
ALL SAINTS

www.evolveallsaints.co.uk

- The Opportunity
- Overview
- Fund Manager
- Investment Case
- Investment Strategy
- Taxation & Exit for Investors
- Investment Returns
- Professional Team
- Summary
- Appendices



St. Christopher



St. Nicholas

“If you can keep your head when all about you
Are losing theirs and blaming it on you,
If you can trust yourself when all men doubt you,
But make allowance for their doubting too...” *Rudyard Kipling Esq.*

- The commercial property investment market tested evolve’s ‘head’ in 2005-2009. It stopped acquiring commercial real estate investments in 2005 – when others continued buying.
- evolve has waited over 4.5 years to launch All Saints.
- So evolve’s existing funds have fared better than others (e.g. none are in negative equity).
- We hope all our Investors, old and new, property friends and strangers, will appreciate the appeal of All Saints.

THE OPPORTUNITY

What also makes evolve All Saints 'different'?

1. At a time of renewed competition from UK and overseas investors for prime UK real estate, evolve has real **access to market**, plus proven stock selection and track record.
2. The All Saints **portfolio approach** will mitigate tenant risk, avoid need to 'warehouse' deals and give an ability to seek extra value in the market as a cash purchaser.
3. Only **cautious level of debt**, if any, will be used. Loans not to exceed 50% of value of portfolio.
4. evolve's Strata Fund, its only other blind / pooled fund, was launched in April 2007 at £1,000 per Unit. Strata's subsequent **performance** includes 7% Distributions and an increase in Unit value to £1,038 (Sept 2009).
5. All Saints will have the same, we believe **unique exit strategy** as the Strata Fund. It commences after year 5 and includes a commitment to extend the Fund after 7 years.
6. Also like the Strata Fund, All Saints will also have **discounted annual management charge** on uninvested sums.
7. All Saints is to have its own **website for Investor communications** such as 1/4ly NAVs. Investors and advisers to have secure access.

ALL
SAINTS

THE OPPORTUNITY

40-50% decline in values since 2007

“The evolve All Saints Property LP is a tax transparent way for investors to realise income and capital gains from the UK commercial real estate sector as it recovers from the very sharp, up to 40-50% decline in values seen since 2007”.



*“Now is the time to be opportunistic without being an *Opportunity, Distressed* or *Vulture Fund* – **opportunistic and realistic**”.*

THE OPPORTUNITY

Key Real Estate Drivers for new Investors into evolve All Saints

- The commercial real estate market peaked in July 2007 but has now fallen c40-50% to levels offering true investment opportunity.
- There is sufficient liquidity in the banks to take advantage of the current low cost of funds, especially at sub 50% LTVs, and provide attractive income streams. The Fund will use cautious levels of debt, if any.
- Capital growth potential enhanced by acquiring through the bottom of the cycle. The potential will be enhanced by acquiring from vendors in distressed positions where possible (this is not assumed).
- Focus on prime property in supply inelastic sectors, with long leases and strong covenants.
- Portfolio approach to mitigate risk and preserve wealth. Tenant default is greatest risk.
- The overriding investment strategy is to provide a stable 5-7% rate of income plus capital growth upside through astute stock selection, asset management and property management enabling total returns of 10-12% p.a.

“Notwithstanding pressure on values and tenant covenants in the short term, commercial real estate is attractive at current pricing. While transaction levels will take time to build, until credit and sentiment returns, we believe property is likely to reward those who invest now, via tax transparent structures, over the medium term”.

Structure:	UK Limited Partnership.
Fund Size:	£50m.
Returns:	Distribution 5-7% p.a. Total Return 10-12% p.a. IRR
Tax:	Tax transparent and eligible for SIPPs. CGT at 18% as investment fund.
Reporting:	NAV published 1/4ly via web-site (www.evolveallsaints.co.uk)
Exit:	5 year 'tie-in' with exit opportunities thereafter (exceptions for death and divorce).
Gearing / Recourse:	Each investment by the Fund will be held in a SPV with no recourse to Investors beyond initial investment in Fund. Gearing to be considered at max 50% LTV for entire portfolio.
Fund Manager:	evolve Fund Services Limited (www.evolvefs.co.uk)
AMC:	1% of GAV (includes fund management, property management and asset management).
Investors:	SIPPs, SSASs, private, trust and corporate investors.
Key 'Differences':	evolve deal sourcing, stock selection and performance track record; Portfolio approach to mitigate tenant risk, prevent need to 'warehouse' and give ability to seek extra value as cash purchaser; Unique exit strategy for Investors and discounted fees on uninvested equity; and Cautious level of debt, if any.

- A fund management business founded in 2002 by Simon Hawley (ex Abbey Life) and Hugh Colville (ex Savills) to offer private investors access to the type of real estate investments they favour as property professionals.
- In 2002-2005 evolve focused on acquiring prime commercial real estate in supply inelastic sectors, with long leases and strong covenants.
- evolve ‘called the market’ and stopped acquiring commercial real estate investments over 4.5 years ago in Q1 2005.
- evolve then created real estate asset backed businesses but now believes that from Q4 2009 the UK commercial real estate market offers value opportunities again – to those with the right ‘access to market’.
- Tenant risk and rental deflation are the greatest short term threats to income and value.
- evolve has access to the heart of property investment market – investment sourcing and disposing – plus ability to appraise all sectors in all geographic locations.
- Fund management, asset management and property management all in-house.
- www.evolvefs.co.uk (Biographies in Appendix)

“No-one can pick the exact bottom but missing the last 5% does not matter if you invest for the medium to long term”.

• St. Nicholas Retail Park LP Retail warehouse investment	£7m
• St. Ursula LP Trade park investment in central Oxford	£4m
• St. Christopher Nottingham LP Retail, restaurant and hotel investment	£10m
• St. Austell Fund (<i>top right</i>) Retail, restaurant and hotel investment	£6m
• St. George Fund Retail, restaurant and hotel investment in Camberley	£6m
• St. Mary Fund (<i>bottom right</i>) Funding new Radisson hotel in central Bristol	£27m
• Strata Fund Residential mezzanine lending business	£65m
• Lifehaus plc & Others 'Green' residential development	£4m
	Total £129m

Additional information on these and other transactions is contained in the Information Memorandum and at www.evolvefs.co.uk.



