

The Charities Property Fund

SCHEME PARTICULARS

9 February 2015

Registered Charity Number: 1080290

Benefits anticipated in The Charities Property Fund may be affected by changes in UK tax legislation. The price and value of investments and the income derived from them can go down as well as up, and you may not get back the amount you invest. Past performance is not necessarily a guide to future performance.

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 Fund is the decision of the trustees of a Participating Charity and neither the Corporate Trustee, the Manager or Property Manager give or purport to give, advice or guidance to charity trustees in respect of the exercise of their investment powers.

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

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 reason of his or her ability in, and practical experience of, financial and other matters relating to the proposed investment.

Important notice

An investment in the Fund involves certain risks. The value of Units may go down as well as up and accordingly a Participating Charity may not receive back the amount invested. In addition, there are risks associated with investing in the Fund which are not necessarily applicable to investments in asset classes which do not involve direct or indirect investment in real property. Participating Charities should review carefully the risks associated with investing in the Fund with their financial, tax and/or legal advisers.

The performance of the Fund and the returns which Participating Charities achieve may be affected adversely, either directly or indirectly, by (amongst other things):

- ♦ General economic and political conditions in the UK and elsewhere.
- ♦ Conditions within the UK property market generally or locally.
- ♦ The particular financial condition of the tenants of the Fund's properties and of other parties doing business with the Fund.
- ♦ Changes in interest rates to the extent that this affects any borrowings, or, the property market generally.

Changes in rates of inflation or fluctuations in currency or exchange rates all of which may affect the rental and capital value of any investment held by the Fund.

- ♦ Fluctuations in occupancy costs, which may affect the value of the Fund's properties.
- ♦ Changes in planning laws.
- ♦ Failure by a counterparty to perform its obligations under a contract or other agreement (including failure arising from the insolvency of a tenant of a property owned by the Fund).
- ♦ Any change in legal, tax or regulatory requirements affecting the Fund or its investments.

In addition, Participating Charities should bear in mind that:

- ♦ The Fund is intended for long-term investors who can accept the risks associated with making potentially illiquid investments in real property or real property interests.
- ♦ The underlying investments of the Fund will consist wholly or substantially of real property interests whether held directly or indirectly. The value of the real property concerned will generally be a matter of a valuer's opinion and the amount derived on realisation of the property may be less than the valuation given to the property by the valuer.
- ♦ A failure by the Fund 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 Fund's assets.
- ♦ The Fund assumes all property ownership risks including, without limitation, environmental and third party liability risk.
- ♦ The charges and expenses of the Fund may be charged against capital rather than income. This will enhance income returns and may constrain future capital returns.

If investment is made in indirect property investments then the same risks will apply to the underlying investments of those schemes. Additional risks that may apply to indirect property investments include tax inefficiency.

The Units are intended only for long-term investment. Investment in the Fund is not appropriate for monies needed for short-term expenditure. In falling markets redemption of Units may be subject to long delays.

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1. DEFINITIONS

"Allocation Date"	15 th February, 15 th May, 15 th August, 15 th November (if not a Business Day, the preceding Business Day);
"Approved Bank"	as defined in the glossary giving the meanings of the defined expressions used in the FCA Rules;
"Associate"	as defined in the glossary giving the meanings of the defined expressions used in the FCA Rules;
"Balance Sheet Date"	24 th June in each year or such other date as the Manager may determine and notify to the Unit Holders;
"Business Day"	any day on which the London Stock Exchange is normally open for business, being a day other than a Saturday, Sunday, public or bank holiday in England;
"Charities"	both charities in England and Wales within the meaning of section 1(1) of the Charities Act 2006 and also "appropriate bodies" in Scotland and Northern Ireland within the meaning of section 24(3B) of the Charities Act 1993;
"COLL"	the Collective Investment Schemes Sourcebook of the FCA as amended from time to time;
"Commission"	the Charity Commission for England and Wales;
"Corporate Trustee"	Citibank International plc a company incorporated in England and Wales with registered number 1088249 whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, authorised and regulated by the Financial Conduct Authority;
"Dealing Date"	the last Business Day of each quarter. Quarters run from January to March, April to June, July to September and October to December in each year;
"Depository"	the Corporate Trustee;
"Depository Agreement"	the agreement appointing the Depository from time to time between the Depository and the Manager and to the extent necessary or desirable, the Fund;
"Distribution Account"	the account which holds the income of the Fund as described in paragraph 5.7.2;
"FCA"	the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS, or such other regulatory authority as may succeed it from time to time;
"FCA Rules"	the handbook and rules and guidance issue by the FCA, as amended or replaced from time to time;
"FSMA"	the Financial Services and Markets Act 2000;
"Fund"	the Charities Property Fund;

"Indirect Property Interests"	authorised and unauthorised collective investment schemes which invest predominantly in real property, shares or other interests in listed property companies and other securities (including derivatives) offering indirect exposure to real property returns;
"Interim Balance Sheet Dates"	24 th September, 24 th December and 24 th March in each year or such other dates as the Manager may determine and notify to the Unit Holders;
"Manager"	Cordea Savills Investment Management Limited a company incorporated in England and Wales with registered number 03680998 and whose registered office is situated at 33 Margaret Street, London W1G 0JD, authorised and regulated by the Financial Conduct Authority;
"Near Cash"	as defined in the glossary giving the meanings of the defined expressions used in the FCA Rules;
"Net Asset Value"	the value of the assets of the Fund, as determined by paragraph 5.4, after deducting the liabilities of the Fund;
"Participating Charity"	a charity which is a registered holder of Units in the Fund;
"Performance Measurer"	a person appointed to measure the investment performance of the Fund, as determined by the Manager from time to time (if such an appointment is felt to be necessary by the Manager), the current appointee being Investment Property Databank Limited (IPD);
"Preliminary Charge"	a charge as provided for in paragraph 6.2.3;
"Property Manager"	Cordea Savills LLP a limited liability partnership incorporated in England and Wales with registered number OC306423 and whose registered office is situated at 33 Margaret Street, London, W1G 0JD
"Real Property"	land, buildings and whatever is attached or affixed to the land;
"Scheme"	the scheme of the Commission effective from 9 February 2015 that now regulates the Fund;
"Scheme Particulars"	these scheme particulars of the Fund as amended from time to time;
"Settlement Date"	the date on which a proposed transaction in Units is settled and which is set out in the applicable contract note;
"Units"	units of the Fund as described in paragraph 5.1;
"Unit Holders"	registered holders of Units;
"Unit Purchase Price"	the purchase price of a Unit calculated in accordance with paragraph 5.5;

"Unit Redemption Price"	the redemption price of a Unit calculated in accordance with paragraph 5.5;
"Valuation"	a proper and impartial valuation of the Real Property and Indirect Property Interests of the Fund and a calculation of the net asset value per Unit conducted in accordance with the FCA Rules.
"Valuation Dates"	the 24 th March, 24 th June, 24 th September, and 24 th December or if not a Business Day, the preceding Business Day in each year or such other dates as the Manager may determine and notify to the Unit Holders.
"Valuer"	<p>means either or both of:</p> <ul style="list-style-type: none"> (a) the Manager, provided that the Valuation task is carried out independently from the Manager's portfolio management of the Fund and conflicts of interests are mitigated in accordance with the FCA Rules; and/or (b) an independent, recognised and reputable external valuer, independent of the Corporate Trustee and the Manager having the appropriate level of relevant experience in the reasonable opinion of the Manager and which provides to the Manager a professional guarantee demonstrating its ability to perform the Valuation, being either: <ul style="list-style-type: none"> a. a surveyor who is a member of the Royal Institution of Chartered Surveyors; or b. an accountant who is a member of the Institute of Chartered Accountants in England and Wales <p>(as appropriate) having the appropriate level of relevant experience in the reasonable opinion of the Manager, selected and appointed by the Manager for the purpose of clause 5.4.1.1.</p>

References to any statutory provision in these Scheme Particulars shall include any statutory provision which amends or replaces it and any subordinate legislation made under it.

