

CHARITIES PROPERTY FUND

Savills Investment Management

MANAGER AND TRUSTEE'S REPORT

LIST OF PROPERTIES

KEY FUND DATA

FINANCIAL STATEMENTS

INTERIM REPORT AND ACCOUNTS

December 2021





Oxford



Wolverhampton



London, EC1



Epsom



Burton upon Trent



Bath



Warrington



Liverpool

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Manager and Trustee’s Report



The second half of 2021 began with optimism as we emerged from the third nationwide lockdown, unlike 2020 however, this time the recovery was sustained and the UK recorded GDP growth of 7.5% in 2021. Other positive headlines for the year included a 14.3% increase in the value of the FTSE 100 and a fall in the headline unemployment rate to 4.2%, the lowest it has been for almost 50 years. This was particularly surprising bearing in mind at the start of the year 4.5 million people were on furlough which had the potential to increase the rate to 12%. There was also a significant increase in real estate trading investment volumes and a strong rebound in commercial property performance.

The last six months were characterised by shortages, both of goods and staff. UK total demand for goods was 34% higher at the end of 2021 than pre Covid and global supply chains are not working as smoothly as they were. Input cost for UK producers rose 13.5% in December alone. This has led to inflation with CPI running at 5.4% and RPI an astonishing 7.5% in January 2022. We have seen two interest rate rises in quick succession and these are unlikely to be the last particularly with soaring energy costs.

Inflation isn’t the only cloud on the horizon, with the terrible events unfolding in Ukraine, producing a humanitarian crisis on a scale not seen in Europe since the 1940s and the risk it could spiral into something even worse.

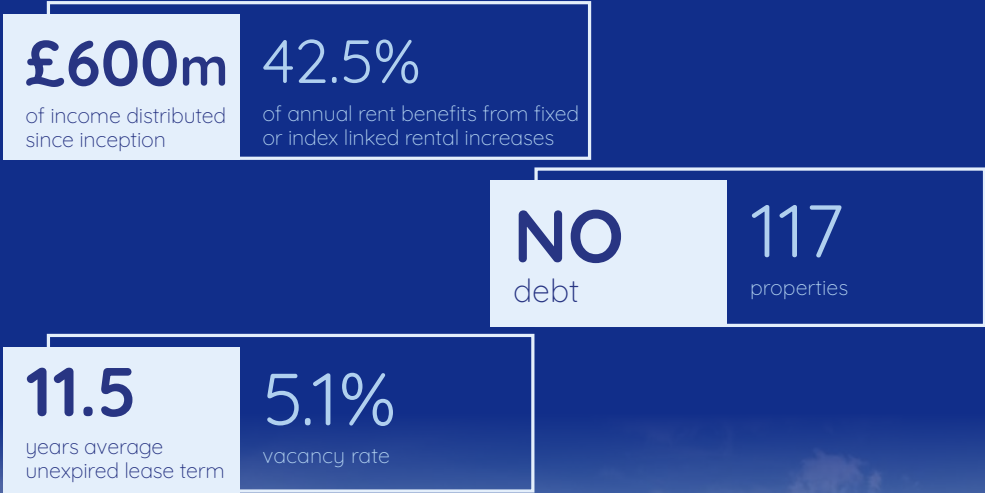
The Charities Property Fund posted a total return of 14.8% for the calendar year and 10.5% for H2 2021, significantly outperforming our objective of 7% pa. Whilst this is an admirable return, we were disappointed to underperform the All Balanced Funds Index return of 19.1%.

As we have said during 2021, we see little reason for this short term underperformance and don’t believe it is a cause for concern. The reason is partly structural in that our long leases and higher exposure to alternatives were out of favour last year, but we believe the majority is likely to be due to a lag in valuations. It is interesting to note that we have sold 12 assets in the last 18 months totalling £129 million and none of these assets have sold below valuation - 98% by value have sold above and the average premium is 15%. 80% of these sales were in the retail and office sectors, which have experienced weakness over the last 18 months and where valuations should show much less divergence and the three most recent sales have shown the biggest discrepancies to their valuations, indicating that the divergence is widening.

Harry de Ferry Foster MRICS
Fund Director

Whilst there are undoubtedly risks and challenges ahead, we continue to believe the Fund is well positioned. The vacancy rate remains low, our sector weightings are in line with our targets and the quality of the assets and locations we are invested in remain strong. In addition the average lease length is long at 11.2 years and the percentage of leases benefitting from indexation – providing guaranteed increases is over 40%.

High Quality Resilient Portfolio



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Charities Property Fund Team

Savills Investment Management is the global real estate investment management business of the Savills Group and has provided investment services for 30 years. Our clients include pension funds, charities, insurance companies, banks, endowments and family offices on whose behalf we currently manage **£21.4 billion*** of office, retail, industrial, residential and alternative real estate assets. We provide clients with access to a full range of real estate investment opportunities, including pooled funds, separate accounts, strategic partnerships and asset management. We have c.300 employees across seventeen offices worldwide providing comprehensive investment management, tax and debt advice to clients.

The Savills Group is a global real estate services provider that was founded in 1855 and now has over 600 offices across 60 countries and has over 39,000 employees worldwide providing advice and assistance across a full range of real estate sectors.

Property



Harry de Ferry Foster
Fund Director



Angy Benitz
Portfolio Director



Jim Garland
Portfolio Manager



Maggie McQuaid
Portfolio Manager

Investor Relations



Joe Rosenblatt
Asset Manager



Lucy MacEwan
CPF Marketing Manager

Finance



Esme Dowling
Fund Finance Manager



Kathryn Angliss
Fund Finance Manager



Michael Floyd
Fund Finance Associate

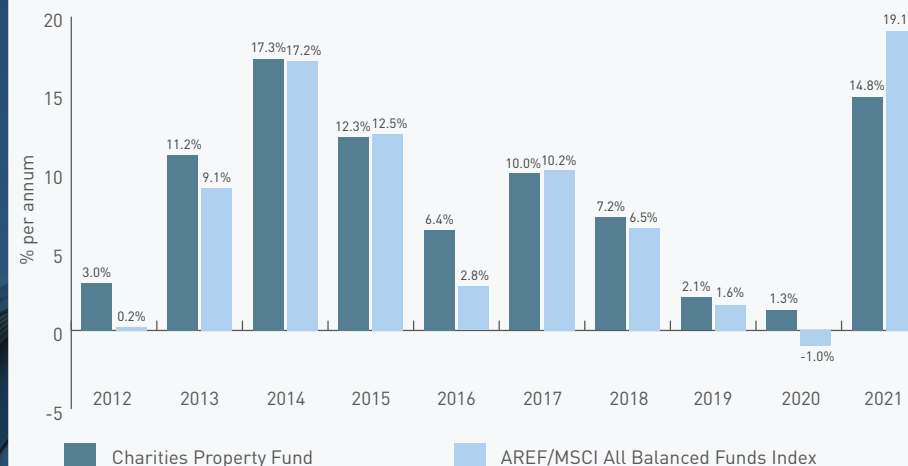
* AUM as at 24 December 2021

Fund performance

The total return for the Fund during the 12 months to 24 December 2021 was 14.8% against the AREF/MSCI All Balanced Property Funds Index which produced 19.1%. Over the last five years the Fund has returned 7.0% per annum in line with the Fund objective and the index. Over 10 years the Fund has returned 8.4% per annum, compared to the Index at 7.6% per annum*.

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

Fund level performance - total return as at 24 December 2021



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

* Past performance is not a reliable indicator of future performance

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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 has a very strong focus on ESG and Responsible Investment, a stated ethical policy and adapts both positive and negative tenant screening when assessing investments and new occupiers.

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”

ESG and Responsible Investment

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.

The Fund’s ESG objectives are implemented at fund and asset level and incorporated into every stage of property transaction: property acquisition, asset management, development / refurbishment / fit-out and disposal.



Our ESG Commitments



Pre-Investment

(Origination and Due Diligence)

When reviewing potential investments we consider relevant ESG issues including environmental and social risks and opportunities, regulatory compliance, green building accreditation or value-add innovation. During the due diligence process, potentially significant ESG issues and opportunities will be analysed and identified. We also evaluate and manage the impact that sustainability has on investment performance; for example this may include depreciation costs due to additional capital expenditure or the ability to let or sell a property. Our exposure to, and required management of ESG issues will be considered when making the final investment recommendation/decision.



