

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

UK investment market volumes were down by almost 50% for the months of January and February compared to the same period last year, as increasing caution crept into the market surrounding Brexit negotiations. This was exacerbated by heightened redemption levels in the daily traded property funds causing a number of these vehicles to sell assets. Despite this, market liquidity remained reasonably strong for the right style of asset with robust pricing still in evidence for well located, income producing assets particularly within the office, industrial and alternative sectors.

PITCH had a relatively robust first Quarter of 2019 returning 0.9%. This was in spite of valuations falling by 0.3% on the direct portfolio primarily caused by outward yield movement on the small number of retail assets held by the Fund. Yields across the Fund's industrial and office holdings were predominantly stable.

This continued PITCH's strong long term performance with an annualised total return over ten years of 10.8%, the highest within the MSCI/AREF UK All Balanced Property Fund Index, whilst also being the best performing property fund for charities over 1, 3, 5 and 10 years.

The void rate has marginally increased to 4.5% however, this is still significantly lower than the MSCI average of 7.3% (Q4 2018). Allowing for planned voids (as pre-empted in our original business plans) in respect of offices in Leeds and Solihull, which are undergoing refurbishment, the portfolio void rate reduces to 1.8%.

Within the quarter there was one completed acquisition for £3.5m, which was a further warehouse unit on the Newmarket Business Park let on a new 15 year lease. The consolidated asset now provides a multi let industrial estate offering five different accommodation types and sizes at an attractive, institutional lot size in excess of £20m. The estimated rental value across the estate has increased by an average of 4.6% per annum over the past three years.

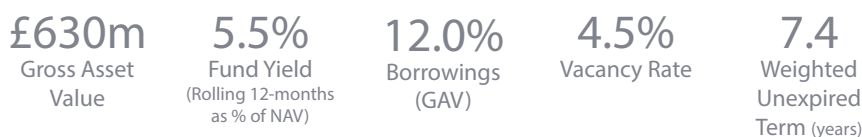
The Fund completed one sale in January of an office building in Milton Keynes, where the lease had recently been extended thereby concluding the business plan of the asset. The sale price was £285,000 above valuation and crystallised an attractive IRR of 11.3% pa during the period of ownership.

In terms of ongoing initiatives, the Fund is now on site with both refurbishment

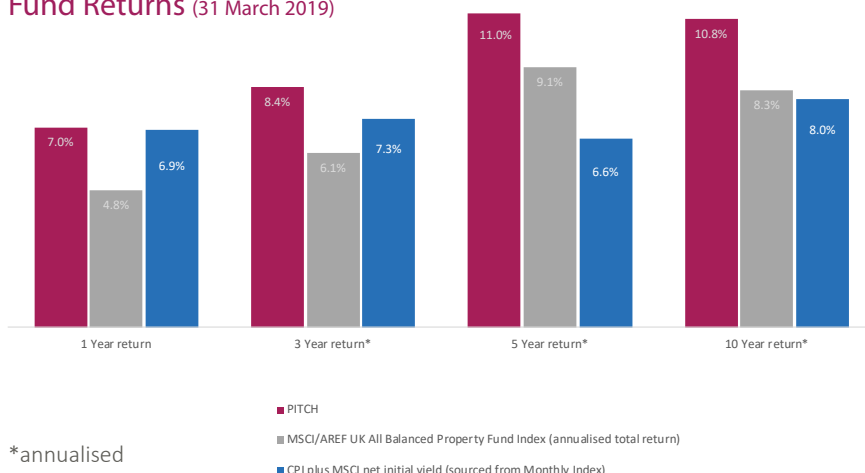
projects in Brewery Wharf, Leeds and Trinity Park, Solihull. The vacant second floor at Leeds is nearing completion of a comprehensive refurbishment, which along with a number of amenity upgrades, is expected to deliver a 25% rental increase upon re-letting. Meanwhile, early stripping out works have commenced at Trinity Park ahead of the £2.6m refurbishment due for delivery in September 2019. The local supply-demand dynamics continue to point to a favourable outcome upon re-letting in line with the thematic credentials of the surrounding area.

