PITCH
Property Income Trust For Charities

For the year ended 31 December 2022

Annual Report and Audited Accounts

Property Income Trust for Charities

Helping charities fulfil their charitable purpose by achieving an attractive return from property investment

PITCH Winner of Boutique Investment Manager to Charities 2022

"This boutique firm was praised for showcasing excellent performance and clear evidence of consistent progress on many fronts."

Property Income Trust for Charities

Working with UK Charities since 2004

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Investors' Committee Chairman's Report

Nick Shepherd
Chairman

2022 was unquestionably a challenging year for commercial real estate investment. Subdued economic activity in the aftermath of the COVID pandemic together with rising interest rates and bond yields led to a significant reversal in the attractiveness of commercial property to institutional investors, and consequently values fell heavily in the second half of the year.

Many of the open-ended property funds saw high levels of redemptions in Q3 and Q4, especially from institutional investors seeking to unwind their liability-driven investment (LDI) strategies. Fortunately, the Property Income Trust for Charities (PITCH) has an investor base comprised solely of charities, and the Fund did not face the same level of redemptions as other property funds, many of which had to close or postpone redemptions. PITCH was therefore able to settle all redemptions following the year end from its cash reserves in the normal way, demonstrating a reassuring level of liquidity to investors.

Despite some turmoil in the wider property markets, PITCH had a successful year in terms of acquisitions and sales, and more particularly in adding value through active asset management of its properties, examples of which feature in the pages which follow. Importantly for our charity investor base, the Fund was able to increase distributions by 7.3% compared to 2021, with further growth in revenue anticipated for 2023 as the vacancy rate reduces and rent reviews, lease renewals and lease restructurings are implemented.

The Investors' Committee has been delighted with the progress made during the year in terms of ESG, particularly regarding the Fund's commitment to decarbonising the portfolio, which is covered in detail in this report. Investors can be assured that the Fund and our fund managers recognise the importance to our investors of continual ESG improvements, which have been a central part of the Fund's strategy in 2022.

In last year's report I mentioned that the Fund was about to commence investment in residential accommodation as part of its strategy to diversify its investment base. I am delighted to be able to report this year that the Fund has made three investments in new build residential projects in Colchester, Lichfield and Mansfield with some 34 units already completed and a further 13 units under construction. Subject to finding the right schemes, further investment in this sector is planned for 2023.

Mayfair Capital continue to manage the Fund with great dedication and professionalism, and the Committee on behalf of all our investors thanks them for their commitment. Likewise, I would like to express my thanks to my fellow Committee members, who represent all of our charity investors, for their guidance and insight during a very challenging year.

April 2023

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.

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.

£671.50m

Gross asset value[1]

Fund summary
As at 31 December 2022

Gross asset value	£671.50m
Net asset value	£578.12m
Bid price	79.19p
Offer price	81.59p

Paid distribution history 2022 (p.p.u)[2]

January	0.293	July	0.323
February	0.436	August	0.376
March	0.349	September	0.340
April	0.337	October	0.385
May	0.365	November	0.328
June	0.330	December	0.397

Performance in 2022
–13.1% total return (as per MSCI/AREF)

Borrowings
£92.88m (13.83% LTV on GAV, 16.07% on NAV)

Property portfolio
Direct Properties - Commercial 47
Direct Properties - Residential 34

All information is correct as at 31 December 2022.

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

1 Gross Asset Value is calculated by adding the value of the Fund's Properties (both direct and indirect) and capital cash.
2 Pence per unit (p.p.u); distributions are quoted on a paid basis in line with MSCI/AREF reporting.

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. 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 2022.

Unitholder movement

	Year to 31 Dec 2022	Year to 31 Dec 2021
Issues and redemptions		
Units in issue at start of year	694,740,633	691,203,310
Units issued during the year	66,627,689	48,587,105
Units redeemed during the year	41,306,588	45,049,781
Units in issue at year end	720,061,734	694,740,633
Secondary market		
Matched trades	0	30,116,761.58
Matched trades as % of units in issue at end of year	0	4%

Redemption notices outstanding
As at 31 December 2022

Number of notices	206
Number of units	29,424,848
Bid per unit	0.7919
Value at bid	23,301,537
Total units (%)	4.09%

The two hundred and six redemption notices outstanding as at 31 December 2022 were redeemed in January 2023. The Fund is currently able to meet it's redemption policy in full and anticipates it will be able to do so for the foreseeable future.

Largest investors and percentage of units in issue by ownership band

Units in issue	Number of investors	Total holding (%)
< 1%	1531	54.62%
>= 1% but < 2%	10	13.88%
>= 2% but < 4%	5	14.22%
>= 4% but < 8%	1	6.86%
>= 8%	1	10.42%
Total	**1548**	**100%**
Largest Investor	1	10.42%
Largest three investors	3	20.46%
Largest five investors	5	26.36%
Largest ten investors	10	36.65%
Held by Investment Managers		57.55%

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.

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

	2022		2021	
	GAV	NAV	GAV	NAV
Fund Management Expense Ratio	0.51%	0.58%	0.51%	0.58%
Fund Operating Expense Ratio	0.14%	0.16%	0.14%	0.16%
Total Expense Ratio	**0.65%**	**0.74%**	**0.65%**	**0.74%**
Property Expense Ratio	0.21%	0.24%	0.21%	0.24%
Real Estate Expense Ratio	**0.86%**	**0.98%**	**0.86%**	**0.98%**
Transaction Costs	0.22%	0.26%	0.22%	0.26%
Performance Fee Ratio	–	–	–	–

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 2022 the Fund's turnover ratio was –2.6% (2021: 18.9%).

Oakleigh House, Cardiff

General information

Valuation
Cushman and Wakefield (C&W) and CBRE Limited (CBRE) are the external valuers 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 requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS".

Investors' Committee
This Committee comprises of the following:

- Nick Shepherd, Chairman (re-elected May 2021)
- Lizzy Conder, University of London (retired July 2022)
- Simon Summers, ex Bursar of St Catharine's College, Cambridge and now independent member (re-elected May 2020)
- David Palmer, Central Finance Board of the Methodist Church (re-elected May 2020)
- Neil Harper, The National Trust for Scotland (appointed May 2020)
- Jenny Segal, Nesta Trust (elected May 2021).

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
55 Wells Street
London
W1T 3PT

Residential Investment Advisor
Hearthstone Investments Limited
29 Throgmorton Street
London
EC2N 2AT

Administration
Apex Group Limited (formally Sanne Group UK Limited)
125 London Wall
London
EC2Y 5AS

Commercial Property Manager
JLL
30 Warwick Street
London
W1B 5NH

Residential Property Manager
Connells Group
Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN

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

CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB

Independent Auditor
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
NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh
EH12 1HQ

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

Barclays Bank PLC
1 Churchill Place
Leicester
LE87 2BB

* Epworth Investment Management Limited
9 Bonhill Street
London
EC2A 4PE

Property management and accounting
In respect of the commercial properties, Mayfair Capital 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.

JLL is remunerated by the Fund Manager but charge additional fees on multi-let properties where service charges are operated.

In respect of the residential properties, the Fund appointed Hearthstone as Investment advisor, with Connells providing the day to day property management. Both are remunerated by Mayfair Capital directly.

Fund administration
This role is outsourced to a third party provider, Apex Group Limited (formally Sanne Group (UK) Limited).

*Cash Equivalent Holding
At year end the Fund had circa £5m invested in the Epworth Cash Plus Fund.

Management of the Fund

Simon Martindale, Fund Director

Simon was Fund Manager of the Property Income Trust for Charities (PITCH) from 2015 and became Fund Director in 2021. He is responsible for formulating and implementing the Fund investment strategy, investor reporting and portfolio analysis whilst also overseeing all acquisition, disposal and asset management activities. He has over 17 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 Head of Asset Management. He is responsible for implementing PITCH asset management initiatives and supporting the investment activities of the Fund. Scott has over 25 years of experience in property markets previously with Drivers Jonas (became Deloitte Real Estate) and Matrix Securities.

Hector Ahern, Senior Investment Associate

Hector joined Mayfair Capital in February 2021 to work with both the PITCH and Transactions teams. His responsibilities include working alongside Simon Martindale on Fund and asset management duties for PITCH, as well as acquisitions and disposals across all of Mayfair's Funds. Previously he spent nearly five years at Knight Frank in their Alternative Investment Team focusing on operational property.

Frances Spence, Head of UK Research, Strategy & Risk

Frances joined Mayfair Capital in September 2013. Her role includes the economic and market trend analysis integral to PITCH's strategic approach to investment. She is also responsible for reporting and monitoring investment risk. Frances has worked in commercial property research for over 10 years, beginning her career at Estates Gazette before spending several years in the EMEA research team at Jones Lang LaSalle.

Christi Vosloo, ESG, Head of UK

Christi joined Mayfair Capital in August 2021 as Head of ESG, UK and is responsible for the implementation of the ESG strategy for the PITCH Fund and the wider division. She works closely with Swiss Life Asset Managers to promote best practice across the company and develop our approach to responsible investment. Christi was previously an Associate Director at Jones Lang LaSalle (JLL) in the sustainability consulting team, advising clients in the real estate sector across a range of sustainability services.

James Thornton, Non-Executive Chairman

James co-founded Mayfair Capital Investment Management in 2002, was Chief Executive between 2014 and 2020, and became Non-Executive Chairman in 2021. He was Fund Director for PITCH until 2021 and now sits on the Mayfair Capital executive board. He is also Chair of the Charity Investors' Group which is committed to education for charity trustees and their advisers. James has over 35 years' experience in UK commercial property.

James Lloyd, Head of Charities and Endowments

James joined Mayfair Capital in 2009. James is responsible for all Charity and Endowment clients at Mayfair Capital. His role includes the marketing and management of investors in PITCH, along with business development for other Funds and mandates to the Charity and Endowment sector. James is a Trustee to two registered charities and on the Finance Committee for a Great XII Livery Company.

Clare Berthoud, Director, Charities and Endowments

Clare Berthoud joined Mayfair Capital in April 2017 as Director of Business Development – UK Charities and works alongside James Lloyd on PITCH to further develop relationships with new and existing investors in the charity sector. She is a member of the University of Exeter's Endowment and Investment Group. Clare has 20 years' experience of managing and advising clients as a Senior Client Relationship Director and a fund manager.

Charlotte Cook, Investment Associate, Charities and Endowments

Charlotte joined Mayfair Capital in March 2023, as an Investment Associate for Charities and Endowments working alongside James Lloyd, Clare Berthoud and Georgie Lockwood. Charlotte is responsible for liaising with and supporting PITCH investors, as well as assisting with the marketing. Charlotte holds her level 6 Certificate in Private Client Investment Advice & Management from the Chartered Institute of Securities and Investments as well as a BA (Hons) degree in Business Management from Newcastle University.

