

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	£792.80m
Net asset value	£699.59m
Number of assets	51
Vacancy rate	8.0%
Weighted Av. Unexpired Lease Term (to breaks)	6.4 years
Distribution History	
July 2022	0.323 p.p.u.
Aug 2022	0.376 p.p.u.
Sept 2022	0.340 p.p.u.
Borrowings (GAV)	11.7%
Total expense ratio (GAV)	0.64%
Portfolio turnover ratio	4.7%
EPC ratings A-C (based on area)	92.7%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

## Market Update

We saw a rapid acceleration of debt pricing in Q3 as bond markets and Sterling reacted strongly to the government's 'mini budget' of 23rd September, setting the UK on a path of increased fiscal loosening and monetary tightening. As a result, there has been a material narrowing in the long term risk premium that investors typically require to 'hedge' the risk of investing into property, causing property yields to rise and capital values to decline, as transactions across the market were either re-priced or aborted.

So far, the re-rating we have observed in property yields is not being mirrored in occupational markets where letting activity remains reasonably strong, particularly for structurally undersupplied sectors such as warehousing, Grade A offices and residential, supported by a resilient labour market. Despite growing weakness in the economy, we expect rental growth to continue within these segments particularly for highly sustainable and well specified and located assets.

## Fund Performance

PITCH returned -4.8% in Q3 with this movement mostly driven by negative capital growth of -5.8%. The largest movement was in the warehouse sector which fell by -8.3% over the quarter. This was offset by strong income return of 1% as the Fund continued to deliver growth in its distributed income from positive letting and rent review activity with a pence per unit increase of 15% over the last 12 months. The historic distribution yield for PITCH is an attractive 4.5% (last 12 months distributions over the current NAV).

This quarterly performance had the effect of reducing the Fund's 12-month total return to 12.6% however, PITCH continues to show an attractive long term track record of 7.7%, 7.4% and 9.1% over three, five and ten years respectively.

## Key Statistics

**£793m**  
Gross Asset Value

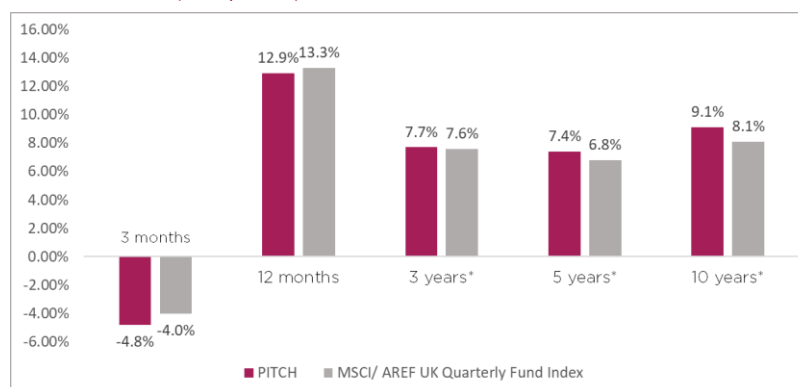
**4.5%**  
Fund Yield  
(Rolling 12-months as % of NAV)

**11.7%**  
Borrowings (GAV)

**8.0%**  
Vacancy Rate

**6.4**  
Weighted Unexpired Term (years)

## Fund Returns (30 Sept 2022)



The UK All Balanced Open-Ended Property Fund Index delivered a quarterly total return of -4.0% with longer term performance of 13.3%, 7.6%, 6.8% and 8.1% over 12 months, three years, five years and ten years respectively.

## Acquisitions & Disposals

The Fund continued its investment into the residential sector completing the acquisition of six, new build houses in Lichfield in September. The Fund also exchanged (conditionally) on the purchase of 18 family houses in Mansfield, which are due for completion in phases over Q4 2022 and Q1 2023. This increases the Fund's investment in the residential sector to c£12m, almost a third of the way to PITCH's initial commitment of £35m.

There was one completed sale in Q3 of a retail investment in Skipton for £6.18m, 18% ahead of the pre-marketed valuation. This had the effect of reducing the Fund's exposure to retail to only 3.2%. Post the quarter, the Fund also completed on the sale of an office in Nottingham for £5.7m.

## Asset Management

We continue to achieve letting and rent review successes across the portfolio with a major new lease completing on a warehouse in Stockport and a small office letting in Manchester. This reduced the vacancy rate to 8.0%. Meanwhile, there were three successful rent review negotiations on two offices in Bristol and Solihull and a warehouse in Northampton. Together with the new lettings, these initiatives added some £400,000 pa of new rental income to the portfolio.

We are forecasting further falls in the vacancy rate over the coming quarter with new letting activity and limited pending lease expiries. A new office letting was agreed at Jessop House, Cheltenham to an existing cyber security tenant establishing a new record rent within the building. After allowing for the three lettings that remain under offer in Cardiff, Greenwich and Stockport; the void rate is expected to reduce to 6.2% by the end of 2022, adding £768,000 of new portfolio income.

## ESG

PITCH received its 2022 GRESB results in October maintaining its 3 "Green Stars" rating and a score of 75 out of 100. This was one point below the 2021 score due to the Fund being placed in a larger peer group index where it was ranked 18 out of 80. Previously it was 3rd out of a peer group of nine. As in the previous year PITCH received 100% in the Management category.

