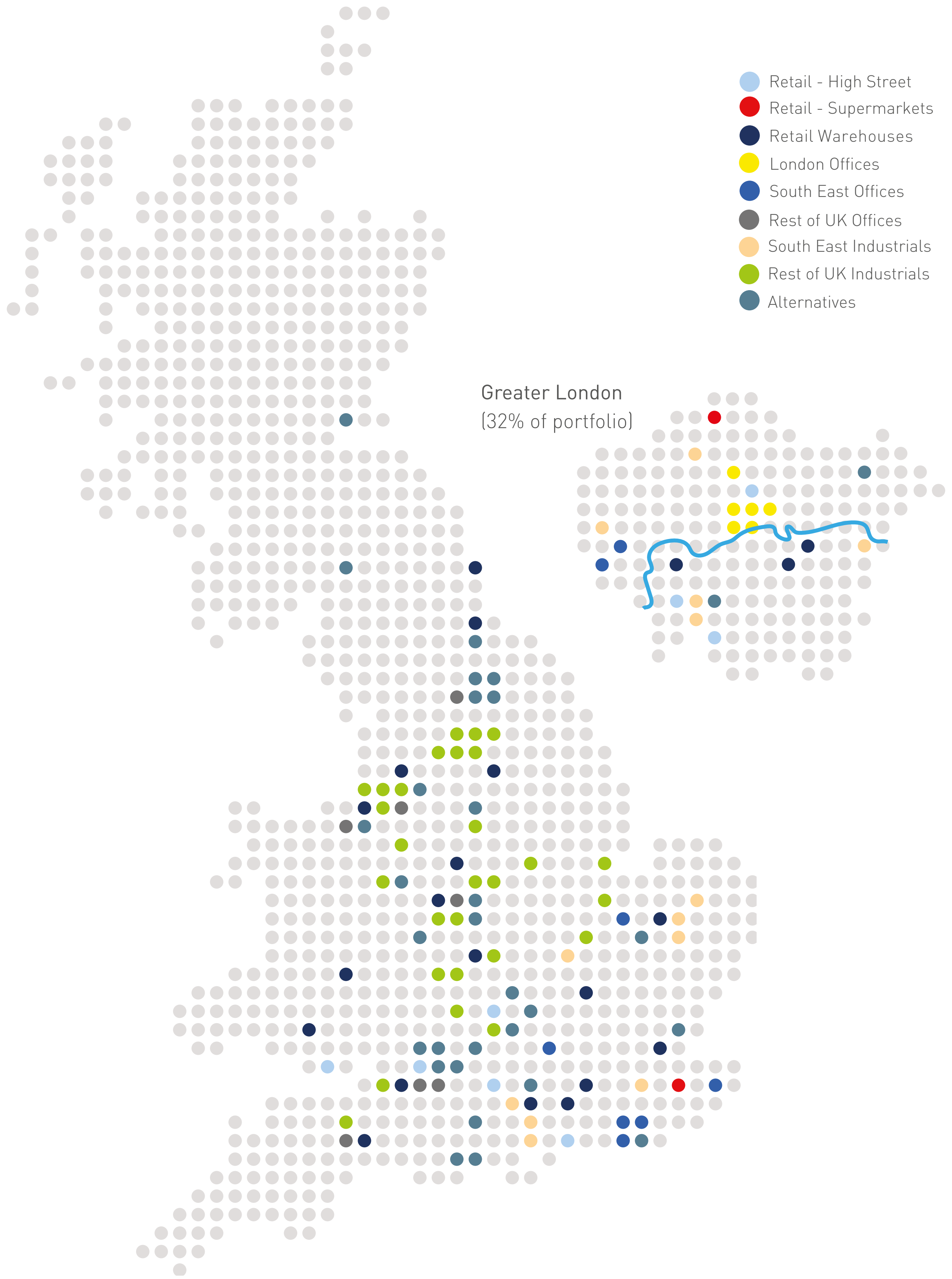
Kathryn graduated from the University of Warwick in 2013 before starting at KPMG.

Natalie Chrimes
Senior Fund Finance Manager

Natalie has worked on the Charities Property Fund for three years and provides oversight of the Charities Property Fund Finance team.

Natalie works with a variety of clients on both European and UK products, having joined Savills Investment Management in 2016 from Ernst & Young where she worked in the real estate and construction audit practice. Natalie is a chartered account (ACA) with the Institute of Chartered Accountants in England and Wales and graduated from the University of Warwick.

MAP OF PROPERTIES



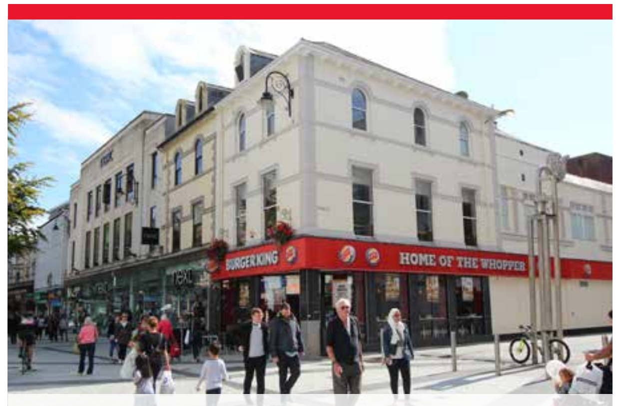
LIST OF PROPERTIES

RETAIL - HIGH STREET

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
1	Bath	Vacant	-	-
2	Cardiff	Burger King	325,000	2023
3	Cheltenham	Poundland	128,600	2020
4	Chichester	Vacant	-	-
5	Cobham	Lloyds Pharmacy	86,000	2021
6	London N1 (Chapel Market)	JD Sports, Superdrug	194,000	2020
7	Marlborough	Superdrug	140,000	2020
8	Walton-on-Thames	Benson Beds	121,451	2025 (2020)
		Total, High Street	995,051	

RETAIL - SUPERMARKETS

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
9	Barnet	Sainsbury's	1,948,449	2037
10	West Malling	Waitrose	180,744	2026
		Total, Supermarkets	2,129,193	



