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

04 November 2020

Dear Investor,

CHARITIES PROPERTY FUND Q3 2020 FACTSHEET

We hope this letter finds you well and have pleasure in enclosing a copy of the September quarterly factsheet.

Performance was effectively flat for the quarter and marginally below that registered by the Index, with a reduction in capital values of just under 1% being offset by income. However this does follow on from us registering the top performance in the Index for the first half of 2020. As a result figures over 9 months, 12 months and beyond are significantly higher with an outperformance of +1.4% over the last 9 months and +1.3% per annum over the last ten years.

	Q3 2020	YTD	1 year	3 years (pa)	5 years (pa)	10 years (pa)
The Charities Property Fund	-0.1%	-1.8%	-1.8%	3.8%	5.1%	7.7%
AREF/MSCI All Balanced Property Funds Index	0.2%	-3.2%	-2.8%	2.6%	4.1%	6.4%
Relative performance	-0.3%	+1.4%	+1.0%	+1.2%	+1.0%	+1.3%

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.

September saw Material Valuation Uncertainty removed by the RICS and the Independent Valuer enabling funds to resume trading. Some, but not all elected to. We are pleased to report that we conducted a phased opening of the Fund at the end of September and settled all March 2020 trades. June and September trades were deferred until December, whereupon we expect them to be settled. It is disappointing that the Fund has witnessed a fall in NAV of 4.4% over the last 9 months although interestingly the removal of valuation uncertainty in September coincided with the smallest quarterly fall this year of only 0.9%, suggesting values are bottoming out. Perhaps more interestingly the investment market seems incredibly buoyant at the prime end of the market and this could herald a reversal of this trend. We have just sold an office building in Feltham for almost £1 million over its latest valuation (see attached factsheet), but this isn't an isolated incident. We are also in receipt of offers on five other properties at, on average, over 10% ahead of their latest valuations across a broad range of sectors (office, retail, petrol station, car showroom and industrial). It appears this demand is being driven by a search for income, real assets and a lack of available alternative opportunities.

Rent collection generally has been holding up very well and has been improving every quarter since the beginning of lockdown. Prior to the pandemic taking hold we had collected 100% of rents for Q1 and this was distributed in May, giving a rate of 1.30 pence per unit. Q2 inevitably dipped as previously reported due to rental deferrals agreed with tenants and some tenants withholding payments due to Government intervention. The Q2 rate of 1.03 pence per unit, paid in August was effectively 80% of the normal rate. For Q3 collection has improved further still and will result in a Q3 dividend rate of 1.12 pence per unit (86% of

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normal), paid in November. This results in a dividend for the last 12 months (Nov 19 – Nov 20) of 4.74 pence per unit, which is a 10% reduction on the previous 12 months, which we feel is very creditable under the circumstances, particularly as we still intend to collect and distribute the majority of the deferrals.

We have already collected 86% of rents for Q4 and we are only one month into the quarter, so conceivably this could hit 90%. We are confident of recovering the majority of the deferred or unpaid rents during 2021 and this could result in an enhanced dividend of circa 5.7 pence per unit next year assuming 95% success in collection which we feel is realistic. This would point to a yield closer to 4.75% in 2021.

This all helps to illustrate the defensive qualities of the Fund. Strong tenants and well located assets, a long unexpired lease expiry profile of 11.4 years to expiry and a low vacancy rate of just 5.3% (which has reduced, not increased during 2020). The Fund has and will continue to benefit from its focus on core locations but also its diversity by sector. The largest sector exposure is logistics and the smallest exposure is offices - where the majority of short term weakness will be focused. We own no shopping centres and little high street retail so are insulated from the accelerated decline in this area. Conversely our retail warehouse and supermarket portfolio has proved resilient. Rent collection rates have totaled 80% and 100% respectively – 55% of our retailers are deemed essential services and if we add in discounters, DIY, home furnishings and drive-thru's – all who have been performing very well during Covid-19 then we are up to 90%.

We remain confident that the Fund will continue to show this resilience throughout the rest of the crisis.

Please do not hesitate to contact us if you have further questions on any of the above.

Yours sincerely,

Harry de Ferry Foster MRICS
Fund Director

Contact Information

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

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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.

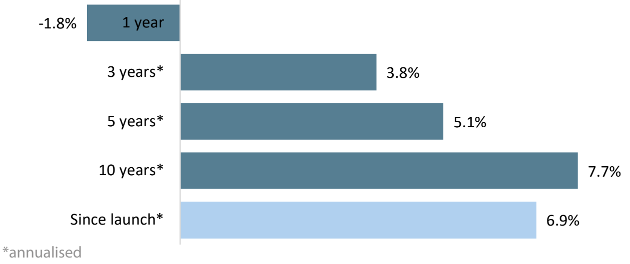
FUND OBJECTIVES

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/MSCI September 2020). It is a Common Investment Fund regulated by the Charity Commission and helps almost 2000 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 SEPTEMBER 2020

- Fund size £1.197 billion
- No debt
- Well diversified and balanced portfolio
- 124 properties and 252 tenants
- Negligible exposure to the high street and no shopping centres
- 65% of the portfolio located in London and the South of England
- High yielding (5.2% gross and 4.6% net of costs)
- Low vacancy rate (5.3% versus MSCI at 9.3%)
- Strong covenants (85.3% rated low or negligible risk, compared to MSCI at 77.9%)
- Long average unexpired lease term of 11.4 years to expiry (8.9 years to break). MSCI: 8.2 years to expiry (7.0 years to break)
- 40.3% of income benefits from fixed or index linked rental increases

FUND PERFORMANCE



Source: Savills Investment Management, MSCI (September 2020)
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 Q3 2020 was -0.1% compared to the Index of 0.2%. Over the last 12 months the Fund produced -1.8%, against the AREF/MSCI All Balanced Property Fund Index which returned -2.8%.

