

To: Company Announcements
Date: 23 April 2021
Company: BMO Commercial Property Trust Limited
LEI: 213800A2B1H4ULF3K397

Subject: Trading update and NAV release for BMO Commercial Property Trust Ltd (the "Company")

Headlines

- Net Asset total return of 2.6 per cent for the quarter ended 31 March 2021
- Share Price total return of -10.2 per cent for the quarter ended 31 March 2021
- Combined rent collection received to date for Q2 2020 to Q1 of 2021 at 87.6 per cent
- Rent collection currently received to date for Q 2 2021 of 84.3 per cent
- As at 31 March 2021, the void rate was 2.4 per cent (2.9 per cent as at 31 December 2020)

Net Asset Value

The unaudited net asset value ('NAV') per share of the Company as at 31 March 2021 was 119.5 pence. This represents an increase of 1.7 per cent from the audited NAV per share as at 31 December 2020 of 117.5 pence and a NAV total return for the quarter of 2.6 per cent.

The NAV has been calculated under International Financial Reporting Standards ('IFRS'). It is based on the external valuation of the Company's property portfolio which has been prepared by CBRE Limited.

The NAV includes all income to 31 March 2021 and is calculated after deduction of all dividends paid prior to that date. The EPRA Net Tangible Assets (NTA) per share as at 31 March 2021, which is adjusted to remove the fair value of the interest rate swap, was 119.6 pence.

Analysis of Movement in NAV

The following table provides an analysis of the movement in the unaudited NAV per share for the period from 31 December 2020 to 31 March 2021 (including the effect of gearing):

	£m	Pence per share	% of opening NAV per share
NAV as at 31 December 2020	939.6	117.5	
Unrealised increase in valuation of property portfolio	11.6	1.4	1.2
Movement in fair value of interest rate swap	0.1	-	-
Other net revenue	12.7	1.6	1.4
Dividends paid	(8.4)	(1.0)	(0.9)
NAV as at 31 March 2021	955.6	119.5	1.7

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.

Share Price

As at 31 March 2021, the share price was 70.8 pence per share, which represented a discount of 40.8 per cent to the NAV per share. The share price total return for the quarter to 31 March 2021 was -10.2 per cent. There has been an increase in the share price since the quarter end with the shares currently trading at 78 pence at the time of writing, a discount of 34.7 per cent.

Rent Collection

We summarise below our current rent collection outcome since the impact of Covid-19 came into full force, for Q2 2020 to Q1 2021 as well as providing an update on collection for Q2 of 2021.

Q2 2020 to Q1 2021 Collection (billed between 26 March 2020 and 1 March 2021)

Overall collection for the twelve-month period is at 87.6 per cent and the breakdown is detailed below:

	Rent Billed (£m)	Collected (%)
Quarter 2 2020	16.3	85.6
Quarter 3 2020	16.5	87.5
Quarter 4 2020	16.4	91.6
Quarter 1 2021	16.5	85.6
Total	65.7	87.6

Collection by sector:

	Rent Billed (£m)	Collected (£m)	(%)
Industrial	13.2	13.1	99.2
Offices	28.1	27.0	96.3
Retail Warehouse	7.8	6.5	83.0
Retail	12.2	7.4	61.1
Alternatives	4.4	3.5	78.9
Total	65.7	57.5	87.6

Breakdown of uncollected rent:

Total Outstanding	Rent Billed	
	(£m)	(%)
Agreed deferments	1.3	2.0
Rent waived	2.4	3.5
Bad Debts	0.2	0.3
Monthly payments*	0.2	0.3
Unresolved / in discussion	4.1	6.3
Uncollected Rent	8.2	12.4

* tenants who have been billed for the quarter but are paying in monthly instalments.

Whilst collection rates from the industrial and office portfolios have been strong, there continues to be a significant proportion of uncollected rent from the retail and leisure tenants at St Christopher's Place Estate and Wimbledon, who have suffered particularly badly from the lockdown. A collaborative and supportive approach continues to be adopted with the occupiers affected, which has been vital to ensure they weather the ongoing, challenging trading environment caused by the Covid-19 pandemic.

As lock down restrictions continue to ease, there is an air of optimism, shared by new and returning customers and occupiers re-opening for business after the long period of enforced closure and initial footfall levels are positive.