Georgie Lockwood, Sales Team Assistant

Georgie joined Mayfair Capital as a Sales Team Assistant in August 2022. Prior to joining Mayfair Capital, Georgie spent nearly two years working for the London Ambulance Service. Previous to this, she worked as a Personal Assistant in a variety of different industries. Georgie graduated from Oxford Media and Business School in 2017 with a Professional Business Diploma.

Tim Cridland, Finance Director

Tim joined Mayfair Capital in January 2017 as Finance Controller. He oversees all accounting and tax affairs of both Mayfair Capital and the firm's investment funds, including being responsible for meeting all group reporting and business forecasting requirements. Tim also regularly provides support across the business in areas such as compliance, fund modelling, fund structuring, operations and transaction due-diligence. In April 2023 he was promoted to Finance director and sits on the Mayfair Capital executive board.

Louisa Demetriou, Finance Manager

Louisa joined Mayfair Capital in November 2021, working within the finance team to oversee all fund and corporate accounting, including for PITCH. Louisa has over 6 years of experience working within the funds industry, having previously worked at a FTSE 250 listed alternative asset administrator. She has worked primarily on Real Assets and has experience in servicing funds from both a governance and accounting perspective.

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

Fund Commentary

Property Fund Manager's report

Statement of Manager's responsibilities

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Property Fund Manager's report

Simon Martindale
Fund Director

Economic & Property Market

For investment markets, 2022 will be remembered as the year when the extraordinary era of low interest rates finally came to an end bringing about a sizeable correction in asset pricing. Initially this was caused by the spectre of rising inflation, from post-pandemic spending and the effects of war in Ukraine, however this was exacerbated by the "mini- Budget" of 23rd September 2022. The unprecedented fiscal loosening announced by the Truss government sent gilt markets into turmoil causing mass selling of illiquid assets to meet margin calls and the 10-year gilt spiking to 4.5%.

Investors in property typically require a risk premium over interest rates to compensate them for the reduced liquidity of the asset class. Over a thirty-year period, this has been approximately 230 basis points by reference to the 10-year gilt. As at 31st August 2022 the MSCI Monthly Index All Property yield stood at 4.3%, implying that property had become significantly over valued. What followed was a dramatic 'sell off' of real estate, most notably from defined benefit pension schemes, looking to raise cash to meet margin calls on LDI schemes and to de-risk away from illiquid assets. In some cases, this forced the managers of open-ended property funds to suspend dealing or to defer redemptions.

As managers of PITCH, which has a quarterly redemption frequency and uses modest leverage, we have always sought to take a responsible approach to liquidity and cash management. This has included maintaining cash buffers and by keeping investors regularly informed of current Fund activity. In view of this heightened liquidity risk, we were pleased to have finished the year without suffering elevated levels of redemptions meaning that we were able to pay out Q4 redemptions in the normal way. This maintains the Fund's track record of never having to defer or vary its redemption provisions for liquidity reasons since inception in 2004.

With motivated sellers far outnumbering buyers, the market saw a rapid and material correction in pricing in Q4 with capital values declining by -15.6% according to the MSCI Monthly Index. As explained, this was driven almost entirely by capital market impacts in response to a narrowing risk premium over interest rates. Low yielding, "growth" assets experienced the largest falls with -20.3% negative capital growth from the industrial sector yet with alternatives only falling -8.4%. This under performance though needs to be set in context with the extraordinary levels of valuation growth seen in previous years including 28.6% in 2021 alone. Despite this, industrials continued to generate most investor activity based on the continued strong rental growth outlook of the sector.

Property Fund Manager's report continued

Performance

Coming into 2022, the net initial yield on PITCH's warehouses had reached as low as 3.8%, leaving it vulnerable to a potential re-rating in interest rates. Over the course of the year, PITCH's industrial assets fell by –19.3%. Given its overweight exposure to this sector and with the negative impact from gearing, this had the effect of producing an annual total return of –13.1% compared with a –9.5% for the MSCI/AREF UK Balanced Open Ended Fund Index. This contrasts with 2021 when the Fund outperformed the same Index by 380 basis points by virtue of the same high allocation to industrials and a positive debt contribution.

Although disappointing to underperform the wider market over 12 months, it is important to reflect on the long term performance objective of the Fund, which is to deliver a relatively high and sustainable income yield whilst maintaining capital values in real terms over an economic cycle. This objective was drafted to align with charities' own time horizons, which places income at the heart of the strategy. In view of this we are pleased that PITCH continues to deliver strong long term performance with a total return of 7.3% pa versus 6.5% from the Index. Over this period, income has contributed 80% of this return reinforcing the importance of the thematic investment strategy to align the portfolio with quality real estate and strong occupier demand.

Transactions & Asset Management

This focus on income produced a successful year for asset management with some £3.3m of new annual rent added to the portfolio from lettings, lease renewals and rent reviews across a total of 21 transactions. This represents one of the most active years on record and had the effect of reducing the vacancy rate from 8.6% at the start of 2022 to 6.7%. With a further £0.8m of income under offer, the expectation is that this will reduce further to 5.9% by Q1 2023. The market average void rate, by comparison, sits at 10.1%. The occupational success of the past 12 months helped to drive strong underlying income growth which meant distributions increased by 7.3% compared to 2021.

2022 was another active year for the Fund in terms of its acquisition and disposal programme completing a total of five acquisitions for £64m and six sales amounting to £34m. The focus of this activity was to further improve the overall quality of the portfolio with sales of smaller, non-core assets complemented by a series of prime, thematic purchases to increase diversification.

New acquisitions included a prime, multi let office in Bristol for £40m, with the aim to create an operational net zero building, and a quality high-bay distribution warehouse in Coventry for £14.8m increasing the Fund's exposure to the dominant industrial location in the UK. It also included the Fund completing its first residential acquisitions comprising a total of 34 new build units across three locations in Colchester, Lichfield and Mansfield. We have been encouraged by the operational performance of these investments, which are already running at 100% occupancy and look forward to further deployment in 2023 alongside our specialist adviser, Hearthstone Investments Limited.

The various sales transacted at a 9.4% premium to the pre-marketed valuation and included two particularly strong and timely results including a warehouse in Newmarket, which sold for a net initial yield of 3.9% in April and a retail park in Wrexham, which sold in May for a net initial yield of 6.9% and achieving a 25% increase over valuation. The Fund also completed sales of two retail properties in Skipton and Esher, ahead of valuation, which had the effect of reducing the overall weighting to only 3.2%. The majority of this remaining exposure comprises a prime, long let supermarket investment in Greater London.

ESG

ESG continued to be a critical and strategic priority for PITCH during 2022 and we were delighted to announce our Fund-level commitment to decarbonising the portfolio. This included a commitment for the portfolio to be net zero carbon by 2050, and by 2030, to reduce the carbon intensity of the portfolio by 31.5% across all three scopes in line with a 1.5 degree pathway. This is an important milestone in the history of PITCH, which maps out a clear pathway and set of action plans to reduce the portfolio's impact on the environment. We aim to improve upon these targets through greater data transparency and working in close collaboration with our tenants. PITCH continues to have a lean portfolio which will greatly assist in this process.

A key action of the decarbonisation pathway is to actively reduce reliance on fossil fuels and install on-site renewable energy. During the year we were pleased to complete the refurbishment of two vacant warehouses in Stockport which included two, 140 kWp solar panel installations. In both cases we were able to negotiate Power Purchase Agreements (PPAs) with new tenants whilst also significantly increasing the rent on both units demonstrating the increasing alignment between sustainable buildings and occupier demand. These initiatives also helped to enhance the Fund's compliance with the Minimum Energy Efficiency Standards (MEES) with 90% of the portfolio by ERV now rated EPC A-C.

Fund Outlook

As we embark on the start of a new economic cycle, we feel that the Fund is well positioned to deliver attractive and stable returns to investors. Values have been re-based to align with a higher interest rate environment and the Fund is now offering an attractive yield to investors of 5.3%. After a three-year period of strong buying and selling activity, the portfolio quality has been upgraded to ensure it accords with occupational demand, which is now being reflected in a falling vacancy rate and rising distributions. We expect to deliver good levels of rental growth in 2023 most notably from the Fund's warehouse assets which continue to offer reversionary potential. We also have conviction in our move into the residential sector, which sets the Fund apart from its peer group and will help to further diversify the Portfolio.

The management of property is becoming increasingly diverse, complex and demanding and it is thanks to the continued support of so many excellent advisers, support providers and stakeholders that we have been able to navigate the events of the past 12 months. I would like to offer my gratitude to the excellent stewardship and guidance of the PITCH Investors' Committee throughout this period as well as other key contracted advisers including Vistra, APEX, JLL, Natwest, Cushman & Wakefield, Hearthstone, Connells, CBRE, CMS, Dentons, Pinsent & Masons and Crowe.

Simon Martindale
Mayfair Capital Investment Management Limited
April 2023

Orion Park, Stockport

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.

Toledo Close, Coventry

Environmental, Social & Governance (ESG)

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Annual Highlights

Mayfair Capital has recognised the importance of being a responsible investor since its formation 20 years ago. We are committed to managing our funds responsibly and to using our influence to improve sustainability of the built environment.

Key highlights from 2022:

PITCH net zero carbon commitment

PITCH's commitment to net zero carbon and the comprehensive decarbonisation pathway analysis done to define an interim target.

Three Green Stars awarded in GRESB

The PITCH Fund maintained its 3 Green Star GRESB Status with a score of 75/100.

Refurbishment & solar installation at industrial asset in Stockport

The completion of two c. 140 kWp solar panel installations at two units at an industrial asset in Stockport and the agreement of two Power Purchase Agreements (PPA) with the new tenants.

Environmental, Social & Governance (ESG) has not been audited.

Responsible Property Investment

We regard Responsible Property Investment (RPI) as a core part of our management approach and define it as the consideration of environmental, social and governance (ESG) issues within our investment process and operations. We integrate ESG criteria, as well as risk factors and financial metrics, into a controlled and structured investment process.

We invest selectively, prioritising a high quality of specification on new acquisitions and in the refurbishment and ongoing management of the buildings under our care. We believe this generates long-term risk-adjusted returns, supports climate change mitigation, and aligns our investment goals to those of our investors and stakeholders.

Responsible Property Investment (RPI) Principles:

Our Mayfair Capital RPI Policy sets out our core principles and RPI objectives categorised across each investment stage.

