PITCH

Property Income Trust For Charities

SwissLife
Asset Managers

Annual Report and Audited Accounts

For the year ended 31 December 2023

Helping charities fulfil their charitable purpose by achieving an attractive return from property investment

Contents

Chairman's Report

Investors' Committee Chairman's Report

Investors' Committee Chairman's Report

Investors, occupiers and practitioners will look back on 2023 as one of the most challenging years in memory for UK real estate (and the same is true pretty much everywhere across the globe). The absence of economic growth, coupled with the continuing hangover from COVID, held back investor demand for commercial property. At the same time, rising interest rates and bond yields, and improved relative performance from global equities markets, inflicted real damage on the capital performance across the spectrum of UK real estate markets.

Nick Shepherd
Chairman

This macro environment inevitably affected Property Income Trust for Charities (PITCH) and the property unit trust sector more generally, parts of which fell out of favour with institutional investors, notably Defined Benefit Pension Schemes who looked to exit the asset class. This caused considerable liquidity problems for some funds with some having to gate or defer redemptions.

In this context, the relative performance of PITCH in the long, medium and short term has been satisfactory. Over 5 and 10 years, PITCH has outperformed its market peers on a total return basis (as measured by the MSCI/AREF UK Open Ended Balanced Funds index) by 0.1% and 0.9% per annum respectively. Measured over 3 years, performance is 0.1% per annum below the Index; and in the short term, over the 12 months of 2023, PITCH outperformed the Index by around 0.8%.

A more pleasing aspect of Fund performance has been the continued resilience of its income return, which grew by 10% in 2023 thanks to an active year for lettings and rent reviews. This was supported by a low vacancy rate (7.7%) and a strong tenant line-up, that ranks in the top 5% by covenant risk rating amongst its Index peer group. The Fund's yield heading into 2024 stands at an attractive 6.2%.

An additional challenge for the Fund in 2023 was the expiration of one of our debt facilities in December. This facility was redeemed in full, now leaving the Fund with a gearing against December 2023 GAV of 11.4% comprising total borrowings of £67 million at a fixed cost of 2.8% pa. It should be noted that over 10 years the debt has enhanced the Fund's total return.

In line with other funds in the market, we were faced during the year with some redemption requests from investors looking to rebalance against other asset classes. The Fund is proud to report that all redemptions have been met in full and paid on time, in accordance with the Trust Deed. We believe we are the only one of the major specialist charity investment funds to be able to make this statement.

The fund manager, Swiss Life Asset Managers UK, has been actively managing the portfolio during the year. As a result, the weighting to offices (likely to perform less well than other sectors) has reduced during the year; the credit risk rating of the Fund's tenants has improved over 12 months and the environmental/ sustainability credentials have continued to increase based on the significant improvement in its GRESB score in 2023 and progress towards decarbonising the portfolio.

Market challenges remain, not least in an election year, but the Investment Committee believes the fund manager is well placed to guide the portfolio forward over the next twelve months for the benefit of our charity investors.

Fund Information

Fund Objectives and Key Information

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 UK property in a manner that is tax efficient for both income and capital. It also 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, by acquiring income producing properties in the UK with growth prospects, together with properties where there is "embedded" value that can be extracted through active asset management. The Fund aims to diversify risk through tenant, sector and geographic spread throughout the UK. It will not undertake any speculative development activity although refurbishment of existing assets will be undertaken where appropriate.

The Fund operates both ethical and environmental policies and seeks to be a socially responsible investor. These features are embodied in the operations of the Fund.

Full particulars of the Fund can be found in the Trust Deed.

All information is correct as at 31 December 2023.

Further information is available on our website.

Gross Asset Value

£588.58m

Fund Summary

As at 31 December 2023

Gross asset value	£588.58m
Net asset value	£520.85m
Bid price	74.14p
Offer price	76.44p

Paid Distribution History 2023 (p.p.u)

As at 31 December 2023

January	0.340	July	0.408
February	0.368	August	0.371
March	0.367	September	0.427
April	0.359	October	0.385
May	0.574	November	0.380
June	0.362	December	0.347

Performance in 2023

-0.6% total return (as per MSCI/AREF)

Fund Borrowings

As at 31 December 2023

Total Debt	£66.88m
LTV on GAV	11.36%
LTV on NAV	12.84%

Property Portfolio

As at 31 December 2023

Direct Properties - Commercial	42
Direct Properties - Residential (Number of Sites)	6

1. Gross Asset Value is calculated by adding the value of the Fund's Properties (both direct and indirect) and capital cash.
2. Pence per unit (p.p.u); distributions are quoted on a paid basis in line with the MSCI/AREF reporting.

Dealing in the Fund

Subscriptions and Redemptions

Units in the Fund may be acquired on a monthly basis and redeemed on a quarterly basis. The Trust Deed contains provisions which enable the Manager to scale back or delay redemptions in certain circumstances. Matched trades are periodically available for larger redemptions.

Investors

Only registered and exempt charities in the UK may invest in the Fund since it is exempt from SDLT on all property purchases. Please see the Unitholder Movement which is an analysis of unit issuance and redemptions during the year, including secondary market trades, together with an analysis of the unitholder base as at 31 December 2023.

The one hundred and nineteen redemption notices outstanding as at 31 December 2023 were redeemed in April 2024. The Fund is currently able to meet its redemption policy in full and anticipates it will be able to do so for the foreseeable future.

Pricing

The Fund's bid and offer prices have been determined in accordance with the recommendation of The Association of Real Estate Funds ("AREF") except that fixed rate loans have been valued at amortised cost rather than fair value.

Unitholder Movement

	Year to 31 Dec 2023	Year to 31 Dec 2022
Issues and redemptions		
Units in issue at start of year	720,061,734	694,740,633
Units issued during the year	30,381,735	66,627,689
Units redeemed during the year	57,705,856	41,306,588
Units in issues at end of year	692,737,613	720,061,734
Secondary market		
Matched trades	2,505,982	0%
Matched trades as % of units in issue at end of year	0.36%	0%

Redemption Notices Outstanding

As at 31 December 2023

Number of notices	119
Number of units	31,347,509
Bid per unit	£0.7414
Value at bid	£23,241,043
Total units (%)	4.53%

Largest investors and percentage of units in issue by ownership band

Units in issue	Number of investors	Total holding (%)
<1%	1,047	51.61%
>1% <2%	11	16.34%
>2%<4%	4	11.35%
>4%<8%	1	7.45%
>8%	1	13.25%
Total	1,064	100%
Largest investor	1	13.25%
Largest Three investors	3	23.98%
Largest five investors	5	29.55%
Largest ten investors	10	39.29%

Expense Ratios

The Fund calculates annual expense ratios as per AREF guidelines, against the Fund's Gross Asset Value (GAV) and Net Asset Value (NAV) both averaged over the prior 12 months, a summary of these ratios is shown in the table opposite.

Total Expense Ratio (TER) includes both direct Fund management fees and additional Fund operating costs such as third party administration and audit fees. Property Expense Ratio (PER) includes direct property costs not recoverable from tenants such as business rates on void units, general repairs and maintenance or aborted transaction costs. Real Estate Expense Ratio (REER) is the total of the Fund's TER and PER. The Transaction Cost Ratio includes all professional fees and other costs directly incurred in the purchase and sales during the year. As the Fund does not accrue or pay any performance fee, no performance fee ratio has been calculated.

The portfolio turnover ratio highlights how often the Fund buys or sells property ignoring the impact of subscriptions or redemptions and displays this as a percentage of average yearly NAV. In 2023 the Fund's turnover ratio was 1.6% (2022: -2.6%).

Expense Ratios

As at 31 December 2023

	2023		2022	
	GAV	NAV	GAV	NAV
Fund Management Expense Ratio	0.51%	0.60%	0.51%	0.58%
Fund Operating Expense Ratio	0.18%	0.21%	0.14%	0.16%
Total Expense Ratio	**0.69%**	**0.80%**	**0.65%**	**0.74%**
Property Expense Ratio	0.29%	0.34%	0.21%	0.24%
Real Estate Expense Ratio	**0.98%**	**1.14%**	**0.86%**	**0.98%**
Transaction Costs	0.12%	0.14%	0.22%	0.26%

Citu, Leeds (Residential)

General Information

Valuation

At the end of Q1 2023, the commercial property valuers changed from Cushman and Wakefield ("C&W") to CBRE Limited who also value the residential properties. CBRE Limited ("CBRE") also carry out valuations for secured lending purposes when properties are acquired with the use of borrowings or for the Fund's acquisitions out of cash resources. Valuations are carried out on a monthly basis on the last working day of each month. Valuations are carried out in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS".

Investors' Committee

The Committee comprises of the following:

- Nick Shepherd, Chairman (re-elected May 2021)
- Neil Harper, The National Trust for Scotland (re-elected May 2023)
- Jenny Segal, Nesta Trust (elected May 2021)
- Sam Horne (retired September 2023)

Conflicts of Interest

In accordance with its terms of reference, the Investors' Committee may advise the Trustee or the Manager on any conflict of interest issue.

Subject to the provision of the Trust Deed, the Manager may effect transactions with or for the Trustee in relation to which it has a conflict of interest, provided that any material interest must be managed and resolved in accordance with the Manager's conflicts of interest policy and the rules of the Financial Conduct Authority.

Risk Management Provisions

The parameters by which the Manager acts, through guidance from the Investors Committee, include risk management provisions that are designed to avoid concentration of risk through imposing constraints on the maximum exposure that the Trust may have to single properties, and tenants, as a source of income to the Trust. Accordingly:

- No one property will amount for more than 10% of the portfolio value at the time of purchase
- The three largest properties will not exceed 35% of portfolio value
- Excluding the UK Government (and related bodies) no one tenant will account for more than 10% of portfolio income
- Investments in other property funds are limited to 10% of total assets of the Trust

The Fund is in compliance with the above.

Fund Advisers

Trustee
Vistra Trust Corporation (UK) Limited
7th Floor, 50 Broadway
London
SW1H 0DB

Fund Manager
Swiss Life Asset Managers UK Limited
55 Wells Street
London
W1T 3PT

Residential Investment Advisor
Hearthstone Investments Limited
29 Throgmorton Street
London
EC2N 2AT

Residential Property Manager
Connells Group
Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN

Administration
Apex Group Limited
125 London Wall
London
EC2Y 5AS

Commercial Property Manager
JLL
30 Warwick Street
London
W1B 5NH

External Valuers
CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB

Independent Auditor
Crowe UK LLP
Riverside House
40-46 High Street
Maidstone
Kent
ME14 1JH

Lawyers
CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Pinsent Masons LLP
1 Park Row
Leeds
West Yorkshire
LS1 5AB

Dentons UKMEA LLP
1 Fleet Place
London
EC4M 7WS

Performance Measurement
MSCI
Ten Bishops Square
London
E1 6EG

Depository
NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh
EH12 1HQ

Bankers
The Royal Bank of Scotland PLC
1st Floor, 440 Strand
London
WCR2 0QS

Santander UK PLC
2 Triton Square
Regent's Place
London
NW1 3AN

Barclays Bank PLC
1 Churchill Place
Leicester
LE87 2BB

Epworth Investment Management Limited
9 Bonhill Street
London
EC2A 4PE

Property Management and Accounting
In respect of the commercial properties, Swiss Life Asset Managers UK Limited ("Swiss Life AM UK") has appointed JLL to undertake property management including rent collection, service charge administration and be the main point of contact with tenants on matters such as assignments and alterations. Asset management or added value initiatives remain the responsibility of Swiss Life AM UK.

JLL is remunerated by the Fund Manager but charge additional fees on multi-let properties where service charges are operated.

In respect of the residential properties, the Fund appointed Hearthstone as Investment advisor, with Connells providing the day to day property management. Both are remunerated by Swiss Life AM UK directly.

Fund Administration
This role is outsourced to a third party provider, Apex Group Limited.

Management of the Fund

Simon Martindale, Fund Director

Simon was Fund Manager of the Property Income Trust for Charities (PITCH) from 2015 and became Fund Director in 2021. He is responsible for formulating and implementing the Fund investment strategy, investor reporting and portfolio analysis whilst also overseeing all acquisition, disposal and asset management activities. He has over 17 years' experience in commercial property and previously worked at DTZ (now Cushman & Wakefield) and Edward Symmons (now LSH).

