Property Income Trust for Charities

Q3 Factsheet / 30 September 2016

MAYFAIR CAPITAL

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.

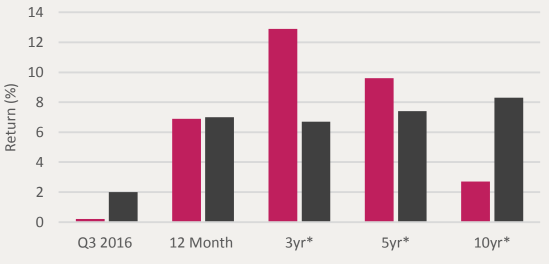
The Trust's objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6.0% p.a, whilst at least maintaining the capital value in real terms. Income is distributed monthly. The Fund operates both ethical and environmental policies and seeks to be a socially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

James Thornton
Fund Director

Simon Martindale
Fund Manager

Long Term Performance

PITCH Returns relative to Fund objective



PITCH Total Return

Inflation plus 6%

*Annualised data
CPI figures calculated by annualising the percentage difference between the CPI index at the start and end of the period.

Source: Mayfair Capital

Historic Fund Return

Period	PITCH %	AREF/IPD[1] %
3 months	0.2	-0.7
6 months	1.9	-0.6
12 months	6.9	3.4
3 years[2]	12.9	11.4
5 years[2]	9.6	8.0
10 years[2]	2.7	2.4

1. All Balanced Property Funds Index
2. Annualised returns

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

Fund Review Strategy

- PITCH returned 0.2% in Q3 and 6.9% for the rolling 12 months. This compares favourably against the AREF All Balanced Fund Index which returned -0.7.% and 3.4% for the same respective periods. As with the second quarter two large daily traded funds continued to see disproportionate valuation falls which dragged down performance in the Index.

- The portfolio saw a -1.1% valuation fall over the Quarter but this was offset by the Fund's relatively high income yield which is currently running at 6.4%.

- Despite weakening sentiment for secondary assets there is now sufficient liquidity and evidence in the market for Cushman & Wakefield, the Fund's valuers, to have removed the qualification wording that had been included in the July and August valuations.

- During the Quarter the Fund concluded the sale of its final Central London office asset at Tabernacle Street. The price was subject to a minor post-Referendum adjustment to £8.35m (from £8.7m) and returned an IRR of 40.8% per annum from purchase in 2013.

- Two further sales completed in Q3. This included a VW car dealership in Leicester that sold for £5.28m (a yield of 5.9%), in excess of valuation, together with a small trade counter investment in Edinburgh that sold for £2.55m, in line with valuation.

- We concluded one significant piece of asset management by agreeing a 44% uplift at rent review on a restaurant unit let to Chiquitos on the Greenwich Peninsula adjacent to the O2 (see over). With other rent reviews now due on the other two units we expect to achieve further rental increases on this investment.

- Owing to the medium to long term investment horizon of the underlying investor base redemptions since the EU referendum have been minimal and post the Quarter we are now seeing positive net inflows in to the Fund.

- Having put buying activity on hold in the immediate aftermath of the Referendum we are now seeking to reinvest a large portion of the existing cash balance into high quality income producing investments in the south east and regions.

Key Fund Data

Gross asset value	£469.18m
Net asset value	£390.12m
Number of assets	58
Bid price	81.20 p.p.u
Offer price	83.63 p.p.u
Yield for rolling 12 months [1]	6.4%
Distribution history [2]	
Jul 2016	0.429 p.p.u
Aug 2016	0.435 p.p.u
Sep 2016	0.432 p.p.u
Borrowings (GAV)	16.1%
Borrowings (NAV)	19.4%
Vacancy Rate	1.7%
Weighted unexpired term [3]	8.3 years
Total expense ratio (GAV)	0.64%
Total expense ratio (NAV)	0.77%
Portfolio turnover ratio [4]	24.33%
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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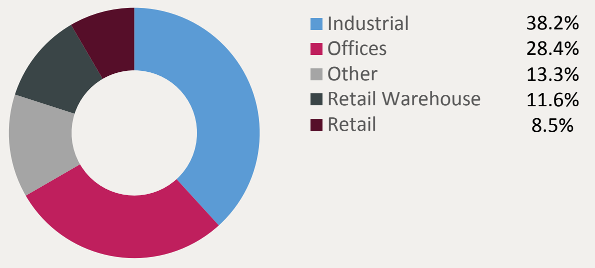
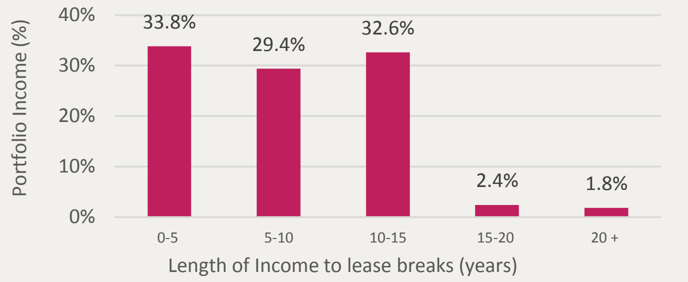
Portfolio by Sector



