

CHARITIES PROPERTY FUND



CHARITIES PROPERTY FUND NEWS

June 2013

Dear Investor



Harry de Ferry Foster
Fund Director

Welcome to the June issue of our Charities Property Fund Newsletter.

I am delighted to report that in March we passed the £500 million mark for the first time and the Fund now stands at **£510 million**. We believe this is excellent news for both liquidity and diversification and it also provides economies of scale.

Perhaps more importantly we have also had a very successful 2013 to date, starting with the completion of 14 new lettings which has **halved the void rate** from 7.4% at the start of 2012 to **3.6% today** (in comparison, the IPD average void rate has actually increased from 10.5% as at December 2012 to 12.2% as at April 2013). This is expected to fall still further with a number of lettings already in solicitors' hands. At Chancery Lane alone we have let three further floors, resulting in four of the six floors now being fully let, with very good interest for the remaining two floors. This will help maintain the growing dividend, which has increased for the third quarter in a row - the May 2013 distribution is **22.5% higher** than nine months ago.

Investor demand also remains very positive and the Fund continues to see strong cash inflows. The Fund has no borrowings.

The continued strong management of the Fund is reflected in the **excellent performance figures**. As can be seen in the table below, the Charities Property Fund remains the best performing Fund for charity investors over every time horizon. Indeed, for the first quarter of 2013 our performance is more than double that of any other charity fund and we expect this trend to continue due to the quality of the portfolio and continued asset management successes.

Performance

| Fund | Manager | Last quarter | Last 12 Months | 3 years | 5 years |
|---|-----------------------|--------------|----------------|------------|------------|
| The Charities Property Fund | Cordea Savills | 1.7 | 3.4 | 6.6 | 1.4 |
| The Multi Strategy Property trust for Charities | Cazenove | -1.1 | -7.2 | 0.9 | -2.0 |
| CBF Church of England Property Fund | CCLA | 0.5 | -0.7 | 4.4 | 0.8 |
| COIF Charities Fund | CCLA | 0.4 | 0.7 | 5.3 | 1.4 |
| Property Income Trust for Charities* | Mayfair Capital | 0.7 | 2.9 | 6.4 | -1.0 |

(Source: WM Common Investment Fund Quarterly Review Q1 2013)

*The Property Income Trust for Charities is not a Common Investment Fund so is not measured by WM (Source: IPD/AREF Q1 2013)

FUND UPDATE Q2 2013

Key Data

| | |
|---------------------|--|
| NAV as at 31 March | £510 million |
| Number of Investors | 1,292 |
| Current Yield | 6.0% (based on last distribution divided by the current NAV) |
| Projected Yield | 6.25% for June 2013 to June 2014 |
| Void Rate | 3.6% over half of which relates to the recently completed refurbishment at Chancery Lane. |

The next dealing date is 28 June 2013. The Fund is open to new applications, which must be received by 5pm on 14 June.

ACQUISITIONS

We are pleased to announce that we have completed the off-market acquisition of a portfolio of car showrooms and the Fund is now fully invested.

The portfolio comprises four state of the art car dealerships trading the premium brands of McLaren, Rolls Royce, Jaguar, Volvo, BMW, Mini and Mercedes, located in the prime centres of Chester, Worcester, Harrogate and Solihull. The properties are all let on leases expiring in November 2036 providing an **unbroken unexpired term of 23.5 years**, with options to extend for a further 20 years. The properties all benefit from **2.5% per annum** fixed rental increases.



Worcester

The total price of circa **£17.5 million** reflects a very attractive yield to the Fund of **7.2%** after costs of acquisition. Bearing in mind the length of income and the guaranteed rental increases, we believe these assets reflect excellent value. In addition they provide further diversification to the portfolio by giving us exposure to an alternative property sector.

For your information, please note that we have moved offices and from 3 June 2013 our new address is as follows:

Charities Property Fund
Cordea Savills LLP
33 Margaret Street
7th Floor
London
W1G 0JD

Email addresses and phone numbers will remain the same.



FOR FURTHER INFORMATION

Please contact a member of the team on:
+ 44 (0)20 3107 5439 or email cpf@cordeasavills.com



Risk Warning

Benefits anticipated in The Charities Property Fund may be affected by changes in UK tax legislation. The price and value of investments and the income derived can go down as well as up, and you may not get back the amount you invest. Past performance is not a guide to future performance. There may be times when property held within the Fund may not be readily realisable. This can in some cases cause constraints when encashing units.

The Charities Property Fund is a registered charity, number 1080290. The Manager is Cordea Savills Investment Management Limited, registered in England number 03680998, which is authorised and regulated by the Financial Conduct Authority and is a subsidiary of Cordea Savills LLP, a limited liability partnership registered in England. The registered office of both entities is at 33 Margaret Street, London W1G 0JD.

The information and opinions contained in this document are for the purpose of providing background information only, do not purport to be full or complete and do not constitute investment advice. The information contained in this document is current as of the date indicated, Cordea Savills accepts no obligation to update such information as of a more recent date. The promotion of Collective Investment Schemes in the United Kingdom is restricted by Section 238 of the Financial Services and Markets Act 2000 ("FSMA"). This document may not be distributed without authorisation from Cordea Savills.