Environmental	Social	Governance
Actively manage and improve the environmental performance and climate related resilience of our real estate investments.	Promote safe and healthy buildings which encourage productivity and positive experiences for the communities, workers and visitors who use them.	Ensure robust processes are in place to minimise legislative, environmental and social risks and to obtain reliable asset level data throughout the investment cycle, whilst disclosing our activities and progress towards achieving our objectives.

These objectives are fully integrated within our investment processes featuring prominently in our investment decision-making and execution. Please find the link to our Responsible Property Investment Policy **here**.

ESG Strategy and Priorities

As part of our ESG Strategy development process, we have identified five ESG priority focus areas outlined below. These focus areas, form the building blocks of our UK ESG Strategy that is implemented at country, portfolio and asset level.

The focus areas are:

Managing Sustainability Risks and Resilience	Reducing Climate Impact	Enhancing Health, Safety & Wellbeing	Fostering Social Inclusion
Managing sustainability risk and resilience as part of our fiduciary duty.	Reducing the climate impact of our real estate products.	Enhancing health, safety and wellbeing to manage risk and improve the experience at our assets.	Fostering social inclusion as part of our market leader role.

Increasing Transparency and Stakeholder Engagement

Increasing transparency and stakeholder engagement to deliver more value

Sustainable Development Goals (SDGs) are a collection of 17 interlinked goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set in 2015 by the UN General Assembly and are intended to be achieved by 2030.

Our strategy contributes to the following UN SDGs:

- **3** Good health and well-being
- **11** Sustainable cities and communities
- **12** Responsible consumption and production
- **13** Climate action

Further detail on some of the focus areas of the strategy are included in the sections that follow.

Responsible Property Investment continued

Managing Sustainability Risks & Resilience

We aim to proactively manage sustainability risk to build portfolio resilience and maintain value over the long term.

Compliance and risk management

Maintaining compliance with all environmental and sustainability legislation is a priority for PITCH. External consultants advise on entity compliance and significant legislative changes that can impact advisory or discretionary mandates. JLL, as managing agents are responsible for ESG compliance matters at asset level and report on a quarterly basis to the Fund team or as a matter arises.

Mayfair have a compliance training schedule which ensures all staff are kept up to date on the latest ESG legal risks, as well as future legislation. External consultants and law firms provide further support with compliance updates, briefings and regular ESG training sessions.

Minimum Energy Efficient Standards (MEES) Risk

Energy Performance Certificates (EPCs) cover 100% of the portfolio[1] and 89% of the portfolio by floor area is rated A-C. All units are compliant with the current MEES threshold of E. As of December 2022, the EPC position has improved since last year as we have reduced the number of D rated properties through a combination of asset improvements and sales.

In light of the MEES regulation, this information is critical from a compliance perspective as, since April 2018, landlords are unable to let properties with F and G ratings. From 1 April 2023, this is expanded to capture all existing lettings.

In addition, the government's 2019 consultation on a future regulatory target for the Non-Domestic Private Rented Sector of EPC B by 2030 gained large support. As a result, the 2020 Energy white paper confirmed that the future trajectory for non-domestic minimum energy efficiency standards (MEES) will be EPC B by 2030. The government is in the process of analysing the responses from the consultation on 'Non-domestic Private Rented Sector minimum energy efficiency standards: EPC B implementation'.

In view of the likely forthcoming legislation, we are conducting MEES planning sessions, reviewing the portfolio to assess units that are below the EPC C and B threshold, and that have a lease expiry that falls after a MEES deadline. We are prioritising these tenants for engagement whilst also identifying opportunities to enhance the EPC ratings of assets as part of refurbishment planning.

Energy Performance Certificates (EPCs)

The table below includes the EPC profile of the PITCH portfolio by percentage of portfolio floor area.

EPC Rating	Portfolio by floor area (%)
A	18.5%
B	27.9%
C	42.4%
D	11.1%
E	0%
F	0%
G	0%
Exempt	0%
No EPC	0%
Coverage	100%

EPC data included in this report is valid as of 31 December 2022 and covers 100% of assets under management in PITCH.

Flood risk

As part of our acquisition process, we assess flood risk for all new acquisitions and document this in our ESG Acquisition Checklist. On a regular basis, we review the flood risk ratings of the portfolio using the Environment Agency (EA) flood maps.

Future flood risk is assessed as part of the climate risk analysis process (details included on page 23) that we plan to repeat annually. At acquisition, we conduct climate risk screening and we also commission detailed flood risk assessments by specialist advisors and insurers where applicable.

1 Where EPCs are required

Climate risk

Mayfair Capital is a subsidiary of Swiss Life Asset Managers (SLAM). The Swiss Life Group are supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and have published its latest TCFD report available here as well as in the annual Responsible Investment Report here.

Mayfair Capital, as the managers of PITCH, are acutely aware of both the physical and transition risks posed as a result of climate change. As a result, we assess physical and transition risks for both standing investments and new acquisitions.

Standing investments:

As part of a company-wide project, we have conducted climate risk analysis of the portfolio – assessing both physical and transition risk exposure. This is a process we plan to repeat annually.

This Real Estate Climate Value-at-Risk tool assesses current and future exposure (Representative Concentration Pathways (RCP) 8.5 scenario) to the following physical hazards: coastal flooding, fluvial flooding, tropical cyclones, extreme heat, extreme cold and wildfire. Physical Risks are assessed based on the geolocation of assets and their increased or decreased exposure to individual hazards as a consequence of climate change.

Transition risk (specifically policy or regulatory) risk is assessed based on the carbon intensity of an asset and the gap to meeting sector specific emission reduction targets.

We have recently incorporated findings into our Mayfair Capital Quarterly Risk review, where areas for further analysis are identified and actions assigned.

New acquisitions:

We undertake extensive sustainability due diligence on all acquisitions. This includes an assessment of climate risk, flood risk and defences. We also undertake net zero carbon assessments for all acquisitions to better understand the assets energy performance potential, and the cost to improve the asset in line with net zero carbon operational targets.

Reducing Climate Impact

Comprehensive environmental data is key to providing an accurate understanding of performance and to informing targeted actions.

Data Management and Monitoring

Obtaining comprehensive and high quality ESG data is an ongoing and industry-wide challenge and consequently, also a challenge for PITCH. Tenant data can be particularly difficult to obtain due to the nature of Full Repairing and Insuring (FRI) lease terms, where tenants are responsible for the procurement of their utilities and do not have an obligation to share this data. PITCH holds a relatively high proportion of single let assets on FRI lease terms (with limited landlord control or restricted access to energy data).

Improving data collection, coverage, management and monitoring is a priority for PITCH. Comprehensive environmental data is key to providing an accurate understanding of performance and to informing targeted actions.

To further improve our data coverage, we have appointed a third-party to automate tenant data collection, subject to tenant permissions. This technology will automatically collect tenant data directly from the supplier and further support the aim of collecting quality whole building data.

To support the implementation of this solution, the PITCH Fund Team and managing agents continue to actively engage tenants on data sharing to obtain signed Letters of Authority or collect data via manual means.

Responsible Property Investment continued

Net zero carbon

Introduction

Last year's COP 27 in Egypt served as a reminder of the scale of action required to mitigate climate change as well as the challenges with mobilising accelerated action and obtaining global consensus. The Intergovernmental Panel on Climate Change (IPCC) has warned that we are not on track to limit warming to 1.5°C and that, average annual greenhouse gas emissions in the last decade were the highest in human history[1]. The science is clear, if we do not limit emissions and consequent warming, we will fail to mitigate the worst impacts of climate change, with devastating consequences for ecosystems and communities. As a result, a central pillar of our ESG Strategy is delivering on our aim to 'Reduce our Climate Impact' through our decarbonisation strategy.

Our Journey

We have a duty to take practical steps to decarbonise, future-proof and maintain value of the real estate portfolios under our care. As a result, building climate resilience and developing a clear pathway to net zero carbon has been a primary focus for Mayfair Capital and our parent company, Swiss Life Asset Managers ("The Division"). In 2021, we commenced a Division-wide project to develop a decarbonisation pathway, with the analysis based on the CRREM (Carbon Risk Real Estate Monitor)[2] tool. This culminated in a Divisional commitment to reduce the carbon intensity (kgCO_2e/m^2) of the direct real estate portfolio by 20%, in line with the aims of the Paris Agreement.

In May 2022, the Division became signatories of the Net Zero Asset Managers Initiative (NZAMi), reinforcing its commitment to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investment aligned with net zero emissions by 2050 or sooner.

PITCH's Commitment

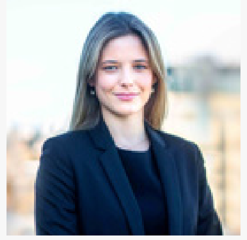
In 2022, we advanced the analysis for PITCH, whilst progressing our programme of asset and portfolio level net zero actions in line with our parent company's commitment to the NZAMi. We set out the Fund-level commitment below:

- By 2030, we aim to reduce the carbon intensity (kgCO_2e/m^2) of the portfolio by 32% across scope 1, 2 and 3 greenhouse gas emissions[3] and to disclose our progress.
- By 2050 (or sooner), our committment is for the Property Income Trust for Charities portfolio to be net zero carbon.

Simon Martindale

Fund Director

"This commitment represents an important and significant milestone in the history of PITCH. As stewards of charity capital, we have always taken a responsible approach to our management of the Fund, and it is right that we maximise our efforts to reduce the portfolio's impact on the environment. As this briefing explains, we recognise that this commitment will continue to evolve as greater cost transparency becomes available, but most importantly, we now have a clear pathway and set of action plans to enhance the sustainability credentials of the portfolio and to deliver on our net zero aims."



