Charities Property Fund
Savills Investment Management
33 Margaret Street
London
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Dear Investor,

Performance to 30 June 2026

The Charities Property Fund posted a positive net total return for Q2 2026 of +1.2% and a net total return of +5.2% for the last 12 months. This compares to the MSCI / RE:UK (previously AREF) UK All Balanced Open Ended Property Fund Index of +0.5% for Q2 2026 and +3.3% for the last 12 months.

We have seen a small increase in valuations in each of the previous seven quarters, and Q2 2026 was no exception, making it eight in a row - although the recovery is muted with the unit price up just +0.33% over the last 12 months.

	3 months	6 months	12 months	3 years (pa)	5 years (pa)	10 years (pa)
CPF	1.2%	2.7%	5.2%	4.4%	4.0%	4.8%
MSCI / RE:UK All Balanced Open Ended Property Fund Index	0.5%	1.2%	3.3%	3.3%	2.4%	3.6%

Source: MSCI/RE:UK All Balanced Open Ended Property Fund Index as at 30 June 2026.
NB past performance is not a reliable indicator of future performance. Total return is net of fees and expenses.

The Fund outperformed the Index by +0.7% over the quarter and +1.9% over the last 12 months, but more importantly has done so consistently over 3 years, 5 years, 10 years and since launch. As at the end of June, CPF has outperformed the Index for 18 out of the last 19 years.

The vast majority of total return is currently being delivered by income and this has been helped by the growing dividend. The Q1 dividend, paid in May, at 1.5339 pence per unit reflected an +8.7% increase on the Q4 2025 quarterly payment and a +5.2% increase on the equivalent quarter in 2025.

Within the UK commercial real estate market, conditions have remained broadly stable during the quarter, albeit trending slightly weaker with the Middle East conflict and subsequent spike in energy prices limiting expectations for further rate reductions.

Transaction activity has therefore moderated, with many investors adopting a wait-and-see approach amid ongoing economic uncertainty. Demand continues to focus on prime assets with strong income characteristics, particularly in the industrial, living and alternative sectors, while secondary assets and properties with leasing or capital expenditure risk are attracting considerably less interest.

Although the UK remains attractive to overseas capital due to relative value and pricing adjustments, investor demand remains cautious and highly selective, resulting in a slower and more discerning investment market.

Occupational markets continue to show resilience, particularly for well-located, high-quality assets and values continue to be supported by limited new supply, elevated construction costs and strict planning constraints. As we have observed previously, replacement cost of buildings often outstrips the investment value, meaning rents will have to increase to allow new development starts to be economic. If they don't increase there will be a supply squeeze which will deliver the same pressures.

We believe UK commercial property continues to offer reliable income with inflation-linked rental growth. Following the upward adjustment in interest rates and subsequent market repricing, it now also provides an attractive entry point to the asset class and allows the potential for capital appreciation as market confidence improves.

Portfolio Activity

The Fund remains focused on modern assets in strong locations where tenants want to occupy for the long term. This results in long leases (our average of 11.5 years unexpired is the longest in the Index out of 19 funds), robust tenant covenants and well over half (57%) of all income benefitting from fixed or index linked uplifts. Active asset management continues to underpin income growth and is the single most important contributor to the sustained outperformance.

Over the quarter we have completed and initiated a number of asset management initiatives. We concluded a lease renewal on an industrial unit in Hayes, increasing the rent by 80% and completed a lease surrender and sale of an office building in Altrincham at a combined +28% premium to its independent valuation. We have documented two rent reviews - at an industrial unit in Wakefield and a hotel in Poole, delivering increases of +34.2% and +37.5% respectively and completed two new leases on two serviced apartment buildings in Bath with a new operator after the previous tenant exited.

We have a further five lease renewals and extensions in solicitors' hands in Brighton (x2), London, Gateshead, Rayleigh and a new letting in Wednesbury close to completion.

For an update on our portfolio ESG initiatives, please visit the Responsible Investment page on the website: https://www.cpfund.co.uk/responsible-investment

Global Economic Backdrop

The conflict in Iran and subsequent military escalation in the Middle East has contributed to significant volatility in global oil and gas prices over the quarter, raising concerns that higher energy costs could reignite inflationary pressures and slow the pace of monetary easing.

As a result investor sentiment remains cautious, with uncertainty over economic growth, inflation and higher interest rates continuing to temper the broader risk appetite. The environment therefore remains challenging particularly as every time there appears to be an end in sight to the conflict, it flares up again.

However, in a more encouraging development, oil prices have recently fallen back to levels below those seen before the conflict escalated, defying many earlier economic forecasts and helping to alleviate some concerns around inflation and energy-driven economic disruption. Whilst the conflict has re-ignited it is interesting how quickly the world economy did recover.

UK Economic and Political Backdrop

The UK economic and political backdrop has become increasingly uncertain over the last three months, marked by a further change in Prime Minister following Sir Keir Starmer's resignation in June. The leadership transition has reinforced concerns around political stability and policy direction at a time when the economy is already facing modest growth, elevated public debt and the lingering effects of higher interest rates.

