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CHARITIES PROPERTY FUND

Savills Investment Management

INTERIM REPORT & ACCOUNTS

December 2019


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MANAGER'S REPORT

The second half of 2019 was characterised by nervousness and uncertainty, beginning with a Conservative leadership election in July and a new Prime Minister (our third in three years) and continuing with the prospect (once again) of a 'no-deal' Brexit in October, followed by a General Election in December with the real prospect of another hung parliament and continued impasse.

The election ultimately delivered a resounding majority and allowed the UK to set its course for better or worse. We have left the EU and regardless of the difficulties still to come in agreeing a trade deal, the markets collectively breathed a huge sigh of relief that less palatable alternatives were not realised. As a result sentiment markedly improved in January and February, however the recent and rapidly escalating Coronavirus pandemic has wreaked havoc with the upbeat forecasts for 2020.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries and market activity is being impacted in the majority of sectors. The unprecedented circumstances facing commercial real estate as a result of the outbreak has led AREF (the Association of Real Estate Funds) to confirm that valuation firms can no longer make reliable judgements on value. This is known as "material value uncertainty". As a result we decided to suspend dealing in the Fund's units until a degree of normalcy returns and the material valuation uncertainty is lifted. As at the end of the March 2020 quarter, application amounts exceeded redemptions. We are not experiencing a liquidity squeeze, we also hold significant cash balances which have been deliberately increasing in recent years. Therefore we have no current liquidity issues and dearly wish we could remain open to quarterly unit trading as we did during the 2016 referendum crisis, but we simply are not currently able to price the units reliably at this juncture.

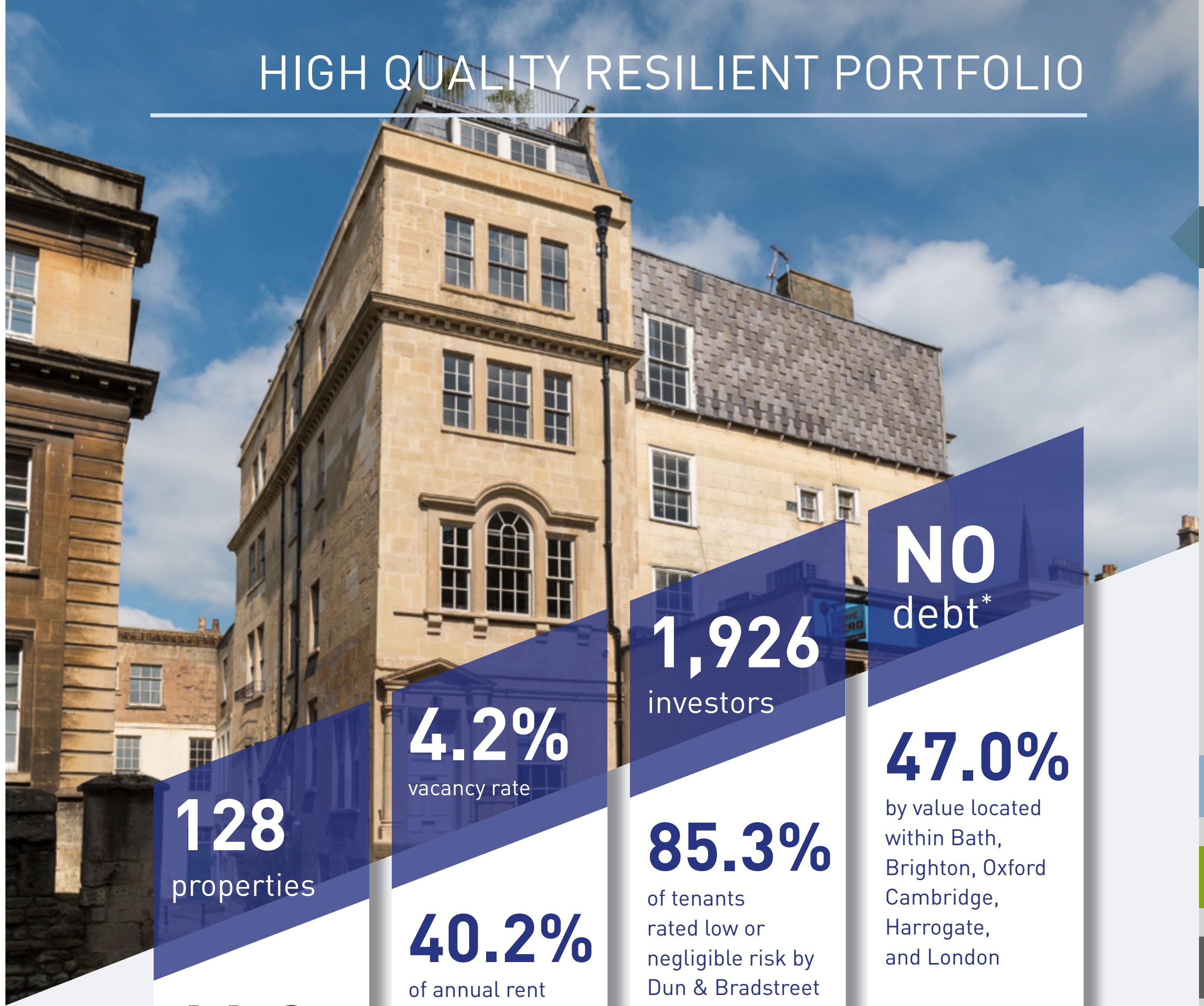
There are many businesses suffering at the moment particularly in the hospitality industry, with food and beverage operators, airlines, hotels and travel agents being badly affected and this extends to gyms and serviced offices, to name a few. Conversely there are some firms who will be positively affected – supermarkets, discount and convenience retailers, manufacturers of hygiene products and video conferencing providers.

We will report again about the likely short term and longer term impact on the dividend once we have had a proper chance to talk to our tenants and analyse our income streams. There is likely to be some short term fluctuation as we are an ethical landlord and want to support our occupiers where possible and this might entail some short term restructuring.

Generally we believe the Charities Property Fund is well insulated. Where we have retail occupiers they are focused towards food, discount and convenience. We benefit from having a very low void rate and no debt and therefore any fall in capital values does not put it at risk with lenders or have a magnifying effect on performance. Following disposals after the period end, we have no indirect property holdings. We do not undertake speculative development and have consistently pursued a cautious, low risk approach and focused on creating a quality, predominately prime portfolio. This will be particularly important as occupiers will be reticent to risk losing some of these locations despite short term incertitude.

Harry de Ferry Foster MRICS
Fund Director

HIGH QUALITY RESILIENT PORTFOLIO



128 properties

11.9 years to lease expiry

4.2% vacancy rate

40.2% of annual rent benefits from fixed or index linked rental increases

1,926 investors

85.3% of tenants rated low or negligible risk by Dun & Bradstreet

NO debt*

47.0% by value located within Bath, Brighton, Oxford Cambridge, Harrogate, and London

* There is a fixed revolving credit facility which is currently undrawn

CHARITIES PROPERTY FUND TEAM

Savills Investment Management is the global real estate investment management business of the Savills Group and has provided investment services for 30 years. Our clients include pension funds and insurance companies, banks, endowments and family offices on whose behalf we currently manage **£17.50 billion** of office, retail, industrial, residential and alternative real estate assets. We provide clients with access to a full range of real estate investment opportunities, including pooled funds, separate accounts, strategic partnerships and asset management. We have c.300 employees across seventeen offices worldwide providing comprehensive investment management, tax and debt advice to clients.

The Savills Group is a global real estate services provider that was founded in 1855 and now has over 600 offices across 60 countries and has over 39,000 employees worldwide providing advice and assistance across a full range of real estate sectors.

PROPERTY

Harry de Ferry Foster
Fund Director

Angy Benitz
Portfolio Director

Jim Garland
Portfolio Manager

Maggie McQuaid
Portfolio Manager

INVESTOR RELATIONS

Lucy MacEwan
CPF Marketing Manager

BUSINESS DEVELOPMENT

Katie Joyce
UK Business Development

FINANCE

James Davis
Fund Finance Manager

Kathryn Angliss
Fund Finance Associate

Natalie Chrimes
Senior Fund Finance Manager

HIGHLIGHTS - FIVE YEARS

+15%
Unit price

£109m
capital uplift

+56%
capital NAV

£321m
net new investment

+21%
properties held

£253m
income distributed

OBJECTIVES

The Charities Property Fund aims to provide a high and secure level of income with the prospect of growth in income and to maintain the capital value of the assets held in the Fund, through investing in a diversified UK commercial property portfolio. To meet this objective, Savills Investment Management (UK) Limited (the "Manager") targets a total return of 7% per annum*, of which we look to deliver the majority through income. However, this is an aspiration and a guideline, not a guarantee, and the level of income and total return may fluctuate.

The Fund invests in the principal commercial property sectors: office (both London and regional), retail (high street, supermarkets and retail warehouses), industrial (manufacturing and distribution) and alternatives (hotels, car showrooms, roadside and leisure) and whilst it will undertake refurbishment projects and forward fundings of pre-let investments, it does not undertake speculative developments.

The Fund's operating costs (the Total Expense Ratio) are paid from the income account. Whilst this reduces the quarterly distribution payable, we believe that such expenditure should be financed from current income, rather than from capital.

A number of other property funds either charge some or all of operating costs (such as management fees) to capital and thereby artificially inflate their distribution. Investors should be aware of this when making comparisons. The costs charged to capital by the Fund relate to investment in properties, acquisition and disposal costs or refurbishment.

* All references to total return in this document are net of all fees, charges and expenses

Newcastle

STRATEGY

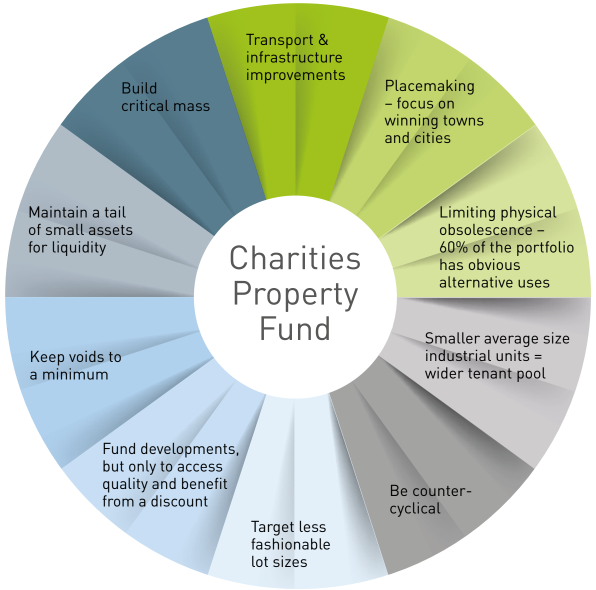
We aim to achieve an above average income return by keeping vacancy and associated costs (such as empty rates, service charges, repairs and insurance) to a minimum and by generating income growth through rental increases, refurbishments, active asset management and new lettings. The vacancy rate is currently 4.2% compared to the MSCI quarterly index average of 9.3%, as at December 2019. We continue to have strong covenants (85.3% rate low or negligible risk versus MSCI at 77.9%) and as can be seen on page 12 our leases are longer than the market average (11.9 years to expiry versus the market average of 8.2 years).

We also believe the Fund's sector weightings deliver a small yield benefit through maintaining a higher weighting to retail warehouses, the London office sector (excluding core City and West End areas) and the industrial and alternative sectors, and a lower weighting to the high street retail, shopping centre and core City and West End office markets.

We continue to look for interesting growth locations and opportunities, with a bias towards fringe London locations, regional offices, alternatives and the industrial/distribution markets. These sectors benefit from generally providing a higher than average yield. In the case of industrial, assets can be acquired close to replacement costs and our retail and alternative assets provide longer than average leases and a high element of rental indexation.

We have acquired over **142 buildings** in the last eleven years, investing over **£1 billion** in assets that are now valued (or have been sold) for a total consideration of almost **£1.25 billion**. Of these acquisitions, we have subsequently sold 29 properties totalling only 13.9% of all properties, illustrating that acquisitions have generally been made for the long term.

Our ability to source the right investment stock at the right price continues to be the biggest driver of performance.



