

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 Key Data

Gross asset value	£660.71m
Net asset value	£610.33m
Number of assets	48
Vacancy rate	6.7%
Weighted Av. Unexpired Lease Term	6.3 years
Distribution History	
July 2021	0.241p.p.u.
Aug 2021	0.310 p.p.u.
Sept 2021	0.316 p.p.u.
Borrowings (GAV)	7.7%
Total expense ratio (GAV)	0.65%
Portfolio turnover ratio	16.6%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

## Key Statistics

**£661m**  
Gross Asset Value

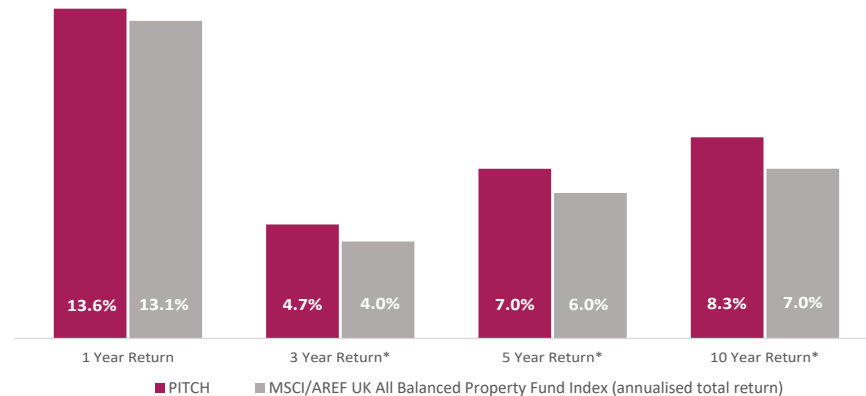
**4.2%**  
Fund Yield  
(Rolling 12-months as % of NAV)

**7.7%**  
Borrowings  
(GAV)

**6.7%**  
Vacancy Rate

**6.3**  
Weighted Unexpired Term (years)

## Fund Returns (30<sup>th</sup> September 2021)



Source: MSCI (30.09.2021)  
\*annualised

## Fund Update

PITCH continued its strong performance in 2021 with a Q3 total return of 3.7%, increasing the year-to-date total return over nine months to 12% and 13.6% over twelve months. By comparison the MSCI/AREF UK All Balanced Property Funds Index returned 4.5% over three months, 10.8% over nine months and 13.1% over twelve months. The Fund continues to deliver strong long term performance with annualised returns of 7% and 8.3% over five and ten years respectively, both continuing its outperformance against the same Index but also making it the best performing property fund for charities over ten years.

Fund performance was driven predominantly by capital growth with another strong contribution from the warehouse holdings which grew by 5.6%. This was followed by retail warehousing which saw valuation growth of 4.1% in response to increased investor activity in this sector. Further capital growth was delivered from letting activity with a significant new lease agreed at an office in Solihull, which together with two additional lettings, reduced the portfolio vacancy rate by 34% to 6.7%.

Rent collection in Q3 currently stands at 93% demonstrating the continued resilience of the portfolio income. The historic rolling Fund yield to 30/09/21 now stands at 4.2%. We expect distributions to rise throughout the next six months due to the impact of a reducing void rate, the collection of deferred rental income and new investment income from purchases as the current cash weighting is reduced.

## Acquisitions & Disposals

There was one acquisition during Q3 of a discount-led retail park in Bedford for £14.9m at an attractive yield of 5.9%. The investment is let to seven tenants at low passing rents and is in highly

thematic location that is due to benefit from rail improvements and significant local population growth. A further high quality, south east retail park is also under offer which is expected to complete in Q4 2021. The blended yield on both acquisitions is 5.8%. On completion, the total weighting to retail warehousing will increase to circa 15%.

There were three sales during the quarter bringing the total volume for the year to £90m across 10 properties. These sales were implemented due to the properties being misaligned with our thematic strategy and lacking future growth prospects. This included the sale of a warehouse asset in Swindon for £11.5m and two small retail assets in Taunton and Southport, which reduces the Fund's weighting to high street retail to 4.8%.

## Asset Management

During the quarter, PITCH completed three key lettings including a 33,000 sq ft office letting in Solihull, an office letting in Cheltenham and a retail warehouse in Wrexham. In total this delivers an additional £1.15m of annual rental income whilst also reducing the void rate from 10.1% to 6.7%. A further four lettings are currently under offer that will reduce the vacancy rate to circa 4.3%. These are expected to complete in Q4.

In terms of refurbishment projects, the 40,000 sq ft warehouse extension at West Moor Park, Doncaster on behalf of ASOS is nearing completion, which will add a further £190,000 of annual income to the portfolio. Elsewhere, the vacant 70,000 sq ft warehouse in Newmarket is currently being refurbished to include installation of PV solar panels on the roof and a new electric heating/cooling system, which will deliver an EPC improvement from C to A. The unit is already under offer at a rent ahead of the market. Post the quarter end, the Fund completed on

a new £42m 'sustainability-linked' loan which replaces the loan repaid in July and increases borrowings to circa 13% LTV. This is a seven-year facility at a fixed interest rate of 2.65% with margin reductions available in return for delivering various sustainability improvements to the underlying property assets. The proceeds of the loan will be invested in new income producing investments to enhance the Fund yield.