Property development, refurbishment or fit-out

Where appropriate we integrate sustainability and ESG considerations into the earliest stages of design and construction of asset development, refurbishment or fit-out. This creates an opportunity to add tangible value to asset value, future-proof against obsolescence, improve occupancy appeal and results in improved building performance.



Property management

Our focus on integrated sustainability into property management practices ensures we are able to continue to add value, improve and enhance assets in our ownership, reduce operation costs and foster tenant satisfaction.



Asset disposal

When a property is being positioned for sale, sustainability measures can be used to further enhance the property’s status and maximize its value. Such features help provide valuable criteria that differentiate the property from other offerings in the market and serve as an indicator of overall quality.

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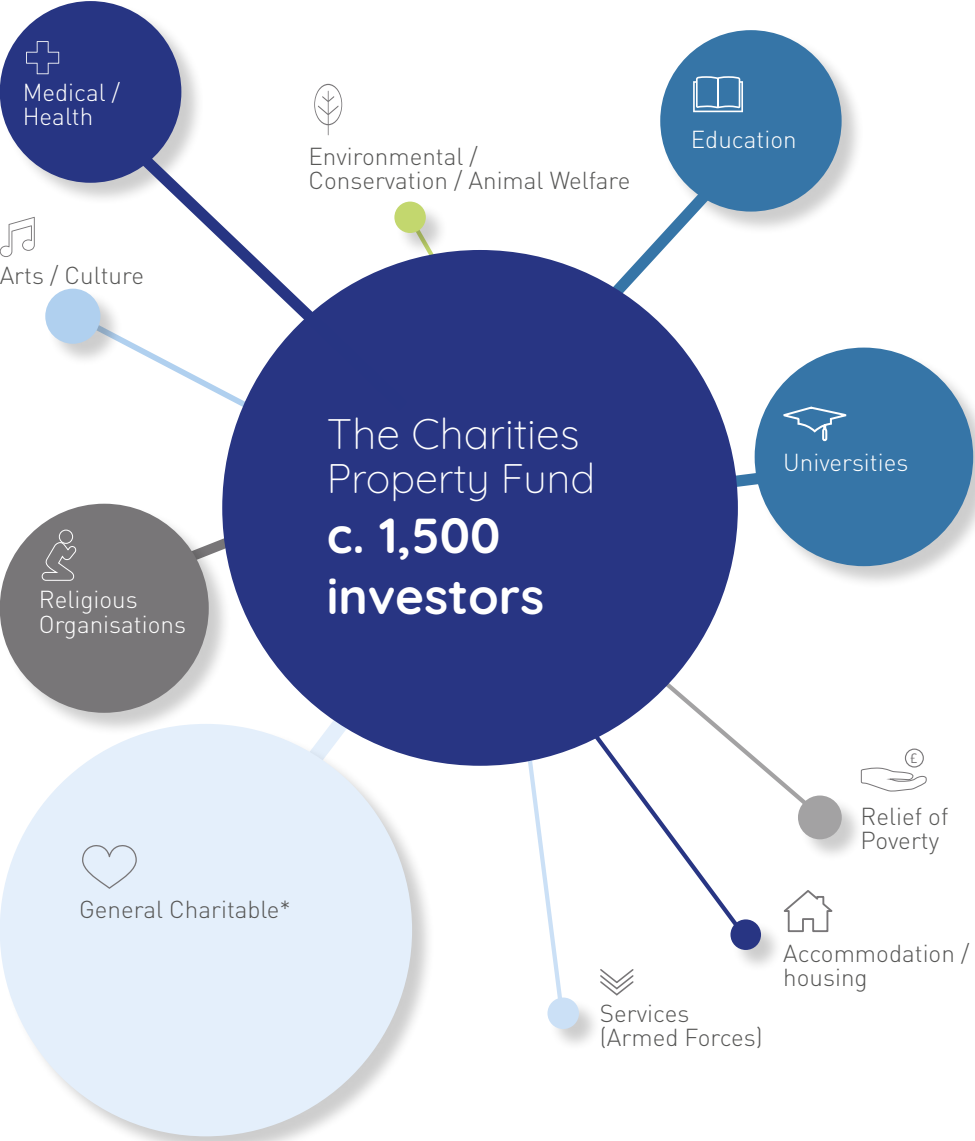
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Investor Categorisation



Source: Savills Investment Management (December 2021)

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

Fund Growth and Performance

Performance highlights to 24 December 2021

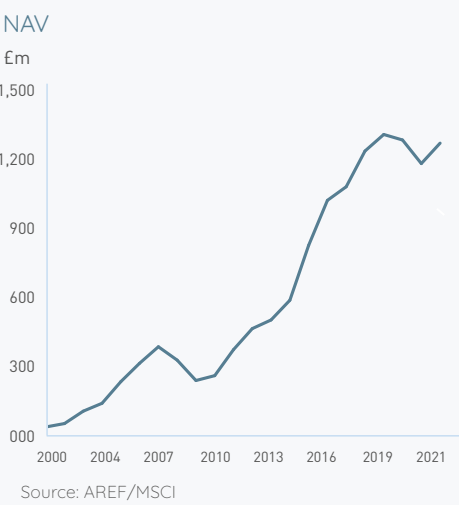
The Charities Property Fund has returned **5.9%** per annum annualised over a three-year period

The Charities Property Fund has returned **7.0%** per annum annualised over a five-year period

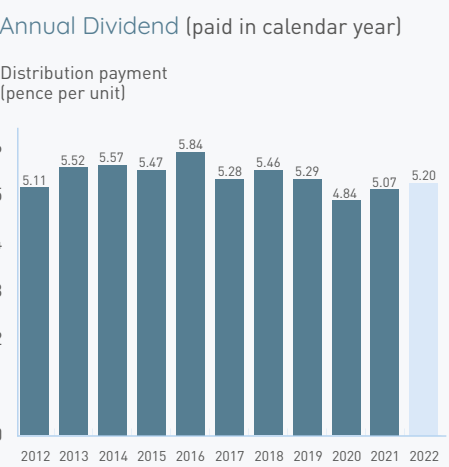
The Charities Property Fund has returned **8.4%** per annum annualised over a 10-year period

The Charities Property Fund has returned **7.3%** per annum annualised since launch

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



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Portfolio Report - Purchases

The Fund made two acquisitions during the six months to 24 December 2021, investing **£47 million**.

Additional capital investment of approximately **£2.6 million** was made into existing assets and also through funding pre-let developments, refurbishments, securing planning permissions, combating obsolescence and funding general improvements elsewhere within the portfolio to help deliver future income growth.

The purchased properties are of high quality and there is **zero vacancy** (compared to MSCI at 10.1%). The leases have on average **23 years remaining** until expiry and 22.5 years on average to earliest break. Almost 80% of the contractual rent benefits from uncapped RPI linked rental increases.

The average yield to the Fund inclusive of acquisition costs is 4.4%, in line with the MSCI quarterly index average net initial yield of 4.4%, as at December 2021. However the acquisitions on average benefit from much longer leases, lower vacancy and boast a significantly higher percentage of rental indexation.

The Fund’s purchases were:

1. Bristol

The acquisition in Bristol comprises an eight unit trade counter industrial estate extending to 62,000 sq ft and is let to occupiers such as Screwfix, Tastetech, Cubico Bathrooms and Mon Motors Group. The asset occupies an excellent location in a densely populated urban area, very close to the City Centre and to one of the funds existing holdings in Brislington. The rents are low at £6.95 per sq ft and the estimated rental value of £9.50 per sq ft has already been proven on the estate. The property was acquired for a price of £10.5 million reflecting a yield of 4.1%, rising to 5.5% at review.



£47.00 million
invested in 6 months
4.40%
average yield to Fund

2. Battersea, London

Battersea comprises a 121 bedroom hotel, located close to the River Thames and 10 minutes from Clapham Junction station. The asset is let on a lease with almost 28 years unexpired and benefits from uncapped index linked rent reviews increased in line with the Retail Price Index. The price of £36.5 million reflected a yield to the fund of 4.5%. It also provides us with a significant redevelopment opportunity in the future. The building is only 3-5 storeys tall and it is likely a building of up to 19 storeys could be accommodated here.

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Portfolio Report - Sales

The Fund sold two properties during the second half of 2021, both in the retail sector. One comprised two shop units in Islington let to Superdrug and JD Sports and a neighbourhood shopping scheme in Halewood. Both of the assets were openly marketed and both generated very competitive bidding.

The combined valuation of these two properties was £12.15 million and they collectively sold for £13.14 million, a premium of 8%.