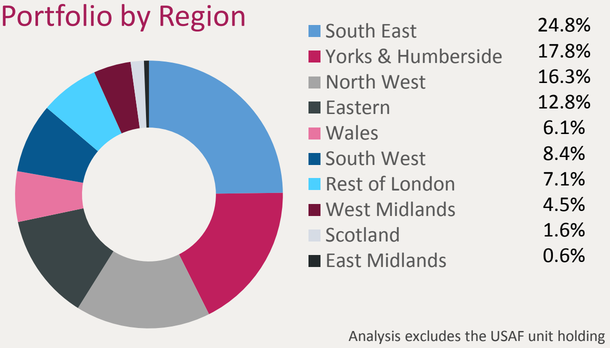
Source: Mayfair Capital

Portfolio by Unexpired Lease Profile



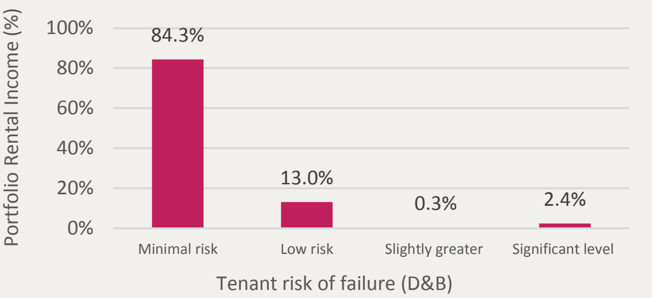
Source: Mayfair Capital

Portfolio by Region



Analysis excludes the USAF unit holding
Source: Mayfair Capital

Portfolio by Covenant Rating



Source: Mayfair Capital

Asset Management

Greenwich – Peninsular Square (Restaurant)

In January 2014 the Fund acquired a block of three restaurant units outside the entrance to the O2 Arena in Greenwich. The rationale for the purchase was to capture the strong rental growth that we expected to see in the area. On completing the first review in 2016 the rent for the Chiquitos unit increased from £155,000 pa to £223,000 pa (44% uplift) . The value of the asset has risen from £5.7m at purchase to its current value at £8.7m.

Sales

London - Tabernacle Street (Office)

In August we completed the sale of our last central London office holding. Tabernacle Street was acquired as part of a portfolio in October 2013 for £3.8m. It was occupied on a short term lease and we were originally attracted by the refurbishment opportunity and growth potential in an increasingly attractive part of the city near 'Silicon roundabout'. Having taken a dilapidations settlement from the tenant of circa £400,000 we sought to take advantage of the strong market early this year to sell for £8.35m.

Leicester – St Margaret's Way (Other)

In August the Fund completed the sale of St Margaret's Way, Leicester – one the Fund's VW dealerships. The property was let to Volkswagen Group until 2026 and was sold to the sub-tenant, a VW franchisee, at a price of £5.28m (a yield of 5.9%) which was slightly ahead of the Fund's valuation.

Ten largest tenants (by income)

Wincanton Holdings Ltd	4.9%
B&Q Plc	3.7%
Bard Ltd	3.5%
Royal Mail Group Plc	3.4%
Premier Inn Hotels Ltd	3.2%
Wickes Building Supplies Ltd	3.2%
Barnett Waddingham LLP	2.6%
Fellowes Ltd	2.6%
Rehau Ltd	2.6%
Kier Construction Ltd	2.5%
Total	**32.5%**

Ten largest Assets (by value)

USAF [1]	5.5%
Doncaster	4.9%
Croydon	4.6%
Manchester	4.3%
Peterborough	3.7%
Guildford	3.3%
Crawley	3.3%
Hook	3.1%
Widnes	3.1%
Amersham	2.9%
Total	**38.8%**

All information is correct as at 30 September 2016
Source: Mayfair Capital
1. Unite Student Accommodation Fund

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Fund Director's market commentary

Economic data over the summer was stronger than had been anticipated and sentiment has improved as a result. GDP growth forecasts, which were cut in the immediate aftermath of the EU referendum, have been revised upwards and fears of a full blown recession next year have receded.