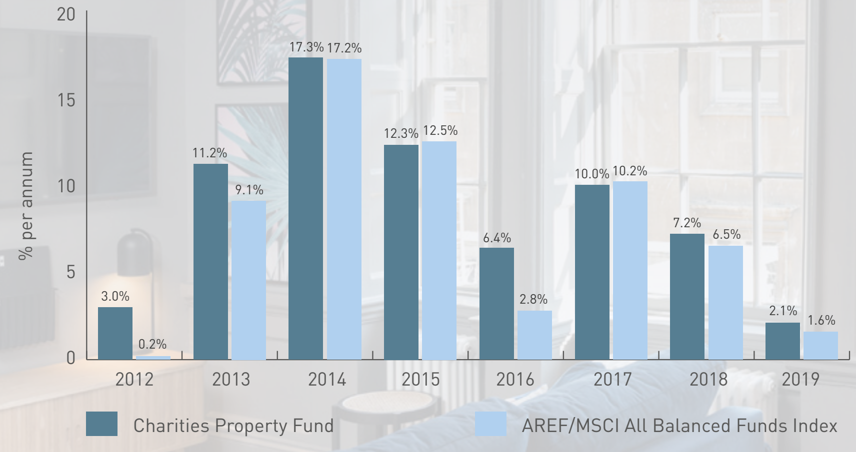
FUND PERFORMANCE

The total return for the Fund during the 12 months to 24 December 2019 was 2.1% against the Fund's target annual return of 7%. The AREF/MSCI All Balanced Property Funds Index produced a 1.6% total return over the same period. The Fund has decreased slightly in size by 0.84% during the last 6 months from £1,302 million* in June 2019 to £1,291 million* in December 2019.

Over the last five years the Fund has returned 7.5% per annum, compared to the Index of 6.6% per annum. Over 10 years the Fund has returned 8.8% per annum, compared to the Index at 7.7% per annum.**

* The capital NAV excludes revenue items which are included in the NAV in the Financial Information section
** References to total return in this document are net of all fees, charges and expenses

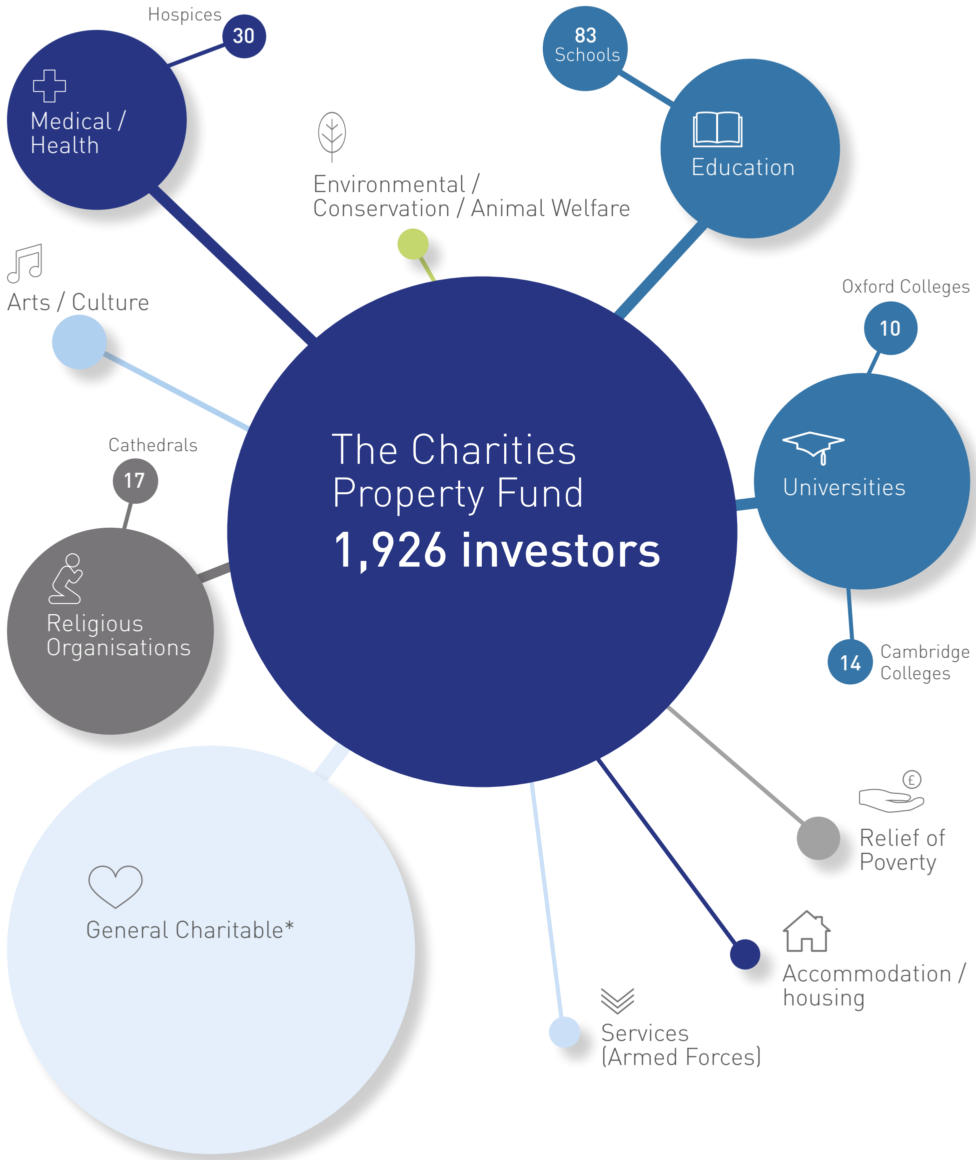
FUND LEVEL PERFORMANCE - TOTAL RETURN AS AT 31 DECEMBER 2019



Source: Savills Investment Management/AREF/MSCI All Balanced Property Funds Index

* Past performance is not a reliable indicator of future performance

INVESTOR CATEGORISATION

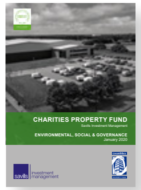


Source: Savills Investment Management (December 2019)

* This category includes charities with multiple sector beneficiaries or charities who offer a range of services to a set geographical area.

ESG AND RESPONSIBLE INVESTMENT

The Charities Property Fund understands and promotes the importance of considering environmental, social and governance (ESG) aspects in its investment and management decisions, and recognises that doing so may help protect and maximise returns. Our objective is to encourage, promote and enforce good corporate governance and awareness of ESG issues across our investment decision-making process and ownership practices. ESG is a key feature in our reporting to investors particularly in the Annual Report and Annual General Meeting. Additionally, in July 2019 the Fund published a dedicated ESG Document outlining our ethical policies, initiatives and case studies of our ESG objectives in practice.

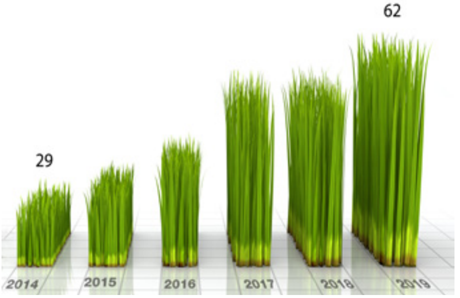


We are pleased to report that our Global Real Estate Sustainability Benchmark (GRESB) score increased 27% last year specifically due to some of these initiatives and we now have 11 rated BREEAM (Building Research Establishment Environment Assessment Method) buildings (10 years ago we had none). Additionally Savills Investment Management is a signatory of the UN Principles for Responsible Investment (UN PRI) and received an A+ grade for Strategy and Governance in 2019.

It is important to note that almost two thirds of our assets are single let. This means that the tenant is responsible for the property and we are unable to influence how they use the property or make any environmentally positive changes without their agreement. However, we can make a difference at multi-let buildings we control or lease expiry prior to undertaking new lettings or through mutual agreements with tenants. We are pleased to report that we have been able to make ESG improvements to 40% of our buildings, for example the provision of 2,000 solar panels, 300 bicycle racks, installing LED lighting and hiring apprentices.

In addition, whilst we have always had an ethical policy excluding occupiers we were not prepared to tolerate in your buildings we are now measuring those which we believe provide a social benefit. We now have 17% of our tenants we would class as contributing in some way. For example we have the NHS in four buildings, we have five health and fitness clubs, four charities as tenants, a school and a renewable energy provider. The Fund team has also looked to support local charities where possible through the Fund and have done so in Telford and Bath, and also corporately through volunteer projects with the Canal and River Trust and Spitalfields City Farm. We hope to continue to grow all these areas and initiatives in the coming year.

CPF GRESB SCORE



FUND GROWTH AND PERFORMANCE

PERFORMANCE HIGHLIGHTS TO 24 DECEMBER 2019

The Charities Property Fund has returned
6.4% per annum
annualised over a three-year period

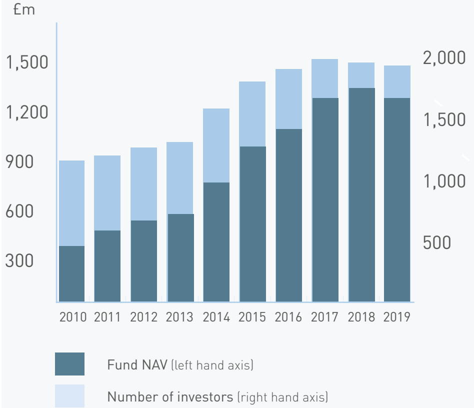
The Charities Property Fund has returned
7.5% per annum
annualised over a five-year period

The Charities Property Fund has returned
8.8% per annum
annualised over a 10-year period

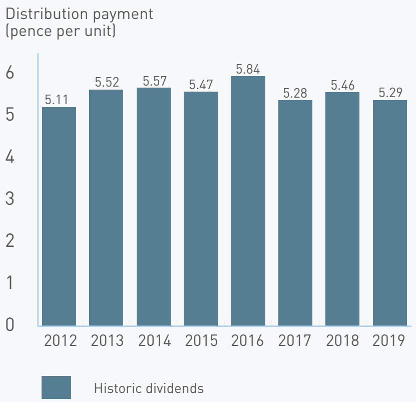
The Charities Property Fund has returned
7.2% per annum
annualised since launch

* References to total return in this document are net of all fees, charges and expenses

NAV GROWTH



ANNUAL DIVIDEND



Source: Savills Investment Management

* Past performance is not a reliable indicator of future performance

PORTFOLIO REPORT - PURCHASES

The Fund purchased three individual property investments during the six months to 24 December 2019, investing **£20.5 million**.

Additional capital investment of approximately **£3.7 million** was made into existing assets and also through funding pre-let developments, refurbishments, securing planning permissions, combating obsolescence and funding general improvements elsewhere within the portfolio to help deliver future income growth.

The purchased properties are of high quality and there is **zero vacancy** (compared to MSCI at 9.3%). The leases have on average **15.5 years remaining** until expiry and 10.0 years on average to earliest break (compared to MSCI at 8.2 and 7.0 years respectively). Over 61% of the contractual rent benefits from fixed or inflation-linked rental increases.

The average yield to the Fund inclusive of acquisition costs is **5.6%**. This compares to the MSCI quarterly index average net initial yield of 4.7%, as at December 2019. Once again we have been able to acquire a collection of very well let properties at a significant yield discount to the market average.

The Fund's purchases were:

1. NEWCASTLE

The Fund acquired Cooper's Studios, an office building in Newcastle at a purchase price of **£4.7 million** which reflects a yield to the Fund of 6.5%. The building comprises an architecturally significant former horse and carriage repository and continues our strategy of investing in enduring heritage buildings favoured by occupiers, with proven alternative uses. The property is let to Ryder Architecture Limited until 2033. Ryder Architecture is the largest regional architectural practice in the UK and have been in occupation of the property since 2009. The rent reflects £18.72 per sq ft which we believe is low for a major regional city. It is located 200 metres from Newcastle railway station.

Cheltenham

Chigwell
Purchase price: **£9.00 million**
Lease length: **36 years**
Yield to the Fund: **4.77%**

£20.5 million
invested in 6 months

5.6%
average yield to Fund

2. CHELTENHAM

A Grade A, town centre office building in Cheltenham. The building has recently undergone a comprehensive £2 million refurbishment. The asset is let to Abercrombie & Kent and Outsauce Financing on three new 10 year leases and one new 5 year lease from June 2019 respectively. The average rent is affordable at £22.50 per sq ft, with recent office transactions in Cheltenham approaching £30.00 per sq ft. Demand in Cheltenham has been driven through a loss of office stock to residential through Permitted Development and demand from cyber security related occupiers due to the proximity of GCHQ. The purchase price of **£6.8 million** reflected a net initial yield of 6.6% to the Fund.

3. CHIGWELL

The Chigwell acquisition lies adjacent to Debden underground station and just to the north of Chigwell on the M11. It comprises an extensive 3 acre site and was acquired for **£9.0 million**, reflecting a yield to the Fund of 4.77%. The asset incorporates one newly constructed and one substantially refurbished industrial unit located off Langston Road, the principal out of town business location.

The entire site is let to Sytner Group Ltd as a storage and service centre for their BMW dealership and is let at a low level of rent on a very long lease, expiring in 2056, with 5 yearly index linked rent reviews. There are break options in 2036 and 2046. The site cover is very low and the underlying site value is very close to the investment value. The buildings are BREEAM certified and have direct pedestrian access to Debden station.

PORTFOLIO REPORT - SALES

The Fund sold one property during the second half of 2019 and exchanged contracts to sell another, which subsequently completed on 31 January this year.

