

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	£833.49m
Net asset value	£739.30m
Number of assets	51
Vacancy rate	8.3%
Weighted Av. Unexpired Lease Term	6.5 years
Distribution History	
Apr 2022	0.337 p.p.u.
May 2022	0.365 p.p.u.
Jun 2022	0.330 p.p.u.
Borrowings (GAV)	11.1%
Total expense ratio (GAV)	0.63%
Portfolio turnover ratio	8.2%
EPC ratings A-C (based on ERV)	90.2%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Key Statistics

£833m
Gross Asset Value

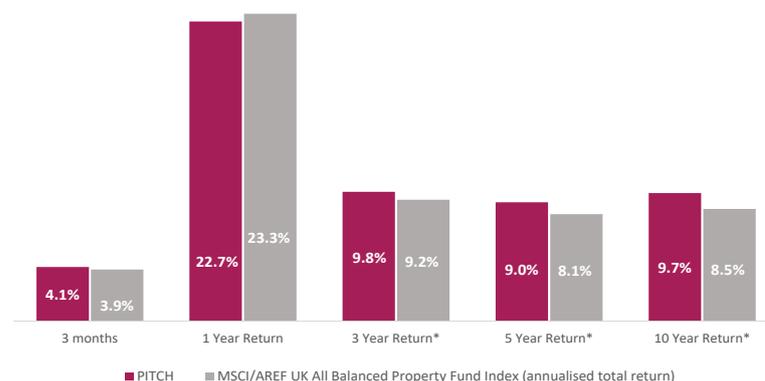
4.1%
Fund Yield
(Rolling 12-months as % of NAV)

11.1%
Borrowings
(GAV)

8.3%
Vacancy Rate

6.5
Weighted Unexpired Term (years)

Fund Returns (30 June 2022)



Source: MSCI (30.06.2022)
*annualised

Fund Update

Property markets continued to defy the weakening economic sentiment in Q2 with another quarter of robust, broad-based capital growth, however, with the cost of debt rising the weight of capital for some sectors is beginning to moderate with lower transactional volumes. This is particularly true of lower yielding sectors such as Central London offices and the logistics sector.

PITCH had another strong quarter both in terms of performance and portfolio activity, which included a £40m office acquisition, two sales totalling £14.7m, a substantial warehouse and office letting and four rent reviews adding an additional £880,000 of annual income to the Fund.

The Fund delivered a quarterly total return of 4.1% derived of capital growth of 3.1% due to continued yield compression on the retail warehouses and some strong sales and letting activity. This outperformed the UK All Balanced Open-Ended Property Fund Index total return of 3.9% and extended the Fund's excellent performance track record. PITCH has now delivered a total return of 9.8% pa, 9.0% pa and 9.7% pa over three, five and ten years respectively. It continues to be the best performing specialist Fund for charities over ten years.

Acquisitions & Disposals

The Fund completed the acquisition of a prime, multi let office in Bristol in June for £40m, reflecting a yield to PITCH of 5.1% (see overleaf for further details). This forms part of a medium term strategy to consolidate PITCH's office holdings into larger but fewer assets within selected key markets and reflects the increasing occupier requirement for prime, sustainable offices in vibrant city centre locations. Bristol has seen strong rental growth over the past 12 months with a current Grade A vacancy rate of under 1% and strong letting activity. As a result,

prime office rents have risen to £42.50 per sq ft.

During Q2 PITCH completed on its first residential acquisitions in connection with the single family housing strategy. This comprised nine new build houses in Elmstead Market on the outskirts of Colchester for £2.9m reflecting a net initial yield of 3.7%. All nine properties have already let or are under offer to new tenants in line with forecast rents. A further £9m of new build residential assets are under offer in Mansfield and Lichfield which are expected to complete in Q3/Q4.

There were two completed sales in Q2. This included a retail warehouse in Wrexham, which sold for £10.5m reflecting a net initial yield of 6.9%, and a small industrial holding in Newmarket, which sold for £4.2m at a net initial yield of 3.5%. Both sales achieved prices in excess of the pre-marketed valuations. The Fund has also agreed sales of a small retail asset and regional office which are expected to complete in Q3.

Asset Management

It was another successful quarter for letting activity. This included a major warehouse letting in Newmarket to a vertical farming business (see overleaf) and a letting of a recently refurbished office at Wallbrook Court, Oxford to ACS International Ltd on a 10-year lease at £172,000 pa. Further lettings were agreed of a recently refurbished office in Cardiff and a vacant restaurant in Greenwich, adjacent to the O2.

In terms of rent review activity, the Fund negotiated rental uplifts on three warehouse assets in Basingstoke, Droitwich and Avonmouth which added a further £128,000 of portfolio income.

A number of assets remain under offer to let which are taking longer to conclude. As such, the vacancy rate remains relatively high at 8.3%, however, this is expected to fall to around 6% once these complete in Q3. Looking further ahead, the Fund has very few large lease expiries over the

next 18 months, so we expect the void rate to continue to trend downwards during this period.

ESG

During the quarter, we completed PV (solar) panel installations on two warehouses in Stockport, which has coincided with a full refurbishment of both units to achieve a materially enhanced EPC rating. Both properties are under offer to two new tenants at strong rental levels. Further PV installations are being considered on two additional warehouse assets in Coventry and Doncaster.

