

CHARITIES PROPERTY FUND

Savills Investment
Management

INTERIM REPORT AND ACCOUNTS

December 2022

MANAGER AND TRUSTEE'S REPORT

LIST OF PROPERTIES

KEY FUND DATA

FINANCIAL STATEMENTS



Warrington



Leeds



Brighton



Poole



Bath



Liverpool



London, EC1



Harrogate

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Manager and Trustee’s Report



The second half of 2022 started confidently with the UK real estate market having enjoyed a buoyant 12 months and the fund having posted an annual total return of 23.5%.

However, the storm clouds were gathering. The Bank of England had begun to raise interest rates in response to stubbornly high inflation and in June rates had increased to 1.25%. The 10 year Gilt rate had also more than tripled since the previous Autumn, reaching 2.3%. The cheap money era was coming to an abrupt end and whilst the writing was on the wall, it was hard to foresee how far and fast the situation would deteriorate. The catalyst turned out to be the infamous mini budget in September, which resulted in Gilt rates spiking to 4.5% and in response the Bank of England ratcheted interest rates to 2.25% in October, 3% in November and 3.5% in December. They now stand at 4.25%.

Against this backdrop, the real estate market started registering falls in valuations in July last year and these accelerated in Q4. The final quarter of 2022 saw the market post a record capital decline and an increase in forced sellers with many pension funds urgently seeking liquidity particularly in light of the Liability Driven Investment (LDI) crisis.

Conditions have improved slightly since the nadir of the mini budget in September and a change in Prime Minister appears to have ushered in a period of relative stability. However, the recent banking crisis only serves to reinforce how fragile this may prove. The Gilt rate has at least reduced from its highs of September to stand at 3.45% at the end of March 2023.

The Charities Property Fund total return for the year was -4.2%. This compares well to the UK All Balanced Open-Ended Property Fund Index which registered a return of -9.5% for the same period. For the 6 months to December 2022 the Fund registered a total return of -14.6% compared to the Index return of -18.1%.

Whilst relative performance is clearly strong, with the Fund outperforming over every time horizon it gives us no satisfaction to report a negative return for the last 6 months and for the year.

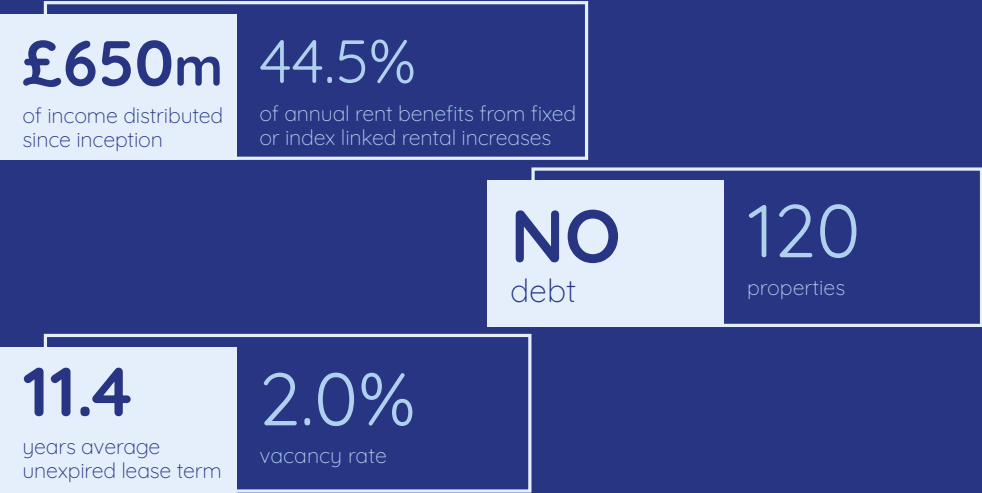
We received more applications to buy units in the Fund than to sell during 2022, however the challenge for us was that the majority of redemptions occurred in the final quarter. In September and December alone we received £70m (net) of redemptions. We were holding £71m in cash prior to this and therefore we took the difficult decision to defer £18.5m of redemptions, whilst paying out £51m (net). These will all be cleared during Q1 2023 dealing.

Despite the quality of the portfolio, we are not immune from wider capital market events. However, 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 – we completed ten new leases in Q4, reducing the vacancy rate to only 2.0%, down from 5.1% 12 months ago. The market average stubbornly stands at 9.8%. Our leases are long - the weighted average unexpired lease term (WALT) is 11.4 years. We believe the locations and assets we are invested in are of high quality and importantly 45% of our leases are index linked or benefit from guaranteed uplifts. This will help to provide growth in the dividend over the next 12 months. The latest dividend of 1.33 pence per unit, was 7.25% higher than both the Q3 dividend and the same quarter a year ago. We are starting to see the fruits of our index linked investments coming through with a large number of five yearly review pattern leases to be realised over the next 12 months.

Harry de Ferry Foster MRICS
Fund Director

High Quality Resilient Portfolio



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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 seventeen offices worldwide providing comprehensive investment management, tax and debt advice to clients.

The Savills Group is a global real estate services provider that was founded in 1855 and now has over 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
Fund Manager



Jim Garland
Portfolio Manager



Maggie McQuaid
Portfolio Manager



Joe Rosenblatt
Asset Manager



Vinod Raj
Investment Analyst

Investor Relations



Lucy MacEwan
CPF Marketing Manager

Finance



Tammy Thomas
Senior Fund Finance Manager



Kathryn Angliss
Fund Finance Manager



Louise Roberts
Associate Fund Finance Manager



Callum Wrench
Associate Fund Finance Manager

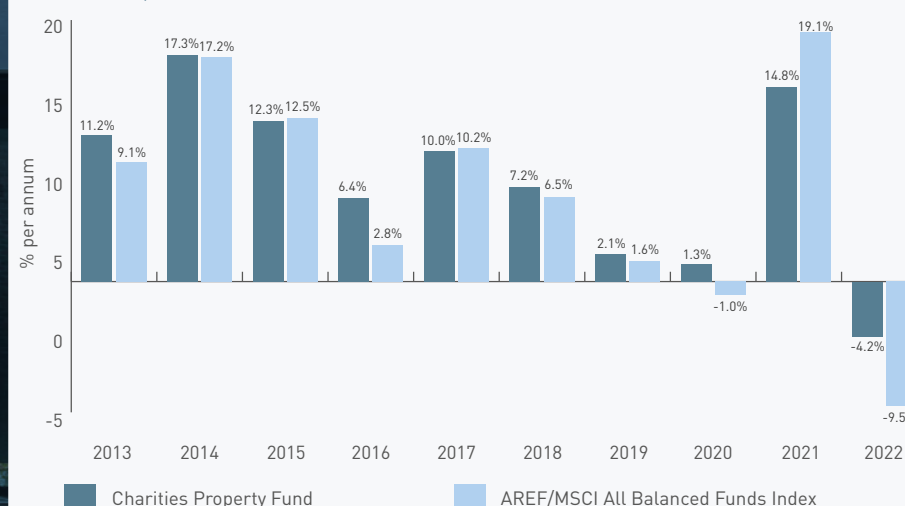
* AUM as at 24 December 2022

Fund performance

The total return for the Fund during the 12 months to 24 December 2022 was **-4.2%** against the AREF/MSCI All Balanced Property Funds Index which produced **-9.5%**. Over the last five years the Fund has returned 4.0% per annum, ahead of the index at 2.9%. Over 10 years the Fund has returned 7.7% per annum, compared to the Index at 6.5% per annum*.

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

Fund level performance - total return as at 24 December 2022



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

* Past performance is not a reliable indicator of future performance

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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 adopts both positive and negative tenant screening when assessing investments and new occupiers.

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

The Fund’s operating costs (the Total Expense Ratio) are paid from the income

account. Whilst this reduces the quarterly distribution payable, we believe that such expenditure should be financed from current income, rather than from capital.

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

CPF Investors

LifeArc

The Health Foundation

THE CHURCH OF ENGLAND
PENSIONS BOARD

phf Paul Hamlyn Foundation

UNIVERSITY OF BIRMINGHAM

JRF JOSEPH ROUNTREE FOUNDATION

ESG and Responsible Investment

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 will not 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 six charities, five 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.

Net
ZERO

The Fund team have embraced a Net Zero commitment by pledging to achieve Net Zero for Scopes 1 and 2 by 2030 (i.e. properties where we are in control or multi-let properties). We have pledged to achieve Net Zero for Scopes 1,2 and 3 by 2040.

