Charities Property Fund
Savills Investment Management
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27th October 2025

Dear Investor,

Performance to 30 September 2025

The Charities Property Fund posted a positive total return for Q3 2025 of +1.2% and a total return of +7.2% for the last 12 months. This compares to the MSCI / AREF UK All Balanced Open-Ended Property Fund Index of +1.2% for Q3 2025 and +6.8% for the last 12 months.

We saw a small increase in valuations in September 2025, marking five consecutive quarters of gains, although the Unit Price remained static after accounting for capital invested in refurbishment projects. The unit price is up +2.1% over the last 12 months.

	3 months	1 Year	3 Years (per annum)	5 Years (per annum)	10 Years (per annum)	Since launch (per annum)
CPF	1.2%	7.2%	-1.0%	4.6%	4.8%	6.4%
MSCI / AREF All Balanced Open Ended Property Fund Index	1.2%	6.8%	-2.4%	3.6%	3.8%	5.2%

Source: MSCI / AREF UK All Balanced Open Ended Property Fund Index 30 September 2025.
NB past performance is not a reliable indicator of future performance. Total return is net of fees and expenses.

The Fund has outperformed the Index by +0.4% over the last 12 months and consistently over 3 years, 5 years, 10 years and since launch.

We are also delighted to announce that we have won two awards this quarter, the first was the *Association of Real Estate Funds "Outstanding Fund Achievement Award"* which is a coveted and prestigious award for commitment to sustainability, industry engagement and long-term value for investors. The second was the *Charity Times Boutique Investment Management Award* which we won for the second year running. The award recognises excellence in the professional services offered to the charity sector.

UK Commercial Real Estate

Within the UK commercial real estate market, the environment has once again been stable during Q3. On a positive note, the quarter end marked five consecutive quarters of capital growth since June 2024, albeit as with Q2, growth has slowed to a crawl with values only ticking up by 0.2% in Q3. Investment transaction levels remain sluggish thanks partly to the ongoing economic travails faced by the UK, with no obvious quick fix. Nervousness about the forthcoming UK Budget at the end of November has led to inertia as investors pause decision making.

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Despite five interest rate cuts over the last 12 months and continued optimism within the occupational real estate markets, the uncomfortable truth is that UK Gilt rates remain elevated, partly due to a lack of confidence in the UK economic picture – the yield on the 10 year Gilt for example has increased by 5% over the last year to stand at 4.42%. This makes commercial real estate less attractive by increasing the cost of capital and reducing relative returns. As Gilt yields have risen, investors have demanded higher yields from property to compensate for the risk premium. This explains why valuation gains have largely dried up and investor demand remains patchy.

Real estate does have the additional benefit of income growth, which offers an element of inflation protection and the total return for the last 12 months of 7.2% is encouraging and ahead of our objective. However, for this growth to accelerate the risk free rate needs to stabilise and ultimately reduce.

The potential for upside does remain, with the lack of new supply likely to drive rents. According to CoStar, construction of offices, shops, and warehouses in the UK has fallen to its lowest level since 2014, with overall commercial activity down 21% year-on-year in the third quarter. Rising build costs, skill shortages, high interest rates and economic uncertainty have contributed to the slowdown, coinciding with broader weakness in housebuilding and a challenging market for investors. Despite the decline in construction, office take-up for example has risen sharply, particularly in London, where demand jumped 34% year-on-year as companies return to the office.

Portfolio Activity

We have had a successful quarter of active management signing two new lettings after completing refurbishments, extending the lease at our largest industrial asset, in Tamworth and concluding a rent review at Tewkesbury resulting in a substantial uplift of 44% on the passing rent. Interestingly the agreed settlement exceeded the independent assessment of rental value by 28%. These are not isolated examples. The momentum we are witnessing in the asset base gives us confidence in the portfolio and there is a promising pipeline of asset management initiatives due to complete in Q4.

Economic Backdrop

The UK economy continues to face persistent structural challenges - low productivity, high inflation and fiscal constraints - but the outlook is more nuanced than headlines suggest.

The economy has proved resilient to both tax and tariff increases this year, growing by 1.1% in the first half of the year alone. However, growth is unlikely to be able to maintain that pace in the second half of the year. Consumers and businesses remain cautious, tariffs will continue to drag on global growth and government spending, which has been a key source of growth, will level out. Nevertheless, the UK is expected to grow faster than France, Germany and Italy in 2025, making it the fastest growing European G7 economy.

Against this, inflation remains elevated, expected to peak near 4% in the autumn and stay above the Bank of England’s 2% target until at least 2027. This has contributed to rising employer costs and meant that interest rates haven’t been able to reduce as quickly as

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hoped. The unemployment rate is set to rise to 5% and a weakening labour market will weigh on total household incomes, although this may ease inflationary pressures over time.

