

PITCH Ethical Policy – September 2020

Introduction

Responsible Property Investment – Mayfair Capital is committed to managing its Funds in a responsible way by integrating Environmental, Social and Governance (ESG) criteria, as well as risk factors and financial metrics, into a controlled and structured investment process. We believe this helps to generate long-term risk-adjusted returns and aligns our investment goals to those of our investors and stakeholders.

Mayfair Capital Investment Management as managers of the Property Income Trust for Charities (PITCH) adhere to this responsible investment policy in the management and investment of the Fund, but with a particular focus on the underlying charitable purpose of its investor base. Many charities have their own ethical policies measured alongside their mission or charitable objectives. Whilst a pooled Fund such as PITCH cannot adhere to each specific charity's own interests, it is important for its ethical policy to provide a clear and transparent set of ethical guidelines built into the investment process and within the management of the property portfolio and its underlying tenants.

Due diligence screening of tenants is carried out at the time of any property purchase by PITCH's Fund management team and which is then reviewed on a quarterly basis. This is reported to both Mayfair Capital's Investment Risk Committee and the Fund's external Investors' Committee, who meet with the Manager on a quarterly basis.

The Investors' Committee includes representatives from a religious body and from two universities. These charities are at the forefront of ethical investment. The Investors' Committee monitors the tenants in the property portfolio, according to the Fund's stated policy, and ensures that none are involved in any activity which would likely bring the Fund into disrepute with its investors or wider stakeholders. This would include careful consideration of those companies whose primary business is in the production of alcohol, tobacco, armaments, gambling, pornography and the sex industry or involved in other matters that may also be considered by the Investors' Committee to be relevant and are therefore judged on a case by case basis.

Policy during the acquisition process:

Investment Exclusions:

(Pornography; Gambling; Armaments & manufacture of Alcohol & Tobacco):

Our Ethical Policy states that the agreed ethical investment screens should be applied to individual tenants of property assets. Our ethical exclusions mean that we would not invest in properties which included tenants from the following banned activities:

Pornography, Gambling, Armaments and the manufacture of Alcohol and Tobacco.

It is not always possible to determine the exact amount of revenue from a particular source and so we adopt a maximum 10% threshold of a company's turnover to cover unavoidable or inadvertent breaches. Therefore, if the turnover threshold for a tenant company's activity, subject to an ethical investment exclusion is exceeded, then that property will be ineligible as a new investment.

Investment Restrictions (sale of Alcohol and Tobacco):

Our Ethical Policy states that companies involved in the manufacture of alcohol or tobacco should be excluded, as above, however to ensure that potential tenants (see below example), where only a minor part of their business comes from this activity are not excluded, the sale of the end-product is allowed up to 25% of a company's turnover. We must take into account stewardship responsibilities towards our clients with regard to investment performance, as well as their ethical standpoint.

To give examples, supermarket retailers that sell alcohol and tobacco would be permissible tenants, however a wine merchant would not; family restaurants serving alcohol would be permissible but pubs and bars serving predominantly alcoholic drinks would not.

Other Investment Restrictions on a case by case basis:

Our Ethical Policy allows for other activities to be considered by our Investors' Committee (IC) on a case by case basis, where in their opinion, a tenant's company activities might be deemed to be in conflict with the ethical principles of charities. The IC mandates the PITCH management team, during its due diligence process on any asset, to flag up such issues in its reporting.

For example, cases that have been discussed in the past have included issues that have arisen over the living wage, corporate governance, animal testing and companies extracting thermal coal or tar sands.

The IC has final say over what is considered an acceptable tenant for the PITCH property portfolio and is not already covered by a clear investment exclusion or restriction (as above).

Policy through property ownership

It should be noted that property investment differs in one clear respect from other types of investment, in that leases can be assigned by existing tenants after the investment has been made, without the landlord's prior consent. It would be wrong to expect restrictive leases to be put in place as this would diminish the economic value and marketability of the property assets.

If, as a result of an assignment, a turnover threshold of a corporate tenant's activity was to breach the ethical investment exclusion or restriction then the IC would consider the appropriate way forward with the PITCH management team on a case by case basis. There is no blanket requirement for a forced disposal but if the assignment were to clearly breach the stated ethical policy then the IC would require the sale of the asset over an appropriate time period dependant on market conditions and with regard to achieving an appropriate market value.

It should be noted that the above issue could also arise as a result of corporate activity such as a take-over or merger.

Summary:

The above stated Ethical Policy for PITCH should be read in conjunction with the Fund's approach to responsible property investment, the Fund's overall ESG policy and its approach to stewardship towards its investors, stakeholders and the management of its assets (www.pitch.mayfaircapital.co.uk).

In addition, this policy should be viewed alongside the Fund's commitment through the following industry wide memberships and reporting: As a signatory to the UNPRI; annual reporting and measurement to the Global Real Estate Sustainability Benchmark (GRESB); membership of the Association of Real Estate Funds (AREF)

The Property Income Trust for Charities

A Fund managed by:
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