

26 July 2021

Dear Investor,

CHARITIES PROPERTY FUND Q2 2021 FACTSHEET

We are pleased to report that the Charities Property Fund delivered a +2.6% total return for the second quarter. Performance for the last six months is +4.0% and it is +7.1% over the last 12 months.

Whilst performance is ahead of the Fund's objective to deliver 7% per annum, it is disappointing to report that we have not outperformed the market for a 14th consecutive year as the All Balanced Funds index delivered a total return of 3.8% for the quarter and 8.5% for the last 12 months. We see little reason for this short term under performance and don't believe it is a cause for concern. The void rate remains low, our sector weightings are in line with our targets and the quality of the assets and locations we are invested in remain strong. The Independent Valuation determines performance, but it is subjective - we have sold eight assets in the last eight months realising well over £100 million and all of these assets not only sold ahead of valuation, but sold for an average premium of +11.8%. This discrepancy between the open market realisation price and the underlying valuations could easily account for the 1.5% underperformance and if so it is highly likely to work its way through in the second half of 2021. These fluctuations do happen and it is reassuring that CPF was the top performing fund in 2020 and has outperformed over 3, 5, 10 years and since launch.

Performance is highlighted in the table below.

	Q2 2021	Last 6 months	1 year	3 years (pa)	5 years (pa)	10 years (pa)	20 years (pa)
The Charities Property Fund	2.6%	4.0%	7.1%	3.4%	5.5%	7.8%	6.9%
AREF/MSCI All Balanced Property Funds Index	3.8%	5.9%	8.5%	3.0%	4.9%	6.7%	-

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.

The May dividend of 1.39 pence per unit was in line with the February dividend and both represented the highest dividend paid for three years. Combined they are 7% ahead of the same period last year and 30% ahead of the second half of 2020 reflecting the positive efforts made in collecting rent and recouping Covid 19 related deferrals.

We acquired one asset and sold one asset over the quarter (again at a significant premium to valuation) – these are both set out in the attached factsheet. We were also very active in the asset management side delivering 12 lease renewals and new lettings.

Our vacancy rate remains low at only 5.1%, however we have a number of agreed deals in solicitors' hands which would reduce this to less than 4%, including a letting of one of our London office buildings, two retail lettings in Bath & Marlborough as well as a number of lease extensions.

We remain optimistic about the outlook for 2021 and beyond. Despite the possibility of further lockdowns, prime commercial real estate has shown itself to be very resilient over the last 12 months and demand for real assets, a lack of supply, resilient tenant demand and the threat of inflation looks set to support and potentially drive values higher still. Demand for UK property remains strong from both domestic and overseas investors. We saw significant investor inflows into the fund last quarter and are confident in our ability to source attractive opportunities.

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



The fund has continued to deliver its objectives 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 offer potential protections 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.

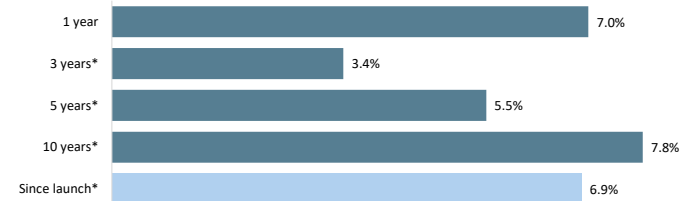
FUND OBJECTIVES

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/ MSCI June 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 - 30 JUNE 2021

- Fund size £1.143 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 (4.9% gross and 4.3% net of costs)
- Low vacancy rate (5.1% versus MSCI at 9.3%)
- Strong covenants (85.3% rated low or negligible risk)
- Long average unexpired lease term of 11.2 years to expiry (8.7 years to break)
- 38.7% of income benefits from fixed or index linked rental increases

FUND PERFORMANCE



*annualised

Source: Savills Investment Management, MSCI (June 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 Q2 2021 was 2.6% compared to the Index of 3.8%. Over the last 12 months the Fund produced 7.0%, against the AREF/ MSCI All Balanced Property Fund Index which returned 8.5%.

Over the last five years the Fund has returned 5.5% per annum, compared to the Index of 4.9% per annum. Over 10 years the Fund returned 7.8% per annum, compared to the Index at 6.7% per annum (source: MSCI).

PURCHASES

The Fund made one acquisition during the quarter which comprised a Royal Mail distribution hub in **Rochdale**. The asset occupies an excellent location in a densely populated urban area close to junction 21 of the M62. It is let to Royal Mail on a lease expiring in December 2028 at a relatively low rent of £5.25 per sq ft. The property also benefits from very low site cover of 25%. The property was acquired for a price of £2.85 million reflecting a yield of 5.85%. Whilst a relatively small asset, it was acquired "off market" and therefore we avoided having to compete for it. As a result we feel the pricing was compelling, as evidenced by several Royal Mail warehouses recently trading at significant premiums to this.