2. THE STRUCTURE OF THE FUND

This section explains the structure of the Fund and who can invest in it.

2.1 A Common Investment Fund

The Fund is a common investment fund established under section 96 of the Charities Act 2011 by a Scheme approved by the Commission by an order dated 11th April 2000 as such order was remade by the Commission on 6th May 2003 and 30th October 2009. The Fund is now regulated by a Scheme of the Commission dated 30 October 2009 as amended by a resolution pursuant to section 280 of the Charities Act 2011 dated 17 November 2014, which entered into force on 9 February 2015. Common investment funds are pooled investment funds which are governed by the Charities Act 1993. The Fund, as a common investment fund, is itself a charity and benefits from the tax reliefs and exemptions available to charities. Subject to section 24(7) of the Charities Act 1993, the Fund is open to all charities that are permitted to invest in a common investment fund under relevant legislation as amended from time to time.

Any charity applying to participate in the Fund may be required by the Corporate Trustee to give a declaration of eligibility to participate in the Fund and an indemnity to the Fund for any liabilities arising from such charity's ineligibility to participate in the Fund. The registered charity number and/or the HM Revenue & Customs exemption number (prefixed by an 'x') must be supplied. The Manager will require evidence of the charitable status of applicants for Units in the Fund and may defer the issue of such Units until such time as the charitable status of the applicant has been confirmed.

The Fund is not an authorised scheme within the meaning of FSMA. The Fund is an alternative investment fund in accordance with the FCA rules and charities investing in the Fund may not therefore receive the full levels of protection available under FSMA.

2.2 The Scheme Particulars

These Scheme Particulars explain in detail how the Fund operates. Where the provisions of the Scheme Particulars require the prior written consent of the Commission, those provisions have been approved by the Commission on 9th March 2012. The Scheme Particulars have been adopted by the Manager on 9 February 2015.

Should the Scheme and the Scheme Particulars be in conflict, the Scheme prevails.

2.3 The Corporate Trustee, the Manager and the Property Manager

The Corporate Trustee of the Fund is Citibank International PLC, the Manager is Cordea Savills Investment Management Limited and the Property Manager is Cordea Savills LLP. The Corporate Trustee, and the Manager are authorised and regulated by the Financial Conduct Authority.

2.4 Participation in the UK Real Property market

The purpose of the Fund is to provide charities with the means of participating in the UK Real Property market on a professionally managed basis. The Fund, 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 enabling Participating Charities to spread their risk and benefit from economies of scale.

2.5 The Alternative Investment Fund Manager

2.5.1 The Manager shall be responsible for risk and portfolio management and shall perform all those functions that may only be undertaken by an authorised person under the AIFMD. The Manager may appoint the Property Manager to perform the portfolio management of the Fund pursuant to a portfolio management agreement. The Property Manager has managed the Fund for a number of years prior to the AIFMD entering into force.

2.5.2 The Manager is supervised and regulated by the UK Financial Conduct Authority under the Firm Reference Number (FRN) 193863 to manage an unauthorised alternative investment fund for the purposes of the AIFMD.

2.5.3 The Manager will ensure adequate cover for professional liability risks using Professional Indemnity Insurance ("PII"), arranged by its ultimate parent, Savills plc. To ensure the PII will cover the Manager's professional liability risks under the AIFMD and the AIFMD regulations the PII will:

- ◆ be for an initial term of no less than one year;
- ◆ have a notice period for cancellation of at least 90 days;
- ◆ cover professional liability risks as defined in Article 12(1) and (2) of the AIFMD Regulation;
- ◆ be taken out from an EU or non-EU undertaking authorised to provide professional indemnity insurance, in accordance with Union law or national law; and
- ◆ be provided by a third party entity.

2.5.4 The agreed excess within the PII will be met by the Manager's own funds in addition to what the Manager holds to meet its initial capital and own funds requirements.

2.5.5 The liquidity risks of the Fund are examined continuously by the Manager. Examinations include reviewing the amount of outstanding commitments and the level of the Fund's liquid funds. The liquidity situation of the Fund is also set out in the annual report of the Fund and this includes further details such as the amount of liquid assets in the portfolio, the loan maturity dates and the short term loan to value figures (where applicable).

2.5.6 The Manager will always act in the best interests of the Unit Holders and ensure they are treated fairly through:

- ◆ meeting with the Unit Holders;
- ◆ annual and periodic reporting;
- ◆ the Manager's active management of the Fund;
- ◆ to act in the best interests of the Fund and the Unit Holders;
- ◆ ensure investment decisions are in accordance with the Fund's objectives, policy and risk profile;
- ◆ ensure that the interests of any group of Unit Holders are not placed above the interests of any other group of Unit Holders;
- ◆ ensure that fair, correct and transparent pricing models and valuation systems are used;
- ◆ prevent undue costs being charge to the Fund;

- ◆ take all reasonable steps to avoid conflicts of interest and when they cannot be avoided, identify, monitor and manage those conflicts to prevent them adversely affecting Unit holders; and
- ◆ recognise and deal with complaints fairly.

2.6 The Depositary

2.6.1 The Manager has appointed Citibank International Plc to be the Depositary to the Fund pursuant to a Depositary Agreement.

2.6.2 The Depositary shall act as depositary of the Fund and shall be responsible for the safekeeping of the assets entrusted to it and the Manager to the extent required by and in accordance with the requirements of the AIFMD and shall:

- ◆ ensure the Fund's cash flows are properly monitored;
- ◆ hold in custody all of the assets of the Fund which are AIF custodial assets (as defined in the FCA Rules);
- ◆ verify the Fund's ownership of the assets of the Fund which are not AIF custodial assets (as defined in the FCA Rules);
- ◆ oversee and supervise the Manager and its performance of the services and the Fund; and
- ◆ carry on any other functions either agreed between the Manager and the Depositary or required under the FCA Rules or the AIFMD.

2.6.3 The Manager and the Corporate Trustee shall ensure that the Depositary is granted all necessary powers and authorities to ensure the Depositary can perform its obligations under the Depositary Agreement, the AIFMD and any other applicable legislation.

2.6.4 The Depositary is authorised to appoint sub-custodians and agents (pursuant to the depositary agreement to delegate and in accordance with the AIFMD) to perform safe-keeping functions such as custody of the Fund's financial instruments and verification of the Fund's ownership of assets of the Fund. The Depositary shall exercise due skill, care and diligence in the selection, continued appointment and ongoing monitoring of any agents and sub-custodians.

3. INVESTMENTS

This section sets out the investment objectives of the Fund and the role of the Property Manager. It also explains the categories of investments to be targeted, investment strategy and risk controls and the intended use and limits of the Fund's borrowing powers.

3.1 Investment Objectives

The investment objectives of the Fund are, through investing in Real Property in the United Kingdom, and, Indirect Property Interests:

Income

- ◆ to provide a high and secure level of income for Participating Charities with the prospect of growth in income;

Capital

- ◆ to maintain the capital value of the assets held in the Fund.

3.2 The Property Manager

The Manager has delegated certain functions to Cordea Savills LLP, which has been appointed as the Property Manager of the Fund.

The Property Manager, with a view to best achieving the investment objectives of the Fund will as its primary responsibilities:

- ◆ be responsible for portfolio management and providing expert advice and recommendations to the Manager on the composition of the investments of the Fund;
- ◆ be responsible for advising the Manager on an ongoing basis on the appropriate regional and sector weightings of the investments of the Fund.

The current regional and sector weightings for the investments of the Fund are available on request from the Manager and will be described (together with any changes made) in the half-yearly and annual reports.

3.3 Categories of Intended Investments

3.3.1 Under the provisions of the Scheme the Manager is given the power to invest the assets of the Fund in a wide range of investments.

