

The Property Income Trust for Charities (PITCH) helps over 1,300 charities to invest in property in an ethical, responsible and tax-efficient way.

Fund update during the Covid-19 crisis

Property markets were negatively impacted by Covid-19 in Q1 2020 as lock-down measures brought an abrupt halt to property transactions and the enforced closure of 'non-essential' services such as high street shops, restaurants and hotels. The subsequent inclusion of a 'material uncertainty' clause by all leading industry valuers was the trigger for most institutional and retail investor property funds to suspend dealing following FCA best practice.

As previously communicated to investors, PITCH took the decision to suspend dealing relatively quickly both following this guidance, but also its own Trust Deed rules, which had been amended in January 2019. It is important to stress that the closure of the Fund was implemented to ensure the fair treatment of all investors and was not in response to a liquidity shortfall.

Net current cash held by the Fund allowing for Q1 redemptions amounts to £84m, which is c.14% of NAV. As we continue to go through this uncertain period, this provides a healthy liquidity buffer and also a natural hedge for borrowings, which remains at a conservatively low LTV of 11.1%. The Fund remains fully compliant with each of its loan facility covenants with no maturity events occurring within the next 12 months.

Valuations were down by -1.26% over the Quarter as valuers reacted to rapidly deteriorating market sentiment and rent collection challenges. Retail, leisure and hotels were most negatively impacted due to many of these businesses having closed whilst industrials, offices and some alternatives proved more resilient mainly because of their ability to continue to trade. With over 70% in warehousing and offices, the PITCH portfolio generally proved more resilient to these downward valuation pressures.

The Fund's indirect holding in the Unite Student Accommodation Fund (USAF) was materially impacted following their decision to refund students the remaining rent for the current academic year. As a result, no distribution will be paid for Q1 2020 which is likely to be replicated in the following two quarters. The total return for Q1 was -1.9% and further falls in returns are considered likely. Having regard to the impact of the pandemic on the educational sector and in order to minimise valuation loss, we have taken the decision to redeem the entirety of our holding in this vehicle.

PITCH returned -0.1% in Q1 2020, with the negative capital growth being largely off-set by the quarter's income. Over a rolling 12 month period PITCH has returned 1.5%. The MSCI/AREF UK All Balanced Property Fund Index by reference returned -1.3% and 0.0% over 3 months and 12 months respectively. Both PITCH and the MSCI Index are based on qualified valuations.

Asset Management

Much of our asset management focus in recent weeks has centred on rent collection. At the time of publication of this Factsheet, we had collected 75% of all rents demanded for the March quarter which increases to 82% allowing for those tenants on monthly payment plans. Around 18% is in arrears with an expectation that much of these will be deferred for payment in 6-12 months' time. At the time of reporting, we are yet to formally 'write off' any rental income from the direct portfolio.

In terms of sector analysis, the Fund had collected 83% of rents from its warehouses and 75% from its offices. Meanwhile, we can report 100% rent collection from the 10 largest tenants (comprising some 34% of income) and 93% from the 20 largest tenants (comprising 53% of

income) reinforcing the credit worthiness of the underlying tenant base.

Based on our latest analysis of rent collection, we estimate that distributions will be c.36% lower than we would normally expect in Q2. As reported in our Investor Letter dated 9th April 2020, this takes account of actual rents received from the direct portfolio but also the loss of normal USAF distributions and a reversal for previous accounting accruals from this holding. The final distribution amount may eventually be higher than this, but we feel it is prudent to adopt a conservative approach to these forecasts. We also hope to recover much of the shortfall in distributions this Quarter once deferred rents are received in the future.

The void rate increased marginally to 5.9% due to three new small vacancies which was partially offset by two new lettings at the Lady Bay Retail Park in Nottingham. These new lettings to the Gym Group and Food Warehouse were for 15 and 10 year terms respectively and achieved rents consistent with that being paid by the previous tenants. Accounting for the planned office refurbishments at Leeds (Brewery Wharf), Manchester (Deansgate) and Oxford (Wallbrook Court), the void rate reduces to circa 4%.

Fund Outlook

Given the increasingly uncertain outlook, our main priority is to preserve the rental cashflow of the Fund and to maximise distributions to investors. The portfolio is positioned to achieve this by virtue of its high weighting to more resilient sectors of the market and the strength of the underlying tenants. The Fund is well capitalised going into this period providing ongoing liquidity to meet its liabilities but also to take advantage of buying opportunities once greater certainty returns to the market.