A retail warehouse on the **Old Kent Road, SE15**, was sold for a price in excess of **£10 million**, reflecting a net initial yield of less than 2.5%. The site extended to 0.7 acres which translates to a capital value per acre of £14 million. We think this is a great result and demonstrates the premium prices achievable for sites with alternative use, regardless of their existing retail use.

Old Kent Road, SE15
Sale price: **£10 million**
Capital growth: **340%**
Net initial yield: **2.5%**

1. OLD KENT ROAD, SE15

The property was let to B&M Bargains on a lease expiring in October 2025 and was valued at £6.55 million at the December 2018 valuation. The price achieved reflected a 60% increase.

The asset was acquired for £2.3 million in 2001, delivered almost unbroken income during the long hold period and produced an IRR of 15.45% per annum over the 18 years. 40% of our remaining retail warehouse and supermarket weighting is located in Greater London for precisely this reason. The team has worked very hard to achieve this result making representations to the local planning authority to re-zone the site for residential use and petitioning for increased massing on the site over a period of years. We rebuffed multiple off market approaches during this period and when satisfied we had maximised the potential, we took the decision to selectively market the asset and captured this significant premium.

Chancery Lane, WC2
Sale price: **£34 million**
Capital growth: **90%**
Net initial yield: **3.68%**

£44 million
total sales proceeds*

3.39%
net initial yield to Fund

2. LONDON, WC2

We also exchanged contracts to sell **90 Chancery Lane, WC2** for a price of **£34 million**, reflecting a yield of 3.68%. This building was acquired in December 2004 for £17.1m at a yield of 7.1%. The property provided uninterrupted income until we took an early lease surrender in 2012 in return for a surrender payment of £2.75 million from the tenant. We then completed a comprehensive Grade A refurbishment, including a new reception, M&E and LED lighting, before reletting the building during 2013 to 12 different tenants on 10 year leases, with breaks at year 5.

We passed all the break dates in 2018 and then carried out the rent reviews to maximise income receivable. Having owned the building for 15 years, fully refurbished and asset managed it, we decided to accept a very strong offer from a wealthy overseas investor. This asset delivered in excess of £17 million in income and a 10% per annum IRR over its 15 year hold period.

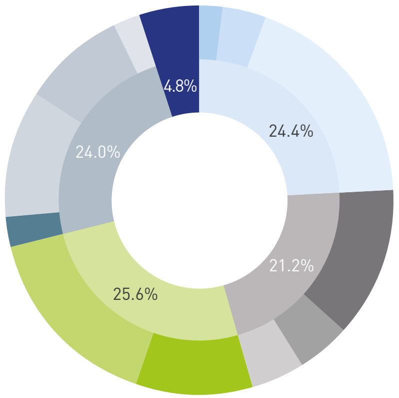
*Chancery Lane exchanged on the 24 December 2019 and completed on 31 January 2020

SECTOR WEIGHTINGS

The portfolio is well diversified and is not overly exposed to any one particular sector. It continues to have a bias towards London offices, alternatives, the industrial/distribution and retail warehouse sectors and it remains underweight (relative to the AREF/MSCI All Balanced Funds Index) to high street retail, shopping centres, regional offices and the City of London and West End office markets.

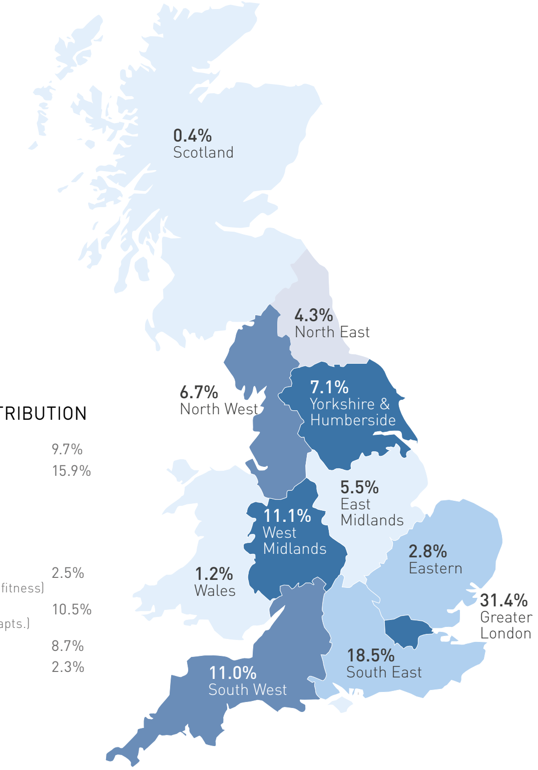
Over the last six months we have increased our exposure to the industrial and distribution sectors and to regional office assets. We have reduced our exposure to the retail and London office sectors.

CPF PORTFOLIO BY SECTOR
as at 24 December 2019



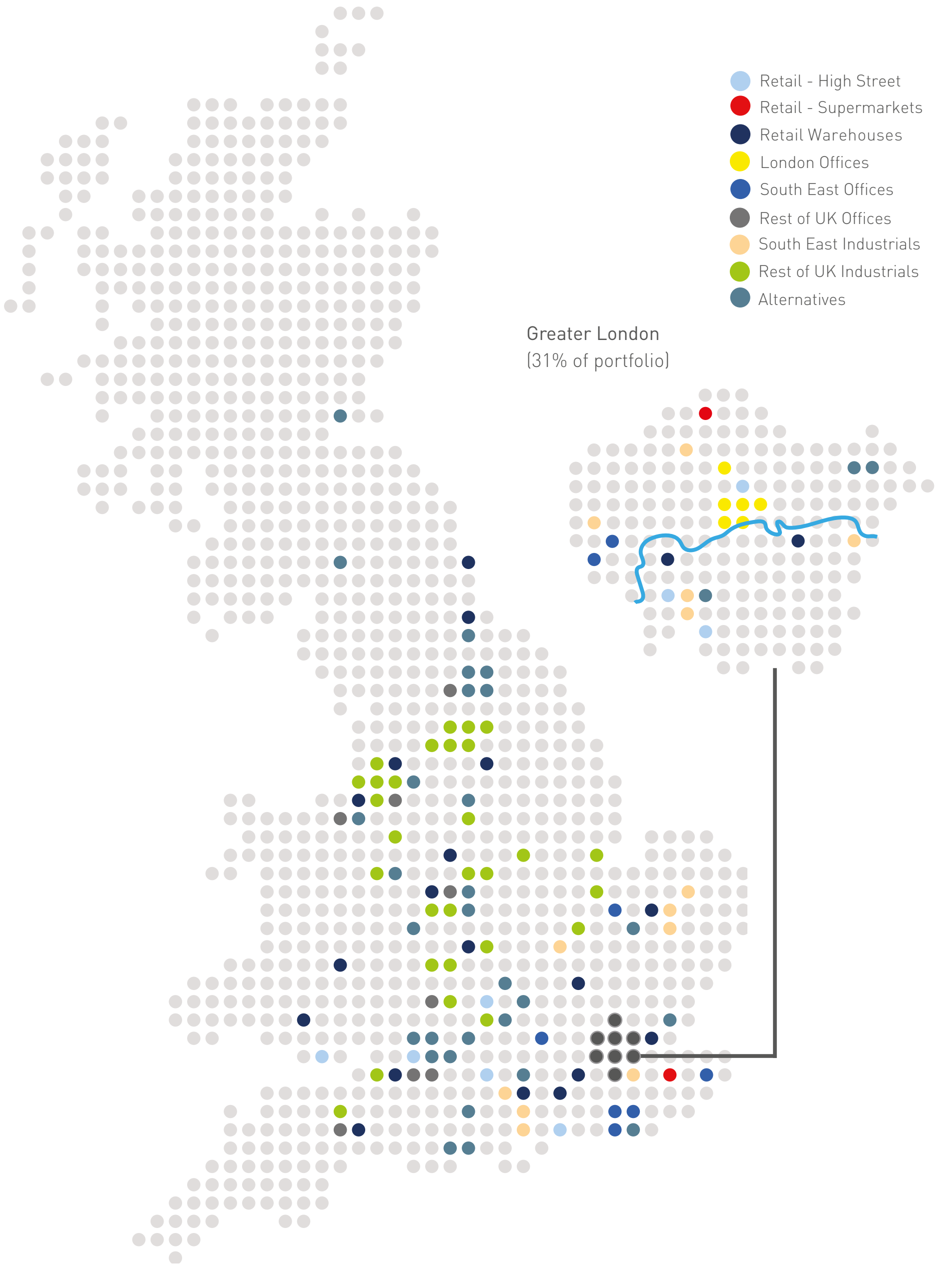
RETAIL		INDUSTRIAL & DISTRIBUTION	
High Street	2.0%	South East Industrials	9.7%
Supermarkets	3.8%	Rest of UK Industrials	15.9%
Retail Warehouses	18.6%		
OFFICES		**ALTERNATIVES**	
London Offices	12.3%	Leisure (food & beverage / health & fitness)	2.5%
South East Offices	4.5%	Accommodation (hotels / student / serviced apts.)	10.5%
Rest of UK Offices	4.4%	Automotive	8.7%
		Roadside	2.3%
CASH	4.8%		

CPF PORTFOLIO BY REGION
as at 24 December 2019



Source: Savills Investment Management

MAP OF PROPERTIES



RETAIL - HIGH STREET

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
1	Bath	Vacant	-	-
2	Cardiff	Burger King	325,000	2023
3	Cheltenham	Poundland	128,600	2020
4	Chichester	Vacant	-	-
5	Cobham	Lloyds Pharmacy	86,000	2021
6	London N1 (Chapel Market)	JD Sports, Superdrug	194,000	2020
7	Marlborough	Superdrug	140,000	2020
8	Walton-on-Thames	Benson Beds	121,451	2025 (2020)
		Total, High Street	**995,051**	

RETAIL - SUPERMARKETS

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
9	Barnet	Sainsbury's	1,948,449	2037
10	West Malling	Waitrose	180,744	2026
		Total, Supermarkets	**2,129,193**	


West Malling

Cobham

RETAIL WAREHOUSES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
11	Basildon	McDonald's, KFC, Pets at Home, Farmfoods, Poundland	677,705	2021 - 2035
12	Basingstoke	Homebase	900,000	2026
13	Bristol	Pets at Home, McDonald's	378,320	2022 - 2027
14	Bury	Halfords, KFC, Home Bargains, Farmfoods	489,623	2021 - 2041 (2036)
15	Bury St Edmunds	Matalan	305,000	2029
16	Canterbury	Dunelm, Poundstretcher	521,000	2026
17	Chesham	Wickes	306,400	2026
18	Doncaster	Wickes	296,327	2028
19	Gateshead	Tesco	2,262,843	2048 (2033)
20	Guildford	Magnet	600,000	2024
21	Halewood	Aldi, Card Factory, Age UK, Home Bargains, Tesco, Iceland, Ladbrokes, Specsavers, Subway, Shop Express, Halewood Fish Bar, Brunch Box Cafe, Marie Curie Cancer Care	669,624	2020 - 2037 (2022 - 2024)
22	Hereford	Pets at Home, Lidl, Poundstretcher	328,609	2023 - 2024
23	London SE7 (Greenwich)	Next, Primark, Aldi, Mothercare	2,336,625	2027 - 2037 (2032)
24	Merthyr Tydfil	Halfords, Home Bargains, Sports Direct, Dreams, Poundstretcher, Iceland, Phillip Evans, Gregs plc	721,111	2021 - 2029 (2024)
25	Middlesbrough	B&M	239,180	2023
26	Redditch	Aldi, Pets at Home, Poundstretcher, Iceland, Home Bargains, KFC, Costa Ltd, Sue Ryder	1,074,491	2021 - 2029 (2024)
27	Redhill	Majestic Wine	42,500	2020
28	Taunton	Matalan	175,185	2029
29	Twickenham	Currys, Wickes	951,500	2024 - 2032
30	Uttoxeter	B&Q, Shoe Zone, Poundland, Pets at Home, Argos, B&M, KFC, Frankie & Benny's, Poundstretcher, Majestic Wine, Scentarea, PR Bason & J Gathercole	934,026	2020 - 2032 (2021 - 2023)
31	Wolverhampton	JD Sports Gyms, Iceland Foods	475,000	2028 - 2032 (2027)
		Total, Retail Warehouses	**14,685,069**	


Wolverhampton

Twickenham

LONDON OFFICES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
32	London E1 (Whitechapel)	The British Diabetic Association	1,126,173	2026 (2023)
33	London EC1 (Farringdon)	Macmillan Publishers International Ltd, Airsorted Ltd	3,014,371	2024 - 2034 (2022 - 2029)
34	London EC2 (Shoreditch)	Michael J Lonsdale	425,810	2024
35	London EC2 (Shoreditch)	LK Bennett	808,013	2030 (2025)
36	London N1 (Shoreditch)	Leewrangler UK Ltd, Sunshine Partners, Spiers & Major, UK Broadband, Kairos Media	758,640	2020 - 2027 (2020 - 2022)
37	London NW5 (Kentish Town)	Marketing VF	750,000	2026 (2021)
38	London WC2 (Chancery Lane)*	Church Retail, Guido's, PCB Litigation, Konica Minolta Business Solutions, EMW Law, Alliance Automotive, The Lord's Taverners	1,337,056	2022 - 2024 (2022)
		Total, London Offices	**8,220,063**	

SOUTH EAST OFFICES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
39	Brighton (Aspect House)	NHS, Bullhorn International, Michael Page	265,829	2020 - 2026 (2021)
40	Brighton (International House)	Fitness First, Budgens, The Student Room Group, Hays, Brightwave, Brilliant Noise, Haybury	841,454	2021-2028 (2021 - 2023)
41	Brighton (Queens Road)	E-Techzone, NEB Ventures Ltd	56,000	2025 - 2027 (2022)
42	Feltham	The Secretary of State for Communities and Local Government	750,060	2032
43	Huntingdon	Cambridgeshire & Peterborough NHS Foundation	102,631	2022 (2020)
44	Maidenhead	Regus, Copper Street Capital	587,301	2021 - 2023
45	Staines	Givaudan UK	127,000	2028 (2023)
		Total, South East Offices	**2,730,274**	

* Chancery Lane exchanged on the 24 December 2019 and completed on 31 January 2020. As at 24 December 2019, this property has been classified as a debtor in the financial information section.