3.3.2 Notwithstanding the general power granted by the Scheme, the Manager:

- ◆ intends to keep the Fund principally invested in Real Property (the Manager intends to invest in, or procure investment in, freehold or leasehold interests in UK Real Property which may include commercial, residential and agricultural properties);
- ◆ intends to hold no more than 10% in value of the property of the Fund in cash or Near Cash;
- ◆ can, within the powers available under the Scheme, invest in Indirect Property Interests, however investment in Real Property will be the focus of the Fund's

investment strategy and investments in Indirect Property Interests are not intended to constitute a significant part of the investments of the Fund, and in any event investments in Indirect Property Interests will not exceed 15% of the Net Asset Value of the Fund.

3.3.3 The Manager, on the advice and recommendations of the Property Manager, will apply the following general strategies in respect of that part of the assets of the Fund comprising Real Property:

- ◆ direct investment in Real Property will be made primarily in properties which are freehold, or leasehold with at least 90 years unexpired at the time of acquisition;
- ◆ income will be secured primarily under occupational leases which are drawn on full repairing terms or leases where the landlord can recover the cost of all services, when fully occupied;
- ◆ the Fund does not intend to trade in Real Property (in tax terms).
- ◆ Where felt to be in the best interests of Unit Holders the Manager (on the advice of the Property Manager) may in respect of the Real Property interests of the Fund exercise the powers of management, improvement, development and redevelopment available to it under the Scheme. Without fettering the discretion of the Manager, such activities may include (in each case when considered to be in the best interests of Unit Holders):
 - effecting or financing the effecting of improvements to, or the construction of new buildings on, Real Property interests of the Fund;
 - effecting or financing the carrying out of improvements or construction on behalf of tenants in relation to Real Property interests of the Fund;
 - making payments to existing and potential tenants with the aim of improving rental and/or capital returns or improved prospects of rental income from Real Property interests (or potential Real Property interests) of the Fund;
 - obtaining planning permission for Real Property interests of the Fund to enhance value.

Investment in Indirect Property Interests, subject to the terms of the Scheme, may be made to facilitate access by the Fund to exposure in the UK Real Property market.

3.3.4 The following specific investment strategy and risk controls will apply to development property:

- ◆ the Fund will not purchase Real Property for speculative development. Speculative development arises where, with regard to a proposed investment, there is no secured tenancy or other agreement to guarantee an income or occupancy level in respect of the Real Property;
- ◆ the Fund will only acquire Real Property for development where it is in the best interests of the Unit Holders and where relevant planning permission has been granted (or the planning authority concerned has indicated an intention to grant planning permission) or where the Real Property is in an area where, because of government or local government initiatives or policies, the obtaining of planning permission is not required or is considered by the Manager as likely to be forthcoming; and

- ◆ the Fund will put into place arrangements to carefully control the costs of any development that the Manager, following consultation with the Property Manager, is satisfied is in the best interests of the Unit Holders.

3.3.5 For the avoidance of doubt, the provisions of paragraph 3.3.4 do not apply to transactions in Indirect Property Interests.

3.4 Investment Strategy and Risk Controls

3.4.1 The Manager will at all times have regard to the need for the diversification of investments and the balancing of risks within the investments of the Fund.

3.4.2 The Manager, in consultation with the Property Manager, will, amongst other matters, take into account the following criteria so far as diversification of investments and the balancing of risks in respect of investment in Real Property is concerned:

- ◆ the proportion that the value of a single property would, at the time of purchase, bear to the total value of the Fund;
- ◆ in respect of properties held by the Fund, or which are intended to be held, the proportion that the income from a single tenant bears or would bear to the total income generated by the Fund.

3.4.3 With regard to investment in Indirect Property Interests the Manager will, where applicable, take into account the underlying Real Property investments of such Indirect Property Interests when having regard to the need for the diversification of investments and the balancing of risks within the investment portfolio of the Fund.

3.5 Borrowing Powers

Under the Scheme, the Manager is allowed to borrow money for the use of the Fund in certain circumstances. The Manager intends to use this power when it considers this to be in the best interests of the Unit Holders, principally either to obtain bridging finance to improve or purchase real property for the Fund in anticipation of the receipt of committed subscriptions from existing or new Unit Holders or to finance the redemption of Units pending the receipt of subscriptions or Real Property sale proceeds. Borrowing will not exceed 10% of the Net Asset Value of the assets of the Fund on any Business Day.

3.6 Changes in Investment Objectives, Categories of Intended Investments, Investment Strategy, Risk Controls and Intended Use of Borrowing Powers

Within the constraints of the Scheme, and, subject to the prior written consent of the Commission (if this is a requirement), the Manager may, in consultation with the Corporate Trustee, vary the investment objectives, categories of intended investments, investment strategy, risk controls and intended use of borrowing powers set out in this paragraph 3 if it is believed by the Manager necessary to do so in the interests of Unit Holders.

4. MANAGEMENT

This section describes the respective responsibilities of the Corporate Trustee, Manager, Property Manager and others involved in the operation of the Fund.

4.1 Corporate Trustee, Manager and Property Manager

The principal responsibilities of the Corporate Trustee, Manager and Property Manager are:

4.1.1 The Corporate Trustee

- ◆ the supervision and oversight of the Manager to ensure that the Manager complies with the Scheme and with the Scheme Particulars;
- ◆ carrying out, or arranging for the carrying out of, the custody and control of the investments and other assets of the Fund and the collection of income;
- ◆ the creation and cancellation of Units (in accordance with the instructions of the Manager);
- ◆ the making of distributions to Unit Holders.

At the Corporate Trustee's discretion, and subject to the Scheme, some or all of these duties may be delegated to a suitably qualified and competent delegate.

4.1.2 The Manager

- ◆ risk and portfolio management of the Fund;
- ◆ setting the investment objectives and the investment policy of the Fund and seeking to achieve its objectives;
- ◆ monitoring the expert advice and recommendations of the Property Manager in respect of the investments of the Fund;
- ◆ making decisions in respect of the purchase of Real Property and Indirect Property Interests for the Fund, making decisions in respect of the sale of Real Property and Indirect Property Interests of the Fund and making decisions in relation to investing in cash and Near Cash;
- ◆ arranging and managing any borrowings of the Fund;
- ◆ maintaining records of the purchase and sale of investments of the Fund;
- ◆ arranging for regular valuations of the assets of the Fund in accordance with the FCA Rules;
- ◆ issuing instructions to the Corporate Trustee regarding the creation and cancellation of units;
- ◆ managing the purchase and redemption of units by Unit Holders and applicants for units;
- ◆ maintaining the register of Unit Holders (or appointing a body corporate to perform this function);
- ◆ the issue of contract notes;
- ◆ recording Units held (if so appointed to perform) and reporting this information to the Corporate Trustee;
- ◆ preparing the Fund accounts and reports;

- ◆ appointing the auditor of the Fund and setting his terms of engagement.

The Manager shall also prepare and send to each Unit Holder within four months of the end of each Balance Sheet Date an annual report of the Fund to include:

- a balance sheet or statement of assets and liabilities;
- an income and expenditure account for that Accounting Period;
- a report on the activities of the Fund in that Accounting Period;
- details of any material changes to the information which must be disclosed to Unit Holders in accordance with the AIFMD;
- information regarding the remuneration paid by the Fund Manager to its staff;
- the percentage of the assets of the Fund that are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Fund;
- the current risk profile of the Fund and the risk management systems employed by the Manager to manage those risks;
- the maximum level of leverage that the Manager may employ on behalf of the Fund;
- any right of reuse of collateral or any guarantee granted under any leveraging arrangement; and
- the total amount of leverage (if any) employed by the Fund.

At the Manager's discretion, and subject to the Scheme, some or all of these duties may be delegated to a suitably qualified and competent delegate. If any of the duties delegated are regulated activities under FSMA, the Manager will ensure that the delegate has the appropriate FCA authorisation and permissions.