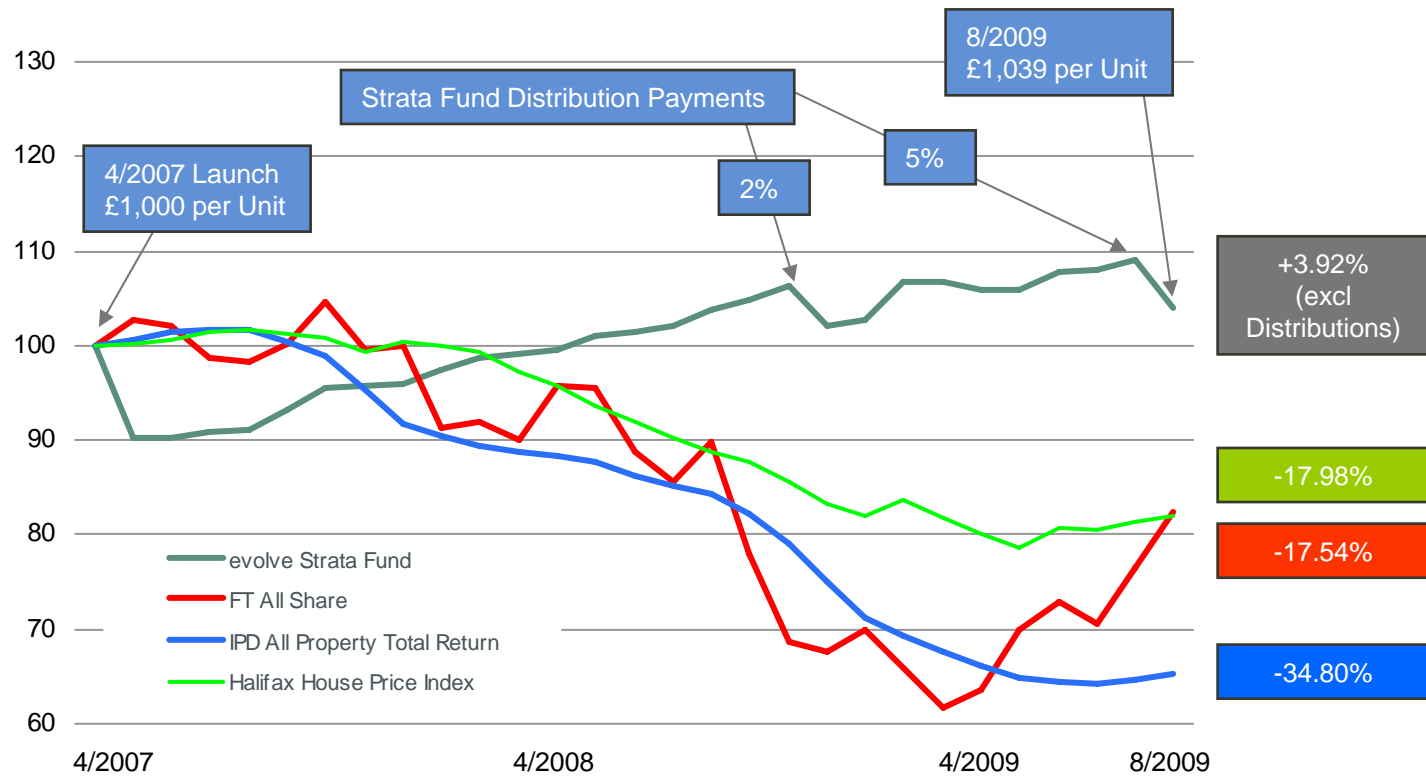
St. Austell



St. Mary

FUND MANAGER

Comparing the evolve Strata Fund Unit price to other indices.
(Strata is evolve's only other 'blind' and pooled fund.)



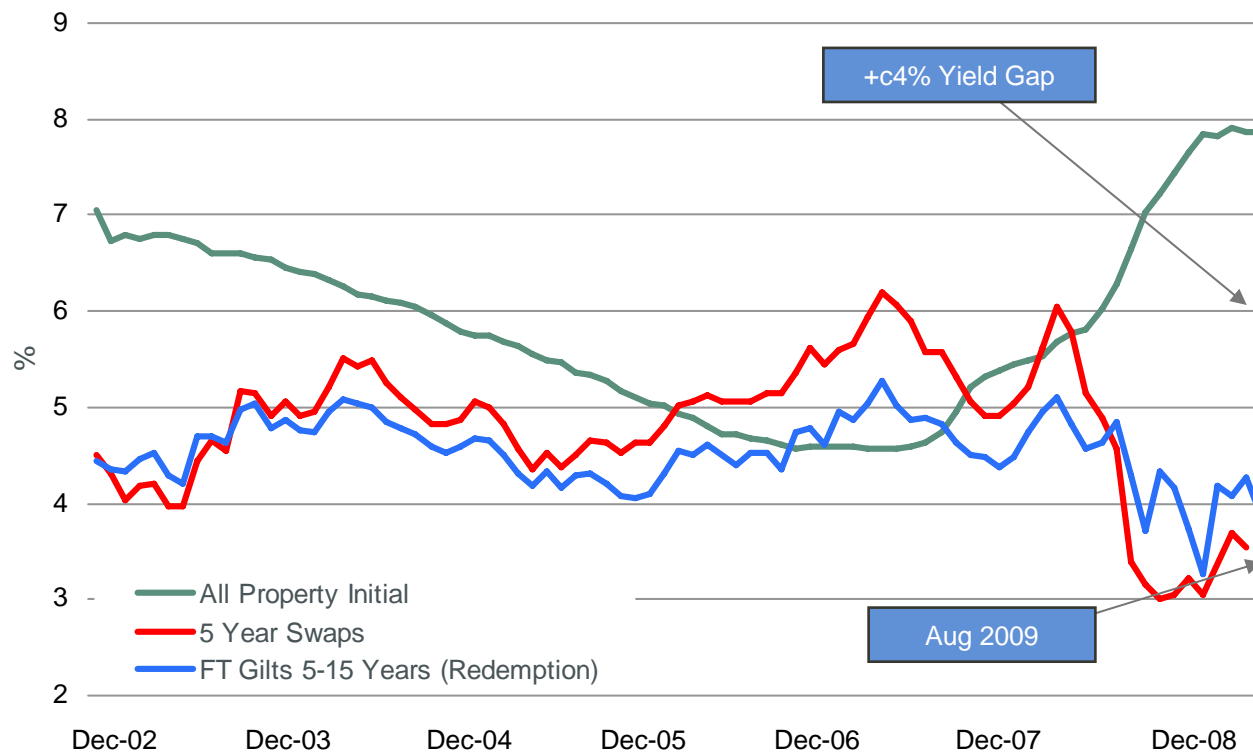
Source: IPD, Lloyds Banking, evolve

“Since evolve took its property management in-house there is not £1.00 of unpaid rental, insurance or service charge”.

