

The Property Income Trust for Charities (PITCH) helps 1,200 charities to invest in property in an ethical, responsible and tax-efficient way.

Fund Key Data

Gross asset value	£647.20m
Net asset value	£553.03m
Number of assets	50
Vacancy rate	6.7%
Weighted Av. Unexpired Lease Term (to breaks)	6.2 years
Distribution History	
Jan 2023	0.340 p.p.u.
Feb 2023	0.368 p.p.u.
Mar 2023	0.367 p.p.u.
Borrowings (GAV)	14.4%
Total expense ratio (GAV)	0.67%
Portfolio turnover ratio	-1.7%
EPC ratings A-C (based on area)	88.7%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Market Update

Property values stabilised in Q1 2023 with industrials, alternatives and retail warehousing all recording positive valuation growth in March, the first monthly increase since June 2022, primarily due to rental growth. The office sector, by contrast, continued to see negative capital growth dragged down by growing concerns over secondary offices and the required levels of capital expenditure to meet energy efficiency requirements.

Investment volumes remain low by historic standards, however, demand is becoming more broad-based with renewed institutional demand returning to the market. This reflects a growing perception that yields in some sectors have sufficiently re-based and that a fairer risk-premium for holding property now exists over interest rates, particularly with core inflation starting to fall. It also reflects ongoing confidence in occupational markets where letting activity has remained robust and vacancy rates at the prime end of the industrial, office and residential sectors sit well below historic levels.

Fund Performance

PITCH delivered a total return of 0.4% in Q1 compared with -0.2% in the MSCI/AREF UK All Balanced Open Ended Index. This performance was derived from -1.0% capital growth and an income return of 1.4%. Although capital values were negative for the quarter, valuations rose by 0.5% in March largely thanks to the Fund's high allocation to the warehouse sector re-affirming its importance to the portfolio. There was also positive capital growth from retail warehousing, whilst the Fund's residential assets remained flat for the second consecutive quarter proving its ongoing resilience and diversification benefits.

The Fund continues to deliver an attractive income return with an historic distribution yield over 12 months of 5.4% and rent collection levels nearing 100%. This is due to the strong credit risk rating of the Fund's tenants, with PITCH ranked in

Key Statistics

£647m

Gross Asset Value

5.4%

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

14.4%

Borrowings
(GAV)

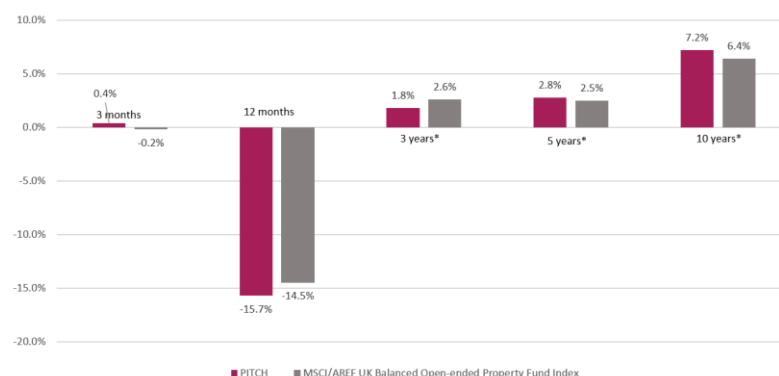
6.7%

Vacancy Rate

6.2

Weighted
Unexpired
Term (years
to break)

Fund Returns (31 Mar 2023)



the Top 5% of Funds in the Index, reinforcing the income security of the portfolio. We also continue to add new income to the portfolio through letting activity as detailed below, which puts the Fund on course to deliver a reduced void rate in 2023.

Fund Liquidity

Our responsible approach to liquidity management has ensured the Fund remains open for subscriptions and redemptions with all Q4 2022 and Q1 2023 notices paid out in the normal way. Total cash as at 31 March 2023 stood at £20m, however, allowing for two sales in hand, this will increase to circa £40m comprising 7% of NAV.

Acquisitions & Disposals

During the Quarter, the Fund completed the acquisition of two further single family houses whilst also agreeing a further acquisition in Godalming which is expected to complete in June 2023. The current residential portfolio is operating well, being 100% let and delivering a net initial yield of 4.6% which is ahead of target. Further opportunities are currently under review to increase our allocation to this growing and strong performing sector.

The Fund completed one office sale shortly after the Quarter End date in Bristol, transacting at a small discount to the February valuation. A second office sale in Guildford is expected to exchange imminently. This will have the effect of reducing the office weighting to 28% from the reported level in March of 32.1%. We are considering a further 2-3 office sales in accordance with our strategy to focus on a smaller number of larger office buildings providing economies of scale and better amenity in our preferred regional centres.

Asset Management

At Jessop House, Cheltenham the existing cybersecurity tenant, NCC Services expanded into the adjacent vacant fourth floor suite whilst also extending their existing lease on a co-terminus basis, which added £112,000 of new rental income. Post the quarter, we also completed a letting to a large logistics company on a vacant

warehouse unit in Avonmouth at £214,000 pa, which was 32% ahead of the previous passing rent and 7% of the budgeted market rent.

