

# 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)	1302.3

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	0.8	0.6	0.6	0.4
Year-to-date	1.6	1.0	0.9	0.6
12 months	4.6	4.1	3.4	2.8
3 years+	7.3	6.6	6.3	5.6
5 years+	9.1	8.9	8.3	7.6
10 years+	9.9	9.1	8.7	9.1

Source: MSCI/AREF UK Quarterly Property Fund Index(Sponsored by PropertyMatch)

## 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	1.6	7.6	7.1	5.7
Standard retail – Rest of UK	0.6	3.3	3.3	3.6
Shopping centres	3.6	1.8	2.5	7.3
Retail warehouses	20.3	13.3	13.6	13.0
<b>All UK retail</b>	<b>26.1</b>	<b>26.0</b>	<b>26.4</b>	<b>29.7</b>
City offices	0.0	3.7	3.7	3.3
West End offices	10.8	7.6	7.7	7.0
Rest of South East offices	7.3	11.6	11.1	7.7
Rest of UK offices	3.1	5.8	5.8	4.9
<b>All UK offices</b>	<b>21.2</b>	<b>28.7</b>	<b>28.4</b>	<b>22.9</b>
South East industrial	8.6	19.3	19.5	15.6
Rest of UK industrial	15.2	10.1	10.0	8.0
<b>All UK industrial</b>	<b>23.8</b>	<b>29.4</b>	<b>29.5</b>	<b>23.6</b>
Other UK properties	23.4	11.0	10.0	19.4
Cash***	5.4	4.9	5.7	4.4
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Savills Investment Management

#### Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	126	1,227.2	99.5
Joint and indirect holdings	0	0.0	0.0
Listed investments	1	5.7	0.5
<b>Total</b>	<b>127</b>	<b>1,232.9</b>	<b>100.0</b>

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	62.4	5.1
BROCKLEBANK RETAIL PARK	LONDON	Retail Park	53.5	4.3
SAINSBURY'S	BARNET	Retail Other	43.9	3.6
JURYS INN HOTEL	BRIGHTON	Hotel	41.0	3.3
METRO PARK WEST	GATESHEAD	Retail Warehouse	38.3	3.1
90 CHANCERY LANE	LONDON	Office	33.5	2.7
TRAVELODGE	CAMBRIDGE	Hotel	28.8	2.3
122 BACK CHURCH LANE	LONDON	Office	23.5	1.9
RIVINGTON HOUSE	LONDON	Office	20.0	1.6
APEX RETAIL PARK	FELTHAM	Retail Park	18.7	1.5
<b>10 largest investments as % of portfolio</b>			<b>363.6</b>	<b>29.5</b>

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	12	19.5	1.6
2.5 - 5	31	122.8	10.0
5-10	41	298.2	24.2
10-25	35	485.2	39.4
25 - 50	5	185.5	15.0
50 - 100	2	115.9	9.4
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
<b>Total</b>	<b>126</b>	<b>1227.2</b>	<b>99.5</b>
Average lot size		9.7	

Source: Savills Investment Management

Property Yield		Voids as % of ERV	
Net initial yield	4.90%	Investments	5.0%
Nominal equivalent yield	5.25%	Developments	0.0%
True equivalent yield	5.50%	Total	5.0%

Net reversionary yield 5.25%

Source: Savills Investment Management

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	4.9	5.0
Retail warehousing	23.2	22.4
Shopping centres	0.0	0.0
Central London offices	12.9	13.0
Other offices	9.5	9.4
Industrial	25.9	28.0
Other	23.6	22.4
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source: Savills Investment Management

Comparison of rents passing and ERV by type of property*								
Sector	Rent passing %	Pre-lets & rent-free periods %	Development voids %	Other voids %	Over rented %	Reversionary potential %	Net reversionary potential %	ERV %
Standard retail	91.4	0.0	0.0	21.5	-13.4	0.5	-12.9	100.0
Retail warehousing	96.2	0.0	0.0	2.1	-3.9	5.6	1.7	100.0
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	92.0	0.0	0.0	4.5	-1.7	5.2	3.5	100.0
Other offices	93.5	0.0	0.0	1.2	-1.3	6.5	5.2	100.0
Industrial	86.0	0.0	0.0	9.9	-1.8	5.9	4.1	100.0
Other	97.9	0.0	0.0	0.9	-2.3	3.6	1.2	100.0
<b>Overall</b>	<b>92.7</b>	<b>0.0</b>	<b>0.0</b>	<b>5.2</b>	<b>-2.9</b>	<b>5.0</b>	<b>2.1</b>	<b>100.0</b>

