

Cazenove Investment Fund Management Limited

SCHEME PARTICULARS
relating to

The Multi-Strategy Property Trust for Charities

Registered Charity Number: 1116505

11 September 2009

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Duties and responsibilities in respect of the investment powers of charity trustees.

This page sets out some duties and responsibilities in respect of the investment powers of charity trustees. These are included as a reminder to trustees of their legal obligations when investing the assets of charities. However, please bear in mind that the decision to invest in the Trust is the decision of the trustees of a Participating Charity and neither the Trustee, the Manager or the Real Estate Investment Adviser are giving, or purporting to give, advice or guidance to charity trustees in respect of the exercise of their investment powers.

The Charity Commission for England and Wales has issued a number of publications describing the duties and responsibilities of trustees when investing charity funds. These publications are available on request from the Charity Commission or may be obtained from their website at www.charity-commission.gov.uk. We strongly recommend that you obtain and read them.

The general duties and responsibilities of charity trustees are:

1. Charity trustees must from time to time review the investments of the charity and consider whether, having regard to the investment criteria imposed by charity law (set out in paragraph 2 below), the investments are appropriate or should be varied.
2. The investment criteria are:
 - the suitability to the charity of investments of the same kind as any particular investment proposed to be made or retained and of that particular investment as an investment of that kind; and
 - the need for diversification of investments of the charity, in so far as is appropriate to the circumstances of the charity.
3. Before exercising the power of investment of the charity, the charity trustees must obtain and consider proper advice about the way in which, having regard to the investment criteria, the power should be exercised.
4. 'Proper advice' is the advice of a person who is reasonably believed by the charity trustees to be qualified to give it by his or her ability in, and practical experience of, financial and other matters relating to the proposed investment.

The Multi-Strategy Property Trust for Charities

(Registered Charity Number 1116505)

A copy of this document, which constitutes the Scheme Particulars relating to The Multi-Strategy Property Trust for Charities ('the Trust') prepared in accordance with Clause 44 of the Scheme of The Charity Commission for England and Wales of 25 October 2006 ('the Scheme') made under section 24 of the Charities Act 1993, has been supplied to and approved by The Charity Commission for England and Wales on 25 October 2006 and adopted by the Manager on 25 October 2006 and is now issued by the Manager.

In the event that the provisions of the Scheme and these Scheme Particulars are in conflict, the provisions of the Scheme shall prevail.

References to any statute in these Scheme Particulars shall mean such statute as maybe amended, altered or repealed.

Definitions

'Administrator'	JP Morgan Europe Limited a company incorporated in England and Wales with registered number 00938937 and whose registered office is situated at 125 London Wall, London, WC2Y 5AJ authorised and regulated by the FSA, FSA registered number 124579;
'Associate'	as defined in the glossary giving the meanings of the defined expressions used in the FSA Handbook;
'Business Day'	any day on which the London Stock Exchange is normally open for business being a day other than a Saturday, Sunday, Christmas Day, Good Friday or a bank holiday;
'Calculation Period'	each monthly period from the first Business Day of the month up to the close of business on the last Business Day of each calendar month;
'COLL Sourcebook'	the Collective Investment Schemes Sourcebook Instrument 2004 made by the Financial Services Authority, as amended or replaced from time to time;
'The Charity Commission'	The Charity Commission for England and Wales;
'Custodian'	JP Morgan Chase Bank N.A London Branch, a company registered in the United Kingdom;
'Dealing Day'	the last Business Day in each calendar month and/or such other or further dates as the Manager may from time to time determine;
'Distribution Equalisation Reserve'	as provided for in Clause 35 of the Scheme;
'FSA Handbook'	the Handbook of Rules and Guidance issued by the Financial Services Authority, as amended or replaced from time to time;
'FSA'	the Financial Services Authority;
'Manager'	Cazenove Investment Fund Management Limited a company incorporated in England and Wales with registered number 2134680 and whose registered office is situated at 12 Moorgate, London EC2R 6DA, authorised and regulated by the FSA, FSA registration number 138347;
'Near Cash'	as defined in the glossary giving the meanings of the defined expressions used in the FSA Handbook;
'OEIC'	open-ended investment company;
'Performance Fee'	a performance related fee paid to the Real Estate Investment Adviser out of the assets of the Trust as provided for in paragraph 5.2 of the Scheme Particulars;
'Participating Charity'	a charity which is a registered holder of Units and/or as the context may require which is qualified to become a registered holder of Units;
'Performance Period'	each period from 1 January to 31 December The first performance period commenced on 1 January 2007;

Definitions (cont.)

'Real Estate Investment Adviser'	<p>Protego Real Estate Investors Finance LLP a limited liability partnership formed and existing under the laws of England and Wales with registered number OC 307893 whose registered office is situated at 20 St James's Street, London SW1A 1ES authorised and regulated by the FSA, FSA registration number 401543; and</p> <p>Protego Real Estate Investors LLP a limited liability partnership formed and existing under the laws of England and Wales with registered number OC 320127 whose registered office is situated at 30 Old Burlington Street, London W1A 3AR</p>
'Register'	the Register of Unitholders provided for in paragraph 2.8
'Registrar'	Northern Trust International Fund Administration Services (UK) Limited a company incorporated in England and Wales with registered number 01940905 and whose registered office is situated at 50 Bank Street, Canary Wharf, London, E14 5NT;
'Scheme'	the scheme, constituting the Trust, made under the provisions of section 24 of the Charities Act 1993 sealed by The Charity Commission on 25 October 2006;
'Scheme Particulars'	this document constituting the Scheme Particulars for the purpose of Clause 44 of the Scheme;
'Standing Independent Valuer'	a person or persons appointed to the Trust, qualifying as a standing independent valuer for the purposes of the COLL Sourcebook and the rules of the FSA in each case as amended or replaced from time to time;
'Target Total Return'	a total rate of return of 8 per cent (including both net asset value growth and any distributions paid in the period) calculated on a monthly basis by adjusting the opening net asset value for the period for any subscriptions, redemptions or distributions that have occurred during that month net of costs;
'Trust'	The Multi-Strategy Property Trust for Charities established by the Scheme;
'Trustee'	JP Morgan Trustee and Depository Company Limited a company incorporated in England and Wales with registered number 02017279 and whose registered office is situated at 125 London Wall, London EC2Y 5AJ, authorised and regulated by the FSA, FSA registration number 122358;
'Unitholders'	registered holders of Units;
'Units'	distribution units in the Trust, each representing a beneficial interest under the Trust;
'Valuation Point'	the close of business on the last Business Day of each calendar month and such other or further such times and/or dates as the Manager may determine.

2. The Multi-Strategy Property Trust for Charities

2.1 The Trust

The Trust is a common investment fund established under section 24 of The Charities Act 1993 by the Scheme approved by The Charity Commission by an order dated 25 October 2006. Common investment funds are pooled investment funds which are governed by The Charities Act 1993. The Trust, as a common investment fund, is itself a charity and benefits from the tax reliefs and exemptions available to charities.

It is the intention of the Manager and the Trustee to apply to the operation of the Trust when appropriate, and, when consistent with the Scheme, the provisions of the COLL Sourcebook.

2.2 The Manager

The Manager of the Trust is Cazenove Investment Fund Management Limited.

The Manager's company secretary is Ms Helena Harvey. The registered office and head office of the Manager is 12 Moorgate, London EC2R 6DA.

The Manager is responsible for the overall investment management of the assets of the Trust and also for administration of the Trust.

2.3 The Real Estate Investment Adviser

The Real Estate Investment Adviser appointed by the Manager to the Trust is Protego Real Estate Investors Finance LLP and Protego Real Estate Investors LLP. Protego Real Estate Investors Finance LLP shall undertake those responsibilities allocated to the Real Estate Investment Adviser under the Scheme Particulars which constitute regulated activities under the Financial Services and Markets Act 2000. Protego Real Estate Investors LLP shall undertake those responsibilities allocated to the Real Estate Investment Adviser under the Scheme Particulars which do not constitute regulated activities under the Financial Services and Markets Act 2000. The Real Estate Investment Adviser is a specialist property adviser which provides advice and management services to its clients in relation to direct investment in property, indirect investment through pooled property vehicles and financial instruments linked to property, together with advice on property finance and the asset management of direct property interests.

The Real Estate Investment Adviser will be responsible for providing expert advice and recommendations to the Manager on the composition of the property of the Trust, including advice on:

- the acquisition, sale and other dealing by the Trust of and in interests or potential interests in direct holdings of real property wherever situated;
- advice on the acquisition, sale and other dealing by the Trust of and in collective investment schemes, closed ended funds, financial instruments and securities (including without limitation property index certificates) in each case providing indirect exposure to real property and/or returns from real property;
- advice on the use of borrowing powers available under the Scheme for the benefit of Unitholders;
- advice on and arranging on behalf of the Trustee for the appointment by the Trustee or Manager of specialist contractors to carry out asset management responsibilities in respect of the direct property investments of the Trust.