The looming 'known unknown' is Rachel Reeves' upcoming Autumn Budget, which threatens substantial tax hikes. As with last year the risk is prolonged economic stagnation as decision makers sit on their hands and the uncertainty (pre-Budget) and increased pessimism (post-Budget) reduces economic activity. UK-listed businesses issued 64 profit warnings in the third quarter - a three-year high, which is blamed on weak consumer confidence, in turn blamed on pre-budget uncertainty. We shall wait and see, hopefully the fears are overblown.

All in all it is surprising how resilient global markets have been considering all the bad news which has been thrown at them. Many markets are in 'bubble' territory – it has been a boom year for investors in Gold, Crypto, Tech and Private Credit, with narrowing spreads between private and sovereign debt. The Bank of America's latest Global Fund Manager Survey, has cited an "AI equity bubble" as the top global risk for the first time in its history. Commercial real estate cannot be accused of being in bubble territory.

The Fund continues to benefit from a large portfolio invested in modern buildings in strong locations. We continue to apply active asset management to grow income, lengthen and improve leases and keep vacancy to a minimum. The strong relative performance, longer than average leases, a very low vacancy rate, a high percentage of index-linked leases at 52% and a growing dividend (up +3% over the quarter), demonstrates this is effective.

We are delighted to report that the Charities Property Fund will be celebrating its 25th Anniversary this Autumn and we will be hosting a drinks reception on 12th November at the King's Fund in Cavendish Square. If you would like to attend and haven't yet received an invitation (or have mislaid it) please contact us by return.

We attach the latest factsheet which sets out the key points and highlights of the Fund for the quarter.

Yours sincerely,

Harry de Ferry Foster MRICS
Fund Director

AREF The Association of Real Estate Funds Annual Awards 2025
WINNER Outstanding Fund Achievement
The Charities Property Fund

charitytimes Awards 2025 Recognising leadership and professionalism Winner

charitytimes Awards 2024 Recognising leadership and professionalism Winner

Corporate Governance 2025 AREF The Charter Quality Mark

25 YEARS ANNIVERSARY

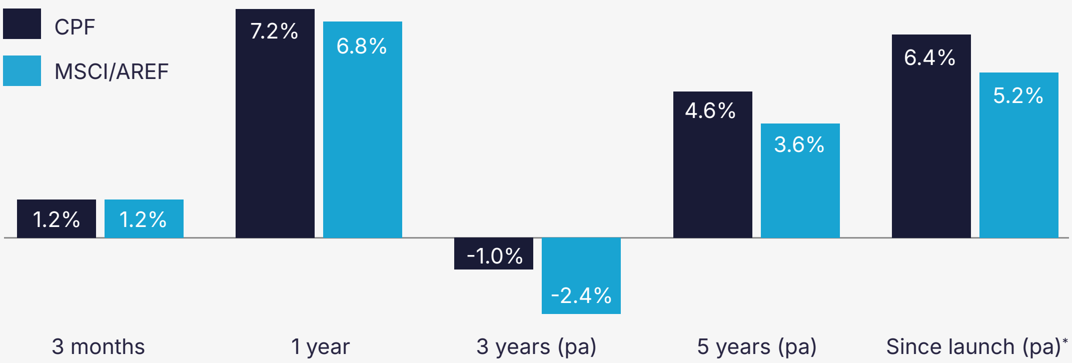
Fund Objectives

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/MSCI September 2025). It is a Common Investment Fund regulated by the Charity Commission and helps c.1,300 charities to invest in commercial real estate in an ethical, responsible and tax-efficient way. The Fund's objective is to invest in property throughout the UK to provide a balanced and diversified portfolio to deliver a high and secure level of income and to maintain the capital value of assets held over the long term.

Key Points - 30 September 2025

£956 million fund size	**5.5**% gross fund yield	**90** properties	**10.3** average years to Fund lease expiry
No debt	**4.8**% yield net of costs	**183** tenants	**8.4** average years to earliest break

Fund Performance



Source: Savills Investment Management, MSCI/AREF Quarterly Property Funds Index, 30 September 2025

Basis: NAV-to-NAV with gross income reinvested

*The Charities Property Fund launched in 2000.

Total return is net of fees and expenses.

Past performance is not an indicator of future performance.

Asset Management

As communicated last quarter we have agreed terms on six separate lease extensions with existing occupiers. Five of the assets are in the industrial & logistics sector and one is in the alternatives sector and they comprise 9% of the total portfolio by value. The current combined average unexpired lease term for the six assets is 2 years, once signed this will increase to 21.9 years, increasing the total on the portfolio from 10 years to 12 years on average.