## Fund Outlook & Strategy

The Fund has delivered strong capital growth during 2021 due to the strength of its underlying portfolio, sector positioning and active management programme. This puts it on course to deliver a strong total return over the full calendar year.

The two main focus areas for the next 12 months is to grow distributions to investors and increase our energy data collection across the portfolio to help map out a pathway to achieving net zero carbon emissions across the portfolio.

Growth in distributed income will be achieved by reducing cash from historic levels (to be maintained at around 5% of NAV), a material reduction in the void rate (targetting below 5%) and by making use of the new debt facility to finance new high quality and income resilient purchases with strong rental growth characteristics.

New investments will be sought in the warehouse, office and alternative sectors. To this last point, we are currently progressing a new residential strategy, principally in single family housing. We hope to be able to acquire potential investments in this sector during Q4.

## Fund Management

**Simon Martindale**  
Fund Director



## Five Largest Tenants (by income)

CDS Ltd t/a The Range	5.9%
Admiral PLC	5.0%
Wincanton Holdings Ltd	4.6%
Sky CP Ltd	3.8%
Antolin Interiors UK Ltd	3.4%

## Five Largest Assets (by value)

Cardiff, Capital Quarter	4.6%
Doncaster, West Moor Park	4.5%
Doncaster, Trax Park	4.4%
Newmarket	4.0%
Croydon, Premier Inn	3.6%



### New purchase - Interchange Retail Park, Bedford

The Fund has completed on 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 property is let to six retailers including The Range, SCS and Dreams which all trade exceptionally well based on affordable rents. The income provides an attractive weighted unexpired lease term of 11 years.



### Sale - South Marston Park, Swindon

The sale of this 90,000 sq ft warehouse completed in September for £11.5m for a net initial yield of 4.2% at a significant premium to the pre-marketed valuation. The property was let to Capgemini until December 2024 and operated as a data centre; however, the tenant was expected to vacate at expiry. This event was due to occur at a time of increased supply in the local Swindon market due to the closure of the Honda manufacturing plant.

## Lease Length (by rent)

0-5 years	44.1%
5-10 years	39.0%
10-15 years	8.7%
15-20 years	4.6%
20+ years	3.6%

## Portfolio Distribution (by sector)

Industrial	46.4%
Office	30.0%
Retail Warehouse	12.2%
Retail	4.8%
Other	6.4%



### Asset Management - Trinity Park, Solihull

During the quarter the Fund let the entirety of T2 at Trinity Park to Mitie, a FTSE 250 Company, on a ten-year lease (with a break option in the fifth year) at a rent of £803,000 pa. The property was recently substantially refurbished, which improved the EPC rating to B (from E) to include complete replacement of the M&E, installation of EV charging points and amenity upgrades. The agreed rent is 10% ahead of the original expected market rent and 29% above the original rent at purchase in 2016.

### ESG - 2021 Global Real Estate Sustainability Benchmark - [see report here](#)

PITCH's 2021 GRESB score was released on 1st October 2021 and resulted in a 15% increase to 76 and a first ever 'Three Star' rating. This was above the peer group average mainly due to improvements in the collection of energy data across the portfolio. This is a key initiative towards being able to achieve net zero carbon emissions across the portfolio.

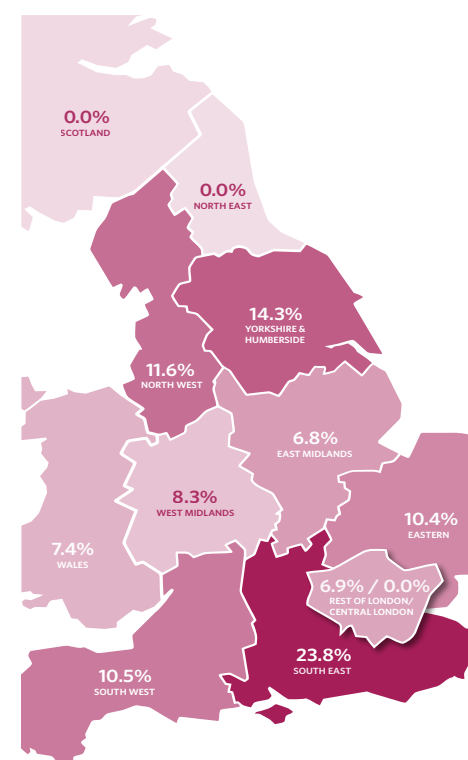


## Tenant Risk Rating (by rent)

Minimal risk	33.5%
Lower than average	37.3%
Higher than average	19.1%
High risk	10.1%
Rent subject to fixed uplifts	26%

## Portfolio Locations

(geographic weightings)



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