- Since mid 2007 evolve has managed its portfolio of commercial properties in-house, together with a select number of third party mandates.
- 100% of all rents, insurance and service charge due have been collected. On average 97% of rents are paid within 7 days of the ¼ day. The best for 100% rent collection is ¼ +3 days (the worst is ¼ day +21 days).
- Pro-active approach to rent collection.
- It is a deliberate policy for evolve to retain direct contact with all tenants. A lack of staff turnover and direct meetings with tenants assists to achieve this goal.
- Each property is regularly inspected to ensure all asset and property management issues are professionally executed.
- Asset management responsibilities include:
 - Development management
 - Securing planning consents
 - Managing letting agents and other consultants
 - Supervising rent reviews or lease renewals
 - Ensuring comprehensive information collated in readiness of any disposal

INVESTMENT CASE

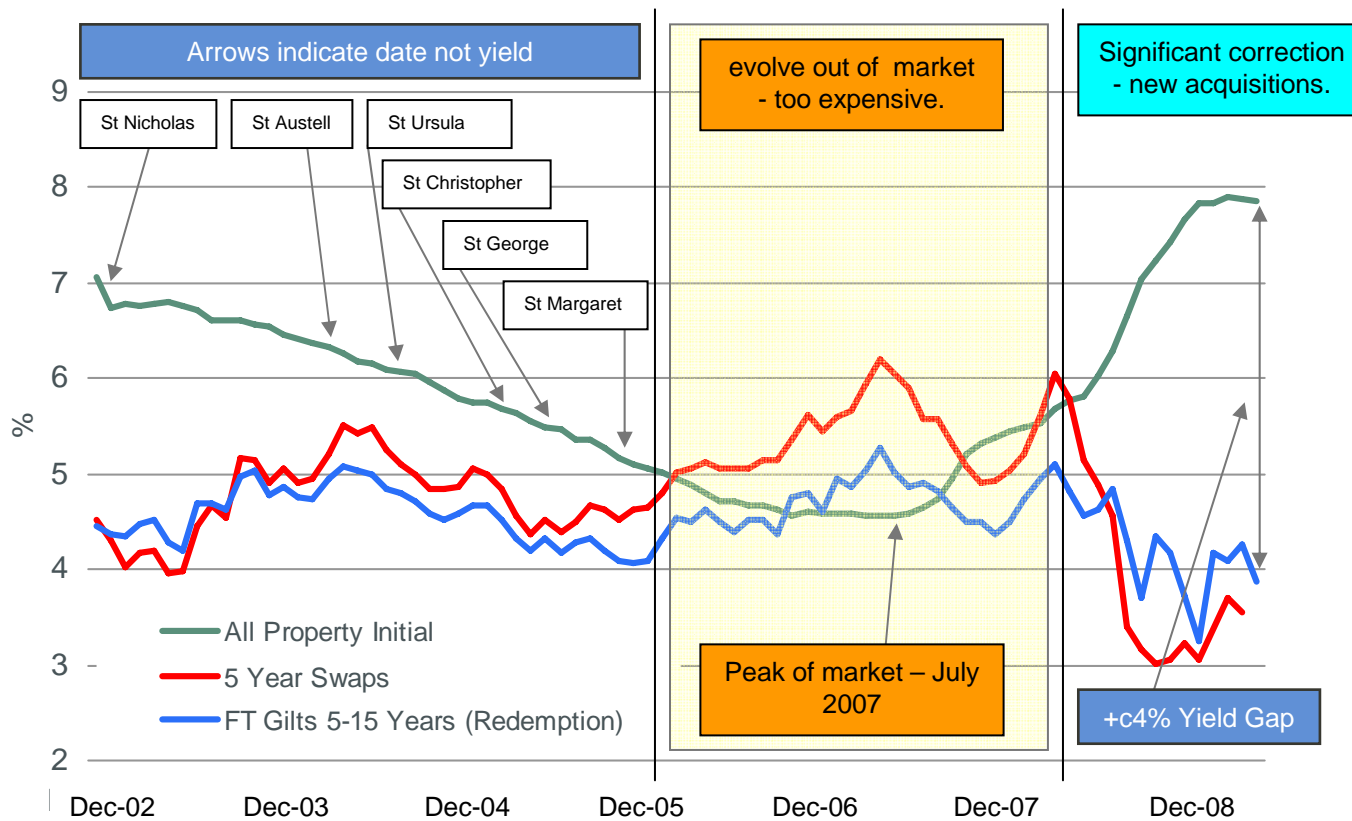
2002-2009 - the blowing (and bursting) of the bubble?



Source: IPD, Reuters

INVESTMENT CASE – EVOLVE ACQUISITIONS

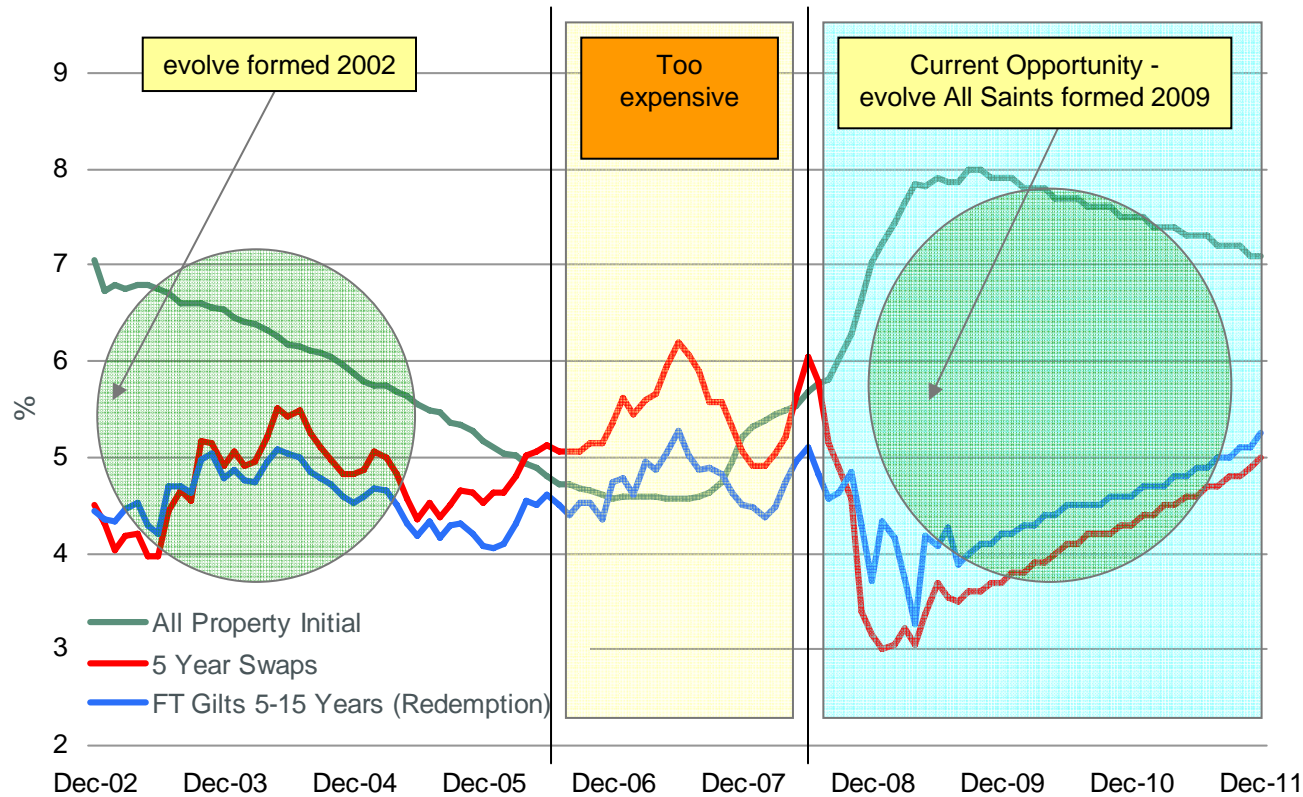
evolve withdrew from investment market in 2005



Source: IPD, Reuters, evolve

INVESTMENT CASE – THE OPPORTUNITY

“Timing is everything - we are ready to take advantage of the opportunity”



Source: IPD, Reuters, evolve

INVESTMENT CASE - INCOME

“What do I do with my cash? First to protect it, second to make a little on it”.