Whilst inflation has continued to ease and monetary policy has become more accommodative, business confidence and investment activity have remained cautious amid uncertainty over the fiscal agenda of the incoming administration. Nevertheless, financial markets have remained relatively resilient, reflecting confidence in the UK's institutional framework and expectations that any new government will remain broadly committed to fiscal discipline and economic stability.

For asset markets, this has meant continued caution. The risk-free rate remains meaningfully higher than investors were accustomed to during the previous decade, and this continues to influence both capital values and transaction activity across real assets.

We attach the latest factsheet, which sets out further detail on the Fund's performance, portfolio and positioning for the quarter.

Yours sincerely,

Harry de Ferry Foster MRICS

Fund Director

IMPORTANT NOTICE

This letter 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 letter has been prepared for existing investors of the Fund. It has been 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 letter does not constitute an offer to sell or solicitation of an offer to buy any units in 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. Tax assumptions may change if the law changes, and independent advice should be sought. Property can be difficult to sell, and it may be difficult to realise your investment when you want to.

Factsheet

Charities Property Fund

Fund Objectives

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (MSCI/RE:UK June 2026). It is a Common Investment Fund regulated by the Charity Commission and helps c.1,200 charities to invest in commercial real estate in an ethical, responsible and tax-efficient way. The Fund's objective is to invest in property throughout the UK to provide a balanced and diversified portfolio to deliver a high and secure level of income and to maintain the capital value of assets held over the long term.

Key Points - 30 June 2026

c.£892 million fund size

5.5% gross fund yield

81 properties

11.5 average years to Fund lease expiry

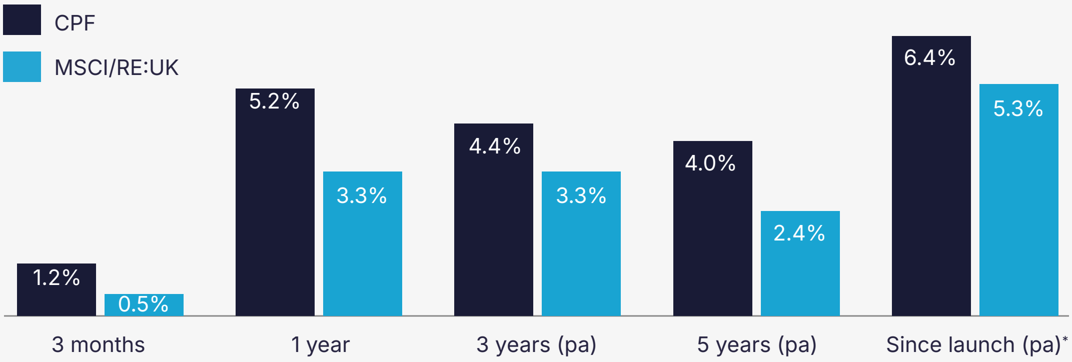
No debt

4.8% yield net of costs

170 tenants

9.7 average years to earliest break

Fund Performance



Source: Savills Investment Management, MSCI/RE:UK Quarterly Property Funds Index, 30 June 2026

Basis: NAV-to-NAV with gross income reinvested

*The Charities Property Fund launched in 2000.

Total return is net of fees and expenses.

Past performance is not an indicator of future performance.

Asset Management

We successfully completed a number of asset management initiatives over the quarter including a lease renewal; a lease surrender and sale; two new lettings and the settlement of two rent reviews.

In Hayes, West London, we completed a lease renewal on a 54,000 sq ft industrial unit. This asset was acquired in 2011 for £5.7 million and the passing rent was £497,000 per annum. The tenant has remained in occupation throughout this period and in 2016 we extended the lease by five years maintaining the rent at the same level. At the end of 2020 we again extended the lease by five years taking the expiry to October 2026, but this time increasing the rent to £674,638 per annum (£12.50 per sq ft). We are pleased to report that we have now agreed and signed a new 10 year lease (with an option to break at the 5th year) with the existing tenant at a rent of £1,214,318 per annum (£25.00 per sq ft). This is an excellent result and reflects an 80% uplift on the previous rent set 5 years ago and 144% growth since purchase 15 years ago.

The lease surrender and sale comprised an office building in Altrincham. This was a relatively small asset, valued at £2.85 million. The tenant was no longer in occupation of the building, but remained responsible for paying the rent and we had been working with them to secure a new letting or a sale to an owner occupier or developer. We ultimately agreed a lease surrender with the tenant in exchange for payment of £1.15 million which equated to 3.1 times the annual rent, (whereas only 2.5 years remained on their current lease) and simultaneously agreed a sale to a residential developer at a price of £2.5 million. Combined this resulted in net proceeds of £3.65 million to the fund representing an £800,000 premium (+28%) to the latest valuation.