London, NW5


Feltham

REST OF UK OFFICES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
46	Altrincham	Bolling Investments Ltd	368,567	2033 (2028)
47	Bath	Abel & Imray, Gradwell Communications, EIP Partnership, Coral, Starbucks	420,138	2020 - 2024
48	Birmingham	Spring Group, Arval UK	604,246	2020-2024
49	Bristol	Films at 59, Handelsbanken	279,015	2021
50	Cheltenham	Abercrombie & Kent, Outsauce Financing	454,206	2024-2029 (2022 - 2024)
51	Chester	The Secretary of State for Communities and Local Government	437,615	2026 (2021)
52	Ilkley	Smartsearch, Modus UK	453,775	2028 - 2033
53	Newcastle	Ryder Architecture	310,245	2033
54	Taunton	Lloyds Bank	185,105	2020
		Total, Rest of UK Offices	**3,512,912**	

SOUTH EAST INDUSTRIALS

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
55	Basingstoke	Leverton Clarke	452,336	2033
56	Basingstoke	Vodafone, Berry Bros & Rudd	483,350	2025 - 2027
57	Belvedere	Allied Hygiene Systems Ltd	600,000	2043 (2033)
58	Bury St Edmunds	Vitec Videocom	587,400	2032
59	Bury St Edmunds	Unipart Logistics Ltd	878,435	2044 (2034)
60	Chigwell	Sytner	435,000	2056 (2036)
61	Epsom	Storage King, Screwfix Direct, Euro Car Parts, Heating and Plumbing Supplies, AWE Europe, HSS Hire Services, Photo Me International	761,928	2023 - 2033 (2024)
62	Hayes	Tempur UK	497,097	2021
63	London NW9	VW Group	228,544	2031
64	Milton Keynes	Ceva	435,085	2020
65	Portsmouth	SMR Automotive Mirrors UK	600,000	2034 (2029)
66	Thames Ditton	Sytner	316,754	2056 (2026)
67	Thetford	TNT	80,000	2020
68	Tonbridge	NW Autocentres, Kentec Tool Hire, Kentec Training, The Tyre Store	132,050	2022 - 2027 (2022)
		Total, South East Industrials	**6,487,979**	


Hayes


Basingstoke

REST OF UK INDUSTRIALS

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
69	Birmingham	Carpet & Flooring (Trading)	310,005	2020
70	Boston	Cross Border Fulfillment Ltd, Dhammatek Limited	130,646	2022 (2020)
71	Bristol	Kuehne + Nagel	515,000	2030 (2024)
72	Burton-upon-Trent	Waterstones	950,000	2023
73	Gloucester	Severn Glocon	525,000	2028
74	Huddersfield	Ryobi Aluminium Casting	320,196	2021
75	Liverpool	Amazon UK	577,500	2026 (2021)
76	Liverpool	Toyota TT Assembly Systems	715,000	2023 (2020)
77	Manchester	Royal Mail, Wilkinson Star	318,250	2027 - 2028 (2022)
78	Newcastle-under-Lyme	Intelipac Paper Manufacturing Ltd	140,000	2020
79	Normanton	Kelling Group	315,000	2032
80	Normanton	United Autosports	199,500	2024
81	Normanton	Kongsberg Actuation Systems	413,704	2038 (2028)
82	Normanton	PNS UK	207,905	2036
83	Normanton	Really Useful Products	270,620	2022
84	Nottingham	Turbine Surface Technologies	433,843	2026
85	Peterborough	Sage Publications	182,900	2020
86	Redditch	Vacant	-	-
87	South Normanton	Recticel	310,000	2031
88	Swindon	Jewson	172,500	2023
89	Tamworth	Speedy Hire	969,878	2029
90	Taunton	Rotec Hydraulics, Kings Road Tyres & Repairs, Marshalsea Engineering Limited	142,647	2026 - 2029 (2022 - 2024)
91	Telford	Vacant	-	-
92	Tewkesbury	Tata Steel	879,417	2023
93	Tewkesbury	Idemia UK Limited	270,000	2030 (2025)
94	Wakefield	Verhoek Europe	238,400	2025 (2020)
95	Warrington	Eddie Stobart	350,000	2033
96	Wednesbury	AF Blakemore & Son	302,500	2024
97	Wellingborough	CCL Label	552,488	2020
		Total, Rest of UK Industrials	**10,712,899**	


South Normanton


Liverpool

LIST OF PROPERTIES

ALTERNATIVES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
	Leisure			
98	Bath (1-3 Westgate Buildings)	Stable Bar & Restaurant, Westgate Bath	174,964	2039 (2029)
99	Carlisle	DW Fitness	475,231	2034
100	Harrogate	Five Guys, Mitchells & Butlers, Marston's, Moss Bros, Porco Rosso	420,625	2026 - 2041 (2021 - 2031)
101	Rayleigh	Virgin Active	464,000	2028
102	Sheffield	JD Wetherspoon, ASK, Stonegate, Caffè Nero, Meaty Fish, Yorkshire Metropolitan Housing Association	422,125	2023 - 2044
		Total, Leisure	**1,956,945**	
	Hotels / Student / Serviced Apartments			
103	Bath (5-10 Westgate Buildings)	Travelodge, Sports Direct, Halfords, Sally Salon, F45, Creams Café	844,700	2020 - 2042 (2021 - 2024)
104	Bath	Westgate Apartments	206,000	2027 (2022)
105	Bath	TS Apartments Ltd	153,793	2029
106	Brighton	Jurys Inn	1,757,756	2042
107	Cambridge	Travelodge	1,225,086	2048
108	Manchester	Serviced Apartment Company (SACO), CDP	648,104	2020-2046 (2025)
109	Oxford	D'Overbroeck's	417,000	2047
110	Poole	Travelodge, Costa Coffee, Anytime Fitness, Subway, NHS	723,614	2031 - 2051 (2026)
		Total, Hotels	**5,976,053**	


Bath


Oxford

ALTERNATIVES

	Property	Principal Tenants	Annual Rent As at 24 Dec 2019 £	Lease Expiry (Break)
	Car Showrooms			
111	Birmingham	VW Group - SEAT	153,872	2027
112	Camberley	VW Group - Audi	333,765	2026
113	Chester	Rybrook - Volvo	240,191	2036
114	Chigwell	Sytner - BMW & Mini	696,858	2056 (2026)
115	Harrogate	VW Group - Volkswagen	340,000	2027
116	Harrogate	JCT600 - Mercedes Benz, BP, M&S	458,415	2035 - 2036
117	Harrogate	Sytner - Audi	540,000	2035
118	Poole	Sandown Motors - Mercedes Benz	395,000	2030
119	Salisbury	Sandown Motors - Mercedes Benz	396,090	2030
120	Solihull	Rybrook - McLaren & Rolls Royce	314,949	2036
121	Stockton-on-Tees	VW Group - Audi	350,383	2027
122	Swindon	Sytner - Mercedes Benz	455,000	2039
123	Thames Ditton	Sytner - Jaguar Land Rover	342,094	2056 (2026)
124	Worcester	Rybrook - BMW & Mini	618,446	2036
		Total, Car Showrooms	**5,635,063**	
	Roadside			
125	Calne	Esso, Spar	160,000	2035
126	Glenrothes	BP, M&S	264,314	2034
127	Stow on the Wold	BP, M&S	209,311	2033
128	Telford	Welcome Break - Shell, Waitrose, WH Smith, Burger King, Starbucks, Krispy Kreme, Days Inn	1,013,810	2027
		Total, Roadside	**1,647,635**	
		Total, Alternatives	**15,215,696**	
		Total, portfolio	**64,689,136**	

Solihull

Chester

AT 24 DECEMBER 2019

Portfolio of Investments	
Properties valued at greater than £15m	
Sainsbury's, East Barnet Road, Barnet	Brocklebank Retail Park, London SE7
5-10 Westgate Buildings, Bath	90 Chancery Lane, London WC2
International House, Queens Road, Brighton	Imperial Works, Kentish Town, London NW5
Jurys Inn, Stroudley Road, Brighton	Rivington Street, London EC2
Fifth Avenue, Burton-upon-Trent	8 Shepherdess Walk, London N1
Suffolk Park, Bury St Edmunds	The Smithson, Briset Street, London EC1
Travelodge, Newmarket Road, Cambridge	Trafford Retail Park, Redditch
Epsom Trade Park and Units 450A and 450B, Epsom	Emperor Point, Centurion Park, Tamworth
Metro Park West, Gateshead	Welcome Break, MSA, Junction 4, M54, Telford
Back Church Lane, London E1	Apex Retail Park, Hampton Road West, Twickenham
Valuation £m (percentage of total net assets)	£519.530 (41.86%)
Properties valued at between £10m to £15m	
Homebase, Winchester Road, Basingstoke	Toyota Tsusho, Hornhouse Lane, Liverpool
Old Market Retail Park, Station Lane, Pitsea, Basildon	SACO, Minshull Street, Manchester
5 Centurion Way, Belvedere	Pentrebach Retail Park, Merthyr Tydfil
Aspect House, Queens Road, Brighton	376 Banbury Road, Oxford
Moreton Hall Industrial Estate, Bury St Edmunds	Lifeboat Quay, West Quay Road, Poole
BMW & Mini, Langston Road, Loughton, Chigwell	Hedera Road, Ravensbank Business Park, Redditch
York & Wellington House, Dukes Green, Feltham	Unit 5300, Severn Drive, Tewkesbury
Caxton Point, Printing House Lane, Hayes	Dovefields Retail Park, Uttoxeter
Audi, James Business Park, Knaresborough	BMW & Mini, Knightsbridge Park, Worcester
Valuation £m (percentage of total net assets)	£217.050 (17.49%)
Properties valued at between £5m to £10m	
Lookers House, Etchells Road, Altrincham	Amazon Unit, Hornhouse Lane, Knowsley
Knight's Park, Houndmills, Basingstoke	Halewood Shopping Centre, Leather's Lane, Liverpool
Units 1 & 2 Gemini, Hamilton Close, Houndmills, Basingstoke	Cowper Street, London EC2
Westpoint, James Street, Bath	One Bell Street, Maidenhead
Units 3010 and 3020, Birmingham Business Park, Birmingham	Units A & B, Wardley Cross Industrial Estate, Manchester
Pets at Home & McDonald's, Bath Road, Brislington, Bristol	Dawson Road, Mount Farm Industrial Estate, Milton Keynes
11 Poplar Way East, Cabot Park, Bristol	Kongsberg, Foxbridge Way, Normanton
Whiteladies House, Clifton, Bristol	200 Rayleigh Road, Rayleigh
Moorgate Retail Park, Bury	Kelling Unit, Trident Park, Normanton
Audi, London Road, Camberley	TST, Little Oak Drive, Sherwood Park, Nottingham
Wincheap Retail Park, Canterbury	Mercedes-Benz, Holes Bay Road, Poole
St George's House, Ambrose Street, Cheltenham	SMR, Castle Trading Estate, Porchester, Portsmouth
Chester Civil Justice Centre, Trident House, Chester	Mercedes-Benz, Southampton Road, Salisbury
Wickes, Townsend Road, Chesham	Units 1-7, Cambridge Street, Barkers Pool, Sheffield
14-18 West Street, Chichester	Really Useful Products, Foxbridge Way, Normanton
The Crystal Building, Langston Road, Chigwell	Audi, Brooklime Avenue, Stockton-on-Tees
Rolls Royce & McLaren, Stratford Road, Solihull	Mercedes-Benz, Drake's Way, Swindon
Severn Glocon Ltd, Olympus Park, Gloucester	The Lanconite Building, Stafford Park 6, Telford
Magnet, Ladymead, Guildford	Jaguar Land Rover Service Centre, Portsmouth Road, Thames Ditton
Mercedes-Benz, Leeds Road, Harrogate	Sytner Jaguar Landrover, Portsmouth Road, Thames Ditton
17-23 Parliament Street, Harrogate	Appleton Thorn Trading Estate, Warrington
Brook Retail Park, Commercial Road, Hereford	AF Blakemore unit, Steelmans Road, Wednesbury
Mayfield Business Park, Ilkley	CCL Label, Warth Park, Raunds, Wellingborough
Volkswagen Harrogate, St James Business Park, Knaresborough	Units 1-3 Phoenix Retail Park, Wolverhampton
Valuation £m (percentage of total net assets)	£346.095 (27.89%)

