

22 April 2021

Dear Investor,

CHARITIES PROPERTY FUND Q1 2021 FACTSHEET

We are pleased to report that the Charities Property Fund has started the year well, delivering a +1.3% total return for the first quarter. Performance for the last 6 month is +4.4% and it is +2.3% over the last 12 months.

The March 2021 valuation showed an overall increase, despite muted market activity and the February dividend of 1.39 pence per unit being the highest dividend paid since May 2018. As explained in the last factsheet, this was due to collection of rental deferrals and the part distribution of two surrender premiums. Rent collection remained constant at 90% in Q1, despite the extended third lockdown, and we are forecasting the Q1 dividend (payable in May) to be 1.38 pence per unit, delivering a stable annualised net distribution yield of 4.5%, after the deduction of all fees and costs.

Performance is highlighted in the table below.

	Q1 2021	Last 6 months	1 year	3 years (pa)	5 years (pa)	10 years (pa)	20 years (pa)
The Charities Property Fund	1.3%	4.4%	2.3%	3.1%	5.2%	7.7%	6.9%
AREF/MSCI All Balanced Property Funds Index	2.2%	4.3%	2.5%	2.4%	4.1%	6.4%	-

Source: AREF/MSCI All Balanced Property Funds Index. NB past performance is not a reliable indicator of future performance. Total return is net of fees and expenses.

We have had a very active quarter on the asset management side with two significant logistics lettings completing, adding over £1 million per annum in additional rent – these are both set out in the attached factsheet.

Despite these lettings our vacancy rate hasn't reduced substantially as one of our London office building became vacant as a result of a tenant exercising their break (although interestingly to upsize rather than downsize). We are currently undertaking some minor works to the building, but are confident of reletting it once lockdown is over.

The current void rate remains very low at 5.3% and we are pleased to report that we have a number of other lettings that have completed or are about to complete, including a small gourmet supermarket in Bath let to Bath Best Foods which has recently let at a rent of £70,000 per annum; a retail unit in Poole where we will shortly complete a lease to Trek (a bicycle retailer); and a trade unit at our industrial estate in Epsom where we are under offer at a rent of £15.25 per sq ft, compared to the rent previously payable of £13 per sq ft.

We sold two smaller non core assets during the quarter and are in the process of making our first acquisition for some time - acquiring an industrial unit in the North West of England. We are holding +£75 million in cash and whilst we will continue to undertake opportunistic sales we are actively seeking acquisitions.

We remain optimistic about the outlook for 2021. The latest lockdown will shortly be coming to an end and the high uptake of the Covid-19 vaccines, hopefully point to it being the last. The UK savings ratio has tripled since lockdown commenced and the predictions are there will be a significant pick up in domestic demand and expenditure from Q2 onwards. In fact the UK economic outlook continues to be revised upwards. Gyms, bars and restaurants will be able to open their doors again as will non essential shops and they will be allowed longer opening hours.

Charities Property Fund
Savills Investment Management
33 Margaret Street, London
W1G 0JD



Tenant demand remains surprisingly strong across the portfolio and on the investment side, the market is starved of stock and we regularly receive off market approaches from organisations wishing to purchase our assets significantly ahead of valuation.

The fund has continued to perform well in a difficult environment; capital values have been resilient and rent collection has remained high, helping to deliver a reliable dividend. The fund remains well positioned and the lack of leverage and quality of assets held will continue to protect us from any further headwinds.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H. de Ferry Foster'.

Harry de Ferry Foster MRICS
Fund Director



Contact Information

For Property enquiries: Harry de Ferry Foster (harry.deferryfoster@savillsim.com)

For Investor Relations enquiries: Lucy MacEwan (lucy.macewan@savillsim.com)

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



IMPORTANT NOTICE

This letter 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 letter has been prepared for existing investors of the Fund. It has been 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.

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. Property can be difficult to sell and it may be difficult to realise your investment when you want to.

The current COVID-19 crisis has created uncertainty in many areas connected with real estate as well as in the macro-economic environment, including as to valuations and market transaction levels. As a result, all forecasts are subject to further volatility. The information above is provided on a confidential basis to existing and potential investors in the interests of maximum transparency in the current exceptional market environment.