Scott Fawcett, Head of Asset Management

Scott joined Swiss Life AM UK in 2013 and is Head of Asset Management. He is responsible for implementing PITCH asset management initiatives and supporting the investment activities of the Fund. Scott has over 25 years of experience in property markets previously with Drivers Jonas (became Deloitte Real Estate) and Matrix Securities.

Hector Ahern, Senior Investment Associate

Hector joined Swiss Life AM UK in February 2021 to work with both the PITCH and Transactions teams. His responsibilities include working alongside Simon Martindale on Fund and asset management duties for PITCH, as well as acquisitions and disposals across all of Swiss Life AM UK's Funds. Previously he spent nearly five years at Knight Frank in their Alternative Investment Team focusing on operational property.

Frances Spence, Head of UK Research, Strategy and Risk

Frances joined Swiss Life AM UK in September 2013. Her role includes the economic and market trend analysis integral to PITCH's strategic approach to investment. She is also responsible for reporting and monitoring investment risk. Frances has worked in commercial property research for over 10 years, beginning her career at Estates Gazette before spending several years in the EMEA research team at Jones Lang LaSalle.

Christi Vosloo, Head of UK ESG

Christi joined Swiss Life AM UK in August 2021 as Head of ESG, UK and is responsible for implementation of the ESG strategy for the PITCH Fund and the UK business. She works closely with the Division to promote best practice within the UK and develop our approach to responsible investment. Christi was previously an Associate Director at Jones Lang LaSalle (JLL) in the sustainability consulting team, advising clients in the real estate sector across a range of sustainability services.

James Thornton, Non-Executive Chairman

James co-founded Swiss Life AM UK (formerly Mayfair Capital Investment Management Limited), was Chief Executive between 2014 and 2020, and became Non-Executive Chairman in 2021. He was Fund Director for PITCH until 2021 and now sits on the Swiss Life AM UK executive board. He is also Chair of the Charity Investors' Group which is committed to education for charity trustees and their advisers. James has over 35 years' experience in UK commercial property.

James Lloyd, Head of Charities and Endowments

James joined Swiss Life AM UK in 2009. James is responsible for all Charity and Endowment clients at Swiss Life AM UK. His role includes the marketing and management of investors in PITCH, along with business development for other Funds and mandates to the Charity and Endowment sector. James is a Trustee to two registered charities and on the Finance Committee for a Great XII Livery Company.

Charlotte Cook, Investment Associate, Charities and Endowments

Charlotte joined Swiss Life AM UK in March 2023, as an Investment Associate for Charities and Endowments working alongside James Lloyd and Georgie Lockwood. Charlotte is responsible for liaising with and supporting PITCH investors, as well as assisting with the marketing. Charlotte holds her level 6 Certificate in Private Client Investment Advice & Management from the Chartered Institute of Securities and Investments as well as a BA (Hons) degree in Business Management from Newcastle University.

Georgie Lockwood, Sales Team Assistant

Georgie joined Swiss Life AM UK as a Sales Team Assistant in August 2022. Prior to joining Swiss Life AM UK, Georgie spent nearly two years working for the London Ambulance Service. Previous to this, she worked as a Personal Assistant in a variety of different industries. Georgie graduated from Oxford Media and Business School in 2017 with a Professional Business Diploma.

Tim Cridland, Finance Director

Tim joined Swiss Life AM UK in January 2017 as Finance Controller. He oversees all accounting and tax affairs of both Swiss Life AM UK and the firm's investment funds, including being responsible for meeting all group reporting and business forecasting requirements. Tim also regularly provides support across the business in areas such as compliance, fund modelling, fund structuring, operations and transaction due-diligence. In April 2023 he was promoted to Finance director and sits on the Swiss Life AM UK executive board.

Louisa Gulati, Finance Manager

Louisa joined Swiss Life AM UK in November 2021, working within the finance team to oversee all fund and corporate accounting, including for PITCH. Louisa has over 8 years of experience working within the funds industry, having previously worked at an alternative asset administrator. She has worked primarily on Real Assets and has experience in servicing funds from both a governance and accounting perspective.

Further information on the Management Team can be found at: https://pitch.mayfaircapital.co.uk/meet-the-team/

Fund Commentary

Property Fund Manager's Report

2023 was a particularly challenging year for property markets as pricing continued to adjust for a higher interest rate environment with increased competition from other income-generating asset classes. This had a notable impact on UK property investment volumes which, at £38 billion, was the lowest annual figure for 14 years with property funds across the board suffering widespread redemption pressures, particularly those dominated by defined benefit pension scheme investors.

Simon Martindale
Fund Director

Economic & Property Market

After the significant correction experienced in Q4 2022, 'all property' capital values stabilised in H1 2023, however, with interest rates peaking at 5.25% in August 2023 and the economy entering a technical recession, valuation losses increased in the second half of the year. Over the full calendar year, capital values for all property in aggregate fell by –5.7% (MSCI Quarterly Index), although this continued to mask considerable polarisation between sectors.

The primary drag on performance came from the office sector due to rising capital expenditure requirements and a notable shift in occupational demand towards new or refurbished space. Valuations in this sector fell by -14.1% over 12 months, having fallen by a total of -29.3% since the peak of the market in June 2022. For some properties with particularly high vacancy and capital expenditure risk, values have fallen considerably further.

Structural tailwinds, however, continued to be supportive of those sectors with strong demand/supply fundamentals and positive rental growth prospects, most notably the industrial and residential sectors which continued to attract most investor attention. Indeed, the Living sector generally (including student use), saw a dramatic increase in volumes with its market share increasing from 9% in the five-year period preceding 2020 to 18% in 2023. Conversely, office volumes fell by 45% compared to 2022.

The correction in property values has been largely caused by capital market factors, with occupational demand largely remaining resilient. Despite a moderate uptick in unemployment, labour markets remained incredibly tight by historic standards and with prime property in short supply, this ensured continued rental growth across the market. All property rental growth stood at 3.7% in 2023 with the strongest performance coming from the industrial and residential sectors producing annual rental growth of 7.1% and 6.7% respectively. Despite the challenges in the office sector, this still delivered rental growth of 2.4%, with even stronger income growth being seen in the serviced office space which saw record levels of take-up as occupiers prioritise flexibility and service.

"All property rental growth stood at 3.7% in 2023."

Property Fund Manager's Report

Huxley Court, Godalming (Residential)

Fund Performance

Measured against the asset class as a whole, PITCH delivered resilient performance in 2023 with total returns of -0.6% compared with -1.4% for its peer index as measured by the MSCI/ AREF UK Balanced Open-Ended Property Fund Index.

Although performance in absolute terms was weak, much of this was driven by yield expansion caused by rising interest rates. The property portfolio, measured by income performance, delivered robust results with distributions growing in excess of inflation at 10% attributable to positive leasing and active asset management. This resulted in some £2.3m of new income added to the portfolio through various letting, lease renewal and rent review initiatives. It also meant the Fund finished the year with a low vacancy rate of only 7.7% at a time when market voids had moved in the opposite direction. The average vacancy rate in the MSCI/AREF UK Balanced Open-Ended Property Fund Index as at Q4 was over 11%.

This strong income performance is testament to the quality of the portfolio, which has been carefully constructed having regard to Swiss Life AM UK's thematic investment strategy to align it with secular trends and ensure exposure to those areas of the market where occupier demand is strongest. We have complemented this with a focus on high quality tenants to ensure consistent and timely rent payments. The Fund's weighted tenant credit risk score is the second best in the Index. As a result, PITCH delivered a final calendar year distribution yield of 6.2% helping to offset much of the capital value movement over the year.

Acquisition & Sale Activity

The key acquisition focus during 2023 was to continue the deployment of the residential strategy as part of the Fund's target 5% allocation to the sector. This saw the addition of four new purchases totalling some £10.1m in Mansfield, Waverley, Godalming and Leeds. This increased PITCH's allocation to residential to 3.5% whilst also increasing the overall weighting to alternatives to 12%.

The residential portfolio performed well delivering robust valuation growth, high occupancy (97% as at the end of the year), a net initial yield ahead of target (>4%) and strong rental growth of 5.4% in the 12 months to the end of 2023. At a time of increased structural change and weakness in other sectors, such as retail and offices, this allocation provided important diversification and endorsed our strategic move into the sector.

The Fund completed a total of £38.2m sales in 2023 as detailed in this Report with a further £7m exchanging just after the year end. This comprised a total of six assets with over half by value being offices following completion of various asset management initiatives.
On completion of a final office sale, (currently under offer), this will reduce the office weighting to just over 20% marking a considerable reduction by reference to market weightings. This leaves the Fund with a slimmed down pool of high quality, refurbished office buildings with just under 80% of assets rated EPCA-B and minimal vacancy.

"PITCH delivered a final calendar year distribution of 6.2% helping to offset much of the capital value movement over the year."

Investment and Liquidity

The high interest rate environment proved challenging for raising new equity as investors remained neutral on property and sought more liquid, income-producing asset classes. Despite attracting £24m of new subscriptions, this was exceeded by redemptions of £45m although this was dominated by one particularly large single unitholder in Q4.

In December, the Fund repaid a maturing £26m debt facility which was secured at a fixed rate of 2.25%. Whilst we view debt as a differentiator for PITCH with it being accretive to returns over the longer term, we have always adopted a low risk and opportunistic approach to borrowings having previously taken full advantage of the low interest rate environment in securing attractive financing terms. In view of the higher level of current interest rates there was no compelling financial rationale to refinance this loan. The Fund's LTV ratio reduced to 11.4% by the year end, comfortably below the ten-year average of 14%.

Together with redemptions, this meant that the Fund had £71m of liabilities to repay in 2023. Thanks to our responsible approach to liquidity management, we increased cash levels throughout the year, through an active sale programme and limiting acquisition activity to the residential sector. As such, we were pleased to have met these liabilities in full whilst maintaining Fund liquidity. This maintained PITCH's track record of never having had to defer redemptions or vary its Trust Deed provisions for liquidity reasons over a near 20-year period.

West Moor Park, Doncaster (Industrial)

Property Fund Manager's Report

ESG

PITCH delivered some notable ESG achievements in 2023. This included a stellar GRESB result scoring an improved 83 out of 100 and climbing to the Top 5% of funds within its peer group of 100 Funds. This follows successful collaboration across our tenant base to improve our data collection on energy consumption across the portfolio, allied with the delivery of further energy performance upgrades. 91% of the portfolio by ERV is now rated as EPC A-C, compared with 73% five years ago.

We were delighted to announce the launch of our first social value initiative in partnership between Swiss Life AM UK and PITCH, titled 'Empowering Places 2023'. This is described in more detail within the ESG section of the Report. The Social Policy aims to bring about positive societal benefits in locations in which the Fund invests with a focus on creating healthy, sustainable and inclusive communities and promoting access to education and skills for underserved groups. This commitment comprised a total of £20,000 which was donated to two charities in South Yorkshire, where PITCH owns two warehouses at Trax Park and West Moor Park, Doncaster. It also involved the PITCH Team taking part in a skills workshop with a local sixth form college in Doncaster.

In our annual review of PITCH's decarbonisation pathway, it was pleasing to record that PITCH had achieved a 36% reduction in Green House Gas (GHG) emissions since 2019, with the Fund Team implementing key decarbonisation actions in refurbishments, through tenant engagement and in implementing a solar strategy, to stay on track with a 1.5°C target. We will continue to prioritise opportunities to decarbonise the portfolio by working closely with the Fund's tenants. This positive engagement is facilitated and enhanced by a lean and focussed portfolio of assets and tenants.

Fund Strategy and Outlook

For managers of balanced property funds, 2023 will be remembered as one of the most challenging on record. The prospects for 2024, however, look considerably brighter with economic activity remaining resilient and the prospect of interest rate cuts later in the year expected to bring renewed investor confidence and improved returns from the asset class.

That said, the dynamics of the property market have fundamentally shifted due to structural change, and we are experiencing reducing lease lengths and changing sector allocations as a result. This requires an entrepreneurial and active strategic approach to remain relevant amid considerable structural and societal change. The importance of sector selection, diversification and proactive asset management will be paramount to delivering attractive and sustainable returns to investors.

As thematic investors, we have been aligning PITCH to benefit from these trends through our move into residential, our long-term overweight allocation to industrial, along with our active sale and asset management programme. The Fund enters 2024 in a strong position with a lean portfolio of high-quality assets offering strong rental growth prospects and a low vacancy rate. It is these characteristics that will support Fund performance over the coming economic cycle with income providing the main contributor to returns.