4.1.3 The Property Manager

Portfolio management of the Fund and advising the Manager on the investments of the Fund including:

- ◆ the provision of expert advice to the Manager on the composition of the Real Property investments of the Fund from time to time, including making recommendations to the Manager on the acquisition or disposal of Real Property interests;
- ◆ the provision of expert advice and recommendations to the Manager on the acquisition and/or disposal of Indirect Property Interests;
- ◆ identification of opportunities to create additional value or protect existing value in respect of the Real Property investments of the Fund;
- ◆ estate management of the Real Property investments of the Fund (including rent collection and service charge reconciliation);
- ◆ overview of the lettings, rent reviews, lease renewals, lease/head lease negotiations, refurbishment and developments in respect of the Real Property investments of the Fund;
- ◆ submission of regular written reports to the Corporate Trustee and Manager in an agreed format.

The responsibility for decision making in respect of sales and purchases of Real Property and Indirect Property Interests for the Fund is the Manager's. The Manager

will base its decisions on the portfolio management, expert advice and recommendations provided by the Property Manager.

At the Property Manager's discretion and subject to the Scheme and the FCA Rules, certain duties may be delegated to suitably qualified and competent delegates.

4.2 Others Involved in the Operation of the Fund

4.2.1 The Performance Measurer

Where appointment of a Performance Measurer is determined by the Manager to be in the best interests of Unit Holders the Performance Measurer will measure the performance of the Fund and its assets on a periodic basis. Details of the performance statistics provided by the Performance Measurer will be contained in the annual report and accounts of the Fund.

4.3 The Avoidance of Conflicts of Interest

For the purposes of this conflicts of interest paragraph the following are "Relevant Persons":

- (i) the Manager;
- (ii) an Associate of the Manager;
- (iii) the Corporate Trustee;
- (iv) an Associate of the Corporate Trustee;
- (v) the Property Manager;
- (vi) an Associate of the Property Manager.

- 4.3.1 Cash forming part of the assets of the Fund including cash standing to the credit of the Distribution Account will be held in an interest bearing account with an Approved Bank. If the Manager or Corporate Trustee or Property Manager is or becomes an Associate of the Approved Bank maintaining the account, the Manager and/or the Corporate Trustee will ensure that the account terms and facilities are at least as favourable to the Fund as would be those of any comparable arrangement effected on normal commercial terms negotiated at arm's length between two independent parties.
- 4.3.2 Save for the Corporate Trustee or any Associate of the Corporate Trustee no Relevant Person may lend money to the Fund.
- 4.3.3 No Relevant Person may sell Real Property or Indirect Property Interests to the Corporate Trustee for the account of the Fund.
- 4.3.4 No Relevant Person may vest Real Property or Indirect Property Interests in the Corporate Trustee against the issue of Units.
- 4.3.5 No Relevant Person may purchase Real Property or Indirect Property Interests from the Corporate Trustee when the Corporate Trustee is acting for the account of the Fund.
- 4.3.6 An Associate of the Manager, Corporate Trustee or Property Manager may not provide services for the Fund unless the Corporate Trustee has reliable evidence that the services are provided on terms at least as favourable to the Fund as would be those of any comparable arrangement effected on normal commercial terms negotiated at arm's length between two independent parties.

5. UNITS

This section contains the following information:

- ◆ a description of the Units in the Fund (see paragraph 5.1);
- ◆ how to buy and sell Units (see paragraph 5.2);
- ◆ how to seek a transfer of Units (see paragraph 5.3);
- ◆ how the investments of the Fund are valued (see paragraph 5.4);
- ◆ the pricing policy applied to Units (see paragraph 5.5);
- ◆ the policy on income distribution (see paragraph 5.7);
- ◆ the procedure for meetings of Unit Holders and what can be decided in Unit Holder meetings (see paragraph 5.7).

5.1 Units in the Fund

The Fund shall issue income Units with the following characteristics:

- 5.1.1 each Unit shall represent one undivided share in the property of the Fund;
- 5.1.2 Units entitle the Unit Holder to a share of the assets, liabilities, income and expenses of the Fund in proportion to the number of Units held;
- 5.1.3 for the purposes of meetings of Unit Holders, a Unit Holder is entitled to one vote for each whole Unit held.

5.2 How to purchase and how to redeem Units

When you want to purchase or to redeem Units please contact:

The Charities Property Fund
c/o Cordea Savills Investment Management Limited
33 Margaret Street
London
W1G 0JD

or telephone 020 3107 5439.

5.2.1 Purchasing Units

(a) To purchase Units in cash:

- ◆ applications to purchase Units will be processed on the relevant Dealing Date, and Units can be purchased only with effect from a Dealing Date;
- ◆ to purchase Units an applicant must complete the Fund's application form (which is available from the Manager) and send it to the Manager. Subject to the discretion of the Manager, the application form must be received by the Manager on or before 5.00 pm on the 15th day of the month in which the Valuation Date falls (or if that is not a Business Day the preceding Business Day) for dealing on the next Dealing Date;
- ◆ application monies in cleared funds in respect of an application for Units must be received by the Manager no later than 3.00 pm on the Settlement Date;

- ◆ the original signed application form should be sent to the Manager. If, for reasons of efficiency a faxed or electronic copy is sent to the Manager, this must be followed promptly by the original signed copy of the application form;
- ◆ if the application is accepted by the Manager a contract note will be sent to the applicant within two Business Days of the Dealing Date confirming the number of Units to be allotted and the Unit Purchase Price (which may include a Preliminary Charge at the Manager's discretion) together with a description of any charges.

Please bear in mind that:

- ◆ subject to the discretion of the Manager, applications will only be accepted from new applicants for Units of a value of £25,000 or more. There is no minimum application value for existing Unit Holders;
- ◆ all applications (including applications which may be scaled back by the Manager) to purchase Units are irrevocable by applicants for Units, save at the Manager's discretion;
- ◆ the Manager may refuse an application for Units in whole or in part at its discretion and in this event the Manager will return any money sent at the risk of the applicant;
- ◆ all application monies received in advance of a Settlement Date will be held by the Manager as client monies in a client bank account at a bank of a type permitted by the FCA Rules;
- ◆ interest will not be paid on any application monies held as client monies in a client bank account in advance of a Settlement Date;
- ◆ if cleared funds for an application of Units have not been received by the Manager by 3.00 pm on the Settlement Date, on the instructions of the Manager, the Corporate Trustee has the right to refuse to issue or create any Units in respect of such application;
- ◆ where, in respect of a Dealing Date, the Manager determines in its sole discretion that the value of Unit applications exceeds the value of Units the Manager believes it is prudent to issue, applications will be scaled back on a pro rata basis, and in such event the following shall apply:
 - applications for Units which have been scaled back will remain valid in respect of the unallocated element for a further three months, i.e. until the next Dealing Date;
 - funds received in respect of the unallocated element of a scaled back application will be held by the Manager as client monies in a client bank account at a bank of a type permitted by the FCA Rules unless the applicant requests the Manager to release the funds back to the applicant;
 - if an applicant's funds are returned to the applicant in accordance with the above provision, the applicant must ensure that cleared funds for the amount of scaled back Units are received back by the Manager by 3.00 pm on the subsequent Settlement Date if such applicant wishes to retain their priority (see below). However, an earlier cut off time applies in respect of matched bargains, please see section 5.3;
 - those applications for Units which have been scaled back on a previous Dealing Date will, in respect of the previously unallocated element, be dealt with in priority to those applications first made in respect of a later Dealing Date.

