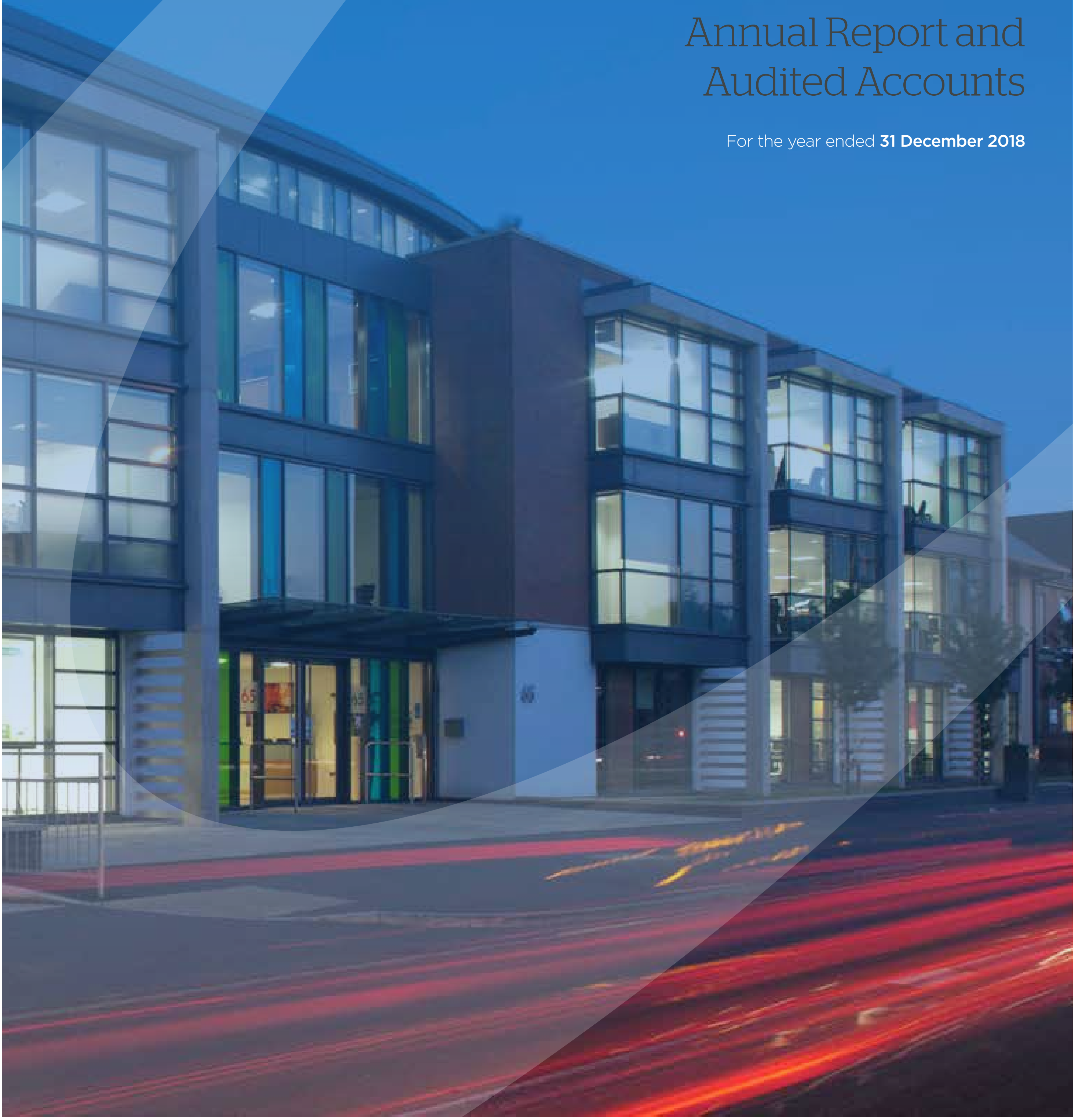
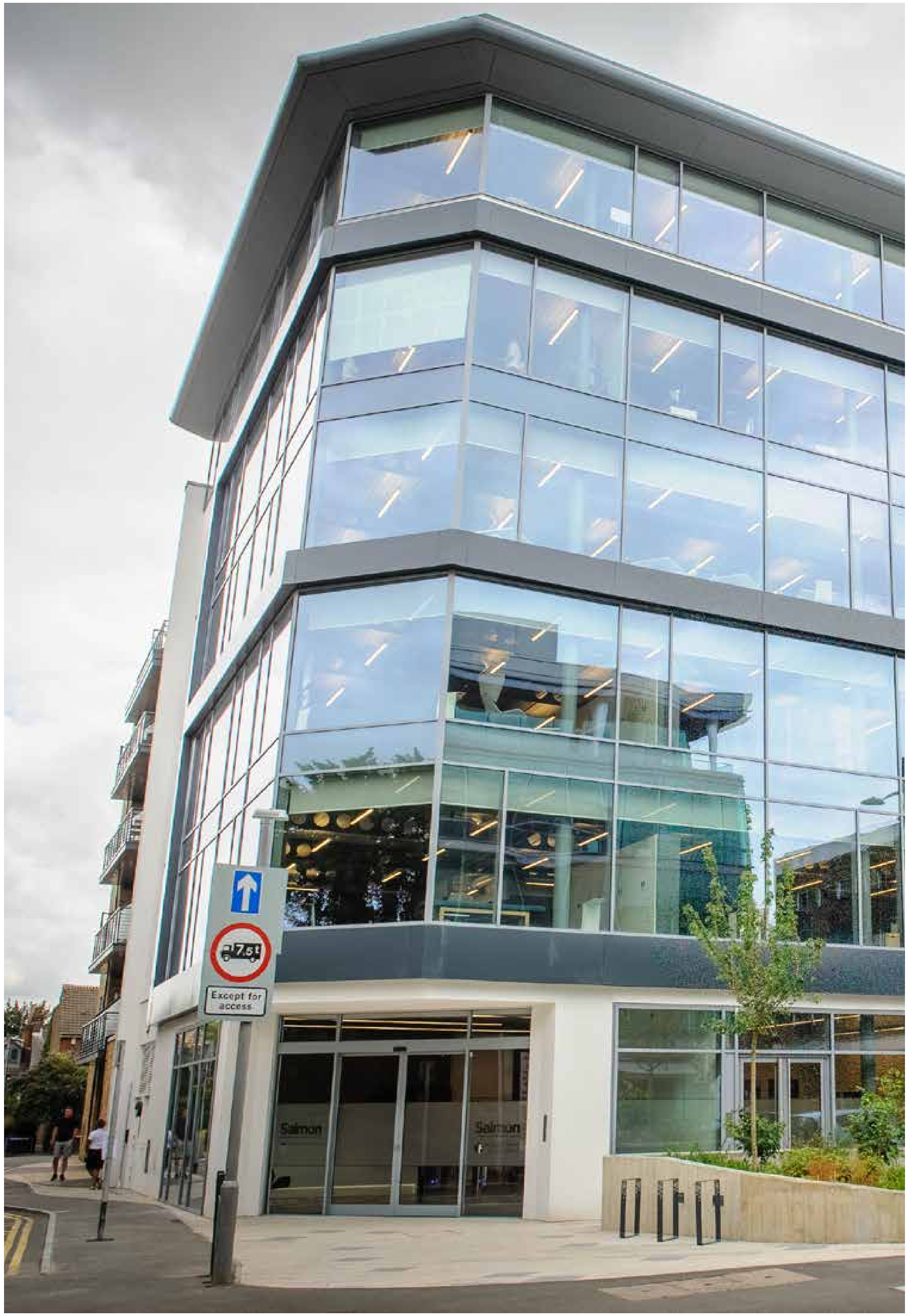
MAYFAIR CAPITAL

Property Income Trust for Charities

Annual Report and Audited Accounts

For the year ended **31 December 2018**





Property Income Trust for Charities

Working with UK Charities since 2004

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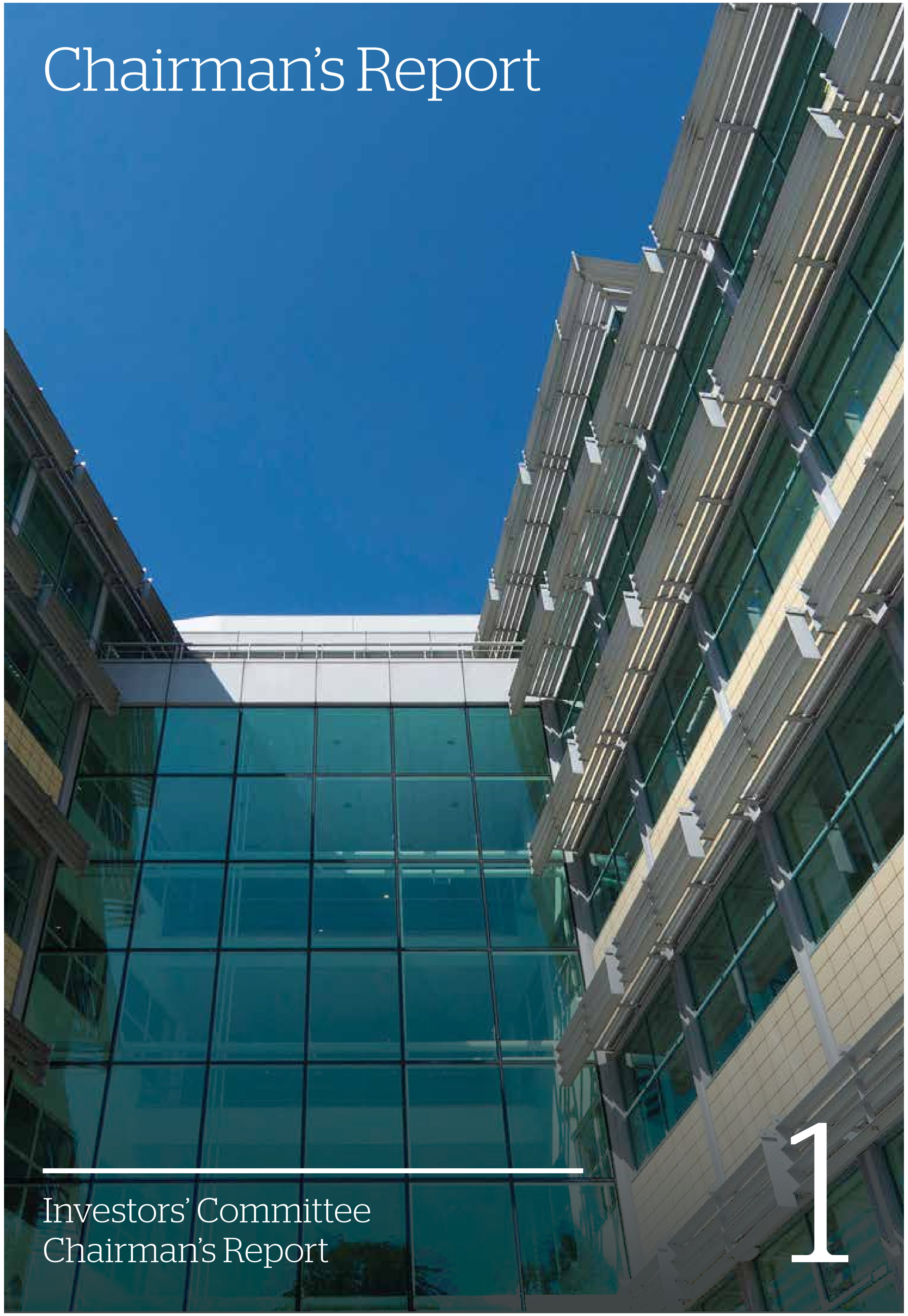

Investors' Committee Chairman's Report

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Investors' Committee Chairman's Report

As for so many of the charities who invest in The Property Income Trust for Charities (PITCH), 2018 was a tough and challenging year, beset by political indecision, market uncertainty and real divergence in performance across the asset classes. 2018 saw increasing distress in the retail sector in particular but also for London office markets and secondary markets more generally, presenting property fund managers with some considerable performance hurdles.