This commitment will require the team to adopt a transformative approach to asset management. If we are to achieve the necessary levels of decarbonisation we must further integrate ESG principles into each stage of the investment cycle. For example:

- Our acquisitions will need to be assessed for their energy and carbon performance, and resilience to physical climate hazards.
- The refurbishment of our existing assets will need to prioritise the energy hierarchy by focusing on the use of low carbon materials, energy efficient equipment, the purchase of green energy and the installation of renewable energy generation where feasible, including phasing out fossil fuel heating systems.

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



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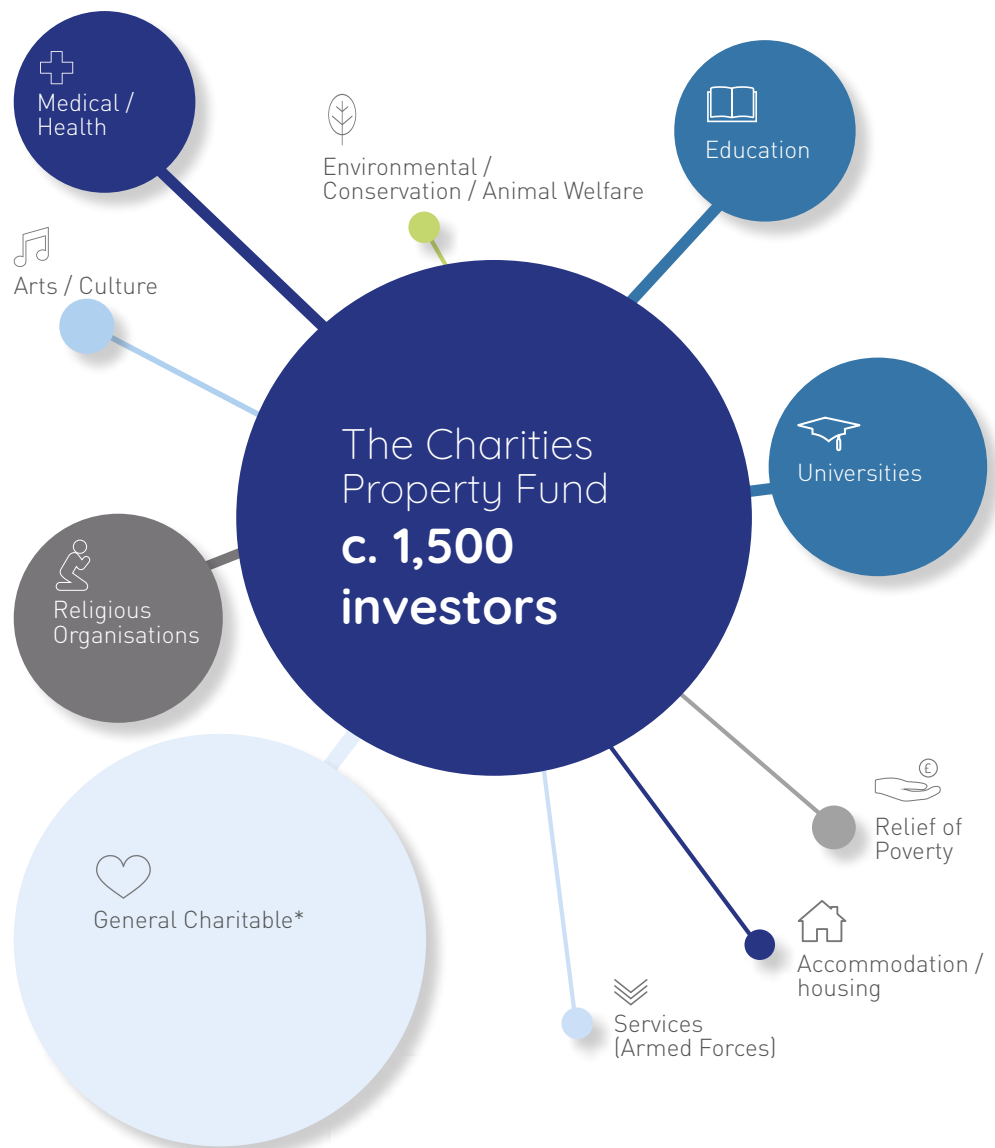
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Investor Categorisation



Source: Savills Investment Management (December 2022)

* 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 2022

The Charities Property Fund has returned*

3.7% per annum
annualised over a three-year period

The Charities Property Fund has returned*

7.7% per annum
annualised over a 10-year period

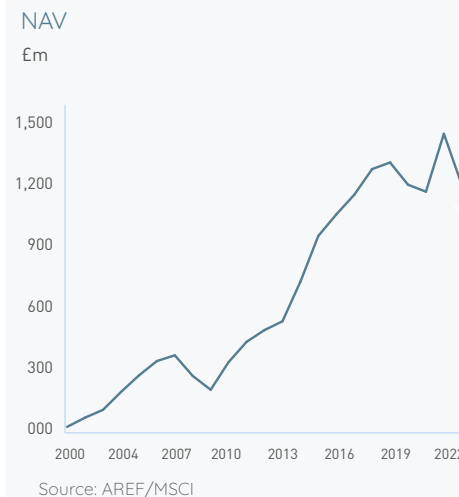
* References to total return in this document are net of all fees, charges and expenses

The Charities Property Fund has returned*

4.0% per annum
annualised over a five-year period

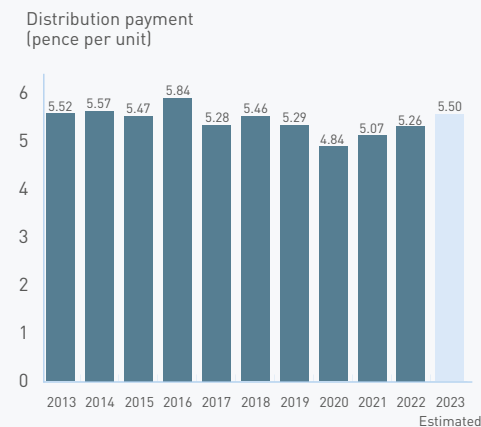
The Charities Property Fund has returned*

6.7% per annum
annualised since launch



* Past performance is not a reliable indicator of future performance

Annual Dividend (paid in calendar year)



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Portfolio Report - Purchases

The Fund completed two portfolio acquisitions in the second half of 2022, a portfolio of car dealerships from Vindis and two further properties as part of the Specialised Supported Housing portfolio. The Vindis Portfolio is a regional East Anglican motor group and acquired for **£22.3 million** reflecting a yield to CPF of 5.0%. The Fund also acquired two further properties in Poole and Nailsea as part of the Specialised Supported Housing portfolio.

The Fund’s purchases were:

1. Vindis Portfolio

The five properties are all situated in the South East and operated under the VW marques (VW, Audi, Bentley and Skoda). The five locations comprised VW – Bedford, Audi - Bedford, Skoda – Bury St Edmunds, Bentley – Cambridge and VW Commercial Vehicles – Northampton. The portfolio was acquired on a sale and leaseback basis and each asset is let for a term of twenty years from completion to Vindis Group Limited with rents reviewed five yearly to CPIH collared with rents capped at 1% and 3% pa respectively.

We were attracted by good micro locations surrounded by other dealerships, retail warehousing, trade counters, industrial and supermarkets providing options for future alternative use. Fundamentally they are let off low rents at only £9.65 per sq ft on average, in line with or below these alternative uses. The properties are in effect a proxy for industrial, occupying prominent sites and let to a good tenant with index linked rents.



2. Specialised Supported Housing

As reported in the Annual Report last year we agreed to fund the acquisition of four Specialised Supported Housing projects in Poole, Nailsea, Dorchester and Shanklin on the Isle of Wight. Shanklin completed in March 2022 and Dorchester is scheduled for completion in late 2023. Poole was acquired in August for £2.395 million reflecting a net initial yield to the Fund of 4.94%. It comprises nine self-contained apartments let in their entirety to Inclusion Housing Community Interest Company for a term of 10 years from 5 August 2022 at a rent of £119,756 per annum, indexed annually to CPI capped at 4%. The landlord has the option to trigger another ten year lease at its discretion. Nailsea was acquired in December for £3 million reflecting a yield to the fund of 4.94%.

