Property Income Trust for Charities

Q1 Factsheet / 31 March 2016

Fund Aim and Investment Objective

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. It 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.

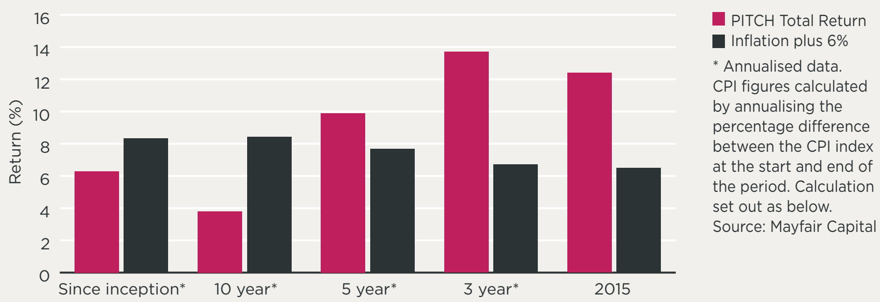
The Trust's objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6.0% p.a, whilst at least maintaining the capital value in real terms. Income is distributed monthly. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor.

James Thornton
Fund Director

Simon Martindale
Fund Manager

Long term performance

PITCH Returns vs Fund objective



$$CPI = \left(\left(\frac{\text{CPI index (end March 16)}}{\text{CPI index (end March } t_0)}\right)^{\wedge}\left(\frac{1}{\text{No. of years}}\right)-1\right)*100$$

Historic Fund Return

Period	PITCH %	AREF/IPD[1] %
3 months	1.7	1.1
6 months	4.9	3.9
12 months	12.4	10.6
3 years[2]	13.7	13.0
5 years[2]	9.9	8.8
10 years[2]	3.8	3.3

1. All Balanced Property Funds Index
2. Annualised returns

Note: this Fund is not managed on a benchmark relative basis

Fund Review and Strategy

- PITCH returned 1.7% in Quarter 1 compared with the AREF All Balanced Fund Index of 1.1%
- Returns were suppressed by the introduction of new SDLT rates on commercial property in the Budget effectively reducing property valuations by just under 1%
- Following the purchase and sale activity outlined below, the Fund distribution yield grew to 6.1% from 5.9% in Q4 2015. The focus for 2016 remains to grow the total pence per unit distributions and a number of lower yielding property sales are in hand to complement this strategy. We will report on these further during Q2.
- The £9m Nykredit debt facility was repaid at the end of March meaning the Fund LTV has now reduced to 16%. The weighted average cost of funds is 3.6% versus a current portfolio yield of 5.8%
- Investment volumes have reduced owing to uncertainty over the outcome of the EU Referendum in June. With yield compression having dissipated, the stimulus for capital growth is set to be rental growth and asset management.

Acquisition: Runcorn

- A defensive, long dated warehouse investment in Runcorn for £11.45m, a yield of 6% to the Fund
- The property is let to Rehau until 2028 and is subject to open market reviews with the added protection of minimum fixed increases
- The purchase provides further exposure to the expanding e-commerce sector

Acquisition: Solihull

- An office building on the premier business park in Solihull let to CGI UK Ltd (formerly Logica) until 2018
- The micro location benefits from a strong infrastructure theme being adjacent to Birmingham International Airport, and within 1 mile of the proposed HS2 Birmingham Interchange station. The Airport runway has been extended recently.
- The investment provides the opportunity for rental growth through refurbishment and lease activity
- The purchase completed in March for £7.55m reflecting an initial yield to PITCH of 8.3%

Key Fund Data

Gross asset value	£470.66m
Net asset value	£392.97m
Number of assets	63
Bid price	82.18 p.p.u
Offer price	84.79 p.p.u
Yield for rolling 12 months[1]	6.1%
Distribution history[2]	
Jan 2016	0.472 p.p.u
Feb 2016	0.423 p.p.u
Mar 2016	0.478 p.p.u
Borrowings (GAV)	16.04%
Borrowings (NAV)	19.21%
Vacancy rate	1.4%
Weighted unexpired term [3]	8.5 years
Total expense ratio (NAV)	0.77%
Total expense ratio (GAV)	0.64%
Portfolio turnover ratio[4]	19.1%
Year end	31 December
Sedol number	BO517P1
ISIN number	GBOOBO517P11

1. distributions payable in the last 12 months as a % of the last NAV
2. pence per unit (p.p.u.); distributions are quoted on a paid basis in line with AREF reporting
3. incl. breaks
4. $\frac{\text{(purchases + sales) - (subscriptions +redemptions)}}{\text{average fund value over 12 months}}$