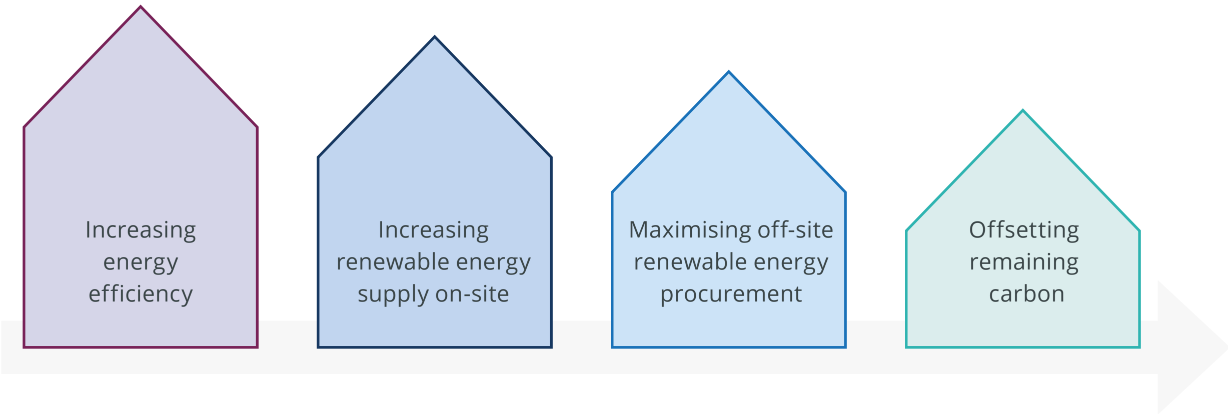
Christi Vosloo

ESG, Head of UK

"I am very proud that PITCH has formally announced an interim target, along with its commitment to net zero carbon by 2050 or sooner in alignment with a 1.5 degree pathway. This commitment is the culmination of extensive decarbonisation pathway analysis that has been taking place alongside our continued asset management focus on decarbonisation initiatives. Significant implementation challenges may remain, however we recognise the urgency of the climate crisis and will continue to evolve our approach and explore new solutions as these become available. This target is a reflection of our commitment to taking practical steps to decarbonise, future-proof and maintain value of the real estate portfolios under our care, on behalf of our clients and for society."

PITCH's Approach

Our decarbonisation strategy follows the net zero carbon hierarchy[4], of:



As part of our analysis, we have included a high-level assessment of cost. Many measures are met through standard maintenance and system replacement, whilst other energy reduction and carbon saving measures, e.g. LED lighting and solar PV installations, offer attractive payback periods. Energy and carbon reduction measures are included as part of our standard approach to refurbishment and enhancing the assets' sustainability credentials. As we undertake more asset level net zero audits, our view on expected costs will become more exacting, which will improve over time.

PITCH's decarbonisation strategy is not static, it will evolve as our approach to net zero carbon is enhanced, new and improved solutions become available, and we improve our energy data coverage across the portfolio. We will proactively report on changes and updates as and when appropriate.

By having a clear understanding of our pathway to net zero, we will be able to plan carefully, prioritise effectively, and utilise all the decarbonisation levers available, in order to make informed investment decisions and maintain value and performance for our PITCH investors over the long term.

1 IPCC Chair's remarks at the 2022 Gulbenkian Prize for Humanity Award Ceremony – IPCC – https://www.ipcc.ch/2022/10/13/ipcc-chairs-remarks-2022- gulbenkian-prize-for-humanity-award-ceremony/

2 Carbon Risk Real Estate Monitor (CRREM) tool: the CRREM tool allows investors and property owners to assess the exposure of their assets to stranding risks based on energy and emission data and the analysis of regulatory requirements.

3 Against a 2019 baseline | CO2e calculations are done in accordance with The GHG Protocol. Scope 1, 2 and 3 emissions are defined in accordance with the definitions provided by GRESB (Global Real Estate Sustainability Benchmark). Estimations were made using the 2018 CRREM estimate value for assets where we have incomplete or unreliable energy consumption data.

4 Source: 2021, The 10 Green Building Principles aiming to get real estate to net-zero, World Economic Forum

Responsible Property Investment continued

Integrating ESG into our Investment Process

Investment Acquisition

As part of standard practice, Mayfair Capital conducts rigorous ESG and sustainability due diligence prior to any purchase.

The Mayfair Capital ESG Acquisition Checklist is completed as part of due diligence for all new acquisitions. The checklist covers a comprehensive list of ESG areas including (but not limited to):

Environmental

- Green Building Certification
- Energy source(s)
- On-site renewable energy
- Building system information and characteristics
- Environmental consumption data
- EPC
- Site contamination information
- Climate risks analysis
- Net zero carbon assessment

Social

- Mobility: e-mobility, cycling, public transport
- Inclusion: accessibility, affordable living
- Wellbeing: access to green space

Governance

- Safety (fire safety and evacuation plan)
- Health and safety

In consideration of future requirements and our net zero carbon ambitions, since 2021 we have also included net zero carbon screening as part of the standard due diligence process.

Improvements & Refurbishments

Mayfair Capital has a Sustainable Development and Refurbishment Guide that is used to guide all refurbishment projects ensuring that during each refurbishment, strong sustainability credentials and efficiency improvements are targeted. Mayfair Capital aims for sustainability best practice on all refurbishments.

We have also assembled a guide covering Sustainable Fit-Outs that is available to all of our tenants and contractors to assist with this process. The guides include sustainable design considerations in terms of specification and materials, layout, supply chain and flexibility as well as energy and waste considerations.

Integrating ESG into Operations

Green lease clauses

The PITCH Team engage with tenants to try and include green lease clauses in all new lettings and lease renewals. These clauses help address ESG compliance, energy, water and waste data sharing and co-operation on ESG matters.

This negotiation remains very challenging (as experienced across the industry), given landlords are not able to oblige tenants to share data. However, we have had success with automated tenant data solutions and find that it provides a useful and practical solution to overcoming some of the data sharing challenges.

On-site renewable energy

The PITCH Team is actively seeking to increase the number of solar PV installations across the PITCH Fund, with careful consideration for the net zero carbon hierarchy. Solar PV installations will be considered during planned refurbishment projects where we aim for best practice energy and carbon reduction measures as well as the installation of on-site renewable energy. Solar installations will also be considered as standalone installations, for both existing and future acquisitions, engaging with our tenants to obtain approval where required.

Renewable Tariffs

All electricity at landlord-controlled assets within the PITCH portfolio are supplied by a 100% renewable tariff. In terms of the current contract, the power used over the course of the year is fully matched with Renewable Energy Guarantees of Origin (REGOs) from wind, solar and hydro sources. We are encouraging the managing agents to explore higher quality options where feasible.

Electric Vehicle Charging

The PITCH Team is working to increase the number of EV charging points across the portfolio, enabling the transition to low/no emission vehicles. In 2022, The PITCH Team, with the support of Syzygy (specialist renewables and Electric Vehicles consultancy), launched a tender process to carefully select a Charge Point Operator (CPO) for a number of PITCH retail sites. At the time of reporting, we are in the final stages of the tender process, and once concluded, the chosen party will install the EV chargers across the selected PITCH sites in 2023.

Green Building Certification

We target strong certification standards in all refurbishment projects in alignment with our *Mayfair Capital Sustainable Development & Refurbishment Guidelines*. For standing investments green building certifications are targeted on a case-by-case basis where applicable and of value.

Please see the table below outlining current green building certification coverage for PITCH.

Certification	Number of Assets	Area (sqft)	% of total area
BREEAM/Refurbishment and Fit-out	1	111,301	3.3%
BREEAM/New Construction	10	529,550	15.6%
BREEAM/In Use	3	348,880	10.3%
TOTAL	14	989,731	29.2%

Enhancing Health, Safety and Wellbeing

Enhancing safety and wellbeing to manage risk and improve the experience at our assets.

Living Wage Accreditation

In 2021, Mayfair Capital was accredited as a Living Wage Employer by the Living Wage Foundation. The real Living Wage is the only UK wage rate that is voluntarily paid by almost 12,500 UK businesses who believe their staff deserve a wage which meets basic everyday needs. Mayfair Capital's Living Wage accreditation demonstrates not only a commitment to our employees, but also to those who work in our supply chain, ensuring they are paid the 'real Living Wage'. We recognise the majority of our impact and influence is in the PITCH supply chain. As a result, in 2022 we undertook an extensive supply chain review to prepare for Living Wage accreditation. We are delighted to announce that the PITCH Fund has been approved by the Living Wage Foundation as an accredited Living Wage Employer. To support the accreditation, the PITCH Fund team and managing agents will regularly review and monitor supply chain contracts to ensure Living Wage accreditation is maintained.

Orion, Stockport

Responsible Property Investment continued

Stakeholder engagement

Property Managers
Implementation of ESG initiatives for PITCH centres around the sustainability programme. In 2021, we commenced a process to clearly define sustainability standards, expectations and reporting requirements for property managers. The PITCH property managers are pivotal to ESG implementation and ESG improvement for the Fund. The Property Managers, working in collaboration with our consultants, are responsible for the maintenance of the ESG Asset Logbooks for all assets where we have operational control. The Logbooks, alongside regular reporting and monthly meetings, form the foundation of the sustainability programme, ensuring momentum is maintained and actions implemented.

Tenants
The PITCH Fund Team maintains regular dialogue with its tenants, ensuring that direct feedback is swiftly actioned. In terms of ESG, we regularly engage with tenants on data sharing, which supports implementation of automated tenant data collection solutions, and to collaborate on sustainability initiatives that will improve the ESG performance of the properties they occupy.

We also undertake regular tenant surveys to seek formal feedback to improve assets in line with tenant requirements and sustainability expectations. PITCH benefits from its lean positioning, allowing the Fund team to foster close tenant relationships to obtain direct and actionable feedback from occupiers.

We have developed a *Mayfair Capital Sustainable Fitout Guid*e for tenants, to encourage sustainable fitouts and provide additional guidance. The managing agents provide this to any new tenant in the PITCH Fund.

We engage with our tenants regularly on ESG matters, sharing occupier sustainability newsletters/updates and sustainability is a standing agenda item at property manager/tenant meetings.

In addition, we engage directly with tenants on various ESG initiatives including e.g. the installation of roof mounted solar, conducting energy audits and data sharing.

PITCH Charity Award
The PITCH Fund, for a number of years, has offered a £5,000 PITCH Charity 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 own charity causes.

There were no tenant submissions/motivations for the PITCH Charity Award in 2021, and as a result, the £5,000 donation was awarded at the start of 2022, to an emergency appeal for All We Can, a disaster relief initiative providing support to those directly affected by the war in Ukraine.

This donation has helped to provide trauma-sensitive mental healthcare support and psychological first aid training as well as hygiene kits and essential items such as towels, bed linen and cleaning supplies for those fleeing the violence.

In 2022, we paused this initiative as Mayfair Capital was in the process of developing a strategic approach to social inclusion. As a result, the PITCH Fund Team made the decision to revisit the current format of the Charity Award to ensure this donation was receiving strong engagement and resulting in maximum social impact. The intention is that the £5,000 Charity Award donation allocated for 2022 will be combined with the 2023 donation and used to fund an inaugural project of this Mayfair Capital initiative. We look forward to reporting on the strategy and providing further detail on the causes supported.

