



Balanced Commercial Property Trust Limited

Annual Report and Consolidated Financial Statements
for the year ended 31 December 2023



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in Balanced Commercial Property Trust Limited please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Front Cover Photos:

Top Left: Liverpool, Hurricane 52, Estuary Business Park

Top Right: London, Birchin Lane

Bottom Left: Solihull, Sears Retail Park

Bottom Right: London, St. Christopher's Place Estate

Headlines

-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).

109.8
pence

IFRS Net asset value per Ordinary Share

Net asset value per Ordinary Share was 109.8 pence as at 31 December 2023 (2022: 118.5 pence).

£59.2
million

Rental income

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

-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).

-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).

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.

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).

£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.

£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.

£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.

4
per cent

Carbon emissions (Scope 1 & 2)

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

* See Alternative Performance Measures on pages 86 and 88.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Performance Summary

Total Returns for the year*

	Year ended 31 December 2023	Year ended 31 December 2022
Net asset value per share	-3.3%	-9.2%
Ordinary Share price	-12.5%	-11.7%
Portfolio	-0.7%	-6.5%
MSCI UK Quarterly Property Index	-1.5%	-8.9%
FTSE All-Share Index	+7.9%	0.3%

Capital Values

	Year ended 31 December 2023	Year ended 31 December 2022	% change
Total assets less current liabilities (£'000)	799,590	1,093,103	-26.9%
Net asset value per share	109.8p	118.5p	-7.3%
EPRA Net Tangible Assets per share**	109.8p	118.4p	-7.3%
Ordinary Share price	72.5p	88.5p	-18.1%
FTSE All-Share Index	4,232.0	4,075.1	+3.9%
Ordinary share price discount to net asset value per share*	(34.0)%	(25.3)%	-8.7%
Net Gearing*	24.4%	23.4%	+1.0%

Earnings and Dividends

	Year ended 31 December 2023	Year ended 31 December 2022
Earnings per Ordinary Share	(3.7)p	(13.1)p
EPRA Earnings per Ordinary Share**	5.1p	4.8p
Dividends per Ordinary Share	4.92p	4.70p
Dividend yield*	6.8%	5.3%

Ongoing Charges

	Year ended 31 December 2023	Year ended 31 December 2022
As a percentage of average net assets (including direct property expenses)*	1.54%	1.39%
As a percentage of average net assets (excluding direct property expenses)*	0.96%	0.86%

* See Alternative Performance Measures on pages 86 and 88.

** See EPRA Performance Measures on pages 89 to 91.

The historic record from launch can be found on page 85.

Chairman's Statement



Paul Marcuse, Chairman

The macro-economic risk factors that were prevalent in 2022 began to ease during 2023. While the UK slipped into a shallow technical recession in the second half of the year, this is forecast to be short and inflation, which has weighed heavily on financial markets, fell towards the end of the year.

Uncertainties linger as interest rates remain at a 15-year high, the rate of inflation is still above target and we are in an environment of significant geo-political risk. The last eighteen months have been challenging for real estate as investment performance suffered due to rising interest rates leading to yield increases and a repricing of the asset class. Investors faced the impact of higher borrowing costs and reduced capital flows as the attractiveness of real estate deteriorated. As a consequence, UK investment volumes were low by recent measures with some properties proving to be highly illiquid. On a positive note, the occupational markets have proven to be more resilient than many expected.

Company Performance

Against this challenging economic and property market backdrop, the Company has delivered a net asset value ('NAV') total return of -3.3 per cent for the year. The NAV per share as at 31 December 2023 was 109.8 pence, down 7.3 per cent from 118.5 pence per share as at 31 December 2022.

The share price total return for the year was -12.5 per cent with the discount to NAV standing at 34.0 per cent at the year end, as the negative sentiment towards the commercial real estate sector continued to affect the rating of the shares. The Board has continued its focus on rebalancing the portfolio with the disposal of two office holdings in December 2023 and a further two office sales since the year end, and there has been positive movement in the share price in 2024. At the time of writing the share price is 78.7 pence per share, a discount of 28.3 per cent to the NAV.

The following table provides an analysis of the movement in the NAV per share during the year.

	Pence per share*
NAV per share as at 31 December 2022	118.5
Unrealised decrease in valuation of property portfolio	(8.1)
Realised loss on sale of properties	(0.6)
Movement in interest rate swap	(0.1)
Net revenue	5.0
Dividends paid	(4.9)
NAV per share as at 31 December 2023	109.8

* Based on the average number of shares in issue during the year.

Portfolio Performance

The Company's portfolio delivered a total return of -0.7 per cent over the year, outperforming the MSCI UK Quarterly Property Index to December 2023 ('MSCI') return of -1.5 per cent. Relative outperformance was driven by an income return of 5.4 per cent against the Index return of 4.7 per cent, with capital returns in line against the Index at -5.9 per cent.

We are at a stage of the cycle where income is driving returns and as such it was pleasing to see the portfolio's net operating income grow by 5.3 per cent with all sub-sectors delivering rental growth and the completion of 76 leasing initiatives across the portfolio.

Despite the relative outperformance against the Index, the portfolio was negatively impacted by the Company's exposure to the office sector. This is being addressed with momentum in our sales programme, which, as mentioned above has seen the disposal of two office holdings in December 2023 and a further two sales since the year end, raising total proceeds of £68.9 million. The portfolio's exposure to the office sector has fallen to 22.2 per cent at the time of writing, which is less than the Index weighting (24.2 per cent). We anticipate further sales activity within the capital markets as we continue to recycle capital to improve performance.

Dividends

The Company paid twelve interim dividends totalling 4.92 pence per share during the year, being nine monthly dividends of 0.4 pence per share, followed by a 10 per cent increase and three further monthly dividends at a rate of 0.44 pence per share. The level of dividend cover for the period was 104.7 per cent on a cash basis and the Board will continue to keep the level of dividend under review.

Borrowings

The Company has a £260 million term loan in place with L&G which matures on 31 December 2024. As previously announced, the Company signed up to a new debt facility in September 2023 provided by incumbent lender, Barclays Bank Plc, and a new lender, HSBC UK Bank Plc. This facility is in two tranches and includes a committed £260 million Term Loan, which can only be drawn to refinance the existing £260 million L&G Loan. There is also a £60 million Revolving credit facility, £30 million of which was drawn down at the year-end and has subsequently been repaid. More details on the loan facilities are included in note 13 to the financial statements.

The new debt facility enables the Company to retain the competitively priced L&G Loan which is fixed at 3.32 per cent up to maturity, whilst also ensuring the future liquidity needs of the Company are fully funded at an acceptable commitment fee.

As at 31 December 2023, the Company's loan to value, net of cash ('LTV') was 24.4 per cent and the weighted average interest rate on the Group's total current borrowings was 3.8 per cent.

Continuation Vote

In accordance with the Articles of Incorporation, the Directors are required to put an ordinary resolution to shareholders in relation to the continuation of the Company in 2024 (the "**Continuation Vote**"). If at that meeting such resolution is not passed, the Board shall, within twelve months of such meeting, convene an extraordinary general meeting of the Company at which a special resolution shall be proposed to the members of the Company for the winding up of the Company and/or a special resolution shall be proposed to the members of the Company for the reconstruction of the Company, provided that such resolution for the reconstruction of the Company shall, if passed, provide an option to Shareholders to elect to realise their investment in the Company in full. The Board's assessment of going concern can be found on page 35.

On 15 April 2024, the Board announced that it has been carefully considering for some time, with its advisers, its strategic options to enhance value for its shareholders, and that it has formalised these deliberations into a strategic review process (the "**Strategic Review**") (further details of which are set out below).



Once the Strategic Review has been completed, the Board will convene a general meeting of the Company at which the Continuation Vote will be proposed.

Strategic Review

Despite the Company's successful and ongoing strategic disposal programme, which has reduced the portfolio's exposure to the underperforming office sector, and recent improvements in the Company's share rating, its share price remains at a material discount to the Company's net asset value. The Board, together with its advisers, has therefore been carefully considering the Company's strategic options for some time.

As part of the Strategic Review, the Board will consider all options including, but not limited to, continuing the Company with further actions to narrow the share price discount to NAV; selling the Company's portfolio or subsidiaries (or portion thereof); returning capital to shareholders; changing the Company's investment strategy and/or management arrangements; commencing a managed wind down; selling the entire issued share capital of the Company or undertaking some other form of consolidation, combination, merger or comparable corporate action.

Shareholders are welcome to send their comments to chairmanBCPT@georgeson.com, in particular on their priorities for their investment in the Company and the options described above.

We have commenced this Strategic Review to determine the best way to enhance value for shareholders, after which the independent Board will determine the best way forward for the Company as a whole. The outcome of the Strategic Review is expected to be announced in Q3 2024, and thereafter the Continuation Vote will also be held. The Board looks forward to updating shareholders on the progress of the Strategic Review and will make further announcements in due course, noting that there is currently no certainty as to the outcome of the Strategic Review.

Board Composition

Karima Fahmy was appointed as an independent non-executive Director of the Company with effect from 19 January 2024. Karima is a corporate lawyer with extensive experience of the UK property sector.

Following a significant increase in other time commitments, Hugh Scott-Barrett retired from his role as non-executive Senior Independent Director in February 2024. I would like to thank Hugh for his considerable contribution to the Company and wise counsel over recent years. I am pleased to confirm that Isobel Sharp, who is Audit and Risk Committee Chair, has also assumed the role of Senior Independent Director.

Environmental, Social and Governance ('ESG')

Every Board director is a member of the ESG Committee which is established to ensure that the Managers are driving year-on-year improvements in portfolio performance, process and governance. The Board was pleased to note the Company's return to the top of its Global Real Estate Sustainability Benchmark peer group in 2023, achieving a score of 79/100, conferring a three green star rating.

As work has continued to future-proof the portfolio in line with our Net Zero Carbon target and the Minimum Energy Efficiency Standards, the Company is also focused on the ESG fields of social, biodiversity and transitional risk where

we expect to make meaningful progress during the upcoming year. Given the composition and quality of the portfolio, the Board and Managers remain of the view that the Company's asset base is well-positioned in relation to the evolving ESG landscape.

Outlook

Market participants across real estate and the wider financial sectors have been keenly monitoring the outlook for UK interest rates, with the potential for a cut in the base rate in the second half of 2024. There are also upcoming general elections, most notably in the UK and US, which add an extra layer of complexity to the outlook.

The year ahead will most likely see continued divergence in performance across property sectors, sub-sectors and markets. Asset fundamentals rather than market yield compression should provide a platform for value creation, and we believe that this is an opportune time for a diversified strategy.

Paul Marcuse

Chairman

26 April 2024

Forward-looking statements

This document may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this document. Nothing should be construed as a profit forecast.



Liverpool Hurricane 47, Estuary Business Park

Business Model and Strategy

The Company carries on business as a closed-ended property investment company. Its shares are traded on the Main Market of the London Stock Exchange.

Board

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures, ESG risk and risk management. As set out in the Directors' Responsibilities on page 46, the Board is also responsible for the preparation of the Annual Report and Consolidated Financial Statements for each financial year. Biographical details of the Directors, all of whom are independent non-executive Directors, can be found on page 32. The Company has no executive Directors or employees.

The Board has contractually delegated the management of the investment portfolio and other services to the Managers. A summary of the terms of the management agreement is contained in note 3 to the consolidated financial statements.

Investment Strategy

Purpose

The Company's purpose is to provide investors with market access to a diversified UK commercial property portfolio, providing a convenient and cost-effective investment choice in meeting their longer-term investment needs.

Objective

The Company's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

Investment Policy

The Company's policy is to hold a diversified portfolio of freehold and long leasehold (over 60 years remaining at the time of acquisition) UK commercial properties. It invests principally in three commercial property sectors: office, retail (including retail warehouses) and industrial. It can also have exposure to other commercial property sectors such as healthcare, leisure, hotels and serviced apartments, residential property, student housing, car parks, petrol stations, storage and supermarkets.

The Company invests in properties which the Board, on the advice of the Managers, believes will generate a combination of long-term growth in income and capital for shareholders. Investment decisions are based on an analysis of, amongst other things, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields, ESG risk and opportunity factors and the potential for alternative uses and/or development or redevelopment of the property.

Investment risks are spread by investing across different geographical areas and sectors and by letting properties to lower risk tenants. The Company has not set any maximum geographic exposures, but no single property may exceed 15 per cent of total assets and the five largest properties (excluding indirect property funds) may not exceed 40 per cent of total assets (in each case at the time of acquisition). Short leasehold properties (with less than 60 years remaining) may not exceed 10 per cent of total assets at the time of acquisition.

The Company is permitted to invest up to 15 per cent, at the time of acquisition, of its total assets in indirect property funds (including listed property companies) which invest principally in UK property, but these investments may not exceed 20 per cent of total assets at any subsequent date. The Company is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits, gilts and money market funds.

The Company uses gearing throughout the Group (defined on page 95) to enhance returns over the long-term. Gearing, represented by borrowings as a percentage of total assets, may not exceed 50 per cent. However, the Board's present intention is that borrowings of the Group will be limited to a maximum of 35 per cent of total assets at the time of borrowing.

Investment of Assets

At each quarterly Board meeting, the Board receives a detailed presentation from the Managers which includes a review of investment performance, recent portfolio activity and a market outlook. It also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of how the portfolio was invested as at 31 December 2023 is contained within the Managers' Review on pages 15 to 21 and a portfolio listing is provided on page 22.

The Group's borrowings are described in note 13 to the consolidated financial statements.

Environmental, Social and Governance (ESG)

The importance of environmental and social factors, together with the management of those factors through corporate governance and property management, continues to strengthen within the UK commercial property market. The Company, supported by its Managers has continued to make progress in developing its approach to integrating ESG factors into strategy, as evidenced in our annual ESG Report.

Attention to ESG matters continues to be an important determinant of the confidence which existing and prospective shareholders place in the Company to provide them with attractive and appropriate risk-adjusted returns. We remain mindful of feedback that shareholders provide on our approach to ESG matters and we continue to engage with them regularly.

We recognise that certain environmental and social attributes of the assets held by the Company can be material to financial performance across the diversified portfolio. This applies in terms of optimising net operating income today and supporting income and capital growth in the longer-term.

Our strategy therefore focuses particularly on:

- Ensuring that properties perform efficiently, support flexible and productive occupancy, and contribute positively to the health and wellbeing of the people that work, shop or live in them. This is an increasingly important attribute which influences their appeal to the occupier market and thus their ability to retain occupiers and support rental growth.
- Ensuring that properties are fit-for-purpose and resilient in the context of climate change, a dynamic regulatory environment, and the rapid advancement of technology, helping to mitigate their rate of depreciation and reduce their exposure to various forms of risk.
- Ensuring that properties make a positive contribution to the local communities in which they are situated, can help to improve patronage, support wider economic performance and enhance the skills and employment prospects of local people, in turn making the local market a more attractive investment location.

Continuation Vote

As set out in the Articles of Incorporation, the Directors are required to put an ordinary resolution to shareholders in relation to the continuation of the Company in 2024. If at that meeting such resolution is not passed, the Board shall, within twelve months of such meeting, convene an extraordinary general meeting of the Company at which a special resolution shall be proposed to the members of the Company for the winding up of the Company and/or a special resolution shall be proposed to the members of the Company for the reconstruction of the Company, provided that such resolution for the reconstruction of the Company shall, if passed, provide an option to Shareholders to elect to realise their investment in the Company in full.

As set out in the Chairman's Statement on page 4 the Board announced on 15 April 2024 the commencement of a Strategic Review. The Continuation Vote will be held after the completion of the Strategic Review. A wide range of options are being considered and at this early stage there is no certainty as to

the outcome of the Strategic Review. This section reflects the Company's current business model and strategy.

Discount Control

The policy regarding share buybacks was set out in a Circular issued to shareholders ahead of the General Meeting in November 2014. This detailed the Company's continued commitment to the application of share buybacks to limit any discount to the NAV per share at which the Company's shares may trade. A discount of 5 per cent or more remains a level at which the Board will review share buyback implementation.

The review will take into account the current and the likely prospective level of discount to the value of your Company's high quality but, by their nature, illiquid assets, which are independently valued every quarter. It will also consider other factors that the Board believes might promote the achievement of the Company's long-standing, stated objectives.

These factors include other property investment opportunities, whether direct or indirect, which may be standing at greater levels of discount to underlying value than the Company's own shares; the impact on net asset value accretion and improvement in dividend cover from share buybacks; and the levels of liquidity, gearing and loan to value within the Company.

The Company launched a share buyback programme in June 2021, using some of the proceeds from property sales and purchased 97.8 million shares (12.2 per cent of the issued share capital) over the course of 2021 and 2022, at an average discount at the time of purchase of 20.8 per cent and a cost of £103.7 million. In the current economic climate, preservation of cash is important and the Company has not bought back any shares since September 2022; however, consideration will continue to be given to buybacks if the Board believes that this course of action is in the best interests of shareholders.

Shareholder Engagement

The Board and the Managers recognise the importance of both marketing and PR in increasing demand for the Company's shares. The Managers offer a range of private investor savings schemes, details of which can be found on page 94. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment company sector. The Managers hold a live presentation every quarter to communicate results and provide an update on the property market. Investor Meet Company has recently been engaged to facilitate this and enhance the user experience. Communication of quarterly portfolio information is made through the Company's website. In addition, the Strategic Review will take into account the views of shareholders and all shareholders are welcome to send their views on the Strategic Review to chairmanBCPT@georgeson.com

Promoting the Success of the Company

The Board's continued focus on promoting the long-term success of the Company in response to stakeholders needs and aspirations is now formalised in the Company's reporting in accordance with section 172(1) of the Companies Act 2006 (the "Act"). Although section 172 applies directly to UK incorporated companies, the intention of the UK Corporate Governance Code is that matters set out in this section are reported on by all listed companies. Under section 172 of the Act, Directors have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to the likely consequences of their Board's decisions in the longer term and how they have taken wider stakeholders' needs into account.

As an investment company, with no employees, the Company's principal working relationships are with the Managers, other professional service providers (corporate brokers, registrar, Company Secretary, auditor, depositary, tax and legal advisers) and lenders. Our main working relationship is with the Managers who we hold to account in managing shareholder assets. With recognition of the need for sustainability as a fundamental element in achieving longer term success, we continued to work very closely with the Managers throughout the year in further developing the investment strategy and underlying ESG policies. This is not simply for the purpose of achieving the Company's investment objective but to do so in an effective, responsible and sustainable way in the interests of shareholders, future investors, tenants and society at large. The Company has borrowings and is in regular communication with its three lenders to ensure that we have a strong working relationship. Compliance with the borrowing restrictions is monitored on an ongoing basis. The Company entered into a new £320 million debt facility agreement with Barclays and HSBC from September 2023.

The Managers work closely with our tenants and the communities in which the Company's assets are situated, ensuring that strong relationships are in place and communication lines are as open as possible. The significant portfolio activities undertaken by the Managers can be found in the Managers' Review on pages 15 to 21.

The Board places great importance on communication with shareholders. The Annual General Meeting is held in London and provides a key forum for the Board and Managers to present to shareholders on performance, along with future plans and prospects for the Company. The Board continue to be available to meet with shareholders as appropriate and the Company's brokers and the Managers meet regularly with shareholders and their respective representatives; reporting back their views to the

Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's brokers. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long-term.

We have included on pages 23 to 28 additional information on our approach towards environmental, social and governance (ESG) matters. Through its formal ESG Committee and supporting dialogue, Directors engage with the Managers to establish an approach that is bespoke to the Company, reflecting the nature of the property portfolio whilst integrating neatly with the business model. Having established a suite of core ESG pillars, the Company has set out a series of commitments and targets which continue to evolve in response to real estate market developments and in line with stakeholder expectations. The Company continues to make significant progress in this area.

The Company's stakeholders are always considered when the Board makes decisions and examples include:

Dividends

The Board recognises that providing an attractive level of income with the potential for growth is important to the Company's shareholders. The rate of monthly interim dividends was increased to 0.44 pence per share in October 2023. This represented an increase of 10.0 per cent compared to the prior monthly dividends and the dividends paid for the year were 4.7 per cent higher than in 2022. Monthly dividends have remained at this rate, however, with the dividend fully covered and with further rental growth expected to materialise, the Board will continue to keep the level of dividend under review.

Investor communications

The Managers have a team dedicated to fostering good relations with institutional shareholders, wealth managers and independent financial advisers and keeping investors regularly informed, with the aim of promoting the Company's investment proposition and improving the rating of the Company's share price. This team organises meetings with these parties as well as preparing webinars, interviews and videos which are shared through various media channels. The team gathers feedback and answers any queries in relation to the Company and its investment strategy. Feedback from these activities is reported regularly to the Board. In addition, the Strategic Review will take into account the views of shareholders and all shareholders are welcome to send their views on the Strategic Review to chairmanBCPT@georgeson.com.

Tenants and the community

As long-term investors, we recognise the importance of not only the landlord-tenant relationship, but also our obligation to the communities in which we invest and the wider stakeholders involved in the management of physical assets.

To ensure we provide a consistent, professional, and ever-improving service to our occupiers, the Manager carries out Occupier Wellbeing surveys on a three yearly basis to enable us to track occupier satisfaction with both our physical assets and the property management services we provide. This enables us to establish and maintain long-term working relationships with our occupier base and ensure that our real estate continues to evolve with the requirements of its target occupiers. The last survey was undertaken in 2022, which saw incremental improvement in the number of occupiers positively endorsing the Company and its Manager.

The physical nature of real estate presents a variety of opportunities to engage with and contribute to local communities. This manifests itself most obviously at community-centred assets like St Christopher's Place, London and The Crescent, Wimbledon. At St Christopher's Place, we support initiatives such as Accessible (an organisation catering for those with accessibility needs) and the Sustainable City Charter (a pledge to reduce carbon emissions from non-domestic premises). In Wimbledon, we are partnered with Love Wimbledon to provide community events and activities all-year round.

Not all assets offer the same scope of opportunity engagement. However, the Company is Living Wage accredited, paying the living wage to all directly-employed staff of our tenants and encouraging its counterparties, such as occupiers and contractors to make the same commitment. The recent refurbishment of Strategic Park, Southampton provides an example of this community engagement, with 70 per cent of sub-contractors sourced from the local area and all staff engaged in the project paid the living wage.

Carbon stewardship

The Company recognises the impact of the built environment on global carbon emissions and has committed to achieving net zero carbon by 2040 or earlier. Net zero carbon assessments have been completed across the portfolio, enabling us to model the physical interventions required, their financial and carbon impacts and aggregating the data at the portfolio level to map out the Company's pathway to net zero. The Science Based Targets Initiative has independently verified our pathway for the reduction of our landlord-controlled (Scope 1 & 2) emissions and we continue our efforts to collect our (Scope 3) occupier energy consumption data to understand our total carbon footprint.

Our ability to make ESG-led interventions as an accretive part of the asset life cycle, rather than as exceptional capital expenditure, has been underlined by the refurbishment project completed at Strategic Park, Southampton. The refurbishment of this industrial holding delivered A-rated EPCs, a BREEAM Very Good certification and a whole-roof solar photovoltaic scheme, while also generating a capital return of 15.7 per cent over the year. The delivery of solar installations where feasible across the portfolio has been identified as a way of generating on-site renewable energy, thereby diverting demand from the grid, with the dual benefit of generating an income return for the Company, with the installation at Southampton forecast to deliver a yield of circa 7.5 per cent per annum.

As long-term investors we look to the future and to the role and success of the Company in that context. We will continue to work towards the optimal delivery of the Company's investment proposition and to promote the success of the Company for the benefit of all shareholders, stakeholders and the community at large. The Company aims to provide a clear investment choice with access to a diversified, high quality and sustainable portfolio.



Key Performance Indicators

The Board assesses its performance in meeting the Company's objective against the following key measures. Commentary can be found in the Chairman's Statement, Managers' Review and Environmental, Social and Governance Report.

