



The Charities Property Fund Annual General Meeting

February 2010

Agenda

- 11:00 am **Welcome addresses**
Ian Flanagan OBE (Chair of Advisory Committee)
Chris Hills (Chief Investment Officer of Rensburg Sheppards)
John Partridge (Executive Chairman of Cordea Savills and
Chairman of Mayflower Management Company)
- 11:15 am **Economy and Property Market Update**
Andrew Allen (Fund Director of Charities Property Fund)
- 11:45 am **Fund Review**
Harry de Ferry Foster (Portfolio Manager of Charities Property Fund)
- 12:15 pm **Question & Answer**
- 12:25 pm **AGM close**
Ian Flanagan OBE (Chair of Advisory Committee)
- 12:30 pm **Lunch**



Management and Governance of the Charities Property Fund

Mayflower Management Company

John Partridge (Chairman)
Justin O'Connor
Bill Hackney

CPF Advisory Committee

Ian Flanagan OBE (Chairman)
Ben Ruck Keene
Miles Jolly
Nick Downer

Charities Property Fund Team

Harry de Ferry Foster (Fund Director)
David Bailey
Helen Soult
Jonathan Valentine
Charlotte Handford
Jane Hopkins



Full resumes of the team are attached in the Appendix of this presentation

The Charities Property Fund Team



Harry de Ferry Foster
Fund Director



David Bailey
Charities Consultant



Helen Soutl
Assistant Portfolio Manager



Jonathan Valentine
Finance and Operations Manager



Charlotte Handford
Client Services Manager



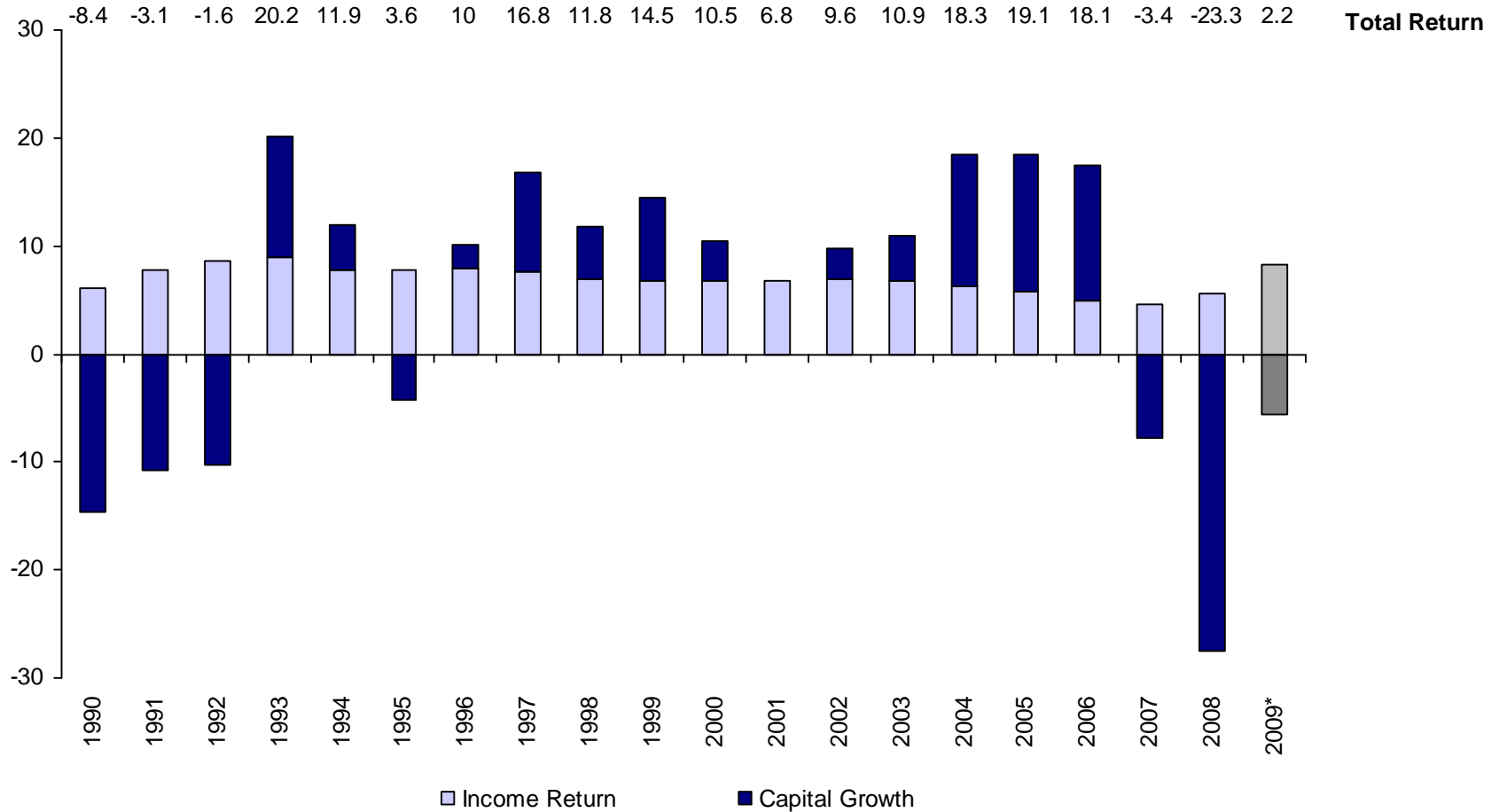
Jane Hopkins
Business Administrator



Full resumes of the team are attached in the Appendix of this presentation

**This team is solely dedicated to
the Charities Property Fund**

UK commercial property returns (% pa)



Source: IPD (December 2009) * Data for 2009 is from IPD Monthly Index
 Chart shows total returns with capital growth element as remainder from total return

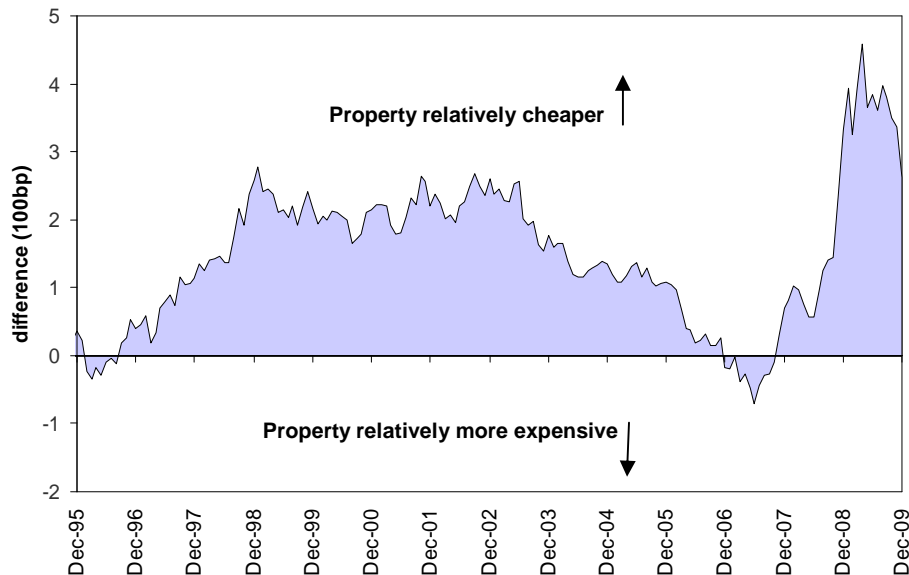
Stability provided by the income return from property