Despite this activity with one new vacancy occurring on an office in Oxford, the void rate remained unchanged at 6.7% as at 31st March, however this has since reduced to 6.2% following the Avonmouth letting. A further three lettings are in hand, which will reduce the portfolio vacancy rate to circa 5.9%. This remains well below the market average void rate of 10.3% as measured by the MSCI Monthly Index. The void at Oxford is an opportunity to refurbish the office and target a significant rental uplift in a market starved of stock and which is continuing to attract strong occupier demand from a variety of sources including the life sciences sector.

ESG

PITCH became an accredited Living Wage Employer in Q1 following a comprehensive review of all direct and indirect employees engaged by the Fund. The Fund has also agreed a partnership with an EV car charging company to procure the installation of charging stations across all the retail warehouse assets in the portfolio.

Fund Outlook and Strategy

Although economic growth is likely to remain relatively weak for much of 2023, it appears that the main drivers of this weakness, namely high inflation and persistent interest rate rises, are starting to subside meaning that the UK may avoid a recession. However, a further, and final increase in Base Rates cannot be ruled out. Given the resilient labour market, we expect the economy to prove broadly supportive of property returns for the rest of the year albeit with income providing the main component of overall performance.

PITCH's portfolio is primed to deliver reliable and attractive income with a high quality mix of assets and tenants, a reducing vacancy rate and modest use of leverage which is currently fixed at an interest rate of only 2.61% providing a further boost to the Fund yield. Furthermore, the Fund has limited lease events

Fund Factsheet: Q1 2023

A Fund managed by Mayfair Capital



Property Income Trust For Charities

over the next 12 months that are expected to result in new vacancies meaning that the void rate is likely to remain lower for longer, thereby increasing the potential distributable income to investors.

We expect the cost of finance to remain elevated for the foreseeable future and this is likely to limit the scope for capital growth in the market, however, rental growth should continue for prime, thematic assets in under supplied markets especially warehousing, prime offices, residential and selective alternative assets where the majority of PITCH's portfolio is positioned.

Simon Martindale - Fund Director

Asset Management – Jessop House, Cheltenham



Following a comprehensive refurbishment of the building, the Fund has let the vacant fourth floor suite to an existing tenant, NCC Services, a cyber security company, which has also extended its current lease on a co-terminus basis. The agreed rent reflects a 97% increase on the original passing rent at the time of purchase demonstrating the market growth in this under supplied market. The building also recently achieved a top "Platinum" WiredScore rating for the quality and speed of its internet infrastructure, the first of its kind in Cheltenham.

Sale – 90 Victoria Street, Bristol



PITCH disposed of this small non-core office building in April for £7.8m. This planned sale comes shortly after the acquisition of The Paragon last year, located 250m away. During the five-year hold period the Fund successfully grew the rental income ahead of inflation by 5.1% pa.



Charity Times Awards 2022
Boutique Investment Manager



Five Largest Assets (by value)

Bristol, Paragon	5.4%
Doncaster, Trax Park	4.2%
Newmarket	4.1%
Doncaster, West Moor Park	3.8%
Cardiff, Capital Quarter	3.5%

Five Largest Tenants (by income)

BT Plc	5.3%
Premier Inn Hotels Ltd	4.6%
Wincanton Holdings Ltd	4.2%
Asos.com Ltd	3.1%
Sky CP Ltd	3.0%

Tenant Risk Rating (by rent)

Minimal risk	37.8%
Lower than average	44.6%
Higher than average	9.3%
High risk	8.3%

2022 GRESB RESULTS



GRESB SCORE	75/100
OVERALL SCORE PEER COMPARISON	18th out of 80
ESG BREAKDOWN	
ENVIRONMENTAL	38/62
SOCIAL	18/18
GOVERNANCE	19/20

EPC Profile

EPC Rating	Portfolio by floor area %
A	18.5
B	28.9
C	41.4
D	11.1
E, F & G	0
Coverage	100

Lease Length (by rent)

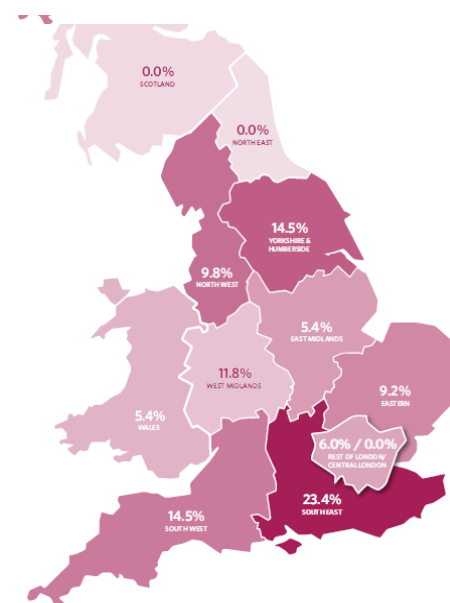
0-5 years	52.5%
5-10 years	33.1%
10-15 years	9.7%
15-20 years	0.4%
20+ years	4.3%

Portfolio Distribution (by sector)

Industrial	42.1%
Office	31.8%
Retail Warehouse	13.2%
Retail	3.3%
Other	9.6%

Rent subject to fixed uplifts	25.9%
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Portfolio Locations (geographic weightings)



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