We believe that PITCH is well positioned in the face of this more challenging outlook with a low weighting to the retail sector and with over 70% in good quality industrial and office buildings. The void rate remains low and we have a strong and diverse tenant base with the largest representing only 4.1% of portfolio income. With yields (overall) expected to remain flat throughout the year, we are highly motivated to deliver performance from our various asset management initiatives whilst the Fund's high income return will continue to be supportive of returns.

Key Statistics



Fund Returns (31 March 2019)



Fund Management Team



James Thornton
Fund Director



Simon Martindale
Fund Manager

Investor Enquiries

Katie Joyce at Mayfair Capital
Telephone: +44 20 7291 6667
Email: kjoyce@mayfaircapital.co.uk

Administrative Enquiries

Hannah Wade at Sanne
Telephone: +44 20 3327 9744
Email: PITCH@sannegroup.com

Fund Key Data

Gross asset value	£630.01m
Net asset value	£553.65m
Number of assets	57
Vacancy rate	4.5%
WAULT	7.4 years
Bid price	88.28 p.p.u.
Offer price	90.92 p.p.u.
Distribution History	
Jan 2019	0.422 p.p.u.
Feb 2019	0.402 p.p.u.
Mar 2019	0.380 p.p.u.
Borrowings (GAV)	12.0%
Total expense ratio (GAV)	0.65%
Portfolio turnover ratio	1.5%
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	3.3%
Antolin Interiors Ltd	3.0%
Premier Inn Hotels Ltd	2.9%

Five Largest Assets (by value)

Unite Student Accommodation Fund	4.2%
Nottingham, Lady Bay	3.9%
Croydon, Premier Inn	3.8%
Doncaster, Trax Park	3.7%
Newmarket	3.3%

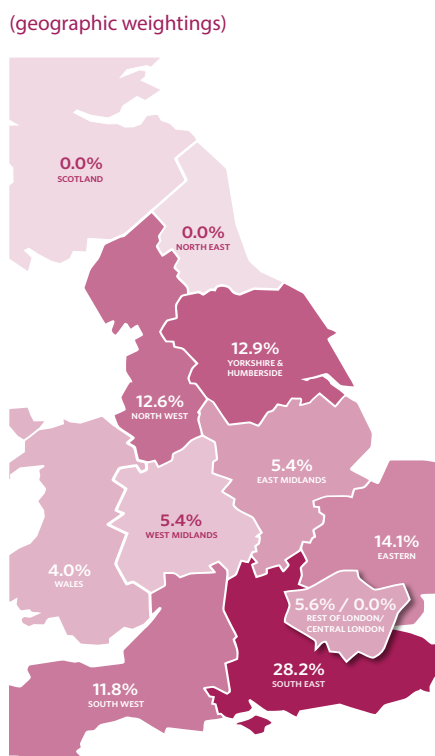
Lease Length (by rent)

0-5 years	37.2%
5-10 years	40.0%
10-15 years	16.1%
15-20 years	5.3%
20+ years	1.4%

Portfolio Distribution (by sector)

Industrial	35.5%
Office	34.6%
Retail Warehouse	12.9%
Retail	5.9%
Other	11.1%

Portfolio Distribution (geographic weightings)



Tenant Risk Rating (by rent)

Minimal risk	81.1%
Lower than average	11.0%
Higher than average	4.3%
High risk	3.6%

Asset Management

Brewery Wharf, Leeds

The second floor is currently being refurbished to a high quality grade A specification to be delivered to the market in Q3 2019. Like many regional UK cities, Leeds witnessed strong occupier activity in 2018 with take-up of 657,000 sq ft, 34% above the 10-year average.



Unit A, 9-11 Newmarket Business Park

This is a further unit on the new build warehouse development comprising St Leger Drive, Newmarket Business Park, which has been let to Tristel Plc on a 15 year lease with RPI linked rent reviews (cap and collar of 2%-5%). The purchase price of £3.5m provides an attractive yield to the Fund of 5.5%.



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