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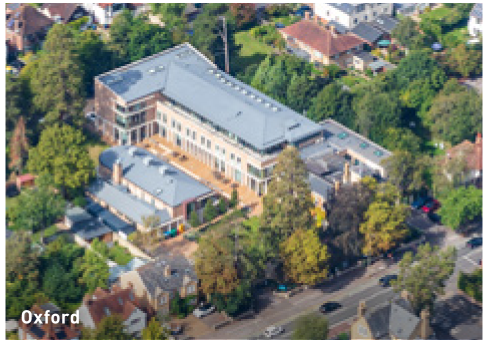
CHARITIES PROPERTY FUND

Savills Investment Management

INTERIM REPORT AND ACCOUNTS

December 2023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As reported in the Autumn, 2023 was characterised by steadily increasing interest rates and higher bond yields. Despite these forces the widely anticipated global recession failed to materialise. Geopolitical and local political uncertainties continue to dominate the risk landscape, from China to Ukraine to the Middle East. However, whilst UK economic conditions remain weak and a technical recession was experienced in the second half of 2023 (two quarters of negative growth), inflation continues to fall and interest rates are expected to reduce during 2024.

Within commercial real estate there is a dislocation between rental and capital markets with occupational markets holding up well due to low overall vacancy rates and rental growth continuing to be delivered particularly in the industrial and living sectors (although clearly there are some exceptions to this, notably some retail and office markets). On the capital side there are very few active buyers of commercial real estate and many sellers, driven in part by higher gilt and interest rates, but also a desire to pivot towards more liquid assets.

Against this backdrop the Charities Property Fund posted a positive total return for 2023 of +0.1% entirely driven by income marginally eclipsing the reduction in capital. This compares well to the AREF UK All Balanced Open-Ended Property Fund Index which registered a return of -1.4%. For the last six months the Fund posted a total return of -1.2% compared to the AREF Index of -1.6%.

The Fund has outperformed the Index by +1.5% over the last 12 months and +0.4% over the last 6 months. Over the longer term the Fund has outperformed and by an average of +1.1% per annum over the last 3 years, +1.3% per annum over the last 5 years and +1.1% per annum over 10 years.

Whilst we are not immune from wider capital market events, the low risk characteristics of the Fund provide some insulation as demonstrated by the performance figures. Importantly we have no debt and therefore no refinancing risk or loan to value ratios to breach. It also means that any reduction in value will not be amplified through the impact of leverage. Occupationally the Fund is in excellent shape. Our vacancy rate is purposefully managed to be low and stands at only 3.0%, whilst the market averaged 11.4%*. Our leases are long - the weighted average unexpired lease term (WAULT) is 10.6 years. We believe the locations and assets we are invested in are of high quality and importantly 47% of our leases are index linked or benefit from guaranteed uplifts.

The Fund paid a dividend of 7.71 pence per unit during 2023, an increase of 47% on the 5.25 pence per unit paid in 2022. The dividend paid over the last 6 months was 4.79 pence per unit, an increase of 86% on the 2.58 pence per unit paid out in the same period last year. This payment has been made possible following a lease surrender from Tesco in Gateshead, where Tesco have paid the Fund £16.9 million in return for being released from their lease obligations. Excluding the surrender premium the underlying dividend increased – up by 11.4% and we expect the quality of the portfolio and the index linked uplifts to continue to deliver in 2024.

Harry de Ferry Foster MRICS
Fund Director

*MSCI 30 November 2023

Highly Resilient Portfolio

£727m of income distributed since inception

47.0% of annual rent benefits from fixed or index linked rental increases

NO debt

108 properties

10.6 years average unexpired lease term

3.0% vacancy rate

Charities Property Fund Team

Savills Investment Management is a global real estate investment management business and has provided investment services for 30 years. Our clients include pension funds, charities, insurance companies, banks, endowments and family offices on whose behalf we currently manage £22.1 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.400 employees across sixteen established locations in thirteen countries. We provide a full range of services ranging from transactions and asset management to debt origination and investor relations to research and risk management.

The Savills Group is a global real estate services provider that was founded in 1855 and now has over 700 offices across 60 countries and has over 40,000 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

Joe Rosenblatt
Asset Manager

Vinod Raj
Investment Analyst

Investor Relations

Georgia Willis
Investor Relations Manager

Finance

Esme Dowling
Senior Fund Finance Manager

Louise Roberts
Fund Finance Manager

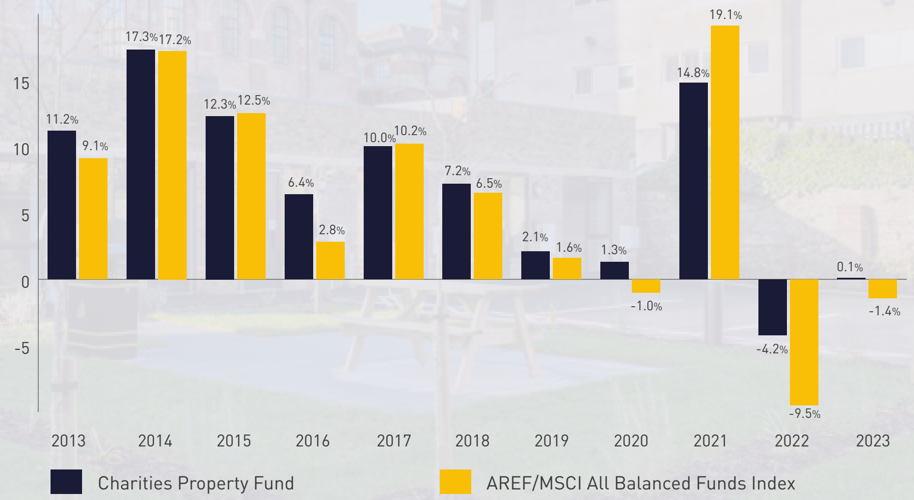
Adam Ford
Associate Fund Finance Manager

* AUM as at 24 December 2023

Fund Performance

The total return for the Fund during the 12 months to 24 December 2023 was +0.1% against the AREF/MSCI All Balanced Property Funds Index which produced -1.4%. Over the last five years the Fund has returned 2.6% per annum, ahead of the index at 1.3% per annum. Over 10 years the Fund has returned 6.5% per annum, compared to the Index at 5.4% per annum*.

Fund level performance - Total return as at 24 December 2023
(% per annum)



Source: Savills Investment Management/AREF/MSCI All Balanced Property Funds Index
* Past performance is not a reliable indicator of future performance

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 has a very strong focus on ESG and Responsible Investment, a stated ethical policy and adapts both positive and negative tenant screening when assessing investments and new occupiers.

The Fund currently invests in the principal commercial property sectors: retail (retail warehouses), industrial (manufacturing and distribution), alternatives (hotels, student accommodation, serviced apartments, car showrooms, educational, medical, roadside and leisure) and offices (both London and regional). Whilst we will undertake refurbishment projects and forward fundings of pre-let investments, the Fund 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 thereby artificially inflating 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, disposal or refurbishment costs.

"To provide a high and secure level of income with the prospect of growth in income"

CPF Investors

ESG Commitments

Our Policy

The Charities Property Fund understands 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. We strive not to invest in properties whose tenants could potentially cause embarrassment to our unitholders, or be in conflict with the values held by many of our beneficiaries as charitable entities. This would include companies whose primary business is the production or sale of tobacco, arms, pornography or who are involved in animal testing. We provide complete transparency on investments by listing all tenants in the annual and interim report and accounts and on the Fund website.

We take our ethical considerations very seriously and continue to monitor every tenant to ensure that the tenant is acceptable, however, it would be easy to find a reason to not accept a multitude of tenants and so we look at the bigger picture. All proposals and tenants are reviewed by an Advisory Committee which is made up of representatives from seven charities, six of whom are invested in the Charities Property Fund, and we specifically consult with them for their views on whether a proposed tenant is unacceptable.

The Fund's ESG objectives are implemented at fund and asset level and incorporated into every stage of property transaction: property acquisition, asset management, development / refurbishment / fit-out and disposal. Further information on our ESG objectives and progress can be found in the Fund's ESG document available to download from the Fund website: www.cpfund.co.uk/esg.

Savills IM Affiliations:

Savills IM's goal is to reduce absolute emissions of all assets we manage. We plan to ensure every asset under our management for two years or more will develop a NZC pathway.

2025

By 2025, 25% reduction in emissions intensity compared to 2019 baseline.

2030

By 2030, we will target 50% reduction in emissions and energy intensity for AuM held for more than two years (based on 2019 baseline).

By 2030, for corporate emissions we will target net zero operational carbon emissions.

2040

By 2040, we will target net zero emissions based on 2019 baseline.