However, while there continues to be a large degree of uncertainty in the outlook, the consensus expectation is that economic growth will be weaker in the short term than had been forecast at the beginning of the year. This slowdown is being attributed to heightened caution in the corporate sector weighing on business investment. The recent announcement from Nissan related to their investment intentions is thought to be early evidence of this trend.

The environment for consumers may also become more challenging. A marginal softening in the labour market is anticipated and inflation is set to continue to rise due to sustained sterling weakness and a higher oil price. This is expected to slow further growth in wages and therefore, household spending.

The Bank of England loosened monetary policy over the summer and markets have been anticipating a further interest rate cut in Q4 16.

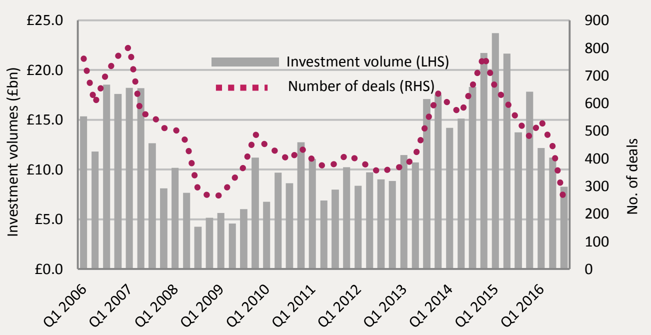
However, the recovery in the purchasing managers' indices in September arguably weakens the case for this, particularly against a backdrop of higher inflation. That said, the Monetary Policy Committee is anticipated to keep interest rates lower for longer and although gilt rates have been ticking up recently, maintaining a low interest rate environment can be expected to keep UK bond yields relatively low.

This in turn will enable the Treasury to pivot away from austerity towards greater fiscal stimulus, which should provide a boost to UK economic output. A shift in fiscal policy is expected to be unveiled during the Autumn Statement in November.

In summary, the outlook remains uncertain and more clarity about the UK's future relationship with Europe is needed before the economic impact can be determined. Until this time it is likely that markets will continue to be characterised by high levels of volatility. However, it should be noted that the global backdrop is also marked by uncertainty and is facing a number of headwinds to growth, including US and European elections, the fragile banking system in Europe, geopolitical stress in the Middle East and slower growth in China. From this perspective the UK could continue to look like something of a safe haven for many global investors!

UK property market analysis

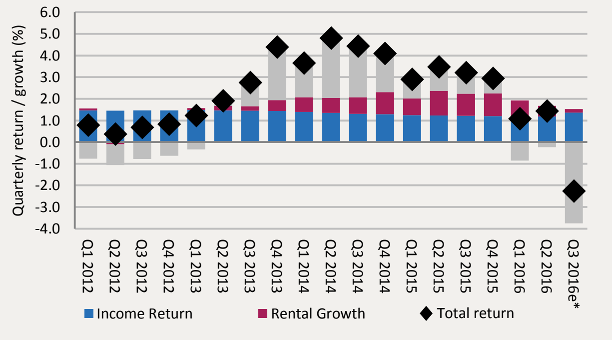
UK commercial property investment activity



Source: Property Archive July 2016

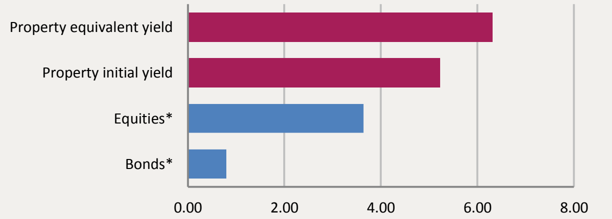
- Investment activity improved in September but low transaction volumes in July and August meant that overall activity in Q3 16 was subdued
- IPD All Property total returns over Q3 16 were -2.3% down from 1.3% in the previous quarter
- Pricing movements have driven capital value falls across the market and all sectors
- The office sector has seen the greatest impact on performance following the Referendum despite rental values remaining firm
- Against the backdrop of a "low interest rate, low growth" environment, property is expected to remain an attractive asset class to investors seeking yield

Composition of IPD All Property Total Return



Source: IPD Quarterly Index (Q2 2016)
*Q3 2016 data estimated using monthly index

Yield comparison by asset class (end-Sept 2016)



Source: IPD Monthly Index, September 2016 - * 10Y gilt rate ** FTSE 100 dividend yield

For all administrative enquiries, please contact
Katherine Harrison at Saltgate (UK)
Telephone: +44 20 3143 4509
Email: mayfaircapital@saltgate.com

For all investor enquiries, please contact
Katie Joyce at Mayfair Capital
Telephone: +44 20 7291 6667
Email: kjoyce@mayfaircapital.co.uk