

The Property Income Trust for Charities 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

PITCH had a strong final quarter of 2018 returning 1.6% with a 12 month total return of 8.5%. The MSCI/AREF All Balanced Property Fund Index returned 0.9% and 6.5% respectively over the same time period thereby ensuring PITCH's continued absolute and relative outperformance.

PITCH's annualised total return over 10 years of 9.9% is the highest across the entire Index. It is also the best performing specialist property fund for charities over 1, 3, 5 and 10 years.

There was like-for-like valuation growth of 0.31% on the direct portfolio largely due to asset management. There was moderate outward yield movement on some of the retail holdings reflecting the continued weak sentiment for the sector although the Fund's exposure to this sector is low.

A new £26m debt facility was signed in December to replace the previous Canada Life loan (also £26m) which matured in October. This is fixed for five years and secured against five core assets at an attractive rate of 2.25%. The weighted cost

of finance across the Fund now stands at 3.1% with an average maturity of 4.7 years whilst the LTV is maintained at 12%.

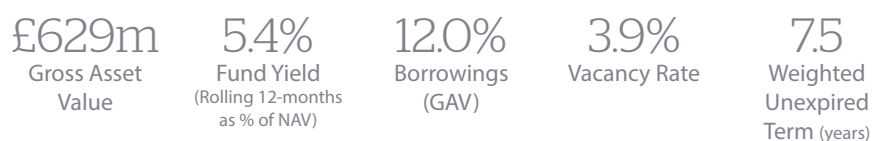
There were four acquisitions this Quarter for £31m at a blended yield to the Fund of 5.5% and a combined WAULT of 12.2 years. Each asset is either new build or, in the case of Manchester, a Grade A refurbishment ensuring that the quality of the portfolio is maintained. Three of these completed in December for an aggregate of £25.7m shortly after the signing of the new debt facility.

The void rate has increased due to the vacancy of the office building on Trinity Park, Solihull. This is a planned void as identified in our original business plan when we acquired the asset in 2016. This is a highly thematic asset with the location benefiting from a number of infrastructure initiatives. The property will now undergo a comprehensive refurbishment with a view to achieving a sizable rental uplift upon completion. Excluding this property, the void rate reduces to 1.8%.

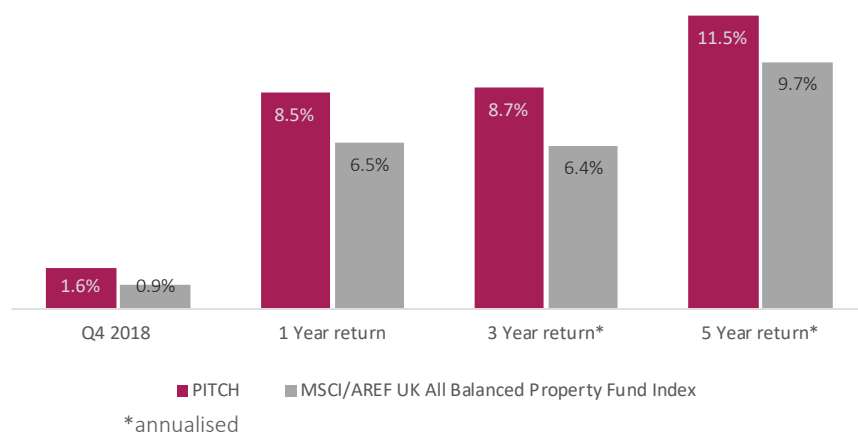
The Fund concluded four asset management initiatives in Q4 adding some £1.4m in capital growth. The Fund extended the headlease at Brookfield Care Home, Oxford from 106 years to 150 years in exchange for some modest gearing. This was a positive result both protecting the Fund from any downward valuation pressure over the long term whilst increasing the value of the asset by £450,000. There were rent review increases on three office holdings in Oxford, Cheltenham and Amersham providing a further valuation uplift of £950,000.

In the face of an increasingly uncertain political outlook, we are focused on maintaining the quality of our income stream whilst continuing to drive performance through asset management. We will continue to invest in accordance with our thematic investment strategy, which looks to capitalise on structural changes in the economy and is less exposed to the cyclical impacts of markets.