We continue to review the portfolio for further PV installations after recent projects at Stockport and Newmarket with ongoing tenant discussions on several other holdings. This forms a key component of the Fund's net zero carbon programme. To assist with this, we have introduced an automatic data collection scheme which will enable us to assess the true energy consumption more accurately across the portfolio.

## Fund Outlook and Strategy

As we enter a more uncertain period for the property market, it is worth reflecting on some of the strengths of the PITCH portfolio. The recent acquisition and sales programme has significantly improved the quality of the portfolio, upgrading the strength of our tenant base and closer aligning it to current and future occupier demand. Our investment has been targeted at those sectors expected to continue to generate rental growth particularly warehousing, Grade A offices and residential. This focus on income is now being reflected through the reducing vacancy rate and new income being added to the portfolio, which should increase resilience in the face of market volatility.

The Fund remains well capitalised with just over £46m in cash (circa 6.5% of NAV) at the time of reporting, net of all Q3 redemptions, and a conservative level of debt at 11.7% LTV and significant headroom across all loan covenants. We will manage cash responsibly over the coming months, while acknowledging that current market disruption is likely to provide attractive buying opportunities in due course.

We are likely to see continued volatility in capital markets in the short term as property prices adjust to the impact of higher gilt rates. This is unlikely to be

# Fund Factsheet: Q3 2022

A Fund managed by Mayfair Capital Investment Managers

# PITCH

Property Income Trust For Charities

uniform across the market and we expect those sectors with strong fundamentals and rental growth prospects to prove most resilient. In our view this reinforces the continued importance of our thematic investment approach, combined with a strong tenant base and active asset management, to grow rents and raise the distributable income to investors. PITCH will continue to provide its charity investors with an attractive income, diversification from other asset classes and delivery on our investment objective over the long term.

Finally, we were delighted to be voted Boutique Investment Manager of the Year at the Charity Times Awards in September for PITCH's long term performance track record and strong focus on responsible investing.

**Simon Martindale - Fund Director**

**New purchase – St John's Grange, Lichfield**



PITCH completed on six houses in Lichfield, Staffordshire forming part of a Persimmon Homes development. A further 14 units have exchanged which are due for completion in Q4 that will bring the total investment to £5.6m reflecting a net initial yield of 4.73%. The accommodation provides a mixture of 11, three bedroom houses and 9, two bedroom flats within a single detached block. Four of the six houses were let to new tenants within four days of completion reflecting the strength of demand for this type of rental product.

**Asset Management – Unit A&B, Orion Business Park, Stockport**



The Fund completed a successful refurbishment and re-letting of two warehouses in Stockport which included two, 140 kWp PV installations with the energy to be provided to the tenants through a Power Purchase Agreement. Unit A has been let to PL Distribution on a 10-year lease with a break option in the fifth year at a rent of £293,000 pa. The adjacent Unit B is under offer to a new tenant and expected to complete imminently.

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## Five Largest Assets (by value)

Bristol, Paragon	5.3%
Newmarket	4.3%
Doncaster, West Moor Park	4.2%
Doncaster, Trax Park	4.0%
Cardiff, Capital Quarter	3.5%

## Five Largest Tenants (by income)

BT Plc	5.6%
CDS Superstores International Ltd	4.8%
Premier Inn Hotels Ltd	4.8%
Wincanton Holdings Ltd	4.4%
Sky CP Ltd	3.1%

## Tenant Risk Rating (by rent)

Minimal risk	41.7%
Lower than average	47.2%
Higher than average	5.8%
High risk	5.3%

## 2022 GRESB RESULTS



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

## EPC Profile

EPC Rating	Portfolio by floor area %
A	18.3
B	28.0
C	46.3
D	7.3
E, F & G	0
Coverage	100



Charity Times Awards 2022  
Boutique Investment Manager

## Lease Length (by rent)

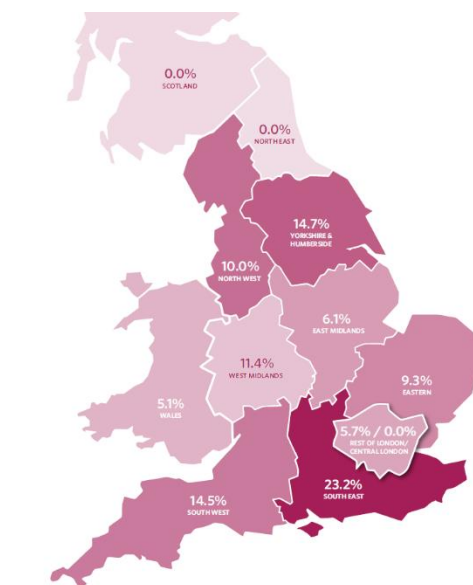
0-5 years	50.4%
5-10 years	32.8%
10-15 years	10.1%
15-20 years	2.2%
20+ years	4.5%

## Portfolio Distribution (by sector)

Industrial	43.2%
Office	31.8%
Retail Warehouse	13.4%
Retail	3.2%
Other	8.4%

Rent subject to fixed uplifts	25.6%
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## Portfolio Locations (geographic weightings)



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