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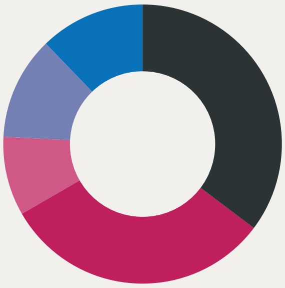
MAYFAIR CAPITAL

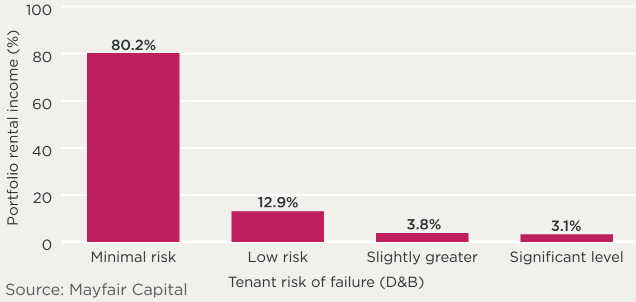
Portfolio by Sector



Industrial	35.4%
Office	31.3%
Retail	9.4%
Retail warehouse	11.7%
Other	12.2%

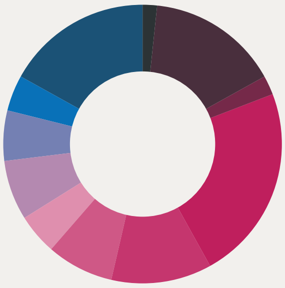
Source: Mayfair Capital

Portfolio by Covenant Rating



Source: Mayfair Capital

Portfolio by Region

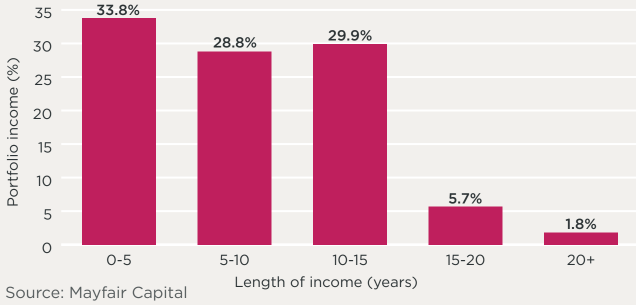


East Midlands	1.8%
North West	15.2%
Scotland	2.2%
South East	22.9%
Eastern	11.7%
South West	7.7%
London	4.9%
Rest of London	6.9%
Wales	5.9%
West Midlands	4.2%
Yorks & Humberside	16.6%

Analysis excludes the USAF unit holding

Source: Mayfair Capital

Portfolio by Unexpired Lease Profile



Source: Mayfair Capital

Asset Management

Wallbrook Court, Oxford

- Pre-letting of two floors to CRM Ltd following refurbishment
- New 10 year lease, with a break option at the 5th year, at a rent in excess of ERV
- Oxford is currently experiencing good rental growth.

The valuation gain on this and other asset management helped to offset some of the fall caused by the Stamp Duty increase.

Sales

Haywards Place, Clerkenwell

- Sale exchanged for £10.1m, reflecting an initial yield of 3.3% and an IRR of 15.4% pa from purchase in October 2014
- Proceeds to be reinvested into quality but higher yielding investments
- Sold to an overseas investor following competitive bidding.

Europa View, Sheffield Business Park

- Completion of sale to a private investor for £2.3m in line with valuation
- Sale follows recent successful asset management to extend the lease by 10 years
- Apart from being a small asset, this holding did not conform with our urbanisation theme of favouring city centre offices.

10 Largest Tenants (by income)

Wincanton Holdings Ltd	4.7%
B&Q plc	3.6%
Bard Ltd	3.3%
Royal Mail Group Plc	3.3%
Premier Inn Hotels Ltd	3.3%
Wickes Building Supplies Ltd	3.1%
Barnett Waddingham LLP	2.5%
Fellowes Ltd	2.5%
Rehau Ltd	2.5%
Kier Construction Ltd	2.4%
TOTAL	**31.2%**

10 Largest Assets (by value)

USAF[1]	5.0%
Doncaster	4.5%
Croydon	4.3%
Manchester	4.0%
Peterborough	3.5%
Guildford	3.1%
Crawley	3.0%
Widnes	3.0%
Hook	2.9%
WELPUT[2]	2.9%
TOTAL	**36.2%**

All information is correct as at 31 March 2016
Source: Mayfair Capital

1. Unite Student Accommodation Fund
2. West End of London Property Unit Trust

Prepared by Mayfair Capital Investment Management Limited
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Fund Director's Commentary – James Thornton

The global economy remains characterised by uncertainty driven by the slowdown in China, emerging market instability, turbulent equity markets and falling commodity prices. The IMF are forecasting global economic expansion of 3.2% this year but this growth remains vulnerable to a number of risks, including a so-called "hard landing" in China, escalating tensions surrounding immigration in Europe, and an increasingly chaotic US presidential election.