A key attraction of the portfolio is the social impact that comes with the investment – providing a home for life for vulnerable adults with lifelong learning disabilities or mild physical disabilities. An important distinction is that the sub-sector provides independent living for the residents with care provided by the Local Authority or an independent care provider, typically a charity, but the level of care is relatively low intervention whilst being 24/7. The final property in the portfolio, located in Dorchester, will complete once the development works finish in late 2023.

Portfolio Report - Sales

The Fund sold five properties during the second half of 2022, two assets in the alternative sector, two industrial properties and one high street retail unit.

Generally these were small holdings where we had completed asset management and two of properties were sold to the occupiers, who were special purchasers. The combined sale price of the five was **£18.96 million** reflecting a yield of 6.0%.

The Fund’s sales were:

1. Birmingham

This car showroom property was let to VW Group on a lease expiring in October 2027 at a rent of £153,872 pa, reflecting £15 per sq ft and sublet to Vertu Motors. The asset has delivered reliable income since purchase and whilst it occupies a prominent position, the site does lack scale and we know that tenants in this sector tend to be land hungry to enable adequate display of vehicles but also to ensure they provide sufficient after sales facilities which drives a large portion of their profitability. Following an approach we have sold the property for £2.25 million reflecting a NIY of 6.4%. As with the four other sales realised in 2022, this is a non-core property that we do not believe will contribute future outperformance. This property delivered an IRR of 8.4% pa over the 8 year hold period.

2. Bath

The property was acquired as part of an in-specie transfer of a portfolio of four properties in September 2010. The retail market has been difficult in Bath over the last few years, the original tenant (Dune) vacated in 2018 and we undertook several lettings to temporary traders, before signing a new 10 year lease to Mr Simms Bath Limited. We subsequently marketed the property and it was sold for £950,000 reflecting a yield of 6.47%.



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Portfolio Report - Sales



Boston
Sale price: £6.5 million
IRR: 2.8% pa
Net initial yield: 6.5%

3. Boston

This property was acquired in April 2005 for £10.125 million. At purchase, the asset was let to Fogarty (Filled Products) Limited at a rent of £850,000 per annum for a 20 year term with rent reviews to RPIX realised every fifth year. Fogarty entered financial hardship following the Global Financial Crisis in 2008 and we restructured the lease on three occasions in 2009, 2013 and 2014 to support the tenant who were the largest employer in the town. Despite efforts to turn the business around Fogarty entered administration in 2018. The administrator handed possession of the site back to CPF on 18 January 2019 and the lease was formally surrendered on 31 January 2019. By the time the tenant became insolvent the rent payable was £400,000 per annum.

We explored changes of use in planning and subsequently rotated to maximising the income from the current use with a strategy to sell the property once the income was stabilised. Initially we were concerned about the reletting prospects, but the income generation was strong and since inheriting vacant possession in 2019 we completed nine lettings generating a total current headline rent of £645,292 per annum.

£18.96 million
total sales proceeds

6.00%
net initial yield to Fund

We subsequently completed the disposal to 'FJN Assets Ltd' for £6.5 million, a triple net yield of 6.5% after irrecoverable expenses. The sale was motivated partly to crystallise the capital value of this asset following the recent asset management initiatives, but also by a desire to reduce CPF's exposure to what is an outlier within the portfolio in that the quality of the real estate is secondary and the property is located in a secondary industrial

Portfolio Report - Sales

location. Part of the rationale for the sale relates to ESG and sustainability: the costs to improve the sustainability credentials of this asset would have been punitive in our opinion and we advocated liquidating the property asset rather than continuing to hold and potentially leading to a stranded asset from an ESG perspective which would adversely affect liquidity in the future.

4. Taunton

In December we completed the sale of a small multi-let industrial estate in Taunton. Priorswood Industrial Estate was acquired in March 2018 for £1.5 million as part of a portfolio. The property comprised three industrial units let to two tenants at a total rent of £140,460 per annum at acquisition. In 2018, the tenant of Unit 3 went into administration and shortly thereafter it was relet to Marshalsea Engineering, at a higher rent of £52,500 per annum.

In 2021, rent reviews were carried out on Units 1 and 2, resulting in an average uplift of 30%. Having completed all the asset management we chose to exit in Q4 2022 and secured a price of £2.156 million, a 38% premium to the 2018 purchase price. The asset also delivered over £650,000 in income during the hold period. Whilst a small asset, it made an important contribution and demonstrates the level of detail and strong asset management carried out.

5. Poole

We acquired three Mercedes car dealerships located in Poole, Salisbury and Dorchester in 2015 as part of a portfolio. Dorchester was sold in 2016 at a 20% profit to purchase price. In 2020 we agreed to sell the Mercedes in Salisbury to the tenant and we entered into an option for the same tenant to acquire Poole (where they are also the occupier) at a price of £7.1 million during an option window from June 2021 to June 2023. This suited us well because Salisbury was the inferior asset and the tenant had to keep paying rent on the Poole asset at a rate of £395,000 per annum. In December last year the tenant validly exercised their option and we duly completed the sale of the Poole property in mid-December at £7.1 million. The independent valuation of the Poole property was £6.5 million in September 2022 and Knight Frank's draft valuation for December had fallen to £6.15 million prior to it being certain that the tenant was going to exercise their option. The sale price reflected a net initial yield of 5.21%. The asset was acquired for £6.5 million and delivered approximately £2.5 million in rent during the ownership.

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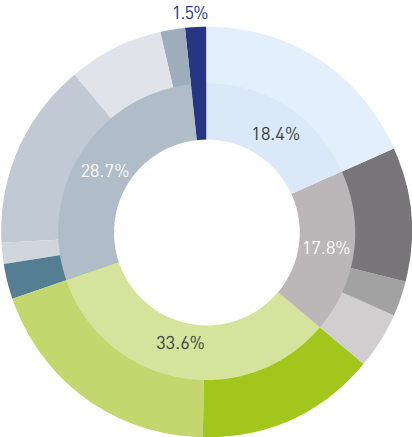
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Sector Weightings

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.

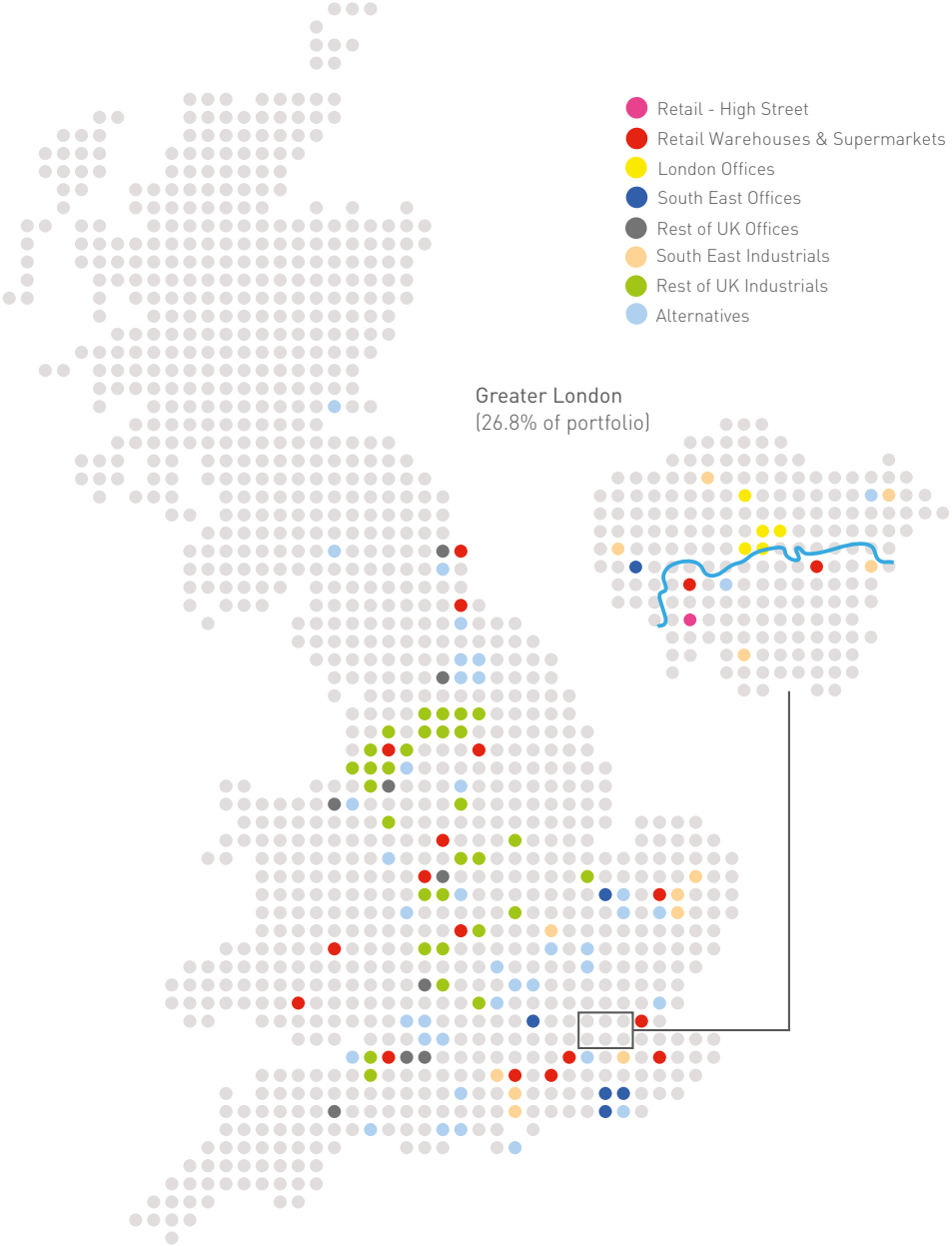
CPF Portfolio by Sector
as at 24 December 2022