Cardiff

West Malling

RETAIL WAREHOUSES

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
11	Basildon	McDonald's, KFC, Pets at Home, Farmfoods, Poundland	677,705	2021 - 2035
12	Basingstoke	Homebase	900,000	2026
13	Bristol	Pets at Home, McDonald's	378,320	2022 - 2027
14	Bury	Halfords, KFC, Home Bargains, Farmfoods	484,058	2021 - 2030 (2026)
15	Bury St Edmunds	Matalan	305,000	2029
16	Canterbury	Dunelm, Poundstretcher	521,000	2026
17	Chesham	Wickes	306,400	2026
18	Doncaster	Wickes	296,327	2028
19	Gateshead	The Range, Sports Direct	2,262,843	2048 (2033)
20	Guildford	Magnet	600,000	2024
21	Halewood	Aldi, Card Factory, Age UK, Home Bargains, Tesco, Iceland, Ladbrokes, Specsavers, Subway, Shop Express, Halewood Fish Bar, Brunch Box Cafe, Marie Curie Cancer Care	669,624	2020 - 2037 (2022 - 2024)
22	Hereford	Pets at Home, Lidl, Poundstretcher	328,609	2023 - 2024
23	London SE7 (Greenwich)	Next, Primark, Aldi, Mothercare	2,336,625	2027 - 2037 (2032)
24	London, SE15	B&M	263,250	2025
25	Merthyr Tydfil	Halfords, Home Bargains, Sports Direct, Dreams, Poundstretcher, Iceland, Phillip Evans	688,111	2021 - 2027
26	Middlesbrough	B&M	239,180	2023
27	Redditch	Aldi, Pets at Home, Poundstretcher, Iceland, Home Bargains, KFC	943,118	2021 - 2029
28	Redhill	Majestic Wine	42,500	2020
29	Taunton	Matalan	175,185	2029
30	Twickenham	Currys, Wickes	951,500	2024 - 2032
31	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	2020 - 2032 (2022 - 2023)
32	Wolverhampton	JD Sports Gyms, Iceland Foods	475,000	2028 - 2032 (2027)
		Total, Retail Warehouses	**14,792,506**	

Twickenham

London, Greenwich, SE7

LIST OF PROPERTIES

LONDON OFFICES

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
33	London E1 (Whitechapel)	The British Diabetic Association	1,126,173	2026 (2023)
34	London EC1 (Farringdon)	Macmillan Publishers International Ltd, Airsorted Ltd	3,014,371	2024 - 2034 (2022 - 2029)
35	London EC2 (Shoreditch)	Michael J Lonsdale	425,810	2024
36	London EC2 (Shoreditch)	LK Bennett	808,013	2030 (2025)
37	London N1 (Shoreditch)	Leewrangler UK Ltd, Sunshine Partners, Spiers & Major, UK Broadband, Kairos Media	752,840	2020 - 2027 (2019 - 2022)
38	London NW5 (Kentish Town)	Marketing VF	750,000	2026 (2021)
39	London WC2 (Chancery Lane)	Church Retail, Guido's, PCB Litigation, Konica Minolta Business Solutions, EMW Law, Alliance Automotive, The Lord's Taverners	1,337,056	2022 - 2024 (2022)
		Total, London Offices	**8,214,263**	

SOUTH EAST OFFICES

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
40	Brighton (Aspect House)	NHS, Bullhorn International, Michael Page, Dehns	628,853	2019 - 2026 (2021)
41	Brighton (International House)	Fitness First, Budgens, The Student Room Group, Hays, Brightwave, Brilliant Noise, Haybury	841,454	2021-2028 (2021 - 2023)
42	Brighton (Queens Road)	E-Techzone, Rhodes Edwards Associates Ltd, NEB Ventures Ltd	210,730	2019 - 2027 (2022)
43	Feltham	The Secretary of State for Communities and Local Government	712,557	2022
44	Huntingdon	Cambridgeshire & Peterborough NHS Foundation	102,631	2022 (2020)
45	Maidenhead	Regus, Copper Street Capital	587,301	2021 - 2023
46	Staines	Givaudan UK	127,000	2028 (2023)
		Total, South East Offices	**3,210,526**	

Brighton

Maidenhead

REST OF UK OFFICES

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
47	Altrincham	Bolling Investments Ltd	368,567	2033 (2028)
48	Bath	Abel & Imray, Gradwell Communications, EIP Partnership, Coral, Wickes, Starbucks	505,138	2019 - 2024
49	Birmingham	Spring Group, Arval UK	584,740	2019 - 2024
50	Bristol	Films at 59, Handelsbanken	279,015	2021
51	Chester	The Secretary of State for Communities and Local Government	437,615	2026 (2021)
52	Ilkley	Smartsearch, Modus UK	453,775	2028 - 2033
53	Taunton	Lloyds Bank	185,105	2020
		Total, Rest of UK Offices	**2,813,955**	

SOUTH EAST INDUSTRIALS

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
54	Basingstoke	Leverton Clarke	452,336	2033
55	Basingstoke	Vodafone, Berry Bros & Rudd	483,350	2025 - 2027
56	Belvedere	Allied Hygiene Systems Ltd	600,000	2043 (2033)
57	Bury St Edmunds	Vitec Videocom	587,400	2032
58	Bury St Edmunds	Unipart Logistics Ltd	878,435	2044 (2034)
59	Epsom	Storage King, Screwfix Direct, Euro Car Parts, Heating and Plumbing Supplies, AWE Europe, HSS Hire Services, Photo Me International	742,325	2023 - 2033 (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	600,000	2034 (2029)
64	Thames Ditton	Sytner	316,754	2056 (2026)
65	Thetford	TNT	80,000	2020
66	Tonbridge	NW Autocentres, Kentec Tool Hire, Kentec Training, The Tyre Store	132,050	2022 - 2027 (2022)
		Total, South East Industrials	**6,033,376**	