(b) To purchase Units in exchange for the transfer to the Fund of Real Property:

The Corporate Trustee may, at its absolute discretion, as an alternative to the cash subscription for Units, accept the transfer of Real Property (an *in specie* application). Without fettering the discretion of the Corporate Trustee, Real Property shall only be acceptable if it matches both the investment objectives and policies of the Fund and if the Manager has indicated its consent to the proposed transfer. If the Real Property is accepted as an alternative to a cash subscription, the following provisions will apply:

- ◆ the Valuer will produce a valuation of the Real Property;
- ◆ if the valuation is acceptable to the applicant, the Manager and the Corporate Trustee, the Real Property will be transferred into the ownership of the Fund;
- ◆ the applicant will bear its own costs of the transfer (including legal costs and disbursements);
- ◆ the applicant will be allotted the number of Units (at the Unit Purchase Price which may include a Preliminary Charge at the Manager's discretion) which would have been allotted to a cash application assuming the valuation was the amount of a cash subscription;
- ◆ the Fund will bear its own costs of purchase of the Real Property;
- ◆ in the event that an *in specie* application is aborted by the applicant for any reason, the applicant will pay the costs incurred by the Fund (including any legal costs and disbursements) when and at the time requested in writing on behalf of the Fund;
- ◆ if the Fund's acquisition costs in respect of the Real Property are less than the Manager's estimated dealing costs related to the purchase of investments when calculating the Unit Purchase Price, in the determination of the Manager and at its discretion the difference may be issued in Units to the *in specie* applicant.

By requesting an *in specie* application the applicant agrees, in consideration for the Fund considering the application, to all the terms and conditions of this paragraph.

5.2.2 Redeeming Units

To redeem Units:

- ◆ a Unit Holder must complete a redemption form and send it to the Manager. Subject to the discretion of the Manager the application for Units to be sold must be received by the Manager on or before 5.00 pm on the 15th day of the month in which the Valuation Date falls (or if that is not a Business Day the preceding Business Day) for dealing on the next Dealing Date. The original signed redemption form should be sent to the Manager. If, for reasons of efficiency, a faxed or electronic copy is sent to the Manager, this must be followed promptly by the original signed copy of the redemption form. If the application for the sale of Units is accepted by the Manager it will, after the Dealing Date, send the Unit Holder a contract note describing the Units sold and pay the Unit Redemption Price to the Unit Holder. Applications for the sale of Units that are accepted will normally be settled on the Settlement Date.

Please bear in mind:

- ◆ instructions to sell Units can only be processed on a Dealing Date;
- ◆ subject to the discretion of the Manager applications for the sale of Units will not be accepted for Units with a value of £10,000 or less unless in respect of an entire holding of Units.

5.2.3 Restrictions applying to the redemption of Units

The right for a Unit Holder to redeem Units is subject to the following qualifications to be applied at the discretion of the Manager:

- ◆ a general right to delay redemptions for up to six months from the Dealing Date in respect of which the application for redemption of units is first made (if the Manager exercises the right to delay redemptions it will inform the applicant Unit Holder(s) concerned within five Business Days after that Dealing Date);
- ◆ where redemptions sought represent an aggregate value of ten per cent or more of the Net Asset Value of the Fund (the Net Asset Value for these purposes being the Net Asset Value as at the last Valuation Date) the Manager may delay sales for a period of up to 12 months from the Dealing Date in respect of which such application(s) are made. If the Manager exercises the right to delay redemptions it will inform the applicant Unit Holder(s) concerned within five Business Days after that Dealing Date;

5.2.4 Additional conditions and procedures regarding redemptions

The following additional conditions and procedures apply to the redemption of Units:

- 5.2.4.1 Applications for the redemption of Units are (save at the discretion of the Manager) irrevocable.
- 5.2.4.2 (Save as determined by the Manager), if an application or applications for redemption of Units is or are, under powers available to the Manager, delayed in whole or part, to the extent that redemption applications are not processed in respect of the relevant Dealing Date the applications will be treated as being made again in respect of each subsequent Dealing Date until redemption in full occurs. The Unit Redemption Price to be applied to delayed redemptions will be the Unit Redemption Price calculated in respect of the Dealing Date at which the redemption is processed.
- 5.2.4.3 Where, in respect of a Dealing Date, the Manager is not able or willing to accept in full all applications for the redemption of Units, then such applications will be dealt with as follows:
 - (i) those applications for the redemption of Units first made in respect of an earlier Dealing Date will be dealt with in priority to those first made in respect of a later Dealing Date;
 - (ii) without prejudice to 5.2.4.3(i) all applications for the redemption of Units made in respect of a particular Dealing Date shall be treated *pari passu*, irrespective of the time such applications for the redemption of Units were actually received in respect of that Dealing Date; and

- (iii) the Manager can accept in part an application for the redemption of Units and, in the event that it does so, such application for the redemption of Units shall be redeemed in proportion and pro rata with any other applications for redemption of Units which are to be treated *pari passu* with it.

5.2.5 Ceasing to satisfy Unit Holder Eligibility Requirements

If a Unit Holder ceases to qualify as eligible to invest in a common investment fund:

- ◆ the Unit Holder concerned must inform the Manager immediately;
- ◆ the Unit Holder concerned undertakes to indemnify the Fund (on the written demand of the Manager) against all losses suffered by the Fund (including, without limitation, any assessment for tax on capital gains tax or any other tax to which the Fund would not have been assessed had the Unit Holder remained eligible, and all costs and expenses including professional fees incurred in connection with such assessment) as a consequence of the ineligibility of the Unit Holder;
- ◆ at the time the Manager becomes aware that the Unit Holder has ceased to qualify as eligible to invest in a common investment fund, the Unit Holder will be deemed to have submitted an application for redemption of Units in respect of all the Units held by the Unit Holder;
- ◆ the Unit Holder agrees that any redemption monies in relation to the redemption of Units set out above may be retained by the Manager in order to satisfy any losses suffered by the Fund (including, without limitation, any assessment for tax on capital gains tax or any other tax to which the Fund would not have been assessed had the Unit Holder remained eligible, and all costs and expenses including professional fees incurred in connection with such assessment) as a result of the Unit Holder ceasing to qualify as eligible to invest in the Fund;
- ◆ the Unit Holder irrevocably appoints one or more of the directors of the Manager as its true and lawful attorney to execute all instruments and other documentation required to effect redemption of the Units of the Unit Holder. The Unit Holder agrees to ratify all and any acts of the attorney.

5.3 Matched Bargains and other transfers of units

The Manager, when processing applications for the redemption of Units and applications for the purchase of Units will, at its discretion and in so far as it is able to do so, apply a "matching" process. The "matching" process is a process applied with the intention of reducing transaction costs for Unit Holders and potential Unit Holders, where possible. The following conditions apply to "matching":

- 5.3.1 the extent that applications for the redemption of Units and applications for the purchase of Units can be "matched", the price paid on the redemption and the price paid on the purchase will be midway between the Unit Purchase Price and the Unit Redemption Price prevailing at the relevant time;
- 5.3.2 where there is more than one application for the redemption of Units and/or more than one application for the purchase of Units and the number of Units to be redeemed does not equal the number of Units to be purchased, "matching" will be

applied to the extent possible, with pro-rating being applied to ensure fairness between the applicants;

- 5.3.3 subject to the Manager's discretion, in relation to the "matching" service, the Manager may retain a proportion not exceeding a total of 1% of the value of the transaction, to be borne by (in all cases in accordance with the determination of the Manager) the purchaser or the seller, or by the purchaser and the seller in such proportions as determined by the Manager;
- 5.3.4 to the extent that applications for the redemption of Units exceed applications for the purchase of Units or vice versa and, therefore, cannot be fully matched, the price payable on the excess applications for the purchase of Units will be the Unit Purchase Price (which may include a Preliminary Charge at the Manager's discretion) and the price payable on the excess applications for the sale of Units will be the Unit Redemption Price;
- 5.3.5 where transfers are arranged between Unit Holders or by their representatives, the Manager, at its discretion, may seek reimbursement of its reasonable and proper expenses.
- 5.3.6 Please bear in mind
- ◆ Should a purchase of Units fail to complete for any reason on the Settlement Date, the Manager may reopen purchases and sales made on the associated Dealing Day in order to adjust the amounts of units issued, or the redemption monies paid out, to correctly reflect the transactions completed on the Settlement Date.
 - ◆ The Manager will only carry out such an adjustment if the cancellation of a non-completed purchase by a Participating Charities results in a monetary adjustment equal to or in excess of 0.2% to the completed transactions.
 - ◆ Should such an adjustment take place, the Manager may repay the difference in application monies received and/or recoup redemption monies paid out to Participating Charities. You agree that in such circumstances you will repay overpaid redemption monies to the Manager on request.

