Property Income Trust for Charities

Report and Audited Accounts

For the year ended 31 December 2016

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Investors' Committee Chairman's report

Commercial real estate markets in the UK suffered a combination of blows to performance during 2016. The first was the then Chancellor's increase to SDLT in his Spring budget, and the second was of course the referendum vote to leave the European Union, both of which impacted negatively on UK property values. At the same time the markets were in a period of adjustment following a sustained period of expansion, especially in London, since 2012.

In my 2015 Report, I explained that the Investors' Committee and the Fund Manager had taken a number of strategic decisions in expectation of a more challenging 2016. In particular, the Fund successfully disposed of all its London holdings during the latter part of 2015 and first half of 2016, and it repaid its Nykredit debt facility in March 2016 to reduce gearing in the Fund at a time of uncertainty.

Combined with a number of other property sales at prices in excess of valuation, new purchases and asset management initiatives, these actions resulted in the Fund significantly outperforming the MSCI All Balanced Property Fund Index, and at the same time increasing the pence per unit distribution by 6.5% on the previous year. As a Committee, we recognise the importance of not only delivering an above average yield but also providing income growth.

As we face the uncertain geopolitical and economic environment of 2017, I believe the Fund is well placed to continue to perform strongly for our investors, with a very low void rate, plenty of asset management potential and a favourable sector and geographical allocation of properties.

The further increase in Stamp Duty adds to the meaningful financial benefit that our investors enjoy through investing in a specialist fund for charities. This is manifest not only in a higher yield but also the reduced bid offer spread compared with non-exempt funds.

Mayfair Capital, the Fund Manager, has continued to deliver for PITCH and on behalf of the Investors' Committee I would like to thank the Mayfair Capital team for their efforts and successes in 2016.

I would like formally to welcome David Palmer from the Central Finance Board of the Methodist Church as a member of the Committee, and also to thank Laura Montgomery of the Ellis Campbell Charitable Foundation, who has now stepped down as a member of the Committee, for her 5 years' service. Lastly, I would again, on behalf of all investors in the Fund, like to thank all members of the Committee for their hard work, commitment and valuable insight.

Nick Shepherd
Chairman

April 2017

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 and EU Qualifying Charities.

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It was established to permit qualifying charities to co-invest in UK property in a manner that is tax efficient for both income and capital. It also has the advantage of allowing properties to be acquired free of Stamp Duty Land Tax.

The Fund'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.

Full particulars of the Fund can be found in the Trust Deed.

Lady Bay Retail Park, Nottingham

£473m

Gross asset value

Fund summary

As at 31 December 2016

Gross asset value	472.82m[1]
Net asset value	395.71m[1]
Bid price	£0.8182
Offer price	£0.8425

Paid distribution history 2016 (p.p.u)[2]

January	0.472	July	0.429
February	0.423	August	0.435
March	0.428	September	0.432
April	0.434	October	0.412
May	0.442	November	0.407
June	0.457	December	0.413

Performance in 2016
6% total return (as per AREF/IPD)

Borrowings
£75.5m (16% of LTV on GAV, 19.1% on NAV)

Property portfolio
53 direct properties and
1 indirect holdings

[1] The portfolio value and net asset value are different to the Association of Real Estate Funds (AREF) reported numbers as at 31 December 2016. The PITCH holding in Unite USAF has been revalued upwards by £400k post year end and this is reflected in these Financial Statements. There is no impact to the funds bid price at this date, the offer price changed by 1/100th of a pence to that originally reported.

[2] Pence per unit (p.p.u); distributions are quoted on a paid basis in line with AREF reporting.

All information is correct as at 31 December 2016.

Further information is available on our website www.pitch-fund.co.uk

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. EU charities are able to invest with approval from HMRC. 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 2016.

Fund changes

The Fund's annual expense ratio as at 31 December 2016 is circa 0.64% of gross asset value. The basis of the fee appointments is set out in the Fund Summary and Trust Deed.

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.

Redemption notices outstanding

As at 31 December 2016

Number of notices	6
Number of units	493,793.81
Bid per unit	£0.8182
Value at bid	£404,022.09
Total units (%)	0.08%

The six redemption notices outstanding as at 31 December 2016 were redeemed in January 2017. There were no circumstances under which redeeming investors were scaled back or where the Fund was unable to meet its redemption policy or obligations during the year.

37 Park Row, Nottingham

Unitholder movement

	Year to 31 Dec 2016	Year to 31 Dec 2015
Issues and redemptions		
Units in issue at start of year	465,566,451	372,364,527
Units issued during the year	17,326,135	93,512,573
Units redeemed during year	6,128,831	(310,649)
Units in issue at end of year	476,763,756	465,566,451
Secondary market		
Matched trades	10,649,712	1,735,456
Matched trades as % of units in issue at end of year	2.23	0.37

Largest investors and percentage of units in issue by ownership band

Units in issue	Number of investors	Total holding (%)
< 1%	851	58.52
>= 1% but < 2%	9	11.81
>= 2% but < 4%	3	8.35
>= 4% but < 8%	4	21.32
>= 8%	0	0
Total	**867**	**100**
Largest Investor		7.17
Largest three investors		17.10
Largest five investors		25.06
Largest ten investors		34.39
Held by investment managers		59.97

General information

Annual valuation

Cushman and Wakefield (C&W) is the external valuer 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 Practice Statements contained within the RICS Valuation – Professional Standards 2014 UK Edition (the 'Red Book').

Investors' Committee

This Committee comprises of the following:

- Nick Shepherd, Chairman (appointed June 2013)
- James Ferguson, National Trust for Scotland (appointed June 2011)
- Simon Summers, St Catharine's College, Cambridge (appointed June 2012)
- Andrew Murphy, University of London (appointed June 2014)
- John Gibbon, Central Finance Board of the Methodist Church (retired February 2016)
- Bill Seddon, Central Finance Board of the Methodist Church (appointed February 2016; retired February 2017)
- Laura Montgomery, The Ellis Campbell Group (resigned November 2016)
- David Palmer, Central Finance Board of the Methodist Church (appointed February 2017)

Conflicts of interest

In accordance with its terms of reference, the Investors' Committee may advise the Trustee, the Manager or the Property Fund 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 Fund Manager acts through guidance from the Investors' Committee are as follows:

- No one property will account for more than 10% of portfolio value at time of purchase
- The 3 largest properties will not exceed 35% of Fund value
- No one tenant will account for more than 10% of portfolio income unless it is from the Government
- No more than 10% of the Fund in indirect holdings

We confirm that these provisions are being complied with. A copy of Mayfair Capital's Responsible Investment Policy (RPI) can be found at:
www.pitch-fund.co.uk/responsible-property-investment-policy

Ethical policy

The Manager adheres to an ethical policy in the management and investment of the Fund. The Investors' Committee monitors the portfolio according to the stated policy and ensures that the Fund does not undertake any activity which would likely bring it into disrepute with its investors. The policy states that the Fund will not invest in property assets where an unacceptable level of a tenant's business turnover is derived from any of the following activities:

- Alcohol production or consumption
- Gambling
- Manufacture or sale of armaments
- Manufacture or sale of tobacco products
- Pornography or the sex industry
- Other activities deemed to be unacceptable from time to time

Compliance with this policy is considered by the Investors' Committee at the time of a property acquisition and reviewed on an ongoing basis at quarterly meetings. The Fund currently complies with this policy.

Management of the Fund

The roles and responsibilities of the parties involved in the Fund are described in the Fund Summary, Trust Deed and this Report.

Meet the team

James Thornton
James co-founded Mayfair Capital in 2002 and became Chief Executive in April 2014. James is Fund Director for PITCH and has over 34 years' experience in UK commercial property. Given Mayfair's commitment to the charity sector, James is a Committee Member of the Charity Investors' Group.

Simon Martindale
Simon is the Fund Manager of PITCH. He is responsible for formulating and implementing fund investment strategy, investor reporting, portfolio analysis and overseeing all acquisitions, disposals and asset management.

James Lloyd
James has responsibility for all marketing and investor relations for PITCH. James is a Trustee to two registered charities and on the Finance Committee for a Great XII Livery Company.

Frances Spence
Frances is Head of Research, Strategy and Risk. Her role includes economic and property market trend analysis, which is integral to the strategic approach of Mayfair Capital's investment strategy.

Scott Fawcett
Scott is Director of Asset Management and is responsible for implementing the asset management initiatives and supporting the investment activities of PITCH.

Katie Joyce
Katie works alongside James Lloyd assisting with investor relationships and marketing of PITCH.

Further information on the Management Team can be found at:
www.pitch-fund.co.uk/people/management-team

Property Fund Manager's report

Simon Martindale
Property Fund Manager

Full year pence per unit distribution growth of 6.5%

Economy

The UK economy defied expectations in 2016 with full year GDP growth of 2%. This was a remarkable achievement given the gloomy predictions of most forecasters following the June EU referendum result and also taking into account the general slowdown in investment activity in the first half of the year. For the second consecutive year running, the UK had the fastest growing economy in the G7.

A number of factors contributed to this unexpected rebound in economic growth but perhaps none more so than the dramatic fall in Sterling, which fell by 14% against various trade-weighted currencies. The immediate beneficiary of this has been exporters, with the manufacturing sector seeing an increase in export orders and annual growth of 4% for 2016 as a whole. The FTSE 100 also closed the year at a record high, up 14.4%, as the weak currency boosts the earnings of London-listed companies with international profits. Even the FTSE 250, which is seen as a better yardstick of the UK economy because of its more domestic-focused companies, ended the year 3.7% ahead.

The Bank of England's decision to cut interest rates to 0.25% in the immediate aftermath of the referendum also had a positive impact on the economy, particularly consumer spending, with retail sales up 4.4% over the year.

Falling Sterling though is not all good news and we saw a rise in core inflation towards the end of the year with CPI reaching 1.6% in December, mainly due to higher import costs and rising oil prices. This poses a risk to consumer spending and real wage growth over the months ahead.

Property market

2016 was a challenging year for property markets with political events having a notable impact on pricing and returns. Property performance was relatively weak with the MSCI All Property Index returning 2.6% for the rolling 12 months and with capital values declining -2.8%, meaning that income was the main driver of returns.

UK commercial property investment volumes reached £48bn in 2016, which is a 27% fall on 2015 and the weakest year of investment since 2012. Unsurprisingly, following the referendum result, London saw the biggest drop in volumes with total investment falling 29%, compared to a 12% drop for the rest of the UK. Overseas buyers, buoyed by the depreciation in Sterling, remained the dominant investor for Central London Offices comprising 77% of all transactions.

Investment activity in Q3 was particularly muted following the well-publicised redemption issues seen in the daily traded retail funds in the immediate aftermath of the Brexit vote. This had a dramatic impact on capital values, with the MSCI All Property Index returning -2.3% in the third Quarter and valuers inserting qualification wording to their reporting, citing a lack of sufficient comparable evidence.