CHARITIES PROPERTY FUND
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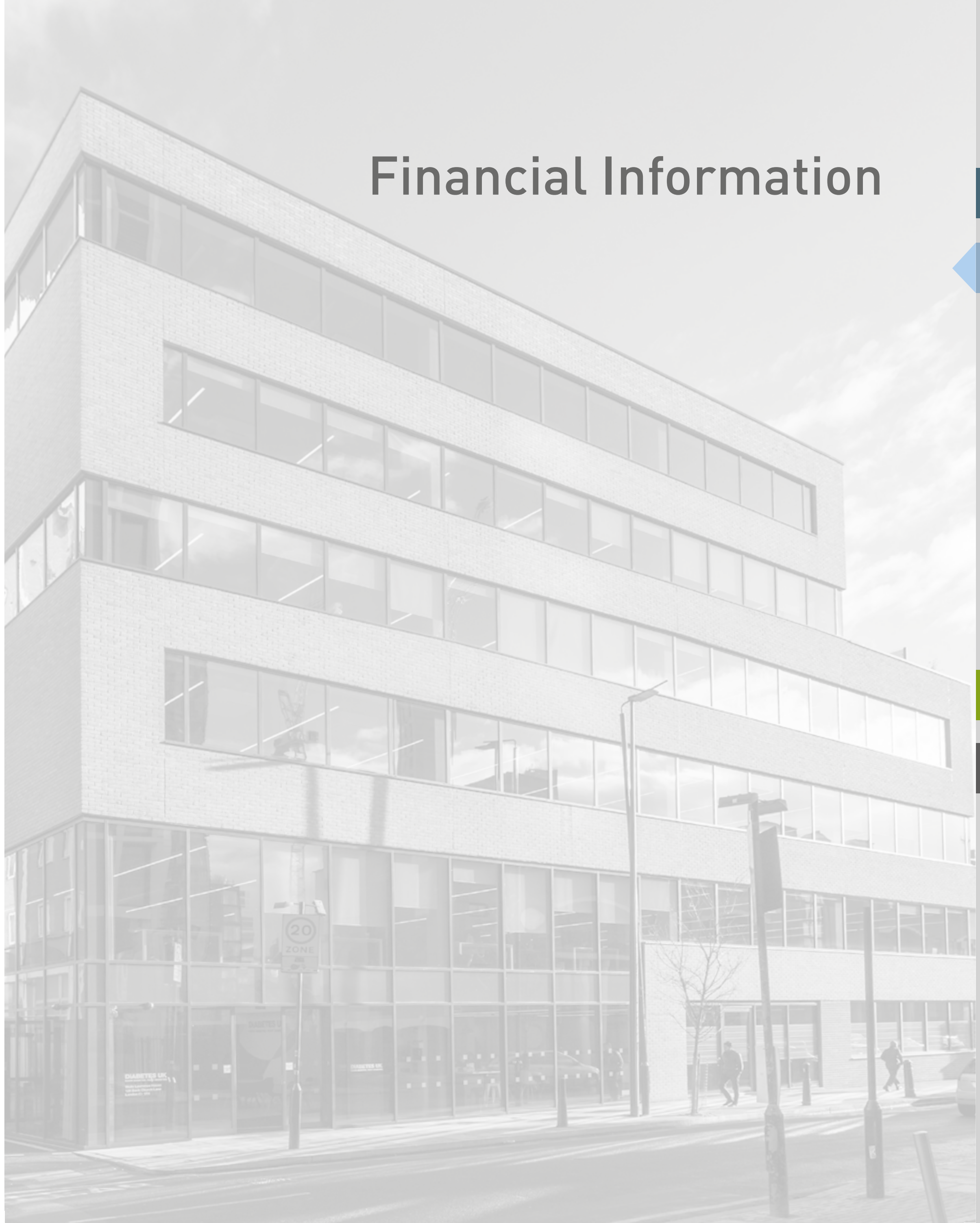
AT 24 DECEMBER 2019

Portfolio of Investments	
Properties valued at between £2.5m to £5m	
9-10 Trim Street, Bath	54/55 Chapel Market, Islington, London N1
1-3 Westgate Buildings, Bath	Skoda/Volkswagen, 78 Capitol Way, Colindale, London NW9
Emerald Point, Bell Heath Way, Birmingham	B&M, Parkway Centre, Coulby Newham, Middlesbrough
SEAT, Watson Road, Star City, Birmingham	Cooper's Studios, 14-18 Westgate Road, Newcastle Upon Tyne
Havenside, Fishtoft Road, Boston	Unit 1, Rosevale Business Park, Newcastle-Under-Lyme
82-83 Queens Road, Brighton	PNS Unit, Trident Park, Normanton
Matalan, Easlea Road, Bury St Edmunds	Speedy Hire, Trident Park, Normanton
Esso & Spar, Pippen Service Station, Oxford Road, Calne	Unit 18, Fengate East, Peterborough
78 Queen Street, Cardiff	Clover Nook Industrial Estate, Alfreton, South Normanton
DW Sports, Currock Road, Carlisle	Station Road Garage, Stow on the Wold
Jaguar & Volvo, Sealand Road, Chester	Jewson, Kembrey Street, Kembrey Park, Swindon
Wickes, Leger Way, Doncaster	Alexandra Way, Ashchurch Business Centre, Tewkesbury
Bankhead Park Service Station, Woodside Way, Glenrothes	Verhoek, Kenmore Road, Wakefield
Units 1 & 2, Bradley Junction Industrial Park, Huddersfield	Waitrose, Fortune Way, Kings Hill, West Malling
4 Westgate Buildings, Bath	
Valuation £m (percentage of total net assets)	£118.550 (9.55%)
Properties valued at between £0m to £2.5m	
4 Union Street, Bath	Matalan, Bindon Road, Taunton
232-234 High Street, Cheltenham	Priorswood Industrial Estate, Taunton
16 High Street, Cobham	Sedgemoor House, Deane Gate Office Park, Taunton
Redshank House, Huntington	TNT, Fisons Way Industrial Estate, Thetford
134/135 High Street, Marlborough	Riverdale Industrial Estate, Tonbridge
Brighton Road, Redhill	Hepworth Way, Walton-on-Thames
Magna House, 76-80 Church Street, Staines	
Valuation £m (percentage of total net assets)	£21.600 (1.74%)
Total value of property holdings £m	£1,222.825 (98.53%)

	Valuation £000	Percentage of total net assets
Portfolio of investments*	**£1,222,825**	**98.53%**
Other net assets	**£18,245**	**1.47%**
Net assets	**£1,241,070**	**100.00%**

*Chancery Lane exchanged on the 24 December 2019 and completed on 31 January 2020. As at 24 December 2019, this property has been classified as a debtor in the financial information section.



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EXPENSE RATIOS

	Total Expense Ratio	Property Expense Ratio	Transaction Cost Ratio
24 December 2019	0.57%	0.15%	0.10%
24 December 2018	0.56%	0.11%	0.08%

The total expense ratio (TER) of the Fund is the ratio of the Fund's total operating costs to its average net assets for the 12 months prior to the balance sheet date. Operating costs are specifically those costs associated with operating the Fund itself (excluding financing costs) and do not include additional costs associated with the day to day ownership of the assets. The property expense ratio (PER) includes those costs associated with the assets which are not recoverable from tenants. The transaction cost ratio (TCR) of the Fund is the ratio of all professional fees and other costs associated with the purchase and sale of property to the Fund's average net assets for the 12 months prior to the balance sheet date.

The TER is in line with last year, as these expenses have remained stable with the average net assets of the Fund, while the PER has increased due to an increase in costs incurred on vacant properties. The TCR has increased due to the higher number and value of transactions which have taken place during the year.

PORTFOLIO TURNOVER RATE

	Portfolio Turnover Rate
24 December 2019	4.37%
24 December 2018	2.85%

The portfolio turnover rate gives an indication of how frequently the assets are purchased and sold by the Fund. It is calculated by dividing the total disposal value over the Fund's average net assets for the 12 months prior to the balance sheet date. The current year rate is higher than the prior year as there has been an increase in the value of asset disposals during the year.

DISTRIBUTION YIELD

	Distribution Yield
24 December 2019	4.2%
24 December 2018	4.2%

The distribution yield represents the total distribution per unit over the period as a percentage of the net asset value per unit as at the end of the year.

ANNUALISED PERFORMANCE

	1 Year*	3 Years**	5 Years***
24 December 2019	2.1%	6.4%	7.5%
24 December 2018	7.2%	7.9%	10.6%

* total return for twelve months to 24 December
** total return annualised over a three year period
*** total return annualised over a five year period

Source: AREF/MSCI All Balanced Property Funds Index
Basis: Capital NAV-to-NAV with gross income reinvested

CHANGE IN NET ASSETS PER UNIT

	24 December 2019 (p)	24 December 2018 (p)	24 December 2017 (p)
Opening net asset value per unit	128.89	125.65	119.30
Return before operating charges*	3.38	9.54	12.40
Operating charges	(0.96)	(0.87)	(0.86)
Return after operating charges*	2.42	8.67	11.54
Distributions	(5.32)	(5.43)	(5.19)
Closing net asset value per unit	125.99	128.89	125.65
* after direct transaction costs of:	0.13	0.10	0.19

The above table is calculated using the average number of units in issue during the year to December.

INVESTOR ANALYSIS

Holding	Number of beneficial owners	Total percentage holding %
Less than 0.01%	1,024	4.12
0.01% but less than 0.05%	603	13.84
0.05% but less than 0.10%	135	9.31
0.10% but less than 0.50%	124	27.38
0.50% but less than 1.00%	24	17.97
1.00% but less than 2.00%	13	18.49
2.00% but less than 4.00%	3	8.89
Greater than 4.00%	0	0.00
Total number of investors	**1,926**	
Total number of units in issue at the end of the period	**985,020,241**	
Percentage held by the largest investor		**3.88**

Holding	Total percentage holding %
Top 10 largest investors	20.00
Top 25 largest investors	35.59
Top 50 largest investors	49.96
Top 100 largest investors	64.06

FUND HISTORY AND DISTRIBUTION

FUND HISTORY

Net Asset Value/Fund Size	Date	Net Asset Value (£)	Units in Issue	Net Asset Value Per Unit (p)
	24 December 2015	1,050,001,676	890,156,751	117.96
	24 December 2016	1,097,966,540	920,362,074	119.30
	24 December 2017	1,249,388,894	994,341,676	125.65
	24 December 2018	1,303,953,123	1,011,693,391	128.89
	24 December 2019	1,241,069,966	985,020,241	125.99

Price and Income History	Year Ended	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income Per Unit (p)
	24 December 2015	120.08	109.83	5.47
	24 December 2016	121.63	117.46	5.84
	24 December 2017	128.28	118.56	5.28
	24 December 2018	131.83	126.37	5.46
	24 December 2019	131.80	125.50	5.29

DISTRIBUTION

		2019		2018	
Distribution Number	**Distribution Period**	**Distribution Per Unit (p)**	**Date Paid**	**Distribution Per Unit (p)**	**Date Paid**
1	25 December to 24 March	1.34	15/05/19	1.42	15/05/18
2	25 March to 24 June	1.33	15/08/19	1.37	15/08/18
3	25 June to 24 September	1.32	15/11/19	1.32	15/11/18
4	25 September to 24 December	1.30	14/02/20	1.35	15/02/19
Total		**5.29**		**5.46**	

The Fund distributes all available income for each quarter and therefore does not need to apply an equalisation policy.

The manager of the Charities Property Fund, Savills Investment Management (UK) Limited ("the Manager"), has accepted responsibility for preparation of these interim financial statements for the six month period ended 24 December 2019 which are intended by the Manager to give a true and fair view of the state of affairs of the Fund and of the profit or loss for that period.