2.4 The Administrator

The Manager is also responsible for the overall administration of certain matters relating to the Trust.

The Manager has appointed the Administrator, J.P.Morgan Europe Limited, as its delegate to provide certain administrative services in relation to the Trust. These services include the keeping of accounting and other books and records relating to the Trust.

2.5 The Trustee

The Trustee of the Trust is JP Morgan Trustee and Depository Company Limited. The principal business activity of the Trustee is acting as depository and trustee to collective investment schemes.

2. The Multi-Strategy Property Trust for Charities (cont.)

2.6 The Standing Independent Valuer

A small number of carefully selected Standing Independent Valuers will be appointed by the Trustee to prepare valuations of the property of the Trust. Appointed Standing Independent Valuers will be entirely independent of the Trustee, the Manager and the Real Estate Investment Adviser. Their appointment will be reviewed on an annual basis.

2.7 Custodian

The Trustee has appointed JP Morgan Chase Bank N.A. to provide safe custody and other related services to the Trust as Custodian.

2.8 Registrar

The Trustee has appointed Northern Trust International Fund Administration Services (UK) Limited ('the Registrar') to establish and maintain for the Trust a register of Unitholders ('the Register') which will include the name of each Participating Charity and the number of Units held. The Register is available for inspection free of charge at the Registrar's office at 50 Bank Street, Canary Wharf, London E14 5NT during normal business hours on any Business Day.

2.9 Auditors

The current auditors of the Trust are PricewaterhouseCoopers LLP, Hay's Galleria, 1 Hay's Lane, London SE1 2RD.

3. Investment objectives and policies of the Trust

3.1 Investment objectives

The Multi-Strategy Property Trust for Charities aims to provide charities with a strategic allocation to a diversified portfolio of primarily UK commercial property assets. Through the implementation of stock selection and asset management skills the Trust will be underpinned by an attractive and stable income stream combined with the prospect for capital growth. The Trust will invest in direct real property holdings complemented by indirect property investments including open-ended and closed-ended property funds, property index certificates and other suitable financial instruments and investments offering indirect exposure to real property returns.

The Trust may invest in cash, and Near Cash where it is deemed appropriate to hold such liquidity and where consistent with the Scheme.

3.2 Investment policies

The purpose of the Trust is to provide charities with the means of participating in the (primarily commercial) property market in the United Kingdom on a professionally managed basis. The Trust, being a pooled investment fund, allows charities to participate in a larger portfolio of investments than may be available to them on an individual basis. The Trust also enables Participating Charities to spread their risk and benefit from economies of scale.

The Manager will seek to achieve the Trust's investment objectives by investing the property of the Trust, on the advice of the Real Property Investment Adviser, into three principal categories:

- direct real property investments (the Manager intends to invest in, or procure investment in, freehold, leasehold or other direct interests in UK real property which may include all types of commercial property). Borrowings on a secured basis will be made to finance or refinance the acquisition, management or improvement of any real property interests or potential interests of the Trust only when the Manager, on the advice of the Real Estate Investment Adviser where appropriate, is of the view that the returns to Unitholders are likely to be enhanced as a result;
- indirect property investments with underlying investments spread across the retail, industrial and office sectors, where such indirect investments are consistent with the investment objectives of the Trust and are believed to be in the best interests of Unitholders. Indirect property investments may include authorised and unauthorised collective investment schemes, limited partnerships, exchange traded funds, closed ended funds, financial instruments and other investments offering indirect exposure to real property returns. Such indirect property investments may invest in both UK and Continental European real property; and
- property index certificates or other property index linked products or derivatives thereof that the Trustee and Manager may from time to time consider suitable for the Trust. Any investment in these types of instrument will not involve any contingent liability for the Trust.

Within the powers available to it, and within the restrictions provided for under the Scheme, the Manager may vary the investment objectives and policies, investment strategies, the investment restrictions set out in paragraph 10 and intended use of borrowing powers if believed by the Manager to be necessary to do so in the interests of Unitholders.

4. Participation in the Trust

4.1 Units in the Trust

Subscription may only be made for income (distribution) Units in the Trust. Each income (distribution) Unit represents one undivided share in the property of the Trust. The nature of the right represented by Units is that of a beneficial interest under a trust.

4.2 Eligibility to participate

Subject to section 24(7) of the Charities Act 1993, any charity is qualified to participate in the Trust. The Trust is open to all charities that are permitted to invest in a common investment fund under relevant legislation as amended from time to time. Only eligible charities established in England, Wales, Scotland and Northern Ireland may invest in the Trust.

Any charity applying to participate may be required by the Trustee to give a declaration of eligibility to participate and an indemnity against liabilities arising out of its ineligibility or its ceasing to be eligible.

4.3 Money laundering prevention

The Manager has both statutory and regulatory obligations to maintain procedures to combat money laundering and terrorist financing. This means that persons buying or selling units may be required to provide proof of identity. For each of the trustees of the participating charity who sign the application form, the Manager will request documentation which evidences proof of identity and proof of address. The Manager may request additional documentation as required. Where the application form is completed on behalf of a participating charity by its duly authorised agent, nominee company or attorney the Manager may require the agent to provide documentation which evidences its right to act in connection with the application for units in MSPTC.

Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue units, pay proceeds of a redemption of units or pay income on units to the investor.

4.4 Conflicts of interest

The Manager may execute transactions in investments for the Trust in circumstances where it may have a material interest or conflict of duty. These interests are more likely to be relevant in the case of indirect property investments. Such material interest or conflicts may arise, for example, because the Manager or a connected company (including an Associate):

- makes a market or otherwise deals as principal for its own account in the investment and may consequently have a long or short position; or

- matches an order for the Trust with an order from another client (who may be a person connected with it including an Associate) acting as agent for both parties; or
- subject to the provisions of the Scheme, deals in units or shares in a unit trust or other collective investment scheme which is managed or operated by it or by a connected company, including an Associate.

It is the Manager's policy that any such interest is disregarded when acting for the Trust.

Subject to compliance with the applicable rules of the FSA and of the London Stock Exchange, the Manager or any connected company (including an Associate) shall bear any loss or be entitled to retain any profit or gain arising on any transactions where it has a material, or other, interest.

Nothing shall prevent the Trustee from acting as trustee or depositary for any other person, company or collective investment scheme on such terms as it may agree therewith notwithstanding that it may have a potential or actual conflict of interest or duty.

Subject to any relevant provisions of the Scheme the Trustee will not be liable to account to the Trust, The Charity Commission or the Manager for, or to disclose to the Trust, The Charity Commission or the Manager any profit or charges or other remuneration the Trustee makes or receives from or by reason of acting as trustee of the Trust and shall not be deemed to be affected with notice of, or to be under any duty to disclose to the Trust, The Charity Commission or the Manager, any fact or thing which may come to its knowledge or that of any of its employees or agents in the course of so doing or in any manner other than in the course of carrying out its obligations as trustee to the Trust.

The Trustee may arrange for any transaction, function or any other duty that it may have to be effected with or through itself or any Associate of the Trustee. The Trustee may make that decision (subject to the restrictions set out in the Scheme, Scheme Particulars and the general law) at its absolute discretion and without prior disclosure to the Trust, the Charity Commission or the Manager.

If the Trustee arranges for any transaction, function or any other duty that it may have referred to herein or under the general law (including (i) the borrowing of money and (ii) the placing of cash forming part of the property of the Trust in any current or deposit account) to be effected with, or through itself or an Associate of the Trustee neither the Trustee nor any such Associate will be liable to account to the Trust, The Charity Commission or the Manager for, or to disclose to the Trust, The Charity Commission or the Manager any profit or charges or other remuneration the Trustee or any such Associate makes or receives from or by reason of the transaction or any connected transaction.

5. Remuneration of the Manager, the Real Estate Investment Adviser, the Trustee and other expenses

The Trustee or an Associate of the Trustee may lend money (including, without limitation, by way of overdraft facilities), for the use of the Trust and charge arrangement fees, interest and associated charges for so doing. If it does so it shall not be liable nor shall any Associate be liable to account to the Trust, The Charity Commission or the Manager for any such arrangement fees, interest and associated charges.