Despite fears of widespread forced selling amongst the retail funds to meet redemptions, the market proved sufficiently liquid to withstand this increase in stock with capital values stabilising in Q4 and volumes increasing by 84%. However, with an increasingly uncertain economic background we saw investors adopt a 'risk-off' mentality with increasing polarisation between sectors and investment types and a flight to long income.

As a result we saw yields harden for secure, long let income streams and a depth of buyer for this type of product most notably from UK institutions and relatively new entrants, in the form of Local Councils taking advantage of low central Government borrowing rates. This investor type alone was responsible for £1.5bn in 2016, considerably more than in the previous six years combined.

Sector-wise industrial property was the best performing area of the market in 2016 boosted by the continued growth in online retail and robust consumer spending. Take up in this sector reached a record high of 34.6m sq ft with online retailers, such as Amazon, accounting for around a third of this activity. With total supply of warehouse space nationally at only 22.7m sq ft and limited new speculative development activity in the pipeline, the supply/demand dynamics look increasingly favourable to landlords.

Occupational demand, generally, was reasonably positive in 2016 with a lack of supply across all sectors helping to keep rents and incentive packages relatively stable although we witnessed a flight to quality with Grade A space and those buildings finished to a high specification continuing to perform best.

In an environment of low interest rates and low growth we expect property to remain attractive to investors in 2017, particularly for its income, however much will depend upon the strength of the UK economy once Brexit negotiations are formally triggered. While caution should be exercised, we expect this uncertainty to result in mispricing and opportunities for investment. Understanding which sectors and markets are best placed for growth will be crucial to identifying these opportunities and careful stock selection will be critical.

The Fund in 2016

In the face of a more challenging economic environment 2016 was an important year for PITCH, where a number of changes were implemented to improve the resilience of the portfolio and reposition it to generate a higher and growing income return. The Fund exited its low yielding Central London holdings, made three new investments in the regions, deleveraged and took the decision to hold more cash following the EU referendum vote. As a result the Fund successfully delivered on its key investment strategy with full year pence per unit distribution growth of 6.5%.

Whilst the London sales, which comprised 7% of the portfolio, were not triggered in anticipation of a vote to leave the EU all three transactions occurred prior to the 23 June vote and so we envisage some value loss may have been avoided through market timing alone. With the Tabernacle Street asset having become vacant in April the primary reason was to reallocate capital to higher yielding investments outside London, whilst there was also a realisation that values in this market were reaching cyclical highs. The blended yield on the three London sales equated to 1.6%.

PITCH made three acquisitions during 2016, each characterised by one or more of the Mayfair Capital Investment themes. This included a long leased distribution warehouse in Runcorn (E-commerce), a single let office in Solihull adjacent to Birmingham International Airport and the proposed HS2 Birmingham Interchange Station (Infrastructure) and a multi let Grade A office in Nottingham City Centre (Urbanisation). The blended yield on these investments to PITCH is 6.8%.

The Fund took the decision in March to repay the £9m Nykredit debt facility out of existing capital resource meaning that we were able to reduce gearing levels to 16% loan to value, from 17.8% a year earlier. This also had the effect of increasing the total asset pool of unencumbered properties to £234m. The PITCH Investors' Committee continue to endorse a borrowing range of between 15%-20% loan to value and the next maturity event is expiry of the first Canada Life loan in October 2018.

In keeping with this more defensive strategy the Committee also approved our recommendation to hold a higher than average cash weighting during the second half of 2016. This measure was introduced for risk management purposes to meet any potential redemptions. As it happens the Fund received only £2.8m of redemptions in Q3 and returned to positive inflows in the final quarter of the year. Despite widespread redemptions in a number of other open ended property funds the lack of redemption activity in PITCH reflects the medium to longer term investment horizon of charities generally.

Post the year-end PITCH completed two new thematic-led purchases for the Fund, including a multi let office in Cheltenham and a discount retail park in Nottingham. The combined value of these two purchases amounted to £39m, which reduced the high cash weighting that the Fund held at the end of the year (£49m).

Despite the challenges of 2016 PITCH returned 6% over the rolling 12 months. This was considerably in excess of its peers in the AREF All Balanced Funds Index, which returned 2.8% and, encouragingly, put the Fund in the Upper Quartile of returns over 12 months, three years and five years.

Whilst the Fund's high yield (6.3% as at 31 December 2016) was a major driver of returns, there were a number of asset management successes over the year which added to performance. This included the rent review success at PITCH's restaurant holding on the Greenwich Peninsular, where we were able to negotiate a 44% increase on the Chiquitos' passing rent.

Further capital growth was achieved through the selling of a number of smaller assets. This included the sale of the day nursery portfolio in the Allsop auction, which generated a premium over valuation of some 39%. This demonstrated the strength of the private investor market with a number of traditional buy-to-let residential investors having been deterred by the higher stamp duty rates in that sector. In total £54m of sales were concluded during 2016, all of which transacted at or above valuation.

Strategy for 2017

We expect commercial property returns to remain modest during 2017 as the economy reacts to Brexit, an increasingly uncertain geopolitical backdrop and the impact of rising inflation. Income will once again be the main component of returns but with many sectors suffering from undersupply, we also see good opportunities for rental growth, particularly within the office and industrial markets.

Against this backdrop we remain focused on delivering a high, sustainable and growing income stream to investors in 2017. We shall aim to achieve this through acquiring income resilient properties, in accordance with our investment themes, and a focus on asset management to extend leases and maintain a void rate as close to zero as possible.

We will aim to deliver further pence per unit distribution growth in 2017 through careful stock selection and value-add asset management initiatives to capture rental growth in our preferred sectors. A priority initiative is to relet the warehouse at West Moor Park, Doncaster, which falls vacant in Q1 and comprises 3.3% of portfolio rental value. Whilst the priority is to relet the property, it is currently highly reversionary to the rent of £230,000 per annum and so there is considerable upside for income growth in securing a new tenant on market terms. This is a good example of where we, as managers, can actively influence the performance of the portfolio.

Whilst asset management will be key to 'engineering' longer leases and driving performance, we will also aim to increase the Fund's weighted unexpired lease term, which was 8.2 years to breaks at the end of 2016, through the acquisition of some long dated investments preferably with inflation linked RPI rent reviews. With RPI inflation expected to reach 3%+ in 2017 this style of investment will help to deliver income growth with or without market improvements.

For all new acquisitions we will continue to be guided by our key investment themes of technology, infrastructure, demographics and consumer demand. Our preferred sectors are offices, logistics warehouses, leisure and alternatives and we will target lot sizes between £8m-£25m.

Finally, with the increase in Stamp Duty in the Spring Budget the case for charities investing in specialist pooled funds is reinforced. This tax benefit not only adds to the income yield for the portfolio but also has the effect of magnifying the bid-to-offer spread in non-exempt funds. Our aim is to continue to grow the Fund in 2017 so as to provide increased diversification and income resilience.

Simon Martindale
Property Fund Manager

April 2017

Trust Manager's report

Governance

At the end of 2016, Laura Montgomery representing The Ellis Campbell Foundation and Bill Seddon representing the Central Finance Board of the Methodist Church both stood down from the Investors' Committee. We would like to place on record our thanks to Laura and Bill for their contribution to the Committee. We shall be seeking to appoint a representative from another PITCH investor in 2017 to replace Laura on the Committee. David Palmer replaced Bill as the representative of the Central Finance Board of the Methodist Church.

Environmental & Social Governance (ESG) review

As Trust Manager, we recognise the impact of sustainability issues on the investment performance of the fund's portfolio.

Our Responsible Property Investment (RPI) Statement outlines our overarching commitment to sustainability. We have identified five key principles which encapsulate our commitment and approach to RPI:

Environmental stewardship

We recognise the impact our buildings and operations have on the environment and believe that we are responsible for minimising our consumption of natural resources.

Social responsibilty

We believe that our business activities should have a positive impact on the communities in which we operate, from both an ethical and environmental perspective.

Engagement

We recognise the benefit of engaging with our employees, stakeholders and the wider industry to create awareness around sustainability issues and ensure our objectives are achieved.

Continuous improvement

We recognise the benefit of engaging with our employees, stakeholders and the wider industry to create awareness around sustainability issues and ensure our objectives are achieved.

Compliance

We believe that at all times we as Trust Manager must comply with regulation and legislation pertaining to sustainability, as well as internal policies, and that a level of preparedness for forthcoming regulation should be demonstrated.

In practice, this has led us to adopt, amongst others, the objectives set out below.

Environmental stewardship

Acquisition

- Assess all potential investments according to our internal pre-acquisition sustainability checklist in order to identify the level of risk and resilience within each environmental consideration;
- Undertake a formal environmental risk assessment on potential investments (including flood risk, ground contamination, asbestos, pollution etc.); and
- Establish the potential to improve the existing environmental performance of the potential investment or reduce any existing risk.

Development / Refurbishment

- Review the sustainability credentials of potential contractors and determine whether they are in line with our principles;
- Seek to achieve best practice on energy efficiency standards and comply in particular with Minimum Energy Performance Standards regulations in line with the Energy Act 2011 and all Building Regulations;
- Prohibit the use of materials that have potentially hazardous effects and use sustainable materials as far as possible; and
- Minimise the risks of pollution or contamination arising from refurbishment activities.

Management

- In those buildings where we hold all or some level of control:
  - Reduce energy consumption and establish the potential for renewable energy generation;
  - Limit the amount of waste being sent to landfill and increase the proportion of waste being recycled;
  - Reduce water consumption and identify opportunities to install water efficient practices; and
  - Encourage green travel plans and where possible, install cycle storage.
- Collect and manage environmental data points on an ongoing basis to monitor progress and improvement; and
- Collaborate with tenants to encourage data and knowledge sharing.

Social responsibility

- Review the ethical, environmental and social performance of all key suppliers and their compliance with labour laws;
- Support regular training and development for employees;
- Promote safe and healthy buildings which encourage productivity and positive customer experiences for the communities, workers and visitors who use them; and
- Implement and monitor the adoption of the Fund's Ethical Policy under the supervision of the Fund's Investors' Committee.

Engagement

Tenant engagement

- Promote dialogue and raise awareness among all tenants with respect to energy, water and waste consumption;
- Where possible include a Memorandum of Understanding ('MoU') or green clauses in leases to encourage data sharing and cooperation to improve sustainability.

Stakeholder engagement

- Encourage all managing agents, third party consultants and service providers to apply sustainability principles and when necessary take appropriate action when these principles are not being adopted to a satisfactory standard;
- Consider the level of commitment to sustainability of potential investment partners and pursue dialogue with these parties when their standards are in conflict with our sustainability principles.

Industry engagement

- Engage with the wider industry in promoting sustainability as a mainstream consideration of investment performance by contributing to and attending relevant working groups and industry events.