Performance total return*

	1 Year %	3 Years %	5 Years %	10 Years %	
Ordinary share price	-12.5	+6.4	-25.6	-3.9	This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested, relative to the Market benchmark.
Net asset value ('NAV')	-3.3	+4.3	-6.2	+56.3	
Portfolio return	-0.7	+7.2	+2.0	+67.1	
MSCI UK Quarterly Property Index	-1.5	+4.7	+4.1	+68.4	
FTSE All-Share Index	+7.9	+28.1	+37.7	+68.2	

Income return*

	1 Year %	3 Years %	5 Years %	10 Years %	
Portfolio income return	+5.4	+15.9	+26.5	+57.8	The income derived from a property during the period as a percentage of the property value, taking account of direct property expenditure.
MSCI UK Quarterly Property Index	+4.7	+13.5	+23.8	+56.3	

Share price discount to NAV per share*

As at:	31 Dec 2023 %	31 Dec 2022 %	31 Dec 2021 %	31 Dec 2020 %	31 Dec 2019 %	
Discount	(34.0)	(25.3)	(22.3)	(31.9)	(11.7)	This is the difference between the share price and the NAV per share. It can be an indicator of the attractiveness for shares to be bought back or, in the event of a premium to NAV per share, issued.

Expenses

Year to:	31 Dec 2023 %	31 Dec 2022 %	31 Dec 2021 %	31 Dec 2020 %	31 Dec 2019 %	
Ongoing charges*	1.54	1.39	1.31	1.13	1.19	This data shows whether the Company is being run economically. It measures the running costs as a percentage of the average net assets. The ratio increased in 2023, primarily due to a lower average net asset value.
Ongoing charges excluding direct property expenses*	0.96	0.86	0.90	0.85	0.83	This data shows whether the Company is being run economically. It measures the running costs excluding direct property expenses as a percentage of the average net assets. The ratio increased in 2023, primarily due to a lower average net asset value.

Environmental performance

	2023	2022	2021	2020	2019	
Carbon emissions (Scope 1 & 2) (tonnes CO ₂ e)	1,571	1,504	2,035	1,780	2,133	This indicates the absolute amount of greenhouse gas emissions associated with the landlord's operational activities across the portfolio. The 2020 emissions were influenced by coronavirus restrictions and the 2022 emissions have been revised as they were subsequently independently verified.
Proportion of demises with EPC ratings of A or B (%)	26	16	16	12	12	This provides an indication of the level of exposure to higher theoretical energy efficiency attributes of the property assets.

Social performance

	2023	2022	2021	2020	2019	
Health & Safety	0	0	0	0	0	Number of notifiable incidents or statutory health and safety breaches in the managed portfolio.

* See Alternative Performance Measures on pages 86 to 88.

Source: Columbia Threadneedle Investment Business, MSCI Inc and Refinitiv Eikon

Principal Risks and Future Prospects

Each year the Board carries out a comprehensive, robust assessment of the principal risks and uncertainties that could threaten the Company's success. The consequences for its business model, liquidity, future prospects and viability form an integral part of this assessment.

As stated within the Report of the Audit and Risk Committee on pages 41 to 43, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council and has established an ongoing process designed to meet the particular needs of the Company in managing the risks and uncertainties to which it is exposed.

It has been another challenging year, which continues to be marked by an elevated cost-of-living and geopolitical events such as the war in Ukraine and the escalation of tensions in the Middle East. Against this background, we have continued to see higher levels of inflation in the UK, albeit the rate has slowed sharply as monetary policy continues to work through the economy, and it is far from the 11.1 per cent peak in October 2022. In response, the Bank of England continued to raise interest rates which at the time of writing have stabilised at 5.25 per cent. This volatile economic environment has had an ongoing effect on many of our principal risks during the year and the Board met regularly with the Managers to assess these risks and how they could be managed. More detail is included in the Chairman's Statement on pages 3 to 5 and the Managers' Review on pages 15 to 21.

The principal risks and uncertainties faced by the Company are set out in the table on pages 12 and 13 and in note 17, which provides detailed explanations of the risks associated with the Company's financial instruments.

The Audit and Risk Committee seeks to mitigate and manage these risks and uncertainties through continual review, policy-setting and enforcement of contractual obligations, as well as a review of the Internal Control reports prepared in accordance with ISAE 3402 and AAF (01/20).

To mitigate investment and strategic risks the Board regularly monitors the investment environment and the management of the Company's property portfolio. The Managers seek to alleviate the portfolio risks through active asset management, monitoring key risk metrics and carrying out due diligence on prospective tenants and asset acquisitions. All of the properties in the portfolio are insured.

As well as considering current risks, the Audit and Risk Committee, Board and the Investment Managers carry out

a separate assessment of emerging risks when reviewing strategy and evaluate how these could be managed or mitigated. The line between current and emerging risks is often blurred and many of the emerging risks identified are already being managed to some degree where their effects are beginning to impact.

The principal emerging risks identified are outlined below:

Economic and geopolitical events have been a catalyst for higher levels of inflation and consecutive interest rate rises, which have slowed economic growth. Interest rates have increased from 0.25 per cent to 5.25 per cent in the last two and a half years. The Bank of England held the rate at 5.25 per cent at its September 2023 meeting, breaking the run of 14 consecutive hikes and consensus estimates are currently forecasting a gradual cut in the base rate from the second half of 2024. Against this background, sentiment for real estate as an asset class has been poor, given the high income returns available from cash and fixed income. Property valuations have been marked down to reflect the risk premium for investing in property (as an illiquid asset) in a higher interest rate environment. In addition, the increased cost of debt has led to weak liquidity in the real estate capital markets.



The ESG agenda is a very prominent one and continues to grow in its importance to shareholders, future investors, our customers and the wider community. As discussed in our ESG report on pages 23 to 28, we have made significant progress in this area and we intend to continue to do so. The increasing market attention being paid to climate risk, to net zero carbon ambition and to social impact have been notable features of the evolving agenda over recent years and those need to be considered more explicitly in property investment and management activity. Failure to respond to the evolving regulatory requirements and public expectations would be reputationally damaging and could have a negative effect on property valuations, leaving some properties difficult to let.



The structural change in the office market continues to evolve following Covid-19. There is a clear focus on higher quality space in central locations, as companies look to offer a more structured hybrid model of operation where strong ESG and wellbeing credentials are essential.

This has been at the expense of lower quality stock and a two-tier market has emerged with the rebasing of both capital values and rents. This is still developing and continues to be monitored but investor sentiment to offices is poor with few active buyers in the market, and this is impacting on pricing.

There continues to be an increasing emerging risk from cyber threats. As an externally managed investment company we are dependent on the controls and systems of the Managers and other third-party service providers. The Board reviews on an annual basis, the systems and procedures that they have in place to control these threats.

The principal risks and uncertainties faced by the Company, and the Board's mitigation approach, are described below.

Highest Risks	Mitigation
<p>Investment Performance Risk Unfavourable markets, poor stock selection, including inappropriate asset allocation and underperformance against the benchmark. This risk may be exacerbated by gearing levels. The outlook for the office sector capital markets is challenging.</p> <p>Economic backdrop of inflationary pressures, higher interest rates and the risk of an economic recession.</p> <p>A relatively illiquid investment market.</p> <p>ESG risk attached to the developing regulatory backdrop and capital expenditure required to maintain compliance.</p> <p> Increased in the year under review</p>	<p>The investment performance, gearing and income forecasts are reviewed with the Investment Managers at each Board Meeting. The Managers provide regular information on the expected level of rental income that will be generated from underlying properties.</p> <p>The portfolio is well diversified by geography and sector and the exposure to individual tenants is monitored and managed to ensure there is no over exposure. The Company sold £14.3 million of offices during the year and exposure at the year-end was 26.5 per cent. Post year-end, the Company sold a further £54.6 million of offices with the current exposure at 22.2 per cent.</p> <p>The Managers in-house ESG team continually monitor the regulatory background and best practice standards, while the overall quality of the portfolio provides some protection against this. All portfolio assets have been subject to Net Zero Carbon assessments alongside modelling of the interventions required to meet hardening Minimum Energy Efficiency Standards thresholds. All actions scheduled for implementation in the 2023 financial year have been delivered or progressed as detailed in the ESG Report.</p> <p>There has been significant leasing activity and a number of lease renewals completed during the year particularly in the industrial portfolio and St Christopher's Place, which has helped performance during a period of falling valuations. The portfolio offers significant in-built income growth, as evidenced by the reversionary yield of 6.2 per cent.</p>
<p>Discount/Premium Risk Share price of the investment company is lower/higher than the NAV. As a result of such imbalances, the attractiveness of the Company to investors is diminished.</p> <p>The discount continues to be wide (34 per cent at the year-end but narrowing to 28.3 per cent on 25 April 2024) in an environment of higher interest rates where high income returns can be achieved through cash and income products. Investor sentiment towards real estate as an asset class is relatively weak, and the office sector in particular.</p> <p> Unchanged in the year under review</p>	<p>The discount is reported to and reviewed by the Board on an ongoing basis. Share buybacks as a means of narrowing the discount or as an attractive investment for the Company are considered and weighed up against the risks as alternatives. The position is monitored by the Managers and Brokers on a daily basis and any material changes are investigated and communicated to the Board. The Company has paused share buybacks since September 2022, with the preservation of cash and maintaining lower gearing levels taking precedence in current markets.</p> <p>Investors have access to the Managers and the underlying team who will respond to any queries they have on the discount. The Managers engage with the shareholder base on a quarterly basis to update on Net Asset Value performance. The Managers also attend ad hoc meetings with shareholders as required, as well as various industry events to promote the Company to current and prospective investors.</p> <p>The Brokers and the Managers' sales team liaise with current and prospective investors to try to generate demand for the Company's shares.</p>

Highest Risks	Mitigation
<p>Financial Management Risk Risk of financial or reputational damage due to a failure to manage appropriately financial risk. This includes management of cash resources and debt.</p> <p>The company's principal £260 million debt facility expires on 31 December 2024 and a £100 million facility with Barclays was due to expire in July 2024. Early action on this was required.</p> <p> Decreased in the year under review</p>	<p>The level of cash is continually monitored by the Managers. A financial model is maintained, which includes a five-year cash flow forecast and is reviewed at quarterly Board meetings.</p> <p>The cash position is also reviewed by the Board on a monthly basis as part of the dividend approval process.</p> <p>Loan covenants are monitored carefully by the Managers and reviewed at least quarterly at Board meetings.</p> <p>The Company entered into a two-year £320 million loan agreement in September 2023, with the option of two one-year extensions. This is a two-tiered facility with Barclays and HSBC which includes a £60 million revolving credit facility and a term loan which takes the form of a commitment to provide up to £260 million to repay the existing loan with L&G, which is due to mature in 2024. As part of this process, the £100 million facility with Barclays was paid down and cancelled. In the current interest rate environment, drawing down the new term loan in full will be more expensive than the current debt and the interest would have to be fixed using an interest rate swap. The Company is therefore looking to reduce its gearing exposure through property sales, and the new loan provides optionality on the gearing levels post 2024.</p>
<p>Product Strategy Risk Risk that the Product Strategy (including investment guidelines and policies) lacks sustainability or is no longer appealing to the market.</p> <p>Risk that the strategy is not clearly defined/articulated or directed to the correct target audience.</p> <p>The Company has a Continuation vote in 2024.</p> <p>ESG related initiatives are a core part of the long-term strategy.</p> <p>This was recognised as a significant area of risk for the Company in 2022 and the rating therefore remains unchanged during the year.</p> <p> Unchanged in the year under review</p>	<p>The underlying investment strategy is kept under constant appraisal and the Board has a strategy session annually, in conjunction with the Manager. The strategy is communicated to interested parties on a regular basis via stock exchange announcements, the interim and annual report and investor/consultant calls and visits.</p> <p>The portfolio has a material exposure to the office sector which has underperformed. The Manager has therefore commenced a rebalancing exercise and has sold £68.9 million of office property to date (£54.6 million of which was post year end), with further sales in this sector anticipated.</p> <p>The Continuation Vote and the Strategic Review, announced following the year end, are covered on page 4 of the Chairman's statement. The Board looks forward to updating shareholders on the progress of the Strategic Review and the arrangements for the Continuation Vote in due course, noting that there is currently no certainty as to the outcome of the Strategic Review.</p> <p>There is significant ongoing work on the Company's ESG strategy. A peer-group leading GRESB (Global Real Estate Sustainability Benchmark) score in 2023 underlines the efforts made in ensuring ESG is fully integrated into the investment and management process.</p> <p>ESG enhancements form a key element of asset-level strategies including the degasification of buildings, the installation of solar photovoltaic systems and the incremental improvements to energy efficiency through cyclical refurbishment of holdings.</p>

Viability Assessment and Statement

The Board conducted this review over a five-year time horizon, a period thought to be appropriate for a Company investing in commercial property with a long-term investment outlook and with an average unexpired lease length of 4.7 years. The Company has its principal borrowings with L&G secured until 31 December 2024 and entered into a new agreement with Barclays and HSBC in September 2023 for a term loan of up to £260 million which can only be used to repay the L&G loan. This new loan is currently available until September 2025 with the option of two one-year extensions.

The Company is also subject to a Continuation Vote in 2024, which will be held after the completion of the Board's Strategic Review (expected to be in Q3 2024). The date of the vote is therefore yet to be determined. If the Continuation Vote is not passed, the Directors are required to put forward proposals for the reconstruction, reorganisation or winding-up of the Company to the shareholders for their approval within twelve months following the date of the Continuation Vote. These proposals may or may not involve winding-up the Company or liquidating all or part of the Company's then existing portfolio of investments and, accordingly, failure to pass a Continuation Vote in 2024 will not necessarily result in the winding-up of the Company or liquidation of all or some of its investments. Further information on the Continuation Vote and the Strategic Review can be found on page 4 of the Chairman's Statement. There is currently no certainty as to the outcome of the Strategic Review. The Board's assessment of going concern can be found on page 35.

The Viability Statement has been prepared on the assumption that the Board recommends continuation of the Company in its current form and that shareholders approve the Board's recommendation. The assessment also takes into account the principal risks and uncertainties faced by the Company, as identified on pages 12 and 13; which could threaten its objective, strategy, future performance, liquidity and solvency.

The major risks identified as relevant to the viability assessment were those relating to a further downturn in the UK commercial property market and its resultant effect on the valuation of the investment property portfolio, the level of rental income being received and the effect that this would have on cash resources and financial covenants. The UK commercial real estate market has experienced a downturn since the second half of 2022, driven by geopolitical challenges, high levels of inflation, rising interest rates and a slowdown of economic growth. There has been a significant repricing of property valuations with the sector experiencing capital falls of 21.7 per cent over the 18 months to 31 December 2023, as measured by the MSCI UK Quarterly Property Index ('MSCI').

A stress test has been conducted over the five-year period to April 2029, on very prudent assumptions. Taking into account that the portfolio has already experienced a significant valuation adjustment in the last 18 months, the modelling uses a severe but plausible downside scenario which takes into account the illiquid nature of the Company's property portfolio, further significant future falls in the investment property values, the availability of borrowings and substantial falls in property income receipts.

The viability assessment modelling used the following assumptions:

- The most negative of all property capital returns as measured by MSCI over one to seven years using historic data that goes back to 1985, with capital values falling by as much as 36.6 per cent. This takes into account that the property market has already experienced capital falls of 21.7 per cent in the last 18 months and therefore the most significant fall from the year end is a further 14.9 per cent. Under this approach, there will also be years where a modest recovery is forecast.
- The full £260 million term loan with Barclays and HSBC is drawn down to repay the L&G loan at the end of 2024.
- Debt refinanced at 1 per cent above the current long-term debt forecasts and assumed to be available for the full assessment period.
- Loan covenant tests remain the same as those currently in place following a refinancing of debt.
- Tenant defaults of 10 per cent for the first year, followed by 5 per cent for the following year before returning to normal levels thereafter.
- Tenant lease breaks are exercised at the earliest opportunity, followed by a substantial void period. From between 9 and 37 months (depending on the property).
- Dividends are maintained at current levels.
- Capital expenditure of c.£50 million over the 5 year period, including £4.5 million per annum relating to ESG related expenditure.

The results of this modelling were as follows:

	NAV	Dividend Cover	LTV (Net)
2024	90.4p	67.8%	26.3%
2025	89.8p	47.6%	29.1%
2026	93.9p	56.9%	30.5%
2027	92.2p	82.8%	31.7%
2028	93.2p	93.4%	32.0%

Even under this negative scenario the Company remains viable with loan covenant tests forecast to be passed and the current dividend rate maintained. The level of the NAV remains positive under this negative scenario. The Company continues to have sufficient assets to ensure that it could pay down its debt in an orderly fashion through sales should it choose to do so and would also have the option of reducing the level of dividends to preserve cash.

In the ordinary course of business, the Board reviews a detailed financial model on a quarterly basis, incorporating forecast returns for the portfolio, projected out for five years. This model uses realistic assumptions and factors in any potential capital commitments.

The Company's £260 million loan with L&G is available until 31 December 2024. The market value of the properties secured under this loan would have to drop by a further 20 per cent from 31 December 2023 valuations before breaching the Loan to Value ('LTV') test on the facility. The loan interest cover test would only be breached by a fall in net rental income of 67 per cent. We are comfortable that these covenants will continue to be met.

The Company's £60 million revolving credit facility with Barclays and HSBC (£30 million of which was drawn down at the year end and has subsequently been repaid) is forecast to meet covenant tests during 2024. The market value of the properties secured under this loan would have to drop by 36 per cent from 31 December 2023 valuations before breaching the LTV test on the facility. The loan interest cover test would only be breached by a fall in net rental income of 30 per cent. The Board is comfortable that these covenants can continue to be met.

The Company has a further £68 million of properties which are not secured against any lender and could be transferred to the lenders to support covenant tests if required.

Based on this assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to April 2029.

Managers' Review



Richard Kirby, Fund Manager joined the predecessors to Columbia Threadneedle REP AM plc ('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. He sits on both the Executive Committee, ESG Committee and Investment Committee of CT REP. He is a Chartered Surveyor and a member of the Investment Property Forum, the British Council of Offices and Retail Property Community ("Revo").



Daniel Walsgrove, Deputy Fund Manager assumed the role of Deputy Fund Manager in July 2022. Daniel qualified as a Chartered Surveyor in 2013, holds a post-graduate diploma in Surveying - Real Estate from the College of Estate Management and completed the CFA Level 4 Certificate in Investment Management (IMC) in August 2020. Daniel has nine years' experience working in the asset and fund management disciplines.

Property Managers

The Company's investment managers, Columbia Threadneedle Investment Business Limited and asset and property manager, Columbia Threadneedle REP AM plc a subsidiary of Columbia Threadneedle Real Estate Partners LLP, and collectively, are referred to in this document as 'the Managers'. Columbia Threadneedle Real Estate Partners is a leading UK-based real estate manager focused on commercial real estate investment management. The team behind Columbia Threadneedle Real Estate Partners has been successfully managing commercial property assets for a wide range of UK clients for over 50 years and currently manages some £7.5 billion of real estate assets (December 2023), employing over 100 experts. The team structure provides for sector specific teams offering specialist capabilities across the market, establishing strong peer to peer and occupier relationships and sourcing of a range of transactional opportunities. Columbia Threadneedle Real Estate Partners undertakes fund and asset management services, property accounting and project management (where appropriate).

Property headlines over the year

- A portfolio total return -0.7* per cent over the 12 months to 31 December 2023 versus the MSCI UK Quarterly Property Index ('MSCI') return of -1.5 per cent.
- Relative outperformance delivered through income generation and proactive asset management, driving 5.3 per cent increase in portfolio net operating income.
- Accretive asset management activity delivered underlines strong asset fundamentals, attractive sector exposures and significant latent income growth potential within the portfolio.
- Portfolio offers potential day one income reversion of 16.0 per cent with a further 31.0 per cent of income subject to contractual uplifts guaranteeing additional rental growth.
- The disposal of four office assets completed (two post year-end) as part of the strategic repositioning of the portfolio, raising proceeds of £68.9 million delivered at an aggregate discount to NAV of 2.6 per cent and reducing portfolio exposure to the office sector to 22.2 per cent.
- 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.

* See Alternative Performance Measures on pages 86 and 88.

Property Market Review

2023 was a challenging year for UK real estate due to the macro-economic environment and a 15 year high in interest rates. Volatility in financial markets, uncertainty as to the interest rate outlook and persistently high inflation dampened investor appetite and the relative attractiveness of real estate.

UK real estate investment volumes totalled circa £40 billion in 2023, a fall of 40 per cent year on year. Despite the negative headlines around offices, they were the second most traded sector in 2023, accounting for approximately 24 per cent of deal volume. The tentative emergence of counter-cyclical and opportunistic strategies has been supported by an occupational market that continues to display resilience and even growth, albeit this is increasingly nuanced by micro-location and asset fundamentals.

As income has driven returns, we have seen an increasing divergence in performance across the sub-sectors due to differing rental growth prospects. As a result, weaker office segments have lost market share to 'beds, sheds, and meds', being the sectors delivering rental growth founded on structural undersupply and positive thematic support. Industrials generated the highest rental growth over the year at 7.1 per cent and were unsurprisingly the most traded sector. Retail warehousing, underpinned by low vacancy and a negligible development pipeline, supported positive rental growth over the year of 1.8 per cent and is expected to gain further momentum in 2024.

All this is to say that delivering relative outperformance has become a more nuanced pursuit founded on disciplined management of both portfolio composition and the standing asset base. The notable absence of the distressed (or even motivated) selling of real estate assets has put the onus on returns being generated through proactive asset management and diversification of income streams. Crystallising rental growth through leasing initiatives, driving capital growth through refurbishments, enhancing occupational and investment prospects through asset repositioning relies heavily on expertise to leverage strong underlying asset and portfolio fundamentals.

Portfolio performance

The total return from the portfolio was -0.7 per cent over the twelve months, compared with the MSCI return of -1.5 per cent, a 74-basis point performance premium.

At a time when returns are driven by income, the Company's portfolio is generating a yield advantage and the portfolio delivered an income return of 5.4 per cent over the year, a 75-basis point premium over the MSCI. The portfolio's capital growth was in line with MSCI at -5.9 per cent over the year.

Capital Growth

Over the period, portfolio yields have moved as follows:

	Net initial yield (%)		Equivalent yield (%)		Reversionary yield (%)	
	Dec 23	Dec 22	Dec 23	Dec 22	Dec 23	Dec 22
Industrial	4.5	4.5	6.0	5.9	6.3	6.2
Offices	7.4	5.8	8.2	6.9	8.4	7.0
Retail*	4.7	4.4	5.1	4.9	4.8	4.7
Retail Warehousing	6.3	5.7	6.2	6.1	6.1	6.0
Alternatives	4.8	4.5	4.7	4.5	4.6	4.5
Portfolio	5.5	5.0	6.5	6.1	6.2	5.8

*including St Christopher's Place

At the sector level, the Company's industrial, retail (including retail warehousing) and alternatives holdings all generated material relative capital outperformance over the index.

Performance at the portfolio level was impacted by offices, which delivered relative capital underperformance against the index of 503 basis points. The largest driver behind this was the regional office assets, a sub-sector that faces investment illiquidity, constrained transaction volumes and a muted performance outlook.

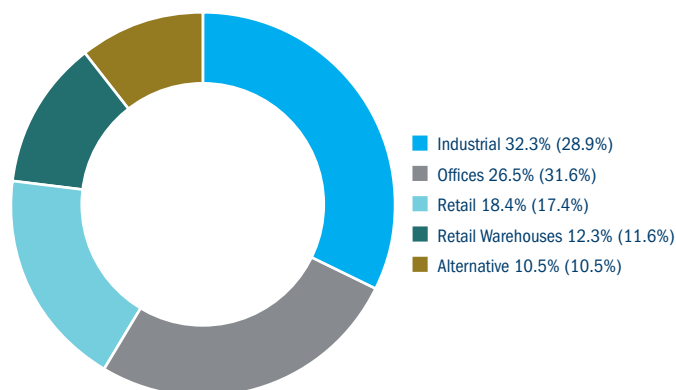
Sector	Balanced Commercial Property Trust			MSCI UK Quarterly Index
	Income Return (%)	Capital Return (%)	Total Return (%)	Total Return (%)
All Retail	4.9	-4.1	0.7	-0.3
Offices	7.1	-18.2	-12.2	-10.4
Industrial	4.7	3.0	7.9	3.9
Alternatives	4.9	-2.8	2.0	-0.1
All Property	5.4	-5.9	-0.7	-1.5

Income Return

Over the year the portfolio saw net operating income growth of 5.3 per cent and generated ERV growth of 1.9 per cent. The key driver of the increase in passing rent was active asset management across the portfolio, as a total of 76 leasing initiatives completed over the 12 months.