As ever, I would like to offer my gratitude and thanks to all those that have supported the Fund over the past 12 months including the stewardship and guidance of the PITCH Investors' Committee as well as Vistra, Apex, JLL, Natwest, Hearthstone, Connells, CBRE, CMS, Dentons, Pinsent & Masons and Crowe.

91% *of the portfolio rated EPC A-C*

compared with 73% five years ago

Statement of Manager's responsibilities

The Trust Deed requires the Manager to prepare accounts for each accounting period which give a true and fair view of the financial affairs of the Fund at the end of that period and of its income and expenditure for the financial year.

In preparing the accounts the Manager is required to:

- Select suitable accounting policies and apply them consistently.
- Follow generally accepted accounting principles.
- Make judgements and estimates that are reasonable and prudent.
- Prepare accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.
- Ensure proper accounting records are kept which enable the Fund to demonstrate that the annual accounts as prepared comply with the above requirements.

The Manager is also responsible for:

- Appointing the auditors of the Fund.
- The maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Manager shall keep or cause to be kept proper books of account and records showing all transactions effected on behalf of the Fund and shall permit the Trustee and its authorised agents from time to time on reasonable notice to examine and take copies of and extracts from such books of account and records.

The Manager shall also, whenever requested to do so, furnish to the Trustee all such information and explanations as the Trustee may require in relation to such transactions or dealings or the conduct of the affairs of the Fund (in so far as such conduct is in the hands of the Manager) and shall produce to the Trustee from time to time on demand all documents in the possession or power of the Manager relating to the matters aforesaid.

The Trustee may accept and shall not be bound to verify information and documents so given or produced by the Manager (including any valuation made or obtained by it for the purposes of the Trust Deed) unless the Trustee has actual notice of any irregularity.

Environmental, Social and Governance (ESG)

2023 ESG Highlights

Responsible and ethical investment is integral to the way in which the PITCH Fund is managed and ESG remains a top priority for the Fund Team in 2024. Significant progress has been made this past year, which is evident through our notable achievements outlined below. In 2024 we aim to focus our ESG efforts on continuing to improve ESG data coverage and quality, and to accelerate the implementation of our decarbonisation strategy in support of PITCH's net zero carbon commitment. We look forward to reporting on the PITCH Fund's ESG progress and achievements made in 2024 in our next annual report.

Data Coverage:

72% Energy data coverage achieved

(+16% from the previous year)

Please see the 'Data Management and Monitoring' section on page 24 for further information.

Decarbonisation:

36% Greenhouse gas emissions intensity reduction achieved since 2019.

Please see the 'Net Zero Carbon' section on page 24 for further information.

GRESB*:

5% PITCH ranked in the top 5% of its GRESB peer group in 2023.

Please see the 'Global Real Estate Sustainability Benchmark (GRESB)' section on page 34 for further information.

UK Social Value Strategy:

£20,000 donated in 2023

Please see the 'UK Social Value Strategy' section on page 30 for further information.

* GRESB: Global Real Estate Sustainability Benchmark (GRESB).

Introduction

The Property Income Trust for Charities (PITCH) has practised responsible investment and has had a strict ethical policy since Fund inception in 2004. This reflects Swiss Life Asset Managers UK's longstanding track record of Environmental, Social and Governance (ESG) integration as well as the underlying investor base, consisting of a diverse group of charities.

ESG continues to be a critical and strategic priority for PITCH. In August of 2021, Christi Vosloo joined as Head of UK ESG. Christi is the first ESG hire for Swiss Life Asset Mangers UK and works closely with the PITCH Fund Team, ensuring that ESG considerations are embedded in all stages of the investment process.

All Swiss Life Asset Managers UK employees have ESG and Stewardship Key Performance Indicators (KPIs) included as part of their standard performance objectives, ensuring that financial incentives are linked to ESG performance.

This ESG update outlines progress and actions for the year ended 2023.

Responsible Property Investment

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 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 invest selectively, prioritising a high quality of specification on new acquisitions and in the refurbishment and ongoing management of the buildings under our care. 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.

Please find the link to our Responsible Investment Policy here.

Swiss Life Asset Managers PRI scores[1]

PRI Principles for Responsible Investment

77% Policy Governance and Strategy score accredited by PRI

78% PRI score for Real Estate

(1) The topics assessed and scores can be found in the full PRI assessment and transparency reports (see swisslife-am.com/pri-assessment). The PRI accreditations are based on 2022 reporting figures. The Investment and Stewardship policy score accredited by PRI shown in the Responsible Investment Report 2022 is replaced by the new indicator "Policy Governance and Strategy". The new indicator combines the "Investment & Stewardship Policy" with the "Listed Equity" indicator.

ESG Strategy

As part of the Swiss Life Asset Managers UK ESG Strategy development process, we have identified five ESG priority focus areas outlined below. These focus areas form the building blocks of our UK ESG Strategy that is implemented at portfolio and asset level.

The focus areas are:

Managing Sustainability Risks and Resilience
Managing sustainability risk and resilience as part of our fiduciary duty.

Reducing Climate Impact
Reducing the climate impact of our real estate products.

Enhancing Health, Safety and Wellbeing
Enhancing health, safety and wellbeing to manage risk and improve the experience at our assets.

Fostering Social Inclusion
Fostering social inclusion as part of our market leader role.

Increasing Transparency and Stakeholder Engagement
Increasing transparency and stakeholder engagement to deliver more value.

Contributing to the following SDGs:

The Sustainable Development Goals (SDGs) are a collection of 17 interlinked goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set in 2015 by the UN General Assembly and are intended to be achieved by 2030.

Included in the following section are ESG updates for the PITCH portfolio, centred around each focus area and tailored to The Fund's specific ESG requirements.

Managing Sustainability Risks and Resilience

We aim to proactively manage sustainability risk to build portfolio resilience and maintain value over the long term.

Compliance and Risk Management

Maintaining compliance with all environmental and sustainability legislation is a priority for PITCH. External consultants advise on entity compliance and significant legislative changes that can impact advisory or discretionary mandates. JLL, as managing agents are responsible for ESG compliance matters at asset level and report on a quarterly basis to the Fund team or as a matter arises.

External consultants and law firms provide further support with compliance updates, briefings and regular ESG training sessions for Swiss Life Asset Managers UK.

Minimum Energy Efficiency Standard (MEES) Risk

Under the Minimum Energy Efficiency Standard (MEES) regulation, since April 2018, landlords are unable to let properties with F and G EPC ratings. From 1 April 2023, this has expanded to capture all existing lettings. The MEES threshold is an EPC in band "E". It is unlawful to lease or sell any property in England and Wales which does not meet MEES.

In addition, the Government's 2019 consultation on a future regulatory target for the non-domestic private rented sector of EPC B by 2030 gained large support. As a result, the 2020 Energy White Paper confirmed that the future trajectory for non-domestic minimum energy efficiency standards will be EPC B by 2030.

In view of the likely forthcoming legislation, we are conducting MEES planning sessions, reviewing the portfolio to assess units that are below the EPC B threshold, and that have a lease expiry that falls after a MEES deadline. We are prioritising these tenants for engagement whilst also identifying opportunities to enhance the EPC ratings of assets as part of refurbishment planning.

Energy Performance Certificates (EPCs) cover 100% of the portfolio and 90.7% of the portfolio by floor area is rated A-C. All units are compliant with the current MEES threshold of E. As of December 2023, the EPC position has improved since last year as we have reduced the number of D rated properties through a combination of asset improvements and sales.

Energy Performance Certificates (EPCs)

The table below includes the EPC profile of the PITCH portfolio by percentage of portfolio floor area.

Energy Performance Certificate Rating	% of portfolio floor area
A	19.1%
B	27.6%
C	44.0%
D	9.3%
E	0.0%
F	0.0%
G	0.0%
Exempt	0.0%
No EPC	0.0%
Coverage	100%

Notes:

EPC data included in this report is valid as of 31 December 2023 and covers 100% of assets under management in PITCH (where EPCs are required).

99% of the office portfolio is rated EPC A-C (by ERV)

Flood Risk

In line with our strict Swiss Life AM UK Flood Risk Policy, as part of our acquisition process, we assess flood risk for all new acquisitions and document this in our ESG Acquisition Checklist. On a regular basis, we review the flood risk ratings of the portfolio using the Environment Agency (EA) flood maps.

Future flood risk is assessed as part of the portfolio climate risk analysis process (details included below and alongside) that we repeat annually. At acquisition, we conduct climate risk screening and we also commission detailed flood risk assessments by specialist advisors where applicable.

Climate Risk

Swiss Life Group are supporters of the Task Force on Climate-related Financial Disclosures (TCFD) with the latest TCFD report available here.

Swiss Life Asset Managers UK Limited, as the managers of PITCH, are acutely aware of both the physical and transition risks posed as a result of climate change. As a result, we assess physical and transition risks for both standing investments and new acquisitions.

Integrating Flood and Climate Risk into our Investment Process

Standing Investments
As part of a Division-wide project, we conduct climate risk analysis of the portfolio on an annual basis assessing both physical and transition risk exposure.
This Real Estate Climate Value-at-Risk tool assesses current and future exposure to the following physical hazards: coastal flooding, fluvial flooding, tropical cyclones, extreme heat, extreme cold and wildfire. Physical risks are assessed based on the geolocation of assets and their increased or decreased exposure to individual hazards as a consequence of climate change.
Transition risk (specifically policy or regulatory) risk is assessed based on the carbon intensity of an asset and the gap to meeting sector specific emission reduction targets.
We have incorporated findings into our annual internal ESG Risk Reporting, where areas for further analysis are identified and actions assigned.

New Acquisitions
We undertake extensive sustainability due diligence on all acquisitions. This includes an assessment of climate risk and flood risk.
We also undertake net zero carbon assessments for all acquisitions to better understand the assets energy performance potential, and the cost to improve the asset in line with net zero carbon operational targets.

Unit 1, Newmarket (Industrial)

Sky House, Waverley (Residential)

Reducing Climate Impact

Comprehensive environmental data is key to providing an accurate understanding of performance and to informing targeted actions.

Data Management and Monitoring

Obtaining comprehensive and high quality ESG data is an ongoing and industry-wide challenge and consequently, also a challenge for PITCH. Tenant data can be particularly difficult to obtain due to the nature of Full Repairing and Insuring (FRI) lease terms, where tenants are responsible for the procurement of their utilities and do not have an obligation to share this data. PITCH holds a relatively high proportion of single let assets on FRI lease terms (with limited landlord control or restricted access to energy data).

Improving data collection, coverage, management and monitoring is a priority for PITCH. Comprehensive environmental data is key to providing an accurate understanding of performance and to informing targeted actions.

To further improve our data coverage, we have appointed a third-party to automate tenant data collection, subject to tenant permissions. This technology will automatically collect tenant data directly from the supplier or national database and further support the aim of collecting quality whole building data.

To support the implementation of this solution, the PITCH Fund Team and managing agents continue to actively engage tenants on data sharing to obtain signed Letters of Authority or collect data via manual means.

The table below outlines PITCH's data coverage (as assessed by GRESB)[1]:

Data Coverage	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022
Energy	20%	34%⇧	54%⇧	56%⇧	72%⇧
GHG	26%	35%⇧	55%⇧	53%⇩	70%⇧
Water	11%	18%⇧	45%⇧	30%⇩	51%⇧
Waste	14%	22%⇧	32%⇧	49%⇧	62%⇧

1 - 2023 figures will be available following the annual submission to GRESB.

Net Zero Carbon

Swiss Life Asset Managers UK, as investment manager of the Property Income Trust for Charities (PITCH), has a duty to take practical steps to decarbonise, future-proof and maintain value of the real estate portfolios under our care. As a result, building climate resilience and developing a clear pathway to net zero carbon has been a primary focus for Swiss Life Asset Managers UK and our parent company, Swiss Life Asset Managers ("The Division"). In 2021, we commenced a Division-wide project to develop a decarbonisation pathway, with the analysis based on the CRREM (Carbon Risk Real Estate Monitor) tool. This culminated in a Divisional commitment to reduce the carbon intensity ($kgCO_2e/m^2$) of the direct real estate portfolio by 20%, in line with the aims of the Paris Agreement.

In May 2022, the Division became signatories of the Net Zero Asset Managers Initiative (NZAMi), reinforcing its commitment to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner for the direct real estate portfolio, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investment aligned with net zero emissions by 2050 or sooner.