Compliance

- Ensure that all business activities and property assets are compliant with applicable environmental regulation and policies;
- Engage with all key suppliers to ensure that they are compliant with relevant regulation;
- In addition to all industry relevant policies, ensure that all assets under management, potential investments, employees and stakeholders adhere to internal policies on Ethical Investing, Anti-bribery, and Equal Opportunities Employment;
- Maintain a good understanding of all current and future regulatory requirements; and
- Undertake regular health and safety inspections in accordance with current legislation and our Health and Safety Policy.

Data monitoring

The energy, waste and water used/generated by the directly managed assets in the fund (predominantly those substantial, multi-let assets) is measured. Recent absolute and like for like results are set out below:

	Measure	2015	2016	Change
Electricity (kWh)	Absolute	969,665	989,490	+2%
	Like for like	952,172	968,713	+2%
Gas (kWh)	Absolute	827,022	898,050	+9%
	Like for like	823,478	809,890	-2%
CO_2 emissions (tonnes)	Absolute	601	573	-5%
	Like for like	592	548	-7%
Water (m^3)	Absolute	12,443	11,348	-9%
	Like for like	11,421	10,393	-9%
Recycling	Absolute	50%	60%	+10%
	Like for like	N/A	N/A	

Absolute: The total amount of energy consumed by an entity and those deemed to be with it's organisational boundaries.

Like for like: Consumption of a portfolio that has been consistently in operation during the most recent two full reporting years.

Performance measurement

The PITCH fund began submitting data to GRESB in 2014 and has seen steady improvement. From an initial 2014 score of 29, our work through 2016 has secured a Green Star and a much improved rating of 59. This is in line with both the overall GRESB average (60) and the Fund's peer group average (also 60).

Alternative Investment Fund Managers Directive (AIFMD)

The AIFMD was transposed into UK Law on 22 July 2013. The Trust 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 Trust Manager is required to comply with the disclosure, reporting and transparency obligations of the AIFMD.

The Trust 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 Trust Manager and the AIFs it manages
- is in line with the business strategy, objectives, values and long-term interests of the Trust Manager, the AIFs and their investors
- aims to reward performance and retain talented employees

The Trust 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 Trust Manager for the accounting period was £318,171, all of which was paid to senior management. The AIFM Remuneration Code Staff provide services to other funds managed or advised by the Trust Manager, and are included in this disclosure as their professional activities are considered to have a material impact on the risk profile of the Trust Manager and/or PITCH.

Trust Deed

No amendments were made to the PITCH Trust Deed during 2016. Minor amendments were made in April 2017. The current Trust Deed is dated 12 April 2017.

Simon Martindale
Mayfair Capital Investment Management Limited
Trust Manager

April 2017

New purchases

Runcorn

- A defensive, long dated warehouse investment in Runcorn purchased for £11.45m, a yield of 6% to the Fund.
- The property is let to Rehau Ltd until 2028 and is subject to open market reviews with the added protection of minimum fixed increases.
- The purchase provides further exposure to the expanding e-commerce sector.

Solihull

- An office building on one of the premier business parks in Solihull let to CGI UK Ltd until 2018.
- The micro location benefits from a strong infrastructure theme being adjacent to Birmingham International Airport (where the runway has recently been extended), and within one mile of the proposed HS2 Birmingham Interchange station.
- The investment provides the opportunity for rental growth through refurbishment and lease activity.
- The purchase completed in March for £7.55m reflecting an initial yield to PITCH of 8.3%.

Nottingham

- A Grade A multi let office let to Nottingham City Council and Thompsons Solicitors which was purchased for £6.9m (a yield of 6.4% to the Fund).
- The property is newly refurbished and provides a WAULT of in excess of 9 years.
- With an average passing rent of £17.50 per sq ft, the building provides excellent prospects for rental growth in an under supplied office market.

Economic overview

The global economic backdrop is strengthening, with growth expected to be accompanied by higher rates of inflation across the world due to rising commodity prices. This higher inflationary environment is affecting markets in different ways and as a result, the anticipated improvements in economic growth are not uniform across geographies. Broadly, the improving global expectations are being driven by a pick-up in growth in a number of emerging markets, which are benefiting from the higher commodity prices, and the United States (US) given the expectation of a fiscal boost from planned tax cuts.

In contrast, economic expansion in the Euro area is forecast to slow marginally to 1.6% in 2017 as higher inflation places a drag on real income growth. However, as with the global numbers the headline rate masks notable polarisation across the continent. The Spanish economy is forecast to expand 2.3% over the next 12 months, compared with more muted growth of 0.7% in Italy. The Euro area's two largest economies, Germany and France, are expected to grow by 1.5% and 1.3%, respectively.

Furthermore, it should be noted that these European growth forecasts are vulnerable to political change. Upcoming elections in France and Germany have the potential to impact markets and economic sentiment given the rise of so-called 'populist' parties.

In the UK, economic expansion was stronger than anticipated in the second half of 2016, with growth of 0.6% recorded in both Q3 and Q4. As a result, growth for the year is estimated to have reached around 2.0%, which is well ahead of expectations immediately after the EU referendum.

Growth has been driven primarily by the service sector and consumer demand. Areas of the economy that have been particularly robust include distribution, hotels and restaurants as well as retail trade and the trade of motor vehicles.

Several concerns about how the consumer has been funding this growth have been flagged recently, which question whether this could cause problems in the future, and particularly whether households will be less resilient to any downturn. The household saving ratio has fallen to low levels over the last 12 months and the Bank of England is recording annual increases in unsecured consumer credit in excess of 10%. Although, part of this increase can be attributed to changes in how UK households own cars with a substantial proportion of consumer credit now accounted for by car finance.

Market data

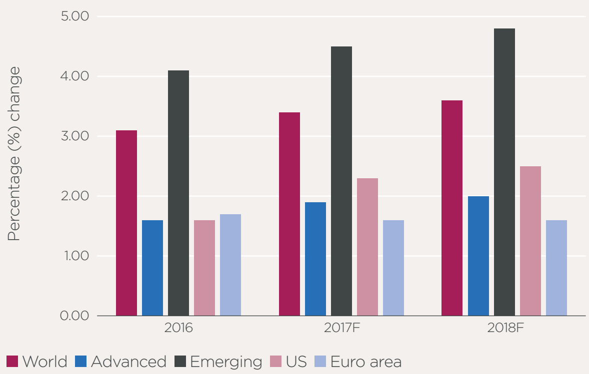
As at 31 December 2016

GDP Growth (% pa)	2.00
Consumer Prices (December % pa)	
RPI	2.50
CPI	1.60
Base Rate (%pa)	0.25
5 Year SWAP Rate (%)	0.95
Yield on FTSE All Share Index (%)	3.47
10 Year Benchmark Gilts (%)	1.28

Capital markets in 12 months to end-December 2016: total returns

Equities (All Share Index, % pa)	16.75
5-15 Year Gilts (% pa)	7.61
Commercial Property (IPD Monthly Index)	2.63

Global economic growth is forecast to strengthen



Source: IMF World Economic Outlook Projections, January 2017

Expansion across the rest of the economy has been more muted but the manufacturing sector recorded positive growth of 1.0% over the last year and figures from December showed that the UK trade balance has improved as exports grew faster than imports during the final month of 2016. This sector has been given a boost from the fall in sterling, which has made home produced goods relatively cheap and helped export pricing become more competitive.

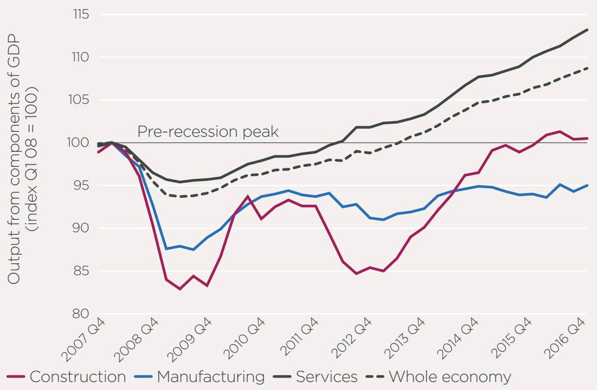
The depreciation of Sterling has also increased inflationary pressures in the UK, the impact of which has been exacerbated by the recovery in commodity prices. Inflation (CPI) increased to 1.6% in December 2016 and further rises are anticipated as the higher producer input prices already recorded feed through into the shops during this year and next.

CPI is forecast to peak in the region of 3.0% - 3.5% over the next 12 to 18 months but this period of elevated inflation is expected to be relatively short-lived and CPI should start trending down towards its 2.0% target during 2018. This is because the weaker economic outlook and subsequent slowdown in employment growth means that wage growth is likely to be subdued. As a result, there will be little domestic inflationary pressure when the impact of the decline in Sterling falls out of the annual inflation equation.

As long as the higher rates of inflation are anticipated to be temporary and driven primarily by currency fluctuations, the Monetary Policy Committee (MPC) is expected to look through this period of inflation and therefore, no change in monetary policy is anticipated this year. However, while markets have pushed their expectations for a first interest rate rise into 2019, in our view an increase could come sooner if the economy continues to perform reasonably well. Furthermore, UK inflation remains vulnerable to another round of Sterling weakness or a continued oil price rally, which could result in higher levels of inflation for longer than anticipated putting pressure on the MPC and interest rates.

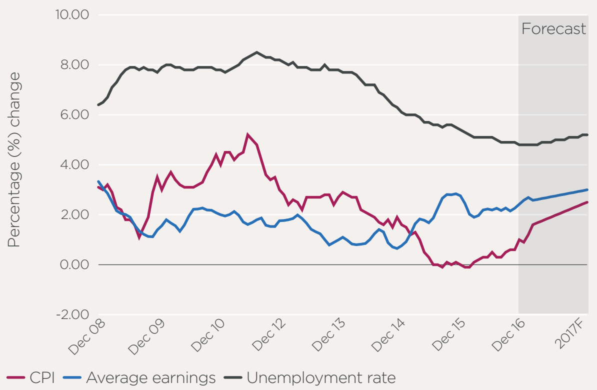
UK gilt yields are expected to continue their upward trend this year due to the higher inflation expectations, an improving economic outlook and further upward movements in US Treasury yields. However, any increases should be gradual given the sustained ultra-loose monetary policy.

