PITCH

Property Income Trust For Charities

A Fund managed by Mayfair Capital

Annual Report and Audited Accounts

For the year ended 31 December 2021

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

Property Income Trust for Charities

Working with UK Charities since 2004

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Investors' Committee Chairman's Report

2021 is a year in which life in the United Kingdom was framed by the COVID-19 pandemic and the consequences of BREXIT. Towards the end of the year the long dormant spectre of inflation crept out of the shadows to add more than a shiver of uncertainty to an already nervous economy.

Nick Shepherd
Chairman

It is in that context that The Property Income Trust for Charities (PITCH) has delivered outstanding returns for its 1,200 investors, which are described more fully in this Report. PITCH recorded a Total Return to investors in 2021 of 22.9%. This performance was well ahead of the MSCI/AREF UK All Balanced Property Funds index, and makes the Fund the best performing specialist charity fund over 10 years, delivering an annualised Total Return over that period of 9.1%.

One of the most important functions of the Investors' Committee, of which I am Chairman, is to work with the Fund Manager to shape the strategic direction of the Fund. In this respect the Fund has taken two significant strategic decisions during the year: firstly, renewing and extending our loan facilities; and secondly, agreeing a path towards investing in the private rented residential market.

On the first of these, the Fund has always maintained a modest level of debt in various tranches with different maturity dates. On expiry of one of our facilities, the Committee approved a new, larger facility at a highly competitive rate of 2.65% fixed for seven years. This is a sustainability-linked loan which provides further margin reductions in return for implementing environmental improvements. The additional facility, alongside new subscriptions from investors, will enable the Fund to continue to invest in new properties, and the arbitrage between the debt cost and the real estate return will add to the performance of the Fund.

The second strategic decision – to invest in the residential sector – has long been an ambition of the Fund. Residential property in the UK has shown constant long term performance, but has been difficult to access at scale and at the right quality threshold. We are now satisfied that the Fund can secure residential properties which meet those criteria, and we look forward to reporting on acquisitions in the years ahead. This decision will add further diversification to the Fund as it gets larger, and we believe that the Fund will benefit from the performance of the UK residential sector.

The Investors' Committee continues to work closely with the Fund Manager on individual acquisition and disposal decisions, Fund strategy, risk management and, importantly, on determining and policing the Fund's ethical and ESG policies – all this with a very clear view of the needs and expectations of our investor charities.

I would like to thank my fellow Committee members for their contributions during the year, but most of all I must thank the Fund Manager, Mayfair Capital Investment Management Limited, who continue to serve our investors with dedication, enthusiasm and professionalism.

April 2022

Fund Information

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Fund objectives and key information

The Property Income Trust for Charities (PITCH) is a unit trust designed as a pooled property vehicle available to all UK Charities.

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

The Fund aims to deliver a relatively high and sustainable income yield whilst at least maintaining the capital value in real terms over the economic cycle by acquiring income producing properties in the UK with growth prospects together with properties where there is "embedded" value that can be extracted through active asset management. The Fund aims to diversify risk through tenant, sector and geographic spread throughout the UK. It will not undertake any speculative development activity although refurbishment of existing assets will be undertaken where appropriate.

The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. These features are embodied in the operations of the Fund.

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

£763m

Gross asset value[1]

Fund summary
As at 31 December 2021

Gross asset value	£763.04m
Net asset value	£670.74m
Bid price	£0.9528
Offer price	£0.9805

Paid distribution history 2021 (p.p.u)[2]

January	0.322	July	0.241
February	0.312	August	0.310
March	0.288	September	0.316
April	0.309	October	0.303
May	0.404	November	0.470
June	0.337	December	0.388

Performance in 2021
22.9% total return (as per MSCI/AREF)

Borrowings
£92.88m (12.17% LTV on GAV, 13.85% on NAV)

Property portfolio
50 direct properties

All information is correct as at 31 December 2021.

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

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

Dealing in the Fund

Subscriptions and redemptions

Units in the Fund may be acquired on a monthly basis and redeemed on a quarterly basis. The Trust Deed contains provisions which enable the Manager to scale back or delay redemptions in certain circumstances. Matched trades are periodically available for larger redemptions.

Investors

Only registered and exempt charities in the UK may invest in the Fund since it is exempt from SDLT on all property purchases. Below is an analysis of unit issuance and redemptions during the year, including secondary market trades, together with an analysis of the unitholder base as at 31 December 2021.

Unitholder movement

	Year to 31 Dec 2021	Year to 31 Dec 2020
Issues and redemptions		
Units in issue at start of year	691,203,310	669,409,087
Units issued during the year	48,587,105	45,613,723
Units redeemed during the year	45,049,781	23,819,500
Units in issue at year end	694,740,633	691,203,310
Secondary market		
Matched trades	30,116,761.58	–
Matched trades as % of units in issue at end of year	4%	–

Redemption notices outstanding

As at 31 December 2021

Number of notices	94
Number of units	12,373,869
Bid per unit	£0.9528
Value at bid	£11,789,823
Total units (%)	1.78%

The ninety four redemption notices outstanding as at 31 December 2021 were redeemed in January 2022. The Fund is currently able to meet it's redemption policy in full and anticipates it will be able to do so for the foreseeable future.

Largest investors and percentage of units in issue by ownership band

Units in issue	Number of investors	Total holding (%)
< 1%	1158	56.67
>= 1% but < 2%	9	12.93
>= 2% but < 4%	6	17.5
>= 4% but < 8%	2	12.9
>= 8%	0	0
Total	**1175**	**100**
Largest Investor	1	7.50%
Largest three investors	3	16.73%
Largest five investors	5	23.06%
Largest ten investors	10	34.01%
Held by Investment Managers		57.55%

Pricing

The Fund's bid and offer prices have been determined in accordance with the recommendation of The Association of Real Estate Funds except that fixed rate loans have been valued at amortised cost rather than fair value.

Expense ratios

The Fund calculates annual expense ratios as per AREF guidelines, against the Fund's Gross Asset Value (GAV) and Net Asset Value (NAV) both averaged over the prior 12 months, a summary of these ratios is shown below.

Expense Ratios

	2021		2020	
	GAV	NAV	GAV	NAV
Fund Management Expense Ratio	0.51%	0.57%	0.51%	0.58%
Fund Operating Expense Ratio	0.13%	0.15%	0.14%	0.15%
Total Expense Ratio	**0.64%**	**0.72%**	**0.65%**	**0.73%**
Property Expense Ratio	0.33%	0.37%	0.49%	0.56%
Real Estate Expense Ratio	**0.97%**	**1.09%**	**1.14%**	**1.29%**
Transaction Costs	0.33%	0.37%	0.13%	0.14%
Performance Fee Ratio	–	–	–	–

West Moor Park, Doncaster

Total Expense Ratio (TER) includes both direct Fund management fees and additional Fund operating costs such as third party administration and audit fees. Property Expense Ratio (PER) includes direct property costs not recoverable from tenants such as business rates on void units, general repairs and maintenance or aborted transaction costs. Real Estate Expense Ratio (REER) is the total of the Fund's TER and PER. The Transaction Cost Ratio includes all professional fees and other costs directly incurred in the purchase and sales during the year. As the Fund does not accrue or pay any performance fee, no performance fee ratio has been calculated.

The portfolio turnover ratio highlights how often the Fund buys or sells property ignoring the impact of subscriptions or redemptions and displays this as a percentage of average yearly NAV. In 2021 the Fund's turnover ratio was 18.90% (2020: 0.87%).

General information

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

Investors' Committee
This Committee comprises of the following:

- Nick Shepherd, Chairman (re-elected June 2018)
- Lizzy Conder, University of London (appointed May 2019)
- Simon Summers, ex Bursar of St Catharine's College, Cambridge and now independent member (re-elected August 2020)
- David Palmer, Central Finance Board of the Methodist Church (re-elected August 2020)
- Neil Harper, The National Trust for Scotland (appointed August 2020)
- Jenny Segal, Nesta Trust (appointed May 2021).

Conflicts of interest
In accordance with its terms of reference, the Investors' Committee may advise the Trustee or the Manager on any conflict of interest issue.

Subject to the provision of the Trust Deed, the Manager may effect transactions with or for the Trustee in relation to which it has a conflict of interest, provided that any material interest must be managed and resolved in accordance with the Manager's conflicts of interest policy and the rules of the Financial Conduct Authority.

Risk management provisions
The parameters by which the Manager acts, through guidance from the Investors Committee, include risk management provisions that are designed to avoid concentration of risk through imposing constraints on the maximum exposure that the Trust may have to single properties, and tenants, as a source of income to the Trust. Accordingly:

- No one property will amount for more than 10% of the portfolio value at the time of purchase
- The three largest properties will not exceed 35% of portfolio value
- Excluding the UK Government (and related bodies) no one tenant will account for more than 10% of portfolio income
- Investments in other property funds are limited to 10% of total assets of the Trust

The Fund is in compliance with the above.

Fund advisers

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

Manager
Mayfair Capital Investment Management Limited
55 Wells Street
London
W1T 3PT

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

Property Manager
JLL
30 Warwick Street
London
W1B 5NH

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

Independent Auditors
Crowe UK LLP
Riverside House
40-46 High Street
Maidstone
Kent ME14 1JH

Lawyers
CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Lawyers (continued)
Pinsent Masons LLP
1 Park Row
Leeds
West Yorkshire LS1 5AB

Dentons UKMEA LLP
1 Fleet Place
London
EC4M 7WS

Performance Measurement
MSCI
Ten Bishops Square
London
E1 6EG

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

Bankers
The Royal Bank of Scotland PLC
28 Cavendish Square,
London
W1G 0DB

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

Barclays Bank PLC
1 Churchill Place
Leicester
LE87 2BB

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 Fund Manager but charge additional fees on multi-let properties where service charges are operated.

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

Management of the Fund

Simon Martindale, Fund Director

Simon was Fund Manager of the Property Income Trust for Charities (PITCH) from 2015 and became Fund Director in 2021. He is responsible for formulating and implementing the Fund investment strategy, investor reporting and portfolio analysis whilst also overseeing all acquisition, disposal and asset management activities. He has over 16 years' experience in commercial property and previously worked at DTZ (now Cushman & Wakefield) and Edward Symmons (now LSH).

