

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 delivered a flat total return of 0.0% in Q2 2019 with the Fund's high income return offsetting the negative impact of some one-off valuation reductions. This amounts to a 12-month total return of 4.2%. PITCH's historic distribution yield for the 12 months to 30 June 2019 is now 5.6%.

The direct portfolio fell -1.1% in value, which was predominantly due to the Debenhams' CVA, approved in May, resulting in the closure of the Fund's Southport store from January 2020 onwards. Whilst unwelcome news, this event was anticipated with the valuation having trended down over time as the trading position worsened. The valuation of this asset now reflects the full impact of the CVA and comprises only 0.5% of portfolio value.

While there were further decreases on the Fund's other retail assets, this represents a relatively small proportion of the portfolio. The remainder, comprising offices, warehouses and alternatives, which form the bulk of the Fund at 82% of portfolio value, were largely unchanged.

PITCH continues to have a strong long term performance track record with an annualised total return of 7.9% over three years, 10.2% over five years and 10.9% over ten years.

The Fund continues to outperform the MSCI/AREF UK All Balanced Property Fund Index over these time periods and is in the upper quartile over three, five and ten years.

Regarding portfolio activity, the Fund completed the sale of one asset, concluding shortly after the Quarter end date, of the vacant Lambourne House office in Cardiff. Whilst for reporting purposes the Q2 void rate is 4.5%, the sale reduces this to 3.6% effective from July. Allowing for the ongoing refurbishment at Trinity Park, Solihull, the true standing void rate is 1.4%. This continues to compare favourably with the wider market against a Q1 MSCI/AREF UK All Balanced Property Fund Index void rate of 7%. We are focused on maintaining this vacancy rate as low as possible to maximise the income return for investors.

We completed the refurbishment of the second floor office at Brewery Wharf, Leeds during the Quarter. Meanwhile the £2.6m Solihull refurbishment is well underway with an expected completion date of October 2019. We expect both future letting events to deliver strong rental growth thereby adding to Fund performance.

We continue to focus on delivering performance from asset management. We

have several ongoing rent review and lease extension negotiations in hand to deliver income growth and increase the portfolio average lease length.

There were no new acquisitions during the Quarter. The Fund continues to see positive net inflows during Q2, meaning that we are now actively considering new investment opportunities. New purchases will be sought that display strong thematic characteristics supported by good real estate fundamentals.

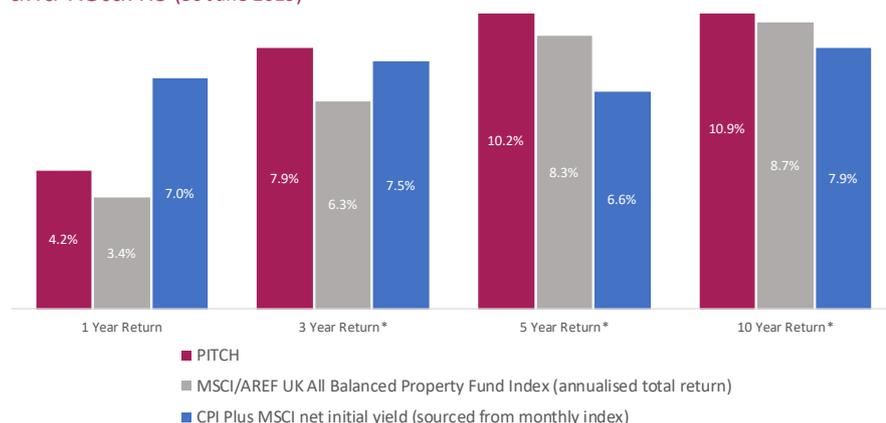
The investment market continues to be characterised by considerable polarisation with few buyers for retail assets, whilst there is continued good demand for quality warehousing, offices and alternatives. The distinguishing feature of these sectors is relatively healthy levels of occupational demand which continues to support modest rental growth.

While PITCH has had a relatively poor Quarter in capital terms, largely due to the Debenhams CVA impact, the portfolio continues to have a robust composition and together with its strong income return, low void rate and ongoing asset management initiatives, is well positioned to deliver on its investment objective over the coming cycle.

Key Statistics



Fund Returns (30 June 2019)



*annualised

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Fund Key Data

Gross asset value	£638.36m
Net asset value	£562.70m
Number of assets	57
Vacancy rate	4.5%
Weighted Av. Unexpired Lease Term	7.0 years
Bid price	87.16 p.p.u.
Offer price	89.70 p.p.u.
Distribution History	
Apr 2019	0.431 p.p.u.
May 2019	0.395 p.p.u.
Jun 2019	0.387 p.p.u.
Borrowings (GAV)	11.8%
Total expense ratio (GAV)	0.65%
Portfolio turnover ratio	-10.0%
Year End	31 December
Sedol number	B0517P1
ISIN number	GB00B0517P11

Five Largest tenants (by income)

Wincanton Holdings Ltd	4.1%
Kier Construction Ltd	4.0%
Sky CP Ltd	3.4%
Antolin Interiors Ltd	3.0%
Premier Inn Hotels Ltd	2.9%

Five Largest Assets (by value)

Unite Student Accommodation Fund	4.3%
Nottingham, Lady Bay	3.9%
Croydon, Premier Inn	3.8%
Doncaster, Trax Park	3.7%
Newmarket	3.6%

Lease Length (by rent)

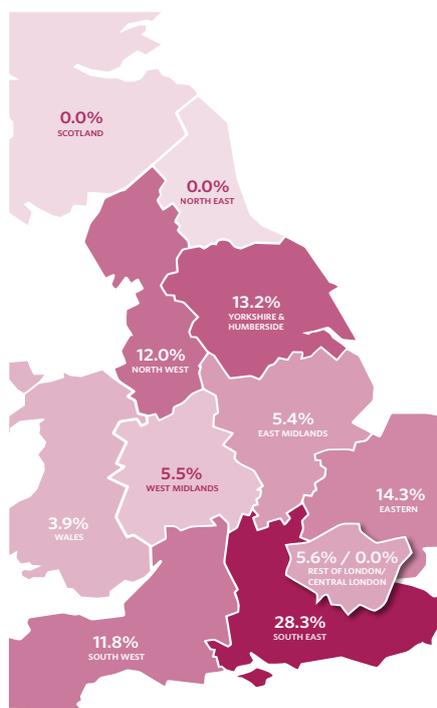
0-5 years	38.2%
5-10 years	43.4%
10-15 years	11.4%
15-20 years	5.6%
20+ years	1.4%

Portfolio Distribution (by sector)

Industrial	35.9%
Office	34.7%
Retail Warehouse	12.8%
Retail	5.3%
Other	11.3%

Portfolio Distribution

(geographic weightings)



Tenant Risk Rating (by rent)

Minimal risk	83.4%
Lower than average	11.3%
Higher than average	2.5%
High risk	2.8%

Asset Management

Trinity Park, Solihull

Refurbishment is underway on this 33,000 sq ft office to provide a high quality specification and fit out ready for occupation from October 2019. The location is highly thematic benefiting from several infrastructure improvements, supporting good levels of occupational demand.



Lambourne House, Cardiff

The sale of this vacant office completed in July 2019 in line with valuation for £1.75m. The property occupies a non-thematic location with the sale proceeds to be re-invested in assets with superior rental growth prospects. The sale reduces the portfolio void rate to 3.6%.



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