I am pleased to report that PITCH was able to weather these storms with some success, delivering our investors a total return for the year of 8.5% (as measured by MSCI/AREF), against 6.5% from the UK All Balanced Property Fund Index representing 26 funds with a net asset value in excess of £33 billion. In addition, and most importantly for our charity investors, PITCH delivered the highest distribution yield of all the funds in the Index, and outperformed the other specialist charity property funds over 1, 3, 5 and 10 years.

As I mentioned in my report last year, the Fund has been swift and decisive in reducing its exposure to risk. The Fund has few retail investments, a low rate of voids, no central London offices and no exposure to speculative development. In addition, with the support of the Investors' Committee, the Fund Manager has reduced the level of borrowings in the Fund from 14% at the start of the year to 12% at the end. At the same time the weighted cost of borrowing has reduced from 3.6% to 3.13% pa.

As shown later in this report the Fund Manager has had an active year in terms of sales and acquisitions, property management initiatives and lettings – not least of which was the leasing of a 190,000sq ft warehouse in Doncaster at a rent of £921,000 pa.

During the year we have welcomed more than 200 new charity investors to the Fund, and have attracted net capital investment of over £73 million, growing the Fund to a size of over £629 million GAV as we go into 2019. This will be another year of challenges for the UK property market, in terms of investor sentiment, tenant uncertainty and structural change (especially for the retail sector), but I am certain that PITCH remains well placed for those challenges, both in its portfolio composition and in the safe management hands of Mayfair Capital.

The Investors' Committee's role is to oversee the direction and strategy of the Fund on behalf of the 1,200 or so charities invested in the Fund. During the year Andrew Murphy of the University of London stepped down from the Committee on securing a new post, replaced by Lizzie Conder whom we welcome as a new Committee member. I would like to take this opportunity to thank all the Committee members for their insight and guidance, and lastly to thank all the team at Mayfair Capital for their enthusiasm and commitment to making PITCH the undoubted success for our investors that it is.

April 2019

Nick Shepherd
Chairman

1,232 separate charities invested in the Fund

Fund delivered a total return for the year of 8.5%*

* MSCI/AREF UK All Balanced Property Fund Index

Fund Information

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Fund objectives and key information

The Property Income Trust for Charities (PITCH) is a unit trust designed as a pooled property vehicle available to all UK Charities and EU Qualifying Charities.

The Fund was established to permit qualifying charities to co-invest in UK property in a manner that is tax efficient for both income and capital. It also has the advantage of allowing properties to be acquired free of Stamp Duty Land Tax (SDLT).

The Fund aims to deliver a relatively high and sustainable income yield whilst at least maintaining the capital value in real terms over the economic cycle by acquiring income producing properties in the UK with growth prospects together with properties where there is "embedded" value that can be extracted through active asset management. The Fund aims to diversify risk through tenant, sector and geographic spread throughout the UK. It will not undertake any speculative development activity although refurbishment of existing assets will be undertaken where appropriate.

The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. These features are embodied in the operations of the Fund.

Full particulars of the Fund can be found in the Trust Deed.

£629m

Gross asset value

Fund summary
As at 31 December 2018

Gross asset value	628.92m
Net asset value	552.02m
Bid price	£0.8867
Offer price	£0.9135

Paid distribution history 2018 (p.p.u)[1]

January	0.386	July	0.411
February	0.390	August	0.446
March	0.352	September	0.433
April	0.409	October	0.385
May	0.424	November	0.452
June	0.419	December	0.431

Performance in 2018
8.5% total return (as per MSCI/AREF)

Borrowings
£75.5m (12.00% LTV on GAV, 13.68% on NAV)

Property portfolio
60 direct properties and
1 indirect holding

[1] Pence per unit (p.p.u); distributions are quoted on a paid basis in line with MSCI/AREF reporting.

All information is correct as at 31 December 2018.

Further information is available on our website https://pitch.mayfaircapital.co.uk

Dealing in the Fund

Subscriptions and redemptions

Units in the Fund may be acquired on a monthly basis and redeemed on a quarterly basis. The Trust Deed contains provisions which enable the Manager to scale back or delay redemptions in certain circumstances. Matched trades are periodically available for larger redemptions.

Investors

Only registered and exempt charities in the UK may invest in the Fund since it is exempt from SDLT on all property purchases. EU charities are able to invest with approval from HMRC. Below is an analysis of unit issuance and redemptions during the year, including secondary market trades, together with an analysis of the unitholder base as at 31 December 2018.

Unitholder movement

	Year to 31 Dec 2018	Year to 31 Dec 2017
Issues and redemptions		
Units in issue at start of year	533,952,916	476,763,755
Units issued during the year	90,726,817	66,328,640
Units redeemed during year	10,547,967	9,139,479
Units in issue at end of year	614,131,766	533,952,916
Secondary market		
Matched trades	392,333	1,629,364
Matched trades as % of units in issue at end of year	0.06	0.31

Redemption notices outstanding
As at 31 December 2018

Number of notices	21
Number of units	2,845,484
Bid per unit	£0.8867
Value at bid	£2,523,091
Total units (%)	0.46%

The twenty one redemption notices outstanding as at 31 December 2018 were redeemed in January 2019. There were no circumstances under which redeeming investors were scaled back or where the Fund was unable to meet its redemption policy or obligations during the year.

Largest investors and percentage of units in issue by ownership band

Units in issue	Number of investors	Total holding (%)
< 1%	1,213	58.99
>= 1% but < 2%	14	20.24
>= 2% but < 4%	2	6.07
>= 4% but < 8%	3	14.70
>= 8%	0	0
Total	**1,232**	**100**
Largest Investor	1	5.57
Largest three investors	3	14.70
Largest five investors	5	20.76
Largest ten investors	10	29.63
Held by investment managers		54.70

Pricing

The Fund's bid and offer prices have been determined in accordance with the recommendation of The Association of Real Estate Funds except that fixed rate loans have been valued at amortised cost rather than fair value.

Woodbridge Road, Guildford

Expense ratios

The Fund calculates annual expense ratios as per AREF guidelines, against the Fund's Gross Asset Value (GAV) and Net Asset Value (NAV) both averaged over the prior 12 months, a summary of these ratios is shown below.

Expense Ratios

	GAV	NAV
Fund Management Expense Ratio	0.51%	0.58%
Fund Operating Expense Ratio	0.14%	0.16%
Total Expense Ratio	**0.65%**	**0.74%**
Property Expense Ratio	0.08%	0.09%
Real Estate Expense Ratio	**0.73%**	**0.83%**
Transaction Costs	0.24%	0.27%

West Moor Park, Doncaster

Total Expense Ratio (TER) includes both direct fund management fees and additional fund operating costs such as third party administration and audit fees. Property Expense Ratio (PER) includes direct property costs not recoverable from tenants such as business rates on void units, general repairs and maintenance or aborted transaction costs. Real Estate Expense Ratio (REER) is the total of the fund's TER and PER. The Transaction Cost Ratio includes all professional fees and other costs directly incurred in the purchase and sales during the year. As the Fund does not accrue or pay any performance fee, no performance fee ratio has been calculated.

The portfolio turnover ratio highlights how often the Fund buys or sells property ignoring the impact of subscriptions or redemptions and displays this as a percentage of average yearly NAV. In 2018 the Fund's turnover ratio was 0.89%.

General information

Annual valuation
Cushman and Wakefield (C&W) is the external valuer to the Fund. C&W also carry out valuations for secured lending purposes when properties are acquired with the use of borrowings or for the Fund's acquisitions out of cash resources. Valuations are carried out on a monthly basis on the last working day of each month. Valuations are carried out in accordance with the Practice Statements contained within the RICS Valuation – Professional Standards 2014 UK Edition (the 'Red Book').

Investors' Committee
This Committee comprises of the following:

- Nick Shepherd, Chairman (re-elected June 2018)
- James Ferguson, National Trust for Scotland (re-elected June 2018)
- Andrew Murphy, University of London (appointed June 2017, resigned November 2018)
- Lizzy Conder, University of London (appointed November 2018 (formal appointment at next AGM))
- Simon Summers, St Catharine's College, Cambridge (re-elected May 2016)
- David Palmer, Central Finance Board of the Methodist Church (appointed January 2017)

Conflicts of interest
In accordance with its terms of reference, the Investors' Committee may advise the Trustee or the Manager on any conflict of interest issue.

Subject to the provision of the Trust Deed, the Manager may effect transactions with or for the Trustee in relation to which it has a conflict of interest, provided that any material interest must be managed and resolved in accordance with the Manager's conflicts of interest policy and the rules of the Financial Conduct Authority.

Risk management provisions
The parameters by which the Manager acts, through guidance from the Investors Committee, include risk management provisions that are designed to avoid concentration of risk through imposing constraints on the maximum exposure that the Trust may have to single properties, and tenants, as a source of income to the Trust. Accordingly:

- No one property will amount for more than 10% of the portfolio value at the time of purchase
- The three largest properties will not exceed 35% of portfolio value
- Excluding the UK Government (and related bodies) no one tenant will account for more than 10% of portfolio income
- Investments in other property funds are limited to 10% of total assets of the Trust

The fund is in compliance with the above.