36% Greenhouse gas emissions intensity reduction achieved since 2019.

RACE TO ZERO

PITCH's Commitment

In 2022, we advanced the analysis for PITCH, whilst progressing our programme of asset and portfolio level net zero actions in line with our parent company's commitment to the Net Zero Asset Managers initiative. We set out the Fund-level commitment below:

By 2030

we aim to reduce the carbon intensity (kgCO2e/m²) of the portfolio by 32% across scope 1, 2 and 3 greenhouse gas emissions* and to disclose our progress.

By 2050

(or sooner), our commitment is for the Property Income Trust for Charities portfolio to be net zero carbon.

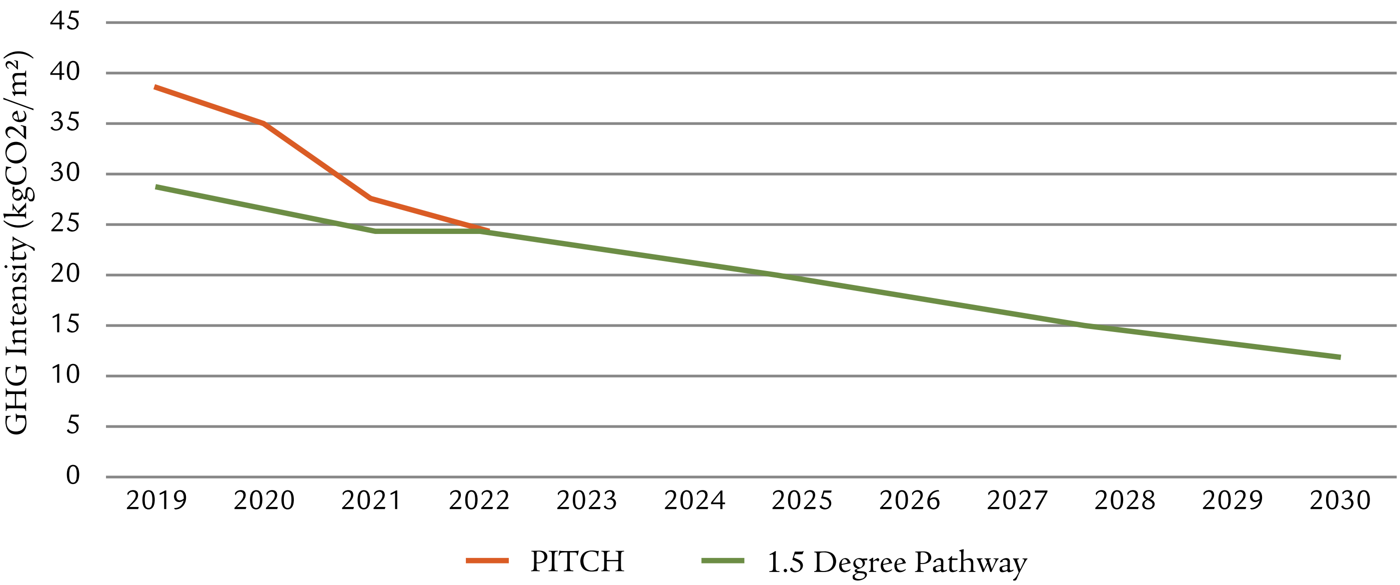
2023 Update

Decarbonisation Dashboard Analysis

In 2023, we completed a comprehensive data review and validation exercise reviewing the portfolio data, estimation methodology and assumptions. The decarbonisation dashboard data and assumptions are updated on an annual basis, with a focus on continually improving data quality, coverage and cost estimations. The purpose of the tool is to be actively used by fund teams to inform asset management initiatives and investment decisions.

A 36% greenhouse gas emissions intensity reduction has been achieved since 2019. Progress is monitored on an annual basis in the decarbonisation dashboard tool. Please find below our most recent decarbonisation pathway:

PITCH Decarbonisation Pathway

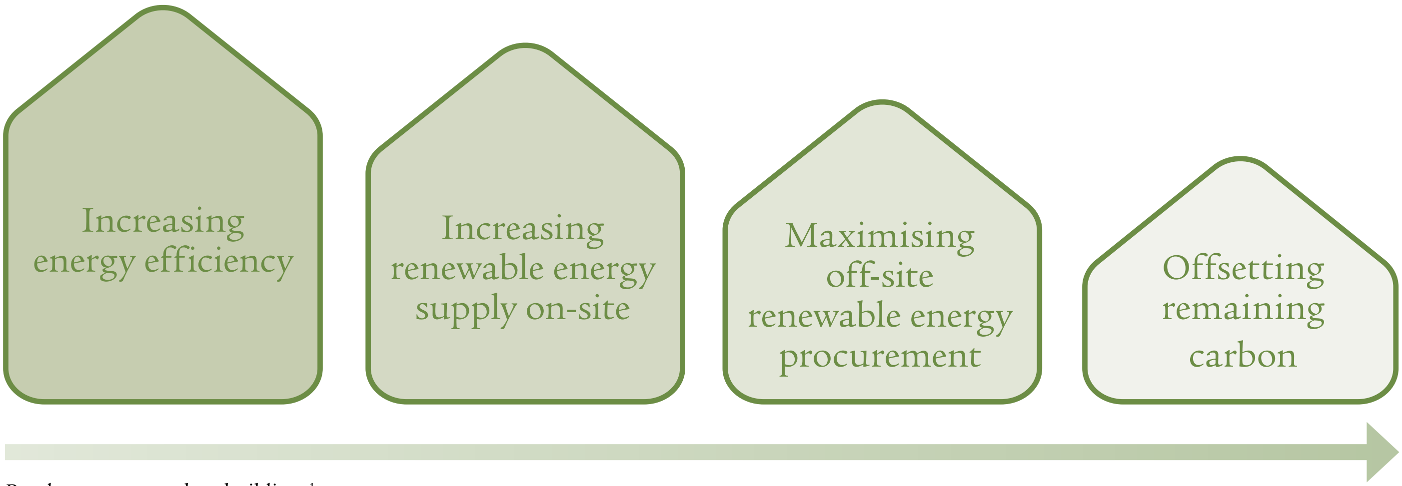


* Against a 2019 baseline.

Reducing Climate Impact

PITCH's Approach

Our decarbonisation strategy follows the operational net zero carbon hierarchy, of:



Road to net zero carbon buildings[1]

As part of our analysis, we have conducted a high-level assessment of cost. Many measures are met through standard maintenance and system replacement, whilst other energy reduction and carbon saving measures, e.g. LED lighting and solar PV installations, offer attractive payback periods. Energy and carbon reduction measures are included as part of our standard approach to refurbishment and enhancing the assets' sustainability credentials. As we undertake more asset level net zero audits, our view on expected costs will become more exacting, which will improve over time.

PITCH's decarbonisation strategy is not static, it will evolve as our approach to net zero carbon is enhanced, new and improved solutions become available, and we improve our energy data coverage across the portfolio. We will proactively report on changes and updates as and when appropriate.

By having a clear understanding of our pathway to net zero, we will be able to plan carefully, prioritise effectively, and utilise all the decarbonisation levers available, in order to make informed investment decisions and maintain value and performance for our PITCH investors over the long term.

For the full detail on our commitment and methodological notes – please find the briefing note here.

"We will continue to prioritise opportunities to decarbonise the portfolio by working closely with the Fund's tenants." *Simon Martindale, PITCH Fund Director*

(1) Source: 2021, The 10 Green Building Principles aiming to get real estate to net zero, World Economic Forum.

Integrating ESG into our Investment Process

Investment Acquisition

As part of standard practice, Swiss Life Asset Managers UK conducts rigorous ESG and sustainability due diligence prior to any purchase.

The Swiss Life Asset Managers UK ESG Acquisition Checklist is completed as part of due diligence for all new acquisitions. The checklist covers a comprehensive list of ESG areas including (but not limited to):

Environmental
Green Building Certification
Energy source(s)
On-site renewable energy
Building system information and characteristics
Environmental consumption data
EPC
Site contamination information
Climate risks analysis
Net zero carbon assessment

Social
Mobility: e-mobility, cycling, public transport
Inclusion: accessibility, affordable living
Wellbeing: access to green space

Governance
Safety (fire safety and evacuation plan)
Health and safety
Controversial tenants

In consideration of future requirements and our net zero carbon ambitions, in 2021 we have also included net zero carbon screening as part of the standard due diligence process.

Improvements and Refurbishments

Swiss Life Asset Managers UK has a Sustainable Development and Refurbishment Guide that is used to guide all refurbishment projects ensuring that during each refurbishment, strong sustainability credentials and efficiency improvements are targeted. Swiss Life Asset Managers UK aims for sustainability best practice on all refurbishments. In 2024, the aim is to update the refurbishment guide to include quantitative sustainability targets.

We have also assembled a guide covering Sustainable Fit-Outs-that is available to all of our tenants and contractors to assist with this process. The guides include sustainable design considerations in terms of specification and materials, layout, supply chain and flexibility as well as energy and waste considerations.

Citu, Leeds (Residential)

Reducing Climate Impact

Integrating ESG into Operations

The table below outlines how ESG initiatives are integrated into the ongoing management and operations of the PITCH Portfolio:

Initiative	Actions
Green lease clauses	The PITCH Team engage with tenants to try and include green lease clauses in all new lettings and lease renewals. These clauses help address ESG compliance, energy, water and waste data sharing and co-operation on ESG matters. This negotiation remains very challenging (as experienced across the industry), given landlords are not able to oblige tenants to share data. However, we have had success with automated tenant data solutions and find that it provides a useful and practical solution to overcoming some of the data sharing challenges.
On-site renewable energy	The PITCH Team is actively seeking to increase the number of solar installations across the PITCH Fund, with careful consideration for the net zero carbon hierarchy. Solar installations will be considered during planned refurbishment projects where we aim for best practice energy and carbon reduction measures. Solar installations will also be considered as standalone installations, for both existing and future acquisitions, engaging with our tenants to obtain approval where required.
Renewable tariffs	Electricity at landlord-controlled assets within the PITCH portfolio is supplied by a 100% renewable tariff. In terms of the current contract, the power used over the course of the year is fully matched with Renewable Energy Guarantees of Origin (REGOs) from wind, solar and hydro sources. The managing agents are currently exploring higher quality options (market permitting).
Electric Vehicle (EV) charging	The PITCH Team is working to increase the number of EV charging points across the portfolio, enabling the transition to low/no emission vehicles. The PITCH Team, with the support of Syzygy (specialist renewables and Electric Vehicles consultancy), launched a tender process to carefully select a Charge Point Operator (CPO) for a number of PITCH retail sites. At the time of reporting, a provider has been selected, a lease is being negotiated and various planning permissions are underway along with tenant consultations. Once concluded, the chosen party will install the EV chargers across the selected PITCH sites in 2024.
Green Building Certification	We target strong certification standards in refurbishment projects in alignment with our Swiss Life Asset Managers UK Sustainable Development & Refurbishment Guidelines. For standing investments green building certifications are targeted on a case-by-case basis where applicable and of value. Please see the table below outlining current green building certification coverage for PITCH:

Certification	Number of Assets	Area (sqft)	% of total area
BREEAM/Refurbishment and Fit-out	1	111,301	4%
BREEAM/New Construction	6	329,244	10%
BREEAM/In Use	6	759,450	24%
WiredScore	2	134,654	4%
Total	15	1,334,649	42%

Enhancing Health Safety and Wellbeing

Enhancing health safety and wellbeing to manage risk and improve the experience at our assets.

The real Living Wage is the only UK wage rate that is voluntarily paid by over 14,000 UK businesses who believe their staff deserve a wage which meets basic everyday needs. Swiss Life Asset Managers UK's Living Wage accreditation demonstrates not only a commitment to our employees, but also to those who work in our supply chain, ensuring they are paid the 'real Living Wage'.

We recognise the majority of our impact and influence is in the PITCH supply chain. As a result, in 2022 we undertook an extensive supply chain review to prepare for Living Wage accreditation, and The PITCH Fund was approved by the Living Wage Foundation as an accredited Living Wage Employer. To support the accreditation, the PITCH Fund team and managing agents regularly review and monitor supply chain contracts to ensure Living Wage accreditation is maintained and that all those working on behalf of PITCH are paid a wage rate that allows them to meet their basic needs.

Living Wage Employer

In 2022, PITCH was accredited as a Living Wage Employer by the Living Wage Foundation.