Scott Fawcett, Director of Asset Management

Scott joined Mayfair Capital in 2013 and is Director of Asset Management. He is responsible for implementing PITCH asset management initiatives and supporting the investment activities of the Fund. Scott has over 25 years of experience in property markets previously with Drivers Jonas (became Deloitte Real Estate) and Matrix Securities.

Hector Ahern, Investment Associate

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

Frances Spence, Director of Research, Strategy & Risk

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

Christi Vosloo, ESG, Head of UK

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

James Thornton, Non-Executive Chairman

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

James Lloyd, Head of Business Development

James joined as Head of Business Development and Marketing in 2009. He is responsible for all PITCH marketing and business development, including investor relations with current clients, whilst developing further relationships with new investors in the charity, professional investor and institutional markets. James is a Trustee to two registered charities and on the Finance Committee for a Great XII Livery Company.

Clare Berthoud, Director of Business Development - UK Charities

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

Deanna Oyin, Investor Relations & Marketing Associate

Deanna joined Mayfair Capital in June 2019 and is responsible for liaising with and supporting PITCH investors, as well as assisting with marketing activities for the Fund alongside James Lloyd, Clare Berthoud and Sophie Carr. Deanna has a BA (Hons) degree in Politics and Sociology from the University of Warwick and holds the Level 4 Investment Management Certificate and Global Securities qualifications.

Sophie Carr, Investor Relations & Marketing Associate

Sophie joined Mayfair Capital in March 2020 as Team Assistant for PITCH and became an Investor Relations and Marketing Associate in October 2021. She is responsible for assisting with PITCH investor relations and marketing activities, working alongside James Lloyd, Clare Berthoud and Deanna Oyin. Sophie attended the University of Leeds where she graduated with a First-Class degree in Geography.

James Goldsmith, Finance Manager

James joined Mayfair Capital in 2018 as Finance Manager, working within the finance team to oversee all fund and corporate accounting, including for PITCH. He has over 6 years' experience working within the fund industry having previously worked for a fund administrator. During this time, he worked on a range of UK and European domiciled real estate and debt fund structures.

Louisa Demetriou, Fund Accountant

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

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

Fund Commentary

Property Fund Manager's report

Statement of Manager's responsibilities

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Property Fund Manager's report

Simon Martindale
Fund Director

After the challenges of the previous year, 2021 turned out to be an exceptional year for UK real estate as the economy rebounded strongly, growing by 7.5%, and in the process recovering to its pre-pandemic level. This was boosted by a sharp increase in consumer and corporate spending activity and a continuation of favourably low interest rates. These benign conditions paved the way for an increase in leasing activity particularly within the warehouse sector, which saw another record year of take-up, but also more broadly across the office and retail warehousing sectors.

It was also a year of renewed focus on Environmental, Social and Governance matters which coincided with the UK hosting the annual climate change conference, COP, in Glasgow in November. For landlords of commercial property this increased the focus on the need to transition portfolios towards net zero due to the built environment's significant contribution towards global carbon emissions. Quite rightly, this became a leading question from investors in terms of landlords' response to this challenge.

Total investment volumes into commercial property reached their highest level since 2018 to £60bn, some 25% above the total in 2020. Undoubtedly the biggest story of the year was the continued expansion of the warehouse sector where volumes reached £17bn, the highest figure on record, mainly driven by a massive influx of overseas capital, particularly US-domiciled investors, drawn to the continuing structural change brought about by online retail. The sheer scale of this investment caused prime industrial yields to compress to unprecedented levels. The prime initial yield on distribution and multi let warehousing finished the year at around 3.5%. The same figure five years ago in December 2016 stood at 5.5%.

Despite concerns over the future of the office, there was £16bn of investment into this sector significantly ahead of 2020 levels and accounting for 27% of all commercial transactions. The retail warehouse sector also saw a high level of activity with £3.4bn transacted, as investors were drawn to the relatively attractive yields from this segment compared to traditional warehousing. This figure was well above the £1.9bn recorded in 2020 and ahead of the five-year average.

Property Fund Manager's report continued

As a result, the market delivered strong returns although consistent with the past few years, sector positioning remained crucial. The MSCI All Property Monthly Index recorded a total return for the year of 19.9%, of which 70% was derived from capital growth, with warehousing leading the way with a staggering return of 38.2% followed by retail warehousing at 24.9% and offices returning 5.1%. The only segment to record negative returns was within shopping centres, which delivered -2%, although this itself was the best performance the sector had recorded since 2017.

What really stood out in 2021 was the extent of rental growth across the warehouse sector, which increased by 8.9% over 12 months. This was driven by the strongest year of letting activity on record with 55m sq ft of take-up, 86% above the long-term average, reducing the overall vacancy rate to a record low of 2.9%. This, coupled with strong yield compression, resulted in an extraordinarily high level of capital growth of 32.5%.

Against this backdrop, the Property Income Trust for Charities was able to deliver a fantastic set of results for investors in 2021. In performance terms, the Fund delivered a total return of 22.9%, which comfortably outperformed the MSCI/AREF UK All Balanced Property Fund Index, sitting in the top quartile of returns amongst this peer group.

This outperformance was principally due to three factors: 1) the Fund's overweight exposure to the warehouse sector; 2) an active sale and acquisition pipeline and 3) the delivery of some key asset management initiatives.

In terms of the Fund's warehouses, which comprised around 45% of portfolio value by the end of 2021, these delivered capital growth of 36% during the year from a combination of strong yield compression and rental growth, which together with income, delivered a total return of 42%.

Given the strength of the market, we took the opportunity to dispose of 11 non-core assets during 2021. These were initiated in response to our annual 'hold-sell' analysis, which identified locational or specification weaknesses that had the potential to limit long term occupational demand. Six of these assets were incidentally within the warehouse sector and such was the depth of demand, we were able to dispose of these at a significant premium to valuation. In total over the year, a further £9.8m of value was delivered to the Fund through this disposal programme.

This sales activity enabled us to re-invest the proceeds into six thematically aligned assets. These acquisitions increased in value by £9.6m cumulatively, by the end of the year.

This included the purchase of two multi let warehouse assets in Avonmouth and Northampton; two high-quality, south-east retail parks in Bedford and Milton Keynes; a long let, modern Premier Inn hotel investment in Leeds and a further office investment on Trinity Park, Solihull adjacent to the Fund's existing holding. This is one of our top infrastructure locations in the UK, situated next to Birmingham Airport and the new HS2 Interchange Station. In total, this amounted to some £97m of new investment providing an attractive blended yield to PITCH of 5.2%.

The final driver of performance was from asset management with some £1.9m of new rental income added to the portfolio during the year. This included a substantial letting to the FTSE 250 company, Mitie Plc, on the recently refurbished, vacant office at Trinity Park Solihull, which resulted in a ten-year lease at a rent of £800,000 pa. The Fund also completed a 40,000 sq ft warehouse extension for the tenant, ASOS Plc, at West Moor Park, Doncaster which added a further £190,000 of annual income and triggered a lease extension. These initiatives alone added some £10.9m of net valuation gain to the portfolio.

The overall vacancy rate in the portfolio was 8.6% as at 31 December 2021, however, the Fund had a positive end to the year with eight key lettings agreed across 145,000 sq ft. This included the entire remaining vacant floors in the office at Woodbridge Road, Guildford; an 80,000 sq ft letting at the recently refurbished warehouse in Newmarket; four office floors/suites in Manchester, Oxford and Cheltenham; a warehouse letting in Stockport and a retail warehouse letting in Wrexham. In total, this comprises some 4.9% of portfolio rental value and will have the effect of materially reducing the void rate in 2022.

Although capital growth dominated performance in 2021, we were pleased to be able to increase distributions by 7% during the year, (compared to 2020) with a final distribution total of 4 pence per unit. This was partly because of some of the aforementioned asset management initiatives but also due to the impact of carrying less cash following the new purchase activity. We are hopeful that this trend will continue into 2022 as the benefit of a lower void rate also feeds through into the monthly distribution.

One further initiative that will help with this is the refinancing activity that we completed in 2021. This involved the repayment of an old Canada Life loan which was 'out of the money' in terms of its interest rate, which we replaced with a new seven-year facility with Aviva in October at a maximum fixed rate of 2.65%. This had the effect of reducing the weighted cost of borrowings across all three PITCH facilities to 2.7% (from 3.1%) which will be accretive to the yield from new acquisitions.

The new Aviva facility is a 'sustainability-linked loan', which offers up a further 20 basis point reduction to the interest rate in return for delivering various environmental-related improvements to the underlying charged property assets. To date, we have already achieved a reduction of 4 basis points for improving the EPC of the Newmarket warehouse to A (from C) and installing PV solar panels to the roof.

Despite being such an active year in 2021, it was pleasing that we were able to deliver this alongside some significant achievements within our ESG strategy. We set out the key highlights below:

Environmental:

- Introduction of Net Zero Carbon Assessment papers within our acquisition due diligence to identify practical steps and capex requirements to achieving operational net zero. This is due to be rolled out to existing assets in 2022.
- Completion of the first PV solar panel installation on a warehouse in Newmarket. Further initiatives are underway in Stockport with two additional installations planned in 2022.
- 100% of all landlord-controlled utilities are sourced from renewable energy.

Social:

- Mayfair Capital became an accredited Living Wage Employer.
- Continued compliance with the Fund's Ethical Policy.

Governance:

- Strong tenant engagement resulting in improved energy data capture. This now comprises over 50% of the portfolio in terms of gas/electricity usage and GHG emissions.
- 15% increase in GRESB Score to 76 and a first Three Green Stars rating.
- Mayfair Capital became a signatory to the 2020 Stewardship Code.

Looking ahead to 2022 our key ESG focus is to continue to reduce the portfolio's carbon footprint, which will be achieved by increasing our collection of energy data from the Fund's tenants and carrying out further net zero assessments to identify future energy performance improvements to the underlying properties. These initiatives are vital to being able to transition the portfolio to a net zero position, as we set out in further detail within the ESG section of the report.

