

Manager Commentary Richard Kirby



Valuation

The capital return of the Company's portfolio was 0.2 per cent for the quarter. The industrial and logistics portfolio performed strongly, increasing by 6.7 per cent in the quarter. This not only reflected strong evidence from the capital markets supporting further yield compression in the sector but also the completion of a notable lease re-gearing and substantive progress on a number of other lease events.

The retail and leisure sectors continue to be marked down, with the London assets at St Christopher's Place and Wimbledon Broadway falling by 3.6 per cent and 6.5 per cent respectively. These decreases reflect a further outward adjustment in yields as well as adjustments to estimated rental values. The retail warehouse portfolio did, however, increase in value by 3.4 per cent reflecting the completion of a number of asset management initiatives, in particular the building works for the new Marks and Spencer store at Solihull.

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.

Rent Collection and tenant trading activity

Please go to www.bmogam.com/commercial-property-trust/ for the latest trading update which provides detailed information on 2020 and Q1 2021 rent collections and tenant trading activity.

Trading and Development Activity

St Christopher's Place Estate

Notwithstanding the challenges highlighted above, there has been some successful activity centred around the repositioning of James Street with the following leasing activity;

- 36 James St: following the surrender of the T Burrows lease, a new letting completed to 'Chrome'.
- Exchanged on a new letting to 'Papa-dum' at 20 James St, which is expected to complete by end Q1 2021.
- The contractor completed building works at 54/56 James St and a new letting to 'Sidechick' has exchanged, with completion targeted by end Q1 2021. This restaurant is a new concept from the owners of Patty and Bun, an existing tenant on the Estate, and underwrites their support for the location.
- Secured a new letting of office space at 3-5 Barrett Street and completed a number of lease renewals with office tenants.

We are encouraged by these new leases which give an indication that some occupiers are looking beyond the short-term challenges presented by Covid for the Estate to the opportunities that should exist longer term.

Retail Parks

On the two principal retail parks, Sears Retail Park, Solihull and Newbury Retail Park, Newbury, most retailers reported a pre-Christmas spike in turnover after re-opening following the end of the second lockdown period. Car parks at both locations were busy and occasionally bordering on full capacity at Solihull. Unfortunately, this was short lived for non-essential retailers, especially at Newbury where they were forced to close again on 20 December 2020 having been classified in Tier 4. Those with a robust omnichannel offer and "click and collect service" have continued to fare better.

At Sears Retail Park, Solihull, the landlord's works to construct the new M&S store and refurbish the shopfront of the Food Hall unit adjoining this have now been completed. The new M&S store was handed over to commence shop-fitting on 19 January 2021. M&S is expected to be ready to open their new flagship store in June 2021.

There is some new retailer interest in the vacant units at Newbury and at Solihull. Two of the retail units at Newbury, making up 20,000 sq. ft of retail space, are now under offer with contracts due to exchange imminently.

Industrial and Logistics

A reversionary lease completed with the existing tenant at G Park, Liverpool, a 360,000 sq ft distribution warehouse. The 10-year lease with DHL Supply Chain Limited from March 2021 has the benefit of a tenant break at the end of the fifth year and the rent contracted at £5.25 sq ft reflects an uplift in excess of 10 per cent on the current rent. DHL were granted a 6 months rent-free period by way of 12 months at half rent. As a result, the valuation improved by £4.475m over the quarter and the Company has de-risked the portfolio to its second largest lease expiry in 2021. Good progress has also been made on a number of other leasing events.

Offices

Work to refurbish the two floors and the reception at Watchmoor Park, Camberley completed and Muller (Milk and More) entered into the lease of the 7,200sq ft second floor at a rent of £23 psf for a term of 5 years with a tenant option to renew for a further 10 years. At 2-4 King Street, London SW1, a lease re-gear with one of the tenant's resulted in a further 5-year term certain on two of the floors.

Cash and Borrowings

The Company had approximately £34.9 million of available cash as at 31 December 2020. 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 December 2020, the Company's net loan to value ('LTV') was 22.6 per cent.

Dividend

An increase in the monthly dividend was introduced from December 2020 at a rate of 0.35 pence per share. The latest statistics regarding the increased spread of Covid-19 and the consequent lockdown has put additional strain on many of our tenants and the future remains uncertain. Notwithstanding this, the Company expects to continue to pay monthly dividends at this rate for the foreseeable future, although the Board will monitor rental receipts and earnings closely and keep the dividend under review.