2050

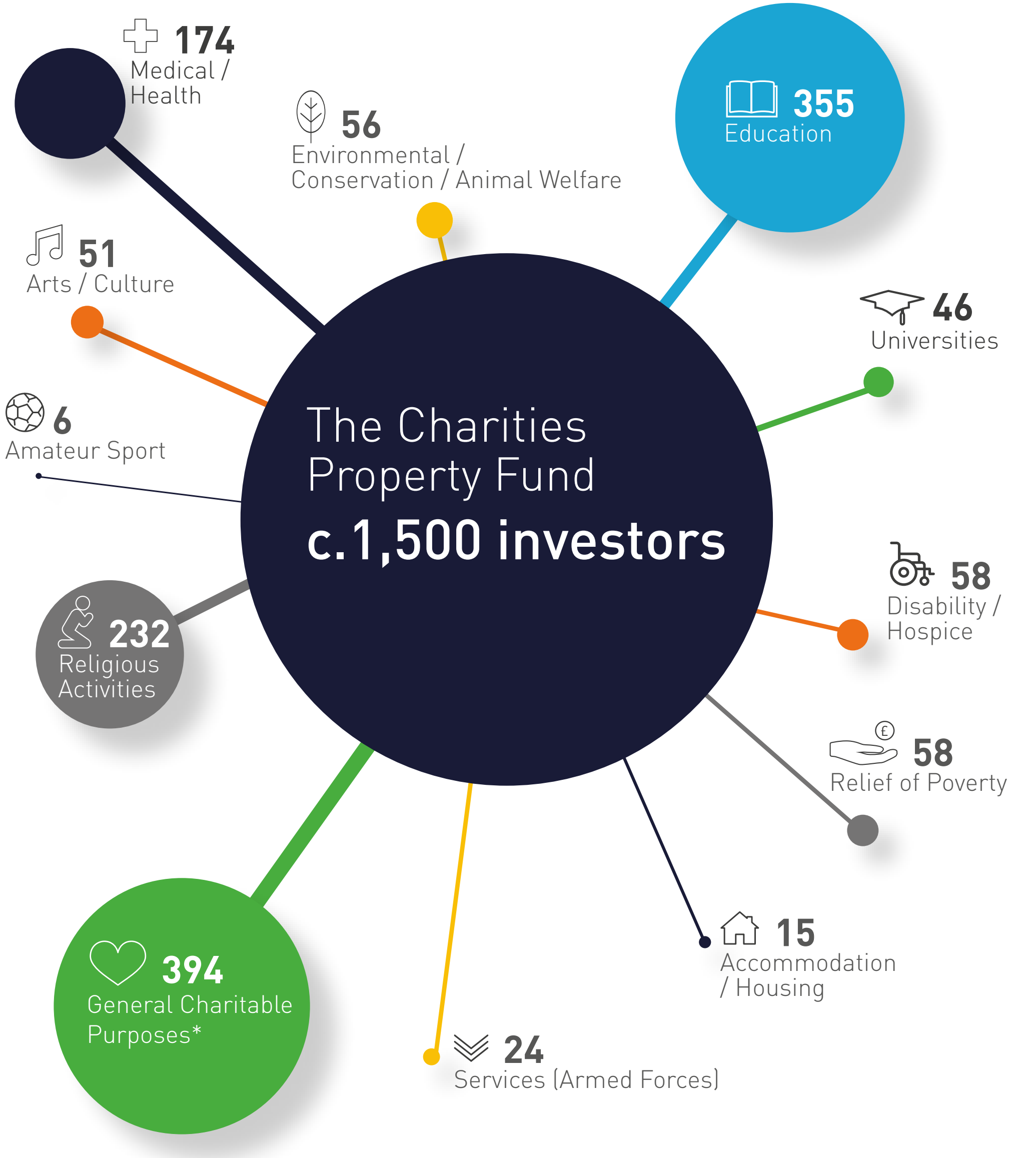
By 2050, we will target absolute zero emissions as part of our commitment to become a restorative business.*

*By absolute zero emissions we mean absolute contraction of GHG emissions, rather than GHG emissions by intensity

In doing this, we will endeavour to follow an emissions hierarchy of avoid, reduce, use renewables and offset, as follows:

- We will endeavour to avoid any unnecessary emissions and reduce embodied carbon where possible.
- We will endeavour to reduce operational emissions through efficiency measures and changing fuel sources.
- We will target increased onsite renewables and promote and use renewable energy contracts where available.
- We will endeavour to offset the remainder of emissions as a last resort, initially only focusing on offsetting residual embodied carbon from developments and refurbishments.

Investor Categorisation



Source: Savills Investment Management (December 2023). Investor categorisation by number of charities.

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

Fund Growth and Performance

Performance highlights to 24 December 2023

The Charities Property Fund has returned*
3.2% per annum
annualised over a three-year period

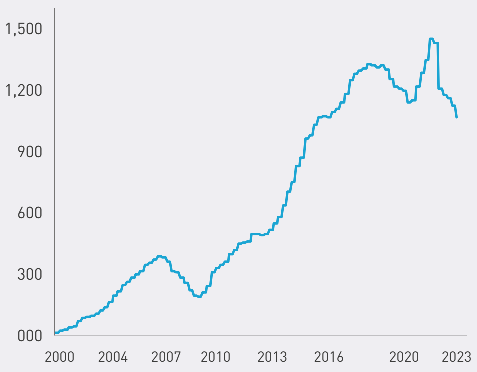
The Charities Property Fund has returned*
2.6% per annum
annualised over a five-year period

The Charities Property Fund has returned*
6.5% per annum
annualised over a 10-year period

The Charities Property Fund has returned*
6.4% per annum
annualised since launch

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

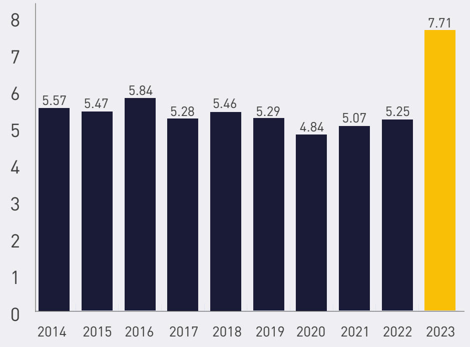
NAV



Source: AREF/MSCI as at 31 December 2023

* Past performance is not a reliable indicator of future performance

Annual Dividend



Source: Savills Investment Management (December 2023)

Portfolio Report – Purchases

The Fund completed one acquisition during the second half of 2023 which was a Tesco Express store in **Bath at 4-5 Westgate Buildings**.

There were special reasons for the purchase, namely that the Fund owns 1-3 and 5-10 Westgate Buildings, which are the properties immediately adjacent to the left and right of the Tesco Express. The Fund also owns the long leasehold interest in the upper floors of 4-5 Westgate Buildings, comprising three upper floors immediately above the ground floor Tesco Express. CPF now owns the freehold of the whole of Westgate House, 4-5 Westgate Buildings which completes CPF's ownership at Westgate Buildings and cements our control over the asset.

The property is let to Tesco Stores Limited for 15 years with a tenant only break option on the 10th anniversary of the term commencement, subject to six months' notice and the rent payable is £75,000 per annum. The asset was acquired for a price of £1,415,000 reflecting a net initial yield of 5.00%. However due to the fact that we own the remainder of the building, there was a small amount of marriage value and when incorporating this asset into the existing ownership the total value increased by £1,500,000.

4-5 Westgate Buildings
Purchase price: **£1.415 million**
Lease length: **15 years**
Yield to the Fund: **5.0%**

Portfolio Report – Sales

The Fund sold four properties during the second half of 2023, two retail warehouse assets, one supermarket and one car dealership. Generally these were small holdings where we had completed asset management. One was sold to an occupier, one to a private investor, one to a property company and one to a developer. The combined sale price of all four was **£23.60 million** reflecting a net initial yield of 7.2%.

The Fund's sales were:

1. Guildford

This retail warehouse unit was let to Magnet on a lease expiring in December 2024 at a rent of £600,000 per annum. However, the property was overrented and the tenant was intending to vacate at lease expiry, meaning a new occupier would need to be sought and the income would reduce. Having considered all the options we explored a change of use with the planning authority. They ruled out residential options, including student accommodation but were flexible in altering the use to self storage.

We subsequently proceeded to market the property whilst there was still 18 months remaining on the lease as this would give a developer an income stream whilst they worked up their planning application. We subsequently received five offers, all from developers, although some were subject to planning and some offered phased payments over a period of time. We ultimately agreed to sell the asset to BYM for £7.05 million, reflecting a yield of 7.96%. Whilst the yield appears high it does reflect the short and overrented nature of the income. The sale completed in November.

West Malling
Sale price: **£3.2 million**
Premium to valuation: **6.70%**
Net initial yield: **5.28%**

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Portfolio Report – Sales continued

Merthyr Tydfil
Sale price: **£9.8 million**
Premium to valuation: **9.00%**
Net initial yield: **7.50%**

2.West Malling, Waitrose

The property comprises a single let foodstore let to Waitrose at a rent of £180,000 per annum. The property became a target sale after extending the lease with Waitrose to an unbroken 15 year term incorporating CPI indexation. Having executed the asset management we launched it for sale in September and received good interest exclusively from private investors and private property companies. There were two rounds of bids and five written offers and the asset sold for a price of £3.2 million, reflecting a net initial yield of 5.28% and a 6.7% premium to the September valuation.

£23.6m
total sales proceeds*

7.2%
net initial yield to Fund

*Total sales proceeds and net initial yield to Fund for the four properties mentioned on page 13-15.