Growth in 2016 has been driven primarily by the service sector



Source: Office for National Statistics

Consumer facing headwinds from softening employment market and rising inflation



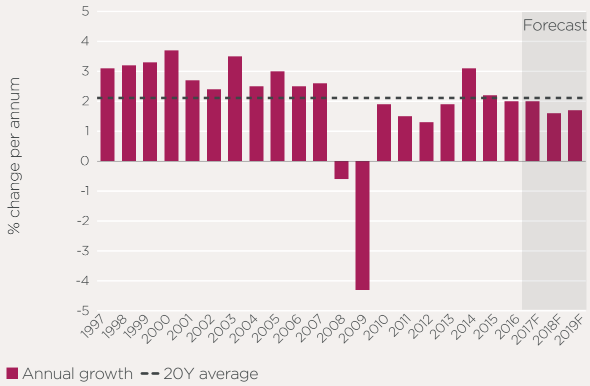
Source: Office for National Statistics, Capital Economics Q1 2017

Consensus forecasts point to slowing UK economic growth this year due to the combination of a fall in business investment and a squeeze on household incomes. Although business confidence has improved over H2 2016, corporates remain focused on defensive balance sheet strategies given the uncertainty related to the upcoming Brexit negotiations. In addition, households are facing increasing headwinds from rising inflation and a softening in the employment market, which is expected to result in wage growth stagnation in real terms. On a more positive note, the improved outlook for exports is expected to provide some boost to the economy but the stronger trade performance is expected to only partially offset the slowdown elsewhere. The latest IMF forecasts suggest the UK economy will expand by 1.5% this year but in our view there is some potential for upside in these forecasts if the consumer continues to prove more resilient than anticipated. It should be noted that this is the expectation of the Bank of England, which recently revised its forecast for 2017 GDP growth up from 1.4% to 2.0%.

In conclusion, UK economic growth is expected to be subdued but steady as the uncertainty surrounding the medium term economic outlook for the UK outside the EU remains elevated. In contrast to the summer, however, there are no forecasters anticipating an imminent economic collapse or significant period of recession.

Nevertheless, there are risks to growth and we anticipate that the outlook will continue to be characterised by high levels of volatility. Political risk remains high and there are a number of upcoming events that have the potential to impact markets. These include the triggering of Article 50 and the outcome of the various EU elections, which will influence negotiations between the UK and Europe. In addition, the UK also remains vulnerable to other global geopolitical events driven by China, the US and the Middle East.

UK economic growth forecast to be steady



Source: Office for National Statistics, Bank of England Inflation Report February 2017

Property market overview

The improvements in economic sentiment over the second half of the year have been reflected in the investment market. Although investment volumes were down year-on-year, there continues to be strong demand for high quality assets and activity has been broadly in line with the 10 year average.

The exodus of international capital that was feared post-referendum has not materialised. Over the last six months of 2016, overseas buyers were net investors of £5.9bn. 2017 is not expected to be the year that these investors withdraw from the market as the UK, and particularly London, is still attractive as a safe haven destination.

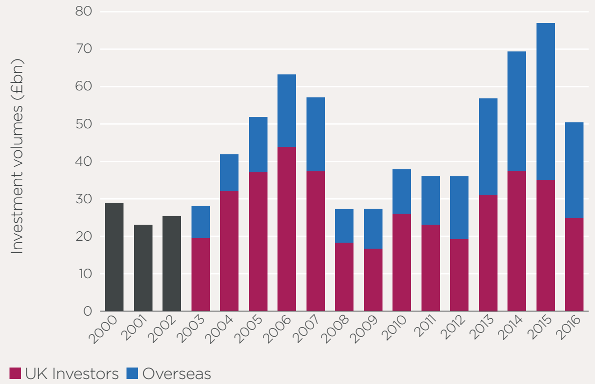
Appetite from domestic buyers has also been steady given the backdrop of low growth and low gilt rates, which has meant the income component of property remains attractive. While UK institutions were net dis-investors in the second half of 2016, inflows into the retail funds had stabilised by the end of the year and as a result, this investor group is expected to be more acquisitive over the next 12 months.

Activity in the investment market is increasingly polarised between prime and secondary. Appetite for long let, secure income streams as well as core, good quality assets remains robust but elsewhere investor demand has weakened. The flight to prime is reflected in the dominance of London as a destination of capital over H2 2016 as well as the increase in the average transaction size and fall in the number of deals. However, the latter also points to an over-reliance on a few large transactions, indicating a decline in overall market liquidity.

It is possible this fall in liquidity can be attributed to a lack of sellers rather than absence of demand. Appetite to sell is limited as there is little distress in the market and so away from the prime end of the market, sellers are deciding to wait out the current uncertainty rather than risk having to accept a lower price. As a result, many bargain hunters are likely to be disappointed, at least in the short term.

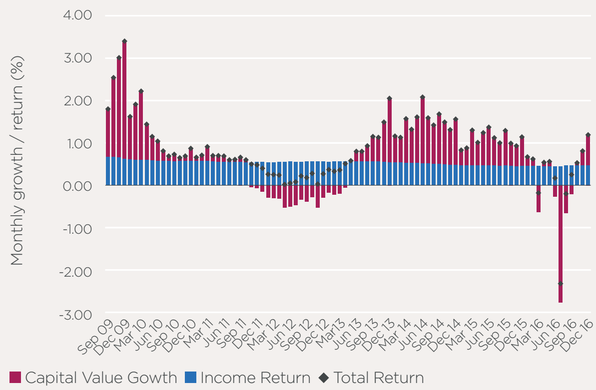
The underlying occupational market fundamentals continue to be robust. The low interest rate environment is supportive of UK businesses and as a result, tenant demand has held up in most markets. Many corporates are delaying making decisions where possible but with the Brexit negotiations expected to be long and drawn out this cannot continue indefinitely and some will need to make decisions, which should drive ongoing market churn. That said, tenants are likely to value flexibility more highly during this time.

Investment activity has slowed but demand from overseas and domestic investors remains



Source: Property Archive (January 2017)

Capital values fell immediately after the EU referendum but recovered slightly by year-end



Source: Investment Property Databank (IPD) Monthly Index, December 2016

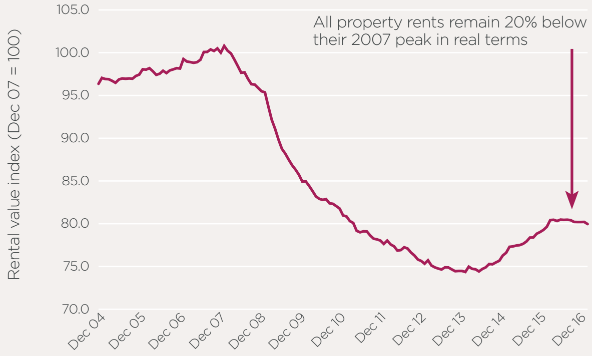
On the supply side, the lack of development across much of the UK in recent years means that there is still a shortage of suitable stock in most markets. It is unlikely given the increased risk aversion in the market that there will be a significant development response in the short term and as a result, this shortage is set to persist.

The MSCI All Property Index indicates that the market has stabilised since July 2016 and there are signs that capital values are starting to recover in some parts of the market. Capital value growth was positive towards the end of the year as yields stabilised in November and then hardened during December. This suggests July's fall in values was a response to the unexpected referendum result, rather than the beginning of a period of extended weakness. The volatility in the market over 2016 means that capital values fell 2.8% over the year, resulting in a total return at the all-property level of 2.6%.

UK GDP growth expectations are consistent with rental growth but this is anticipated to be subdued, particularly in the short term. Rental values remain well below their previous peak in real terms and although this is driven in part by occupiers becoming more cost sensitive, rents do not look stretched from historical standards and therefore, we believe there is scope for growth. Furthermore, if development remains constrained this will result in fewer deliveries during 2019 and 2020, than previously anticipated, which will support a faster pace of rental growth at the back end of the forecast period. While this is encouraging on a headline level, rental growth will not be uniform across the market. Occupiers continue to be focused on good quality space and elsewhere market conditions are more challenging. Consequently, rental values for poorer quality space, which is increasingly no longer fit for purpose, are likely to soften.

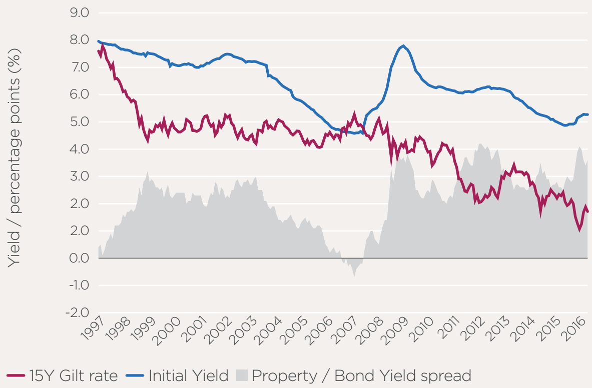
Turning to the outlook for pricing, greater domestic uncertainty means more caution amongst investors and higher volatility, both of which are likely to result in higher yields overall. This will mask significant polarisation in the market however, with pricing for secure income streams and core assets expected to be most resilient. In contrast, increasing rates of obsolescence within the market driven by an acceleration in the pace of structural change, will impact poor secondary and tertiary asset prices. This is a trend that was evident in the aftermath of the global financial crisis within the retail sector, where the importance of understanding the structural shift towards multi-channel retailing intensified and those that were unprepared faced the greatest headwinds.

Rental values remain relatively low in real terms in a historical context



Source: IPD Monthly Index, December 2016, Office for National Statistics January 2017

Property / bond yield spread remains wide



Source: IPD Monthly Index, December 2016, Financial Times

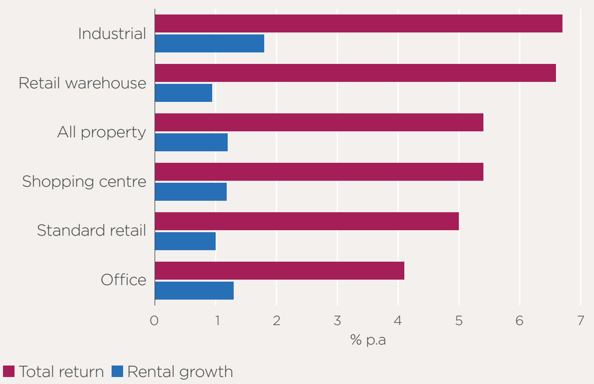
Over the medium term, rising gilt yields represent a risk to property pricing, particularly for assets with long let secure income streams. At present, we expect the impact to be relatively modest as any gilt rises are anticipated to be slow and gradual. In addition, property yields should be able to absorb modest increases over the short term due to the current spread over bond yields. Even if gilt rates rose 200 basis points to around 3.5% the property / bond yield spread would remain above average across much of the market.

Overall, all property total returns in 2017 are likely to show an improvement on 2016 but remain relatively low in a historical context. At present, we are anticipating an average total return in the region of 4.0% to 5.0%, reflecting an income return and flat capital growth. Income looks set to be the primary driver of returns over a five year forecast period but there is potential for some rental growth contributions in selected segments of the market.

In conclusion, the outlook is expected to be characterised by higher levels of volatility as negotiations around the UK's departure from the EU progresses. While caution should be exercised we expect this uncertainty to result in mispricing and opportunities for investment. Understanding which sectors and markets are best placed for growth will be crucial to identifying these opportunities and careful stock selection will be critical.