Sector Analysis

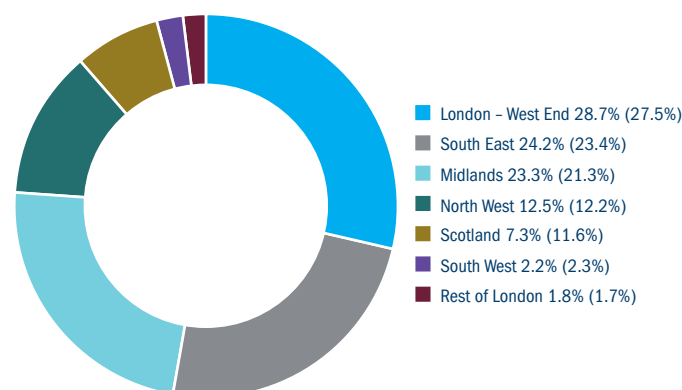
as at 31 December 2023, % of total property portfolio
(figures as at 31 December 2022 in brackets)



Source: Columbia Threadneedle REP AM plc

Geographical Analysis

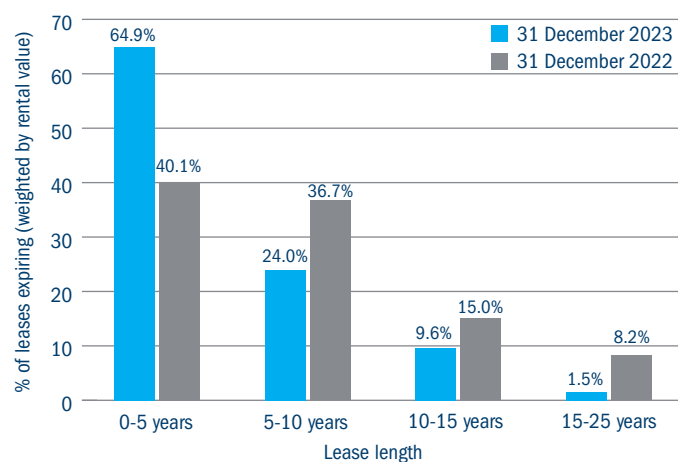
as at 31 December 2023, % of total property portfolio
(figures as at 31 December 2022 in brackets)



Source: Columbia Threadneedle REP AM plc

Lease Expiry Profile

At 31 December 2023 the weighted average lease length for the portfolio, assuming all break options are exercised, was 4.7 years (2022: 5.2 years)



Source: Columbia Threadneedle REP AM plc

The largest occupiers, based as a percentage of contracted rent, as at 31 December 2023, are summarised as follows:

Income Concentration

Company Name	% of Total Income
Apache North Sea Limited	4.6
CNOOC Petroleum Europe Limited	4.5
JPMorgan Chase Bank, National Association	4.5
Kimberly-Clark Limited	3.6
University of Winchester	3.6
Marks and Spencer plc	3.6
Virgin Atlantic Limited	3.5
Nestle Purina UK Commercial Operators Limited	3.2
Transocean Drilling U.K. Limited	3.2
DHL Supply Chain Limited	3.2
Total	37.5

Source: Columbia Threadneedle REP AM plc

The portfolio vacancy rate rose slightly from 5.9 per cent by Estimated Rental Value (ERV) to 6.7 per cent. 1.0 per cent of the vacant space is now contractually committed and 4.3 per cent relates to Stockley Park in Uxbridge, which is a repositioning opportunity. The uplift in the void rate is primarily linked to two restaurant units at St Christopher’s Place where leases have been forfeited due to the tenants breaching lease obligations, although there is a good level of new tenant interest in these units.

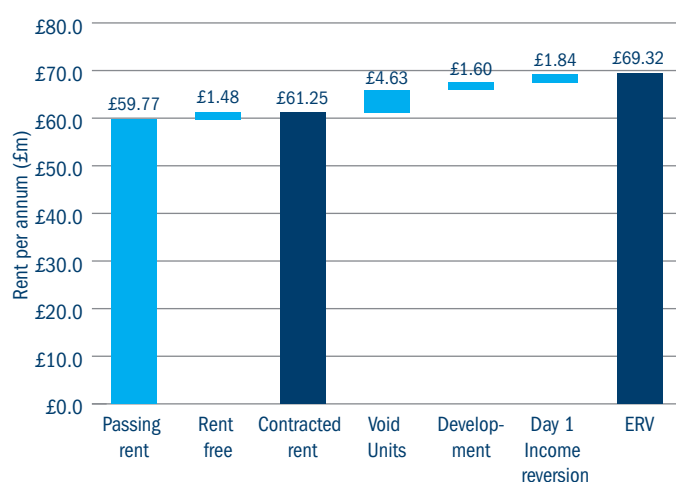
The portfolio has historically sustained a low long-term vacancy, with the average over the last 5 years standing at 5.1 per cent.

The portfolio offers a potential income reversion of 16.0 per cent. It also offers an attractive mix of income duration from its higher yielding assets and the opportunity to realise performance from its growth assets. The portfolio’s WAULT (weighted average unexpired lease term) stands at 4.7 years (to lease breaks). The industrial assets offer the highest income reversion of over 40 per cent, an equivalent yield of 6.0 per cent and a short WAULT of 2.5 years (including rent reviews as lease events), enabling the reversion to be delivered at lease events in the near term.

Approximately 31 per cent of the Company’s income profile is subject to contractual uplifts offering guaranteed income growth. Index-linked rent reviews support 8.8 per cent of the income, while 22.2 per cent is subject to fixed uplifts.

The table below sets out an analysis of the portfolio’s income reversion.

Income bridge



Investment Activity

Despite a challenging investment market, we have successfully completed the sale of four office holdings. Two of these completed in December 2023, with further sales post year end in January and March 2024. Three of the four sales have been in the structurally challenged out-of-town business park

sub-sector, with the fourth being a low-yielding, multi-let office in London’s West End. Following the completion of these four disposals (two of these post year-end), the portfolio’s exposure to the office sector has fallen to 22.2 per cent.

The assets sold are:

- Nevis & Ness House, Edinburgh Park – a 42,000 sq ft headquarters office occupied by Diageo Scotland Limited.
- Building 4, Prime Four Business Park, Aberdeen – a 25,000 sq ft training centre occupied by Maersk Training UK Limited.
- 2-4 King Street, London SW1 – a multi-let holding of 14,600 sq ft in London’s West End sold in January 2024.
- The Leonardo Building, Crawley – a 110,000 sq ft headquarters office occupied by Virgin Atlantic Limited sold in March 2024.

The sales have been completed at an aggregate price of £68.9 million, representing a 2.6 per cent discount to the valuation preceding the sales contracting.

The pricing achieved on these disposals underlines the value in the Company’s investment ethos of focussing on high quality real estate with strong fundamentals, which lends relative resilience and liquidity. We are actively reviewing a pipeline of further disposals from both the office sector and wider portfolio, targeting assets where value can be crystallised following the successful delivery of asset business plans.

Asset Management

Active asset management is the key determinant of relative outperformance, enabling rental growth to be converted into income while also generating capital growth through the enhancement of asset leasing profiles.

Industrial and logistics

The Company’s industrial and logistics assets offer an attractive day one income reversion and have generated rental growth of 2.6 per cent over the twelve months. A number of highly accretive asset management initiatives have been executed over the year, underpinning a 2.8 per cent uplift in passing rent and supporting relative income and capital outperformance.

Notable successes included:

Hurricane 52, Estuary Business Park, Liverpool

The development of a highly specified 52,500 sq ft logistics unit reached practical completion in August 2022. Following a competitive best-bids process, the unit was let in July 2023 to clothing manufacturer Montirex on a 10-year lease (break at year 5) at a rent showing a 7.2 per cent premium to the ERV. The asset recorded a total return of 28.3 per cent over the year.

The Cowdray Centre, Colchester

This multi-let estate continues to see buoyant levels of occupier activity, supported by a phased programme of refurbishments which has driven renewed occupier demand, rental growth and value appreciation.

The asset offers a day one income reversion of 44 per cent and the staggered nature of the leasing profile is crystallising this into performance. Rent reviews with Rexel UK and Jump Street have seen rents increase by 66 per cent and generated additional income totalling £69,500 per annum. Lease renewals completed with The Range (CDS Superstores), Jayar Components and Cowdray Carpet Centre have secured an income stream totalling £425,000 per annum. In February 2024, MKM Building Supplies entered into a new 20-year lease on a new refurbished unit, whilst lease renewal negotiations continue with Pickfords Move Management and Hermes Parcelnet, which will serve to further increase and strengthen the asset's income profile.

The estate also comprises a development site where planning consent has been secured for a trade-centre scheme and the construction package is currently out to tender.

8 Hams Hall Distribution Park, Birmingham

A bespoke logistics facility of 264,000 sq ft occupied by Nestle Purina until March 2025. In August, Nestle completed a 10-year (break at year 5) reversionary lease from March 2025 in exchange for a 3.5 month rent free period.

Units 1 & 2 Strategic Park, Southampton

The major refurbishment of this two-unit industrial scheme completed in October 2023 and both units have now been let at rents ahead of pro-forma ERV's. The initiative has delivered:

- Income performance, boosting the Company's income by in excess of £1.4m per annum and generating an uplift to the previous combined passing rent of 27.5 per cent and bettering the ERV underwritten in the asset business plan by 2.4 per cent.
- Capital performance, as capital growth of 15.7 per cent underpinned a total return of 13.4 per cent over a 12-month period, and
- ESG enhancements delivering A-rated EPCs, a BREEAM Very Good certification and a full solar photovoltaic system installed on the roof. Both tenants have committed to acquire the electricity generated on-site and the solar installation is forecast to produce an additional operational income return of circa 7.5 per cent per annum.

Over the course of 2024, industrial units with an ERV in excess of £5.2m are subject to an upcoming or outstanding lease event (including new leases completed post-period at Colchester and Southampton as referenced above), offering a meaningful opportunity to crystallise further income growth.

Retail Warehousing

A highly successful leasing strategy completed in 2022, securing full occupation of both retail warehouse parks and solidifying a robust grocery, discount and convenience-led tenant roster. This has afforded the holdings an attractive, stable, and growing income profile which has seen the passing rent from the the Newbury and Solihull retail parks increase by 9.4 per cent over the year.

We are working to enhance the operational income further through the addition of solar photovoltaic installations across various retail units.

Offices

The Company's office holdings continue to see robust levels of occupational activity, with six new leases concluded, representing a rent roll of £868,000 per annum, delivered within 1.4 per cent of ERV. There have also been 3 rent reviews settled at a 0.8 per cent premium to the previous passing rents.

7 Birchin Lane, London EC3

The portfolio's sole City of London holding has been subject to a phased programme of refurbishment, delivering Category A 'Plug & Play' space along with upgraded ESG credentials including B-rated EPCs. During the year, four suites have been refurbished, three of which have been let at rents at a 10 per cent premium to the ERV and the most recent letting on the 1st floor concluding at a rent showing a 17.6 per cent uplift to the previous ERV.

King Street, Manchester

This multi-let office remains fully occupied, underlining the continued appeal of this prestigious office building. Over the course of the year, three existing tenants – Foresight Group, Lloyds Bank and Markel Insurance – all committed to new leases, securing a rent roll of £314,000 per annum, at a 0.7 per cent premium to ERV. Markel Insurance also settled the September 2021 rent review on their second suite on the 11th floor at a 1.3 per cent uplift.

Stockley Park, Uxbridge

This is the portfolio's largest void with an ERV in excess of £3.0m per annum. This former HQ office building is subject to a repositioning strategy to convert the building to a post-operative healthcare use. The local planning authority has been engaged, offering in-principle support to the initiative and a planning application has recently been submitted. During 2024 we expect to achieve a number of milestones allowing for incremental crystallisation of value throughout the process, such as the receipt of planning consent, the contractual commitment of the occupier and the commencement of the development phase.

Retail

St Christopher's Place (mixed-use Food & Beverage ('F&B'), retail, residential and offices)

This asset is a unique property; a prime Central London estate comprising 172 lettable units and 40 buildings, diversified across the retail, leisure, residential and office sectors as follows:

Sector	Exposure (% of asset capital value)
Retail	31.2
Food & beverage	33.5
Offices	14.8
Residential	20.5

The estate is valued at a 23.7 per cent discount to its pre-pandemic level and therefore represents a key growth asset as it moves through its recovery phase.

The West End retail market is enjoying a notable recovery, with 2023 footfall up 5 per cent year-on-year, while Oxford Street outperformed and recorded a 12 per cent uplift in footfall year-on-year. The 12 months saw growth in international travel (+31 per cent) and hotel occupancy rates (+6 per cent), all of which served to increase overall spend in the West End by 4 per cent. As a result of an improving market backdrop, Oxford Street saw a record year for new letting activity with some 250,000 sq ft of deals completing, with the candy and tourist shops that have blighted the street in recent years having retrenched and the vast majority of all vacant space to the west of Oxford Circus is either under offer or subject to redevelopment.

The St Christopher's Place Estate is starting to see the benefits of this wider recovery and over the twelve months we delivered 54 leasing initiatives across the estate, including 43 new leases and tenancy agreements that account for an income stream in excess of £2.4m. As a result of this the annual net operating income increased by 5.1 per cent year-on-year and there are a further 9 occupational deals under offer with legal progressing.

Disappointingly, the tenants of the Estate's Oxford Street units, Aldo and Body Shop, have both entered administration and ceased trading from their premises in recent weeks. As a result, both Oxford Street units became empty post-period, albeit remain subject to leases. The units are being actively marketed and have received encouraging levels of occupational interest at this early stage.

In order to drive continued income and capital growth a number of key strategic initiatives are being progressed:

- Enhancing the F&B offering.*

The conversion of traditional retail to F&B drives investment fundamentals through superior rents, longer leases and sharper capitalisation rates, while also enhancing the consumer experience and occupier dynamics of the estate. Over the course of the year, F&B has become the dominant use at the estate, increasing from 26.8 per cent to 33.5 per cent as 5 F&B occupational deals completed.
- SCP as a West End office hub.*

Occupier demand for smaller floorplates is predominantly centred on fully fitted 'Plug & Play' space. Fitted space increases the optionality for occupier demand and materially reduces void periods, rent free periods and achieves higher rents. We are proactively repositioning suites to meet this key source of demand and since the start of 2024, 11 new office tenancies have completed.
- Leveraging improving occupational market dynamics to enhance occupancy and income*

The rebasing of occupational costs on Oxford Street has spurred an increase in retailer demand. The Estate is benefitting from this recovery and over half of the vacant space at SCP is under offer at the time of writing. We are seeking to leverage this momentum to continue to build critical mass across the Estate's retail, F&B and office elements, with demand tension a key determinant of rental growth.

Alternatives

The portfolio's alternatives holdings include the purpose-built student accommodation in Winchester (which is subject to a long-term, index-linked lease to the university), residential properties at St Christopher's Place and the leisure units at Wimbledon Broadway (a gym and cinema).

The residential element of St Christopher's Place is substantial, accounting for 4.7 per cent of the value of the Company's portfolio and saw its net operating income increase by 6.6 per cent as occupancy and rental levels recovered.

Strategic Portfolio Initiatives

We believe the future drivers of relative outperformance will become increasingly nuanced. Allocation towards structurally supported growth sectors remains critical, however, the supply-demand dynamics within sub-sectors (such as big-box vs mid-box industrial or discount vs fashion-led retail), micro-locations (availability of workforce and areas of meaningful undersupply such as along key arterial routes or in last mile locations) and at the asset level (the long-term functional relevance of the building) will all dictate the consistent delivery of long-term outperformance.

To that end, we will continue to leverage the portfolio's strong underlying fundamentals, with its attractive reversionary potential and latent opportunities to deliver consistent income growth as the key driver of total returns. Key strategic initiatives include:

- Income compounding – the portfolio offers an attractive income reversion alongside attributes supporting the conversion of potential into growth. This includes 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.
- Active asset management – a high quality portfolio offers investment and occupational fundamentals that support the delivery of value-add strategies, which are key drivers of income and capital growth as well as relative outperformance.
- Opportunistic recycling of capital– selective disposals will continue to reduce the portfolio's exposure to the more challenging sub-markets, increasing the portfolio's alignment to growth sectors and assets.

Outlook

The macro-economic outlook improved materially towards the end of 2023 driven by a significant fall in the rate of inflation which raised expectations that the Bank of England would cut the interest rate sooner than was expected just a few months previously. However, while inflation has continued to moderate it is still higher than the Bank of England's 2 per cent target. As a consequence, the Bank may not begin to cut rates until inflation is closer to target and wage growth has cooled further. Financial analysts are expecting to see a cut in the base rate later this year.

Barring not insubstantial geo-political risk, possible interest rate cuts during the year will bode well for property pricing and allow the real estate market to look beyond this period of relative stabilisation to a prospective recovery.

As for whether pricing has now bottomed out, the UK has seen the strongest rebasing of valuations of all major European real estate markets. While there may be some further softening at the market level, we do not expect a substantial valuation correction in 2024. Quality stock will most likely be less affected than secondary assets where any repricing is expected to be more aggressive. Downside risks remain, primarily the potential for refinancing pressures to precipitate distressed selling. However, we have not seen the levels of distress in real estate markets that many had anticipated, and a more stable economic outlook may result in a more manageable financial environment.

Against this background and in a context where outperformance is nuanced, the portfolio's growth characteristics and high quality, liquid asset base will continue to offer opportunities as we aim to deliver attractive risk-adjusted returns.

Richard Kirby and Daniel Walsgrove

Columbia Threadneedle REP AM plc

26 April 2024

Property Portfolio

as at 31 December 2023

Property	Sector
Properties valued in excess of £200 million London W1, St Christopher's Place Estate (footnote 1 and 2)	Retail/Office/Alternative*
Properties valued between £50 million and £70 million Solihull, Sears Retail Park Newbury, Newbury Retail Park	Retail Warehouse Retail Warehouse
Properties valued between £40 million and £50 million London SW19, Wimbledon Broadway Winchester, Burma Road	Retail/Alternative** Alternative
Properties valued between £30 million and £40 million Chorley, Units 6 & 8 Revolution Park Birmingham, Unit 8 Hams Hall Distribution Park Markham Vale, Orion One & Two Liverpool, Unit 1, G. Park, Portal Way Daventry, Site E4, Daventry International Rail Freight Terminal Birmingham, Unit 10a Hams Hall Distribution Park	Industrial Industrial Industrial Industrial Industrial Industrial
Properties valued between £20 million and £30 million London SW1, 2/4 King Street (footnote 3) Crawley, The Leonardo Building, Manor Royal (footnote 4) Manchester, 82 King Street Southampton, Upper Northam Road, Hedge End Bristol, One Cathedral Square (footnote 5) Colchester, The Cowdray Centre, Cowdray Avenue Aberdeen, Unit 2 Prime Four Business Park, Kingswells Aberdeen, Unit 1 Prime Four Business Park, Kingswells	Office Office Office Industrial Office Industrial Office Office
Properties valued between £10 million and £20 million Burton on Trent, Quintus at Branston Locks London W1, 17a Curzon Street London EC3, 7 Birchin Lane Aberdeen, Unit 3 Prime Four Business Park, Kingswells Liverpool, Unit 1 The Hive, Estuary Business Park (footnote 5) Birmingham, Unit 6a Hams Hall Distribution Park Glasgow, Alhambra House, Waterloo Street Camberley, Watchmoor Park, Building C London W1, 16 Conduit Street (footnote 5)	Industrial Office Office Office Industrial Industrial Office Office Retail
Properties valued under £10 million Camberley, Affinity Point, Glebeland Road Uxbridge, 3 The Square, Stockley Park Liverpool, Hurricane 52, Estuary Business Park Liverpool, Unit 2 & 4 The Hive, Estuary Business Park (footnote 5) Solihull, Oakenshaw Road	Industrial Office Industrial Industrial Retail Warehouse

Notes:

1 Mixed freehold/leasehold property.

2 For the purpose of the Company's Investment policy, St. Christopher's Place Estate is treated as more than one property.

3. Property exchanged prior to year-end and was subsequently sold on 19 January 2024.

4. Property sold post year-end.

5 Leasehold property.

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

** Mixed use property of retail and leisure.

Environmental, Social and Governance (ESG)

Key 2023 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.



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.



EPRA sustainability reporting

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



Carbon emissions (Scope 1 & 2)

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



Renewable energy sources

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



Operational waste management

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



GRESB Public Disclosure

'A' rating maintained for transparent public reporting.



Social impact

Retained formal accreditation from the Living Wage Foundation.

The importance of environmental and social factors, together with the management of those factors through corporate governance, continues to strengthen within the UK commercial property market. The Board and its Managers remain fully engaged in the consideration of ESG factors and on the Company maintaining its strong commitment, recognising that proper integration of such matters into regular business practice is fundamental to preserving asset worth and enhancing shareholder value.

A summary of the Company's approach and progress against its ESG commitments is set out below, whilst our 2023 ESG Report will provide more granular detail on our activities, performance and profile of the portfolio in respect of material ESG factors.

Strategic direction

The four pillars of the Company's ESG Strategy remain consistent with previous years:

1. Leadership & effectiveness – measures through which we will demonstrate effective governance in relation to ESG criteria, a theme that is particularly pertinent to our shareholders in the context of our outsourced investment and property management arrangements.

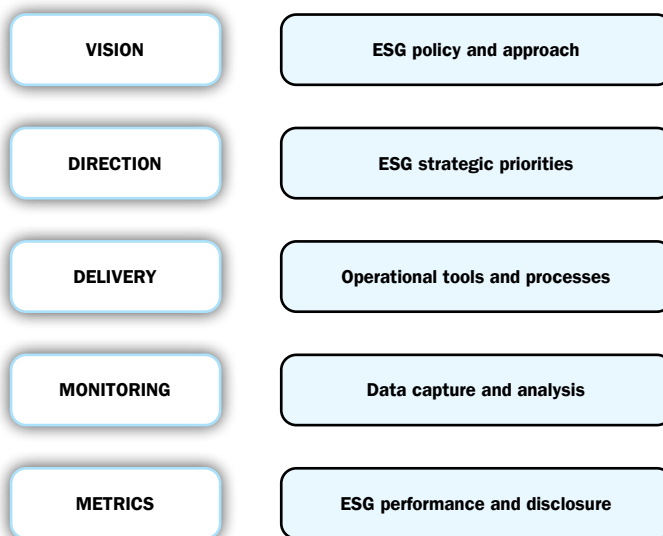
2. Investment process – Procedures through which we integrate ESG into the investment process, ensuring that material factors are central to investment decision-making and property management so that relevant risks to income and long-term performance are addressed in a timely and efficient manner.

3. Portfolio – attendance to and optimisation of material ESG performance and risk factors across the portfolio, with a particular emphasis on resource efficiency and renewable energy, occupier wellbeing and satisfaction, managing the implications of new regulations concerning minimum energy standards for leased properties, and ensuring that our properties are not used by organisations connected to controversial activities.

4. Transparency – approach to investor reporting and public disclosure on relevant ESG factors, including participation in recognised industry reporting initiatives and through alignment to applicable standards of best practice.

Further information on the Company's ESG approach can be found at balancedcommercialproperty.co.uk

How the Property Managers implement ESG



Leadership

Board Composition

The Company recognises the benefits of a diverse Board membership and has met the Hampton-Alexander recommendations by having at least 40% female representation in 2023. This position aligns with the recommendations of the FTSE Women Leaders Review and the voluntary target set for FTSE350 Boards. The Company meets the recommendations of the Parker review following changes to Board composition effected in the early part of 2024. The changes in Board composition implemented in the early part of 2024 has also resulted in 60% female representation on the Board.