UK Property provides high yields

High yields on both a relative and absolute basis

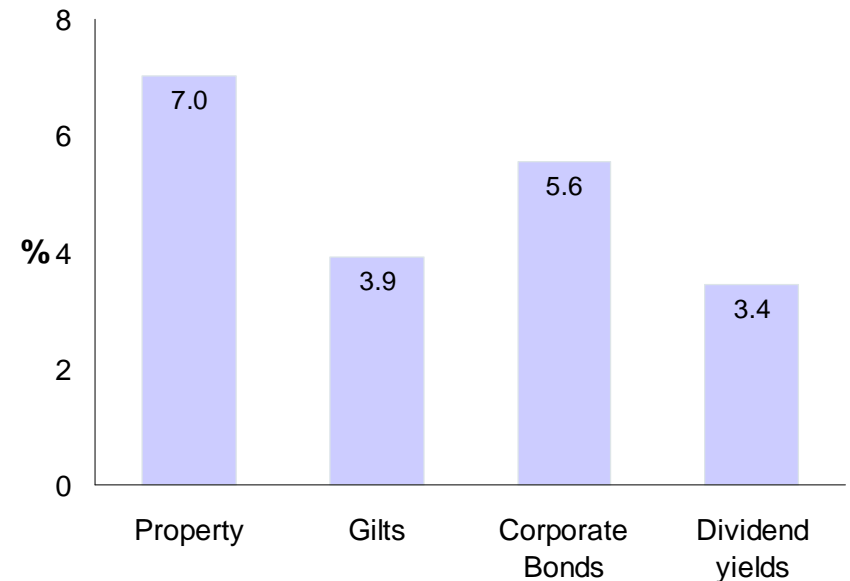
Property Yield versus Gilt Yield

Property has become relatively cheaper since Summer 2007



Source: IPD Monthly Index (January 2010), Cordea Savills
Property Net Initial Yield vs 5 to 15 year Gilt Yield

Property Yield versus other asset classes



Source: IPD Monthly Index January 2010, Merrill Lynch, Bloomberg, Cordea Savills
 Property: IPD Monthly Index December 2009 NIY
 Gilts: UK Benchmark Gilt Yield Treasury Note, 10yr as at 31/12/09
 Corporate Bonds: Merrill Lynch UC19, UK Sterling AAA
 Corporates, 10+ yrs as at 31/12/09
 Dividend Yield: FTSE 100, 31/12/09



The high deliverable yield from property has driven asset allocators to the sector

Serious economic challenges remain

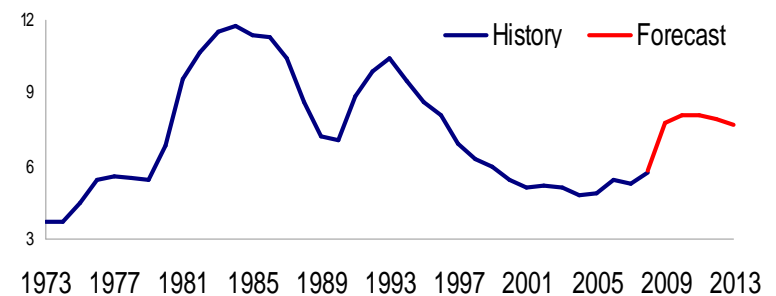
“Green Shoots Without Roots”

- Recovery will be anaemic
 - Peak 2008 GDP level forecasted to return in 2012
 - UK GDP will recover output loss from recession in 2015
- Unemployment could exceed 2.8m¹ (currently 7.8%)
 - Lags any recovery in GDP
 - But indicates weaker tenant markets to come
- Corporate and personal insolvency levels high and set to increase
 - Again, worsening occupier market outlook
- Public sector debt now 61.7% of GDP²
 - Huge pressure on public finances in the medium-term as fiscal tightening occurs which will moderate growth



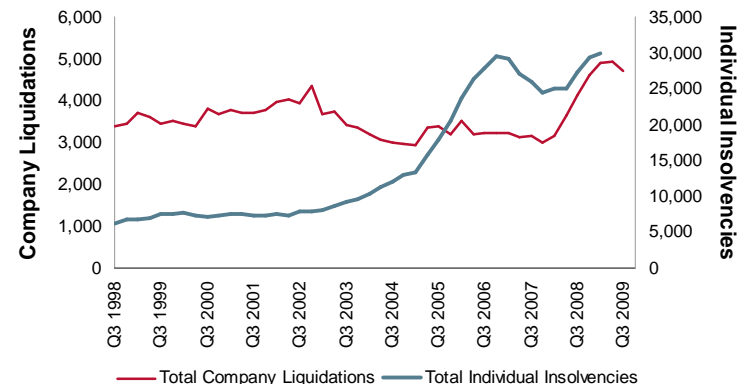
Source: ¹ Oxford Economics (December 2009), ² ONS

UK Unemployment Rate (ILO)



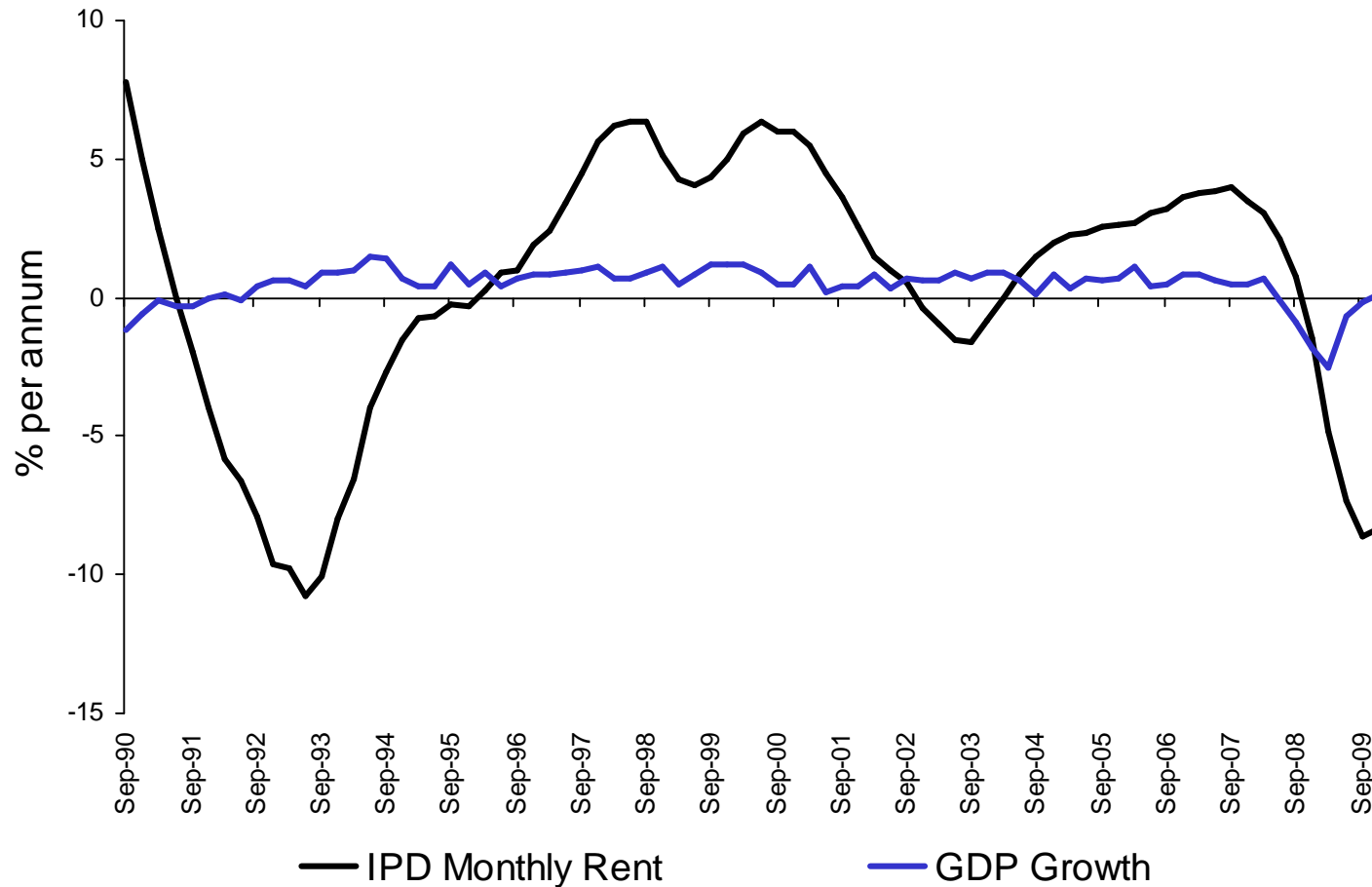
Cordea Savills

Bankruptcy & Insolvency Rises



Source: The Insolvency Service, Cordea Savills

Economic weakness challenges rental growth



Source: IPD (December 2009), Bloomberg (February 2010)