- With bank deposit rates providing a suitable disincentive to holding cash, the income profile of commercial property looks attractive as this table illustrates (compared to other approximate gross income returns):

Gold	0.0%
7 yr index linked Gilt Yield	0.8%
5-15 yr Gilt Redemption Yield	2.74%
FT All Share Dividend Yield	3.33%
FT Real Estate Dividend Yield	4.17%
Various Corporate Bond Funds	<7.0%
Commercial Property Initial Yield	7.86%
Commercial Property Equivalent Yield	9.20%

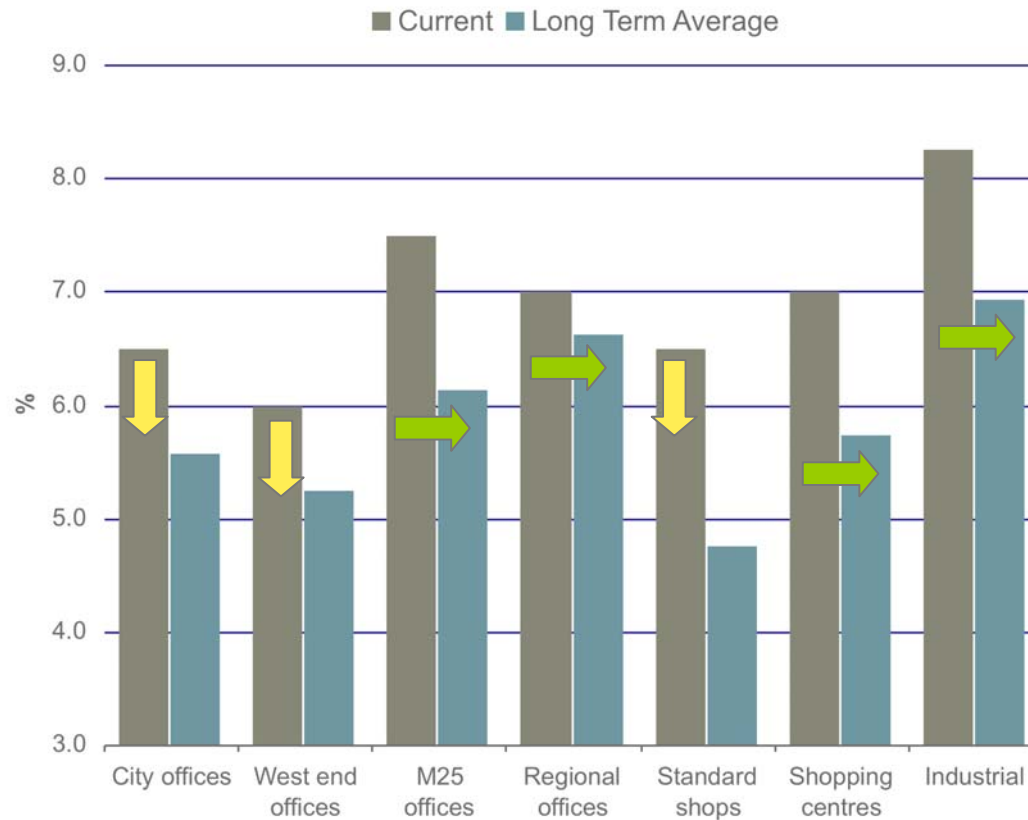


St. Ursula

- With modest leverage of 50% for well-let property, the gross running return on cash invested can be increased to c10%.

INVESTMENT CASE – PRIME YIELDS STABILISED

How are different sub-sectors comparing now?



Source: Savills. Arrows indicate trend over March – June 2009

INVESTMENT STRATEGY

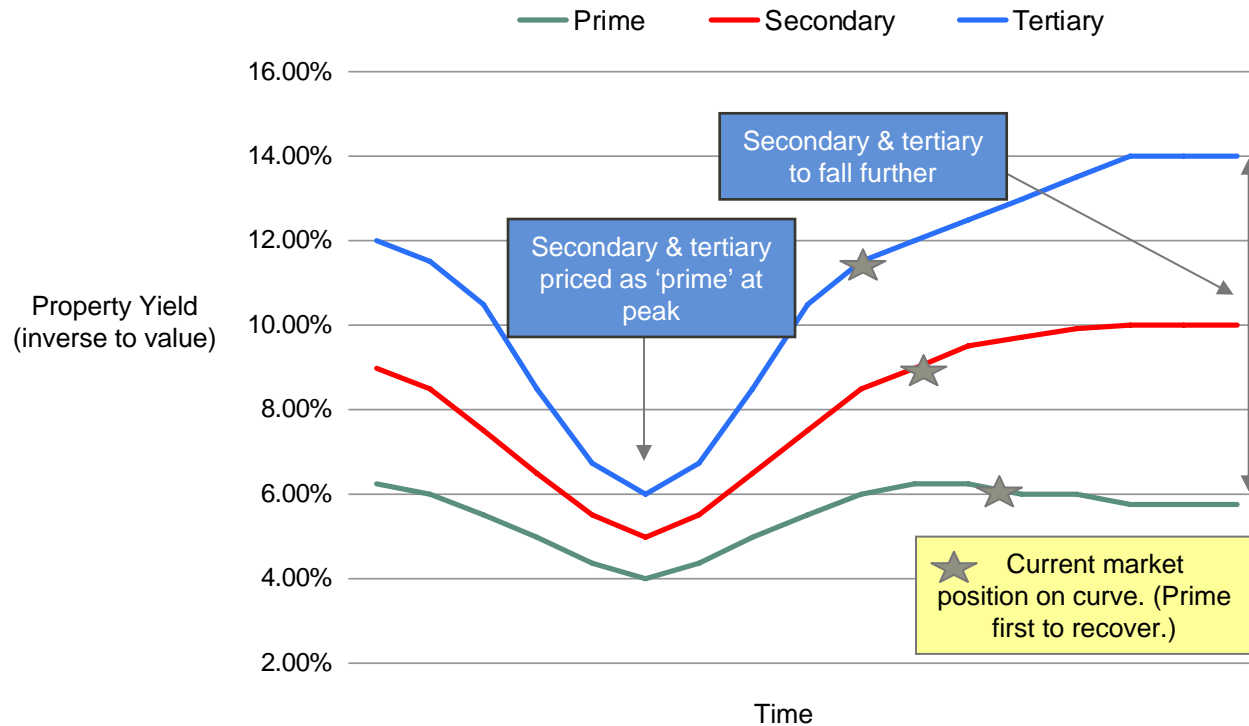
Why invest in prime UK commercial real estate now?