RETAIL		INDUSTRIAL & DISTRIBUTION	
High Street	0.1%	South East Industrials	14.3%
Supermarkets	0.0%	Rest of UK Industrials	19.3%
Retail Warehouses	18.3%		
OFFICES		ALTERNATIVES	
London Offices	10.7%	Education	2.8%
South East Offices	2.7%	Leisure (food & beverage / health & fitness)	1.8%
Rest of UK Offices	4.4%	Accommodation (hotels / student / serviced apts.)	14.5%
		Automotive	7.7%
		Transport Infrastructure	1.9%
CASH			
	1.5%		

Source: Savills Investment Management

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Retail - High Street

Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
1 Walton-on-Thames	Sofas & Stuff	85,000	2032
Total, High Street		85,000	

Retail Warehouses & Supermarkets

Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
2 Basildon	McDonald's, KFC, Pets at Home, Farmfoods, Poundland	717,535	2024 - 2041
3 Basingstoke	Homebase	1,113,000	2037
4 Bristol	Pets at Home, McDonald's	378,320	2027
5 Bury	Halfords, KFC, Home Bargains, Farmfoods, Empire Sports Nutrition	489,690	2026 - 2041 (2026 - 2036)
6 Bury St Edmunds	Matalan	305,000	2029
7 Canterbury	Dunelm, Dreams	508,745	2026 - 2031 (2026)
8 Doncaster	Wickes	296,327	2028
9 Gateshead	Tesco	2,262,843	2048 (2033)
10 Guildford	Magnet	600,000	2024
11 Hereford	Lidl, Pets at Home, Poundstretcher	405,005	2023 - 2046 (2036)
12 London SE7 (Greenwich)	Aldi, Next, Primark, Wren Kitchens	2,349,113	2030 - 2037 (2032)
13 Merthyr Tydfil	Halfords, Home Bargains, Sports Direct, Dreams, Iceland, Private Individuals, Greggs	722,000	2024 - 2037 (2024)
14 Middlesbrough	B&M	239,180	2023
15 Redditch	Aldi, Pets at Home, Poundstretcher, Iceland, Home Bargains, Costa Coffee, Sue Ryder, Burger King	1,027,528	2024 - 2041 (2024 - 2036)
16 Redhill	Majestic Wine	42,500	2025 (2023)
17 Twickenham	Currys, Wickes	951,500	2024 - 2032
18 Uttoxeter	B&Q, Shoe Zone, Poundland, Pets at Home, Argos, B&M, KFC, Majestic Wine, Scentarea, Costa, Greggs, Private individuals	905,568	2023 - 2041 (2023 - 2029)
19 West Malling	Waitrose	209,247	2026
20 Wolverhampton	JD Sports Gyms, Iceland Foods	475,000	2028 - 2032 (2027)
Total, Retail Warehouses		13,998,101	

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London Offices

Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
21 London E1 (Whitechapel)	The British Diabetic Association	1,126,173	2026
22 London EC1 (Farringdon)	Macmillan Publishers International, Projection Artworks	2,815,641	2033 - 2034 (2026 - 2029)
23 London EC2 (Shoreditch)	Work Life	923,527	2031
24 London N1 (Shoreditch)	Lee Wrangler UK, Sunshine Partners, Spiers & Major, UK Broadband, Sharp End Partnership, Capital Integration Systems	759,370	2023 - 2027 (2023 - 2025)
25 London NW5 (Kentish Town)	Center on Long-Term Risk, Brinkworth Productions	489,088	2027 - 2028 (2024)
Total, London Offices		6,113,799	

South East Offices

Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
26 Brighton (Aspect House)	NHS, Bullhorn International, Football 1X2, Page Group Plc, Jarltech Europe GMBH, Teladoc Health-UK	644,009	2026 - 2032 (2023 - 2029)
27 Brighton (International House)	Fitness First, Booker, Kraken Technologies, Octopus, Hays, Haybury	923,891	2023 - 2028 (2023 - 2024)
28 Brighton (Queens Road)	E-Techzone, NEB Ventures, WRAP Business & Leisure	262,796	2025 - 2031 (2026)
29 Huntingdon	Vacant	-	-
30 Maidenhead	Vacant	-	-
31 Staines	Givaudan UK	127,000	2028
Total, South East Offices		1,957,696	



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Rest of UK Offices

Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
32 Altrincham	Bolling Investments	368,567	2033 (2028)
33 Bath	Bath Best Food, Starbucks, Gradwell Communications, Ladbroke's, EIP Europe, Abel & Imray	579,091	2023 - 2032 (2025 - 2026)
34 Birmingham	Secretary of State for Levelling Up, Housing and Communities	891,672	2032 (2027)
35 Bristol	Films at 59	387,550	2026
36 Cheltenham	Abercrombie & Kent, Novus Renewable Services	418,831	2027 - 2029 (2024 - 2025)
37 Chester	The Secretary of State for Communities and Local Government	437,615	2026
38 Ilkley	Modus UK, Smartcredit	453,775	2028 - 2033
39 Newcastle-upon-Tyne	Ryder Architecture	310,245	2033
40 Taunton	Vacant	-	-
Total, Rest of UK Offices		3,847,346	



Birmingham



Epsom

List of Properties

South East Industrials

Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
41 Basingstoke	Leverton Clarke	452,336	2033
42 Basingstoke	Vodafone, Berry Bros & Rudd	657,654	2025 - 2027
43 Belvedere	Allied Hygiene Systems	600,000	2043 (2033)
44 Bury St Edmunds	Videndum Production Solutions	679,673	2032
45 Bury St Edmunds	Unipart Logistics	878,435	2044 (2034)
46 Chigwell	Sytner	435,000	2056 (2036)
47 Epsom	Eurocell Building Plastics, Euro Car Parts, Heating & Plumbing Supplies, Screwfix Direct, Betterstone Self Storage Properties, AWE Europe, Photo-Me International	772,782	2023 - 2033 (2024 - 2026)
48 Hayes	Tempur UK	674,638	2026
49 London NW9	VW Group	245,000	2031
50 Milton Keynes	F+F Stores	699,250	2027
51 Portsmouth	SMR Automotive Mirrors UK	600,000	2034 (2029)
52 Thetford	Fedex	99,999	2025
53 Tonbridge	NW Autocentres, Kentec Tool Hire, Kentec Training, The Tyre Store	140,350	2023 - 2032
Total, South East Industrials		6,935,117	