Portfolio Report – Sales continued

3. Merthyr Tydfil

The Fund has owned this retail park for over 20 years and it has experienced periods of intensive asset management, most recently completing four new leases within the past year to Home Bargains, Iceland, Jollyes and Pure Gym. The rents are affordable and it trades well, but once this cycle of asset management was complete it seemed an opportune time to consider a sale.

The property was therefore openly marketed and received good interest, but the most competitive interest came from two of the occupiers on the park – Home Bargains and Iceland. After a period of intensive bidding we agreed to sell the asset to Home Bargains at a price of £9.8 million, reflecting a yield of 7.5%. We think this is an excellent result and demonstrated a 9% premium to the September valuation.

4. Bedford

The property comprised a VW car showroom in Bedford and was subject to a lease expiring in June 2042, with 5 yearly rent reviews to the CPI Index, capped at 3% per annum compound and collared at 1% per annum compound. The passing rent was £240,000 per annum.

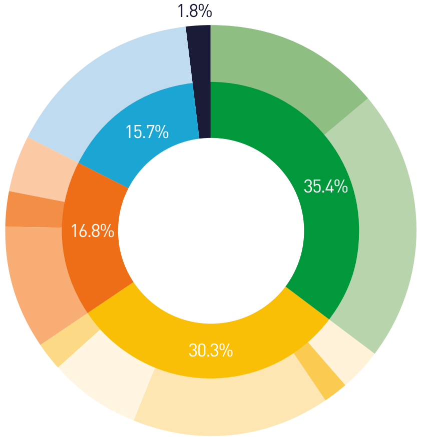
We received an off-market approach form a private property company and who had expressed interest in acquiring the asset and after they subsequently increased their initial offer to £3,550,000, reflecting a net initial yield of 6.35% in line with valuation, we agreed commercial terms and disposed of the asset in December 2023.

Sector Weightings

The portfolio is well diversified and is not overly exposed to any one particular sector. It continues to have a bias towards 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 core City of London and West End office markets.

CPF Portfolio by Sector

as at 24 December 2023



INDUSTRIAL & DISTRIBUTION

South East Industrials	14.1%
Rest of UK Industrials	21.3%

OFFICES

London Offices	9.7%
South East Offices	2.7%
Rest of UK Offices	4.4%

ALTERNATIVES

Education	3.4%
Leisure (food & beverage / health & fitness)	1.9%
Accommodation (hotels / student / serviced apts.)	15.5%
Automotive	7.4%
Roadside	2.1%

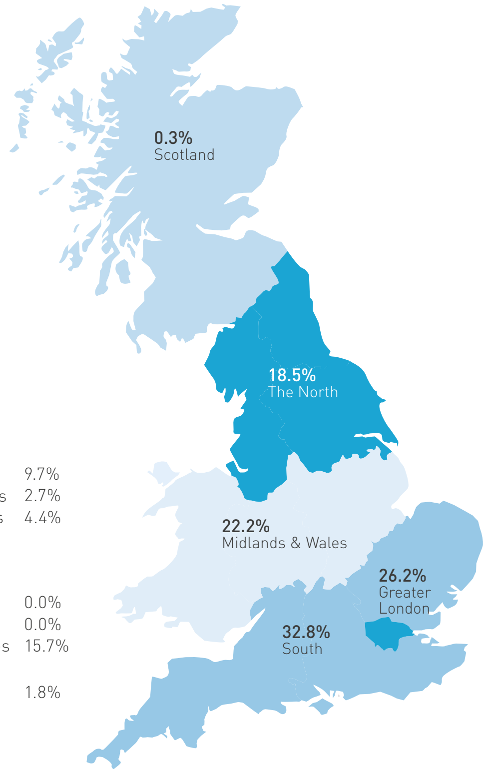
RETAIL

High Street	0.0%
Supermarkets	0.0%
Retail Warehouses	15.7%

CASH 1.8%

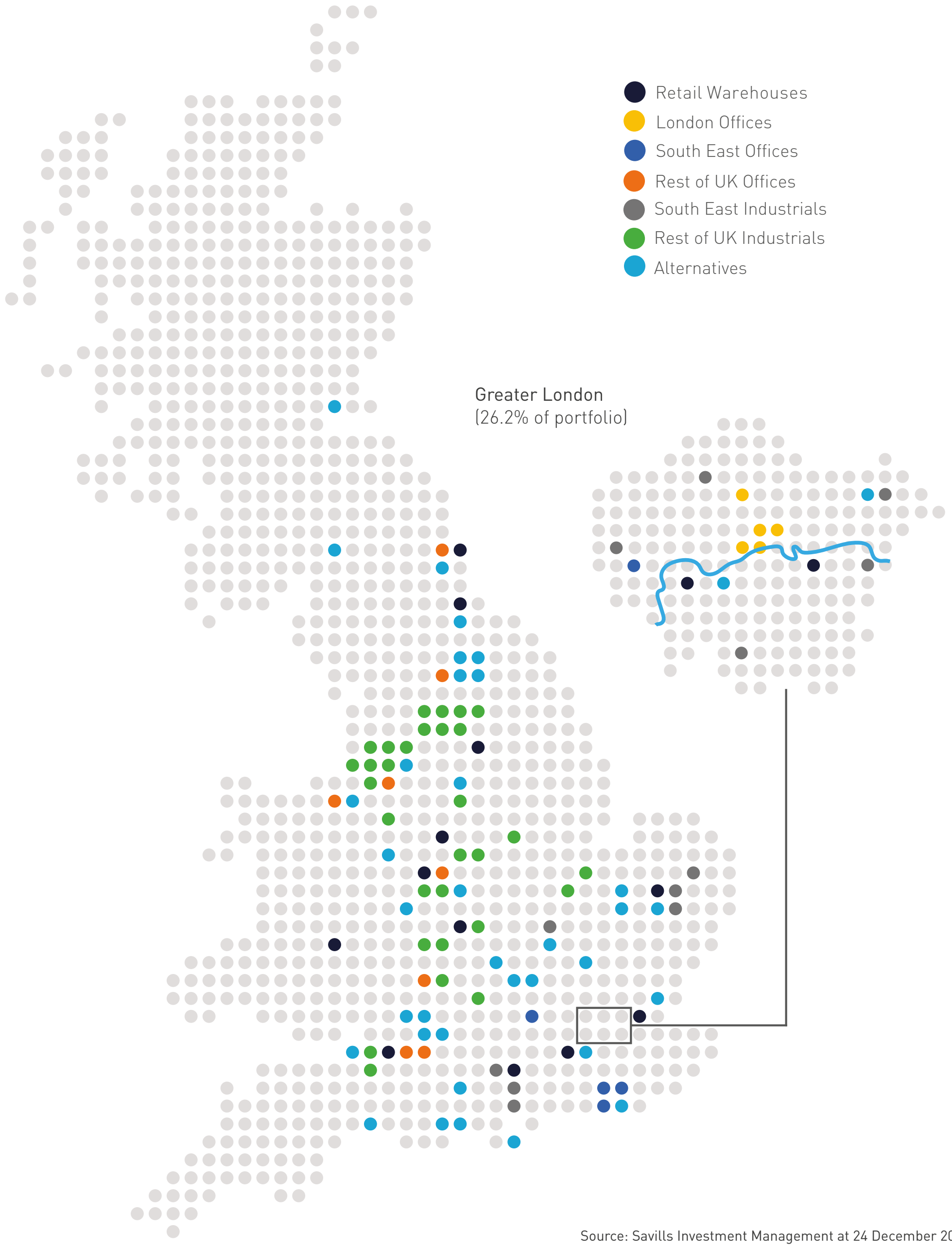
CPF Portfolio by region

as at 24 December 2023



Source: Savills Investment Management at 24 December 2023

Map of Properties



Source: Savills Investment Management at 24 December 2023

List of Properties

Retail Warehouses

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
1	Basildon	McDonald's, KFC, Pets at Home, Farmfoods, Poundland	717,535	2024 - 2041
2	Basingstoke	Homebase	1,113,000	2037
3	Bristol	Pets at Home, McDonald's	378,320	2027
4	Bury St Edmunds	Matalan	305,000	2029
5	Canterbury	Dunelm, Dreams	508,745	2026 - 2031 (2026)
6	Doncaster	Wickes	296,327	2028
7	Gateshead	The Range, Sportsdirect	950,000	2025 - 2030
8	Hereford	Lidl, Pets at Home, Poundstretcher	439,250	2024 - 2046 (2036)
9	London SE7 (Greenwich)	Aldi, Next, Primark, Wren Kitchens	2,349,113	2030 - 2037 (2032)
10	Middlesbrough	B&M	239,180	2023
11	Redditch	Aldi, Pets at Home, Poundstretcher, Iceland, Home Bargains, Costa Coffee, Sue Ryder, Burger King	1,078,778	2026 - 2041 (2024 - 2036)
12	Redhill	Majestic Wine	42,500	2035
13	Twickenham	Currys, Wickes	951,500	2024 - 2032
14	Uttoxeter	B&Q, Shoe Zone, Poundland, Pets at Home, Argos, B&M, KFC, Majestic Wine, Scentarea, Costa, Greggs, Private individuals	891,443	2026 - 2041 (2024 - 2029)
15	Wolverhampton	JD Sports Gyms, Iceland Foods	475,000	2032 - 2034 (2027)
		Total, Retail Warehouses	**10,735,691**	


