Property Income Trust for Charities

Q2 2017 Factsheet (30 June 2017)

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.

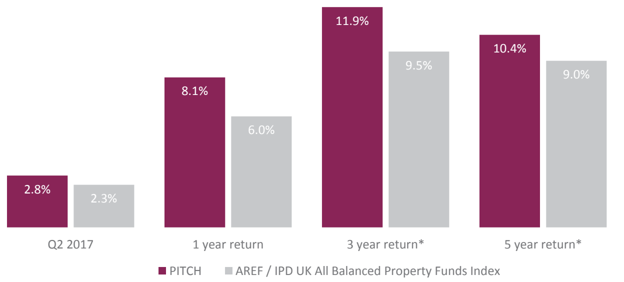
The Fund aims to deliver a relatively high and sustainable income yield whilst at least maintaining capital value in real terms over the economic cycle. Income is distributed monthly. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor.

Simon Martindale
Fund Manager

James Thornton
Fund Director

Long Term Performance

Fund Performance to 30.06.2017 vs AREF / IPD



NB: The Fund is not managed on a benchmark relative basis
Source: Mayfair Capital / MSCI

** Annualised figures*

Historic Fund Returns

Period	PITCH %	AREF/IPD%[1]
3 month	2.8	2.3
12 month	8.1	6.0
3 years[2]	11.9	9.5
5 years[2]	10.4	9.0

1. AREF/IPD UK All balanced property fund index
2. Annualised returns
Note: The Fund is not managed on a benchmark relative basis

The Fund returned 2.8% in Q2 with a rolling 12 month return of 8.1%. Fund performance remains strong on a relative basis and is upper quartile over 3, 6 and 9 months, 1, 3 and 5 years compared to the AREF/IPD All balanced property fund index.

Fund Review

- The portfolio saw a 1.45% valuation increase over the Quarter following further yield compression and some strong rental growth across a number of office and industrial holdings, whilst the Unite UK Student Accommodation Fund (USAF) holding returned 1%.
- One acquisition exchanged during the Quarter, a restaurant investment in Exeter. (See overleaf for further details).
- Two new forward commitment investments were placed under offer for a combined value of £19.3m. One of these is a new build office in Watford let for 15 years to a subsidiary of WPP, which exchanged post the quarter end date.
- One sale transacted during the Quarter, a small industrial holding in Trafford Park, Manchester and one sale exchanged post Quarter end in Loughborough.
- The refurbishment of the vacant warehouse in Doncaster was recently completed and is now being marketed by joint agents. The property presents in excellent condition, is well specified and quality warehouses of this size remain in short supply.
- Despite the reduction in portfolio income from this holding the Fund is yielding 6.1% to the end of June supported by the relatively high income on some of the Fund's recent acquisitions. The ppu distribution for the 12 months to end of Q2 is 5.07.
- The Fund is currently holding £36m in cash (8.5% of NAV), having attracted £12.7m of new equity in Q2. The Fund will maintain cash at around £20m during 2017 for liquidity reasons.
- Following the Grenfell Tower tragedy we have conducted an audit of the Fund's holdings, with the portfolio having no material issues. We always pay particular attention to any composite cladding on purchase and ensure that it is approved by the LPCB. (The Loss Prevention Certification Board).

Doncaster Warehouse

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Purchases

Zizzis restaurant, Exeter

A restaurant investment in Exeter, let to Zizzis, exchanged conditionally this quarter for £2.85m with a yield to the Fund of 5.75%. The investment is let for a further 12.2 years and provides good opportunity for rental growth in a growing Food and Beverage (F&B) market.

Sales

Trafford Park, Manchester

One sale transacted during the Quarter, a small industrial holding in Trafford Park, Manchester for £1.35m (photo below). The tenant will vacate at the end of the year and so this removes a potential void risk. The sale price was 17.4% above valuation.

Go Outdoors, Loughborough

Post the Quarter end the Fund exchanged on the sale of Go Outdoors, Loughborough for £3.97m. This follows the recent lease extension and purchase of the freehold interest, which has crystallised a gain of £1.35m.