Ilkley


Bristol

LIST OF PROPERTIES

REST OF UK INDUSTRIALS

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
67	Birmingham	Carpet & Flooring (Trading)	310,005	2020
68	Boston	Cross Border Fulfillment Ltd	57,500	2022 (2019)
69	Bristol	Kuehne + Nagel	515,000	2030 (2024)
70	Burton-upon-Trent	Waterstones	950,000	2023
71	Gloucester	Severn Glocon	525,000	2028
72	Huddersfield	Ryobi Aluminium Casting	321,152	2021
73	Liverpool	Amazon UK	577,500	2026 (2021)
74	Liverpool	Toyota TT Assembly Systems	593,450	2023 (2020)
75	Manchester	Royal Mail, Wilkinson Star	318,250	2027 - 2028 (2022)
76	Newcastle-under-Lyme	Intelipac Paper Manufacturing Ltd	123,500	2020
77	Normanton	Kelling Group	315,000	2032
78	Normanton	United Autosports	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	172,500	2023
87	Tamworth	Speedy Hire	969,878	2029
88	Taunton	Rotec Hydraulics, Kings Road Tyres & Repairs	139,247	2026 (2022)
89	Telford	Vacant	-	-
90	Tewkesbury	Tata Steel	879,417	2023
91	Tewkesbury	IDEMIA	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	**10,499,259**	


Epsom


Bristol

ALTERNATIVES

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
	Leisure			
96	Bath (1-3 Westgate Buildings)	Stable Bar & Restaurant, Westgate Bath	174,964	2039 (2029)
97	Carlisle	DW Fitness	420,035	2034
98	Harrogate	Five Guys, Mitchells & Butlers, Marston's, Moss Bros, Porco Rosso	420,625	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	**1,896,124**	
	Hotels / Student / Serviced Apartments			
101	Bath (5-10 Westgate Buildings)	Travelodge, Sports Direct, Halfords, Sally Salon, F45	777,200	2020 - 2042 (2021 - 2024)
102	Bath	Westgate Apartments	206,000	2027 (2022)
103	Bath	TS Apartments Ltd	153,793	2029
104	Brighton	Jurys Inn	1,757,756	2042
105	Cambridge	Travelodge	1,225,086	2048
106	Manchester	Serviced Apartment Company (SACO), CDP, K Parry & J Bowden	648,104	2019 - 2046 (2025)
107	Oxford	D'Overbroeck's	417,000	2047
108	Poole	Travelodge, Costa Coffee, Anytime Fitness, Subway, NHS	723,614	2031 - 2051 (2026)
		Total, Hotels	**5,908,553**	


Rayleigh


Poole

LIST OF PROPERTIES

ALTERNATIVES

	Property	Principal Tenants	Annual Rent As at 24 June 2019 £	Lease Expiry (Break)
	Car Showrooms			
109	Birmingham	VW Group - SEAT	153,872	2027
110	Camberley	VW Group - Audi	333,765	2026
111	Chester	Rybrook - Volvo	240,191	2036
112	Chigwell	Sytner - BMW & Mini	696,858	2056 (2026)
113	Harrogate	VW Group - Volkswagen	340,000	2027
114	Harrogate	JCT600 - Mercedes Benz, BP, M&S	458,415	2035 - 2036
115	Harrogate	Sytner - Audi	540,000	2035
116	Poole	Sandown Motors - Mercedes Benz	395,000	2030
117	Salisbury	Sandown Motors - Mercedes Benz	396,090	2030
118	Solihull	Rybrook - McLaren & Rolls Royce	314,949	2036
119	Stockton-on-Tees	VW Group - Audi	350,383	2027
120	Swindon	Sytner - Mercedes Benz	455,000	2039
121	Thames Ditton	Sytner - Jaguar Land Rover	342,094	2056 (2026)
122	Worcester	Rybrook - BMW & Mini	618,446	2036
		Total, Car Showrooms	**5,635,063**	
	Roadside			
123	Calne	Esso, Spar	160,000	2035
124	Glenrothes	BP, M&S	233,615	2034
125	Stow on the Wold	BP, M&S	209,311	2033
126	Telford	Welcome Break - Shell, Waitrose, WH Smith, Burger King, Starbucks, Krispy Kreme, Days Inn	1,013,810	2027
		Total, Roadside	**1,616,736**	
		Total, Alternatives	**15,056,476**	
		Total, portfolio	**63,744,603**	


Chigwell


Solihull

CHARITIES PROPERTY FUND
MANAGER'S REPORT
GOVERNANCE AND LIST OF PROPERTIES
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Rest of UK Offices
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FINANCIAL STATEMENTS

