The Charities Property Fund
Savills Investment Management
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Dear Investor

Following on the from the Annual Report, we have pleasure in enclosing the Fund's quarterly factsheet for the period ending 30 September 2016.

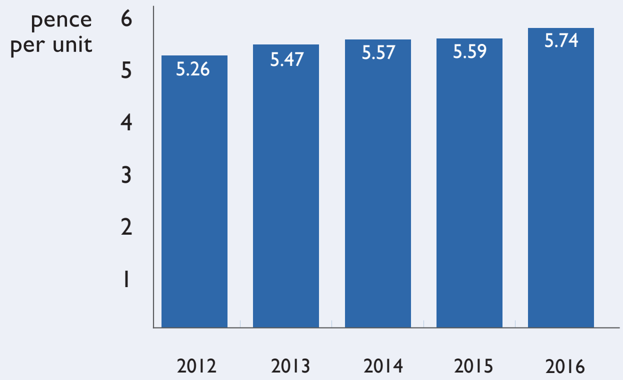
I am pleased to report the Fund produced a total return of 0.94% in the third quarter, ahead of the MSCI All Balanced Funds Index of -0.7%. Year to date, the Fund has delivered a total return of 4.2% compared to the Index of 0.5% making it the top performing Fund out of 26 balanced property funds. The Fund is now ranked third over five years and second over 10 years.

	Q3	YTD	12 months	3 years (pa)	5 years (pa)	10 years (pa)
The Charities Property Fund	0.9%	4.2%	6.0%	12.7%	9.7%	4.5%
MSCI All Balanced Funds Index	-0.7%	0.5%	3.4%	11.4%	8.0%	2.4%

The portfolio diversification, quality of individual assets, strong covenants and long leases has given it great resilience against market uncertainty caused by the vote to leave in the EU Referendum. We have successfully sold eight assets at a premium to their June valuation, all of which we had earmarked for sale pre-Brexit. In addition to this we have seen positive net inflows (c.£15 million) at the end of September taking the amount we are holding in cash to approximately £60 million. There has been a steady increase in market activity over the summer and we are continuing to find interesting opportunities to invest this money.

The dividend continues to grow in real terms and has increased for the fourth year running. The November dividend will be 1.48 pence per unit and 5.74 pence per unit for the last 12 months. This is 2.7% higher than last year and nearly 10% higher than four years ago.

Distribution paid



We have been asked by several potential investors as to why we have a slightly lower yield than other charity property funds. Firstly, it is worth noting that we charge our operating fees to income and not capital (in line with standard accounting practices) and therefore if you were to make a like for like basis comparison, you would need to add back the Fund's running costs (TER of 0.54%) which would increase the yield to c5.5%. Secondly, we do not gear the Fund (utilise any borrowing) and thirdly having seen a good recovery since the credit crunch in 2008, we have been taking advantage of this rise by moving the portfolio into better quality and more defensive assets against any downturn in the economy. Many of these properties have guaranteed rental uplifts; currently 32% of the portfolio benefits from fixed or index linked uplifts which will help to increase income year on year.

We believe the Fund remains well positioned to counter any future turbulence. Do give me a call if you want to discuss any aspects arising from this letter or the factsheet.

Yours sincerely

Harry de Ferry Foster
Fund Director

EUROPE PROPERTY AWARDS
WINNER
2016

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). 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

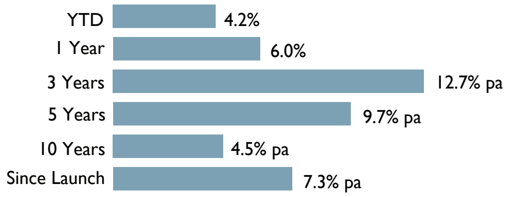
- Fund size £1,075 million
- Well diversified
- 110 properties and 237 tenants
- High yielding (5.0% as at September 2016)
- Low vacancy rate (1.1% versus MSCI at 10.1%)
- No gearing
- Strong covenants compared to MSCI (88.9% rated low or negligible risk, compared to MSCI at 78.0%)
- Allowing for void property, the Fund has a long unexpired average lease term of 11.5 years to expiry (10.4 years to break). MSCI: 10.9 years to expiry (10.0 years to break) on the same basis.
- 32.2% of income benefits from fixed or index linked rental increases

Applications and Redemptions

£15.6 million (net) of new applications were accepted this quarter.

Cash on deposit is £62 million (5.8%).

Fund Performance



Source: Savills Investment Management, MSCI (September 2016)
Basis: NAV-to-NAV with gross income reinvested
The Charities Property Fund launched in 2000
Performance is net of fees and expenses

The Fund total return for Q3 2016 was 0.9% compared to -0.7% for the MSCI All Balanced Funds Property Index. Over the last 12 months the Fund Produced 6.0%, compared to the Index at 3.4% and in the nine months to September 2016, the Fund produced 4.2% against the Index of 0.5%.

Over the last three years the Fund has returned 12.7% per annum, compared to the Index of 11.4% per annum. Over five years the Fund has returned 9.7% per annum, compared to the Index at 8.0% per annum.

Purchases

We have exchanged contracts to acquire a newly constructed distribution unit in **Liverpool**, which has recently been let to **Amazon** on a 10 year lease. It is a state of the art unit, providing a parcel delivery hub to the large Liverpool conurbation. It is located on the same estate as an existing warehouse owned by the Fund and let to **TT Assembly Systems**, which we acquired in 2013.

This continues our strategy of building critical mass and multiple holdings in strong locations through individual acquisitions. The price agreed of £8.6 million reflects a yield to the Fund of 6.7%.

