

27 April 2022

Dear investor,

CHARITIES PROPERTY FUND Q1 2022 FACTSHEET

It has been an eventful few months and good news has been short on the ground. The terrible events unfolding in Ukraine at the end of February have dominated the headlines and this has partly contributed to rampant energy and food prices and in turn, surging inflation (RPI is currently running at 9.0% in April). UK households are facing the biggest squeeze in the cost of living since the 1950s.

Interest rates have already risen to 0.75% and will likely rise further and the yield on 10-year UK government bonds is now 2%, the highest since November 2015. It was 0.14% in the summer of 2020.

Against this backdrop it seems strange that the commercial real estate market continues to deliver stellar returns and command strong investor interest, but it is perhaps because of its safe haven characteristics, being insulated from events in Ukraine combined with the relatively high income component, that it does. We have also seen an increase in demand for real assets, because of their perceived inflation protection.

The Charities Property Fund delivered a +6.3% total return for the first quarter of 2022 and performance for the last 12 months was +20.5%. Over the last 5 years the fund has delivered 8.0% per annum and over 10 years, 9.0% per annum.

	3 months	1 year	3 years (pa)	5 years (pa)	10 years (pa)
The Charities Property Fund	6.3%	20.5%	7.8%	8.0%	9.0%
AREF/MSCI All Balanced Property Funds Index	5.6%	23.1%	8.1%	7.8%	8.1%

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.

Within this environment, we continue to feel the fund is very well positioned. We have no debt, a very low vacancy rate of 4%, long leases of 11.3 years on average and a high percentage of leases that benefit from index linked rent reviews. Currently 42.5% of our leases benefit from some kind of guaranteed increase and the majority are linked to RPI or CPI. In fact, 66% are linked to RPI and half of these are uncapped – with RPI running at 9% this will lead to significant increases. The Q1 dividend paid in May, is estimated to be 1.41 pence per unit, a +13% increase on Q4 and the highest quarterly distribution for four years. We are anticipating a materially higher dividend for both 2022 and 2023.

We currently hold 5% in cash and inflows into the fund continue to be positive. The fund is the largest it has ever been at £1.385 billion and this provides considerable diversification by sector, geography and number of assets.

There have been a number of asset management and ESG initiatives which we set out below. The attached factsheet provides an overview of how the fund is positioned and outlines the purchases and sales completed over the quarter.

Asset Management

We have benefitted from a number of RPI reviews coming through this quarter including a block of serviced apartments in Manchester, student accommodation in Oxford and an industrial unit in Leeds. We also have some large RPI reviews approaching with Brighton, which is our fourth largest asset, benefitting from a five yearly uncapped RPI review in November this year. Rent reviews in Cambridge and Gateshead are due next year and these are our third and sixth largest assets respectively. Both benefit from 5 yearly RPI linked reviews, with the Cambridge review being uncapped.

There have also been a number of successful lettings during the quarter including signing a new fifteen year lease to Home Bargains at Merthyr Tydfil and at our London office building on Shepherdess Walk.

At lease expiry events our tenant retention rate remains high and we recently secured significant uplifts on two industrial rent reviews in Normanton and Thetford this quarter, achieving uplifts of 30% and 25% respectively.

Perhaps the most significant deal of the quarter was a new letting to the UK Government on Birmingham Business Park. Despite the hesitation seen in some parts of the office market post Covid, we have signed a new ten year lease to The Secretary of State for Levelling Up, Housing and Communities. The rent achieved of £891,672 per annum reflects £24.00 per sq ft, is 33% ahead of the Independent Valuers opinion of market rent of £675,700 per annum (£18.00 per sq ft) and 47% above the previous rent passing. The Government will invest £7 million across both buildings for a new data centre and 5G testing facility. This transaction is the largest office letting on the park for two decades and will reduce the vacancy rate on the entire portfolio to only 4%. This asset alone is likely to add significantly to performance in the second quarter.

ESG

From an ESG perspective our long leases provide us with a significant additional benefit. We are finding more and more that many of our corporate occupiers are embracing a net zero target with most targeting 2030. On average our leases run until 2033 and therefore increasingly our tenants are working with us to enable interventions to hit this target. This will not only contribute to helping us achieve our net zero goals, but also the occupiers are likely to bear the majority of the costs. In Bury St Edmunds for example we recently worked with one of our tenants to install over 1,500 solar panels, which has already allowed them to achieve 100% of their energy needs on certain days and to feed electricity back to the grid.

