

The Charities Property Fund

INVESTMENT POLICY AND OBJECTIVES

to invest in a diversified portfolio of commercial property assets in the United Kingdom.
To provide a high and secure level of income (currently 4.75% pa) with the prospect of income and capital growth in real terms.

INVESTOR CONSTITUENCY

Registered charities in England and Wales.

Fund details		
Type of fund	Common Investment Fund (registered charity)	
Residence		United Kingdom
Launch date		September 2000
Open/closed-ended		Open-ended
Earliest date of winding up		Not applicable
Year-end		30-Jun
NAV (GBpm)		1153.6

Source: Savills Investment Management

Management/professional advisors		
Manager	Savills Investment Management (UK) Ltd	
Property advisor	Savills Investment Management LLP	
Fund Manager	Harry de Ferry Foster	
Corporate trustee	Citibank International Plc	
Auditors	KPMG LLP	

Source: Savills Investment Management

Investment rates of return, %				
MSCI/AREF UK Quarterly Property Fund Index				
	The Charities Property Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	1.2	0.3	0.4	0.3
Year-to-date	1.3	0.1	0.2	0.1
12 months	-13.3	-17.1	-17.4	-17.1
3 years+	4.7	3.3	3.4	2.3
5 years+	3.5	2.3	2.2	1.1
10 years+	7.4	6.6	6.3	5.5

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions		
Maximum development exposure	No maximum for forward commitments	
Maximum speculative development exposure		Zero
Maximum lot-size holding as a standing investment		30%
Maximum lot-size holding permitted at purchase		30%
Maximum exposure to limited partnerships		N/A
Maximum exposure to joint ventures		N/A
Maximum exposure to closed and open-ended property unit trusts		N/A

Source: Savills Investment Management

Portfolio distribution %				
MSCI/AREF UK Quarterly Property Fund Index				
	The Charities Property Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	0.3	4.9	4.6	4.6
Standard retail – Rest of UK	0.0	1.2	1.4	2.3
Shopping centres	0.0	0.6	0.9	2.5
Retail warehouses	17.9	12.4	12.1	7.6
All UK retail	18.1	19.1	19.0	17.1
City offices	6.6	3.3	3.4	3.2
West End offices	0.0	8.1	7.5	5.1
Rest of South East offices	6.1	7.5	7.1	5.5
Rest of UK offices	4.3	5.2	4.9	5.3
All UK offices	17.1	24.2	22.9	19.1
South East industrial	13.2	24.0	24.5	20.3
Rest of UK industrial	19.5	13.6	13.7	11.8
All UK industrial	32.7	37.6	38.2	32.1
Other UK properties	29.4	12.4	12.5	25.9
Cash***	2.6	6.7	7.4	5.8
Overall	100.0	100.0	100.0	100.0

Source: Savills Investment Management

Property ownership structure			
	Number of assets	Valuation (GBpm)	% of total portfolio
Direct holdings	113	1,126.4	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	113	1,126.4	100.0

Source: Savills Investment Management

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
THE SMITHSON	LONDON	Office	60-70m	*
BROCKLEBANK RETAIL PARK	LONDON	Retail Park	40-50m	*
JURYS INN HOTEL	BRIGHTON	Hotel	30-40m	*
333 BANBURY ROAD, OXFORD OX2 7PL,OXFORD,333 BANBURY ROAD, BATTERSEA, TRAVELODGE,BATTERSEA,200 YORK ROAD	OXFORD	Education	30-40m	*
METRO PARK WEST	BATTERSEA	Hotel	30-40m	*
TRAVELODGE	GATESHEAD	Retail Warehouse	30-40m	*
SP147	CAMBRIDGE	Hotel	20-30m	*
EMPEROR POINT	BURY ST EDMUNDS	Industrial	20-30m	*
EPSOM TRADE PARK AND UNITS 450A AND 450B	TAMWORTH	Industrial	20-30m	*
10 largest investments as % of portfolio	EPSOM	Industrial	20-30m	*