Fund Advisers

Trustee
Vistra Trust Corporation (UK) Limited
3rd Floor
11-12 St James's Square
London SW1Y 4LB

Manager
Mayfair Capital Investment Management Limited
2 Cavendish Square
London W1G 0PU

Administration
Saltgate (UK) Limited
2nd Floor
75 King William Street
London EC4N 7BE
(removed, effective 01 January 2019)

Sanne Group (UK) Limited
21 Palmer Street
London
SW1H 0AD
(appointed, effective 01 January 2019)

Property Manager
JLL
30 Warwick Street
London W1B 5NH

External Valuers
Cushman and Wakefield
43-45 Portman Square
London W1H 6LY

Independent Auditors
Crowe UK LLP
Riverside House
40-46 High Street
Maidstone
Kent ME14 1JH

Lawyers
CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Pinsent Masons LLP
1 Park Row
Leeds
West Yorkshire
LS1 5AB

Dentons UKMEA LLP
1 Fleet Place
London
EC4M 7WS

Performance Measurement
MSCI
Ten Bishops Square
London E1 6EG

Depository
National Westminster Bank PLC
135 Bishopsgate
London EC2M 3UR

Bankers
The Royal Bank of Scotland PLC
28 Cavendish Square,
London W1G 0DB

Santander UK PLC
2 Triton Square
Regent's Place
London NW1 3AN

Property management and accounting
Mayfair Capital Investment Management Limited has appointed JLL to undertake property management including rent collection, service charge administration and be the main point of contact with tenants on matters such as assignments and alterations. Asset management or added value initiatives remain the responsibility of Mayfair Capital Investment Management Limited.

JLL is remunerated by the Property Fund Manager but charge additional fees on multi-let properties where service charges are operated. Typically, these fees amount to 10% of the annual service charge budget for a property.

Fund administration
This role is outsourced to a third party provider. As at 1st January 2019, Saltgate (UK) Limited was replaced by Sanne Group (UK).

Management of the fund

The roles and responsibilities of the parties involved in the Fund are described in the Fund Summary, Trust Deed and this Report.

James Thornton, Fund Director

James co-founded Mayfair Capital in 2002 and became Chief Executive in April 2014. James is Fund Director for PITCH and has over 36 years' experience in UK commercial property. Given Mayfair's commitment to the charity sector, James is a Committee Member of the Charity Investors' Group.

Simon Martindale, Fund Manager

Simon joined Mayfair Capital in 2012 and is the Fund Manager of PITCH. He is responsible for formulating and implementing the fund investment strategy, investor reporting, portfolio analysis and overseeing all acquisitions, disposals and asset management. Simon has over 13 years experience in commercial property and previously worked at DTZ (now Cushman & Wakefield) and Edward Symmons (now LSH).

Scott Fawcett, Head of Asset Management

Scott joined Mayfair Capital in 2013 and is Director of Asset Management. He is responsible for implementing the asset management initiatives and supporting the investment activities of PITCH. Scott has over 21 years of experience in property markets previously with Drivers Jonas (became Deloitte Real Estate) and Matrix Securities.

Frances Spence, Head of Research, Strategy and Risk

Frances Spence joined Mayfair Capital in 2013 and is Head of Research, Strategy and Risk. Her role includes economic and property market trend analysis, which is integral to the strategic approach of Mayfair Capital's investment strategy. Frances has spent over 11 years in commercial property research, previously at Jones Lang Lasalle.

James Lloyd, Head of Business Development and Marketing

James joined Mayfair Capital in 2009 and has responsibility for all marketing and investor relations for PITCH. James is Trustee to two registered charities and on the Finance Committee for a Great XII Livery Company. Prior to joining Mayfair Capital James worked for St. Vincent Capital and before that was in the Art world.

Clare Berthoud, Director of Business Development

Clare Berthoud joined Mayfair Capital in April 2017 as Director of Business Development and works alongside James Lloyd on PITCH. She is a member of the University of Exeter's Endowment and Investment Group. Clare previously worked in the charity teams of both Schroders and Blackrock.

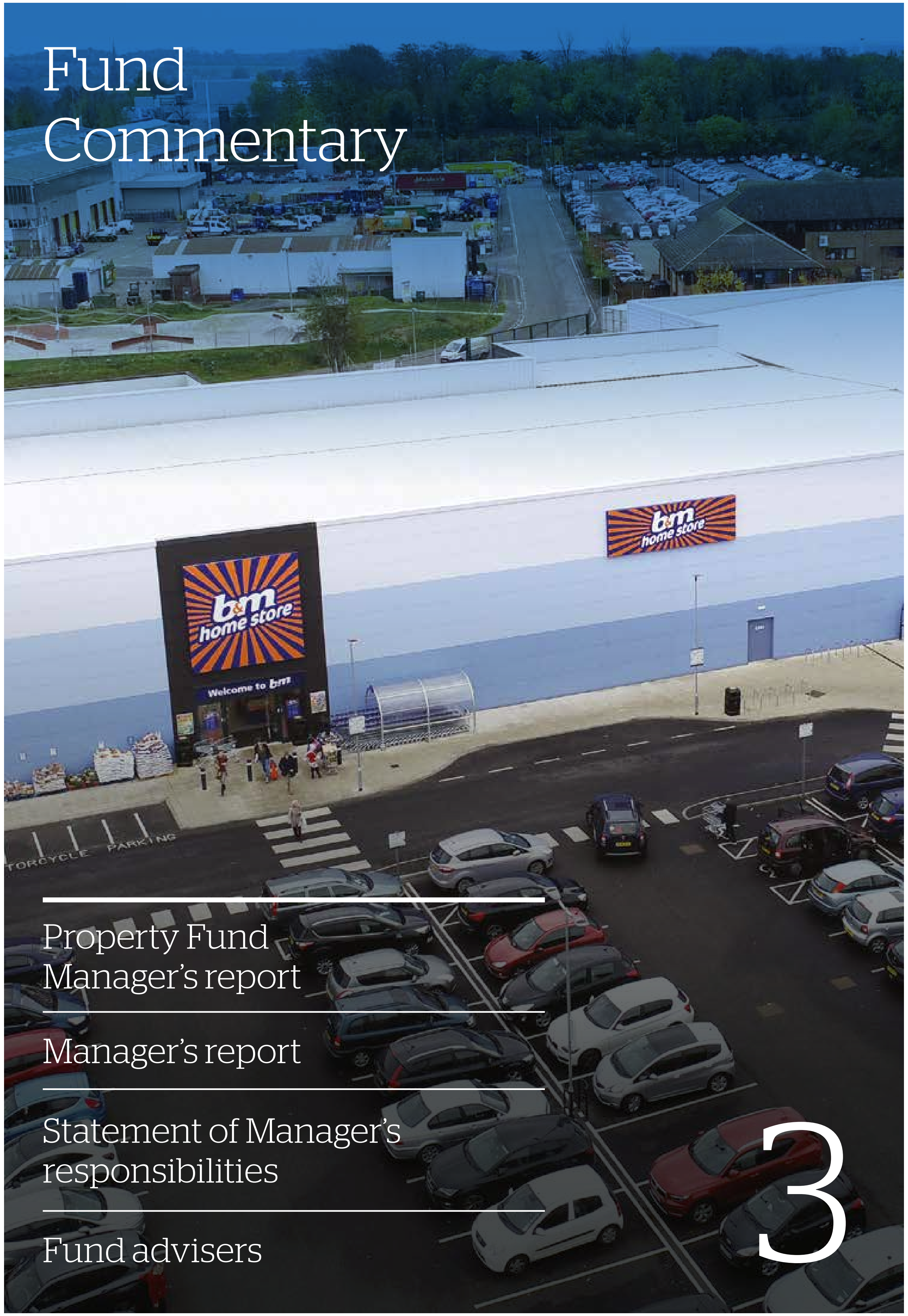
Katie Joyce, Marketing Assistant / Investor Relations

Katie joined Mayfair in 2014 and works alongside James Lloyd and Clare Berthoud assisting with investor relations and the marketing of PITCH.

Tim Cridland, Financial Controller

Tim joined Mayfair Capital in 2017 and is the company's Financial Controller. He provides support to the PITCH team and has oversight of the financial reporting, audit and administration of the fund. Tim has over 10 years of fund experience working previously at Real Star Group.

Further information on the Management Team can be found at:
https://pitch.mayfaircapital.co.uk/people/management-team



Fund Commentary

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Property Fund Manager's report

Simon Martindale
Fund Manager

Best performing charity property fund over 1,3, 5 and 10 years*

For much of 2018, the UK economy proved remarkably resilient to the uncertainty created by Brexit. GDP growth of 1.4%, whilst lower than previous years, ensured that the UK had the longest unbroken quarterly growth streak of any G7 nation. Labour conditions continued to be supportive with employment levels reaching its highest level on record, at 75.8%, whilst with inflation falling, real wage growth reached 1.1% by the end of the year. This ensured a notable improvement in household living standards despite consumer spending remaining relatively muted.

The lack of progress in Brexit negotiations however, meant that the latter part of the year was characterised by increasing nervousness about the UK exiting the EU without a deal. As a result, business investment dried up as CFOs reined in their capex plans. Overall, business investment declined 3.7% between October and December 2018, the biggest quarterly fall since 2010.

This increased uncertainty began to impact all sectors of the economy in Q4 2018 with early estimates by the ONS indicating that services, construction and manufacturing had all contracted in the month of December. The car manufacturing industry was particularly badly hit (partly for non-Brexit related reasons), having declined at is steepest quarterly rate in ten years in Q4, slipping 4.9%, compounded by reduced sales from a slowing China. This all pointed towards increasingly negative prospects for GDP growth in 2019 although with some hope of a moderate Brexit 'bounce' in the short term should a deal be agreed with the EU.

In response to these negative headlines, inflation reduced to 1.8% by the end of 2018 making the prospect of further interest rate hikes increasingly unlikely. Meanwhile, fixed interest markets ended the year at rock bottom yields, the 10-year gilt reaching as low as 0.9%, which proved timely in terms of PITCH's borrowing arrangements. These conditions continued to remain supportive of property pricing.

Investment volumes into UK property reached £61bn in 2018, which was 6% lower than in 2017 however, the average deal size rose by 22% over the period to £35.6m, pointing to a reduction in overall liquidity. Once again, overseas buyers dominated the market comprising 49% of all transactions, while in Central London this made up 76% of the market. Local Councils also had another active year with a record £1.8 billion of investment, with one of the largest transactions comprising Spelthorne Council's £285m purchase of Thames Tower in Reading. A total of £4.6 billion has now been invested over the past five years by this type of buyer.

The MSCI UK Quarterly Index recorded a total return of 6% in 2018, which meant that property was the best performing asset class over 12 months, with equities returning -8.8% and bonds 1.6%. REITs endured another challenging year with most of the larger balanced trusts trading at significant discounts, whilst those retail specialists such as Intu and Hammerson experienced significant write downs on the underlying property assets. Total returns across this asset class were -15.8%, in stark contrast to direct property.

* MSCI/AREF UK All Balanced Property Fund Index

Property Fund Manager's report continued

Despite property's relative outperformance, capital growth steadily weakened throughout 2018 with the annual increase in values slowing from 5.5% in May to 1.4% in December.