- Commercial real estate has fallen c40-50% compared to residential depreciation of c20%. Central London offices, out-of-town retail, well let industrial and some smaller lot sizes in the auction rooms already increasing in values since March 2009.
- Scale of price correction arguably 'once in a generation' creating realistic pricing plus a 'yield gap' - income and capital gain potential is very attractive.
- In addition to natural market turnover and development, there will be a steady stream of opportunities as banks and owners, including some retail funds, unravel funding problems created in 'boom' years.
- Idiosyncracies of UK landlord and tenant law - inflation hedge with long leases and upwards only rent reviews.
- UK property market is well established, transparent and seen as 'safe haven' – especially 'prime'. Overseas investors are fuelling demand due to weakness of sterling.
- Prime property must occupy a 'prime' location. Other characteristics include the quality of the construction and the tenant's covenant, the length of lease and the rental level.
- Prime property benefits from the 'bricks and mortar' argument for wealth preservation.
- UK plc will 'survive' but the next 2 years will be very difficult.

“In the current low inflation environment, the income from property is appealing. If inflation accelerates then property’s reputation as a good hedge against inflation, due to its lease and rent review characteristics, will again prove beneficial. Mitigating loss of income / value from tenant default and over-renting is crucial”.

INVESTMENT STRATEGY

Why invest in prime UK commercial real estate now?



Opinion: evolve

“evolve has an excellent track record of sourcing stock. This is a key characteristic of All Saints – in a competitive market. evolve was also experienced enough to ‘call the market’ threat back in 2005”.

- evolve’s ‘access to market’ will help source stock and mitigate private investors need to compete in the competitive auction and open markets for ‘up and built’ prime investments.
- Balanced ‘prime’ portfolio – but with a priority for supply inelastic sub-sectors and strong covenants:
 - Mitigate tenant default risk created by single asset ‘funds’
 - Maximise rental growth potential
 - Spread of risk between locations and main sectors (i.e. retail, office and industrial)
 - Supermarkets, PCTs, student accommodation & other niche sub-sectors also considered
- Focus on income potential, including leases geared to RPI, but acquire through the bottom of the cycle to enhance potential capital growth.
- Aim to buy at distressed or ‘over sold’ values and where asset management may also add value – to be opportunistic without taking unnecessary risks. Priority for direct investment but also consider JVs, mezzanine, indirect investment, mixed use & development.
- Consider the acquisition of existing evolve fund properties or Units in such funds.
- Debt: Initial acquisitions may not be geared at all. Debt will only be used on a non-recourse basis. Suitability of debt will be considered on each investment’s own merit.

INVESTMENT STRATEGY

Stock selection

- First acquisitions proposed to be a mix of:
 - Properties or developments of prime property with 20-25 year lease terms – yields 6.5-7.5% (use c50% LTV debt); and
 - Well located, multi-let, prime property with short leases that can be re-gearred into long leases – yields 8-10% (use no debt).
- WHY? To secure value in a competitive market ...
- Prime, regional properties with +15 year unexpired lease terms to good covenants are currently going to 'best bids' (e.g. c£18m Asda warehouse in Wakefield (see right) – 24 offers to 7.25% (quoted 8%) August 2009).
- Offices in Central London are also commanding very competitive bidding (e.g. >50 inspections for £16.5m Soho office (see far right) with 2.5 yrs unexpired August 2009).



“In evolve’s opinion, there are currently minimal opportunities in the market for private investors in the sub £30m range. We believe that All Saints will be successful as it will have the ability to fund developments and can draw on evolve’s deal sourcing, property management and asset management capabilities”.

INVESTMENT STRATEGY

Indicative First Acquisitions / Current Opportunities

Address	South West Regional Town	East Anglian Town	South East	Central London	One of top 5 regional cities
Property	New budget hotel with restaurant & retail	Prime Roadside Retail	Prime Roadside Trade Park	Mayfair Office	Student Accommodation
Current Value	£5,000,000	£1,000,000	£2,000,000	£7,000,000	£6,000,000
Net Rental Yield	6.75%	10.0%	8.5%	6.5%	8.0%
Lease Terms	25 year lease geared to RPI	Let to mix of tenants	Let to mix of tenants with some vacancies	Sale & Leaseback	TBA



Confidential

Confidential

Confidential

Confidential

TAXATION

Income

- SIPP and SSAS – no tax.
- ‘Direct’ Investors – taxed at marginal rate of income tax.

Capital Gains

- SIPP and SSAS – No tax.
- ‘Direct’ Investors – 18% CGT on disposal of Units (after utilisation of annual allowance). CGT will also be payable in the event a property is disposed of at a fractional share of gain. In such an event it is expected the Distribution will at least cover the CGT liability.



St. George

EXIT FOR INVESTORS

- Investors will be consulted after around 5 years. If an Investor states he/she wishes to exit at the end of 7 years he/she may receive early redemptions during years 6-7. Around the end of year 6 all Investors will be asked to vote on whether the Fund should be extended. There is a commitment by evolve to continue the Fund for those Investors wanting to retain investment thereafter (i.e. same as Strata Fund). Otherwise the assets will be realised in an orderly manner.
- evolve does not believe investment in real estate should be considered over period of less than 5 years, and any insistence on liquidity demonstrates a failure to understand the characteristics of real estate investing. However, there is an expectation in interim to assist with crisis redemption requests at a discount.

Anticipated Distribution

5-7% p.a.

Investor's Returns:

(over 5-7 year hold period)

10% p.a. Priority Return

12% p.a. Target Return

Potential Upside:

- Asset management opportunities
- Planning and development opportunities
- Yield compression
- Use of some gearing (not affecting Distribution potential)
- Ability to consider wide range of investment sectors

Fees Summary:

- Establishment 1.5%
- AMC 1% GAV p.a. (1)
- Performance Incentive 25% above 10% (2)

(1) Excluding CIS costs (e.g. Operator, Trustee, Auditor & Valuer). Includes Fund Management, Property Management & Asset Management. Reduced to 0.25% on uninvested sums.

(2) 50% payable after 5 years and then annually, (balance at end of Fund or when Investor redeems).



St. Margaret



Strata

Fund Manager

evolve Fund Services Ltd

www.evolvefs.co.uk



Operator and Trust Manager

Gallium Fund Solutions Ltd

www.gallium.co.uk



UK Tax Lawyer

Macfarlanes

www.macfarlanes.co.uk



UK Tax Adviser

Littlejohn LLP

www.littlejohnllp.co.uk



UK Property Lawyers

IBB

www.ibblaw.co.uk



Valuers

Cushman & Wakefield LLP

www.cushmanwakefield.com



Savills plc

www.savills.com



SUMMARY

Opinion of evolve

Strengths

- Strong track record of sourcing attractive investment opportunities, with a clear investment strategy.
- Low risk approach – strong tenant covenants, supply inelastic sub-sectors, portfolio approach and positive income streams.
- Attractive tax structure.
- A priority for income with the potential for capital growth as well.
- Highly motivated management team with established track record of investing on behalf of private investors.