Basingstoke



Tonbridge



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Rest of UK industrials

	Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
54	Birmingham	Tradechoice Distribution	310,005	2025
55	Bristol	GXO Logistics	515,000	2030 (2024)
56	Bristol	Cubico UK, Screwfix, Taste tech, Qualitronics, Mon Motors	433,241	2024 - 2030 (2025)
57	Burton upon Trent	Waterstones	950,000	2028
58	Daventry	G2S, Cummins, Consumer Champion Group	902,495	2023 - 2030 (2026)
59	Gloucester	Severn Glocon	536,700	2028
60	Huddersfield	Hoco Parts UK, Automint	406,731	2031 (2026)
61	Leeds	Yusen Logistics UK	420,000	2031 (2026)
62	Liverpool	Amazon UK	632,206	2026
63	Liverpool	Kammac	786,500	2023
64	Manchester	Royal Mail, Wilkinson Star	318,250	2027 - 2028
65	Normanton	Kelling Group	434,000	2032
66	Normanton	United Autosports	215,107	2024
67	Normanton	Kongsberg Actuation Systems	413,704	2038 (2028)
68	Normanton	PNS UK	236,665	2036
69	Normanton	Really Useful Products	352,750	2027
70	Nottingham	Turbine Surface Technologies	433,843	2026
71	Peterborough	Sage Publications	256,060	2025
72	Redditch	Amazon UK Services	754,164	2026 (2024)
73	Rochdale	Royal Mail	166,234	2028
74	South Normanton	Recticel	310,000	2031
75	Swindon	Jewson	172,500	2023
76	Tamworth	Speedy Hire	969,878	2029
77	Telford	Northwood Hygiene Products	730,000	2025
78	Tewkesbury	Hydro Building Systems	800,000	2032
79	Tewkesbury	Idemia UK	270,000	2030 (2025)
80	Wakefield	Wolseley UK	271,225	2031
81	Warrington	Eddie Stobart	350,000	2033
82	Wednesbury	AF Blakemore & Son	371,500	2024
Total, Rest of UK Industrials			13,718,758	

List of Properties

Alternatives

	Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
Leisure				
83	Bath (1-3 Westgate Buildings)	Stable Bar & Restaurant, DPL Partnership	186,664	2039 (2029)
84	Carlisle	Sports Direct	160,000	2030
85	Harrogate	Five Guys, Mitchells & Butlers, Marston's, Bar Hidden, Palagander	400,982	2030 - 2041 (2023 - 2031)
86	Rayleigh	Virgin Active	464,000	2033
87	Sheffield	JD Wetherspoon, ASK, Stonegate, Caffè Nero, Meaty Fish, Yorkshire Metropolitan Housing Association	379,125	2023 - 2044
Total, Leisure			1,590,771	
Hotels / Student / Serviced Apartments / Supported Housing / Education				
88	Bath (5-10 Westgate Buildings)	Travelodge, Sports Direct, Sally Salon, Hask45, Creams Café	771,200	2027 - 2042 (2024 - 2025)
89	Bath	Westgate Apartments	211,003	2027
90	Bath	TS Apartments	153,793	2029
91	Brighton	Leonardo Hotel Management UK	1,757,756	2042
92	Cambridge	Travelodge Hotels	1,225,086	2048
93	Dorchester	AFL to Inclusion Housing Community Interest Company	-	-
94	London, SW11	Travelodge Hotels	1,657,738	2049
95	Manchester	Edyn, Private Individuals, CDP	717,347	2023 - 2046 (2025)
96	Nailsea	Inclusion Housing Community Interest	153,140	2032
97	Newcastle-upon-Tyne	easyHotel UK, Big Mussell	529,220	2028 - 2042 (2037)
98	Oxford	D'Overbroeck's	466,814	2047
99	Oxford	D'Overbroeck's	1,581,901	2047
100	Poole	NHS, Trek, Subway, Costa Coffee, Anytime Fitness, Travelodge Hotels	848,986	2031 - 2051 (2026)
101	Poole	Inclusion Housing Community Interest	119,756	2032
102	Shanklin	Vectis Housing Association	89,627	2041
Total, Hotels / Student / Serviced Apartments / Supported Housing / Education			10,283,367	



Tamworth



Cambridge

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Alternatives

Property	Principal Tenants	Annual Rent As at 24 Dec 2022 £	Lease Expiry (Break)
Car Showrooms			
103 Bedford	Audi	280,000	2042
104 Bedford	VW	240,000	2042
105 Bury St Edmunds	Skoda	130,000	2042
106 Camberley	VW Group - Audi	333,765	2026
107 Chester	Rybrook - Volvo	240,191	2036
108 Chigwell	Sytner - BMW & Mini	788,425	2056 (2026)
109 Fenstanton	Bentley	140,000	2042
110 Harrogate	VW Group - Volkswagen	340,000	2027
111 Harrogate	JCT600 - Mercedes Benz, BP, M&S	482,068	2035 - 2036
112 Harrogate	Sytner - Audi	610,046	2035
113 Northampton	VW Commercial	350,000	2042
114 Solihull	Rybrook - McLaren & Rolls Royce	314,949	2036
115 Stockton-on-Tees	VW Group - Audi	396,426	2027
116 Swindon	Sytner - Mercedes Benz	455,000	2039
117 Worcester	Rybrook - BMW & Mini	618,446	2036
Total, Car Showrooms		5,719,316	
Roadside			
118 Glenrothes	BP, M&S	264,314	2034
119 Stow on the Wold	BP, M&S	209,311	2033
120 Telford	Welcome Break - Shell, Waitrose, WH Smith, Burger King, Starbucks, Krispy Kreme, Days Inn	1,147,033	2027
Total, Roadside		1,620,658	
Total, Alternatives		19,214,112	
Total, portfolio		65,869,929	



Nailsea



Oxford

Portfolio Statement

At 24 December 2022

Portfolio of Investments	
Properties valued at greater than £15m	
London EC1, The Smithson, 6-9 Brisset Street	Epsom, Epsom Trade Park, Units 450A And 450B
London SE7, Brocklebank Retail Park, Greenwich	London E1, 122 Back Church Lane
Brighton, Jurys Inn Hotel, Stroudley Road	Twickenham, Apex Retail Park, Hampton Road West
Battersea, Travelodge, 200 York Road, Battersea	Basingstoke, Winchester Road, Winchester Road
333 Banbury Road, Oxford, OX2	Hayes, Caxton Point, Printing House Lane
Gateshead, Metro Park West, Metro Park West	London EC2A, Rivington House, 82 Rivington Street
Cambridge, Travelodge, Newmarket Road, Cambridge	Burton On Trent, Waterstones, Fifth Avenue, Burton
Bury St Edmunds, Unipart, Suffolk Park	Belvedere, Allied Hygiene, 5 Centurion Way
Tamworth, Emperor Point, Speedy Asset Services	Telford, Welcome Break Service Station, Junction 4
Valuation £m (percentage of total net assets)	£483.550 (41.35%)
Properties valued at between £10m to £15m	
Daventry, Exchange, Interchange, Sopwith Way	Basingstoke, Gemini, Hamilton Close
Redditch, Amazon, 9 Hedera Road Ravensbank	Portsmouth, SMR Unit, Castle Trading Estate
Birmingham, The Pavilions, 3010 & 3020	Chigwell, Crystal Building, Langston Road Loughton
Uttroxteter, Dovefields Retail Park	Milton Keynes, Dawson Road, Mount Farm
Liverpool, Kammac Unit, Deacon Park Hornhouse Lane	Oxford, 376 Banbury Road Summertown
Chigwell, BMW & Mini, Langston Road Loughton	Liverpool, Amazon Unit, Hornhouse Lane Knowsley
Manchester, Saco House, Minshull Street	London NW5, The Piano Factory, Perren Street
Poole, Lifeboat Quay, West Quay Road	Bath, 5-10 Westgate Buildings, 5-10 Westgate
Tewkesbury, Unit 5300, Severn Drive	Basildon, Old Market Retail Park
Bury St Edmunds, Vitec, Easlea Road	Basingstoke, Leverton Clarke, Knights Park
London N1, Paulton House, 8 Shepherdess Walk	Worcester, BMW & Mini, Knightsbridge Park
Brighton, International House, Queens Road	Gloucester, Severn Glocon Ltd, Olympus Park
Redditch, Trafford Retail Park, Ipsley Street	
Valuation £m (percentage of total net assets)	£304.800 (26.06%)
Properties valued at between £5m to £10m	
Brighton, Aspect House, 84-87 Queens Road	Wolverhampton, Units 1-3 Phoenix Retail Park
Knaresborough, Audi, St James Business Park	Wednesbury, Unit 3 Steelmans Road
Bristol, Kuehne & Nagel, 11 Poplar Way East	Hereford, Brook Retail Park
Bristol, Wilverley Trading Estate, Bath Road	Normanton, Kongsberg Unit, Foxbridge Way
Merthyr Tydfil, Pentrebach Retail Park	Huddersfield, Units 1&2 Bradley Junction
Normanton, Kelling Unit, Foxbridge Way	Northampton, Volkswagen Commercial, Gambrel Road
Guildford, Magnet Unit, Ladymead	Manchester, Units A & B, Wardley Industrial Estate
Swindon, Mercedes-Benz, Drakes Way	Normanton, Really Useful Products
Nottingham, Tst Unit, Site 13A Little Oak Drive	Cheltenham, St Georges House, Ambrose Street
Harrogate, BP & M&S, Leeds Road, Harrogate	Birmingham, Carpet & Flooring (Trading)
Warrington, Eddie Stobart, Appleton Thorn	Bury, Moorgate Retail Park, Bambury Street
Telford, The Laconite Building, Stafford Park 6	Chester, Civil Justice Centre, Trident House
Bath, Westpoint, James Street, Bath	Solihull, Rolls Royce & McLaren, Stratford Road
Canterbury, Wincheap Retail Park	Knaresborough, VW, St James Business Park
Easyhotel Newcastle, Proctor House, 23-29 Side	Ilkley, Mayfield Business Park, Lower Railway Road
Leeds, Yusen Logistics, 20 Cross Green	Stockton On Tees, Audi, Brooklime Avenue
South Normanton, Recticel, Unit 2 Azalea Close	Bristol, Pets At Home & Mcdonalds, Bath Road
Rayleigh, 200 Rayleigh Road	Bristol, Whiteladies House, 51-55 Whiteladies
Valuation £m (percentage of total net assets)	£251.300 (21.49%)

