

## Manager Commentary Richard Kirby



### Rent Collection and tenant trading activity

Please go to [www.bmogam.com/commercial-property-trust/](http://www.bmogam.com/commercial-property-trust/) for the latest trading update which provides detailed information on rent collections since the Covid-19 outbreak and tenant trading activity.

### Trading and Development Activity

#### St Christopher's Place Estate

Following the easing of lock down restrictions on 12th April, permitting the re-opening of non-essential shops and restaurants for outdoor dining, 21 shops and 16 food and beverage businesses have re-opened across the estate. The early indicators are positive, with a stronger re-opening than those following previous lockdowns and the number of daily visitors to the estate has exceeded an average pre-pandemic day.

The temporary closure of James Street to vehicles has been extended, providing the opportunity for restaurant occupiers to maximise their outdoor dining areas and to support social distancing requirements.

A further boost to footfall and trade is anticipated when additional restrictions are expected to be relaxed on 17th May. This will permit food and beverage businesses to trade indoors, significantly increasing the number of covers. This key date coincides with a number of new store openings. These include Emma Hyacinth following relocation to a larger site, and new restaurants on James Street; Chrome, Papa-dum and Sidechick.

#### Retail Parks

There was positive news at the Company's retail parks where shoppers returned in large numbers on 12th April 2021. Over the first full week of being reopened, car counters have recorded that the number of vehicles entering the main car parking areas at Newbury Retail Park was up 20 per cent compared with the same period in 2019. Although this is only a small sample period, these numbers compare favourably with those experienced just prior to the December 2020 pre-Christmas lock-down period. This is despite there being extensive works currently underway in units 3 and 4 and with two other retail units currently vacant and being re-marketed to let. Similarly, Solihull Retail Park has experienced a very strong first week.

### Industrial and Logistics

As referenced in the Company's Annual Results, two significant events completed over the quarter. In March, Mothercare assigned their lease on the 360,000 sq ft logistics unit at Daventry to CEVA Logistics. In February, a new letting of Hurricane 47, Estuary Business Park, Speke contracted to on-line rug retailer, Kukoon Rugs, who entered into a 15-year lease (tenant break at 10 years) at a rent of £290,000 per annum with 6 months' rent free and a further 6 months by way of 12 months at half rent.

### Cash and Borrowings

The Company had approximately £37.7 million of available cash as at 31 March 2021. There is long-term debt in place with L&G which does not need to be refinanced until December 2024. The Company also has a Barclays £50 million term loan along with an undrawn £50 million revolving credit facility which is available upon the satisfaction of the relevant conditions to drawdown. The Barclays facility expires on 31 July 2022, with the option of two further one-year extensions. As at 31 March 2021, the Company's net loan to value ('LTV') was 22.2 per cent.

### Dividend

The Company paid three monthly dividends at a rate of 0.35 pence per share during the quarter. The Company expects to continue to pay monthly dividends at this rate for the foreseeable future. There is currently an improving outlook and the Board will monitor rental receipts and earnings closely and keep the dividend under review.

Richard Kirby  
23 April 2021

### Valuation

The capital value of the Company's portfolio increased by 1.14 per cent over the quarter. The industrial and logistics sector of the portfolio achieved another quarter of strong performance, increasing by 7.1 per cent. This not only reflected strong evidence of further yield compression, but also the completion of two significant asset management initiatives. The lease of the logistics unit at DIRFT, Daventry was assigned from Mothercare to CEVA Logistics, the improved covenant resulting in 23.2 per cent increase in value. At Speke, Liverpool a vacant 47,000sq ft unit has been let to on-line retailer Kokoon Rugs, resulting in a 16.4 per cent uplift in value.

The retail warehouse sector recorded its second successive quarter of increasing values with more liquidity and evidence of transactional activity in the capital markets. There has also been continued value enhancing asset management activity in the portfolio which included a 20,000sq ft letting to Home Bargains at Newbury.