We are a Living Wage Employer

Fostering Social Inclusion

Fostering social inclusion as part of our market leader role.

UK Social Value Strategy and Community Fund in partnership with PITCH

In 2023, Swiss Life Asset Managers UK launched the 'Empowering Places' UK social value strategy and community fund, in partnership with our charity fund, the Property Income Trust for Charities. This strategy was the culmination of an extensive social value project completed in 2022 and signals our continued commitment to creating positive social impact within the communities in which we invest.

The UK Government launched its 'Levelling Up' agenda in recognition of the geographical inequality affecting towns and cities across the UK. There are significant differences in productivity, pay, education levels and health and wellbeing, with regional towns and cities disproportionately affected. As a UK real estate investor with significant regional exposure (c. 72% of our AuM* is located outside of London and the South East), we believe we can make a positive and meaningful contribution to tackling these disparities and challenges through our approach to social value.

Our Strategy: 'Empowering Places'

Our strategy is 'place based' and aims to tackle these challenges by relying on local authority data and the close community connections of local charities, so that we have a clear understanding of the needs within the communities in which we invest. Through our strategy we aim to make a substantial contribution to these focus areas by supporting local community projects, and by using our influence within our supply chain and with our stakeholders.

£20,000

donated in 2023 via our UK Community Fund to support local community projects and causes.

Focus Areas of our UK Social Value Strategy:

1 Creating healthy, sustainable and inclusive communities in and around our assets

2 Promoting access to education and skills for underserved groups

3 Creating an inclusive economy within our value chain and collaborating with our partners to maximise impact

* AuM - Assets under Management

Delivering on This Commitment

We are delivering on this commitment through our UK Community Fund that was launched in partnership with our Property Income Trust for Charities Fund. This included a commitment of £20,000 in 2023 to support local community projects and causes. In addition to this, we plan to review our processes and policies to incorporate social value considerations, and to use our influence to engage with our supply chain and collaborate with our partners to maximise our impact.

Delivery Mechanisms

Initiative Focussed

SwissLife Asset Managers — In partnership with PITCH Property Income Trust For Charities

UK COMMUNITY FUND

£20,000

comitted to support local community projects and causes in 2023*

Procedural

Process, policies & stakeholder engagement

* Swiss Life Asset Managers UK and The Property Income Trust for Charities have each contributed £10,000 to the UK Community Fund to support local community projects in 2023. All donations are paid for separately.

Orion Business Park, Stockport (Industrial)

Fostering Social Inclusion

2023 Update

In 2023, we assessed our portfolio by value, area and number of properties to identify our exposure to different locations, and overlayed this with an assessment of placed based needs. Doncaster was selected as the first location to support through our strategy, due to a high deprivation ranking across a range of social issues (e.g. income, employment, education levels, health, crime and barriers to accessing local services). In addition, PITCH owns two large industrial assets in Doncaster, Trax Park and West Moor Park (please see image on page 15).

To support delivery of our social value initiatives in Doncaster, we partnered with South Yorkshire's Community Foundation (SYCF) who have a strong understanding of local needs. Through the support of South Yorkshire's Community Foundation, we selected two charities to support in 2023 with missions that were aligned with our strategy goals. These charities are:

1. **Active Fusion** aims to help every child to develop a love for being active by creating positive habits that last a lifetime, through the provision of diversionary physical activity programmes.

2. **Flying Futures** provides a range of social programmes focussed on employability, leadership and mentoring, for children and young people aged 5-25.

In addition, the PITCH Fund Team had the opportunity to participate in the Flying Futures programme, providing a career session on real estate at Harrison College. Harrison College is a specialist enterprise school for children and young people with autism and special education needs.

We look forward to reporting on the first year of the strategy in 2024 in our first annual dedicated Social Value Report.

PITCH Team vist to Harrison College, Doncaster

"Our organisation is passionate about inspiring and preparing young people for the fast-changing world of work. The support received from SwissLife Asset Managers' has been instrumental in enabling SYCF to achieve this objective, through the funding of community providers which underpin this employability agenda."

South Yorkshire's Community Foundation

Increasing Transparency and Stakeholder Engagement

We are committed to transparent reporting and continual improvement on ESG.

Industry Initiatives and Reporting

Swiss Life Asset Managers plays an active role in a number of industry bodies and memberships that support the advancement of ESG.

We are a member of the following:

Swiss Life Group:

- UN Principles for Responsible Investment (UN PRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Carbon Disclosure Project (CDP)
- UNEP FI Principles for Sustainable Insurance (PSI)
- UN Global Compact (UNGC)

Swiss Life Asset Managers:

- International Corporate Governance Network (ICGN)
- Institutional Investors Group on Climate Change (IIGCC)
- Climate Action 100+
- Net Zero Asset Managers initiative (NZAMi)
- Global Real Estate Sustainability Benchmark (GRESB)

Swiss Life Asset Managers UK:

- UK Stewardship Code

The full list of industry memberships is available here.

ESG Reporting

Swiss Life Group publishes and annual **Sustainability Report** and Swiss Life Asset Managers publishes an annual **Responsible Investment Report**.

Task Force on Climate-related Financial Disclosures (TCFD)

The Swiss Life Group have been supporters of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2018 and are reporting in line with the recommendations.

Please find the Swiss Life Group response to TCFD available here.

United Nations Principles for Responsible Investment (UN PRI)

Swiss Life Asset Managers UK has been a signatory to UN PRI since 2017, and in 2020, our PRI submission and reporting was combined with that of our parent company, Swiss Life.

Please find the Swiss Life UN PRI transparency report available here.

UK Stewardship Code

Swiss Life Asset Managers UK has been accepted as signatory to the UK Stewardship Code and we will publish our fourth report for the year ending 31 December 2023. In line with our responsibilities, we report on our progress annually.

Swiss Life Group

Swiss Life Asset Managers

Swiss Life Asset Managers UK:

Increasing Transparency and Stakeholder Engagement

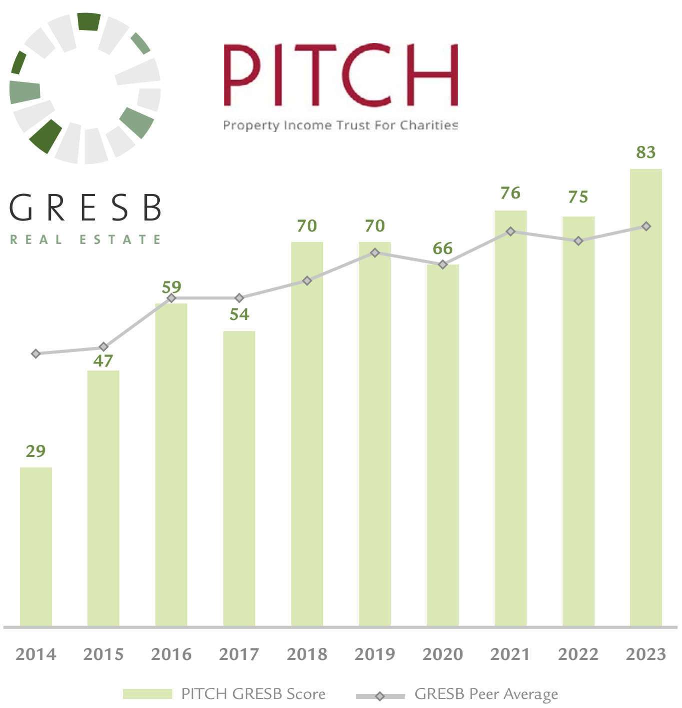
Global Real Estate Sustainability Benchmark (GRESB)

The Global Real Estate Sustainability Benchmark (GRESB) has developed over the past several years to become the dominant measure or benchmark for assessing Environmental, Social and Governance (ESG) performance of property funds. PITCH has participated in GRESB for the past 10 years and we have made substantial progress over this period.

In 2023 the Fund achieved a score of 83 (out of 100) and gained an additional star to achieve four Green Star status. The key improvement areas for PITCH are: energy, water and waste data coverage and green building certification. The Fund Team and the property managers are focussed on driving the sustainability programme forward through implementation of asset level initiatives that improve the ESG credentials of the assets and further support GRESB reporting. PITCH intends to participate in GRESB in 2024 for the 11th consecutive year.

Please find the 2023 GRESB Results Report available here.

PITCH Fund GRESB Track Record (2014-2023)



GRESB 2023 Scores: PITCH achieved a score of 83 (out of 100) and was awarded four Green Stars.

★★★★

Stakeholder Engagement

'Increasing transparency and stakeholder engagement' is one of the five priority focus areas of our strategy, as collaboration and engagement with our key stakeholders is fundamental to ensuring successful ESG outcomes. Depending on the type of engagement, the Fund Director, Head of Asset Management and Head of UK ESG play pivotal roles in the process.

Property managers, tenants, suppliers and investors are considered the primary stakeholders of the PITCH portfolio.

Property Managers

Implementation of property level ESG initiatives for PITCH centres on collaborating with our managing agents to deliver on our sustainability programme.

In 2021, we commenced a process to clearly define sustainability standards, expectations and reporting requirements for property managers. The PITCH property managers are pivotal to ESG implementation and ESG improvement for the Fund. The Property Managers, are responsible for the maintenance of the ESG Logbooks for all assets where we have operational control. The Logbooks, alongside regular reporting and monthly meetings, form the foundation of the sustainability programme, ensuring momentum is maintained and actions implemented.

PITCH ranked in the **top 5% of its GRESB peer group** in 2023.

Tenants

PITCH benefits from its lean property portfolio with fewer assets, allowing the Fund's management team to maintain regular dialogue with its tenants, to foster close tenant relationships and to obtain direct and actionable feedback from occupiers.

We seek to incorporate green lease terms in all leases. Green lease clauses are included in the standard lease offered as part of all new lettings. The clauses typically cover information sharing, collaboration and co-operation with the landlord to support improvement works and to ensure that the Energy Performance Certificate (EPC) is improved or maintained. During these negotiations, we explain the rationale and intention of these clauses to encourage that these are retained in the lease agreement.

We regularly engage with tenants on various ESG initiatives: e.g. the installation of roof mounted solar, conducting energy audits, energy and carbon reduction measures and data sharing. Data sharing is a key priority as this supports implementation of automated tenant data collection solutions, and collaboration on sustainability initiatives that will improve the ESG performance of the occupied properties. We request environmental performance data from tenants on an annual basis and encourage the signature of Letters of Authority to automate data collection via our ESG data management system.

We also undertake regular tenant surveys to seek formal feedback to improve assets in line with tenant requirements and sustainability expectations. This allows us to obtain direct and actionable feedback from occupiers about their future requirements.

We have developed a Sustainable Fitout Guide for tenants, to encourage sustainable fitouts and provide additional guidance. The managing agents provide this to any new tenant in the PITCH Fund.

We engage with our tenants regularly on ESG matters, sharing occupier sustainability newsletters/updates and sustainability is a standing agenda item at property manager and tenant meetings.

Suppliers

As a responsible investor, we recognise the influence we have within our supply chain and are committed to ensuring that ESG and responsible property investment principles are integrated throughout. We aim to work with suppliers that are aligned with our ESG ambitions, with this forming a key consideration in our procurement decisions.

In 2022, we asked all material suppliers to sign The Swiss Life Asset Managers UK Supplier Code of Conduct. All new, material, suppliers are asked to sign this code of conduct prior to contract signing. This code of conduct sets out our minimum ESG expectations of all suppliers or third-party contractors, that are working with or on behalf of Swiss Life Asset Managers UK.

We undertake regular sustainability reviews of the Fund's suppliers and their approach to ESG, to ensure that they have a compatible approach to our own. A detailed sustainability survey is provided, responses reviewed, and any suppliers failing to meet minimum expectations are engaged with as required.

In addition, in 2022, The PITCH Fund was accredited as a Living Wage Employer, which involved extensive review and engagement with our supply chain.

Governance

As a responsible investor, it is essential that we adhere to high standards of conduct in our business dealings. We cannot expect or encourage our stakeholders to operate ethically and with probity unless we do so ourselves.

Industry Standard Reporting

1. United Nations Principles of Responsible Investment (UNPRI)
2. Association of Real Estate Funds (AREF)
3. Global Real Estate Sustainability Benchmark (GRESB)
4. 2020 UK Stewardship Code

Swiss Life Asset Managers UK Limited is an FCA regulated business and an approved Alternative Investment Fund Manager (AIFM). We are also signatories to UN PRI and a member of the Association of Real Estate Funds. We adhere to their principles and believe that a good understanding of regulation and policy requirements demonstrates responsible risk management.