Economic and market analysis plays an important role in identifying potential opportunities but at Mayfair Capital our investment strategy is also shaped by research into several themes that help us construct a view of occupier requirements and how these can be expected to evolve over time. Through the implementation of a strategic framework built around investment themes and market intelligence, it is possible to target locations and sectors where occupier demand is anticipated to be strongest and sustained and therefore, will be best placed for outperformance.

Total return forecasts (2017 - 2021 % p.a)



Source: Capital Economics Q1 2017

Offices

The office sector recorded the greatest decline in values post-referendum falling 3.7% over H2 2016. However, the impact was felt most strongly in the immediate aftermath of the referendum and by Q4 16, office capital values had stabilised and in some cases were showing signs of a tentative recovery. Rental values continued to rise over the second half of 2016, up 0.5%, but towards the end of the year the pace of growth had started to slow. Over 2016 as a whole, offices underperformed the wider market returning 1.1% with capital values falling 3.5% since December 2015.

The Central London office market softened slightly over 2016. Leasing activity was down in comparison with 2015 and around 8% below the ten year average, but encouragingly is being derived from an increasingly diverse range of tenants. Supply remains constrained across London but although the levels of supply are consistent with rental growth, whether this occurs will be dependent on business sentiment. To date, headline rental values have been relatively resilient but anecdotally these are being supported by greater incentive packages.

Vacancy rates in the City and West End are well below the long term trend but are expected to increase in the short term as a number of development projects complete. It is likely that this will have a particularly strong impact on the City market where 8.8m sq ft is under construction. Of this space, around 1.5m sq ft of speculative space is scheduled to be delivered in Q1 2017.

Finally, the upcoming business rate revaluation is likely to have an impact on rental growth in Central London in the short term. More peripheral locations, such as Kings Cross and Farringdon, which have become increasingly popular in recent years are expecting to see significant increases in their rateable values and therefore, total occupational costs. It is anticipated that this will weigh on rental growth prospects in these locations as the rise in business rates is absorbed.

Occupier market conditions in the regional office markets have been fairly robust in 2016. Although tenant demand softened slightly over the summer, it strengthened in the final quarter. As in London, the technology and creative sector is becoming a growing presence in many regional centres and looking ahead to 2017, tenant activity is likely to be buoyed by take-up driven by the public sector as it looks to consolidate its real estate portfolio.

Availability in the regional markets remains tight and vacancy rates have continued to fall. There has been a development response in some larger markets but elsewhere the pipeline remains constrained. The combination of a lack of dependence on cross border financial services, low supply and a restrained development pipeline is expected to support major regional office markets in the short term and underpin further rental growth in selected locations.

Oakleigh House, Cardiff

Retail

With the exception of Central London, pricing has softened across the retail sector with limited or no rental growth. Total returns over 2016 stood at 1.1% with capital values down 4.7%. Although rental values increased 0.8% over the year, this has been almost exclusively driven by central London.

Retailers had a strong finish to the year and most are expected to be fairly defensive as they have been right sizing and repairing their balance sheets in recent years. Nevertheless, a number of challenges lie ahead and retailer demand is expected to remain relatively weak across most locations. Demand continues to be polarised between prime, dominant locations and secondary markets, with the former experiencing strong demand for space while there is very limited appetite in the latter. This trend is expected to be sustained driven by structural changes in the sector and shift towards multi-channel retailing.

High street vacancy rates have been relatively stable. Supply in prime locations has been falling but this has been offset by a deterioration in smaller centres. However, the proportion of units that have been vacant for over a year has increased illustrating the increasing rate of obsolescence in this sector as it adapts to the changing marketplace.

The combination of the ongoing structural changes with more challenging consumer conditions are expected to constrain rental growth at a headline level, although there will be pockets of growth in the best locations.

Restaurants remain a bright spot within the retail sector. Although increased competition in this market is putting some operators under pressure further expansion is anticipated this year with the number of food and beverage outlets expected to increase by 6% according to forecasts by CBRE.

In the out of town retail market, demand for core assets remains robust, particularly at the bulky end. A number of brands are expanding including Sofology, Wren Kitchens, Oak Furnitureland and IKEA. Away from the bulky goods end, the demand picture is less rosy. There are few active clothing retailers but the value segment remains relatively strong and a number of operators continue to expand.

Out of town vacancy rates continue to decline and there is little development planned to ease any emerging shortage. As a result, the best bulky good schemes are expected to see some rental growth, particularly where units are let of relatively low rents, but elsewhere rental growth is expected to muted given the expected pressure on retailer margins.

Border Retail Park, Wrexham

Industrial

Industrial property has proven to be the most resilient since the EU referendum and has considerably outperformed the other sectors. Unlike retail and office property, capital values increased over the second half of the year, up 0.5%. Consequently, the sector returned 7.1% in 2016, reflecting considerable outperformance in comparison to the 2.6% all property market return. Capital values have risen 1.0% over the last 12 months supported by rental growth of 3.8%.

The underlying occupational market fundamentals in the industrial sector remain supportive of further growth. Leasing activity was strong in 2016 as the sector continues to benefit from the growth in online sales. Looking ahead, this sector is also expected to be able to take advantage of the weaker pound and greater export demand.

That said, this trend isn't uniform across the market. New build space is in greatest demand but conditions are more challenging for secondary properties. The shortages of good quality supply means that there is a significant supply / demand imbalance for this type of stock. As at December 2016, most core regions had less than nine months' of Grade A supply.

While there has been a development response in this sector, speculative activity is slowing. Consequently, this shortage of supply is unlikely to ease, which is expected to underpin further rental growth. The sector's higher income return means that it is expected to outperform office and retail over the next five years.

Student housing

University applications were down 5% for the 2017/18 academic year. The fall was driven by a 7% decline in the number of applications from EU students and a fall of 23% in the number of nursing applicants following the announcement that bursaries for student nurses will end this year. Despite the fall in applications, the number of applicants continues to exceed the number of places and therefore, no reduction in student numbers is anticipated.

Furthermore, the market remains undersupplied and a shortage of land combined with planning constraints in close proximity to universities is preventing any acceleration in the delivery of new beds. As a result, prospects remain favourable for further rental growth in this sector. Over the longer term, more challenging conditions for international student recruitment pose a risk to the sector and we expect to see growing polarisation between universities following the removal of the student cap.

Swindon

Doncaster

Properties held

Office

Decimal Place, Chiltern Avenue, Amersham

A modern, high quality office building completed in 2013 providing 2,564sq m (27,604sq ft).

Tenure
Freehold

Let for 15 years to Barnett Waddingham LLP, expiring in August 2028.

Rental band 4
Market value C

Plot 3000, Cambridge Research Park

Modern (2016 built) office building of 2,817sq m (30,322sq ft) on a highly regarded business park.

Tenure
Long leasehold

Let to Kier Construction Ltd until January 2031.

Rental band 4
Market value C

MotoNovo House, Cardiff Business Park

A modern detached, two storey office building constructed in 1992 with 90 car parking spaces. The property provides 2,440sq m (26,253sq ft).

Tenure
Long leasehold

Both floors are let to First Rand Bank Ltd (trading as Moto Novo Finance) on a lease expiring in September 2017.

Rental band 3
Market value A

Oakleigh House, Cardiff

1997 built office building providing 3,816sq m (41,070sq ft) of accommodation and 22 car spaces.

Tenure
Freehold

Let to Cunningham Lindsey until December 2024 with a tenant break option in 2019.

Rental band 4
Market value B

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Office

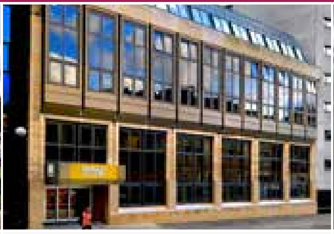
Forest House, Crawley

1980s built office that was completely refurbished in 2009 to provide 3,583sq m (38,656sq ft) of Grade A accommodation.

Tenure
Freehold

Let to Bard Ltd until June 2029 with a guarantee from C R Bard Inc.

Rental band 5
Market value C



Berkeley House, 285 Bath Street, Glasgow

A modern five storey office building with basement car parking. The property provides a total of 2,398sq m (25,818sq ft).

Tenure
Scottish freehold equivalent

Thompson & Partners hold leases on second, third and fourth floors. The ground floor has been refurbished and let to Capability Scotland for five years until March 2019. The first floor has recently been let to CC Technology until 2027 with a break in 2022.

Rental band 3
Market value A

65 Woodbridge Road, Guildford

A modern, high quality office building constructed in 2009 and providing 2,834sq m (30,505sq ft).

Tenure
Freehold

Let to five tenants on a variety of lease terms.

Rental band 5
Market value C

Units 15 & 16, The Parks, Haydock

Two detached office buildings forming part of a larger business park, constructed in the late 1990s, with a total of 106 car parking spaces. The site area for the 2 buildings extends to 1 hectare (2.4 acres) with Unit 15 comprising 840sq m (9,044sq ft) and Unit 16 1,003sq m (10,799sq ft).

Tenure
Freehold

Let to Speedy Hire Asset Services Ltd guaranteed by Speedy Hire plc and Intrinsic Technology Ltd, guaranteed by Intrinsic Technology Holding Ltd, on leases up to 2022.

Rental band 3
Market value A

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Office

Brewery Wharf, Leeds

Four storey, Grade A office building built in 2004, forming part of the mixed use Brewery Wharf development on Leeds riverside. The building provides 2,434sq m (26,200sq ft) and 26 car spaces.

Tenure
Freehold

The ground, first and third floors are let to NHS Confederation on a lease expiring in December 2019. The second floor is let to Mott Macdonald Ltd on a lease expiring in August 2018.

Rental band	3
Market value	B

86 Deansgate, Manchester

Multi-let office building which is well located within central Manchester and provides 4,458sq m (47,987sq ft) of largely refurbished accommodation. Also incorportates two restaurant units.

Tenure
Freehold

Let to 11 tenants on varying lease terms with potential to undertake further refurbishment works to enhance rental value.

Rental band	5
Market value	D

Opal Drive, Milton Keynes

Modern office building completed in 2003 providing 2,137sq m (23,000sq ft) of open plan accommodation over four floors and 73 car parking spaces.

Tenure
Freehold

Let to Omron Electronics Ltd until March 2020.

Rental band	3
Market value	A

37 Park Row, Nottingham

Prime office building of 2,454sq m (26,419sq ft) which was refurbished in 2015. 21 car parking spaces.

Tenure
Freehold

Let to Nottingham City Council until September 2025 and Thompson Solicitors until January 2026.

Rental band	3
Market value	B

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Office

Wallbrook Court, Botley, Oxford

Four storey, Grade A office building built in 2004, forming part of the mixed use Brewery Wharf development on Leeds riverside. The building provides 2,434sq m (26,200sq ft) and 26 car parking spaces.