Gateshead


Hereford

List of Properties continued

London Offices

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
16	London E1 (Whitechapel)	The British Diabetic Association	1,126,173	2026
17	London EC1 (Farringdon)	Macmillan Publishers International, Projection Artworks	2,815,641	2033 - 2034 (2026 - 2029)
18	London EC2 (Shoreditch)	Work Life	923,527	2031
19	London N1 (Shoreditch)	Sunshine Partners, Spiers + Major, Sharp End Partnership, Capital Integration Systems, Cignal Infrastructure	534,370	2025 - 2028 (2025 - 2026)
20	London NW5 (Kentish Town)	Center on Long-Term Risk, Brinkworth Productions	489,088	2027 - 2028 (2024)
		Total, London Offices	**5,888,799**	

South East Offices

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
21	Brighton (Aspect House)	NHS, Near Light, Football 1X2, Page Group Plc, Jarltech Europe GMBH, Teladoc Health-UK, Bailey & French	755,289	2026 - 2032 (2024 - 2029)
22	Brighton (International House)	Fitness First, Booker, Itad	356,416	2027 - 2033 (2028)
23	Brighton (Queens Road)	E-Techzone, NEB Ventures, WRAP Business & Leisure	262,796	2025 - 2031 (2026)
24	Maidenhead	Vacant	-	-
25	Staines	Givaudan UK	127,000	2028
		Total, South East Offices	**1,501,501**	


Maidenhead


London

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Rest of UK Offices

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
26	Altrincham	Bolling Investments	368,567	2033 (2028)
27	Bath	Bath Best Food, Starbucks, Gradwell Communications, Ladbrokes, EIP Europe, Abel & Imray	471,130	2024 - 2030 (2026 - 2028)
28	Birmingham	Secretary of State for Levelling Up, Housing and Communities	891,672	2032 (2027)
29	Bristol	Films at 59	387,550	2026
30	Cheltenham	Abercrombie & Kent, Novus Renewable Services	418,831	2027 - 2029 (2025)
31	Chester	The Secretary of State for Communities and Local Government	437,615	2026
32	Ilkley	Modus UK, Smartcredit	519,745	2028 - 2033
33	Newcastle-upon-Tyne	Ryder Architecture	310,245	2033
		Total, Rest of UK Offices	**3,805,355**	

South East Industrials

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
34	Basingstoke	Levertonhelm	522,800	2042
35	Basingstoke	Vodafone, Berry Bros & Rudd	657,654	2025 - 2027
36	Belvedere	Allied Hygiene Systems	729,992	2043 (2033)
37	Bury St Edmunds	Videndum Production Solutions	679,673	2032
38	Bury St Edmunds	Unipart Logistics	878,435	2044 (2034)
39	Chigwell	Sytner	435,000	2056 (2036)
40	Epsom	Screwfix, Brewers, Eurocell Building Plastics, Euro Car Parts, Betterstone Self Storage, AWE Europe, Photo-Me International	837,586	2023 - 2033 (2026 - 2028)
41	Hayes	Tempur UK	674,638	2026
42	London NW9	VW Group	245,000	2031
43	Milton Keynes	F+F Stores	699,250	2027
44	Portsmouth	SMR Automotive Mirrors UK	600,000	2034 (2029)
45	Thetford	Fedex	99,999	2025
		Total, South East Industrials	**7,060,026**	

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Rest of UK industrials

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
46	Birmingham	Tradechoice Distribution	310,005	2025
47	Bristol	GXO Logistics	515,000	2030 (2024)
48	Bristol	Cubico UK, Screwfix, Tastetech, Qualitronics, Mon Motors	480,566	2024 - 2039 (2025 - 2028)
49	Daventry	G2S, Cummins, Consumer Champion Group	935,996	2025 - 2030 (2026 - 2028)
50	Gloucester	Severn Glocon	536,700	2028
51	Huddersfield	Hoco Parts UK, Automint	406,731	2031 (2026)
52	Leeds	Yusen Logistics UK	420,000	2031 (2026)
53	Liverpool	Amazon UK	632,206	2026
54	Liverpool	Kammac	893,750	2033
55	Manchester	Royal Mail, Wilkinson Star	362,500	2027 - 2028
56	Normanton	Kelling Group	434,000	2032
57	Normanton	United Autosports	215,107	2024
58	Normanton	Kongsberg Actuation Systems	468,064	2038 (2028)
59	Normanton	PNS UK	236,665	2036
60	Normanton	Really Useful Products	352,750	2027
61	Nottingham	Turbine Surface Technologies	433,843	2026
62	Redditch	Amazon UK Services	754,164	2026
63	Rochdale	Royal Mail	169,601	2028
64	South Normanton	Recticel	446,500	2031
65	Swindon	Jewson	172,500	2023
66	Tamworth	Speedy Asset Services	969,878	2029
67	Telford	Northwood Hygiene Products	730,000	2025
68	Tewkesbury	Hydro Building Systems	800,000	2032
69	Tewkesbury	Idemia UK	270,000	2030 (2025)
70	Wakefield	Wolseley UK	271,225	2031
71	Warrington	Eddie Stobart	350,000	2033
72	Wednesbury	AF Blakemore & Son	371,500	2024
		Total, Rest of UK Industrials	**12,939,251**	

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Alternatives

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
	Leisure			
73	Bath (1-3 Westgate Buildings)	Stable Bar & Restaurant, DPL Partnership	186,664	2039 (2029)
74	Carlisle	Sports Direct	160,000	2030
75	Harrogate	Five Guys, Mitchells & Butlers, Palagander, Marstons	380,982	2032 - 2041 (2031)
76	Rayleigh	Virgin Active	464,000	2033
77	Sheffield	JD Wetherspoon, Stonegate, Cafè Nero, Ask, Sommar Sheff, Yorkshire Metropolitan Housing Association	344,125	2023 - 2044
		Total, Leisure	**1,535,771**	
	Hotels / Student / Serviced Apartments / Supported Housing / Education			
78	Bath (5-10 Westgate Buildings)	Travelodge, Sports Direct, Sally Salon, Hask45, Creams Café	825,924	2027 - 2042 (2024 - 2025)
79	Bath	Westgate Apartments, Tesco	286,003	2027 - 2038 (2033)
80	Bath	TS Apartments	153,793	2029
81	Brighton	Leonardo Hotels Management UK	2,274,292	2042
82	Cambridge	Travelodge Hotels	1,632,864	2048
83	Dorchester	AFL to Inclusion Housing Community Interest Company	210,340	2033
84	London, SW11	Travelodge Hotels	1,657,738	2049
85	Manchester	Edyn, Private Individuals, CDP	717,347	2023 - 2046 (2025)
86	Nailsea	Inclusion Housing Community Interest	153,140	2032
87	Newcastle-upon-Tyne	easyHotel UK	497,720	2042 (2037)
88	Oxford	D'Overbroeck's	514,662	2047
89	Oxford	D'Overbroeck's	1,761,161	2047
90	Poole	NHS, Trek, Subway, Costa Coffee, Anytime Fitness, Travelodge Hotels	848,986	2031 - 2051 (2026)
91	Poole	Inclusion Housing Community Interest	124,546	2032
92	Shanklin	Vectis Housing Association	95,902	2041
		Total, Hotels / Student / Serviced Apartments / Supported Housing / Education	**11,754,418**	


Warrington


Oxford

List of Properties continued

Alternatives

	Property	Principal Tenants	Annual Rent As at 24 Dec 2023 £	Lease Expiry (Break)
	Car Showrooms			
93	Bedford	Vindis - Audi	280,000	2042
94	Bury St Edmunds	Vindis - Skoda	130,000	2042
95	Camberley	Volkswagen - Audi	333,765	2026
96	Chester	Rybrook - Volvo	271,754	2036
97	Chigwell	Sytner - BMW & Mini	788,425	2056 (2026)
98	Fenstanton, Cambridge	Vindis - Bentley	140,000	2042
99	Harrogate	Volkswagen - VW	340,000	2027
100	Harrogate	JCT600 - Mercedes Benz, BP, M&S	518,654	2035 - 2036
101	Harrogate	Sytner - Audi	610,046	2035
102	Northampton	Vindis - VW Commercial	350,000	2042
103	Solihull	Rybrook - McLaren & Rolls Royce	356,336	2036
104	Stockton-on-Tees	Volkswagen - Audi	396,426	2027
105	Worcester	Rybrook - BMW & Mini	699,715	2036
		Total, Car Showrooms	**5,215,121**	
	Roadside			
106	Glenrothes	BP, M&S	264,314	2034
107	Stow on the Wold	BP, M&S	236,816	2033
108	Telford	Welcome Break - Shell, Waitrose, WH Smith, Burger King, Starbucks, Krispy Kreme, Days Inn	1,147,033	2027
		Total, Roadside	**1,648,163**	
		Total, Alternatives	**20,153,473**	
		Total, portfolio	**62,084,096**	


Harrogate


Dorchester

Manager and Trustee's Report
List of Properties
Retail Warehouses
London Offices
South East Offices
Rest of UK Offices
South East Industrial
Rest of UK Industrial
Alternatives
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Portfolio Statement