For the avoidance of doubt, the clauses within 5.2.1 still apply in this case.

5.4 Valuations

- 5.4.1.1 The Manager shall appoint a Valuer to undertake Valuations at each Valuation Date in accordance with the FCA Rules.
- 5.4.1.2 The Manager will ensure that all valuations it conducts are carried out in accordance with its valuation policy and will ensure that any external valuers provide the Manager with professional guarantees of their ability to perform the valuation function.
- ◆ Where there is a material risk to the appropriateness of a valuation (e.g. for complex or illiquid financial instruments, where third party influence exists or where there is limited pricing information or comparative evidence) the Manager will ensure and be able to demonstrate that an appropriate degree of objectivity has been attached to the value of the Fund's assets. Any case of uncertainty, dispute or any other issue regarding the valuation of assets will be referred to the Manager's pricing committee. Should the pricing committee fail to reach a decision it will be referred to the board of the Manager in accordance with the governance structure.

- 5.4.1.3 The pricing methodology will be consistent with Generally Accepted Accounting Principles (e.g. UK GAAP or IFRS), Statements of Recommended Practice (e.g. Charities SORP), INREV guidelines if relevant and other applicable rules.
- 5.4.2 For the purposes of determining the prices at which Units may be purchased or redeemed and for the purposes of determining Net Asset Value, the Valuer shall carry out a valuation of the assets of the Fund on a quarterly basis on each Valuation Date. Paragraphs 5.4.3 – 5.4.6 set out the principles upon which the valuations will be carried out.
- 5.4.3 With regard to those assets of the Fund comprising Real Property the Valuer will as at each Valuation Date produce a valuation of each Real Property together with a valuation certificate. The Valuer will be under an obligation to carry out a physical inspection of each Real Property at least once a year.
- 5.4.4 With regard to those assets of the Fund comprising UK government bonds, the basis of valuation will be the price quoted on the London Stock Exchange at the close of business on the Valuation Date.
- 5.4.5 With regard to those assets of the Fund comprising interests in Indirect Property Interests the basis of valuation will be:
- 5.4.5.1 with respect to collective investment schemes and other transferable securities:
- ◆ if a single price for buying or selling units or shares is quoted, at that price;
 - ◆ if separate buying and selling prices are quoted, and where the valuation is used for the calculation of Net Asset Value, the average of the buying price and the selling price;
 - ◆ if separate buying and selling prices are quoted, and where the valuation is used for the calculation of the prices at which Units may be purchased or redeemed, the buying price will be used for the purposes of determining the prices at which Units may be purchased and the selling price will be used for the purpose of determining the prices at which Units may be redeemed;
- 5.4.5.2 in respect of Indirect Property Interests other than collective investment schemes and transferable securities, the basis of the valuation will be a value which, in the opinion of the Valuer, represents a fair and reasonable price.
- 5.4.6 If, in the case of any asset of the Fund, in the opinion of the Valuer any valuation or price is unreliable or a price is not available, the basis of valuation will be the price which in the opinion of the Valuer represents a fair and reasonable price.
- 5.4.7 All valuations in relation to those investments of the Fund not comprising Real Property will be carried out on a dual priced basis consistent with applicable valuation rules and guidance for authorised investment funds contained in the FCA's COLL Sourcebook (as amended from time to time) save as modified by the Scheme.

5.5 Pricing of Units

The pricing policy of the Fund is as follows:

5.5.1 The Units will be priced on a forward basis in accordance with the rules in COLL. Units are dual priced.

5.5.2 The Unit Purchase Price will, be calculated as follows:

- ◆ First, (using the valuation principles described in paragraph 5.4) take the value of the Fund's investments and other assets (excluding income standing to the credit of the Distribution Account) at the relevant Valuation Date and add to it an amount (as determined by the Manager at its discretion) representing the estimated dealing costs of then purchasing each of the investments and other assets of the Fund, and then deduct the amount of any liabilities of the Fund, and
- ◆ divide the resultant figure by the total number of Units in issue at the relevant Valuation Date, rounding-up the result to the nearest one-hundredth of a penny.

5.5.3 The Manager may at its discretion add a Preliminary Charge to the Unit Purchase Price.

5.5.4 The Unit Redemption Price will be calculated as follows:

- ◆ (using the valuation principles described in paragraph 5.4) take the value of the Fund's investments and other assets (excluding income standing to the credit of the Distribution Account) at the relevant Valuation Date and deduct from it an amount (as determined by the Manager at its discretion) representing the estimated costs of then disposing of each of the investments and other assets of the Fund, and then deduct the amount of any liabilities of the Fund; and
- ◆ divide the resultant figure by the total number of Units in issue at the relevant Valuation Date, rounding down the result to the nearest one-hundredth of a penny.

5.4.1 In respect of matched bargains the provisions of paragraph 5.3 will apply in addition.

5.6 Publication of Prices

The most recent Unit Purchase Price and Unit Redemption Price together with details of the current Preliminary Charge and historic yields, will be published on the Fund's website, www.cpfund.org.uk.

The price of Units and the income from Units may go down as well as up and on selling or redeeming Units a Unit Holder may not get back the original amount invested. Participating Charities do not have any right to cancel purchases of Units under the FCA Rules.

5.7 Distribution Policy

5.7.1 It is the policy of the Fund to distribute income, less the charges and expenses described in paragraph 6, gross of UK tax on a quarterly basis. The Fund may at the

discretion of the Manager in consultation with the Corporate Trustee distribute realised capital profit which has arisen as a result of income expenditure (i.e. expenditure which cannot be capitalised according to accounting standards) to Unit Holders.

5.7.2 The income of the Fund accrues throughout the quarter, up to and including each Valuation Date, which is the date on which the distributable income is calculated.

5.7.3 As at the Valuation Date the Corporate Trustee shall transfer to a Distribution Account the income of the Fund calculated in accordance with paragraphs 5.7.1 and 5.7.2, which shall be payable to the Unit Holders on the next following Allocation Date.

5.7.4 On each Allocation Date the Corporate Trustee shall distribute to Unit Holders income then held in the Distribution Account rateably in accordance with the number of Units held by them at the immediately preceding Valuation Date.

5.7.5 Distributions will be made by the Corporate Trustee by electronic transfer to the account of the Unit Holder concerned. The trustees of a Participating Charity may request in writing that the Corporate Trustee make payment by other means, subject to the agreement of the Manager.

5.8 Meetings of Unit Holders

5.8.1 The Corporate Trustee may at any time convene a meeting of Unit Holders at such a time and place as the Corporate Trustee may think fit.

5.8.2 The Corporate Trustee will at the request of the Manager convene a meeting of Unit Holders as soon as reasonably practicable and at such place as the Corporate Trustee may think fit.

5.8.3 A meeting of Unit Holders may be convened at least once a year.

5.8.4 The Corporate Trustee shall, on request in writing of Unit Holders registered as holding not less than one-tenth in value of the Units in issue, convene a meeting of Unit Holders at such time and place as the Corporate Trustee may think fit.

5.8.5 Only the following types of business can be transacted at meetings of Unit Holders:

- ◆ discussion of the performance of the Fund;
- ◆ the proposing of a resolution to wind up the Fund (subject to the consent of the Corporate Trustee).

