

## FUND OBJECTIVES

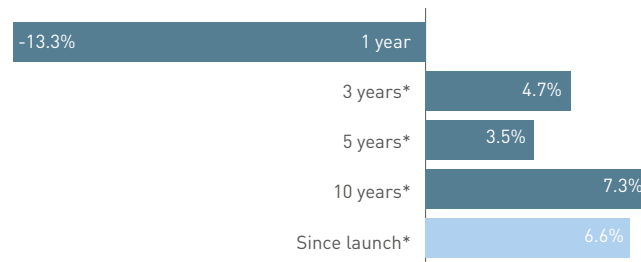
The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/MSCI June 2023). It is a Common Investment Fund regulated by the Charity Commission and helps c.1,500 charities to invest in commercial real estate in an ethical, responsible and tax-efficient way. The Fund has a strong focus on ESG and looks to improve the environmental credentials of the assets it holds and favours socially beneficial occupiers. The Fund's objective is to invest in property throughout the UK to provide a balanced and diversified portfolio to deliver a high and secure level of income and to maintain the capital value of assets held over the long term.

## KEY POINTS - 30 JUNE 2023

- Fund size £1.15 billion
- No debt
- Well diversified and balanced portfolio
- 113 properties and 234 tenants
- No high street retail and no shopping centres
- Portfolio weighted to London and the South of England
- High yielding (5.3% gross and 4.7% net of costs)
- Low vacancy rate (2.0% versus MSCI at 11.1%)
- Strong covenants (72% rated low or negligible risk)
- Long average unexpired lease term of 11.3 years to expiry (9.0 years to break)
- 49% of income benefits from fixed or index linked rental increases, two thirds of which are linked to RPI

The Fund total return for Q2 2023 was 1.22% compared to the AREF/MSCI UK All Balanced Property Fund Index of 0.4%. Over the last 12 months the Fund produced -13.3% against the Index which returned -17.4%.

## FUND PERFORMANCE



\*annualised

Source: Savills Investment Management, MSCI/AREF Quarterly Property Funds Index, June 2023

Basis: NAV-to-NAV with gross income reinvested

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

Past performance is not an indicator of future performance.

Over the last five years the Fund has returned 3.5% per annum, against the Index of 2.2% per annum. Over 10 years the Fund returned 7.4% per annum, ahead of the Index at 6.3% per annum.

## SALES

We completed five sales during the quarter and these included a small industrial unit in Peterborough which sold for a price of £4.17 million, reflecting a net initial yield of 5.75% and a 6.9% premium to the most recent independent valuation.

The property was let to Sage Publications Limited and we have undertaken two lease renewals since the property was acquired in 2014 increasing the rent by 40% since purchase. Having secured the second lease extension we chose to market the property for sale and received good interest with six interested parties and four formal written offers.



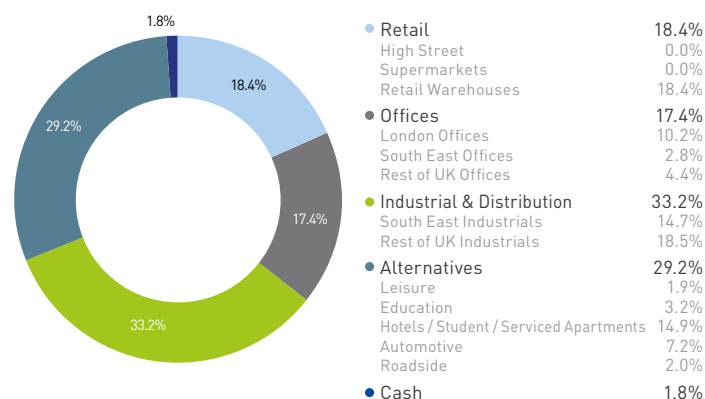
The property has performed well for the fund and delivered an IRR of 14% pa over the hold period.

The Fund also disposed of a retail warehouse park in Bury, Lancashire. The price of £6.2 million, reflected a yield of 7.4%. This asset has had an involved asset management history and has been owned by the fund for over 20 years delivering almost £12m in income alone.

The park is fully let to Home Bargains, Halfords, Farmfoods and a gym operator, but it had suffered long void periods at times and once fully let we felt it was an opportune time to sell. We received five formal offers and sold to Home Bargains at a 6% premium to the last valuation.