Weaknesses

- Risk of further depreciation in property values.
- Tenant default and/or rental deflation may affect income potential and values can fall as well as rise to affect NAV.
- Investment performance is not guaranteed.
- The use of any debt can adversely affect NAV as well as enhance NAV.
- Property is illiquid compared to other asset classes.
- These and other risk factors are set out in the Information Memorandum.

“Compared to other offers in the market place, evolve has come up with its own investment strategy – one that will benefit SIPP and ‘direct’ investors alike. It believes it knows what investors want from property investing today and is focused on delivery”.

SUMMARY

Information Memorandum

To receive the Information Memorandum please contact:

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APPENDICES



Investment Committee:

Hugh Colville – Director, evolve Fund Services Ltd



Hugh Colville qualified as a Chartered Surveyor in 1992 at Savills specialising in commercial investment and development property after gaining experience in a number of departments including valuation, rent review and rating. Hugh was appointed a Director of Savills (Commercial) Ltd in 1998 in the commercial investment department. His responsibilities were primarily to advise a range of institutions, property company, developer and private clients on the acquisition, disposal and development funding across all sectors. His experience was primarily in the UK but included parts of northern Europe.

As Director and co-founder of evolve, Hugh specialises in the establishment of collective investment schemes. He also retains a fund management role in all funds at a strategic level and in certain ones on a day-to-day basis.

Simon Hawley – Director, evolve Fund Services Ltd, Head of Fund Management



Simon Hawley qualified as a Chartered Surveyor in 1986 specialising in commercial investment and development property. He spent a number of years as a fund manager at Abbey Life, specialising on acquisitions and disposals in London and the South East for the main life and pension fund (c £800m). He also managed some 3rd party mandates.

As Director and co-founder of evolve, Simon oversees fund management and property management issues for all the evolve funds. As well as being experienced in matters concerning lettings, rent reviews, service charges and other fund / property management issues, he is responsible for the year end accounting and reporting to investors, plus where relevant providing monthly NAV statements.

Asset Management:

Elizabeth Birchley – Director, Nanda Devi Ltd

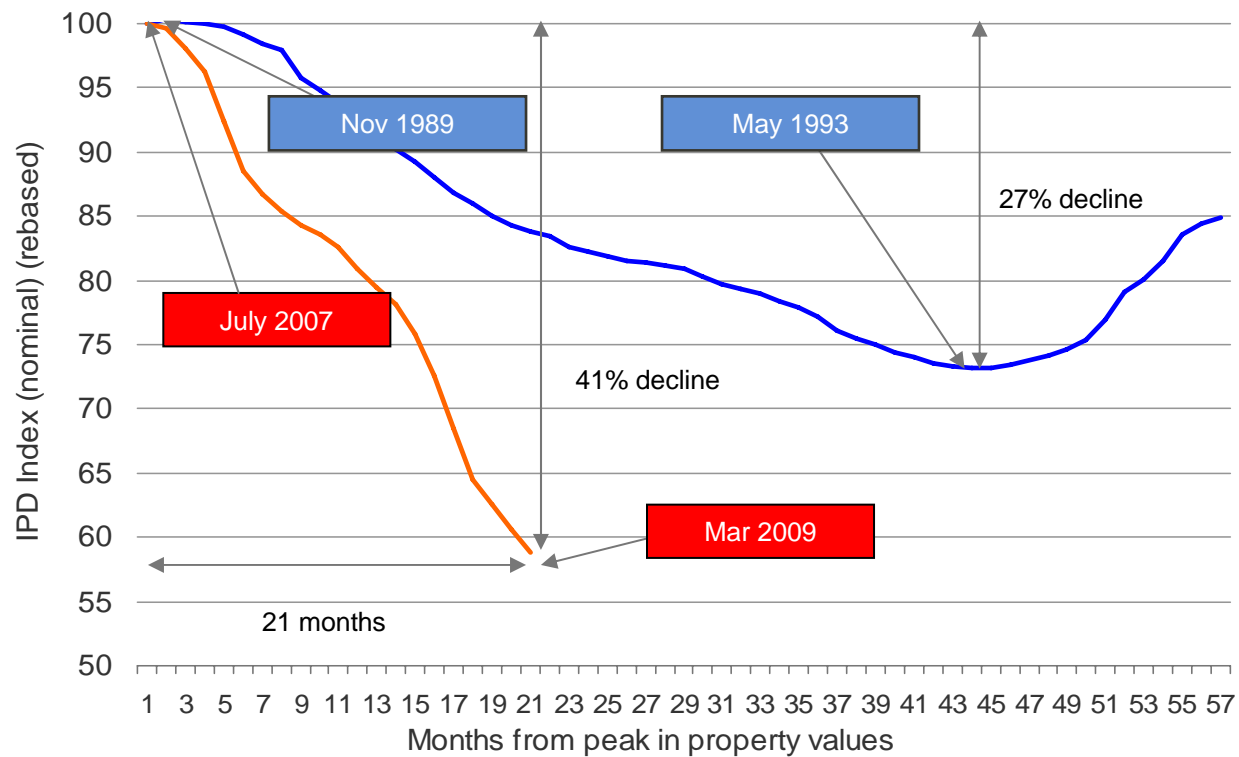


Elizabeth Birchley qualified as a Chartered Surveyor in 2003 and specialised in asset management and property management, initially at Jones Lang LaSalle and then Millar Kitching. At Millar Kitching she was responsible for over £100m worth of property, including some of the evolve properties.

Since joining evolve in 2007 she has continued to asset and property manage the evolve properties (plus some third party mandates).

