



Balanced Commercial Property Trust
2024 Annual General Meeting

Richard Kirby – Fund Manager
Andrew Szyman – ESG Lead

To December 2023



Investment Risks

- The value of directly held property reflects the opinion of valuers and is reviewed periodically. These assets can also be illiquid and significant or persistent redemptions may require the manager to sell properties at a lower market value adversely affecting the value of your investment.
- The value of investments and income derived from them can go down as well as up as a result of market movements and investors may get back less than the original amount invested.
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RICHARD KIRBY

Director, Property Funds

Richard Kirby, MRICS, joined CT Real Estate Partners ('CT REP') in 1990. He has been a fund manager since 1995 and has experience of managing commercial property portfolios across all sectors for open-ended, closed-ended and life fund clients. Richard has been lead manager of the Balanced Commercial Property Trust since launch in 2005 where his responsibilities include advising on and implementing property portfolio strategy, sales, acquisitions, asset enhancement and management. He is a director of CT Real Estate Partners and sits on the Executive Committee and chairs its UK Investment Committee. He is a Chartered Surveyor and a member of the Investment Property Forum, the British Council of Offices.



DANIEL WALSGROVE

Deputy Fund Manager

Daniel Walsgrove, MRICS, joined CT Real Estate Partners (CT REP) in 2017. Daniel has 9 years of post-qualified experience in the UK real estate sector across both the asset and fund management disciplines. Prior to joining CT REP, Daniel spent four years at LaSalle Investment Management with a responsibility for the conception and delivery of accretive asset management strategies across an extensive retail-focussed portfolio. Since joining CT REP, Daniel's role has developed to include oversight of CT REP's 'Alternatives' sector strategy and extensive activity within the wider capital markets prior to taking on the role on BCPT. Daniel is a Chartered Surveyor, holds a post-graduate diploma in Real Estate from the College of Estate Management and has completed the CFA Level 4 Certificate in Investment Management (IMC).

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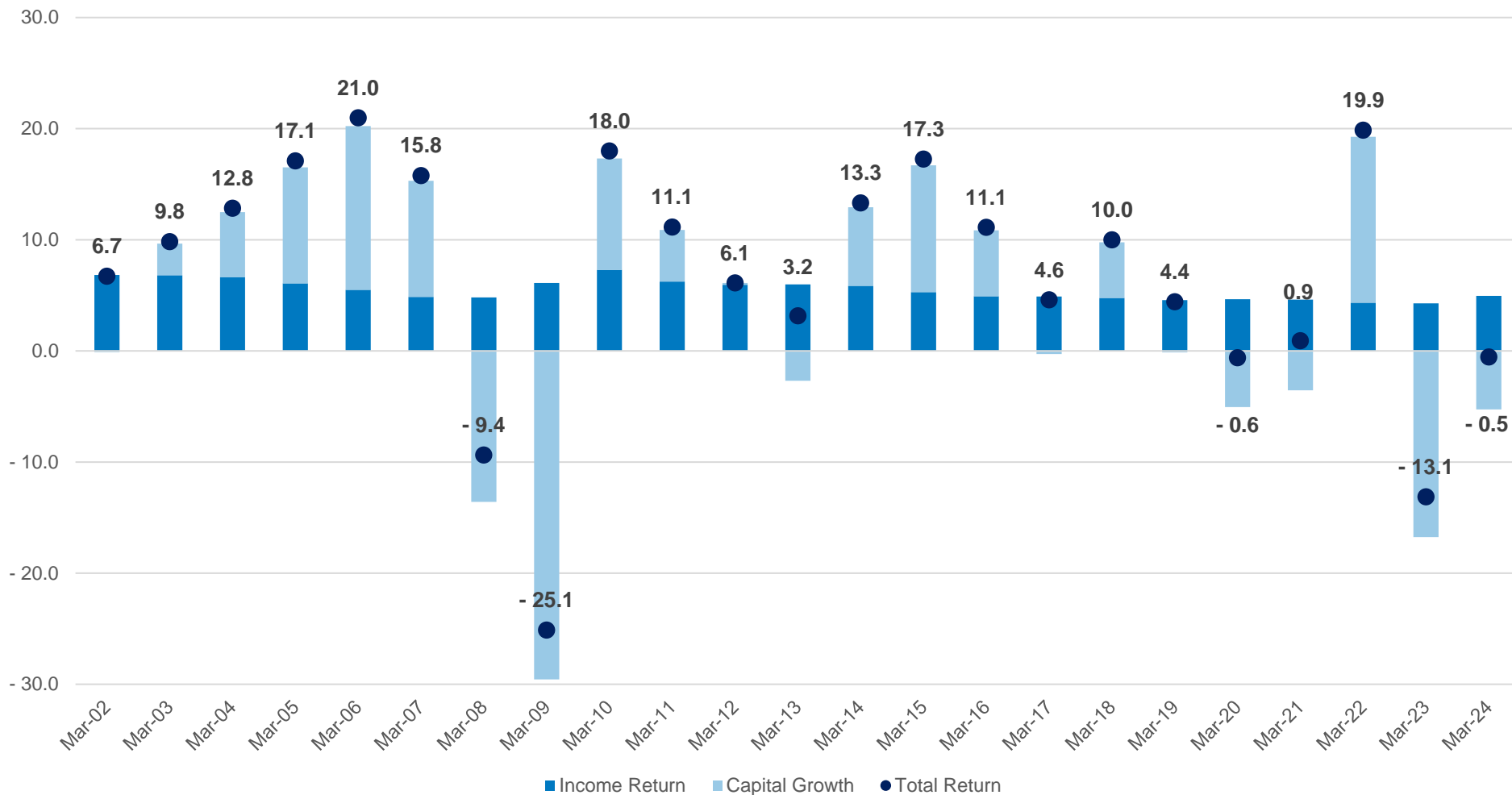
Market context as at March 2024