The Fund’s sales were:

1. Chapel Market, Islington

This asset has performed very well for the fund. It was originally acquired as part of an in-specie transfer in December 2009 and was transferred into the fund for a price of £2.65 million. During the twelve years of ownership we have managed to retain the original tenants, Superdrug and JD Sports and have negotiated new leases twice on each unit during the period. The

leases were both short, with approximately 2.5 years remaining on each. After a full marketing campaign we accepted the highest bid of £3.765 million, reflecting a yield to the fund of 4.75% and a premium of 19.5% to the latest independent valuation of £3.15 million.



Portfolio Report - Sales



£13.14 million
total sales proceeds
6.40%
net initial yield to Fund

2. Halewood

This property comprised a local shopping park let to Aldi, Home Bargains, Iceland, Tesco and a number of smaller shop units. It lies adjacent to the bus station and a large NHS centre and benefits from a high percentage of essential retailers. However we were concerned that Aldi may look to relocate from the scheme at lease expiry and

the property was very management intensive with eight smaller shop units regularly changing hands and some anti-social issues to combat. We received a number of offers and felt we extracted the maximum value.



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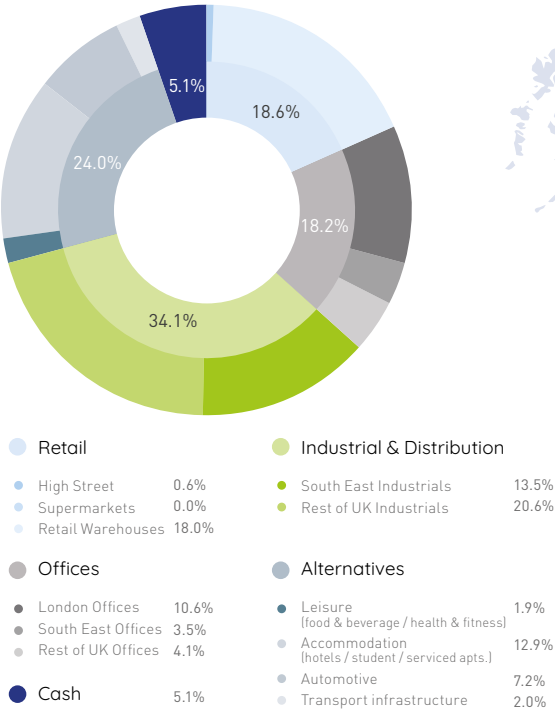
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Sector Weightings

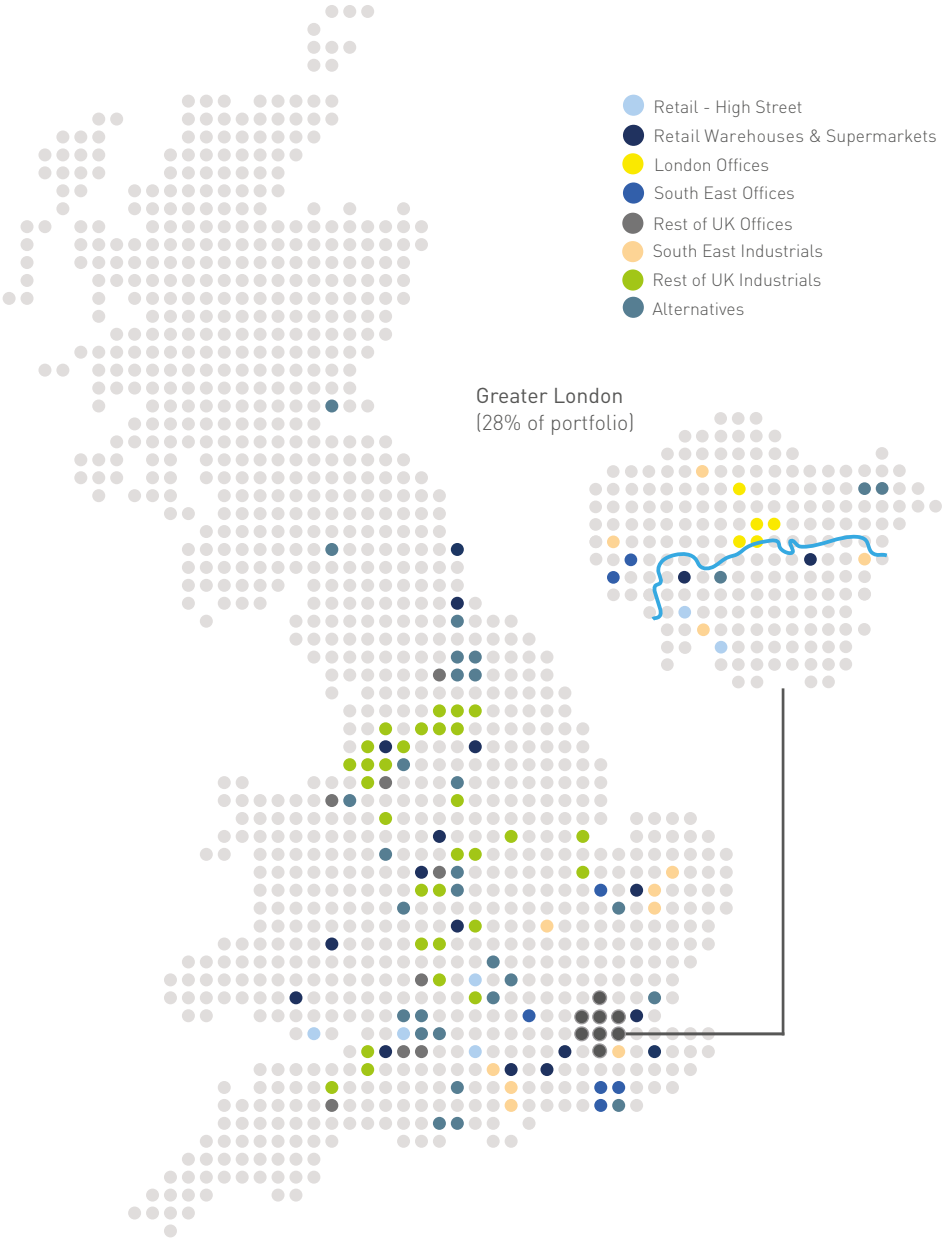
The portfolio is well diversified and is not overly exposed to any one particular sector. It continues to have a bias towards London offices, alternatives, the industrial/distribution and retail warehouse sectors and it remains underweight (relative to the AREF/MSCI All Balanced Funds Index) to high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

CPF Portfolio by Sector
as at 24 December 2021



Source: Savills Investment Management

Map of Properties



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Retail - High Street

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
1 Bath	Gadgets Ent (t/a iCrack)	48,000	2021
2 Cardiff	Bee World UK	144,000	2036 (2031)
3 Cheltenham	Poundland	85,000	2024
4 Cobham	Lloyds Pharmacy	86,000	2021
5 Marlborough	Superdrug	100,000	2026 (2024)
6 Walton-on-Thames	Heals (1810)	50,000	2023 (2022)
Total, High Street		513,000	



Cobham



West Malling

List of Properties

Retail Warehouses & Supermarkets

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
7 Basildon	McDonald's, KFC, Pets at Home, Farmfoods, Poundland	677,705	2024 - 2041
8 Basingstoke	Homebase	1,113,000	2031
9 Bristol	Pets at Home, McDonald's	378,320	2027
10 Bury	Halfords, KFC, Home Bargains, Farmfoods	414,480	2021 - 2041 (2026 - 2041)
11 Bury St Edmunds	Matalan	305,000	2029
12 Canterbury	Dunelm, Dreams	508,745	2026 - 2031
13 Doncaster	Wickes	296,327	2028
14 Gateshead	Tesco	2,262,843	2048 (2033)
15 Guildford	Magnet	600,000	2024
16 Hereford	Pets at Home, Lidl, Poundstretcher	405,005	2023 - 2046 (2036)
17 London SE7 (Greenwich)	Next, Primark, Aldi, Wren Kitchens	2,191,625	2030 - 2037 (2032)
18 Merthyr Tydfil	Halfords, Home Bargains, Sports Direct, Dreams, Poundstretcher, Iceland, Private Individuals, Greggs B&M	640,531	2021 - 2029 (2024)
19 Middlesbrough		239,180	2023
20 Redditch	Pets at Home, Poundstretcher, Iceland, TJ Morris, Costa Coffee, Sue Ryder, Aldi, Burger King	1,027,528	2024 - 2041 (2024 - 2036)
21 Redhill	Majestic Wine	42,500	2025 (2023)
22 Twickenham	Currys, Wickes	951,500	2024 - 2032
23 Uttoxeter	B&Q, Shoe Zone, Poundland, Pets at Home, Argos, B&M, KFC, Majestic Wine, Scentarea, PR Bason & J Gathercole	804,571	2022 - 2032 (2022 - 2023)
24 West Malling	Waitrose	180,744	2026
25 Wolverhampton	JD Sports Gyms, Iceland Foods	475,000	2028 - 2032 (2027)
Total, Retail Warehouses		13,514,604	