Despite the exceptionally strong performance delivered in 2022, PITCH has a long term investment objective, commensurate with most charity investors. To that end, our primary goal is to maintain the Fund's ten-year performance track record, which currently stands at 9.1% pa. This comfortably outperforms both its investment objective and the MSCI/AREF UK All Balanced Property Fund Index, providing the second best performance amongst this peer group. This is largely thanks to our thematic investment strategy, the central aim of which is to ensure that the Fund continues to be invested in the right areas of the market to see long term tenant demand and therefore, maintain an income resilient portfolio.

In light of this, we launched a new strategy at the end of 2021 to invest in private residential, principally single family housing, which will be carried out with advice from a specialist advisor. We have committed an initial 5% of portfolio value to this sector to be deployed over the coming two-year period. This sector has typically behaved differently to other commercial sectors, providing long term real rental growth, and will therefore offer something different to the portfolio in the form of increased diversification as well as attractive, stable returns.

As we look forward to 2022 there are a number of risks on the horizon most notably from rising inflation and increased interest rates but also from geo-political risks, which has seen increased volatility across equity markets. Despite these headwinds, we expect property to have another strong year with income return making a greater contribution to overall performance from a supportive economy and continued leasing activity. As we have seen in recent years though, we expect tenants to become more discerning about the type of space they want to occupy, which places a greater emphasis on building quality, location and the underlying property specification. We think that this increases the importance of a thematic investment strategy, one that has served the Fund so well over the past ten years.

I would like to finish by passing on my thanks to the wider PITCH team and all those who have supported and contributed to the Fund over the past year including the external Investors' Committee, JLL, Sanne, Crowe, Cushman & Wakefield and the retained legal advisers, CMS, Pinsent Masons and Dentons.

Simon Martindale
Mayfair Capital Investment Management Limited
April 2022

Statement of Manager's responsibilities

The Trust Deed requires the Manager to prepare accounts for each accounting period which give a true and fair view of the financial affairs of the Fund at the end of that period and of its income and expenditure for the financial year.

In preparing the accounts the Manager is required to:

- Select suitable accounting policies and apply them consistently.
- Follow generally accepted accounting principles.
- Make judgements and estimates that are reasonable and prudent.
- Prepare accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.
- Ensure proper accounting records are kept which enable the Fund to demonstrate that the annual accounts as prepared comply with the above requirements.

The Manager is also responsible for:

- Appointing the auditors of the Fund.
- The maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Manager shall keep or cause to be kept proper books of account and records showing all transactions effected on behalf of the Fund and shall permit the Trustee and its authorised agents from time to time on reasonable notice to examine and take copies of and extracts from such books of account and records.

The Manager shall also, whenever requested to do so, furnish to the Trustee all such information and explanations as the Trustee may require in relation to such transactions or dealings or the conduct of the affairs of the Fund (in so far as such conduct is in the hands of the Manager) and shall produce to the Trustee from time to time on demand all documents in the possession or power of the Manager relating to the matters aforesaid.

The Trustee may accept and shall not be bound to verify information and documents so given or produced by the Manager (including any valuation made or obtained by it for the purposes of the Trust Deed) unless the Trustee has actual notice of any irregularity.

Brackmills Trade Park, Northampton

Environmental, Social & Governance

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Responsible property investment

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

The Property Income Trust for Charities (PITCH) has practiced responsible investment and has had a strict ethical policy since Fund inception in 2005. This reflects Mayfair Capital's longstanding track record of ESG integration as well as the underlying investor base, consisting of a diverse group of charities.

ESG continues to be a critical and strategic priority for PITCH. In August of 2021, Christi Vosloo joined as Head of ESG UK. Christi is the first ESG hire for Mayfair Capital and works closely with the PITCH Fund Team, ensuring that ESG considerations are embedded in all stages of the investment process. All Mayfair Capital employees have ESG and Stewardship Key Performance Indicators (KPIs) included as part of their standard performance objectives, ensuring that financial incentives are linked to ESG performance.

Notably, this past year the PITCH Fund Team completed a roof mounted solar panel installation of 100 kWh on an industrial asset in Newmarket and another project in Stockport is currently underway. In light of future net zero carbon requirements, the evident impacts of climate change and Mayfair Capital's ESG ambitions, we plan to build on our progress this coming year, scaling up our ambitions and actions.

This ESG update outlines progress and actions for the year ended 2021. Year ended 2020 environmental data included in this report has been assured to the AA1000AS Assurance Standard, however year ended 2021 data has yet to undergo formal data assurance.

Responsible Property Investment Policy

We regard Responsible Property Investment (RPI) as a core part of our management approach and define it as the consideration of environmental, social and governance (ESG) issues within our investment process and operations. We integrate ESG criteria, as well as risk factors and financial metrics, into a controlled and structured investment process. We invest selectively, prioritising a high quality of specification on new acquisitions and in the refurbishment and ongoing management of the buildings under our care. We believe this generates long-term risk-adjusted returns, supports climate change mitigation, and aligns our investment goals to those of our investors and stakeholders.

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

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

RPI Principles

E

Environmental
Actively manage and improve the environmental performance and climate related resilience of our real estate investments.

S

Social
Promote safe and healthy buildings which encourage productivity and positive customer experiences for the communities, workers and visitors who use them.

G

Governance
Ensure robust processes are in place to minimise legislative, environmental and social risks and to obtain reliable asset level data throughout the investment cycle, whilst disclosing our activities and progress towards achieving our objectives.

Responsible property investment continued

ESG priorities

One of, if not, the most critical ESG priorities for the real estate sector is the transition to net zero carbon. According to the UK Green Building Council (UKGBC), 80% of buildings in the UK that will exist in 2050 have already been built, signifying the immense challenge of tackling the existing built environment[1]. Research and modelling for the Climate Change Committee (CCC) has outlined that natural gas heating must all but be eliminated for the UK to meet its net zero carbon target by 2050[2].

This past year we have commenced an extensive Group-wide project defining our pathway to net zero carbon, including detailed analysis for PITCH. This has resulted in our parent company Swiss Life Asset Managers committing to a 20% reduction in CO_2 intensity by 2030 in line with the aims of the Paris Agreement[3]. The result of this comprehensive analysis, once finalised for PITCH, will allow us to publicly set out our approach to net zero carbon this coming year. In parallel to this project, we are scaling up our sustainability programme and practical actions in support of our approach to net zero carbon.

These actions include:

1. ESG data – implementation of a data management system and quarterly sustainability programme and reporting

2. On-site renewable energy (e.g. roof mounted solar) – solar feasibility assessment of the existing portfolio and rollout plan for priority assets

3. Reduce reliance on fossil fuels – electrification and decommissioning of oil and gas for heating during refurbishment projects or at system replacement

4. Asset level targets – setting asset level environmental performance targets to drive performance improvements where we have operational control

Living Wage Accreditation

In 2021, Mayfair Capital was accredited as a Living Wage Employer by the Living Wage Foundation. The real Living Wage is the only UK wage rate that is voluntarily paid by almost 9,000 UK businesses who believe their staff deserve a wage which meets basic everyday needs. Mayfair Capital's Living Wage accreditation demonstrates not only a commitment to our employees, but also to those who work in our supply chain, ensuring they are paid the 'real Living Wage'. We recognise a majority of our impact and influence is in the PITCH supply chain. This coming year we plan to develop an implementation plan and apply for Living Wage accreditation for PITCH – ensuring that all those working on behalf of PITCH are paid a wage rate that allows them to meet their basic needs.

Integrating ESG into our investment process

Investment Acquisition

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

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

Environmental

- Energy source, quality of systems, quality of building fabric, data availability, EPC, accreditations, alternate use, flood risk, site contamination, deleterious materials, building resilience, waste and water factors

Social

- Mobility/accessibility, tenant survey, health and wellbeing and social initiatives

Governance

- Green lease clauses and tenant reputation
- Compliance with the PITCH Ethical Policy

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

Improvements & Refurbishments

Undertaking a major fit-out or refurbishment is a complex operation – not just in the execution, but also in the early stages of consideration and planning to ensure that the space created works optimally for tenants, their staff and the buildings' longer term owners.

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

1 The https://www.ukgbc.org/climate-change-2/
2 https://www.theccc.org.uk/publication/living-carbon-free-energy-systems-catapult/
3 https://www.swisslife.com/content/dam/com_rel/dokumente/investors_day/id_2021/03_SL_2024_AM_final.pdf

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

Integrating ESG into operations

Data Management System

As part of our continued efforts to improve environmental data collection, management and performance monitoring, this past year we successfully implemented an ESG data management system called Siera. Siera is the proprietary ESG data management software that is provided by our sustainability advisors EVORA Global.

Tenant data can be particularly difficult to obtain due to the nature of Full Repairing and Insuring (FRI) lease terms, where tenants are responsible for the procurement of their utilities and do not have an obligation to share this data. PITCH holds a relatively high proportion of single let assets on FRI lease terms (with limited landlord control or restricted access to energy data). To further improve our data coverage, we have appointed a third-party to automate tenant data collection, subject to tenant permissions. This technology will automatically collect tenant data directly from the supplier and further support the aim of collecting quality whole building data.

Sustainability Programme

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

Renewable Tariffs

All landlord-controlled assets within the PITCH portfolio are supplied by a 100% renewable tariff. In terms of the current contract, the power used over the course of the year is fully matched with Renewable Energy Guarantees of Origin (REGOs) from wind, solar and hydro sources.

Energy Performance Certificate (EPC)

Energy Performance Certificates (EPCs) cover 100% of the portfolio and 85.4% of the portfolio is rated A-C. As of December 2021, the EPC position has improved since last year as we have reduced the number of D rated properties through a combination of asset improvements and sales.