AT 24 JUNE 2019

Portfolio of Investments	
Properties valued at greater than £15m	
The Smithson, Briset Street, London EC1	Welcome Break, MSA, Junction 4, M54, Telford
Brocklebank Retail Park, London SE7	8 Shepherdess Walk, London N1
Sainsbury's, East Barnet Road, Barnet	5-10 Westgate Buildings, Bath
Jurys Inn, Stroudley Road, Brighton	Trafford Retail Park, Redditch
Metro Park West, Gateshead	Homebase, Winchester Road, Basingstoke
90 Chancery Lane, London WC2	Fifth Avenue, Burton-Upon-Trent
Travelodge, Newmarket Road, Cambridge	International House, Queens Road, Brighton
Backchurch Lane, London E1	Emperor Point, Centurion Park, Tamworth
Rivington Street, London EC2	Epsom Trade Park and Units 450A and 450B, Epsom
Apex Retail Park, Hampton Road West, Twickenham	Imperial Works, Kentish Town, London NW5
Suffolk Park, Bury St Edmunds	
Valuation £m (percentage of total net assets)	£541.305 (41.41%)
Properties valued at between £10m to £15m	
Lifeboat Quay, West Quay Road, Poole	Toyota Tsusho unit, Hornhouse Lane, Knowsley, Liverpool
BMW & Mini, Langston Road, Loughton, Chigwell	Old Market Retail Park, Station Lane, Pitsea, Basildon
Dovefields Retail Park, Uttoxeter	West Street, Chichester
SACO, Minshull Street, Manchester	One Bell Street, Maidenhead
Aspect House, Queens Road, Brighton	Pentrebach Retail Park, Merthyr Tydfil
Ravensbank Business Park, Redditch	5 Centurion Way, Belvedere
Moreton Hall Industrial Estate, Bury St Edmunds	York & Wellington House, Dukes Green, Feltham
Unit 5300, Severn Drive, Tewkesbury	Magnet, Ladymead, Guildford
BMW & Mini, Knightsbridge Park, Worcester	Halewood Shopping Centre, Halewood, Liverpool
Caxton Point, Printing House Lane, Hayes	The Lanconite Building, Stafford Park 6, Telford
Audi, Harrogate, St James Business Park, Knaresborough	
Valuation £m (percentage of total net assets)	£245.355 (18.77%)
Properties valued at between £5m to £10m	
Amazon Unit, Hornhouse Lane, Knowsley, Liverpool	Dawson Road, Mount Farm Industrial Estate, Milton Keynes
Units 1 & 2 Gemini, Hamilton Close, Houndmills, Basingstoke	200 Rayleigh Road, Thundersley, Rayleigh
Mercedes, Drake's Way, Swindon	Kongsberg, Foxbridge Way, Normanton
376 Banbury Road, Oxford	Mercedes, Southampton Road, Salisbury
593-613 Old Kent Road, London SE15	Brook Retail Park, Commercial Road, Hereford
SMR, Castle Trading Estate, Portchester, Portsmouth	Mayfield Business Park, Ilkley
Westpoint, James Street West, Bath	Appleton Thorn Trading Estate, Warrington
Severn Glocon, Olympus Park, Quedgeley, Gloucester	Chester Civil Justice Centre, Trident House, Chester
17-23 Parliament Street, Harrogate	Kelling, Trident Park,Normanton
22-24 Cowper Street, London EC2	DW Sports, Currock Road, Carlisle
11 Poplar Way, Bristol	Volkswagen Harrogate, St James Business Park, Knaresborough
Wincheap Retail Park, Canterbury	Audi, London Road, Camberley
Wrath Path Way, Raunds, Wellingborough, NN9 6NY	Rolls Royce & McLaren, Stratford Road, Solihull
Knight's Park, Houndmills, Basingstoke	Bath Road, Brislington, Bristol
Sytner Jaguar Landrover, Portsmouth Road, Thames Ditton	Audi, Brooklime Avenue, Stockton-on-Tees
Units 3010 and 3020, Birmingham Business Park, Birmingham	Lookers House, Etchells Road, Altrincham
Little Oak Drive, Sherwood Park, Nottingham	Wickes, Townsend Road, Chesham
Barkers Pool, Cambridge Street, Sheffield	BP, M&S, Mercedes Benz, Leeds Road, Harrogate
Units 1-3, Phoenix Retail Park, Wolverhampton	Sytner Jaguar Landrover, Portsmouth Road, Thames Ditton
Mercedes, Holes Bay Road, Poole	AF Blakemore unit, Steelmans Road, Wednesbury
Moorgate Retail Park, Bury	
Valuation £m (percentage of total net assets)	£294.415 (22.53%)

PORTFOLIO STATEMENT

AT 24 JUNE 2019

Portfolio of Investments	
Properties valued at between £2.5m to £5m	
Units A & B, Wardley Cross Industrial Estate, Manchester	Havenside, Boston
Really Useful Products, Foxbridge Way, Normanton	PNS Unit, Trident Park, Normanton
Emerald Point, Woodgate Valley, Birmingham	BP & M&S, Station Road Garage, Stow on the Wold
Whiteladies House, Clifton, Bristol	Verhoek, Kenmore Road, Wakefield
Matalan, Easlea Road, Bury St Edmunds	United Autosports Unit, Trident Park, Normanton
Units 1 & 2, Bradley Junction Industrial Park, Huddersfield	4 Westgate Buildings, Bath
Unit 1, Rosevale Business Park, Newcastle-Under-Lyme	Little Waitrose, Fortune Way, West Malling ME19 4QJ
Jaguar & Volvo, Sealand Road, Chester	B&M Bargains, Parkway Centre, Middlesbrough
54 & 55 Chapel Market, Islington, London N1	82-83 Queens Road, Brighton
Bankhead Park Service Station, Bankhead Park, Woodside Way, Glenrothes	Pippen Service Station, Oxford Road, Calne
Clover Nook Industrial Estate, Alfreton, South Normanton	9-10 Trim Street, Bath
Skoda, 78 Capitol Way, Colindale, London NW9	Unit 18, Fengate East, Peterborough
78 Queen Street, Cardiff	SEAT, Watson Road, Birmingham
Wickes, Leger Way, Doncaster	Jewson Unit, Kembrey Park, Swindon
Alexandra Way, Ashchurch Business Centre, Tewkesbury	Matalan, Bindon Road, Taunton
1-3 Westgate Buildings, Bath	
Valuation £m (percentage of total net assets)	£126.590 (9.68%)
Properties valued at between £0m to £2.5m	
232-234 High Street, Cheltenham	Riverdale Industrial Estate, Tonbridge
134 & 135 High Street, Marlborough	Priorswood Industrial Estate, Taunton
Magna House, 78-80 Church Street, Staines	Redshank House, Huntington
Hepworth Way, Walton-on-Thames	16 High Street, Cobham
Sedgemoor House, Deane Gate Office Park, Taunton	TNT Unit, Fisons Way Industrial Estate, Thetford
4 Union Street, Bath	Brighton Road, Redhill
Valuation £m (percentage of total net assets)	£19.500 (1.49%)
Total value of property holdings	£1,227.165 (93.88%)

	Valuation £000	Percentage of total net assets
Portfolio of investments	**£1,227,165**	**93.88%**
Other net assets	**£79,951**	**6.12%**
Net assets	**£1,307,116**	**100.00%**

London, EC1.
Internal shot of The Smithson

Financial Information

London, EC1

EXPENSE RATIOS

	Total Expense Ratio	Property Expense Ratio	Transaction Cost Ratio
24 June 2019	0.57%	0.13%	0.07%
24 June 2018	0.55%	0.13%	0.11%

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) is the ratio of costs associated with the assets which are not recoverable from tenants to its average net assets for the 12 months prior to the balance sheet date. 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 and PER are in line with last year, as these expenses have grown in proportion with the Fund. The TCR has fallen due to the lower number of acquisitions which have taken place during the year.

PORTFOLIO TURNOVER RATE

	Portfolio Turnover Rate
24 June 2019	3.58%
24 June 2018	2.96%

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 higher than the prior year as there was a significant asset sale during the year.