Key Statistics

£683m

Gross Asset Value

5.4%

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

11.1%

Borrowings (GAV)

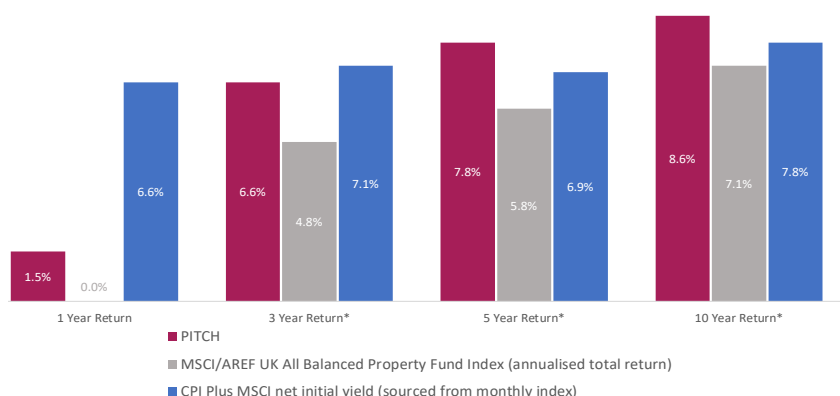
5.9%

Vacancy Rate

6.7

Weighted Unexpired Term (years)

Fund Returns (31st March 2020)



Source: MSCI and CPI index (31.03.2020)
*annualised

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Fund Key Data

Gross asset value	£682.65m
Net asset value	£606.96m
Number of assets	53
Vacancy rate	5.9%
Weighted Av. Unexpired Lease Term	6.7 years
Distribution History	
Jan 2020	0.472 p.p.u.
Feb 2020	0.371 p.p.u.
Mar 2020	0.334 p.p.u.
Borrowings (GAV)	11.1%
Total expense ratio (GAV)	0.65%
Portfolio turnover ratio	-6.7%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Five Largest tenants (by income)

Admiral PLC	4.6%
Wincanton Holdings Ltd	4.2%
Kier Construction Ltd	4.2%
Sky CP Ltd	3.5%
Antolin Interiors Ltd	3.1%

Five Largest Assets (by value)

Unite Student Accommodation Fund	5.1%
Capital Quarter, Cardiff	4.8%
Croydon, Premier Inn	4.0%
Doncaster, Trax Park	3.8%
Newmarket	3.7%

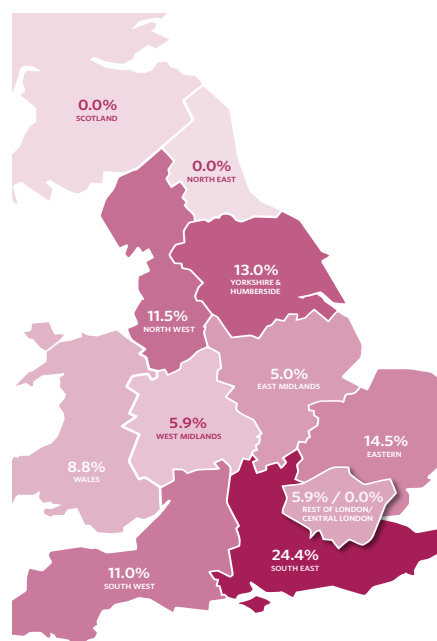
Lease Length (by rent)

0-5 years	40.9%
5-10 years	43.6%
10-15 years	8.4%
15-20 years	7.1%
20+ years	0.0%

Portfolio Distribution (by sector)

Industrial	36.6%
Office	34.7%
Retail Warehouse	11.8%
Retail	4.7%
Other	12.2%

Portfolio Distribution (geographic weightings)



Tenant Risk Rating (by rent)

Minimal risk	48.0%
Lower than average	40.6%
Higher than average	8.2%
High risk	3.2%

Asset Management

Sale – Forest House, Crawley

This office investment located on a business park to the south of Crawley town centre sold in February for £13.6m in line with valuation. The property had ten years remaining on the lease but was expected to lose value reflecting the shortening lease term, increased capital expenditure risk and secondary location. The sale price delivered an IRR to the Fund of circa 7.5% during the period of ownership.



Sale - Cummins Aftercare Facility, Huddersfield

The sale of this warehouse investment completed in March 2020 having exchanged at auction for £2.3m, which was circa 9.5% ahead of valuation. The lease of the property was recently extended with a rental increase of 11% thereby completing the business plan of the asset and delivering an attractive IRR of 14.9%.

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