Alternative Investment Fund Managers Directive (AIFMD)

The AIFMD was transposed into UK Law on 22 July 2013. The Manager is authorised by the FCA to manage both authorised and unauthorised Alternative Investment Funds (AIFs). PITCH is considered an AIF and as such the Manager is required to comply with the disclosure, reporting and transparency obligations of the AIFMD.

The Manager's remuneration Policy:

- aims to promote sound and effective risk management and discourage risk-taking that exceeds the level of risk tolerated by the Manager and the AIFs it manages
- is in line with the business strategy, objectives, values and long-term interests of the Manager, the AIFs and their investors
- aims to reward performance and retain talented employees

The Manager has established a Remuneration Committee to ensure the requirements of the AIFM Remuneration Code are met proportionately for AIFM Remuneration Code Staff.

The aggregate total remuneration paid to the AIFM Remuneration Code Staff of The Manager for the accounting period was £1,561,225 (2022: £1,424,682), all of which was paid to senior management. The AIFM Remuneration Code Staff provide services to other funds managed or advised by the Manager, and are included in this disclosure as their professional activities are considered to have a material impact on the risk profile of the Manager and/or PITCH.

Swiss Life Asset Managers UK Investment Risk Committee

Responsibility for the implementation of Swiss Life Asset Managers UK investment risk processes sits with the Investment Risk Committee (IRC).

Our risk management framework covers our entire investment process. The IRC is central to this framework and has the following responsibilities:

- Approval of all purchases and sales
- Monitor and ensure all transactional activity is in accordance with pre- agreed strategy and risk parameters
- Review and approve the Investment Strategy annually
- Overall responsibility for implementing ESG strategy

On an annual basis, the investment report will also include comments on the stress testing of the assumptions that underpin the annual hold-sell analysis and prospective base case Internal Rate of Return.

These assumptions are stress tested under a number of different economic scenarios that have been outlined by Property Market Analysis in order to determine the Fund's resilience to a change in market conditions.

PITCH Investors' Committee

The Investors' Committee (IC) has been established to represent the Unitholders and is primarily drawn from representatives of the investors. It holds quarterly meetings with the Manager and the Trustee.

The IC approves all transactions (both acquisitions and sales) and also monitors risk parameters on a quarterly basis. The IC monitors the tenants in the property portfolio, according to the Fund's stated policy, and ensures that none are involved in any activity which would likely bring the Fund into disrepute with its investors or wider stakeholders. This would include careful consideration of those companies whose primary business is in the production of alcohol, tobacco, armaments, gambling, pornography and the sex industry or involved in other matters that may also be considered by the IC to be relevant and are therefore judged on a case by case basis. Further details of the current members of the Investors Committee are shown on page 8.

UK Stewardship Code

Effective from 1 January 2020, the Financial Reporting Council's ("FRC") UK Stewardship Code (the "Code") was updated to be applicable to a broader range of investment strategies, such as real estate and infrastructure. It also reflects the increasing importance of environmental factors, particularly climate change, as well as social and governance factors as material issues for asset managers to consider when making investment decisions.

In the 2020 version, the Code defines stewardship as "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society". The Code has 12 Principles and the FRC requires that firms intending to be signatories to the Code must produce an annual Stewardship Report explaining how they have applied the Principles of the Code in the previous twelve months. The FRC will evaluate reports against an assessment framework and those meeting the reporting expectations will be listed as signatories.

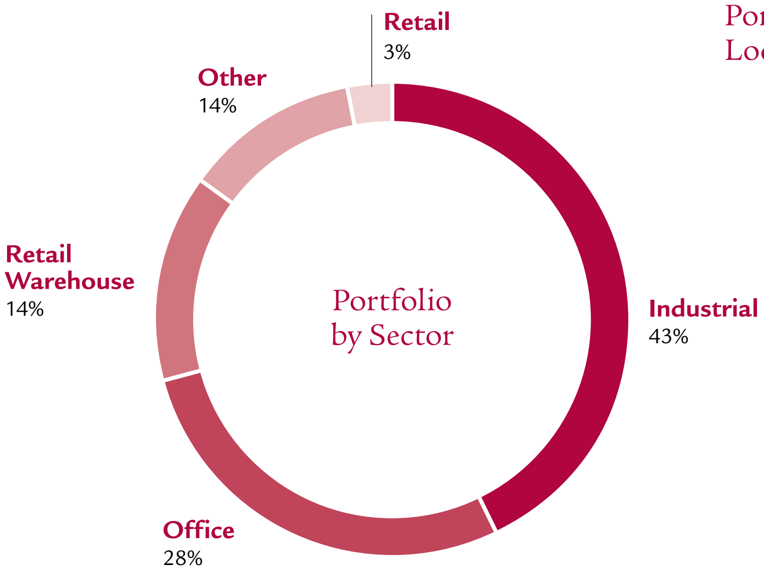
Swiss Life AM UK has adopted the Principles of the UK Stewardship Code 2020. We were included as one of the first real estate Investment Managers accepted as a signatory in September 2021, and retained our signatory status in both 2022 and 2023.

Swiss Life Asset Managers UK was **accepted as a signatory to the UK Stewardship Code for the third year in a row.**

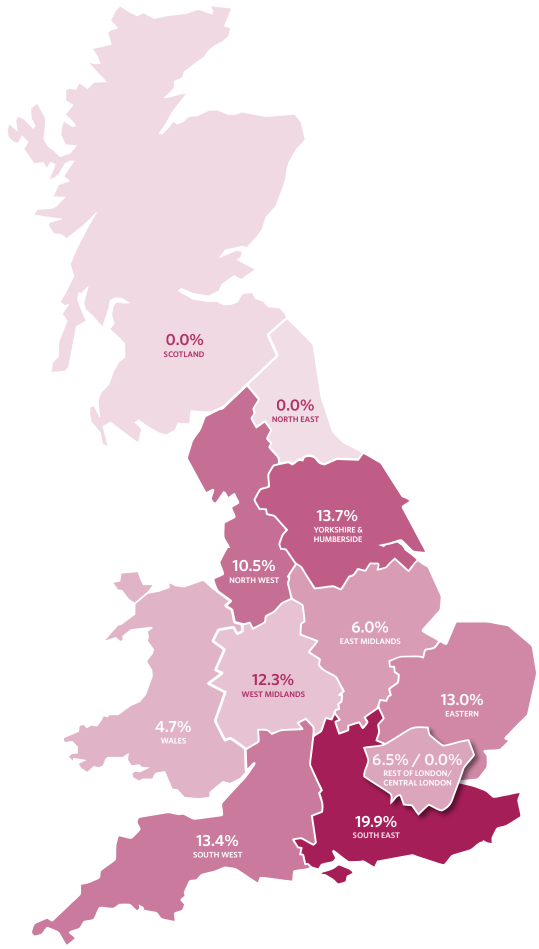
Properties

Portfolio Analysis

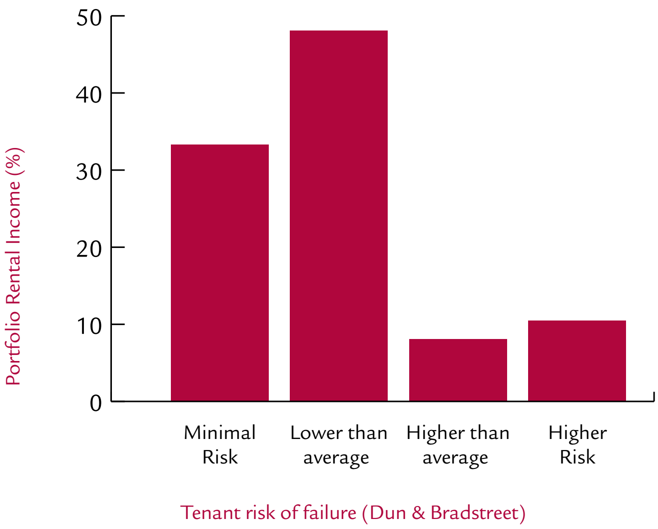
As at 31 December 2023



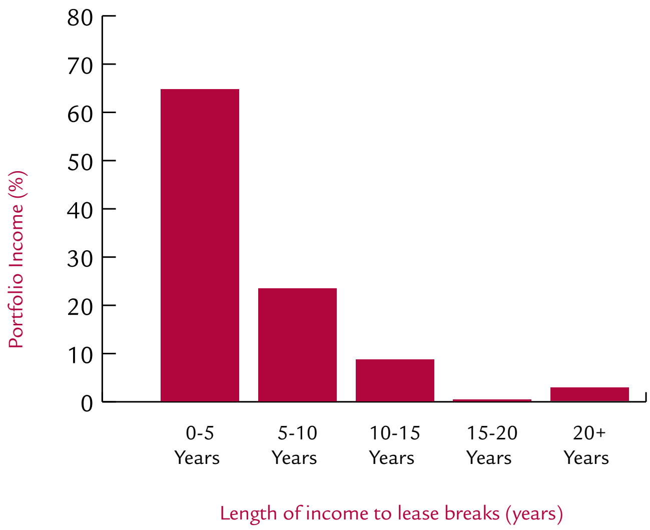
Portfolio Locations



Portfolio by Covenant Weighting



Portfolio by Unexpired Lease Profile



Five Largest Assets
(by value)

Paragon, Bristol	5.0%
Newmarket Business Park, Newmarket	4.6%
Trax Park, Doncaster	4.5%
West Moor Park, Doncaster	4.1%
Bartley Point, Hook	3.8%

Five Largest Tenants
(by income)

British Telecommunications Public Limited Company	5.5%
Premier Inn Hotels Limited	5.2%
Wincanton Holdings Limited	4.3%
Asos.com Limited	3.8%
Sky CP Limited	3.1%

Upper Quartile Fund Performance Over 10 Years
compared to the MSCI/AREF UK All Balanced Property Funds Index

£589m
Fund Size (GAV)

6.2%
Fund Yield (Rolling 12-months as a % of NAV)

7.7%
Vacancy Rate

Secure income

81.4%

of the portfolio let to low or minimal risk tenants
(based on Dun & Bradstreet Credit Rating)

New Purchases

Residential

Sky House, Waverley

In September PITCH acquired 11 new build family houses in Waverley (South Yorkshire) from a sustainably-focused developer, Sky House for £2.8m. 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.

Huxley House, Godalming

The Fund acquired a low-rise block of 10 new build flats in Godalming, Surrey in August 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 let with minimal void period.

Citu, Leeds

PITCH acquired four 'eco homes' in central Leeds in October from a sustainably focused developer, Citu, for £2.1m. These modular-constructed homes are built to 'Passivhaus' standards featuring PV solar panels, heat pumps and heat recovery technology.

Forest View, Mansfield

PITCH acquired a further 13 new build, two, three and four bedroom houses in Mansfield to complement the previous five units purchased in 2022. The properties form part of a 63-home development by Woodall Homes providing much needed modern, energy efficient homes for the local market. The properties were let quickly within a short marketing period.