The UK economy expanded 2.3% in 2015 down from 2.9% the previous year. Growth continued to be underpinned by the service sector while manufacturing and production output declined. A weak start to 2016 is anticipated as sentiment data has become more subdued. Quarterly growth of between 0.3% and 0.4% is expected in Q1, which is around half the rate of growth recorded in the final quarter of last year.

Given the continuing evidence of job creation and positive outlook for real wage growth due to low levels of inflation, this expansion is expected to be driven by consumers. However, latest figures showed a marginal fall in household incomes and the household savings ratio has reached a new low suggesting this growth is fragile. Furthermore, consumer confidence is likely to be knocked in Q2 due to the onset of renewed fiscal austerity and upcoming referendum.

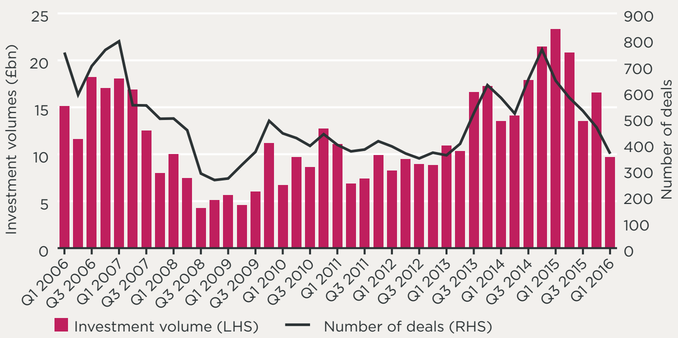
There are also headwinds to growth from the corporate sector, with the Deloitte CFO Survey in Q1 2016 indicating that for the first time in three years, UK corporates anticipate capital expenditure will decline this year.

Unsurprisingly the Bank of England has become more dovish against this softening backdrop. Interest rates look set to remain unchanged into 2017 and it has cut its forecasts for UK GDP growth this year from 2.5% to 2.2%.

It should be noted that all economic expectations make an assumption that the UK votes to remain part of the EU on 23 June. Consequently, a "Brexit" is the single greatest risk to the current outlook.

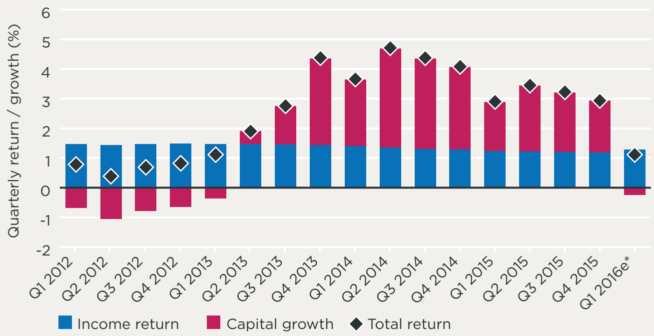
UK property market analysis

UK commercial property investment activity



Source: Property Archive April 2016

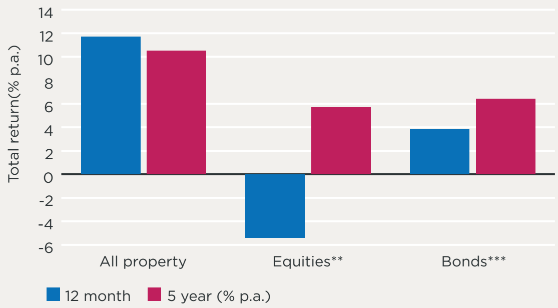
Composition of IPD all property total returns



Source: IPD Quarterly Index (Q4 2015)

- Investment activity has slowed due to increased investor caution due to the weaker economic data and EU referendum
- All property total returns in Q1 2016 were 1.1%, down from close to 3.0% in Q4 2015
- This was due to a sharp slowdown in capital value growth driven by stamp duty land tax (SDLT) changes, which knocked around 1% off commercial property values in March
- Capital growth is anticipated to resume in April as ongoing supply shortages should support further rental growth if current economic growth forecasts are borne out
- In our view all property total returns will be in the region of 6.0% to 6.5% this year

Total Return (end March 2016)



Source: IPD Monthly Index March 2016, ** FTSE All Share *** 5-15Y Gilt

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