In light of the Minimum Energy Efficiency Standard (MEES) regulation, this information is critical from a compliance perspective as, since April 2018, landlords are unable to let properties with F & G ratings. From 1 April 2023, this is expanded to capture all existing lettings. In addition, The government's 2019 consultation on a future regulatory target for the Non-Domestic Private Rented Sector of EPC B by 2030 gained large support. As a result, the 2020 Energy white paper confirmed that the future trajectory for non-domestic minimum energy efficiency standards (MEES) will be EPC B by 2030

EPC Rating	Portfolio by floor area %
A	19.7%
B	20.7%
C	45.0%
D	14.5%
E	0.1%
F	0%
G	0%
Exempt	0%
No EPC	0%
Coverage	100%

Notes:

- EPC data included in this report is valid as of 31 December 2021 and covers 100% of assets under management in PITCH.

- EPC E - 0.1% refers to a small restaurant unit that is currently vacant but will be refurbished on re-letting to receive an enhanced EPC.

- The Fund team maintains close oversight of the EPCs and reviews these on a regular basis.

- As of April 2018, it is unlawful to lease any property that does not meet the Minimum Energy Efficiency Standards (MEES). At this stage the minimum energy efficiency standard is an EPC E rating.

Responsible property investment continued

Compliance

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

External consultants provide further support with compliance updates, briefings and regular ESG training sessions for Mayfair Capital.

Environmental Performance Data (Unaudited)

The tables below set out the Funds environmental performance for the 2020 and 2021 calendar year. Please see pages 24 and 25 for all methodological notes relating to this data.

	Absolute (kWh)		Like-for-like (kWh)		
	2020	2021	2020	2021	Change (%)
Gas	2,181,783	1,824,091	1,762,404	1,518,403	-13.84%
Coverage	6	5		4	
Electricity	3,572,592	3,154,366	3,106,280	2,788,996	-10.21%
Coverage	16	16		13	
Total	**5,754,375**	**4,978,458**	**4,868,684**	**4,307,399**	**-11.53%**
Energy Intensity (kWh/m^2)	90.19	78.03	97.24	86.03	-11.53%

	Absolute (tCO_2e)		Like-for-like (tCO_2e)		
	2020	2021	2020	2021	Change (%)
Scope 1 (location based)	378	335	309	279	-9.71%
Scope 2 (location based)	743	649	644	572	-11.18%
Total	**1,121**	**984**	**953**	**851**	**-10.70%**
Scope 2 (market based)	0	0	0	0	0
GHG Emission Intensity (tCO_2e/m^2)	0.02	0.0158	0.0255	0.0201	-21.18%

	Absolute (m^3)		Like-for-like (m^3)		
	2020	2021	2020	2021	Change (%)
Water	19,301	3,711	1,166	336	-71.18%
Coverage	10	8		1	
Water Intensity (m^3/m^2)	0.4094	0.0787	0.3554	0.1023	-71.22%

	Absolute (tonnes)		Like-for-like (tonnes)		
	2020	2021	2020	2021	Change (%)
Waste	226.9	101.2	152	91.3	-39.93%
Incinerated	108.2	40.2	108.2	32.9	-69.59%
Recycled	118.7	53.3	43.8	50.7	15.75%
Anaerobic digestion	0	7.7	0	7.7	–
Diverted from landfill (%)	100%	100%	100%	100%	0%

Environmental Performance Data Continued (Unaudited)

	Absolute (kWh)											
	Total		Office: Corporate: Mid-Rise Office		Office: Corporate: Low-Rise Office		Retail: Retail Centers: \Warehouse		Retail: High Street		Industrial: Distribution Warehouse	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Gas	2,181,783	1,824,091	172,948	268,263	2,007,249	1,555,828	0	0	1,586	0	0	0
Coverage	6	5	1	1	4	4	0	0	1	0	0	0
Electricity	3,572,592	3,154,366	842,019	1,021,552	2,592,952	2,061,351	37,304	37,411	92,530	32,109	7,786	1,943
Coverage	16	16	2	2	8	8	3	3	2	2	1	1
Total	**5,754,375**	**4,978,458**	**1,014,967**	**1,289,815**	**4,600,201**	**3,617,179**	**37,304**	**37,411**	**94,116**	**32,109**	**7,786**	**1,943**

	Absolute (tCO_2e)											
	Total		Office: Corporate: Mid-Rise Office		Office: Corporate: Low-Rise Office		Retail: Retail Centers Warehouse		Retail: High Street		Industrial: Distribution Warehouse	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Scope 1 (location based)	378	335	29	49	349	286	0	0	0	0	0	0
Scope 2 (location based)	743	649	179	217	535	417	8	8	20	7	2	0
Total	**1,121**	**984**	**207**	**266**	**884**	**703**	**8**	**8**	**20**	**7**	**2**	**0**
Scope 2 (market based)	0	0	0	0	0	0	0	0	0	0	0	0

	Absolute (m^3)											
	Total		Office: Corporate: Mid-Rise Office		Office: Corporate: Low-Rise Office		Retail: Retail Centers: Warehouse		Retail: High Street		Industrial: Distribution Warehouse	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Water	19,301	3,711	7,274	1,132	12,016	2,577	0	0	11	2	0	0
Coverage	10	8	1	1	8	6	0	0	1	1	0	0

Terminology

Scope 1	Direct greenhouse gas emissions from owned or controlled sources e.g. landlord-controlled consumption of fuels.
Scope 2	Indirect greenhouse gas emissions from purchased or acquired electricity, steam, heat and cooling.
Scope 3	All other indirect greenhouse gas emissions
Market-based	A market-based method reflects emissions from energy that companies/funds have purposefully chosen. It derives emission factors from contractual agreements i.e. where a Fund is on a renewable tariff.
Location-based	A location-based method reflects the average emissions intensity of grids on which energy consumption occurs, regardless of the presence of green energy contracts.

Methodological Notes:

Scope and boundaries

- All environmental performance data reported relates to the 2020 and 2021 calendar years.
- Environmental data reported only relates to assets within the Funds operational control, where it has the full authority to introduce and implement operating policies and where the Fund is responsible for payment of utility invoices and/or arrangement of waste disposal contracts.
- The data presented covers 17 assets, covering 63,800m^2 of floor area for which Mayfair Capital has operational control. These assets fall within the office, retail, and industrial sectors.

Methodology

- Greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol and reported as tonnes of CO_2e.
- Absolute data: relates to absolute consumption for assets that were purchased and/or sold during the reporting period and where the Fund held operational control.
- Like-for-Like data: relates to consumption data that excludes assets that were not in ownership for the 24 months of the reporting period, assets that have undergone significant change to a degree that would unjustly skew the data set, or where there was insufficient data coverage over the reporting period.
- Like-for-like analysis considers performance for assets held for the complete duration of 2020 and 2021. It is not adjusted to take occupancy and weather variations into account. This methodology is aligned with the GRESB approach. Landlord procured energy consumption patterns are also heavily influenced by tenant activities. Increased tenant activity, for example, will place a higher demand on building services (heating and cooling) and this can increase landlord energy consumption.
- No environmental performance data has been estimated in this analysis.

Scope 3

The majority of the PITCH portfolio scope 3 emissions are a result of energy consumption by tenants. Efforts are made to obtain this information on an annual basis to further improve data coverage and understanding of the Fund environmental performance. This report only relates to environmental performance data for assets within our operational control, as a result, the performance data in this section may vary to that reported to the Global Real Estate Sustainability Benchmark (GRESB).

Units of measurement and emission factors

- Intensity calculations: intensities have been calculated for energy (kWh/m^2), water (m^3/m^2) and CO_2 emissions (tCO_2e/m^2). Floor area meter coverage (m^2) has been used as the denominator for intensity for all sector types. These figures are given for both absolute and like-for-like consumption. Like-for-like performance intensity data excludes assets that were not in ownership for the 24 months of the reporting period, and those with insufficient data coverage over the reporting period.
- Emissions have been calculated using a location-based methodology. Location based emissions factors reflect the average emissions intensity of grids on which energy consumption occurs, regardless of the presence of green energy contracts. The carbon factors used have been sourced from the UK Governments 'Greenhouse gas reporting: conversion factors for 2020 and 2021' as outlined in the table below.

Greenhouse gas emissions conversion factors and sources

Country	Emissions Source	GHG emissions factor	Emissions factor data source
United Kingdom	Electricity 2020	0.2333 kgCO_2e	UK Government Greenhouse gas reporting: conversion factors 2020
	Electricity 2021	0.2123 kgCO_2e	UK Government Greenhouse gas reporting: conversion factors 2021
	Gas 2020	0.184 kgCO_2e	UK Government Greenhouse gas reporting: conversion factors 2020
	Gas 2021	0.183 kgCO_2e	UK Government Greenhouse gas reporting: conversion factors 2021

Additional commentary

- Energy – In some sectors, namely high-rise offices, retail and industrial, a like-for-like increase was observed in energy consumption, likely due to the relaxation of COVID-19 restrictions and increase in occupancy associated with a return to usual operational hours. However, an overall 10% decrease in electricity has been observed, primarily driven by large decreases in consumption amongst the low-rise office sub sector. While some assets within the subsector have seen an increase in consumption due to the reasons above, a multi-let office (which constitutes 42% of overall like-for-like electricity data within the subsector) has reported a 36% decrease. Similarly, the low-rise office sub-sector also drove the significant 14% decrease in gas consumption, due to trends observed at two particular assets.
- Greenhouse gas – Overall like-for-like carbon emissions have fallen by 9.7% for Scope 1 and 11.2% for Scope 2. These figures are closely linked to electricity and gas consumption respectively, although changes in carbon factors between 2020 and 2021 mean that the figures reported differ slightly.
- Water – there is only one asset for which we have like-for-like data, due to water invoices generally being issued on a bi-annual basis. A sizeable decrease in water consumption was reported from July 2021, which continued for the remainder of the year.
- Waste – Overall there has been a 40% reduction in total waste generated. Like-for-like recycling rates increased from 29% to 56% in 2020 and 2021 respectively and anaerobic digestion which was introduced in 2021, now accounts for 8% of waste. Incineration accounted for 71% of like-for-like waste in 2020 but just 36% in 2021. It should be noted that 100% of waste is diverted from landfill.

Assurance

- Environmental data is assured on an annual basis as part of the annual PITCH GRESB submission process. YE 2020 environmental data has been assured to the AA1000AS Assurance Standard. YE 2021 environmental data has been externally reviewed, but has not been assured. YE 2021 environmental data will be assured as part the 2022 GRESB submission process.
- Should there be an improvement in data coverage or quality, following the publication of this report, we will restate our environmental data in our next available environmental reporting.

