

The Property Income Trust for Charities is a tax efficient unit trust for charity investors that preserves their SDLT exemption from property purchases (5%).

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

PITCH had a successful final quarter delivering a total return of 3.4% which meant full calendar year performance of 11.8%.

This continues the Fund's trend of outperformance with returns now in the upper quartile over 1, 3 and 5 years against the AREF All Balanced Property Funds Index.

Like-for-like valuation growth over the quarter was 1.95% with particularly strong performance from the warehouse sector, where PITCH benefits from an allocation of almost 35%. There was also continued yield compression for those assets subject to long leases.

Three new acquisitions totalling £29.1m were concluded during the quarter. This included a multi let office in Bristol for £9m, a first care home purchase in Oxford for £8.2m and a long income office investment in Basingstoke for £11.9m. The blended yield on these purchases is 5.6% whilst the blended WAULT is 14.4 years. Following these acquisitions, the Fund's percentage of income secure for over 10

years increases to 33% (from 32.4%) whilst the percentage of income subject to fixed increases grows to 24.6% (from 22.1%).

Liquidity in the market has created good conditions for selling small or ex-growth assets. Accordingly there were four sales in Q4 for £15.8m, which provided a valuation gain of £1.25m further adding to performance. Two of these sale transactions were to local councils, which have been particularly aggressive buyers in 2017.

The void rate remained stable at 5.2% but with two vacant units under offer we expect to reduce this in Q1 2018.

Total new equity raised in Q4 was £10.7m with £2.4m of redemptions taking total net investment to £8.3m.

Fund LTV has fallen to 14% as the NAV has continued to grow. We are currently reviewing the Fund's borrowing position with the Canada Life 1 facility due to mature in October 2018.

Unallocated cash as at 31 December 2017 stands at £19.3m. Excluding the forward

commitment in Watford, which is due for completion in March 2018, cash is £33.8m.

The distribution yield for 12 months of paid income to 31 December 2017 was 5.6%. Although this has reduced due to a combination of holding more cash, investing at lower yields and a marginally higher void rate, PITCH remains the highest yielding fund in the AREF All Balanced Property Funds Index.

While market returns surprised on the upside in 2017, we continue to take a cautious view on the market against the backdrop of weaker economic growth. We continue to adopt a highly selective approach to stock selection in accordance with our thematic investment strategy. We have a preference for long income to position the Fund more defensively and grow the portfolio WAULT but continue to consider income resilient, multi let opportunities at higher yields to capture market growth. We are also highly focused on growing the income yield whilst delivering on our asset management plans and executing further sales.

Key Statistics

£539m
Gross Asset Value

5.6%
Fund Yield
(Rolling 12-months as % of NAV)

14%
Borrowings (GAV)

5.2%
Vacancy Rate

7.7
Weighted Unexpired Term (years)

Fund Returns (31 December 2017)



Fund Management Team



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Fund Key Data

Gross asset value	£539.12m
Net asset value	£467.28m
Number of assets	55
Vacancy rate	5.2%
WAULT	7.7 years
Bid price	86.35 p.p.u.
Offer price	88.93 p.p.u.
Distribution History	
Oct 2017	0.357 p.p.u.
Nov 2017	0.380 p.p.u.
Dec 2017	0.382 p.p.u.
Borrowings (GAV)	14%
Total expense ratio (GAV)	0.65%
Portfolio turnover ratio	6.6%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Five Largest tenants (by income)

Kier Construction Ltd	4.7%
Wincanton Holdings Ltd	4.7%
Royal Mail Group Plc	3.3%
Bard Ltd	3.2%
Premier Inn Hotels Ltd	3.2%

Five Largest Assets (by value)

Nottingham, Lady Bay Retail Park	4.9%
Unite Student Accommodation Fund	4.9%
Croydon, Premier Inn	4.3%
Doncaster, Trax Park	4.3%
Manchester, 80 Deansgate	3.8%

Source: Mayfair Capital & Dun and Bradstreet (31.12.2017)

Lease Length (by rent)

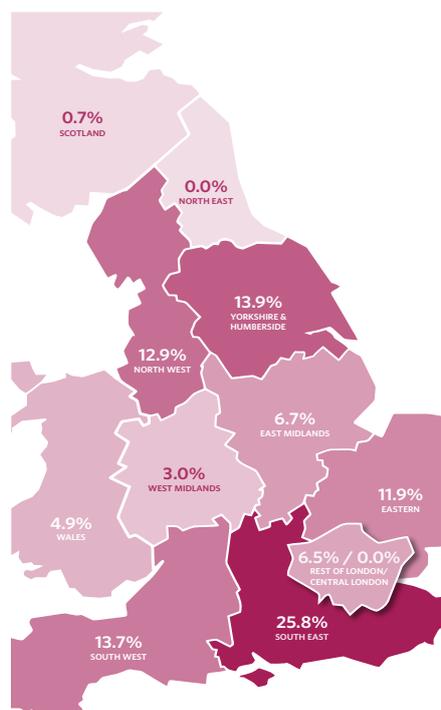
0-5 years	38.2%
5-10 years	28.7%
10-15 years	24.7%
15-20 years	6.7%
20+ years	1.7%

Portfolio Distribution (by sector)

Industrial	34.5%
Office	31.8%
Retail Warehouse	13.4%
Retail	7.5%
Other	12.8%

Portfolio Distribution

(geographic weightings)



Tenant Risk Rating (by rent)

Minimal risk	84.2%
Lower than average	10.4%
Higher than average	4.5%
High risk	0.9%

Purchases & Sales

Brookfield Care Home, Oxford,



A purpose built care home with an unexpired lease term of 19 years and fixed annual rent increases at 2.5% pa. Let to MHA, a not-for-profit charity regarded as one of the strongest tenants in the market. The investment is highly thematic being in line with our demographics theme. The £8.2m purchase price reflects a yield of 5.7% to PITCH.

Centenary House, Basingstoke

A modern, fully refurbished office building in the town centre of Basingstoke. Subject to a new 20 year lease to Kier Construction Ltd with RPI-linked rent reviews. The purchase is in line with our investment strategy, providing WAULT-enhancing income let to a good covenant. The £11.9m purchase price reflects a yield of 5.6% to the Fund.



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