5.1 Manager's fees

The Manager's periodic management charge shall be at a rate of 0.75 per cent (plus value added tax, if any) in respect of the net asset value of the property of the Trust per annum. The periodic management charge shall accrue at monthly accrual intervals and will be determined by reference to the net asset value of the Trust at the start of the accrual period. It will be deducted and paid at the end of each calendar month out of the property of the Trust. The maximum periodic management charge is 1.0 per cent (plus value added tax, if any) per annum on the net asset value of the property of the Trust. Any increase of the current level or maximum level of the Manager's periodic management charge is subject to: (i) the Manager giving notice in writing of that increase and the date of its commencement to all Participating Charities, (ii) to The Charity Commission's prior written approval and revision of the Scheme Particulars to reflect the new periodic charge and the date of its commencement and (iii) the elapse of 90 days since the revised Scheme Particulars become available.

The Manager shall be entitled to retain out of the property of the Trust any reasonable costs or expenses incurred by it in managing, administering or winding up the Trust. Such reasonable costs and expenses may be drawn from the property of the Trust as and when they occur.

The Manager's fees and allowable costs and expenses will be charged in total or in part against the capital property of the Trust. The Manager will have the ability to charge a proportion of the Manager's fee and allowable costs and expenses to income at its discretion from time to time. The charging of such fees and expenses to capital, in part or in total, will enhance income returns, but may adversely affect future capital growth.

5.2 Real Estate Investment Adviser's fees

The Real Estate Investment Adviser will be paid an annual advisory fee by the Manager. The advisory fee is paid out of the Manager's periodic management charge.

In addition to the annual advisory fee, the Real Estate Investment Adviser will be entitled contingently to receive out of the assets of the Trust a performance related fee equal to 20 per cent of the out performance above the Target Total Return in respect of each Performance Period as detailed below.

The Performance Fee is calculated in respect of each monthly period up to the close of business on the last Business Day of each calendar month. The first Calculation Period for the Performance Fee commenced on the 1 January 2007. The Performance Fee will accrue on a monthly basis and shall be paid annually in arrears in respect of each Performance Period and will be paid to the Real Estate Investment Adviser following the completion and approval of the Annual Report and Accounts for the Performance Period.

The Target Total Return will be calculated on a monthly basis by adjusting the opening net asset value for the period for any subscriptions, redemptions or distributions that have occurred during that month. This value will then be multiplied by 1 plus the monthly internal rate of return to arrive at the net asset value for that month. The monthly rate of return target will be derived by discounting the 8 per cent annual rate of return target which will equal 0.6434 per cent per month.

Where the portfolio percentage return in any Calculation Period is greater than the Target Total Return (over performance) a performance fee will accrue and will be equal to 20 per cent multiplied by the out performance amount. The net asset value of the Trust will then be adjusted to reflect the accrual and monthly issue and redemption orders will be processed.

Where the portfolio percentage return in any Calculation Period is less than the Target Total Return (under performance), no performance fee will be accrued and previously accrued performance fees, if any, will be adjusted accordingly. The net asset value of the Trust will then be amended to reflect this adjustment and monthly issue and redemption orders will be processed.

At the commencement of each new Performance Period, the opening net asset value for the purposes of the Performance Fee calculation is determined according to whether a Performance Fee was payable in respect of the previous Performance Period. Where a Performance Fee is payable in respect of the previous Performance Period (over performance), the opening net asset value for the next Performance Period calculation will be the final net asset value of the previous Performance Period (after deduction of all Performance Fees to date).

5. Remuneration of the Manager, the Real Estate Investment Adviser, the Trustee and other expenses (cont.)

Where no Performance Fee is payable in respect of the previous Performance Period, (under performance), the opening net asset value for the purposes of calculating the Performance Fee for the next Performance Period will be the higher of the final closing net asset value of the previous Performance Period or the highest opening or closing net asset value achieved in any previous period (adjusted as appropriate for any subscriptions, redemptions or distributions in the intervening period). For example where the Trust achieved a total return of 6% in year one it would need to achieve a total return greater than 10% in year two for any performance fee to be paid.

On the redemption of Units by a Unitholder, Performance Fees that have been accrued in the Performance Period will not be reclaimable by the Unitholder.

The Real Estate Investment Adviser may on occasion receive a fee for the placing of new issue property index certificates from Barclays Capital or other such issuer. In the interests of full transparency the Real Estate Investment Adviser will, in the event that any fee is payable to the Real Estate Investment Adviser from the Issuer or third party on a property index certificate transaction involving the Trust disclose to the Manager, the Trustee and (through express disclosure in the accounts of the Trust) Unitholders full information regarding the fee.

5.3 Trustee fees

The Trustee will be remunerated out of the property of the Trust for its services by a periodic charge. The rate of the Trustee's periodic charge is to be agreed with the Manager from time to time. This charge shall accrue daily and will be charged on the same basis as the Manager's periodic management charge. The rate currently agreed in respect of the Trust is calculated on a sliding scale as follows: 0.0275 per cent per annum on the first £60 million of the net asset value of the property of the Trust; 0.02 per cent per annum from £60 million to £200 million of the net asset value of the property of the Trust; and 0.01 per cent per annum over £200 million on the net asset value of the property of the Trust (plus VAT in all cases). The Trustee's periodic charge and allowable costs and expenses will be charged in total or in part against the capital property of the Trust. The Manager will have the ability to charge a proportion of the Trustee's fee and allowable costs and expenses to income at its discretion from time to time. The charging of such fees and allowable costs and expenses to capital, in part or in total, will enhance income returns but may affect adversely future capital growth.

Any increase of the current level of the Trustee's periodic charge and the maximum level of the Trustee's periodic charge agreed by the Manager is subject to: (i) the Trustee giving notice in writing of that increase and the date of its commencement to all Participating Charities, (ii) The Charity Commission's prior written approval and revision of the Scheme Particulars to reflect the new periodic charge and the date of its commencement and (iii) the elapse of 90 days since the revised Scheme Particulars become available.

In addition to the remuneration referred to above, the Trustee will be entitled to receive reimbursement out of the property of the Trust of any reasonable costs or expenses incurred by it in managing, administering or winding up the Trust. Such reasonable costs and expenses may be drawn from the property of the Trust as and when they occur.

5.4 Custodian's fees

The Custodian is entitled to receive reimbursement of its fees (as agreed with the Manager) as an expense of the Trust. The Custodian's remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which the assets of the Trust are held. Currently, the lowest rate is 0.0025 per cent and the highest rate is 0.15 per cent. In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £5 to £15 per transaction.

The Trustee is also entitled to be reimbursed out of the property of the Trust in respect of remuneration charged by the Custodian to the Trustee for such services as the Manager, the Trustee and the Custodian may from time to time agree, being services delegated to the Custodian by the Trustee in performing or arranging for the performance of the functions conferred on the Trustee by the Scheme. Remuneration charged under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears.

5.5 Registrar's fees

The Registrar will be paid out of the property of the Trust, determined by reference to the number of Unitholders, at a rate agreed from time to time between the Manager and the Registrar and as calculated in accordance with the following sub paragraph.

The current registration fee is £15 (plus VAT) per Unitholder per annum, subject to a minimum fee of £750 per month.

5. Remuneration of the Manager, the Real Estate Investment Adviser, the Trustee and other expenses (cont.)

5.6 Other expenses

The acquisition of real property involves expenses not normally associated with investment in a collective investment scheme. Payments may be made out of the property of the Trust in relation to property acquisitions, management and disposal and other dealings. These expenses may include (without limitation):

- (i) agents' acquisition and disposal fees or broker's fees and commissions;
- (ii) fees on lease renewal, letting, rent review and head lease/lease renegotiation, rating and planning advice, landlord's repairs and improvements, surrender payments and premiums received from tenants;
- (iii) project management fees, building surveyor fees, planning advisory fees and other specialist advisers' fees;
- (iv) valuation, rating and insurance fees (where these are not recoverable from the tenant) and performance measurement fees;
- (v) fees for independent risk assessments for health and safety or environmental risk assessment;
- (vi) environmental contamination insurance;
- (vii) solicitors and audit fees in relation to property purchases and sales (and other dealings);
- (viii) external property valuer costs;
- (ix) property level costs including property management fees;
- (x) any taxes or duties payable in respect of real property;
- (xi) any other professional charges relating to the acquisition, management and disposal or other dealings of and in direct property held in the Trust; and,
- (xii) abort costs in respect of potential investments for the Trust.

The direct costs of real property purchases such as agent fees, legal fees, surveyors fees and valuation fees will be capitalised immediately upon purchase with the property valuation being adjusted accordingly.