Properties Sold in 2023

Office

90 Victoria Street, Bristol

Woodbridge Road, Guildford

Industrial

Century Park, Wakefield

Winchester Trade Park, Basingstoke

Retail

Zizzi's Returant, Exeter

Properties Held

Industrial

Property	Town	Principal Tenants	Region
1 Yorkshire Way, West Moor Park	Doncaster	ASOS	Yorks & Humberside
Bartley Point	Hook	Various	South East
Brackmills Trade Park, Caswell Road	Northampton	Various	East Midlands
Coventry Business Park	Coventry	Woodland Global Limited	Coventry
Phases I & II, Trax Park	Doncaster	Wincanton Holdings	Yorks & Humberside
Plot 1, Newmarket Business Park	Newmarket	Smiths News Trading	Eastern
Plots 2-4, Newmarket Business Park	Newmarket	One Farm	Eastern
Plot 8, Newmarket Business Park	Newmarket	Mr Fothergill's Seeds	Eastern
Plots 9-11 Newmarket, Unit A	Newmarket	Tristel	Eastern
Plots 9-11 Newmarket Business Park, Unit B	Newmarket	Cosentino UK	Eastern
Rehau Distribution Unit, Manor Park	Runcorn	Rehau	North West
Rockingham Gate, Cabot Park	Avonmouth	Various	South West
Thatcham Unit, Colthrop Lane	Thatcham	Thatcham Research	South East
The Big Berry, Berry Hill Industrial Estate	Droitwich	Antolin Interiors	West Midlands
Trelleborg Unit, Tewkesbury Business Park	Tewkesbury	Trelleborg Sealing Solutions UK	South West
Units 1A, 1B & 1C New Hythe Business Park	Aylesford	British Telecommunications	South East
Units 1 & 2 Langley Connect	Langley	Premier Forest Products	South East
Unit 1, Bristol Distribution Park, Hawkley Lane	Bristol	DHL International (UK)	South West
Units A-D, Orion Business Park	Stockport	Various	North West
Unit DC2, Sideways Park	Stoke-on-Trent	Simarco International	West Midlands

Trax Park, Doncaster

Bartley Point, Hook

Brackmills Trade Park, Northampton (Industrial)

Properties Held

Offices

Property	Town	Principal Tenants	Region
3 Capital Quarter	Cardiff	BT	Wales
31 Booth Street	Manchester	Various	North West
36 Clarendon Road	Watford	Wunderman Thompson	South East
86 Deansgate	Manchester	Various	North West
Brewery Wharf	Leeds	NHS Confederation	Yorks & Humberside
Jessop House, Jessop Avenue	Cheltenham	Various	South West
Oakleigh House	Cardiff	Sedgwick International UK	Wales
Paragon	Bristol	Various	Bristol
Plot 3000, Cambridge Research Park	Cambridge	Kier Construction	Eastern
Stone Cross	Brentwood	Sky CP	South East
T1 Trinity Park	Solihull	Various	West Midlands
T2 Trinity Park	Solihull	Mitie	West Midlands
Wallbrook Court, Botley	Oxford	Various	South East

Residential

Property	Town	Principal Tenants	Region
Citu, Leeds	Leeds	N/A	Yorks & Humberside
Forest View	Mansfield	N/A	East Midlands
Grange Park	Colchester	N/A	South East
Huxley House	Godalming	N/A	South East
Sky House	Waverley	N/A	South East
St John's Grange	Lichfield	N/A	West Midlands

Paragon, Bristol

Booth Street, Manchester

Sky House, Waverley

Retail Warehouse

Property	Town	Principal Tenants	Region
Interchange Retail Park	Bedford	Various	South East
Lady Bay	Nottingham	Various	East Midlands
Pudsey Road, Hough End	Leeds	Wickes Building Supplies	Yorks & Humberside
The Place	Milton Keynes	Various	South East
Tunnel Drive	Redditch	Matalan Retail	West Midlands
Western Way Retail Park	Bury St Edmunds	B&M	Eastern
Widnes Trade Park	Widnes	Various	North West

Retail

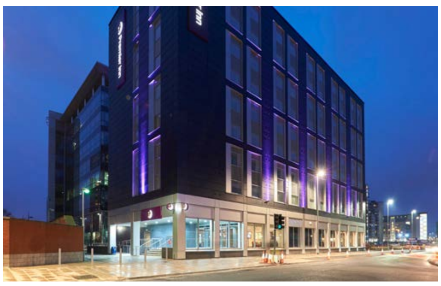
Property	Town	Principal Tenants	Region
M&S, Winchmore Hill Road	Southgate	M&S	Rest of London
Units 3.1-3.4, Peninsula Square	Greenwich	Various	Rest of London

Other

Property	Town	Principal Tenants	Region
Brookfield Care Home, Little Bury	Oxford	Methodist Homes	South East
Premier Inn, Lansdowne Road & Co-operative Foodstores Ltd	Croydon	Premier Inn Hotels	Rest of London
Premier Inn, Whitehall Plaza	Leeds	Premier Inn Hotels	Yorks & Humberside
Travelodge & Bathstore, Queens Road	Norwich	Travelodge Hotels	Eastern

M&S, Winchmore Hill Road, Southgate

Aldi, Milton Keynes



Premier Inn, Whitehall Plaza, Leeds

Financials

Independent Auditor's Report

to the Unitholders of Property Income Trust for Charities

Opinion

We have audited the financial statements of Property Income Trust for Charities for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Change in Net Assets, Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Managers use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Other Information

The Manager is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Manager

As explained more fully in the Statement of Management's Responsibilities set out on page 16 the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions

Independent Auditor's Report

of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Trust.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence; and
- the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Trusts financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested some of the larger journal entries around the year end;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Unit Trust's unit holders as a body, in accordance with our agreed terms of engagement. Our audit work has been undertaken so that we might state to the unit holders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Unit Trust and the unit holders members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP.

Crowe UK LLP
Statutory Auditor
Riverside House
40-46 High Street
Maidstone
ME14 1JH

26 April 2024

Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	£'000	2023 £'000	£'000	2022 £'000
Net capital (losses) / gains	3		(31,347)		(114,193)
Movement in unamortised tenant incentives	8		177		(844)
			(31,170)		(115,037)
Revenue	4	37,086		35,171	
Expenses	5	(6,191)		(6,734)	
Net income before interest payable and similar charges		30,895		28,437	
Interest payable and similar charges	6	(2,696)		(2,737)	
			28,199		25,700
Total (loss) / gain before distribution			**(2,971)**		**(89,337)**
Distributions	7		(32,571)		(30,785)
Change in net assets attributable to unitholders from investment activities			**(35,542)**		**(120,122)**

Continuing Operations

All items dealt with in arriving at the result for the year ended 31 December 2023 and for year ended 31 December 2022 relate to continuing operations.

There is no other comprehensive income other than that listed above for the year ended 31 December 2023 (year ended 31 December 2022: nil).

The accounting policies and notes on pages 53 to 61 form part of these financial statements

Statement of Financial Position

As at 31 December 2023

		31 December 2023		31 December 2022	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Investment properties	8	566,060		622,233	
			566,060		**622,233**
Current assets					
Debtors	9	22,580		23,077	
Cash at bank	14	15,663		42,113	
		38,243		**65,190**	
Creditors: amounts falling due within one year	10	16,968		(43,811)	
Net current assets			**21,275**		**21,379**
Total assets less current liabilities			**587,335**		**643,612**
Creditors: amounts falling due after more than one year	11		(66,481)		(66,328)
Net assets			**520,854**		**577,284**
Net assets attributable to unitholders			**520,854**		**577,284**

These financial statements were approved by the Manager on 26 April 2024 and signed on its behalf by:

Swiss Life Asset Managers UK Limited

The Accounting policies and Notes on pages 53 to 61 form part of these financial statements.

Statement of Changes in Net Assets Attributable to Unitholders of the Trust

For the year ended 31 December 2023

	2023	2022
	£'000	£'000
Opening net assets attributable to unitholders	**577,284**	**670,736**
Amounts receivable on creation of units	24,303	66,509
Amounts payable on redemption of units	(45,191)	(39,839)
Change in net assets attributable to unitholders	(35,542)	(120,122)
Change in net assets attributable to unitholders	**520,854**	**577,284**

The Accounting policies and Notes on pages 53 to 61 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2023

	Notes	£'000	2023 £'000	£'000	2022 £'000
Cashflows from operating activities					
Net revenue		28,199		25,700	
Loan interest payable		2,410		2,462	
Loan cost amortisation		286		275	
Bank interest received		(969)		(199)	
Decrease/(Increase) in debtors		495		(977)	
(Increase)/Decrease in creditors		(1,109)		1,028	
			29,312		**28,289**
Cash flows from investing activities					
Purchase of investment property		(10,094)		(67,268)	
Sale proceeds from investment property		38,293		32,241	
Capital expenditure on existing propertiesw		(3,194)		(4,344)	
Interest received		969		199	
			25,974		**(39,171)**
Cash flows from financing activities					
Loan interest paid		(2,519)		(2,483)	
Loan issue costs		6		(233)	
Loan repayment		(26,000)		-	
Distributions paid		(32,689)		(30,300)	
Cash received for new units		24,657		66,086	
Units redeemed		(45,191)		(39,839)	
			(81,736)		**(6,769)**
(Decrease) / increase in cash and cash equivalents			**(26,450)**		**(17,651)**
Cash and cash equivalents at beginning of year			**42,113**		**59,764**
Cash and cash equivalents at end of year			**15,663**		**42,113**

Reconciliation to net revenue	2023	2022
Distribution expense	32,571	30,785
Capital expenses	(4,372)	(5,085)
	28,199	**25,700**

The Accounting policies and Notes on pages 53 to 61 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

1. Accounting Policies

Statutory Information

Basis of Accounting

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements of the Trust have been prepared on the going concern basis under the historical cost convention. The principal accounting policies adopted are described below:

Financial Instruments

The Fund only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties.

Valuation of Investment Property

The freehold and leasehold investment properties, both commercial and residential, were valued by the Fund's independent valuers, as at 31 December 2023, on the basis of Market Value in accordance with the requirements of the RICS Valuation - Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS".

Acquisitions and Disposals

Proceeds from the sale of properties are recognised when the risks and rewards of ownership have been transferred to the purchaser. This is generally considered to be on completion of the sale. Gains or losses on the sale of property are included under net capital gains in the Statement of Comprehensive Income. The book cost of an asset consists of the purchase price, related legal fees, survey fees, agents' costs, certain refurbishment costs and other associated professional costs.

Income and Expenditure

Rental income, interest and expenditure are accounted for on an accruals basis net of VAT.

The Fund recognises an impairment loss (bad debt) when there is objective evidence that a loss has occurred and that it is a result of one or more past events. In the Fund's case, impairment losses usually relate to income due from tenants.

Objective evidence that income due from tenants is impaired includes observable data that comes to the attention of the Fund about the following loss events:

a) significant financial difficulty of the debtor (tenant);

b) significant delays in the payment of amounts due under a lease agreement;

c) it has become probable that the tenant will enter bankruptcy or other financial reorganisation; and

d) observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

Rental income is recognised on a straight-line basis over the term of the lease even if payments are not made as such. Lease incentives are spread on a straight-line basis from the lease start date until the end of the lease.

Capital contributions paid to tenants are shown as a debtor and amortised in line with the provisions of FRS 102. The valuation of the investment properties is reduced by all amortised lease incentives in accordance with accounting standards.

In accordance with the Trust Deed, Fund manager, administrator and several other fees are treated as capital expenses. They are reported within expenditure in the Statement of Comprehensive Income but are not taken into account in determining the Fund's distributable income, instead being taken to the capital expenses reserve. The effect of this treatment is to increase income distributions and reduce the Fund's Net Assets by the value of such expenses each year. Property investment transaction costs as outlined above are capitalised and reported as part of the net capital gain or loss in the Statement of Comprehensive Income.

Notes to the Financial Statements

For the year ended 31 December 2023

1. Accounting Policies (continued)

Distributions

It is the policy of the Fund to distribute all income net of revenue expenses to the unit holders monthly.

Taxation

As an exempt unauthorised unit trust whose investors are all charities, the fund qualifies for exemption from tax on capital gains. Accordingly no tax reconciliation note is included.

Depreciation

No depreciation is charged in respect of freehold or leasehold investment properties.

Bank Borrowings

Interest bearing bank loans are recorded at proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are recognised on an accruals basis. Issue costs are amortised over the period to the date of expiry of the facility agreement.

Going Concern

2023 was a challenging year for the Fund as property pricing continued to adjust in the prolonged high interest rate environment.

This impacted investor sentiment on real asset classes whereby investment into the fund was outweighed by redemptions during the year. To meet these increased levels of redemptions and to maintain an adequate capital cash level in the fund generally, several property sales were executed during the year. Thankfully these were all properties at the end of their asset management cycle and already identified for sale before the year started.

In addition to this, the fund's maturing loan to 'PGIM' of £26m was re-paid in December 23. Again this was met with fund raises from the above noted sales.

Post year end, three commercial property sales completed in the first quarter, providing additional capital cash of £39.8m. A further sale exchanged at the end of the quarter and is due to complete at the beginning of Q2 24 with sale proceeds of £15m. Part of this capital cash will be utilised for payment of any due and upcoming redemptions. The remainder will be kept on deposit to ensure the fund maintains its minimum cash weighting of 5% for the foreseeable future. The Manager is therefore confident the Fund has sufficient access to capital cash in the short and medium term.