ESG Engagement

Tenants

In order to improve data collection across the portfolio, and to foster collaboration and engagement with tenants on ESG matters, we seek to incorporate green lease terms in all leases. Green lease clauses are included in the standard lease offered as part of all new lettings, typically these clauses cover information sharing, collaboration and co-operation with the landlord to support improvement works and to ensure that the EPC is improved or maintained.

We also undertake regular tenant surveys to seek formal feedback to improve assets in line with tenant requirements and sustainability expectations. PITCH benefits from having an intentionally leaner portfolio of assets, allowing the Fund team to foster close tenant relationships to obtain direct and actionable feedback from occupiers about their future requirements.

We continue to offer the £5,000 PITCH Charity Award which encourages our tenants to actively support charities that are local to them by providing money to either enhance their fundraising or facilitate their own charity causes. This year, given the devastating events occurring in Ukraine we have made the decision to donate the award to the Ukraine Emergency Appeal which is being run by the Methodist Church's independent disaster relief charity, All We Can. The funds will be utilised to provide much needed aid to Ukrainian refugees providing psychosocial support, non-food items, medicine, water, food, hygiene products and shelter.

Suppliers

As part of standard practice, Mayfair Capital conducts regular supplier sustainability reviews to ensure suppliers are meeting sustainability expectations. Last year, a review was conducted of all material PITCH suppliers with the responses assessed to ensure minimum standards and expectations are maintained. The supplier review covers topics including (but not limited to): Diversity & Inclusion, anti-bribery, human rights and modern slavery, Living Wage, community impact, supply chain risk, environmental policies, sustainable procurement and health and safety.

Responsible property investment continued

Industry initiatives and reporting

Global Real Estate Sustainability Benchmark (GRESB)

The Global Real Estate Sustainability Benchmark (GRESB) has developed over the past several years to become the dominant measure or benchmark for assessing Environmental, Social and Governance (ESG) performance for property funds. PITCH has participated in GRESB for the past 8 years and we have made substantial progress over this period. In 2021 the Fund achieved a score of 76 (out of 100) and gained an additional Green Star to achieve 3-star status. The Fund Team and the property managers are focussed on driving the sustainability programme forward through implementation of asset level initiatives that improve the ESG credentials of the assets and further support GRESB reporting. PITCH intends to participate in GRESB in 2022 for the 9th consecutive year.

Please find the 2021 GRESB Results Report available **here**

United Nations Principles for Responsible Investment (UNPRI)

Mayfair Capital has been a signatory to UNPRI since 2017, and in 2020, our PRI submission and reporting was combined with that of our parent company, Swiss Life. The Group UNPRI response was rated an A+ for both Strategy and Governance.

Please find the Swiss Life UNPRI transparency report available **here**

Task Force on Climate-related Financial Disclosures (TCFD)

Mayfair Capital and PITCH are acutely aware of both the physical and transition risks posed as a result of climate change. Mayfair Capital is a subsidiary of Swiss Life Asset Managers (SLAM) and the Group have been supporters of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2018 and are reporting in line with the recommendations.

Please find the Swiss Life response to TCFD available **here**

The TCFD response is also included within the Swiss Life Asset Managers Responsible Investment Report available **here**

Other industry initiatives

As part of the wider Swiss Life Group, we play an active role in a number of industry bodies and memberships that support the advancement of ESG within the real estate sector.

The full list of industry memberships is available **here**

Portfolio Activity

Newmarket Business Park, Newmarket

Acquired by PITCH in 2006, this property comprises a high bay warehouse extending to 70,429 sq ft. In April 2021, the Fund commenced a £1.1m refurbishment with the aim to deliver a net zero building and improve the value of the asset through a high quality letting.

This refurbishment included:

- 100 kWh roof-mounted solar installation
- Removal of gas and installation of new electric powered heating/cooling system
- Installation of new Electric Vehicle (EV) car charging points
- EPC improvement to A from C

Prior to completion of the refurbishment the property was put under offer to a new tenant which is committing to a long lease and at a rent 38% ahead of the previous passing level.

Newmarket Business Park, Newmarket

Binsey House, Wallbrook Court, Oxford

Wallbrook Court was constructed in 1989 and comprises four linked office buildings.

Binsey House comprises 5,300 sqft arranged over ground and first floors and has been occupied continuously by a single tenant for over 30 years. Consequently, when it finally became vacant it was in need of substantial upgrading as both the M&E and building facilities were beyond their useful life. The EPC was C67.

We undertook a complete refurbishment including:

- Full strip out to provide open plan offices with new ceilings which has greatly improved the natural light and flexibility of the space.
- The old gas central heating system was removed and replaced with a new efficient HVAC heating and cooling system incorporating a heat recovery ventilation system.
- New LED lighting was installed throughout with PIR sensors and WCs and showers were replaced.
- New windows were installed and the thermal insulation to the roof was upgraded.

As a result of the above, the EPC for the property has increased to A24. Shortly after refurbishment, a new letting was agreed to at a significantly enhanced rent.

Binsey House, Wallbrook Court, Oxford

PITCH Ethical Policy

The Property Income Trust for Charities (PITCH) adheres to a responsible investment policy in the management and investment of the Fund, with a particular focus on the underlying charitable purpose of its investor base.

Many charities have their own ethical policies measured alongside their mission or charitable objectives. Whilst a pooled Fund such as PITCH cannot adhere to each investor's policy requirements in every case, it is important for its own ethical policy to provide a clear and transparent set of ethical guidelines that are adhered to in the management of the property portfolio.

Due diligence screening of tenants is carried out by PITCH's Fund management team at the time of acquisition of a property and then reviewed across the portfolio on a quarterly basis. This is reported to both Mayfair Capital's Investment Risk Committee and the Fund's external Investors' Committee who meet with the Manager on a quarterly basis.

The Investors' Committee includes representatives from a religious body and from one university. These charities are at the forefront of ethical investment. The Investors' Committee monitors the tenants in the property portfolio, according to the Fund's stated policy, and ensures that none are involved in any activity which would likely bring the Fund into disrepute with its investors or wider stakeholders.

This includes companies whose primary business is in the production of alcohol, tobacco, armaments, gambling, pornography and the sex industry. Those companies that are involved in other industries that may be considered by the Investors' Committee appropriate for exclusion or restrictions are assessed on a case by case basis.

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

Ethical Policy	Comment	% of Fund Income[1]
Alcohol production or consumption (we hold no pubs, bars or wine merchants as tenants)	The Fund holds several restaurants: Las Iguanas, Pizza Express, Côte, Café Rouge and Zizzi.	<2%
Gambling	None	0%
Manufacture or sale of armaments	None	0%
Manufacture or sale of tobacco products	None	0%
Pornography or the sex industry	None	0%
Other activities deemed to be unacceptable from time to time	None	0%

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

Governance

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

Industry Standard Reporting

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

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

Alternative Investment Fund Managers Directive (AIFMD)

The AIFMD was transposed into UK Law on 22 July 2013. The Manager is authorised by the FCA to manage both authorised and unauthorised Alternative Investment Funds (AIFs). PITCH is considered an AIF and as such the Manager is required to comply with the disclosure, reporting and transparency obligations of the AIFMD.

The Manager's remuneration Policy:

- aims to promote sound and effective risk management and discourage risk-taking that exceeds the level of risk tolerated by the Manager and the AIFs it manages
- is in line with the business strategy, objectives, values and long-term interests of the Manager, the AIFs and their investors
- aims to reward performance and retain talented employees

The Manager has established a Remuneration Committee to ensure the requirements of the AIFM Remuneration Code are met proportionately for AIFM Remuneration Code Staff.

The aggregate total remuneration paid to the AIFM Remuneration Code Staff of The Manager for the accounting period was £1,354,960 (2020: £1,693,882), all of which was paid to senior management. The AIFM Remuneration Code Staff provide services to other funds managed or advised by the Manager, and are included in this disclosure as their professional activities are considered to have a material impact on the risk profile of the Manager and/or PITCH.

Mayfair Capital Investment Risk Committee

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

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

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

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

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

Governance continued

PITCH Investors' Committee

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

The IC approves all transactions (both acquisitions and sales) and also monitors risk parameters on a quarterly basis. It includes representatives from a religious body and one university. These charities are at the forefront of ethical investment. The IC monitors the tenants in the property portfolio, according to the Fund's stated policy, and ensures that none are involved in any activity which would likely bring the Fund into disrepute with its investors or wider stakeholders. This would include careful consideration of those companies whose primary business is in the production of alcohol, tobacco, armaments, gambling, pornography and the sex industry or involved in other matters that may also be considered by the IC to be relevant and are therefore judged on a case by case basis. Further details of the current members of the Investors Committee are shown on page 8.

UK Stewardship Code

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

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

Consistent with our long history of stewardship and responsible investment, Mayfair Capital has adopted the Principles of the UK Stewardship Code 2020 and was approved as a signatory to the code in September 2021. The Code recognises the importance of effective stewardship among asset managers, institutional investors and other stakeholders and identifies the challenges involved in good stewardship. It aims to address these obstacles by developing a 'Stewardship Framework' which Mayfair Capital is implementing through its approach to governance.

Newmarket Business Park, Newmarket

Properties

5

New purchases

Industrial

Rockingham Gate, Avonmouth

A terrace of four well specified "mid box" industrial units totalling 104,000 sq. ft in the prime logistics estate of Cabot Park, Avonmouth. The purchase of £15.9m occurred in April 2021 and reflects an initial yield of 4.3% rising to 5.2% in 2021 upon completion of outstanding reviews.

Brackmills Trade Park, Northampton

A new build warehouse and trade counter asset acquired in May 2021 for £15.6m reflecting a yield to the Fund of 4% and reversionary yield of 4.5%. The property comprises 14 units totalling 67,000 sq ft and occupies a prominent location in the heart of the well-established Brackmills Industrial Estate, within a short drive of the M1 Motorway.