In addition, the following further expenses shall be payable out of the property of the Trust:

1. any reasonable expenses incurred in establishing the Trust. These costs will be amortised over five years from the date on which the Trust is constituted;

2. (without prejudice to the rights of the Manager and Trustee to recover costs and expenses under paragraph 5.1 and 5.3 respectively) any reasonable costs or expenses incurred in the operation, administration or winding up of the Trust including, but not restricted to:
 - (a) brokers' commission, fiscal charges and other disbursements which are:
 - (i) necessarily incurred in effecting transactions for the Trust; and
 - (ii) normally shown in contract notes, confirmation notes and difference accounts as appropriate, such commission, fiscal charges and other disbursements not to exceed the market rate or amount available to and incurred on behalf of the Trust;
 - (b) interest on borrowings permitted under the Trust and charges incurred in effecting, maintaining or terminating or in negotiating or varying the terms of such borrowings;
 - (c) taxation and duties payable in respect of the property of the Trust or the issue of Units;
 - (d) the audit fees and any proper expenses of the auditors (plus value added tax);
 - (e) any costs incurred in amending the Scheme Particulars and/or the Scheme;
 - (f) any costs incurred in the production of financial statements, tax returns and any expenses incurred in connection with the maintenance of accounting and other books and records;
 - (g) the fees and any proper expenses of any professional advisers (including legal and accounting advisers) retained by or under the instructions of the Manager or by the Trustee in relation to the Trust;
 - (h) the costs of publication of Unit prices in the Financial Times or other media;
 - (i) any costs associated with the Trust's membership of the Association of Real Estate Funds, or analogous or successor organisations or performance management information provided by Investment Property Databank or costs associated with membership of HSBC Pooled Property Fund Indices or analogous or successor indices;
 - (j) the costs of producing, printing and distributing annual, half-yearly reports, fact sheets and any other reports or information provided to Participating Charities;

6. Pricing of Units

- (k) the costs of marketing materials in relation to the Trust;
- (l) any reasonable costs or expenses incurred by the Manager and/or the Trustee in discharging their respective functions.

The Trust will invest in property collective investment schemes, closed ended funds, financial instruments and other investments which themselves may levy issue and redemption charges, management, administration, performance and other fees and operating expenses. The Trust will bear a proportion of these charges and expenses (both directly and indirectly).

6.1 Dealing price

Application may be made to subscribe and redeem Units on each Dealing Day at prices calculated with reference to the next valuation of the property of the Trust conducted for the purposes of determining the prices at which Units are subscribed and redeemed on the Dealing Day.

6.2 The price of Units

The price of Units is calculated as set out below in paragraph 7 and in conjunction with and on the assumptions set out in the COLL Sourcebook.

6.3 Publication of prices

The most recent price of Units is published daily in the Financial Times. Prices are also available on the Manager's website www.cazenovecapital.com. Unitholders can obtain up-to-date prices by telephoning 020 3479 0000.

7. Valuation of the Trust

7.1 Basis of valuation

Units in the Trust are single-priced in Pounds Sterling and pence.

The price of a Unit is calculated by reference to the net asset value of the property of the Trust. For the purposes of determining the prices at which Units may be purchased or redeemed, the Manager will carry out a valuation of the property of the Trust as at the close of business on the last Business Day of each calendar month.

With regard to those assets of the Trust comprising real property:

- the Standing Independent Valuers will as at each Valuation Point, produce a valuation on the basis of an 'Open Market Value' as defined in Practice Statement 3 in the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual (first edition published September 1995) together with a valuation certificate.

With regard to those assets of the Trust comprising property index certificates:

- the basis of valuation will be the price quoted on the London Stock Exchange at the relevant Valuation Point.

With regard to those assets of the Trust comprising interests in indirect property investments the basis of valuation will be:

- (in respect of collective investment schemes) if a single price for buying or selling units or shares is quoted, at that price, or, if separate buying or selling prices are quoted, at the average of the two prices providing the buying price has been reduced by any initial charge included and the selling price has been increased by any exit or redemption charge, or, if in the opinion of the Manager, the price obtained is unreliable or no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
- (in respect of any transferable security) if a single price for buying and selling the security is quoted, at that price, or, if separate buying and selling prices are quoted, at the average of the two prices, or if in the opinion of the Manager the price obtained is unreliable or no recent traded price is available or exists, at a value which, in the opinion of the Manager, is fair and reasonable; and
- (in respect of any other indirect property investments) at a value which, in the opinion of the Manager, represents a fair and reasonable price.

7. Valuation of the Trust (cont.)

7.2 Special valuation provisions

Situations involving uncertainties as to the valuation of property of the Trust could adversely effect its valuation. In particular, the property of the Trust is likely to be invested in collective investment schemes and property index certificates that may not or are not regularly traded on an exchange. The accuracy of the valuation of the property of the Trust may be affected by the frequency of the valuations of the collective investment schemes concerned or by the frequency of dealing in the property index certificates. Managers who manage property collective investments or other investment fund structures in which the Trust invests may provide prices on a weekly, bi-weekly, monthly or quarterly basis.

Although the Manager will generally use the last available official price in respect of each investment in order to value the property of the Trust, it is authorised to use more recent valuations where this is considered appropriate. Such valuations may be based on an estimate of the more recent price of any unit, share or interest in an underlying investment fund or other collective investment undertaking in which the Trust invests obtained from or calculated on the basis of more recent information received from the underlying fund or undertaking or any of its service providers or agents or such price which is in the opinion of the Manager fair and reasonable.

In the event that a price or valuation estimate in relation to an underlying investment subsequently proves to be incorrect or varies from a final published price, no adjustment to the valuation of the Trust will be made unless the Manager deems it appropriate in the circumstances.

7.3 Suspension of valuation and dealing in Units

The issue and redemption of Units and/or the valuation of the property of the Trust may be delayed or suspended by the Manager, with the prior agreement of the Trustee, at any time if the Manager or the Trustee is of the opinion that there is a good and sufficient reason to do so having regard to the interests of Participating Charities. Upon the suspension of the redemption of Units the Manager will cease issuing Units. The suspension period will not exceed six months in any one year. Such a suspension or delay may result

from, inter alia, underlying collective investment schemes in which investment has been made suspending or delaying redemptions, or where the Manager chooses not to borrow to meet redemption requests and/or not to conduct in specie redemptions.

Recalculation of the Unit price will commence at the Valuation Point immediately following the end of the suspension, at the normal time.

7.4 Valuation basis

Units may be subscribed or redeemed at a single price. The price of a Unit is calculated by reference to the net asset value of the property of the Trust attributable to Units. For the purposes of determining the net asset value of the property of the Trust and the prices at which Units may be subscribed or redeemed, the Manager will carry out a valuation of the property of the Trust as at a Valuation Point.

The Manager may carry out additional and special valuations of the property of the Trust at any time if it considers it desirable to do so.

The Manager may change the Valuation Point and/or related Dealing Day subject to there being at least one Dealing Day per calendar quarter without prior notice.

8. Subscriptions, redemptions and transfers

8.1 Minimum value of holdings

Each Participating Charity must hold Units in the Trust of an initial value of not less than £50,000 subject to the Manager's discretion to permit holdings of lower value. Thereafter the minimum value of Units which may be the subject of one purchase transaction is £10,000. The minimum value of Units which may be the subject of one redemption transaction is £50,000 or, if the redemption transaction would reduce the value of the Participating Charity's holding to less than the minimum investment value, the Participating Charity will consent to the Manager redeeming its entire holding. These limits may be altered by notice to Unitholders or waived generally or in respect of specific transactions at the Manager's discretion.

8.2 Dealing

Application may be made to subscribe and redeem Units of each type on each Dealing Day. The Dealing Day for the Trust is the last Business Day of each calendar month. The first Dealing Day was 31st October 2006. Subscription and redemption applications are subject to the relevant notice period (see paragraphs 8.3 and 8.4 below).

8.3 Subscribing for Units

All applications to subscribe for Units in the Trust must be made in writing. Participating Charities who wish to subscribe for Units should complete the application form which must be received by the Manager together with cleared funds no later than 4.30 p.m. on the fifth Business Day prior to the relevant Dealing Day. The Manager will only accept applications for subscriptions in monetary amounts. Applications to buy Unit amounts will not be accepted.

Units in the Trust will be subscribed at a single price. The price of a Unit is calculated by reference to the net asset value of the property of the Trust attributable to each Unit. For the purposes of determining the net asset value of property of the Trust and the prices at which Units may be subscribed or redeemed, the Manager will carry out in accordance with paragraph 7 a valuation of the property of the Trust as at the relevant Valuation Point. In addition there may be a dilution adjustment as described under paragraph 8.9 below.

The Manager does not currently levy an initial charge in respect of the issue of Units.