DISTRIBUTION YIELD

	Distribution Yield
24 June 2019	4.2%
24 June 2018	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 June 2019	4.6%	7.3%	9.1%
24 June 2018	10.6%	8.3%	11.4%

* total return for twelve months to 24 June 2019
** 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

CHANGE IN NET ASSETS PER UNIT

	24 June 2019 (p)	24 June 2018 (p)	24 June 2017 (p)
Opening net asset value per unit	127.74	120.80	118.82
Return before operating charges*	6.65	13.20	8.19
Operating charges	(0.90)	(0.85)	(0.86)
Return after operating charges*	5.75	12.35	7.33
Distributions	(5.30)	(5.41)	(5.35)
Closing net asset value per unit	128.19	127.74	120.80
* after direct transaction costs of:	0.09	0.13	0.23

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

INVESTOR ANALYSIS

Holding	Number of beneficial owners	Total percentage holding %
Less than 0.01%	1,062	4.31
0.01% but less than 0.05%	578	13.63
0.05% but less than 0.10%	132	9.26
0.10% but less than 0.50%	124	26.61
0.50% but less than 1.00%	24	17.57
1.00% but less than 2.00%	13	17.70
2.00% but less than 4.00%	2	6.24
Greater than 4.00%	1	4.69
Total number of investors	**1,936**	
Total number of units in issue at the end of the year at 24 June 2019	**1,019,690,691**	
Percentage held by the largest investor		**4.69**

Holding	Total percentage holding %
Top 10 largest investors	21.68
Top 25 largest investors	36.62
Top 50 largest investors	50.52
Top 100 largest investors	64.06

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 June 2015	956,046,559	827,270,497	115.57
	24 June 2016	1,059,491,941	891,642,752	118.82
	24 June 2017	1,153,789,556	955,139,897	120.80
	24 June 2018	1,276,434,072	999,225,948	127.74
	24 June 2019	1,307,115,917	1,019,690,691	128.19

Price and Income History	Year Ended	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income Per Unit (p)
	24 June 2015	117.68	105.39	5.76
	24 June 2016	121.13	116.24	5.53
	24 June 2017	123.20	117.46	5.54
	24 June 2018	130.54	121.48	5.46
	24 June 2019	131.83	127.42	5.34

DISTRIBUTION

		2019		2018	
Distribution Number	**Distribution Period**	**Distribution Per Unit (p)**	**Date Paid**	**Distribution Per Unit (p)**	**Date Paid**
1	25 June to 24 September	1.32	15/11/18	1.26	15/11/17
2	25 September to 24 December	1.35	15/02/19	1.41	15/02/18
3	25 December to 24 March	1.34	15/05/19	1.42	15/05/18
4	25 March to 24 June	1.33	15/08/19	1.37	15/08/18
Total		**5.34**		**5.46**	

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 MANAGER'S REPORT, LIST OF PROPERTIES AND KEY FUND DATA AND THE FINANCIAL STATEMENTS

Under the Scheme of Particulars of the Fund and charity law, the Manager is responsible for preparing the Manager's Report, List of Properties and Key Fund Data and the financial statements in accordance with applicable law and regulations. The Manager has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

The financial statements are required by law to give a true and fair view of the state of affairs of the Fund and of the total returns of the Fund for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Manager:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the Scheme of Particulars, subject to any material departures disclosed and explained in the 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 is required to act in accordance with the Scheme of Particulars of the Fund, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Fund at that time, and to enable them to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the financial and other information included on the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE CORPORATE TRUSTEE

The Trustee is responsible for the safekeeping of all property of the Fund which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Fund is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Scheme Particulars, concerning: the pricing of and dealing into the Fund; the application of income of the Scheme; and the Fund investment portfolio and borrowing activities.

REPORT OF THE CORPORATE TRUSTEE TO THE UNITHOLDERS OF THE CHARITIES PROPERTY FUND FOR THE PERIOD TO 24 JUNE 2019

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the Scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, Scheme and Scheme Particulars;

(ii) has observed the investment and borrowing powers and restrictions imposed by the Scheme and Scheme Particulars; and

(iii) has, otherwise, ensured the proper operation of the Fund.

Citibank Europe plc, UK branch
London
18 October 2019

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE CHARITIES PROPERTY FUND ('THE FUND')

Opinion

We have audited the financial statements of The Charities Property Fund ("the Fund") for the year ended 24 June 2019 which comprise the Statement of Total Return and Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Cash Flow Statement and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 24 June 2019 and of the net revenue and the net capital gains on the property of the Fund for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as the valuation of investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Fund's future prospects and performance.

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. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Fund's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease its operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model, including the impact of Brexit, and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Fund will continue in operation.

Other information

The Manager is responsible for the other information, which comprises the Manager's Report, List of Properties, Key Fund Data and General Information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Manager's Report, List of Properties and Key Fund Data is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the Fund has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Manager's (Savills Investment Management (UK) Limited) responsibilities

As explained more fully in their statement set out on page 57, the Manager is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using 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.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Fund's unitholders as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's 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 audit work, for this report, or for the opinions we have formed.

Richard Long
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
19 October 2019

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

	Note	Year ended 24 June 2019 £		Year ended 24 June 2018 £	
Net capital gains	3		1,681,911		67,016,470
Income	4	65,145,090		62,498,010	
Expenses	5	(9,070,830)		(8,491,257)	
Net income before finance costs		56,074,260		54,006,753	
Finance costs – interest and other	6	(289,562)		(228,832)	
Net income			55,784,698		53,777,921
Total return before distributions			57,466,609		120,794,391
Finance costs – distributions	7		(53,788,184)		(53,683,202)
Change in net assets attributable to unitholders from investment activities			3,678,425		67,111,189
Statement of change in net assets attributable to unitholders					
Opening net assets attributable to unitholders			1,276,434,072		1,153,789,556
Net amounts receivable on creation of units			27,003,420		55,533,327
Change in net assets attributable to unitholders from investing activities			3,678,425		67,111,189
Closing net assets attributable to unitholders			1,307,115,917		1,276,434,072

The accompanying notes form part of these financial statements.