Suppliers
As part of standard practice, Mayfair Capital conducts regular supplier sustainability reviews to ensure suppliers are meeting ESG expectations. Suppliers are required to complete and return an ESG questionnaire including (but not limited to) the following topics:

Corporate Social responsibility	Environment	Health and Safety
• Diversity and Inclusion • Anti-bribery • Human rights and modern slavery • Living Wage • Community impact • Supply chain risk	• Environmental policy • Impact monitoring • Environmental Management Systems • Sustainable procurement	• Including policies and ISO45001 certification

In 2022, we asked all material PITCH suppliers to sign the Mayfair Capital Supplier Code of Conduct and to complete an ESG questionnaire. Responses from each supplier are reviewed and assessed. Suppliers failing to meet minimums standards are flagged and considered at contract renewal.

Oakleigh House, Cardiff

Responsible Property Investment continued

Case Study:

Stockport: enhancing asset value

Major refurbishment and re-letting of two warehouse units in Stockport to create increased income and sustainable asset value on behalf of charity investor clients.

Units A-D of Orion Business Park, Stockport comprise four-modern, 'mid-box' warehouse units ranging from 29,000-49,000 sq. ft, were acquired by PITCH in December 2020.

The units were originally constructed in 2005 at the rear of the business park, with steel portal frame construction and profile steel clad elevations. At acquisition, all four units had energy performance certificates of C (scores of 55, 60, 63 and 65 respectively). The asset was acquired with a weighted average unexpired leased term (WAULT) of 4.5 years remaining.

During the acquisition's pre-marketing phase, it became apparent that the tenant of two of the units wished to vacate, and new occupiers would want the units stripped out and improved.

The PITCH Team created a high quality building refurbishment plan for the units, to enhance their appeal to new tenants with a particular focus on ESG improvements.

Both units received a complete refurbishment of their roofs and Unit B benefitted from:

- New M&E throughout, including lighting, fire alarm system and a new power supply (previously, the power supply served both units and needed to be split).
- New energy efficient Variable Refrigerant Flow (VRF) air-conditioning with heat recovery system and removal of gas.
- New kitchens, bathroom facilities and showers.

In addition to this, we enhanced the sustainability credentials of the building by installing:

- New solar panels providing c.140 kWp for each unit, with the electricity being provided to the occupier.
- Power Purchase Agreement (PPA) agreed with tenants.
- Six EV charging points

As a result of the full refurbishment of Unit B, the EPC rating improved from C to A.

The refurbishment plan was completed in August 2022, delivering an enhanced specification and sustainability credentials, thereby substantially improving their marketability to occupiers.

Following the refurbishment, two new lettings were completed in Q4 2022:

1. Unit A (39,000 sq. ft) was leased to a new tenant on a 10-year lease at a rent equivalent to £7.50 per sq. ft.

2. Unit B (30,000 sq. ft) was leased to another new tenant on a 10-year lease, reflecting £8.25 per sq. ft (24% ahead of the pre-refurbishment figure).

As a result, the asset's WAULT improved from 4.5 years at acquisition, to 6.6 years.

As a result of our enhancement initiatives, the property achieved a valuation increase of c.37% from c.£15.6m at acquisition (December 2020) to c.£21.4m (30th September 2022).

This case study exemplifies our sustainable approach to asset value enhancement, as well as our ability to integrate ESG considerations at the property-level to drive results on behalf of our clients.

Industry initiatives and reporting

ESG Reporting
Swiss Life Group publishes an annual Sustainability Report and Swiss Life Asset Managers publishes an annual **Responsible Investment Report**.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate-related Financial Disclosures (TCFD)
Swiss Life Asset Managers and Swiss Life Group have been supporters of the recommendations of the TCFD since 2018 and are reporting in line with the recommendations.

Please find the Swiss Life Group response to TCFD available here.

PRI | Principles for Responsible Investment

United Nations Principles for Responsible Investment (UNPRI)
Mayfair Capital has been a signatory to UNPRI since 2017, and in 2020, our PRI submission and reporting was combined with that of our parent company, Swiss Life.

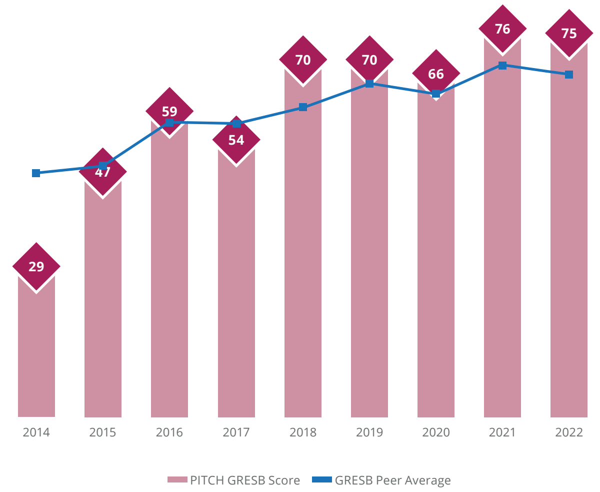
Please find the Swiss Life UNPRI transparency report available here.

GRESB

Global Real Estate Sustainability Benchmark (GRESB)
The Global Real Estate Sustainability Benchmark has developed over the past several years to become the dominant measure or benchmark for assessing Environmental, Social and Governance (ESG) performance for property funds. PITCH has participated in GRESB for the past 9 years and we have made substantial progress over this period.

In 2022 the Fund achieved a score of 75 (out of 100) and maintained 3 Green Star status. The key improvement areas for PITCH are: energy, water and waste data coverage and efficiency measures and green building certification. The Fund Team and the property managers are focussed on driving the sustainability programme forward through implementation of asset level initiatives that improve the ESG credentials of the assets and further support GRESB reporting. PITCH intends to participate in GRESB in 2023 for the 10th consecutive year. Please find the 2022 GRESB Results Report available here.

PITCH Fund GRESB Track record (2014 – 2022)



PITCH Ethical Policy

The Property Income Trust for Charities (PITCH) adheres to a responsible investment policy in the management and investment of the Fund, 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 investor's policy requirements in every case, it is important for its own ethical policy to provide a clear and transparent set of ethical guidelines that are adhered to in the management of the property portfolio.

Due diligence screening of tenants is carried out by PITCH's Fund management team at the time of acquisition of a property and then reviewed across the portfolio 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 one university. 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 includes companies whose primary business is in the production of alcohol, tobacco, armaments, gambling, pornography and the sex industry. Those companies that are involved in other industries that may be considered by the Investors' Committee appropriate for exclusion or restrictions are assessed on a case by case basis.

Listed below are those tenants who derive some turnover from a 'flagged' activity within our ethical policy:

Ethical Policy	Comment	% of Fund Income[1]
Alcohol production or consumption (we hold no pubs, bars or wine merchants as tenants)	The Fund holds several restaurants.	1%
Gambling	None	0%
Manufacture or sale of armaments	None	0%
Manufacture or sale of tobacco products	None	0%
Pornography or the sex industry	None	0%
Other activities deemed to be unacceptable from time to time	None	0%

1 The amount of income received from a tenant where their business turnover includes some activity highlighted by the Fund's ethical policy
Source: Mayfair Capital (31.12.21).

Governance

As a responsible investor, it is essential that we adhere to high standards of conduct in our business dealings. We cannot expect or encourage our stakeholders to operate ethically and with probity unless we do so ourselves.

Industry Standard Reporting

1. United Nations Principles of Responsible Investment (UNPRI)
2. Association of Real Estate Funds (AREF)
3. Global Real Estate Sustainability Benchmark (GRESB)
4. 2020 UK Stewardship Code

Mayfair Capital is an FCA regulated business and an approved Alternative Investment Fund Manager (AIFM). We are also signatories to UN PRI and a member of the Association of Real Estate Funds. We adhere to their principles and believe that a good understanding of regulation and policy requirements demonstrates responsible risk management.

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 £1,424,682 (2021: £1,354,960), 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.

Mayfair Capital Investment Risk Committee

Responsibility for the implementation of Mayfair Capital's investment risk processes sits with the Investment Risk Committee (IRC).

Our risk management framework covers our entire investment process. The IRC is central to this framework and has the following responsibilities:

- Approval of all purchases and sales
- Monitor and ensure all transactional activity is in accordance with pre-agreed strategy and risk parameters
- Review and approve the Investment Strategy annually.
- Overall responsibility for implementing ESG strategy.

On an annual basis, the investment report will also include comments on the stress testing of the assumptions that underpin the annual hold-sell analysis and prospective base case Internal Rate of Return.

These assumptions are stress tested under a number of different economic scenarios that have been outlined by Property Market Analysis in order to determine the Fund's resilience to a change in market conditions.

Governance continued

PITCH Investors' Committee

The Investors' Committee (IC) has been established to represent the Unitholders and is primarily drawn from representatives of the investors. It holds quarterly meetings with the Manager and the Trustee.

The IC approves all transactions (both acquisitions and sales) and also monitors risk parameters on a quarterly basis. It includes representatives from a religious body and one university. These charities are at the forefront of ethical investment. The IC 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 IC to be relevant and are therefore judged on a case by case basis. Further details of the current members of the Investors Committee are shown on page 8.

UK Stewardship Code

Effective from 1 January 2020, the Financial Reporting Council's ("FRC") UK Stewardship Code (the "Code") was updated to be applicable to a broader range of investment strategies, such as real estate and infrastructure. It also reflects the increasing importance of environmental factors, particularly climate change, as well as social and governance factors as material issues for asset managers to consider when making investment decisions.

In the 2020 version, the Code defines stewardship as "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society". The Code has twelve Principles and the FRC requires that firms intending to be signatories to the Code must produce an annual Stewardship Report explaining how they have applied the Principles of the Code in the previous twelve months. The FRC will evaluate reports against an assessment framework and those meeting the reporting expectations will be listed as signatories.

Mayfair Capital has adopted the Principles of the UK Stewardship Code 2020 and was approved as a signatory to the code in September 2021.

STEWARDSHIP CODE | 2021

Newmarket Business Park, Newmarket

Properties

5

New purchases

Industrial

Toledo Park, Coventry

PITCH acquired this high specification distribution warehouse in February 2022 for £14.8m. The property provides the Fund with exposure to the 'Golden Triangle' warehouse market, an area of unrivalled connectivity providing access to all parts of the UK. It is single let to the Woodland Group until 2027 and provides excellent rental growth prospects.

Office

The Paragon, Bristol

PITCH acquired this prime, multi let office in Bristol for £40m in June 2022 in an off-market transaction. The property occupies a prime position in the heart of Bristol's main office district and provides an impressive specification well suited to the modern occupier. It is let to the strong covenants of E&Y, Mercer and Thrings with an average rent of only £30 per sq ft providing an excellent base for rental growth. During the hold period, various energy efficiency and carbon reduction initiatives will be undertaken, including replacement of the existing gas boilers, with the aim of achieving operational net zero carbon targets.