The Manager has decided to prepare the interim financial statements in accordance to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these interim financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the interim financial statements;
- assess the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

The Manager is required to act in accordance with the Scheme of Particulars of the Fund, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Fund at that time, and to enable them to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the financial and other information included on the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REVIEW

INDEPENDENT REVIEW REPORT TO THE MANAGER OF THE CHARITIES PROPERTY FUND ('THE FUND')

Conclusion

We have been engaged by the Manager of The Charities Property Fund ("The Fund") to review the interim financial statements in the half-yearly report for the six months ended 24 December 2019 which comprises the Statement of Total Return and Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Cash Flow Statement and the related explanatory notes and the Distribution Table on page 33.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements in the half-yearly report for the six months ended 24 December 2019 are not prepared, in all material respects, in accordance with UK Generally Accepted Accounting Practices.

Scope of review

We conducted our review in accordance with International Standard on *Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the interim set of financial statements.

Manager's responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Manager.

The annual financial statements of the Fund are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The interim financial statements included in the half-yearly financial report has been prepared in accordance with the recognition and measurement requirements of UK Generally Accepted Accounting Practice.

Our responsibility

Our responsibility is to express to the Fund's manager a conclusion on the interim financial statements in the half-yearly report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Fund's manager in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Fund's manager those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's manager for our review work, for this report, or for the conclusions we have reached.

Richard Long
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

22 April 2020

STATEMENT OF TOTAL RETURN AND CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Note	Unaudited 6 months to 24 December 2019 £		Unaudited 6 months to 24 December 2018 £	
Net capital (losses)/gains	3		(23,387,838)		9,924,932
Income	4	32,692,600		32,662,693	
Expenses	5	(4,817,104)		(4,465,297)	
Net income before finance costs		27,875,496		28,197,396	
Finance costs – interest and other	6	(327,031)		(134,975)	
Net income			27,548,465		28,062,421
Total return before distributions			4,160,627		37,987,353
Finance costs – distributions	7		(26,632,404)		(26,871,828)
Change in net assets attributable to unitholders from investing activities			(22,471,777)		11,115,525
Statement of change in net assets attributable to unitholders					
Opening net assets attributable to unitholders			1,307,115,917		1,276,434,072
Net amounts (payable)/receivable on creation of units			(43,574,174)		16,403,526
Change in net assets attributable to unitholders from investing activities			(22,471,777)		11,115,525
Closing net assets attributable to unitholders			1,241,069,966		1,303,953,123

The accompanying notes form part of these financial statements.

BALANCE SHEET

	Note	Unaudited as at 24 December 2019 £		Unaudited as at 24 December 2018 £	
Assets					
Fixed assets					
Investment properties	8	1,190,104,142		1,253,599,210	
Investments	9	2,949,030		-	
			1,193,053,172		1,253,599,210
Current assets					
Debtors	10	41,522,009		13,227,341	
Cash and bank balances		73,830,030		70,552,492	
			115,352,039		83,779,833
Total assets			1,308,405,211		1,337,379,043
Less: current liabilities					
Creditors	11	53,357,174		18,948,445	
Distribution payable		13,198,999		13,698,333	
			66,556,173		32,646,778
Less: non current liabilities					
Finance lease liability	12	779,072		779,142	
			779,072		779,142
Total liabilities			67,335,245		33,425,920
Net assets attributable to unitholders			1,241,069,966		1,303,953,123

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors of the Manager on 22 April 2020 and were signed on its behalf by

James Bury
Director
22 April 2020

CASH FLOW STATEMENT

	Unaudited 6 months to 24 December 2019	Unaudited 6 months to 24 December 2018
	£	£
Cash flow from operating activities		
Reconciliation from net operating income to net cash flows from operating activities		
Net income before finance costs	27,875,496	28,197,396
Bank interest received	(233,802)	(109,361)
Dividend income received	(120,557)	-
Increase in trade and other receivables	(223,871)	(2,272,205)
Increase/(decrease) in trade and other payables	197,310	(62,847)
Net cash inflow from operating activities	27,494,576	25,752,983
Cash flows from investment activities		
Purchase of properties and development expenditure	(25,481,644)	(27,358,800)
Sale of properties	10,100,075	-
Sale of shares	8,527,363	-
Bank interest received	233,802	109,361
Dividend income received	120,557	-
Net cash outflow from investment activities	(6,499,847)	(27,249,439)
Cash flows before financing activities	20,994,729	(1,496,456)
Repayment of obligations under finance leases	(18,750)	(13,896)
Amounts received on creation of units	33,147,627	49,662,495
Amounts paid on redemption of units	(23,984,415)	(33,178,462)
Borrowing costs and interest	(130,672)	(121,079)
Distributions paid	(26,798,634)	(26,863,236)
Net cash outflow from financing activities	(17,784,844)	(10,514,178)
Net increase/(decrease) in cash and cash equivalents for the period	3,209,885	(12,010,634)
Cash and cash equivalents at the start of the period	70,620,145	82,563,126
Cash and cash equivalents at the end of the period	73,830,030	70,552,492

The net amounts received on creation of units do not include movements relating to in-specie transfers which do not impact the cash position of the Fund.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 24 DECEMBER

1 ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with the requirement of the Charities Act 2011 and the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the IMA in May 2014 (the "SORP"), other than as set out in (d) and (l) below.

The Fund is exempt from complying with the Charities Statement of Recommended Practice as per the guidance under paragraph 22.4 of that document.

These interim financial statements have been prepared on a going concern basis. The Fund's property portfolio is well diversified and the Fund has access to a £20,000,000 loan facility to manage short-term liquidity requirements. Therefore the Manager believes that the Fund has adequate resources to continue in operational existence for the foreseeable future.

Covid-19

The Manager has assessed the impact on the interim financial statements as of 24 December 2019 and has concluded Covid-19 to be a non-adjusting event.

Furthermore, the Manager has assessed the potential short to medium term impact of Covid-19 on the Fund's ability to meet its obligations as they fall due. As described in the Manager's Report, in March 2020 the Fund suspended dealings in its units as a result of a material valuation uncertainty linked to Covid-19. For the March quarter unit applications exceeded redemptions. At the date of approval of the financial statements the length of the suspension is unknown. There may be some short and medium term impact on rent receipts from tenants which could impact the quantum of future distributable income payable to investors. However, the Fund has £61m of capital cash as at 31 March 2020 and the Manager is of the opinion that, at of the date of approval of these interim financial statements, the Fund's ability to continue as a going concern is not impacted.

b) Investment properties

The direct property investments, which comprise properties held for rental, are recognised at fair value, being market value as defined in the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors, and in accordance with the Scheme Particulars. The interests in property are valued on a quarterly basis and were last valued by Cushman and Wakefield on 24 December 2019. The aggregate surplus or deficit on revaluation is taken to the Statement of Total Return.

Costs capitalised in respect of properties under development include acquisition costs of land and buildings, costs incurred in bringing the property to its present location and condition in accordance with FRS 102. Investment properties in the course of development are also held at fair value.

Properties, for which unconditional exchange of contracts occurs during the period, are accounted for as acquisitions or disposals within that period. Conditional exchanges are accounted for as acquisitions or disposals only when all substantive conditions have been met.

Investment properties acquired under finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the net present value of the minimum lease payments. The investment properties acquired under finance leases are subsequently carried at fair value plus an adjustment for the carrying amount of the finance lease obligation (see note 8). The corresponding rental obligations, net of finance charges, are included in the creditors balance (see note 12). The associated finance charges are charged to the Statement of Total Return.

c) Basic financial instruments

Investments

All asset investments (as distinct from directly owned properties) are shares held in a listed company whose shares which are publicly traded on a regular basis. Such assets are recognised initially at fair value, which is normally the transaction price.

Subsequently, these investments are carried at fair value being the share closing bid market price on 24 December 2019. The changes in fair value are recognised in the statement of total return, except where investments in equity instruments are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Purchases or sales of investments that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Debtors and Creditors

Debtors are recognised initially at transaction price. Creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of debtors. These assets/liabilities are discounted where the time value of money is material.

Cash at bank

Cash at bank comprises cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are included as a component of cash for the purpose only of the cash flow statement. No bank overdrafts were utilised during the period.

d) Transaction costs

The Fund aggregates properties in the portfolio statement on pages 27 and 28 in bands greater than 5% and does not disclose transaction costs separately in order to avoid disclosure of sensitive commercial information and does not therefore comply fully with the SORP.

e) Depreciation

No depreciation is provided in respect of freehold and long leasehold investment properties or in respect of assets in the course of construction.

f) Income and expenses

Investment income, rental income, service charges and other expenses are recognised on an accruals basis. The periodic charge of the Manager is deducted from income.

Rents received in advance are accounted as prepaid rent within creditors.

Lease rental income is recognised over the lease term on a straight-line basis.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the lease term. As this income is not realised, it is not included in the distributions to the investors.

Dividend income is recognised when the Fund's right to receive the payment is established, which is generally when the dividend is declared.

All expenses other than transaction charges relating to the purchase and sale of investments and certain borrowing costs (see point h) are included in 'Expenses' in the Statement of Total Return. Transaction charges are treated as a capital expense and are therefore capitalised.

g) Lease incentives

Benefits to lessees in the form of rent free periods, cash incentives and capital contributions are treated as a reduction in the overall return on the leases and, in accordance with FRS 102 are recognised on a straight line basis over the lease term. The total of the unamortised capital contributions and any lease incentives in place at the period end are included within the carrying value of investment properties rather than held as a separate debtor. Any remaining lease incentive balances in respect of properties disposed of are included in the calculation of profit or loss arising on disposal. See also Note 3.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

h) Borrowing costs

Loan arrangement fees payable and legal costs associated with the establishment of the facility are deemed to be costs which are incurred to give the Fund the opportunity to enter into the credit facility agreement. On this basis they are deemed to be capital in nature and excluded from distribution calculations.

Loan interest expense is recognised on an effective interest rate basis. This interest and the loan non-utilisation fee are deemed to be revenue in nature and are included within the distribution calculations. Further detail of these costs is included in Note 6.

i) Interest on development drawdowns

Interest charged to developers on forward funded developments is capitalised and treated as a deduction to costs of the development.

j) Distributions payable and distribution policy

Distributions payable are classified as finance costs and are recognised on an accruals basis. Further details of these distributions are included in Note 7.

Distributions are calculated in accordance with the Scheme Particulars.

k) Taxation

As a charity the Fund is not currently liable to UK tax on gains arising on disposals of investments, nor on income from investments, and is not liable to Stamp Duty Land Tax on purchases of property.

l) Comparatives

The Fund presents comparative information for the balance sheet as at 24 December and therefore does not comply fully with the SORP which requires the balance sheet of the preceding financial year to also be included; the audited financial statements of the preceding financial year can be found on the Fund's website (www.cpfund.co.uk).

2 RISK MANAGEMENT

In pursuing its investment objective, the Fund holds a number of properties and financial instruments. Predominantly the properties comprise of direct property holdings. The following are held in accordance with the Fund's investment policy:

- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Short-term borrowings used to finance investment activity and cash flows associated with the application and redemption process; and;
- Operating leases on freehold and leasehold properties.

The Manager has responsibility for monitoring the portfolio in accordance with the investment objective and seeks to ensure that investments in direct properties and individual securities also meet a risk reward profile that is acceptable.

The typical risks applicable to the Fund are market risks, liquidity risk, credit risk and sector exposure risk.

Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Fund's market risks arise from (a) interest rate movements and (b) market price movements.

a) Interest rate risk

The Fund's exposure to interest rate risk mainly arises from any variation in interest income earned on bank balances and interest payable on credit facilities due to volatility in interest rates. The Manager does not consider interest income earned on bank balances to be a significant risk to the Fund as it is not the intention of the Fund to maintain cash balances for the purpose of generating income, but to invest in investment properties when suitable investments become available.

In respect of interest payable on credit facilities, if a credit facility is utilised, the Manager will consider the life of the borrowing and will take appropriate action to mitigate the impact of interest rate fluctuations on a case by case basis.

b) Market price movements

Investment properties

Direct property is independently valued on a quarterly basis. However, such valuations are a matter of the valuer's professional judgement and opinion. Such values may or may not be achieved on a sale of a property.

Considerations of the prospective market impact of Brexit are discussed in the Manager's Report.

To mitigate against market price movements, the Manager of the Fund performs a number of controls, including the following:

Criteria	Risk Control
Rental income	Monitors the proportion of secure or rental income
Term of rental	Verified in advance of an acquisition or lease event (e.g. tenant change) and compared with equivalent fund types or data of the Investment Property Databank (IPD)
Quality of tenants	Verified in advance of an acquisition or lease event (e.g. tenant change) by means of the credit rating from Experian and Dun & Bradstreet and benchmarking against the IPD's Rental Information Services (IRIS)
Diversification of sectors	Monitored and constantly reviewed in advance of each property acquisition or disposal
Geographic diversification	Monitored and constantly reviewed in advance of each property acquisition or disposal

When proposing and considering a disposal, the Property Adviser and Manager will assess each property and consider factors such as current and estimated future prices, Fund liquidity, upcoming redemptions, cash held by the Fund and the portfolio profile before concluding on whether a property should be disposed of and when.

