

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 – 30 September 2017

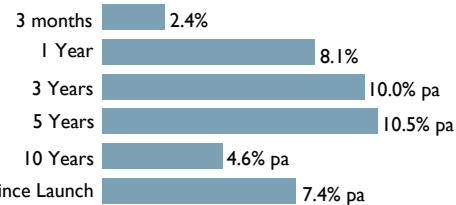
- Fund size £1.208 billion
- No debt
- Well diversified portfolio
- 114 properties and 235 tenants
- High yielding (4.8% as at September 2017)
- Low vacancy rate (5.0% versus MSCI at 7.7%)
- Strong covenants (85.2% rated low or negligible risk, compared to MSCI at 80.0%)
- Allowing for void property, the Fund has a long unexpired average lease term of 12.4 years to expiry (10.6 years to break). MSCI: 8.5 years to expiry (7.6 years to break) on the same basis.
- 38.0% of income benefits from fixed or index linked rental increases

Applications and Redemptions

£35.1 million (net) of new applications were accepted this quarter.

Cash on deposit is £68.3 million (5.65%).

Fund Performance



Source: Savills Investment Management, MSCI (September 2017)
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 2017 was 2.4% matching the 2.4% for the AREF/MSCI All Balanced Funds Property Index. Over the last 12 months the Fund produced 8.1%, compared to the Index at 9.3%.

Over the last five years the Fund has returned 10.5% per annum, compared to the Index of 9.5% per annum. Over 10 years the Fund has returned 4.6% per annum, compared to the Index at 2.6% per annum.

Purchases

We acquired three assets this quarter and exchanged contracts to acquire a fourth (see Asset Management section). Total investment was £24.5 million and reflected a combined yield of 5.85%. The average lease length on these four assets is 19.75 years to expiry and 13.5 years to earliest break. 40% of the income benefits from RPI indexation.

The first was an independent school boarding house in **Oxford**, located in the affluent suburb of Summertown, let on a new 30 year lease with rent reviews every three years to RPI (collared and capped at 1-5% per annum). It is newly built to an outstanding specification and as with a great many of our assets offers the potential for numerous alternative uses (i.e. student accommodation, residential or serviced apartments). The property was acquired in exclusivity for £8.15m, reflecting a yield to the Fund of 5.1%.

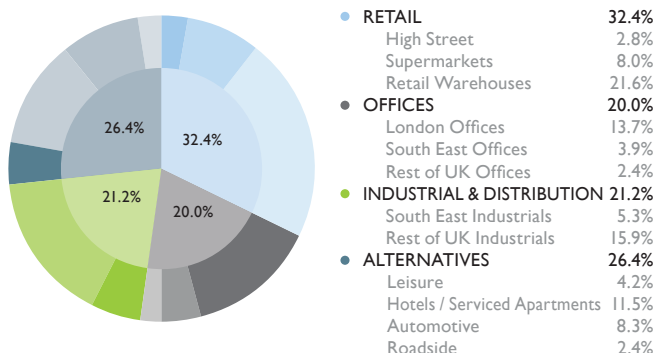


The second was a Mercedes showroom in **Swindon**, let to Sytner Plc for a further 22.5 years, with a break in 7.5 years. It is a state of the art facility and they have already indicated they would consider removing the break option. The price of £8.8m, reflected a yield to the Fund of 6.0%.

Finally we acquired a distribution unit in **Wednesbury**, just to the north of Birmingham and adjacent to junctions 9 & 10 of the M6. The asset is let to AF Blakemore for a further 7.25 years, off a low rent of £4.80 psf and was acquired for a price of £4.0m and a yield of 7.45% to the Fund. Again, like all of the acquisitions this quarter it was acquired in exclusivity and the purchase price of only £63 per sq ft compares very favourably to the sale price of £106 per sq ft achieved on the sale of Redditch last quarter.