Rental growth is likely to remain elusive for the majority of the UK property market in 2010

Retail

Improving macro conditions conceal risks

The consumer faces substantial risk as

- Mortgage costs rise
- VAT comes back
- Pay freezes are held back, notably in the Public Sector
- Consumer credit squeeze is maintained
- Uncertainty surrounds the 2010 Election

And the four structural impacts remain

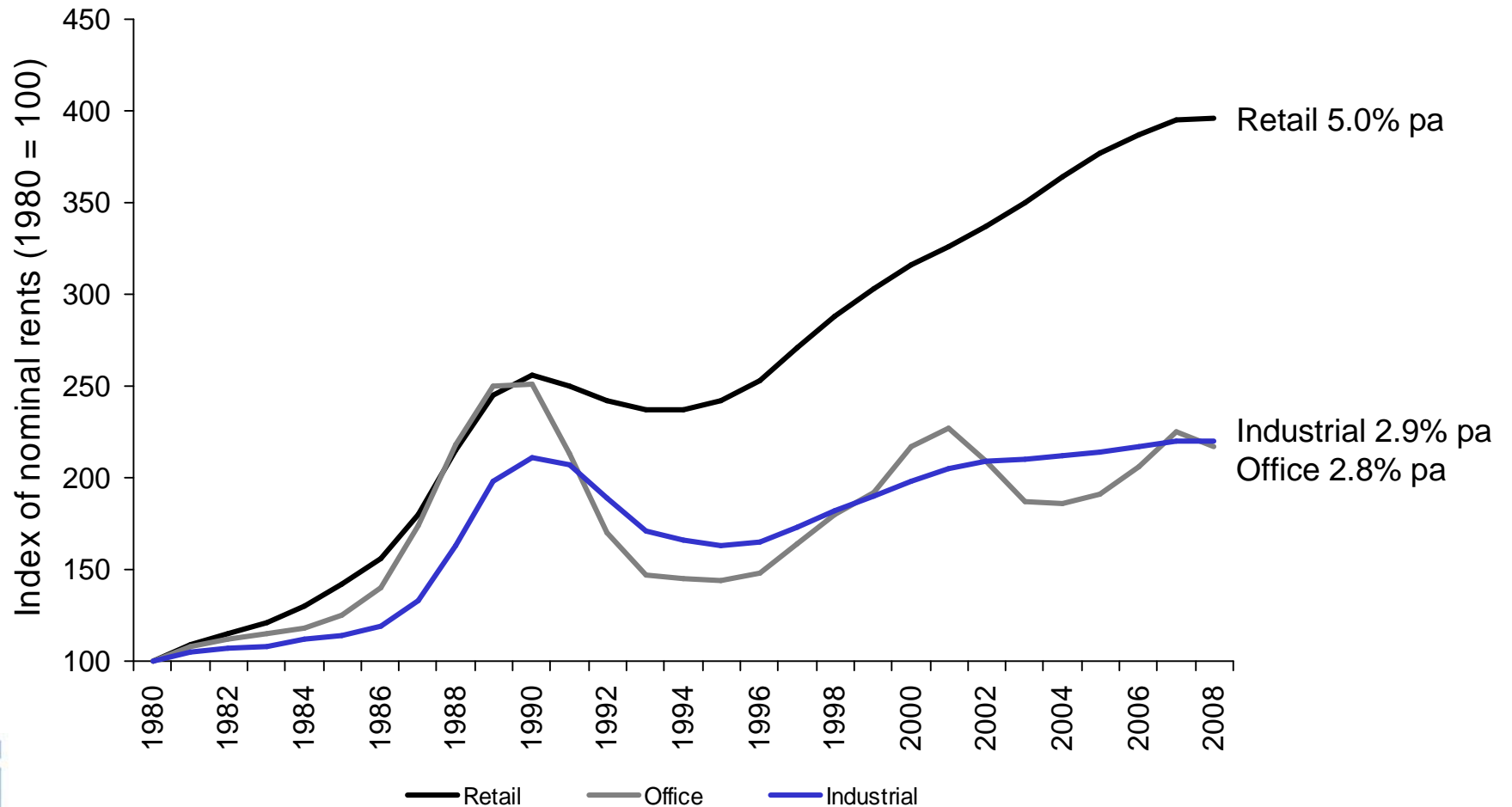
- Shopping Centres (diverting sales)
- Supermarkets (expanding into non-food)
- On-line (taking trade)
- Retail Warehouses (providing relatively low-cost space)



**Structural oversupply remains a significant issue
for parts of the UK retail market**

Retail rents have outperformed from the 1990s

We question how sustainable this can be



Source: Cordea Savills, IPD (December 2009)

With both cyclical and structural challenges, town centre retail rents are vulnerable

Offices

Supply shortfalls re-appearing

Central London offices

- Investment demand soaring across the markets
- Rents recovering as financial markets stabilise
- Assumption is that London retains position on world stage

City or West End?

- Supply shortfall expected to be most acute in West End
- Pricing has moved ahead of rental improvements

Provincial offices

- Rents challenged in many locations through oversupply
- Yet, less competitive investor demand leaves high yields available



Source: Cordea Savills (January 2010)