Residential

Grange Park, Colchester

The Fund acquired all nine houses of this second phase being developed by Hills Residential in Elmstead Market, near Colchester, for £2.9m in May and June 2022. The properties comprise six terraced, two bedroom and three detached, three bedroom houses, featuring strong sustainability credentials with each house heated by air source heat pumps. This is the first acquisition in connection with the Fund's new residential strategy with Hearthstone Investments. The properties were all let within a period of nine days.

Forest View, Mansfield

PITCH completed the acquisition of five new build, three bedroom houses in Mansfield in November 2022 at an attractive -12% discount to asking price. The properties form part of a 63 home development by Woodall Homes. The Fund exchanged on a further 13 houses, which are due for completion in Q1 and Q2 2023.

St John's Grange, Lichfield

PITCH acquired a total of 20 residential units from Persimmon Home in October and November 2022 for £5.6m. This included eleven, three bedroom houses and nine, two bedroom flats contained within a single, unbroken, detached building. Four of the six houses were let to new tenants within four days of completion reflecting the strength of demand for this type of rental product.

Sales

Industrial

Plot 100, Newmarket

Retail warehouse

Border Retail Park, Wrexham

Retail

Albion Place, Skipton

Cote, Esher

Offices

37 Park Row, Nottingham

Properties held

Industrial

Property	Town	Principal Tenants	Region	Completion
1 Yorkshire Way, West Moor Park	Doncaster	ASOS	Yorks & Humberside	25/06/2015
Bartley Point	Hook	Various	South East	01/10/2015
Brackmills Trade Park, Caswell Road	Northampton	Various	East Midlands	21/05/2021
Coventry Business Park	Coventry	Woodland Global Limited	Coventry	09/02/2022
Phases I & II, Trax Park	Doncaster	Wincanton Holdings	Yorks & Humberside	17/09/2014
Plot 1, Newmarket Business Park	Newmarket	Smiths News Trading	Eastern	10/07/2015
Plots 2-4, Newmarket Business Park	Newmarket	One Farm	Eastern	28/04/2006
Plot 8, Newmarket Business Park	Newmarket	Mr Fothergill's Seeds	Eastern	10/07/2015
Plots 9-11 Newmarket, Unit A	Newmarket	Tristel	Eastern	08/02/2019
Plots 9-11 Newmarket Business Park, Unit B	Newmarket	Cosentino UK	Eastern	05/10/2018
Rehau Distribution Unit, Manor Park	Runcorn	Rehau	North West	05/02/2016
Rockingham Gate, Cabot Park	Avonmouth	Various	South West	27/04/2021
Thatcham Unit, Colthrop Lane	Thatcham	Thatcham Research	South East	23/12/2009
The Big Berry, Berry Hill Industrial Estate	Droitwich	Antolin Interiors	West Midlands	29/06/2018
Trelleborg Unit, Tewkesbury Business Park	Tewkesbury	Trelleborg Sealing Solutions UK	South West	07/12/2007
Units 1A, 1B & 1C New Hythe Business Park	Aylesford	British Telecommunications	South East	09/06/2011
Units 1 & 2 Langley Connect	Langley	Premier Forest Products	South East	08/10/2010
Unit 1, Bristol Distribution Park, Hawkley Lane	Bristol	DHL International (UK)	South West	04/03/2005
Units A-D, Orion Business Park	Stockport	Various	North West	01/12/2020
Unit G, Century Park	Wakefield	Sportswift	Yorks & Humberside	03/07/2013
Unit DC2, Sideways Park	Stoke-on-Trent	Simarco International	West Midlands	26/10/2020
Winchester Road Trade Park	Basingstoke	Various	South East	16/04/2015

Trax Park, Doncaster

Bartley Point, Hook

3 Capital Quarter, Cardiff

Properties held continued

Offices

Property	Town	Principal Tenants	Region	Completion
3 Capital Quarter	Cardiff	BT	Wales	19/09/2019
31 Booth Street	Manchester	Various	North West	14/12/2018
36 Clarendon Road	Watford	Wunderham Thompson	South East	15/06/2018
65 Woodbridge Road	Guildford	Various	South East	11/01/2012
86 Deansgate	Manchester	Various	North West	08/04/2014
90 Victoria Street	Bristol	Various	South West	12/10/2017
Brewery Wharf	Leeds	NHS Confederation	Yorks & Humberside	30/09/2013
Jessop House, Jessop Avenue	Cheltenham	Various	South West	03/02/2017
Oakleigh House	Cardiff	Sedgwick International UK	Wales	15/12/2014
Paragon	Bristol	Various	Bristol	28/06/2022
Plot 3000, Cambridge Research Park	Cambridge	Kier Construction	Eastern	23/12/2014
Stone Cross	Brentwood	Sky CP	South East	25/06/2018
T1 Trinity Park	Solihull	Various	West Midlands	22/12/2021
T2 Trinity Park	Solihull	Mitie	West Midlands	21/03/2016
Wallbrook Court, Botley	Oxford	Various	South East	24/02/2005/ 19/04/2006

Residential

Property	Town	Principal Tenants	Region	Completion
Forest View	Mansfield	N/A	East Midlands	02/12/2022
Grange Park	Colchester	N/A	South East	29/07/2022
St John's Grange	Lichfield	N/A	West Midlands	25/11/2022


T1, Trinity Park, Solihull


Booth Street, Manchester


Brewery Wharf, Leeds

Retail Warehouse

Property	Town	Principal Tenants	Region	Completion
Interchange Retail Park	Bedford	Various	South East	30/09/2021
Lady Bay	Nottingham	Various	East Midlands	17/01/2017
Pudsey Road, Hough End	Leeds	Wickes Building Supplies	Yorks & Humberside	07/12/2009
The Place	Milton Keynes	Various	South East	05/11/2021
Tunnel Drive	Redditch	Matalan Retail	West Midlands	22/12/2011
Western Way Retail Park	Bury St Edmunds	B&M	Eastern	20/12/2018
Widnes Trade Park	Widnes	Various	North West	20/06/2014

Retail

Property	Town	Principal Tenants	Region	Completion
M&S, Winchmore Hill Road	Southgate	M&S	Rest of London	22/12/2020
Units 3.1-3.4, Peninsula Square	Greenwich	Various	Rest of London	31/01/2014
Zizzis, Gandy Street	Exeter	Azzurri Restaurants	South West	02/08/2017

Other

Property	Town	Principal Tenants	Region	Completion
Brookfield Care Home, Little Bury	Oxford	Methodist Homes	South East	28/11/2017
Premier Inn, Lansdowne Road & Co-operative Foodstores Ltd	Croydon	Premier Inn Hotels	Rest of London	28/01/2014
Premier Inn, Whitehall Plaza	Leeds	Premier Inn Hotels	Yorks & Humberside	23/12/2021
Travelodge & Bathstore, Queens Road	Norwich	Travelodge Hotels	Eastern	27/08/2015


Winchmore Hill Road, Southgate

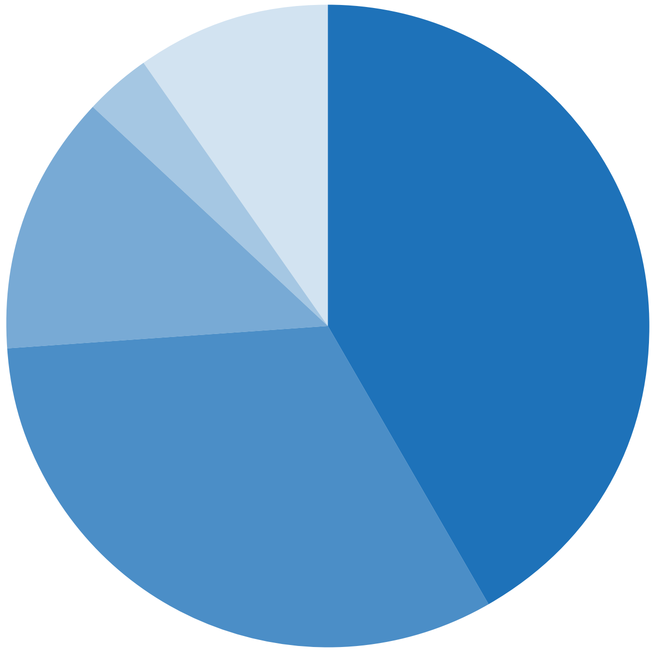

Interchange Retail Park, Bedford


The Place, Milton Keynes

Portfolio analysis

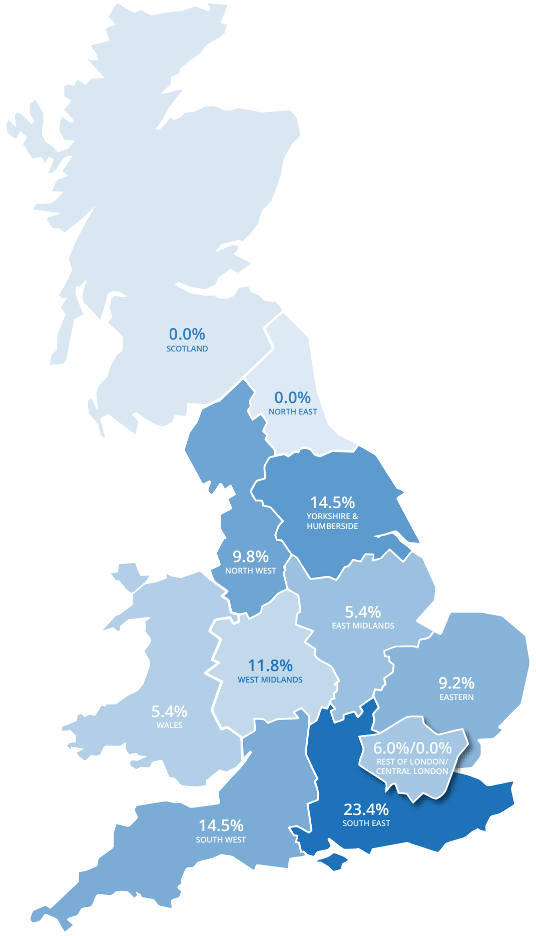
As at 31 December 2022

Portfolio by sector

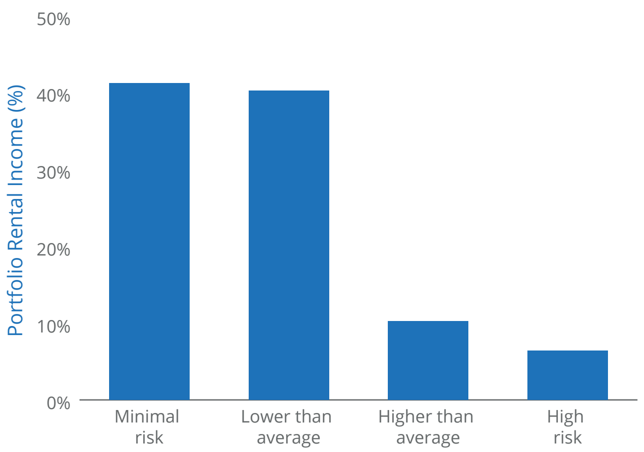


Industrial	41.8%
Office	32.2%
Retail warehouse	13.1%
Retail	3.2%
Residential & Other	9.7%