Asset Management

There have been several successful asset management initiatives completed during the quarter. At **Chancery Lane, WC2**, we took a surrender of a small office suite in May this year and have already signed a new lease to **Konica Minolta** after a very short marketing campaign. The agreed rent of £62.50 psf, reflects a 20% increase on the previous rent payable of £52.50 psf set only three years ago. At **Shepherdess Walk** in **Shoreditch** we are confident of agreeing uplifts on the 2016 and 2017 rent reviews of over 50%, on rents again set only three years ago.

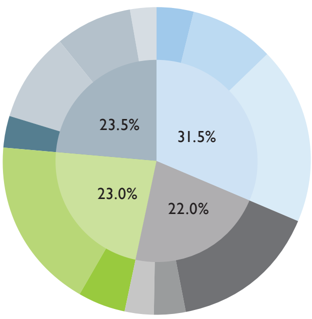
We are delighted that we are continuing to see strong growth from our London portfolio, and this outperformance is a result of these assets being located in areas where tenant demand is still very strong, benefit from proximity to Crossrail stations and provide affordable space, unlike the much more expensive core West End and City markets.

In addition, we have agreed five lease extensions across our retail warehouse portfolio in Basildon, Birmingham, Uttoxeter and Twickenham and completed the construction of the hotel and leisure investment in Poole Harbour, signing new leases with Travelodge, Costa, Subway and Anytime Fitness.

Liverpool

Shepherdess Walk, Shoreditch

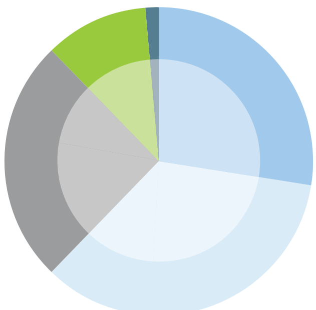
CPF Portfolio September 2016



RETAIL	31.5%
Retail	4.0%
Supermarkets	8.9%
Retail Warehouses	18.6%
OFFICES	22.0%
London Offices	15.7%
South East Offices	3.2%
Rest of UK Offices	3.1%
INDUSTRIAL	23.0%
South East Industrials	5.0%
Rest of UK Industrials	18.0%
ALTERNATIVES	23.5%
Leisure	3.3%
Hotels	9.6%
Automotive	8.1%
Roadside	2.5%

Source: Savills Investment Management, September 2016

Geographical Weightings



Greater London	27.7%
South East & South West	34.7%
Midlands & Wales	25.4%
North	10.9%
Scotland	1.3%

Source: Savills Investment Management, September 2016

Charities Property Fund – Factsheet

Fund Information (as at 30 September 2016)

Launch date	September 2000
Fund size	£1,075 million
No of investors	1,856
Historic distribution yield	4.7%*
Prospective distribution yield	5.0%**
Fund costs (TER)	0.54% per annum
Unit price	NAV - 118.80 pence
	Bid - 117.46 pence
	Offer - 120.60 pence
Bid/Offer spread	2.5%***
SEDOL	0208075
Next distribution date	15 November 2016
Last distribution payment	1.50p per unit
Next dealing date	30 December 2016#

* 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

10 Largest Assets

London SE7 - Brocklebank Retail Park, Greenwich	5.1%*
Mansfield - Tesco Store, Chesterfield Rd	4.7%
London EC1 - 6/9 Briset Street, Farringdon	4.6%
Barnet - Sainsbury's, East Barnet Road	3.9%
London WC2 - 90 Chancery Lane, Midtown	3.3%
Brighton - Jurys Inn Hotel, Stroudley Road	3.2%
Cambridge - Travelodge, Newmarket Road	2.5%
London E1 - 122 Back Church Lane, Whitechapel	2.2%
Redditch - John Lewis, Ravensbank Business Park	2.1%
London EC2 - Rivington House, Shoreditch	2.0%
Total	33.6%

* Based on completed value

Five Largest Tenants

Jury's Hotel Management (UK) Limited (surety: Vesway Limited)	5.0%
EHS Brann Limited (surety: Havas SA)	4.5%
Tesco Stores Limited (surety: Tesco plc)	4.1%
Travelodge Hotels Limited	3.4%
Sytner Properties Limited (Sytner Group Limited)	3.1%

Source: Savills Investment Management, September 2016

Sales

We have now completed eight sales since the EU referendum, realising £46 million and on average the prices achieved were in excess of their pre-Brexit valuations. We believe this is a very good result as these were all assets outlined for sale before the vote and comprised a supermarket and a number of smaller assets where we had extended leases and felt we could capitalise on demand from private investors, following the changes in tax and SDLT on residential property announced by the Chancellor in his last budget. Four of these assets were high street shops, and the sale in **Chichester** (let to Oasis) set a record low yield of 3.69% for this type of asset.

We sold an industrial unit in **Kettering** for £7.37 million, which reflected a yield of 6.25%. This asset was 10 years old and the price looks particularly attractive when compared to the latest purchase in **Liverpool** - which provides a higher yield for a more modern unit, in a better location and let to a stronger tenant. We rejected an offer of £5.0 million that we received for Kettering two years ago from an owner occupier and took the decision to re-let prior to selling.

Additionally, we have sold an older industrial unit in **Biggleswade** to Aberdeen Asset Management for £5.0 million. They were in effect a special purchaser as they own the adjoining retail park.

Chichester


Kettering

Contact Information

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For Investor Relations enquiries: Amy Joslin

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