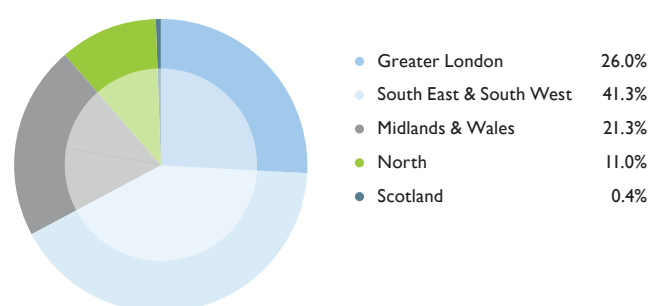


CPF Portfolio September 2017



Source: Savills Investment Management, September 2017

Geographical Weightings



Source: Savills Investment Management, September 2017

Fund Information (as at 30 September 2017)

Launch date	September 2000
Fund size	£1.208 billion
No of investors	1,985
Historic distribution yield	4.5%*
Prospective distribution yield	4.8%**
Fund costs (TER)	0.56% per annum
Unit price	NAV - 122.89 pence
	Bid - 121.48 pence
	Offer - 124.78 pence
Bid/Offer spread	2.5%***
SEDOL	0208075
Next distribution date	15 November 2017
Last distribution payment	1.31p per unit
Next dealing date	31 December 2017#

* 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	4.5%*
Mansfield - Tesco Store, Chesterfield Rd	4.2%
London EC1 - 6/9 Briset Street, Farringdon	3.7%
Barnet - Sainsbury's, East Barnet Road	3.5%
Brighton - Jurys Inn Hotel, Stroudley Road	3.2%
Gateshead - Metro Park West	3.1%
London WC2 - 90 Chancery Lane, Midtown	3.0%
Cambridge - Travelodge, Newmarket Road	2.4%
London E1 - 122 Back Church Lane, Whitechapel	1.9%
London EC2 - Rivington House, Shoreditch	1.7%
Total	31.2%

* Based on completed value

Five Largest Tenants

Tesco Stores Limited (surety: Tesco plc)	5.1%
Jurys Hotel Management (UK) Limited (surety: Vesway Limited)	4.7%
Travelodge Hotels Limited	4.0%
Sytner Properties Limited (surety: Sytner Group Limited)	4.0%
Sainsbury's Supermarkets Limited (surety: Sainsbury's plc)	2.9%
Total (across 15 locations)	20.7%

Source: Savills Investment Management, September 2017

Active Management

There were no sales this quarter, but we completed a number of exciting asset management initiatives.

In **Bath** we have exchanged contracts to acquire a block of 17 serviced apartments, let on a single overriding 10 year lease, with an RPI rent review at year five. This asset, 4 Westgate Buildings, is located directly between two existing holdings of the Fund - adding to our "estate" in Bath and completing our ownership of the unbroken terrace. The price of £3.5m, reflected a yield to the Fund of 5.6%.

In **London** we have taken a lease surrender of one floor of offices in **Shepherdess Walk, Shoreditch**. The previous occupier, Ticket Script Limited were paying a rent of £96,600 per annum (£35 per sq ft) on a lease expiring in October 2018. In July we took the lease back, having received a surrender payment from the tenant of £106,378, with a view to remarketing to secure a higher rent. We have now signed a new three year lease to Kairos Media Limited at a rent of £160,080 per annum (£58 per sq ft) – an increase of over

65%. This reinforces our belief in the quality of our buildings and the locations that we have invested into, in Central London.

We are also pleased to report that we have completed a lease extension on our block of serviced apartments in **Manchester** let to the Serviced Apartment Company Limited (SACO). We acquired this building in 2014 and the lease runs until September 2028. SACO have been trading very well from this building near to Piccadilly station in Central Manchester, with occupancy close to 100%. They have agreed to extend this lease by a further 18 years until September 2046 at an increased rent, in return for 12 months rent free. This has now completed.

Finally, we have agreed a new lease on one of our larger distribution warehouses in **Burton Upon Trent**. We acquired this asset in 2011 and it was let to Unipart Logistics and comprised Waterstone's national UK distribution centre. The lease was due to expire later this year, but we have been in a dialogue for some time and have agreed a new 5.5 year lease direct with Waterstone's at a rent of £950,000 per annum – almost 10% higher than the previous passing rent. This follows the success of our recent lease regear in Redditch.



Shepherdess Walk, London



Burton on Trent

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Further information can be found about the Fund at our dedicated website: www.cpfund.co.uk

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