



28 October 2021

Dear Investor,

CHARITIES PROPERTY FUND Q3 2021 FACTSHEET

We are pleased to report that the Charities Property Fund delivered a +4.1% total return for the third quarter. Performance for the year to date is +8.2% and it is +11.5% over the last 12 months.

Performance is highlighted in the table below:

	Q3 2021	1 year	3 years (pa)	5 years (pa)	10 years (pa)	20 years (pa)
The Charities Property Fund	4.1%	11.5%	4.2%	6.1%	7.9%	7.0%
AREF/MSCI All Balanced Property Funds Index	4.5%	13.1%	4.0%	6.0%	7.0%	-

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 forthcoming November dividend is estimated at 1.21 pence per unit, resulting in 5.16 pence per unit distributed over the last four quarters. This compares to 4.74 pence per unit for the same period last year. This is an increase of 8.9% and reflects the continued high level of rent collection but also the recovery of Covid related deferrals.

The investment market is incredibly competitive, involving exhausting sales processes and multiple rounds of bidding. This is great for selling assets but less fruitful for buying. Therefore whilst we continue to selectively seek new acquisitions, we are proceeding cautiously as we don't relish bidding wars. We will continue to explore the path less followed and scour the market for interesting opportunities both on and off market. We remain confident in our ability to source attractive stock, but there is no hurry and we don't want to be drawn into overpaying.

On the flip side this activity bodes well for the existing portfolio with the independent valuers beginning to catch up and raise valuations within the portfolio as transactions complete and provide them with the evidence to do so. There are fewer sellers than normal, perhaps reflecting the desire of owners to hold onto income producing assets and against this there is an extraordinary volume of capital chasing real estate investments, especially at the prime end. The income from commercial property remains relatively high, interest rates are low and debt is cheap. Added to this inflation and build costs are rising quickly, with real estate seen to be a hedge against these rising costs through its underlying value and in some sectors, increasing rents.

We have made good progress on the asset management side this quarter, completing ten new leases and lease renewals and our vacancy rate remains low at only 5.1%. We remain optimistic about the outlook for 2021 and beyond. No one would have expected double digit total returns a year ago. 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 drive potential values higher still.

The fund continues to deliver its objectives; capital values have increased and rent collection has remained high, helping to deliver a reliable dividend. The lack of leverage, long leases, diversification and quality of assets means the fund remains well positioned.

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



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.

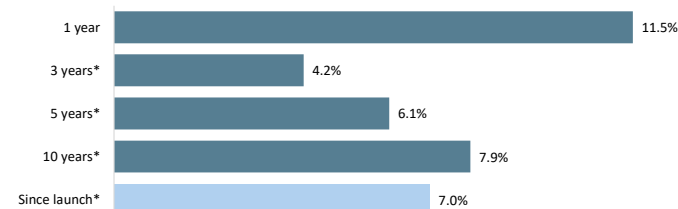
FUND OBJECTIVES

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/MSCI September 2021). It is a Common Investment Fund regulated by the Charity Commission and helps c.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 SEPTEMBER 2021

- Fund size £1.211 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 (4.6% gross and 4.0% 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 (September 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 Q3 2021 was 4.1% compared to the Index of 4.5%. Over the last 12 months the Fund produced 11.5%, against the AREF/MSCI All Balanced Property Fund Index which returned 13.1%.

Over the last five years the Fund has returned 6.1% per annum, compared to the Index of 6.0% per annum. Over 10 years the Fund returned 7.9% per annum, compared to the Index at 7.0% per annum (source: MSCI).

ASSET MANAGEMENT

We have completed 10 new lettings and lease renewals this quarter, the largest letting being at Rivington House in Shoreditch. This building was previously let to LK Bennett who fell into administration last year. The new occupier is a serviced office provider called Work Life and they have taken a new ten year lease at a rent of £923,000 per annum, reflecting £52.50 per sq ft. There is a minimum guaranteed uplift at review and they have lodged a 12 month rent deposit. It is at a level approximately 8% higher than the Independent Valuers' estimate of rental value and 14% higher than the rent previously paid by LK Bennett. It is gratifying not only to undertake this substantial letting just as the market emerges from the enforced lockdowns of the pandemic, but also for a longer term at a higher rent.

We have had further success in the office sector in both Clifton where we signed a new lease with Films@59 and Brighton where we have executed lease renewals with Bullhorn International and the NHS. We achieved rental increases at all three of 28%, 22% and 12% respectively. Activity hasn't been restricted to offices and there has also been good progress within the retail sector. We have completed two new leases, signing with B&M Retail and Dreams in Uttoxeter and Canterbury respectively, replacing Poundstretcher who were continuing to trade, but at reduced rents following their CVA last year. We have also completed lease renewals with Superdrug in Marlborough and Halfords in Bury and have completed a new letting to Heal's in Walton-on-Thames.