Once again, there was marked divergence in performance between the sectors with retail having one of its worst years since the global financial crisis as 2018 became the year of the CVA (Company Voluntary Arrangement). Retailers struggled with rising property costs and the increasing move to online shopping with Carpetright, New Look, Mothercare as well as a number of restaurant brands all cutting their store numbers via a CVA process. Meanwhile brands like Maplin, Toys R Us and Poundworld collapsed entirely and went into liquidation. Retail returned -0.5% over the 12 months however, within this category, shopping centres returned -5.0% as valuers reacted to higher void rates, falling rents and rapidly deteriorating sentiment.

Industrial property however, continued to outperform as investors increased their allocation to the sector supported by strong take up figures and an expectation of sustained rental growth due to the ongoing structural shift towards internet retailing. Total returns for the sector were an impressive 16.4% over 12 months aided by strong rental value growth of 4.6%. Within this, the London industrial segment delivered returns of 20.1% where supply levels were particularly restrained.

Meanwhile in the office sector, Central London continued to underperform the regional market primarily due to a lack of rental growth and underwhelming levels of income return. Take up levels were surprisingly robust as the likes of We Work and other co-working operators continued to drive the market although this came at the expense of secondary office buildings where vacancy rates climbed. Occupational markets in the major regional cities had a strong year with Manchester recording its highest level of take up on record at 2.9m sq ft whilst take up in nearly all of the major cities exceeded their long term averages. This created the conditions for strong rental growth. The top performing office segments were the Eastern and North West regions, which produced a total return of 10.4% and 9.4% whilst West End and City offices returned 4.3% and 6.9% respectively.

Given the polarisation between sectors, navigating the property market in 2018 proved challenging and this was reflected in the marked variation in performance between funds in the MSCI/AREF UK All Balanced Property Funds Index with a top and bottom total return of 10.2% and 2.8% respectively.

Taking this into account, we were pleased that PITCH was able to deliver another strong set of returns to investors with an upper quartile total return of 8.5% over 12 months. This continued strong performance meant that PITCH ended the year as the best performing fund in the Index over ten years, whilst also being upper quartile over every time period (ie one, three, five and ten years).

Fund returns were driven by modest yield compression on a number of long let and industrial investments in the portfolio whilst there was valuation growth on some of the recent acquisitions, in particular the offices at Watford and Brentwood, which were secured on an 'off market' basis. The Fund's high structural weighting towards offices and industrial and underweight exposure to retail were once again key factors in its relative outperformance.

As yield compression eased, it was pleasing to be able to deliver some asset management wins with the highlight being the open market letting to ASOS at the West Moor Park warehouse in Doncaster. This resulted in a capital uplift of some £5m, net of incentives, whilst also significantly enhancing the portfolio rental income and reducing the void rate. In the second half of the year, the PITCH team successfully concluded a further four asset management initiatives including three rent reviews at the offices in Amersham, Cheltenham and Oxford and a headlease extension on the care home in Oxford, let to the Methodist Homes for the Aged. These initiatives contributed a further £1.2m in valuation growth, reinforcing the importance of asset management to fund performance in a lower growth environment.

The Fund's void rate reduced from 5.2% at the start of 2018 to 3.9% by the end of the year, having reached as low as 2% following the ASOS letting in Doncaster and a new lease to HSBC in Wallbrook Court, Oxford. This compared favourably with the weighted average in the MSCI/AREF UK All Balanced Fund Index, which was 7.1% at the end of December 2018. The void rate increased in Q4 2018 due to the planned vacancy at the highly thematic office building on Trinity Park, Solihull, which will be refurbished in 2019 to generate an enhanced market rent. The lower void rate meant that we were able to gradually improve distributions throughout the year with the Fund yield as at 31 December 2018 reaching 5.4%.

It was another busy year of transactional activity with £82m of new acquisitions across seven assets comprising three offices, three industrial properties and one retail warehouse investment.

The blended yield on these represented 5.6% to the Fund, whilst the average weighted unexpired lease term to 31 December 2018 was 7.5 years. Further details of each investment are contained on Page 23. Meanwhile, there was one sale in respect of the multi let industrial estate in Aberdeen, which completed in line with valuation and concluded the Fund's exit from Scotland. A further sale of an office in Milton Keynes completed post the year end.

In terms of borrowings, the Canada Life 1 loan was repaid from cash held in October 2018 whilst shortly thereafter a new five-year £26m facility was signed with PGIM at an attractive all-in rate of 2.25%. This represented a 135 basis point saving on the previous Canada Life loan whilst also extending the weighted maturity of the Fund's debt to 4.7 years (from 3.2 years). Total debt by the end of the year stood at £75.5m comprising an LTV of 12% (down from 14% in 2017) with a total fixed cost of debt of 3.1% (reduced from 3.6%) thereby improving the defensive composition of the Fund's debt structure.

During the year, the Fund attracted £82.2m of new subscriptions with £9.2m paid out by way of redemptions, meaning net new investment of £73m. The majority of this new equity came from charities investing directly, increasing their share of the Fund to 45%, with investment managers comprising the balance. This ensured a stable and diversified investor base of over 1,200 with the largest single investor totalling 5.57%.

PITCH's gross asset value reached £629m by the end of the year, an increase of 16.7% on 2017 reflecting the valuation growth and new equity raised. This took account of the Fund's cash weighting, which for risk management reasons was maintained at around 5% of net asset value throughout the year. This was a precautionary measure to counter the risk of a deterioration in market conditions. Although this didn't materialise, the downside risks with Brexit and a slowing global economy dictated that this was and, continues to be, a prudent strategy.

Turning to the year ahead, there is no doubt that the major risk to the UK economy and property markets continues to be Brexit with consensus views pointing towards GDP growth of 1.5% if a deal can be agreed but 0.8% under a 'no deal' scenario. Total returns from property, as a result, are expected to be well down on 2018 with consensus forecasts of between 2%-3% but heavily skewed to the downside by retail.

Given PITCH's limited exposure to the High Street, we expect the Fund to provide some resilience against this, although with income likely to be the primary driver of returns, we are focused on maintaining the quality and strength of portfolio income. This reinforces the need for minimising the portfolio void rate, continuing to monitor tenant covenant strength and maximising asset management opportunities to grow the rental income.

Our investment strategy for 2019, therefore, remains largely cautious with a focus on low risk, high quality assets with a mixture of long income investments and fully let, income resilient multi let properties. We will continue to hold a cash buffer equivalent to 5% of NAV for liquidity purposes, and to take advantage of attractive buying opportunities should they arise. Finally, we will continue to invest in accordance with our investment themes of technology, infrastructure and demographics to capitalise on structural changes in the economy and help to deliver continued outperformance.

Simon Martindale
Fund Manager

April 2019

Manager's report

Environmental, Social Governance (ESG) review

As Trust Manager, we recognise the impact of sustainability issues on the investment performance of the Fund's portfolio. In addition, we believe that we have a fiduciary duty to our investors to consider these risks and opportunities in our investment decisions. This includes implementing processes and procedures to ensure we are reducing our impact on the environment and ensuring a positive impact within the communities where we invest.

Responsible Property Investment – Key Principles

Environmental stewardship

We recognise the impact our buildings and operations have on the environment and believe that we are responsible for minimising our consumption of natural resources.

Social responsibilty

We believe that our business activities should have a positive impact on the communities in which we operate, from both an ethical and environmental perspective.

Compliance

We believe that at all times we as manager must comply with regulation and legislation pertaining to sustainability, as well as internal policies, and that a level of preparedness for forthcoming regulation should be demonstrated.

Engagement

We recognise the benefit of engaging with our employees, stakeholders and the wider industry to create awareness around sustainability issues and ensure our objectives are achieved.

Continuous improvement

We will work towards best practice when implementing our sustainability principles and ensure continuous improvement through regular reviews of our objectives and targets.

In practice, this has led us to adopt, amongst others, the following objectives.

Environmental stewardship

Acquisition

- Assess all potential investments according to our internal pre-acquisition sustainability checklist in order to identify the level of risk and resilience within each environmental consideration;
- Undertake a formal environmental risk assessment on potential investments (including flood risk, ground contamination, asbestos, pollution etc.); and
- Establish the potential to improve the existing environmental performance of the potential investment or reduce any existing risk.

Development / Refurbishment

- Review the sustainability credentials of potential contractors and determine whether they are in line with the fund's principles;
- Seek to achieve best practice on energy efficiency standards and comply in particular with Minimum Energy Performance Standards regulations in line with the Energy Act 2011 and all Building Regulations;
- Prohibit the use of materials that have potentially hazardous effects and use sustainable materials as far as possible; and
- Minimise the risks of pollution or contamination arising from refurbishment activities.

Management

- In those buildings where we hold all or some level of control:
  - Reduce energy consumption and establish the potential for renewable energy generation;
  - Limit the amount of waste being sent to landfill and increase the proportion of waste being recycled;
  - Reduce water consumption and identify opportunities to install water efficient practices; and
  - Encourage green travel plans and where possible, install cycle storage.
- Collect and manage environmental data points on an ongoing basis to monitor progress and improvement; and
- Collaborate with tenants to encourage data and knowledge sharing.

Social responsibility

- Review the ethical, environmental and social performance of all key suppliers and their compliance with labour laws;
- Support regular training and development for employees;
- Promote safe and healthy buildings which encourage productivity and positive customer experiences for the communities, workers and visitors who use them; and
- Implement and monitor the adoption of the Fund's Ethical Policy under the supervision of the Fund's Investors' Committee.

Compliance

- Ensure that all business activities and property assets are compliant with applicable environmental regulation and policies;
- Engage with all key suppliers to ensure that they are compliant with relevant regulation;
- In addition to all industry relevant policies, ensure that all assets under management, potential investments, employees and stakeholders adhere to internal policies on Ethical Investing, Anti-bribery, and Equal Opportunities Employment;
- Maintain a good understanding of all current and future regulatory requirements; and
- Undertake regular health and safety inspections in accordance with current legislation.

Engagement

Tenant engagement

- Promote dialogue and raise awareness among all tenants with respect to energy, water and waste consumption;
- Where possible include a Memorandum of Understanding ("MoU") or green clauses in leases to encourage data sharing and cooperation to improve sustainability.

Stakeholder engagement

- Encourage all managing agents, third party consultants and service providers to apply sustainability principles as part of their obligation and commitment to the Fund and when necessary take appropriate action when these principles are not being adopted to a satisfactory standard;
- Consider the level of commitment to sustainability of potential investment partners and pursue dialogue with these parties when their standards are in conflict with the Fund's sustainability principles;

Industry engagement

- Engage with the wider industry in promoting sustainability as a mainstream consideration of investment performance by contributing to and attending relevant working groups and industry events.

