

The Property Income Trust for Charities is a tax efficient unit trust for charity investors that preserves their SDLT exemption from property purchases.

The Fund aims to deliver a relatively high and sustainable income yield whilst at least maintaining capital value in real terms over the economic cycle. The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor.

### Fund Update

PITCH had an active quarter with three sales totalling £21m and one new acquisition for £27m alongside the conclusion of several asset management initiatives. The Gross Asset Value of the Fund now stands at £657m.

Performance continues to be polarised with the Fund's industrial and office holdings generally flat in valuation terms, 'alternatives' moderately positive with retail and retail warehousing declining. In total, the direct portfolio fell by -0.4% with the Fund's indirect holding in USAF (Student Accommodation) seeing a capital value increase of 0.6%.

PITCH continues to have a positive structure score with over 80% of the portfolio in industrials, offices and alternatives, and all retail at only 17.5%, well below the weighted average in the Index<sup>1</sup>, which was 26.4% as at Q2 2019 (Q3 sector weightings for the Index are awaited). Traditional High Street retail is only 5.1% whilst the retail warehousing weighting at 12.4% is limited to discount/value retail, where pricing remains more robust due to the lower rental values. Total return for Q3 was 0.7% supported by

the Fund's relatively high distribution yield, which is now 5.5% for the 12 months to 30 September 2019, along with some valuation gain achieved on asset sales. This compares with a total return of 0.4% in the Index<sup>1</sup>. PITCH continues to outperform this Index over one, three, five and ten years. It is also the best performing fund over ten years.

The Fund has acquired a Grade A office in Cardiff city centre for £27m reflecting a yield to the Fund of 6.3% and is let for just under ten years with 85% to Admiral Insurance PLC. The property was newly constructed in 2018 providing a high-quality specification with a BREEAM rating of "Excellent" thereby reinforcing the Fund's commitment to responsible investing. The acquisition forms part of a wider portfolio repositioning strategy following the sale of three non-core offices.

The sale of a vacant office at Cardiff has now reduced the vacancy rate to 4.1% and it includes two recently refurbished properties (Leeds and Solihull), whilst two units are currently under offer to new prospective tenants. This void rate continues to compare favourably against the Index<sup>1</sup>, which was

7.5% as at Q2 2019.

Asset management continues to be a key component of our investment strategy to drive performance. Two office sales in Amersham and Royal Wootton Bassett achieved a combined surplus of £800,000 above valuation, whilst further capital growth was realised following a lease extension at the Fund's warehouse in Tewkesbury.

The Fund's cash weighting has increased to £59m following positive net new subscriptions over the Quarter. We regard the higher cash holding as a prudent short-term measure in view of the current geo-political situation and the ongoing weakness in the retail sector. However, we continue to appraise new investments and will deploy further capital once greater certainty has returned to the market. Meanwhile, the Fund remains well positioned by sector and we are focused on maintaining a low void rate and relatively high yield whilst delivering on our asset management plans to drive performance.

<sup>1</sup>MSCI/AREF UK All Balanced Property Fund Index

### Key Statistics

**£657m**  
Gross Asset Value

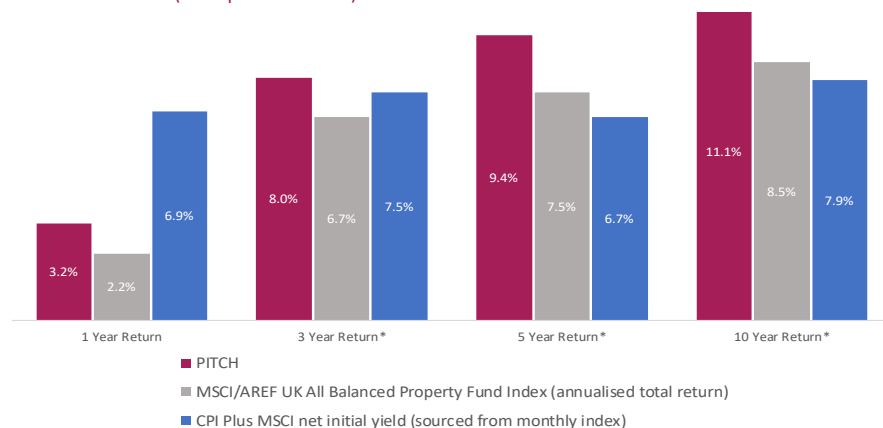
**5.5%**  
Fund Yield (Rolling 12-months as % of NAV)