Hayes

Altrincham

CPF Portfolio 30 June 2026

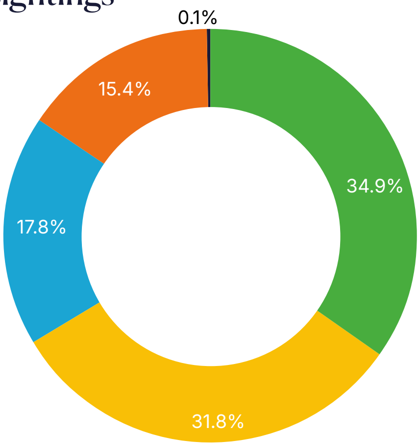
5.8% fund vacancy rate

56% of income benefits from fixed or index-linked rental increases

12% MSCI vacancy rate

70% of index linked income is linked to RPI

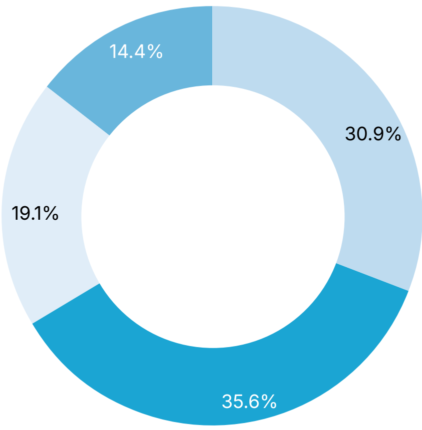
Sector weightings



Industrial & Logistics	34.9%
South East Industrials	16.0%
Rest of UK Industrials	18.9%
Alternatives	31.8%
Education	4.4%
Hotels / Student / Serviced	18.4%
Automotive	4.7%
Roadside	3.0%
Leisure	1.2%
Offices	17.8%
London Offices	10.8%
South East Offices	2.2%
Rest of UK Offices	4.8%
Retail	15.4%
High Street	0.0%
Supermarkets	0.0%
Retail Warehouses	15.4%
Cash	0.1%

Source: Savills Investment Management, June 2026

Geographical Weightings



Greater London	30.9%
South East & South West	35.6%
Midlands & Wales	19.1%
North	14.4%
Scotland	0.0%

Source: Savills Investment Management, June 2026

Asset Management continued

The Fund owns two serviced apartment properties in Bath, in Trim Street and Westgate Buildings, forming part of our Bath estate which encompasses a mixed use cluster incorporating retail, restaurants, office, student accommodation, serviced apartments and a hotel. The serviced apartments were leased to a specialist local operating partner, however the owner had been in difficulties for some time and has decided to exit the business despite our efforts to assist them. Trim Street was let at a rent of £153,793 per annum with 1.75 years remaining on the lease and Westgate Buildings was let at a rent of £211,003 per annum with 3 years remaining.

We subsequently identified a large hospitality group willing to step into their shoes on both properties and have subsequently negotiated and signed two new 15 year leases to Providence Hotels at a combined passing rent of £350,000 per annum. Whilst this represents a -4% reduction from the rents previously being paid, the fund will benefit from a significantly improved tenant covenant and a significantly longer lease on both buildings, increasing the average unexpired term from 2.5 years to 15 years. The rent reviews allow the rent to be increased in line with the CPI Index collared and capped at 0-4% per annum.

Bath

Finally we have settled two rent reviews – the first was an open market review at an industrial unit in Wakefield, where the rent was increased from £271,225 per annum to £364,000 per annum, reflecting an uplift of 34.2%. The second was an RPI linked rent review at a hotel in Poole Harbour where the rent increased from £546,514 per annum to £751,796 per annum, reflecting an increase of 37.5%.

Poole

Fund Information - (As at 30 June 2026)

Launch date	September 2000
Fund size	c.£892million
No of investors	c.1,200
Historic distribution yield	4.8%*
Prospective distribution yield	4.8%**
Fund costs (TER)	0.7% per annum
Unit price	NAV - 121.12 pence
	Bid - 119.36 pence
	Offer - 123.30 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	14 August 2026
Last distribution payment	1.532 per unit
Next dealing date	30 September 2026#

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

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

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

Five Largest Tenants

Travelodge Hotels Limited (4)	9.6%
Macmillan Publishers International Limited (1)	4.8%
D'Overbroeck's Limited (surety: Nord Anglia Education Limited) (2)	4.6%
Leonardo Hotel Management (UK) Limited (1)	4.4%
Sytner (2)	2.5%
Total (across 10 locations)	**25.9%**

10 Largest Assets

London EC1 - The Smithson, Farringdon (Office)	6.2%
London SE7 - Greenwich (Retail Warehouse)	5.3%
Oxford - 333 Banbury Road (Alternatives)	4.4%
Brighton - Stroudley Road (Alternatives)	3.8%
London SW11 - Battersea (Alternatives)	3.7%
Cambridge - Newmarket Road (Alternatives)	3.0%
Bath - Westgate Buildings (Alternatives)	2.8%
Bury St Edmunds - Suffolk Park (Industrial)	2.6%
Telford - Welcome Break MSA (Alternatives)	2.6%
Tamworth - Emperor Point (Industrial)	2.5%
Total	**36.9%**

Risk Warning

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

Disclosures

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