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At 24 December 2022

Portfolio of Investments		
Properties valued at between £2.5m to £5m		
Wakefield, Kenmore Road, Kenmore Road	Glenrothes, Bankhead Park, Woodside Way	
Sheffield, Units 1 - 7 Cambridge Street	Stow On The Wold, Fosse Way, Station Road	
Altrincham, Lookers House, Lookers House	Newcastle, Cooper'S Studios, 14-18 Westgate Road	
Harrogate, 17 - 23 Parliament Street	Bedford, Volkswagen, 332 Ampthill Road, Bedford	
Bedford, Audi, Progress Park, Elstow	Bath, 4 Westgate Buildings, 4 Westgate Buildings	
Bury St Edmunds, Matalan, Easlea Road	Camberley, Audi, 507 London Road, Camberley	
Doncaster, Wickes Unit, Leger Way	Bath, 1-3 Westgate Buildings	
Normanton, PNS Unit, Trident Park	Brighton, 82-83 Queens Road	
Normanton, United Autosports	Middlesbrough, B&M Unit, Parkway Centre	
Maidenhead, One Bell Street, Bell Street	Rochdale, Royal Mail Parcel Hub	
London NW9, VW / Citygate Van Centre, Capitol Way	Swindon, Jewson Unit, Kembrey Park Kembrey Street	
Tewkesbury, Ashchurch Way	West Malling, Waitrose, Fortune Way Kings Hill	
Chester, Volvo, Sealand Road	Clifford House, 59 High Street, Nailsea	
Peterborough, Sage Publications Limited, Unit 18	Tonbridge, Riverdale Industrial Estate, Vale Road	
Valuation £m (percentage of total net assets)		£106.795 [9.13%]
Properties valued at between £0m to £2.5m		
Bath, Trim St, 9-10 Trim Street	Staines, Magna House, 76-80 Church Street	
Fenstanton, Bentley, 2, The Lakes Business Park	Carlisle, SDI Sports, Currock Road	
Poole, 80 Fernside Road, 80 Fernside Road	Walton On Thames, Sofas & Stuff, Hepworth Way	
Bury St Edmunds, Skoda, Dettingen Way	Taunton, Sedgemoor House, Deane Gate Office Park	
Thetford, Tnt Unit, Fisons Way Industrial Estate	Huntingdon, Redshank House, Kinfisher Way	
Dorchester, 4 Prince Of Wales Road	Redhill, 35-39 Brighton Road	
Shanklin, Vectis Housing, Isle Of Wight, Sunny Bay		
Valuation £m (percentage of total net assets)		£20.825 [1.78%]
Total value of property holdings (£m)		£1,167.270 [99.81%]

	Valuation £000	Percentage of total net assets
Portfolio of investments	£1,167,270.00	99.81%
Other net assets	£2,276.18	0.19%
Net assets	£1,169,546.18	100.00%

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Expense Ratios

	Total Expense Ratio	Property Expense Ratio	Transaction Cost Ratio
24 December 2022	0.61%	0.23%	0.13%
24 December 2021	0.61%	0.27%	0.08%

The total expense ratio (TER) of the Fund is the ratio of the Fund's total operating costs to its average net assets for the 12 months prior to the balance sheet date. Operating costs are specifically those costs associated with operating the Fund itself (excluding financing costs) and do not include additional costs associated with the day to day ownership of the assets. The property expense ratio (PER) 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 remained at the same level compared to the prior year. The PER has decreased compared to the prior period, predominantly due to a decrease in property related legal and professional fees.

Portfolio Turnover Rate

	Portfolio Turnover Rate
24 December 2022	2.48%
24 December 2021	2.05%

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 increased as the number of sales during the period has increased compared to the prior period.

Distribution Yield

	Distribution Yield
24 December 2022	4.2%
24 December 2021	3.7%

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

Financial Information

Annualised Performance

	1 Year*	3 Years**	5 Years***
24 December 2022	-4.2%	3.7%	4.0%
24 December 2021	14.8%	5.9%	7.0%

* 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 2022 (p)	24 December 2021 (p)	24 December 2020 (p)
Opening net asset value per unit	135.61	122.84	125.99
Return before operating charges*	[4.46]	19.01	3.02
Operating charges	[1.08]	[1.19]	[1.25]
Return after operating charges*	[5.54]	17.82	1.77
Distributions	[5.26]	[5.05]	[4.92]
Closing net asset value per unit	124.81	135.61	122.84
* after direct transaction costs of:	0.08	0.11	0.17

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



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Investor Analysis

Holding	Number of beneficial owners	Total percentage holding %
Less than 0.01%	792	3.15
0.01% but less than 0.05%	518	11.83
0.05% but less than 0.10%	112	7.78
0.10% but less than 0.50%	94	21.84
0.50% but less than 1.00%	21	16.68
1.00% but less than 2.00%	12	16.41
2.00% but less than 4.00%	5	13.95
Greater than 4.00%	2	8.36
Total number of investors	1,556	
Total number of units in issue at the end of the period	937,036,033	
Percentage held by the largest investor		4.29

Holding	Total percentage holding %
Top 10 largest investors	27.44
Top 25 largest investors	44.42
Top 50 largest investors	59.82
Top 100 largest investors	72.88

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 2018	1,303,953,123	1,011,693,391	128.89
	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	1,169,546,181	937,036,033	124.81

Price and Income History	Year Ended	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income Per Unit (p)
	24 December 2018	131.83	126.37	5.46
	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

Distribution

		2022		2021	
Distribution Number	Distribution Period	Distribution Per Unit (p)	Date Paid	Distribution Per Unit (p)	Date Paid
1	25 December to 24 March	1.44	15/05/22	1.39	14/05/21
2	25 March to 24 June	1.24	15/08/22	1.17	13/08/21
3	25 June to 24 September	1.25	15/11/22	1.27	15/11/21
4	25 September to 24 December	1.33	15/02/23	1.24	15/02/22
Total		5.26		5.07	

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



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

As set out on page four 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 Charities Properties Fund (“The Fund”)

Conclusion
We have been engaged by the Manager of The Charities Property Fund to review the interim financial statements in the Interim Report and Accounts for the six months ended 24 December 2022 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.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements in the Interim Report and Accounts for the six months ended 24 December 2022 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting*.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Interim Report and Accounts and consider whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

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.

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 that causes us to believe that the Charity Trustees have inappropriately adopted the going concern basis of accounting, or that the Charity Trustees have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Fund to cease to

continue as a going concern, and the above conclusions are not a guarantee that the company will continue in operation.

Charity Trustees’ responsibilities
The Interim Report and Accounts is the responsibility of, and has been approved by, the Charity Trustees.

The annual financial statements of the Fund are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Charity Trustees are responsible for preparing the interim financial statements included in the Interim Report and Accounts in accordance with FRS 104 *Interim Financial Reporting*.

In preparing the interim financial statements, the Charity 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 Charity Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Our responsibility
Our responsibility is to express to the Fund a conclusion on the interim financial statements in the Interim Report and Accounts based on our review. 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 section of this report.

