

Charities Property Fund  
Savills Investment Management  
33 Margaret Street  
London  
W1G 0JD

Dear Investor,

### Performance to 31 March 2026

The Charities Property Fund posted a positive net total return for Q1 2026 of +1.4% and a net total return of +5.4% for the last 12 months. This compares to the MSCI / AREF UK All Balanced Open Ended Property Fund Index of +0.7% for Q1 2026 and +4.3% for the last 12 months.

We have seen a small increase in valuations in each of the previous six quarters, and Q1 2026 was no exception, making it seven in a row - although the recovery is muted with the unit price up just +0.5% over the last 12 months.

	3 months	12 months	3 years (pa)	5 years (pa)	10 years (pa)	Since launch (pa)
<b>CPF</b>	1.4%	5.4%	4.4%	4.3%	4.8%	6.4%
MSCI / AREF All Balanced Open Ended Property Fund Index	0.7%	4.3%	3.3%	3.0%	3.6%	5.3%

Source: MSCI / AREF UK All Balanced Open Ended Property Fund Index 31 March 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 +1.1% over the last 12 months, but more importantly has done so consistently over 3 years, 5 years, 10 years and since launch.

The Q1 dividend payable on 15 May is predicted to be 1.534 pence per unit. This is a +9.8% increase on the last quarterly payment and a +5.5% increase on the equivalent quarter in 2025.

Within the UK commercial real estate market, conditions have remained broadly stable during the quarter. Occupational markets have continued 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.

Investor demand, however, remains selective. Transaction volumes are subdued as many buyers and sellers await greater clarity on interest rates and the economic outlook. Elevated gilt yields continue to limit the potential for capital growth, that said, income remains the standout attraction of the asset class, with rental growth and secure cashflows providing a level of inflation protection that is increasingly valued in uncertain times.

We continue to believe that commercial property offers attractive medium-term prospects. The combination of resilient occupier demand, constrained supply and attractive income yields supports total return expectations, particularly if monetary policy gradually loosens once inflation pressures subside.

### **Portfolio Activity**

The Fund remains focused on modern assets in strong locations, with long leases and robust tenant covenants and 56% of all income benefits from fixed / index linked uplifts. Active asset management continues to underpin income growth (reflected in the increased dividend) and is the single most important contributor to the sustained outperformance.

We communicated last year that we had agreed terms on six separate lease extensions with existing occupiers, demonstrating the real benefits of active asset management. The total rent agreed for these assets was £5.20 million per annum, reflecting an increase of over £900,000 per annum (+21%) on the combined current passing rent for these assets of £4.29 million. We negotiated very favourable rent review terms and the majority (57%) of the future rent reviews will be to the higher of the open market rate or the Consumer Price Index (CPI). We have also agreed to considerably increase the lease lengths - the combined weighted average unexpired lease term for the six assets was 2 years. Once all of the new leases are signed this will increase to 21.9 years. These assets collectively comprise 9% of the total portfolio by value.

We are pleased to report that 4 out of 6 are now complete and the total weighted unexpired lease term on the portfolio has increased from 10 years in June 2025 to 11.2 years today. Three comprise industrial units and the fourth is a motorway service area. At Tamworth we extended the lease from 3 years to 15 years and increased the rent by 7.7% (having increased by 34% at a rent review only the year before); at Basingstoke we extended the lease from 6 months unexpired to 15 years and increased the rent by 37%; at Liverpool we extended the lease from 6 months to 15 years and increased the rent by 32% and at Telford we extended the lease from 18 months to 35 years and increased the rent by 13.1%. The remaining two assets in Bristol and Nottingham are very close to completion and covered in the attached factsheet.

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

### **Global Economic Backdrop**

The conflict in Iran has been a major source of concern this quarter, which has pushed oil prices higher, adding to inflationary pressure globally. This has complicated the outlook for interest rate cuts, with central banks forced to balance weaker growth against the risk of inflation becoming more entrenched. Although the economic impact is still unfolding, higher energy costs act as a tax on consumers and businesses alike and are likely to dampen activity if sustained.

The global economic environment therefore remains challenging as markets continue to navigate a complex combination of geopolitical risk, inflationary pressures and shifting monetary policy. Whilst economic growth has remained positive in most developed economies, it has been fragile, with confidence easily disrupted by external shocks as demonstrated with events in the Middle East. Investors remain sensitive to inflation data and central bank messaging, with volatility clearly heightened by events in energy markets.

### **UK Economic and Political Backdrop**

The UK economy continues to face a difficult set of structural challenges, including weak productivity growth, tight public finances and elevated borrowing costs. Political uncertainty has also remained a feature of the domestic backdrop, weighing on business confidence and delaying investment decisions in certain sectors.