**11.5%**  
Borrowings (GAV)

**4.1%**  
Vacancy Rate

**6.8**  
Weighted Unexpired Term (years)

### Fund Returns (30 September 2019)



Source: MSCI and CPI index (30.09.2019)  
\*annualised

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Authorised and Regulated by the Financial Conduct Authority  
Member of Swiss Life Asset Managers

### Fund Management Team



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### Fund Key Data

Gross asset value	£656.87m
Net asset value	£581.18m
Number of assets	55
Vacancy rate	4.1%
Weighted Av. Unexpired Lease Term	6.8 years
Bid price	86.59 p.p.u.
Offer price	89.06 p.p.u.
Distribution History	
Jul 2019	0.442 p.p.u.
Aug 2019	0.390 p.p.u.
Sep 2019	0.390 p.p.u.
Borrowings (GAV)	11.5%
Total expense ratio (GAV)	0.66%
Portfolio turnover ratio	-1.7%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

### Five Largest tenants (by income)

Admiral PLC	4.5%
Wincanton Holdings Ltd	4.1%
Kier Construction Ltd	4.1%
Sky CP Ltd	3.4%
Antolin Interiors Ltd	3.0%

### Five Largest Assets (by value)

Capital Quarter, Cardiff	4.5%
Unite Student Accommodation Fund	4.3%
Croydon, Premier Inn	3.8%
Nottingham, Lady Bay	3.8%
Doncaster, Trax Park	3.7%

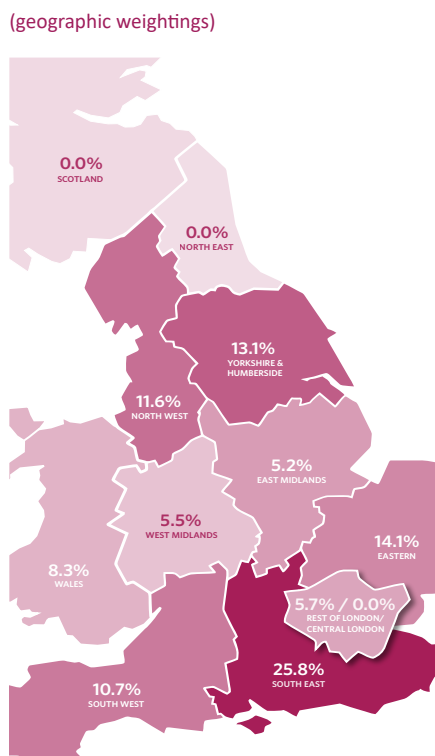
### Lease Length (by rent)

0-5 years	36.8%
5-10 years	46.5%
10-15 years	9.6%
15-20 years	5.7%
20+ years	1.4%

### Portfolio Distribution (by sector)

Industrial	35.7%
Office	35.5%
Retail Warehouse	12.4%
Retail	5.1%
Other	11.3%

### Portfolio Distribution (geographic weightings)



### Tenant Risk Rating (by rent)

Minimal risk	86.0%
Lower than average	9.1%
Higher than average	2.9%
High risk	2.0%

### Acquisitions/ Asset Management

#### Acquisition of Capital Quarter, Cardiff

A new build office acquired in September 2019 for £27m, a yield to the Fund of 6.3%. Cardiff has multiple thematic drivers including a strong university presence and a fast growing tech and life sciences employment sector. Like many regional cities, demand continues to outstrip supply and the passing rent of £22.30 per sq ft provides an excellent base for rental growth.



#### Tewkesbury Business Park

A lease extension of a well specified "mid box" warehouse by 12 years, with a tenant break option in September 2029. This is the second lease extension agreed with the tenant, Trelleborg, reinforcing the quality of the real estate and their commitment to the building and location. This resulted in a £200,000 valuation uplift whilst increasing the average lease length across the portfolio.

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