Covid-19

During December 2019, a new virus ("Covid-19") emerged in China and infections started to occur across Asia and latterly the rest of the world. On 11 March 2020, the World Health Organisation ("WHO") declared Covid-19 a pandemic. Whilst national governments and intergovernmental organisations have acted to implement a range of policies and actions to combat the Covid-19 virus and its economic impact, the full extent and disruption to national markets and specifically the valuation and marketability of real estate assets is currently uncertain. As such, there is an increased risk that the marketability and pricing of the Fund's real estate assets may decrease in the future.

Investments

All asset investments (as distinct from directly owned properties) are shares held in a listed company whose shares are publicly traded and the prices are subject to demand and supply conditions. The prices generally reflect investors' confidence in the economy, the property market and its returns, the management of the company, interest rates, and many other factors. These investments are a small proportion of the Fund's fixed assets and therefore the exposure to this risk is limited.

Liquidity risk

The key liquidity risk is the holding of direct property assets. Property by its nature is an illiquid investment and the Fund's investment properties may not be readily realisable for cash. Sales may take a number of months depending on the nature and location of the asset.

A further liquidity risk of the Fund is the redemption of units. The Manager monitors the level of redemptions, and other cash flows, on a regular basis to ensure sufficient funding is available. If insufficient cash is available to fund redemptions, the Fund can dispose of direct property holdings, utilise short term credit facilities, and defer redemptions.

Credit risk

Credit risk is the risk that one party to a financial arrangement will cause a financial loss for the other party by failing to discharge an obligation.

The Fund assesses the credit risk of third parties before entering into business with third parties. Debtor balances are monitored on a regular basis to mitigate the Fund's exposure to bad debts and in addition the ongoing credit strength of third parties is monitored.

Sector exposure risk

The Fund's assets are predominantly invested in direct properties. As such the Fund is exposed to sector specific risk as a result of its concentration in the property sector. The underlying risk is the ability to obtain tenants for these properties and tenants being able to fulfil lease commitments.

The Manager mitigates these risks by investing in a diversified portfolio of direct properties in different geographical areas and sectors. In addition, before purchasing a direct property or entering into a new lease, the Manager will examine the covenant strength offered and will aim to let only to tenants with good credit ratings.

3 NET CAPITAL GAINS

The net gains on investments during the period comprise:

	6 months to 24 December 2019	6 months to 24 December 2018
a. Investment properties	**£**	**£**
Net proceeds from disposal of properties	43,600,075	-
Carrying value of properties disposed during the period	(42,500,000)	-
Movement in accruals on properties disposed in prior period	(3,891)	(54)
Gains/(losses) realised on properties disposed	1,096,184	(54)
Unrealised gains on revaluation for the period	11,541,840	20,275,389
Unrealised losses on revaluation for the period	(36,143,032)	(10,350,403)
Net capital (losses)/gains on investment properties	(23,505,008)	9,924,932
b. Investments		
Net proceeds from disposal of investments	2,848,358	-
Carrying value of investments disposed during the period	(2,813,100)	-
Gains realised on investments disposed	35,258	-
Net unrealised gains on revaluation for the period	81,912	-
Net capital gains on investments	117,170	-
Total net capital (losses)/gains	(23,387,838)	9,924,932

Net realised losses/gains on properties disposed comprised £60,874 (2018: £54) realised losses and £1,157,058 (2018: nil) realised gains on disposal.

Refer to note 9 for further details on investments.

4 INCOME

	6 months to 24 December 2019 £	6 months to 24 December 2018 £
Rental income	32,338,241	32,088,332
Bank interest	233,802	109,361
Dividend income	120,557	-
Sundry income	-	465,000
	32,692,600	32,662,693

Sundry income in the prior period relates to income received from the surrender of a lease.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	As at 24 December 2019	As at 24 December 2018
Within 1 year	60,793,004	63,266,337
Later than 1 year and no later than 5 years	221,817,309	225,813,167
Later than 5 years	514,544,026	554,548,501
	797,154,339	843,628,005

5 EXPENSES

	6 months to 24 December 2019 £	6 months to 24 December 2018 £
Manager and Property Management Company fees	3,279,342	3,248,185
Corporate Trustee's fees	99,985	102,095
	3,379,327	3,350,280
Other expenses:		
Insurance	33,125	36,047
Audit fee	16,082	13,582
Review fee	15,379	13,379
Valuation fee	107,248	99,484
Legal and professional fees	377,558	472,504
Transfer Agent and Administrator fees	168,690	154,066
Marketing and communication costs	38,353	40,127
Vacant property and property maintenance costs	681,342	285,828
	1,437,777	1,115,017
	4,817,104	4,465,297

Included within vacant property and property maintenance costs are £29,803 of service charge rebates (2018: £4,821). Vacant property and property maintenance costs have increased compared to the prior period due to a higher number of vacant properties which has increased service charge, utilities and security costs.

6 FINANCE COSTS – INTEREST AND OTHER

Finance cost during the period (excluding distributions) comprise:

	6 months to 24 December 2019 £	6 months to 24 December 2018 £
Capital expenses		
Credit facility arrangement fee	34,109	34,109
Legal and professional fees	28,878	19,066
Interest expense on capital contribution	177,609	219
	240,596	53,394
Revenue expenses		
Non-Utilisation fee	67,685	67,685
Finance lease interest	18,750	13,896
	86,435	81,581
Finance costs: interest and other	327,031	134,975

On 20 February 2020, the Fund extended its fixed revolving credit facility (the "Facility") with the Royal Bank of Scotland international ("RBSI") for a further two years to 20 February 2022. The Facility can continue to be utilised within the parameters outlined below:

- a maximum drawdown of £20,000,000 for the purchase of investment properties
- a maximum drawdown of £10,000,000 for redemptions and distributions

At the period end, the Facility was unutilised and the Fund has not entered into any derivative contracts in respect of interest rates.

Legal costs associated with the establishment of the Facility are deemed to be costs which are incurred in entering into the credit facility agreement. On this basis they are deemed to be capital in nature and excluded from distribution calculations.

7 FINANCE COSTS – DISTRIBUTIONS

Distributions during the period comprise:

	6 months to 24 December 2019 £	6 months to 24 December 2018 £
First interim distribution	13,323,017	13,173,495
Second interim distribution	13,089,811	13,698,333
Net distribution from income for the period	26,412,828	26,871,828
Capital distribution	219,576	-
Total distribution	26,632,404	26,871,828

Details of the distribution per unit are set out in the distribution table on page 33.

Represented by:

	£	£
Net income	27,548,465	28,062,421
Less: income from rent straight-lining	(1,375,164)	(1,242,838)
Add back: capital expenses	240,596	53,394
Provision for bank charges	(1,069)	(1,149)
Distributable capital income	219,576	-
Net distribution for the year	26,632,404	26,871,828

The capital distribution relates to rental top-ups from a property acquisition.

8 INVESTMENT PROPERTIES

Split of investment properties by freehold and leasehold:

	Freehold	Leasehold	As at 24 December 2019	As at 24 December 2018
	£	£	£	£
Value at the beginning of the period	1,105,640,000	121,525,000	1,227,165,000	1,213,790,000
Transfer between freehold and leasehold	9,000,000	(9,000,000)	-	-
Purchases and capital expenditure during the period	25,694,633	35,174	25,729,807	27,184,018
Carrying value of properties disposed during the period	(42,500,000)	-	(42,500,000)	-
Gain on valuation	11,406,031	510,585	11,916,616	20,275,389
Loss on valuation	(34,810,160)	(1,332,872)	(36,143,032)	(10,350,403)
Income recognised from rent straight-lining and lease incentives	3,119,496	37,113	3,156,609	1,920,996
Fair value	1,077,550,000	111,775,000	1,189,325,000	1,252,820,000
Finance lease asset	-	779,142	779,142	779,210
Carrying value at the end of the period	1,077,550,000	112,554,142	1,190,104,142	1,253,599,210

Lease incentives and straight-lined rent of £22,340,970 (2018: £14,166,459) are included in the carrying value of the investment properties above.

All the properties have been valued by external chartered surveyors, Cushman & Wakefield, at £1,222,825,000 (2018: £1,252,820,000), in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The historical cost of the properties is £997,916,373 (2018: £1,019,565,041).

The Fund holds a leasehold property with annual ground rent payable of £37,500 (2018: £37,500) (subject to five-yearly rent reviews) (see note 12). As the external valuation values properties on a net income basis an adjustment to the valuation equivalent to the lease liability is required.

Property valuations

Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Investments in property are relatively illiquid; however the Fund has sought to mitigate this risk by investing in properties that it considers to be good quality.

Fair values are determined using information from a variety of sources, including:

- Independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Fund's assets;
- Current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at the reporting date.

Level 1: The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Level 2: When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Level 3: If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

All properties within the portfolio are categorised as Level 3.

Key unobservable inputs

The two key unobservable inputs are ERV (Estimated Rental Value) and equivalent yield. The estimated fair value of the investment properties would decrease if ERV as a percentage of passing rent decreased and increase if ERV as a percentage of passing rent increased. The estimated fair value would decrease if the yield was increased and increase if the yield was reduced.

The range of these two inputs applied in the 2019 valuations by Cushman & Wakefield is provided below:

Sector	Fair Value	ERV Range (psf)		Equivalent Yield Range	
		Max	Min	Min	Max
Retail - High Street	£24,625,000	£200.00	£75.00	4.00%	6.50%
Retail - Supermarkets	£47,400,000	£24.00	£20.00	3.80%	4.85%
Retail - Warehouses	£232,250,000	£35.00	£8.50	4.83%	7.15%
Warehouses / Industrial	£334,520,000	£12.00	£0.75	4.81%	8.00%
Offices	£264,875,000	£75.00	£10.00	4.04%	8.00%
Alternatives	£285,655,000	n/a*	n/a*	4.40%	8.45%
Total	£1,189,325,000				

* ERV range has not been provided for the alternatives asset class as the inputs for these properties are assessed on various bases and therefore the range is not considered meaningful.

9 INVESTMENTS

	6 months to 24 December 2019	6 months to 24 December 2018
	£	£
Opening fair value	5,680,218	-
Carrying value of investments disposed during the year	(2,813,100)	-
Gains on remeasurement to fair value	81,912	-
Fair value as at 24 December 2019	2,949,030	-

On 23 April 2019, the Fund sold its investment in the Tesco Mansfield property to Supermarket Income REIT ('SUPR'). The sales proceeds received were cash consideration of £33,750,000 and listed equity shares in SUPR valued at £11,250,000 (10,922,330 newly issued shares at 103p per share). The shares represent less than 5% of the market capitalisation of SUPR.

The shares are subject to a lock in period which restricts the timeframe which the Fund can dispose of the shares over the following period: 0% of shares in the first month, 25% of shares in months 2 and 3, an additional 25% in months 4 to 6, an additional 25% in months 7 to 9 and no restrictions thereafter.

In June 2019, the Fund received approval from the Board of SUPR to sell 50% of its shareholding despite the disposal restrictions within the lock in period. The Fund sold 5,460,582 shares for £5,624,300.

On 8 August 2019, the Fund received further approval from the board of SUPR to sell additional investment shares in SUPR. The Fund sold 1,903,370 shares at 104.5p per share, resulting in proceeds (net of brokerage and commission fees) of £1,985,043.

On 18 November 2019, the Fund sold a further 827,795 shares at 104.5p per share, resulting in proceeds (net of brokerage and commission fees) of £863,315.

The total capital gain recognised on these investments in the 6 months to 24 December 2019 was £117,170 (2018: £nil), representing the fair value measurement of £81,912 (2018: £nil) and realised gain on sales of £35,258 (2018: £nil). Dividends of £120,557 was recognised in income during the period.

All investments are shares held in a listed company whose shares are publicly traded on a regular basis and are therefore Level 1 in the fair value hierarchy.

10 DEBTORS

	As at 24 December 2019	As at 24 December 2018
	£	£
Amounts receivable from sale of investment property	33,500,000	-
Net amounts receivable for creation of units	-	-
Rent receivable	5,530,139	7,466,881
Amounts due from managing agents	1,626,662	5,058,895
Sundry debtors	854,211	622,537
Loan arrangement fee	10,997	79,028
	41,522,009	13,227,341

Amounts receivable from sale of investment property relates to the sale of Chancery Lane which unconditionally exchanged for sale on 24 December 2019 and completed on 31 January 2020.