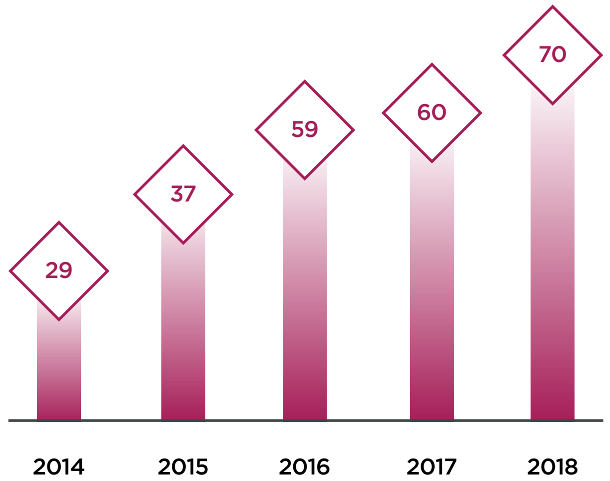
Performance & Progress

GRESB Progress

The Global Real Estate Sustainability Benchmark (GRESB) has developed over the past several years to become the key measure of property funds progress in sustainability matters, over 870 funds now contribute towards the index.

PITCH has been submitting data to GRESB for five years and we are pleased to have made substantial progress over this period.

From a starting point of 29 in 2014 we have this year achieved a score of 70/100 as a result of improvements in our monitoring of energy, waste and water usage and consequent improvement of our performance indicators.



Manager's report continued

Responsible Investment
In 2018, we submitted PITCH for assessment by the PRI (Principles for Responsible Investment) for the first time.

The Fund secured an A rating in the areas of Strategy and Governance and a B within the Property Module.

Understanding our Assets
We continue to collect data for our portfolio - principally for the more substantial multi-let assets where we can make a material difference.

As the portfolio changes, so does the pool of assets covered and this can lead to some substantial movements in the data.

Over the year, our like-for-like gas usage has been stable, whilst electricity is slightly higher, a reflection of new lettings and more dense occupation of some larger properties.

However, the use of decarbonised supplies has led to a 22% reduction in CO2 emissions over the year.

Whilst water usage looks materially higher, this is the result of a faulty meter which had been recording low throughput for the previous year and has now been replaced.

We have set individual targets for our most energy intensive assets in order to focus efforts on areas where improvement will be most meaningful.

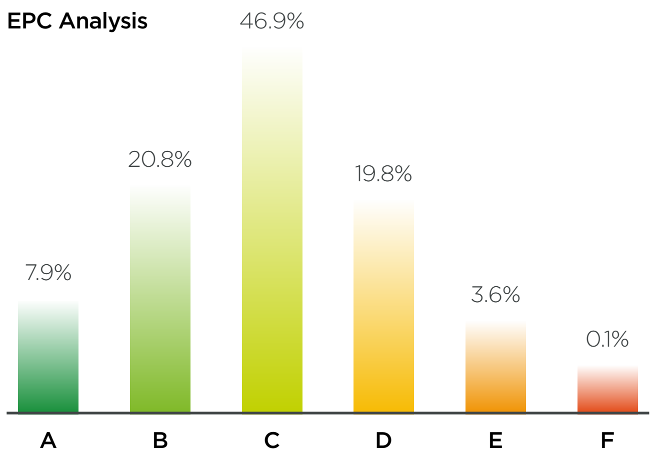
	Measure	2017	2018	Change
Electricity (kWh)	Absolute	2,380,856	3,355,839	+41%
	Like for like	902,311	956,221	+6%
Gas (kWh)	Absolute	1,907,528	2,113,681	+11%
	Like for like	496,861	494,484	0%
CO_2 emissions (tonnes)	Absolute	723	438	-39%
	Like for like	117	91	-22%
Water (m^3)	Absolute	18,287	21,241	+16%
	Like for like	13,543	16,499	+22%
Recycling	Absolute	53%	58%	+5%
	Like for like	N/A	N/A	–

Absolute: The total amount of energy consumed by an entity and those deemed to be with it's organisational boundaries.

Like for like: Consumption of a portfolio that has been consistently in operation during the most recent two full reporting years.

EPC Analysis
Energy Performance Certificates (EPC) cover 100% of the portfolio and 95% of the portfolio is rated 'D' or better. This information is important as, from April 2018, landlords are legally unable to let properties with F & G ratings.

Only one small industrial unit within our portfolio has an F rating - and that is principally due to its quasi-showroom use.



Green Leases
We believe that enhancing the sustainable qualities of our assets has the potential to make them more desirable to occupiers, combat obsolescence and improve investment performance.

By its nature, the PITCH fund contains many single let, long lease assets where data collection is problematic - we do collect environmental performance data for all our directly held multi-let properties where we organise utility supplies and waste disposal.

In order to improve data collection across the portfolio, and to work more closely with our tenants, we are seeking to incorporate terms to facilitate this into material leases.

How is this done?
- By including "green lease clauses" into new and renewed leases, where possible and meaningful. These facilitate data sharing, undertaking improvement works and ensuring that alterations do not detrimentally affect the energy efficiency of a building.
- By entering into a Memorandum of Understanding with tenants where we believe a positive difference can be made.
- By raising sustainability topics and opportunities with our occupiers and seeking to improve assets to the benefit of both parties.

In practice:
- Measurement of energy usage and waste and subsequent sharing of performance reports.
- Seeking to improve energy and waste efficiency.
- Seeking to introduce sustainable measures into alteration and refurbishment projects.
- Discussion of, and planning for, sustainability initiatives at tenant meetings.

Working with Tenants
Sustainable objectives are more easily attained by working in partnership. We are seeking out opportunities to introduce companies that can help our tenants to achieve their own sustainable goals.

We have arranged discount opportunities for our tenants to purchase energy and water saving technology from Save Money Cut Carbon and additionally have introduced Zumtobel to work with tenants to investigate self-funding installations of LED lighting.

We have also continued to offer the £5,000 PITCH Award which encourages our tenants to actively support charities that are local to them by providing money to either enhance their fundraising or facilitate their activities.

Sustainable Fit-Out Guide
Undertaking a major fit-out is a complex operation - not just in the execution, but also in the early stages of consideration and planning to ensure that the space created works optimally both for the workers and the wider business.

We have assembled a guide that is available to all of our tenants to assist with this process. It works through design considerations in terms of both layout and flexibility as well as energy and waste considerations. It also considers the procurement chain and ongoing thoughts for running a sustainable environment.

Portfolio Activity
In recent months we have replaced the Building Management System in our Leeds and Cheltenham offices in order to enhance their energy efficiency and we expect to see this bring material improvements in consumption going forwards. We are also installing Automatic Meter Reading where helpful and undertaking water usage audits.

Additionally, in a variety of properties we have been replacing ageing lights with LEDs and optimising lighting use through the addition of PIR sensors. We have also been engaging with tenants to encourage greater levels of recycling and to try to keep office temperatures down.

Ethical Policy

Given the nature of its investors, the ethical policy that The Property Income Trust for Charities adheres to, in the management and investment of the Fund, is worthy of specific mention. The Investors' Committee monitors the portfolio according to the stated policy and ensures that the Fund does not undertake any activity which would likely bring the Fund into disrepute with its investors.

The policy states that the Fund will not invest in property assets where an unacceptable level of a tenant's business turnover is derived from any of the following activities:
- Alcohol production or consumption
- Gambling
- Manufacture or sale of armaments
- Manufacture or sale of tobacco products
- Pornography or sex industry
- Other activities deemed to be unacceptable from time to time

Compliance with this policy is considered by the Investors' Committee at the time of the property acquisition and reviewed on an ongoing basis at quarterly meetings

Manager's report continued

Alternative Investment Fund Managers Directive (AIFMD)
The AIFMD was transposed into UK Law on 22 July 2013. The Manager is authorised by the FCA to manage both authorised and unauthorised Alternative Investment Funds (AIFs). PITCH is considered an AIF and as such the Manager is required to comply with the disclosure, reporting and transparency obligations of the AIFMD.

The Manager's remuneration Policy:
- aims to promote sound and effective risk management and discourage risk-taking that exceeds the level of risk tolerated by the Manager and the AIFs it manages
- is in line with the business strategy, objectives, values and long-term interests of the Manager, the AIFs and their investors
- aims to reward performance and retain talented employees

The Manager has established a Remuneration Committee to ensure the requirements of the AIFM Remuneration Code are met proportionately for AIFM Remuneration Code Staff.

The aggregate total remuneration paid to the AIFM Remuneration Code Staff of The Manager for the accounting period was £996,800, all of which was paid to senior management. The AIFM Remuneration Code Staff provide services to other funds managed or advised by the Manager, and are included in this disclosure as their professional activities are considered to have a material impact on the risk profile of the Manager and/or PITCH.

Governance Procedures
We cannot expect or encourage our tenants to operate ethically and with probity unless we do so ourselves.

Mayfair Capital has rigorous procedures and training to ensure that our investors' funds are wisely invested and completely protected.

We operate numerous investment committees and review boards to scrutinise investment decisions and to ensure that investment risk is properly managed.

In running our business, procedures are in place to give transparency and ensure that no undue influence is exerted over our decisions.

The company is authorised and regulated by the Financial Conduct Authority. It is also an approved Alternative Investment Fund Manager and complies with the Alternative Investment Fund Managers Directive.

We are also members of the IIGCC and GRESB and a signatory of UNPRI.

IIGCC Institutional Investors Group on Climate Change

GRESB REAL ESTATE Member

Signatory of:

PRI Principles for Responsible Investment

Fund Governance
In the summer of 2018, Andrew Murphy of the University of London stepped down from the Investors Committee and was replaced by Lizzie Condor, also from the University of London.

Trust Deed
The most recent Trust Deed is dated 3rd January 2019. This new version reflects changes made to the fund's redemption provisions. No changes were made to the document in 2018.

Simon Martindale
Mayfair Capital Investment Management Limited

April 2019

Statement of Manager's responsibilities

The Trust Deed requires the Manager to prepare accounts for each accounting period which give a true and fair view of the financial affairs of the Fund at the end of that period and of its income and expenditure for the financial year.

In preparing the accounts the Manager is required to:
- Select suitable accounting policies and apply them consistently.
- Follow generally accepted accounting principles.
- Make judgements and estimates that are reasonable and prudent.
- Prepare accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.
- Ensure proper accounting records are kept which enable the Fund to demonstrate that the annual accounts as prepared comply with the above requirements.

The Manager is also responsible for:
- Appointing the auditors of the Fund.
- The maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Manager shall keep or cause to be kept proper books of account and records showing all transactions effected on behalf of the Fund and shall permit the Trustee and its authorised agents from time to time on reasonable notice to examine and take copies of and extracts from such books of account and records.

The Manager shall also, whenever requested to do so, furnish to the Trustee all such information and explanations as the Trustee may require in relation to such transactions or dealings or the conduct of the affairs of the Fund (in so far as such conduct is in the hands of the Manager) and shall produce to the Trustee from time to time on demand all documents in the possession or power of the Manager relating to the matters aforesaid.

The Trustee may accept and shall not be bound to verify information and documents so given or produced by the Manager (including any valuation made or obtained by it for the purposes of the Trust Deed) unless the Trustee has actual notice of any irregularity.