At 24 December 2023

Portfolio of Investments	
Properties valued at greater than £15m	
The Smithson, Briset Street, London EC1	Caxton Point, Printing House Lane, Hayes
Brocklebank Retail Park, Greenwich SE7	Winchester Road, Basingstoke
333 Banbury Road, Oxford	Apex Retail Park, Hampton Road West, Twickenham
Leonardo Hotel, Brighton	Exchange, Interchange, Daventry
Travelodge Hotel, Battersea	Back Church Lane, London E1
Travelodge Hotel, Newmarket Road, Cambridge	Rivington House, London EC2
Suffolk Park, Bury St Edmunds	Welcome Break, MSA, Junction 4 M54, Telford
Epsom Trade Park, Units 450A and 450B, Epsom	5 Centurion Way, Belvedere
Emperor Point, Centurion Park, Tamworth	
Valuation £m (percentage of total gross assets)	£422.800 (38.36%)
Properties valued at between £10m to £15m	
Deacon Park Hornhouse Lane, Liverpool	Gemini, Hamilton Close, Basingstoke
Metro Park West, Gateshead	Dawson Road, Mount Farm Industrial, Milton Keynes
9 Hedera Road Ravensbank, Redditch	376 Banbury Road, Oxford
Dovefields Retail Park, Uttoxeter	Amazon Unit, Hornhouse Lane, Liverpool
Trafford Retail Park, Redditch	Saco House, Minshull Street, Manchester
Unit 5300, Severn Drive, Tewkesbury	Castle Trading Estate, Portsmouth
Sytner BMW, Langston Road, Chigwell	Knights Park, Basingstoke
The Pavilions, 3010 & 3020 Birmingham	Knightsbridge Park, Worcester
Lifeboat Quay, West Quay Road, Poole	Crystal Building, Langston Road, Chigwell
Moreton Hall Industrial Estate, Bury St Edmunds	5-10 Westgate Buildings, Bath
Valuation £m (percentage of total gross assets)	£241.850 (21.94%)
Properties valued at between £5m to £10m	
Olympus Park, Gloucester	Units 1-3 Phoenix Retail, Wolverhampton
Wilverley Trading Estate, Bath Road, Bristol	Units 1&2 Bradley Junction, Huddersfield
Old Market Retail Park, Old Market, Basildon	Unit 3 Steelmans Road, Wednesbury
Paulton House, 8 Shepherdess Walk, London N1	Recticel, Unit 2 Azalea Close, South Normanton
11 Poplar Way East Cabot, Bristol	Brook Retail Park, Hereford
International House, Queens Road, Brighton	Emerald, Birmingham
Audi, St James Business Park, Knaresborough	200 Rayleigh Road, Rayleigh
Aspect House, 84-87 Queens Road, Brighton	Units A & B, Wardley Industrial Estate, Manchester
The Piano Factory, Perren Street, London NW5	One Bell Street, Maidenhead
Appleton Thorn Trading, Warrington	Volkswagen Commercial, Gambrel Road, Northampton
BP and M&S, Leeds Road, Harrogate	St Georges House, Ambrose Street, Cheltenham
Kelling Unit, Foxbridge Way, Normanton	Unit 2, Normanton
Site 13A Little Oak Drive, Nottingham	Bath Road, Bristol
The Laconite Building, Stafford Park 6, Telford	Audi, Brooklime Avenue, Stockton on Tees
easyHotel, Proctor House, Newcastle	VW, St James Business Park, Knaresborough
20 Cross Green A, Leeds	Mayfield Business Park, Lower Railway Road, Ilkley
Foxbridge Way, Normanton	4 Westgate Buildings, Bath
Wincheap Retail Park, Wincheap, Canterbury	Rolls Royce & McLaren, Stratford Road, Solihull
Westpoint, James Street, Bath	
Valuation £m (percentage of total gross assets)	£265.665 (24.10%)

Portfolio Statement continued

At 24 December 2023

Portfolio of Investments	
Properties valued at between £2.5m to £5m	
Kenmore Road, Kenmore Road, Wakefield	Volvo, Sealand Road, Chester
Whiteladies House, Bristol	4 Prince of Wales Road, Dorchester
Units 1 - 7 Cambridge Street, Sheffield	Ashchurch Way, Ashchurch Business, Tewkesbury
PNS Unit, Trident Park, Normanton	Fosse Way, Station Road Garage, Stow on the Wold
United Autosports, Normanton	Audi, 507 London Road, Camberley
Civil Justice Centre, Trident House, Chester	1-3 Westgate Buildings, Bath
17 - 23 Parliament Street, Harrogate	Bankhead Park, Woodside Way, Glenrothes
Wickes Unit, Leger Way, Doncaster	Jewson Unit, Kembrey Park Kembrey Street, Swindon
Audi, Progress Park, Elstow, Bedford	B&M Unit, Parkway Centre Coulby, Middlesbrough
VW / Citygate Van Centre, Capitol Way, London NW9	Royal Mail Parcel Hub, Rochdale
Easlea Road, Moreton Hall, Bury St Edmunds	82-83 Queens Road, Brighton
Cooper's Studios, 14-18 Westgate Road, Newcastle	Clifford House, 59 High Street, Nailsea
Lookers House, Lookers House Etchells, Altrincham	9-10 Trim Street, Bath
Valuation £m (percentage of total gross assets)	£100.000 (9.07%)
Properties valued at between £0m to £2.5m	
Bentley, The Lakes Business Park, Fenstanton	SDI Sports, Currock Road, Carlisle
Skoda, Dettingen Way, Bury St Edmunds	Vectis Housing, Shanklin, Isle of Wight
80 Fernside Road, Poole	Magna House, 76-80 Church Street, Staines
TNT Unit, Fisons Way Industrial Estate, Thetford	35-39 Brighton Road, Redhill
Valuation £m (percentage of total gross assets)	£13.425 (1.22%)
Total value of property holdings	£1,043.740 (94.70%)

	Valuation £000	Percentage of total gross assets
Portfolio of investments	**£1,043,740**	**94.70%**
Other assets	**£58,389**	**5.30%**
Total gross assets	**£1,102,129**	**100.00%**

Financial Information

Expense Ratios

	Total Expense Ratio	Property Expense Ratio	Transaction Cost Ratio
24 December 2023	0.71%	0.17%	0.03%
24 December 2022	0.61%	0.23%	0.13%

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) is the ratio of costs associated with the assets which are not recoverable from tenants to its average net assets for the 12 months prior to the balance sheet date. 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 has increased as, while total operating costs have decreased in comparison to the prior period, the Fund's average net assets for the period have decreased more, and therefore expenses make up a greater proportion of the ratio when compared to net assets. The PER has decreased on the prior period due to a decrease in property related costs. The TCR has decreased on the prior period due to a decrease in transaction volume, and therefore a corresponding decrease in transaction related costs.

Portfolio Turnover Rate

	Portfolio Turnover Rate
24 December 2023	2.10%
24 December 2022	2.48%

The portfolio turnover rate gives an indication of how frequently the assets are 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 portfolio turnover rate has decreased as the number of sales during the period has decreased compared to the prior period.

Distribution Yield

	Distribution Yield
24 December 2023	6.6%
24 December 2022	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 period. The increase is primarily due to a lease surrender from Tesco in Gateshead where the Fund received £16.9 million in return for releasing Tesco from their lease obligations.

Financial Information continued

Annualised Performance

	1 Year*	3 Years**	5 Years***
24 December 2023	0.1%	3.2%	2.6%
24 December 2022	-4.2%	3.7%	4.0%

* 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 2023 (p)	24 December 2022 (p)	24 December 2021 (p)
Opening net asset value per unit	124.81	135.61	122.84
Return before operating charges*	1.33	(4.46)	19.01
Operating charges	(1.10)	(1.08)	(1.19)
Return after operating charges*	0.23	(5.54)	17.82
Distributions	(7.79)	(5.26)	(5.05)
Closing net asset value per unit	117.25	124.81	135.61
* after direct transaction costs of:	0.10	0.08	0.11

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

Investor Analysis

Holding as at 24 December 2023	Number of beneficial owners	Total percentage holding %
Less than 0.01%	756	2.98%
0.01% but less than 0.05%	486	11.07%
0.05% but less than 0.10%	100	7.01%
0.10% but less than 0.50%	85	19.49%
0.50% but less than 1.00%	18	13.80%
1.00% but less than 2.00%	17	21.79%
2.00% but less than 4.00%	4	10.67%
Greater than 4.00%	3	13.19%
Total number of investors	**1,469**	
Total number of units in issue at the end of the period	**880,677,264**	
Percentage held by the largest investor		**4.73%**

Holding as at 24 December 2023	Total percentage holding %
Top 10 largest investors	28.84%
Top 25 largest investors	46.62%
Top 50 largest investors	63.10%
Top 100 largest investors	75.72%

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 2019	1,241,069,966	985,020,241	125.99
	24 December 2020	1,118,488,874	910,529,230	122.84
	24 December 2021	1,258,069,012	927,731,698	135.61
	24 December 2022	1,169,546,180	937,036,033	124.81
	24 December 2023	1,032,672,002	880,677,264	117.26

Price and Income History	Year Ended	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income Per Unit (p)
	24 December 2019	131.80	125.50	5.29
	24 December 2020	128.43	119.94	4.84
	24 December 2021	139.27	122.49	5.07
	24 December 2022	152.10	124.38	5.26
	24 December 2023	127.07	116.91	7.71

Distribution

		2023		2022	
Distribution Number	Distribution Period	Distribution Per Unit (p)	Date Paid	Distribution Per Unit (p)	Date Paid
1	25 December to 24 March	1.41	15/05/23	1.44	15/05/22
2	25 March to 24 June	1.52	15/08/23	1.24	15/08/22
3	25 June to 24 September	1.47	15/11/23	1.25	15/11/22
4	25 September to 24 December	3.31	15/02/24	1.33	15/02/23
Total		**7.71**		**5.26**	

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

Statement of Charity Trustees' Responsibilities in Respect of the Interim Financial Statements

The Charity Trustees under the Charities Act are the Manager and the Corporate Trustee.