Q2 2021 Collection (due to be billed between 25 March 2021 and 1 June 2021)

The total quarterly rental payments for Quarter 2 amount to c.£16.5 million. The Company has billed £9.6m of its Quarter 2 rent due from 25 March to date and has collected 84.3 per cent of this total amount (compared to 81.3 per cent after the equivalent number of days in the previous quarter). The balance of rent will be billed on the relevant due dates during the course of April and May.

Collection by sector:

	Rent Billed	Collected	
	(£m)	(£m)	(%)
Industrial	2.7	2.6	95.7
Offices	3.7	3.6	96.8
Retail Warehouse	0.5	0.3	59.8
Retail	1.8	0.9	53.7
Alternatives	0.9	0.7	71.4
Total	9.6	8.1	84.3

Breakdown of uncollected rent:

Total Outstanding	Rent Billed	
	(£m)	(%)
Rent waived	0.0	0.2
Monthly payments*	0.2	1.7
Outstanding	1.3	13.8
Uncollected Rent	1.5	15.7

* tenants who have been billed for the quarter but are paying in monthly instalments.

Trading 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.

Capital Expenditure

Uncommitted capital expenditure continues to be deferred for the time being.

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.

Portfolio Analysis – Sector Breakdown

	Portfolio Value £m	% of portfolio as at 31 March 2021	% like for like capital value shift (excl transactions)
Offices	516.0	41.5	-0.4
West End	208.4	16.7	0.9
South East	73.9	6.0	-1.8
South West	31.1	2.5	-1.0
Rest of UK	183.0	14.7	-1.3
City	19.6	1.6	-0.6
Retail	224.4	18.1	-1.0
West End	164.5	13.3	-1.2
South East	28.6	2.3	-1.3
Rest of UK	31.3	2.5	0.0
Industrial	251.5	20.3	7.1
South East	29.0	2.3	1.0
Rest of UK	222.5	18.0	7.9
Retail Warehouse	124.2	10.0	1.6
Alternatives	125.8	10.1	0.0
Total Property Portfolio	1241.9	100.0	0.9

Portfolio Analysis – Geographic Breakdown

	Market Value £m	% of portfolio as at 31 March 2021
West End	434.3	35.0
South East	247.9	20.0
Midlands	165.9	13.3
Scotland	161.1	13.0
North West	159.7	12.8
South West	31.1	2.5
Eastern	22.3	1.8
Rest of London	19.6	1.6
Total Property Portfolio	1,241.9	100.0

Top Ten Investments

	Sector
Properties valued in excess of £250 million	
London W1, St Christopher's Place Estate *	Mixed
Properties valued between £100 million and £150 million	
London SW1, Cassini House, St James's Street	Office
Properties valued between £50 million and £70 million	
Newbury, Newbury Retail Park	Retail Warehouse
Solihull, Sears Retail Park	Retail Warehouse
Properties valued between £40 million and £50 million	
London SW19, Wimbledon Broadway **	Mixed
Winchester, Burma Road	Alternative
Properties valued between £30 million and £40 million	
Manchester, 82 King St	Office
Crawley, Leonardo House, Manor Royal	Office
Aberdeen, Unit 2 Prime Four Business Park, Kingswells	Office
Daventry, Site E4, DIRFT	Industrial

* Mixed use property of retail, office, food/beverage and residential space.

** Mixed use property of retail, food/beverage and leisure space.

Summary Balance Sheet

	£m	Pence per share	% of Net Assets
Property Portfolio	1,241.9	155.4	130.1
Adjustment for lease incentives	(24.4)	(3.1)	(2.6)
Fair Value of Property Portfolio	1,217.5	152.3	127.5
Trade and other receivables	34.7	4.3	3.6
Cash and cash equivalents	37.7	4.7	3.9
Current Liabilities	(24.0)	(3.0)	(2.5)
Total Assets (less current liabilities)	1,265.9	158.3	132.5
Non-Current liabilities	(1.7)	(0.2)	(0.2)
Interest rate swap	(0.1)	0.0	0.0
Interest-bearing loans	(308.5)	(38.6)	(32.3)
Net Assets at 31 March 2021	955.6	119.5	100.0

The next quarterly valuation of the property portfolio will be conducted by CBRE Limited during June 2021 and it is expected that the unaudited NAV per share as at 30 June 2021 will be announced in July 2021.

Important information

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

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