

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	31 Jun
NAV (GBPm)	1143.1

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 funds	All balanced funds	All funds
3 months	2.6	3.8	3.8	3.7
Year-to-date	3.9	6.1	6.0	5.6
12 months	7.1	8.5	8.5	6.9
3 years+	3.4	3.3	3.0	1.8
5 years+	5.5	5.1	4.9	3.9
10 years+	7.8	7.0	6.7	6.1

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 funds	All balanced funds	All funds
Standard retail – South East	0.8	5.7	5.0	4.6
Standard retail – Rest of UK	0.5	2.0	2.3	3.2
Shopping centres	0.0	0.6	1.1	3.4
Retail warehouses	17.9	10.8	10.4	8.7
All UK retail	19.3	19.2	18.8	20.0
City offices	7.3	3.9	3.6	3.2
West End offices	0.0	7.7	8.5	7.5

Rest of South East offices	8.3	10.4	9.7	7.0
Rest of UK offices	4.5	5.7	5.4	5.0
All UK offices	20.0	27.7	27.2	22.7
South East industrial	12.6	22.8	23.8	19.5
Rest of UK industrial	18.7	12.5	12.6	10.3
All UK industrial	31.3	35.3	36.4	29.9
Other UK properties	23.0	11.0	10.6	21.9
Cash***	6.4	6.8	7.0	5.5
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	117	1,067.6	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	117	1,067.6	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	68.0	6.4
JURYS INN HOTEL	BRIGHTON	Hotel	39.3	3.7
METRO PARK WEST	GATESHEAD	Retail Warehouse	38.3	3.6
BROCKLEBANK RETAIL PARK	LONDON	Retail Park	36.9	3.5
TRAVELODGE	CAMBRIDGE	Hotel	27.8	2.6
122 BACK CHURCH LANE	LONDON	Office	22.5	2.1
SP147	BURY ST EDMUNDS	Industrial	20.1	1.9
WELCOME BREAK SERVICE STATION	SHIFNAL	Other	17.5	1.6
UNIPART LOGISTICS LIMITED	BURTON-ON-TRENT	Industrial	17.4	1.6
EMPEROR POINT	TAMWORTH	Industrial	17.2	1.6
10 largest investments as % of portfolio			304.8	28.5

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	15	22.9	2.1
2.5 - 5	23	90.9	8.5
5-10	42	292.2	27.4
10-25	32	451.4	42.3
25 - 50	4	142.2	13.3
50 - 100	1	68.0	6.4
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	117	1067.6	100.0
Average lot size		9.1	

Source: Savills Investment Management

Property Yield		Voids as % of ERV	
Net initial yield	5.00%	Investments	5.1%
Nominal equivalent yield	-	Developments	-
True equivalent yield	5.65%	Total	-
Net reversionary yield	5.51%		

Source: Savills Investment Management

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	1.2	1.5
Retail warehousing	24.8	22.1
Shopping centres	0.0	0.0
Central London offices	4.5	6.3
Other offices	12.8	15.2
Industrial	30.8	32.3

Other	25.9	22.5
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	0.6	27.0	0.0	11.8	-4.6	78.2	73.6	151.2
Retail warehousing	13.1	3.4	0.0	1.5	-7.4	8.4	1.0	105.0
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	2.4	0.0	0.0	36.2	0.0	66.9	66.9	166.9
Other offices	6.8	3.6	0.0	29.1	-1.1	43.3	42.1	139.7
Industrial	16.3	5.2	0.0	6.0	-0.8	28.8	28.0	123.6
Other	13.7	0.4	0.0	0.8	-4.5	2.4	-2.1	102.0
Overall	52.9	3.3	0.0	7.9	-3.4	21.1	17.6	117.7

*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	8.2
15 years or greater, but less than 20	4.6
10 years or greater, but less than 15	16.0
5 years or greater, but less than 10	34.5
Less than 5 years	36.7

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 (GBPm)+
0	0	0	0	0.00%	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		
	Not yet started	In progress+	Cost to complete schemes in progress+
GBPm	0	0	0
% of all directly held properties*	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	%
SYTNER PROPERTIES LTD T/A JAGUAR LAND ROVER	4.8
MACMILLAN	4.5
TESCO STORES LTD	4.4
TRAVELODGE HOTELS LTD	4.1
JURY'S HOTEL MANAGEMENT LTD	3.3
VW GROUP UNITED KINGDOM LIMITED	2.7
DIABETES UK	2.1
HOMEBASE LIMITED	2.1
ALDI STORES LTD	1.9
WELCOME BREAK SERVICES LIMITED	1.9
Three largest tenants' contribution to rental income	13.6
Five largest tenants' contribution to rental income	21.1
Ten largest tenants' contribution to rental income	31.9

Source: Savills Investment Management

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1067.6	0.0	0.0	0.0	1067.6
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	73.3	0.0	0.0	0.0	73.3
Other net assets/liabilities	2.2	0.0	0.0	0.0	2.2
Total net assets	1143.1	0.0	0.0	0.0	1143.1
Gearing (%)					
Net debt (cash)/properties	-6.9	-	-	-	-6.9
Net debt (cash)/equity	-6.4	-	-	-	-6.4

Source: Savills Investment Management

Quarterly data per unit						
As at	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
Bid (GBP)	1.2452	1.2106	1.1994	1.2236	1.2249	1.2446
Offer (GBP)	1.2843	1.2483	1.2368	1.2597	1.2627	1.2800
Mid (GBP)	1.2648	1.2295	1.2181	1.2417	1.2438	1.2623
Bid/offer spread	3.0%	3.0%	3.0%	2.9%	3.0%	2.8%
Net asset value (GBP)	1.2625	1.2273	1.2160	1.2395	1.2416	1.2617
Quarterly distribution (GBP)	0.0130	0.0112	0.0103	0.0137	0.0140	0.0120
Yield	4.2%	4.1%	3.9%	3.9%	4.0%	4.0%

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 No minimum

investment:

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	1,583	68.5
1% or greater but less than 2%	10	13.5
2% or greater but less than 4%	4	9.6
4% or greater but less than 8%	2	8.4
Greater than 8.0%	0	0.0
Total	1,599	100.0
Major investors		
Largest holder	1	4.3
Three largest holders	3	11.2
Five largest holders	5	16.0
Ten largest holders	10	24.3
Internal/external investors		
Internal	0	0.0
External	1,599	100.0

Source: Savills Investment Management

Liquidity						
Period	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021
Issues and redemptions						
Units in issue as at start of period	865,323,411	904,527,832	983,305,626	1,013,250,247	1,006,029,733	959,220,000
Units issued during period	75,342,533	102,629,421	79,879,051	45,763,637	50,413,784	24,912,938
Units redeemed during period	-36,138,112	-23,851,627	-49,934,430	-52,984,151	-97,223,517	-4,567,341
Units in issue at end of period	904,527,832	983,305,626	1,013,250,247	1,006,029,733	959,220,000	979,565,597
Unit transfers						
Matched bargains	-	-	26,729,463	34,206,433	50,413,784	22,943,669
Matched bargains %*	-	-	2.6%	3.4%	5.3%	2.34%

* 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
-