Retail, hospitality and leisure sectors continued to be marked down having been in lockdown for the entire quarter. The valuation falls on the London assets were lower than in recent quarters with St Christopher's Place falling by 0.7 per cent, mitigated by a number of successful new lettings, and Wimbledon Broadway falling by 0.9 per cent. These decreases reflect a further outward adjustment in yields as well as adjustments to estimated rental values.

The valuation of the office portfolio fell marginally during the quarter, with positive returns from the West End being offset by valuation falls in the south east and regions, specifically on properties with shorter lease terms.

## Key facts

**Trust aims:** To provide ordinary shareholders with an attractive level of income with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

**Fund Type:** Investment Trust

**Launch Date:** 18 March 2005

**Total assets:** £1,265.8 million

**Share price:** 70.8p

**NAV\*\*:** 119.5p

**Discount/Premium(-/+):** -40.8%

**Dividend payment dates:** Monthly

**Dividend yield †:** 5.9%

**Actual gearing‡:** 22.2%

**Vacant property:** 2.4%

**Weighted average lease length:** 5.8 years

**Management fee rate\*\*\*:** 0.55%

**Ongoing charges\*\*\*:** 0.85%

**Year end:** 31 December

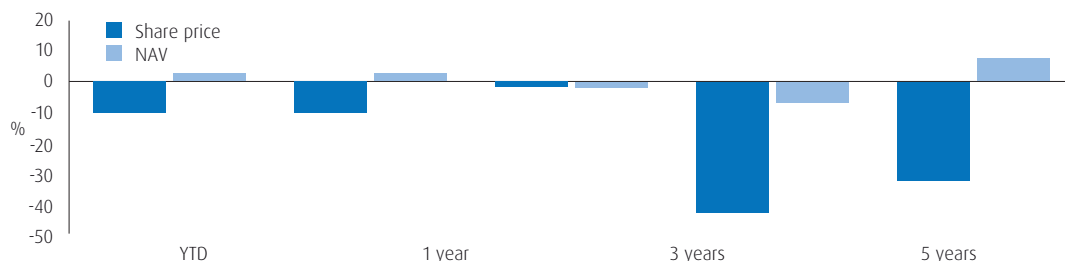
**Sector:** Property Direct - UK

**Currency:** Sterling

**Website:** [www.bmogam.com](http://www.bmogam.com)

\*\*\*Ongoing charges calculated in accordance with AIC recommendations. Please refer to the latest annual report as to how the fee is structured.

## Fund performance



## Cumulative performance (%) as at 31.03.21

	3 Months	Year to date	1 Year	3 Years	5 Years
Share price	-10.2	-10.2	-1.7	-42.9	-32.4
NAV	2.6	2.6	-1.9	-6.8	7.5

## Discrete annual performance (%) as at 31.03.21

	2021/2020	2020/2019	2019/2018	2018/2017	2017/2016
Share price	-1.7	-34.2	-11.6	1.9	16.1
NAV	-1.9	-5.7	0.7	8.5	6.3

Past performance is not a guide to future performance.

Source: Thomson Reuters Eikon and BMO Global Asset Management. Basis: Percentage growth, total return, bid to bid price with income reinvested in sterling. Basis in accordance with the regulations of the Financial Conduct Authority.

## Key risks

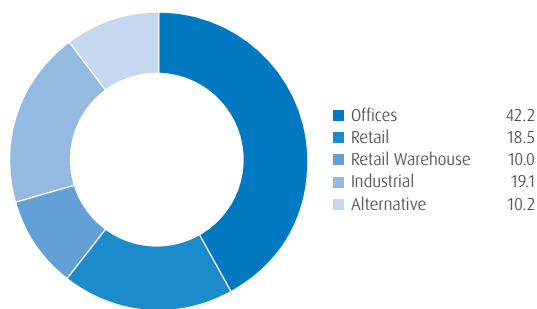
Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate. Income may be achieved by foregoing future capital growth. The value of property related securities are likely to reflect valuations determined by professional valuers. Such valuations are the opinion of valuers at a particular point in time and are likely to be revised. Property and property related assets can sometimes be illiquid. A fund investing in a specific country carries a greater risk than a fund diversified across a range of countries. If markets fall, gearing can magnify the negative impact on performance.