Global Real Estate Sustainability Benchmark (“GRESB”)

GRESB is the dominant global system for assessing Environmental, Social and Governance performance for real estate funds although it is not without its limitations. The Company’s ambition is to realise year-on-year improvement in score and to focus particularly where it has direct landlord control. In its sixth consecutive year of participation, the Company achieved a score of 79 reflecting a 9 point increase compared to the previous year and conferring three green star status. The Company achieved top position in its peer group of listed diversified portfolios.



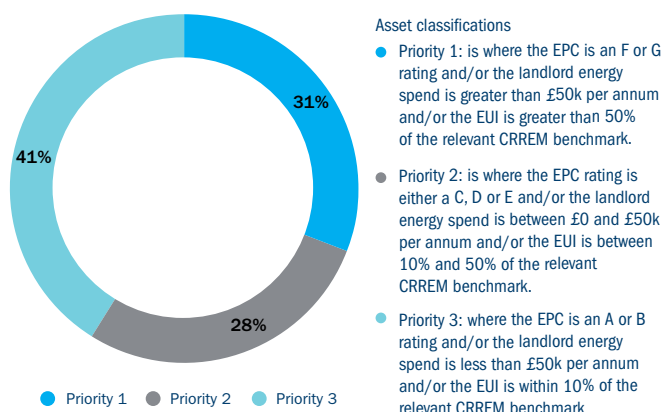
Investment process

Responsible Property Investment Framework

The Managers’ Responsible Property Investment Framework provides the structure around which various property teams operate, reinforcing the concept that every individual has a contribution to make towards the successful integration of ESG matters into property investment activities. Our appraisal process captures a range of ESG related metrics to produce a detailed assessment of risk and opportunity in relation to factors considered material to future investment performance, such as carbon profile, Energy Performance Certificate ratings, green building certifications, contamination and flood risk, as well as opportunities to improve ESG performance. These outputs are regularly reviewed and are fully integrated into individual annual asset business plans to ensure that improvements in ESG credentials can be fully considered. The process is similarly applied to all potential acquisitions and developments so that thoughtful consideration can be given to risks and opportunities prior to executing transactions.

The framework provides a basis for classifying assets according to key ESG characteristics. These help to inform materiality and priority in terms of allocating resources and attention. Asset level categorisation is made according to energy performance rating, the degree of landlord procured energy consumption, and the extent to which energy use intensity compares to the industry benchmark for that building type.

Asset classification (distribution by number of properties)



Portfolio

Active management of the environmental impacts associated with each property asset within the portfolio is a key activity undertaken by the Company’s Property Managers. Aggregated data taken from asset-level appraisals allows for close monitoring of overall performance and the setting of resource reduction strategies, objectives and targets.

Environmental impacts

The Company sets year-on-year intensity-based energy, carbon, water, and waste reduction targets for landlord procured services which it seeks to realise through active engagement with its local facilities managers and occupier cohort. The Company has worked hard to develop its strategy for achieving net zero carbon emissions and has committed to realising this ambition by 2040 or sooner. The Company has published its pathway document which sets out the details of its proposed approach and the metrics it intends to adopt in order to demonstrate progress. Compared with the previous reporting year, scope 1 emissions have decreased by 5.1% whilst scope 2 emissions have increased by 11.0%, largely due to refurbishment works at Mason Road Colchester. Overall, there has been a 16% reduction in scope 1 and 2 carbon emissions intensity whilst absolute energy consumption remains broadly static over the same period. More granular detail of performance over the last twelve months can be found in the 2023 ESG Report.

Renewable energy sources

The Company has increased its focus on developing a pipeline of potential opportunities for installing solar photovoltaic on assets with adequate roof areas, looking to support net zero carbon aspirations whilst harnessing the increased interest of occupiers on account of rising energy costs.

In the meantime, in support of the wider transition towards renewable energy and energy efficient building stock, the Company has always looked to obtain renewable energy supplies through Renewable Energy Guarantees of Origin (REGO) contracts for all assets where it has responsibility for procurement. During 2023, as a result of market volatility, enhanced credit conditions, and some supplier reluctance to renew existing contracts on similar terms, the Company had to enter into contracts on standard tariffs for part of the year. With energy market conditions stabilising, a return to full green tariffs is anticipated in 2024.

Controversial activities

Understanding shareholder concerns and sensitivities towards certain controversial activities, the Company has adopted a policy which prohibits the execution of new lease contracts with organisations connected to the production, storage, distribution or use of controversial weapons. Throughout 2023, the Company had zero exposure to such organisations. Moreover, the Company monitors tenant mix on a regular basis and exercises discretion when considering leasing to organisations involved in other controversial activities such as those associated with gambling, pornography and alcohol.

The Company welcomes regular engagement with investors to understand their expectations in this regard.

Transparency

CDP (formerly Climate Disclosure Project)

In line with its commitment, the Company submitted to the full tier of the Climate Change module of CDP for the fifth year in succession in August 2023. A rating of B to indicate the taking of coordinated action on climate issues was achieved. This rating is above the global average rating of C in 2023.

EPRA Sustainability Best Practice Recommendations

Recognising the value and importance of non-financial reporting, the Company’s annual ESG Reports include disclosures which are aligned to the 3rd Edition of the EPRA Sustainability Best Practice Recommendations and which are available on the Company’s website. Absolute energy and emissions, together with water and waste data, have been independently verified by Lucideon CICS Limited and the Company achieved a Gold EPRA award for the quality and transparency of its annual ESG Report for the fifth year in succession.

GRESB Public Disclosure

GRESB undertake an annual assessment of the level of disclosure and transparency of public listed real estate companies. In 2023 the Company maintained its A rating, representing the highest level of transparency on environmental, social and governance issues. This compares favourably with a peer group average of B and a global average of B.

Taskforce for Climate-related Financial Disclosures (TCFD)

The Company acknowledges the recommendations of the Financial Stability Board Task Force on Climate-Related Financial Disclosures (TCFD). The Company has included TCFD Disclosures from its 2023 ESG Report below.



Recommended disclosure	Current arrangements	Planned activity
Governance		
Board's oversight of climate-related risks and opportunities	The Manager’s ESG Team provides regular progress reports to the Investment Manager. The Board is formally updated on material factors at quarterly Board Meetings. The Board’s ESG Committee convenes formally at least three times a year to review ESG-related activity in more detail. Less formal reviews occur on a monthly basis between the Manager and the ESG lead director. Material matters are reported in the Annual Report which is closely aligned to the 2023 ESG Report. Both reports are reviewed and signed-off by the Board following discussion with the Fund Manager.	The Board will receive regular updates and drive improvement across the relevant ESG factors including progress towards its net zero commitment.
Management's role in assessing and managing climate-related risks and opportunities	The Manager is responsible for ensuring climate-related risks and opportunities are integrated into operational processes and asset management decisions. Recommendations are made to the Board to target appropriate objectives and arrange measures necessary to fulfil these.	The Board’s ESG Committee will continue to meet regularly to receive formal progress updates, informed and supported by continuing monthly discussions.
Strategy		
Climate-related risks and opportunities the organisation has identified over the short, medium and long-term	<p>The two principal forms of climate-related risk pertinent to the Company are from the potential exposure of its portfolio to the physical effects of climate change and from the growing regulatory and market demands associated with the transition to a low-carbon economy.</p> <p>Short-term: the key risks arise from changes to levels of flood risk and from the restrictions on property transactions associated with building energy performance regulations in England & Wales and Scotland. Risk profile changes are confirmed at least annually and documented in each annual ESG Report.</p> <p>Medium-term: work has been completed to understand the extent of the measures that would need to be implemented by 2030 and beyond across the portfolio to ensure that energy and carbon reduction levels are in line with the Paris Agreement on climate change, and the climate-related credentials of premises remain attractive to future occupiers. Taking account of reasonable assumptions for grid decarbonisation and future turnover in the portfolio, the Company has ascertained that energy demand needs to reduce by approximately 3% per annum.</p> <p>The completed analysis of the exposure of the portfolio to both physical and transitional climate risks in the short, medium, and longer terms has and continues to be incorporated into individual asset business plans and will contribute to wider considerations around strategies to exploit opportunities and mitigate risk.</p>	The Company will build on its platform of detailed asset-level assessments and analysis and continue to monitor industry developments relating to both physical and transitional risk exposure and evolve portfolio considerations accordingly.

Recommended disclosure	Current arrangements	Planned activity
Strategy (continued)		
Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	<p>To date, the level of short-term risk facing the portfolio from physical climate risks has not been deemed to have a substantive financial or strategic impact; most assets face low or negligible flood risk, whilst insurance cover, contingency planning and property management arrangements are considered adequate in this current context. We continue to monitor changes of asset and portfolio-level flood risk on an annual basis. Analysis is undertaken in more detail for the limited number of assets for which the level of risk is high. The Company has expanded its analysis of transitional climate-related risks by considering and modeling a number of scenarios. These are associated with i) the varying cost of decarbonisation in the context of carbon pricing and taxation, ii) the fluctuating price of energy in the context of future pricing and volatility and shifts in operational expenses, iii) the anticipated regulatory minimum energy performance standards iv) the risk to income and cash flows from failure to meet expected thresholds, and v) changes in occupier preferences and sentiment influencing premises selection and impacting on rental yields and pricing.</p> <p>The Company's strategy and asset business planning has evolved to take account of both physical and transitional climate-related risk and opportunities.</p> <p>Building on the publication of its net zero carbon strategy, the Company commissioned individual building assessments to understand technical feasibility and costs associated with potential interventions. The outcomes have allowed for the development of individual action plans to be incorporated into regular asset business planning activities, and has furthermore allowed for more detailed transitional risk modeling to be undertaken at both asset and portfolio level.</p>	<p>The Company will continue to reflect upon and update the outputs derived from its physical and transitional risk assessment exercises and undertake refinements as appropriate to ensure ongoing relevance.</p>
Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>A scenario-based analysis of physical climate risks together with an assessment of the resilience of the Company's strategy has determined the portfolio is well positioned to mitigate short- and medium-term risks associated with overheating and cooling demands, storm damage, soil shrinkage and heightened flood perils. Furthermore, scenario-based analysis using the selected transitional risks identified above and framed in the accepted orderly, disorderly and hot-house settings, has been modeled.</p> <p>Through these exercises, the Company has identified assets more susceptible to risk and financial impact and the importance of delivering on carbon-related strategies. The analysis underpins the benefit of undertaking interventions, their timing and the returns on investment. By implementing its net zero carbon execution strategy, and adopting industry accepted cost profiling provided by MSCI in respect of decarbonisation, the Company can anticipate a 15% reduction in the transition risk-specific Climate Value at Risk (CVaR).</p>	<p>The Company will continue to monitor and finesse outputs in line with industry developments and any portfolio changes.</p>
Risk Management		
Organisation's processes for identifying and assessing climate-related risks	<p>Climate risks are integrated into multi-disciplinary company-wide risk identification, assessment, and management processes and are considered at each key stage of the property investment process, including:</p> <ul style="list-style-type: none"> Enhanced due diligence assessments when looking at potential real estate acquisitions, including consideration of multiple flood risk factors, energy efficiency, metering and ratings. Climate adaptation and mitigation criteria are explored and integrated into refurbishment specifications. Regular reappraisal of the ESG (including climate-related) characteristics of assets held by the Company, including reclassifying assets according to changes in their climate risk profile in order to determine the frequency and extent of asset management routines and interventions. 	<p>We will continue to review and refine our acquisition due diligence and operational approaches to take fuller account of longer-term climate risk factors, including:</p> <ul style="list-style-type: none"> Sensitivity to potential changes in the cost and availability of insurance cover. Potential impacts on future asset liquidity. Potential effects of emerging or escalating physical and transitional risks.
Organisation's processes for managing climate-related risks	<p>Responsibility for managing climate-related risks across the portfolio rests with the Manager, using the intelligence gained from enhanced due diligence and annual reappraisal of climate characteristics at the individual asset level. Core risk management features of our asset and property management procedures for all assets are:</p> <ul style="list-style-type: none"> Incorporating appropriate actions to mitigate climate-related risks and capture related opportunities into Asset Business Plans. Safeguarding the transition and physical risk resilience credentials of a property when negotiating leases and considering applications for alterations, especially in relation to energy performance ratings. Targeting optimal performance and resilience outcomes when undertaking development or refurbishment work. 	<p>We continue to refine specific climate-related considerations into our investment criteria for acquisitions, hold/sell and capital expenditure decisions.</p>

Recommended disclosure	Current arrangements	Planned activity
Risk Management (continued)		
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Ownership and management of all risks, including climate-related risks, is the responsibility of the Manager, who in reporting to the Board, is responsible for ensuring the operational effectiveness of the internal control systems.	We will continue to deliver briefing and training sessions to our asset, property, and project managers so they are aware of risks and opportunities and recommended actions for improving the resilience of individual assets.
Metrics & Targets		
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<p>Financial category: Expenditures (Energy/Fuel):</p> <ul style="list-style-type: none"> Total electricity consumption (kWh) Like-for-like total electricity consumption (kWh/%) Total fuel consumption (kWh) Like-for-like total fuel consumption (kWh/%) Building energy intensity (kWh/m² NLA) <p>Financial category: Expenditures (GHG emissions):</p> <ul style="list-style-type: none"> Emissions from Scope 1 consumption (kgCO₂e) Change in emissions from Scope 1 consumption (%) Emissions from Scope 2 consumption (kgCO₂e) Change in emissions from Scope 2 consumption (%) Emissions intensity for Scope 1 & 2 (kgCO₂e/m² NLA) Change in emissions intensity from Scope 1 & 2 consumption (%) <p>Financial category: Expenditures (Water):</p> <ul style="list-style-type: none"> Water consumption (m³) Change in water consumption (m³/%) Water intensity (m³/m² NLA) Change in water intensity (%) <p>Financial category: Assets (Location):</p> <ul style="list-style-type: none"> Flood risk distribution of portfolio for fluvial flooding, pluvial flooding, groundwater flood risk (% capital value, # assets) Historic flooding (% capital value, # assets) <p>Financial category: Assets (Risk Adaptation & Mitigation):</p> <ul style="list-style-type: none"> Proportion of assets that are BREEAM rated (% NLA) Distribution of EPC ratings (% rental value, % NLA) Number of assets in which HVAC systems use HCFC coolants (# assets) 	We will continue to monitor and refine the metrics we use to assess climate-related risks and opportunities.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Disclosures are shown in the 2023 ESG Report.	Disclosed annually in the Annual Report & Accounts from 2024.
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<p>Short-term:</p> <ul style="list-style-type: none"> We have established annual targets to reduce landlord energy consumption on a like-for-like basis by an average of 3% across the portfolio. In parallel, we have established a target of having renewable electricity supplies for all landlord-procured power. <p>Medium-term:</p> <ul style="list-style-type: none"> We worked with Verco Advisory to set our target for reducing the energy intensity of the portfolio by 20% per square metre by 2031, against a 2016 baseline, for landlord-procured energy. Subsequently, we applied to and received validation from the Science Based Targets Initiative (SBTi) in respect of the approach to achieving an interim target reduction of 46% in Scope 1 and Scope 2 emissions by 2030 compared to a 2019 baseline. <p>Long-term:</p> <ul style="list-style-type: none"> We worked with Cundall to establish the Company's 2019 carbon emissions and use as a baseline for developing a net zero carbon ambition, strategy and pathway in line with real estate industry developed expectation. The Company has set its net zero carbon target as 2040 or sooner. The Company worked with Carbon Intelligence (now part of Accenture) to obtain detailed asset-level assessments and enable the formulation of net zero carbon pathways for individual property assets, in line with its recently published net zero carbon strategy. 	The Company will continue to closely monitor and track performance of properties compared to individual asset-level plans and industry level trajectories, and will continue to evaluate any need to refine or re-base targets in line with industry landscape or market expectations.

Spotlight on Southampton, Units 1&2 Hedge End, Strategic Park



Constructed circa 1995 and acquired by the Company in April 2005, this asset is strategically located within half a mile of junction 7 of the M27 motorway and comprises two industrial buildings totalling 126,500 sq ft arranged over two floors, benefitting from low site cover and over 200 car parking spaces.

Following Amazon and MediaKind lease expiries the asset was subject to a significant refurbishment strategy designed to deliver high-quality product with an improved rental tone and capital value alongside strong ESG characteristics.

Executive summary

A strategic refurbishment and redevelopment of a two-unit industrial scheme with an overall budget of circa £5.6m delivering strong financial performance alongside excellent ESG credentials:

- A high-quality, future-proofed end product in a core location, with excellent prospects for securing quality occupiers on a long-term basis.
- Fully committed to occupiers within 3 months of practical completion at rents representing an uplift to the previous passing rent of 27.5% and bettering the ERV underwritten in the asset business plan by 2.4 per cent.
- Strong capital growth performance of 15.7% from the asset over the 12 months to December 2023.
- Significant ESG enhancements including A-rated EPCs, BREEAM Very Good certification and a whole-roof solar photovoltaic scheme generating an additional investment yield forecast at 7.5% per annum.
- Exceeding typical industry practice standards in relation to embodied carbon, circular economics, physical & mental wellbeing, and social & community value.

ESG additionality in summary

A EPC ratings achieved for both units	1593 solar voltaic 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 100m ² of gross area exceeding target of 1.2 tonnes per 100m ² of gross area	55 cycle storage spaces created equating to one space per 21m ² 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

Delivering improved sustainability credentials

Project description

In broad terms, the scheme consisted of the modernisation of both warehouse units and their associated two-storey ancillary office facilities and included for:

- the demolition and removal of extensive internal partitioning and equipment.
- the overhaul of the external building envelope and fabric, including the provision of additional loading capacity.
- the provision of new building services.
- the reconfiguration of extensive external production yard areas, parking, and landscaping.



BREEAM rating

Both units in the scheme achieved a Very Good rating under the independent BREEAM assessment.

Energy Performance Certificate

The removal of gas and the introduction of efficient lighting, air source heat pumps and most significantly, a large array of rooftop solar photovoltaic panels resulted in both units significantly improving their energy efficiency ratings, with energy efficiency ratings of A being achieved in each case.

On-site renewable energy sources



The scheme included the installation of rooftop solar photovoltaic panels in parallel with general roof fabric improvement and rooflight replacement, the latter providing for better insulation and natural lighting and thereby reducing future occupier energy demand for heating and artificial light. With just under 1,600 solar panels installed across both units, the expectation is that some 750,000 kWh of energy will be generated on-site per annum. Whilst both prospective tenants have agreed to take the energy produced by the solar panels, the precise demand of incoming occupiers is not yet known. The value of the energy produced is forecast to show a 7.5% yield on cost. The system will divert energy demand from the grid and preserve the ability to sell excess energy generated back to the grid. Supplementing the focus on energy demand reduction, energy efficiency and renewable sources, the asset now benefits from 24 electric vehicle charging points representing 11.5% of the 207 spaces available.

Occupier comfort and wellbeing

The scheme focussed significantly on providing a range of obvious and less obvious facilities that can support occupier comfort and wellbeing. Both units together provide 55 cycle storage spaces which at one space per 21m² of office area comfortably exceeds industry standards for short and long-term provision.

Meanwhile, the design confirms that for regularly occupied space the maximum distance to a window does not exceed 7.5m in any circumstance and therefore exceeds the aspirational target that at least 95% of occupied office space is within this distance of a view outside.

The scheme provided neat additions in the form of covered external breakout hubs, complete with power and USB ports powered from renewal sources through integrated bespoke solar panels.



Biodiversity



The scheme focussed heavily on retaining and improving the woodland, shrubs and rough grasslands that surround the site given their potential to support birds, bats, badgers, and reptiles. Some shrubs have been introduced to provide suitable foraging and nesting habitat for some widespread bird species.

Perhaps more pertinently, as an industrial site with operational noise pollution, the retention and effective management of the trees and shrubs to the south of the site provide a natural suppressant for noise transmission which is particularly relevant to the residential areas located immediately adjacent to the southern boundary.

Social and community value

The Company was pleased to encourage and see a discernible focus on the social and economic elements of ESG integrated into the construction project. Rates of pay at or above the Real Living Wage levels were applied to all staff engaged by the main contractor and its supply chain. Moreover, all staff engaged during the entire project were resident in the local area whilst 70% of sub-contractors and suppliers were local to the site, thereby supporting businesses and the economy in the region.

Expanding the localism theme to wider support for young people, of the 98 employees engaged on the project, four were on traineeships representing 4% of total site staff, whilst 4% of staff were on apprenticeship programmes. The main contractor also engaged with two local primary schools to deliver talks to Key Stage 2 pupils on health and safety and the opportunities in the construction industry generally.

The scheme delivered a Considerate Contractors Score of 42 being ahead of the aspirational target set of achieving greater than 39.

Directors



Paul Marcuse

Status: Chairman of the Board and the Nomination Committee and an Independent non-executive Director

Date of appointment: 12 January 2017

Country of residence: UK

Experience: Paul Marcuse has over 40 years' experience in the real estate and finance sectors. He was Head of Global Real Estate at UBS Global Asset Management between 2007 and 2012. Prior to this, he was Chief Executive of AXA Real Estate Investment Managers.

Other public company directorships: None.



John Wythe

Status: Independent non-executive Director and Chairman of the Management Engagement Committee

Date of appointment: 11 September 2018

Country of residence: UK

Experience: John Wythe has over 40 years' experience in the real estate industry and was until December 2010, a Director and Head of Fund Management of Prudential Property Investment Managers Limited, now M&G Real Estate.

He has been a Board member of the Church Commissioners and is currently Chairman of the Trustees of The Portman Estate and has a number of other non-executive appointments, primarily involving real estate.

Other public company directorships: None.



Linda Wilding

Status: Independent non-executive Director and Chairman of the ESG Committee

Date of appointment: 3 June 2019

Country of residence: UK

Experience: Linda Wilding qualified as a chartered accountant with Ernst & Young, before working in the private equity division of Mercury Asset Management from 1989 to 2001, rising to the position of Managing Director. She has served as a non-executive director on the boards of a number of companies.

Other public company directorships: Chairman of Odyssean Investment Trust PLC and a non-executive Director of Sherbourne Investors (Guernsey) C Limited.



Isobel Sharp

Status: Independent non-executive Director, Chairman of the Audit and Risk Committee and Senior Independent Director (with effect from 23 February 2024)

Date of appointment: 8 November 2022

Country of residence: UK

Experience: Isobel has extensive accounting, auditing and corporate governance experience. She was with Deloitte LLP as the firm's Senior Technical Partner until 2012. She has served as President of The Institute of Chartered Accountants of Scotland and on the UK Accounting Standards Board and the Financial Reporting Review Panel. Isobel was awarded the CBE in 2009. Isobel is currently an independent non-executive member at Baillie Gifford & Co and was formerly a NED at the UK Green Investment Bank plc and at the global asset manager, Winton Group Ltd.

Other public company directorships: IMI plc.



Karima Fahmy

Status: Independent non-executive Director

Date of appointment: 19 January 2024

Country of residence: UK

Experience: Karima is a corporate lawyer with extensive experience of the UK property sector. During her executive career, she worked at Grosvenor Group ("Grosvenor"), the international property group, latterly as General Counsel until 2020. Prior to Grosvenor, Karima worked at Hogan Lovells, the international law firm, advising both listed and unlisted companies.

Other public company directorships: The PRS REIT plc

Directors' Report

The Directors submit the Annual Report and Consolidated Financial Statements of the Company for the year ended 31 December 2023. This Report; Director's biographies; Corporate Governance Statement; Report of the Audit and Risk Committee; and the Remuneration Report collectively make up the Governance Report.

Statement Regarding Annual Report and Consolidated Financial Statements

Following a detailed review of the Annual Report and Consolidated Financial Statements by the Audit and Risk Committee, the Directors consider that taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the readers of the Annual Report and Consolidated Financial Statements would have a reasonable level of knowledge of the investment industry in general and the investment company and real estate sector in particular.

Results and Dividends

The results for the year are set out in the attached consolidated financial statements.

