

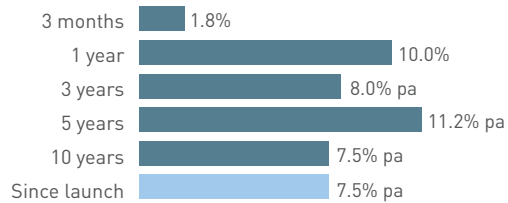
FUND OBJECTIVES

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (including Scotland and Northern Ireland). It is a Common Investment Fund regulated by the Charity Commission. The Fund's objective is to invest in property throughout the UK to provide a balanced portfolio to deliver a high and secure level of income and to maintain the capital value of assets held.

KEY POINTS – 30 SEPTEMBER 2018

- Fund size £1.313 billion
- No debt
- Well diversified portfolio
- 126 properties and 259 tenants
- High yielding (4.8% gross and 4.2% net of fees)
- Low vacancy rate (3.6% versus MSCI at 10.6%)
- Strong covenants (80.1% rated low or negligible risk, compared to MSCI at 77.9%)
- Long unexpired average lease term of 12.5 years to expiry (10.2 years to break). MSCI: 8.4 years to expiry (7.3 years to break)
- 34.0% of income benefits from fixed or index linked rental increases

FUND PERFORMANCE



Source: Savills Investment Management, MSCI (September 2018)

Basis: NAV-to-NAV with gross income reinvested

The Charities Property Fund launched in 2000. Performance is net of fees and expenses

Past performance is not an indicator of future performance

The Fund total return for Q3 2018 was 1.8% compared to the index of 1.6%. Over the last 12 months the Fund produced 10.0%, 1.2% above the AREF/ MSCI All Balanced Funds Property Index which returned 8.8%.

Over the last five years the Fund has returned 11.2% per annum, compared to the index of 10.4% per annum. Over 10 years the Fund is the best performing charity fund, returning 7.5% per annum, compared to the index at 5.7% per annum (source: MSCI).

APPLICATIONS AND REDEMPTIONS

£18.5 million (net) of new applications were received this quarter. Cash on deposit is £63 million (4.8%).

PURCHASES

The Fund completed on the acquisition of two industrial units in **Basingstoke** in August, let to Vodafone and Berry Bros. & Rudd until 2025 & 2027 respectively. The units are modern and constructed to a very high specification with both tenants having invested significant capital into the units. The purchase price of close to £9.0 million reflected a yield to the Fund of 5.35%. Importantly both units were let at average rents of £7.70 per sq ft and, unbeknownst to the wider market, we have recently set a record rent of £9.95 per sq ft on a larger unit less than 200 yards away from these units, therefore providing us with a future potential reversionary yield of close to 7.0%.

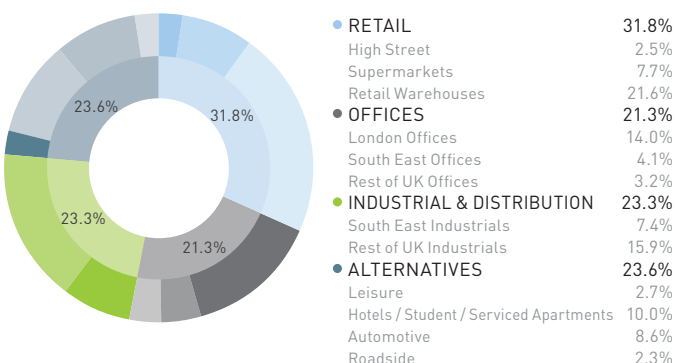


ASSET MANAGEMENT

We are pleased to report that we have completed several asset management initiatives this quarter. SMR Group occupy a manufacturing facility in **Portsmouth** and had a lease expiry in June 2019. We have agreed a 15 year lease extension to June 2034 at a rent of £600,000 per annum. SMR will have a break option in June 2029, but this will be on 12 months notice and require the payment of a 12 month rental penalty. In return we have agreed an incentive package to allow the tenant to construct an extension to the unit. We have also incorporated five yearly RPI reviews. This protects our income and gives us a longer lease and the benefit of a larger building.