Orion 1 & 2, Markham Vale

Annual all-property total returns to March 2024

Income driving total returns, while capital values stabilise

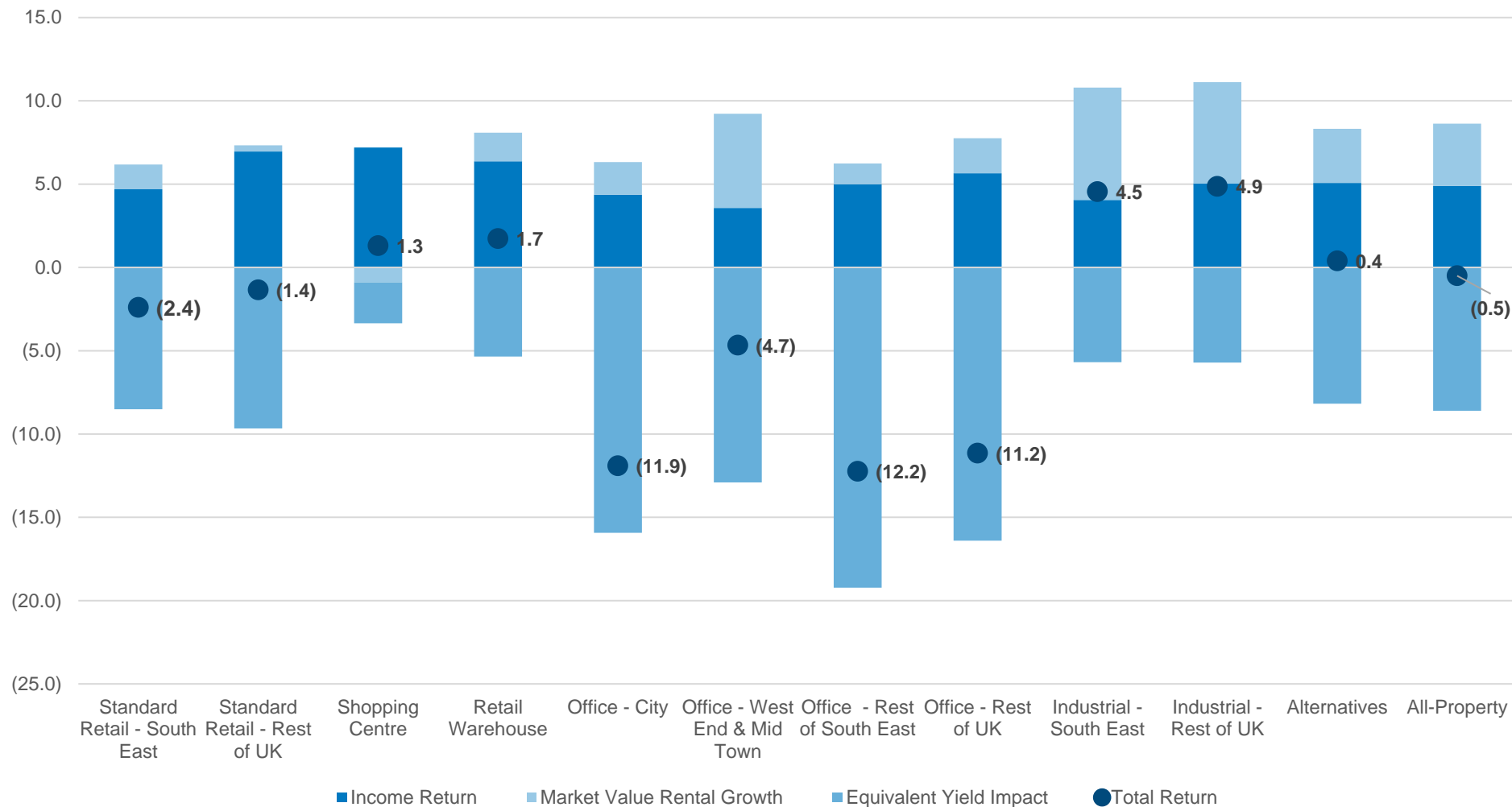


Past performance is not a guide to future returns.

Source: MSCI UK Quarterly Property Digest (Standing Investments) March 2024

Annual total returns by segment to March 2024

Favoured sectors generating positive returns founded on strong occupational dynamics







Past performance is not a guide to future returns.