Retail Warehousing

Interchange Retail Park, Bedford

A high quality, discount-led retail park in Bedford for £14.9m providing an attractive yield to PITCH of 5.9%. The location is highly thematic on account of the planned Oxford-Cambridge arc railway line and significant population growth; two factors which are expected to materially boost consumer spending over the next few years.

The Place, Milton Keynes

The Fund completed this retail warehouse acquisition in October 2021 for £20.4m providing a yield to PITCH of 5.7%. The property is let to Currys, Aldi, American Golf and Starbucks providing a weighted unexpired lease term of 7.4 years with 40% of the income subject to indexation.

Office

T1, Trinity Park, Solihull

An office building on Trinity Park, acquired in December 2021 for £14m reflecting an attractive yield to the Fund of 6.9%. The multi let property sits adjacent to an existing holding (T2) which was recently let to Mitie following comprehensive refurbishment.

Other

Premier Inn, Leeds

A new 136 bed hotel investment let to Premier Inn (with a Whitbread Plc guarantee) occupying a prime city centre location. The property was acquired in December 2021 for £16.1m, which is a yield to PITCH of 4.2%. The property provides attractive long income with an unexpired lease term of 15 years to the break option.

Sales

Industrial

Royal Mail, Peterborough

Yeovil Industrial Estate, Yeovil

South Marston Park, Swindon

March Foods, March

Thameside Park, Dukinfield

Southmoor Lane, Havant

Retail

Lord Street, Southport

Fore Street, Taunton

Alternative Sales (Indirect)

Unite Students, USAF

Office

Centenary House, Basingstoke

The Parks, Haydock

Properties held

Industrial

Property	Town	Principal Tenants	Region	Completion
Units 1A, 1B & 1C New Hythe Business Park	Aylesford	British Telecommunications	South East	09/06/2011
Winchester Road Trade Park	Basingstoke	Various	South East	16/04/2015
Units 1 & 2 Langley Connect	Langley	Premier Forest Products	South East	08/10/2010
Bartley Point	Hook	Various	South East	01/10/2015
Thatcham Unit, Colthrop Lane	Thatcham	Thatcham Research	South East	23/12/2009
Rockingham Gate, Cabot Park	Avonmouth	Various	South West	27/04/2021
Unit 1, Bristol Distribution Park, Hawkley Lane	Bristol	DHL International (UK)	South West	04/03/2005
Trelleborg Unit, Tewkesbury Business Park	Tewkesbury	Trelleborg Sealing Solutions UK	South West	07/12/2007
Rehau	Runcorn	Rehau	North West	05/02/2016
Units A-D, Orion Business Park	Stockport	Various	North West	01/12/2020
Phases I & II, Trax Park	Doncaster	Wincanton Holdings	Yorks & Humberside	17/09/2014
1 Yorkshire Way, West Moor Park	Doncaster	ASOS	Yorks & Humberside	25/06/2015
Unit G, Century Park	Wakefield	Sportswift	Yorks & Humberside	03/07/2013
Brackmills Trade Park, Caswell Road	Northampton	Various	East Midlands	21/05/2021
The Big Berry, Berry Hill Industrial Estate	Droitwich	Antolin Interiors	West Midlands	29/06/2018
Unit DC2, Sideways Park	Stoke-on-Trent	Simarco International	West Midlands	26/10/2020
Plot 1, Newmarket Business Park	Newmarket	Smiths News Trading	Eastern	10/07/2015
Plots 2-4, Newmarket Business Park	Newmarket	Vacant	Eastern	28/04/2006
Plot 8, Newmarket Business Park	Newmarket	Mr Fothergill's Seeds	Eastern	10/07/2015
Plots 9-11 Newmarket, Unit A	Newmarket	Tristel	Eastern	08/02/2019
Plots 9-11 Newmarket Business Park, Unit B	Newmarket	Cosentino UK	Eastern	05/10/2018
Plot 100, Oaks Drive	Newmarket	Lind US	Eastern	21/12/2018

Trax Park, Doncaster

Bartley Point, Hook

3 Capital Quarter, Cardiff

Properties held continued

Offices

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


T1, Trinity Park, Solihull


Booth Street, Manchester


Brewery Wharf, Leeds

Retail

Property	Town	Principal Tenants	Region	Completion
Cote, High Street	Esher	Cote Restaurants	South East	23/08/2017
Zizzis, Gandy Street	Exeter	Azzurri Restaurants	South West	02/08/2017
Units 3.1-3.4, Peninsula Square	Greenwich	Various	Rest of London	31/01/2014
M&S, Winchmore Hill Road	Southgate	M&S	Rest of London	22/12/2020
Albion Place	Skipton	Various	Yorks & Humberside	01/07/2014

Retail Warehouse

Property	Town	Principal Tenants	Region	Completion
Interchange Retail Park	Bedford	Various	South East	30/09/2021
The Place	Milton Keynes	Various	South East	05/11/2021
Widnes Trade Park	Widnes	Various	North West	20/06/2014
Pudsey Road, Hough End	Leeds	Wickes Building Supplies	Yorks & Humberside	07/12/2009
Lady Bay	Nottingham	Various	East Midlands	17/01/2017
Tunnel Drive	Redditch	Matalan Retail	West Midlands	22/12/2011
Western Way Retail Park	Bury St Edmunds	B&M/The Range	Eastern	20/12/2018
Border Retail Park	Wrexham	Various	Wales	30/06/2015


Winchmore Hill Road, Southgate


Interchange Retail Park, Bedford


The Place, Milton Keynes

Other

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


Whitehall Plaza, Leeds

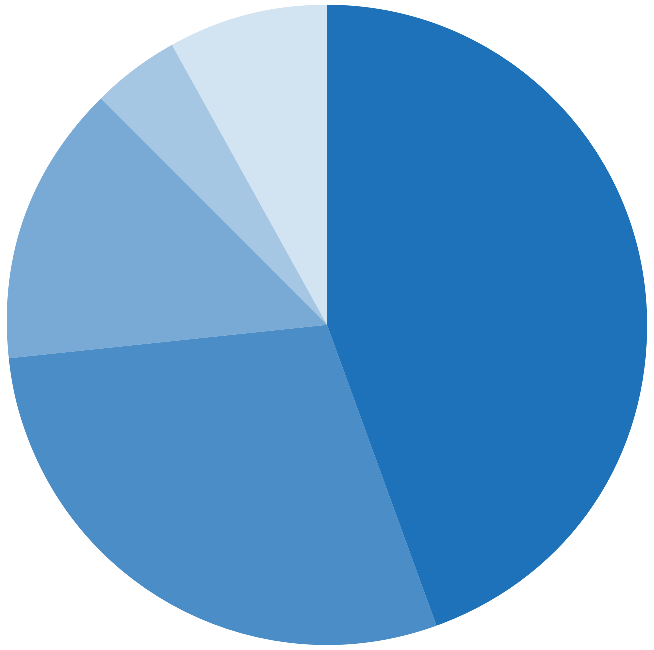

Brookfield Care Home, Oxford


Queens Road, Norwich

Portfolio analysis

As at 31 December 2021

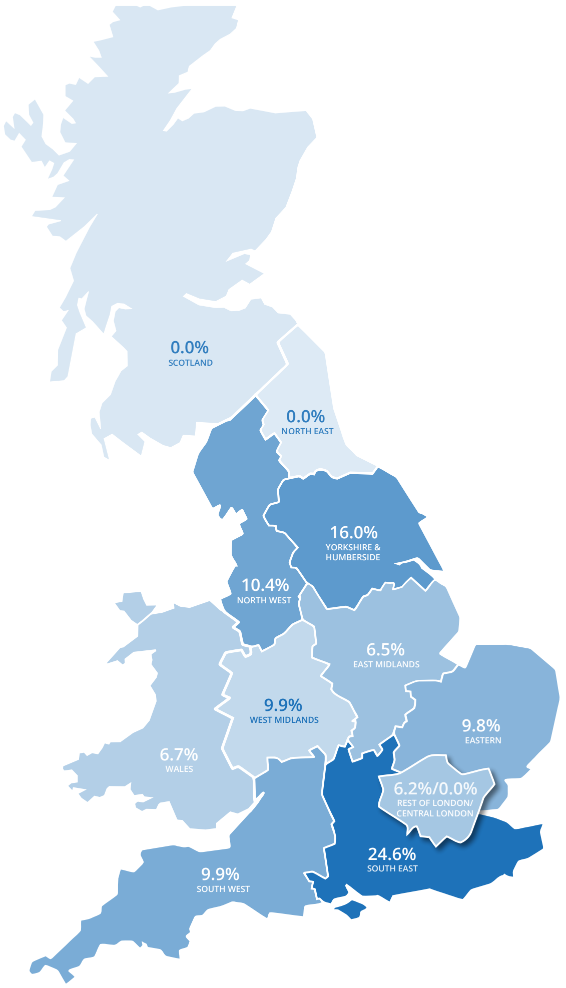
Portfolio by sector



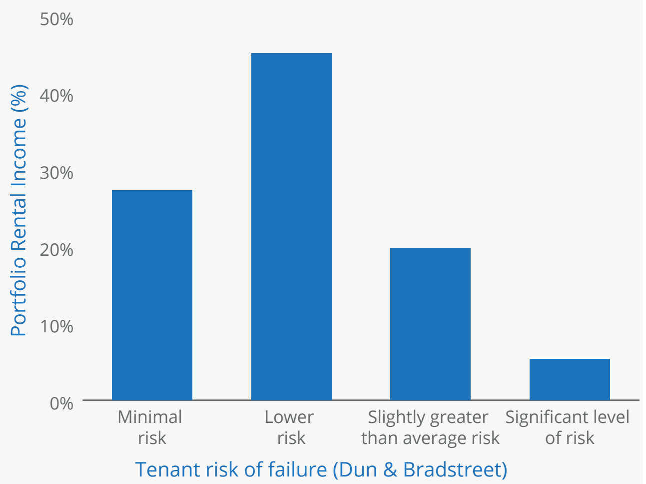
Industrial	44.5%
Office	28.9%
Retail warehouse	14.3%
Retail	4.3%
Other	8.0%