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

Richard De La Rue
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London, E14 5GL
2 May 2023



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

		Unaudited 6 months to 24 December 2022	Unaudited 6 months to 24 December 2021
	Note	£	£
Net capital (losses)/gains	3	(230,735,483)	99,262,299
Income	4	30,951,064	28,203,566
Expenses	5	(5,887,741)	(4,092,199)
Net income before finance costs		25,063,323	24,111,367
Finance costs – interest and other	6	(282,766)	(478,537)
Net income		24,780,557	23,632,830
Total return before distributions		(205,954,926)	122,895,129
Finance costs – distributions	7	(24,817,249)	(23,389,385)
Change in net assets attributable to unitholders from investment activities		(230,772,175)	99,505,744
Statement of change in net assets attributable to unitholders			
Opening net assets attributable to unitholders		1,451,539,886	1,162,871,097
Net amounts payable on redemption of units		(51,221,531)	(4,307,829)
Change in net amounts payable on redemption of units		(230,772,175)	99,505,744
Closing net assets attributable to unitholders		1,169,546,180	1,258,069,012

The accompanying notes form part of these financial statements.

Balance Sheet

		Unaudited as at 24 December 2022	Audited as at 24 June 2022
	Note	£	£
Assets			
Fixed assets			
Investment properties	8	1,168,048,919	1,387,778,959
		1,168,048,919	1,387,778,959
Current assets			
Debtors	9	13,696,682	37,378,432
Cash at bank		44,164,941	92,861,347
		57,861,623	130,239,779
Total assets		1,225,910,542	1,518,018,738
Less: current liabilities			
Creditors	10	42,927,801	53,848,162
Distribution payable		12,657,723	11,851,811
		55,585,524	65,699,973
Less: non current liabilities			
Finance lease liability	11	778,838	778,879
		778,838	778,879
Total liabilities (excluding net assets attributable to unitholders)		56,364,362	66,478,852
Net assets attributable to unitholders		1,169,546,180	1,451,539,886

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Directors of the Manager on 19 April 2023 and were signed on its behalf by

Harry de Ferry Foster

Director

2 May 2023



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Cash Flow Statement

	Unaudited 6 months to 24 December 2022	Unaudited 6 months to 24 December 2021
	£	£
Cash flows from operating activities		
Reconciliation from net operating income to net cash flows from operating activities		
Net income before finance costs	25,063,323	24,111,367
Bank interest received	(101,941)	(959)
Tenant incentives	(756,245)	1,737,563
Decrease in trade and other receivables	428,288	361,644
Increase in trade and other payables	5,144,881	1,139,290
Net cash inflow from operating activities	29,778,306	23,873,779
Cash flows from investing activities		
Purchase of properties and development expenditure	(62,369,242)	(49,740,652)
Sale of properties	18,734,298	12,827,700
Bank interest received	101,941	959
Net cash outflow from investment activities	(43,533,003)	(36,911,993)
Cash flows before financing activities	(13,754,697)	(13,038,214)
Cash flows from financing activities		
Repayment of obligations under finance leases	(22,896)	(67,685)
Amounts received on creation of units	64,181,957	60,184,632
Amounts paid on redemption of units	(74,974,738)	(25,656,934)
Borrowing costs and interest (excluding finance lease)	(114,709)	(266,557)
Distributions paid	(24,011,323)	(22,360,847)
Net cash (outflow)/inflow from financing activities	(34,941,709)	11,832,609
Net cash at bank	(48,696,406)	(1,205,605)
Cash at bank at the start of the period	92,861,347	77,033,453
Cash at bank at the end of the period	44,164,941	75,827,848

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) and (l) below.

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

Section 20 of FRS 102 for Covid-19 related rent concessions has been adopted by the Fund but does not have material impact.

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 98.85% of the Q4 2022 rents have been collected.

During Q4 2022 dealing, 50% of redemptions were deferred - £18.5 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 2022, the Fund holds £44 million cash, of which £8 million is income and £36 million is capital cash. The outstanding redemption requests are being settled through use of available cash capital, Matched Bargain Trades and property disposals. Post 24 December 2022, a property was sold for £18.4 million with monies received on 31 March 2023 which will be used towards paying the deferred redemptions, the full amount of these will be paid in Q1 2023 dealing meaning all redemptions will be settled. At the time of approval of the financial statements, the Fund holds approximately £17.8 million of capital cash.

The Fund also has a £20 million fixed revolving credit facility which currently remains undrawn and matures in February 2024. Refer to note 6 in the notes to 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 2022. 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.

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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; 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 25 and 26 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.

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 included in expenses. 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.

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.

Notes to the Financial Statements continued

Other income includes lease surrender income and dilapidation income.

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

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

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

i) **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.

k) **Comparatives**
The Fund presents comparative information for the balance sheet as at 24 June 2022 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).

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.

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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.

uncertainty, this has to varying degrees impacted the real estate sector, valuations and marketability of assets. Throughout the reporting period the Manager has continued to monitor the continued impact of COVID-19 on the risks and operations of the Fund.

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 performs a number of controls, including the following:

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

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

Covid-19
During December 2019, a new virus (“Covid-19”) emerged in China and infections started to occur across Asia and latterly the rest of the world. On 11 March 2020, the World Health Organisation (“WHO”) declared Covid-19 a pandemic. As a result of the pandemic and ensuing national and global economic

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

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

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

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

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

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

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.

Notes to the Financial Statements continued

3 Net capital (losses)/gains

The net (losses)/gains on investments during the period comprise:

	6 months to 24 December 2022	6 months to 24 December 2021
	£	£
Properties		
Net proceeds from disposal of properties	18,734,298	12,827,700
Carrying value of properties disposed during the period	(19,875,000)	(12,500,000)
Movement in accruals on properties disposed in prior period	(68,075)	-
(Losses)/gains realised on properties disposed	(1,208,777)	327,700
Unrealised gains on revaluation for the period	74,575	103,020,012
Unrealised losses on revaluation for the period	(229,601,281)	(4,085,413)
Total net capital (losses)/gains on investment properties	(230,735,483)	99,262,299

Net (losses)/gains on properties disposed comprised £1,481,277 (2021: £132,275) realised losses and £272,500 (2021: £459,975) realised gains on disposal.

4 Income

	6 months to 24 December 2022	6 months to 24 December 2021
	£	£
Rental income	30,174,078	27,742,954
Bank interest	101,941	959
Sundry income	675,045	459,653
	30,951,064	28,203,566

Sundry income relates to income received from the surrender of leases and dilapidations income.

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

	As at 24 December 2022	As at 24 December 2021
Within 1 year	63,009,918	57,178,595
Later than 1 year and no later than 5 years	210,782,976	205,301,297
Later than 5 years	389,076,538	438,250,820
	662,869,432	700,730,712

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5 Expenses

	6 months to 24 December 2022	6 months to 24 December 2021
	£	£
Manager and Property Manager fees	3,552,052	2,997,288
Corporate Trustee's fees	113,611	91,929
	3,665,663	3,089,217
Other expenses:		
Insurance	6,836	36,813
Audit fee	69,552	22,238
Review fee	51,678	18,525
Valuation fee	82,709	101,088
Advisory Committee Fees	20,000	-
Legal and professional fees	1,050,807	732,326
Transfer Agent and Administrator fees	163,702	164,550
Marketing and communication costs	48,587	48,634
Vacant property and property maintenance costs	916,349	812,618
Recovery for doubtful debts	(188,142)	(933,810)
	2,222,078	1,002,982
	5,887,741	4,092,199

Included within vacant property and property maintenance costs are nil of service charge rebates (2021: £50,312).

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 2022	6 months to 24 December 2021
	£	£
Capital expenses		
Credit facility arrangement fee	34,490	78,233
Legal and professional fees	-	165,429
Interest expense on capital contribution	145,161	144,294
	179,651	387,956
Revenue expenses		
Non-Utilisation fee	80,219	67,685
Finance lease interest	22,896	22,896
	103,115	90,581
	282,766	478,537
Finance costs: interest and other		

On 9 October 2021, the Fund extended its fixed revolving credit facility (the "Facility") with the Royal Bank of Scotland international ("RBSI") for a further two years to 20 February 2024. The Facility with a maximum drawdown of £20 million can continue to be utilised within the parameters outlined below:

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

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

In September 2022 the Manager amended the Facility Agreement to remove the security on the Facility.

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.