The Charity Trustees have decided to prepare a half-yearly report which includes interim financial statements prepared in accordance with FRS 104 *Interim Financial Reporting in the UK and Republic of Ireland*.

In preparing these interim financial statements, generally accepted accounting practice entails that the Charity Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 Charity Trustees are required to act in accordance with the Scheme and Scheme of Particulars of the Fund, within the framework of trust law. They are responsible for keeping accounting records which are sufficient to show and explain the Fund's transactions and disclose at any time, with reasonable accuracy, the financial position of the Fund at that time, and to enable the Charity Trustees 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 Charity Trustees are 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 Trustees of the Charities Properties Fund ("The Fund")

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the half-yearly financial report for the six months ended 24 December 2023 is not prepared, in all material respects, in accordance with Financial Reporting Standard 104: Interim Financial Reporting.

We have been engaged by the Fund to review the set of financial statements in the half-yearly financial report for the six months ended 24 December 2023 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 that have been reviewed.

Basis for conclusion

We conducted our review in accordance with Revised International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410 (Revised)"). 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1(a) Basis of accounting, the annual financial statements of the Fund are prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The set of financial statements included in this half-yearly financial report has been prepared in accordance Financial Reporting Standard 104: Interim Financial Reporting.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the Trustees have inappropriately adopted the going concern basis of accounting or that the Trustees have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the Fund to cease to continue as a going concern.

Responsibilities of the Trustees

The Trustees are responsible for preparing the half-yearly financial report in accordance with Financial Reporting Standard 104: Interim Financial Reporting. In preparing the half-yearly financial report, the Trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Fund a conclusion on the set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Fund and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK

5 April 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Total Return and Change in Net Assets Attributable to Unitholders

	Note	Unaudited 6 months to 24 December 2023 £		Unaudited 6 months to 24 December 2022 £	
Net capital (losses)	3		(56,750,141)		(230,735,483)
Income	4	48,238,745		30,951,064	
Expenses	5	(4,509,113)		(5,887,741)	
Net income before finance costs		43,729,632		25,063,323	
Finance costs – interest and other	6	(332,106)		(282,766)	
Net income			43,397,526		24,780,557
Total return before distributions			(13,352,615)		(205,954,926)
Finance costs – distributions	7		(43,082,241)		(24,817,249)
Change in net assets attributable to unitholders from investment activities			(56,434,856)		(230,772,175)
Statement of change in net assets attributable to unitholders					
Opening net assets attributable to unitholders			1,125,260,973		1,451,539,886
Net amounts payable on redemption of units			(36,154,115)		(51,221,531)
Change in net amounts payable on redemption of units			(56,434,856)		(230,772,175)
Closing net assets attributable to unitholders			1,032,672,002		1,169,546,180

The accompanying notes form part of these financial statements.

Balance Sheet

	Note	Unaudited as at 24 December 2023 £		Audited as at 24 June 2023 £	
Assets					
Fixed assets					
Investment properties	8	1,044,518,837		1,119,393,878	
			1,044,518,837		1,119,393,878
Current assets					
Debtors	9	12,363,146		19,137,039	
Cash at bank		45,247,003		39,282,556	
			57,610,149		58,419,595
Total assets			1,102,128,986		1,177,813,473
Less: current liabilities					
Creditors	10	39,008,515		37,757,780	
Distribution payable		29,669,718		14,015,925	
			68,678,233		51,773,705
Less: non current liabilities					
Finance lease liability	11	778,751		778,795	
			778,751		778,795
Total liabilities (excluding net assets attributable to unitholders)			69,456,984		52,552,500
Net assets attributable to unitholders			1,032,672,002		1,125,260,973

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors of the Manager on 20 March 2024 and were signed on its behalf by

Harry de Ferry Foster
Director

5 April 2024

Cash Flow Statement

	Unaudited 6 months to 24 December 2023 £	Unaudited 6 months to 24 December 2022 £
Cash flows from operating activities		
Reconciliation from net operating income to net cash flows from operating activities		
Net income before finance costs	43,729,632	25,063,323
Bank interest received	(7,298)	(101,941)
Tenant incentives	(279,165)	(756,245)
Decrease in trade and other receivables	709,163	428,288
Increase in trade and other payables	2,482,899	5,144,881
Net cash inflow from operating activities	46,635,231	29,778,306
Cash flows from investing activities		
Purchase of properties and development expenditure	(4,457,348)	(62,369,242)
Sale of properties	28,780,734	18,734,298
Rent enhancement creditor	(3,474,611)	-
Bank interest received	7,298	101,941
Net cash inflow/(outflow) from investment activities	20,856,073	(43,533,003)
Cash flows before financing activities	67,491,304	(13,754,697)
Cash flows from financing activities		
Repayment of obligations under finance leases	(22,896)	(22,896)
Amounts received on creation of units	21,488,651	64,181,957
Amounts paid on redemption of units	(55,400,324)	(74,974,738)
Borrowing costs and interest (excluding finance lease)	(163,841)	(114,709)
Distributions paid	(27,428,447)	(24,011,323)
Net cash (outflow) from financing activities	(61,526,857)	(34,941,709)
Net cash at bank	5,964,447	(48,696,406)
Cash at bank at the start of the period	39,282,556	92,861,347
Cash at bank at the end of the period	45,247,003	44,164,941

The fund doesn't hold any instrument that qualifies as cash equivalents both in the current and prior period.

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 interim financial statements have been prepared in accordance with FRS 104 *Interim Financial Reporting in the UK and Republic of Ireland*. The annual financial statements are prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. 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 (e) as 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.

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

Going concern

These financial statements have been prepared on a going concern basis which the Manager considers to be appropriate for the following reasons.

The Fund requires collection of approximately 20% of rent per quarter to cover the property and operation costs for the period. The Manager considers that even in a severe-but-plausible scenario this level of rental income should be exceeded given the diversity of the Fund's property portfolio. At the date of approval of these financial statements 98.21% of the Q4 2023 rents have been collected.

During Q4 2023 dealing, 50% of redemptions were deferred - £22.7 million. Investors are able to withdraw their redemption requests if they do not want to proceed. Redemptions are payable in line with the terms of the Scheme Particulars which allows the Manager to defer redemptions for a period of up to 12 months from the Dealing Date or for a period to 24 months from the Dealing Date where the redemption requests sought represent an aggregate value of 10% or more of the Net Asset Value of the Fund.

As at 24 December 2023, the Fund holds £45.2 million in cash, of which £25.2 million is income and £20.0 million is capital cash. The outstanding redemption requests are being settled through the use of available cash, matched bargain trades and property disposals. Post 24 December 2023, two properties were sold for £12 million total with monies received for both assets on 25 March 2024. These monies will be used towards paying the deferred redemptions. At the time of approval of the financial statements, the Fund holds approximately £3.4 million of capital cash.

The Fund is also in the process of signing a £20 million fixed revolving credit facility. Refer to Note 6 in the financial statements for further details.

Taking the above into account, the Manager considers that the Fund is able to meet its liabilities as they fall due and has therefore prepared these financial statements on a going concern basis.

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 Knight Frank on 24 December 2023. 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.

Notes to the Financial Statements continued

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 11). The associated finance charges are charged to the Statement of Total Return.

c) Basic financial instruments

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.

Offsetting policy

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, the Fund:

(a) currently has a legally enforceable right to set off the recognised amounts in accordance with the Scheme Particulars; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

d) Classification of a puttable instrument as liability or equity

A redeemable unit is a puttable instrument that meets the definition of a liability but is classified as equity under the puttable exception if it represents the residual interest in the net assets of the Fund.

Redeemable units can be put back to the Fund at any time, unless deferred by the Manager in line with the Scheme Particulars, for cash equal to a proportionate share of the Fund's trading net asset value.

The Fund has a policy to distribute income quarterly in accordance with the Scheme Particulars. Consequently, this mandatory distribution obliges the Fund to make payments to unitholders before liquidation and hence, the value of these redeemable units (net assets attributable to unitholders) are classified as liability rather than equity.

e) Transaction costs

The Fund aggregates properties in the portfolio statement on pages 24 and 25 in bands greater than 5%. These pages and Note 3 do not disclose transaction costs separately in order to avoid disclosure of sensitive commercial information and does not therefore comply fully with the SORP.