Industrial

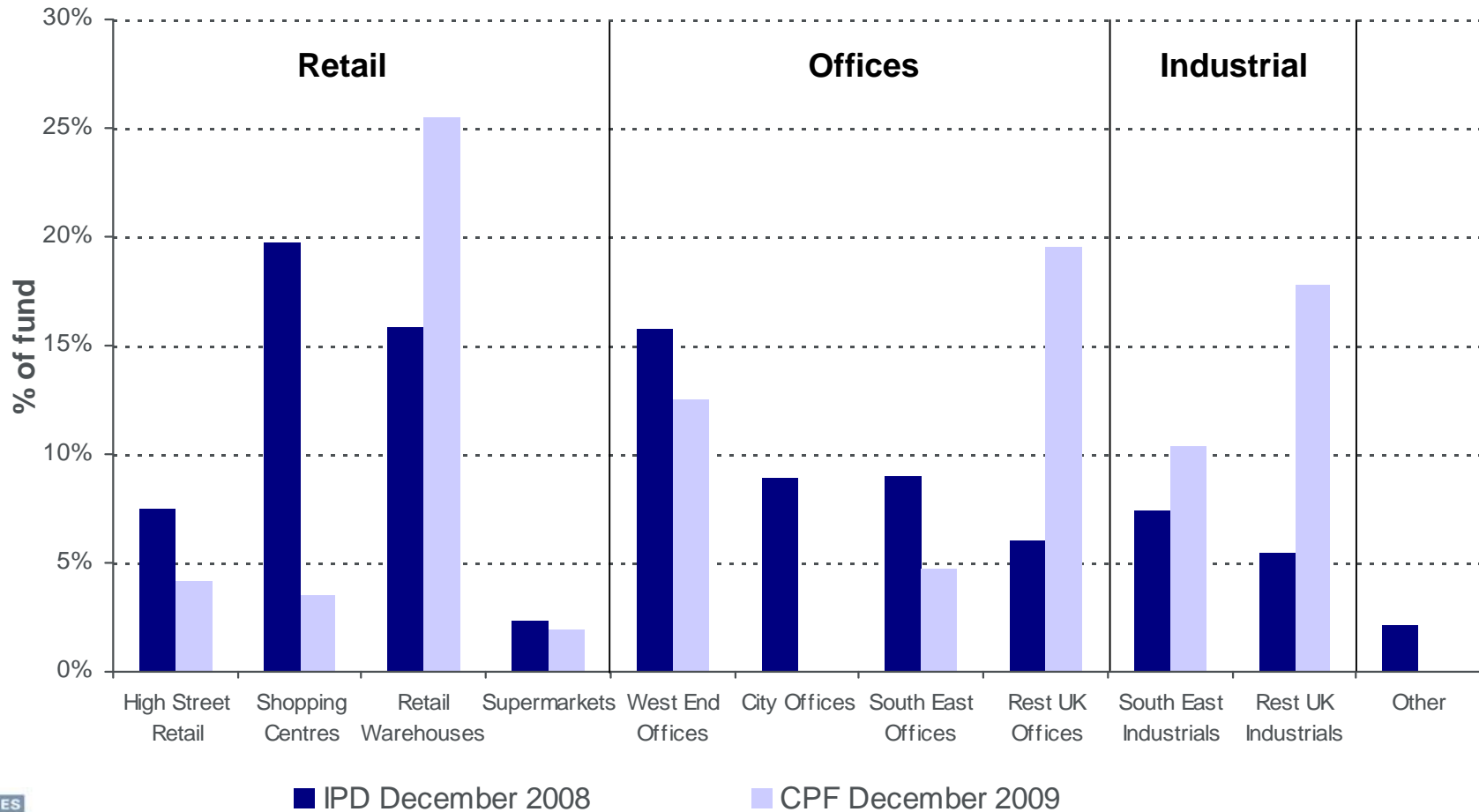
Still provides high and dependable yields

- Weak sterling has brought some manufacturing back into the UK
- The removal of empty rates relief for landlords has stalled the development pipeline, this will reduce vacancies
- Industrial remains the highest yielding commercial sector
- Fundamentally, the UK's housing shortages put pressure on industrial land for its' alternative uses
- South East and London will show growth, provincial provides higher yield



Source: Cordea Savills (January 2010)

The Fund – sector weightings



Source: IPD (December 2008), Cordea Savills (December 2009)

The Fund strategy has a purposeful bias away from the High Street and City offices

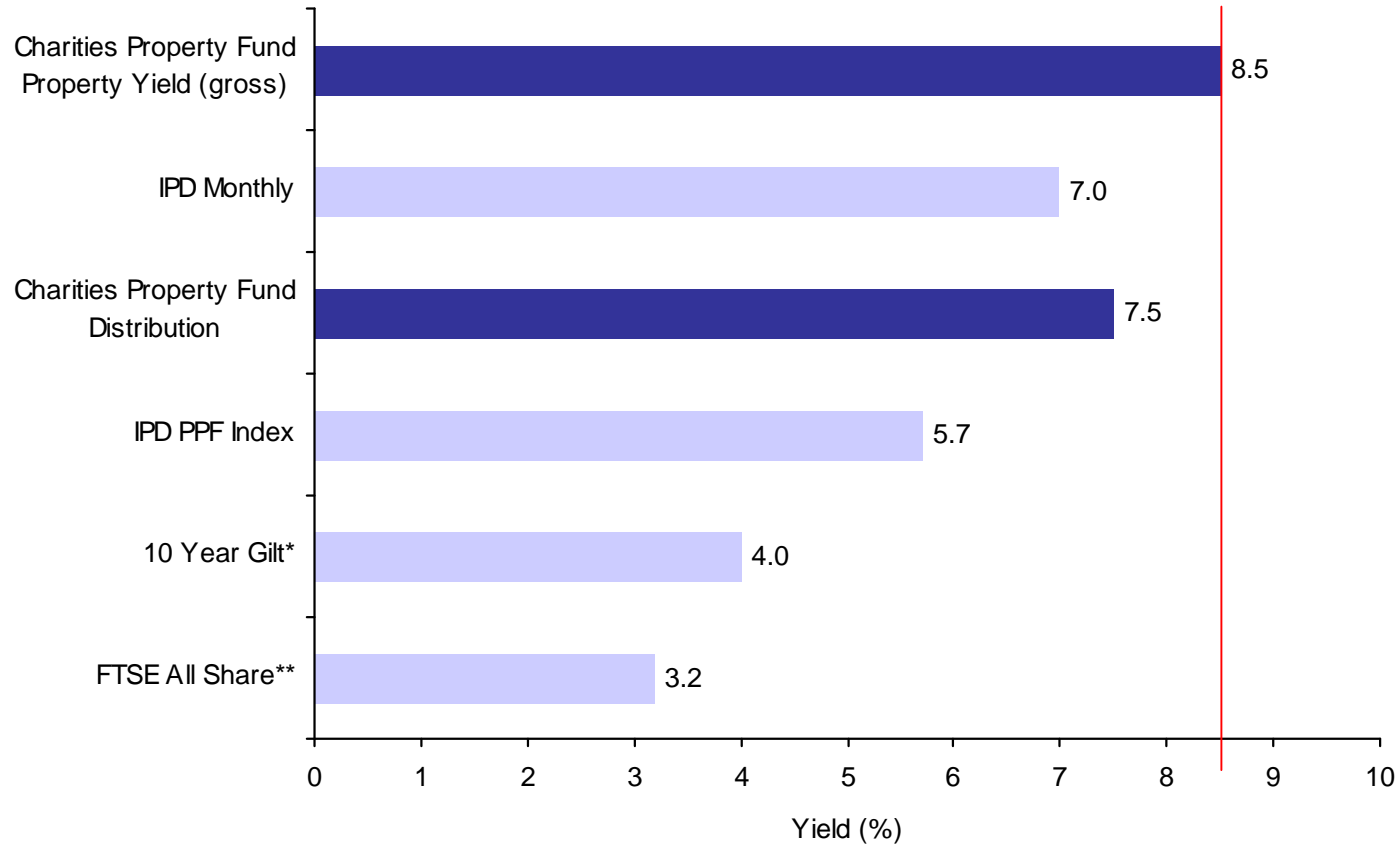
Fund summary

- **Key facts**
 - Fund size of £299m with over 1,000 investors
- **Investment objectives**
 - Income - high and secure level of income (currently 7.5% net)
 - Capital - maintenance at least in line with inflation
- **Strong governance and risk controls and**
 - Experienced advisory committee
 - No development
 - No borrowing
- **Tax efficient and cost effective**



Source: Cordea Savills (January 2010)