Source: MSCI UK Quarterly Property Digest (Standing Investments) March 2024

Occupational market context

Key sector dynamics as at March 2024

Trending key:	Industrials	Offices	Retail	Alternatives
Strengthening				
Stable				
Weakening				
Headlines	Development pipeline remains slow, exacerbating the lack of quality supply. Demand dynamics remain robust	Sentiment remains weak, vacancy is beginning to plateau but at elevated levels. Increasing polarisation favouring prime assets	Strong investor and occupier demand for out-of-town retail warehousing schemes increasing. Tentative recovery in shopping centres.	Structural and demographic changes favour living and medical sectors. Concern around underlying cost pressure abating.
Vacancy* (By Market Rent)	6.9%	22.8%	6.2%	2.3%
Rental Growth* (Annualised)	6.9%	2.8%	0.6%	4.1%
Prime Yield Pricing** (Net Initial Yield, rack rented)	Distribution 5.25%	London (City) 5.75%	Warehouse 6.00%	Student 5.00%
	Multi-let 5.25%	Regions 6.50%	High Street 7.00%	Leisure 8.00%
Allocation	Favour multi-let and mid-sized logistics.	Highly selective: favour urban centres with good amenity and accessibility	Favour out-of-town warehouses with grocery/discount led tenant mix	Favour strategic land, 'meds' and residential including student housing

Source: *MSCI UK Monthly Property Index (Alternatives data is unweighted average Hotels, Residential, Other), as at 31 March 2024. **CBRE Prime Yields and trends, March 2024. Trends against average of prior 6-months (+/- <0.25% denotes stable)

Key information as at December 2023



Quintus at Branston Lock
Burton-upon-Trent

BCPT Annual Report 2023

Key financial data

-3.7
pence
IFRS Earnings per Ordinary Share
Earnings per Ordinary Share were -3.7 pence per share for the year ended 31 December 2023 (2022: -13.1 pence per share).

10.0
per cent
Monthly dividend increased during the year
From October 2023, the rate of monthly interim dividends was increased to 0.44 pence per share. This represented an increase of 10.0 per cent compared to the previous monthly dividends.

109.8
pence
IFRS Net asset value per Ordinary Share
Net asset value per Ordinary Share was 109.8 pence for the year ended 31 December 2023 (2022: 118.5 pence).

104.7
per cent
Dividend cover on a cash basis*
Cash dividend cover was 104.7 per cent for the year ended 31 December 2023 (2022: 104.8 per cent).

£59.2
million
Rental income
Rental income was £59.2 million for the year ended 31 December 2023 (2022: £58.7 million).

£320
million
New Debt Facility
The Company signed up to a New Debt Facility provided by incumbent lender Barclays and a new lender HSBC. Additional information can be found in Note 13.

-3.3
per cent
Net asset value total return*
Net asset value total return of -3.3 per cent for the year ended 31 December 2023 (2022: -9.2 per cent).

£14.3
million
Sales
Disposed of two office holdings at an aggregate sales price of £14.3 million for the year-ended 31 December 2023. Further detail can be found in note 9. A further two office disposals were completed post year-end with an aggregate sales price of £54.6 million. These disposals are part of the strategic repositioning of the portfolio.

-12.5
per cent
Share price total return*
Share price total return of -12.5 per cent for the year ended 31 December 2023 (2022: -11.7 per cent).

£1.4
million
Major development
Major development scheme at Strategic Park, Southampton completed, delivering a rent roll in excess of £1.4 million per annum and a 12 month total return of 13.4 per cent.

Past performance is not a guide to future returns.

Source: Balanced Commercial Property Trust, Annual Report & Accounts 2023.

Balanced Commercial Property Trust

Fund highlights



Liquidity

FTSE 250 premium listing



Market capitalisation

£508.62m



NAV per share

109.8 pence



Trading level

72.5 pence
34.0% discount



Dividend

5.28p pa, paid monthly
7.3% yield



Cash

£41.7m
£30m undrawn credit



Net gearing

24.4% LTV and 3.8% weighted cost of debt

Debt restructured to provide optionality on expiry of £260m term loan in December 2024

Discrete Company performance (%)	31/12/23	31/12/22	31/12/21	31/12/20	31/12/19
NAV TR	-3.3	-9.2	+18.9	-8.1	-2.1
Share Price TR	-12.5	-11.7	+37.8	-28.3	-2.4

Aggregate Company performance (%)	1 year to 31/12/23	3 years	5 years	10 years	Inception
NAV TR	-3.3	+4.3	-6.2	+56.3	+176.5
Share Price TR	-12.5	+6.4	-25.6	-3.9	+93.9

Past performance is not a guide to future returns.

Source: Columbia Threadneedle Real Estate Partners as at 31/12/2023. #MSCI UK Quarterly Property Index December 2023

Balanced Commercial Property Trust

Strategy overview

A balanced but focussed portfolio, offering risk diversification and designed to deliver performance throughout market cycles.

An income-led total return strategy supported by a resilient portfolio with strong growth characteristics, which offers significant value-add potential.

An active and opportunistic management strategy, both in positioning the portfolio and in extracting maximum value from the portfolio assets.