Notes to the Financial Statements continued

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. See note 5.

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 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.

Other income includes lease surrender income and dilapidation income. Other income is recognised in the period in which it is earned.

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 (Note 3).

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 revenue in nature and are included within the distribution calculations. Further detail of these costs is included in Note 6.

i) Distributions payable and distribution policy

Distributions payable are classified as finance costs and are recognised on an accruals basis. The treatment is consistent with the classification of the units as liabilities. Further details of these distributions are included in Note 7.

Distributions are calculated in accordance with the Scheme Particulars.

j) 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. VAT is recognised as payable upon receipt of cash.

k) Comparatives

The Fund presents comparative information for the balance sheet as at 24 June 2023 to comply with FRS 104 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).

l) Accounting estimates and judgements

Key sources of estimation uncertainty are the valuation of investment properties. Please refer further to note 8.

Notes to the Financial Statements continued

2 Risk Management

In pursuing its investment objective, the Fund holds a number of properties. 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.

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

Criteria	Risk Control
Rental income	Monitoring the proportion rental income
Term of rental	Verifying in advance of an acquisition or lease event (e.g. tenant change) and comparing with equivalent fund types or data of the Investment Property Databank (IPD)
Quality of tenants	Verifying 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	Monitoring and constantly reviewing in advance of each property acquisition or disposal
Geographic diversification	Monitoring and constantly reviewing 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.

Notes to the Financial Statements continued

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.

A detailed review is performed as debtor balances are monitored on an individual basis rather than a portfolio basis to ensure credit risk is minimised. Cash held by the Fund in bank accounts is also considered for credit risk by ensuring the bank used has an ongoing strong credit rating and that there is no risk of this defaulting.

Sector exposure risk
The Fund's assets are 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.

ESG risk
The Manager is aware of the risks that face the Fund in relation to climate change and other ESG risks. These risks are taken into consideration by the Manager when managing and operating the Fund's assets. The Manager continues to monitor and assess the climate and ESG risks that the Fund faces. The assessment analyses the risks posed by multiple hazards including floods, fires, storms, heat stress and water stress for example. The Manager found a low level of risk across all categories. Knight Frank (the Fund's valuers) have also confirmed they have nothing to flag in terms of high flood risk for any of the properties in the portfolio as at 24 December 2023 for the foreseeable future.

When reviewing potential investments, CPF considers relevant ESG issues including environmental and social risks and opportunities, regulatory compliance, green building accreditation or value-add innovation. During the due diligence process, potentially significant ESG issues and opportunities will be analysed and identified. The Manager uses data from the Environmental Agency when assessing flood and other environmental risks and would immediately terminate acquisitions if any risks were highlighted. The Manager also evaluates and manages the impact that sustainability has on investment performance; for example this may include depreciation costs due to additional capital expenditure or the ability to let or sell a property. CPF's exposure to, and required management of ESG issues will be considered when making the final investment recommendation decision.

Notes to the Financial Statements continued

3 Net capital (losses)
The net (losses) on investments during the period comprise:

	6 months to 24 December 2023	6 months to 24 December 2022
Properties	£	£
Net proceeds from disposal of properties	22,729,867	18,734,298
Carrying value of properties disposed during the period	(22,125,000)	(19,875,000)
Movement in accruals on properties disposed in prior period	(13,863)	(68,075)
Gains/(losses) realised on properties disposed	591,004	(1,208,777)
Unrealised gains on revaluation for the period	5,430,948	74,575
Unrealised losses on revaluation for the period	(62,772,093)	(229,601,281)
Total net capital (losses) on investment properties	(56,750,141)	(230,735,483)

Net gains/(losses) on properties disposed comprised £765,712 (2022: £272,500) realised gains and (£174,708) (2022: (£1,481,277)) realised losses on disposal.

4 Income

	6 months to 24 December 2023	6 months to 24 December 2022
	£	£
Rental income	31,287,592	30,174,078
Bank interest	7,298	101,941
Sundry income	16,943,855	675,045
	48,238,745	30,951,064

Sundry income relates to income received from the surrender of leases and dilapidations income. Details of this can be found in the Manager and Trustee's Report on page 4.

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

	As at 24 December 2023	As at 24 December 2022
Within 1 year	59,483,622	63,009,918
Later than 1 year and no later than 5 years	194,080,921	210,782,976
Later than 5 years	334,668,279	389,076,538
	588,232,822	662,869,432

Notes to the Financial Statements continued

5 Expenses

	6 months to 24 December 2023	6 months to 24 December 2022
	£	£
Manager and Property Manager fees	2,895,268	3,552,052
Corporate Trustee's fees	81,925	113,611
	2,977,193	3,665,663
Other expenses:		
Insurance	40,957	6,836
Audit fee	80,001	69,552
Review fee	-	51,678
Valuation fee	87,231	82,709
Advisory Committee fees	22,000	20,000
Legal and professional fees	1,323,570	1,050,807
Transfer Agent and Administrator fees	21,635	163,702
Marketing and communication costs	15,223	48,587
Vacant property and property maintenance costs	(212,751)	916,349
Recovery for doubtful debts	154,054	(188,142)
	1,531,920	2,222,078
	4,509,113	5,887,741

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Notes to the Financial Statements continued

6 Finance Costs – Interest and Other

Finance cost during the period (excluding distributions) comprise:

	6 months to 24 December 2023	6 months to 24 December 2022
	£	£
Capital expenses		
Credit facility arrangement fee	43,009	34,490
Legal and professional fees	40,176	-
Interest expense on capital contribution	145,368	145,161
	228,553	179,651
Revenue expenses		
Non-Utilisation fee	80,657	80,219
Finance lease interest	22,896	22,896
	103,553	103,115
Finance costs: interest and other	332,106	282,766

On 9 October 2021, the Fund extended its fixed revolving credit facility with the Royal Bank of Scotland international for two years to 20 February 2024. The Facility expired on this date and is in the process of being replaced with a new revolving facility (the "Facility") with Lloyds Bank plc.

This Facility is expected to be signed during Q2 2024 for an initial period of two years and nine months, with the option to extend for a further two years. The Facility and has a maximum drawdown of £20,000,000 which may be used for the purchase of investment properties, capital expenditure and redemptions.

The Fund has not entered into any derivative contracts in respect of interest rates.

The credit facility arrangement fee are costs which are incurred when entering into the credit facility agreement, amortised over the length of the facility. Legal and professional fees are costs incurred due to abortive deals. On this basis these costs are deemed to be capital in nature and excluded from the distribution calculations.

Notes to the Financial Statements continued

7 Finance Costs – Distributions

Distributions during the period comprise:

	6 months to 24 December 2023	6 months to 24 December 2022
	£	£
First interim distribution	13,371,290	12,118,280
Second interim distribution	29,651,974	12,484,953
Net distribution from income for the period	43,023,264	24,603,233
Capital distribution	58,977	214,016
Total distribution	43,082,241	24,817,249

Details of the distribution per unit are set out in the distribution table on page 30.

Represented by:

	£	£
Net income	43,397,526	24,780,557
Less: income from rent straight-lining and lease surrender	(602,721)	(355,883)
Add back: capital expenses	228,553	179,651
Provision for bank charges	(94)	(1,092)
Distributable capital income	58,977	214,016
Net distribution for the year	43,082,241	24,817,249

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

Notes to the Financial Statements continued

8 Investment Properties

Split of investment properties by freehold and leasehold:

	Freehold	Leasehold	As at 24 December 2023	As at 24 June 2023
	£	£	£	£
Value at the beginning of the period	992,470,000	126,145,000	1,118,615,000	1,387,000,000
Purchases and capital expenditure during the period	2,747,778	1,564,202	4,311,980	31,830,753
Carrying value of properties disposed during the period	(19,200,000)	(2,925,000)	(22,125,000)	(66,675,000)
Gain on valuation	5,132,873	298,075	5,430,948	3,312,096
Loss on valuation	(59,807,607)	(2,964,486)	(62,772,093)	(238,021,000)
Income recognised from rent straight-lining and lease incentives	296,957	(17,792)	279,165	1,168,151
Fair value	921,640,001	122,099,999	1,043,740,000	1,118,615,000
Finance lease asset	-	778,837	778,837	778,878
Carrying value at the end of the period	921,640,001	122,878,836	1,044,518,837	1,119,393,878

Lease incentives and straight-lined rent of £24,295,005 (24 June 2023: £25,370,897) are included in the carrying value of the investment properties above.

All the properties have been valued by external chartered surveyors, Knight Frank, at £1,043,740,000 (24 June 2023: £1,118,615,000), in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The historical cost of the properties is £941,596,037 (24 June 2023: £970,807,269).

The Fund holds a leasehold property with an annual ground rent payable of £45,791 (24 June 2023: £45,791). This is subject to five-yearly rent reviews (see Note 11). 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 meaning they are able to be sold relatively quickly if needed to increase liquidity.

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 Investment 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.