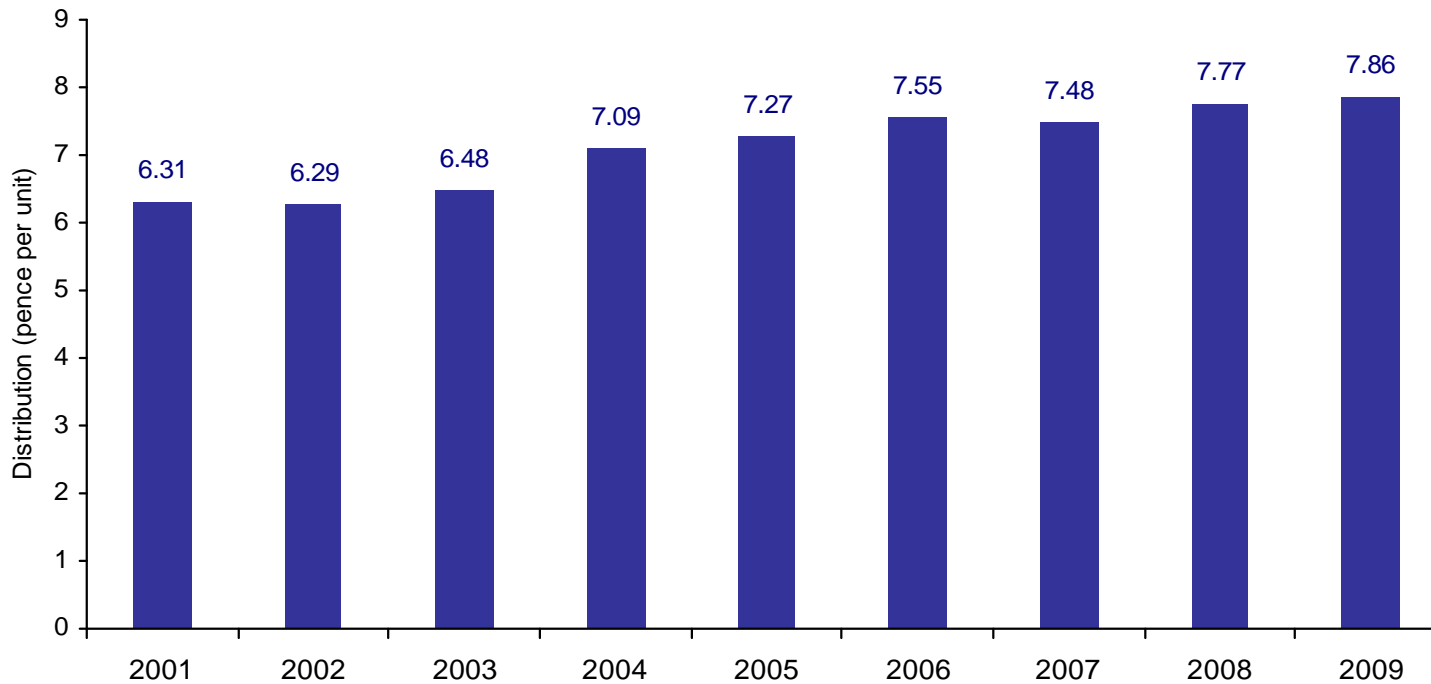
Income returns in perspective



Sources: IPD Monthly Index December 2009;
*GRY December 2009, **FT December 2009;
Cordea Savills December 2009 /
IPD Pooled Property Fund Index December 2009

The Fund's property yield and distributed income is significantly higher than other Funds

Distribution payment history (pence per unit)

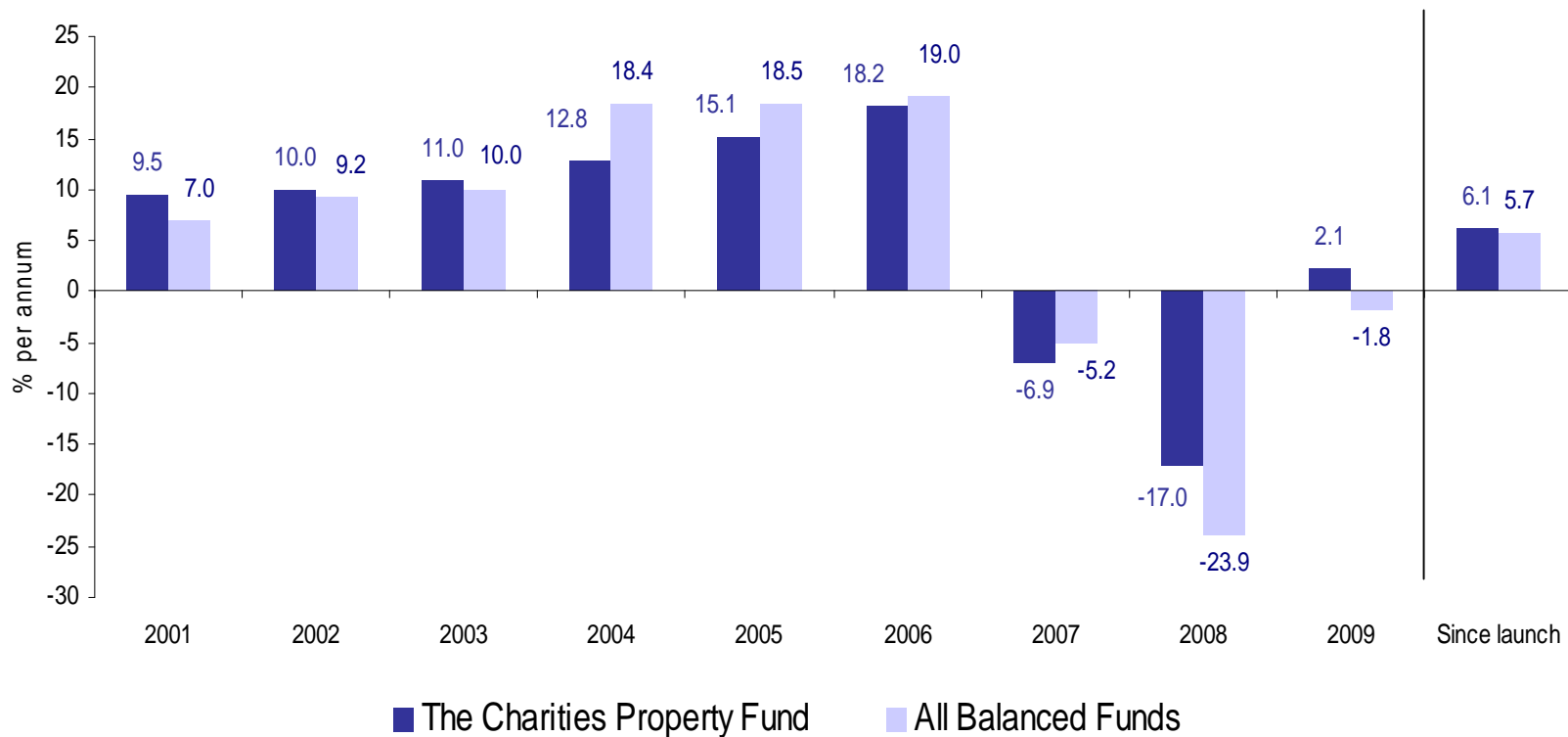


Source: Cordea Savills (December 2009)