Properties

4

New purchases

Stone Cross, Brentwood

A purpose built office in the town centre of Brentwood. Let to Sky CP Ltd for a term of 15 years. A highly thematic purchase, which is set to benefit from the expected opening of the Elizabeth Line in 2019. The £19.3m purchase price represents a yield to PITCH of 5.65%.

Western Way Retail Park, Bury St Edmunds

A long let, new build retail warehouse investment let to two of the strongest operators in the market, B&M and the Range, providing a blended WAULT of 17 years. PITCH acquired this investment in December for £11m at a yield to the Fund of 5.5%.

Big Berry, Droitwich

A core plus purchase of a well specified warehouse let to Antolin Interiors, a leading manufacturer of car interior parts. The property is let until November 2024, at a rent which is reversionary. A £16.9m acquisition with a yield to PITCH of 5.72%.

31 Booth Street, Manchester

A multi let office building in a prime Manchester city centre location purchased for £11.9m offering a yield to PITCH of 5.3%. The property was comprehensively refurbished by the vendor, Helical Bar. The property is let at an average rent of £25 per sq ft and is well placed to benefit from the strong rental growth in this dynamic office market.

New purchases

Newmarket

This comprises two newly completed detached warehouse units adjacent to the Fund's existing holdings. 100 Oaks Drive was acquired for £2.7m at a yield to the Fund of 5.5% and is let to a major franchisee of Harley Davidson for 20 years with indexation. Unit B was acquired for £4.9m providing an attractive yield of 5.7%, and is let to Cosentino for 15 years with RPI increases every five years with a collar of 2-4%.

Clarendon Road, Watford

A new build office let to Salmon Ltd, for 15 years at a rent of £860,000 pa. The property saw a valuation uplift at completion reflecting the attractive original pricing, which was agreed 12 months previously (This was a forward commitment purchase). The £14.5m purchase price reflected a yield to the Fund of 5.84%.

Sales

Lombard Centre, Aberdeen

The one sale during 2018 was of the multi-let industrial estate in Aberdeen for £3.25m. This was a non-core property containing a number of short and potentially risky lease expires. As a result of this sale, the Fund has now completely disinvested from Scotland.

Properties held

Industrial

Property	Town	Principal Tenants	Region	Completion
Unit 1, Bristol Distribution Park, Hawkley Lane	Bristol	DHL International (UK) Ltd	South West	04/03/2005
Martin Avenue, March Trading Estate	March	March Foods Ltd	Eastern	08/03/2006
Plots 2-4, Newmarket Business Park	Newmarket	Taylor Wimpey UK Ltd	Eastern	28/04/2006
Unit 2, Tameside Industrial Park	Dukinfield	Ritrama UK Ltd	North West	23/03/2007
Gyrus, St Mellons Business Park	Cardiff, St Mellons	Gyrus Medical	Wales	29/05/2007
Trelleborg Unit, Tewkesbury Business Park	Tewkesbury	Trelleborg Sealing Solutions UK Ltd	South West	07/12/2007
Thatcham Unit, Colthrop Lane	Thatcham	The Motor Insurance Repair Research Centre	South East	23/12/2009
Units 1 & 2 Langley Connect	Langley	Premier Forest Products Ltd	South East	08/10/2010
Units 1A, 1B & 1C New Hythe Business Park	Aylesford	British Telecommunications Plc	South East	09/06/2011
Unit G, Century Park	Wakefield	Northern Foods Ltd	Yorks & Humberside	03/07/2013
Capgemini, South Marston Park	Swindon	Capgemini UK Plc	South West	20/12/2013
Phases I & II, Trax Park	Doncaster	Wincanton Holdings Ltd	Yorks & Humberside	17/09/2014
Croset Avenue	Huddersfield	Cummins Ltd	Yorks & Humberside	16/04/2015
Armtech Row & Technine	Yeovil	Various	South West	16/04/2015
1 Yorkshire Way, West Moor Park	Doncaster	ASOS	Yorks & Humberside	25/06/2015
Plot 8, Newmarket Business Park	Newmarket	DNow UK Ltd	Eastern	10/07/2015
Plot 1, Newmarket Business Park	Newmarket	Smiths News Trading Ltd	Eastern	10/07/2015
Southmoor Lane	Havant	Lewmar Ltd	South East	01/09/2015
Bartley Point	Hook	DFS Trading Ltd / Consentino	South East	01/10/2015
Royal Mail	Peterborough	Royal Mail Group Plc	Eastern	14/10/2015
Rehau	Runcorn	Rehau Ltd	North West	05/02/2016
The Big Berry, Berry Hill Industrial Estate	Droitwich	Antolin Interiors Ltd	West Midlands	29/06/2018
9-11 Newmarket Business Park	Newmarket	Cosentino UK	Eastern	05/10/2018
Plot 100, Oaks Drive	Newmarket	Lind US Ltd	Eastern	21/12/2018


Unit 1, Bristol Distribution Park, Hawkley Lane, Bristol


Units 1A, 1B & 1C New Hythe Business Park, Aylesford


The Big Berry, Berry Hill Industrial Estate, Droitwich

Offices

Property	Town	Principal Tenants	Region	Completion
Wallbrook Court, Botley	Oxford	Environmental Resources Management Ltd	South East	24/02/2005/ 19/04/2006
Units 15 & 16, The Parks	Haydock	Speedy Hire / Maintel	North West	15/12/2005
Lambourne House	Cardiff	Vacant	Wales	04/10/2006
65 Woodbridge Road	Guildford	Various	South East	11/01/2012
Brewery Wharf	Leeds	NHS Confederation	Yorks & Humberside	30/09/2013
Decimal Place, Chiltern Avenue	Amersham	Barnett Waddingham LLP	South East	08/11/2013
86 Deansgate	Manchester	Various	North West	08/04/2014
Interface House	Royal Wootton Bassett	Swindon Silicon Systems Ltd	South West	08/04/2014
Forest House	Crawley	Bard Ltd	South East	21/08/2014
Oakleigh House	Cardiff	Cunningham Lindsay UK Ltd	Wales	15/12/2014
Plot 3000, Cambridge Research Park	Cambridge	Kier Construction Ltd	Eastern	23/12/2014
Opal Drive, Omron House	Milton Keynes	Omron Electronics Ltd	South East	01/09/2015
T2 Trinity Park	Solihull	Vacant	West Midlands	21/03/2016
37 Park Row	Nottingham	Thompson & Partners	East Midlands	01/11/2016
Jessop House, Jessop Avenue	Cheltenham	Capita Mortgage Administration Ltd	South West	03/02/2017
90 Victoria Street	Bristol	Various	South West	12/10/2017
Centenary House, 10 Winchester Road	Basingstoke	Kier Construction Ltd	South East	22/12/2017
36 Clarendon Road	Watford	Salmon Ltd	South East	15/06/18
Stone Cross	Brentford	Sky CP	South East	25/6/18
31 Booth Street	Manchester	Various	North West	14/12/18


Decimal Place, Chiltern Avenue, Amersham


31 Booth Street, Manchester


Oakleigh House, Cardiff

Properties held continued

Retail

Property	Town	Principal Tenants	Region	Completion
Debenhams, 535-563 Lord Street	Southport	Debenhams Retail Plc	North West	08/06/2010
26-27 Fore Street	Taunton	Natwest	South West	30/09/2013
Units 3.1-3.4, Peninsula Square	Greenwich	Various	Rest of London	31/01/2014
Albion Place	Skipton	Next	Yorks & Humberside	01/07/2014
Zizzis, Gandy Street	Exeter	Azzurri Restaurants Ltd	South West	02/08/2017
Cote, High Street	Esher	Cote Restaurants Ltd	South East	23/08/2017

Retail Warehouse

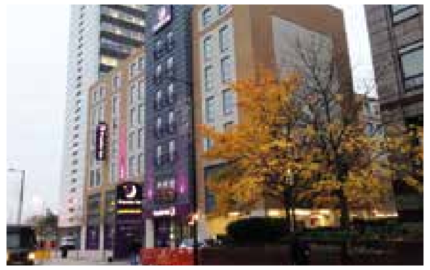
Property	Town	Principal Tenants	Region	Completion
Pudsey Road, Hough End	Leeds	Wickes Building Supplies Ltd	Yorks & Humberside	07/12/2009
Tunnel Drive	Redditch	Matalan Retail Ltd	West Midlands	22/12/2011
Widnes Trade Park	Widnes	B&Q Plc	North West	20/06/2014
Winchester Road Trade Park	Basingstoke	Formula One Autocentres Ltd	South East	16/04/2015
Border Retail Park	Wrexham	Wickes Building Supplies Ltd	Wales	30/06/2015
Lady Bay	Nottingham	Various	East Midlands	17/01/2017
Western Way Retail Park	Bury St Edmunds	Various	Eastern	20/12/2018

Other

Property	Town	Principal Tenants	Region	Completion
Premier Inn, Lansdowne Road & Co-operative Foodstores Ltd	Croydon	Premier Inn Hotels Ltd	Rest of London	28/01/2014
Travelodge & Bathstore, Queens Road	Norwich	Travelodge Hotels Ltd	Eastern	27/08/2015
Brookfield Care Home, Little Bury	Oxford	Methodist Homes	South East	28/11/2017