Notes to the Financial Statements continued

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 2023 valuations by Knight Frank is provided below:

Sector	Total Valuation Figure	ERV Range (psf)			Equivalent Yield Range		
		Max	Av	Min	Max	Av	Min
Retail - Warehouses	£166,820,000	£36.75	£16.76	£5.00	8.94%	6.62%	5.00%
Warehouses / Industrial	£372,025,000	£21.25	£9.85	£5.00	9.65%	6.10%	4.91%
Offices	£178,850,000	£75.00	£32.50	£15.00	10.07%	7.78%	5.20%
Alternatives	£326,045,000	n/a*	n/a*	n/a*	9.75%	6.31%	4.73%
Total	**£1,043,740,000**						

* 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.

Notes to the Financial Statements continued

9 Debtors

	As at 24 December 2023	As at 24 June 2023
	£	£
Amounts receivable on disposal of properties	1,500,000	7,550,867
Net rent receivable	8,429,901	9,971,125
Amounts due from managing agents	1,687,197	1,007,237
Loan arrangement fee	13,774	56,783
Insurance receivables	241,764	104,998
Sundry prepayments	63,313	19,062
Sundry debtors	427,197	426,967
	12,363,146	19,137,039

Net rent receivable is stated after allowances for doubtful rent receivables of £885,437 (2023: £831,383).

Notes to the Financial Statements continued

10 Creditors

	As at 24 December 2023	As at 24 June 2023
	£	£
Amounts payable for redemption of units	17,906,055	15,663,613
Prepaid rent	11,323,112	12,079,868
Manager and Property Manager fees	99,000	132,000
Corporate Trustee fees	41,117	92,574
Audit fees	80,000	115,941
Valuation fees	42,822	44,804
Rent enhancement creditor	1,666,337	4,746,113
Capital expenditure payable	-	316,970
Purchases awaiting settlement	433,889	511,750
Credit facility non-utilisation fee and debt arrangement fee	15,342	54,357
VAT payable	5,055,544	1,940,291
Other creditors	1,600,020	2,042,587
Finance lease liability	86	83
Retentions	745,191	16,829
	39,008,515	37,757,780

The Amounts payable for redemption of units is presented net of Amounts receivable for creation of units as the applications and redemptions are matched as per Section 5.3 of the Scheme Particulars and therefore would be more representative of the position as at balance sheet date.

The Manager has deferred 50% of the redemption requests received in Q4 2023. Based on current pricing, these deferred redemptions are estimated at £22.7 million.

Post 24 December 2023, two properties have been sold for a total of £12 million. Monies were received on the 25 March 2024 which are to be used towards paying the deferred redemptions.

Other creditors balance for 24 December 2023 includes monies received from a tenant payable for capital expenditure. Other creditors balance for 24 June 2023 includes the receivable for a property sold at year end.

Notes to the Financial Statements continued

11 Finance Leases

	As at 24 December 2023	As at 24 June 2023
	£	£
Finance lease (non current)	778,751	778,795
Total	778,751	778,795

The future minimum lease payments are as follows:

	As at 24 December 2023	As at 24 June 2023
	£	£
Not later than 1 year	45,791	45,791
Later than 1 year and not later than 5 years	183,164	183,164
Later than 5 years	5,557,820	5,580,715
Total gross payments	5,786,775	5,809,670

Total finance lease liabilities amount to £778,837 (24 June 2023: £778,878), of which £86 (24 June 2023: £83) is considered current liabilities (see note 10). The remaining £778,751 (24 June 2023: £778,795) is due after more than 1 year.

12 Related Party Transactions

Details of the Manager, Property Manager and Corporate Trustee can be found on page 54.

During the period the Manager has received management fees of £2,839,999 (2022: £3,494,770) and the Property Manager fees of £55,269 (2022: £57,282) thereby totaling £2,895,268 (2022: £3,552,052). These figures can be seen in Note 5, Expenses. The amount outstanding at the period end in respect of those fees was £99,000 (24 June 2023: £132,000), as can be seen in Note 10, Creditors.

During the period the Property Manager has received transactional fees of £119,323 (2022: £186,457), which are capitalised to Investment Property and deducted from realised gains and losses on disposal. The Property Manager has also received fees relating to asset management activity of £123,650 (2022: £243,631). These fees sit within Note 5, Legal and Professional Fees and Vacant Property and Property Maintenance Costs.

During the period the Corporate Trustee received £81,925 (2022: £113,611). Amounts payable to the Corporate Trustee or associates of the Corporate Trustees are shown in Note 5, Expenses. Amounts due are shown in Note 10, Creditors. The amount outstanding at the period end in respect of those fees was £41,117 (24 June 2023: £92,574).

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 £65,424 (2022: £63,909) 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.

Notes to the Financial Statements continued

13 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 30 'Fund History'.

		GROSS		
Trading Quarter	**No. Units**	**Applications**	**Redemptions**	**Net Movement**
24 Mar 2023	923,802,080.144	16,536,916.944	(29,770,869.587)	(13,233,952.643)
24 Jun 2023	911,053,010.487	10,658,777.727	(23,407,847.384)	(12,749,069.657)
24 Sep 2023	896,014,190.920	6,625,382.013	(21,664,201.580)	(15,038,819.567)
24 Dec 2023	880,677,264.211	4,057,742.289	(19,394,668.998)	(15,336,926.709)
	TOTAL	**37,878,818.973**	**(94,237,587.549)**	**(56,358,768.576)**

Applications and redemptions for trading quarter 24 December 2023 were settled on settlement date 5 January 2024.

In Q4 2023, 18,182,376.600 units and £24,160,581 were requested for redemptions but 50% of these redemptions were deferred by the Manager. Based on current pricing, these deferred redemptions are estimated at £22.7 million.

Net amounts payable on redemption of units amounted to £36.1m for the 6 months to 24 December 2023 (2022: £51.2m). This comprised two quarterly trading cycles which saw a total of £13.0m of applications (2022: £12.9m) and £49.1m of redemptions (2022: £64.1m). Details of the fees earned by the Manager as a result of this dealing activity can be found in Note 12.

14. Capital and other commitments

At 24 December, the Fund had the following capital commitments.

	As at 24 December 2023 £	As at 24 June 2023 £
Contracts for future capital expenditure in investment properties	1,666,337	438,994

15. Post Balance Sheet Events

On 25 March 2024 the Fund completed on the sale of assets in Harrogate and South Normanton for a total of £12 million. The properties were sold for cash which was received on this same day.

General Information

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).

General Information continued

Corporate Trustee

Citibank UK Limited 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 UK Limited 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.

General Information continued

The Manager and Investment Adviser

The Manager's fees and the Investment Adviser'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.

Trustee, Manager and Advisers

Details

Corporate Trustee and Depository
Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Manager / AIFM / Trustee
Savills Investment Management (UK) Limited
33 Margaret Street
London
W1G 0JD

Standing Independent Valuer
Knight Frank LLP
55 Baker Street
London
W1U 8AN

Investment Adviser
Savills Investment Management LLP
33 Margaret Street
London
W1G 0JD

Legal Adviser
Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Performance Measurement
MSCI (formerly IPD)
9th Floor
10 Bishops Square
London
E1 6EG

Property Manager
Savills (UK) Limited
33 Margaret Street
London
W1G 0JD

Customer Due Diligence Administrator
Apex Group
Limited 1 Aldemanbury Square
London
EC2V 7SB

Transfer Agent and Administrator
Alter Domus
10th Floor
30 St Mary Axe
London
EC3A 8BF

Tax Compliance
RSM UK
25 Farringdon Street
London
EC4A 4AB

Annual Performance to 31 December

	Year ended Dec 2023	Year ended Dec 2022	Year ended Dec 2021	Year ended Dec 2020	Year ended Dec 2019
Charities Property Fund	0.1%	(4.2%)	14.8%	1.3%	2.1%
AREF/MSCI All Balanced Funds Index	(1.4%)	(9.5%)	19.1%	(1.0%)	1.6%

This report is issued by Savills Investment Management (UK) Limited (registered in England, number 03680998 at 33 Margaret Street, London W1G 0JD), which is authorised and regulated by the Financial Conduct Authority (firm reference number 193863) and operates as the Manager of the Charities Property Fund ("The Fund").

This Fund is a registered charity (number 1080290) and is a common investment fund established by the Charity Commission for England and Wales under Section 24 of the Charities Act 1993. Investment into the Fund is only available to charities within the meaning of section 96 or 100 of the Charities Act 2011.

This document is provided for information purposes only and may not be reproduced in any form without the express permission of the Manager. The opinions expressed here represent the views of the Manager at the time of preparation and should not be interpreted as investment advice. This report is aimed at existing investors in the Fund, but it may also be distributed to prospective investors. This report is not an offer to invest in the Fund and independent financial advice should be sought before considering investment into the Fund.

The value of property is generally a matter of a valuer's opinion rather than fact. Please remember that past performance is not necessarily a guide to future performance. The value of an investment and the income from it can fall as well as rise and investors may not get back the amount originally invested. Taxation levels, bases and if relevant, reliefs can change. Property can be difficult to sell and it may be difficult to realise your investment when you want to.

Handstand Creative
www.handstandcreative.com

Manager and Trustee's Report

List of Properties

Key Fund Data

Financial Statements

CHARITIES PROPERTY FUND

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