Distributions to investors have grown by 2.8% pa since launch

Fund level performance

Fund level total return - The return the investor receives

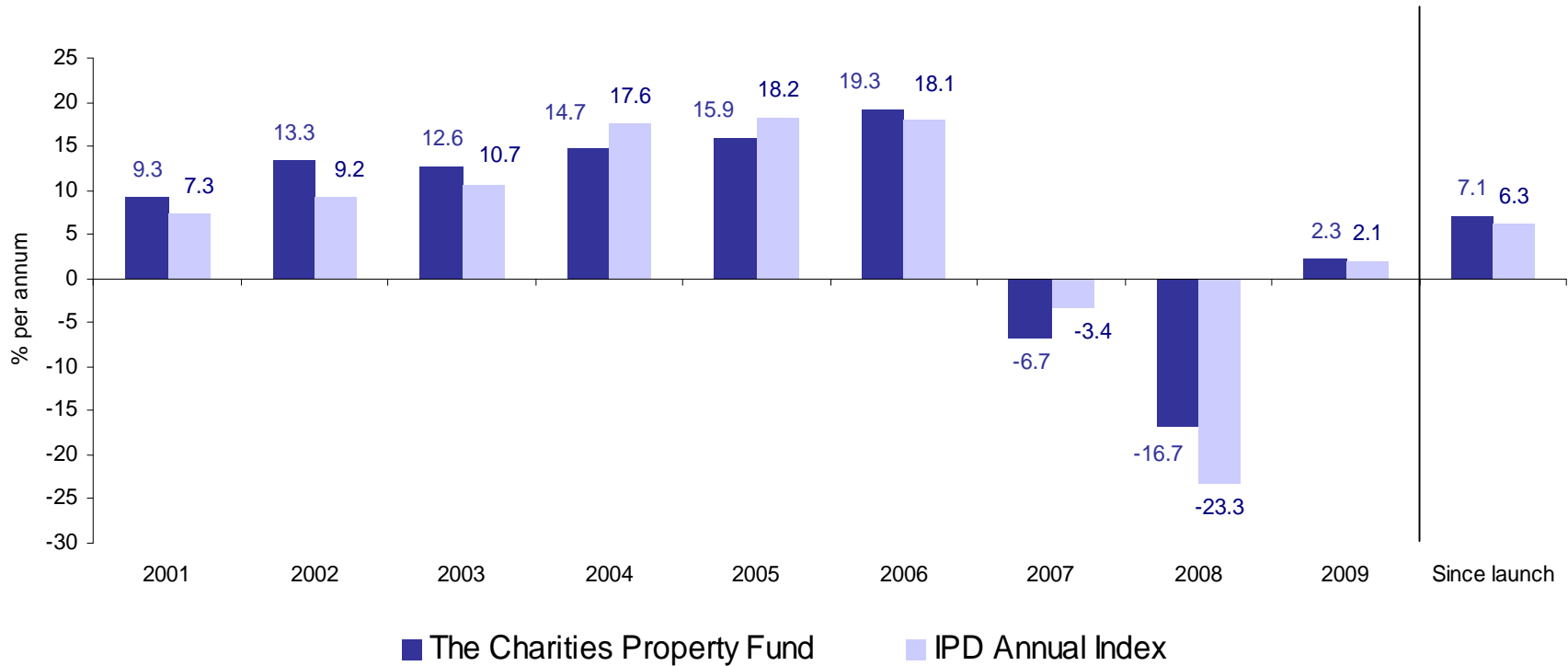


Source: Cordea Savills, IPD (December 2009)
The Charities Property Fund launched in 2000

The Fund has outperformed the All Balanced Funds Index by 0.4% pa since launch

Direct property performance

Property level total return



Source: Cordea Savills, IPD (December 2009)
The Charities Property Fund launched in 2000

The Fund's properties have outperformed the market (IPD) by 0.8% pa since launch

Balance of redemptions / applications

	Redemptions		Applications	
	Units	No. of charities	Units	No. of charities
December 2007	25,313,043	71	0	0
March 2008	1,156,533	8	841,958	5
June 2008	395,758	7	1,854,600	5
September 2008	318,188	8	45,205	4
December 2008	1,612,025	13	744,469	4
March 2009	341,405	7	2,773,444	17
June 2009	1,857,059	12	20,328,010	65
September 2009	910,914	17	23,503,778	165
December 2009	3,254,997	15	48,371,474	221



Source: Rensburg Sheppards (December 2009)

Investor commitment to the Fund returned strongly in 2009

Portfolio summary

Property summary

- 48 properties (average size £5.2 m)
- 155 tenancies
- Eleven properties purchased in last year
- No properties sold in last year

Income and risk management

- Average 8.4 years to lease expiry
- Vacancies 4.8% of rental value (*IPD 12.5% Dec 2009*)
- c.82% secured on low/negligible risk covenants (*IPD 68%*)
- 60% rent collected before due date (over 87% within 2 weeks)



Source: IPD, Cordea Savills (December 2009)



The Fund is well diversified, with properties let to strong tenants on long leases with few voids

Purchases during 2009

B&Q, Tunnel Drive, Redditch



- Large, modern, DIY store (102,500 sq ft)
- Purchased for £16.3m
- 7.9% yield on gross costs
- 18 years remaining on the lease to B&Q
- Low current rent (£12.60 psf)

Trident House, Chester



- Modern city centre offices, the Chester Civil Justice Centre
- Fully fitted out to include courtrooms
- Purchased for £6.0m
- 7.2% yield on gross costs
- 16 years lease remaining to The Secretary of State for Communities and Local Government



Source: Cordea Savills (December 2009)

Purchases during 2009

Westpoint, Bath



- Purchased for £6.9m
- 8.5% yield on gross costs
- Multi let, mixed use city centre building
- Average unexpired lease term of 8.9 years
- 85% of income secured on low/negligible risk covenants
- Strict planning regime limits development pipeline

Paul Hamlyn Foundation (direct property portfolio)



- In-specie transfer of 8 properties valued at £13.1m
- 3 retail (46%), 3 offices (40%) and 2 industrial (14%)
- 9% yield on gross costs
- 0% vacancy
- Multiple asset management opportunities



Source: Cordea Savills (December 2009)

Purchases in progress 2010

Apex Retail Park, Hanworth, Twickenham



- Excellent access and visibility to A316 (M3 link)
- Under-supplied location with strong tenant interest
- £14.4 million producing 6.4% yield on gross costs
- Let to Currys (DSG) and Wickes (Travis Perkins)
- Average unexpired lease term of 10 years

Major food supermarket



- Major food supermarket (top 4 name)
- Under offer at c£40 million
- Recently completed and locally dominant
- 5.3% yield on gross costs
- Let for 20 years with provision to extend
- Annual rental increases linked to RPI

Summary of new purchases 2009 and 2010 to date

- 5 transactions (average size £11.3 m)
- Total investment of c. £56.7 m
- 7.75% average yield on gross costs (vs IPD 7.0%)
- 0% vacancy (vs IPD c12.5%)
- 87.3% low or negligible risk tenant rating (vs IPD 67.6%)
- Nearly 12 years average lease length to expiry & 10 years to earliest break
(vs IPD at 9.3 years to earliest break)
- The addition of the food store extends the average lease length, improves tenant quality, has secure rental growth albeit is lower yielding, but invests all existing cash



Source: IPD, Cordea Savills (February 2010)

Sales in 2008

Weybridge – Office



Midsomer Norton – Industrial



Lincoln – Car Showroom



Watford – Office



Southampton – Industrial



City – Office



Milton Keynes – Office



Newton Aycliffe – Industrial



Source: Cordea Savills 2009

The Fund's assets are now larger, have stronger tenants, longer leases and fewer risks

Active management

Illustrations of current initiatives

London – Dean Farrar St



Staines



Redditch



Rayleigh



Ipswich



Source: Cordea Savills (February 2010)

Active management is key to protecting income and adding value

Summary

- The Fund has delivered 2.8% annualised income growth since launch
- The security of income from the properties is strong
- Supplementary value is being created through pro-active management
- The portfolio remains
 - Well diversified,
 - Let to good quality tenants
 - With few voids
- We continue to shun the use of gearing (borrowing) and will not undertake speculative development
- The Fund offers high yield at relatively low risk



Source: Cordea Savills (September 2009)

Appendices

- The Charities Property Fund team
- The Advisory Committee
- The Mayflower Management Company

- Supplementary market and Fund information
- Contact details



The Charities Team



Harry de Ferry Foster is the Fund Director for The Charities Property Fund with responsibility for all aspects of the management of the Fund.

