

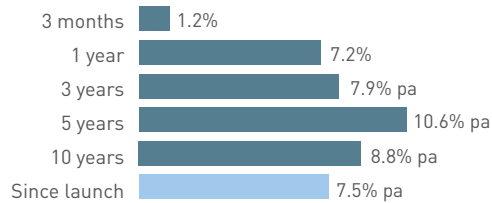
FUND OBJECTIVES

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 – 31 DECEMBER 2018

- Fund size £1.314 billion
- No debt
- Well diversified portfolio
- 126 properties and 261 tenants
- High yielding (4.9% gross and 4.3% net of costs)
- Low vacancy rate (3.0% 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 12.3 years to expiry (10.1 years to break). MSCI: 8.3 years to expiry (7.2 years to break)
- 35.6% of income benefits from fixed or index linked rental increases

FUND PERFORMANCE



Source: Savills Investment Management, MSCI (December 2018)

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 Q4 2018 was 1.2% compared to the index of 0.9%. Over the last 12 months the Fund produced 7.2%, 0.7% above the AREF/ MSCI All Balanced Funds Property Index which returned 6.5%.

Over the last five years the Fund has returned 10.6% per annum, compared to the index of 9.7% per annum. Over 10 years the Fund returned 8.8% per annum, compared to the index at 7.3% per annum [source: MSCI].

APPLICATIONS AND REDEMPTIONS

£13.9 million of applications and £15.9m of redemptions were received this quarter. Cash on deposit is £63.4 million (4.8%).

PURCHASES

The Fund completed on the acquisition of a freehold Georgian property in **Bath**, arranged as ten serviced apartments. The building has been recently renovated to a very high standard and let to TS Apartments Limited (trading as Hiding Places) on a new 10 year lease. The rent under the lease benefits from annual RPI indexation. The tenant is well known to us as they already operate another 17 serviced apartments in Bath owned by the Fund.

The purchase continues our strategy of sector diversification whilst building critical mass and local expertise in key centres. The price of £3.0 million, reflected a net yield to the Fund of 5.0%.

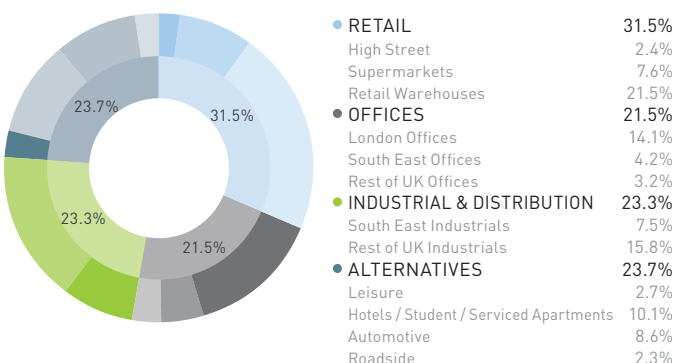


ASSET MANAGEMENT

We are pleased to report that we have completed several asset management initiatives this quarter, including 10 rent reviews and a number of new lettings and lease extensions. Severn Glocon occupy a manufacturing facility in **Gloucester** and had an upcoming lease expiry in June 2021. In return for a short rent free period, we have agreed a 7.5 year lease extension to December 2028, providing the Fund with a full 10 years guaranteed income at an increased rent of £536,700 per annum. There is no break option. This continues our policy of engaging with tenants in advance of lease expiries to mitigate income risk.

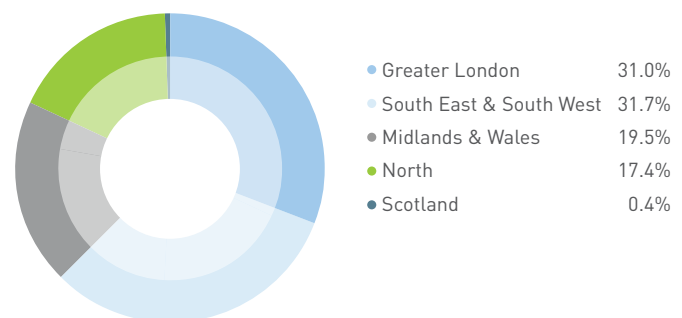


CPF PORTFOLIO DECEMBER 2018



Source: Savills Investment Management, December 2018

GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, December 2018

FUND INFORMATION (AS AT 31 DECEMBER 2018)

Launch date	September 2000
Fund size	£1.314 billion
No of investors	1,948
Historic distribution yield	4.2%*
Prospective distribution yield	4.3%**
Fund costs (TER)	0.55% per annum
Unit price	NAV - 129.87 pence
	Bid - 128.41 pence
	Offer - 131.83 pence
Bid/Offer spread	3.0%***
SEDOL	0208075
Next distribution date	15 February 2019
Last distribution payment	1.32p per unit
Next dealing date	29 March 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 22 October, the bank account details for the Charities Property Fund have changed. Going forward, please ensure you transfer application monies to the new account details which can be found on the NEW application form available on our website: www.cpfund.co.uk/reports-and-documents/fund-documents

ASSET MANAGEMENT continued

During the final quarter of 2018, the Fund had a number of rent review successes across the alternatives, retail and office sectors which delivered an additional £640,000 per annum to portfolio rent. At four of our car showrooms at **Chester**, **Harrogate**, **Worcester** and **Solihull**, index linked and fixed rent review mechanisms delivered an additional £184,177 per annum. On average, rents have increased at these showrooms by 14.5%.

At **90 Chancery Lane**, a midtown office block substantially refurbished by the Fund in 2013, four open market rent reviews have been settled with Konica and Alliance Automotive which has delivered an additional £192,451 per annum, reflecting a 24.2% improvement on the former rents.



Chancery Lane, London

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

Tesco Stores Limited (surety: Tesco plc)	5.3%
Macmillan Publishers International Limited	3.6%
Sytner Properties Limited (surety: Sytner Group Limited)	3.6%
Travelodge Hotels Limited	3.3%
Jurys Hotel Management (UK) Limited (surety: Vesway Limited)	2.7%
Total (across 13 locations)	18.5%

10 LARGEST ASSETS

London EC1 - The Smithson, 6 Brisset Street, Farringdon	4.8%
London SE7 - Brocklebank Retail Park, Greenwich	4.4%
Mansfield - Tesco Store, Chesterfield Road	3.8%
Barnet - Sainsbury's, East Barnet Road	3.5%
Brighton - Jurys Inn Hotel, Stroudley Road	3.3%
Gateshead - Metro Park West	3.1%
London WC2 - 90 Chancery Lane, Midtown	2.6%
Cambridge - Travelodge, Newmarket Road	2.3%
London E1 - 122 Back Church Lane, Whitechapel	1.9%
London EC2 - Rivington House, Shoreditch	1.6%
Total	31.3%

Source: Savills Investment Management, December 2018

At Metro Park West, **Gateshead**, a prime retail asset, the first RPI linked rent review became effective from August 2018, which resulted in an uplift in rent of £264,343 pa, reflecting a 13.2% increase in annual rent. The property is let to Tesco with an unexpired lease term certain of in excess of 14.5 years and has been underlet to the Range and Sports Direct.

Finally at Lifeboat Quay in **Poole**, we have successfully let the penultimate retail unit to the NHS as a doctors' surgery to sit alongside the previous lettings to Subway and Costa. They have taken a 25 year lease, without breaks, with 3 yearly reviews to CPI at a rent of £110,000 per annum. It is an excellent result to secure such a long term commitment from an undoubted covenant.



Poole