

Fund Factsheet: Q3 2023

A Fund managed by Swiss Life Asset Managers UK

PITCH

Property Income Trust For Charities

The Property Income Trust for Charities (PITCH) helps c.1,200 charities to invest in property in an ethical, responsible and tax-efficient way.

Fund Key Data

Gross asset value	£638.62m
Net asset value	£543.93m
Number of assets	47
Vacancy rate	6.8%
Weighted Av. Unexpired Lease Term (to breaks)	5.8 years
Distribution History (p.p.u - pence per unit)	
July 2023	0.407 p.p.u.
Aug 2023	0.370 p.p.u.
Sept 2023	0.426 p.p.u.
Borrowings (GAV)	14.5%
Total expense ratio (GAV)	0.67%
Portfolio turnover ratio	-2.6%
EPC ratings A-C (based on area)	90.5%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Market Update

The property market saw a return to negative growth in Q3 2023 as weakness in the economy began to weigh on sentiment. Investment volumes reached £2.6bn, 71% down on Q3 2022 and 25% below the long term quarterly average. This made it the weakest period since the pandemic affected second quarter of 2020. Overseas buyers, largely from the US and China, proved to be the only net buyers of property and made up 43% of the overall quarterly volume.

At an 'all property' level capital values fell -1.6% in Q3, according to the MSCI Monthly Index, which continued to be negatively impacted by the performance of offices. This sector fell by -5% whilst retail suffered more moderate declines. Industrials continued to offer investors most resilience seeing growth of 0.5% while alternatives saw capital falls of -0.9%.

Despite the economic weakness, the market continues to deliver rental growth at the prime end of the market where low supply and a lack of new development activity has maintained upward pressure on rents. Leading the way are industrials and the residential sector with growth of 1.5% and 1.8% respectively over the quarter.

Fund Performance

PITCH returned -0.1% in Q3 with capital growth of -1.7% being largely offset by the Fund's high income return. Values were stable across the industrial and alternative sectors, which comprises more than half the portfolio, however, values for offices and retail warehouses decreased 3.5% and 1.2% respectively.

The Fund continues to deliver an attractive and growing income return with the underlying monthly distribution having grown by 6.7% over 12 months. This is due to successful asset management initiatives - securing higher rents from leasing and rent review activity. The Fund now offers a yield to new investors of 6% p.a.

Key Statistics

£639m

Gross Asset Value

6.0%

Fund Yield
(Rolling 12-months
as % of NAV)

14.5%

Borrowings
(GAV)

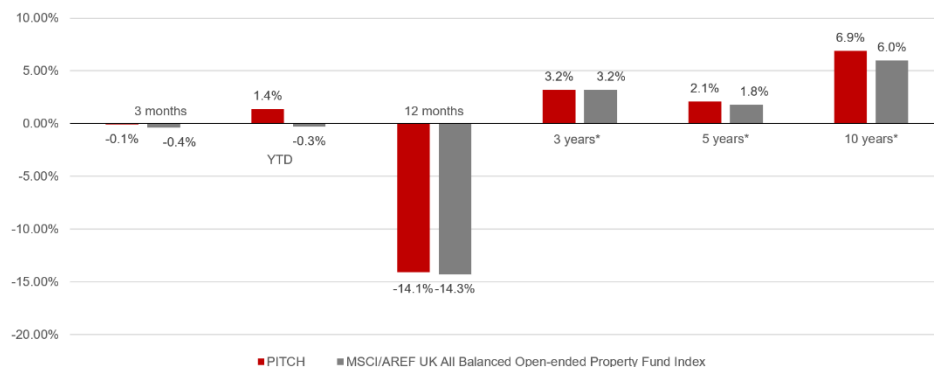
6.8%

Vacancy Rate

5.8

Weighted
Unexpired
Term (years
to break)

Fund Returns (30 Sept 2023)



Although we are not managing the Fund on a benchmark relative basis it is pleasing to report that PITCH has now outperformed the MSCI/AREF UK All Balanced Open Ended Index throughout 2023 with a year-to-date total return of 1.4% compared with -0.3%, as well as over five and ten years. This is due to the Fund's advantageous sector weightings, focus on holding assets with enduring occupational appeal and proactive asset management to deliver a consistently high income return.

Fund Liquidity

We continue to manage cash responsibly and increased our holding during the quarter to £50m through a combination of new subscriptions and sales activity. As previously reported, an allocation has been set aside to repay a £26m debt facility which matures in December 2023. After repayment, the LTV will fall to 10% leaving two outstanding loans that mature in 2025 and 2028 at a blended fixed rate of 2.8%, which is accretive to the Fund's distribution yield.

Acquisitions & Disposals

PITCH completed two new residential acquisitions in Q3 totalling £5.9m, including a block of flats in Godalming, Surrey and 11 new build houses in Waverley, south of Sheffield. With a further £5.1m under offer for 10 "eco-houses" in Leeds, the Fund will soon increase its allocation to residential to 4%, close to its initial target of 5% of value.

Occupationally, the residential portfolio continues to perform well delivering a yield ahead of target, strong occupancy and encouraging levels of rental growth with renewals at Elmstead Market, Essex delivering circa 4.5% over 12 months. In valuation terms the portfolio is 4% up on purchase price due to bulk discounts agreed with vendors.

In line with the hold-sell analysis undertaken at the start of the year, the Fund continued its disposal programme completing three sales following completion of our asset management plans for each building.