Source: Savills Investment Management

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	9	15.1	1.3
2.5 - 5	26	98.7	8.8
5-10	37	260.4	23.1
10-25	34	476.2	42.3
25 - 50	6	216.0	19.2
50 - 100	1	60.0	5.3
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	113	1126.4	100.0
Average lot size		10.0	

Source: Savills Investment Management

Property Yield		Voids as % of ERV	
Net initial yield	5.36%	Investments	1.9%
Nominal equivalent yield	-	Developments	-
True equivalent yield	5.70%	Total	-
Net reversionary yield	5.70%		

Source: Savills Investment Management

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	0.0	0.0
Retail warehousing	20.9	18.9
Shopping centres	0.0	0.0
Central London offices	9.2	9.8
Other offices	9.1	10.2
Industrial	30.2	34.5
Other	30.6	26.7
Overall	100.0	100.0

Source: Savills Investment Management

Over Renting and Reversionary Potential, % Rent Passing								
Sector	Rent Passing, GBP Millions	Rent Free , % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented,% Rent Passing	Reversionary potential,% Rent Passing	Reversionary potential Net of Over renting,% Rent Passing	Market Value,% Rent Passing
Standard retail	-	-	-	-	-	-	-	-
Retail warehousing	13.4	3.2	0.0	0.0	-7.6	-3.7	-11.3	96.3
Shopping centres	-	0.0	-	-	0.0	-	-	-
Central London offices	5.9	7.7	0.0	7.3	-8.7	13.8	5.1	113.8
Other offices	5.9	3.1	0.0	14.8	-2.3	18.8	16.5	118.8
Industrial	19.4	0.0	0.0	0.0	-0.2	22.0	21.8	122.0
Other	19.7	0.0	0.0	0.0	-11.2	-6.9	-18.0	93.1
Overall	64.3	1.9	0.0	2.0	-6.1	6.3	0.2	106.7

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: Savills Investment Management

Listed Investments			
	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

The unexpired term of leases	
Years	% of rent passing
20 years or greater	9.6
15 years or greater, but less than 20	6.9
10 years or greater, but less than 15	15.7
5 years or greater, but less than 10	28.3
Less than 5 years	39.5

Source: Savills Investment Management

Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Savills Investment Management

Debt analysis						
Fixed rate borrowings			Variable rate borrowings			
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt	Off balance sheet (GBPm)+
0	0	0	0	0		0
0	0	0	0	0		
0	0	0	0	0		
0	0	0	0	0		
0	0	0	0	0		

Source: Savills Investment Management

Development exposure*				
Capital value of developments				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Savills Investment Management

Valuations/performance monitors/affiliations	
Frequency of valuation	Quarterly
Valuers	Cushman & Wakefield
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: Savills Investment Management

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	10.00%
Cash holdings (maximum)	No maximum
Cash holdings (minimum)	Zero

Source: Savills Investment Management

The contribution of major tenants to rental income	
Tenant	%
TRAVELODGE HOTELS LTD	6.0
MACMILLAN PUBLISHERS INTERNATIONAL LIMITED	3.7
SYTNER PROPERTIES LTD T/A AUDI	3.6
JURY'S HOTEL MANAGEMENT LTD	3.5
TESCO	3.5
D'OVERBROECKS LIMITED	3.2
AMAZON UK SERVICES LIMITED	2.2
VW GROUP UNITED KINGDOM LIMITED	2.0
WELCOME BREAK SERVICES LIMITED	1.8
VINDIS GROUP LIMITED	1.8
Three largest tenants' contribution to rental income	13.3
Five largest tenants' contribution to rental income	20.3
Ten largest tenants' contribution to rental income	31.3

Source: Savills Investment Management

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1126.4	0.0	0.0	0.0	1126.4
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	30.5	0.0	0.0	0.0	30.5
Other net assets/liabilities	-3.2	0.0	0.0	0.0	-3.2
Total net assets	1153.6	0.0	0.0	0.0	1153.6
Gearing (%)					
Net debt (cash)/properties	-2.7	-	-	-	-2.7
Net debt (cash)/equity	-2.6	-	-	-	-2.6