A responsible and sustainable approach, underlined by a peer group leading Global Real Estate Sustainability Benchmark (GRESB) score.

Past performance is not a guide to future returns

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Newbury Retail Park,
Newbury

Portfolio key features as at December 2023



The Broadway, Wimbledon

Portfolio characteristics

A diversified but focussed portfolio of prime real estate in core locations

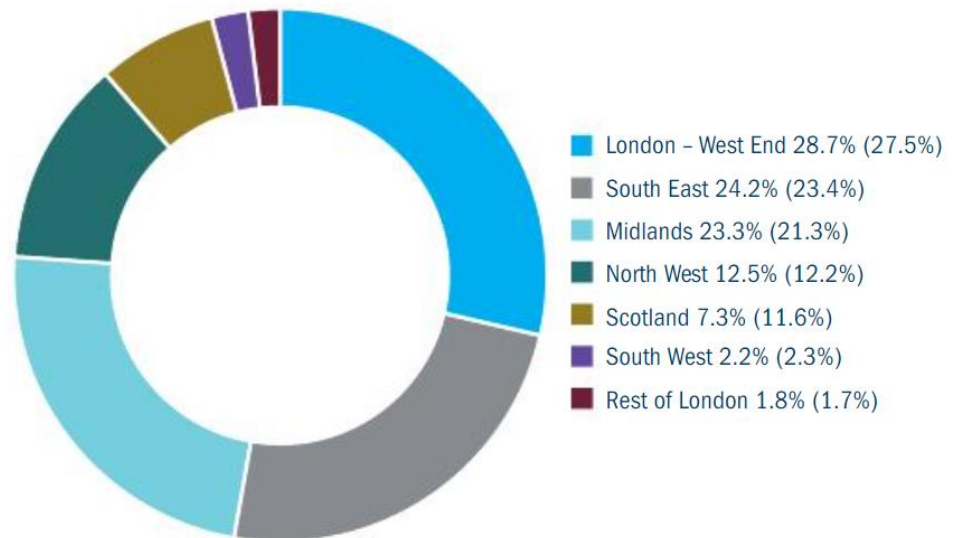
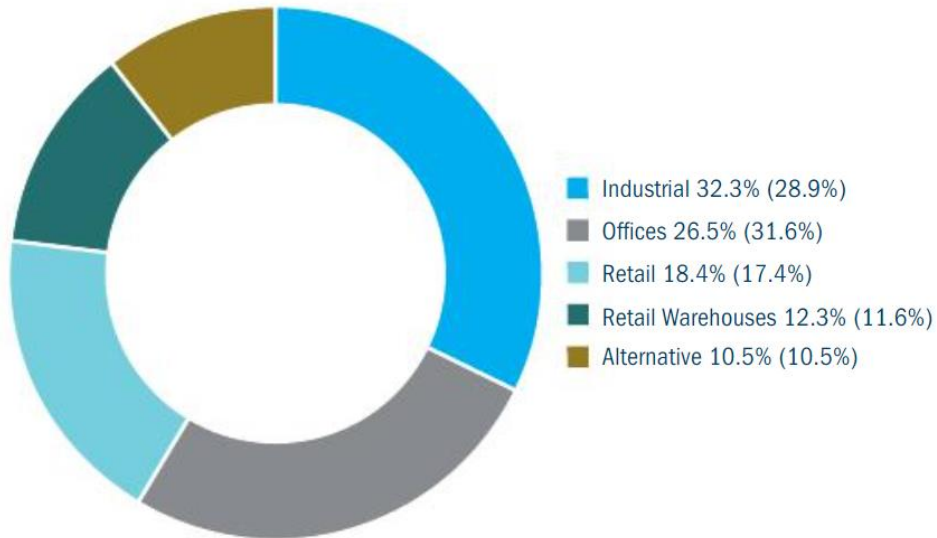
- Investment philosophy focusing on core and core-plus assets in institutional sustainable locations
- 33 assets across Industrial, Retail Warehousing, Offices, Retail and Alternative sectors
- Portfolio valuation: £1,027,200,000
- Average lot size £31.1m
- Average lease length: 4.7 years to breaks
- Portfolio void rate: 6.7% by rental value
- Net initial yield of 5.5%
- Equivalent yield of 6.5%
- GRESB score of 79/100, top of peer group



Estuary Business Park, Liverpool

Portfolio key features

Geographic and sectoral allocations



(figures as at 31 December 2022 in brackets)