The Group paid interim dividends during the year ended 31 December 2023 as follows:

Interim Dividends 2023

	Payment date	Rate per shares
Ninth interim for prior year	31 January 2023	0.40p
Tenth interim for prior year	28 February 2023	0.40p
Eleventh interim for prior year	31 March 2023	0.40p
Twelfth interim for prior year	28 April 2023	0.40p
First interim	31 May 2023	0.40p
Second interim	30 June 2023	0.40p
Third interim	31 July 2023	0.40p
Fourth interim	31 August 2023	0.40p
Fifth interim	29 September 2023	0.40p
Sixth interim	31 October 2023	0.44p
Seventh interim	30 November 2023	0.44p
Eighth interim	29 December 2023	0.44p

Three further interim dividends, each of 0.44p per share, were paid on 31 January 2024, 29 February 2024 and 28 March 2024. The twelfth interim dividend in respect of the year, of 0.44p per share, will be paid on 30 April 2024 to shareholders on the register on 12 April 2024.

Dividend Policy

As a result of the timing of the payment of the Company's monthly dividends, the Company's shareholders are unable to approve a final dividend each year. As an alternative the Board therefore proposes to put the Company's dividend policy to shareholders for approval on an annual basis. **Resolution 3** which is an ordinary resolution, relates to the approval of the Company's dividend policy which is as follows: Dividends on the Ordinary Shares are payable as interim dividends.

Principal Activity and Status

The Company is a Guernsey-incorporated company (registered number 50402) and, during the financial year, carried on business as a closed-ended property investment company. The Company's shares are traded on the Main Market of the London Stock Exchange.

The principal activities of the Company's subsidiaries are that of an investment and property company.

The Group elected into the UK REIT regime on 3 June 2019.

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 44 and 45, provides detailed information on the remuneration arrangements for Directors of the Company, including the Directors' Remuneration Policy. The Directors Remuneration Policy is approved by shareholders every three years and was last approved by shareholders at the AGM on 31 May 2023. There have been no changes to the policy since that date. Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. It is intended that this policy will continue for the three-year period ending at the AGM in 2026. Shareholders will be asked to approve the Remuneration Report (**Resolution 2**).

Directors

The names of the Directors who have held office during the year, along with their biographical details, are set out on page 32. The Directors currently in office will stand for election or re-election by Shareholders. Following a review of their performance, the Board believes that each of the Directors standing for election or re-election has made a valuable and effective contribution to the Company. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below. The Board recommends that Shareholders vote in favour of the re-elections of the Directors (**Resolutions 4 to 7**) and election of a Director (**Resolution 8**).

Resolution 4 relates to the re-election of John Wythe who has a wealth of experience in property investment having spent over 40 years' in the real estate and financial services industry.

Resolution 5 relates to the re-election of Paul Marcuse who has served over seven years and brings in-depth expertise and experience with over 40 years' of working in the real estate and finance sectors.

Resolution 6 relates to the re-election of Linda Wilding who is a qualified Chartered Accountant and has worked in the asset management industry for many years. She has significant experience of being on Boards in both executive and non-executive capacities.

Resolution 7 relates to the re-election of Isobel Sharp who joined the Board in November 2022. Isobel has extensive accounting, auditing and corporate governance experience and has served as a Director on a number of Boards.

Resolution 8 relates to the election of Karima Fahmy who joined the Board in January 2024. Karima is a corporate lawyer with extensive experience of the the UK property sector.

There are no service contracts in existence between the Company and any Director but each of the Directors has been issued with and accepted the terms of a letter of appointment that sets out the main terms of his or her appointment. Amongst other things, the letter includes confirmation that the Directors have a sufficient understanding of the Company and the sector in which it operates and sufficient time available to discharge their duties effectively, taking into account their other commitments. These letters are available for inspection upon request at the Company's registered office.

Management

The Board has appointed Columbia Threadneedle Investment Business Limited (referred to throughout this document as 'the Investment Managers') as the Company's investment managers and Columbia Threadneedle REP AM plc (referred to throughout this document as 'CT REP' or 'the Property Managers') as

the Company's property managers. The Investment Managers and CT REP are both part of the Columbia Threadneedle Investments ('CTI') and, collectively, are referred to in this document as 'the Managers'. The Investment Managers were appointed as the Company's AIFM on 18 July 2014.

The Managers provide investment management and other services to the Company. Details of the arrangements between the Company and the Managers in respect of management services are provided in note 3 to the consolidated financial statements.

The Board keeps the appropriateness of the Managers' appointment under review. In doing so the Board reviews performance quarterly and considers the past investment performance of the Company and the capability and resources of the Managers to deliver satisfactory investment performance in the future. It also reviews the length of the notice period of the investment management agreement and the fees payable to the Managers, together with the standard of the other services provided.

As highlighted on page 38, the Board considers the recommendations of the Management Engagement Committee. In the light of performance in 2023, the increasing scope and resources of the Manager and the outcome of the independent fee review there is no pressing need to change the management arrangements. However, this will be kept under review during the Strategic Review and the forthcoming Continuation Vote.

Depositary

JPMorgan Europe Limited acts as the Company's depositary in accordance with the AIFM Directive. The depositary's responsibilities, which are set out in an Investor Disclosure Document on the Company's website, include cash monitoring, segregation and safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

Taxation

As set out in note 6 of the consolidated financial statements, the Company and its subsidiaries are exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. No charge to Guernsey taxation will arise on capital gains.

The Group elected to join the UK REIT regime on 3 June 2019 and the Group's property income and gains are exempt from UK corporate taxes provided a number of conditions in relation to the Group's activities are met including, but not limited to, distributing at least 90% of the Group's UK tax exempt profit as property income distributions ('PIDs'). The residual business in the UK is subject to UK tax as normal.

Shareholders who are in any doubt concerning the taxation implications of a REIT should consult their own tax advisers.

The Board is fully committed to complying with applicable legislation and statutory guidelines, including the UK's Criminal Finance Act 2017, designed to prevent tax evasion in the jurisdictions in which the Company operates.

Share Structure

As at 31 December 2023 there were 701,550,187 Ordinary Shares of 1 pence each in issue and 97,815,921 shares held in treasury. Subject to the Articles of Incorporation, all issued shares rank equally for dividends and distributions and carry one vote each and there are no restrictions concerning the transfer of Ordinary Shares in the Company. Shares held in treasury have no voting rights and are not entitled to dividends. The Company is not aware of any agreements between the holders of the ordinary shares which may restrict the transfer of the shares or voting rights and there is no agreement which the Company is party to that affects its control following a take-over bid.

Substantial Interests in Shareholdings

As at 31 December 2023 the Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules):

Substantial Shareholdings

	Number of Ordinary Shares Held	Percentage Held*
Aviva Group	162,585,829	23.2
BlackRock	40,466,576	5.8
Investec Wealth & Investment Limited	38,619,738	5.5

* Based on 701,550,187 Ordinary Shares in issue as at 31 December 2023.

Since the year-end, the Company has been notified of a reduction in BlackRock's shareholdings to 39,461,945 Shares (5.6 per cent of the shares in issue). No other new holdings have been notified by a cut off date of 12 April 2024.

Accounting and Going Concern

Shareholders will be asked to approve the adoption of the Annual Report and Consolidated Financial Statements at the AGM (**Resolution 1**). The Consolidated Financial Statements, starting on page 54, have been prepared in accordance and in compliance with current International Financial Reporting Standards as adopted by the EU and The Companies (Guernsey) Law, 2008 as amended. The material accounting policy information of the Group is set out in note 1 to the consolidated financial statements. The unqualified auditor's opinion on the consolidated financial statements appears on pages 47 to 53.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have reviewed detailed cash flow, income and expense projections in order to assess the Company's ability to pay its operational expenses, bank interest and dividends. The Directors have examined significant areas of possible financial risk including cash and cash requirements, refinancing of loans and review of the debt covenants, in particular those relating to loan to value and interest cover. At 31 December 2023, the Company was in a net current liability position because the current L&G term loan is due for repayment in December 2024. In September 2023, the Company signed up to a new £260 million term loan with Barclays/HSBC which can only be drawn to repay the current L&G term loan. The new term loan agreement expires in September 2025 and has the option of two one-year extensions. Furthermore the Directors note that section 9 of the Association of Investment Companies' Statement of Recommended Practice states it is usually more appropriate to prepare financial statements on a going concern basis unless a Continuation Vote has been held and shareholders have voted against continuation. On this basis, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Although the Board is confident that the Company will have sufficient financial resources to meet its obligations due within twelve months from the date of approval of the financial statements, as disclosed on page 4 the Continuation Vote is due to take place in 2024. If the Continuation Vote is not passed by shareholders then the Board will be required to bring proposals to shareholders that may include a restructuring or wind down of the Company in its current form. The Directors note that the ultimate decision on the future state of the Company is outside the control of the Directors and will be known only after the Continuation Vote. The uncertain future outcome of the Continuation Vote and the impact this has on the Company's future state indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company's longer-term viability is considered in the Viability Assessment and Statement on pages 13 and 14.

Strategic Review

As announced on 15 April 2024, the Board is undertaking the Strategic Review to consider the future of the Company and is exploring the various strategic options available to enhance value for shareholders. The Company is continuing to work towards delivering on its investment objective. Further information on the Strategic Review can be found on page 4.

Modern Slavery Act 2015

As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers or employees. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. The Managers, however, provide goods and services and are required to make a statement under the Modern Slavery Act 2015 which is available on the Managers website at columbiathreadneedle.co.uk.

Annual General Meeting

The Notice of the Annual General Meeting, to be held on 20 June 2024 is set out on pages 82 to 83.

Reappointment of Independent Auditor and Auditor's Remuneration

PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office as the Company's auditor and a resolution proposing their re-appointment will be submitted at the Annual General Meeting and for Directors to determine their Remuneration (**Resolutions 9 and 10**).

Directors' Authority to Allot Shares

Resolution 11 seeks an authority from shareholders to allow the Directors to allot shares up to an aggregate nominal amount of £701,550, being equivalent to approximately 10 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 25 April 2024.

Resolution 12 seeks an authority from shareholders to disapply pre-emption rights in relation to the issue of shares for cash (including by way of a sale of treasury shares) as set out in the Listing Rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended). Resolution 12 gives the Directors, for the period until the conclusion of the Annual General Meeting in 2025 or, if earlier, on the expiry of 15 months from the passing of the resolution, the necessary authority either to allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £701,550. This is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 25 April 2024.

The Directors will only allot new shares pursuant to the authority granted by Resolutions 11 and 12, Guernsey law and the authority to allot shares contained in the articles of incorporation of the Company if they believe it is advantageous to the Company's shareholders to do so. Shares will be issued at above Net Asset Value per share and under no circumstances should that result in a dilution to the net asset value per share.

Directors' Authority to Buyback Shares

The Company did not buy back any shares during the year.

The current authority of the Company to make market purchases of Ordinary Shares expires at the end of the Annual General Meeting and **Resolution 13**, as set out in the notice of the Annual General Meeting, seeks renewal of such authority until the earlier of the Annual General Meeting in 2025 and 18 months from the passing of the resolution. Any buyback of Ordinary Shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buybacks will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share. Such purchases will also only be made in accordance with the rules of the Financial Conduct Authority which provide that the price to be paid must not be more than the higher of (i) 5 per cent above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary Shares for the five business days before the shares are purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue which the purchase is carried out. Any shares purchased under this authority will be cancelled or held in treasury. Shares will only be re-issued out of treasury at a premium to the net asset value.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Report of the Directors confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Recommendation

The Directors consider that the passing of each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and is most likely to promote the success of the Company, for the benefit of its members as a whole, and they unanimously recommend that all Shareholders vote in favour of these resolutions.

On behalf of the Board

Paul Marcuse

Chairman

26 April 2024

Corporate Governance Statement

Introduction

The Company is a member of the Association of Investment Companies ('the AIC'). The Board has therefore considered the principles and recommendations of the AIC Code of Corporate Governance issued in February 2019 ('the AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies issued at the same time ('the AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles and provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018 ('the UK Code'), as well as setting out additional principles and recommendations on issues specific to investment companies. The AIC Code also incorporates a framework of best practice for Guernsey-domiciled member companies.

The Board considers that it is appropriate to report against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code).

In September 2011 (amended February 2016), the Guernsey Financial Services Commission issued a Finance Sector Code of Corporate Governance ('the GFSC Code'). As the Company already reports against the AIC Code and the UK Corporate Governance Code it is deemed to meet the requirements of the GFSC Code and has therefore not reported further on its compliance with that code.

Since all the Directors are non-executive, in accordance with the AIC Code and the preamble to the UK Corporate Governance Code, the provisions of the UK Corporate Governance Code on the role of the chief executive and, except in so far as they apply to non-executive Directors, on Directors' remuneration, are not relevant to the Company, and are not reported on further.

Copies of both codes may be found on the respective websites: theaic.co.uk and frc.org.uk

AIFMD

The Company is defined as an Alternative Investment Fund ("AIF") under the AIFMD issued by the European Parliament, and which has been implemented into UK law. This requires that all AIFs must appoint a Depositary and an Alternative Investment Fund Manager ("AIFM"). The Board remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations. The Investment Managers are the Company's AIFM.

Articles of Incorporation

The Company's Articles of Incorporation may only be amended by special resolution at general meetings of Shareholders.

The Board

The Company's Articles of Incorporation require all Directors to retire by rotation at least every three years. However, in accordance with the recommendations of the AIC Code and the UK Corporate Governance Code the Board has agreed that all Directors will retire annually and, if appropriate, seek re-election.

The Board, which is composed solely of independent non-executive Directors, regularly reviews the independence of its members. All the Directors have been assessed by the Board as remaining independent of the Managers and of the Company itself; each remains independent in character and judgement with no relationships or circumstances relating to the Company that are likely to affect that judgement.

The following table sets out the Directors' meeting attendance in 2023.

Directors' attendance in 2023

	Board	Audit and Risk Committee	Nomination Committee	Management Engagement Committee	ESG Committee
No. of meetings	4	4	2	2	3
T Clark ⁽¹⁾	2	2	1	1	2
J Wythe	4	4	2	2	2
P Marcuse ⁽²⁾	4	n/a	2	2	3
L Wilding	4	4	2	2	3
H Scott-Barrett ⁽³⁾	4	4	2	2	3
I Sharp	4	4	2	2	3
K Fahmy ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a

⁽¹⁾ T Clark retired from the Board on 31 May 2023

⁽²⁾ P Marcuse retired from the Audit and Risk Committee on 17 June 2021 upon his appointment as Chairman of the Board, although he does attend the meetings.

⁽³⁾ H Scott-Barrett retired from the Board on 23 February 2024.

⁽⁴⁾ K Fahmy was appointed to the Board on 19 January 2024.

In addition to the scheduled meetings detailed above, there were a further 20 ad-hoc Board Meetings held during the year, primarily to cover the approval of monthly dividend payments; discuss the new debt facility and property sales; and sign off announcements and reports. There was also an annual strategy session.

As an externally managed investment company, all the Directors are non-executive and there are no employees. Paul Marcuse, as Chairman, is responsible for the leadership and management of the Board and for promoting a culture of openness, challenge and debate.

Until his retirement in February 2024, Hugh Scott-Barrett was the Senior Independent Director. From this date Isobel Sharp then agreed to become the Senior Independent Director and acts as an experienced sounding board for the Chairman or as an intermediary for shareholders. She also leads the annual evaluation of the Chairman.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate directors' and officers' liability insurance.

The basis on which the Company aims to generate value over the longer term is set out in its objective and investment policy as contained on page 6. A management agreement between the Company and Investment Managers sets out the matters over which the Managers have authority and the limits beyond which Board approval must be sought. All other matters, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures and risk management, are reserved for the approval of the Board of Directors. The Board meets at least quarterly and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Conflicts of interest

A company director has a statutory obligation to avoid a situation in which he or she has, or potentially could have, a direct or indirect interest that conflicts with the interests of the Company (a "situational conflict"). The Board therefore has procedures in place for the authorisation and review of situational conflicts relating to the Company's Directors.

Other than the formal authorisation of the Directors' other directorships and appointments, no authorisations have been sought. They are reviewed throughout the year at each Board meeting. Aside from situational conflicts, the Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company. In the year under review there have been no instances of a Director being required to be excluded from a discussion or abstain from voting because of a conflict of interest.

Committees

Throughout the year a number of Committees have been in place. Those Committees are the Audit and Risk Committee, the Management Engagement Committee, the Nomination Committee and the ESG Committee. The Committees operate

within clearly defined terms of reference which are available for inspection upon request at the Company's registered office.

As stated in the Remuneration Report on pages 44 and 45, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Audit and Risk Committee

The Report of the Audit and Risk Committee is contained on pages 41 to 43.

Management Engagement Committee

The Management Engagement Committee comprises all the Directors and is chaired by Mr J Wythe.

The Board keeps the appropriateness of the Managers' appointment under review. In doing so the Board reviews performance quarterly and considers the past investment performance of the Company and the capability and resources of the Managers' to deliver satisfactory investment performance in the future. It also reviews the length of the notice period of the investment management agreement and the fees payable to the Managers' together with the standard of the other services provided.

In a challenging year for absolute returns from the market and the Company's property portfolio, whilst quarter on quarter returns have shown marginal levels of over and under performance of the MSCI UK Quarterly Property Index, the overall total return in 2023 exceeded the Index (+0.8 per cent) as does the total return over three years (+0.9 per cent). The Directors also note that the income component of return in 2023 showed out performance of +0.75 per cent against the MSCI UK Quarterly Property Index.

The integration of the Company's asset and property manager, Columbia Threadneedle REP AM plc with Columbia Threadneedle Real Estate Partners LLP in December 2023 increases the Managers' scope and resources. Pending the outcome of the Strategic Review and in light of the forthcoming Continuation Vote, the Directors currently consider that continuity of the management arrangements is appropriate.

In 2023, the Directors engaged an external consultant, bfinance, to carry out a review of the appropriateness of the Managers' fees. The conclusion of this review is that the management fee is considered competitive relative to the peer group. However, it was noted that there is developing evidence of increased alignment in fee structures. With this in mind, the Directors intend to discuss with the Managers whether fees can be modified to achieve better alignment with the Company's strategy and shareholder returns.

Nomination Committee

The Nomination Committee comprises all the Directors and is chaired by Mr P Marcuse. The Board considers that, given its size, it would be unnecessarily burdensome to establish a separate nomination committee which did not include the

entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise.

The Committee is convened for the purpose of ensuring that plans are in place for orderly succession for appointment to the Board. Appointments to the Board are based on merit, but in considering appointments the Nomination Committee also takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, independence, diversity (including gender, race, ethnicity, religion, sexual orientation, age, physical ability, educational, professional or socio economic background) and knowledge of the sector within the Board. As remuneration is an important consideration for Board recruitment and retention, the Committee also reviews the level of Directors salaries and makes a recommendation on this each year to the Board.

The Board is conscious of the diversity targets set out in the FCA Listing Rules and the Board complies with the AIC Code of Corporate Governance in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company. The Board will always appoint the best person for the role and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age, physical ability, educational, professional or socio economic background. Whenever there are new appointments, the new Directors receive an induction from the Managers and Company Secretary on joining the Board. All Directors receive other relevant training, collectively or individually, as necessary.

The Committee used an independent recruitment consultant Fletcher Jones, who have no connection with the Company or any Director, for the latest Board appointment. The Committee interviewed a number of potential candidates after producing a short list from an extensive long list, provided by the consultant.

The Committee evaluated the balance of skills, experience and knowledge that the candidates could bring to the Board as well as giving consideration to diversity.

The performance of the Board, Committees and individual Directors is evaluated annually through an assessment process, led by the Chairman. The performance of the Chairman is evaluated by the other Directors, led by the Senior Independent Director. Every three years the performance of the Board, Committees and individual Directors is assessed by an external Board consultant, who carries out an independent external Board evaluation. This process was last conducted in 2021 and involved the consultant (Condign Board Consulting) attending and observing at a Board meeting and interviewing the individual Directors and representatives of the Managers. A comprehensive report was produced which provided valuable feedback on what worked well, along with some recommendations which the Board welcomed and accepted. A further external review will commence in 2024.

Board Diversity

In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity.

Board Gender⁽¹⁾

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board
As at 31 December 2023			
Men	3	60%	2
Women	2	40% ⁽²⁾	- ⁽³⁾
As at 25 April 2024			
Men	2	40%	1
Women	3	60% ⁽²⁾	1 ⁽³⁾

⁽¹⁾ The Company has opted not to disclose against the number of Directors in executive management as this is not applicable for a real estate investment trust.

⁽²⁾ This meets the Listing Rules target of 40% during the financial year. In addition, post year-end, Karima Fahmy (female) has been appointed to the Board and Hugh Scott-Barrett (male) has resigned.

⁽³⁾ The two senior positions are: Chairman of the Board and the Senior Independent Director. At 31 December 2023, this was less than the Listing Rules target of 1. At the year-end, the process of recruiting a new Director was underway. Post year-end, Isobel Sharp was appointed as the Senior Independent Director following the resignation of Hugh Scott-Barrett and the Company met the Listing Rules target of 1.

Board Ethnic Background⁽¹⁾

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board
As at 31 December 2023			
White British or other White (including minority-white groups)	5	100%	2 ⁽²⁾
Other Ethnic Groups	- ⁽³⁾	-	-
As at 25 April 2024			
White British or other White (including minority-white groups)	4	80%	2 ⁽²⁾
Other Ethnic Groups	1 ⁽³⁾	20%	-

⁽¹⁾ The Company has opted not to disclose against the number of Directors in executive management as this is not applicable for a real estate investment trust.

⁽²⁾ The two senior positions are: Chairman of the Board and the Senior Independent Director.

⁽³⁾ At 31 December 2023, this was less than the Listing Rules target of 1. At the year-end, the process of recruiting a new Director was underway. Post year-end, Karima Fahmy has been appointed to the Board and the Company met the Listing Rules target of 1.

The information included in the above tables has been obtained following confirmation from the individual Directors. As shown in the above tables, the Company met the gender target for the year ended 31 December 2023 and post year-end, met the ethnic background target and women in senior positions. No diversity policy is applied to the individual Committees given the fact the full Board are members of all Committees (with the exception of the Chairman who is not a member of the Audit and Risk Committee, although he does attend those meetings).

The Board will continue to take all matters of diversity into account as part of its succession planning.

Environmental, Social and Governance ('ESG') Committee

ESG remains an important consideration in the Company's forward strategy and the Board remains fully committed and engaged with its Managers in supporting the right approaches and methodologies to enable continued advancement. The Board therefore established an ESG Committee in 2022, which comprises all Directors and is chaired by Mrs L Wilding. In addition, the Chairman of the Committee meet the Managers' ESG team on a monthly basis to review its action plan, to which the other Directors are invited.

The Committee has been set up to oversee the formulation of the Group's ESG policy and strategy and makes recommendations to the Board. This includes oversight and review of the Managers' implementation of the Group's ESG policy and strategy and monitoring their performance against, and progress in addressing, the Board's ESG priorities.

The Committee receives updates and reports on developments in relation to legal and regulatory requirements and industry standards and guidelines applicable to ESG matters which may impact the Group's business and the implementation of its ESG strategy. It also oversees compliance with applicable legal and regulatory requirements and industry standards and guidelines relevant to ESG matters.

The Committee oversees the Group's engagement with its key stakeholders on ESG matters, including shareholders and the investment community generally. It ensures that stakeholders receive appropriate communications and information about the Group's ESG initiatives, activities and performance, and monitors the impact of the approach with key stakeholders. This includes reviewing the extent and effectiveness of the Group's external reporting of its ESG performance and its participation in any external benchmarking initiatives.

Relations with Shareholders

The Company proactively seeks the views of its shareholders and places great importance on communication with them. The Board receives regular reports from the Managers and brokers on the views of shareholders, and the Chairman and Senior Independent Director, along with all other Directors, are keen to meet with the major shareholders at least annually and make themselves available to meet shareholders when required to discuss any significant issues that have arisen and address concerns and queries. The Notice of Annual General Meeting to be held on 20 June 2024 is set out on pages 82 and 83. It is hoped that this will provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Managers of the Company. The Annual Report and Notice of Annual General Meeting are posted to shareholders at least 20 working days before the Annual General Meeting.

