

## FUND OBJECTIVES

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (including Scotland and Northern Ireland) (AREF/MSCI March 2019). It is a Common Investment Fund regulated by the Charity Commission. The Fund's objective is to invest in property throughout the UK to provide a balanced portfolio to deliver a high and secure level of income and to maintain the capital value of assets held.

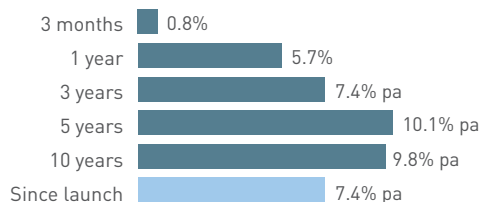
## KEY POINTS – 31 MARCH 2019

- Fund size £1.306 billion
- No debt
- Well diversified portfolio
- 124 properties and 253 tenants
- High yielding (4.8% gross and 4.2% net of costs)
- Low vacancy rate (3.7% versus MSCI at 9.9%)
- Strong covenants (83.8% rated low or negligible risk, compared to MSCI at 78.1%)
- Long average unexpired lease term of 11.9 years to expiry (9.7 years to break). MSCI: 8.3 years to expiry (7.2 years to break)
- 33.3% of income benefits from fixed or index linked rental increases

## APPLICATIONS AND REDEMPTIONS

£7.0 million of applications and £11.5m of redemptions were received this quarter. Cash on deposit is £85 million (6.5%)\*.

## FUND PERFORMANCE



Source: Savills Investment Management, MSCI (March 2019)

Basis: NAV-to-NAV with gross income reinvested

The Charities Property Fund launched in 2000. Performance is net of fees and expenses

Past performance is not an indicator of future performance

*The Fund total return for Q1 2019 was 0.8% compared to the index of 0.3%. Over the last 12 months the Fund produced 5.7%, 0.9% above the AREF/ MSCI All Balanced Funds Property Index which returned 4.8%.*

*Over the last five years the Fund has returned 10.1% per annum, compared to the index of 9.1% per annum. Over 10 years the Fund returned 9.8% per annum, compared to the index at 8.3% per annum [source: MSCI].*

## SALES

The Tesco Extra in **Mansfield** has been sold for £45.0 million reflecting a net initial yield of 5.2%. The property has been held for 9 years providing uninterrupted and growing income. We have extended the lease once already and it now has 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.

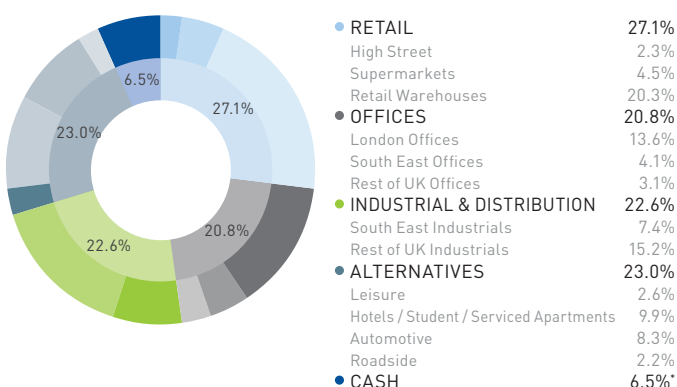


It has delivered £21.25 million in income over the hold period and was also sold for £2 million ahead of its original purchase price.

We are also pleased to report that we have sold two other retail assets. A high street shop in **Newbury**, let to Oxfam, sold for £500,000 a yield of 6.7% and the Halfords unit in **Birmingham** was sold for £1.75 million, reflecting a net initial yield of 4.4% and achieved 25% in excess of its latest valuation. 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.

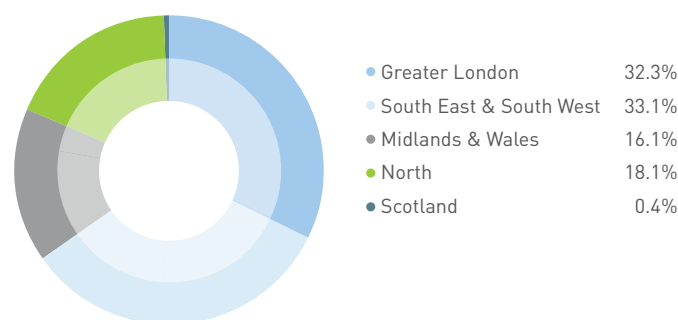


## CPF PORTFOLIO MARCH 2019



Source: Savills Investment Management, March 2019

## GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, March 2019

\*position post the recent sales

## FUND INFORMATION (AS AT 31 MARCH 2019)

|                                |                      |
|--------------------------------|----------------------|
| Launch date                    | September 2000       |
| Fund size                      | £1.306 billion       |
| No of investors                | 1,948                |
| Historic distribution yield    | 4.2%*                |
| Prospective distribution yield | 4.2%**               |
| Fund costs (TER)               | 0.56% per annum      |
| Unit price                     | NAV - 129.55 pence   |
|                                | Bid - 127.76 pence   |
|                                | Offer - 131.80 pence |
| Bid/Offer spread               | 3.0%***              |
| SEDOL                          | 0208075              |
| Next distribution date         | 15 May 2019          |
| Last distribution payment      | 1.35p per unit       |
| Next dealing date              | 28 June 2019#        |

\* Based on the last four distributions declared divided by the current NAV

\*\* Based on the next four estimated distributions divided by the current NAV

\*\*\* Assuming Fund fully invested

# Applications must be received on the 15th day of the month in which the Valuation Date falls (or if that is not a Business Day the preceding Business Day) for dealing on the next Dealing Date

### REMINDER:

As notified on 29 March, please ensure all hard copy CPF dealing forms (i.e. Application, Redemption, Stock Transfer, RFI and Addendum forms) are sent directly to the CPF Administration Team at the following address: CPF Administration team, Langham Hall, 8th Floor, One Fleet Place, London, EC4M 7RA. The amended forms are available to download from our website: <http://www.cpfund.co.uk/reports-and-documents/fund-documents>.

