

PRN Statement re Company Event



## TRADING UPDATE AND NET ASSET VALUE

### CT PROPERTY TRUST LIMITED

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**To:** Company Announcements  
**Date:** 26 April 2023  
**Company:** CT Property Trust Limited  
**LEI:** 231801XRCB89W6XTR23

**Subject:** Trading Update and Net Asset Value

#### Headlines

- Net Asset Value (“NAV”) per share of 96.6 pence and NAV total return of +2.4% for the quarter ended 31 March 2023.
- Share Price total return of -5.2% for the quarter ended 31 March 2023 (64.0 pence per share).
- £90 million term loan at a fixed rate of 3.36% until November 2026. Cash reserves of £30.8 million and access to a rolling credit facility of £20 million which is currently undrawn.
- Quarterly dividend maintained at 1.0p per share, paid on 31 March 2023.
- As of 31 March 2023, the portfolio occupancy rate was 97.0% by estimated rental value (“ERV”).
- Portfolio valuation movement of +0.8% over the quarter, supported by increase in values of industrial and retail warehousing portfolios.

#### Net Asset Value (“NAV”)

The unaudited NAV per share of CT Property Trust Limited (‘CTPT’) as at 31 March 2023 was 96.6 pence. This represents an increase of 1.3% from the NAV per share as at 31 December 2022 of 95.4 pence and a NAV total return for the quarter of 2.4%.

The NAV is based on the external valuation of the Company’s property portfolio prepared by Cushman & Wakefield.

The NAV is calculated under International Financial Reporting Standards (“IFRS”).

The NAV includes all income to 31 March 2023 and is calculated after the deduction of all dividends paid prior to and including that date.

#### Breakdown of NAV movement

Set out below is a breakdown of the change to the unaudited net asset value per share calculated under IFRS over the period from 31 December 2022 to 31 March 2023.

|  | Pence per share | % of opening NAV |
|--|-----------------|------------------|
| Net asset value per share as at 31 December 2022   | 95.4            |                  |
| Unrealised movement in valuation of property portfolio (including the effect of gearing) | 0.9             | 0.9*             |
| Net revenue  | 1.3             | 1.4              |
| Dividends paid   | (1.0)           | (1.0)            |
| <b>Net asset value per share as at 31 March 2023</b>                                     | <b>96.6</b>     | <b>1.3</b>       |

\* The un-g geared unrealised capital return of portfolio over the quarter to 31 March 2023 was 0.8%.

#### Matthew Howard, Fund Manager, CT Property Trust, commented:

Following the rapid repricing of real estate in the second half of 2022, the early part of 2023 has shown a stabilisation in yields for some property sub sectors. Industrial/logistics property and retail warehousing in particular is attracting renewed investor interest. There were early signs in December that the market was emerging from a period of ‘pricing discovery’ with an uptick in investment activity following the relative market paralysis between September to November. These cautious steps have continued into Q1 with investment activity gathering pace as we head into the spring. Increasing confidence in real estate pricing has been supported by the stability in 10-year UK government bonds, which over the past 5 months have trended around the 3.5% level (having peaked at 4.6% in September) meaning the pricing margin to UK real estate is closer to the generally accepted long term risk premia.

As such, yields for resilient assets and sectors have seen some marginal appreciation since the start of the year suggesting that the worst is behind us for ‘relevant’ real estate. This is reflected in the capital return of our industrial and retail warehouses (representing 77.9% by value of the portfolio), which were +0.8% and +2.5% respectively. We also saw a small rebound of +0.7% in our high street assets, a sector that has been largely repriced in recent years and offers an attractive income return for the portfolio. As always, the markets remain nuanced. Prime offices, of high quality, strong amenity and ESG credentials have seen some value stabilisation, but we expect values for offices of a quality below the best-in-class to remain under pressure owing to the ongoing uncertainties and structural risk repricing for this property segment. Our offices saw capital loss of -1.6% over the period.

The MSCI monthly data indicates that All-Property capital values moved -1.2% at a market level for Q1 2023. This may reflect a degree of overhang from Q4, with March showing positive capital movements on a monthly basis for the first time since June 2022. The quarterly data, which reflects a larger pool of funds, will be released in a few weeks.

In context of the recent economic backdrop, we have spoken much of the continued positive news within the occupational markets. At a market level, we saw rental growth within the logistics market in excess of 10% over 2022, with vacancy rates remaining at near record lows nationally. Trading within retail warehouses now exceeds that of pre-pandemic levels and, as a format, is attractive to retailers as part of omni channel sales strategies, a trend which has caused a headache for shopping centres and high street assets.

Our investment strategy to focus on resilient locations, smaller assets and active management will be key to our performance as markets continue to adopt a cautious view of the year ahead. Occupiers, although proving resilient, are still navigating inflationary pressures and the full effects of consumer credit squeeze are perhaps yet to be completely felt. Against this backdrop, we remain confident in our conviction position to industrial and retail warehousing and the prospects for portfolio income and capital growth in the near term.

### Portfolio Performance

The capital return of the Company's portfolio was 0.8% over the quarter, reflecting some marginal pricing recovery across all sectors save for offices. The portfolio occupancy level remains robust at 97.0%, while rent collection for Q1 2023 stands at 99.2% to date.