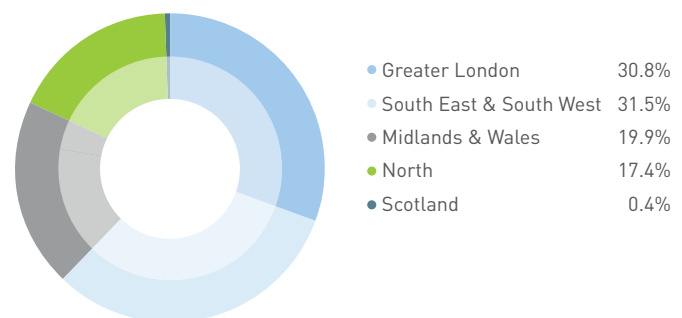


CPF PORTFOLIO SEPTEMBER 2018



Source: Savills Investment Management, September 2018

GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, September 2018

FUND INFORMATION (AS AT 30 SEPTEMBER 2018)

Launch date	September 2000
Fund size	£1.313 billion
No of investors	1,961
Historic distribution yield	4.3%*
Prospective distribution yield	4.4%**
Fund costs (TER)	0.55% per annum
Unit price	NAV - 129.57 pence
	Bid - 128.09 pence
	Offer - 131.55 pence
Bid/Offer spread	2.5%***
SEDOL	0208075
Next distribution date	15 November 2018
Last distribution payment	1.37p per unit
Next dealing date	31 December 2018#

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

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

*** Assuming Fund fully invested

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

REMINDER:

As notified on 22 October, the bank account details for the Charities Property Fund have changed. Going forward, please ensure you transfer application monies to the new account details which can be found on the NEW application form available on our website: www.cpfund.co.uk/reports-and-documents/fund-documents

ASSET MANAGEMENT continued

At **Swindon** we have extended the term certain at our Mercedes dealership from 6 years to 21 years by removing a break option in return for a reduction in the passing rent. We have also linked all future rent reviews to the RPI Index.

At Cowper Street in **Shoreditch** we took the unusual measure of exercising a landlord break option as the incumbent tenant was paying a heavily discounted rent of £255,000 per annum (£33.00 per sq ft). Since activating the option the tenant has swiftly engaged with us and has agreed to sign a new five year lease at a rent of £425,810 per annum (£55.00 per sq ft) - a 67% increase. We are pleased to report this has now completed.



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).

FIVE LARGEST TENANTS

Tesco Stores Limited (surety: Tesco plc)	5.0%
Sytner Properties Limited (surety: Sytner Group Limited)	3.8%
Travelodge Hotels Limited	3.2%
Jurys Hotel Management (UK) Limited (surety: Vesway Limited)	2.7%
Sainsbury's Supermarkets Limited (surety: Sainsbury's plc)	2.7%
Total (across 12 locations)	17.4%

10 LARGEST ASSETS

London EC1 - The Smithson, 6 Brisset Street, Farringdon	4.8%
London SE7 - Brocklebank Retail Park, Greenwich	4.4%
Mansfield - Tesco Store, Chesterfield Road	3.9%
Barnet - Sainsbury's, East Barnet Road	3.5%
Brighton - Jurys Inn Hotel, Stroudley Road	3.3%
Gateshead - Metro Park West	3.0%
London WC2 - 90 Chancery Lane, Midtown	2.6%
Cambridge - Travelodge, Newmarket Road	2.3%
London E1 - 122 Back Church Lane, Whitechapel	1.9%
London EC2 - Rivington House, Shoreditch	1.6%
Total	31.3%

Source: Savills Investment Management, September 2018

Elsewhere in the portfolio, we have completed three lease renewals at our industrial estate in **Tonbridge** on an asset that was only acquired in March this year and two lease renewals at Shepherdess Walk in **Shoreditch**, where we have increased the passing rents by 25%. We have also completed eight rent reviews this quarter at four car dealerships, a retail warehouse, a London office and a petrol filling station all at considerable uplifts, increasing the rent payable on these assets by almost £600,000 per annum (12.8%).

Cumulatively these initiatives have contributed to increasing the annual rent payable on the portfolio by £1 million per annum.