This included a warehouse in Wakefield for £13.2m, a multi let industrial unit in Basingstoke for £3.9m and small restaurant in Exeter for £1.1m

Asset Management

The current office refurbishment at Oxford is attracting strong tenant interest well ahead of the completion date reflecting the strength of demand and limited supply in this market. The void rate increased marginally during this period due to the impact of sales activity, however, allowing for recently agreed lettings, this currently stands at sub-6% and substantially below the market average (currently 10.6% in the MSCI Monthly Index).

The Fund completed three successful rent reviews in Q3 to deliver strong rental growth. This included two at the multi let trade park in Northampton increasing by 21% and an office rent review at Jessop House, Cheltenham which increased by 32%.

ESG

We are pleased to announce that PITCH increased its 2023 GRESB score by over 10%, achieving a score of 83 out of 100 and a four "Green Star" status, ranking 5th in a peer group of 100 participants. The continued improvement in PITCH's score reflects the hard work and continued efforts by the team to engage with tenants and improve our data coverage, quality and sustainability credentials of the portfolio, which is fundamental to driving forward our net zero commitment and strategy.

Fund Outlook and Strategy

Despite the current economic environment, UK interest rates appear close to their peak with core inflation on a downward trajectory albeit at a relatively slow pace. While downside risks still exist, particularly from geo-political events, the interest rate outlook is becoming clearer, and we expect this to provide greater clarity to investors when analysing prospective investments and considering the appropriate risk premium. We expect this to lead to improved investment activity over Q4 and into 2024.

PITCH has delivered resilient returns during 2023 in the face of challenging market conditions. We believe this is due to its strategic focus on delivering an attractive and growing income return to investors, which has contributed circa 80% of total returns over the past ten years. This has been made possible by our progressive stock selection, investment in assets that are positively aligned to secular trends and a disciplined focus on high quality tenants.

The Fund is now delivering an attractive yield to new investors of 6%. We expect to be able to continue to increase distributions to investors over the coming months as we progress further lettings, in some cases at materially higher rents, and maintain a low vacancy rate.

Simon Martindale – Fund Director

Acquisition – Sky House, Waverley



PITCH has acquired 11 new build family houses in Waverley (South Yorkshire) from a sustainably-focused developer, Sky House for £2.75m. Each home benefits from PV solar panels, heat pumps, app-enabled electric heating and EV charging points. The investment is ideally suited to the strategy providing high quality but affordable accommodation and well connected for schools, employment and green space.

Acquisition – Huxley House, Godalming



The Fund has completed the acquisition of a low-rise block of 10 new build flats in Godalming, Surrey for £3.1m from a national housebuilder. The purchase price was agreed at a -11% discount to market value. The properties comprise a mix of one and two bedroom units which are heated by a combination of electric heating and PV solar panels with no gas serving the building. Due to the scarcity of high quality new build accommodation to rent, the units are all already let or reserved.

Five Largest Assets (by value)

Bristol, Paragon	5.2%
Newmarket	4.6%
Doncaster	4.4%
Doncaster, West Moor Park	4.0%
Hook	3.7%

Five Largest Tenants (by income)

BT Plc	5.7%
Premier Inn Hotels Ltd	5.3%
Wincanton Holdings Ltd	4.4%
Asos.com Ltd	3.2%
Sky CP Ltd	3.1%

Tenant Risk Rating (by rent)

Minimal risk	34.7%
Lower than average	49.9%
Higher than average	10.9%
High risk	4.5%

2023 GRESB RESULTS



GRESB SCORE	83/100
OVERALL SCORE PEER COMPARISON	5th out of 100
ESG BREAKDOWN	
ENVIRONMENTAL	44/62
SOCIAL	18/18
GOVERNANCE	20/20

EPC Profile	
EPC Rating	Portfolio by ERV %
A	17.8
B	36.6
C	36.7
D	8.8
E, F & G	0
Coverage	100



Lease Length (by rent)

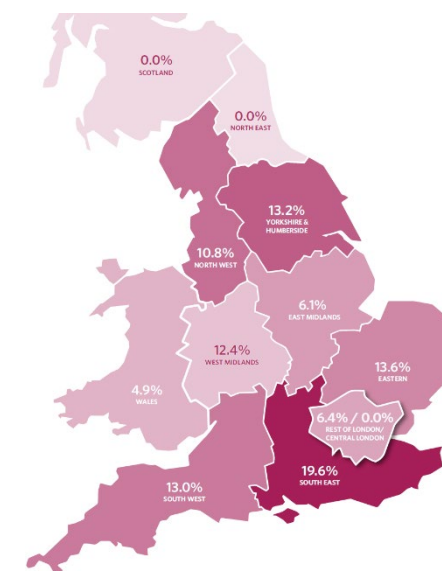
0-5 years	62.0%
5-10 years	22.9%
10-15 years	10.2%
15-20 years	0.4%
20+ years	4.5%

Portfolio Distribution (by sector)

Industrial	42.4%
Office	28.5%
Retail Warehouse	14.4%
Retail	3.2%
Other	11.5%

Rent subject to fixed uplifts	26.6%
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Portfolio Locations (geographic weightings)



Investor Enquiries

Georgie Lockwood at Swiss Life Asset Managers UK
Telephone: +44 20 7291 6696
Email: georgie.lockwood@swisslife-am.com

Administrative Enquiries

Nicholas Darwin at Apex Group
Telephone : +44 203 9111 040
Email: PITCH@apexfs.group

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