The Manager has standing arrangements in place for subscription monies to be paid by bank transfer, bank draft

or cheque (crossed 'A/C Payee Only Not Negotiable') made payable to Cazenove Investment Fund Management Limited. Cleared funds must be received by 4.30 p.m. no later than five Business Days prior to the relevant Dealing Day as stated in the Application Form.

Interest will not be paid on cleared funds received.

Following acceptance of the application, Units will be issued at the next available dealing price. The price at which Units are created will normally be available to the Manager by the tenth Business Day of the month following the Dealing Day. Once the price per unit subscribed in the Trust is available, the Manager will issue a contract note.

The Manager reserves the right to reject any application for Units in whole or in part in which case the application money or any balance will be returned by post at the risk of the applicant without interest.

Default by a Participating Charity in payment of any monies under the Participating Charity's application will entitle the Trustee to cancel any rights of the Participating Charity in the Units.

Unit amounts will be issued to 2 decimal places only with any rounding retained in the Trust.

The Manager may close the Trust to new subscriptions from time to time if this is considered appropriate by the Manager.

8.4 Redeeming Units

Instructions to redeem Units must be made in writing. Participating Charities who wish to redeem Units should complete and sign a redemption notice and return it to the Manager by no later than 4.30 p.m. on the Business Day falling no less than 20 Business Days prior to the relevant Dealing Day. The Manager will only accept redemptions in Unit amounts equivalent to a minimum of £50,000 (which may be varied at the Manager's discretion) based on the last known dealing price for Units. Instructions to redeem monetary amounts will not be accepted.

Units in the Trust may be redeemed at a single price. The price of a Unit is calculated by reference to the net asset value of the property of the Trust attributable to Units of the relevant type. For the purposes of determining the net asset value of the property of the Trust and the prices at which Units may be redeemed, the Manager will carry out in accordance with paragraph 7 a valuation of the property of the Trust as at a Valuation Point. In addition there may be a dilution adjustment as described under paragraph 8.9 below.

8. Subscriptions, redemptions and transfers (cont.)

Following receipt of the redemption instructions, Units will be redeemed at the next available dealing price. The price at which Units are redeemed will normally be available to the Manager by the tenth Business Day of the month following the Dealing Day. Once the price per Unit redeemed in the Trust is available the Manager will issue a contract note. Redemption proceeds are normally paid within approximately five Business Days of the Unit dealing price for the relevant Dealing Day being determined.

The Manager does not levy a redemption charge in respect of the redemption of Units.

Instructions for redemption are irrevocable, even if the redemption is delayed or pro-rated (see paragraph 8.7) by the Manager, unless otherwise determined by the Manager.

Under certain circumstances, the Trust may experience a tightening of liquidity and / or difficulty in dealing in the underlying assets and property of the Trust. Given the nature of the underlying investments in the Trust all investors should read carefully the section of these Scheme Particulars entitled 'Risk Warnings'.

8.5 To buy Units in exchange for the transfer to the Trust of real property

The Trustee may, in its absolute discretion, as an alternative to the cash subscription for Units of the Trust, accept the transfer by an applicant of real property. Without fettering the discretion of the Trustee, real property shall only be acceptable both if it matches precisely the investment objectives and strategy of the Trust and if the Manager has indicated its consent to the proposed transfer. If the real property is accepted, the following provisions will apply:

- a Standing Independent Valuer will produce a valuation of the real property at the expense of the applicant;
- if the valuation is acceptable to the applicant and to the Trustee, the property will be transferred into the ownership of the Trust;
- the applicant will bear its own costs of the transfer (including legal costs and disbursements);
- the applicant will be allocated the number of Units which would have been allocated to a cash application assuming the valuation, net of costs incurred by the Trust, was the amount of a cash subscription; and
- in the event that an in specie application is aborted for any reason, the applicant will pay the costs incurred by the Trust (including any legal costs and disbursements) when and at the time requested in writing.

8.6 Redemption notice period

For the good management of the Trust and in the interest of other Unitholders, a period of notice of up to twelve months may be applied to the sale of Units at the Manager's discretion to allow for the orderly disposal of assets held within the Trust. In the event of a notice period being introduced, the Unitholders will be notified in writing and sales will be processed in accordance with paragraph 8.7. The Unitholders will receive the price ruling as at the date on which the sale is processed.

8.7 Pro-rata redemptions

Where, in respect of a Dealing Day, the Manager is not able or willing to accept in full all applications for redemption of Units, then such applications for redemption of Units will be dealt with as follows:

- (i) those applications for redemption of Units first made in respect of an earlier Dealing Day will be dealt with in priority to those first made in respect of a later Dealing Day;
- (ii) all applications for redemption of Units first made in respect of a particular Dealing Day shall be treated *pari passu*, irrespective of the time such applications for redemption of Units were actually received in respect of that Dealing Day; and
- (iii) the Manager can accept in part an application for redemption of Units and, in the event that it does so, such application for redemption of Units and any other applications for redemption of Units which are to be treated *pari passu* with it shall be redeemed in part *pro rata*.

8.8 Transfer of Units

As an alternative to seeking the redemption of Units of the Trust, a Unitholder may ask the Manager to try to effect the transfer of Units to another Participating Charity or to an applicant for Units. The Manager may entirely at its discretion at the relevant Valuation Point attempt to 'match' redemptions by Participating Charities with applications for Units.

A Unitholder can transfer Units to any person who is eligible to invest in a common investment fund and who satisfies, in the determination of the Manager, anti-money laundering requirements required by law, regulation and best practice.

8. Subscriptions, redemptions and transfers (cont.)

The Manager shall treat, and is so authorised to treat, the proposed transferor as the holder of Units to be transferred until such time (if any) as the transferee is registered as the holder of such Units.

8.9 Dilution adjustment

The actual cost of purchasing or selling Units may be higher or lower than the mid market value used in calculating the Unit price. These costs may include dealing charges, commissions and the effects of dealing at prices other than the mid-market price. The effects of transaction charges and the dealing spread may have a materially disadvantageous effect on the Unitholders' interest in the Trust.

To prevent this effect, known as 'dilution', the Manager may charge a dilution adjustment when there are net inflows into the Trust or net outflows from the Trust, so that the price of a Unit is above or below that which would have resulted from a mid-market valuation. It is not, however, possible to predict accurately whether dilution will occur at any point in time. Consequently, it is not possible to predict accurately how frequently the Manager will need to make such a dilution adjustment. The charging of a dilution adjustment may reduce the redemption price or increase the purchase price of Units.

The imposition of a dilution adjustment will depend on the volume of sales or redemptions of Units. The Manager may make a dilution adjustment if any one or more of the following sub paragraphs applies:

- i) if net sales or redemptions are £250,000 or more in value; or
- ii) if net sales or redemptions are over ¼ per cent of the Trust's net asset value; or
- iii) where the Trust is in continual decline (i.e. is suffering a net outflow of investments); or
- iv) in any other case where the Manager believes that it is in the interests of Unitholders to impose a dilution adjustment.

The dilution adjustment for the Trust will be calculated by reference to the costs of dealing in the underlying investments of the Trust, including any dealing spreads, commission and transfer taxes. These costs can vary over time and as a result the amount of dilution adjustment will also vary over time. When the dilution adjustment is not made and Units are bought or sold at a mid-market price, there may be an adverse impact on the total assets of the Trust.

9. Allocation and distribution to Participating Charities

9.1 Allocation

The Trust will distribute income quarterly in respect of the periods ending 31 March, 30 June, 30 September and 31 December. The amount of income available for distribution will be determined as follows:

to the income received or receivable in respect of the relevant period

add

any equalisation received on Units created

add/deduct

any amount transferred from/to the Distribution Equalisation Reserve

deduct

any expenses borne by the Trust in accordance with these Scheme Particulars

deduct

any equalisation paid on Units cancelled.

The Manager, acting as delegate for and in consultation with the Trustee, shall determine the amount to be distributed and shall instruct the Trustee who shall transfer such sum to a distribution account on or before the relevant income allocation date. The income allocation date will be approximately ten weeks after the end of the relevant distribution period, as set out in paragraph 9.2 below. Not less than 50 per cent of the net income attributable to any accounting period shall be distributed. Any undistributed amount shall be transferred to a Distribution Equalisation Reserve.

9.2 Income allocation dates

The interim and annual allocation dates for the Trust are as follows:

Interim income allocation dates: Final income allocation date:

15 June

15 March

15 September

15 December

The first income distribution will be in respect of the period ending 31st March 2007 and be allocated on 15th June 2007.

Distributable income will be paid by BACS (Bankers Automated Clearing System) transfer (if the Unitholder has supplied to the Manager appropriate bank details) on the income allocation dates. Alternatively distributions may be paid by cheque in special circumstances.