INVESTMENT CASE - HISTORY LESSON # 1

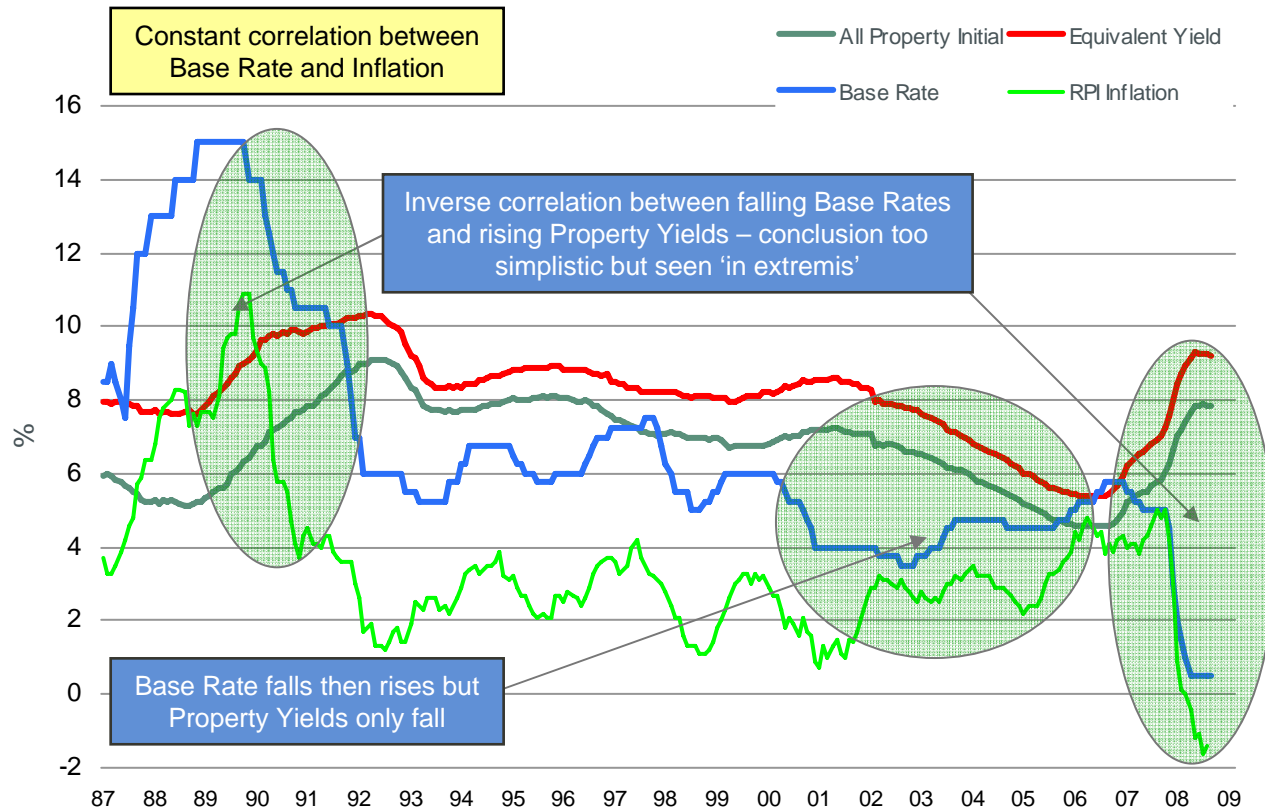
Values have fallen further and faster - contra-cyclical opportunities



Source: IPD All Property Capital Value Index (nominal)

INVESTMENT CASE - HISTORY LESSON # 2

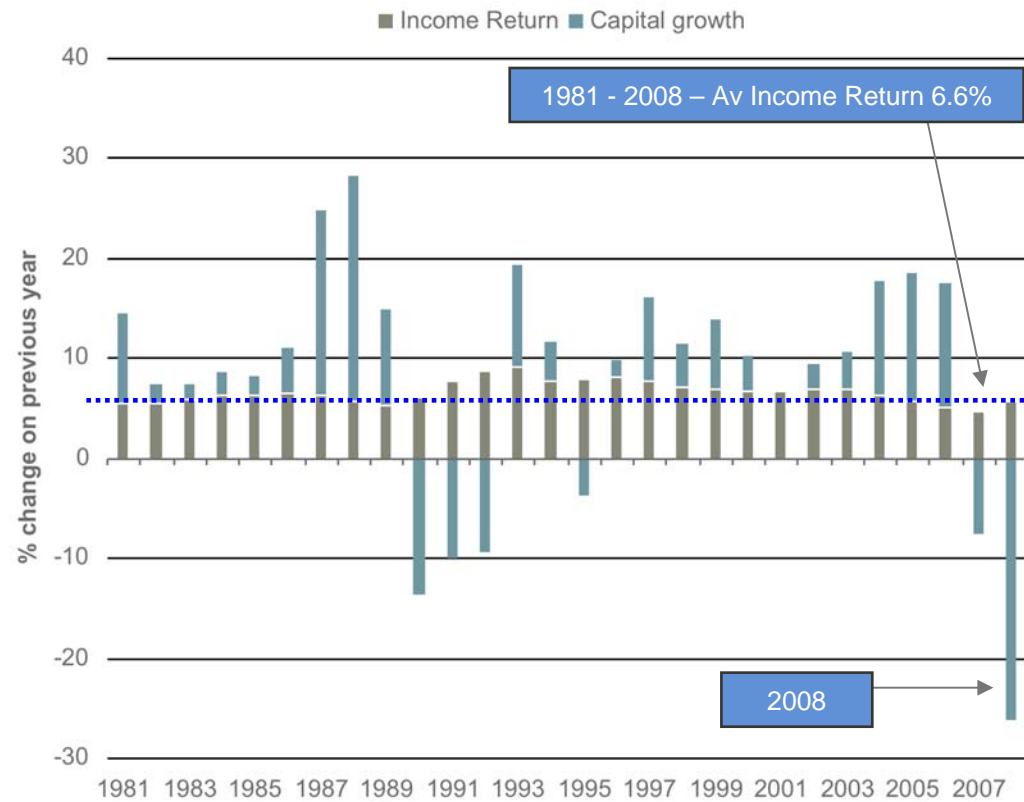
Property yields vs base rate and inflation