Many other funds with shorter lease expiry profiles may find themselves in an uncomfortable position – if on average leases expire before 2030 (i.e. less than 8 years on average), then occupiers may simply vacate and relocate to more energy efficient buildings, leaving the owner to foot the entire bill of adapting their buildings to have any chance of being able to relet them.

Annually we produce a dedicated report covering all aspects of E, S & G outlining our approach, case studies and progress against our targets. The latest copy of this document can be viewed here:

<https://www.cpfund.co.uk/esg>

Yours sincerely,



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. This letter does not constitute an offer to sell or solicitation of an offer to buy any units in the Fund.

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.

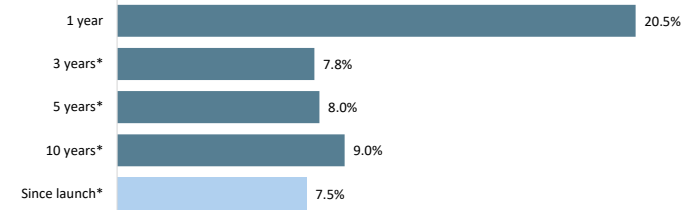
FUND OBJECTIVES

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/MSCI March 2022). It is a Common Investment Fund regulated by the Charity Commission and helps c.1,500 charities to invest in commercial real estate in an ethical, responsible and tax-efficient way. The Fund has a strong focus on ESG and looks to improve the environmental credentials of the assets it holds and favours socially beneficial occupiers. 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 2022

- Fund size £1.385 billion
- No debt
- Well diversified and balanced portfolio
- 119 properties and 250 tenants
- Negligible exposure to the high street and no shopping centres
- Portfolio heavily weighted to London and the South of England
- High yielding (4.6% gross and 4.0% net of costs)
- Low vacancy rate (4.7% versus MSCI at 9.9%)
- Strong covenants (78% rated low or negligible risk)
- Long average unexpired lease term of 11.3 years to expiry (8.8 years to break)
- 42.5% of income benefits from fixed or index linked rental increases, two thirds of these are linked to RPI

FUND PERFORMANCE



*annualised

Source: Savills Investment Management, MSCI (March 2022)

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 2022 was 6.3% compared to the AREF/MSCI All Balanced Property Fund index of 5.6%. Over the last 12 months the Fund produced 20.5% against the Index which returned 23.1%.

Over the last five years the Fund has returned 8.0% per annum, against the index of 7.8% per annum. Over 10 years the Fund returned 9.0% per annum, ahead of the index at 8.1% per annum (source: MSCI).

PURCHASES

The Fund made three acquisitions during the quarter, investing £32 million. They included a multi let industrial estate in Daventry, an urban logistics unit in Leeds and an alternative asset in Newcastle Upon Tyne. The three assets were all sourced off market and deliver an attractive combined yield to the fund of 5.5%. 48% of the income is index linked and the average unexpired lease term is 9.5 years.

Daventry comprises an industrial park extending to 9.54 acres and four units let to three different tenants at low average rents. The largest unit, accounting for two thirds of the space is let at a rent of only £4 per sq ft and the price of £16 million, reflected a yield of 5.6% and a low capital value of only £84 per sq ft – well below replacement cost.

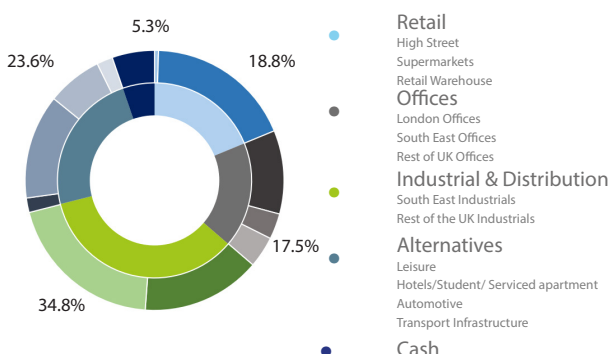
The Leeds asset is located less than 2 miles from the City Centre and comprises a 73,000 sq ft logistics unit let at a low rent of £5.75 per sq ft. The site cover at

33% is also low and the unit benefits from a generous eaves height of over 12m. The unit is let for a further 10 years, with an option to break at year 5. The rent review mechanism in year five is to the benefit of the Landlord, whereby rent is to be reviewed to the higher of open market or CPI compounded (collared at 2% and capped at 4% per annum). The price of £8.4m reflected a yield to the fund of 5% and a capital value of £115 per sq ft, again below replacement cost.