Wolverhampton



Twickenham

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London Offices

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
26 London E1 (Whitechapel)	The British Diabetic Association	1,126,173	2026 (2023)
27 London EC1 (Farringdon)	Macmillan Publishers International, Houst	2,360,641	2034 (2029)
28 London EC2 (Shoreditch)	Work Life	923,527	2031
29 London N1 (Shoreditch)	Lee Wrangler UK, Sunshine partners, Spiers & Major, UK Broadband	555,560	2023 - 2027 (2022 - 2023)
30 London NW5 (Kentish Town)	Vacant	-	-
Total, London Offices		4,965,901	

South East Offices

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
31 Brighton (Aspect House)	NHS, Bullhorn International, Michael Page, Football X2, HexTransforma Healthcare Enterprises	503,065	2021 - 2030 (2023-2025)
32 Brighton (International House)	Fitness First, Booker, The Student Room Group, Octopus, Hays, Haybury	850,929	2021-2028 (2022 - 2023)
33 Brighton (Queens Road)	E-Techzone, NEB Ventures, WRAP Business & Leisure	262,796	2025 - 2031 (2022 - 2026)
34 Huntingdon	Cambridgeshire & Peterborough NHS Foundation	111,150	2022
35 Maidenhead	Regus, Copper Street Capital	442,676	2021 - 2023
36 Staines	Givaudan UK	127,000	2028 (2023)
Total, South East Offices		2,297,616	



London, EC1



Maidenhead

List of Properties

Rest of UK Offices

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
37 Altrincham	Bolling Investments	368,567	2033 (2028)
38 Bath	Bath Best Foods, Starbucks, Coral, Gradwell Comms., EIP Partnership, Abel & Imray	566,258	2020 - 2030 (2026)
39 Birmingham	Arval UK	169,246	2020-2024
40 Bristol	Films at 59	387,550	2026
41 Cheltenham	Abercrombie & Kent, Giant Finance	454,206	2024-2029 (2022 - 2024)
42 Chester	The Secretary of State for Communities and Local Government	437,615	2026
43 Ilkley	Smartsearch, Modus UK	453,775	2028 - 2033
44 Newcastle	Ryder Architecture	310,245	2033
45 Taunton	Vacant	-	-
Total, Rest of UK Offices		3,147,462	

South East Industrials

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
46 Basingstoke	Leverton Clarke	452,336	2033
47 Basingstoke	Vodafone, Berry Bros & Rudd	538,504	2025 - 2027
48 Belvedere	Allied Hygiene Systems	600,000	2043 (2033)
49 Bury St Edmunds	Vitec Videocom	587,400	2032
50 Bury St Edmunds	Unipart Logistics	878,435	2044 (2034)
51 Chigwell	Sytner	435,000	2056 (2036)
52 Epsom	Eurocell Building Plastics, Euro Car Parks, Heating & Plumbing Supplies, Screwfix Direct, Betterstone Self Storage Properties, AWE Europe, Photome International	772,782	2023 - 2031 (2024 - 2026)
53 Hayes	Tempur UK	674,637	2026
54 London NW9	VW Group	245,000	2031
55 Milton Keynes	Vacant	-	-
56 Portsmouth	SMR Automotive Mirrors UK	600,000	2034 (2029)
57 Thames Ditton	Sytner	358,375	2056 (2026)
58 Thetford	TNT	80,000	2020
59 Tonbridge	NW Autocentres, Kentec Tool Hire, Kentec Training, The Tyre Store	132,050	2022 - 2027 (2022)
Total, South East Industrials		6,354,519	



Epsom



Bury St Edmunds

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Rest of UK industrials

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
60 Birmingham	Carpet & Flooring (Trading)	310,005	2025
61 Boston	Dhammatek, Renal Services, VC Logistics & Transport, BA Bush (Tyres), Touch Global, Cargo Gallery Logistics	632,292	2022 - 2045 (2025 - 2027)
62 Bristol	Kuehne + Nagel	515,000	2030 (2024)
63 Bristol	Cubico UK, Screwfix, Taste Tech, Qualitronics, Mon Motors	433,241	2024 - 2028 (2022 - 2025)
64 Burton upon Trent	Waterstones	950,000	2023
65 Gloucester	Severn Glocon	536,700	2028
66 Huddersfield	Hocoparts UK, Automint	402,703	2031 - 2034 (2026)
67 Liverpool	Amazon UK	632,206	2026
68 Liverpool	Kamac	786,500	2023
69 Manchester	Royal Mail, Wilkinson Star	318,250	2027 - 2028 (2022)
70 Normanton	Kelling Group	315,000	2032
71 Normanton	United Autosports	215,107	2024
72 Normanton	Kongsberg Actuation Systems	413,704	2038 (2028)
73 Normanton	PNS UK	236,665	2036
74 Normanton	Really Useful Products	270,620	2022
75 Nottingham	Turbine Surface Technologies	433,843	2026
76 Peterborough	Sage Publications	219,480	2022
77 Redditch	Amazon UK Services	754,164	2026 (2024)
78 Rochdale	Royal Mail	166,234	2028
79 South Normanton	Recticel	310,000	2031
80 Swindon	Jewson	172,500	2023
81 Tamworth	Speedy Hire	969,878	2029
82 Taunton	Rotec Hydraulics, Marshalsea Engineering	142,647	2026 - 2029 (2022 - 2024)
83 Telford	Northwood Hygiene Products	730,000	2025
84 Tewkesbury	Tata Steel	879,417	2023
85 Tewkesbury	Idemia UK	270,000	2030 (2025)
86 Wakefield	Saint-Gobain Building Distribution	271,225	2031
87 Warrington	Eddie Stobart	350,000	2033
88 Wednesbury	AF Blakemore & Son	371,500	2024
Total, Rest of UK Industrials		13,008,881	



Liverpool



Normanton

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Alternatives

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
Leisure			
89 Bath (1-3 Westgate Buildings)	Stable Bar & Restaurant, Westgate Bath, DPL Partnership	186,664	2039 (2029)
90 Carlisle	Sports Direct	160,000	2030
91 Harrogate	Five Guys, Mitchells & Butlers, Marston's, Bar Hidden	370,000	2030 - 2041 (2023 - 2031)
92 Rayleigh	Virgin Active	464,000	2033
93 Sheffield	JD Wetherspoon, ASK, Stonegate, Caffè Nero, Meaty Fish, Yorkshire Metropolitan Housing Association	339,125	2023 - 2044
Total, Leisure		1,519,789	
Hotels / Student / Serviced Apartments			
94 Bath (5-10 Westgate Buildings)	Travelodge, Sports Direct, Sally Salon, Hask45, Creams Café	616,680	2021 - 2042 (2024)
95 Bath	Westgate Apartments	211,003	2027 (2022)
96 Bath	TS Apartments	153,793	2029
97 Brighton	Jurys Inn	1,757,756	2042
98 Cambridge	Travelodge	1,225,086	2048
99 Manchester	Edyn, Private Individuals, CDP	648,104	2022 - 2046 (2025)
100 London, SW11	Travelodge	1,657,738	2049
101 Oxford	D'Overbroeck's	466,814	2047
102 Poole	NHS, Trek, Subway, Costa Coffee, Anytime Fitness, Travelodge	837,628	2031 - 2051 (2026)
Total, Hotels		7,574,602	