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7 Finance Costs – Distributions

Distributions during the period comprise:

	6 months to 24 December 2022	6 months to 24 December 2021
	£	£
First interim distribution	12,118,280	11,779,756
Second interim distribution	12,484,953	11,608,776
Net distribution from income for the period	24,603,233	23,388,532
Capital distribution	214,016	853
Total distribution	24,817,249	23,389,385
Details of the distribution per unit are set out in the distribution table on page 31.		
Represented by:		
	£	£
Net income	24,780,557	23,632,830
Less: income from rent straight-lining and lease surrender	(355,883)	(631,203)
Add back: capital expenses	179,651	387,956
Provision for bank charges	(1,092)	(1,051)
Distributable capital income	214,016	853
Net distribution for the year	24,817,249	23,389,385

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 2022	As at 24 June 2022
	£	£	£	£
Value at the beginning of the period	1,233,350,000	153,650,000	1,387,000,000	1,067,560,000
Purchases and capital expenditure during the period	28,906,220	9,240	28,915,460	120,403,110
Carrying value of properties disposed during the period	(19,875,000)	-	(19,875,000)	(23,650,000)
Gain on valuation	72,352	2,223	74,575	239,552,955
Loss on valuation	(198,687,068)	(30,914,213)	(229,601,281)	(19,796,585)
Income recognised from rent straight-lining and lease incentives	783,496	(27,250)	756,246	3,029,520
Fair value	1,044,550,000	122,720,000	1,167,270,000	1,387,000,000
Finance lease asset	-	778,919	778,919	778,959
Carrying value at the end of the period	1,044,550,000	123,498,919	1,168,048,919	1,387,778,959

Lease incentives and straight-lined rent of £17,014,937 (24 June 2022: £16,774,121) are included in the carrying value of the investment properties above.

All the properties have been valued by external chartered surveyors, Knight Frank, at £1,167,270,000 (24 June 2022: £1,387,000,000), in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The historical cost of the properties is £1,021,487,162 (24 June 2022: £1,000,055,634).

The Fund holds a leasehold property with annual ground rent payable of £45,791 (24 June 2022: £45,791) (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.

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

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



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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 2022 valuations by Knight Frank is provided below:

Sector	Total Valuation Figure	ERV Range (psf)			Equivalent Yield Range		
		Max	Av	Min	Max	Av	Min
Retail - High Street	£1,100,000	£28.00 zone A	£17.51 zone A	£6.67 zone A	7.00%	7.00%	7.00%
Retail - Supermarkets	£2,900,000	£20.00	£20.00	£20.00	5.75%	5.75%	5.75%
Retail - Warehouses	£214,125,000	£36.50	£16.42	£7.50	7.89%	6.35%	4.51%
Warehouses / Industrial	£394,095,000	£20.50	£8.86	£1.50	9.65%	5.79%	4.01%
Offices	£210,875,000	£70.00	£32.21	£10.00	11.50%	7.23%	4.16%
Alternatives	£344,175,000	n/a*	n/a*	n/a*	9.50%	6.02%	4.15%
Total	£1,167,270,000						

* 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.

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9 Debtors

	As at 24 December 2022	As at 24 June 2022
	£	£
Amounts receivable for creation of units	-	23,185,387
Net rent receivable	12,134,282	11,157,077
Amounts due from managing agents	769,931	2,357,697
Loan arrangement fee	99,556	21,385
Insurance receivables and prepayments	171,623	86,449
Sundry prepayments	46,883	468,677
Sundry debtors	474,407	101,760
	13,696,682	37,378,432

Net rent receivable is stated after allowances for doubtful rent receivables of £973,687 (2022: £1,404,985).

The Amounts receivable for creation of units is presented net of Amounts payable for redemption 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.



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10 Creditors

	As at 24 December 2022	As at 24 June 2022
	£	£
Prepaid rent	16,504,274	13,751,617
Manager and Property Manager fees	66,000	66,000
Corporate Trustee fees	55,581	53,095
Audit fees	116,484	84,000
Valuation fees	47,184	59,238
Vacant property costs	273,832	-
Advisory Committee Fees	11,250	-
Credit facility non utilisation fee and debt arrangement fee	95,789	49,068
VAT payable	2,209,362	3,583,190
Other creditors	6,069,317	36,103,559
Finance lease liability	81	80
Retentions	235,283	98,315
Amounts payable for redemption of units	17,243,364	-
	42,927,801	53,848,162

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 2022. Based on current pricing, these deferred redemptions are estimated at £18.5 million.

Post 24 December 2022, a property was sold for £18.4 million with monies received on 31 March 2023 which will be used towards paying the deferred redemptions.

The full amount of these will be paid in Q1 2023 dealing meaning all redemptions will be settled.

Other creditors balance for 24 December 2022 includes monies received from a tenant payable for capital expenditure.

Other creditors balance for 24 June 2022 includes the receivable for a property sold at year end.

Notes to the Financial Statements continued

11 Finance Leases

	As at 24 December 2022	As at 24 June 2022
	£	£
Finance lease (non current)	778,838	778,879
Total	778,838	778,879

The future minimum lease payments are as follows:

	As at 24 December 2022	As at 24 June 2022
	£	£
Not later than 1 year	45,791	37,500
Later than 1 year and not later than 5 years	183,164	150,000
Later than 5 years	5,603,595	4,607,748
Total gross payments	5,832,550	4,795,248

Total finance lease liabilities amount to £778,919 (24 June 2022: £778,959), of which £81 (24 June 2022: £80) is considered current liabilities (see note 10). The remaining £778,838 (24 June 2022: £778,879) 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 £3,494,770 (2021: £2,931,288) and the Property Manager fees of £57,282 (2021: £66,000) thereby totaling £3,552,052 (2021: £2,997,288). These figures can be seen in Note 5, Expenses. The amount outstanding at the period end in respect of those fees was £66,000 (24 June 2022: £66,000), as can be seen in Note 10, Creditors.

During the period the Property Manager has received transactional fees of £186,457 (2021: £14,034), 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 £243,631 (2021: £170,697). These fees sit within Note 5, Legal and Professional Fees and Vacant Property and Property Maintenance Costs.

During the period the Corporate Trustee received £113,611 (2021: £91,929). 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 £55,581 (24 June 2022: £53,095).

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 £63,909 (2021: £214,629) 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.

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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 31 ‘Fund History’.

Trading Quarter	No. Units	GROSS		
		Applications	Redemptions	Net Movement
24 Mar 2022	959,272,452.610	42,995,271.320	11,454,516.862	31,540,754.458
24 Jun 2022	974,554,147.145	35,117,377.549	19,835,683.014	15,281,694.535
24 Sep 2022	950,897,412.427	7,790,577.451	31,447,312.169	-23,656,734.718
24 Dec 2022	937,036,032.783	1,156,978.576	15,018,358.220	-13,861,379.644
	TOTAL	87,060,204.896	77,755,870.265	9,304,334.631

Applications and redemptions for trading quarter 24 December 2022 were settled on settlement date 7 January 2023.

In Q4 2022, 26,137,369.65 units and £4,885,615.99 were requested for redemptions but 50% of these redemptions were deferred by the Manager. Based on current pricing, these deferred redemptions are estimated at £18.5 million.

14 Contingent Liabilities

There were no contingent liabilities at the period end (2021: none).

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because it fails to meet the liability recognition criteria.

15. Capital and other commitments

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

	As at 24 December 2022	As at 24 June 2022
	£	£
Contracts for future capital expenditure in investment properties	4,638,164	7,443,901

16. Post Balance Sheet Events

During March 2023 the Fund completed the disposal of Sedgemoor House, Taunton for a sales price of £820,000. The Fund also completed the disposal of another property in Burton upon Trent for £18,400,000. During April 2023 the Fund completed the disposal of a property in Walton-on-Thames for £1,000,000.

Dealing for Q1 2023 has closed with applications of approximately £20.7 million and redemptions of approximately £18.5 million.

All Q4 2022 deferred redemptions were paid in Q1 2023 dealing.

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).

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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 depository 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.

Insurance and Service Charge Rebates

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

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



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Trustee, Manager and Advisers

Details

Corporate Trustee and Depository

Citibank UK Limited
Citigroup Centre
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Canary Wharf
London
E14 5LB

Manager / AIFM / Trustee

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Standing Independent Valuer

Knight Frank LLP
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London
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Investment Adviser

Savills Investment Management LLP
33 Margaret Street
London
W1G 0JD

Legal Adviser

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Auditor

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

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