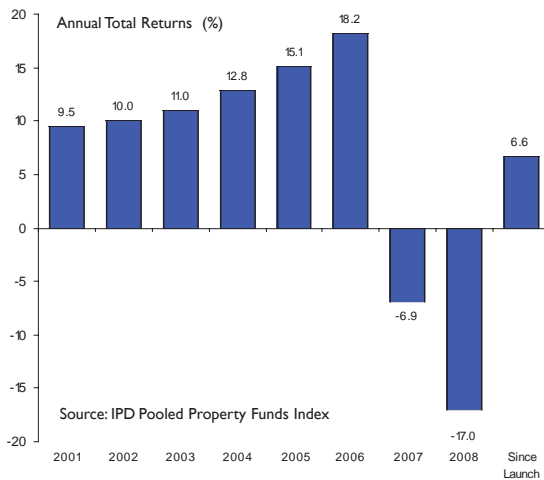


THE CHARITIES PROPERTY FUND FACTSHEET

Investment Objectives

The Fund aims to provide an attractive level of income with the prospect of income and capital growth over the long term by investing in a diversified UK commercial property portfolio. The Fund invests in the three principal sectors: office, retail and industrial but does not invest in speculative developments, or have any borrowings.

Fund Performance



Current Portfolio Strategy

- Bias towards high and secure income.
- No exposure to City of London offices and limited exposure to the High Street.
- Focus on adding value through active management.
- Continue to favour long income streams with fixed rental increases.

Fund Information (as at 31 December 2008)

Launch Date	September 2000
Fund Size	£221 million
No of Investors	868
Distribution Yield	7.9%*
Fund costs (TER)	0.6% per annum
Unit Price	Bid – 96.53 pence Offer – 99.64 pence
Bid/Offer Spread	3.25%**
SEDOL	0208075
Distribution Date	15 February 2009
Last Distribution Payment	2.01p per unit (15/11/08)
Next Dealing Date	31 March 2009 #

* Based on the last four distributions (including the additional distribution) divided by the current net asset value

** Assuming Fund fully invested

Applications must be received 14 days prior to the dealing date

Property Manager's Report

The Charities Property Fund remains well equipped to weather the current economic downturn and turbulence in the commercial property markets. This is because it is defensively constructed, has no borrowings and benefits from long leases, strong covenants, good diversification (both regionally and across sectors) and a very low void rate. It has performed well against its peers in 2008 and although it posted a negative total return for the period of -17.0%, this was significantly above the average of -23.9% for the IPD Pooled Property All Balanced Funds Index. The Charities Property Fund was the 4th highest performing Balanced Fund in 2008 (out of 27 Funds) and has been the 5th highest performing Balanced Fund over the last 3 years (also out of 27 Funds). It also remains the 4th highest yielding Fund in the Balanced Fund Index.

Transactions

Over the last quarter we completed on one sale of an industrial unit in Newton Aycliffe in County Durham. This was a small lot size and only had 3.5 years remaining on the lease. This property had been identified for sale in the Fund's Annual Strategy report due to the risk of the tenant not renewing at lease expiry.



Active Management

Elsewhere in the portfolio we continue to add value through active management. Through a number of new lettings, lease re-negotiations and successful rent reviews, we have managed to increase the distribution payable by the Fund from 7.48 pence per unit for the year ending December 2007 to 7.77 pence per unit in 2008. This is an increase of 3.8%, year on year. Since launch, the Fund has delivered on average a 3.0% per annum increase in the distribution every year.

The void rate on the Fund now stands at 2.4%. In contrast the IPD average for all Funds stands at 10.4% (December 2008).

In 2009, the distribution is expected to stay at least the same, even allowing for an increase in the void rate on the Fund. This is mainly due to a significant surrender premium negotiated from the tenant at the Fund's property in Redditch. At Redditch the existing tenant wanted to surrender their lease but we managed to secure a new occupier at a similar level of rent and simultaneously took a surrender of the original lease for a payment to the Fund of just under £1 million. This equated to almost a third of the value of the property and although the new lease is for a shorter term, the Fund is effectively still receiving the same amount of income.