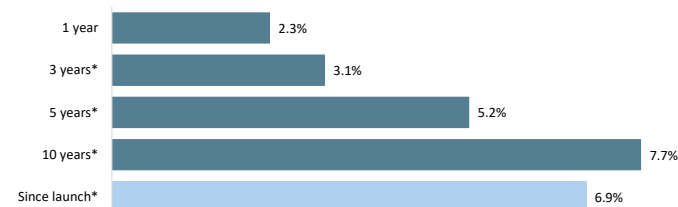
FUND OBJECTIVES

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/ MSCI March 2021). It is a Common Investment Fund regulated by the Charity Commission and helps 1,700 charities to invest in commercial real estate in an ethical, responsible and tax-efficient way. The Fund's objective is to invest in property throughout the UK to provide a balanced and diversified portfolio to deliver a high and secure level of income and to maintain the capital value of assets held over the long term.

KEY POINTS - 31 MARCH 2021

- Fund size £1.130 billion
- No debt
- Well diversified and balanced portfolio
- 117 properties and 247 tenants
- Negligible exposure to the high street and no shopping centres
- Portfolio heavily weighted to London and the South of England
- High yielding (5.1% gross and 4.5% net of costs)
- Low vacancy rate (5.3% versus MSCI at 9.7%)
- Strong covenants (85.3% rated low or negligible risk)
- Long average unexpired lease term of 11.4 years to expiry (8.9 years to break). MSCI: 9.2 years to expiry (8.1 years to break)
- 39.2% of income benefits from fixed or index linked rental increases

FUND PERFORMANCE



*annualised

Source: Savills Investment Management, MSCI (March 2021)

Basis: NAV-to-NAV with gross income reinvested

The Charities Property Fund launched in 2000. Total return is net of fees and expenses. Past performance is not an indicator of future performance

The Fund total return for Q1 2021 was 1.3% compared to the Index of 2.2%. Over the last 12 months the Fund produced 2.3%, against the AREF/ MSCI All Balanced Property Fund Index which returned 2.5%.

Over the last five years the Fund has returned 5.2% per annum, compared to the Index of 4.1% per annum. Over 10 years the Fund returned 7.7% per annum, compared to the Index at 6.4% per annum (source: MSCI).

SALES

We have sold two properties this quarter, the first was a petrol station in **Calne**, Wiltshire which we sold for **£3.275 million**, reflecting a net initial yield of **5.2%**. The property was let to BP Oil on a lease with 14 years remaining at a rent of £181,000 per annum. We received an off market approach from the subtenant, MRH Holdings who operate the facility as an Esso/Spar petrol station and took advantage of what we believed to be a premium price.

Whilst the facility offers long secure income, it is not located on a major trunk road and the rent was significantly higher than would be achieved on the open market. It also further reduces our exposure to income derived from the sale of fossil fuels.



Calne

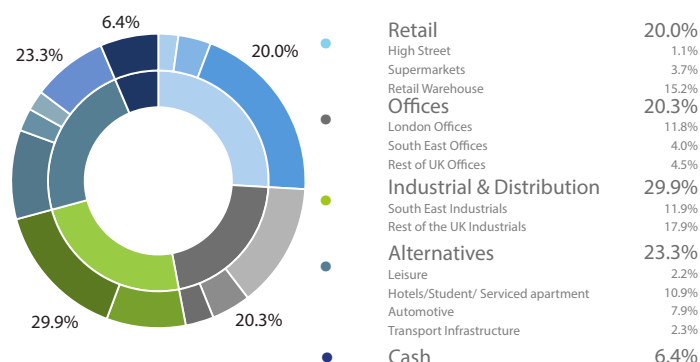
We also sold a retail unit in **Taunton** let to Matalan for a price of **£2.35 million**, reflecting a yield of 7.0%. Matalan have 8.75 years remaining on their lease and were paying a rent of £175,000 per annum. Whilst this property provides affordable space for them, it is in tired condition, lacks prominence and were Matalan to vacate, it would be difficult to relet in the current environment.

Both these assets were acquired as part of portfolios containing larger more attractive assets and neither of them were deemed core to the portfolio and had been identified for sale. They were both sold ahead of their purchase prices and Calne sold in line with and Taunton ahead of the latest Independent Valuation.