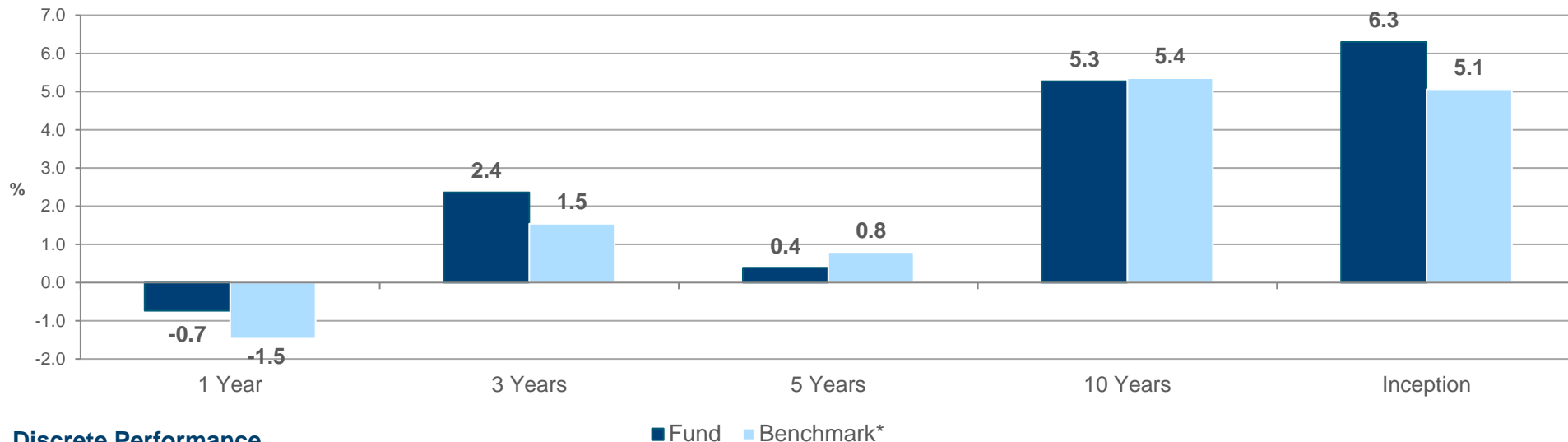
Key principles:

- **Geographic conviction towards London and the South-East**, particularly Central London through prime mixed-use holding at St Christopher's Place in London's West End
- **Sectoral conviction towards industrial & logistics**, with exposure strategically increased at the expense of office sector in recent years
- Alternatives exposure primarily through long-let student housing and Central London residential
- Prime retail warehousing exposure offering attractive and sustainable income return
- Seeking to enhance weightings to key growth sectors of industrial & logistics, retail warehousing and alternatives

Performance review – portfolio total return

Long term outperformance over MSCI Index

Gross Performance



Discrete Performance

Total return (%)	12m – Dec 2023	12m – Dec 2022	12m – Dec 2021	12m – Dec 2020	12m – Dec 2019
BCPT	-0.7	-6.5	15.5	-4.8	-0.1
Benchmark	-1.5	-8.6	16.2	-1.9	1.4

Key principles:

- Short term outperformance driven by strong stock selection and active asset management
- Annualised outperformance over the MSCI Index driven by both capital and income outperformance
- Medium term performance dragged by St Christopher’s Place, which suffered during through the rebasing of the retail sector in the mid-2010s and then again during the pandemic. Now in growth phase and strong driver of performance in recent periods

Past performance is not a guide to future returns.

The performance figures are shown gross of fees. The effect of fees or costs will be to lower the figures shown. Source: MSCI UK Quarterly Property Index December 2023

Portfolio key features

Void profile

Vacant area: 6.7% by ERV*

- 4.3% attributable to Stockley Park, Uxbridge, a strategic asset subject to alternative use strategy
- 1.0% contractually committed or leased post-period
- Significant progress against all key voids

Property	Area (sq. ft.)	ERV (£)
Uxbridge, 3 The Square, Stockley Park	92,357	3,010,000
London W1, St Christopher's Place	11,283	949,050
Colchester, Cowdray Centre	29,870	275,000
London EC3, 7 Birchin Lane	3,897	143,770
Newbury, Newbury Retail Park	3,178	130,000
London W1, 17a Curzon Street	954	119,800
Manchester, 82 King Street	1,416	7,175

Past performance is not a guide to future returns.

*Excluding assets under development

Source: Columbia Threadneedle Real Estate Partners as at 31/12/2023

3 The Square, Stockley Park

- Asset subject to alternative use redevelopment strategy
- Prospective occupiers engaged and planning application submitted



St Christopher's Place

- Over 50% of vacant space currently under offer
- Agreement exchange with operator for newly created anchor unit



Cowdray Centre, Colchester

- Sole vacant unit leased post period following comprehensive refurbishment
- MKM Building Supplies have taken new 20 year lease



7 Birchin Lane, London

- Subject to phased refurbishment.
- Final available suite leased post-period, four others having been let on premium rents.



Newbury Retail Park

- Sole vacant unit committed to Tim Horton for new drive-thru
- Agreement subject to landlord works which are approaching completion



Fund overview

Strategic priorities



Hurricane 52, Liverpool

Balanced Commercial Property Trust

Strategic priorities



Active capital recycling

Selective disposals to reduce the portfolio's exposure to the office sector, increasing the portfolio's alignment to growth sectors and assets. Opportunistic approach to wider portfolio sales to realise the value created through asset management.

Delivering income growth

The portfolio offers an attractive income reversion alongside attributes supporting the conversion of potential into growth: a consistently low void rate, high quality tenant base, exposure to index-linked lease structures, a WAULT facilitating the execution of asset management strategies and a portfolio composition delivering continued rental growth.

