

# Property Income Trust for Charities (PITCH)

*Ethical Policy*

# Property Income Trust for Charities (PITCH)

Ethical Policy

March 2025

---

## *Introduction*

Swiss Life Asset Managers UK recognises the importance of being a responsible investor and is committed to managing funds in a responsible way, using its influence to improve sustainability of the built environment. 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 believe this generates long-term risk-adjusted returns, supports climate change mitigation, and aligns our investment goals to those of our investors and stakeholders.

Swiss Life Asset Managers UK, as managers of the Property Income Trust for Charities (PITCH), adheres to an ethical 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. However, a pooled Fund such as PITCH is unable to adhere to each charity's specific interests. As a result, it is important for this ethical policy to provide a clear and transparent set of ethical guidelines that are built into the investment process and within the management of the property portfolio and of its underlying tenants.

Due diligence screening of tenants is carried out at the time of any property purchase by PITCH's Fund management team and is then reviewed on a quarterly basis. This is reported to both Swiss Life Asset Managers UK'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 the Fund's investor base to provide oversight in the management of the Fund. 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 could bring the Fund into disrepute with its investors or wider stakeholders. This includes careful consideration of companies whose primary business is in the production of alcohol, tobacco, armaments, gambling, pornography and the sex industry or engaged in other activities that are considered by the Investors' Committee to be relevant, judged on a case by case basis.

## *Policy during the acquisition process*

### 1. Investment Exclusions

Swiss Life Asset Managers has a company-wide exclusion policy that is implemented across asset classes. This policy restricts engagement with companies due to regulatory, sectoral

and normative considerations. Excluded counterparties are included in the 'Swiss Life Asset Managers Exclusion List' that is updated on a regular basis, with the update frequency dependent on the data source and exclusion category.

For real estate, and applicable to PITCH are the following firm-wide exclusions that include (but are not limited to) companies which are:

- sanctioned by EU/OFAC/SECO sanction regimes
- involved with prohibited war material / controversial weapons
- failing the UNGC principles
- generating revenue from mining or selling thermal coal

In addition, the PITCH Ethical Policy includes further ethical investment screens that are applied to individual tenants of property assets. Our ethical exclusions ensure that we do not invest in properties which include tenants from the following excluded activities:

- Pornography
- Gambling
- Armaments
- Manufacture of alcohol and tobacco

It is not always possible to determine the exact amount of revenue from a particular source and so we adopt a maximum threshold of 10% of a company's turnover to cover unavoidable or inadvertent breaches. Therefore, if the turnover threshold for a tenant company's business activity, subject to an ethical investment exclusion is exceeded, then that property will be ineligible as a new investment.

### 2. Investment Restrictions

#### Sale of alcohol and tobacco

Companies directly involved in the manufacture of alcohol or tobacco are excluded, however, companies involved in the sale of these products are restricted and not specifically excluded. This is to ensure that potential tenants with a minor exposure to alcohol or tobacco are not excluded. Therefore, the sale of the end-product is allowed up to 25% of a company's turnover. We take into account stewardship responsibilities towards our clients with regard to investment performance, as well as their ethical standpoint.

As an example, supermarket retailers that sell alcohol and tobacco would be permissible tenants, but a wine merchant would not; family restaurants serving alcohol would be permissible but pubs and bars serving predominantly alcoholic drinks would not be acceptable under the PITCH Ethical Policy.

### 3. Other Investment Restrictions (case by case basis)

The PITCH Ethical Policy allows for other activities to be considered by our Investors' Committee on a case by case basis, where in their opinion, a tenant's company activities

might be deemed to be in conflict with the ethical principles of charities. The Investors' Committee mandates the PITCH management team, during its due diligence process on any asset, to flag such issues in its reporting.

Cases that have been discussed in the past include issues of the living wage, corporate governance, and animal testing.

The Investors' Committee makes the final decision whether a tenant's business activity is considered acceptable for the PITCH property portfolio, if the business activity is not already covered by a clear investment exclusion or restriction in this policy.

#### *Policy through property ownership*

It should be noted that property investment differs in one clear respect from other types of investment, in that leases can be assigned by existing tenants after the investment has been made, without the landlord's prior consent. We are unable to put in place restrictive leases as this would diminish the economic value and marketability of the property assets.

If, as a result of an assignment, a turnover threshold of a corporate tenant's activity was to breach the ethical investment exclusion or restrictions outlined in this policy, then the Investors' Committee would consider this case and determine the appropriate way forward with the PITCH management team. There is no immediate requirement for a forced disposal but if the assignment was to clearly breach the ethical policy, then the Investor's Committee would require the sale of the asset over an appropriate time period, dependant on market conditions, and with regard to achieving an appropriate market value.

In addition, a similar issue could arise as a result of corporate activity such as a take-over or merger, or an existing tenant reconfiguring its business.

This policy is reviewed and updated periodically as required.

### Summary:

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 a manner that is tax efficient for both income and capital. It 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.

Swiss Life Asset Managers have more than 130 years' experience as an institutional real estate investor in Europe. In the UK, we provide sustainable investment solutions and our service is unique to each client, enabling us to deliver superior, risk-adjusted returns on investments.

Managed by an experienced team with significant continuity of service and a deep understanding of UK real estate markets, we have a proven track record of investing responsibly across risk profiles, from core to opportunistic strategies in all property market sectors and geographies.

Swiss Life Asset Managers UK is authorised and regulated by the FCA as a full-scope AIFM under the Alternative Investment Fund Managers Directive.

Swiss Life Asset Managers UK Limited, 55 Wells Street, London W1T 3PT Telephone +44 (0) 20 7495 1929

[uk.swisslife-am.com](http://uk.swisslife-am.com)

[www.pitch-fund.co.uk](http://www.pitch-fund.co.uk)