The third asset was the easyHotel in Newcastle, which comprises a 104 bedroom hotel let to easyHotels Ltd on a lease expiring in December 2042, with a break option in 2037. There is also a ground floor restaurant let to a local seafood operator, who has been in occupation for almost 30 years. The hotel is let at a low average rate of £4,250 per room rent and is also reviewed to CPI every 5 years collared and capped at 0-4% per annum respectively. The price of £7.7 million reflected a yield to the fund of 6.1% rising to 6.75% at review later this year.

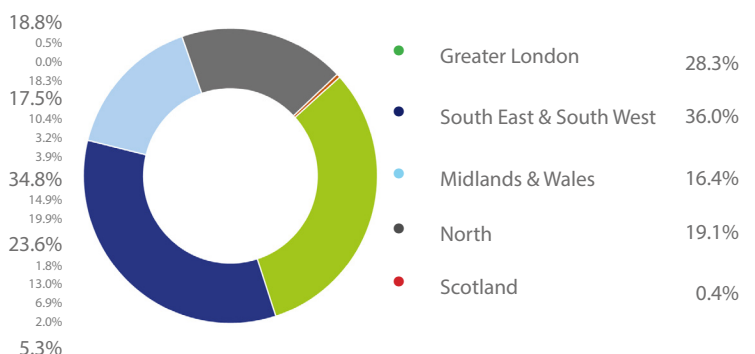


CPF PORTFOLIO MARCH 2022



Source: Savills Investment Management, March 2022

GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, March 2022

FUND INFORMATION - (AS AT 31 MARCH 2022)

Launch date	September 2000
Fund Size	£1.385 billion
No. of investors	1,500
Historic distribution yield	3.9%*
Prospective distribution yield	4.3%**
Fund costs (TER)	0.62% per annum
Unit price	NAV - 144.18 pence
	Bid - 142.17 pence
	Offer - 146.70 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	15 May 2022
Last distribution rate	1.24 pence per unit
Next dealing date	30 June 2022#

* 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

Travelodge Hotels Limited	6.3%
Sytner Properties Limited (surety: Sytner Group Limited)	4.3%
Macmillan Publishers International Limited	3.9%
Tesco Stores Limited	3.7%
Jurys Hotel Management (UK) Limited (surety: Vesway Designated Active Co.)	2.9%
Total (across 11 locations)	21.1%

10 LARGEST ASSETS

London EC1 - The Smithson, 6 Briset Street, Farringdon	5.6%
London SE7 - Brocklebank Retail Park, Greenwich	4.3%
Gateshead - Metro Park West	3.2%
Brighton - Jurys Inn Hotel, Stroudley Road	3.1%
London SW11 - Travelodge, Battersea	2.9%
Cambridge - Travelodge, Newmarket Road	2.2%
Bury St Edmunds - SP147, Suffolk Park	1.9%
Epsom - Epsom Trade Park	1.9%
London E1 - 122 Back Church Lane, Whitechapel	1.8%
Twickenham- Apex Retail Park, Hanworth	1.7%
Total	28.5%

Source: Savills Investment Management March 2022

SALES

Whilst we have very few high street investments remaining, we have taken the opportunity to exit from them as new leases or renewals are completed and the value maximized. We sold Islington last quarter at a 19.5% premium to valuation and this quarter completed the sale of a retail unit in Marlborough let to Superdrug. We had recently signed a new 5 year lease and the price achieved of £1.7 million, reflected a yield of 5.5% and was 21.4% ahead of its previous valuation. We have three other shop investments in solicitors' hands which when completed will only leave us with two shops remaining equating to only 0.1% of the total portfolio.

We have also exchanged contracts to sell an industrial unit in Thames Ditton, currently occupied by Guy Salmon as a JLR service centre. The property was let to

Sytner until August 2026 at a rent of £358,375 per annum. Sytner wished to exit the property as they have moved to a new state of the art facility on the M3 at Sunbury and in order to terminate their lease liabilities, commenced negotiations to buy in the freehold. Whilst this property comprises an industrial unit in an attractive location it does suffer from restricted eaves height and servicing.

The price agreed of £7.75 million, reflected a net initial yield of 4.3% and was considerably in excess of the valuation and reflected a special purchaser premium – this asset was valued at only £5.4 million prior to the offer being received. We acquired the asset in 2014 for £4.38 million as part of a portfolio. It has delivered £2.5 million in income since acquisition resulting in an IRR of 14% pa over the hold period.



Marlborough



Thames Ditton

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).