Crystallising value through asset management

The portfolio presents a wealth of opportunities to drive capital and income growth through the delivery of value-add strategies. Key growth assets include St Christopher's Place, London and Stockley Park, Uxbridge

Active capital recycling

Selective disposals to down-weighting office exposure, increasing exposure to growth sectors and strengthening balance sheet.

- Successful disposal of four office holdings since the start of December 2023, raising aggregate proceeds of £68.9m
- Delivered at a 2.6% discount to preceding independent valuation
- Reduced portfolio exposure to the office sector to 22.2% by capital value, compared to MSCI Index at 24.2%
- Further disposals underway

2-4 King Street,
London SW1Y



Diageo HQ,
Edinburgh Park



Building 4, Prime Four
Business Park, Aberdeen



Leonardo Building,
Crawley

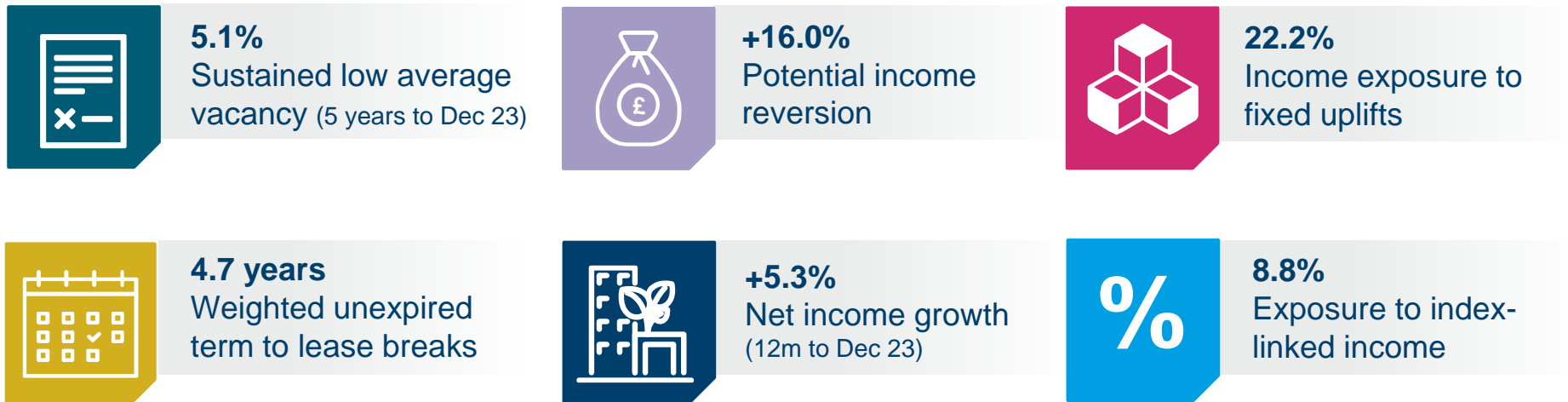
Past performance is not a guide to future returns.

Source: Columbia Threadneedle Real Estate Partners as at 31/12/2023. MSCI UK Quarterly Property Index December 2023

Delivering income growth

The portfolio offers attractive income reversion potential and ample opportunity to crystallise growth into performance, which underpinned a 10% uplift to the dividend in September 2023

- The portfolio is delivering an annualised income advantage of 75 basis points over the MSCI Index.
- Portfolio fundamentals are supportive of the continued delivery of a sustainable and growing income return.



Past performance is not a guide to future returns.

Source: Columbia Threadneedle Real Estate Partners as at 31/12/2023. MSCI UK Quarterly Property Index December 2023

Crystallising value through asset management

The portfolio presents a wealth of opportunities to drive capital and income growth. A strategic commitment to high quality real estate allows us to leverage strong asset fundamentals to deliver accretive asset management initiatives.

7 Birchin Lane, London EC3



- Multi-let City of London freehold interest
- Business plan for phased refurbishment delivered
- Strategy has enhanced rental values, supported capital performance and upgraded ESG credentials
- Lettings of refurbished space at average 10% premium to ERV prior to refurbishment

Strategic Park, Southampton



- Industrial scheme subject to comprehensive refurbishment
- Units let to occupiers at 27.5% premium to previous rents and 2.4% ahead of business plan ERV
- Asset has delivered total return of 13.4% over 12 months, founded on capital growth of 15.7%
- Project delivered A-rated EPCs, BREEAM Very Good and a full-roof solar PV installation

Past performance is not a guide to future returns.

Source: Columbia Threadneedle Real Estate Partners as at 31/12/2023. #MSCI UK Quarterly Property Index December 2023

St Christopher's Place, London W1



St Christopher's Place, London

St Christopher's Place, London W1

Core West End holding in growth phase which accounts for 23% of portfolio capital value

- Mixed use holding in core location within London's West End, comprising 172 units across 40 contiguous buildings
- Asset suffered through Covid pandemic but now in growth phase and remains valued at 23.7% discount to pre-pandemic level
- Asset recovery continues with 54 leasing initiatives executed at the estate over 2023
- The estate's net operating income grew by 5.1% over the 12 months to December 2023
- Diversified income streams illustrate the benefits of diversification as a tool to blend risk exposures across asset and market cycles

Sector	% of asset value
Food & Beverage	33.5%
Retail	31.2%
Offices	14.8%
Residential	20.5%
TOTAL	100%



Past performance is not a guide to future returns.