\*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

SUPERMARKET INCOME REIT PLC	2.2	5.7	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	0.0	0.0
	2.2	5.7	0.0

#### The unexpired term of leases

Years	% of rent passing
20 years or greater	8.7
15 years or greater, but less than 20	8.2
10 years or greater, but less than 15	18.0
5 years or greater, but less than 10	31.1
Less than 5 years	34.1

Source: Savills Investment Management

#### Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
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	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	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	0.0	0.0	0.0

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			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	%
--------	---

Macmillan Publishers Limited	3.7
Tesco Stores Limited	3.7
Sytner Properties Limited	3.7
Travelodge Hotels Limited	3.4
Sainsbury's Supermarket Limited	3.1
Jurys Hotel Management (UK) Limited	2.8
VW Group UK Limited	2.2
Wickes	2.1
Secretary of State for Communities & Local Government	1.8
The British Diabetic Association	1.8
Three largest tenants' contribution to rental income	11.1
Five largest tenants' contribution to rental income	17.6
Ten largest tenants' contribution to rental income	28.3

Source: Savills Investment Management

#### Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1227.2	0.0	0.0	0.0	1227.2
Listed investments	0.0	0.0	0.0	5.7	5.7
Debt	0.0	0.0	0.0	0.0	0.0
Cash	69.4	0.0	0.0	0.0	69.4
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	1296.6	0.0	0.0	5.7	1302.3
Gearing (%)					
Net debt (cash)/properties	-5.7	-	-	-	-5.7
Net debt (cash)/equity	-5.4	-	-	0.0	-5.3

Source: Savills Investment Management

#### Quarterly data per unit

As at	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Bid (GBP)	1.2637	1.2719	1.2809	1.2841	1.2776	1.2742
Offer (GBP)	1.2974	1.3054	1.3155	1.3183	1.3180	1.3140



Mid (GBP)	1.2806	1.2887	1.2982	1.3012	1.2978	1.2941
Bid/offer spread	2.6%	2.6%	2.6%	2.6%	3.1%	3.0%
Net asset value (GBP)	1.2780	1.2862	1.2957	1.2987	1.2955	1.2919
Quarterly distribution (GBP)	0.0142	0.0137	0.0131	0.0132	0.0135	0.0134
Yield	4.2%	4.2%	4.2%	4.2%	4.2%	4.1%

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	1,920	71.4
1% or greater but less than 2%	13	17.7
2% or greater but less than 4%	2	6.2
4% or greater but less than 8%	1	4.7
Greater than 8.0%	0	0.0
<b>Total</b>	<b>1,936</b>	<b>100.0</b>
Major investors		
Largest holder	1	4.7
Three largest holders	3	10.9
Five largest holders	5	14.8
Ten largest holders	10	21.7
Internal/external investors		
Internal	0	0.0
External	1,936	100.0

Source: Savills Investment Management

### Liquidity

Period	Year to Dec 2014	Year to Dec 2015	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019
--------	---------------------	---------------------	---------------------	------------------	------------------	---------------------

<b>Issues and redemptions</b>						
Units in issue as at start of period	582,501,271	747,146,723	865,323,411	904,527,832	983,305,626	1,013,250,247
Units issued during period	181,262,810	132,782,338	75,342,533	102,629,421	79,879,051	30,971,912
Units redeemed during period	-16,617,357	-14,605,650	-36,138,112	-23,851,627	-49,934,430	-3,521,976
Units in issue at end of period	747,146,723	865,323,411	904,527,832	983,305,626	1,013,250,247	1,040,700,183
<b>Unit transfers</b>						
Matched bargains	16,617,357	-	-	-	267,294,627.79	19,414,708
Matched bargains %*	2.2%	-	-	-	2.6%	1.87%

\* 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