Bath



Oxford

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Alternatives

Property	Principal Tenants	Annual Rent As at 24 Dec 2021 £	Lease Expiry (Break)
Car Showrooms			
103 Birmingham	VW Group - SEAT	153,872	2027
104 Camberley	VW Group - Audi	333,765	2026
105 Chester	Rybrook - Volvo	240,191	2036
106 Chigwell	Sytner - BMW & Mini	788,425	2056 (2026)
107 Harrogate	VW Group - Volkswagen	340,000	2027
108 Harrogate	JCT600 - Mercedes Benz, BP, M&S	482,068	2035 - 2036
109 Harrogate	Sytner - Audi	610,046	2035
110 Poole	Sandown Motors - Mercedes Benz	395,000	2030
111 Solihull	Rybrook - McLaren & Rolls Royce	314,949	2036
112 Stockton-on-Tees	VW Group - Audi	350,383	2027
113 Swindon	Sytner - Mercedes Benz	455,000	2039
114 Worcester	Rybrook - BMW & Mini	618,446	2036
	Total, Car Showrooms	5,082,145	
Roadside			
115 Glenrothes	BP, M&S	264,314	2034
116 Stow on the Wold	BP, M&S	209,311	2033
117 Telford	Welcome Break - Shell, Waitrose, WH Smith, Burger King, Starbucks, Krispy Kreme, Days Inn	1,013,810	2027
	Total, Roadside	1,487,435	
	Total, Alternatives	15,663,971	
	Total, portfolio	59,452,348	



Solihull



Chester

Portfolio Statement

At 24 December 2021

Portfolio of Investments	
Properties valued at greater than £15m	
The Smithson, Briset Street, London EC1	Welcome Break, MSA, Junction 4, M54, Telford
Jury's Inn Hotel, Brighton	Fifth Avenue, Burton Upon Trent
Metro Park West, Gateshead	Emperor Point, Centurion Park, Tamworth
Brocklebank Retail Park, Greenwich SE7	Apex Retail Park, Hampton Road West, Twickenham
Travelodge Hotel, 200 York Road, Battersea	Ravensbank Business Park, Redditch
Travelodge Hotel, Newmarket Road, Cambridge	Epsom Trade Park and Units 450A & 450B, Epsom
Backchurch Lane, London EC2	International House, Queens Road, Brighton
Suffolk Park, Bury St Edmunds	Caxton Point, Printing House Lane, Hayes
Homebase, Winchester Road, Basingstoke	Rivington House, London EC2A
5 Centurion Way, Belvedere	Toyota Tsusho unit, Hornhouse Lane, Knowsley, Liverpool
Valuation £m (percentage of total net assets)	£524.950 (41.73%)
Properties valued at between £10m to £15m	
Lifeboat Quay, West Quay Road, Poole	Aspect House, Queens Road, Brighton
Sytner BMW, Langston Road, Chigwell	Unit 5300, Severn Drive, Tewkesbury
8 Shepherdess Walk, London N1	Units 1 & 2 Gemini, Hamilton Close, Houndmills, Basingstoke
Trafford Retail Park, Redditch	5-10 Westgate Buildings, Bath
The Piano Factory, Kentish Town, London NW5	Amazon unit, Hornhouse Lane, Knowsley, Liverpool
Moreton Hall Industrial Estate, Bury St Edmunds	Severn Glocon, Olympus Park, Quedgeley, Gloucester
SACO House, Minshull Street, Manchester	BMW & Mini, Knightsbridge Park, Worcester
Knights Park, Houndmills, Basingstoke	SytnerAudi, St James Business Park, Knaresborough
11 Poplar Way, Bristol	The Crystal Building, Langston Road, Chigwell
Old Market Retail Park, Pitsea, Basildon	Dovetails Retail Park, Uttoxeter Bypass, Uttoxeter
Wilverley Trading Estate, Bristol	376 Banbury Road, Oxford
SMR, Castle Trading Estate, Portchester, Portsmouth	
Valuation £m (percentage of total net assets)	£293.435 (23.32%)
Properties valued at between £5m to £10m	
The Laconite Building, Stafford Park 6, Telford	Units 1-3 Phoenix Retail Park, Wolverhampton
Mercedes, Drake's Way, Swindon	Brook Retail Park, Commercial Road, Hereford
One Bell Street, Maidenhead	Chester Civil Justice Centre, Trident House, Chester
Pentrebach Retail Park, Merthyr Tydfil	Havenside, Boston
Little Oak Drive, Sherwood Park, Nottingham	Mayfield Business Park, Ilkley
Magnet, Ladymead, Guildford	Wincheap Retail Park, Canterbury
Kongsberg Unit, Foxbridge Way, Normanton	Volkswagen, St James Business Park, Knaresborough
Westpoint, James Street West, Bath	Whiteladies House, Clifton, Bristol
Appleton Thorn Trading Estate, Warrington	17-23 Parliament Street, Harrogate
Dawson Road, Mount Farm Industrial Estate, Milton Keynes	McLaren & Rolls Royce, Stratford Road, Solihull
Units 3010 & 3020 Birmingham Business Park, Birmingham	Barkers Pool, Cambridge Street, Sheffield
Kelling Unit, Trident Park, Normanton	Sytner Jaguar, Landrover, Kingston House Estate, Thames Ditton
200 Rayleigh Road, Thundersley, Rayleigh	Really Useful Products, Unit 2 Foxbridge Way, Normanton
St George's House, Ambrose Street, Cheltenham	Units A & B, Wardley Cross Industrial Estate, Manchester
AF Blakemore unit, Steelmans Road, Wednesbury	Lookers House, Etchells Road, Altrincham
Mercedes, Holes Bay Road, Poole	Audi, Brooklime Avenue, Stockon-on-Tees
Clover Nook Industrial Estate, South Normanton	Moorgate Retail Park, Bury
Units 1 & 2, Bradley Junction, Station Road, Huddersfield	Emerald Point, Woodgate Valley, Birmingham
Bath Road, Brislington, Bristol	Mercedes Benz, Leeds Road, Harrogate
Units 1-3 Phoenix Retail Park, Wolverhampton	Kenmore Road, Wakefield
Valuation £m (percentage of total net assets)	£276.000 (21.94%)

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Portfolio of Investments		
Properties valued at between £2.5m to £5m		
Alexandra Way, Ashchurch Business Centre, Tewkesbury	United Autosports Unit, Trident Park, Normanton	
Cooper's Studios, 14-18 Westgate Road, Newcastle-Upon-Tyne	Wickes, Leger Way, Doncaster	
Citygate Van Centre, Capitol Way, Colindale	4 Westgate Buildings, Bath	
Audi, London Road, Camberley	BP, M&S, Leeds Road, Harrogate	
Jaguar & Volvo, Sealand Road, Chester	1-3 Westgate Buildings, Bath	
BP & M&S, Station Road Garage, Stow on the Wold	Little Waitrose, Fortune Way, West Malling	
Bankhead Park Service Station, Bankhead Park, Woodside Way, Glenrothes	Unit 18, Fengate East, Peterborough	
PNS Unit, Trident Park, Normanton	B&M Bargains, Parkway Centre, Middlesborough	
82-83 Queens Road, Brighton	9-10 Trim Street, Bath	
Matalan, Easlea Road, Bury St Edmunds	Royal Mail Hub, Ainsworth Street, Rochdale	
Jewson Unit, Kembrey Park, Swindon		
Valuation £m (percentage of total net assets)	£87.100 [6.92%]	
Properties valued at between £0m to £2.5m		
DW Sports, Currock Road, Carlisle	Redshank House, Huntington	
SEAT, Watson Road, Birmingham	Hepworth Way, Walton-on-Thames	
78 Queen Street, Cardiff	232-234 High Street, Cheltenham	
Magna House, 78-80 Church Street, Staines	TNT Unit, Fisons Way Industrial Estate, Thetford	
Riverdale Industrial Estate, Tonbridge	4 Union Street, Bath	
Priorswood Industrial Estate, Taunton	16 High Street, Cobham	
Sedgemoor House, Deane Gate Office Park, Taunton	Brighton Road, Redhill	
134 & 135 High Street, Marlborough		
Valuation £m (percentage of total net assets)	£24.125 [1.92%]	
Total value of property holdings	£1,205.610 [95.83%]	
	Valuation £000	Percentage of total net assets
Portfolio of investments	£1,205,610	95.83%
Other net assets	£52,459	4.17%
Net assets	£1,258,069	100.00%

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Expense Ratios

	Total Expense Ratio	Property Expense Ratio	Transaction Cost Ratio
24 December 2021	0.61%	0.27%	0.08%
24 December 2020	0.63%	0.25%	0.14%

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. Previously the expense ratios have been calculated using the INREV net asset value, however the calculation method has been updated to use FRS 102 definition of the net asset value. The TER of the fund as at December 2020 has been restated as a result from 0.60% to 0.63% and the PER has been restated from 0.24% to 0.25%. The TCR has been restated from 0.13% to 0.14%.

The TER has decreased compared to the prior period due to a decrease in operating costs and an increase in the average net assets. The PER has increased compared to the prior period, predominantly due to an increase in property related legal and professional fees.