Portfolio locations

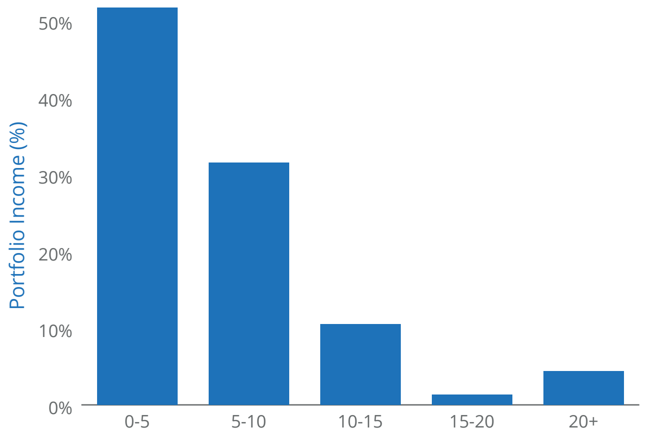


Portfolio by Covenant Rating



Tenant risk of failure (Dun & Bradstreet)

Portfolio by Unexpired Lease Profile



Length of income to lease breaks (years)

Source: Mayfair Capital Investment Management Limited (31/12/2022)

Five largest assets

(by value)

Bristol, Paragon	5.3%
Newmarket	4.1%
Doncaster, Trax Park	4.0%
Doncaster, West Moor Park	3.8%
Cardiff, Capital Quarter	3.7%

Five largest tenants

(by income)

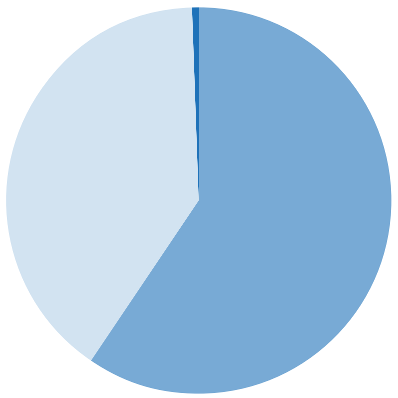
BT Plc	5.4%
CDS Superstores Ltd (t/a The Range)	4.8%
Premier Inn Hotels Ltd	4.7%
Wincanton Holdings Ltd	4.2%
Asos.com Ltd	3.1%

Upper quartile Fund performance over 5 and 10 years

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

6.7%	£672m	5.3%
Vacancy Rate	Fund Size (GAV)	Fund Yield (Rolling 12-months as a % of NAV)

Portfolio by Liquidity Scoring



Sellable immediately	59.5%
Expect to be sellable within 3 to 9 months	40.2%
Difficult to sell	0.3%

Secure Income

80.1% of the portfolio let to low or minimal risk tenants (based on credit rating)

(Dun & Bradstreet)

Source: Mayfair Capital Investment Management Limited (31/12/2022)

Financials

6

Independent auditor's report

to the Unitholders of Property Income Trust for Charities

Opinion

We have audited the financial statements of Property Income Trust for Charities for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Change in Net Assets, Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2022 and of its profit 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

In auditing the financial statements, we have concluded that the Managers use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Other information

The Manager is responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of the Manager

As explained more fully in the Statement of Management's Responsibilities set out on page 16 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 determines 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.

Independent auditor's report continued

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Trust.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence; and
- the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Trusts financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested some of the larger journal entries around the year end;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the Unit Trust's unit holders as a body, in accordance with our agreed terms of engagement. Our audit work has been undertaken so that we might state to the unit holders 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 Unit Trust and the unit holders members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP.

Crowe UK LLP
Statutory Auditor
Riverside House
4046 High Street
Maidstone
ME14 1JH

26 April 2023

Statement of comprehensive income

For the year ended 31 December 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Net capital (losses) / gains	3		(114,193)		103,734
Movement in unamortised tenant incentives	8		(844)		(2,127)
			(115,037)		101,607
Revenue	4	35,171		31,663	
Expenses	5	(6,734)		(6,454)	
Net income before interest payable and similar charges		28,437		25,209	
Interest payable and similar charges	6	(2,737)		(2,352)	
			25,700		22,857
Total (loss) / gain before distribution			**(89,337)**		**124,464**
Distributions	7		(30,785)		(27,128)
Change in net assets attributable to unitholders from investment activities			**(120,122)**		**97,336**

Continuing operations

All items dealt with in arriving at the result for the year ended 31 December 2022 and for year ended 31 December 2021 relate to continuing operations.

There is no other comprehensive income other than that listed above for the year ended 31 December 2022 (year ended 31 December 2021: nil).

The Accounting policies and Notes on pages 51 to 59 form part of these financial statements.

Statement of financial position

As at 31 December 2022

	Notes	31 December 2022 £'000		31 December 2021 £'000	
Fixed Assets					
Investment properties	8	622,233		691,987	
			622,233		**691,987**
Current assets					
Debtors	10	23,077		28,013	
Cash and cash equivalents		42,113		59,764	
		65,190		**87,777**	
Creditors: amounts falling due within one year	11	(43,811)		(16,780)	
Net current assets			**21,379**		**70,997**
Total assets less current liabilities			**643,612**		**762,984**
Creditors: amounts falling due after more than one year	12		(66,328)		(92,248)
Net assets			**577,284**		**670,736**
Net assets attributable to unitholders			**577,284**		**670,736**

These financial statements were approved by the Manager on 26 April 2023 and signed on its behalf by:

Mayfair Capital Investment Management Limited

The Accounting policies and Notes on pages 51 to 59 form part of these financial statements.

Statement of change in net assets attributable to unitholders

For the year ended 31 December 2022

	2022 £'000	2021 £'000
Opening net assets attributable to unitholders	**670,736**	**568,257**
Amounts receivable on creation of units	66,509	42,450
Amounts payable on redemption of units	(39,839)	(37,307)
Change in net assets attributable to unitholders	(120,122)	97,336
Change net assets attributable to unitholders	**577,284**	**670,736**

The Accounting policies and Notes on pages 51 to 59 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2022

	£'000	2022 £'000	£'000	2021 £'000
Cash flows from operating activities				
Net revenue	25,700		22,857	
Loan interest payable	2,462		2,143	
Loan cost amortisation	275		209	
Bank interest received	(199)		(14)	
(Increase) in debtors	(977)		(8,358)	
Increase in creditors	1,028		430	
		28,289		**17,267**
Cash flows from investing activities				
Purchase of investment property	(67,268)		(96,714)	
Sale proceeds from investment property	32,241		68,418	
Capital expenditure on existing properties	(4,344)		(7,934)	
Sale proceeds from units in unit trusts	-		21,169	
Interest received	199		14	
		(39,171)		**(15,046)**
Cash flows from financing activities				
Loan interest paid	(2,483)		(2,267)	
Loan received	-		42,080	
Loan issue costs	(233)		(575)	
Loan repayment	-		(24,700)	
Distributions paid	(30,300)		(27,311)	
Cash received for new units	66,086		40,993	
Units redeemed	(39,839)		(37,307)	
		(6,769)		**(9,087)**
Decrease in cash and cash equivalents		**(17,651)**		**(6,866)**
Cash and cash equivalents at beginning of year		**59,764**		**66,631**
Cash and cash equivalents at end of year		**42,113**		**59,764**

	2022	2021
Reconciliation to net revenue		
Distribution expense	30,785	27,128
Capital expenses	(5,085)	(4,271)
	25,700	**22,857**

The Accounting policies and Notes on pages 51 to 59 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

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 third parties.

Valuation of investment property

The freehold and leasehold investment properties, both commercial and residential, were valued by the Fund's independent valuers, as at 31 December 2022, on the basis of Market Value in accordance with the requirements of the RICS Valuation - Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS".

Acquisitions and disposals

Proceeds from the sale of properties are recognised when the risks and rewards of ownership have been transferred to the purchaser. This is generally considered to be on completion of the sale. 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 accruals basis net of VAT.

The Fund recognises an impairment loss (bad debt) when there is objective evidence that a loss has occurred and that it is a result of one or more past events. In the Fund's case, impairment losses usually relate to income due from tenants.

Objective evidence that income due from tenants is impaired includes observable data that comes to the attention of the Fund about the following loss events:

a) significant financial difficulty of the debtor (tenant);

b) significant delays in the payment of amounts due under a lease agreement;

c) it has become probable that the tenant will enter bankruptcy or other financial reorganisation; and

d) observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

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 accounting standards.

Notes to the financial statements continued

1. Accounting policies (continued)

Income and expenditure (continued)

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 capital gain or loss 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. Accordingly no tax reconciliation note is included.

Depreciation

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

Bank Borrowings

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

Going Concern

The Manager has reviewed the Fund's ability to remain a going concern and meet the Fund's liabilities as they fall due for at least 12 months from the date the financial statements are signed.

Income is the main driver of real estate investment returns. Whilst COVID-19 continues to impact many aspects of daily life and the global economy we have seen a significant recovery in most of the UK commercial property market. However, the impact of Covid-19 continues to be felt with some sectors of the property market being impacted more than others. Further, the external economic developments as an adverse market response to the UK government's mini-budget on 23 September and political and economic uncertainty during the time leading up to Liz Truss's resignation as Prime Minister on 22 October caused a sharp increase in UK Gilt rates and interest rates together with devaluation of the British pound against the dollar. Consequently, the commercial property investment market was affected with the number of transactions and potential investors heavily reduced and yields moving out significantly, resulting in a fall in values. As a result of these and to drive stronger performance and reduce risks, continued emphasis is being placed on monitoring the Trust's cashflows. Market risk, counterparty risk and concentration risk all continue to be monitored closely by the Manager.

Of note, the loan facility with PGIM in the amount of £26,000,000 becomes repayable in full on 10th December 2023. The Fund expects to have sufficient capital cash at this date to repay the loan in full. There are a number of property sales in the market expected to complete in 2023, which will build the cash sum ready for repayment.