On behalf of the Board

Paul Marcuse
Chairman

26 April 2024

Report of the Audit and Risk Committee

The Committee and its Role

The Audit and Risk Committee comprises all the Directors except the Chairman of the Board who has attended all meetings over the year. The members consider that collectively they have the skills, experience and objectivity to be an effective committee. The Committee was chaired by Trudi Clark until her retirement on 31 May 2023. From 31 May 2023, Isobel Sharp was appointed to the role of Chair. Isobel who is a Chartered Accountant and also a member of the Chartered Governance Institute is considered by the Board to have recent and relevant financial experience. She was, prior to her non-executive career, with Deloitte LLP and has served as President of The Institute of Chartered Accountants of Scotland and on the UK Accounting Standards Board and the Financial Reporting Review Panel.

The Committee meets at least three times in the year including two meetings with the external auditors PricewaterhouseCoopers CI LLP ('PwC'). The attendance of each of the members is set out on page 37.

In accordance with its terms of reference, the Audit and Risk Committee considered and reviewed the following matters and reported thereon to the Board:

- the annual and interim reports and financial statements;
- the accounting policies of the Group, including the implications of new accounting standards and relevant regulatory changes;
- the principal risks faced by the Group;
- the design and effectiveness of the Group's internal controls: and
- the effectiveness of the external audit process, the independence and objectivity of PwC and their re-appointment, remuneration and terms of engagement.

Reports and Financial Statements

Noted in the table below are the significant accounting matters considered during the year. Of particular attention has been the assessment of the Group's adoption of the going concern basis for accounting and its viability report. The Committee has reviewed and challenged the assumptions therein.

Significant Matters Considered by the Audit and Risk Committee in Relation to the Financial Statements

Matter	Action
<p>Going concern and viability review</p> <p>The Group is subject to a continuation vote in 2024. Further information on the Continuation Vote can be found on page 4.</p>	<p>The Audit and Risk Committee recognises that the Continuation Vote and its potential consequences create a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern which should be highlighted in considering the adoption of the going concern basis in the financial statements and in presenting the Viability Statement. The Board has highlighted this in the going concern disclosure on page 35. The Committee also considered the Strategic Review announced by the Company following the financial year end, noting that there is currently no certainty as to the outcome of the Strategic Review. Further information on the Continuation Vote and the Strategic Review can be found on page 4. The Committee has reviewed the wording of the Going Concern and Viability statements in this report to ensure that the information is presented fairly.</p>

Matter	Action
<p>Valuation of the Investment Property Portfolio</p> <p>The Group's property portfolio accounted for 93.7 per cent of its total assets as at 31 December 2023. Although valued by an independent firm of valuers, CBRE Limited, the valuation of the investment property portfolio is inherently subjective, requiring significant judgement by the valuers. Errors in the valuation could have a material impact on the Company's net asset value. Further information about the property portfolio and inputs to the valuations are set out in note 9 to the consolidated financial statements.</p>	<p>The Board and Audit and Risk Committee reviewed the outcomes of the valuation process throughout the year and discussed the detail of each of the quarterly valuations with the Managers at Board Meetings. The Managers liaise with the valuers on a regular basis and meet with them prior to the production of each quarterly valuation. The Board was represented at all of the quarterly valuation meetings with CBRE Limited during the year, including the meeting in advance of the production of the year end valuation. In addition, this is a main area of audit focus and, accordingly, PwC attended the year-end valuation meeting.</p>
<p>Income Recognition</p> <p>Incomplete or inaccurate recognition could have an adverse effect on the Group's net asset value, earnings per share and dividend cover.</p>	<p>The Board review the level of rent collection and arrears at the quarterly Board meetings. An impairment provision has been accrued in line with the accounting policy detailed in note 1(k).</p>

The Committee reviewed in detail the reports and financial statements and, having considered the report from its Manager, assessed whether taken as a whole these documents presented a fair, balanced and understandable view and provided the information necessary for shareholders to assess the Group's performance, business model and strategy.

The 2022 Annual Report and Consolidated Financial Statements was reviewed by the Financial Reporting Council's Corporate Reporting Review team and it has not entered into substantive correspondence with the Group⁽⁴⁾. Pleasingly, based on their review, there were no questions or queries that they wished to raise. They noted two minor matters, where they believed the users of the accounts would benefit from improvements to our existing disclosures and these have been incorporated in this year's Annual Report.

Internal Controls and Risk Management

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. It has therefore established a process designed to meet the particular needs of the Group in managing the risks to which it is exposed, consistent with the internal control guidance issued by the Financial Reporting Council.

As part of this process, a matrix has been created that identifies the Group's key functions, including those carried out by the Managers and other service providers, and the individual activities undertaken within those functions. From this, the Board has identified the Group's principal risks and the controls employed to manage those risks. The Audit and Risk Committee reviews the risk matrix on a regular basis and reports any issues to the Board.

The Board also monitors the investment performance of the Group against its stated objective and comparable companies and if necessary, approves changes to the guidelines. In addition, the Board receives quarterly reports from the Company Secretary in respect of compliance matters and duties performed on behalf of the Company.

⁽⁴⁾ The FRC's review was based solely on the annual report and accounts and the FRC did not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The letter provided no assurance that the annual report and accounts was correct in all material respects; the FRC's role was not to verify the information provided but to consider compliance with reporting requirements. The letter was written on the basis that the FRC (which includes its officers, employees and agents) accepts no liability for reliance on it by the Group or any third party, including but not limited to investors and shareholders.

A formal annual review of these procedures is carried out by the Audit and Risk Committee. The Committee has also reviewed the Investment Managers' and Property Managers' Reports on "Internal Controls in accordance with ISAE 3402 and AAF (01/20)" for the period 1 November 2022 to 31 October 2023 and 1 November 2022 to 30 September 2023 respectively that has been prepared for their investment company clients. Containing a report from independent external accountants, the report sets out the Managers' control policies and procedures with respect to the management of their clients' investments. The effectiveness of these controls is monitored by the Managers' group audit committee which receives regular reports from the Managers' audit, risk and compliance departments. Procedures are in place to capture and evaluate failings and weaknesses and ensure that action would be taken to remedy any significant issues identified from this monitoring, which would be reported to the Board. No significant failings or weaknesses in respect of the Company were identified in the year under review nor to the date of this report. The Depositary provides quarterly reports to the Board and carries out daily independent checks on all cash and investment transactions.

The review of procedures detailed above have been in place throughout the year and up to the date of approval of the Annual Report and the Audit and Risk Committee and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit and Risk Committee has reviewed the need for an internal audit function. The Group has no employees and delegates all executive activities to third party service providers, principally the Managers, Columbia Threadneedle, and the Company Secretary, Northern Trust. It has decided that the systems and procedures employed by the Managers and the Company Secretary, including their internal audit functions and the work carried out by the Company's external auditor, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

External Audit

As part of its review of the scope and results of the audit, during the year the Committee considered and approved PwC's plan for the audit of the financial statements for the year ended 31 December 2023. At the conclusion of the audit, PwC did not highlight any issues which would cause it to qualify its audit report but, as expected and in line with the Board's comments, it has drawn attention to the material uncertainty arising from the Continuation Vote. PwC's audit report is on pages 47 to 53. There was no non-audit work carried out by PwC for the year ended 31 December 2023.

As part of the review of auditor independence and effectiveness, PwC have confirmed that they are independent of the Group and have complied with relevant auditing standards. In evaluating PwC, the Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Committee assesses the effectiveness of the audit process through the reporting it receives from its Manager, its interactions with PwC during the audit of the Annual Report and Consolidated Financial Statements and considering the Review of PwC UK by FRC's Audit Quality Review. The Committee is satisfied that PwC has provided effective independent challenge in carrying out its responsibilities.

PwC have been auditor to the Group since the year ended 31 December 2016 following a tender process in November 2015. Lisa McClure was appointed as audit engagement Partner in 2021 and the 2023 audit is her third year. The Committee expects that it will in the normal course of events conduct an audit tender in the second half of 2025.

Having assessed PwC's performance in providing a robust audit and its independence, the Committee recommends that at the next Annual General Meeting PwC is reappointed as auditor and that the Committee is authorised to determine their remuneration.

Committee evaluation

The activities of the Audit and Risk Committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as noted on pages 37 to 40. A full evaluation was undertaken on the effectiveness, roles and responsibilities of the Committee in accordance with the Financial Reporting Council's current guidance. The evaluation found that the Committee functioned well with the right balance of membership and skills. While welcoming this feedback, the Committee agreed that it reviews in particular the new guidance from the FRC to seek to ensure that it would be in line with best practice in 2024. It will also be considering later this year the revisions to the Corporate Governance Code published in January 2024 and any related statements from the Association of Investment Companies and steps necessary to seek compliance with the new Code effective from 1 January 2025.

Isobel Sharp

Chair of the Audit and Risk Committee

26 April 2024

Directors' Remuneration Report

The Board comprises only non-executive Directors. The Company has no executive Directors or employees. For these reasons, it is not considered appropriate to have a separate Remuneration Committee. The full Board determines the level of Directors' fees. Full details of the Company's policy with regards to Directors' fees, and fees paid during the year ended 31 December 2023, are shown below. No major decisions or substantial changes relating to Directors' remuneration were made during the year.

Directors' Remuneration Policy

The Board considers the level of Directors' fees at least annually. Its policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, the Directors' responsibilities and skills, the time commitment required, and be fair and comparable with that of other similar companies. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. There were no changes to the policy during the year.

Having carefully considered the above, the Board have taken the decision in light of pressures on returns for our sector not to award any general increase in Directors' fees for 2024, despite the current level of inflation.

There is £30 million of Directors and Officers insurance in place.

The fees for the Directors are determined within the limit set out in the Company's Articles of Incorporation. The present limit is an aggregate of £400,000 per annum and may not be changed without seeking shareholder approval at a general meeting. The fees are fixed and are payable, quarterly in arrears. Directors are not eligible for bonuses, pension benefits, long-term incentive schemes or other benefits.

Remuneration for the Year

The Directors who served during the year received the following emoluments as fees:

Fees for services to the Company

	Fees		Taxable Benefits ⁽¹⁾		Total	
	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £
P Marcuse	70,250	70,250	2,159	1,406	72,409	71,656
T Clark ⁽²⁾	22,003	52,750	2,191	3,764	24,194	56,514
J Wythe	44,500	44,500	3,200	1,988	47,700	46,488
L Wilding	49,500	44,500	3,937	2,346	53,437	46,846
H Scott-Barrett ⁽³⁾	52,750	52,750	2,637	1,405	55,387	54,155
I Sharp ⁽⁴⁾	49,295	6,584	543	-	49,838	6,584
Total	288,298	271,334	14,667	10,909	302,965	282,243

⁽¹⁾ Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include PAYE and NI contributions.

⁽²⁾ Retired from Board and Chair of Audit and Risk Committee on 31 May 2023.

⁽³⁾ Retired on 23 February 2024.

⁽⁴⁾ Appointed to the Board on 8 November 2022. Appointed as Chair of the Audit and Risk Committee on 31 May 2023.

It is the Board's policy that Directors do not have service contracts, but each new Director is provided with a letter of appointment. The Directors' letters of appointment are available on request at the Company's registered office during business hours and will be available for 15 minutes prior to and during the forthcoming Annual General Meeting.

The terms of Directors' appointments provide that Directors should be subject to election at the first Annual General Meeting after their appointment. However, in accordance with the recommendations of the UK Corporate Governance Code, the Board has agreed that all Directors will retire annually and be subject to re-election at the Annual General Meeting. There is no notice period and no provision for compensation upon early termination of appointment.

The Board has not received any communications from the Company's Shareholders in respect of the levels of Directors' remuneration.

Based on the current level of fees, Directors' remuneration for the forthcoming financial year will be as follows:

Annual fees for Board Responsibilities

	2024 £	2023 £
Chairman	£70,250	£70,250
Director	£44,500	£44,500
Senior Independent Director ⁽¹⁾	£52,750	£52,750
Audit and Risk Committee Chair ⁽²⁾	£52,750	£52,750
ESG Committee Chair ⁽³⁾	£49,500	£49,500

⁽¹⁾ Director fee plus £8,250 as Senior Independent Director. The Audit and Risk Committee Chair also became the Senior Independent Director with effect from 23 February 2024 and the fee for performing both roles in 2024 is £52,750.

⁽²⁾ Director fee plus £8,250 as Audit and Risk Committee Chair

⁽³⁾ Director fee plus £5,000 as ESG Committee Chair

The table below sets out the percentage change in annual fees for each Director who served in the year under review (where Directors have served for a full year and therefore fees can be compared on a like-for-like basis).

Annual percentage change in fees

	2023 %	2022 %	2021 %	2020 %
P Marcuse ⁽¹⁾	-	+19.3	+18.9	+7.8%
T Clark ⁽²⁾	n/a	+6.6	-	-
J Wythe	-	+7.9	-	-
L Wilding ⁽³⁾	+11.2	+7.9	-	n/a
H Scott-Barrett ⁽⁴⁾	-	+15.5	n/a	n/a
I Sharp ⁽⁵⁾	n/a	n/a	n/a	n/a

⁽¹⁾ Appointed as Chairman from 17 June 2021.

⁽²⁾ Retired from Board and Chair of Audit and Risk Committee on 31 May 2023.

⁽³⁾ Appointed to the Board on 3 June 2019. Fee increase in 2023 due to being Chair of ESG Committee.

⁽⁴⁾ Appointed to the Board from 4 January 2021 and appointed as Senior Independent Director from 17 June 2021.

⁽⁵⁾ Appointed to the Board on 8 November 2022 and appointed as Chair of Audit and Risk Committee on 31 May 2023.

The table below shows the actual expenditure during the year in relation to Directors' remuneration (excluding taxable benefits), other expenses and shareholder distributions:

Relative importance of pay

Actual Expenditure Year ended 31 December	2023 £	2022 £	% Change
Aggregate Directors' fees	288,298	271,334	+6.3
Management and other expenses ⁽¹⁾	13,304,000	13,340,000	-0.3
Dividends paid to shareholders	34,516,000	33,891,000	+1.8

⁽¹⁾ Includes Directors' remuneration

Directors' Shareholdings

The Directors who held office at the year-end and their interests (all beneficial) in the Ordinary Shares of the Company were as follows:

Directors' share interests

	2023	2022
T Clark ⁽¹⁾	n/a	56,200
P Marcuse	49,463	49,463
J Wythe	33,466	33,466
L Wilding	40,000	40,000
H Scott-Barrett ⁽²⁾	100,000	100,000
I Sharp	55,000	55,000

⁽¹⁾ T Clark retired 31 May 2023.

⁽²⁾ H Scott-Barrett retired on 23 February 2024.

⁽³⁾ K Fahmy was appointed post year-end on 19 January 2024.

The Board has a policy on Directors owning shares in the Company. It is deemed appropriate for all Directors to acquire shares in the Company. The policy states that an appropriate minimum holding should be equivalent in value to one year's directors' fees at the date the shares are purchased. Directors should aim to acquire their shareholding within 18 months of the date of their appointment.

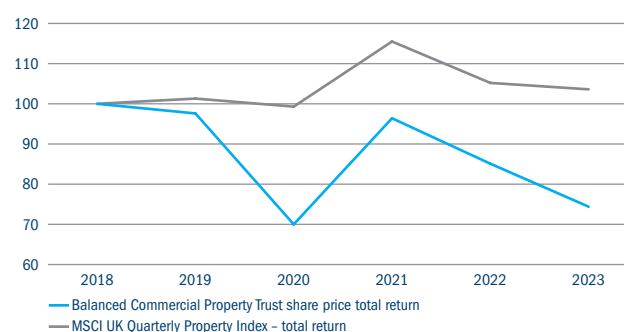
Karima Fahmy was appointed to the Board on 19 January 2024 and currently holds no shares in the Company but is aware of the policy mentioned above. The appointment process used an independent recruitment consultant Fletcher Jones, who have no connection with the Company or any Director, for this appointment. The Nomination Committee interviewed a number of potential candidates after producing a short list from an extensive long list, provided by the consultant. There have been no other changes in the above interests since 31 December 2023.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Managers through the investment management agreement, as referred to on page 34.

A comparison of the Company's performance over the five year period is set out in the graph below. This shows the total return (assuming all dividends are reinvested) to ordinary shareholders against the MSCI UK Quarterly Property Index.

Shareholder total return vs MSCI UK Quarterly Index over five years (rebased to 100 at 31 December 2018) %



Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 31 May 2023, shareholders approved the Directors' Remuneration Report as set out in the Annual Report in respect of the year ended 31 December 2022. 98.1 per cent of votes were in favour of the resolution and 1.9 per cent were against.

An ordinary resolution for the approval of Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting.

The Directors Remuneration Policy is approved by shareholders every three years and was last approved by shareholders at the AGM in 2023 where 98.1 per cent of votes were in favour and 1.9 per cent were against.

On behalf of the Board

Paul Marcuse
Chairman

26 April 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Consolidated Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules and Disclosure Guidance and Transparency Rules of the UK Listing Authority.

Guernsey company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies (Guernsey) Law, 2008. They have a general responsibility for taking such steps as reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are also responsible for ensuring that the Group complies with the Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority which, with regard to Corporate governance, requires the Group to disclose how it applied the principles and complied with the provisions of the UK Corporate Governance Code applicable to the Group.

The Directors are responsible for the integrity of the corporate and financial information included on the Company's website, which is maintained by the Managers'. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosures Guidance and Transparency Rule 4.1.12

Each of the Directors listed on page 32 confirms to the best of their knowledge that:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole and comply with The Companies (Guernsey) Law, 2008; and
- the Strategic Report (comprising the Chairman's Statement; Business Model and Strategy, Promoting the Success of the Company; Key Performance Indicators; Principal Risks and Future Prospects; Managers' Review; Property Portfolio and Environmental, Social and Governance) and the Directors' Report include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the consolidated financial statements and Directors' Report include details of related party transactions; and
- the Annual Report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

Paul Marcuse
Chairman

26 April 2024

Independent Auditor's Report to the Members of Balanced Commercial Property Trust Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the consolidated financial position of Balanced Commercial Property Trust Limited (the "company") and its subsidiaries (together "the group") as at 31 December 2023, and of its consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements. We are also independent in accordance with SEC Independence Rules.

Material Uncertainty Related to Going Concern

We draw attention to note 1(a)(iv) to the consolidated financial statements, which indicates that a Continuation Vote is due to be held during 2024. If the Continuation Vote is not passed by shareholders then the Board will be required to bring proposals to shareholders that may include a restructuring or wind down of the company in its current form. As stated in note 1(a)(iv) these events or conditions along with other matters set forth in note 1(a)(iv), indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

Audit scope

- The group audit scoping was performed based on total assets held within each of the eight components, all of which are wholly owned Guernsey domiciled companies. Our audit covers the consolidated financial statements of the group.
- We conducted our audit work in Guernsey and virtually with teams based in Jersey.
- We conducted our audit of the consolidated financial statements based on information provided by the appointed service providers to the group to whom the board of directors has delegated the provision of certain functions, including Columbia Threadneedle Investment Business Limited (the "Investment Manager"), Columbia Threadneedle REP Asset Management plc (the "Property Manager") and CBRE Limited (the "Property Valuer").

Key audit matters

- Valuation of Investment Properties as at 31 December 2023.
- Revenue recognition.
- Material uncertainty relating to going concern

Materiality

- Overall group materiality: £10.8 million (2022: £11.6 million) based on 1% of group total assets.
- Performance materiality: £8.1 million (2022: £8.7 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Investment Properties as at 31 December 2023 Please refer to note 1(f) and 9 to the consolidated financial statements.</p> <p>The group's investment properties represent the majority of the group's assets as at 31 December 2023.</p> <p>The valuation of the group's investment properties is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income for that particular property.</p> <p>The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuation assumptions, when aggregated, could result in a material misstatement, is why we have given specific audit focus and attention to this area.</p> <p>The valuation of the group's investment properties was carried out by the Property Valuer. The Property Valuer was engaged by the Investment Manager on behalf of the group and performed its work in accordance with the latest version of the RICS Valuation – Global Professional Standards (known as the “Red Book”) current as at the valuation date.</p> <p>In determining a property's valuation, the Property Valuer takes into account property specific current information such as the current tenancy agreements and rental income earned by the property. The Property Valuer then applies assumptions in relation to capitalisation rates and current market rent and growth, based on available market data and transactions, to arrive at a range of valuation outcomes, from which they derive a point estimate. Due to the unique nature of each property, the assumptions applied take into consideration the individual property characteristics at a tenant level, as well as the qualities of the property as a whole. Where available, comparable market information is also used in the assessment of the valuation of the group's investment properties.</p> <p>The group has adopted the assessed values determined by the Property Valuer, adjusted for lease incentives.</p> <p>This is a main area of focus and a significant risk. Due to its significance and importance to the users of the consolidated financial statements, we have determined this area to be a key audit matter.</p>	<p>Understanding We have updated our understanding and evaluated the internal controls relating to the valuation of investment properties.</p> <p>Objectivity and experience of the Property Valuer We assessed the Property Valuer's independence, qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</p> <p>External Valuation Report We read the valuation reports and discussed the reports with the Property Valuer and understood that the valuation approach for each property was in accordance with professional valuation standards and suitable for use in determining the fair value of investment properties as at 31 December 2023.</p> <p>We considered the adequacy of the disclosures made in the notes to the consolidated financial statements (critical judgements and estimates and investment properties). These notes explain that there is significant estimation uncertainty in relation to the valuation of investment properties included in the consolidated balance sheet as at 31 December 2023.</p> <p>We inspected the property specific information supplied to the Property Valuer by the group, and on a sample basis, agreed the factual inputs to underlying property records held by the group.</p> <p>Assumptions Our work over the assumptions encompassed all properties in the portfolio. We engaged our own auditor's valuation expert to critique and challenge the work performed and assumptions used by the Property Valuer. In particular, we compared the valuation metrics used by the Property Valuer to recent market activity. We also challenged both management and the Property Valuer on significant movements in the valuations.</p> <p>Due to the subjectivity involved in determining valuations for individual properties and the existence of alternative assumptions and valuation methods, we determined a range of values that were considered reasonable to evaluate the independent property valuations used by management and also assessed for any contradictory information.</p> <p>We have not identified any material matters to report to those charged with governance.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>Revenue for the group consists primarily of rental income. The revenue recognition policy is stated in note 1(c) to the consolidated financial statements.</p> <p>Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. The majority of the group's revenue is collected and managed by the Property Managers.</p> <p>In addition to the standard process for recording rental income, the group manually calculates the spreading of lease incentives to ensure revenue is recorded on a straight-line basis over the course of the lease.</p> <p>Due to the importance of rental income to the group's ability to continue to pay interim dividends, and therefore the significance of this balance to the users of the consolidated financial statements, we have deemed this area to be a key audit matter.</p>	<p>We have reconciled the rental tenancy schedule to the schedule of investment properties owned by the group and the rent recognised in the underlying financial records. We have also performed digitally enabled procedures to match the rental journals posted to the cash ledger directly to the amounts in the bank statements.</p> <p>We have tested a sample of rental income per the accounting records to signed lease agreements and rent review agreements.</p> <p>We have also recalculated a sample of lease incentives to management's calculation and that the lease incentive has been appropriately recognised on a straight-line basis over the appropriate lease term.</p> <p>We have not identified any material matters to report to those charged with governance.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, the industry in which the group operates, and we considered the risk of climate change and the potential impact thereof on our audit approach.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	£10.8 million (2022: £11.6 million).
How we determined it	1% of group total assets
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the group. We did not apply a separate specific materiality to the consolidated statement of comprehensive income. We believe our overall materiality was of a level sufficient to address the risk of material misstatement in the consolidated statement of comprehensive income.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £8.1 million (2022: £8.7 million) for the group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £538k (2022: £582k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report and Consolidated Financial Statements (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report section of the Annual Report is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these consolidated financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Lisa McClure

For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants Recognised Auditor
Guernsey, Channel Islands

26 April 2024

- The maintenance and integrity of the Balanced Commercial Property Trust Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

Notes		2023 £'000	2022 £'000
	Revenue		
	Rental income	59,228	58,676
2	Other income	119	42
	Total revenue	59,347	58,718
	Losses on investments properties		
9	Unrealised losses on revaluation of investment properties	(56,940)	(129,096)
9	Losses on sale of investment properties realised	(4,533)	(5)
	Total loss	(2,126)	(70,383)
	Expenditure		
3	Investment management fee	(5,968)	(6,861)
4	Other expenses	(7,336)	(6,479)
	Total expenditure	(13,304)	(13,340)
	Operating loss before finance costs and taxation	(15,430)	(83,723)
	Net finance costs		
	Interest income	2,051	807
5	Finance costs	(12,617)	(11,116)
		(10,566)	(10,309)
	Loss before taxation	(25,996)	(94,032)
6	Taxation	(71)	(345)
	Loss for the year	(26,067)	(94,377)
	Other comprehensive income		
	Items that are or may be reclassified subsequently to profit or loss		
	Movement in fair value of effective interest rate swap	(843)	723
	Total comprehensive loss for the year	(26,910)	(93,654)
7	Basic and diluted earnings per share	(3.7)p	(13.1)p
	EPRA earnings per share	5.1p	4.8p

All of the profit and total comprehensive income or losses for the year is attributable to the owners of the Group.