In order to conduct a controlled dividend flow to Unitholders, the Manager and the Trustee may agree a de minimis amount in respect of which a distribution of income is not required. Interim distributions will be made at the Manager's discretion, up to the maximum of the distributable income available for the period.

9.3 Income reserve

Each quarter income may be transferred to a Distribution Equalisation Reserve, thereby reducing the distribution for that quarter, or income can be transferred from the Distribution Equalisation Reserve to the distribution account, which increases the distribution. The Distribution Equalisation Reserve is used to even out fluctuations in income which arise from time to time. It is part of the capital of the Trust until it is used in the payment of distributions. The Distribution Equalisation Reserve is operated by the Trustee.

9.4 Equalisation

In the case of the first allocation of income to which a Participating Charity is entitled following the purchase of Units, the allocation will include a capital sum ('income equalisation') representing the Manager's best estimate of the amount of income included in the issue price or in the issue price by reference to which the issue or selling price of those Units was determined. The amount of income equalisation is an amount arrived at by taking the aggregate of the amounts of income included in the issue price in respect of Units issued or reissued during the relevant interim accounting period and dividing that aggregate by the number of those Units and applying the resultant average to each of the Units in question. Currently, all purchases made between consecutive ex-dividend dates are grouped for equalisation purposes.

10. Investment and borrowing powers

10.1 General powers and policies

The Manager may invest the property of the Trust at its discretion in any kind of investment which it could make if it were absolutely entitled to the property of the Trust, having regard to the need for diversification of investments, insofar as appropriate to the circumstances of the Trust, and to the suitability to the Trust of investments of the description of investment proposed and of the investment proposed as an investment of that description. However, the purpose of the Trust is to provide charities with the means of participating in the real property markets primarily in the United Kingdom (and indirect returns from that market) on a professionally managed basis. In this respect, the Manager intends to invest in:

- (i) direct UK commercial property assets in the United Kingdom;
- (ii) the shares or units of specialist authorised and unauthorised property collective investment schemes, limited partnerships, exchange traded funds, closed-ended property funds, financial instruments and other investments offering indirect exposure to real property returns. Such indirect property investments may invest in both UK and European real property;
- (iii) property index certificates and other property index linked products or derivatives thereof that the Trustee and Manager may from time to time consider suitable for the Trust. Any investment in derivatives will be in derivatives not involving a contingent liability for the Trust.

The Trust, being a pooled investment fund, allows charities to participate in a larger portfolio of investments that may be available to them on an individual basis. The Trust also enables Participating Charities to spread their risk and benefit from economies of scale.

The Manager will ensure at all times that the property of the Trust provides what it considers to be a prudent spread of risk.

10.2 Investment restrictions

The Manager will comply with the investment restrictions set out in Clause 42 of the Scheme; in addition, the Manager will comply with the following limitations on the investments which may be included in the property of the Trust:

The Manager will not invest direct in real residential property or in speculative property developments. All direct investments will be made in the United Kingdom.

The Manager will seek a high level of diversification of risk in the selection of assets for the Trust. In addition the Manager

will take into account the following factors in applying diversification and risk control strategies:-

- the proportion of the assets of the Trust representing direct holdings of property invested:-
 - in one property including any adjacent or contiguous property;
 - in property which does not produce rental income or which is vacant;
 - in leasehold property with an unexpired long lease of less than 70 years remaining at the time of acquisition;
 - in property let out on a lease period remaining of less than 12 months; and
 - in a property (other than a property let to a government body or agency or tenant with equivalent status) which represents a significant proportion of the rental income of the Trust.
- The diversification policies will not be followed in the early stages of the Trust's investment programme.

10.3 Collective investment schemes and closed-ended funds

The property of the Trust may be invested in the Units of collective schemes provided that:

- (i) the collective investment scheme into which the Trust is investing is permitted under Clause 42 of the Scheme;

Furthermore, the Trust will not invest in any collective investment scheme under the powers contained in Section 42(2) of the Scheme:

- (i) that has at the date of investment a net asset value of less than £50m or equivalent;
- (ii) that has at the date of investment less than five investors;
- (iii) where prior to investment the manager of the scheme concerned does not provide a letter of undertaking to the Trustee that the scheme will not invest more than 15% of net asset value in other collective investment schemes and that if the position were to change immediate notification would be made to the Trustee;
- (iv) where the trustee or custodian of the scheme concerned (or a company or other entity in the trustee's or custodian's group) is not regulated by the FSA or a similar European or US recognised regulatory body; and
- (v) where the Real Estate Investment Adviser believes the investment will restrict the overall liquidity of the Trust.

Subject to Clause 41 of the Scheme the Manager may invest the property of the Trust:

- in units in a collective investment scheme or a common deposit fund which is managed or operated by itself or by an associate (as defined in the Scheme) of itself or by the Trustee or by an associate (as defined in the Scheme) of the Trustee, or where the scheme is a company, of which the Manager or the Trustee is an Authorised Corporate Director or an associate of the Authorised Corporate Director.

10.4 Efficient portfolio management and currency hedging

The Manager may enter into derivative transactions and forwards for the purposes of efficient portfolio management. The aim of any derivative or forward used for such reasons is not to materially alter the risk profile of the Trust, rather they are used to assist the Manager in meeting the investment objectives of the Trust as set out in these Scheme Particulars. Efficient portfolio management involves techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FSA Rules.

The aim of reducing risks or costs will allow the Manager to enter into exposures on permissible assets or currencies using derivatives or forwards as an alternative to selling or purchasing underlying assets or currencies. These exposures may continue for as long as the Manager considers that the use of derivatives continues to meet the original aim.

The aim of generating additional capital or income allows the Manager to write options on existing assets where it considers the transaction will result in the Trust deriving a benefit, even if the benefit obtained results in surrendering the chance of greater benefit in the future.

The aim of generating additional capital allows the Manager to take advantage of any pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights relating to assets the same as, or equivalent to which the Trust holds or may hold.

The Manager may enter into forward foreign exchange transactions for the purposes of hedging any foreign currency exposure which the Trust may have.

10.5 Cash and Near Cash

The property of the Trust may consist of cash and Near Cash where this may reasonably be regarded as necessary in order to enable redemption of Units, efficient management of the Trust in accordance with its objectives or otherwise to enable the Manager to discharge its functions under the Scheme. Within the context of the Manager's policy of active asset allocation, the liquidity of the Trust may vary in response to market conditions. Where the Manager considers that a defensive investment strategy is appropriate, cash and near cash may comprise up to 33 per cent by value of the property of the Trust. This range may be exceeded in exceptional circumstances.

10.6 Borrowing

The Manager may borrow temporarily for the purpose of meeting payments to be made out of the Trust on terms that the borrowing is to be repaid out of the property of the Trust if the Manager considers this to be in the best interests of the Trust providing that such temporary borrowing does not exceed 10% of the net asset value of the property of the Trust as at the date of the borrowing without the prior written consent of The Charity Commission.

In addition to its powers to borrow temporarily the Manager may use the powers of land acquisition and management in the Trusts of Land and Appointment of Trustees Act 1996, but where those powers are used to borrow in connection with the acquisition or management (including improvement) of any land and if any such borrowing would cause the total outstanding borrowings under those powers to exceed 25% of the net asset value of the property of the Trust as at the date of the borrowing, the prior written consent of The Charity Commission will be obtained.

Borrowings will enable investors to benefit from the potential for enhanced returns and greater diversification. Borrowing levels will be actively managed and monitored taking into account market circumstances, and in particular, interest rate levels.

Borrowings will be made to finance or refinance the acquisition, management or improvement of any real property only where the Manager, on the advice of the Real Estate Investment Adviser where appropriate, is of the view that returns to Unitholders are likely to be enhanced as a result. No amendments shall be made to the previous sentence without the prior written approval of The Charity Commission.

Any gearing proposals put forward by the Real Estate Investment Adviser will be subject to formal transaction procedures put in place by the Manager including:

- the proposed use of gearing;
- the quality and characteristics of the investment to be made from the proceeds of gearing;
- the risks of gearing as against the potential returns to the Trust and the quality of the covenant underlying those returns; and,
- the impact the gearing will have on the overall risk profile of the Trust. Throughout the process the Trustee will have full oversight of the positions being taken.

11. Tax

This section explains certain aspects of the tax treatment applying to the Trust and to Participating Charities investing in the Trust.

11.1 Tax exemptions and reliefs

As a charity the Trust is not liable to UK tax on gains arising on disposals of investments, nor on income from investments, and is not liable to pay stamp duty land tax on property.

11.2 Distributions

Distributions of income by the Trust are made gross, i.e. without deduction of UK income tax, and Participating Charities are not liable to UK income tax in respect of such distributions if used for charitable purposes.