## ASSET MANAGEMENT

You will recall that we reported in our September Factsheet on the demise of Maplin and that we had therefore suffered a vacancy at our retail park in **Redditch**. We have been re-marketing this unit and are delighted 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 15% 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.

At the end of March the Fund completed a new 5 year lease of the ground and lower ground floors of the **Shepherdess Walk** office building located



### Risk Warning

This document is a financial promotion and is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. Savills Investment Management (UK) Limited have not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether our product is suitable, please read both the Fund Factsheet document and the Scheme Particulars. We strongly recommend you seek independent professional advice prior to investing. Investors should consider the following risk factors identified as specific to the Fund before investing: Counterparty/Tenant/Credit Risk (financial institution/tenants may not pay), Market Risk (investment value affected by market conditions), Operational Risk (general operational risks), Expiry/Maturity Profile (timing of maturity of tenancies), Liquidity Risk (investment in non-readily realisable assets), Interest Rate risk (changes to interest rate affecting income), Concentration Risk (need for diversification and suitability of investment), Business Risk (possibility of lower than anticipated profits). Please see the Fund Scheme Particulars for further details.

### Disclosures

Investment in the Fund is only available to charities within the meaning of section 96 or 100 of the Charities Act 2011. Past performance is not an indicator of future performance. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money. Properties within the Fund are valued by an external property valuer; any such valuations are a matter of opinion rather than fact. The performance of the Fund may be adversely affected by a downturn in the property market which could impact on the value of the Fund. Any forward-looking statements are based upon our current opinions, expectations and projections. We undertake no obligations to update or revise these. Actual results could differ materially from those anticipated.

The Fund is approved by the Charity Commission as a Common Investment Fund under section 24 of the Charities Act 1993 (as amended or replaced from time to time) and is an Unregulated Collective Investment Scheme and an Alternative Investment Fund.

Investments and deposits in the Fund and the Fund itself are not covered by the Financial Services Compensation Scheme (FSCS). However, the Manager may pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund Savills Investment Management (UK) Limited (registered in England No. 03680998 at 33 Margaret Street, London W1G 0JD) is authorised and regulated by the Financial Conduct Authority and is the manager of the The Charities Property Fund (Registered Charity No. 1080290).

## FIVE LARGEST TENANTS

|  |              |
|--|--------------|
| Macmillan Publishers International Limited                   | 3.8%         |
| Sytner Properties Limited (surety: Sytner Group Limited)     | 3.8%         |
| Travelodge Hotels Limited                                    | 3.5%         |
| Sainsbury's Supermarkets Ltd (Surety: Sainsbury's plc)       | 3.1%         |
| Jurys Hotel Management (UK) Limited (surety: Vesway Limited) | 2.8%         |
| <b>Total (across 11 locations)</b>                           | <b>17.0%</b> |

## 10 LARGEST ASSETS

|   |              |
|---|--------------|
| London EC1 - The Smithson, 6 Brisset Street, Farringdon | 5.0%         |
| London SE7 - Brocklebank Retail Park, Greenwich         | 4.5%         |
| Barnet - Sainsbury's, East Barnet Road                  | 3.6%         |
| Brighton - Jurys Inn Hotel, Stroudley Road              | 3.4%         |
| Gateshead - Metro Park West                             | 3.2%         |
| London WC2 - 90 Chancery Lane, Midtown                  | 2.7%         |
| Cambridge - Travelodge, Newmarket Road                  | 2.4%         |
| London E1 - 122 Back Church Lane, Whitechapel           | 1.9%         |
| London EC2 - Rivington House, Shoreditch                | 1.7%         |
| Twickenham, Apex Retail Park                            | 1.5%         |
| <b>Total</b>  | <b>29.9%</b> |

Source: Savills Investment Management, March 2019

near to Old Street Roundabout to LeeWrangler UK Limited at a rent of £250,000 per annum (£42.43 per sq ft) with a tenant break option in year 3. The floors had previously been occupied by VF Northern Europe, a group company of the new tenant. We surrendered the previous lease and simultaneously completed the new lease to LeeWrangler resulting in an uplift of 43% on the previous rent.

We have also settled three rent reviews, two at our office building in **Bath** where we increased the rent on the first floor, let to Gradwell Communications from £13.41 per sq ft to £19.50 per sq ft (a 45% increase) and on the second floor, let to EIP Group from £12.50 per sq ft to £19.50 per sq ft (a 56% increase). The final review was at the Sainsbury's Supermarket in **Barnet** which has increased by £226,290 per annum from £1,722,145 per annum to £1,948,435 per annum, an increase of 13.1%.