5.8.6 The following procedural requirements shall apply to meetings of Unit Holders:

- ◆ the Manager shall be entitled to receive notice of and to attend a meeting of Unit Holders but, save in a capacity as a proxy, shall not be entitled to vote or be included in the quorum;
- ◆ the Corporate Trustee and its solicitors and the Manager's solicitors shall be entitled to attend a meeting of Unit Holders;
- ◆ 14 days' notice, inclusive of the day on which the notice is deemed to be served, of every meeting shall be given to Unit Holders;

- ◆ the notice shall specify the place, day and hour of the meeting and the terms of any resolutions to be proposed;
- ◆ any notice shall be deemed to have been duly given if it is sent by post to or left at the Participating Charity's address as appearing in the register of Unit Holders;
- ◆ any notice served by post shall be deemed to be served on the second day following that on which the letter containing the notice was properly addressed, stamped and posted;
- ◆ the accidental omission to give notice to or the non-receipt of notice by any Unit Holder shall not invalidate the proceedings at any meeting;
- ◆ the quorum at a meeting of Unit Holders shall be the holders present in person or by proxy of one-tenth in value of all the Units in issue excluding from that total any Units known to have been sold before the time of the meeting;
- ◆ no business shall be transacted at the 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 stand adjourned to such day and time, not being less than 14 days afterwards, and to such place as may be appointed by the chairman and at such adjourned meeting the Unit Holders present in person or proxy shall be a quorum;
- ◆ notice of any adjourned meeting of Unit Holders shall be given in the same manner as for an original meeting and such notice shall state that the Unit Holders present at the adjourned meeting, whatever their number and the number of Units held by them, will form a quorum;
- ◆ the Corporate Trustee will nominate a chairman for each meeting of Unit Holders;
- ◆ a resolution at a meeting shall be treated as passed if carried, whether on a show of hands or on a poll, by a majority consisting of 75% or more of the total number of votes cast for and against the resolution;
- ◆ at any meeting of Unit Holders a resolution put to the vote of the meeting shall 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 Corporate Trustee, by the Manager, or by one or more Unit Holders present in person or by proxy and holding or representing one-twentieth in value of all the Units in issue;
- ◆ unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution;
- ◆ if a poll is duly demanded it shall be taken in such a manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded;
- ◆ the demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded;
- ◆ on a show of hands every Unit Holder present in person or by proxy shall have one vote;

- ◆ on a poll every Unit Holder who is present in person or by proxy shall have one vote for every whole Unit of which he is the registered holder or proxy (as the case may be);
- ◆ proxies may be appointed in accordance with the provisions of COLL – the Manager will provide details on request;
- ◆ minutes of all resolutions and proceedings at every meeting of Unit Holders shall be made and duly entered in books to be provided for the purpose at the expense of the Manager.

6. CHARGES AND EXPENSES

This section describes the fees to be charged by the Corporate Trustee, Manager and Property Manager and outlines other costs and expenses.

6.1 The Corporate Trustee

Remuneration

The Corporate Trustee will be entitled to receive fees (payable quarterly in arrears) based on the Net Asset Value of the Fund, on each Valuation Date. The fees (excluding value added tax) will be based on the following annual rates:

- ◆ £0 to £200 million – 0.05%;
- ◆ above £200 million – 0.0375%.

The Corporate Trustee may increase the current rates of fees if:

- (i) the Corporate Trustee has given notice in writing to the Manager and to the Unit Holders of its intention to increase these rates of fees;
- (ii) the Scheme Particulars have been revised (subject to the prior written approval of the Commission) to reflect the proposed increase in the rates; and
- (iii) at least ninety (90) days notice having been given to Unit Holders.

The Corporate Trustee will charge £15 per transaction in respect of Near Cash and on each transaction in Indirect Property Interests.

Expenses

The Corporate Trustee shall be entitled to retain out of the assets of the Fund any reasonable costs and expenses incurred by it in administering or winding up the Fund. Such reasonable costs and expenses may be drawn down from the assets of the Fund as and when they occur. These expenses shall be in addition to the charges which are made to the Fund in respect of the payment of the remuneration of the Corporate Trustee.

6.2 The Manager and Property Manager

Remuneration

The Manager's fees and the Property Manager's fees are combined into one management charge. This periodic management charge shall accrue on a quarterly basis and will be calculated by reference to the Net Asset Value of the Fund on each Valuation Date. It will be deducted and paid at the end of each quarter out of the Fund's assets. The fees (excluding value added tax) will be based on the following annual rates:

- ◆ £0 to £100 million – 0.70%;
- ◆ £100 to £500 million – 0.525%;
- ◆ above £500 million – 0.45%.

The Manager may increase the current annual management fees and the current Preliminary Charge (or introduce a redemption charge) if:

- (i) the Manager has given notice in writing to the Corporate Trustee and to the Unit Holders of its intention to increase the rates of annual management fees, or to increase the preliminary charge, or to introduce a redemption charge (as the case may be);
- (ii) the Scheme Particulars have been revised subject to the prior written approval of the Commission to reflect the proposed increase in these rates of annual management fees, or to increase the current preliminary charge, or to introduce a redemption charge; and
- (iii) at least ninety (90) days notice having been given to Unit Holders.

Expenses

The Manager shall be entitled to retain out of the assets of the Fund any reasonable costs and expenses incurred by it in administering or winding up the Fund. Such reasonable costs and expenses may be drawn down from the assets of the Fund as and when they occur. These expenses shall be in addition to the charges which are made to the Fund in respect of the payment of the remuneration of the Manager.

Preliminary Charge

The Manager will apply a preliminary charge of up to 0.25% of the initial price of the Units to be included in the price at which Units may be purchased. The Manager will decide in its sole discretion whether to apply such Preliminary Charge in whole or part, whether generally or in any specific case or cases.

Transaction Charge

In respect of each transaction in Near Cash (other than a Near Cash transaction not involving a financial instrument) and each transaction in Indirect Property Interests the Manager, or its delegate, may charge 0.1% commission.

Matching Fees

The Manager may charge a "matching" process fee as described in paragraph 5.3.3.

6.3 The Property Manager

The Manager's and the Property Manager's management fees are combined. The Property Manager will be paid a periodic advisory fee by the Manager, out of the combined management charge.

The Property Manager is also entitled to additional fees and expenses as provided for in the Real Property Advisory Agreement dated 30th June 2004 (including an insurance administration fee). These fees, expenses and benefits are charged to the Fund.

6.4 Other Costs

The following additional costs (including provision for such additional costs) shall be charged to the Fund.

Normally charged to income:

- ◆ fees on lease renewal, letting, rent review and head lease/lease negotiation, rating and planning advice, landlord's repairs and improvements, surrender payments and premiums received from tenants;
- ◆ project management fees, building surveyor fees, other specialist advisers' fees including those incurred in dilapidations negotiations;
- ◆ the cost of establishing and maintaining the register of Unit Holders;
- ◆ the cost of preparing, publishing and sending promotional material, annual reports, interim reports and Unit Holder communications and the cost of Unit Holder meetings;
- ◆ investment valuation, insurance reinstatement valuation and performance measurement fees;
- ◆ fees for independent risk assessments for health and safety or environmental purposes;
- ◆ solicitors' fees for acting in relation to the grant and surrender of leases and associated work and other acts of management;
- ◆ auditors fees;
- ◆ Valuer costs;
- ◆ insurance broking fees and insurance premiums where these are not recoverable from tenants, including (but without limitation) insurance broking fees and insurance premiums relating to insurance against liabilities arising from the holding of the investments and other assets of the Fund both during and following the winding up of the Fund;
- ◆ property costs including property management fees;
- ◆ interest on borrowings permitted under the Scheme and the Scheme Particulars;
- ◆ taxation and duties payable in respect of the investments and other assets of the Fund or the issue of Units, if applicable;
- ◆ membership of the Association of Real Estate Funds (AREF) or similar body;
- ◆ costs incurred in modifying the Scheme or Scheme Particulars;
- ◆ reasonable out of pocket expenses;
- ◆ costs of reviewing tenant quality including the financial strength of tenants and other parties;
- ◆ any further costs incurred in the best interests of Unit Holders as determined by the Manager (subject to the agreement of the Corporate Trustee) to be of an income nature.