Source: Savills Investment Management

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	1.4217	1.4738	1.4368	1.2438	1.2309	1.2312
Offer (GBP)	1.4670	1.5210	1.4815	1.2838	1.2706	1.2707
Mid (GBP)	1.4444	1.4974	1.4592	1.2638	1.2508	1.2510
Bid/offer spread	3.1%	3.1%	3.0%	3.1%	3.1%	3.1%
Net asset value (GBP)	1.4418	1.4948	1.4566	1.2616	1.2486	1.2487
Quarterly distribution (GBP)	0.0140	0.0138	0.0130	0.0140	0.0135	0.0151
Yield	3.5%	3.5%	3.6%	4.3%	4.3%	4.4%

Source: Savills Investment Management

Unit pricing

The unit price is calculated as at the date of the quarterly revaluation of the portfolio. Income is not included in the calculation.

Distributions

Distributions of income are made quarterly, approximately six weeks after each valuation date on 15 February, 15 May, 15 August and 15 November each year.

Minimum investment/disinvestment

Minimum initial GBP25,000
Minimum additional investment: No minimum
Minimum redemption: GBP10,000 (subject to the discretion of the Manager)

Creation, transfer and realisation of units

Completed application forms and redemption forms need to be received by the Manager at least 14 days prior to the Dealing date, which is the last business day of each quarter. Application Payments and Redemption proceeds are to be received/ paid on the settlement date, which is 4 business days post the Dealing date. (See note 4 and "Redemption notices outstanding", overleaf.) The Manager will endeavour to match buyers with sellers.

Taxation

As a charity itself, under current UK tax legislation, the fund is not subject to Stamp Duty Land Tax (currently 4% on all property transactions over GBP0.5m), capital gains tax or income tax. Unit transfers are exempt from Stamp Duty Reserve Tax.

Charges

The Manager's, property Manager's and corporate trustees' fees are calculated on the following basis:

The Manager & Property Manager

First GBP100m: 0.70% pa
GBP 100 – GBP500m: 0.525%
Above GBP500m: 0.45%

The Manager also renders a preliminary charge of 0.25% added to the unit price (and may impose a redemption charge)

The corporate trustee

GBP10m –
GBP200m – 0.05%

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	1,465	55.6
1% or greater but less than 2%	16	20.7
2% or greater but less than 4%	5	15.0
4% or greater but less than 8%	2	8.8
Greater than 8.0%	0	0.0
Total	1,488	100.0
Major investors		
Largest holder	1	4.6
Three largest holders	3	12.6
Five largest holders	5	18.9
Ten largest holders	10	29.0
Internal/external investors		
Internal	0	0.0
External	1,488	100.0

Source: Savills Investment Management

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
Issues and redemptions						
Units in issue as at start of period	983,305,626	1,013,250,247	1,006,029,733	959,220,000	976,422,467	1,040,924,291
Units issued during period	79,879,051	45,763,637	50,413,784	48,187,219	122,264,899	11,815,756
Units redeemed during period	-49,934,430	-52,984,151	-97,223,517	-30,984,753	-57,763,075	-38,426,206
Units in issue at end of period	1,013,250,247	1,006,029,733	959,220,000	976,422,467	1,040,924,291	1,014,313,841
Unit transfers						
Matched bargains	26,729,463	34,206,433	50,413,784	44,217,846	1,156,979	0
Matched bargains %*	2.6%	3.4%	5.3%	4.5%	0.1%	0.00%

* as % of units in issue at the end of the period

Source: Savills Investment Management

Notes

1) Mayflower Management Company was wound up during 2013, with all activities transferring to Savills Investment Management (UK) Ltd

2) The valuation date is the 24th of March, June, September and December, or preceding business day.

3) Except in respect of an entire holding of units

4) At the discretion of the Manager, redemption rights may be subject to the following restrictions:

- A general right to delay redemptions for three to six months
- A delay of up to 12 months where redemption sought represents 10% or more of units in issue
- The Manager may propose a resolution to wind up the fund where redemptions sought represent 30% or more of units in issue
- The Manager has the ability to impose a redemption charge where it considers that the redemption is likely to have a detrimental impact on the remaining unitholders