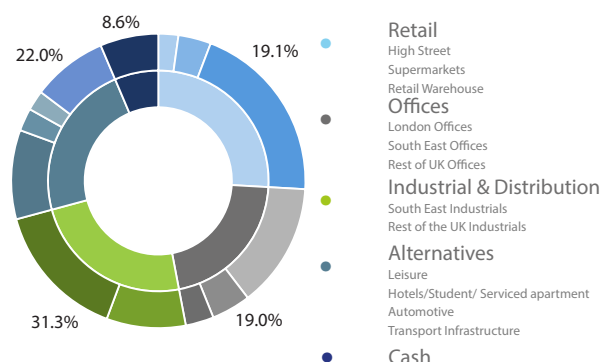


London, EC2

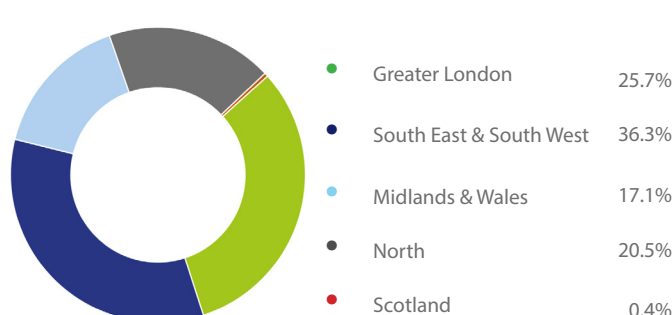


Aspect House, Brighton

CPF PORTFOLIO SEPTEMBER 2021



GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, September 2021

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FUND INFORMATION - (AS AT 30 SEPTEMBER 2021)

Launch date	September 2000
Fund Size	£1.211 billion
No. of investors	1,700
Historic distribution yield	3.9%*
Prospective distribution yield	4.3%**
Fund costs (TER)	0.62% per annum
Unit price	NAV - 130.13 pence
	Bid - 128.42 pence
	Offer - 132.28 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	15 November 2021
Last distribution rate	1.17 pence per unit
Next dealing date	31 December 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.

ASSET MANAGEMENT

We have restructured the lease to Homebase in Basingstoke. Hilco Capital acquired Homebase for just £1 in 2018 and immediately undertook a CVA to cut rents and close stores. In order to keep Homebase trading we agreed a deal to reduce the rent by 19% from £1,113,000 pa to £900,000 pa, but on the proviso that the rent would return to its previous level when they exited the CVA process. In 2020 the firm returned to profitability, and this allowed us to increase the rent back up to the previous level.

We have now additionally agreed to extend the lease for a further 5 years, to October 2031 at the same rent in return for a rent free period.



Basingstoke

FIVE LARGEST TENANTS

Sytner Properties Limited (surety: Sytner Group Limited)	4.4%
Macmillan Publishers International Limited	4.2%
Tesco Stores Limited	4.0%
Travelodge Hotels Limited	3.2%
Jurys Hotel Management (UK) Limited (surety: Vesway Designated Active Co.)	3.1%
Total (across 11 locations)	18.9%

10 LARGEST ASSETS

London EC1 - The Smithson, 6 Briset Street, Farringdon	6.2%
London SE7 - Brocklebank Retail Park, Greenwich	3.8%
Brighton - Jurys Inn Hotel, Stroudley Road	3.6%
Gateshead - Metro Park West	3.5%
Cambridge - Travelodge, Newmarket Road	2.5%
London E1 - 122 Back Church Lane, Whitechapel	2.0%
Bury St Edmunds - SP147, Suffolk Park	1.9%
Burton-upon-Trent - Unipart Logistics	1.6%
Tamworth - Emporor Point, Centurion Park	1.6%
Telford - Welcome Break Service Station, M54 Junction 4	1.6%
Total	28.3%

Source: Savills Investment Management September 2021

SALES

We completed one sale during the quarter which comprised a local shopping park in Halewood let to Aldi, Home Bargains, Iceland, Tesco and a number of smaller shop units. This asset has performed well for the fund and lies adjacent to the local bus station and a large NHS centre. It also benefits from a high percentage of essential retailers. However we were concerned that Aldi may look to relocate from the scheme at lease expiry and the property is very management intensive with eight smaller shop units regularly changing hands and some anti social issues to combat. We received several offers and achieved a sale price of £9.4 million reflecting a yield of 7.1%. We felt we extracted the maximum value, this property was taking up a disproportionate amount of management time and once again we realised a substantial premium to the Independent Valuation.



Halewood

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).