Richard Kirby
31 December 2020

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: £1,249.9 million

Share price: 80.0p

NAV:** 117.5p

Discount/Premium(-/+): -31.9%

Dividend payment dates: Monthly

Dividend yield†: 5.3%

Actual gearing*: 22.6%

Vacant property: 2.9%

Weighted average lease length: 6.0 years

Management fee rate*:** 0.55%

Ongoing charges*:** 0.83%

Year end: 31 December

Sector: Property Direct - UK

Currency: Sterling

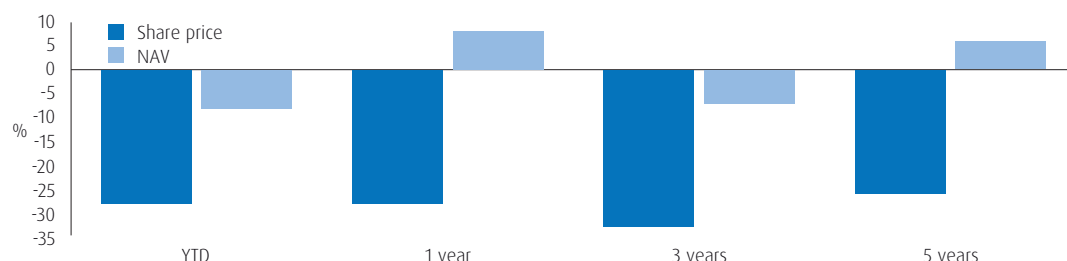
Website: www.bmogam.com

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



Telephone calls may be recorded

Fund performance



Cumulative performance (%) as at 31.12.21

	3 Months	Year to date	1 Year	3 Years	5 Years
Share price	25.3	-28.3	-28.3	-33.1	-26.1
NAV	1.2	-8.1	8.1	-7.1	5.8

Discrete annual performance (%) as at 31.12.21

	2020/2019	2019/2018	2018/2017	2017/2016	2016/2015
Share price	-28.3	-2.4	-4.3	3.9	6.4
NAV	-8.1	-2.1	3.3	8.8	4.8

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.

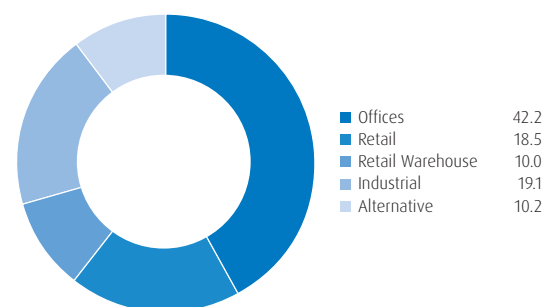
Key risks

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.

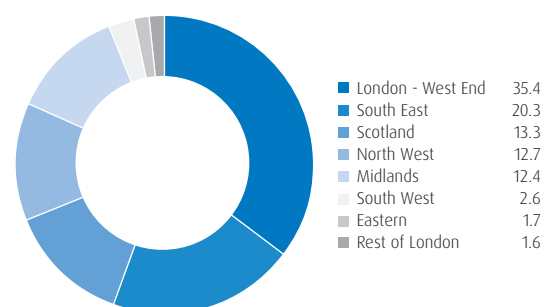
Trust codes	
Sedol	
BCPT - GBP	B4ZPCJO

Top 10 property investments			
	Holding	Location	Sector
Properties valued in excess of £250 million	London W1, St Christopher's Place Estate	West End	Mixed
Properties valued between £100 million and £150 million	London SW1, Cassini House, St James's Street	West End	Office
Properties valued between £50 million and £70 million	Newbury, Newbury Retail Park	South East	Retail Warehouse
	Solihull, Sears Retail Park	West Midlands	Retail Warehouse
Properties valued between £40 million and £50 million	London SW19, Wimbledon Broadway	South East	Mixed
	Winchester, Burma Road	South East	Alternative
Properties valued between £30 million and £40 million	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
	Aberdeen, Unit 1 Prime Four Business Park, Kingswells	Scotland	Office

Sector Breakdown



Geographical breakdown



Dividend distributions pence per share

	2015	2016	2017	2018	2019	2020
January	0.5	0.5	0.5	0.5	0.5	0.5
February	0.5	0.5	0.5	0.5	0.5	0.5
March	0.5	0.5	0.5	0.5	0.5	0.5
April	0.5	0.5	0.5	0.5	0.5	0
May	0.5	0.5	0.5	0.5	0.5	0
June	0.5	0.5	0.5	0.5	0.5	0
July	0.5	0.5	0.5	0.5	0.5	0
August	0.5	0.5	0.5	0.5	0.5	0.25
September	0.5	0.5	0.5	0.5	0.5	0.25
October	0.5	0.5	0.5	0.5	0.5	0.25
November	0.5	0.5	0.5	0.5	0.5	0.25
December	0.5	0.5	0.5	0.5	0.5	0.35
Total	6.0	6.0	6.0	6.0	6.0	2.85

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 5.3% based on 31 December 2020 share price.

** The NAV is calculated under International Financial Reporting Standards

*** Ongoing charges as at the end of December 2019. 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 (01/21)