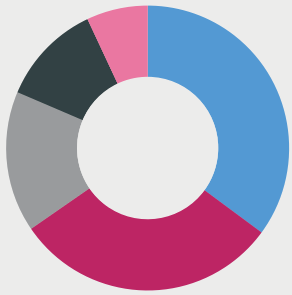
Fund Key Data

Gross asset value	£507.52m
Net asset value	£429.70m
Number of assets	54
Bid price	83.70 p.p.u
Offer price	86.23 p.p.u
Yield for rolling 12 months[1]	6.1%
Distribution history [2]	
Apr 2017	0.413 p.p.u
May 2017	0.442 p.p.u
Jun 2017	0.431 p.p.u
Borrowings (GAV)	14.9%
Borrowings (NAV)	17.6%
Vacancy Rate	4.3%
WAULT[3]	7.8 years
Total expense ratio (GAV)	0.66%
Total expense ratio (NAV)	0.78%
Portfolio turnover ratio	9.4%
Year end	31 December
Sedol number	BO517P1
ISIN number	GBOOBO517P11

1. Distributions payable in the last 12 months as a % of the NAV
2. pence per unit (p.p.u); distributions are quoted on a paid basis in line with the AREF reporting
3. Weighted Average Unexpired Lease Term (to breaks)

Source: Mayfair Capital

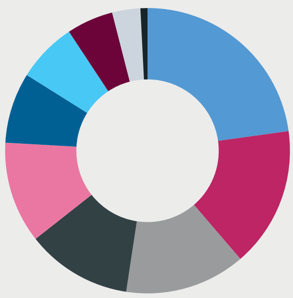
Portfolio by Sector



Industrial	35.1%
Office	30.3%
Retail Warehouse	16.0%
Other	11.6%
Retail	7.0%

Source: Mayfair Capital

Portfolio by Region



South East	22.8%
Yorks & Humberside	15.9%
North West	13.7%
Eastern	12.0%
South West	11.5%
East Midlands	8.0%
Rest of London	6.8%
Wales	5.3%
West Midlands	3.2%
Scotland	0.8%

Analysis excludes the USAF unit holding
Source: Mayfair Capital

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Fund Key Data

Ten Largest tenants (by income)

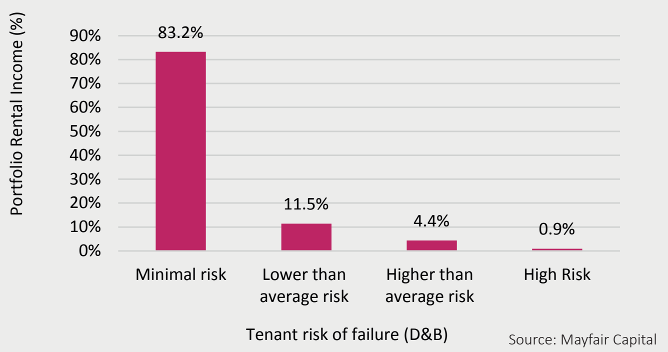
Wincanton Holdings Ltd	4.6%
B&Q Plc	3.5%
Royal Mail Group Plc	3.3%
Bard Ltd	3.3%
Premier Inn Hotels Ltd	3.2%
Wickes Building Supplies Ltd	3.0%
Rehau Ltd	2.5%
Barnett Waddingham LLP	2.4%
Kier Construction Ltd	2.4%
CGI IT UK Ltd	2.3%
Total	**30.5%**

Ten Largest Assets (by value)

Nottingham, Lady Bay	5.2%
Unite Student Accommodation Fund	5.0%
Croydon	4.6%
Doncaster	4.4%
Manchester	4.0%
Peterborough	3.5%
Cheltenham	3.4%
Crawley	3.1%
Guildford	3.1%
Hook	3.1%
Total	**39.4%**

Source: Mayfair Capital

Portfolio by Covenant Rating



Source: Mayfair Capital

Portfolio by Unexpired Lease Profile

Source: Mayfair Capital

Market Commentary

The snap election in June was expected to provide the government with an increased majority and a strong mandate to negotiate on Brexit. Instead, voters succeeded in surprising commentators for the third time in only two years. This time the impact on financial markets however was more limited.

Whilst the GDP number for Q1 2017 was an unexpected 0.2%, stronger growth is anticipated for the rest of 2017. The apparent reduction in net trade is at odds with the relatively strong global dynamics and the tailwind that the currency devaluation should have on exports. The recently published June PMI suggest that the economy may grow by between 0.3% and 0.5% during the second quarter. In addition, real retail sales were around 1% higher in the first two months of the quarter than the same period in Q1 2017. As a consequence average quarterly GDP growth rates of 0.3% are expected until the end of 2017.