CHARITIES



PROPERTY FUND

CHARITIES



PROPERTY FUND

Outlook

- The economic outlook has continued to deteriorate over the last quarter and the lack of available finance continues to significantly disrupt the commercial property market.
- Following the -7.7% capital fall in All Property returns in 2007, commercial property values have continued to decline and posted a capital fall of -27.1% for 2008 (IPD Monthly, December 2008).
- The downturn in property was driven by capital losses across all sectors, with yields continuing to move out and rental growth turning negative.
- Annual total returns were negative in each of the three key commercial sectors in 2008, with retail suffering the most, followed by offices and finally industrial which was the best performing sector in 2008.
- Property market values peaked in June 2007 and since then capital values look to have fallen in some cases up to 50%. The IPD index generally tends to lag the market although it is catching up. IPD so far is showing a 35% fall in values from the peak.
- Retail was the weakest commercial property sector once again in 2008, after having also been the worst performer in 2007, with the weakness in consumer spending and an oversupply of space leading to tenant failures and increasing void rates. The Charities Property Fund has a weighting of only 7.8% of the Fund to the High Street and Shopping Centres, compared to the IPD Index of 29.0%, putting the Fund in an enviable position.
- Demand for office space is waning, with many firms contracting or delaying decisions about space requirements. Rental growth has slowed significantly as the prospects for the economy as a whole have deteriorated. Rental growth has been negative across all sectors for November and December 2008 but was particularly bad in the office sector which registered -5.0% for these two months alone. This has been led by the City which has been particularly badly hit in 2008. The Charities Property Fund benefits from having no City Offices and this compares to the Index weighting of 8.5%.
- Capital values have been hit hard in the regional and distribution markets during the recent correction, however, this sector now offers a very high income.

Redemptions

Please note that redemptions in the Fund are being deferred up to 12 months as detailed in the letter sent to unitholders on 14th December 2007 and covered in subsequent correspondence. If you need further information, please contact Charles Mesquita.

Risk Warning

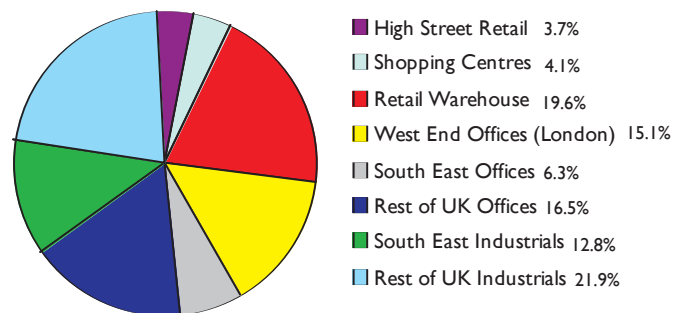
Benefits anticipated in The Charities Property Fund may be affected by changes in UK tax legislation. The price and value of investments and the income derived can go down as well as up, and you may not get back the amount you invest. Past performance is not a guide to future performance. There may be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

The Manager is **Mayflower Management Company** Limited, a wholly owned subsidiary of Rensburg Sheppards Investment Management Limited and a member of the Rensburg Sheppards Group. Registered in England No: 966906. Address: 2 Gresham Street, London EC2V 7QN. Mayflower Management Company Limited and Rensburg Sheppards Investment Management Limited are authorised and regulated by the Financial Services Authority (25 The North Colonnade, Canary Wharf, London, E14 5HS). The Charities Property Fund is a registered charity No: 1080290.

Property Profile

Properties	37
Average property size	£5.8 million
No of tenancies	131
Covenant strength	76% rated as Public Sector or Low Risk. This compares to the IPD Average of 66%
Lease length	8.6 years excluding breaks
Cash on deposit	2.1%
Voids	2.4% of rental value

Portfolio - December 2008



Source: Cordea Savills

Fund Structure & Taxation

The Charities Property Fund was the first Common Investment Fund designed specifically to allow charities to invest in UK commercial property.

As a charity itself, the Fund is exempt not only from stamp duty land tax (currently 4% on property transactions over £500,000) but also capital gains tax and income tax.

Contact Information

For unitholder information and general enquiries:
 Charles Mesquita
 Rensburg Sheppards Investment Management Ltd
 2 Gresham Street, London EC2V 7QN
 Telephone: 020 7597 1450

For property related information:
 Andy Allen or Harry de Ferry Foster
 Cordea Savills
 Lansdowne House, 57 Berkeley Square, London W1J 6ER
 Telephone: 020 7409 8758