That said, the UK economy has shown a degree of resilience. Employment levels remain relatively high, wage growth has supported household income and inflation, although still above target, appears more contained than in previous years. The key risk is that higher oil prices resulting from the conflict in Iran prolong inflationary pressures, limiting the pace at which interest rates can be reduced and keeping gilt yields elevated.

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.

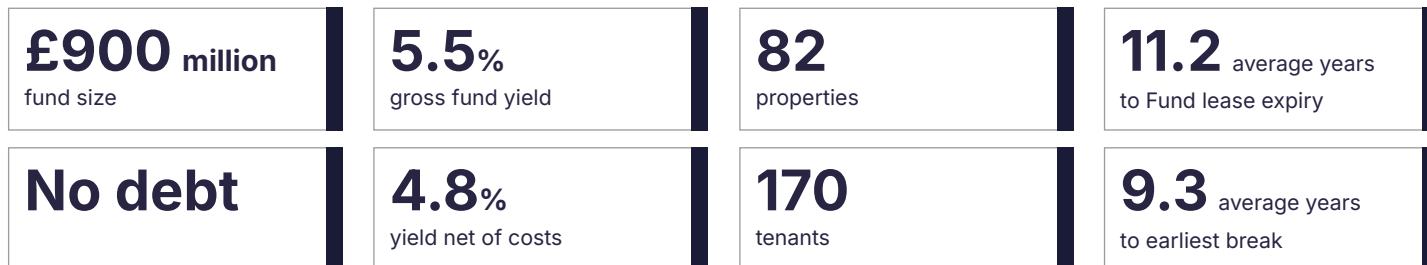
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The value of property is generally a matter of a valuer’s opinion rather than fact. Please remember that past performance is not necessarily a guide to future performance. The value of an investment and the income from it can fall as well as rise and 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.

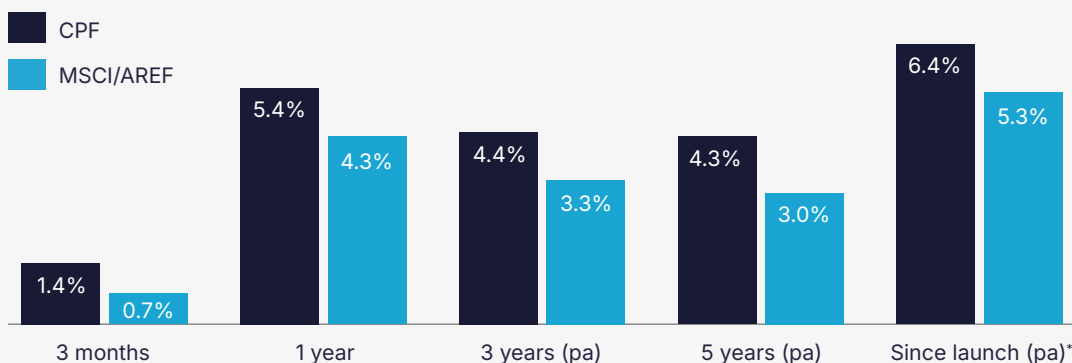
## Fund Objectives

The Charities Property Fund is the original and largest tax efficient pooled property vehicle available to all charities in the UK (AREF/MSCI March 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 - 31 March 2026



## Fund Performance



Source: Savills Investment Management, MSCI/AREF Quarterly Property Funds Index, 31 March 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 continue to focus on asset management, increasing lease length and driving growth in income. At the Welcome Break Service Station in Telford, which is an infrastructure style asset within the alternatives sector, we have extended the existing lease which was due to expire in November 2027 until November 2062, adding 35 years to the term. There is no break option. The rent, which was £896,060 per annum when we purchased the asset in 2013 has risen to £1,147,033 pa and we have agreed that this will further increase to £1,297,762 pa in November next year. The rent will benefit from 2.5% pa compound increases for the first 15 years of the extended lease and CPI linked rental increases for the following 20 years. The tenant did not receive any rent free or financial incentive to enter into the new lease which highlights the strategic and operational importance of the site.

We are also very close to completing one other lease extension and two new lettings all within the Industrial and Logistics sector. The lease extension is at an asset in Nottingham which the fund acquired in 2010. It comprises an advanced manufacturing unit where the tenant is heavily committed to the unit and is a major supplier to Rolls Royce. The lease is due to expire in December this year and we have agreed a 25 year extension, meaning the lease will expire in December 2051. Again there is no break option. The rent will increase from its current level of £483,333 pa to £600,000 pa (reflecting an increase of 38.3%) and will be reviewed every 5 years to increases in the CPI Index collared at 2% pa and capped at 4% pa. The tenant will receive a rent free incentive, but the increased rent and lease term will be highly accretive to valuation.