Peninsula Square, Greenwich

Western Way Retail Park, Bury St Edmunds

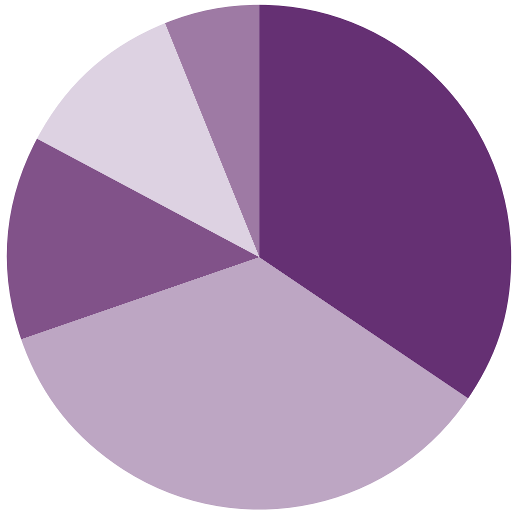


Premier Inn, Lansdowne Road, Croydon

Portfolio Analysis

As at 31 December 2018

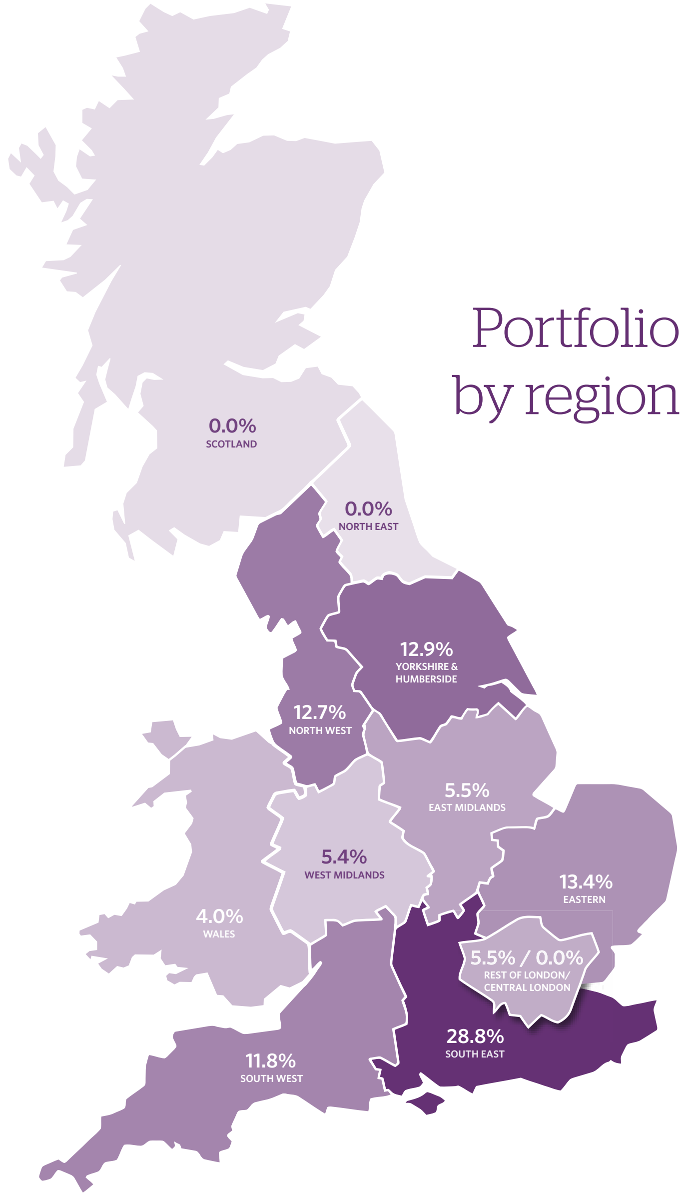
Portfolio by sector



■ Office	35.2%
■ Industrial	34.7%
■ Retail warehouse	13.0%
■ Other	11.1%
■ Retail	6.0%

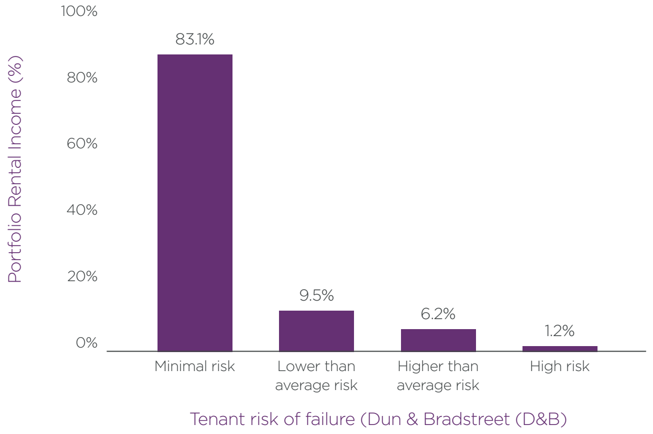
Source: Mayfair Capital

Portfolio by region



Portfolio Analysis continued

Portfolio by covenant rating



Portfolio by unexpired lease profile

11.5%

Total Return annualised over the last 5 years

£629m

Fund Size (GAV)

5.4%

Fund Yield (Rolling 12-months as a % of NAV)

Secure Income

c.93% of the portfolio let to low or minimal risk tenants

(Dun & Bradstreet)

Portfolio positioned for growth

- No Central London exposure
- Low retail weighting
- High allocation to
  - Distribution/ logistics
  - Regional offices

Source: Mayfair Capital Investment Management Limited and MSCI/AREF UK All Balanced Property Fund Index 31.12.2018

Five largest assets
(by value)

Unite Student Accommodation Fund	4.2%
Nottingham, Lady Bay	4.0%
Croydon, Premier Inn	3.7%
Doncaster, Trax Park	3.7%
Brentwood	3.3%

All information is correct as at 31 December 2018.

Source: Mayfair Capital

Five largest tenants
(by income)

Wincanton Holdings Ltd	4.0%
Kier Construction Ltd	4.0%
Sky CP Ltd	3.3%
Antolin Interiors Ltd	2.9%
Premier Inn Hotels Ltd	2.9%

Upper quartile fund performance over 1, 3, 5 and 10 years

compared to the MSCI/AREF UK All Balanced Property Funds Index

Formal ethical and environmental policies built into the Fund

- GRESB green star awarded for 2016, 2017 and 2018
- Signatory of the UN principles for responsible investment
- Member of the Institutional Investors Group on Climate Change

Signatory of: PRI Principles for Responsible Investment

IIGCC Institutional Investors Group on Climate Change

GRESB REAL ESTATE

29 to 70

PITCH overall GRESB score increase in 4 years

Source: Mayfair Capital Investment Management Limited and MSCI/AREF UK All Balanced Property Fund Index 31.12.2018

Financials

5

Independent auditor's report

Opinion

We have audited the financial statements of The Trust for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trust's Unitholders, as a body, in accordance with the requirements of the Trust Deed. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2018 and of its profit/loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trust's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trust have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trust is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report continued

Responsibilities of the Manager

As explained more fully in the Statement of Management's Responsibilities set on page 21, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Crowe UK LLP
Statutory Auditor

Riverside House
4046 High Street
Maidstone
ME14 1JH

16 April 2019

Statement of comprehensive income

For the year ended 31 December 2018

	Notes	2018 (£'000)	2018 (£'000)	2017 (£'000)	2017 (£'000)
Net capital gains	2		16,649		25,353
Movement in unamortised tenant incentives			(1,050)		316
			15,599		25,669
Revenue	3	31,637		28,661	
Expenses	4	(4,258)		(4,182)	
Net Income before interest payable and similar charges		27,379		24,479	
Interest payable and similar charges	5	(2,746)		(2,928)	
Net revenue			24,633		21,551
Total return before distributions			**40,232**		**47,220**
Distributions	7		(28,414)		(24,918)
Change in net assets attributable to unitholders from investment activities			**11,818**		**22,302**

Continuing operations

All items dealt with in arriving at the result for the year ended 31 December 2018 and year ended 31 December 2017 relate to continuing operations.

There is no other comprehensive income other than that listed above for the year ended 31 December 2018 (period ended 31 December 2017: nil).

The Accounting policies and Notes on page 40 to 46 form part of these financial statements

Statement of change in net assets

For the year ended 31 December 2018

	2018 (£'000)	2017 (£'000)
Opening net assets attributable to unitholders	**467,279**	**395,707**
Amounts receivable on creation of units	82,158	56,919
Amounts payable on redemption of units	(9,240)	(7,650)
Change in net assets attributable to unitholders (see page 36)	11,818	22,303
Closing net assets attributable to unitholders	**552,015**	**467,279**

The Accounting policies and Notes on page 40 to 46 form part of these financial statements

Balance sheet

For the year ended 31 December 2018

	Notes	31 December 2018 £'000	31 December 2018 £'000	31 December 2017 £'000	31 December 2017 £'000
Fixed assets					
Investment properties	8	571,245		476,360	
Investment in unit trusts	9	25,247		24,529	
			596,492		**500,889**
Current assets					
Debtors	10	11,874		21,720	
Cash at bank		38,074		40,818	
		49,948		62,538	
Creditors: amounts falling due within one year	11	(19,584)		(47,168)	
Net current assets			**30,364**		**15,370**
Total assets less current liabilities			**626,856**		**516,259**
Creditors: amounts falling due after more than one year	12		**(74,841)**		**(48,980)**
Net assets attributable to unitholders			**552,015**		**467,279**

These financial statements were approved by the Manager on 16 April 2019 and signed on its behalf by:

Mayfair Capital Investment Management Limited

The Accounting policies and Notes on page 40 to 46 form part of these financial statements

Statement of cash flows

For the year ended 31 December 2018

	31 December 2018 £'000	31 December 2018 £'000	31 December 2017 £'000	31 December 2017 £'000
Net cash generated from operating activities		**34,763**		**18,782**
Cash flows from investing activities				
Purchase of investment property	(82,518)		(74,253)	
Sale proceeds from investment property	8,817		17,635	
Capital expenditure on existing properties	(674)		(1,277)	
Purchase of units in unit trusts	-		-	
Proceeds from sale of units in unit trusts	-		-	
Interest received	82		-	
		(74,293)		**(57,895)**
Cash flows from financing activities				
Loan interest paid	(2,902)		(2,921)	
Distributions paid	(28,006)		(25,053)	
Cash received for new units	76,934		58,599	
Units redeemed	(9,240)		(7,649)	
Net (repayment) of long term facility	-		-	
		36,786		**22,976**
Increase / (Decrease) in cash		**(2,744)**		**(16,137)**
Cash and cash equivalents at beginning of year		**40,818**		**56,955**
Cash and cash equivalents at the end of year		**38,074**		**40,818**

The Accounting policies and Notes on page 40 to 46 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies

Statutory information

Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements of the Trust have been prepared on the going concern basis under the historical cost convention. The principal accounting policies adopted are described below:

Financial instruments

The Fund only enters into basis financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other parties.

Financial assets that are measured at cost and amortised costs are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Valuation of investment property

The freehold and leasehold investment properties were valued by the Fund's independent valuers, Cushman & Wakefield, as at 31 December 2018, on the basis of Market Value in accordance with RICS Appraisal and Valuation Standards

Acquisitions and disposals

Proceeds from the sale of properties are recognised when the risks and rewards of ownership have been transferred to the purchaser. Properties that have exchanged but not completed are recognised in debtors being the proceeds expected to be received on completion. Gains and losses are included in unrealised gains and losses until legal completion. Gains or losses on the sale of property are included under net capital gains in the Statement of Comprehensive Income. The book cost of an asset consists of the purchase price, related legal fees, survey fees, agents' costs, certain refurbishment costs and other associated professional costs.

Income and expenditure

Rental income, interest and expenditure are accounted for on an accrual basis net of VAT.

Rental income is recognised on a straight-line basis over the term of the lease even if payments are not made as such. Lease incentives are spread on a straight-line basis from the lease start date until the end of the lease.

Capital contributions paid to tenants are shown as a debtor and amortised in line with the provisions of FRS 102. The valuation of the investment properties is reduced by all amortised lease incentives in accordance with the Trust Deed.

Fund manager, administrator and several other fees are treated as capital expenses. They are reported within expenditure in the Statement of Comprehensive Income but are not taken into account in determining the Fund's distributable income, instead being taken to the capital expenses reserve. The effect of this treatment is to increase income distributions and reduce the Fund's Net Assets by the value of such expenses each year. Property investment transaction costs as outlined above are capitalised and reported as part of the net gain or loss on investments in the Statement of Comprehensive Income

Distributions

It is the policy of the Fund to distribute all income net of revenue expenses to the unit holders monthly.