Portfolio Turnover Rate

	Portfolio Turnover Rate
24 December 2021	2.05%
24 December 2020	12.12%

Previously the portfolio turnover rate had been calculated using the INREV net asset value, however the calculation method has been updated to use FRS 102 definition of the net asset value. The portfolio turnover rate of the fund as at 24 December 2020 has been restated as a result from 11.65% to 12.12%. 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 portfolio turnover rate has decreased as the number of sales during the period has decreased compared to the prior period.

Distribution Yield

	Distribution Yield
24 December 2021	3.7%
24 December 2020	3.9%

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.

Financial Information

Annualised Performance

	1 Year*	3 Years**	5 Years***
24 December 2021	14.8%	5.9%	7.0%
24 December 2020	1.3%	3.5%	5.3%

* total return for twelve months to 24 December

** 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 December 2021 (p)	24 December 2020 (p)	24 December 2019 (p)
Opening net asset value per unit	122.84	125.99	128.89
Return before operating charges*	19.01	3.02	3.38
Operating charges	(1.19)	(1.25)	(0.96)
Return after operating charges*	17.82	1.77	2.42
Distributions	(5.05)	(4.92)	(5.32)
Closing net asset value per unit	135.61	122.84	125.99
* after direct transaction costs of:	0.11	0.17	0.13

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

The prior period calculation has been restated resulting in the return before operating charges increasing from 2.81p to 3.02p and the return after operating charges increasing from 1.56p to 1.77p.

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Investor Analysis

Holding	Number of beneficial owners	Total percentage holding %
Less than 0.01%	782	3.14
0.01% but less than 0.05%	511	11.86
0.05% but less than 0.10%	132	9.11
0.10% but less than 0.50%	106	24.51
0.50% but less than 1.00%	20	15.16
1.00% but less than 2.00%	14	18.11
2.00% but less than 4.00%	4	9.67
Greater than 4.00%	2	8.44
Total number of investors	1,571	
Total number of units in issue at the end of the period	927,731,698	
Percentage held by the largest investor		4.33

Holding	Total percentage holding %
Top 10 largest investors	24.45
Top 25 largest investors	40.99
Top 50 largest investors	55.97
Top 100 largest investors	69.82

Fund History and Distribution

Fund History

Net Asset Value/Fund Size	Date	Net Asset Value (£)	Units in Issue	Net Asset Value Per Unit (p)
	24 December 2017	1,249,388,894	994,341,676	125.65
	24 December 2018	1,303,953,123	1,011,693,391	128.89
	24 December 2019	1,241,069,966	985,020,241	125.99
	24 December 2020	1,118,488,874	910,529,230	122.84
	24 December 2021	1,258,069,012	927,731,698	135.61

Price and Income History	Year Ended	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income Per Unit (p)
	24 December 2017	128.28	118.56	5.28
	24 December 2018	131.83	126.37	5.46
	24 December 2019	131.80	125.50	5.29
	24 December 2020	128.43	119.94	4.84
	24 December 2021	139.27	122.49	5.07

Distribution

		2021		2020	
Distribution Number	Distribution Period	Distribution Per Unit (p)	Date Paid	Distribution Per Unit (p)	Date Paid
1	25 December to 24 March	1.39	14/05/21	1.30	15/05/20
2	25 March to 24 June	1.17	13/08/21	1.03	14/08/20
3	25 June to 24 September	1.27	15/11/21	1.12	13/11/20
4	25 September to 24 December	1.24	15/02/22	1.39	15/02/21
Total		5.07		4.84	

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

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Statement of Charity Trustees’ Responsibilities in Respect of the Interim Financial Statements

As set out on page four the Charity Trustees under the Charities Act are the Manager and the Corporate Trustee.

The Charity Trustees have decided to prepare a half-yearly report which includes interim financial statements prepared in accordance with FRS 104 *Interim Financial Reporting in the UK and Republic of Ireland*.

In preparing these interim financial statements, generally accepted accounting practice entails that the Charity Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 Charity Trustees are required to act in accordance with the Scheme and Scheme of Particulars of the Fund, within the framework of trust law. They are responsible for keeping accounting records which are sufficient to

show and explain the Fund’s transactions and disclose at any time, with reasonable accuracy, the financial position of the Fund at that time, and to enable the Charity Trustees 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 Charity Trustees are 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.

Independent Auditor’s Review

Independent Review Report to the Charities Properties Fund (“The Fund”)

Conclusion
We have been engaged by the Manager of The Charities Property Fund to review the interim financial statements in the half-yearly report for the six months ended 24 December 2021 which comprises the Statement of Total Return and Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Cash Flow Statement, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements in the half-yearly report for the six months ended 24 December 2021 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting*.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Charity Trustees’ responsibilities
The half-yearly report is the responsibility of, and has been approved by, the Charity Trustees.

The annual financial statements of the Fund are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Charity Trustees are responsible for preparing the interim financial statements included in the half-yearly report in accordance with FRS 104 *Interim Financial Reporting*.

Our responsibility
Our responsibility is to express to the Fund a conclusion on the interim financial statements in the half-yearly report based on our review.

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

Richard De La Rue
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
31 March 2022

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Statement of Total Return and Change in Net Assets Attributable to Unitholders

		Unaudited 6 months to 24 December 2021	Unaudited 6 months to 24 December 2020
	Note	£	£
Net capital gains	3	99,262,299	10,797,440
Income	4	28,203,566	32,377,781
Expenses	5	(4,092,199)	(5,872,506)
Net income before finance costs		24,111,367	26,505,275
Finance costs – interest and other	6	(478,537)	(244,125)
Net income		23,632,830	26,261,150
Total return before distributions		122,895,129	37,058,590
Finance costs – distributions	7	(23,389,385)	(24,339,520)
Change in net assets attributable to unitholders from investing activities		99,505,744	12,719,070
Statement of change in net assets attributable to unitholders			
Opening net assets attributable to unitholders		1,162,871,097	1,196,247,120
Net amounts (payable) on creation of units		(4,307,829)	(90,477,316)
Change in net assets attributable to unitholders from investing activities		99,505,744	12,719,070
Closing net assets attributable to unitholders		1,258,069,012	1,118,488,874

The accompanying notes form part of these financial statements.

Balance Sheet

		Unaudited as at 24 December 2021	Audited as at 24 June 2021
	Note	£	£
Assets			
Fixed assets			
Investment properties	8	1,206,388,997	1,068,339,033
		1,206,388,997	1,068,339,033
Current assets			
Debtors	9	9,655,619	41,705,814
Cash and bank balances		75,827,848	77,033,453
		85,483,467	118,739,267
Total assets		1,291,872,464	1,187,078,300
Less: current liabilities			
Creditors	10	21,414,904	12,847,164
Distribution payable		11,609,629	10,581,091
		33,024,533	23,428,255
Less: non current liabilities			
Finance lease liability	11	778,919	778,948
		778,919	778,948
Total liabilities		33,803,452	24,207,203
Net assets attributable to unitholders		1,258,069,012	1,162,871,097

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors of the Manager on 21 March 2022 and were signed on its behalf by

James Bury
Director
31 March 2022



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Cash Flow Statement

	Unaudited 6 months to 24 December 2021	Unaudited 6 months to 24 December 2020
	£	£
Cash flow from operating activities		
Reconciliation from net operating income to net cash flows from operating activities		
Net income before finance costs	24,111,367	26,505,275
Bank interest received	[959]	[42,640]
Increase in trade and other receivables	[1,375,919]	[2,658,228]
Increase in trade and other payables	1,139,290	2,629,669
Net cash inflow from operating activities	23,873,779	26,434,076
Cash flows from investment activities		
Purchase of properties and development expenditure	[49,740,652]	657,555
Sale of properties	12,827,700	101,077,208
Bank interest received	959	42,640
Net cash inflow/[outflow] from investment activities	[36,911,993]	101,777,403
Cash flows before financing activities	[13,038,214]	128,211,479
Repayment of obligations under finance leases	[67,685]	[67,685]
Amounts received on creation of units	60,184,632	4,794,111
Amounts paid on redemption of units	[25,656,934]	[37,994,994]
Borrowing costs and interest	[266,557]	[56,155]
Distributions paid	[22,360,847]	[21,117,357]
Net cash inflow/[outflow] from financing activities	11,832,609	[54,442,080]
Net (decrease)/increase in cash and cash equivalents for the period	[1,205,605]	73,769,399
Cash and cash equivalents at the start of the period	77,033,453	68,462,211
Cash and cash equivalents at the end of the period	75,827,848	142,231,610

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.

