

Fund manager
Matthew Howard



Manager Commentary

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 moving 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 are seeing strong occupier take-up, 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 quarterly index saw overall all-property negative capital growth of -1.0% over the quarter, which may reflect a degree of overhang from Q4. Of note, when looking at the MSCI monthly data, March saw a positive capital movement on a monthly basis for the first time since June 2022.

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 discount operators, 'essential' retailers and 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.

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. If markets fall, gearing can magnify the negative impact on performance.

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 and movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. 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.

Key facts

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

Fund type:	Investment Trust
Launch Date:	1 June 2004
Total assets:	£321.87 million
Share price:	64.00p
NAV*:	96.60p
Discount/Premium(-/+):	-33.75%
Dividend payment dates:	Mar, Jun, Sep, Dec
Dividend yield†:	6.25%
Net gearing**:	22.30%
Vacant property:	3.00%
Weighted average lease length:	5.90 years
Management fee rate***:	0.55%
Ongoing charges***:	1.20%
Year end:	30 June
Sector:	Property Direct - UK
Currency:	Sterling
Website:	ctpropertytrust.co.uk

Continued from previous page**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.

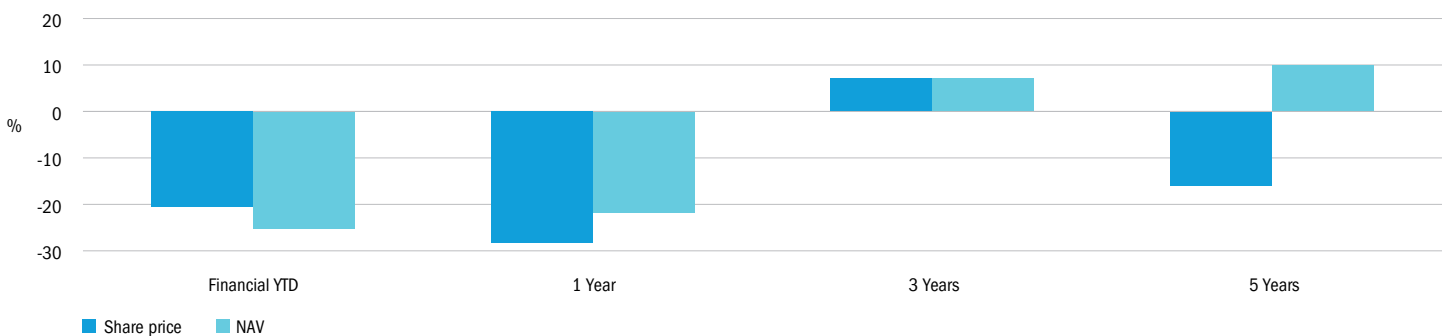
Our retail warehouse portfolio remains 100% occupied and leased to a tenant base focussed on the 'essential' retailing market. This sector accounts for 21.9% of portfolio value.

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 2nd 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.

Fund performance as at 31.03.23**Cumulative performance as at 31.03.23 (%)**

	3 Months	Year to date	1 Year	3 Years	5 Years
Share price	-5.2	-20.5	-28.2	7.1	-15.8
NAV	2.4	-25.1	-21.7	7.1	9.9

Discrete annual performance as at 31.03.23 (%)

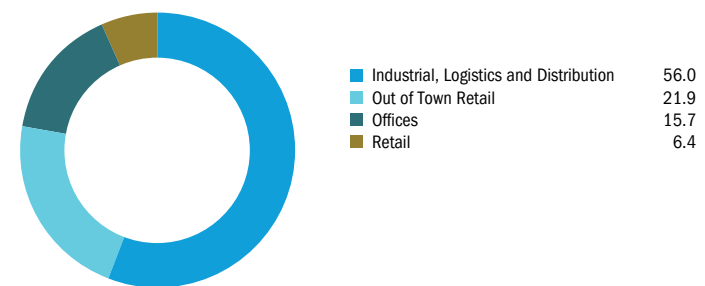
	2023	2022	2021	2020	2019
Share price	-28.2	32.1	12.9	-15.0	-7.5
NAV	-21.7	33.5	2.4	-1.3	4.0

Past performance is not a guide to future performance. Source: Refinitiv Eikon and Columbia Threadneedle Investments. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. Basis in accordance with the regulations of the Financial Conduct Authority.