On the income side of the cashflow, PITCH delivered resilient performance during the year and added c.£2.3m of new income to the portfolio through letting, lease renewal and rent review initiatives. PITCH delivered a distribution yield of 6.2% helping to offset much of the capital value decline over the year. The Fund therefore has significant income headroom on a regular basis to cover any bad debts, ad-hoc operational costs or to cover any voids if necessary.

Based on the cash flow forecast, there is reasonable expectation of the Fund having adequate resources to continue in operational existence for the foreseeable future and at least for a further 12 months beyond the date of signing the financial statements. Therefore, the Fund considers it appropriate to continue to adopt a going concern basis in preparing the financial statements.

2. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

The Fund may be required to make estimates and assumptions concerning the future. These estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. The principal areas where judgement was exercised was as follows:

i) Valuation of investment properties: The properties held by the fund are valued in accordance with RICS Valuation Professional Standards 2019. The valuations take into account the current and estimated future yield, the current state of the properties and the property market as a whole. More details are disclosed in note 8.

ii) Amortisation of tenant incentives: Tenant incentives are released on a straight line basis over the life of the underlying lease agreement as the Fund has a reasonable expectation that the tenants will not exercise their break option, where one exists.

iii) Provision for doubtful debts: The Fund applies a rigorous approach to the bad debt provisioning exercise. Every month, the Fund reviews the rent receivables balance on a tenant-by-tenant basis and provides for all debts that are overdue at the month-end date, unless the Fund has a reasonable expectation that the tenant will settle its outstanding debts.

Notes to the Financial Statements

For the year ended 31 December 2023

3. Realised & Unrealised Capital Gains / (Losses)

	2023 £'000	2022 £'000
Net unrealised (losses) on investment property	(33,643)	(110,004)
Movement in unamortised tenant incentives	(177)	844
Net realised gains / (losses) on investment property	2,473	(5,033)
Total	**(31,347)**	**(114,193)**

4. Revenue

	2023 £'000	2022 £'000
Rental income	34,026	33,674
Interest received	969	199
Other income	2,091	1,298
Total	**37,086**	**35,171**

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2023 £'000	2022 £'000
No later than 1 year	32,346	28,896
Later than 1 year and no later than 5 years	88,479	85,651
Later than 5 years	66,188	163,218
Total	**187,013**	**277,765**

Notes to the Financial Statements

For the year ended 31 December 2023

5. Expenses

	2023 £'000	2022 £'000
Charged to income:		
Legal and professional fees	527	546
Bank charges	34	13
Premises expenses	1,205	1,064
Property level costs	43	-
Irrecoverable VAT	-	21
Charity /Donations	10	5
	1,819	1,649
Charged to capital:		
Investor committee	37	53
Trustee fees	137	177
Fund management fees	3,242	3,956
Administrator fees	420	359
Valuation fees	109	90
Audit fees	39	32
Depository fees	102	151
Residential fees	140	210
Irrecoverable VAT	61	-
Other Professional fees	85	57
	4,372	5,085
Total	6,191	6,734

6. Interest Payable and Other Similar Charges

	2023 £'000	2022 £'000
Loan interest payable	2,410	2,462
Amortisation of loan costs	286	275
Total	**2,696**	**2,737**

Notes to the Financial Statements

For the year ended 31 December 2023

7. Distributions

	2023 £'000	2022 £'000
Distributions paid		
Month ended 31.01.2023/31.01.2022	2,547	2,997
Month ended 28.02.2023/28.02.2022	2,551	2,408
Month ended 31.03.2023/31.03.2022	2,494	2,426
Month ended 30.04.2023/30.04.2022	3,961	2,597
Month ended 31.05.2023/31.05.2022	2,498	2,359
Month ended 30.06.2023/30.06.2022	2,866	2,340
Month ended 31.07.2023/31.07.2022	2,588	2,719
Month ended 31.08.2023/31.08.2022	2,985	2,474
Month ended 30.09.2023/30.09.2022	2,692	2,803
Month ended 31.10.2023/31.10.2022	2,623	2,356
Month ended 30.11.2023/30.11.2022	2,402	2,855
	30,207	**28,334**
Distributions payable	2,364	2,451
Total	**32,571**	**30,785**
Reconciliation of net income to distributions		
Net revenue	28,199	25,700
Expenses charged to capital	4,372	5,085
Total	**32,571**	**30,785**

8. Investment Properties

	2023 £'000	2022 £'000
Fair value of investment properties brought forward net of tenant incentives	**622,233**	**691,987**
Adjustment in respect of tenant lease incentives	7,532	6,688
Fair value of investment properties brought forward	**629,765**	**698,675**
Additions from acquisitions at cost including purchase costs	10,094	67,268
Additions to existing properties at cost	3,194	4,344
Value of properties sold	(38,291)	(26,328)
Net unrealised (losses) / gains on investment property	(33,643)	(110,004)
Movement in unamortised tenant incentives	(177)	844
Net realised (losses) / gains on investment property	2,473	(5,033)
Fair value of investment properties carried forward	**573,415**	**629,765**
Adjustment in respect of tenant lease incentives	(7,355)	(7,532)
Fair value of investment properties carried forward net of tenant incentives	**566,060**	**622,233**

The Fund's commercial and residential investment properties were valued by an independent valuer, CBRE Ltd, at £553,200,000 (2022: £619,900,000) and £20,215,000 (2022: £9,865,000) respectively. At the end of Q1 2023, the valuers of the commercial properties changed from Cushman & Wakefield to CBRE Ltd. The commercial valuations are on a market value basis and have been reduced by unamortised tenant incentives in line with accounting policies (see note 1). The Fund's residential investment properties were valued on the basis of fair value on the special assumption of vacant possession.

Notes to the Financial Statements

For the year ended 31 December 2023

8. Investment Properties (continued)

Valuation Method and Assumptions

Valuations are carried out in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards ("IVS") and the RICS Valuation UK National Supplement (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS". No adjustments have been made to reflect any liability to taxation that may arise on disposals, nor any costs associated with disposals incurred by the owner. Deductions have been made to reflect purchaser's acquisition costs.

In undertaking the valuations, CBRE Ltd have made the following assumptions:

a) Title

CBRE Ltd have assumed that no title issues have arisen and that, save as disclosed in the draft Reports or Certificates of Title, the Properties have good and marketable title and that the properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. It has also been assumed that the properties are free from mortgages, charges or other encumbrances.

b) Condition of Structure and Services, Deleterious Materials, Plant and Machinery and Goodwill

The properties were inspected for the purpose of the valuations for loan purposes and due regard has been given to the apparent state of repair and condition of the properties; however no condition surveys were undertaken. Unless informed by the property manager, CBRE Ltd have assumed that the properties are free from rot, infestation, adverse toxic chemical treatments, deleterious materials, asbestos, and structural or design defects.

No Mining, geological or other investigations have been undertaken to certify that the sites of the properties are free from any defects to foundations. CBRE Ltd have made an assumption that the load bearing qualities of the sites are sufficient and that there are no abnormal ground conditions, nor archaeological remains present.

c) Environmental Matters

CBRE Ltd have made enquiries of the property manager and the Environmental Health Officer in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the sites of the properties and any adjoining sites.

No investigations have been made into past or present uses, either of the properties or any neighbouring land to establish whether these is any contamination, and CBRE Ltd have made no allowance for actual or potential contamination in its valuation.

d) Statutory Requirements and Planning

Verbal or written enquiries have been made of the relevant planning authority in whose areas the Properties lie as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

Save as disclosed in the Reports or Certificates of title, CBRE Ltd have made an assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals, that where necessary they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005

CBRE Ltd have also made an assumption that the properties are not subject to any outstanding statutory notices as to their construction, use or occupation. A further assumption has been made that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

e) Leasing

Unless CBRE Ltd have become aware by general knowledge, or have been specifically advised to the contrary they have made the assumption that the tenants are financially in a position to meet their obligations. Unless informed to the contrary, CBRE Ltd have also assumed that there are no material rental arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes. Finally, CBRE Ltd have assumed that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

Restrictions on Realisability

There are currently two loans, which have been secured against certain of the Fund's investment properties (see note 11).

Contractual Obligations

The responsibilities for repairs, maintenance and enhancements are clearly set out in the leases.

Notes to the Financial Statements

For the year ended 31 December 2023

9. Debtors

	2023 £'000	2022 £'000
Debtors: Unamortised tenant incentives falling due after 1 year	6,643	6,941
Rental arrears	3,757	4,772
Provisions for impairment / write-off	-	(373)
Prepayments and accrued income	347	215
Unamortised tenant incentives	712	591
Rent deposit debtors	1,755	1,702
VAT receivable	-	655
Amounts receivable on disposals	29	31
Other debtors	9,337	8,543
Total	**22,580**	**23,077**

Provisions for impairment/write-off represents the rent due from tenants who on assessment are facing financial difficulties and The Manager deems unlikely to pay any outstanding sums.

10. Creditors: Amounts Falling Due Within One Year

	2023 £'000	2022 £'000
Distributions payable	2,420	2,538
Deferred income	6,229	6,931
VAT Payable	1,391	-
Rent deposit creditors	2,156	3,049
Investor funds received for January dealing	570	216
Loan interest payable	365	474
Accruals and other creditors	3,984	4,889
Bank loan	-	26,000
Less: unamortised loan costs	(147)	(286)
Total	**16,968**	**43,811**

Notes to the Financial Statements

For the year ended 31 December 2023

11. Creditors: Amounts Falling Due After More Than One Year

	2023	2022
	£'000	£'000
Bank loans	66,880	66,880
Less: unamortised loan costs	(399)	(552)
Total	**66,481**	**66,328**

The amount detailed above consists of three loans as follows:

The loan facility with PGIM of £26,000,000 (2022: £26,000,000) was re-paid on 7th December 2023, along with any interest accrued up until this date of £68,918. The properties secured against this loan have been released from this charge.

A loan facility with Aviva in the amount of £24,800,000 (2022: £24,800,000) attracts interest at a fixed rate of 3.10% per annum and becomes repayable in full on 28th September 2025. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £54,675,000 as at 31st December 2023.

A second loan facility with Aviva in the amount of £42,080,000 (2022: £42,080,000) attracts a sustainability driven, KPI performance dependent interest rate of 2.59% per annum. This loan becomes repayable in full on 13th October 2028. This loan is interest only and is secured against certain of the Fund's investment properties, the total value being £100,175,000 as at 31st December 2023.

All loans met their compliance tests during the year and are expected to do so for the foreseeable future.

12. Reconciliation of Net Income to Net Cash Flow in Net Debt

	2023	2022
	£'000	£'000
Decrease in available cash during the year	(26,450)	(17,651)
Decrease in loans during the year	26,000	-
Decrease in net debts during the year	(450)	(17,651)
Opening net debt attributable to unit holders	(50,767)	(33,116)
Closing net debt attributable to unit holders	**(51,217)**	**(50,767)**

13. Analysis of Net Debts

	2023	2022
	£'000	£'000
Cash	15,663	42,113
Bank loans	(66,880)	(92,880)
Total net debts	**(51,217)**	**(50,767)**

Notes to the Financial Statements

For the year ended 31 December 2023

14. Counterparty Risk

Cash	2023	2022
Barclays Bank Plc	10,172	15,059
Royal Bank of Scotland	5,323	16,476
Santander	93	5,551
Epworth	75	5,027
Total cash	**15,663**	**42,113**

Loans	2023	2022
Aviva 2	42,080	42,080
Aviva	24,800	24,800
PGIM	-	26,000
Total Loans	**66,880**	**92,880**

15. Forward Commitments and Contingent Liabilities

There were no contingent liabilities at 31 December 2023 (31 December 2022 : £nil).

16. Related Party Transactions

Amounts payable to the manager were £3,241,930 (31 December 2022: £3,955,753). The amount outstanding at the year end in respect of those fees was £780,853 (31 December 2022: £900,376).

Amounts payable to the Trustee were £137,073 (31 December 2022: £176,604). The amount outstanding at the year end in respect of those fees was £34,262 (31 December 2022: £40,451).

17. Post Balance Sheet Events

There have been no post balance sheet events affecting the Fund since the year-end.

PITCH

Property Income Trust For Charities

Property Income Trust for Charities

Swiss Life Asset Managers UK Limited
55 Wells Street, London W1T 3PT

Telephone: +44 20 7495 1929
Email: info@swisslife-am.com

Authorised and regulated by the Financial Conduct Authority (FCA)
Registered in England Company Number 04846209
Registered Address: 55 Wells Street, London W1T 3PT

www.pitch-fund.co.uk