Notes to the Financial Statements As at 24 December

1 Accounting policies

a) Basis of accounting

These interim financial statements have been prepared in accordance with FRS 104 *Interim Financial Reporting in the UK and Republic of Ireland*. The annual financial statements are prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The presentation currency of these financial statements is sterling.

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

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

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

Section 20 of FRS 102 for Covid-19 related rent concessions has been adopted by the Fund but does not have material impact.

Going concern

The interim financial statements have been prepared on a going concern basis which the Manager considers to be appropriate for the following reasons.

The Manager has considered the continued impact of COVID-19 and potential implications on the Fund’s future operations. The Fund requires the collection of approximately 20% of rent per quarter to cover property expenses and operational costs. The Manager considers that even in a severe-but-plausible scenario this level of rental income should be exceeded given the diversity of the Fund’s property portfolio. At the date of approval of these financial statements 97% of the September 2021 billing date rents and 96% of the December 2021 billing date rents have been collected.

Q1 2022 dealing has closed with net applications of approximately £46.9 million. In the event of net redemptions, the Fund, in line with the terms of the Scheme Particulars, is able to defer redemptions for a period of up to 12 months from the Dealing Date or for a period of 24 months from the Dealing Date where redemption requests represent an aggregate value of 10% or more of the Net Asset Value of the Fund.

In addition, at the time of approval of the financial statements, the Fund holds approximately £37.8 million of capital cash. The Fund also has a £20 million fixed revolving credit facility which currently remains undrawn and matures in February 2024. (Refer to note 6 in the notes to the financial statements for further details).

Consequently, the Manager is confident that the Fund will have sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

b) Investment properties

The direct property investments, which comprise properties held for rental, are recognised at fair value, being market value as defined in the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors, and in accordance with the Scheme Particulars. The interests in property are valued on a quarterly basis and were last valued by Cushman and Wakefield on 24 December 2021. 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.

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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 11). The associated finance charges are charged to the Statement of Total Return.

c) Basic financial instruments
Debtors and Creditors

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

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

d) Transaction costs
The Fund aggregates properties in the portfolio statement on pages 25 and 26 in bands greater than 5%. These pages and note 3 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 included in expenses. See note 5.

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.

Notes to the Financial Statements continued

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

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

Distributions are calculated in accordance with the Scheme Particulars.

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

l) Comparatives
The Fund presents comparative information for the balance sheet as at 24 June 2021 to comply with FRS 104 which requires the balance sheet of the preceding financial year to also be included. The audited financial statements of the preceding financial year can be found on the Fund’s website (www.cpfund.co.uk).

2 Risk Management

In pursuing its investment objective, the Fund holds a number of properties. Predominantly 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.

q) 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
Investment properties
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.

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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.

Covid-19

During December 2019, a new virus ("Covid-19") emerged in China and infections started to occur across Asia and latterly the rest of the world. On 11 March 2020, the World Health Organisation ("WHO") declared Covid-19 a pandemic. As a result of the pandemic and ensuing national and global economic uncertainty, this has to varying degrees impacted the real estate sector, valuations and marketability of assets. Throughout 2021 the Manager has continued to monitor the continued impact of COVID-19 on the risks and operations of the Fund.

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 predominantly 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.

ESG risk

The Manager is aware of the risks that face the fund in relation to climate change and other ESG risks. These risks are taken into consideration by the Manager when managing and operating the Fund's assets.

Notes to the Financial Statements continued

3 Net capital gains

The net gains on investments during the period comprise:

	6 months to 24 December 2021	6 months to 24 December 2020
Properties	£	£
Net proceeds from disposal of properties	12,827,700	93,727,208
Carrying value of properties disposed during the period	(12,500,000)	(85,650,000)
Movement in accruals on properties disposed in prior period	-	25,442
Gains realised on properties disposed	327,700	8,102,650
Unrealised gains on revaluation for the period	103,020,012	27,768,327
Unrealised losses on revaluation for the period	(4,085,413)	(25,073,537)
Total net capital gains on investment properties	99,262,299	10,797,440

Net realised losses/gains on properties disposed comprised £132,275 (2020: £11,302) realised losses and £459,975 (2020: £8,113,952) realised gains on disposal.

4 Income

	6 months to 24 December 2021	6 months to 24 December 2020
	£	£
Rental income	27,742,954	28,410,648
Bank interest	959	42,640
Sundry income	459,653	3,924,493
	28,203,566	32,377,781

Sundry income relates to income received from the surrender of a leases.

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

	As at 24 December 2021	As at 24 December 2020
Within 1 year	57,178,595	54,839,332
Later than 1 year and no later than 5 years	205,301,297	200,632,383
Later than 5 years	438,250,820	414,992,101
	700,730,712	670,463,816

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5 Expenses

	6 months to 24 December 2021	6 months to 24 December 2020
	£	£
Manager and Property Manager fees	2,997,288	3,064,701
Corporate Trustee's fees	91,929	95,253
	3,089,217	3,159,954
Other expenses:		
Insurance	36,813	111,904
Audit fee	22,238	13,949
Review fee	18,525	19,500
Valuation fee	101,088	95,277
Legal and professional fees	732,326	771,210
Transfer Agent and Administrator fees	164,550	308,879
Marketing and communication costs	48,634	43,475
Vacant property and property maintenance costs	812,618	889,572
Provision for doubtful debts	(933,810)	458,787
	1,002,982	2,712,552
	4,092,199	5,872,506

Included within vacant property and property maintenance costs are £50,312 of service charge rebates (2020: £11,289).

Notes to the Financial Statements continued

6 Finance Costs – Interest and Other

Finance cost during the period (excluding distributions) comprise:

	6 months to 24 December 2021	6 months to 24 December 2020
	£	£
Capital expenses		
Credit facility arrangement fee	78,233	26,187
Legal and professional fees	165,429	11,218
Interest expense on capital contribution	144,294	120,285
	387,956	157,690
Revenue expenses		
Non-Utilisation fee	67,685	67,685
Finance lease interest	22,896	18,750
	90,581	86,435
	478,537	244,125
Finance costs: interest and other		

On 9 October 2021, 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 2024. The Facility with a maximum drawdown of £20 million can continue to be utilised within the parameters outlined below:

- a maximum drawdown of £20,000,000 for the purchase of investment properties
- a maximum drawdown of £10,000,000 for redemptions and distributions

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

The credit facility arrangement fee are costs which are incurred when entering into the credit facility agreement, amortised over the length of the facility. Legal and professional fees are costs incurred due to abortive deals. On this basis these costs are deemed to be capital in nature and excluded from the distribution calculations.



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7 Finance Costs – Distributions

Distributions during the period comprise:

	6 months to 24 December 2021	6 months to 24 December 2020
	£	£
First interim distribution	11,779,756	11,014,989
Second interim distribution	11,608,776	13,324,531
Net distribution from income for the period	23,388,532	24,339,520
Capital distribution	853	-
Total distribution	23,389,385	24,339,520
Details of the distribution per unit are set out in the distribution table on page 31.		
Represented by:		
	£	£
Net income	23,632,830	26,261,150
Less: income from rent straight-lining and lease surrender	(631,203)	(2,078,397)
Add back: capital expenses	387,956	157,690
Provision for bank charges	(1,051)	(923)
Distributable capital income	853	-
Net distribution for the year	23,389,385	24,339,520

The capital distribution relates to rental top-ups from a property acquisition.

Notes to the Financial Statements continued

8 Investment Properties

Split of investment properties by freehold and leasehold:

	Freehold	Leasehold	As at 24 December 2021	As at 24 June 2021
	£	£	£	£
Value at the beginning of the period	946,775,000	120,785,000	1,067,560,000	1,135,305,000
Purchases and capital expenditure during the period	50,077,848	-	50,077,848	4,400,187
Carrying value of properties disposed during the period	(3,200,000)	(9,300,000)	(12,500,000)	(96,100,000)
Gain on valuation	84,759,550	18,260,464	103,020,014	56,070,360
Loss on valuation	(3,714,495)	(370,921)	(4,085,416)	(33,853,111)
Income recognised from rent straight-lining and lease incentives	1,387,140	150,414	1,537,554	1,737,564
Fair value	1,076,085,043	129,524,957	1,205,610,000	1,067,560,000
Finance lease asset	-	778,997	778,997	779,033
Carrying value at the end of the period	1,076,085,043	130,303,954	1,206,388,997	1,068,339,033

Lease incentives and straight-lined rent of £14,489,027 (24 June 2021: £15,115,818) are included in the carrying value of the investment properties above.