All items in the above statement derive from continuing operations.

The accompanying notes on pages 58 to 80 are an integral part of the above statement.

Consolidated Balance Sheet

As at 31 December

Notes		2023 £'000	2022 £'000
	Non-current assets		
9	Investment properties	936,993	1,075,082
10	Trade and other receivables	14,354	20,372
		951,347	1,095,454
	Current assets		
9	Investment properties held for sale	71,277	-
10	Trade and other receivables	12,005	12,811
13	Interest rate swap asset	-	1,030
11	Cash and cash equivalents	41,717	54,837
		124,999	68,678
	Total assets	1,076,346	1,164,132
	Current liabilities		
12	Trade and other payables	(17,067)	(21,140)
13	Interest-bearing loan	(259,689)	(49,889)
		(276,756)	(71,029)
	Non-current liabilities		
12	Trade and other payables	(2,774)	(2,250)
13	Interest-bearing loan	(26,777)	(259,388)
		(29,551)	(261,638)
	Total liabilities	(306,307)	(332,667)
	Net assets	770,039	831,465
	Represented by:		
14	Share capital	7,994	7,994
	Special reserve	485,840	485,840
	Capital reserve – investments sold	62,109	75,005
	Capital reserve – investments held	97,583	146,160
	Hedging reserve	-	1,030
	Revenue reserve	116,513	115,436
	Equity shareholders' funds	770,039	831,465
15	Net asset value per share	109.8p	118.5p
	EPRA net tangible assets per share	109.8p	118.4p

The consolidated financial statements on pages 54 to 80 were approved by the Board of Directors on 26 April 2024 and signed on its behalf by:

Paul Marcuse, Director

The accompanying notes on pages 58 to 80 are an integral part of the above statement.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

Notes	Share Capital £'000	Special Reserve £'000	Capital Reserve - Investments Sold £'000	Capital Reserve - Investments Held £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 January 2023	7,994	485,840	75,005	146,160	1,030	115,436	831,465
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(26,067)	(26,067)
9 Transfer of prior years' revaluation to realised reserve	-	-	(8,363)	8,363	-	-	-
9 Transfer in respect of unrealised losses on investment properties	-	-	-	(56,940)	-	56,940	-
9 Losses on sale of investment properties realised	-	-	(4,533)	-	-	4,533	-
Movement in fair value of interest rate swap	-	-	-	-	(843)	-	(843)
5 Transfer of loss on maturity of interest rate swap	-	-	-	-	(187)	187	-
Total comprehensive income for the year	-	-	(12,896)	(48,577)	(1,030)	35,593	(26,910)
Transactions with owners of the Company recognised directly in equity							
8 Dividends paid	-	-	-	-	-	(34,516)	(34,516)
At 31 December 2023	7,994	485,840	62,109	97,583	-	116,513	770,039

For the year ended 31 December 2022

Notes	Share Capital £'000	Special Reserve £'000	Capital Reserve - Investments Sold £'000	Capital Reserve - Investments Held £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 January 2022	7,531	544,813	75,010	275,256	307	114,603	1,017,520
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	(94,377)	(94,377)
Movement in fair value of interest rate swap	-	-	-	-	723	-	723
9 Transfer in respect of unrealised losses on investment properties	-	-	-	(129,096)	-	129,096	-
9 Losses on sale of investment properties realised	-	-	(5)	-	-	5	-
Total comprehensive income for the year	-	-	(5)	(129,096)	723	34,724	(93,654)
Transactions with owners of the Company recognised directly in equity							
Transfer from share capital to special reserve	463	(463)	-	-	-	-	-
14 Buybacks to Treasury	-	(58,510)	-	-	-	-	(58,510)
8 Dividends paid	-	-	-	-	-	(33,891)	(33,891)
At 31 December 2022	7,994	485,840	75,005	146,160	1,030	115,436	831,465

The accompanying notes on pages 58 to 80 are an integral part of the above statement.

Consolidated Statement of Cash Flows

For the year ended 31 December

Notes	2023 £'000	2022 £'000
Cash flows from operating activities		
Loss before taxation	(25,996)	(94,032)
Adjustments for:		
5 Finance costs	12,617	11,116
Interest income	(2,051)	(807)
9 Unrealised losses on revaluation of investment properties	56,940	129,096
9 Losses on sale of investment properties realised	4,533	5
Decrease/(increase) in operating trade and other receivables	6,840	(5,032)
(Decrease)/increase in operating trade and other payables	(4,013)	3,412
Cash generated from operations	48,870	43,758
Interest received	2,035	807
Interest and bank fees paid	(10,902)	(10,987)
Taxation paid	(71)	(345)
	(8,938)	(10,525)
Net cash inflow from operating activities	39,932	33,233
Cash flows from investing activities		
Purchase of investment properties	(884)	(812)
9 Sale of investment properties	14,300	-
Capital expenditure on investment properties	(8,021)	(23,258)
Net cash inflow/(outflow) from investing activities	5,395	(24,070)
Cash flows from financing activities		
8 Dividends paid	(34,516)	(33,891)
13 Issue costs for loan facility extension and Barclays/HSBC loan agreement	(3,931)	(6)
13 Repayment of Barclays loan	(50,000)	-
13 Drawdown of Barclays/HSBC loan	30,000	-
14 Buybacks to Treasury	-	(58,510)
Net cash outflow from financing activities	(58,447)	(92,407)
Net decrease in cash and cash equivalents	(13,120)	(83,244)
Cash and cash equivalents at the beginning of the year	54,837	138,081
11 Cash and cash equivalents at the end of the year	41,717	54,837

The accompanying notes on pages 58 to 80 are an integral part of the above statement.

Notes to the Consolidated Financial Statements

1. Material accounting policy information

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) Basis of accounting

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS'), interpretations issued by the International Financial Reporting Standards Committee, applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008 and the Listing Rules of the Financial Conduct Authority. The consolidated financial statements give a true and fair view and are also in compliance with The Companies (Guernsey) Law, 2008.

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trust companies issued by the Association of Investment Companies ('AIC') in July 2022 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(ii) Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and adopt the historical cost basis, except for investment property and derivative financial instruments that have been measured at fair value.

The notes and financial statements are presented in pounds sterling (being the functional currency of the Company and presentation currency for the Company and the Group) and are rounded to the nearest thousand except where otherwise indicated.

In preparing the financial statements, the impact of climate change has been considered, particularly in the context of the Task Force on Climate-related Financial Disclosures (TCFD). Whilst noting the Group's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Group. This is consistent with our assessment that climate change is not expected to have a material impact on the cash flows of the Group, including those included within the going concern and viability assessments in the medium term. As part of the valuation process, the Group has discussed the impact of sustainability and Environmental, Social and Governance factors with the external valuers who value the investment and development properties of the Group.

Notwithstanding this, the following should be noted, which is relevant to understanding the impact of climate change on the financial statements:

- As such, the impact of sustainability and Environmental, Social and Governance factors is considered as part of the valuation process, to the extent possible market participants would, and is included within the derived valuation as at the balance sheet date, through capital expenditure adjustments or reflected in the equivalent yields.

(iii) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

- The fair value of investment properties and investment properties held for sale is determined by using valuation techniques. For further details of the estimates and assumptions made, see note 1(f) and 9. The Group uses external professional valuers to determine the relevant amounts.

1. Material accounting policy information (continued)

Critical judgments in applying the Group's accounting policies

Where investments held for sale meet the IFRS definition, these properties have been reallocated to current assets – investment held for sale within the Balance Sheet. At 26 April 2024, Curzon Street is the only property within investments held for sale that remains unsold but meets the criteria for investments held for sale as the Directors believe a sale is significantly higher than probable to occur within twelve months of approval of the year end.

All other investment properties held for sale have been sold since the year-end.

(iv) Going concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the next twelve months from the date of approval of the financial statements. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have reviewed detailed cash flow, income and expense projections in order to assess the Company's ability to pay its operational expenses, loan interest and dividends. The Directors have examined significant areas of possible financial risk including cash and cash requirements, refinancing of loans and review of debt covenants, in particular those relating to loan to value and interest cover. At 31 December 2023, the Company was in a net current liability position because the current L&G term loan is due for repayment in December 2024. In September 2023, the Company signed up to a new £260 million term loan with Barclays/HSBC which can only be drawn to repay the current L&G term loan. This term loan agreement expires in September 2025 and has the option of two one-year extensions. Furthermore the Directors note that section 9 of the Association of Investment Companies' Statement of Recommended Practice states it is usually more appropriate to prepare financial statements on a going concern basis unless a Continuation Vote has been held and shareholders have voted against continuation. On this basis, the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Although the Board is confident that the Company will have sufficient financial resources to meet its obligations due within twelve months from the date of approval of the financial statements, the Continuation Vote is due to take place in 2024. If the Continuation Vote is not passed by shareholders then the Board will be required to bring proposals to shareholders that may include a restructuring or wind down of the Company in its current form. The Directors' note that the ultimate decision on the future state of the Company is outside the control of the Directors' and will be known only after the Continuation Vote. The uncertain future outcome of the Continuation Vote and the impact this has on the Company's future state indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

(v) Changes in accounting policies

The following amendments were applied by the Group for the first time for the financial year beginning on 1 January 2023.

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies. These amendments require the Group to disclose their material rather than their significant accounting policies.
- Amendments to IAS 8 – Definition of Accounting Estimates. These amendments require disclosure of the effect of a change in accounting policy not only on prior periods but also on the current period unless it is impracticable to determine the amount of the adjustment.
- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17).
- Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 12 Income Taxes- International Tax Reform - Pillar Two Model Rules.

The amendments noted above did not have a material effect on the Group.

(vi) New standards and interpretations not yet adopted

The following new amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024, and have not been adopted early:

- Amendments to IAS 1 – Classification of liabilities as current or non-current depending on the rights that exist at the end of the reporting period (effective from 1 January 2024).

The Board do not consider that the future adoption of any new standards, in the form currently available, will have any material impact on the financial statements as presented.

1. Material accounting policy information (continued)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 31 December each year. Subsidiaries are those entities, including special purpose entities, controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All the Group's companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment.

(c) Revenue recognition

Rental income, excluding VAT, arising on investment properties is accounted for in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term of ongoing leases. Lease incentives granted are recognised as an integral part of the total rental income.

Surrender premiums received by the Group following the break of a lease are recognised immediately in the Consolidated Statement of Comprehensive Income as 'Other Income' to the extent that there are no obligations directly related to that surrender.

The Directors have not presented a separate column for revenue and capital on the Consolidated Statement of Comprehensive Income as recommended in the SORP as this is not required under IFRS and the Directors do not deem this information to be material to the reader.

Interest income is accounted for on an accruals basis.

(d) Expenses

Expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses are charged to the Consolidated Statement of Comprehensive Income.

(e) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Entry to UK-REIT Regime

The Group's conversion to UK-REIT status was effective from 3 June 2019. The Group's rental profits arising from both income and capital gains are exempt from UK corporation tax from that date, subject to the Group's continuing compliance with the UK REIT rules.

Within the UK REIT regime and prior to 1 April 2022, corporation tax was incurred by the Company if it made a distribution to a Substantial Shareholder unless the Company had taken reasonable steps to avoid such a distribution being paid. A Substantial Shareholder is defined as a holder of excessive rights in a company (or other body corporate) which, either directly or indirectly (i) is beneficially entitled to 10 per cent or more of the company's dividends; (ii) is beneficially entitled to 10 per cent or more of a company's share capital; or (iii) controls 10 per cent or more of the voting rights in a company. The background to the charge recognised that in certain circumstances such shareholders in resident jurisdictions with particular double tax agreements with the UK could reclaim all or part of the UK income tax payable by them on the dividend.

1. Material accounting policy information (continued)

From 1 April 2022, this 'holder of excessive rights' charge was removed. Prior to 1 April 2022 a tax charge would be imposed in relation to the dividends which were paid to a Substantial Shareholder. The amount of the tax charge was calculated by reference to the total dividend that was paid to the Substantial Shareholder and was not restricted to the excess over 10 per cent. Given that the UK REIT regime had deemed the Aviva Group to be a Substantial Shareholder, the Company agreed to make distributions to such Shareholder provided that it held no more than 21 per cent of the issued share capital of the Company at the time of the relevant distribution (or such lower number of Ordinary Shares as the Aviva Group may hold in the future).

(f) Investment properties

Investment properties consist of land and buildings held to earn rental income together with the potential for capital and income growth.

Investment properties are initially recognised at cost, being the fair value of consideration given, including associated transaction costs. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the year during which the expenditure is incurred and included within the book cost of the properties.

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve – Investments Held. Fair value is based on valuations provided by Property Valuers, at the balance sheet date using recognised valuation techniques. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group's assets. For the purposes of these financial statements, in order to prevent double accounting, the assessed fair value provided by Property Valuers is reduced by the carrying amount of any accrued income resulting from the spreading of capital and rental lease incentives and/or minimum lease payments.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the balance sheet date.

Techniques used for valuing investment properties:-

- The Traditional Method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an Initial Yield, generally referred to as the 'All Risks Yield' approach or 'Net Initial Yield' approach.
- The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property and deductions for purchase costs.
- The Comparison Method uses data from recent market transactions and is mainly used for the fair value calculation of residential properties.

The fair value of investment properties is measured based on each property's highest and best use from a market participant's perspective and considers the potential uses of the property that are physically possible, legally permissible and financially feasible.

Investment properties held under finance leases and leased out under operating leases are classified as investment properties and stated at fair value.

On derecognition, realised gains and losses on disposals of investment properties are recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve – Investments Sold.

Recognition and derecognition occurs on the completion of a sale between a willing buyer and a willing seller.

1. Material accounting policy information (continued)

(g) Investment properties held for sale

Non-current properties and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sales process which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately from the other assets in the Consolidated Balance Sheet. Non-current assets classified as held for sale relate to investment properties measured at fair value.

For investment property carried at fair value, the measurement provisions of IFRS 5 do not apply. [IFRS 5 para 5(d)].

For investment property under the cost model, measurement under IFRS 5 is at the lower of the carrying amount and fair value less costs to sell.

(h) Fair value measurement

Assets and liabilities within the hierarchy designated as fair value through profit or loss are measured at subsequent reporting dates at fair value. Accounting standards recognise a hierarchy of fair value measurements for assets and liabilities within the hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The classification within the hierarchy depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been suspended, forward exchange contracts and certain other derivative instruments. The Barclays/HSBC bank loan are included in Level 2. The L&G loan would also be classified as Level 2.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. All investments in direct property are included in Level 3.

The Group measures financial instruments at fair value at each balance sheet date. The Company's financial instruments not measured at fair value but rather amortised cost as at 31 December 2023 but for which fair value is disclosed, are disclosed in note 13. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. During the year, there were no transfers between Level 1,2 and 3 fair value measurements.

(i) Derivative financial instruments

The Group's policy is not to trade in derivative instruments.

Derivative instruments are initially recognised in the Consolidated Balance Sheet at their fair value. Fair value is determined by a model using market values for similar instruments. Transaction costs are expensed immediately.

Gains or losses arising on the fair value of effective cash flow hedges in the form of derivative instruments are taken directly to Other Comprehensive Income. The gains or losses relating to the ineffective position are recognised in operating profit in the Consolidated Statement of Comprehensive Income.

On maturity or early redemption, and where the hedged future cash flows are no longer expected to occur the unrealised gains or losses arising from effective cash flow hedges in the form of derivative instruments, initially recognised in Other Comprehensive Income, are reclassified to profit or loss.

1. Material accounting policy information (continued)

The Group considers that its interest rate swaps qualify for hedge accounting when the following criteria are satisfied:

- The instruments must be related to an asset or liability;
- They must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa;
- They must match the principal amounts and maturity dates of the hedged items; and
- As cash-flow hedges the forecast transactions (incurring interest payable on the bank loans) that are subject to the hedges must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the profit or loss. The effectiveness of the hedges must be capable of reliable measurement and must be assessed as highly effective on an ongoing basis throughout the financial reporting periods for which the hedges were designated.

(j) Cash and cash equivalents

Cash in banks and short-term deposits are carried at cost. Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, a provision for expected credit losses. The Group holds the trade and other receivables with the objective to collect the contractual cash flows. Trade receivables, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as noncollectable. For the impairment provision, the Group applies historical default percentages as a means to estimate lifetime expected credit losses. These expected loss rates are based on historical credit losses experienced over the five year period ending 31 December 2023 and adjusted for current and forward looking information on the tenant base. The Group will also assess all rent receivables greater than 90 days overdue where there is no payment plan in place and provide for this amount if it is higher than the expected credit losses calculation above.

VAT receivable is the difference between output and input VAT at the year end. Incentives paid to tenants are recognised as current and non-current assets and amortised over the period from the date of lease commencement to the earliest termination date.

(l) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Rental income received in advance represents the pro-rated rental income invoiced before the year-end that relates to the period post the year-end. Other payables are accounted for on an accruals basis and include amounts which are due for settlement by the Group as at the year-end and are generally carried at the original invoice amount. An estimate is made for any services incurred at the year-end but for which no invoice has been received.

(m) Interest-bearing loans

All loans are initially recognised at cost, being fair value of the consideration received, net of arrangement costs associated with the borrowings. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

(n) Segmental information

The Board has considered the requirement of IFRS 8 'operating segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment and in one geographical area, the United Kingdom.

1. Material accounting policy information (continued)

(o) Reserves

Share capital

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of Ordinary Shares. Subject to the solvency test contained in the Companies (Guernsey) Law, 2008 being satisfied, ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the Company. All Ordinary Shares carry equal voting rights.

Special reserve

The Special Reserve is a reserve to be used for all purposes permitted under Guernsey Law, including the buyback of shares.

The surplus of net proceeds received from the issue of Ordinary Shares over the nominal value of such shares, is credited to this account subsequent to its initial recognition in the Share Capital account.

Capital reserve – investments sold

The following are accounted for in this reserve:

- gains and losses on the disposal of investments in indirect property funds and investment properties, including the transfer of any unrealised gains or losses now realised which were previously recognised through 'Capital Reserve – Investments Held'.

Capital reserve – investments held

The following are accounted for in this reserve:

- increases and decreases in the fair value of investment properties held at the year-end; and
- increases and decreases in the fair value of any investments in indirect property funds held at the year-end.

Hedging reserve

Movements relating to the interest rate swap arrangements accounted for as a cash flow hedge are recognised in this reserve.

Revenue reserve

Any surplus arising from the net profit/(loss) on ordinary activities after taxation and payment of dividends, after adding back capital gains or losses, is taken to this reserve, with any deficit transferred from the Special Reserve.

2. Other Income

In October 2023, Fourworks Limited at 16-17 St Christopher's Place, London paid £119,000 surrender premium to the Group (2022: in April 2022, McMullen Real Estate Limited at Oxford Street, London paid £42,000 surrender premium to the Group).

3. Investment Management fee

	2023 £'000	2022 £'000
Base management fee	5,968	6,861

Throughout the year the Group's investment manager was Columbia Threadneedle Investment Business Limited. The property management arrangements of the Group have been delegated by Columbia Threadneedle Investment Business Limited, with the approval of the Company, to Columbia Threadneedle REP AM plc.

Columbia Threadneedle Investment Business Limited is entitled to a base management fee of 0.55 per cent per annum of the Group's gross assets including cash held provided that no fee is payable on any cash held in excess of 5 per cent of the net assets of the Group (reduced to 0.525 per cent per annum on gross assets between £1.5 billion and £2 billion and 0.5 per cent per annum on gross assets in excess of £2 billion). Columbia Threadneedle Investment Business Limited is not entitled to a performance fee. £61,000 (2022: £81,000) was deducted from the management fees during the year relating to a rebate of insurance commission earned by the Managers.

The investment management agreement may be terminated by either party by giving not less than six months' notice. The agreement may be terminated earlier by the Company provided that a payment in lieu of notice, equivalent to the amount that the investment manager would otherwise have received during the notice period, is made.

4. Other expenses

	2023 £'000	2022 £'000
Direct operating expenses of let rental property	2,167	3,546
Direct operating expenses of vacant property	2,561	1,709
Impairment provision	538	(478)
Valuation and other professional fees	593	438
Directors' fees	288	271
Administration fee	191	161
Depositary fee	82	160
Auditor's remuneration	176	161
Other	740	511
	7,336	6,479

Valuers' fees

The valuers of the investment properties, CBRE Limited ('CBRE'), have agreed to provide valuation services in respect of the property portfolio. An annual fee is payable equal to 0.01 per cent of the aggregate value of the direct property portfolio.

Administration fee

Columbia Threadneedle Investment Business Limited is entitled to an administration fee which is payable quarterly in arrears.

5. Finance costs

	2023 £'000	2022 £'000
Interest on the L&G loan	8,632	8,632
Facility agent/monitoring fee	262	272
Interest on the £320m Barclays/HSBC loan	1,045	-
Interest on the repaid £100m Barclays loan	2,562	1,976
Net interest in respect of the interest rate swap agreement	(1,191)	(406)
Amortisation of loan set up costs	953	642
Loss on maturity of interest rate swap	187	-
Set-up costs written-off on the repaid £100m Barclays Loan	167	-
	12,617	11,116

6. Taxation

	2023 £'000	2022 £'000
Current tax		
Corporation tax charge in respect to distributions to holders of excessive rights	71	345
Total tax charge	71	345

The corporation tax charge for the year ended 31 December 2023 relates to an underpayment from a previous year.

A reconciliation of the tax charge applicable to the results at the statutory tax rate to the charge for the year is as follows:

	2023 £'000	2022 £'000
Loss before taxation	(25,996)	(94,032)
UK tax at a rate of 23.5 per cent (2022: 19 per cent)	(6,109)	(17,866)
Effects of:		
Capital losses on investment properties not taxable	14,446	24,529
UK REIT exemption on net income	(8,337)	(6,663)
Corporation tax charge in respect to distributions to holders of excessive rights	71	345
Total tax charge	71	345

The tax rate effective for the year ended 31 December 2023 is 23.5 per cent which is the blended rate of tax - profits up to 31 March 2023 are subject to 19 per cent whilst profits for the nine months to 31 December 2023 are subject to 25 per cent. The Company and its subsidiaries are exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. No charge to Guernsey taxation will arise on capital gains.

From 3 June 2019 the Group elected into the UK REIT regime. The UK REIT rules exempt the profits from the Group's property rental business, arising from both income and capital gains. The Group is otherwise subject to UK corporation tax at the prevailing rate. As the principal company of the REIT, the Company is required to distribute at least 90 per cent of the income profits of the Group's UK property rental business. There are a number of other conditions that also require to be met by the Group to maintain REIT tax status. These conditions were met for the year ended 31 December 2023 and for the year ended 31 December 2022 and the Board intends to conduct the Group's affairs such that these conditions continue to be met.