## CPF Portfolio 31 March 2026

**5.7%**

fund vacancy rate

**56%**

of income benefits from fixed or index-linked rental increases

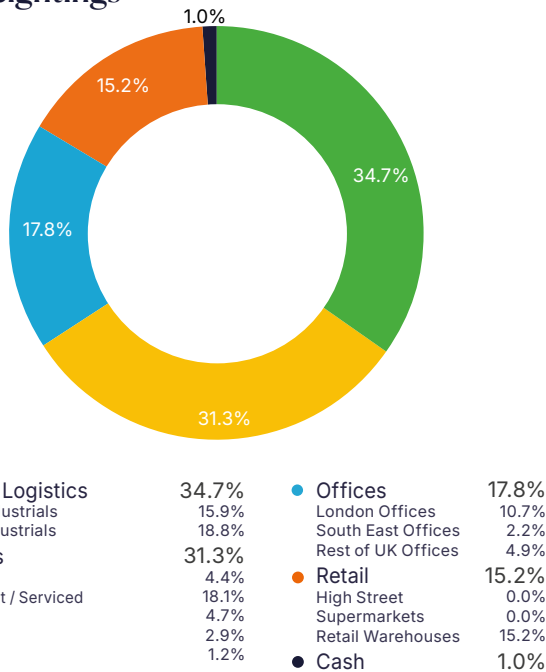
**12%**

MSCI vacancy rate

**70%**

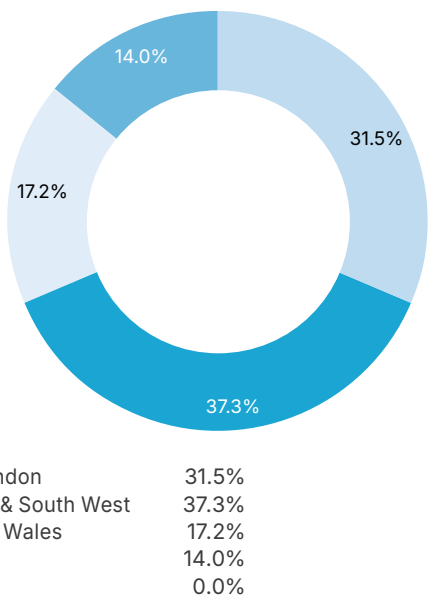
of index linked income is linked to RPI

## Sector weightings



Source: Savills Investment Management, March 2026

## Geographical Weightings



Source: Savills Investment Management, March 2026

## Asset Management continued

Whilst the vacancy rate within the portfolio is low at 5.7%, we are always looking to reduce this to increase income receivable and reduce operational expenditure. We are therefore delighted to report that two industrial units - which comprise 40% of the total void within the portfolio, are under offer to new occupiers having been fully refurbished.

The first comprises an industrial unit in Bristol, located to the north of the City close to Avonmouth. As part of the refurbishment we have infilled the external canopies and increased the building footprint from 50,000 sq ft to close to 80,000 sq ft. The rent agreed with the new tenant (a global testing and certification business) is £710,000 per annum (£9.00 per sq ft), reflecting a healthy increase on the £515,000 per annum (£6.50 per sq ft) rent payable by the previous tenant. Although the refurbishment has meant considerable capital investment we have the ability to reclaim significant sums in dilapidations from the previous tenant, including the costs of infilling the canopies. The tenant will sign a new 15 year lease, with a break at the 10th year and rent reviews will be at 5 yearly intervals to the higher of the open market rent, or CPI collared and capped at 2-4% per annum respectively, giving the best of both worlds.



The second asset comprises a 63,000 sq ft industrial unit located in Wednesbury, part of the Birmingham conurbation. Once again we have executed a comprehensive refurbishment after the previous tenant vacated and have also settled the dilapidations claim with the exiting tenant. The rent agreed with the new tenant (a FTSE 100 company) is £583,055 per annum (£9.25 per sq ft), reflecting a 57% increase on the £371,500 per annum (£5.90 per sq ft) rent payable by the previous tenant. The tenant will sign a new 10 year lease, with a break at the 5th year and again the rent will be reviewed to the higher of the open market rent, or CPI collared and capped at 2-4% per annum respectively.



## Fund Information - (As At 31 March 2026)

Launch date	September 2000
Fund size	£900 million
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 - 121.10 pence
	Bid - 119.36 pence
	Offer - 123.27 pence
Bid spread	1.45%
Offer spread	1.55%
SEDOL	0208075
Next distribution date	15 May 2026
Last distribution payment	1.397p per unit
Next dealing date	30 June 2026 <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

# 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%
<b>Total (across 10 locations)</b>	<b>25.9%</b>

## 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 - Leonardo Hotel (Alternatives)	3.8%
London SW11 - Battersea (Alternatives)	3.7%
Cambridge - Travelodge (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%
<b>Total</b>	<b>36.9%</b>

### 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).