Of all the economic data inflation has been most visibly affected by last year's EU referendum. The immediate weakening of sterling and increasing energy prices during the second half of 2016 triggered inflation to rise from 0.5% in June last year to 2.9% in May 2017. Inflation is not only a result of rising import prices, domestic suppliers in the service sector continue to test their price setting power with prices in hotels and restaurants rising at an annual rate of around 3%. This in part reflects the introduction of new minimum wage levels. The inflation cycle is expected to maintain its momentum during the second half of this year and that headline inflation will peak at above 3% during the final quarter of 2017.

The UK labour market remains strong with the unemployment rate falling to 4.5% in May and is now at its lowest level since 1975. Although the outlook for jobs is strong, real wage levels are falling which is adding to pressure on the consumer.

The strength of the UK economy will partly depend on the behaviour of the consumer. In the second quarter consumer spending fell at the fastest rate in nearly four years and disposable income has decreased each quarter since the referendum.

There are an increasing number of risks in the economy which impact not just real estate but other asset classes as well. Although there has been a recent increase in the 10 year gilt yield, real estate continues to offer a material yield advantage over other asset classes. The European economy has continued to show signs of recovery but both the European and Global geopolitical backdrop remain uncertain with all being vulnerable to external shocks.

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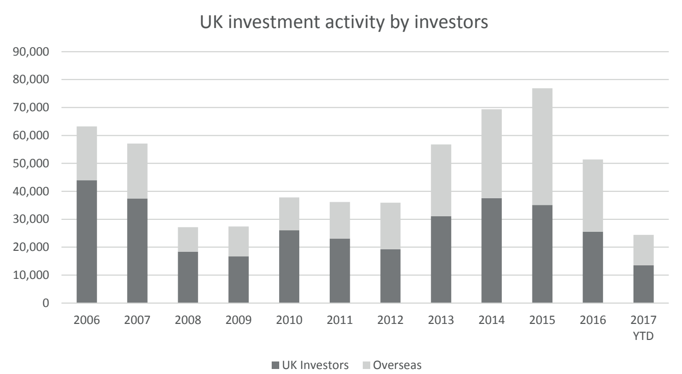
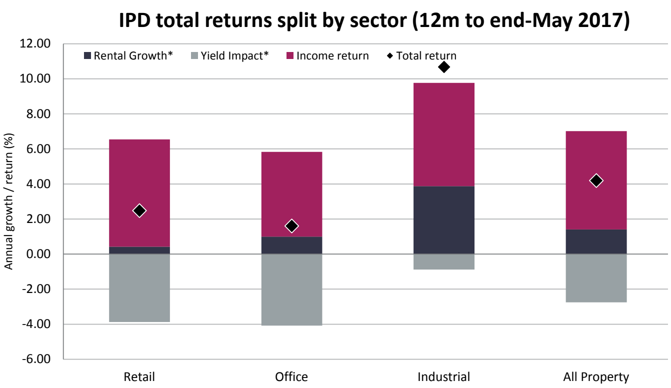
MAYFAIR CAPITAL

UK Property Market Analysis

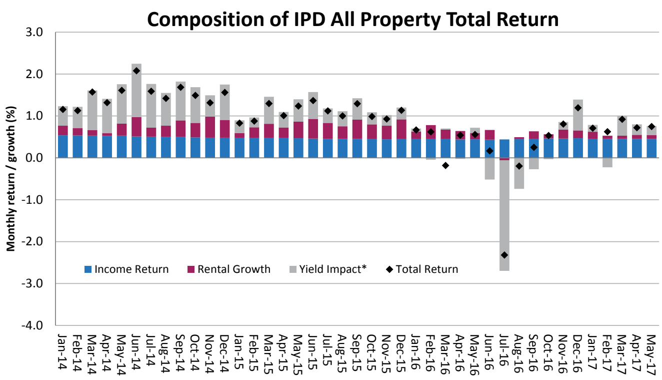
- Investment volumes remain in line with long term averages with investors continuing to seek good quality assets providing resilient income returns. Overseas investors remain active buyers
- Over the 12 months to the end of May, the MSCI/ IPD All Property Monthly Index returned 4.2%, including 1.3% capital depreciation
- The industrial sector is seeing strong investor and good occupational demand with total return of 10.7% and rental growth of 3.9% over the 12 months to end of May
- Investor appetite for secure, well specified, income producing assets is expected to remain strong with investors being attracted by the relatively high income return



Source: Property Archive June 2017



Source: MSCI / IPD Monthly Index (May2017)
*Components of capital growth



Source: MSCI / IPD Monthly Index (May 2017)
*Yield impact illustrates the impact of pricing movements

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