Source: IPD

INVESTMENT CASE - INCOME

Stable income, even in recessions

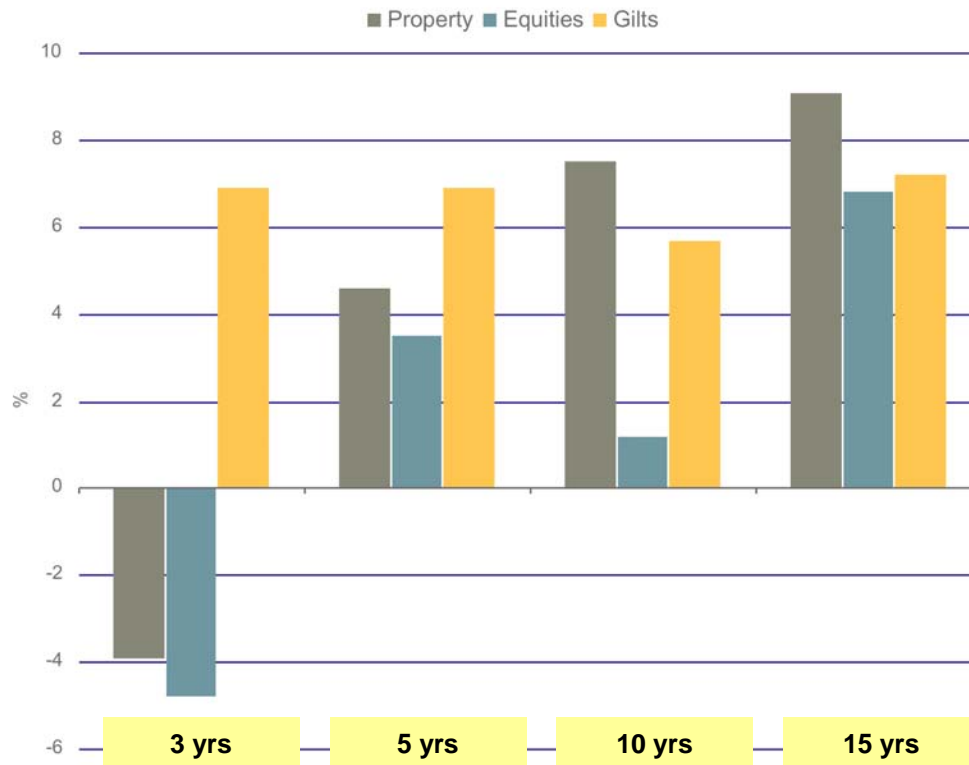


Source: IPD

INVESTMENT CASE – CAPITAL GROWTH

Total returns

Annualised to end of 2008



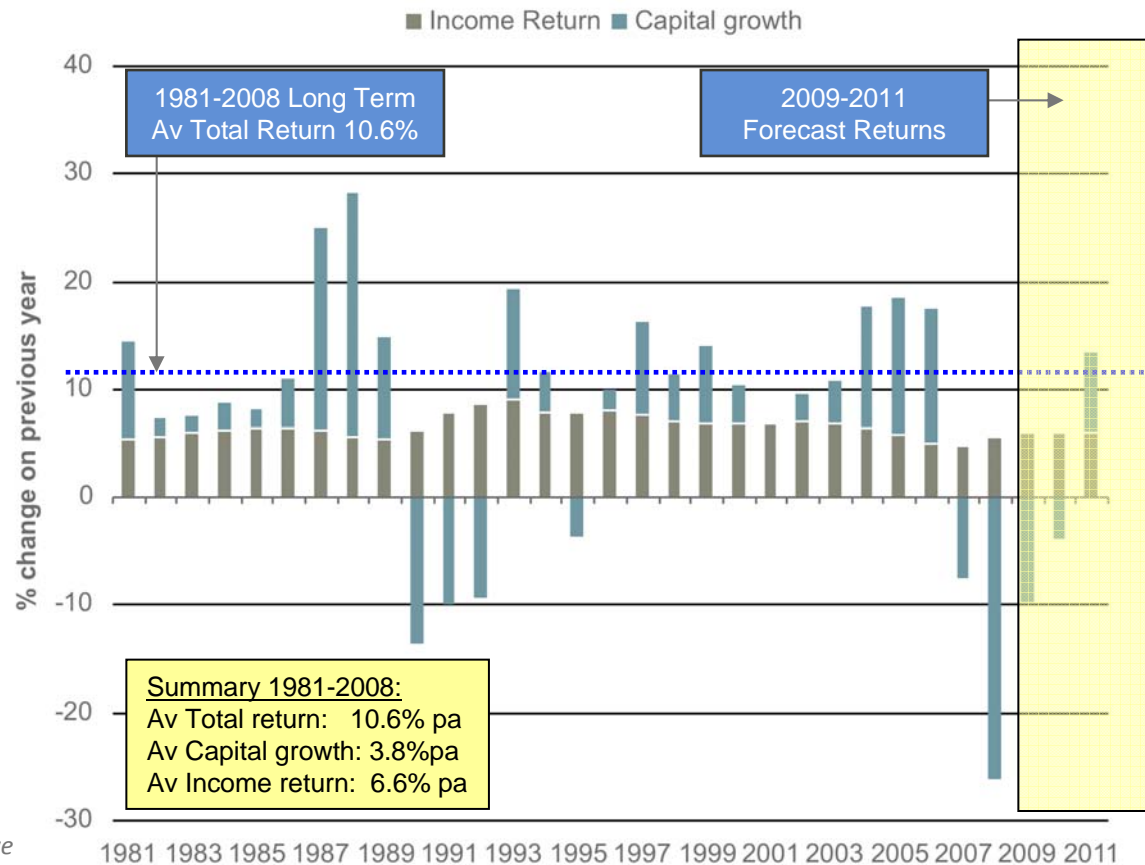
Source: IPD

Data as at end August 2009

Total Return	Last 6 months	Last 12 months
All Property	-3.7%	-22.6%
Equities	33.8%	-8.2%
Gilts	8.2%	13.3%

INVESTMENT CASE – CAPITAL GROWTH

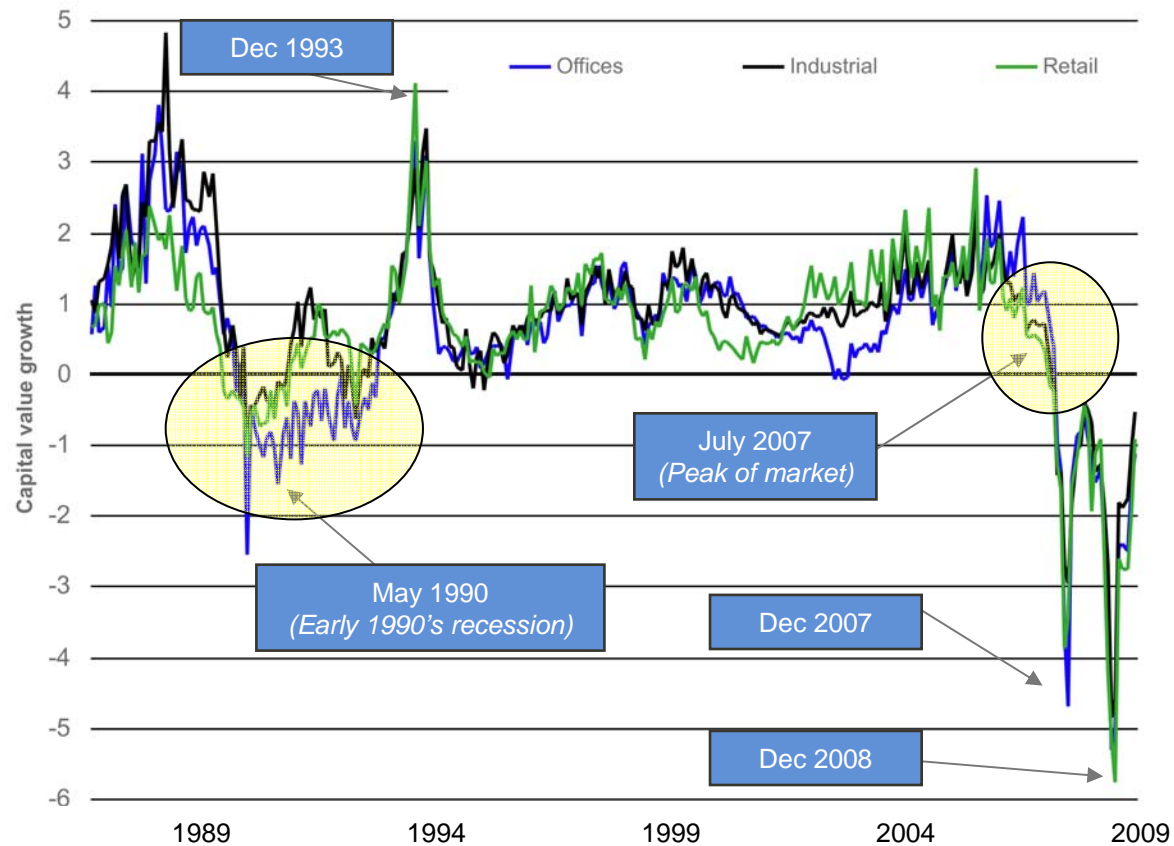
If income is steady at 6.5-7%, when will total returns improve?



Source: IPD, RICS, evolve

INVESTMENT CASE

Different real estate sectors generally correlate - need to acquire on individual investment merits



Source: IPD

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