The first has now completed at Tamworth increasing the existing lease length from 3.25 years to 15 years (without break). The rent has also increased from £1.3 million per annum (pa) to £1.4 million pa, having already increased by 34% at rent review only last year.

We are also pleased to report that we have signed two lettings, one in Bath and another in Bristol.

Bristol is an excellent case study – the previous tenant vacated at lease expiry on 25 May 2025. The rent they were paying was £55,425 pa (7.50 per sq ft). In less than five months we have undertaken and completed a full refurbishment of the unit, on time and on budget, resulting in a substantial overhaul and successfully relet the unit at a rent almost twice that payable in May. The refurbishment included the installation of a new roof and the provision of solar panels which improved the EPC rating from a 'D' rating to an 'A' rating.

Howden Joinery have agreed to take a new 15 year lease at a rent of £100,000 pa (£13.46 per sq ft). This represents an 80% increase over the previous passing rent and a 20% increase over the most recent Independent assessment of rental value.

Tamworth

Bristol

CPF Portfolio 30 September 2025

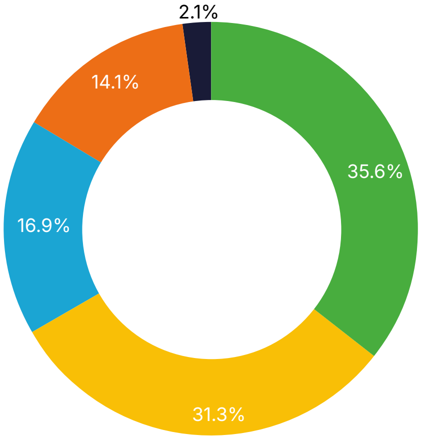
4.7%
fund vacancy rate

52% of income benefits from fixed or index-linked rental increases

12%
MSCI vacancy rate

75% of index linked income is linked to RPI

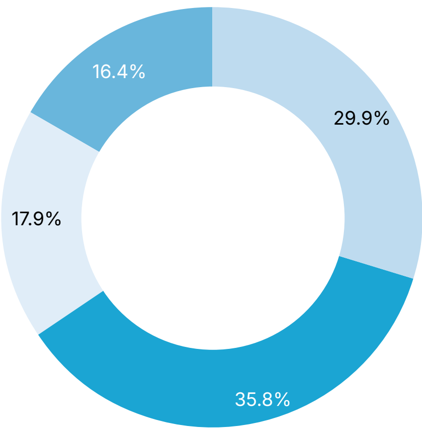
Sector weightings



Industrial & Distribution	**35.6%**
South East Industrials	15.0%
Rest of UK Industrials	20.6%
Alternatives	**31.3%**
Leisure	1.5%
Education	4.1%
Hotels / Student / Serviced Apartments	17.0%
Automotive	5.7%
Roadside	3.0%
Offices	**16.9%**
London Offices	10.1%
South East Offices	2.1%
Rest of UK Offices	4.6%
Retail	**14.1%**
High Street	0.0%
Supermarkets	0.0%
Retail Warehouses	14.1%
Cash	**2.1%**

Source: Savills Investment Management, September 2025

Geographical Weightings



Greater London	29.9%
South East & South West	35.8%
Midlands & Wales	17.9%
North	16.4%
Scotland	0.0%

Source: Savills Investment Management, September 2025

Asset Management continued

One unit within our estate in Bath has been a long running saga where we took the decision to forfeit the lease to a gym operator – an F45 franchise - for non payment of rent. It is very unusual that we resort to this, but we gave the tenant ample opportunity to comply and they rebuffed any offers of assistance. On a positive note, we have now relet the premises to another gym operator, on a 10 year term, with a break option at the fifth year. The rent has also increased from £58,500 pa under the F45 lease to £60,000 pa. We were also able to claim some loss of rent under the insurance policy.


Tewkesbury

We successfully completed a rent review during the quarter at one of our industrial properties in Tewkesbury. This unit comprises a 42,000 sq ft industrial unit dedicated to precision manufacturing. The previous passing rent was £270,000 pa (£6.40 per sq ft) and the Independent estimate of rental value (ERV) was £303,800 pa (£7.17 per sq ft). We have agreed to document the new rent under the lease at £387,748 pa (£9.27 per sq ft), which is a 44% increase on the passing rent and a 28% premium to the ERV.

Awards

AREF The Association of Real Estate Funds Annual Awards 2025 WINNER Outstanding Fund Achievement The Charities Property Fund

We are delighted to announce that we have won two awards this quarter, the first was the Association of Real Estate Funds "Outstanding Fund Achievement Award"

This is awarded for commitment to sustainability, industry engagement and long-term value for investors and recognises excellence within AREF funds, measured against the 10 Guiding Principles of the AREF Charter.