Tenure
Freehold

Hanborough House has recently been refurbished and the first and second floors are let to CRM. The ground floor is available to let. Black Horse House is occupied by Lloyds Bank. Begbroke House and Eaton House are let to Environmental Resources Management Ltd on leases expiring in March 2023.

Rental band 3
Market value B

T2 Trinity Park, Solihull

Headquarter style office building on one of the premier business parks in Solihull. Built in 2000 it comprises 3,107sq m (33,442sq ft) with 153 car parking spaces.

Tenure
Freehold

Let in its entirety to CGI IT UK Ltd on a lease until December 2018.

Rental band 4
Market value B

Fishbourne & Freshwater House, Solent Business Park, Fareham

Two detached office buildings completed in 2006, comprising 1,065sq m (11,466sq ft) over three floors with a total of 112 car parking spaces.

Tenure
Freehold

Both properties are let to Matchtech Group plc until March 2027 (2022 break).

Rental band 3
Market value B

Interface House, Wootton Bassett

Modern office building of 3,223sq m (34,689sq ft), completed in 1989 and recently comprehensively refurbished.

Tenure
Freehold

Let to Swindon Silicon Systems, guaranteed by Schrader Electronics Ltd, for 20 years, with a break at the 16th year, with RPI reviews.

Rental band 3
Market value B

Rental band

1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band

A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Industrial

Lombard Centre, Kirkhill Place, Aberdeen

The Lombard Centre comprises 10 industrial units totalling 2,908sq m (31,300sq ft) adjacent to Aberdeen airport.

Tenure
Scottish freehold equivalent

Multi-let to five different tenants on short term leases.

Rental band 2
Market value A

Units 1A, 1B & 1C New Hythe Business Park, Aylesford

The property comprises three industrial units developed for BT in 2010. It totals 2,160sq m (23,245sq ft) on a large site of 1.6ha (4 acres).

Tenure
Long leasehold

Let to British Telecommunications Plc on a lease expiring in February 2025.

Rental band 3
Market value B

Unit 1, Bristol Distribution Park, Hawkley Lane, Bristol

A warehouse unit of 5,771sq m (62,121sq ft), constructed in 1992 with ground and first floor offices. The property benefits from a yard to the rear and 79 surrounding car parking spaces.

Tenure
Freehold

Let to DHL until January 2026.

Rental band 3
Market value B

Gyrus, St Mellons Business Park, Cardiff

A warehouse unit with ground and first floor offices extending to 3,604sq m (38,793sq ft), constructed in 2000, set on a site of 3.51 acres with a low site cover of 25%.

Tenure
Freehold

Let to Gyrus Medical Ltd with a guarantee from Olympus Keymed Group Ltd on a lease expiring in December 2019.

Rental band 3
Market value A

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Industrial

Phases I & II, Trax Park, Doncaster

Two highly specified distribution units, built in 2002 and providing a total of 28,652sq m (308,411sq ft) on a 15 acre site.

Tenure
Long leasehold

Let entirely to Wincanton Holdings Ltd until September 2022. One unit sub-let to Armstrong Logistics.

Rental band 6
Market value E

Fellowes, West Moor Park, Doncaster

Substantial and prominently located HQ distribution unit adjacent to M18. Provides 17,652sq m (190,000sq ft) of warehouse and office accommodation.

Tenure
Freehold

Due to become vacant and be refurbished.

Rental band N/A
Market value C

Unit 2, Tameside Industrial Park, Dukinfield

A modern industrial warehouse unit constructed in 1996, extending to 10,682sq m (114,980sq ft).

Tenure
Freehold

The premises are let to Ritrama UK Ltd on a 16 year lease expiring in March 2030.

Rental band 2
Market value B

Southmoor Lane, Havant

Well specified manufacturing warehouse providing 3,317sq m (35,700sq ft) of accommodation and well situated for access to the M27.

Tenure
Freehold

Let to Lewmar Ltd until 2030.

Rental band 2
Market value A

Rental band

1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band

A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Industrial

Bartley Point, Hook

The property comprises a modern industrial estate of eight units. The estate extends to approximately 10,586sq m (113,950sq ft), with individual units ranging from 482sq m (5,200sq ft) to 3,712sq m (39,950sq ft).

Tenure
Long leasehold

Let to eight tenants with an average lease term of six years.

Rental band 5
Market value C

Cummins, Croset Avenue, Huddersfield

The property comprises a detached, modern warehouse constructed circa 1997 and is adjacent to the Cummins facility on the edge of the town centre. Provides some 3,321sq m (35,750sq ft) of accommodation.

Tenure
Long leasehold

Let to Cummins Ltd until 2019.

Rental band 2
Market value A

Units 1 & 2 Langley Connect, Langley

Two self-contained warehouse units built in 2006, comprising 4,940sq m (53,177sq ft) on a site area of approximately 2.21 acres.

Tenure
Long leasehold

Both units are let to SIS Outside Broadcasts Ltd on 15 year leases expiring in June 2025, guaranteed by Satellite Information Services Ltd.

Rental band 4
Market value B

National Park Industrial Estate, Leeds

Two industrial units totalling 1,858sq m (20,000sq ft) and located in an established commercial area in Hunslet.

Tenure
Freehold

Let to Andrew Sykes Hire and Jewson Ltd until 2018.

Rental band 2
Market value A

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Industrial

			
Westpoint Enterprise Park, Trafford Park	**Martin Avenue, March Trading Estate, March**	**Plots 2-4, Newmarket Business Park, Newmarket**	**Plot 8, Newmarket Business Park, Newmarket**
The property comprises two semi-detached industrial units within the favoured Trafford Park industrial area. Total accommodation is 2,442sq m (26,300sq ft).	A warehouse of 10,980sq m (118,185sq ft) constructed in 2000 and operating as a food packaging plant. The property includes office accommodation on the first floor, has low site coverage with good circulation space and 89 car parking spaces.	A 2005 build warehouse with office accommodation, extending to a total of 6,543sq m (70,429sq ft) with 28 car parking spaces.	A 1,858sq m (20,000sq ft) light industrial/warehouse unit, completed in 2014.
Tenure Long leasehold Let to Rhenus Logistics Ltd with six-monthly breaks. Building will be refurbished once vacated.	**Tenure** Freehold Let to March Foods Ltd on a lease expiring in March 2024, subject to a tenant break in March 2019.	**Tenure** Freehold Let to Taylor Wimpey Developments Ltd on a lease expiring in August 2020.	**Tenure** Freehold Let to Countrywide Farmers Plc until 2029 and Dnow until 2031 (with a break in 2026).
Rental band 2 **Market value** A	**Rental band** 3 **Market value** A	**Rental band** 3 **Market value** B	**Rental band** 2 **Market value** A

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Properties held *continued*

Industrial

Plot 1, Newmarket Business Park, Newmarket

A 2010 built light industrial warehouse unit, totalling 1,085sq m (11,678sq ft)

Tenure
Freehold

Let to Smiths News Trading Ltd until 2025.

Rental band 2
Market value A

Royal Mail, Peterborough

The property comprises two modern distribution warehouses built in 1993 and provides 19,246sq m (207,200sq ft) of accommodation close to J17 of the A1(M).

Tenure
Freehold

Let to The Royal Mail Group Ltd until 2031.

Rental band 5
Market value D

Rehau, Runcorn

The property comprises a 131,754sq ft modern detached single bay warehouse of steel portal frame construction beneath a steel barrel vaulted roof, together with additional storage land.

Tenure
Freehold

Let to Rehau Ltd on two co-terminus leases until October 2028.

Rental band 4
Market value C

Capgemini, South Marston Park, Swindon

A modern distribution warehouse, developed in 2007. Of steel portal frame construction and sheet metal cladding to the elevations. Total area of 8,357sq m (89,956sq ft).

Tenure
Freehold

Building let to Capgemini UK Plc until December 2024.

Rental band 3
Market value B

Rental band

1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band

A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Industrial

Trelleborg Unit, Tewkesbury Business Park, Tewkesbury

A 2007 build warehouse/ production facility with an office content of 15%, extending to 6,291sq m (67,716sq ft) on a site of 3.1 acres.

Tenure
Freehold

Let to Trelleborg Sealing Solutions UK Ltd, guaranteed by Trelleborg Holdings UK Ltd, on a lease expiring in October 2022.

Rental band 3
Market value B

Thatcham Unit, Colthrop Lane, Thatcham

A modern warehouse unit linked to an ancillary three storey office buildings totalling 4,237sq m (45,601sq ft). There are two car parks and a secure yard.

Tenure
Freehold

Let to The Motor Insurance Repair Research Centre until April 2025.

Rental band 3
Market value B

Unit G, Century Park, Wakefield

The property comprises a modern, purpose built distribution warehouse dating from 2002 which provides 12,523sq m (134,800sq ft) of accommodation.

Tenure
Freehold

This warehouse is let to Northern Foods who are guaranteed by Boparan Holdings on a lease expiring in August 2023.

Rental band 4
Market value B

Armtech Row & Technine, Yeovil

Two terraces of modern light industrial units providing a total of 3,283sq m (35,400sq ft).

Tenure
Freehold

Let to 14 tenants with an average lease length of circa two years.

Rental band 2
Market value A

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Retail

Units 3.1-3.4, Peninsula Square, Greenwich

Terrace of three restaurant units providing 824sq m (8,872sq ft) of accommodation located close to the entrance of the O2 arena.

Tenure
Long leasehold

Let to Chiquito, Café Rouge and Costa on various lease terms.

Rental band 3
Market value B

Albion Place, Skipton

Newly built retail development providing substantial modern units within the heart of Skipton town centre.

Tenure
Freehold

Let to seven tenants including Next, Cotswold and Pizza Express on 5-15 year leases.

Rental band 4
Market value B

Debenhams, 535-563 Lord Street, Southport

A late Victorian, Grade II listed building totalling 5,988.3sq m (64,457sq ft), arranged over ground, and first to third floors with a small basement, occupied as a department store. The building has attractive features including a central cupola and a cast iron framed canopy providing a covered walk way to the main shopping street.

Tenure
Freehold

Let to Debenhams Retail Plc for a term of 30 years expiring in March 2034. The lease is subject to annual minimum fixed uplifts until March 2019 followed by further minimum fixed uplifts in March 2024 and 2029.

Rental band 4
Market value B

26-27 Fore Street, Taunton

A large, modern retail property comprising three units within Taunton's prime retailing area which provides 1,259sq m (13,550sq ft) of retail accommodation and benefits from a substantial frontage.

Tenure
Freehold

Unit 26a is let to Vodafone on a lease expiring in March 2024 with an option to break in March 2019. Unit 26b is let to Telephonica O2 Ltd on a lease expiring in June 2020 and Unit 27 is let to Natwest until 2026.