Normally charged to capital:

- ◆ transaction costs;
- ◆ agent's acquisition and disposal fees;
- ◆ the costs relating to investigating and pursuing investment opportunities some of which may not lead to investment by the Fund;
- ◆ agent's investment acquisition and disposal fees or broker's fees or commission;
- ◆ solicitor's fees for acting in investment acquisition or disposal;
- ◆ costs of specialist surveys, including building surveys, in relation to acquisitions or disposals;
- ◆ head lease/lease negotiation fees;
- ◆ costs of planning advice in relation to building modifications or change of use;

- ◆ costs of any development, refurbishment and improvements to Real Property;
- ◆ surrender payments made to tenants or payments made to induce them to take a new lease or vary the terms of an existing lease (premiums received are normally credited to capital);
- ◆ project management fees and building surveyor fees where they relate to any development, refurbishment and improvements to Real Property;
- ◆ charges incurred in effecting or terminating borrowings or in negotiating or varying the terms of such borrowings;
- ◆ taxation and duties payable in respect of the assets of the Fund or the issue of Units, if applicable; and
- ◆ any further costs incurred in the best interests of Unit Holders as determined by the Manager (subject to the agreement of the Corporate Trustee) to be of a capital nature.

This is not an exhaustive list and other additional costs incurred in the best interests of the Unit Holders may be charged to the Fund.

Notwithstanding the suggested normal allocations above, the Manager (subject to the agreement of the Corporate Trustee) will have discretion as to whether items are charged to income or capital, including irrecoverable VAT on any costs.

Items normally charged to income which cannot be covered completely by available income may be charged to capital.

7. INFORMATION

This section sets out the information available to Unit Holders and provides for a complaints procedure.

7.1 Copy of the Scheme

A copy of the up-to-date Scheme is available on the Fund's website www.cpfund.org.uk and a copy of the Scheme is available on request from the Manager.

7.2 Copy of Scheme Particulars

A copy of the up-to-date Scheme Particulars is available on the Fund's website www.cpfund.org.uk and is available on request from the Manager.

7.3 Documents of Title

As Units are uncertificated the Corporate Trustee will not issue any document of title as to the ownership of Units.

7.4 Contract Notes

The Manager, on behalf of the Corporate Trustee, will issue contract notes to Unit Holders giving details of the Units purchased or sold.

7.5 Statement of Holdings

The Manager on receipt of a request from a Unit Holder will provide the Unit Holder with a written statement confirming details of its Unit holdings valued at the most recent Valuation Date. The Manager reserves the right to levy an administration charge for the provision of such statements.

7.6 Accounting Period

The Fund's annual accounting period ends on 24 June and its half-yearly accounting period ends on 24 December.

7.7 Accounting Reports

The Manager will send Unit Holders copies of the half-yearly and annual reports and accounts. The annual accounts are audited accounts. The Manager may, in addition to the half-yearly and annual reports, prepare a short report half-yearly and yearly which shall include such appropriate matters as are specified for short reports in COLL.

7.8 Inspection of Information

Unit Holders are entitled to inspect the latest annual reports and half-yearly reports of the Fund at the offices of the Manager during normal office hours on any Business Day.

7.9 Register

The Manager shall keep a register in which it shall record the name of each Participating Charity and the number of Units from time to time allocated to it. The Manager may appoint and pay a body corporate to carry out this function.

The Register shall be conclusive evidence as to the charities 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 Units and the Corporate Trustee and the Manager shall not be bound by any such notice.

The Register shall be available for inspection by or on behalf of the Participating Charities at the offices of the Manager, free of charge, during normal office hours on any Business Day except that the register may be closed at such times and for such periods (not exceeding 30 days in any one year) as the Manager may from time to time determine.

7.10 Complaints

If a Participating Charity has any complaint regarding the management of the Fund in the first instance please write to the Manager at its registered office (marked for the attention of the Compliance Officer). A copy of the Manager's complaints handling policy is available on request from the Manager. If you are an eligible complainant and you remain dissatisfied with the way the Manager has dealt with your complaint then you may also complain directly to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR, telephone 020 7964 1000, Website www.financial-ombudsman.org.uk.

On request the Manager will supply a statement describing a Participating Charity's right to compensation in the event of the inability of the Manager to meet any of its liabilities to the Fund or to Participating Charities.

8. TAXATION

This section explains the tax treatment applying to the Fund and to Participating Charities investing in the Fund.

8.1 Tax Exemptions and Reliefs

As a charity the Fund 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, stamp duty land tax, or stamp duty reserve tax.

8.2 Distributions

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

8.3 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.

9. WINDING UP THE FUND

This section sets out the events which will trigger the winding up of the Fund and the manner in which the winding up shall be conducted.

9.1 Winding up

The Fund will be wound up if one of the following events occur:

- ◆ a resolution is passed at a meeting of Unit Holders to wind-up the Fund and the Corporate Trustee subsequently consents to winding up; or
- ◆ the Corporate Trustee executes a written declaration that the Fund is to be wound up.

9.2 Consequences of Winding up

Where the Fund is to be wound up as provided for in paragraph 9.1, the following provisions apply:

- ◆ dealings in Units shall cease;
- ◆ the Corporate Trustee shall arrange for the realisation of the assets of the Fund in a timely and orderly fashion;
- ◆ the Corporate Trustee shall pay (or retain adequate provision out of the proceeds of realisation) all liabilities properly payable by the Fund and the costs of winding up of the Fund;
- ◆ subject to the deductions, the Corporate Trustee shall distribute the proceeds of realisation to the Unit Holders in proportion to Unit Holders' interests in the Fund.

10. MONEY LAUNDERING

The Manager is required to maintain procedures to combat money laundering. This means that in certain circumstances, persons buying or selling Units may be required to provide proof of identity. If proof of identity is required, the Manager reserves the right to refuse to issue Units, remit sale proceeds of Units and/or distribute income on Units to a Unit Holder until appropriate proof of identity has been received by the Manager.

11. DATA PROTECTION

The Manager will deal with all personal information it receives in accordance with applicable provisions of the Data Protection Act 1998 as it may be amended from time to time.

12. FINANCIAL SERVICES COMPENSATION SCHEME

As the Fund is an unregulated collective investment scheme within the meaning of the FSMA Unit Holders will not be entitled to any compensation from the Financial Services Compensation Scheme.

However as the Manager and the Corporate Trustee are both FCA authorised persons, they may be liable (if they breach their duties to the Fund) to the Fund in certain limited circumstances.

13. GOVERNING LAW

The Fund (which for the avoidance of doubt includes the scheme document and scheme particulars of the Fund) and any dispute or claim arising out of or in connection with the Fund or its subject matter or formation (including non-contractual disputes or claims) are governed by the law of England and Wales.

The Unit Holders irrevocably agree that the courts of England and Wales have exclusive jurisdiction to determine any dispute or claim that arises out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

Useful Addresses

<p><u>Corporate Trustee and Depository</u></p> <p>Citibank International PLC Citigroup Centre Canada Square Canary Wharf London E14 5LB</p> <p>(Authorised and Regulated by the Financial Conduct Authority)</p>	<p><u>Manager</u></p> <p>Cordea Savills Investment Management Limited 33 Margaret Street London W1G 0JD</p> <p>(Authorised and Regulated by the Financial Conduct Authority)</p>
<p><u>Legal Adviser</u></p> <p>Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH</p>	<p><u>Property Manager</u></p> <p>Cordea Savills LLP 33 Margaret Street London W1G 0JD</p>
<p><u>Valuer</u></p> <p>Cushman & Wakefield LLP 43-45 Portman Square London W1A 3BG</p>	<p><u>Auditors</u></p> <p>KPMG LLP 15 Canada Square London E14 5GL</p>
	<p><u>Performance Measurer</u></p> <p>Investment Property Databank Limited (IPD) 1 St. Johns Lane London EC1M 4BL</p>