BALANCE SHEET

	Note	As at 24 June 2019 £		As at 24 June 2018 £	
Assets					
Fixed assets					
Investment properties	8	1,227,944,177		1,213,790,000	
Investments	9	5,680,218		-	
			1,233,624,395		1,213,790,000
Current assets					
Debtors	10	32,156,555		12,876,132	
Cash and bank balances		70,620,145		82,563,126	
			102,776,700		95,439,258
Total assets			1,336,401,095		1,309,229,258
Less: current liabilities					
Creditors	11	15,140,841		19,105,445	
Distribution payable		13,365,229		13,689,741	
			28,506,070		32,795,186
Less: non current liabilities					
Finance lease liability	12	779,108		-	
			779,108		-
Total liabilities			29,285,178		32,795,186
Net assets attributable to unitholders			1,307,115,917		1,276,434,072

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors of the Manager on 17 October 2019 and were signed on its behalf by

Richard James
Chief Financial Officer
17 October 2019

CASH FLOW STATEMENT

	Year ended 24 June 2019 £	Year ended 24 June 2018 £
Cash flow from operating activities		
Reconciliation from net operating income to net cash flows from operating activities		
Net income before finance costs	56,074,260	54,006,753
Bank interest received	(285,653)	(53,013)
Increase in trade and other receivables	(2,638,846)	(3,131,076)
(Decrease)/increase in trade and other payables	(1,808,867)	2,435,143
Net cash inflow from operating activities	51,340,894	53,257,807
Cash flows from investment activities		
Purchase of properties and development expenditure	(54,595,321)	(77,279,206)
Sale of properties	35,491,310	36,675,525
Bank interest received	285,653	53,013
Net cash outflow from investment activities	(18,818,358)	(40,550,668)
Cash flows before financing activities	32,522,536	12,707,139
Repayment of obligations under finance leases	(32,646)	-
Amounts received on creation of units	67,944,248	136,001,282
Amounts paid on redemption of units	(58,007,507)	(58,446,180)
Borrowing costs and interest	(256,916)	(228,832)
Distributions paid	(54,112,696)	(52,250,853)
Net cash (outflow)/inflow from financing activities	(44,465,517)	25,075,417
Net (decrease)/increase in cash and cash equivalents for the year	(11,942,981)	37,782,556
Cash and cash equivalents at the start of the year	82,563,126	44,780,570
Cash and cash equivalents at the end of the year	70,620,145	82,563,126

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.

The accompanying notes form part of these financial statements.

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"). 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) 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 financial statements have been prepared on a going concern basis. The Fund's property portfolio is well diversified and in addition to the Fund's cash reserves the Fund has access to a £20,000,000 loan facility expiring in February 2020, to manage short-term liquidity requirements which the Managers believe can be renewed on similar terms. 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 June 2019. 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 12). The associated finance charges are charged to the Statement of Total Return.

c) **Basic financial instruments**

Investments

All asset investments (as distinct from directly owned properties) are shares held in a listed company whose shares which are publicly traded on a regular basis. Such assets are recognised initially at fair value, which is normally the transaction price.

Subsequently, these investments are carried at fair value being the share closing bid market price on 24 June 2019. The changes in fair value are recognised in the statement of total return, except where investments in equity instruments are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Purchases or sales of investments that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

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 year.

d) **Transaction costs**

The Fund aggregates properties in the portfolio statement on pages 48 and 49 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.

Dividend income is recognised when the Fund's right to receive the payment is established, which is generally when the dividend is declared.

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.

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.

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.

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.

3 NET CAPITAL GAINS

The net gains on investments during the year comprise:

	Year to 24 June 2019	Year to 24 June 2018
a. Investment properties	**£**	**£**
Net proceeds from disposal of properties	46,741,310	36,675,525
Carrying value of properties disposed during the year	(50,900,000)	(34,500,000)
Movement in accruals on properties disposed in prior year	(54)	(20,564)
(Losses)/gains realised on properties disposed	(4,158,744)	2,154,961
Unrealised gains on revaluation for the year	27,196,642	76,092,074
Unrealised losses on revaluation for the year	(21,453,851)	(11,230,565)
Net capital gains on investment properties	1,584,047	67,016,470
b. Investments		
Net proceeds from disposal of investments	5,667,646	-
Carrying value of investments disposed during the year	(5,624,399)	-
Gains realised on investments disposed	43,247	-
Net unrealised gains on revaluation for the year	54,617	-
Net capital gains on investments	97,864	-
Total net capital gains	1,681,911	67,016,470

Net realised losses/gains on properties disposed comprised £4,306,071 (2018: £20,564) realised losses and £147,327 (2018: £2,175,525) realised gains on disposal.

Net proceeds from disposals of properties comprises of cash consideration of £35,491,310 and listed equity shares in Supermarket Income REIT valued at £11,250,000 which are held as investments.

Please refer to note 9 for further details on investments.

4 INCOME

	Year to 24 June 2019	Year to 24 June 2018
	£	**£**
Rental income	64,349,383	62,072,213
Sundry income	510,054	372,784
Bank interest	285,653	53,013
	65,145,090	62,498,010

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

	As at 24 June 2019	As at 24 June 2018
	£	**£**
Within 1 year	61,041,545	61,648,088
Later than 1 year and no later than 5 years	218,308,578	219,660,521
Later than 5 years	506,103,788	528,054,975
	785,453,911	809,363,584

5 EXPENSES

	Year to 24 June 2019	Year to 24 June 2018
	£	**£**
Manager and Property Management Company fees	6,545,126	6,095,469
Corporate Trustee's fees	205,305	190,710
	6,750,431	6,286,179
Other expenses:		
Insurance	39,838	102,269
Audit fee	32,163	26,372
Review fee	15,379	12,989
Valuation fee	208,013	216,658
Legal and professional fees	1,295,027	1,491,306
Marketing and communication costs	84,116	98,390
Vacant property and property maintenance costs	645,863	257,094
	2,320,399	2,205,078
	9,070,830	8,491,257

Included within vacant property and property maintenance costs are £22,558 of service charge rebates (2018: £77,201).