Rental band 3
Market value B

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Retail warehouse

Wilton Street Retail Park, Dewsbury

The property comprises two purpose built detached retail warehouses on a single site. Total area of 3,542sq m (38,130sq ft).

Tenure
Freehold

Let to B&Q Plc and Screwfix Direct Ltd with an average lease length of circa 6.25 years.

Rental band	3
Market value	A

Bishop Meadow Road, Loughborough

A retail warehouse comprising 2,742sq m (29,495sq ft) with 133 car parking spaces.

Tenure
Long leasehold

Let to Go Outdoors Ltd on a lease expiring in June 2020.

Rental band	2
Market value	A

Hough End, Pudsey

A retail warehouse comprising 3,292sq m (35,435sq ft) with 115 car parking spaces.

Tenure
Freehold

Let to Wickes Building Supplies Ltd guaranteed by Travis Perkins Properties Ltd until March 2029.

Rental band	3
Market value	B

Tunnel Drive, Redditch

A modern retail warehouse constructed in 2000, comprising 3,468sq m (37,331sq ft).

Tenure
Freehold

Let to Matalan Retail Ltd for a term of 25 years expiring in October 2027.

Rental band	4
Market value	B

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Retail warehouse

Widnes Trade Park, Widnes

Modern retail warehouse and trade counter development providing 8,678sq m (93,413sq ft) of accommodation.

Tenure
Freehold

Let to B&Q until 2023 and several trade counter operations (such as Screwfix and Travis Perkins) on shorter leases.

Rental band	5
Market value	C

Border Retail Park, Wrexham

Border Retail Park comprises a modern, purpose built scheme of four units plus restaurant situated between two major supermarkets. In total the property provides 5,853sq m (63,000sq ft) with 253 car parking spaces.

Tenure
Freehold

Let to Wickes, Next, Homestyle, Poundstretcher and Burger King with an average lease length of circa 10-years.

Rental band	6
Market value	C

Winchester Road Trade Park, Basingstoke

The property comprises a terrace of four trade park units which were substantially reconstructed, refurbished and extended in 2011.

Tenure
Freehold

Let to Formula One Autocentres, Toolstation, Yesss and GSF Car Parts with an average lease length of circa eight years.

Rental band	2
Market value	A

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Other		Indirect
		
Premier Inn, Lansdowne Road, Croydon	**Travelodge & Bathstore, Norwich**	**Unite UK Student Accommodation Fund**
Newly built hotel (168 rooms) and food retail store located close to East Croydon station and the town centre.	Purpose built budget hotel let with 104 guestrooms. Retail unit on part ground floor.	The Fund holds 18,401,320 units in the Student Accommodation Fund. USAF holds assets valued at £2.288bn as at 31 December. These account for 27,441 bed spaces in 76 properties 'across 24 of the strongest university towns in the UK'.
Tenure Freehold	**Tenure** Long leasehold	**Tenure** N/A
Let to Premier Inn until 2038 (break in 2028) with RPI reviews and to Cooperative Foodstores Ltd until 2029.	Let to Travelodge Hotels Limited and Bathstore.com with a weighted average lease length of circa 20 years.	USAF has borrowings at a loan to value of 31.9% with a 3.26% average cost of debt compared with a portfolio yield of 5.62% (as at 31 December 2016). (Source: UNITE)
Rental band 5 **Market value** E	**Rental band** 4 **Market value** B	**Rental band** N/A **Market value** E

Rental band
1 up to £100,000
2 £100,001 - £250,000
3 £250,001 - £500,000
4 £500,001 - £750,000
5 £750,001 - £1m
6 £1m+

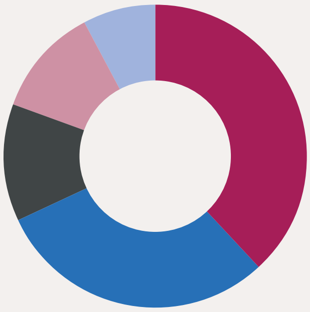
Market value band
A up to £5m
B over £5m to £10m
C over £10m to £15m
D over £15m to £20m
E over £20m

Portfolio analysis

As at 31 December 2016

Portfolio by sector

Industrial	38.1%
Offices	30.1%
Other	12.5%
Retail warehouse	11.6%
Retail	7.7%

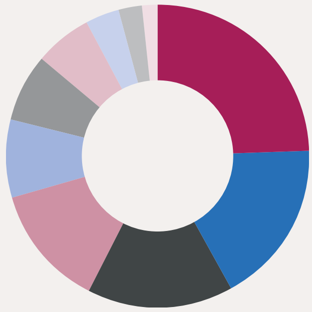


Source: Mayfair Capital

Portfolio by region

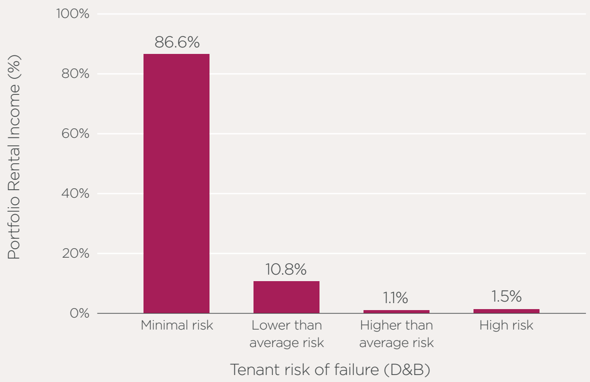
South East	24.6%
Yorks & Humberside	17.6%
North West	15.5%
Eastern	12.9%
South West	8.4%
Rest of London	7.3%
Wales	6.0%
West Midlands	3.7%
East Midlands	2.5%
Scotland	1.5%

Analysis excludes the USAF unit holding



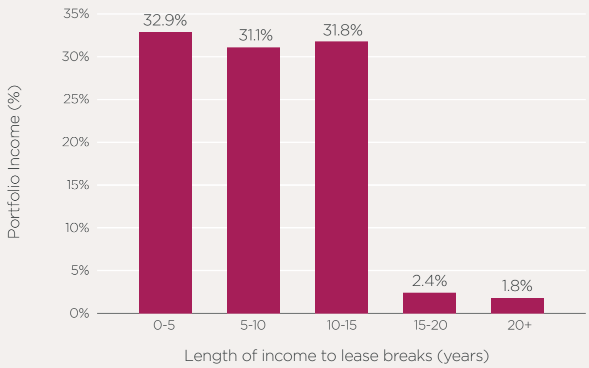
Source: Mayfair Capital

Portfolio by covenant rating



Source: Mayfair Capital

Portfolio by unexpired lease profile



The liquidity of the portfolio is assessed quarterly. As at 31/12/2016 55% of these properties could be sold immediately and a further 24% within 3-9 months.

Ten largest assets

(by value)

USAF[1]	5.5%
Doncaster (Trax Park)	4.9%
Croydon	4.8%
Manchester	4.4%
Peterborough	3.8%
Crawley	3.4%
Guildford	3.3%
Hook	3.2%
Widnes	3.0%
Amersham	2.9%
Total	**39.2%**

All information is correct as at 31 December 2016.

[1] Unite Student Accommodation Fund.

Source: Mayfair Capital

Ten largest tenants

(by income)

Wincanton Holdings Ltd	5.0%
B&Q Plc	3.7%
Royal Mail Group Plc	3.5%
Bard Ltd	3.5%
Premier Inn Hotels Ltd	3.4%
Wickes Building Supplies Ltd	3.2%
Rehau Ltd	2.7%
Barnett Waddingham LLP	2.6%
Fellowes Ltd	2.6%
Kier Construction Ltd	2.5%
Total	**32.7%**

Statement of the 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.

Fund advisers

Trustee
Vistra Trust Corporation (UK) Limited
3rd Floor
11-12 St James's Square
London
SW1Y 4LB

Trust Manager
Mayfair Capital Investment Management Limited
2 Cavendish Square
London W1G 0PU

Administration
Saltgate (UK) Limited
45 King William Street
London
EC4R 9AN

Property Fund Manager
Mayfair Capital Investment Management Limited
2 Cavendish Square
London W1G 0PU

Property Manager
JLL
30 Warwick Street
London
W1B 5NH

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

Lawyers
Nabarro LLP
125 London Wall
London
EC2Y 5AL

Pinsent Masons LLP
1 Park Row
Leeds
West Yorkshire
LS1 5AB

Maclay Murray & Spens
One London Wall
London
EC2Y 5AB

Independent Auditors
Crowe Clark Whitehill
10 Palace Avenue
Maidstone
Kent
ME15 6NF

Performance Measurement
MSCI
Ten Bishops Square
London
E1 6EG

Depository
The Royal Bank of Scotland plc acting through its Luxembourg Branch
46 Avenue J.F.Kennedy
L-1855 Luxembourg

Bankers
The Royal Bank of Scotland plc
43 Curzon Street
London W1Y 7RF

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Property management and accounting

Mayfair Capital Investment Management Limited 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 Investment Management Limited.

JLL is remunerated by the Property Fund Manager but charge additional fees on multi-let properties where service charges are operated. Typically, these fees amount to 10% of the annual service charge budget for a property.

Independent auditor's report to the unitholders of The Property Income Trust for Charities ('The Trust')

We have audited the financial statements of the Trust for the year ended 31 December 2016 set out on pages 40 to 49. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Trust's unitholders, as a body, in accordance with the requirements of the Trust Deed. Our audit work has been undertaken so that we might state to the Trust's unitholders 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 Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Manager Mayfair Capital Investment Management and the auditor

As explained more fully in the Statement of Manager's responsibilities set out on page 37 the Manager is responsible for the preparation of financial statements which are intended to give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the Trust Deed and the terms of our engagement letter dated 13 January 2015 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the FRC's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Investors' Committee Chairman's report, Property Fund Manager's report and the Trust Manager's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 December 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Statutory Auditor
10 Palace Avenue
Maidstone
Kent
ME15 6NF

18 April 2017

Statement of comprehensive income

For the year ended 31 December 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Net capital gains	2		1,577		27,771
Movement in unamortised tenant incentives			(227)		416
			1,350		28,187
Revenue	3	28,016		24,706	
Expenses	4	(3,538)		(3,264)	
Net Income before interest payable and similar charges		24,478		21,442	
Interest payable and similar charges	5	(3,018)		(2,760)	
Net revenue			21,460		18,682
Total return before distributions			**22,810**		**46,869**
Distributions	7		(24,528)		(21,492)
Change in net assets attributable to unitholders from investment activities			**(1,718)**		**25,377**

Statement of change in net assets attributable to unitholders

	2016 £'000	2015 £'000
Opening net assets attributable to unitholders	**387,816**	**287,247**
Amounts receivable on creation of units	14,611	75,439
Amounts payable on redemption of units	(5,002)	(247)
Change in net assets attributable to unitholders (above)	(1,718)	25,377
Closing net assets attributable to unitholders	**395,707**	**387,816**