The weighted average unexpired lease term ("WAULT"), assuming all break options are exercised, fell slightly from 6.2 years to 5.9 years. The WAULT of the portfolio offers an attractive balance of lease term and active management opportunity with a spread of lease events over the short and medium term to allow us to capture the portfolio's inherent reversionary potential. When comparing estimated rental values against the annualised passing rent at the latest valuation date, the portfolio reflects a reversionary income potential of 18.2%. This is before factoring in any further rental growth and demonstrates one of the key drivers of future income growth.

### Portfolio Activity

Our industrial portfolio accounts for 56.0% of portfolio value and retains a 100% occupancy rate, alongside a current ERV approximately 30% above the passing rent. Recent activity includes:

- Rent reviews dated June 2021 were concluded with Westgate Handling Services on two units at Lakeside Logistics Centre in Heathrow, at a combined rent of £322,360 per annum representing a 32% uplift to the previous rent.
- A rent review dated May 2022 was concluded with Specsavers at Wide Lane, Eastleigh, at a rent representing a 24% uplift to the previous passing rent.

Our retail warehouse portfolio remains 100% occupied and leased to a tenant base focussed on the 'essential' retailing' market. This sector accounts for 21.9% of portfolio value.

The high street retail sector reflects 6.4% of portfolio value and focuses on core neighbourhood and convenience sub-markets. The portfolio remains near fully occupied with a number of leasing events completing over the quarter:

- A 5-year lease renewal was concluded with Cancer Research at 47 High Street in Rayleigh, at a rent of £31,800 per annum, reflecting a 3.4% uplift to the passing rent.
- A 5-year lease renewal was completed with Holland & Barrett at 55A High Street, Rayleigh, maintaining the passing rent of £44,400 per annum.

The office portfolio is 88.2% occupied by ERV and accounts for the majority of all-portfolio vacancy. Recent activity includes:

- At Glory Park in High Wycombe, terms agreed with an existing occupier to take a further lease of the 2<sup>nd</sup> floor within the building at a rent reflecting £24 psf. The incumbent tenant is paying an early surrender premium for a coterminous surrender and reletting.

### Investment Activity

No sales or purchases concluded over the quarter.

### Cash and Borrowings

As at 31 March 2023, the Company had approximately £30.8 million of available cash and an undrawn revolving credit facility of £20 million. The £90 million long-term debt with Canada Life and the £20 million revolving credit loan facility with Barclays (which is undrawn) do not need to be refinanced until November 2026 and March 2025 respectively. As at 31 March 2023, the LTV (net of cash) was 22.3%.

### Share Price

The share price was 64.0 pence per share as at 31 March 2023, which represented a discount of 33.7% to the NAV per share announced above. The share price total return for the quarter was -5.2%.

### Dividend

On 2 March 2023, the Company announced a quarterly dividend payment of 1.0 pence per ordinary share in respect of the financial year ended 30 June 2023, which was paid to shareholders on 31 March 2023. The Board will continue to monitor rental receipts and earnings closely and keep the future level of dividends under review.

### Portfolio Analysis

|   | £m           | % of portfolio<br>as at 31 March<br>2023 | % capital<br>value return<br>in quarter |
|---|--------------|--|---|
| <b>Offices</b>                                | <b>45.4</b>  | <b>15.7</b>                              | <b>(1.6)</b>                            |
| · South East                                  | 25.8         | 8.9                                      | (2.2)                                   |
| · Rest of UK                                  | 19.6         | 6.8                                      | (0.8)                                   |
| <b>Industrial, logistics and distribution</b> | <b>161.4</b> | <b>56.0</b>                              | <b>0.8</b>                              |
| · South East                                  | 161.4        | 56.0                                     | 0.8                                     |
| <b>Standard Retail</b>                        | <b>18.5</b>  | <b>6.4</b>                               | <b>0.7</b>                              |
| · West End                                    | 5.8          | 2.0                                      | 0.4                                     |
| · Rest of London                              | 1.2          | 0.4                                      | (2.1)                                   |
| · South East                                  | 8.3          | 2.9                                      | 2.3                                     |
| · Rest of UK                                  | 3.2          | 1.1                                      | (1.6)                                   |
| <b>Retail Warehouse</b>                       | <b>63.0</b>  | <b>21.9</b>                              | <b>2.5</b>                              |
| <b>Total Property</b>                         | <b>288.3</b> | <b>100.0</b>                             | <b>0.8</b>                              |

### Summary Balance Sheet

|   | <b>£m</b>    | <b>Pence<br/>per share</b> | <b>% of Net<br/>Assets</b> |
|---|--------------|----------------------------|----------------------------|
| Property Portfolio per Valuation Report | 288.3        | 124.2                      | 128.6                      |
| Adjustment for lease incentives         | (4.2)        | (1.8)                      | (1.9)                      |
| <b>Fair Value of Property Portfolio</b> | <b>284.1</b> | <b>122.4</b>               | <b>126.7</b>               |
| Cash                                    | 30.8         | 13.3                       | 13.7                       |
| Trade and other receivables             | 7.0          | 3.0                        | 3.1                        |
| Trade and other payables                | (7.6)        | (3.3)                      | (3.4)                      |
| Interest-bearing loans                  | (90.0)       | (38.8)                     | (40.1)                     |
| <b>Net Assets at 31 March 2023</b>      | <b>224.3</b> | <b>96.6</b>                | <b>100.0</b>               |

The property portfolio will next be valued by an external valuer during June 2023, and it is expected that the net asset value per share as at 30 June 2023 will be announced in July 2023.

#### **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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