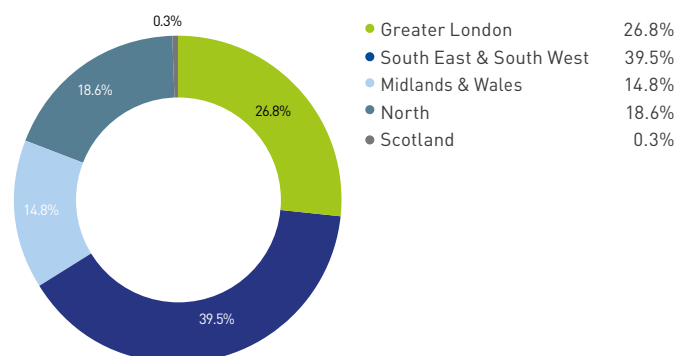


## CPF PORTFOLIO JUNE 2023



Source: Savills Investment Management, June 2023

## GEOGRAPHICAL WEIGHTINGS



Source: Savills Investment Management, June 2023

## FUND INFORMATION - (AS AT 30 JUNE 2023)

Launch date	September 2000
Fund size	£1.15 billion
No of investors	c.1,500
Historic distribution yield	4.36%*
Prospective distribution yield	4.70%**
Fund costs (TER)	0.56% per annum
Unit price	NAV - 124.87 pence
	Bid - 123.12 pence
	Offer - 127.07 pence
Bid spread	1.42%
Offer spread	1.76%
SEDOL	0208075
Next distribution date	15 August 2023
Last distribution payment	1.41p per unit
Next dealing date	30 September 2023 <sup>#</sup>

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

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

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

## FIVE LARGEST TENANTS

Travelodge Hotels Limited	6.0%
Macmillan Publishers International Limited	3.7%
Sytner Properties Limited (surety: Sytner Group Limited)	3.6%
Leonardo Hotel Management (UK) Limited	3.5%
Tesco Stores Limited	3.5%
<b>Total (across 12 locations)</b>	<b>20.3%</b>

## 10 LARGEST ASSETS

London EC1 - The Smithson, 6 Briset Street, Farringdon	5.3%
London SE7 - Brocklebank Retail Park, Greenwich	4.1%
Brighton - Leonardo Hotel, Stroudley Road	3.4%
Oxford - 333 Banbury Road	3.2%
London SW11 - Travelodge, Battersea	3.2%
Gateshead - Metro Park West	2.8%
Cambridge - Travelodge, Newmarket Road	2.4%
Bury St Edmunds - SP147, Suffolk Park	2.0%
Tamworth - Emperor Point	1.9%
Epsom - Epsom Trade Park	1.9%
<b>Total</b>	<b>30.2%</b>

## ASSET MANAGEMENT

At Trafford Retail Park, Redditch we have signed a new 10 year lease to One Beyond at £165,000 pa (£16.57 per sq ft), after a competitive bidding process, reflecting a 45% increase on the rent previously being paid by Poundstretcher in this unit. Poundstretcher had reduced their rent through a CVA in 2020 and whilst they had offered to increase it and wished to stay, we choose to exercise our landlord break option to remove them and achieve an open market letting at a higher rate.

We reported last quarter on several notable industrial lease renewals and rent reviews and we are now pleased to report good momentum in the office sector. We have signed three new leases at buildings in Bath and Brighton – in Bath we have upsized the tenant of the third floor, by moving them into the 1st floor of the same building. They have signed a 7 year lease at a rent of £22.50 psf, reflecting a 15% premium to that

being paid by the previous occupier. They will also refurbish the floor at their own cost.

At Brighton we have signed a new 5 year lease at a rent of £30 psf on the 4th floor at Aspect House with a recruitment consultant, marginally ahead of the estimated rental value. In the same building the tenant of the first floor exercised their break option effective in August 2023 and we have already re-let this space to a technology company again on a new 5 year lease at £28 psf. This was in line with ERV and the rent being paid by the previous tenant. It is excellent to have been able to re-let this floor prior to it actually becoming vacant, thereby saving an void expense. We managed to achieve exactly the same result at our office building in Cheltenham last year, indicating that it is the quality of locations and buildings that deliver these outcomes.



### Risk Warning

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### Disclosures

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