The Fund commenced net zero carbon assessments on two existing office buildings in Cheltenham and Solihull. This study will analyse the energy data consumption of each building and enable us to consider what upgrades and capital expenditure will be required to transition them to operational net zero carbon emissions. Further assessments are planned on other assets for later in the year.

Fund Outlook and Strategy

After a strong period of capital growth, we expect investment volumes and returns to moderate in the second half of the year as investors react to the narrowing risk premium brought about by higher interest rates and the threat of a mild recession. This more uncertain outlook is likely to put upward pressure on yields especially for the lowest yielding sectors of the market.

Despite the increased risk, many sectors continue to be relatively under supplied particularly for prime assets with strong sustainability credentials, which means that rental growth is expected to persist particularly for logistics, Grade A offices and the residential sector. These continue to be our favoured sectors for the Fund and we look forward to growing our exposure to the residential sector through our single family housing strategy which will also provide enhanced diversification and income growth.

Our main focus over the coming months is to maximise the potential income available to the Fund by completing the current lettings under offer, reducing the vacancy rate and capturing the available rental growth from these assets. We expect portfolio income to remain resilient during this period due to the limited number of upcoming lease expiries and the covenant strength of the PITCH tenant base.

Further investments will be considered to maintain cash at around 5% of NAV which will be complemented by additional sales on assets where we have completed the asset management business plan.

Simon Martindale - Fund Director

New purchase - The Paragon, Bristol (Office)



PITCH acquired this prime, multi let office in Bristol for £40m in June 2022 in an off-market transaction reflecting a yield to the Fund of 5.1%. The property occupies a prime position in the heart of Bristol's main office district and provides an impressive specification well suited to the modern occupier. It is let to the strong covenants of E&Y, Mercer and Thrings with an average rent of only £30 per sq ft providing an excellent base for rental growth. During the hold period, various energy efficiency and carbon reduction initiatives will be undertaken, including replacement of the existing gas boilers, with the aim of achieving operational net zero carbon targets.

Sale - Plot 100, Newmarket (Industrial)



The Fund sold a sub-scale industrial unit in Newmarket in June for £4.2m, which reflected a net initial yield of 3.5%. The property is let to a Harley Davidson franchisee and provides an unexpired lease term of 16 years. The sale crystallises an attractive IRR of 16.7% pa having acquired the asset on an off-market basis in December 2018.

Five Largest Assets (by value)

Bristol, Paragon	5.1%
Newmarket	4.4%
Doncaster, West Moor Park	4.3%
Doncaster, Trax Park	3.9%
Cardiff, Capital Quarter	3.5%

Five Largest Tenants (by income)

BT Plc	5.9%
CDS Ltd t/a The Range	5.1%
Premier Inn Hotels Ltd	5.1%
Wincanton Holdings Ltd	4.0%
Sky CP Ltd	3.3%

Tenant Risk Rating (by rent)

Minimal risk	37.7%
Lower than average	43.2%
Higher than average	13.1%
High risk	6.0%

Asset Management - Unit 2-4 Newmarket Business Park



PITCH let this 70k sq ft recently refurbished warehouse in April to One Farm, a UK based vertical farming company, on a 25-year lease at a rent of £580,000 pa with the benefit of uncapped RPI-linked rent reviews. The tenant will use the property for producing UK-grown food for local populations principally herb and salad crops via the use of LED lighting, which will be powered in part by the landlord-funded roof mounted PV solar panels. The initiative brought about a substantial valuation uplift during the quarter.

Lease Length (by rent)

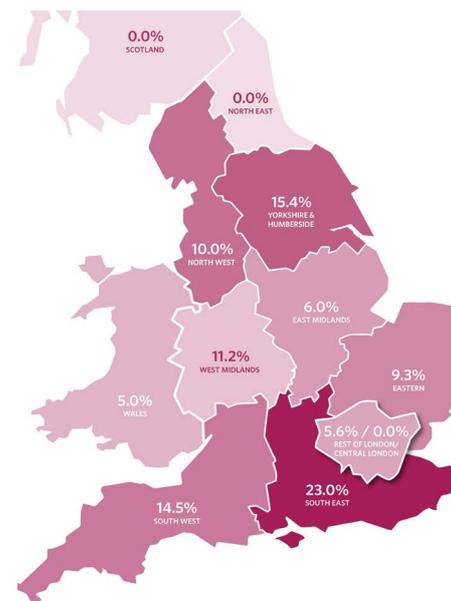
0-5 years	46.0%
5-10 years	37.4%
10-15 years	10.2%
15-20 years	3.1%
20+ years	3.3%

Portfolio Distribution (by sector)

Industrial	44.2%
Office	31.0%
Retail Warehouse	12.9%
Retail	4.1%
Other	7.8%

Rent subject to fixed uplifts	27.5%
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Portfolio Locations (geographic weightings)



Investor Enquiries

James Lloyd at Mayfair Capital
Telephone: +44 20 7291 6664
Email: jlloyd@mayfaircapital.co.uk

Administrative Enquiries

Charlotte Voisin at Sanne
Telephone: +44 (0)203 9111 028
Email: PITCH@sannegroup.com

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