Property Income Trust for Charities

Q2 Factsheet / 30 June 2016

MAYFAIR CAPITAL

Fund Aim and Investment Objective

The Property Income Trust for Charities (PITCH) is a unit trust designed as a pooled property vehicle available to all UK Charities and EU Qualifying Charities. It was established to permit qualifying charities to co-invest in UK property in a manner that is tax efficient for both income and capital. It also has the advantage of allowing properties to be acquired free of Stamp Duty Land Tax.

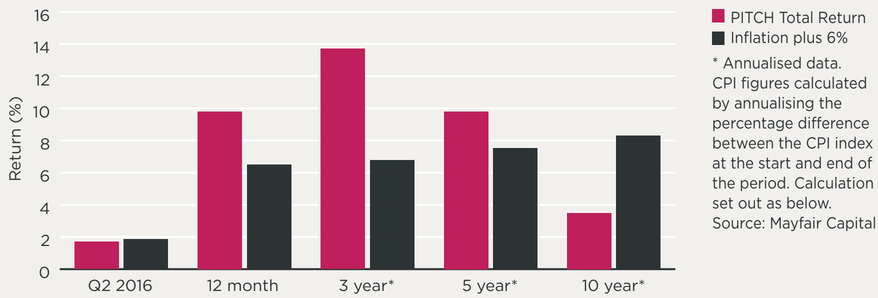
The Trust's objective is to invest in commercial property throughout the UK. It aims to deliver an income yield of around 6.0% p.a, whilst at least maintaining the capital value in real terms. Income is distributed monthly.The Fund operates both ethical and environmental policies and seeks to be a socially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

James Thornton
Fund Director

Simon Martindale
Fund Manager

Long term performance

PITCH Returns vs Fund objective



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

Historic Fund Return

Period	PITCH %	AREF/IPD[1] %
3 months	1.7	0.1
6 months	3.4	1.2
12 months	9.8	7.2
3 years[2]	13.7	12.5
5 years[2]	9.8	8.4
10 years[2]	3.5	2.8

1. All Balanced Property Funds Index
2. Annualised returns

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

Fund Review and Strategy

- The Fund returned 1.7% in Q2 and 9.8% for the rolling 12 months to 30th June. The AREF All Balanced Funds Index returned 0.1% in Q2 which was influenced down by two large daily traded funds. The Index for Q2 is not therefore as representative of relative fund performance as it normally is.
- During the Quarter the Fund continued with its strategy to reposition the portfolio away from Central London with the redemption of the indirect office holding in WELPUT. Following the sale of Clerkenwell in March, the Fund has exited its London holdings except for the property in Tabernacle Street in the City which has exchanged contracts at £8.7 million with a 10% deposit.
- Further sales this Quarter included the disposal of a small ex-growth retail holding in Hampton Hill. Together with other sales in hand, PITCH will shortly be holding cash equivalent to just over 10% of NAV. The cash held will provide a hedge against the impact of borrowings if values fall. Fund borrowings remain at 16% LTV after repayment of the £9m Nykredit facility in March.
- Had the Referendum produced a "remain" outcome we would now be selectively seeking to re-invest the London sale proceeds into good quality assets around the south east of England. It is now prudent to put this activity on hold whilst market conditions settle and we can establish whether redemption notices are likely to be submitted in any volume.
- Given the position of the retail Funds, as with the post Lehman period, these Funds often produce attractively priced buying opportunities through their forced sales, which we will take advantage of if PITCH cash flow permits.
- In the meantime, the void rate on the portfolio remains low at 3.7% (1.4% excluding Tabernacle Street) whilst the rent collection record remains extremely good and the historic yield on the Fund now stands at 6.2%.
- Dun and Bradstreet attribute a 'low or minimal risk' rating to 97.3% of PITCH's income. There are also a number of active management situations in hand which will be positive to the PITCH yield and income longevity.