Based on the cash flow forecast, there is reasonable expectation of the Fund having adequate resources to continue in operational existence for the foreseeable future and at least for a further 12 months beyond the date of signing the financial statements. Therefore, the Fund considers it appropriate to continue to adopt a going concern basis in preparing the financial statements.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Fund may be required to make estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. The principal areas where judgement was exercised was as follows:

i) i) Valuation of investment properties: The properties held by the fund are valued in accordance with RICS Valuation Professional Standards 2019. The valuations take into account the current and estimated future yield, the current state of the properties and the property market as a whole. More details are disclosed in note 8.

ii) Amortisation of tenant incentives: Tenant incentives are released on a straight line basis over the life of the underlying lease agreement as the Fund has a reasonable expectation that the tenants will not exercise their break option, where one exists.

iii) Provision for doubtful debts: The Fund applies a rigorous approach to the bad debt provisioning exercise. Every month, the Fund reviews the rent receivables balance on a tenant-by-tenant basis and provides for all debts that are overdue at the month-end date, unless the Fund has a reasonable expectation that the tenant will settle its outstanding debts.

3. Realised & unrealised capital (losses) / gains

	2022 £'000	2021 £'000
Net unrealised (losses) / gains on investment property	(110,004)	97,407
Movement in unamortised tenant incentives	844	2,127
Net realised (losses) / gains on investment property	(5,033)	4,359
Net realised (loss) / gain on investment in unit trust	-	(159)
Total	**(114,193)**	**103,734**

4. Revenue

	2022 £'000	2021 £'000
Rental income	33,674	29,712
Investment income	-	688
Interest received	199	14
Other income	1,298	1,249
Total	**35,171**	**31,663**

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2022 £'000	2021 £'000
No later than 1 year	28,896	25,510
Later than 1 year and no later than 5 years	85,651	78,696
Later than 5 years	163,218	153,358
Total	**277,765**	**257,564**

Notes to the financial statements continued

5. Expenses

	2022 £'000	2021 £'000
Charged to income:		
Legal and professional fees	546	357
Bank charges	13	26
Premises expenses	1,064	1,800
Irrecoverable VAT	21	-
Charity /Donations	5	-
	1,649	2,183
Charged to capital:		
Investor committee	53	51
Trustee fees	177	145
Fund management fees	3,956	3,414
Administrator fees	359	368
Valuation fees	90	88
Audit fee	32	35
Depository fees	151	114
Residential fees	210	-
Other	57	56
	5,085	**4,271**
Total	**6,734**	**6,454**

6. Interest payable and other similar charges

	2022 £'000	2021 £'000
Loan interest payable	2,462	2,143
Amortisation of loan costs	275	209
Total	**2,737**	**2,352**

7. Distributions

	2022 £'000	2021 £'000
Distributions paid		
Month ended 31.01.2022/31.01.2021	2,997	2,106
Month ended 28.02.2022/28.02.2021	2,408	1,963
Month ended 31.03.2022/31.03.2021	2,426	2,117
Month ended 30.04.2022/30.04.2021	2,597	2,740
Month ended 31.05.2022/31.05.2021	2,359	2,302
Month ended 30.06.2022/30.06.2021	2,340	1,647
Month ended 31.07.2022/31.07.2021	2,719	2,100
Month ended 31.08.2022/31.08.2021	2,474	2,150
Month ended 30.09.2022/30.09.2021	2,803	2,075
Month ended 31.10.2022/31.10.2021	2,356	3,219
Month ended 30.11.2022/30.11.2021	2,855	2,672
	28,334	**25,091**
Distributions payable	2,451	2,037
Total	**30,785**	**27,128**
Reconciliation of net income to distributions		
Net revenue	25,700	22,857
Expenses charged to capital	5,085	4,271
Total	**30,785**	**27,128**

8. Investment properties

	2022 £'000	2021 £'000
Fair value of investment properties brought forward net of tenant incentives	**691,987**	**560,039**
Adjustment in respect of tenant lease incentives	6,688	4,561
Fair value of investment properties brought forward	**698,675**	**564,600**
Additions from acquisitions at cost including purchase costs	67,268	98,894
Additions to existing properties at cost	4,344	7,934
Value of properties sold	(26,328)	(76,646)
Net unrealised (losses) / gains on investment property	(110,004)	97,407
Movement in unamortised tenant incentives	844	2,127
Net realised (losses) / gains on investment property	(5,033)	4,359
Fair value of investment properties carried forward	**629,765**	**698,675**
Adjustment in respect of tenant lease incentives	(7,532)	(6,688)
Fair value of investment properties carried forward net of tenant incentives	**622,233**	**691,987**

The Fund's commercial investment properties were valued by Cushman & Wakefield, independent valuers, on a market value basis at £619,900,000 (2021: £698,675,000). The valuations have been reduced by unamortised tenant incentives in line with accounting policies (see note 1). The Fund's residential investment properties were valued by CBRE Ltd, independent valuers on a quarterly basis. The valuation has been done on the basis of fair value on the special assumption of vacant possession at £9,865,000 (2021: £Nil).

Notes to the financial statements continued

8. Investment properties (continued)

Valuation Method and assumptions

Valuations are carried out in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS". 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 commercial 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 these 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.

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

	2022 £'000	2021 £'000
Market value of investments brought forward	–	21,169
Additions from acquisitions at cost	–	–
Value of units sold	–	(21,011)
Net realised (loss)/gain on units	–	(159)
Change in fair value of investments	–	–
Market value of investments carried forward	**–**	**–**

In 2021, the Fund sold all of its remaining holding in the Unite UK Student Accommodation Fund (USAF).

10. Debtors

	2022 £'000	2021 £'000
Debtors: Unamortised tenant incentives falling due after 1 year	6,941	5,484
Rental arrears	4,772	6,603
Provisions for impairment/write-off	(373)	(2,275)
Prepayments and accrued income	215	213
Unamortised tenant incentives	591	1,204
Rent deposit debtors	1,702	465
VAT receivable	655	989
Amounts receivable on disposals	31	5,944
Other debtors	8,543	9,386
Total	**23,077**	**28,013**

Provisions for impairment/write-off totals the rent due from tenants who on assessment are facing financial difficulties and The Manager deems unlikely to pay any outstanding sums.

Notes to the financial statements continued

11. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Distributions payable	2,538	2,053
Deferred income	6,931	7,865
Rent deposit creditors	3,049	465
Investor funds received for January dealing	216	639
Loan interest payable	474	495
Accruals and other creditors	4,889	5,511
Bank loan	26,000	–
Less: unamortised loan costs	(286)	(248)
Total	**43,811**	**16,780**

12. Creditors: amounts falling due after more one year

	2022 £'000	2021 £'000
Bank loans	66,880	92,880
Less: unamortised loan costs	(552)	(632)
Total	**62,328**	**92,248**

The amount detailed above consists of three loans as follows:

- A loan facility with PGIM in the amount of £26,000,000 (2021: £26,000,000) attracts interest at a fixed rate of 2.25% per annum and becomes repayable in full on 10th December 2023. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £87,100,000 as at 31st December 2022.
- A loan facility with Aviva in the amount of £24,800,000 (2021: £24,800,000) attracts interest at a fixed rate of 3.10% per annum and becomes repayable in full on 28th September 2025. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £58,400,000 as at 31st December 2022.
- A second Aviva loan facility with Aviva in the amount of £42,080,000 was taken out in 2021 and attracts a sustainability driven, KPI performance dependent interest rate where the margin reduced from 2.65% in 2021 to 2.59% in 2022. This loan becomes repayable in full on 13th October 2028. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £100,725,000 as at 31st December 2022.

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

	2022 £'000	2021 £'000
Decrease in available cash during the year	(17,651)	(6,866)
Increase in loans during the year	-	(17,380)
Decrease in net funds during the year	(17,651)	(24,246)
Opening net funds attributable to unit holders	(33,116)	(8,869)
Closing net funds attributable to unit holders	**(50,767)**	**(33,116)**

14. Analysis of net funds

	2022 £'000	2021 £'000
Cash and cash equivalents	42,113	59,764
Bank loans	(66,880)	(92,880)
Total net funds	**(24,767)**	**(33,116)**

15. Counterparty risk

	2022 £'000	2021 £'000
Cash and cash equivalents		
Royal Bank of Scotland	16,476	28,639
Santander Group	5,551	16,124
Barclays	15,059	15,001
Epworth Investment Management	5,027	15,001
Total cash	**42,113**	**59,764**
Loans		
Aviva	24,800	24,800
Aviva 2	42,080	42,080
PGIM	26,000	26,000
Total Loans	**92,880**	**92,880**

16. Forward commitments and Contingent liabilities

were no contingent liabilities at 31 December 2022 (31 December 2021 : £nil).

17. Related Party Transactions

Amounts payable to the manager were £3,955,753 (31 December 2021: £4,216,837). The amount outstanding at the year end in respect of those fees was £900,376 (31 December 2021: £1,243,598).

Amounts payable to the Trustee were £176,604 (31 December 2021: £144,571). The amount outstanding at the year end in respect of those fees was £40,451 (31 December 2021: £34,940).

18. Post Balance Sheet Events

There have been no post balance sheet events affecting the Fund since the year-end.

Mayfair Capital Industry Awards

charitytimes Awards 2022 — Recognising leadership and professionalism — Winner — The Property Income Trust for Charities

Corporate Governance Quality Mark 2020 — AREF Code of Practice

charitytimes Awards 2021 — Recognising leadership and professionalism — Shortlisted

charitytimes Awards 2020 — Recognising leadership and professionalism — Shortlisted

Corporate Governance Quality Mark 2021 — AREF Code of Practice

AREF Annual Awards 2020 — RUNNER UP Investor Award for Outstanding Achievement

Corporate Governance Quality Mark 2020 — AREF Code of Practice

20th Anniversary charitytimes Awards 2019 — Shortlisted

MSCI Real Estate Data Quality Awards Winner 2019

AREF Annual Awards 2019 — SHORTLISTED Investor Award for Outstanding Achievement

Corporate Governance Quality Mark 2019 — AREF Code of Practice

charitytimes Awards 2018 — Recognising leadership and professionalism — Shortlisted

Better Society 2018 Awards — SHORTLISTED

Corporate Governance Quality Mark 2018 — AREF Code of Practice

charitytimes Awards 2017 — Recognising leadership and professionalism — Shortlisted

MSCI IPF Investment Property Forum — UK Property Investment Awards WINNER 2017

charitytimes Awards 2016 — Recognising leadership and professionalism — Shortlisted

MSCI IPF Investment Property Forum — UK Property Investment Awards WINNER 2016

2016 Property Awards Finalist

charitytimes Awards 2015 — Recognising leadership and professionalism — Shortlisted

2015 Property Awards FINALIST

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