The Accounting policies and Notes on page 43 to 49 form part of these financial statements

Balance sheet

As at 31 December 2016

	Notes	31 December 2016		31 December 2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Investment properties	8	395,604		409,801	
Investment in unit trusts	9	23,661		36,209	
			419,265		**446,010**
Current assets					
Debtors	10	13,590		9,462	
Cash at bank		56,955		31,812	
		70,545		41,274	
Creditors: amounts falling due within one year	11	(19,407)		(24,931)	
Net current assets			**51,138**		**16,343**
Total assets less current liabilities			**470,403**		**462,353**
Creditors: amounts falling due after more than one year	12		**(74,696)**		**(74,537)**
Net assets attributable to unitholders			**395,707**		**387,816**

These financial statements were approved by the Manager on 13 April 2017 and signed on its behalf by:

J.A. [signature]

Mayfair Capital Investment Management Limited

The Accounting policies and Notes on page 43 to 49 form part of these financial statements

Statement of cash flows

For the year ended 31 December 2016

	31 December 2016		31 December 2015	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities		**22,260**		**25,113**
Cash flows from investing activities				
Purchase of investment property	(25,875)		(70,910)	
Sale proceeds from investment property	39,550		27,740	
Capital expenditure on existing properties	(1,344)		(5,018)	
Purchase of units in unit trusts	–		(7,500)	
Proceeds from sale of units in unit trusts	14,314		1,930	
		26,645		**(53,758)**
Cash flows from financing activities				
Loan interest paid	(3,027)		(2,411)	
Distributions paid	(25,063)		(20,218)	
Cash received for new units	18,164		48,200	
Units redeemed	(5,002)		(247)	
Net (repayment) / drawdown of long term facility	(8,834)		24,438	
		(23,762)		**49,762**
Increase / (Decrease) in cash		**25,143**		**21,117**
Cash and cash equivalents at beginning of year		**31,812**		**10,695**
Cash and cash equivalents at the end of year		**56,955**		**31,812**

The Accounting policies and Notes on page 43 to 49 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2016

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:

Valuation of investment property

The freehold and leasehold investment properties were valued by the Fund's independent valuers, Cushman & Wakefield, as at 31 December 2016, on the basis of Market Value in accordance with RICS Appraisal and Valuation Standards.

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 accrual basis net of VAT.

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 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 gain or loss on investments 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.

Depreciation

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

Bank borrowing

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.

2. Net capital gains

	2016 £'000	2015 £'000
Net unrealised (losses) / gains on investment property	(5,221)	20,948
Net realised gains on investment property	5,032	2,017
Net unrealised gains on investment in unit trusts	1,766	4,806
Total	**1,577**	**27,771**

3. Revenue

	2016 £'000	2015 £'000
Rental income	26,219	23,122
Investment income	1,284	1,264
Interest received	40	20
Other income	473	300
Total	**28,016**	**24,706**

4. Expenses

	2016 £'000	2015 £'000
Charged to income		
Legal and professional fees	108	120
Bank charges	15	5
Premises expenses	347	329
	470	454
Charged to capital		
Investor committee	48	49
Trustee fees	109	122
Fund management fees	2,412	2,173
Administrator fees	193	182
Valuation fees	102	98
Audit fee	21	21
Depository fees	110	107
Other	73	58
	3,068	2,810
Total	**3,538**	**3,264**

5. Interest payable and other similar charges

	2016 £'000	2015 £'000
Loan interest payable	2,816	2,564
Amortisation of loan costs	202	196
Total	**3,018**	**2,760**

6. Taxation

New regulations came into force on 6 April 2014 allowing Exempt Unauthorised Unit Trusts ('EUUTs'), such as PITCH, to make distributions to investors without the deduction of 20% tax. One of the requirements for an EUUT to make gross distributions is that it must obtain approval as an exempt trust from HM Revenue & Customs ('HMRC').

On 11 September 2014, PITCH obtained approval, from HMRC, as an exempt trust. Accordingly all distributions in 2016 were paid without the deduction of tax, meaning tax exempt investors no longer need to reclaim the tax withheld from HMRC.

7. Distributions

	2016 £'000	2015 £'000
Distributions paid		
Month ended 31.01.16 / 31.01.15	1,898	1,630
Month ended 28.02.16 / 28.02.15	2,228	1,470
Month ended 31.03.16 / 31.03.15	2,031	1,699
Month ended 30.04.16 / 30.04.15	2,062	1,759
Month ended 31.05.16 / 31.05.15	2,136	1,597
Month ended 30.06.16 / 30.06.15	2,013	1,695
Month ended 31.07.16 / 31.07.15	2,039	1,800
Month ended 31.08.16 / 31.08.15	2,029	1,961
Month ended 30.09.16 / 30.09.15	1,938	1,862
Month ended 31.10.16 / 31.10.15	1,899	1,858
Month ended 30.11.16 / 30.11.15	1,935	1,306
Distributions paid	22,208	18,637
Distributions payable	2,320	2,855
Total distributions	**24,528**	**21,492**
Reconciliation of net income after taxation to distributions		
Net income	21,460	18,682
Expenses charged to capital	3,068	2,810
Total	**24,528**	**21,492**

8. Investment properties

	2016 £'000	2015 £'000
Market value of investments bought forward	**409,801**	**319,054**
Adjustment in respect of tenant lease incentives	4,569	4,986
Fair value of investments bought forward	414,370	324,040
Additions from acquisitions at cost	25,875	92,297
Additions to existing properties at cost	1,344	5,108
Value of properties sold	(41,000)	(30,040)
Change in fair value of investments	(189)	22,965
Market valuation of investments carried forward	**400,400**	**414,370**
Adjustment in respect of tenant lease incentives	(4,796)	(4,569)
Fair value of investments carried forward	**395,604**	**409,801**

The Fund's investment properties were valued by Cushman & Wakefield, independent valuers, on a market value basis at £400,400,000. The valuations have been reduced by unamortised tenant incentives in line with accounting policies (see note 1).

8. Investment properties continued

Valuation method and assumptions

The valuations were carried out in accordance with the RICS Valuation Professional Standards 2014 (UK Edition) issued by the Royal Institution of Chartered Surveyors (the 'Red Book'). In particular the market value has been assessed in accordance with RICS Global Valuation Practice Statements ('VPS'), the Professional Standards ('PS'), RICS Global Valuation Practice Guidance Applications ('VPEA') and United Kingdom Valuation Standards ('UKVS').

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 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.

Cushman & Wakefield have also made the assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

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.

8. Investment properties continued

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 11).

Contractual obligations

The responsibilities for repairs, maintenance and enhancements are clearly set out in the leases.

9. Property related investments

	2016 £'000	2015 £'000
Market valuation as at 1 January 2016	36,209	25,833
Acquisition of units in unit trust	–	7,500
Disposal of units in unit trust	(14,314)	(1,930)
Revaluation	1,766	4,806
Market valuation of investment carried forward	**23,661**	**36,209**

Included in the market valuation as at 31 December 2016 are the following

	2016 £'000
Proportionate share of cash in USAF	637
Proportionate share of loans in USAF	7,628

The investment in Unite UK Student Accommodation Fund (USAF) is held at the 31 December 2016 net asset value per unit as reported by the manager of USAF. The manager of USAF provides valuations on a quarterly basis.

The Fund is not invested in any closed-ended structures.

10. Debtors

	2016 £'000	2015 £'000
Rental arrears	731	731
Prepayments and accrued income	346	447
Unamortised tenant incentives	4,796	4,569
Rent deposit debtors	666	783
Amounts receivable on disposals	3,750	2,300
Trade debtors	–	125
Other debtors	3,301	507
Total	**13,590**	**9,462**

11. Creditors amounts falling due within one year

	2016 £'000	2015 £'000
Distributions payable	2,320	2,855
Deferred income	6,967	6,219
VAT payable	850	658
Rent deposit creditors	666	783
Investor funds received for January dealing	6,121	2,568
Loan interest payable	529	538
Accruals and other creditors	1,954	2,317
Bank loan	–	9,000
Less: unamortised loan costs	–	(7)
Total	**19,407**	**24,931**

12. Creditors amounts falling due after more than one year

	2016 £'000	2015 £'000
Bank loans	75,500	75,500
Less : unamortised loan costs	(804)	(963)
Total	**74,696**	**74,537**

The amount detailed above consists of three loans as follows:

- A loan facility with Canada Life in the amount of £26,000,000 (2015: £26,000,000) attracts interest at a fixed rate of 3.61%per annum and becomes repayable in full on 16th October 2018. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £65,475,000 as at 31 December 2016. The redemption amount including fees and charges if the loan were to be repaid on 31 December 2016 was £27,196,621.
- A loan facility with Canada Life in the amount of £24,700,000 (2015: £24,700,000) attracts interest at a fixed rate of 4.09%per annum and becomes repayable in full on 20th July 2021. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £62,350,000 as at 31 December 2016. The redemption amount including fees and charges if the loan were to be repaid on 31 December 2016 was £27,291,202.
- A loan facility with Aviva in the amount £24,800,000 (2015: £24,800,000) attracts interest at a fixed rate of 3.10% per annum and becomes repayable on 28th September 2025. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £61,900,000 as at 31 December 2016. The redemption amount including fees and charges if the loan were to be repaid on 31 December 2016 was £29,469,897.

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

	2016 £'000	2015 £'000
Increase/ (decrease) in available cash during the year	25,143	21,117
Decrease/ (increase) in loans during the year	9,000	(24,800)
Increase/ (decrease) in net funds during the year	34,143	(3,683)
Opening net funds attributable to unit holders	(52,688)	(49,005)
Closing net funds attributable to unit holders	**(18,545)**	**(52,688)**

14. Analysis of net funds

	2016 £'000	2015 £'000
Cash	56,955	31,812
Bank loans due within one year	–	(9,000)
Bank loans due after more than one year	(75,500)	(75,500)
Total net funds	**(18,545)**	**(52,688)**

15. Counterparty risk

	2016 £'000	2015 £'000
Cash		
RBS	29,568	29,471
Santander	23,015	–
Aviva	2,802	40
Canada Life	1,570	1,948
NyKredit	–	353
Total cash	**56,955**	**31,812**
Loans		
Canada Life	50,700	50,700
Aviva	24,800	24,800
Nykredit	–	9,000
Total loans	**75,500**	**84,500**

16. Contingent liabilities

There were no contingent liabilities at 31 December 2016 (31 December 2015 : £nil).

17. Related party transactions

Amounts payable to the manager were £2,416,731 (31 December 2015: £2,177,895). The amount outstanding at the year end in respect of those fees was £598,189 (31 December 2015: £602,995).

Amounts payable to the Trustee were £109,085 (31 December 2015: £122,040). The amount outstanding at the year end in respect of those fees was £54,073 (31 December 2015: £9,738).

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