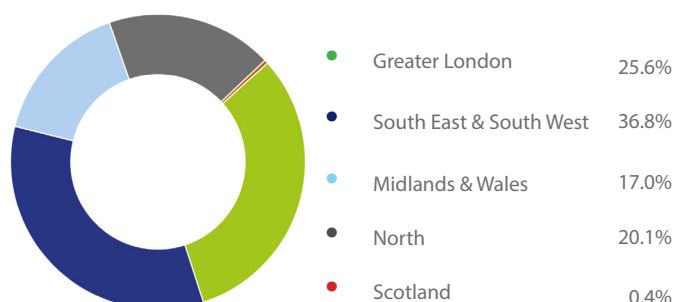
Taunton

CPF PORTFOLIO MARCH 2021



Source: Savills Investment Management, March 2021

GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, March 2021

FUND INFORMATION - (AS AT 31 MARCH 2021)

Launch date	September 2000
Fund Size	£1.130 billion
No. of investors	1,700
Historic distribution yield	3.9%*
Prospective distribution yield	4.5%**
Fund costs (TER)	0.59% per annum
Unit price	NAV - 124.16 pence
	Bid - 122.49 pence
	Offer - 126.27 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	15 May 2021
Last distribution rate	1.39 pence per unit
Next dealing date	31 March 2021#

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

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

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.

FIVE LARGEST TENANTS

Sytner Properties Limited (surety: Sytner Group Limited)	4.5%
Macmillan Publishers International Limited	4.2%
Tesco Stores Limited	4.1%
Travelodge Hotels Limited	3.3%
Jurys Hotel Management (UK) Limited (surety: Vesway Designated Active Co.)	3.1%
Total (across 11 locations)	19.2%

10 LARGEST ASSETS

London EC1 - The Smithson, 6 Briset Street, Farringdon	6.5%
Brighton - Jurys Inn Hotel, Stroudley Road	3.7%
Gateshead - Metro Park West	3.6%
London SE7 - Brocklebank Retail Park, Greenwich	3.4%
Cambridge - Travelodge, Newmarket Road	2.6%
London E1 - 122 Back Church Lane, Whitechapel	2.1%
Bury St Edmunds - SP147, Suffolk Park	1.8%
Telford - Welcome Break Service Station, M54 Junction 4	1.7%
Tamworth - Emporor Point, Centurion Park	1.6%
Burton-upon-Trent - Fifth Avenue	1.6%
Total	28.6%

Source: Savills Investment Management March 2021

ASSET MANAGEMENT

Redditch - This 119,000 sq ft industrial unit was acquired in 2014 for £9.1 million, reflecting a yield to the fund of 7.4% and was let to SP Group at a rent of £684,000 per annum (£5.75 per sq ft) on a lease expiring in April 2021. In late 2018 the tenant lost a large contract and subsequently fell in liquidation, whereupon the unit came back to us and during 2019 we refurbished the unit and extended the external service yard.

We were in advanced negotiations to let the unit to a modular housebuilder before they withdrew at the eleventh hour, however the unit was re-marketed and we are pleased to report that we have now secured a letting to Amazon on a new five year lease, with a break at year three at a rent of £754,000 pa (£6.30 per sq ft), a +10% increase. It is also situated next to a brand new 350,000 sq ft Amazon fulfilment centre. The completion of this letting is likely to result in a substantial valuation increase.



Redditch

Wakefield - This 45,500 sq ft industrial unit was let to Verhoek Europe on a lease expiring in October 2025, but with a break option in October 2020 at a rent was £238,400 per annum (£5.25 per sq ft). The tenant exercised the break in October 2020 and subsequently carried out a major set of dilapidations works totalling £625,000, whereupon we commenced marketing the unit.

Significant interest was received from a number of tenants, underlining the current strength of the logistics market, specifically from Coca Cola who were interested in a freehold purchase and Saint-Gobain. We are pleased to report that after a short void period of less than three months we have signed a new ten year lease with Saint-Gobain at a rent of £271,225 per annum (£5.95 per sq ft), an increase of +14% on the rent previously payable. Both of these lettings were in excess of the Independent Valuer's assessment of rental value.



Wakefield

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

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