Source: Columbia Threadneedle Real Estate Partners as at 31/12/2023. #MSCI UK Quarterly Property Index June 2023

St Christopher's Place, London W1

Top strategic initiatives



Food & Beverage evolution, driving investment fundamentals with superior rents, longer leases and sharper yields.

F&B exposure increased to 42% at 31 March 2024

The resurgence of Oxford Street, driven by rebased occupational costs and recovery in trading performance

Creation of an office 'Campus', the roll out of a 'Plug & Play' concept will help to meet evolving occupier demand and benefit from its superior investment fundamentals

Enhanced public realm and estate branding, to enhance consumer experience and trading dynamics

ESG update



Revolution Park, Chorley

Balanced Commercial Property Trust

Sustainability highlights



Net Zero Carbon commitment

Validated last year's application to the Science Based Targets Initiative (SBTi) with an interim target of 46% reduction by 2030 set for scope 1 and 2 emissions.



Renewable energy sources

94% of landlord procured energy supplied contracted on green tariffs (100% in 2022).



GRESB performance

Achieved three green star status scoring 79 and first position in peer group, improving from 70 and third position in the previous year.



Operational waste management

100% of waste material under landlord control continued to be diverted from landfill.



EPRA sustainability reporting

Gold standard reflecting the level of ESG disclosure and transparency for the fifth year in succession.



GRESB Public Disclosure

'A' rating maintained for transparent public reporting.



Carbon emissions (Scope 1 & 2)

4% increase in Scope 1 & 2 absolute emissions (-26% in 2022). Emissions intensity reduced by 16% (-13% in 2022)



Social Impact

Retained formal accreditation from the Living Wage Foundation.

Past performance is not a guide to future returns.

Source: Balanced Commercial Property Trust, Annual ESG Report 2023.

Responsible Investment

Portfolio positioning

Property infrastructure: EPCs

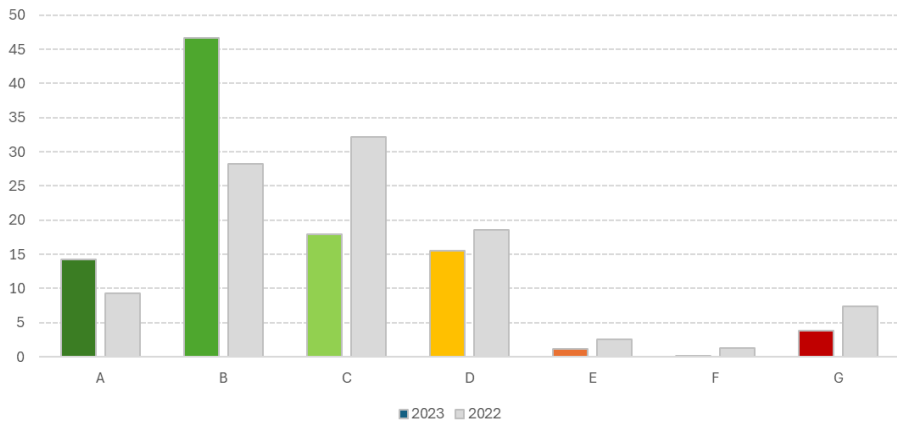
Attain EPC 'B' by 2030



Key performance metrics

■ Portfolio coverage (whole portfolio, % ERV)	100.0%
■ Assets carrying A Or B rating (% ERV)	60.8%

EPC rating distribution by number, year end 2023 and 2022



Portfolio positioning: Net Zero Carbon

Target to deliver NZC by 2040 or sooner

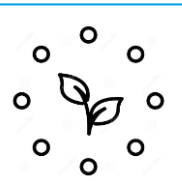


Key interventions

- Net Zero Carbon assessments completed across portfolio
- Costed pathway modelled and underpins commitment
- Executing intervention opportunities

Portfolio positioning: Biodiversity

Establishing a baseline value



Key interventions

- Progressive assessments of representative sites
- Understanding opportunities for improvement
- Complementing the carbon equation

ESG case study

Units 1&2 Hedge End, Strategic Park, Southampton



Sustainable Development Brief

Sustainability focus area	Number of applied standards and levels achieved		
	Applicable	Mandatory	Aspirational
Building certification	1	1	
Energy efficiency, carbon	4	2	2
Circular economy	4	4	
Climate change adaptation	1	1	
Indoor air quality	3	2	1
Healthy materials	3	2	1
Physical and mental wellbeing	4	3	1
Social and community value	9	4	5
Total number	29	19	10
Significant additionality			35%



A
EPC ratings achieved for both units

1593
solar photovoltaic panels installed generating up to 800,000 kWh of renewable energy

24
electric vehicle charging points representing 11.5% of available parking spaces

99%
of construction waste diverted from landfill

0.47
tonnes of construction waste per 100m² of gross area exceeding target of 1.2 tonnes per 100m² of gross area