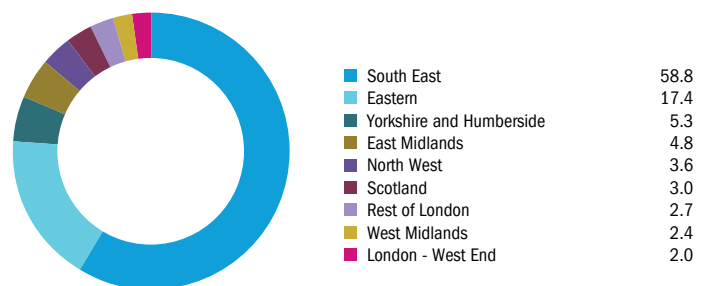
Trust codes	
Sedol	
CTPT - GBP	B012T52

Top 10 property investments (%)	
Colnbrook, Units 1-8 Lakeside Road	9.7
Banbury, 3663 Unit, Echo Park	7.5
Hemel Hempstead, Hemel Gateway	6.7
Eastleigh, Southampton International Park	6.5
Bracknell, 1/2 Network Bracknell, Eastern Rd	5.5
Colnbrook, Heathrow Truck Centre	4.8
Luton, Enterprise Way	4.7
Chelmsford, County House, County Square.	4.2
Basingstoke, Unit K60, Lister Road	4.0
Eastleigh, Wide Lane	3.9
Total	57.5

Sector breakdown (%)



Geographical breakdown (%)



Net dividend distributions pence per share																
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
March	1.8	1.8	1.8	1.8	1.8	1.8	1.25	1.25	1.25	1.25	1.25	1.25	1.25	0.85	1.00	1.00
June	1.8	1.8	1.8	1.8	1.8	1.8	1.25	1.25	1.25	1.25	1.25	1.25	0.625	0.85	1.00	
September	1.8	1.8	1.8	1.8	1.8	1.25	1.25	1.25	1.25	1.25	1.25	1.25	0.625	1.00	1.00	
December	1.8	1.8	1.8	1.8	1.8	1.25	1.25	1.25	1.25	1.25	1.25	1.25	0.85	1.00	1.00	
Total	7.2	7.2	7.2	7.2	7.2	6.1	5.00	5.00	5.00	5.00	5.00	5.00	3.35	3.70	4.00	1.00

Structure

At launch on 1 June 2004, the Company had a capital structure comprising approximately 60 per cent Ordinary Shares and 40 per cent bank debt. Ordinary shareholders are entitled to all dividends declared by the Company and to all the Company's assets after repayment of its borrowings. As at 31 March 2023, borrowings consisted of a £90 million fixed term facility from Canada Life due to expire in November 2026. The £20 million revolving credit facility from Barclays was undrawn as at 31 March 2023. The weighted average interest rate on the Group's current borrowings is 3.2%.

To find out more visit columbiathreadneedle.com



All data as at 31.03.2023 unless otherwise stated.

All information is sourced from Columbia Threadneedle Investments, unless otherwise stated. *The NAV is calculated under International Financial Reporting Standards. †Calculated with reference to the annual dividend of 4.0p per share. **Bank Debt (less net current assets) divided by investment properties. ***Please refer to the latest annual report as to how the fee is structured. 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 Investor Document ("KID") for the relevant product.

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CT Property Trust Limited is an investment trust and its Ordinary Shares are traded on the main market of the London Stock Exchange.

English language copies of the key information document (KID) can be obtained from Columbia Threadneedle Investments, Exchange House, Primrose Street, London EC2A 2NY, telephone: Client Services on 0044 (0)20 7011 4444, email: sales.support@columbiathreadneedle.com or electronically at www.columbiathreadneedle.com. Please read before taking any investment decision.

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