Key Fund Data

Gross asset value	£471.84m
Net asset value	£394.26m
Number of assets	61
Bid price	82.24 p.p.u
Offer price	84.80 p.p.u
Yield for rolling 12 months[1]	6.2%
Distribution history[2]	
Apr 2016	0.434 p.p.u
May 2016	0.442 p.p.u
Jun 2016	0.457 p.p.u
Borrowings (GAV)	16.00%
Borrowings (NAV)	19.15%
Vacancy rate	3.7%
Weighted unexpired term [3]	8.4 years
Total expense ratio (NAV)	0.77%
Total expense ratio (GAV)	0.64%
Portfolio turnover ratio[4]	17.64%
Year end	31 December
Sedol number	BO517P1
ISIN number	GBOOBO517P11

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

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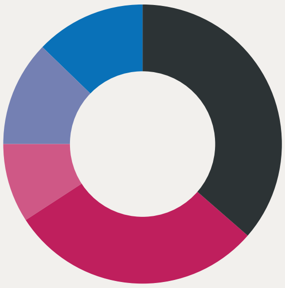
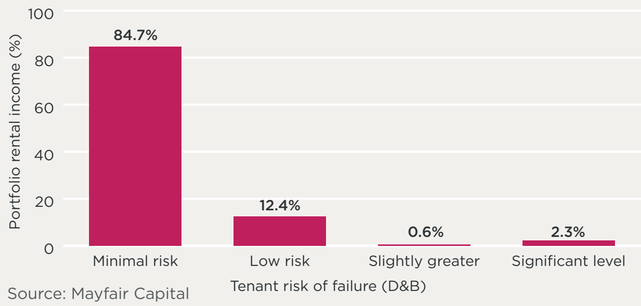
Portfolio by Sector



Industrial	36.6%
Office	29.5%
Retail	9.1%
Retail warehouse	12.1%
Other	12.7%

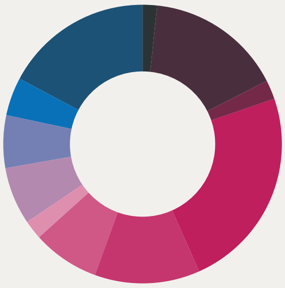
Source: Mayfair Capital

Portfolio by Covenant Rating



Source: Mayfair Capital

Portfolio by Region

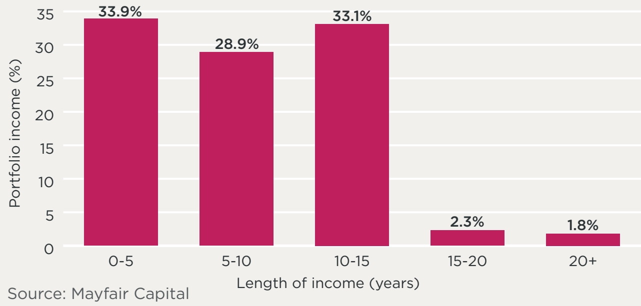


East Midlands	1.9%
North West	15.7%
Scotland	2.2%
South East	23.7%
Eastern	12.1%
South West	8.0%
London	2.1%
Rest of London	6.6%
Wales	6.1%
West Midlands	4.4%
Yorks & Humberside	17.2%

Analysis excludes the USAF unit holding

Source: Mayfair Capital

Portfolio by Unexpired Lease Profile



Source: Mayfair Capital

Asset Management

Fore Street, Taunton

- In April we completed a new lease to NatWest at our retail property in Taunton.
- This sees the completion of the transaction to replace short term income from HMV with secure 10-year income from a strong covenant.
- The letting has substantially enhanced the value of the property.

Sales

Hampton Hill

- In June 2016 the Trust sold its long leasehold in three retail units in Hampton Hill.
- The property was sold to a private investor for £2.8m reflecting a yield of approximately 5.4%.

WELPUT

- PITCH was repaid the final tranche of its indirect holding in WELPUT at the end of June.
- The sale crystallised a capital return of 60.5% since its original purchase in October 2013.
- The sale proceeds from both this and Hampton Hill are currently being held pending reinvestment.

10 Largest Tenants (by income)

Wincanton Holdings Ltd	4.8%
B&Q plc	3.6%
Bard Ltd	3.4%
Royal Mail Group Plc	3.4%
Premier Inn Hotels Ltd	3.4%
Wickes Building Supplies Ltd	3.1%
Barnett Waddingham LLP	2.6%
Fellowes Ltd	2.5%
Rehau Ltd	2.5%
Kier Construction Ltd	2.5%
TOTAL	**31.8%**

10 Largest Assets (by value)

USAF[1]	5.2%
Doncaster	4.7%
Croydon	4.4%
Manchester	4.2%
Peterborough	3.6%
Guildford	3.2%
Crawley	3.1%
Widnes	3.1%
Hook	3.0%
Wrexham	2.8%
TOTAL	**37.3%**

All information is correct as at 30 June 2016
Source: Mayfair Capital

1. Unite Student Accommodation Fund

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Fund Director's market commentary – James Thornton

Economic news has been dominated by the UK's decision in June to leave the European Union. While limited data for the post-referendum period is available, sentiment surveys suggest the economy has weakened. In the corporate sphere, Deloitte's quarterly CFO survey highlighted a sharp fall in risk appetite and a renewed focus on reducing costs and building cash reserves.