11.3 Property Index Certificates

Income from property index certificates will be paid gross of tax. Relief will be available for the full amount of any capital gain arising on the repayment or disposal of a property index certificate within the Trust structure.

11.4 Current Law

The references to tax exemptions and reliefs available to charities in the Scheme Particulars are based on the law as at the date of publication of the Scheme Particulars and are subject to changes which may be made after that date. Participating Charities should obtain their own tax advice in respect of their own position.

12. Additional Information

12.1 Accounting dates

The annual and interim accounting periods for the Trust shall end on 31st December and 30th June.

Reports

Subject to the provisions of the Scheme, reports and accounts will be forwarded to Participating Charities twice a year, commencing in 2007. The annual reports and the half yearly reports will be issued with the distribution on or near the dates below:

Annual report date	Half year report date
15th March	15th September

The report and accounts will include a comparison of the performance of the Trust against an appropriate index.

12.2 Meetings of Participating Charities

The Trustee may convene a meeting of Participating Charities to consider resolutions for:

- (i) confirmation of any amendment, modification, alteration, addition or replacement to the Scheme or the Scheme Particulars which, in the Trustee's opinion, would materially prejudice Participating Charities; and
- (ii) any other matter which the Trustee believes would be best decided by the Unitholders in a general meeting.

Any general meeting of Participating Charities may be called on not less than 14 days' notice in writing to all Participating Charities on the Register at a date not exceeding seven days before the date of the notice, such notice to specify the date and place of the meeting and the resolutions proposed. The accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any general meeting.

The Trustee shall nominate a person who shall preside as Chairman.

The quorum shall be two or more Unitholders present in person or by proxy. No business (other than the appointment of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to another day and time which must not be less than 15 days thereafter. Notice of the adjourned meeting shall be given in the same manner as for the original meeting. At any adjourned meeting, the Unitholders or the only Unitholder

present in person or by proxy shall constitute a quorum.

The Manager, the Trustee and any professional advisers to the Trust, the Manager and/or to the Trustee shall be entitled to attend and be heard at any such meeting.

Any resolution will be carried if the votes cast in favour represent 50% or more (or such higher percentage as the Trustee may determine) of the total votes cast.

At any meeting of Participating Charities of the Trust, any resolution put to the vote should be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, by the Trustee or by one or more Participating Charities present in person or by proxy and holding or representing 1/20th in value of the Units of the Trust in issue on the date seven days before notice of the meeting was given. On a show of hands every Participating Charity who is present by its representative properly authorised in that regard shall have one vote. On a poll every Participating Charity who is present in person or by proxy shall have one vote proportionate to any fraction of such an undivided share of which he is the Participating Charity. On a poll, votes may be given either personally or by proxy.

A body corporate being a Unitholder may authorise such person as it thinks fit to act as its representative at any meeting of Participating Charities and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Participating Charity.

In the case of joint Participating Charities the vote of the first mentioned in the register whether in person or by proxy shall be accepted to the exclusion of the other joint Participating Charity.

An instrument of proxy may be in the usual common form or in any other form which the Trustee shall approve executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a body corporate, either under the common seal or under the hand of an officer or attorney so authorised. A person appointed to act as a proxy need not be a Participating Charity.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the registered office of the Manager not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (or in the case of a poll before the time appointed for the taking of a poll) and in default the instrument or proxy shall not be treated as valid.

12. Additional Information (cont.)

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous revocation of the instrument or the transfer of Units in respect of which the proxy was given, provided no written notification was received at the registered office of the Manager before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

Minutes of all resolutions and proceedings at every meeting shall be made and shall be conclusive evidence of the matters conducted within the meeting.

A written resolution which has been approved in writing by all Unitholders entitled to receive notice of and attend and vote at a General Meeting shall be valid and effective as if duly carried at a General Meeting.

12.3 Amendment of Scheme Particulars

The Manager will keep the Scheme Particulars under review with a view to ensuring that they are in compliance with the law and relevant regulations and will, from time to time and (with the prior written approval of The Charity Commission when required by the Scheme), make or propose such changes as are necessary or desirable in the interests of Participating Charities.

12.4 Termination of the Trust

The Trust may be wound up if the Trustee executes a written declaration to that effect, forthwith sends a copy of the declaration to The Charity Commission and the Manager, and publishes it in such manner (if any) as The Charity Commission for England and Wales may direct and informs Participating Charities in writing that the Trust is to be wound up.

The Trustee will as soon as practicable after the Trust falls to be wound up realise the property of the Trust. After paying out of the Trust, or retaining adequate provision out of the Trust for, all liabilities properly payable out of the Trust and the cost of the winding up, the Trustee shall distribute the net proceeds to the Participating Charities (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Trust.

12.5 Register of Unitholders

Units in the Trust are in registered form. Certificates will not be issued to Participating Charities. The Register shall be conclusive evidence as to the persons respectively entitled to the Units entered in the register.

No notice of any trust, express, implied or constructive shall be entered on the Register in respect of any Unit and the Manager and the Trustee shall not be bound by any such notice.

12.6 General Information

- (a) Copies of the most recent annual and half-yearly reports of the Trust may be inspected and copies may be obtained during ordinary business hours on any Business Day at the registered office of the Manager.
- (b) If you have any complaints, in the first instance you should write to the Head of Compliance at the Manager's address above. A copy of the Manager's Complaint Handling Procedures is available on request from the Manager. If you are an eligible complainant, you may also complain directly to the Financial Ombudsman Service:

Financial Ombudsman Service

South Quay Plaza
183 Marsh Wall
London E14 9SR

Tel: 0845 080 1800

Website: www.financialombudsman.org.uk

- (c) Any questions as to the construction of the Scheme or as to the regularity or the validity of anything done or proposed to be done under the Scheme, may be determined by The Charity Commission upon sufficient application to them by the Trustee or the Manager.
- (d) The Manager is also the manager of four existing common investment funds:
 - The Growth Trust for Charities;
 - The Equity Income Trust for Charities;
 - The Income Trust for Charities; and
 - The Absolute Return Trust for Charities.

13. Risk Warnings

13.1 General Risks

- Charity Trustees are not to construe this document as investment, legal or tax advice. They should seek advice as appropriate, given their duties under the Trustee Act 2000. The Scheme is an unregulated collective investment scheme available only to qualifying charity investors in England, Wales, Scotland and Northern Ireland.
- There are risks associated with an investment in the Trust. Investment in the Trust may not be suitable for all charities.
- The investments of the Trust are subject to normal market fluctuation associated with property investments and other risks inherent in investing in property and property related investments. There can be no assurance that the Trust will achieve its investment objective. Neither the past investment performance of the Manager nor the Real Estate Investment Adviser can be construed as an indication of the future performance of the Trust.
- Participation should generally be viewed as a long-term investment. The value of your investment may fall as well as rise and you may not get back the amount you invested. Income from investments may fluctuate.
- The prevailing conditions in the UK property market generally or locally may affect returns.
- The success of the Trust is significantly dependent upon the expertise of the Real Estate Investment Adviser and market conditions. No guarantee can be given that the Manager or the Real Estate Investment Adviser will deliver the Trust's investment objectives. Any future unavailability of their services could have an adverse impact on the Trust's performance.
- Changes in rates of inflation may affect the rental and capital value of any investment held by the Trust, as might fluctuations in currency or exchange rates.
- Changes in planning laws or fluctuations in occupancy costs may affect returns.
- Changes in stamp duty land tax and the tax treatment of property in general may affect the returns made by the Trust.

13.2 Risks relating to underlying collective investment schemes and closed-ended funds

- Investment in specialist property collective investment schemes and property investment companies will, in general, provide the Trust with risk reduction benefits through diversification. However, property based pooled vehicles, such as property unit trusts, invest in real property which may be illiquid and the value of which are determined by external valuers. Such Trusts may carry out valuations infrequently and the valuations will be the opinion of the valuer at a particular time, may not be supported by recent transactions and are liable to revision up or down. The units of these funds may be difficult to deal in or to sell at a reasonable price because the funds may deal infrequently and/or the underlying property may not be readily realisable. There may be no recognised market in the units or shares of such funds and, as a result, reliable information about the value of these units or shares or the extent of the risks to which they are exposed may not be readily available.
- Investment in closed ended property trusts and listed property companies can trade at a discount to the net asset value of the underlying property portfolio and are more volatile than direct investment in property.