Note: including indirects

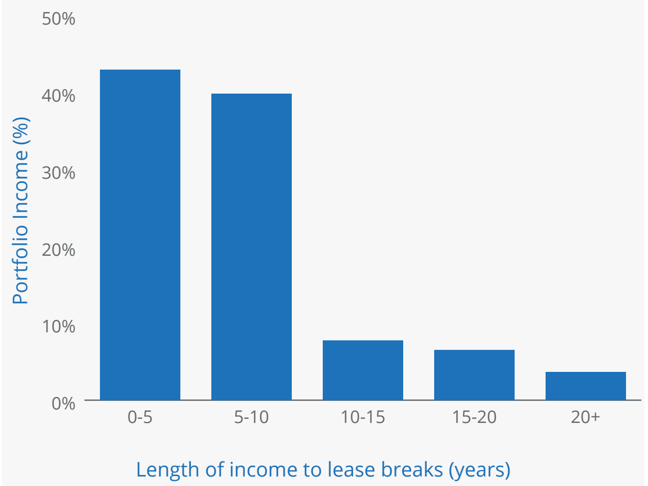
Portfolio locations



Portfolio by Covenant Rating



Portfolio by Unexpired Lease Profile



Source: Mayfair Capital Investment Management Limited (31/12/2021)

Five largest assets

(by value)

Doncaster, West Moor Park	4.4%
Doncaster, Trax Park	4.3%
Newmarket	4.1%
Cardiff, Capital Quarter	3.9%
Hook	3.6%

Five largest tenants

(by income)

CDS Ltd t/a The Range	5.5%
Premier Inn Hotels Ltd	5.3%
EUI Limited t/a Admiral	4.7%
Wincanton Holdings Ltd	4.3%
Sky CP Ltd	3.5%

Upper quartile Fund performance over 5 and 10 years

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

8.6%	£763m	4.1%
Vacancy Rate	Fund Size (GAV)	Fund Yield (Rolling 12-months as a % of NAV)

Secure Income

74.8% of the portfolio let to low or minimal risk tenants (based on credit rating)

(Dun & Bradstreet)

Source: Mayfair Capital Investment Management Limited (31/12/2021)

Financials

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Independent auditor's report

to the Unitholders of Property Income Trust for Charities

Opinion

We have audited the financial statements of Property Income Trust for Charities for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Change in Net Assets, Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Manager is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Manager

As explained more fully in the Statement of Management's Responsibilities set out on page 16 the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Independent auditor's report continued

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the Unit Trust's unit holders as a body, in accordance with our agreed terms of engagement. Our audit work has been undertaken so that we might state to the unit holders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Unit Trust and the unit holders members as a body, for our audit work, for this report, or for the opinions we have formed.

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

27 April 2022

Statement of comprehensive income

For the year ended 31 December 2021

	Notes		2021 £'000		2020 £'000
Net capital gains/(losses)	3		103,734		(33,089)
Movement in unamortised tenant incentives	3		(2,127)		232
			101,607		(32,857)
Revenue	4	31,663		30,920	
Expenses	5	(6,454)		(7,522)	
Net income before interest payable and similar charges		25,209		23,398	
Interest payable and similar charges	6	(2,352)		(2,598)	
			22,857		20,800
Total return/(loss) before distribution			**124,464**		**(12,057)**
Distributions	7		(27,128)		(25,074)
Change in net assets attributable to unitholders from investment activities			**97,336**		**(37,131)**

Continuing operations

All items dealt with in arriving at the result for the year ended 31 December 2021 and for year ended 31 December 2020 relate to continuing operations.

There is no other comprehensive income other than that listed above for the year ended 31 December 2021 (year ended 31 December 2020: nil).

The Accounting policies and Notes on pages 47 to 55 form part of these financial statements.

Statement of financial position

As at 31 December 2021

	Notes	31 December 2021 £'000	31 December 2021 £'000	31 December 2020 £'000	31 December 2020 £'000
Fixed Assets					
Investment properties	8	691,987		560,039	
Investment in unit trusts	9	–		21,169	
			691,987		**581,208**
Current assets					
Debtors	10	28,013		13,609	
Cash at bank		59,764		66,631	
		87,777		**80,240**	
Creditors: amounts falling due within one year	11	(16,780)		(42,703)	
Net current assets			**70,997**		**37,537**
Total assets less current liabilities			**762,984**		**618,745**
Creditors: amounts falling due after more than one year	12		(92,248)		(50,488)
Net assets			**670,736**		**568,257**
Net assets attributable to unitholders			**670,736**		**568,257**

These financial statements were approved by the Manager on 27 April 2022 and signed on its behalf by:

Mayfair Capital Investment Management Limited

The Accounting policies and Notes on pages 47 to 55 form part of these financial statements.

Statement of change in net assets attributable to unitholders

For the year ended 31 December 2021

	2021 £'000	2020 £'000
Opening net assets attributable to unitholders	**568,257**	**584,824**
Amounts receivable on creation of units	42,450	40,066
Amounts payable on redemption of units	(37,307)	(19,502)
Change in net assets attributable to unitholders	97,336	(37,131)
Change net assets attributable to unitholders	**670,736**	**568,257**

The Accounting policies and Notes on pages 47 to 55 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2021

	£'000	2021 £'000	£'000	2020 £'000
Cash flows from operating activities				
Net revenue	22,857		20,800	
Loan interest payable	2,143		2,371	
Loan cost amortisation	209		227	
Bank interest received	(14)		(188)	
(Increase)/decrease in debtors	(8,358)		1,439	
Increase in creditors	430		129	
		17,267		**24,778**
Cash flows from investing activities				
Purchase of investment property	(96,714)		(39,138)	
Sale proceeds from investment property	68,418		18,824	
Capital expenditure on existing properties	(7,934)		(4,254)	
Sale proceeds from units in unit trusts	21,169		6,948	
Interest received	14		188	
		(15,046)		**(17,432)**
Cash flows from financing activities				
Loan interest paid	(2,267)		(2,384)	
Loan received	42,080		–	
Loan issue costs	(575)		–	
Loan repayment	(24,700)		–	
Distributions paid	(27,311)		(25,998)	
Cash received for new units	40,993		21,062	
Units redeemed	(37,307)		(19,502)	
		(9,087)		**(26,822)**
Decrease in cash and cash equivalents		**(6,866)**		**(19,476)**
Cash and cash equivalents at beginning of year		**66,631**		**86,107**
Cash and cash equivalents at end of year		**59,764**		**66,631**

	2021	2020
Reconciliation to net revenue		
Distribution expense	27,128	25,074
Capital expenses	(4,271)	(4,274)
	22,857	**20,800**

The Accounting policies and Notes on pages 47 to 55 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

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'). The financial statements of the Trust have been prepared on the going concern basis under the historical cost convention. The principal accounting policies adopted are described below:

Financial Instruments

The Fund only enters into basis financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties.

Valuation of investment property

The freehold and leasehold investment properties were valued by the Fund's independent valuers, Cushman & Wakefield, as at 31 December 2021, on the basis of Market Value in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS".

Acquisitions and disposals

Proceeds from the sale of properties are recognised when the risks and rewards of ownership have been transferred to the purchaser. This is generally considered to be on completion of the sale. Gains or losses on the sale of property are included under net capital gains in the Statement of Comprehensive Income. The book cost of an asset consists of the purchase price, related legal fees, survey fees, agents' costs, certain refurbishment costs and other associated professional costs.

Income and expenditure

Rental income, interest and expenditure are accounted for on an accruals basis net of VAT.

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

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

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

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

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

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

Rental income is recognised on a straight-line basis over the term of the lease even if payments are not made as such. Lease incentives are spread on a straight-line basis from the lease start date until the end of the lease.

Capital contributions paid to tenants are shown as a debtor and amortised in line with the provisions of FRS 102. The valuation of the investment properties is reduced by all amortised lease incentives in accordance with accounting standards.

Notes to the financial statements continued

1. Accounting policies (continued)

Income and expenditure (continued)

In accordance with the Trust Deed, Fund manager, administrator and several other fees are treated as capital expenses. They are reported within expenditure in the Statement of Comprehensive Income but are not taken into account in determining the Fund's distributable income, instead being taken to the capital expenses reserve. The effect of this treatment is to increase income distributions and reduce the Fund's Net Assets by the value of such expenses each year. Property investment transaction costs as outlined above are capitalised and reported as part of the net capital gain or loss in the Statement of Comprehensive Income.

Distributions

It is the policy of the Fund to distribute all income net of revenue expenses to the unit holders monthly.

Taxation

As an exempt unauthorised unit trust whose investors are all charities, the fund qualifies for exemption from tax on capital gains. Accordingly no tax reconciliation note is included.

Depreciation

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

Bank Borrowings

Interest bearing bank loans are recorded at proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are recognised on an accruals basis. Issue costs are amortised over the period to the date of expiry of the facility agreement.

Going Concern

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

There has been significant recovery in most of the UK commercial property market subsequent to COVID-19 and as such the Manager now considers the risk from COVID-19 to be low. Of greater concern is the impact of inflation on the UK economy. There is general economic uncertainty in respect of this and as to how the government will respond and the impact that any response will have on the commercial property market. The Manager has considered the potential impact of this and considers the Fund to be well placed to mitigate these risks and meet the Fund's liabilities as they fall due.