Harry's role encompasses portfolio management including strategic and tactical considerations, financial analysis, property acquisitions and sales. Harry is responsible for the preparation and implementation of asset management initiatives, including lease restructuring, surrenders and refurbishment projects.

Harry joined Cordea Savills in 2002 from Cushman & Wakefield where he qualified as a Chartered Surveyor, he has nearly 15 years experience in property investment and fund management.

Helen Sout is the Assistant Portfolio Manager for The Charities Property Fund. Helen's role is to assist Harry in all aspects of property portfolio management including strategic advice, void management and asset management initiatives.



Helen joined Cordea Savills in 2009 from Savills where she worked in the Landlord and Tenant department specifically working on Investment Management clients, including a key Cordea Savills Fund. Helen graduated in Equine Science from Bristol University and after completing the MA in Property Valuation and Law at Cass Business School she joined Savills where she qualified as a Chartered Surveyor.



David Bailey is a consultant to the Charities team, his key focus is to assist in the development and to provide support to the Charities Property Fund with a view to broadening its investor base. David has extensive experience both in investment management and as a charity practitioner.

David was previously at Aberdeen Asset Management, where he was Head of Charities. Prior to this David was Vice President, Charities at Deutsche Asset Management and Charities Specialist at Morgan Grenfell Asset Management. From 1994 – 1998 David, a Wing Commander, was Finance Director of the Royal Air Force Benevolent Fund.



The Charities Team (continued)



Charlotte Handford is the Client Services Manager for the Charities Property Fund responsible for investor communications, reporting and events.

Charlotte joined Cordea Savills in 2009 from RREEF Alternative Investments where she had a similar role in the real estate team, providing support to several property funds. Prior to this Charlotte was a Marketing Executive at the Institute of Chartered Accountants in England and Wales.

Charlotte graduated from the University of Bournemouth with a degree in Communications.

Jonathan Valentine is the Finance and Operations Manager responsible for financial reporting and analysis, and administrator management.

Jonathan joined Cordea Savills in 2009 from the audit practice of Deloitte where he qualified as a Chartered Accountant. At Deloitte his experience was focussed in the areas of investment managers, real estate and private equity funds.

Jonathan graduated in Chemical Engineering from UMIST and from there he joined Deloitte.



Jane Hopkins is the Business Administrator to the Charities team at Cordea Savills.

Jane joined Cordea Savills in September 2008 to support the Charities Team. She joined from the New Millennium Group where she held a similar role as the Team Assistant to a team of Executive Search consultants.

Jane's role at New Millennium was preceded by various client facing and team administration roles. Jane has an NVQ in Business Administration.



The Advisory Committee



Ian Flanagan (*Chair*) spent his entire professional career as a chartered surveyor with a leading UK practice, Hillier Parker. After 20 years in retail property he then had 15 years in the merged Offices and Industrial Department where he was Senior Partner in charge.

From 1988-1991 he was based in New York as CEO and Chairman of Landauer Estates with nine offices across the USA in which Hillier Parker had a majority shareholding. After retiring from practice, Ian advised a number of banks and UK public companies on their commercial property, as well as being a board member of the Black Country Development Corporation.

Ian is Trustee of a number of charities and his interest in charity work started on election as an Almoner of Christ's Hospital, then to Childline and Perennial - The Gardeners' Royal Benevolent Society. Ian was awarded an OBE 'for services to horticulture', in the Queen's 2008 New Year's Honours list.

Miles Jolly has had a wide and varied career as a Chartered Accountant within industry holding senior Financial and Board appointments within the Publishing Industry in UK and Europe and as a divisional Financial Director in GEC.

Miles founded and owns the Limes Group of Property Development and Investment companies and remains their Executive Chairman.



Miles is a Canon of Lincoln Cathedral, a member of its Governing Chapter and Chairman of Finance. He is a former member of the Board of the Lincoln Diocese, both bodies being substantial early and continuing investors in The Charities Property Fund.



The Advisory Committee (continued)



Ben Ruck Keene has been the Estates Bursar at Corpus Christi College Oxford since 1989. He was previously a Director of Credit Suisse Asset Management and prior to that, a Barrister practising on the North Eastern Circuit.

In addition to his work at Corpus Christi, Ben is actively involved in other areas of Oxford University, as a Chairman of the University Estates Committee and a member of the University Investment Committee.

He also holds a number of positions in the local community including sitting as a JP and trustee of the Richard Pate Foundation. He also finds time to act as a Consultant on Investment and Financial Strategy to the National Foundation for Education Research.

Nick Downer has been Bursar of Selwyn College, Cambridge since August 2002. He also serves on the Finance Committee of the University, as a Trustee of the Cambridge Colleges' Federated Pension Scheme and is a former Chairman of the University Board of Scrutiny.

Prior to joining Selwyn, he spent over 20 years as an investment banker advising international corporate clients on initial public offerings, privatisations and other forms of debt and equity capital raising.



The Mayflower Board



John Partridge (Chairman) John has overall responsibility for Cordea Savills' strategic direction and is its Executive Chairman. His focus is on the development of new business streams and product lines, and the management of key business relationships.

John's previous roles include Chairman of Morgan Grenfell Property Asset Management (latterly Deutsche Property Asset Management) and Director of Global Property at Henderson Global Investors. John was responsible for the creation of both the Morgan Grenfell and Henderson property businesses. Prior to this he spent thirteen years as an equity fund manager, which included the analysis and investment management of quoted property companies.



Justin O'Connor has overall responsibility for the existing business of Cordea Savills as its Chief Executive Officer, with a particular focus on developing innovative funds and overseeing sales, marketing and client services. He was appointed Chief Executive Officer of Cordea Savills in January 2006, having joined Cordea Savills in January 2004 as Head of Business Development.

Justin is a director of Cordea Savills Investment Management Limited, which is authorised and regulated by the UK Financial Services Authority. He is also Chairman of the Cordea Savills Investment and Risk Committee, a Director of Cordea Savills SGR SpA (authorised and regulated by the Bank of Italy) and joint Managing Director of Cordea Savills GmbH.

Prior to joining Cordea Savills, Justin was Director, Property Business Development (Europe) at Henderson Global Investors.



Bill Hackney is Cordea Savills' Chief Operating Officer and responsible for the overall business infrastructure and operations and, including human resources, group finance, compliance and risk management. Bill is the Managing Director of Cordea Savills Investment Management Limited, which is authorised and regulated by the UK Financial Services Authority.

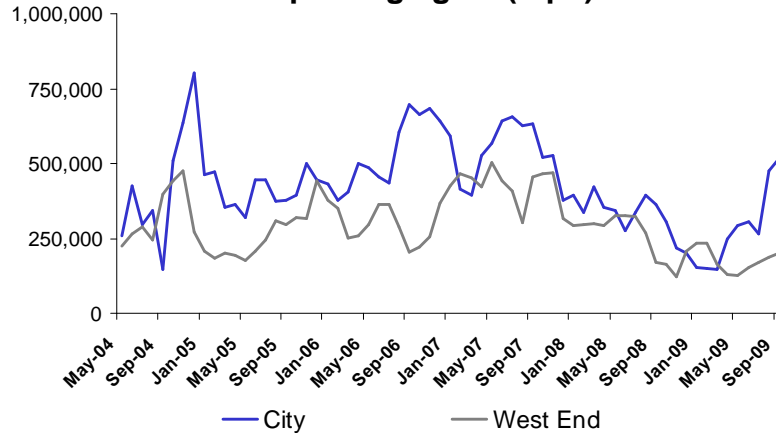
Previously Bill was at Deutsche Property Asset Management for 13 years where he gained extensive experience in the structuring, launch and management of pooled property vehicles domiciled in the UK, Jersey and Ireland. He was a director of Deutsche Property Asset Management and sat on the board of a number of UK and offshore joint venture and special purpose property vehicles.