6 FINANCE COSTS – INTEREST AND OTHER

Finance cost during the year (excluding distributions) comprise:

	Year to 24 June 2019 £	Year to 24 June 2018 £
Capital expenses		
Credit facility arrangement fee	68,031	55,271
Legal and professional fees	22,225	62,684
Interest expense on capital contribution	31,660	-
	121,916	117,955
Revenue expenses		
Non-utilisation fee	135,000	110,877
Finance lease interest	32,646	-
	167,646	110,877
Finance costs: interest and other	289,562	228,832

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 year 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 year comprise:

	Year to 24 June 2019 £	Year to 24 June 2018 £
First interim distribution	13,173,495	11,629,951
Second interim distribution	13,698,333	12,957,911
Third interim distribution	13,551,127	13,186,620
Fourth interim distribution	13,365,229	13,689,741
Net distribution from income for the year	53,788,184	51,464,223
Capital distribution	-	2,218,979
Total distribution	53,788,184	53,683,202

Details of the distribution per unit are set out in the distribution table on page 56.

Represented by:	Year to 24 June 2019 £	Year to 24 June 2018 £
Net income	55,784,698	53,777,921
Less: income from rent straight-lining	(2,116,320)	(2,429,607)
Add back: capital expenses	121,916	117,955
Provision for bank charges	(2,110)	(2,046)
Distributable capital income	-	2,218,979
Net distribution for the year	53,788,184	53,683,202

During the prior year to 24 June 2018 the capital distribution comprised: £2,005,453 of rental top-ups from property acquisitions and development agreements, and £213,526 of interest on development drawdowns, totalling £2,218,979. There was no capital distribution in the current year.

8 INVESTMENT PROPERTIES

Split of investment properties by freehold and leasehold:

	Freehold	Leasehold	As at 24 June 2019	As at 24 June 2018
	£	£	£	£
Value at the beginning of the year	1,054,515,000	159,275,000	1,213,790,000	1,093,760,000
Purchases and capital expenditure during the year	45,250,829	9,095,925	54,346,754	84,071,389
Carrying value of properties disposed during the year	(2,100,000)	(48,800,000)	(50,900,000)	(34,500,000)
Gain on valuation	24,601,216	2,595,426	27,196,642	76,092,074
Loss on valuation	(20,415,234)	(905,615)	(21,320,849)	(11,230,565)
Income recognised from rent straight-lining and lease incentives	3,788,189	264,264	4,052,453	5,597,102
Fair value at 24 June 2019	1,105,640,000	121,525,000	1,227,165,000	1,213,790,000
Finance lease asset	-	779,177	779,177	-
Carrying value at the end of the year	1,105,640,000	122,304,177	1,227,944,177	1,213,790,000

Lease incentives and straight-lined rent of £17,606,536 (2018: £12,596,877) are included in the carrying value of the investment properties above.

All the properties have been valued by external chartered surveyors, Cushman & Wakefield, at £1,227,165,000 (2018: £1,213,790,000), in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The historical cost of the properties is £1,000,695,347 (2018: £992,880,804).

During the year 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 £4,907,748; the net present value of the future minimum rent payments are £779,117 (see note 12). 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 2019 valuations by Cushman & Wakefield is provided below:

Sector	Fair Value	ERV Range (psf)		Equivalent Yield Range	
		Max	Min	Min	Max
Retail - High Street	£29,200,000	£200.00	£75.00	4.00%	6.50%
Retail - Supermarkets	£47,400,000	£24.00	£20.00	3.80%	4.78%
Retail - Warehouses	£263,925,000	£35.00	£8.50	4.15%	6.83%
Warehouses / Industrial	£313,000,000	£12.00	£0.75	4.81%	8.00%
Offices	£276,550,000	£70.00	£10.00	4.05%	8.00%
Alternatives	£297,090,000	n/a*	n/a*	4.40%	7.35%
Total	£1,227,165,000				

* 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.

9 INVESTMENTS

	As at 24 June 2019 £	As at 24 June 2018 £
Opening fair value	-	-
Consideration of investments acquired during the year	11,250,000	-
Carrying value of investments disposed during the year	(5,624,399)	-
Gains on remeasurement to fair value	54,617	-
	5,680,218	-

During the year, the Fund sold its investment in the Tesco Mansfield property to Supermarket Income REIT ('SUPR'). The sales proceeds received were cash consideration of £33,750,000 and listed equity shares in SUPR valued at £11,250,000 (10,922,330 newly issued shares at 103p per share). The shares represent less than 5% of the market capitalisation of SUPR.

The shares are subject to a lock in period which restricts the timeframe which the Fund can dispose of the shares over the following period: 0% of shares in the first month, 25% of shares in months 2 and 3, an additional 25% in months 4 to 6, an additional 25% in months 7 to 9 and no restrictions thereafter.

At year end, the Fund received approval from the Board of SUPR to sell 50% of its shareholding despite the disposal restrictions within the lock in period. The Fund sold 5,460,582 shares for £5,624,300

All current asset investments are shares held in a listed company whose shares are publicly traded on a regular basis and are therefore Level 1 in the fair value hierarchy.

The total capital gain recognised on these investments in the year was £97,864 (2018: £nil), representing the fair value measurement of £54,617 (2018: £nil) and realised gain on sales of £43,247 (2018: £nil). No dividends were received in the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 DEBTORS

	As at 24 June 2019 £	As at 24 June 2018 £
Amounts receivable for creation of units	15,148,027	-
Rent receivable	10,082,728	10,263,007
Amounts receivable from sale of investments	5,679,005	-
Amounts due from managing agents	571,664	800,819
Insurance prepayments	316,434	977,058
Sundry debtors	297,946	722,111
Loan arrangement fee	45,106	113,137
Sundry prepayments	15,645	-
	32,156,555	12,876,132

11 CREDITORS

	As at 24 June 2019 £	As at 24 June 2018 £
Prepaid rent	11,681,054	12,889,702
Redemption amount due to redeeming units	-	1,918,652
Purchases awaiting settlement	116,100	364,613
Manager and Property Manager fees	66,000	1,610,047
Corporate Trustee fees	52,075	-
Audit fees	32,163	26,372
Valuation fees	53,688	53,103
Credit facility non utilisation fee and debt arrangement fee	-	31,438
VAT payable	1,297,209	1,645,498
Cost to complete on development	864,632	269,311
Other creditors	302,781	90,489
Retentions	675,070	206,220
Finance lease liability	69	-
	15,140,841	19,105,445

12 FINANCE LEASES (NON CURRENT)

	As at 24 June 2019 £	As at 24 June 2018 £
Finance lease	779,108	-
Total	779,108	-

The future minimum lease payments are as follows:

	As at 24 June 2019 £	As at 24 June 2018 £
Not later than 1 year	37,500	-
Later than 1 year and not later than 5 years	150,000	-
Later than 5 years	4,720,248	-
Total gross payments	4,907,748	-
Less: Future finance charges	(4,128,571)	-
Carrying amount of liability	779,177	-

Total finance lease liabilities amount to £779,177 (2018: £nil), of which £69 is considered current liabilities (see note 11). The remaining £779,108 (2018: £nil) is due after more than 1 year.