13.3 Risks relating to direct property investments

- Property and property-related assets are inherently difficult to value because of the individual nature of each property. As a result, valuations are open to substantial subjectivity. There is no assurance that the valuations of the properties will reflect the sale price achieved even where such sales occur shortly after the valuation date. The performance of the Trust could be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields.
- The income received by the Trust is dependent to a large extent upon the occupancy levels of any property bought by the Trust and the rents paid by these tenants.
- Rental revenues and property values are also affected by changes in the general economic climate and local conditions such as an over-supply of space, a

13. Risk Warnings (cont.)

reduction in demand for commercial real estate in an area, competition from other available space, increased operating costs and the relative attractiveness to investors generally of property of that type as an investment.

- Rental revenues and property values are also affected by a number of other factors including political developments, government regulations and changes in planning and tax laws and practices, interest rate levels, inflation, the availability of financing and the prospective returns from alternative investments. In particular, property values are dependent on current rental values, prospective rental growth, lease lengths, tenant creditworthiness and the valuation yield (which is, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Retail and commercial rentals and values are sensitive to such factors, which can sometimes result in rapid, substantial increases and decreases in market rental and valuation levels. Any decline in rental levels or market values may adversely affect the income of the Trust.
- The financial condition of the tenants of the Trust's properties may affect the Trust's return on its direct investment in real property or indirect investment in property collective investment schemes. In the event of a default by a tenant or during any other void period, the Trust will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs.
- Changes to the laws and regulations regulating the UK commercial property market and any changes to and enactment of the Lease Code may give rise to risks relating to commercial properties.

Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the capital value of the Trust's properties and/ or the rental income from the Trust's properties. In particular, any changes to or the enactment of the Code of Practice for commercial leases in England and Wales (2nd edition) (the 'Lease Code') may affect the market value of and the rental income from the Trust's properties.

The Lease Code is a non-binding guide to best practice for landlords negotiating leases. It also contains various

recommendations on key terms of commercial leases. In total, there are 23 recommendations in the Lease Code concerning the negotiation and content of any commercial lease. The use of the Lease Code is currently voluntary. The Office of the Deputy Prime Minister issued a consultation paper announcing a period of consultation from 1 June 2004 to 30 September 2004 inviting representations from relevant bodies in relation to options to deter or prohibit inflexible leasing practices, focusing on the use of upwards only rent review clauses. The consultation paper proposed six options ranging from doing nothing to change the voluntary nature of the Code to banning upwards only rent review clauses. In June 2005, the Office of the Deputy Prime Minister issued a paper summarising the 94 responses received. Although nearly two-thirds of the responses to the consultation paper opposed legislation, approximately 30 per cent favoured some kind of legislative intervention.

On 15 March 2005, the Office of the Deputy Prime Minister confirmed in a written ministerial statement that it is still concerned about upward only rent review clauses, but does not propose to legislate against them as yet, although it will continue to monitor the situation and retains the option to legislate in future if necessary. The statement also confirmed that the government wished to undertake a joint review of the Lease Code with the property industry and monitor the situation over a three-year period.

There is a risk that legislation or regulation could be introduced to regulate all commercial leases, which could impact rental incomes and property values in ways, which cannot be foreseen. There is, however, no current expectation that any resulting legislation would apply retrospectively to render invalid pre-existing upwards only rent review clauses or other potentially inconsistent provisions.

- The Trust may be adversely affected by an environmental claim. Environmental legislation primarily imposes liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. An owner or occupier of contaminated land could become liable as a 'knowing permitter' if they become aware of significant pollution, have the necessary degree of control over operations on the land to prevent such contamination and fail to take any action to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused

13. Risk Warnings (cont.)

or knowingly permitted the presence of the substances which have led to the pollution. Thus, if land owned by the Trust is contaminated, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, the Trust might be liable for the costs of cleaning up such contamination. A polluter or owner/occupier of contaminated land can also be liable to third parties for harm caused to them or their property as a result of the contamination.

Other environmental legislation concerning statutory nuisance also places liability on the owner or occupier in some circumstances instead of the person responsible for the nuisance. In the relevant legislation, the concept of 'owner' has not been defined and could include any person with a proprietary interest in the property. The owner or occupier would be responsible where the person responsible for such nuisance cannot be found or the nuisance has not yet occurred. The owner would be responsible where the nuisance arises from any defect of a structural nature.

Liability for any of these environmental risks could be significant and might adversely impact the Trust.

The Trust has taken out insurance against the unlikely event that it could be subjected to an environmental contamination claim. However, there is no guarantee that the policy will fully cover the amount of a claim in every case.

The Manager will ensure that prior to the purchase of any property where appropriate an environmental audit is carried out and will not proceed if the audit identifies any significant environmental issues. There is no guarantee that such an environmental audit will identify all potential risks that may later give rise to an environmental contamination claim.

- The Trust may suffer material losses in excess of insurance proceeds. The Trust's properties could suffer physical damage caused by fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, the Trust could lose capital invested in the affected property as well as anticipated future turnover from that property. In addition, the Trust could be liable to repair damage caused by uninsured risks. The Trust would also remain liable for any debt or other financial obligation related to that

property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

- Properties such as those in which the Trust may invest are relatively illiquid. Such illiquidity may affect the Trust's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. It may therefore be difficult to deal in such investments or to obtain reliable information about their true value. This could have an adverse effect on the Trust's financial condition and consequently its ability to make distributions to the Unitholders.

13.4 Risks relating to Property Index Certificates

Property Index Certificates (PICs) pay returns linked to the performance of the Investment Property Databank Annual Index, which, as at the end of December 2005, measured circa £147 billion of property, owned by institutions and public companies in the UK. PICs are structured as Eurobonds. Investors acquire PICs either in the primary or secondary market at a price which reflects the underlying index level and the level of demand from investors. Related PICs carry a coupon, related to the income return on the IPD Index and at maturity will pay investors the IPD related capital return. Although PICs may be relatively illiquid securities in which there is no recognised market for their trading Barclays Capital support a market in PICs and quote indicative bid / offer prices at all times on Reuters.

13.5 Inflation risk

Inflation erodes the real value of investments and changes in the anticipated rate of inflation could lead to capital losses in the Trust's investments.

13.6 Political risks

The value of the Trust's assets may be affected by uncertainties, such as political developments, changes in government policies and taxation.

13.7 Performance fee

A Performance Fee is payable contingently to the Real Estate Investment Adviser in respect of each Performance Period. The performance fee may be paid on unrealised gains that

13. Risk Warnings (cont.)

are not subsequently realised. Such fees may create an incentive to undertake investments carrying greater risk.

On the redemption of Units by a Unitholder, the performance fee that has been accrued in respect of those units during the Performance Period will not be reclaimable by the Unitholder if the Trust subsequently does not outperform the Target Total Return performance target over the entire Performance Period.

13.8 Liquidity

The Manager's ability to invest and to liquidate the assets of the Trust may be restricted by the liquidity of property or the underlying investments held by the Trust. It may therefore be difficult to deal in such investments or to obtain reliable information about their value or the extent of the risks to which they are exposed. Some funds may impose limitations and restrictions on redemptions and transferability of interests, charges for early redemptions and minimum holding periods for investments. In addition, once a redemption is made there may be delays in the Trust receiving redemption payments from the fund's manager. All these factors will impact on the ability of the Trust to provide liquidity to meet redemption payments and may lead to the Trust imposing restrictions on redemptions. The Trust will, however, seek at all times to have sufficient liquid resources which will enable it to meet any redemption requests.

Under certain circumstances the Trust may experience a tightening of liquidity and/or difficulty in dealing in underlying investments. The Manager reserves the right at any time to pro rata redemptions, suspend dealing in the Trust, delay settlement of redemption proceeds and provide for in specie redemptions.

13.9 Charges to capital

The Manager's periodic management charge and other charges may be charged against capital rather than income. This will enhance income returns and may constrain future capital growth.

13.10 Start-up period and diversification

The Trust may experience certain risks and costs associated with the first 6 to 12 months of its operation. Investment may commence at an inappropriate time in the property market and funds initially available for investment may be limited. This may mean that investment is more concentrated and less diversified than intended.

If the value of the Trust falls significantly, it may not be possible to maintain the intended diversification of risk as the Trust's spread of investments may become more concentrated.

13.11 Borrowing

The Trust may borrow up to 25 per cent of its net asset value in order to increase the amount of capital available for in the acquisition, management and improvement of direct real property. Borrowing will only be used to seek to enhance returns to Unitholders but may result in certain additional risks. In particular, significant movements in the price of the real property could be expected to exaggerate the movement in the value of holdings both down and up which could mean sudden and large falls in the property portfolio values. A failure by the Trust to perform its obligations under the terms of any loan or other financing documents would permit the lenders to demand early repayment of the finance and to realise any security they have over the Trust's assets.

The level of interest rates at which such borrowing can be made will also affect the Trust's returns.

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