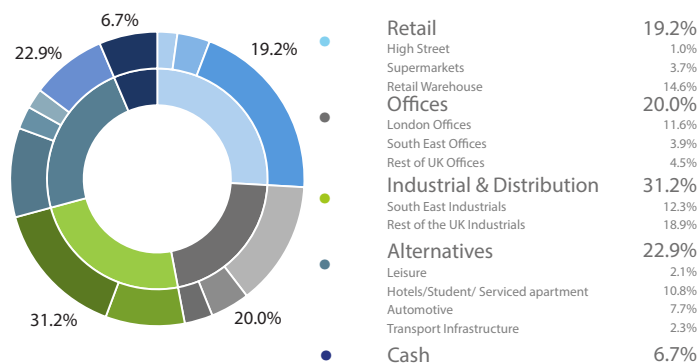


SALES

We completed one sale during the quarter which comprised a retail warehouse in **Chesham** let to Wickes Building Supplies for a further six years. This asset had its merits, comprising a DIY warehouse in an area of limited supply, however it is a somewhat compromised unit with limited parking and a relatively short lease, as a result we believed it was the opportune time for a sale. We received 14 offers in total from five prospective buyers and achieved a price of £5.5 million reflecting a yield of 5.2%. This compared to the previous valuation of £4.75 million. We felt we extracted the maximum value and it is rewarding to have executed another sale at a significant premium (+15.8%) to the Independent Valuation.

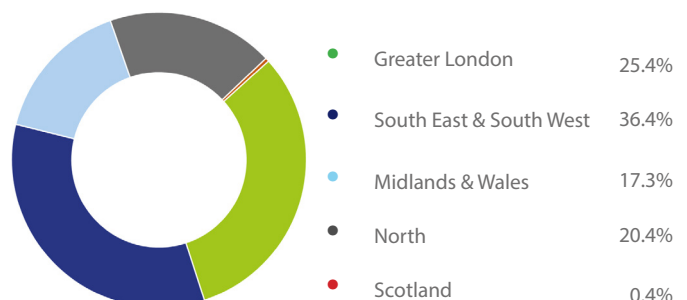


CPF PORTFOLIO JUNE 2021



Source: Savills Investment Management, June 2021

GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, June 2021

FUND INFORMATION - (AS AT 30 JUNE 2021)

Launch date	September 2000
Fund Size	£1.143 billion
No. of investors	1,700
Historic distribution yield	3.9%*
Prospective distribution yield	4.3%**
Fund costs (TER)	0.59% per annum
Unit price	NAV - 126.17 pence
	Bid - 124.46 pence
	Offer - 128.32 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	15 August 2021
Last distribution rate	1.39 pence per unit
Next dealing date	30 September 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)	4.4%
Macmillan Publishers International Limited	4.2%
Tesco Stores Limited	4.1%
Travelodge Hotels Limited	3.2%
Jurys Hotel Management (UK) Limited (surety: Vesway Designated Active Co.)	3.1%
Total (across 11 locations)	19.0%

10 LARGEST ASSETS

London EC1 - The Smithson, 6 Briset Street, Farringdon	6.4%
Brighton - Jurys Inn Hotel, Stroudley Road	3.7%
Gateshead - Metro Park West	3.6%
London SE7 - Brocklebank Retail Park, Greenwich	3.5%
Cambridge - Travelodge, Newmarket Road	2.6%
London E1 - 122 Back Church Lane, Whitechapel	2.1%
Bury St Edmunds - SP147, Suffolk Park	1.9%
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	28.7%

Source: Savills Investment Management June 2021

ASSET MANAGEMENT

We have completed 12 lettings this quarter half of which were in the retail sector. We executed a lease renewal in Islington to JD Sports, which followed the recent renewal next door with Superdrug. Although the lease term was shorter than previously at five years as opposed to ten years, it was in line with the previous rental level. We also completed a lease renewal to Poundland in **Cheltenham** where they had been holding over since April last year and completed the new 15 year lease to Jolibee - a multinational Filipino fast food chain - in Queen Street **Cardiff** after taking a lease surrender (and a substantial premium) from the previous tenant, Unionburger.

The new lease to Lidl in **Hereford** also completed in June. This is for a term of 25 years with breaks in years 15 and 20 at a rent of £264,067 per

annum. Finally we let the last remaining unit in **Poole** to Trek Bicycle Corporation in April on a new ten year lease at a rent of £55,000 per annum.

In the industrial sector, we completed a letting in **Huddersfield** to Hoco Parts UK Limited, a supplier of motorcycle parts and accessories. They have signed a new ten year lease at a rent of £247,000 per annum (reflecting a rent of £5.95 per sq ft) with RPI index linked reviews collared and capped at 2%-4% per annum. This asset was acquired nine years ago for £2.8 million, reflecting a yield of 10.5%. It is now valued at over £5 million. Interestingly the previous tenant only vacated in March when their 10 year lease expired and we immediately re-let the unit in April whilst increasing the rent by 25% since purchase, securing another straight 10 year lease term and not incurring any capital expenditure.



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).