Key Statistics



Fund Returns (31 December 2018)



Fund Management Team



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Fund Key Data

Gross asset value	£628.92m
Net asset value	£552.02m
Number of assets	61
Vacancy rate	3.9%
WAULT	7.5 years
Bid price	88.67 p.p.u.
Offer price	91.35 p.p.u.
Distribution History	
Oct 2018	0.385 p.p.u.
Nov 2018	0.452 p.p.u.
Dec 2018	0.431 p.p.u.
Borrowings (GAV)	12.0%
Total expense ratio (GAV)	0.65%
Portfolio turnover ratio	-1.4%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Five Largest tenants (by income)

Wincanton Holdings Ltd	4.0%
Kier Construction Ltd	4.0%
Sky CP Ltd	3.3%
Antolin Interiors Ltd	2.9%
Premier Inn Hotels Ltd	2.9%

Five Largest Assets (by value)

Unite Student Accommodation Fund	4.2%
Nottingham, Lady Bay	4.0%
Croydon, Premier Inn	3.7%
Doncaster, Trax Park	3.7%
Brentwood	3.3%

Lease Length (by rent)

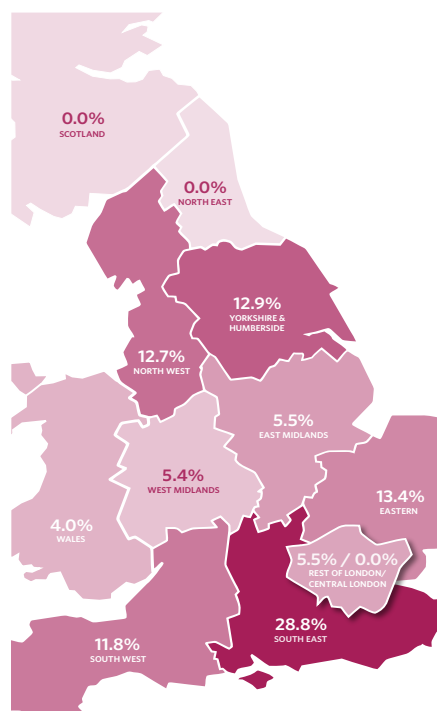
0-5 years	35.5%
5-10 years	40.3%
10-15 years	15.6%
15-20 years	7.2%
20+ years	1.4%

Portfolio Distribution (by sector)

Industrial	34.7%
Office	35.2%
Retail Warehouse	13.0%
Retail	6.0%
Other	11.1%

Portfolio Distribution

(geographic weightings)



Tenant Risk Rating (by rent)

Minimal risk	83.1%
Lower than average	9.5%
Higher than average	6.2%
High risk	1.2%

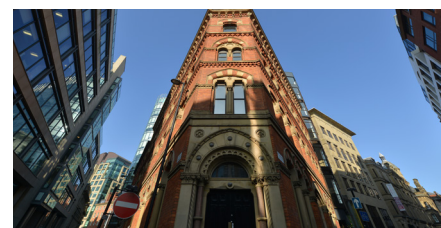
Purchases

Newmarket

This comprises two newly completed detached warehouse units adjacent to the Fund's existing holdings. 100 Oaks Drive was acquired for £2.7m at a yield to the Fund of 5.5% and is let to a major franchisee of Harley Davidson for 20 years with indexation. Unit B was acquired for £4.9m providing an attractive yield of 5.7%, and is let to Cosentino for 15 years with RPI increases every five years with a collar of 2-4%.

31 Booth Street, Manchester

A multi let office building in a prime Manchester city centre location purchased for £11.9m offering a yield to PITCH of 5.3%. The property was comprehensively refurbished by the vendor, Helical Bar. The property is let at an average rent of £25 per sq ft and is well placed to benefit from the strong rental growth in this dynamic office market.



Western Way Retail Park, Bury St Edmunds

A long let, new build retail warehouse investment let to two of the strongest operators in the market, B&M and the Range, providing a blended WAULT of 17 years. PITCH acquired this investment in December for £11m at a yield to the Fund of 5.5%.

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