11 CREDITORS

	As at 24 December 2019	As at 24 December 2018
	£	£
Net redemption amount due to redeeming units	37,589,359	1,999,159
Prepaid rent	12,319,288	13,584,776
Purchases awaiting settlement	545,763	189,885
Manager and Property Manager fees	1,735,929	90,000
Corporate Trustee fees	48,223	50,911
Audit fees	29,461	26,961
Valuation fees	107,248	54,811
Credit facility non utilisation fee and debt arrangement fee	31,438	32,548
VAT payable	256,829	2,094,487
Cost to complete on development	131,254	269,311
Other creditors	327,937	379,308
Finance lease liability (current)	70	68
Retentions	234,375	176,220
	53,357,174	18,948,445

12 FINANCE LEASES

	As at 24 December 2019	As at 24 December 2018
	£	£
Finance lease (non current)	779,072	779,142
Total	779,072	779,142

The future minimum lease payments are as follows:

	As at 24 December 2019	As at 24 December 2019
	£	£
Not later than 1 year	37,500	37,500
Later than 1 year and not later than 5 years	150,000	150,000
Later than 5 years	4,701,498	4,738,998
Total gross payments	4,888,998	4,926,498
Less: Finance charges	(4,109,856)	(4,147,288)
Carrying amount of liability	779,142	779,210

Total finance lease liabilities amount to £779,142 (2018: £779,210), of which £70 (2018: £68) is considered current liabilities (see note 11). The remaining £779,072 (2018: £779,142) is due after more than 1 year.

13 RELATED PARTY TRANSACTIONS

Details of the Manager, Property Manager and Corporate Trustee can be found on pages 56 to 57.

During the period the Manager has received management fees of £3,213,342 (2018: £3,188,185) and the Property Management Company fees of £66,000 (2018: £60,000) thereby totalling £3,279,342 (2018: £3,248,185). These fees can be seen in Note 5, Expenses. The amount outstanding at the period end in respect of those fees was £1,735,929 (2018: £90,000), as can be seen in Note 11, Creditors.

During the period the Property Manager has received transactional fees of £127,207 (2018: £83,718), which are capitalised to Investment Property and deducted from realised gains or losses on disposal. The Property Manager has also received fees relating to asset management activity of £196,694 (2018: £245,051). These fees sit within Note 5, Legal and Professional Fees and Vacant Property and Property Maintenance Costs.

During the period the Corporate Trustee received £99,985 (2018: £102,095). Amounts payable to the Corporate Trustee or associates of the Corporate Trustee are shown in Note 5, Expenses. Amounts due are shown in Note 11, Creditors. The amount outstanding at the period end in respect of those fees was £48,223 (2018: £50,911).

The aggregate monies received through creations and paid through cancellations are disclosed in the Statement of Return and Change in Net Assets Attributable to Unitholders. During the period the Manager has received fees of £212,850 (2018: £184,267) as a result of dealing activity in the Fund. Subscription money awaiting investment into The Charities Property Fund is held in a client money account and dealt with in accordance with the FCA's Client Money Rules.

14 UNIT RECONCILIATION

The below table details the movement in application and redemption units over the past 12 months. Please also see the table on page 33 'Fund History'.

		GROSS		
Trading Quarter	**No. Units**	**Applications**	**Redemptions**	**Net Movement**
24 Mar 2019	1,008,133,487.556	5,386,805.684	8,946,709.005	(3,559,903.321)
24 Jun 2019	1,019,690,691.178	20,281,997.874	8,724,794.252	11,557,203.622
24 Sep 2019	1,014,971,921.846	5,208,729.879	9,927,499.211	(4,718,769.332)
24 Dec 2019	985,020,241.122	9,582,995.184	39,534,675.908	(29,951,680.724)
	TOTAL	**40,460,528.621**	**67,133,678.376**	**(26,673,149.755)**

Applications and redemptions for trading quarter 24 December 2019 were settled on settlement date 7 January 2020.

15 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2018: none).

16. CAPITAL AND OTHER COMMITMENTS

At 24 December, the Fund had the following capital commitments

	As at 24 December 2019 £	As at 24 December 2018 £
Contracts for future capital expenditure in investment properties	2,685,009	2,257,643

17 POST BALANCE SHEET EVENTS

During January 2020, the Fund sold 1,100,000 shares in SUPR at 107.0p per share, resulting in proceeds (net of brokerage and commission fees) of £1,174,642.

On 3 February 2020 the Fund sold its remaining 1,630,583 shares in SUPR at 105.0p per share, resulting in proceeds (net of brokerage and commission fees) of £1,708,697.

Covid-19

During December 2019, a new virus ("Covid-19") emerged in China and infections started to occur across Asia and latterly the rest of the world. On 11 March 2020, the World Health Organisation ("WHO") declared Covid-19 a pandemic and national governments have acted to implement a range of policies and actions to combat the virus and its economic impact to national markets and the global economy.

The full extent of the Covid-19 economic impact is currently uncertain and the Manager continues to closely monitor developments and their impact on the Fund. The Manager is in close contact with all of the Fund's service providers to ensure the continuity of the Fund's ongoing operations, assess liquidity, tenant obligations, lending arrangements and the basis for the values and estimates reported in the interim financial statements and accompanying notes.

We have assessed the impact on the interim financial statements as of 24 December 2019 and have concluded Covid-19 to be a non-adjusting event. The valuations of investment properties as at 24 December 2019 are based on conditions that existed at this balance sheet date.

Suspension of trading

For the March 2020 valuation, Cushman & Wakefield (the Fund's Independent Valuer) have reported a valuation for the Fund's investment properties on the basis of `material valuation uncertainty' given the unknown future impact that COVID-19 might have on the real estate market.

After careful consideration of the position of the Fund, what is in the best interest of investors, and in consultation with Citibank Europe plc UKI Branch (the Depositary), the Manager decided to suspend dealing in the Fund's units, effective 20 March 2020, until a degree of normality returns and the material valuation uncertainty is lifted.

FUND STRUCTURE

The Charities Property Fund is a Common Investment Fund which is an open ended investment vehicle, similar to a unit trust, but designed specifically for charities and established under Section 96 of the Charities Act 2011. Common Investment Funds are themselves charities with schemes approved and regulated by the Charity Commission. As a charity, the Fund is currently exempt not only from Stamp Duty Land Tax but also Capital Gains Tax and Income Tax.

INVESTMENT OBJECTIVES

The Fund aims to provide a high and secure level of income with the prospect of growth in income and to maintain the capital value of assets held in the Fund, through investing in a diversified UK commercial property portfolio. The Fund invests in the principal commercial property sectors: office, retail, industrial and other (alternative uses such as hotels, leisure, car showrooms, and roadside). It does not undertake speculative investments.

The Manager does not intend to hold more than 10% in value of the property of the Fund in cash or Near Cash (as defined in FCA Handbook of Rules and Guidance).

UNIT DEALING

As the Fund is valued quarterly, units can be purchased at the end of March, June, September and December. Normally units will be redeemed with effect from a quarter day though this is subject to cash being available for redemptions. In addition, where there are both subscriptions and redemptions at a quarter day, the Manager may apply a matching process. The Manager may, at its sole discretion, defer the acceptance of applications on a pro rata basis when the value of unit applications exceeds the value of units the Manager believes is prudent to issue. These applications for units which have been scaled back will remain valid in respect of the unallocated element for a further three months, i.e. until the next Dealing Date and will be dealt with in priority to those applications first made at this dealing date.

To protect the overall position of unitholders, there are clearly defined restrictions on the right to redeem; the Manager has a general right to delay redemptions for up to 12 months from the Dealing Date in respect of which the application for redemption of units is first made, and where redemptions sought represent an aggregate value of 10% or more of the Net Asset Value of the Fund, the Manager may delay sales for a period of up to 24 months from the Dealing Date in respect of which such application(s) are made. Full details are set out in the Scheme Particulars.

MINIMUM INVESTMENT

The minimum investment in the Fund for new investors is £25,000, although smaller amounts may be accepted at the Manager's discretion. There is no minimum investment for existing unitholders.

DISTRIBUTION

The income is paid gross on a quarterly basis, six weeks after each valuation point (on or before 15 February, 15 May, 15 August and 15 November).

CORPORATE TRUSTEE

Citibank Europe plc, UK Branch is the corporate trustee and depository of the Fund, as set out in the Scheme Particulars. The Fund acts by and through the Corporate Trustee. When the Fund acquires property, it does so by way of the Corporate Trustee appointing Citiclient (CPF) Nominees Limited and Citiclient (CPF) Nominees No 2 Limited to hold the relevant property of the Fund as nominees and bare trustees for the Corporate Trustee

The Corporate Trustee will be entitled to receive fees (payable quarterly in arrears) based on the Net Asset Value at the start of the accrual period, on each Valuation Date. The fees (excluding value added tax) are subject to a minimum fee of £15,000 p.a. and will be based on the following annual rates:

- £0 to £200 million – 0.02%;
- above £200 million – 0.015%.

The Corporate Trustee may increase the current rates of fees if:

(i) the Corporate Trustee has given notice in writing to the Manager and to the unitholders of its intention to increase these rates of fees;
(ii) the Scheme Particulars have been revised (subject to the prior written approval of the Commission) to reflect the proposed increase in the rates; and
(iii) 90 days have elapsed since the revised Scheme Particulars became available.

ALTERNATIVE INVESTMENT FUND MANAGER (AIFM)

Under an AIFM Agreement, the Fund appointed the existing manager of the Fund, Savills Investment Management (UK) Limited as its Alternative Investment Fund Manager (AIFM) for the purposes of the AIFM Directive in 2014. The AIFM is admitted and regulated in the United Kingdom by the Financial Conduct Authority (the "FCA").

The AIFM is subject to the requirements set out in the AIFM Directive, the Scheme and the Scheme Particulars. In its capacity as AIFM, it carries out the following tasks under the AIFM agreement:

(i) Asset management of the Fund, including, without limitation, portfolio and risk management; and
(ii) Marketing and distribution of units in the Fund.

In accordance with the provisions of the AIFM Directive and with the approval of the FCA, the AIFM may delegate, at its own responsibility and cost and under its own supervision, tasks to other entities suitable for the relevant purpose and having the necessary qualification, experience and resources. Any such delegation will be disclosed to the investors. The portfolio management of the Fund was delegated to Savills Investment Management LLP by the AIFM. Citibank Europe plc, UK branch was appointed as the depositary of the Fund. To cover potential professional liability risks resulting from negligence in its business activities, the AIFM has appropriate and sufficient professional indemnity insurance, as stipulated by the relevant provisions of the AIFM Directive.

THE MANAGER AND PROPERTY MANAGER

The Manager's fees and the Property Manager's fees are combined into one management charge. This periodic management charge shall accrue on a quarterly basis and will be determined by the Net Asset Value of the Fund at the start of the accrual period. It will be deducted and paid at the end of each quarter out of the Fund's assets. The fees (excluding value added tax) will be based on the following annual rates:

- £0 to £100 million – 0.70%;
- £100 to £500 million – 0.525%;
- above £500 million – 0.45%.

The Manager may increase the current annual management fees and the current preliminary charge (or introduce a redemption charge) if:

(i) the Manager has given notice in writing to the Corporate Trustee and to the unitholders of its intention to increase the rates of annual management fees, or to increase the preliminary charge, or to introduce a redemption charge (as the case may be);
(ii) the Scheme Particulars have been revised subject to the prior written approval of the Charity Commission to reflect the proposed increase in these rates of annual management fees, or to increase the current preliminary charge, or to introduce a redemption charge; and
(iii) 90 days have elapsed since the revised Scheme Particulars became available.

PRELIMINARY CHARGE

The Manager also applies a preliminary charge of 0.25% of the initial price of the units and this is included in the price at which units may be purchased.

This charge may be reduced at the Manager's sole discretion.

BORROWING POWERS

Under the Scheme, the Manager is allowed to borrow money for the use of the Fund in certain circumstances. The Manager intends to use this power when it considers this to be in the best interests of the unitholders, principally either to obtain bridging finance to purchase real property for the Fund in anticipation of the receipt of committed subscriptions from existing or new unitholders or to finance the redemption of units pending the receipt of sales proceeds. Borrowing will not exceed 10% of the Net Asset Value of the Fund on any Business Day.

INSURANCE AND SERVICE CHARGE REBATES

Service charges on properties held by the Fund are generally payable by tenants. To the extent that these are not recoverable (for example, if a unit is not let), the Fund will cover the shortfall. Where there are surpluses in service charge budgets, rebates are received by the Fund. Details of rebates received by the Fund during the financial year can be found in note 5 to the financial statements.

No insurance charge commission is earned by the Fund. Commission is earned by the Property Manager for its services in arranging insurance policies for properties held by the Fund.

TRUSTEE, MANAGER AND ADVISERS

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This report is issued by Savills Investment Management (UK) Limited (registered in England, number 03680998 at 33 Margaret Street, London W1G 0JD), who 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.

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