"The Charities Property Fund stood out for its commitment to sustainability, industry engagement and delivering long-term value for investors. The judges agreed that Savills IM submitted an outstanding response, showcasing a practical and integrated approach to achieving net-zero carbon. They also addressed broader ESG considerations, such as resilience to physical and transitional risks and the impact on nature. The Fund emphasised its commitment to transparent reporting and is actively engaging with the industry to share best practices".

2025 charitytimes Awards Recognising leadership and professionalism Winner

The Charities Property Fund was also the winner of the Charity Times Boutique Investment Management Award for the second year running. The award recognises excellence in the professional services offered to the charity sector, showing evidence of real quantifiable investment returns, especially within the last 12 months, but also within a wider timeframe context.

Fund Information - (As At 30 September 2025(

Launch date	September 2000
Fund size	£956 million
No of investors	c.1,300
Historic distribution yield	4.8%*
Prospective distribution yield	4.8%**
Fund costs (TER)	0.7% per annum
Unit price	NAV - 120.72 pence
	Bid - 119.01 pence
	Offer - 122.86 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	14 November 2025
Last distribution payment	1.4176p per unit
Next dealing date	31 December 2025#

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

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

Applications must be received on the 15th day of the month in which the Valuation Date falls (or if that is not a Business Day the preceding Business Day) for dealing on the next Dealing Date.

Five Largest Tenants

Travelodge Hotels Limited (4)	7.9%
Macmillan Publishers International Limited (1)	4.5%
D'Overbroeck's Limited (surety: Nord Anglia Education Limited) (2)	4.4%
Leonardo Hotel Management (UK) Limited (1)	4.2%
Sytner Limited (Sytner Group Limited) (3)	3.6%
Total (across 11 locations)	24.6%

Sales

We completed one sale and exchanged contracts on another during the quarter. The completed sale comprised the B&Q Warehouse in Basingstoke, which we sold to a family office for £17.5 million, reflecting a yield of 5.95%.

This asset had been held for 10 years and had delivered almost £9 million in income over the hold period. This asset was previously let to Homebase, but following their collapse into administration at the end of 2024 we secured an immediate assignment to B&Q on the same lease terms at the same rent. This was an outcome we had been pursuing for some time and resulted in a substantial improvement in the income quality of the tenant and the marketability of the investment.

10 Largest Assets

London EC1 - The Smithson, Farringdon (Office)	5.9%
London SE7 - Greenwich (Retail Warehouse)	4.9%
Oxford - 333 Banbury Road (Alternatives)	4.2%
Brighton - Leonardo Hotel (Alternatives)	3.7%
London SW11 - Battersea (Alternatives)	3.5%
Cambridge - Travelodge (Alternatives)	2.8%
Bury St Edmunds - Suffolk Park (Industrial)	2.5%
Tamworth - Emperor Point (Industrial)	2.4%
Epsom - Epsom Trade Park (Industrial)	2.3%
Telford - Welcome Break MSA (Alternatives)	2.3%
Total	34.5%

Risk Warning

This document is a financial promotion and is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. Savills Investment Management (UK) Limited have not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether our product is suitable, please read both the Fund Factsheet document and the Scheme Particulars. We strongly recommend you seek independent professional advice prior to investing. Investors should consider the following risk factors identified as specific to the Fund before investing: Counterparty/Tenant/Credit Risk (financial institution/tenants may not pay), Market Risk (investment value affected by market conditions), Operational Risk (general operational risks), Expiry/Maturity Profile (timing of maturity of tenancies), Liquidity Risk (investment in non-readily realisable assets), Interest Rate risk (changes to interest rate affecting income), Concentration Risk (need for diversification and suitability of investment), Business Risk (possibility of lower than anticipated profits). Please see the Fund Scheme Particulars for further details.

Disclosures

Investment in the Fund is only available to charities within the meaning of section 96 or 100 of the Charities Act 2011. Past performance is not an indicator of future performance. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money. Properties within the Fund are valued by an external property valuer; any such valuations are a matter of opinion rather than fact. The performance of the Fund may be adversely affected by a downturn in the property market which could impact on the value of the Fund. Any forward-looking statements are based upon our current opinions, expectations and projections. We undertake no obligations to update or revise these. Actual results could differ materially from those anticipated. The Fund is approved by the Charity Commission as a Common Investment Fund under section 24 of the Charities Act 1993 (as amended or replaced from time to time) and is an Unregulated Collective Investment Scheme and an Alternative Investment Fund. Investments and deposits in the Fund and the Fund itself are not covered by the Financial Services Compensation Scheme (FSCS). However, the Manager may pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund. Savills Investment Management (UK) Limited (registered in England No. 03680998 at 33 Margaret Street, London W1G 0JD) is authorised and regulated by the Financial Conduct Authority and is the manager of the The Charities Property Fund (Registered Charity No. 1080290).