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

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

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

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

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

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

3. Realised & unrealised capital gains/(losses)

	2021 £'000	2020 £'000
Net unrealised gains/(losses) on investment property	97,407	(30,795)
Movement in unamortised tenant incentives	2,127	(232)
Net realised gains on investment property	4,359	110
Net realised (loss)/gain on investment in unit trust	(159)	514
Net unrealised loss on investment in unit trust	–	(2,686)
Total	**103,734**	**(33,089)**

4. Revenue

	2021 £'000	2020 £'000
Rental income	29,712	30,525
Investment income	688	4
Interest received	14	188
Other income	1,249	203
Total	**31,663**	**30,920**

5. Expenses

	2021 £'000	2020 £'000
Charged to income:		
Legal and professional fees	357	329
Bank charges	26	34
Premises expenses	1,800	2,885
	2,183	3,248
Charged to capital:		
Investor committee	51	44
Trustee fees	145	151
Fund management fees	3,414	3,375
Administrator fees	368	331
Valuation fees	88	113
Audit fee	35	67
Depository fees	114	122
Other	56	71
	4,271	**4,274**
Total	**6,454**	**7,522**

Notes to the financial statements continued

6. Interest payable and other similar charges

	2021 £'000	2020 £'000
Loan interest payable	2,143	2,371
Amortisation of loan costs	209	227
Total	**2,352**	**2,598**

7. Distributions

	2021 £'000	2020 £'000
Distributions paid		
Month ended 31.01.2021/31.01.2020	2,106	2,565
Month ended 28.02.2021/28.02.2020	1,963	2,331
Month ended 31.03.2021/31.03.2020	2,117	2,209
Month ended 30.04.2021/30.04.2020	2,740	1,701
Month ended 31.05.2021/31.05.2020	2,302	2,041
Month ended 30.06.2021/30.06.2020	1,647	1,830
Month ended 31.07.2021/31.07.2020	2,100	1,969
Month ended 31.08.2021/31.08.2020	2,150	1,980
Month ended 30.09.2021/30.09.2020	2,075	1,951
Month ended 31.10.2021/31.10.2020	3,219	2,207
Month ended 30.11.2021/30.11.2020	2,672	2,066
	25,091	**22,850**
Distributions payable	2,037	2,224
Total	**27,128**	**25,074**
Reconciliation of net income to distributions		
Net revenue	22,857	20,800
Expenses charged to capital	4,271	4,274
Total	**27,128**	**25,074**

8. Investment properties

	2021 £'000	2020 £'000
Fair value of investment properties brought forward net of tenant incentives	**560,039**	**566,152**
Adjustment in respect of tenant lease incentives	4,561	4,793
Fair value of investment properties brought forward	**564,600**	**570,945**
Additions from acquisitions at cost including purchase costs	98,894	39,138
Additions to existing properties at cost	7,934	4,254
Value of properties sold	(76,646)	(18,819)
Net unrealised gains/(losses) on investment property	97,407	(30,795)
Movement in unamortised tenant incentives	2,127	(232)
Net realised gains on investment property	4,359	109
Fair value of investment properties carried forward	**698,675**	**564,600**
Adjustment in respect of tenant lease incentives	(6,688)	(4,561)
Fair value of investment properties carried forward net of tenant incentives	**691,987**	**560,039**

The Fund's investment properties were valued by Cushman & Wakefield, independent valuers, on a market value basis at £698,675,000 (2020: £564,600,000). The valuations have been reduced by unamortised tenant incentives in line with accounting policies (see note 1).

Valuation Method and assumptions

Valuations are carried out in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS". No adjustments have been made to reflect any liability to taxation that may arise on disposals, nor any costs associated with disposals incurred by the owner. Deductions have been made to reflect purchaser's acquisition costs.

There has been significant transactional recovery in the U.K. commercial property market in 2021 - following the on set of the COVID 19 pandemic in 2020 - which provides comparable valuation data for Cushman and Wakefield. However, some sectors of the U.K. economy have been slower to recover from the COVID 19 pandemic. As a result, rent free periods and rental reductions, which have been or could be introduced in the future for specific tenants, have been considered in the valuations.

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.

Notes to the financial statements continued

8. Investment properties (continued)

b) Condition of structure and services, deleterious materials, plant and machinery and goodwill (continued)

No Mining, geological or other investigations have been undertaken to certify that the sites of the properties are free from any defects to foundations. Cushman & Wakefield have made an assumption that the load bearing qualities of the sites are sufficient and that there are no abnormal ground conditions, nor archaeological remains present.

c) Environmental matters

Cushman & Wakefield have made enquiries of the property manager and the Environmental Health Officer in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the sites of the properties and any adjoining sites.

No investigations have been made into past or present uses, either of the properties or any neighbouring land to establish whether there 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.

In addition, the Energy Act 2011 includes a provision whereby from April 2018 it will be unlawful to rent out a premises with an EPC rating which, according to Government proposals issued in February 2015, falls below an E rating. Unless enquiries have revealed to the contrary if any of the properties are not exempt from these requirements, Cushman and Wakefield have made an assumption that the properties meet the minimum requirements to enable them to be let after April 2018.

Cushman & Wakefield have also made an assumption that the properties are not subject to any outstanding statutory notices as to their construction, use or occupation. A further assumption has been made that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

e) Leasing

Unless Cushman & Wakefield have become aware by general knowledge, or have been specifically advised to the contrary they have made the assumption that the tenants are financially in a position to meet their obligations. Unless informed to the contrary, Cushman & Wakefield have also assumed that there are no material rental arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes. Finally, Cushman & Wakefield have assumed that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

Restrictions on realisability

There are currently three loans, which have been secured against certain of the Fund's investment properties (see note 12).

Contractual obligations

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

9. Property related investments

	2021 £'000	2020 £'000
Market value of investments brought forward	21,169	30,289
Additions from acquisitions at cost	–	–
Value of units sold	(21,011)	(6,948)
Net realised (loss)/gain on units	(159)	514
Change in fair value of investments	–	(2,686)
Market value of investments carried forward	**–**	**21,169**

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

10. Debtors

	2021 £'000	2020 £'000
Debtors: Unamortised tenant incentives falling due after 1 year	5,484	4,030
Rental arrears	6,603	7,462
Provisions for impairment/write-off	(2,275)	(2,118)
Prepayments and accrued income	213	258
Unamortised tenant incentives	1,204	530
Rent deposit debtors	465	382
VAT receivable	989	623
Amounts receivable on disposals	5,944	–
Other debtors	9,386	2,442
Total	**28,013**	**13,609**

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

Notes to the financial statements continued

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Distributions payable	2,053	2,236
Deferred income	7,865	8,876
Rent deposit creditors	465	382
Investor funds received for January dealing	639	2,096
Loan interest payable	495	462
Accruals and other creditors	5,511	4,153
Bank loan	–	24,700
Less: unamortised loan costs	(248)	(202)
Total	**16,780**	**42,703**

12. Creditors: amounts falling due after more one year

	2021 £'000	2020 £'000
Bank loans	92,880	50,800
Less: unamortised loan costs	(632)	(312)
Total	**92,248**	**50,488**

The amount detailed above consists of three loans as follows:

- A loan facility with PGIM in the amount of £26,000,000 (2020: £26,000,000) attracts interest at a fixed rate of 2.25% per annum and becomes repayable in full on 10th December 2023. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £109,075,000 as at 31st December 2021.
- A loan facility with Aviva in the amount of £24,800,000 (2020: £24,800,000) attracts interest at a fixed rate of 3.10% per annum and becomes repayable in full on 28th September 2025. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £61,475,000 as at 31st December 2021.
- A second loan facility with Aviva in the amount of £42,080,000 was taken out in 2021 and attracts interest at a fixed rate of 2.65% per annum and becomes repayable in full on 13th October 2028. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £117,925,000 as at 31st December 2021.

The Canada Life loan of £24,700,000 was repaid in full in July 2021.

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

	2021 £'000	2020 £'000
Decrease in available cash during the year	(6,866)	(19,476)
Increase in loans during the year	(17,380)	–
Decrease in net funds during the year	(24,246)	(19,476)
Opening net funds attributable to unit holders	(8,869)	10,607
Closing net funds attributable to unit holders	**(33,116)**	**(8,869)**

14. Analysis of net funds

	2021 £'000	2020 £'000
Cash	59,764	66,631
Bank loans	(92,880)	(75,500)
Total net funds	**(33,116)**	**(8,869)**

15. Counterparty risk

	2021 £'000	2020 £'000
Cash		
Royal Bank of Scotland	29,278	14,427
Santander Group	15 485	19,196
Barclays Plc	15,001	33,008
Total cash	**59,764**	**66,631**
Loans		
Aviva	24,800	24,800
Aviva 2	42,080	–
PGIM	26,000	26,000
Canada Life	–	24,700
Total Loans	**92,880**	**75,500**

16. Forward commitments and Contingent liabilities

There were no contingent liabilities at 31 December 2021 (31 December 2020 : £nil).

17. Related Party Transactions

Amounts payable to the manager were £4,216,837 (31 December 2020: £3,562,432). The amount outstanding at the year end in respect of those fees was £1,243,598 (31 December 2020: £1,772,773).

Amounts payable to the Trustee were £144,571 (31 December 2020: £151,303). The amount outstanding at the year end in respect of those fees was £34,940 (31 December 2020: £37,398).

18. Post Balance Sheet Events

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

Mayfair Capital Industry Awards

- charitytimes Awards 2021 – Recognising leadership and professionalism – Shortlisted
- Corporate Governance Quality Mark 2021 – AREF Code of Practice
- charitytimes Awards 2020 – Recognising leadership and professionalism – Shortlisted
- Corporate Governance Quality Mark 2020 – AREF Code of Practice
- AREF Annual Awards 2020 – Runner Up – Investor Award for Outstanding Achievement
- MSCI Real Estate Data Quality Awards – Winner 2019
- Corporate Governance Quality Mark 2019 – AREF Code of Practice
- charitytimes Awards 2019 – 20th Anniversary – Shortlisted
- AREF Annual Awards 2019 – Shortlisted – Investor Award for Outstanding Achievement
- charitytimes Awards 2018 – Recognising leadership and professionalism – Shortlisted
- Corporate Governance Quality Mark 2018 – AREF Code of Practice
- Better Society 2018 Awards – Shortlisted
- charitytimes Awards 2017 – Recognising leadership and professionalism – Shortlisted
- Corporate Governance Quality Mark 2017 – AREF Code of Practice
- MSCI / IPF UK Property Investment Awards – Winner 2017
- charitytimes Awards 2016 – Recognising leadership and professionalism – Shortlisted
- MSCI / IPF UK Property Investment Awards – Winner 2016
- 2016 Property Awards – Finalist
- charitytimes Awards 2015 – Recognising leadership and professionalism – Shortlisted
- 2015 Property Awards – Finalist
- Estates Gazette Awards 2015 – Finalist – Fund Manager of the Year

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