Consumer confidence has also fallen, which is expected to impact household spending. It is unlikely the taps will be turned off completely, as unemployment remains at a record low, but households will face a number of headwinds. These include weaker income growth, higher inflation due to a weaker pound, and more negative house price sentiment. We may also see a greater propensity to save, which will be a drag on consumption growth.

Against this backdrop we anticipate a period of low economic growth. Latest GDP forecasts from Consensus Economics indicate expansion of 1.4% this year and 0.4% in 2017.

Although the Bank of England kept interest rates unchanged in July, a looser monetary policy is expected to be announced over the summer through a cut in the base rate, the resumption of QE or both. In anticipation of this, despite the downgrading of the UK's credit rating, gilt rates have fallen.

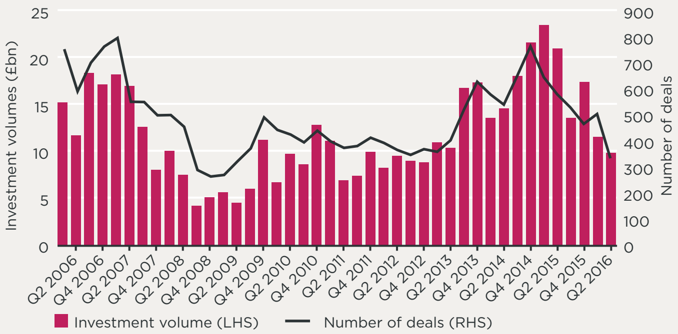
In addition, it is expected that fiscal policy will also be adjusted to provide further support to the economy. A new economic strategy is not anticipated to be outlined until the Autumn Statement but the Chancellor has signalled that he intends to scale back austerity.

While this is good news in the short term an easing of monetary policy brings with it a number of risks and a looser fiscal policy can be expected to result in difficult decisions around future taxation and spending.

Overall the outlook remains volatile and we expect the remainder of the year and 2017 will be characterised by caution. Given the continued uncertainty about how the UK's relationship with Europe is going to evolve, a greater economic shock once this becomes clearer remains a downside risk.

UK property market analysis

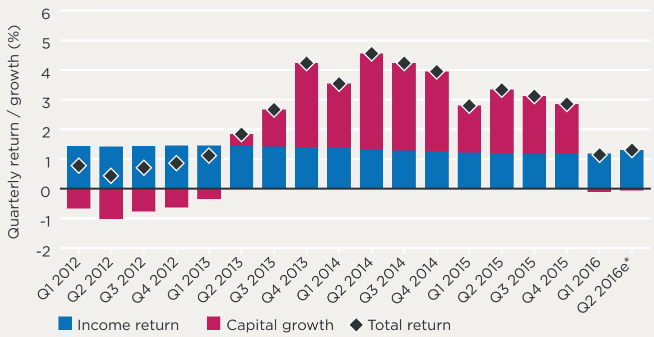
UK commercial property investment activity



Source: Property Archive July 2016

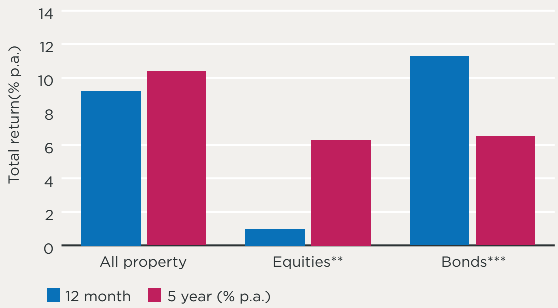
- It is too early to fully understand the impact of EU referendum result on commercial property
- Investment activity slowed in H1 16 and sentiment is expected to remain relatively subdued
- However, property will continue to be attractive to investors seeking yield, particularly in a low growth, low interest rate environment
- Pricing pressure is most likely to come from an increased risk premium and, consequently, core assets look most resilient
- In the longer term, there is potential for an upturn driven by re-emerging opportunities in core UK markets and benefits from a weaker sterling
- Over the first half of 2016, IPD All Property returned 2.4%. While capital values declined 0.3%, rents increased 1.3%

Composition of IPD all property total returns



Source: IPD Quarterly Index (Q1 2016)
* Q2 2016 data estimated using monthly index

Total Return Property (IPD); Equities & Gilts (end June 2016)



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

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