All the properties have been valued by external chartered surveyors, Cushman & Wakefield, at £1,205,610,000 (24 June 2021: £1,067,560,000), in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The historical cost of the properties is £944,158,450 (24 June 2021: £906,354,660).

The Fund holds a leasehold property with annual ground rent payable of £45,791 (24 June 2021: £37,500) (subject to five-yearly rent reviews) (see note 11). As the external valuation values properties on a net income basis an adjustment to the valuation equivalent to the lease liability is required.

Property valuations

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

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

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

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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 2021 valuations by Cushman & Wakefield is provided below:

Sector	Total Valuation Figure	ERV Range (psf)			Equivalent Yield Range		
		Max	Av	Min	Max	Av	Min
Retail - High Street	£20,900,000	£125.00 zone A	£16.43 zone A	£12.50 zone A	8.00%	6.59%	5.45%
Retail - Supermarkets	£3,850,000	£22.50	£22.50	£22.50	4.75%	4.75%	4.75%
Retail - Warehouses	£224,225,000	£35.00	£16.27	£7.50	7.94%	6.14%	4.41%
Warehouses / Industrial	£410,400,000	£17.50	£6.92	£1.00	7.70%	4.88%	3.50%
Offices	£ 270,560,000	£75.00	£25.99	£8.00	8.00%	5.80%	4.10%
Alternatives	£275,675,000	n/a*	n/a*	n/a*	7.00%	5.33%	3.80%
Total	£1,205,610,000						

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

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9 Debtors

	As at 24 December 2021	As at 24 June 2021
	£	£
Amounts receivable for creation of units	-	31,888,560
Rent receivable	7,013,626	8,126,300
Amounts due from managing agents	1,852,574	932,885
Sundry debtors and prepayments	655,488	740,727
Loan arrangement fee	133,931	17,342
	9,655,619	41,705,814

10 Creditors

	As at 24 December 2021	As at 24 June 2021
	£	£
Net redemption amount due to redeeming units	6,946,967	-
Prepaid rent	11,226,908	10,478,730
Purchases awaiting settlement	589,348	107,858
Manager and Property Manager fees	99,000	33,000
Corporate Trustee fees	93,532	91,620
Audit fees	40,764	50,000
Valuation fees	52,745	46,706
Credit facility non utilisation fee and debt arrangement fee	30,328	31,438
VAT payable	1,885,368	1,162,847
Other creditors	361,302	773,096
Finance lease liability (current)	78	86
Retentions	88,564	71,783
	21,414,904	12,847,164



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11 Finance Leases

	As at 24 December 2021	As at 24 June 2021
	£	£
Finance lease (non current)	778,919	778,948
Total	778,919	778,948
The future minimum lease payments are as follows:		
	As at 24 December 2021	As at 24 June 2021
	£	£
Not later than 1 year	45,791	37,500
Later than 1 year and not later than 5 years	183,164	150,000
Later than 5 years	5,649,386	4,645,248
Total gross payments	5,878,341	4,832,748

Total finance lease liabilities amount to £778,997 (24 June 2021: £779,034), of which £78 (24 June 2021: £86) is considered current liabilities (see note 10). The remaining £778,919 (24 June 2021: £778,948) is due after more than 1 year.

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12 Related Party Transactions

Details of the Manager, Property Manager and Corporate Trustee can be found on page 54.

During the period the Manager has received management fees of £2,931,288 (2020: £2,991,477) and the Property Manager fees of £66,000 (2020: £73,224) thereby totalling £2,997,288 (2020: £3,064,701). These fees can be seen in Note 5, Expenses. The amount outstanding at the period end in respect of those fees was £99,000 (24 June 2021: £33,000), as can be seen in Note 10, Creditors.

During the period the Property Manager has received transactional fees of £14,034 (2020: £98,211), 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 £170,697 (2020: £235,834). These fees sit within Note 5, Legal and Professional Fees and Vacant Property and Property Maintenance Costs.

During the period the Corporate Trustee received £91,929 (2020: £49,404). Amounts payable to the Corporate Trustee or associates of the Corporate Trustee are shown in Note 5, Expenses. Amounts due are shown in Note 10, Creditors. The amount outstanding at the period end in respect of those fees was £93,532 (24 June 2021: £91,620).

The aggregate monies received through creations and paid through cancellations are disclosed in the Statement of Return and Change in Net Assets Attributable to Unitholders. During the period the Manager has received fees of £214,629 (2020: £527,831) as a result of dealing activity in the Fund. Subscription money awaiting investment into The Charities Property Fund is held in a client money account and dealt with in accordance with the FCA's Client Money Rules.

13 Unit Reconciliation

The below table details the movement in application and redemption units over the past 12 months. Please also see the table on page 31 'Fund History'.

Trading Quarter	No. Units	GROSS		
		Applications	Redemptions	Net Movement
24 Mar 2021	905,961,890.350	12,623,406.870	17,190,746.083	[4,567,339.213]
24 Jun 2021	930,874,828.131	35,233,199.688	10,320,261.911	24,912,937.777
24 Sep 2021	932,874,932.556	11,433,221.868	9,433,117.443	2,000,104.425
24 Dec 2021	927,731,697.599	11,841,059.386	16,984,294.343	[5,143,234.957]
	TOTAL	71,130,887.812	53,928,419.780	17,202,468.032

Applications and redemptions for trading quarter 24 December 2021 were settled on settlement date 7 January 2022.



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14 Contingent Liabilities

There were no contingent liabilities at the year end (2020: none).

15. Capital and other commitments

At 24 December, the Fund had the following capital commitments.

	As at 24 December 2021	As at 24 June 2021
	£	£
Contracts for future capital expenditure in investment properties	334,505	262,237

16. Post Balance Sheet Events

During February 2022 the Fund unconditionally exchanged on the disposal of Kingston House Industrial Estate in Thames Ditton for a sales price of £7,750,000 and unconditionally exchanged on two acquisitions Proctor House in Newcastle and Daventry Interchange in Daventry for purchase prices of £7,650,000 and £16,000,000 respectively. In March 2022, the Fund subsequently acquired properties in Leeds and Isle of Wight for £8,400,000 and £1,739,920 respectively, land in Dorchester for £1,400,000 and disposed a property in Marlborough for a sales price of £1,700,000.

Dealing for Q1 2022 has closed with applications of approximately £62.7 million and redemptions of approximately £15.8 million.

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).

General Information

Unit Dealing

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

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

Minimum Investment

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

Distribution

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

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General Information continued

Corporate Trustee

Citibank UK Limited 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 UK Limited was appointed as the depository of the Fund. To cover potential professional liability risks resulting from negligence in its business activities, the AIFM has appropriate and sufficient professional indemnity insurance, as stipulated by the relevant provisions of the AIFM Directive.

General Information continued

The Manager and Investment Adviser

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

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

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

- (i) the Manager has given notice in writing to the Corporate Trustee and to the unitholders of its intention to increase the rates of annual management fees, or to increase the preliminary charge, or to introduce a redemption charge (as the case may be);
- (ii) the Scheme Particulars have been revised subject to the prior written approval of the Charity Commission to reflect the proposed increase in these rates of annual management fees, or to increase the current preliminary charge, or to introduce a redemption charge; and
- (iii) 90 days have elapsed since the revised Scheme Particulars became available.

Preliminary Charge

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

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

Borrowing Powers

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

Insurance and Service Charge Rebates

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

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



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Trustee, Manager and Advisers

Details

Corporate Trustee and Depository

Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Manager / AIFM / Trustee

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

Investment Adviser

Savills Investment Management LLP
33 Margaret Street
London
W1G 0JD

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Standing Independent Valuer

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

Property Manager

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

Legal Adviser

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

Transfer Agent and Administrator

Langham Hall UK Services LLP
8th Floor
1 Fleet Place
London
EC4M 7RA

Performance Measurement

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

Customer Due Diligence Administrator

Sanne Fiduciary Services (UK) Limited
Asticus Building
2nd Floor
21 Palmer Street
London
SW1H 0AD

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

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

This document is provided for information purposes only and may not be reproduced in any form without the express permission of the Manager. The opinions expressed here represent the views of the Manager at the time of preparation and should not be interpreted as investment advice. This report is aimed at existing investors in the Fund, but it may also be distributed to prospective investors. This report is not an offer to invest in the Fund and independent financial advice should be sought before considering investment into the Fund.

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

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Trustee, Manager and Advisers



MANAGER AND TRUSTEE'S REPORT

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