Over the last five years the Fund has returned 5.1% 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

The Fund has recently completed the sale of two linked office buildings in Feltham. This asset was acquired in 2012 for £6.54 million, reflecting a yield to the Fund of 9.8%. At the time the leases had 5 years remaining and both buildings were let to the Secretary of State as an Immigration Tribunal Court. Over the course of our ownership we have extended the leases twice, initially for 5 years but subsequently for 10 years and increased the rent by 15%. We believe we have maximized the value we can extract here and thought it was an opportune time to bring the property forward for sale.

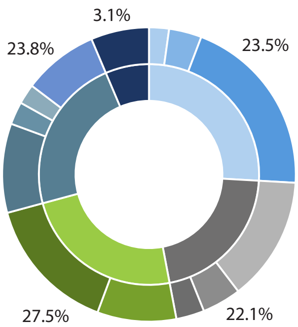
After a short marketing campaign we received multiple offers and have now sold the asset for £14.85 million, reflecting a net initial yield of 4.73%. This represents a 127% increase on the purchase price and is almost £1 million (7%) ahead of the most recent valuation.

ASSET MANAGEMENT

The vacancy rate has remained stubbornly low during 2020 demonstrating the underlying quality of the portfolio. We started the year with a vacancy rate of 5.4% and this sits at 5.3% as at the end of Q3, significantly lower than the average. We haven't just stood still though and have successfully completed twenty new lettings / lease renewals since lockdown in March. We have also had space returned to us as leases expire or through tenant failures but it is positive that even under incredibly challenging conditions we have still seen a marginal improvement.

The largest letting during Q3 was at an industrial unit in Telford, which we have let to Northwood Hygiene Products on a new 5 year lease at £730,000 per annum (£4.34 per sq ft). The unit was previously let to Johnson Controls who vacated the unit in 2019.

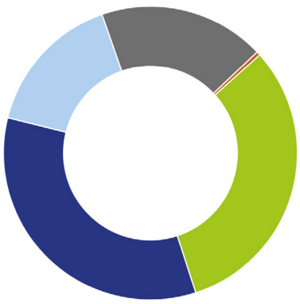
CPF PORTFOLIO SEPTEMBER 2020



Retail	23.5%
High Street	1.2%
Supermarkets	7.4%
Retail Warehouse	14.9%
Offices	22.1%
London Offices	12.7%
South East Offices	5.0%
Rest of UK Offices	4.4%
Industrial & Distribution	27.5%
South East Industrials	10.6%
Rest of the UK Industrials	16.9%
Alternatives	23.8%
Leisure	2.2%
Hotels/Student/ Serviced apartment	10.6%
Automotive	8.5%
Roadside	2.5%
Cash	3.1%

Source: Savills Investment Management, September 2020

GEOGRAPHICAL WEIGHTINGS



Greater London	30.4%
South East & South West	34.2%
Midlands & Wales	16.2%
North	18.8%
Scotland	0.4%

Source: Savills Investment Management, September 2020

FUND INFORMATION - (AS AT 30 SEPTEMBER 2020)

Launch date	September 2000
Fund Size	£1.197 billion
No. of investors	1,894
Historic distribution yield	4.2%*
Prospective distribution yield	4.0%**
Fund costs (TER)	0.57% per annum
Unit price	NAV - 121.60 pence
	Bid - 119.94 pence
	Offer - 123.68 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	15 November 2020
Last distribution rate	1.026p per unit
Next dealing date	31 December 2020#

* 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	3.8%
Tesco Stores Limited	3.7%
Sainsbury's Supermarkets Ltd (surety: Sainsbury's plc)	3.2%
Travelodge Hotels Limited	3.0%
Total (across 13 locations)	18.2%

10 LARGEST ASSETS

London EC1 - The Smithson, 6 Briset Street, Farringdon	6.2%
Barnet - Sainsbury's, East Barnet Road	3.9%
Brighton - Jurys Inn Hotel, Stroudley Road	3.5%
Gateshead - Metro Park West	3.4%
London SE7 - Brocklebank Retail Park, Greenwich	3.1%
Cambridge - Travelodge, Newmarket Road	2.4%
London E1 - 122 Back Church Lane, Whitechapel	2.0%
Telford - Welcome Break Service Station	1.5%
Bury St Edmunds - SP147, Suffolk Park	1.5%
London EC2 - Rivington House, Shoreditch	1.5%
Total	29.0%

Source: Savills Investment Management September 2020

ASSET MANAGEMENT

We have also let the vacant Mothercare unit in Greenwich to Wren Kitchens on a new 10 year lease at £375,000 per annum (£29.00 per sq ft). Whilst it was disappointing to see Mothercare fail at the beginning of this year, it is reassuring to have relet this unit to an excellent retailer at a strong level of rent, effectively only 6 months after the unit became empty and during the pandemic. This now completes a robust line up alongside Primark, Next and Aldi.

In total we have completed twenty lettings / lease renewals since the beginning of lockdown in March, nine of which have been retail. However, success hasn't been solely reserved for the retail and industrial sectors. Within our office portfolio we have completed three lettings during the last quarter alone – one at our recently refurbished office in Brighton at £28 per sq ft and we have another floor under offer at £30 per sq ft. We have also completed a letting in Bath to EIP Europe at £20.00 per sq ft showing an increase of 25% on the rent of £16.00 per sq ft being paid by the previous tenant. At our office in Clifton, Bristol we signed a new 5 year reversionary lease with an existing tenant at £25.00 per sq ft. The tenant at Clifton is currently paying £17.80 per sq ft under their existing lease so this shows a 40% increase.

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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