Taxation

As an exempt unauthorised unit trust whose investors are all charities, the fund qualifies for exemption from tax on capital gains.

Depreciation

No depreciation is charged in respect of freehold or leasehold investment properties.

Bank borrowing

Interest bearing bank loans are recorded at proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are recognised on an accruals basis. Issue costs are amortised over the period to the date of expiry of the facility agreement.

2. Net capital gains

	2018 (£'000)	2017 (£'000)
Net unrealised gains on investment property	15,646	28,279
Net realised gains / (losses) on investment property	281	(3,794)
Net unrealised gains on investment in unit trusts	718	868
Net realised gains on investment in unit trusts	4	-
Total	**16,649**	**25,353**

3. Revenue

	2018 (£'000)	2017 (£'000)
Rental income	30,371	26,957
Investment income	1,114	1,206
Interest received	82	48
Other income	70	450
Total	**31,637**	**28,661**

4. Expenses

	2018 (£'000)	2017 (£'000)
Charged to income		
Legal and professional fees	164	135
Bank charges	23	18
Premises expenses	290	662
	477	815
Charged to capital		
Investor committee	46	50
Trustee fees	133	117
Fund management fees	2,966	2,604
Administrator fees	334	308
Valuation fees	99	104
Audit fee	36	28
Depository fees	76	111
Other	91	45
	3,781	3,367
Total	**4,258**	**4,182**

5. Interest payable and other similar charges

	2018 (£'000)	2017 (£'000)
Loan interest payable	2,558	2,724
Amortisation of loan costs	188	204
Total	**2,746**	**2,928**

Notes to the financial statements

For the year ended 31 December 2018

6. Taxation

New regulations came into force on 6 April 2014 allowing Exempt Unauthorised Unit Trusts ("EUUTs"), such as PITCH, to make distributions to investors without the deduction of 20% tax. One of the requirements for an EUUT to make gross distributions is that it must obtain approval as an exempt trust from HM Revenue & Customs ("HMRC"). PITCH has approval from HMRC as an exempt trust. Accordingly all distributions in 2018 were paid without the deduction of tax, meaning tax exempt investors no longer need to reclaim the tax withheld from HMRC.

7. Distributions

	2018 (£'000)	2017 (£'000)
Distributions paid		
Month ended 31.01.18 / 31.01.17	2,109	2,028
Month ended 28.02.18 / 28.02.17	1,916	1,711
Month ended 31.03.18 / 31.03.17	2,239	2,282
Month ended 30.04.18 / 30.04.17	2,351	2,184
Month ended 31.05.18 / 31.05.17	2,329	2,136
Month ended 30.06.18 / 30.06.17	2,301	2,031
Month ended 31.07.18 / 31.07.17	2,542	2,407
Month ended 31.08.18 / 31.08.17	2,505	2,106
Month ended 30.09.18 / 30.09.17	2,256	1,860
Month ended 31.10.18 / 31.10.17	2,668	1,980
Month ended 30.11.18 / 30.11.17	2,606	2,007
Distributions paid	25,822	22,732
Distributions payable	2,592	2,186
Total distributions	**28,414**	**24,918**
Reconciliation of net income after taxation to distributions		
Net income	24,633	21,551
Expenses charged to capital	3,781	3,367
Total	**28,414**	**24,918**

8. Investment properties

	2018 (£'000)	2017 (£'000)
Market value of investments bought forward	**476,360**	**395,604**
Adjustment in respect of tenant lease incentives	4,480	4,796
Fair value of investments bought forward	480,840	400,400
Additions from acquisitions at cost including purchase costs	82,518	74,253
Additions to existing properties at cost	674	1,277
Value of properties sold	(3,185)	(19,575)
Change in fair value of investments	15,928	24,485
Market valuation of investments carried forward	**576,775**	**480,840**
Adjustment in respect of tenant lease incentives	(5,530)	(4,480)
Fair value of investments carried forward	**571,245**	**476,360**

The Fund's investment properties were valued by Cushman & Wakefield, independent valuers, on a market value basis at £576,775,000. The valuations have been reduced by unamortised tenant incentives in line with accounting policies (see note 1).

8. Investment properties continued

Valuation method and assumptions

The valuations were carried out in accordance with the RICS Valuation Professional Standards 2014 (UK Edition) issued by the Royal Institution of Chartered Surveyors (the 'Red Book'). In particular the market value has been assessed in accordance with RICS Global Valuation Practice Statements ('VPS'), the Professional Standards ('PS'), RICS Global Valuation Practice Guidance – Applications ('VPEA') and United Kingdom Valuation Standards ('UKVS').

No adjustments have been made to reflect any liability to taxation that may arise on disposals, nor any costs associated with disposals incurred by the owner. Deductions have been made to reflect purchaser's acquisition costs.

In undertaking the valuations, Cushman & Wakefield have made the following assumptions.

a) Title

Cushman & Wakefield have assumed that no title issues have arisen and that, save as disclosed in the draft Reports or Certificates of Title, the Properties have good and marketable title and that the properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. It has also been assumed that the properties are free from mortgages, charges or other encumbrances.

b) Condition of structure and services, deleterious materials, plant and machinery and goodwill

The properties were inspected for the purpose of the valuations for loan purposes and due regard has been given to the apparent state of repair and condition of the properties; however no condition surveys were undertaken. Unless informed by the property manager, Cushman & Wakefield have assumed that the properties are free from rot, infestation, adverse toxic chemical treatments, deleterious materials, asbestos, and structural or design defects.

No Mining, geological or other investigations have been undertaken to certify that the sites of the properties are free from any defects to foundations. Cushman & Wakefield have made an assumption that the load bearing qualities of the sites are sufficient and that there are no abnormal ground conditions, nor archaeological remains present.

c) Environmental matters

Cushman & Wakefield have made enquiries of the property manager and the Environmental Health Officer in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the sites of the properties and any adjoining sites.

No investigations have been made into past or present uses, either of the properties or any neighbouring land to establish whether there is any contamination, and Cushman & Wakefield have made no allowance for actual or potential contamination in its valuation.

d) Statutory requirements and planning

Verbal or written enquiries have been made of the relevant planning authority in whose areas the Properties lie as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

Save as disclosed in the Reports or Certificates of title, Cushman & Wakefield have made an assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals, that where necessary they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005.

Cushman & Wakefield have also made an assumption that the properties are not subject to any outstanding statutory notices as to their construction, use or occupation. A further assumption has been made that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

Notes to the financial statements

For the year ended 31 December 2018

8. Investment properties continued

e) Leasing

Unless Cushman & Wakefield have become aware by general knowledge, or have been specifically advised to the contrary they have made the assumption that the tenants are financially in a position to meet their obligations. Unless informed to the contrary, Cushman & Wakefield have also assumed that there are no material rental arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes. Finally, Cushman & Wakefield have assumed that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

Restrictions on realisability

There are currently three loans, which have been secured against certain of the Fund's investment properties (see note 12).

Contractual obligations

The responsibilities for repairs, maintenance and enhancements are clearly set out in the leases.

9. Property related investments

	2018 £'000	2017 £'000
Market value of investments brought forward	24,529	23,661
Additions from acquisitions at cost	–	–
Value of properties sold	–	–
Change in fair value of investments	718	868
Market valuation of investment carried forward	**25,247**	**24,529**

The investment in Unite UK Student Accommodation Fund (USAF) is held at the 31 December 2018 estimated net asset value per unit as reported by the manager of USAF. The manager of USAF provides valuations on a quarterly basis. Included in the market valuation as at 31 December 2018 are the following:

	2018 £'000	2017 £'000
Proportionate share of cash in USAF	1,919	1,512
Proportionate share of loans in USAF	10,350	10,281

10. Debtors

	2018 £'000	2017 £'000
Rental arrears	2,713	1,614
Prepayments and accrued income	392	399
Unamortised tenant incentives	5,530	4,479
Rent deposit debtors	305	280
Amounts receivable on disposals	58	5,690
Other debtors	2,876	9,258
Total	**11,874**	**21,720**

11. Creditors amounts falling due within one year

	2018 £'000	2017 £'000
Distributions payable	2,593	2,185
Deferred income	10,389	7,328
VAT payable	812	641
Rent deposit creditors	305	280
Investor funds received for January dealing	2,577	7,801
Loan interest payable	380	536
Accruals and other creditors	2,719	2,476
Bank loan	–	26,000
Less: unamortised loan costs	(191)	(79)
Total	**19,584**	**47,168**

12. Creditors amounts falling due after more than one year

	2018 £'000	2017 £'000
Bank loans	75,500	49,500
Less : unamortised loan costs	(659)	(520)
Total	**74,841**	**48,980**

The amount detailed above consists of three loans as follows:

- A loan facility with Canada Life in the amount of £24,700,000 (2016: £24,700,000) attracts interest at a fixed rate of 4.09% per annum and becomes repayable in full on 20th July 2021. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £69,650,000 as at 31st December 2018.
- A loan facility with Aviva in the amount £24,800,000 (2016: £24,800,000) attracts interest at a fixed rate of 3.10% per annum and becomes repayable on 28th September 2025. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £62,600,000 as at 31st December 2018.
- A loan facility with PGIM in the amount of £26,000,000, taken out in December 2018, replacing the existing Canada Life loan for the same amount. The loan attracts interest at a fixed rate of 2.25% per annum and becomes fully repayable 7th December 2023. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £73,650,000 as at 31st December 2018.

13. Reconciliation of net income to net cash flow in net funds

	2018 £'000	2017 £'000
Decrease in available cash during the year	(2,744)	(16,137)
Increase in loans during the year	–	–
Decrease in net funds during the year	(2,744)	(16,137)
Opening net funds attributable to unit holders	(34,682)	(18,545)
Closing net funds attributable to unit holders	**(37,426)**	**(34,682)**

Notes to the financial statements

For the year ended 31 December 2018

14. Analysis of net funds

	2018 £'000	2017 £'000
Cash	38,074	40,818
Bank loans due within one year	–	(26,000)
Bank loans due after more than one year	(75,500)	(49,500)
Total net funds	**(37,426)**	**(34,682)**

15. Counterparty risk

	2018 (£'000)	2017 (£'000)
Cash		
RBS	30,393	17,779
Santander	3,061	23,039
PGIM	4,620	–
Total cash	**38,074**	**40,818**
Loans		
Canada Life	24,700	50,700
Aviva	24,800	24,800
PGIM	26,000	–
Total loans	**75,500**	**75,500**

16. Forward Commitments and Contingent liabilities

There were no contingent liabilities at 31 December 2018 (31 December 2017 : £nil).

17. Related party transactions

Amounts payable to the manager were £3,563,341 (31 December 2017: £2,608,877).
The amount outstanding at the year end in respect of those fees was £900,364 (31 December 2017: £685,459).

Amounts payable to the Trustee were £132,905 (31 December 2017: £117,420).
The amount outstanding at the year end in respect of those fees was £34,137 (31 December 2017: £30,109).

MAYFAIR CAPITAL

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