13 RELATED PARTY TRANSACTIONS

Details of the Manager, Property Manager and Corporate Trustee can be found on pages 79 to 82.

During the year the Manager has received management fees of £6,409,163 (2018: £5,971,295) and the Property Management Company fees of £135,963 (2018: £124,174) thereby totalling £6,545,126 (2018: £6,095,469). These fees can be seen in Note 5, Expenses. The amount outstanding at the year end in respect of those fees was £66,000 (2018: £1,610,047), as can be seen in Note 11, Creditors.

During the year the Property Manager has received transactional fees of £378,718 (2018: £479,400), 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 £308,785 (2018: £327,778). These fees sit within Note 5, Legal and Professional Expenses.

During the year the Corporate Trustee received £205,305 (2018: £190,710). Amounts payable to the Corporate Trustee or associates of the Corporate Trustee are shown in Note 5, Expenses. Amounts due are shown in Note 11, Creditors. The amount outstanding at the year end in respect of those fees was £52,075 (2018: £nil).

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 year the Manager has received fees of £312,720 (2018: £364,218) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 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 56 'Fund History'.

		GROSS		
Trading Quarter	**No. Units**	**Applications**	**Redemptions**	**Net Movement**
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)
24 Mar 2019	1,008,133,487.556	5,386,805.684	8,946,709.005	(3,559,903.321)
24 Jun 2019	1,019,690,691.178	20,281,997.874	8,724,794.252	11,557,203.622
	TOTAL	**63,747,747.581**	**43,283,004.765**	**20,464,742.816**

Applications and redemptions for the trading quarter 24 June 2019 were not settled as at year end and were subsequently settled on settlement date 4 July 2019.

For the trading quarter ended 24 September 2019, total number of units held were 1,014,971,921.846. This reflects a net redemption movement from the previous trading quarter of 4,718,769.332 units, comprising applications for 5,208,729.879 units, offset by redemptions for 9,927,499.211 units.

15 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2018: none).

16 CAPITAL AND OTHER COMMITMENTS

At 24 June, the Fund had the following capital commitments:

	As at 24 June 2019 £	As at 24 June 2018 £
Contracts for future capital expenditure in investment properties	1,681,758	786,243

17 POST BALANCE SHEET EVENTS

On 8 August 2019, the Fund received approval from the Board of SUPR to sell additional investment shares in SUPR, despite the disposal restrictions within the lock in period. The Fund sold 1,903,370 shares for £1,985,043 (net of brokerage and commission fees), reflecting a sales price of 104.5p per share. The remaining shares held by the Fund is 3,558,378 shares.

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).

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 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.

REMUNERATION CODE DISCLOSURE FOR SAVILLS INVESTMENT MANAGEMENT (UK) LTD

April 2019

The Financial Conduct Authority's (FCA) AIFM remuneration Code applies to Savills Investment Management (UK) Ltd (the firm). The Firm has considered the FCA's proportionality guidelines and taking account of size, the lack of complexity and the low risk of the firm a number of the remuneration rules have been disapplied.

The disclosure covers the remuneration paid in respect of the financial period from 1 January 2018 to 31 December 2018 for Savills Investment Management LLP and its subsidiaries ("Savills IM Group").

Decision Making Process

Savills IM Group has a Remuneration Committee that meets regularly to consider issues relating to the remuneration policy and the structures for all employees of the Group including those of the firm. The Savills IM Remuneration Policy Statement is reviewed and agreed annually by the Savills IM Remuneration Committee. The Remuneration Committee is comprised of two shareholder representatives and the Savills IM Chief Executive Officer and is delegated from the Savills IM Board.

Remuneration is reviewed annually, in conjunction with the Group appraisal process. A recommendation regarding salary and bonus levels is made by an individual's line manager and assessed against the Group as a whole by the Savills IM Global Executive Committee. Salaries are also benchmarked against market averages. The Savills IM Global Executive Committee will recommend salary changes and discretionary bonus payments to the Remuneration Committee for approval and adoption. Interim reviews are undertaken on an exceptions basis only.

Link between Pay and Performance

Remuneration is dependent on both the performance of the firm and the Individual. The bonus pool is calculated as a fixed percentage of pre-tax Group profits. The fixed and variable elements of remuneration have been developed to attract and retain high calibre staff to ensure the firm is in a position to deliver the business plans and maximise return to shareholders. The remuneration policy and incentive structures apply to all code staff, rewarding them only when their goals are achieved.

Employees of the firm received; salary, car allowance, discretionary bonus and incentive shares in the ultimate parent, Savills Plc. Share awards are made in line with the Savills Group policy, in the form of retention or bonus awards, details of which can be found within the Savills plc Report and Accounts.

Staff Remuneration

The total aggregate remuneration for staff was £37,849,000 of which there were 268 beneficiaries. £27,210,000 of this remuneration was fixed and £10,639,000 was variable.

30 of the beneficiaries were identified as remuneration code staff, as defined by AIFM remuneration code, and their total aggregated remuneration was £9,323,000. £3,247,000 of this remuneration was earned by Senior Managers and £6,076,000 was earned by other code staff.

Of the total aggregated remuneration of the code staff, £3,019,000 can be assumed to relate to the Fund of which £1,051,000 of this remuneration was earned by Senior Managers and £1,968,000 was earned by other code staff. £2,170,000 and £849,000 corresponded to fixed and variable remuneration, respectively.

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.

TRUSTEE, MANAGER AND ADVISERS

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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.

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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