

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

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

Fund Update

The Fund's total return for Q3 2018 was 1.6% producing a one year performance figure of 10.4% compared to the AREF/IPD All Balanced Property Fund Index of 8.8%.

We are pleased to report that the Fund continues to be the best performing of the specialist property funds for charities over one, three and five years.

There was like-for-like valuation growth of 0.3% over the Quarter on the direct portfolio. This was largely due to valuation uplifts on some of the recent acquisitions together with modest yield compression on some of the Fund's warehouse assets. There was some moderate outward yield movement on some of the Fund's retail holdings mainly related to tenant activity.

The current portfolio structure by sector means that the Fund is overweight in warehousing and regional offices (70%) which continues to perform well and underweight in high street retail (6.5%) and Central London offices (0%), which have underperformed relative to the market.

We view asset management as increasingly important to capital growth prospects. During the Quarter we successfully extended a lease to Omron in their Milton Keynes office thereby increasing the valuation by £250,000. We are in discussions with tenants regarding a number of similar value-adding lease initiatives.

The Fund is currently in legals to refinance the £26m Canada Life debt facility with a new lender. This will maintain borrowings at the same level (12.6%) but at a significantly lower cost of finance which will enhance the Fund distribution yield.

There was one sale during the Quarter which was the multi let industrial estate in Aberdeen for £3.25m (in line with valuation). This was a non-core property containing a number of short and potentially risky lease expiries. As a result of this sale, the Fund has now completely disinvested from Scotland.

Outlook

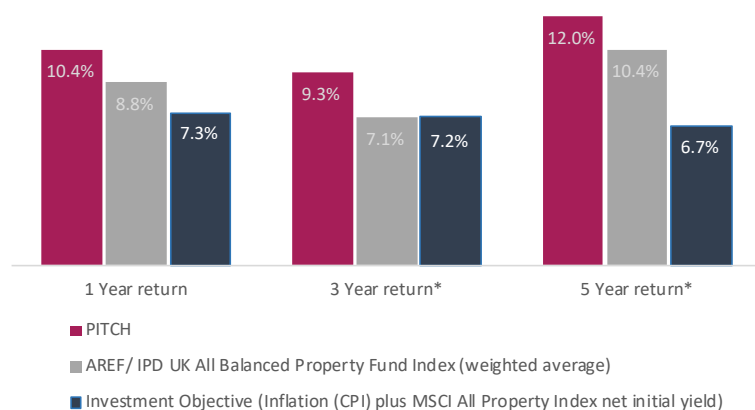
With just under six months until the UK is due to leave the EU, we are conscious about the potential downside risks this could have on UK GDP and investment markets. We continue to take a cautious view which is reflected in our decision to maintain a higher cash weighting. The Fund's positive structure score, however, means that the portfolio is exposed to those sectors which are expected to outperform.

As ever, we are focused on growing the income yield by delivering on our asset management plans whilst executing further sales of non-core assets. We will continue to invest in accordance with our thematic investment strategy with a preference for high quality income resilient investments and, where pricing permits, long income assets to preserve and enhance the portfolio (lease terms) WAULT.

Key Statistics

£603m Gross Asset Value	5.3% Distribution Yield (Rolling 12-months as % of NAV)	12.6% Borrowings (GAV)	2.0% Vacancy Rate	7.3 Weighted Unexpired Term (years to breaks)
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Fund Returns (30 September 2018)



*Annualised

Fund Management Team



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Fund Key Data

Gross asset value	£603.11m
Net asset value	£525.68m
Number of assets	57
Vacancy rate	2.0%
WAULT	7.3 years
Bid price	88.54 p.p.u.
Offer price	91.19 p.p.u.
Distribution History	
Jul 2018	0.411 p.p.u.
Aug 2018	0.446 p.p.u.
Sep 2018	0.433 p.p.u.
Borrowings (GAV)	12.6%
Total expense ratio (GAV)	0.65%
Portfolio turnover ratio	5.3%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Five Largest tenants (by income)

Wincanton Holdings Ltd	4.2%
Kier Construction Ltd	4.1%
Sky CP Ltd	3.4%
Premier Inn Hotels Ltd	3.2%
Antolin Interiors Ltd	3.0%

Five Largest Assets (by value)

Unite Student Accommodation Fund	4.4%
Nottingham, Lady Bay	4.2%
Croydon, Premier Inn	4.0%
Doncaster, Trax Park	3.9%
Manchester, 86 Deansgate	3.5%

Lease Length (by rent)

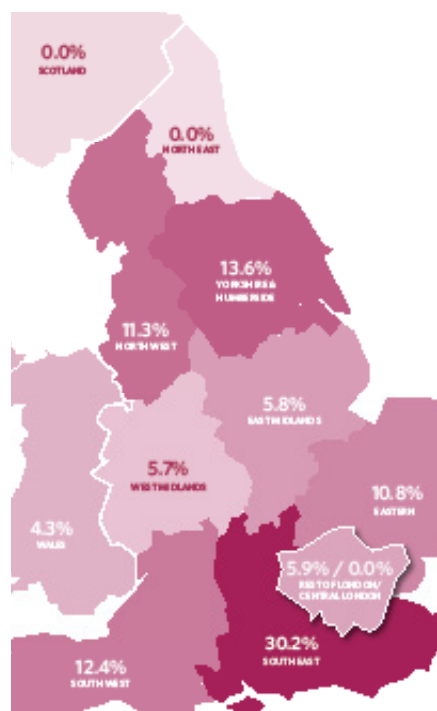
0-5 years	37.1%
5-10 years	38.5%
10-15 years	16.9%
15-20 years	6.0%
20+ years	1.5%

Portfolio Distribution (by sector)

Industrial	35.2%
Office	34.9%
Retail Warehouse	11.8%
Retail	6.5%
Other	11.6%

Portfolio Distribution

(geographic weightings)



Tenant Risk Rating (by rent)

Minimal risk	85.3%
Lower than average	8.2%
Higher than average	5.5%
High risk	1.0%

Asset Management

Opal Drive, Milton Keynes

A Lease extension was completed on an office in Milton Keynes taking the expiry date from March 2020 to March 2030 with a break option in August 2025. This resulted in a valuation increase of £250,000, whilst also increasing the unexpired lease term.

ESG

Global Real Estate Sustainability Benchmark (GRESB)

PITCH has submitted data to GRESB since 2014 and we are pleased to report that in 2018 the Fund scored 70/100, marking the 5th year of consecutive improvement – a level which is above both the peer group and the GRESB average.

The Fund has been awarded 3 green stars and achieved 100% for its management. (Please note in 2017 GRESB re-stated the PITCH score from 54 to 60).



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