55
cycle storage spaces created equating to one space per 21m² of office area

70%
of sub-contractor staff employed from local area in addition to 100% of main contractor staff

8
apprentice/traineeship staff engaged on project representing 8% of the total project workforce

42
Considerate Contract Scheme score against an aspirational target of 39

Market outlook As at March 2024



Biman
BANGLADESH AIRLINES

MCM

MCM



Conduit Street, London W1C

Capital market context

Significant valuation correction has led to stabilisation

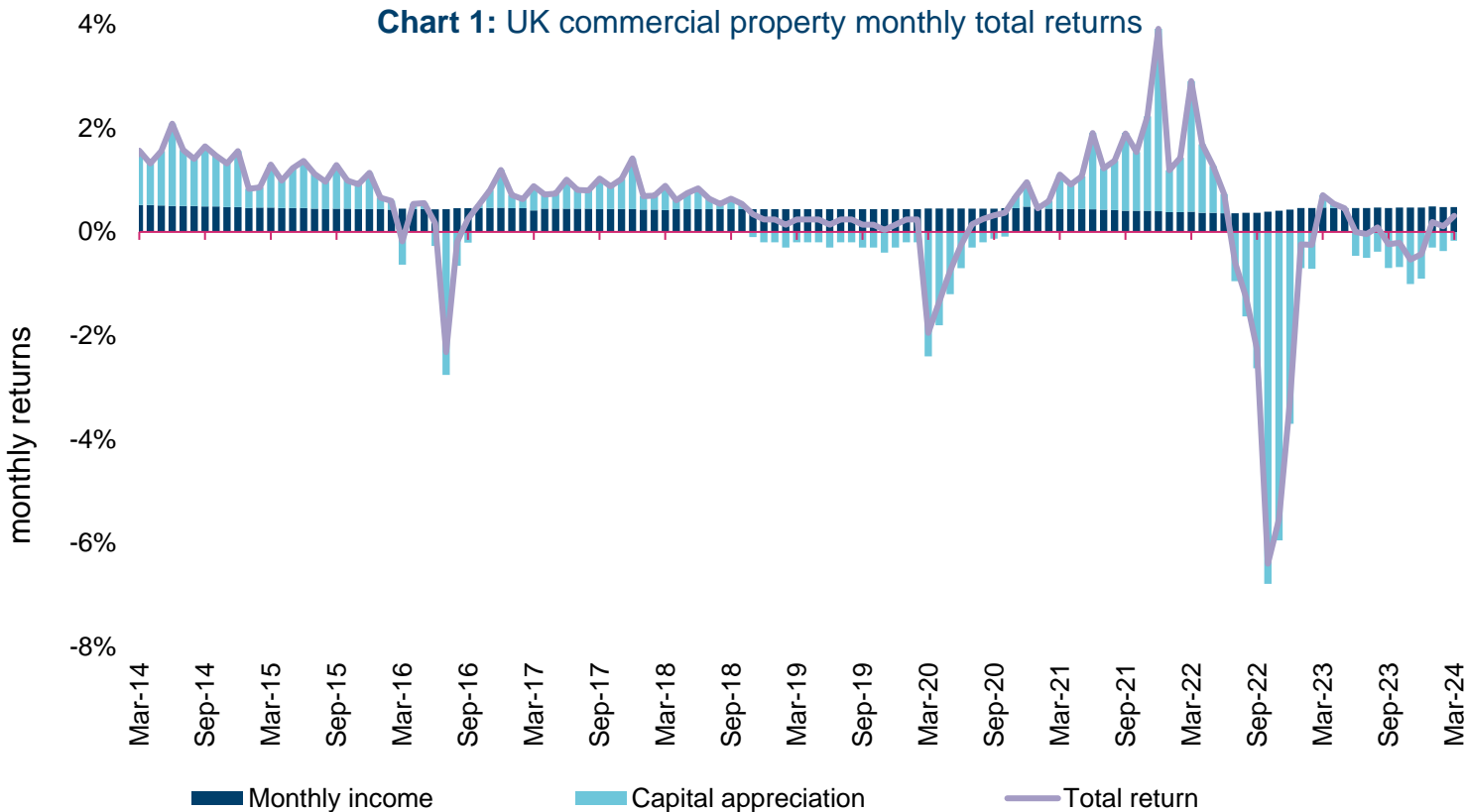


Chart 2: Market cyclicalty

Cumulative capital market declines*	Following 5-year annualised total return*
Nov '89 – May '93: -27%	Jun '93 – May '98 12.5%
Oct '94 – May '96 -6%	Jun '96 – May '01 12.5%
Jun '07 – July '09 -44%	Aug '09 – Jul '14' 11.7%
Nov '11 – Apr '13 -5%	May '13 – Apr '18 11.7%
July '22 – Mar '24 -24%	-



Finance:
5-year Gilt: 3.8%
5-year Swap: 3.8%



Real estate*:
NIY: 5.6%
EQV: 7.1%



Spread: 3.3%
(5-year Gilt to EQV)

Source: MSCI UK Monthly Property Index, as at 31 March 2024. *Cumulative monthly capital returns and annualised monthly total returns for periods stated, both MSCI UK Monthly Property Index.

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