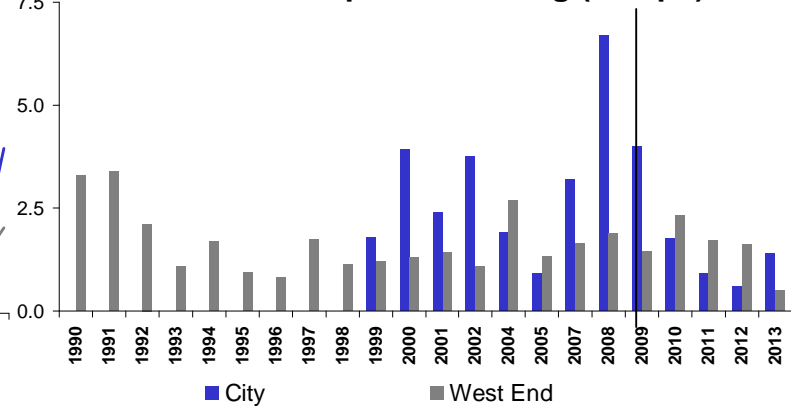
Central London Offices

Occupier side getting better, but not booming

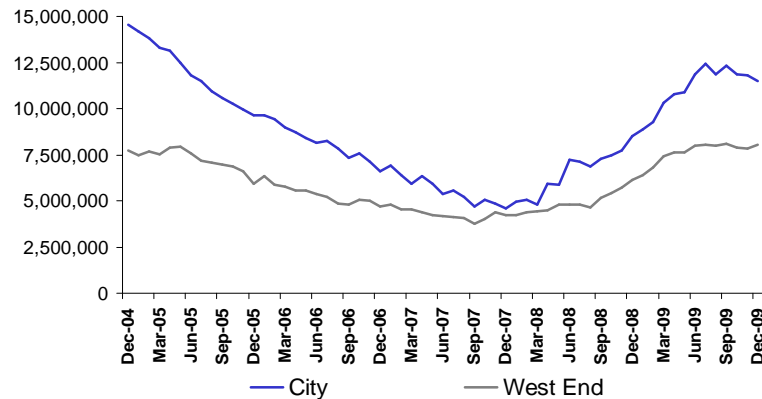
Take-up rising again (sq ft)



New office completions falling (m sq ft)



Available office stock still very high (sq ft)



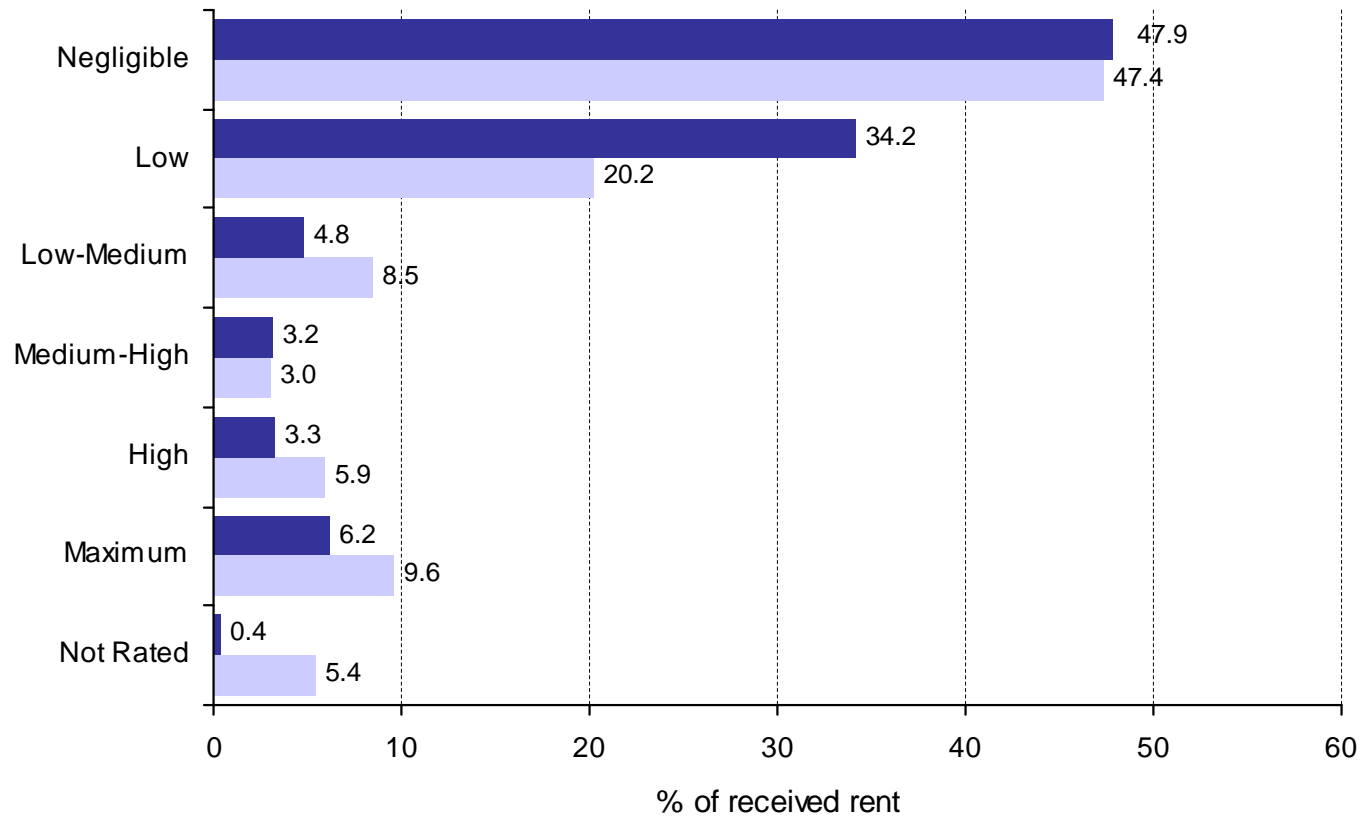
Source: Savills (December 2009), Cordea Savills (December 2009)

Strong support for prime rental growth but potential could be muted



Financial strength of the Fund's tenants

Risk of tenant default



Source: IPD IRIS, Cordea Savills, December 2009

82% of Fund tenants are classified as low financial risk

Contact details

For **Fund** and **unitholder** related information:

Charlotte Handford or David Bailey

The Charities Property Fund
c/o Cordea Savills
Lansdowne House
57 Berkeley Square
London, W1J 6ER

Tel: 0203 107 5439

Fax: 0845 409 1281

E-mail: cpfadmin@cordeasavills.com

For **property** related information:

Harry de Ferry Foster or Helen Soult

Benefits anticipated in the Charities Property Fund may be affected by changes in UK tax legislation. The price and value of investments and the income derived can go down as well as up, and you may not get back the amount you invest. Past performance is not a guide to future performance. There may be times when property held within the fund may not be readily saleable. This can in some cases cause constraints when encashing units.

The Charities Property Fund is a registered charity, number 1080290

The Manager is Mayflower Management Company Limited, registered in England number 966906, which is authorised and regulated by the Financial Services Authority and is a subsidiary of Cordea Savills LLP, a limited liability partnership registered in England. The registered office of both entities is at 20 Grosvenor Hill, London W1K 3HQ.