Telephone calls may be recorded

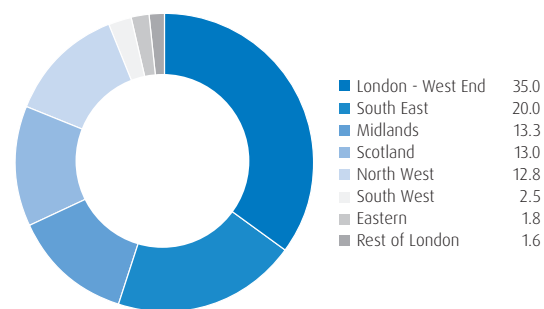
Trust codes	
<b>Sedol</b>	
<b>BCPT - GBP</b>	B4ZPCJO

Top 10 property investments				
	Holding	Location	Sector	
<b>Properties valued in excess of £250 million</b>	London W1, St Christopher's Place Estate	West End	Mixed	
<b>Properties valued between £100 million and £150 million</b>	London SW1, Cassini House, St James's Street	West End	Office	
<b>Properties valued between £50 million and £70 million</b>	Newbury, Newbury Retail Park	South East	Retail Warehouse	
	Solihull, Sears Retail Park	West Midlands	Retail Warehouse	
<b>Properties valued between £40 million and £50 million</b>	London SW19, Wimbledon Broadway	South East	Mixed	
	Winchester, Burma Road	South East	Alternative	
<b>Properties valued between £30 million and £40 million</b>	Manchester, 82 King St	North West	Office	
	Crawley, Leonardo House, Manor Royal	South East	Office	
	Aberdeen, Unit 2 Prime Four Business Park, Kingswells	Scotland	Office	
	Daventry, Site E4, DRIFT	East Midlands	Industrial	

### Sector Breakdown



### Geographical breakdown



### Dividend distributions pence per share

	2016	2017	2018	2019	2020	2021
<b>January</b>	0.5	0.5	0.5	0.5	0.5	0.35
<b>February</b>	0.5	0.5	0.5	0.5	0.5	0.35
<b>March</b>	0.5	0.5	0.5	0.5	0.5	0.35
<b>April</b>	0.5	0.5	0.5	0.5	0	
<b>May</b>	0.5	0.5	0.5	0.5	0	
<b>June</b>	0.5	0.5	0.5	0.5	0	
<b>July</b>	0.5	0.5	0.5	0.5	0	
<b>August</b>	0.5	0.5	0.5	0.5	0.25	
<b>September</b>	0.5	0.5	0.5	0.5	0.25	
<b>October</b>	0.5	0.5	0.5	0.5	0.25	
<b>November</b>	0.5	0.5	0.5	0.5	0.25	
<b>December</b>	0.5	0.5	0.5	0.5	0.35	
<b>Total</b>	6.0	6.0	6.0	6.0	2.85	1.05

### Structure

The Company's capital structure consists of Ordinary Shares.

Ordinary shareholders are entitled to all dividends declared by the Company and to all the Group's assets after repayment of its borrowings. Borrowings consist of a £260 million loan to 31 December 2024 and a £50 million bank loan due 31 July 2022.

All information is sourced from BMO, unless otherwise stated. All percentages are based on gross assets.  $\frac{*(\text{borrowings-cash})}{\text{total assets (less trade and other payables and cash)}}$ .

† Dividend was suspended from April 2020 to July 2020. A monthly dividend was reintroduced in August 2020. The annualised dividend yield on 0.35 pence per share per month is 5.9% based on 31 March 2021 share price.

\*\* The NAV is calculated under International Financial Reporting Standards.

\*\*\* Ongoing charges as at the end of December 2020. BMO Investment Business Limited is entitled to a base management fee of 0.55 per cent per annum of the Group's gross assets (reduced to 0.525 per cent per annum on assets between £1.5 billion and £2 billion and 0.5 per cent per annum in excess of £2 billion) and reduced to 0.25 per cent per annum on cash net of gearing in excess of 5 per cent of net assets, payable quarterly in arrears.

The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Features document for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. CM14942 (04/21)