7. Basic and diluted earnings per share

	2023	2022
Return per share – pence	(3.7)p	(13.1)p
Net loss attributable to ordinary shareholders (£'000)	(26,067)	(94,377)
Weighted average of Ordinary Shares in issue during the year	701,550,187	720,956,458

8. Dividends and property income distributions (PID) gross of income

	2023 Total £'000	2023 PID Rate (pence)	2022 Total £'000	2022 PID Rate (pence)
In respect of the previous period:				
Ninth interim dividend	2,806	0.40	2,817	0.375
Tenth interim dividend	2,806	0.40	2,804	0.375
Eleventh interim dividend	2,806	0.40	2,774	0.375
Twelfth interim dividend	2,806	0.40	2,758	0.375
In respect of the period under review:				
First interim dividend	2,806	0.40	2,920	0.40
Second interim dividend	2,806	0.40	2,899	0.40
Third interim dividend	2,806	0.40	2,862	0.40
Fourth interim dividend	2,806	0.40	2,833	0.40
Fifth interim dividend	2,806	0.40	2,806	0.40
Sixth interim dividend	3,087	0.44	2,806	0.40
Seventh interim dividend	3,087	0.44	2,806	0.40
Eighth interim dividend	3,088	0.44	2,806	0.40
	34,516	4.92	33,891	4.70

Property Income Distributions paid/announced subsequent to the year end were:

Property Income Distributions:	Record date	Payment date	Rate (pence)
Ninth interim	12 January 2024	31 January 2024	0.44
Tenth interim	16 February 2024	29 February 2024	0.44
Eleventh interim	15 March 2024	28 March 2024	0.44
Twelfth interim	12 April 2024	30 April 2024	0.44

Although these payments relate to the year ended 31 December 2023, under IFRS they will be accounted for in the year ending 31 December 2024, being the period during which they were declared.

9. Investment properties

	2023 £'000	2022 £'000
Non-current assets – Investment properties		
Freehold and leasehold properties		
Opening fair value	1,075,082	1,180,486
Sales – proceeds	(14,300)	-
– loss on sale	(12,896)	(5)
Purchase of investment properties	603	439
Capital expenditure	8,358	23,258
Unrealised losses realised during the year	8,363	-
Unrealised gains on investment properties	20,781	94
Unrealised losses on investment properties	(77,721)	(129,190)
Transfer to assets classified as held for sale	(71,277)	-
Closing fair value	936,993	1,075,082
Historic cost at the end of the year	850,793	928,922

9. Investment properties (continued)

	2023 £'000	2022 £'000
Unrealised gains	20,781	94
Unrealised losses	(77,721)	(129,190)
Unrealised losses on revaluation of investment properties	(56,940)	(129,096)

	2023 £'000	2022 £'000
Losses on sale	(12,896)	(5)
Unrealised losses realised during the year	8,363	-
Losses on sale of investment properties realised	(4,533)	(5)

The fair value of investment properties reconciled to the appraised value as follows:

	2023 £'000	2022 £'000
Appraised value prepared by CBRE	952,400	1,097,100
Capital and rental lease incentives held as trade and other receivables (note 10)	(15,407)	(22,018)
Closing fair value	936,993	1,075,082

The assets classified as held for sale reconciled to the appraised value as follows:

	2023 £'000	2022 £'000
Appraised value prepared by CBRE of assets classified as held for sale	75,065	-
Capital and lease incentives held as trade and other receivables (note 10)	(3,523)	-
Selling costs of assets held for sale	(265)	-
Closing fair value	71,277	-
Historic cost at the end of the year	59,894	-

All the Group's investment properties were valued as at 31 December 2023 by RICS Registered Valuers working for CBRE Limited ('CBRE'), commercial real estate advisors, acting in the capacity of a valuation adviser to the AIFM. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors ('RICS').

CBRE completed the valuation of the Group's investment properties at 31 December 2023 on a fair value basis and in accordance with The RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). The CBRE valuation report is dated 16 January 2024 (the 'Valuation Report'). Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. The techniques used for valuing investment properties are detailed in note 1(f).

CBRE has been carrying out valuations for the Group for a continuous period since December 2011. CBRE also values properties held by other companies for which the Columbia Threadneedle Investments group is also the investment manager. CBRE provides, and has provided in the past, ad hoc investment and occupational agency advice, landlord and tenant and building consultancy advice to members of the Columbia Threadneedle Investments group. The proportion of total fees payable by the Columbia Threadneedle Investments group to the total fee income of CBRE was less than 5 per cent of CBRE's total UK revenues.

The property valuer is independent and external to the Group.

The property valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of fair value, when the Managers advise the presence of such materials. In arriving at their estimate of appraisal values, the valuer has used their market knowledge and professional judgement and not only relied on historical transactional comparables.

All leasehold properties are carried at fair value rather than amortised over the term of the lease. The same valuation criteria are therefore applied to leasehold as freehold properties. All leasehold properties have more than 60 years remaining on the lease term.

9. Investment properties (continued)

The Group has entered into leases on its property portfolio as lessor (see note 19 for further information). All of the properties per fair value band are shown on page 22.

In accordance with the loan agreements, there are some restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal. These restrictions are detailed in note 13.

Other than the capital commitments disclosed in note 18, the Group is under no contractual obligations to purchase, construct or develop any investment property. The majority of leases are on a full repairing basis and, as such, the Group is not liable for costs in respect of repairs, maintenance or enhancements to those investment properties.

All investment properties are categorised as level 3 fair values as they use significant unobservable inputs. There have not been any transfers between levels during the year. Investment properties have been classed according to their real estate sector. Information on these significant unobservable inputs per class of investment property is disclosed below.

Sector	Valuation £'000	Significant Assumption	2023 Range*	2023 Weighted Average	2022 Range*	2022 Weighted Average
Retail	£189,300 (2022: 190,352)	Current Rental Value per square foot ('psf') per annum	£26-£104	£79	£18-£96	£69
		Estimated Rental Value psf per annum	£28-£96	£68	£25-£98	£76
		Net Initial Yield	3.6%-8.9%	4.7%	3.6%-5.2%	4.2%
		Equivalent Yield	3.6%-8.1%	5.1%	3.6%-7.5%	5.0%
		Estimated Capital Value psf	£319-£2,219	£1,747	£340-£2,240	£1,724
Retail Warehouse	£125,800 (2022: 127,525)	Current Rental Value psf per annum	£23-£26	£24	£13-£24	£22
		Estimated Rental Value psf per annum	£23-£26	£24	£22-£26	£24
		Net Initial Yield	6.2%-7.5%	6.3%	3.4%-5.7%	5.7%
		Equivalent Yield	6.0%-7.2%	6.2%	5.9%-6.7%	6.1%
		Estimated Capital Value psf	£323-£388	£361	£331-£386	£365
Office	£271,879 (2022: 346,945)	Current Rental Value psf per annum	£0-£78	£34	£0-£73	£30
		Estimated Rental Value psf per annum	£21-£104	£38	£19-£86	£34
		Net Initial Yield	0.0%-14.4%	7.4%	0.0%-10.4%	5.7%
		Equivalent Yield	4.2%-12.1%	7.9%	4.0%-9.0%	6.0%
		Estimated Capital Value psf	£86-£2,054	£687	£125-£1,851	£617
Industrial	£331,825 (2022: 317,375)	Current Rental Value psf per annum	£0-£11	£6	£0-£10	£6
		Estimated Rental Value psf per annum	£7-£14	£8	£6-£12	£8
		Net Initial Yield	0.0%-5.6%	4.5%	0.0%-5.5%	4.6%
		Equivalent Yield	5.6%-6.5%	6.0%	5.3%-6.5%	5.9%
		Estimated Capital Value psf	£94-£192	£125	£96-£163	£116
Alternatives	£108,396 (2022: 114,903)	Current Rental Value psf per annum**	£0-£18	£17	£0-£18	£17
		Estimated Rental Value psf per annum**	£0-£16	£16	£0-£14	£6
		Net Initial Yield**	4.8%-9.3%	6.1%	4.5%-8.2%	5.6%
		Equivalent Yield**	4.7%-7.5%	5.5%	4.5%-6.7%	5.2%
		Estimated Capital Value psf**	£194-£1,014	£616	£0-£943	£462

* The ranges are based on averages per property and include properties which were vacant at the date of valuation. Individual tenancies within properties may fall outside these ranges.

** Excluding residential property – valuation technique for residential property is on a comparison basis.

For the majority of properties, the fair value was determined by using the market comparable method. This means that valuations performed by CBRE are based on inputs determined from active markets, adjusted for differences in the nature, location or condition of the specific property. Most valuations are based on equivalent yield, although net initial yield may also be taken into consideration. Where properties are vacant at the date of valuation a comparable capital value per square foot is used. In determining the net initial yield, or capital value per square foot, the valuers may have regard to the terms of any existing lease including current rental values, lease length and covenant strength, along with assumptions regarding estimated rental values, rental growth rates, vacancy rates and void or rent free periods expected after the end of each lease.

9. Investment properties (continued)

Sensitivity analysis

The valuations of investment properties are sensitive to changes in the assumed significant unobservable inputs. A significant increase/(decrease) in estimated rental values in isolation would result in a significantly higher/(lower) fair value of the properties. A significant increase/(decrease) in the all risks yield in isolation would result in a significantly (lower)/higher fair value.

There are interrelationships between the yields and passing rental values as they are partially determined by market rate conditions. The sensitivity of the valuation to changes in the most significant inputs per class of investment property are shown below:

Estimated movement in fair value of investment properties at 31 December 2023 arising from:	Retail					Total £'000
	Retail £'000	Warehouses £'000	Offices £'000	Industrial £'000	Alternatives £'000	
Increase in passing rental value by 5%	9,465	6,290	13,594	16,591	5,420	51,360
Decrease in passing rental value by 5%	(9,465)	(6,290)	(13,594)	(16,591)	(5,420)	(51,360)
Increase in equivalent yield by 1.5%	(42,978)	(24,562)	(43,542)	(66,391)	(23,296)	(200,769)
Decrease in equivalent yield by 1.5%	78,724	40,298	64,060	110,681	40,858	334,621

Estimated movement in fair value of investment properties at 31 December 2022 arising from:	Retail					Total £'000
	Retail £'000	Warehouses £'000	Offices £'000	Industrial £'000	Alternatives £'000	
Increase in passing rental value by 5%	9,518	6,376	17,347	15,869	5,745	54,855
Decrease in passing rental value by 5%	(9,518)	(6,376)	(17,347)	(15,869)	(5,745)	(54,855)
Increase in equivalent yield by 1.5%	(44,128)	(25,303)	(69,641)	(64,488)	(25,908)	(229,468)
Decrease in equivalent yield by 1.5%	82,273	41,951	116,350	108,636	47,188	396,398

This represents the Group's best estimate of a reasonable possible shift in passing rental values and equivalent yield, having regard to historical volatility of the value and yield.

10. Trade and other receivables

	2023 £'000	2022 £'000
Non-current		
Capital and rental lease incentives	11,580	18,122
Cash deposits held for tenants	2,774	2,250
	14,354	20,372
Current		
Capital and rental lease incentives	7,350	3,896
Cash deposits held for tenants	495	505
Rents receivable	3,834	5,187
Impairment provision	(2,475)	(2,065)
VAT receivable	-	1,448
Taxation receivable	72	73
Other debtors and prepayments	2,729	3,767
	12,005	12,811

Rents receivable, which are generally due for settlement at a quarter end, are recognised and carried at the original invoice amount. For the impairment provision, the Group applies historical default percentages as a means to estimate lifetime expected credit losses. These expected loss rates are based on historical credit losses experienced over the five year period ending 31 December 2023 and adjusted for current and forward looking information on the tenant base. The Group will also assess all rent receivables greater than 90 days overdue where there is no payment plan in place and provide for this amount if it is higher than the expected credit losses calculation above.

10. Trade and other receivables (continued)

Capital and rental lease incentives consist of £12,857,000 (2022: £15,011,000) being the prepayments for rent-free periods recognised over the life of the lease and £6,073,000 (2022: £7,007,000) relating to capital incentives paid to tenants.

	2023 £'000	2022 £'000
Impairment provision		
Accumulated impairment provision as at 1 January	2,065	2,987
Impairment provision expensed/(reversed) during the year, net	538	(478)
Amounts written off during the year as uncollectable	(128)	(444)
Accumulated impairment provision as at 31 December	2,475	2,065

11. Cash and cash equivalents

All cash balances at the year end were held as cash at bank.

12. Trade and other payables

	2023 £'000	2022 £'000
Non-current		
Rental deposits	2,774	2,250
Current		
Rental income received in advance	9,364	9,086
Rental deposits	495	505
VAT payable	109	-
Managers' fees payable	1,496	5,267
Other payables	5,603	6,282
	17,067	21,140

The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

13. Interest-bearing loans and interest rate swap

	2023 £'000	2022 £'000
£260m L&G loan		
Principal amount outstanding	260,000	260,000
Set-up costs	(2,683)	(2,683)
Amortisation of set-up costs	2,372	2,071
	259,689	259,388
£100m Barclays loan (repaid)		
Principal amount outstanding	-	50,000
Set-up costs	(910)	(910)
Additional set-up costs occurred during the year for loan extension	(173)	-
Amortisation of set-up costs	916	799
Set-up costs written-off on repayment of loan	167	-
	-	49,889
£320m Barclays/HSBC loan		
Principal amount outstanding	30,000	-
Set-up costs*	(3,758)	-
Amortisation of set-up costs	535	-
	26,777	-
Total interest-bearing loans	286,466	309,277

* These fees include the £260m term loan commitment with Barclays/HSBC.

13. Interest-bearing loans and interest rate swap (continued)

Analysis of movement in net debt

	Cash and cash equivalents £'000	Interest-bearing loans £'000	2023 Net debt £'000	Cash and cash equivalents £'000	Interest-bearing loans £'000	2022 Net debt £'000
Opening balance	54,837	(309,277)	(254,440)	138,081	(308,641)	(170,560)
Cash movement	(13,120)	3,931	(9,189)	(83,244)	6	(83,238)
Barclays loan repayment	-	50,000	50,000	-	-	-
Barclays/HSBC loan drawdown	-	(30,000)	(30,000)	-	-	-
Amortisation of loan set-up costs	-	(953)	(953)	-	(642)	(642)
Set-up costs written-off on repayment of Barclays loan	-	(167)	(167)	-	-	-
Closing balance	41,717	(286,466)	(244,749)	54,837	(309,277)	(254,440)

£260 million L&G loan

The Group entered into a £260 million ten year term loan facility agreement with Legal & General Pensions Limited (“L&G”) in December 2014. The transaction was conducted by L&G’s lending arm, LGIM Commercial Lending Limited. The loan has a maturity date of 31 December 2024.

Interest is payable on this loan from the commitment date, quarterly in arrears, at a fixed rate of 3.32 per cent per annum for the duration of the loan. The loan is secured by means of a fixed and floating charge over the whole of the assets of the Secured Group (which, at 31 December 2023, comprised FCPT Holdings Limited, F&C Commercial Property Holdings Limited and Winchester Burma Limited – see Note 20 and a total £651 million of properties secured).

Under the financial covenants related to this loan, the Group has to ensure that for the Secured Group:

- the loan to value percentage does not exceed 50 per cent;
- the interest cover is greater than 1.50 times on any calculation date;
- the sector weightings (measured by market value) do not exceed the following percentages of the gross secured asset value; Industrial: 60 per cent; Offices: 60 per cent; Retail: 40 per cent; Retail Warehouses: 40 per cent; Other: 25 per cent;
- the combined holding in London and the South East of England must exceed a minimum of 30 per cent of gross secured asset value;
- the five largest tenants do not exceed 40 per cent of the aggregate net rental income from all of the secured properties; and
- permission must be sought from L&G in advance of disposing of any property which results in the loan to value percentage exceeding 40 per cent.

The Secured Group has complied with all the applicable L&G loan covenants during the year.

The fair value of the interest-bearing L&G loan as at 31 December 2023, based on the yield on current market rates which would be used as the basis for calculating the early repayment of such loan plus the appropriate margin would be £260,000,000 (2022: £269,430,000). The exercise of early repayment approximates the carrying amount of the loan. The Secured Group loan is classified as Level 2 under the hierarchy of fair value measurement.

Barclays £50 million Term loan and £50 million revolving credit facility – repaid 14 September 2023

On 3 April 2023, the Group extended the financing arrangements with Barclays Bank PLC (‘Barclays’) in respect of its £50 million term loan facility and £50 million revolving credit facility which was repayable on 31 July 2023. The arrangements extended the repayment date of the facility to 31 July 2024; however, the facility was repaid and cancelled on 14 September 2023.

13. Interest-bearing loans and interest rate swap (continued)

Until 14 September 2023, interest accrued on the bank loan at a variable rate, based on SONIA plus margin and was paid quarterly in arrears. The margin was 1.85 per cent (2022: 1.85 per cent) per annum for the duration of the loan. The revolving credit facility paid an undrawn commitment fee of 0.74 per cent (2022: 0.74 per cent) per annum.

The bank loan was secured by the way of a fixed and floating charge over the whole of the assets of SCP Estate Holdings Limited, SCP Estate Limited and Prime Four Limited ('the SCP Group'), whose assets consist of the properties held at St. Christopher's Place Estate, London W1 and two office properties in Aberdeen.

Under the financial covenants related to this loan, the Group had to ensure that for the SCP Group:

- the loan to value percentage does not exceed 50 per cent;
- actual interest cover is greater than 1.75 times on any calculation date; and
- projected interest cover is greater than 1.60 times on any calculation date.

The SCP Group complied with all the applicable Barclays loan covenants during the year until the facility was repaid and cancelled on 14 September 2023.

Interest Rate Swap

The Group entered into a £50 million interest rate swap effective from 30 September 2021 in connection with the Barclays £50 million term facility. The hedge was achieved by matching the notional amount of the swap with the loan principal.

Up until the expiry of the swap on 31 July 2023, interest on the swap was received at a variable rate calculated on the same SONIA basis as for the bank loan (as detailed above but excluding the margin) and paid quarterly at a fixed rate of 0.517 per cent per annum. This swap fixed the interest rate for the £50 million term loan at 2.367 per cent (2022: 2.367 per cent). The interest rate swap expired on 31 July 2023.

£320 million Barclays/HSBC facility

On 13 September 2023, the Company signed up to a two-year New Debt Facility provided by incumbent lender, Barclays Bank plc ("Barclays"), and a new lender, HSBC UK Bank plc ("HSBC").

The New Debt Facility has been structured with two tranches, being (a) a £60 million Revolving Credit Facility ("RCF") and (b) a £260 million Term Loan (the "Term Loan"), which can only be drawn to refinance the existing £260 million Term Loan facility (the "L&G Loan") provided by LGIM Commercial Lending Limited ("L&G"). The £100 million debt facility from Barclays (the "Barclays Loan") was repaid and cancelled on 14 September 2023, with £30 million of the RCF tranche being drawn down on the same day. The New Debt Facility is secured initially over the Barclays Loan security portfolio and upon drawing the Term Loan and subsequent repayment of the L&G Loan, the security portfolio provided to L&G will be secured to Barclays and HSBC. The rate of interest on the term loan should be fixed with an interest rate swap. No additional security is to be provided beyond the current arrangements. The new term loan has an undrawn commitment fee of 0.45 per cent per annum until 13 September 2024, which increases to 0.63 per cent thereafter. The revolving credit facility has an undrawn commitment fee of 0.63 per cent per annum.

The New Debt Facility is a bespoke structure which permits the Company to retain the competitively priced L&G Loan up to its existing 31 December 2024 maturity, whilst also ensuring the liquidity needs of the business are fully funded at an acceptable commitment cost whilst removing near term refinancing risk. The New Debt Facility pays interest at a variable rate based on SONIA plus a headline interest margin of 1.80 per cent per annum. Interest should be fixed with an interest rate swap on at least 60 per cent of the term loan. It also includes two one-year extension options that allow the Company flexibility to extend the facility with the consent of its lenders, with the first option available to be requested from 1 February 2024.

The bank loan was secured by the way of a fixed and floating charge over the whole of the assets of SCP Estate Holdings Limited, SCP Estate Limited and Prime Four Limited ('the SCP Group'), whose assets consist of the properties held at St. Christopher's Place Estate, London W1 and two office properties in Aberdeen. The value of secured properties at 31 December 2023 totalled £281 million.

13. Interest-bearing loans and interest rate swap (continued)

Under the financial covenants related to this loan, the Group must ensure that for the SCP Group:

- the loan to value percentage does not exceed 50 per cent;
- actual interest cover is greater than 1.75 times on any calculation date;
- projected interest cover is greater than 1.60 times on any calculation date; and
- permission must be sought from Barclays/HSBC prior to any property disposal where the fair value of an individual property exceeds £10 million.

From 13 September 2023 to 31 December 2023, the SCP Group complied with all the applicable loan covenants.

14. Share capital and capital risk management

	Number	Listed £'000	Number	Held in Treasury £'000	Number	In issue £'000
Allotted, called up and fully paid						
Ordinary shares of 1 pence each						
Balance at 1 January 2023	799,366,108	7,994	(97,815,921)	(979)	701,550,187	7,015
Balance at 31 December 2023	799,366,108	7,994	(97,815,921)	(979)	701,550,187	7,015

	Number	Listed £'000	Number	Held in Treasury £'000	Number	In issue £'000
Allotted, called up and fully paid						
Ordinary shares of 1 pence each						
Balance at 1 January 2022	799,366,108	7,994	(46,260,278)	(463)	753,105,830	7,531
Shares bought back to be held in treasury	-	-	(51,555,643)	(516)	(51,555,643)	(516)
Balance at 31 December 2022	799,366,108	7,994	(97,815,921)	(979)	701,550,187	7,015

Ordinary shareholders have the right to vote at meetings of the Company. All Ordinary Shares carry equal voting rights.

During the year, the Company purchased no Ordinary Shares (2022: 51,555,643 Shares purchased to hold in treasury at a cost of £58,510,000).

Capital risk management

The Group's capital is represented by the Ordinary Shares, Special Reserve, Capital Reserve – Investments Sold, Capital Reserve – Investments Held, Hedging Reserve and Revenue Reserve. The Group is not subject to any externally-imposed capital requirements. The objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. In pursuing this objective, the Board has responsibility for ensuring the Company's ability to continue as a going concern. This involves the ability to issue and buyback share capital within limits set by shareholders in a general meeting; borrow monies in the short and long term; and pay dividends out of reserves all of which are considered and approved by the Board on a regular basis. Dividends are set out in note 8 to the consolidated financial statements and borrowings are set out in note 13. During the year ended 31 December 2022, the Group amended its investment policy to remove the limits on UK commercial sectors in which the Company invests and also add additional flexibility to invest in other sectors as noted in the Business Model and Strategy on page 6. No other changes were made to the objectives, policies or processes during the years ended 31 December 2023 or 31 December 2022.

14. Share capital and capital risk management (continued)

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, manage the Group's discount to net asset value and monitor the Group's gearing level. The Group's gearing represented by borrowings as a percentage of total assets, may not exceed 50 per cent, however, it is the Board's present intention that borrowings will be limited to a maximum of 35 per cent of total assets at the time of borrowing.

		2023 £'000	2022 £'000
Interest bearing loans		290,000	310,000
Less cash and cash equivalents		(41,717)	(54,837)
Total	(a)	248,283	255,163
Total assets less current liabilities and cash (excluding current interest-bearing loan)	(b)	1,017,562	1,088,155
Net Gearing (c = a/b)	(c)	24.4%	23.4%

15. Net asset value per share

	2023	2022
Net asset value per ordinary share - pence	109.8p	118.5p
Net assets attributable at the year end (£'000)	770,039	831,465
Number of ordinary shares in issue at the year end	701,550,187	701,550,187

16. Related party transactions

The Directors are considered to be the Group's key management personnel. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Group. All Directors hold shares in the Company, the combined total of which amounts to 0.05 per cent of the issued share capital.

The Directors of the Company received fees for their services and dividends from their shareholdings in the Company. Total fees for the year were £288,298 (2022: £271,334) and are disclosed in note 4. No fees remained payable at the year end.

Transactions between the Company and the Managers are detailed in note 3 on investment management fees and note 12 on fees owed to the Managers at the balance sheet date. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Managers are not considered to be a related party.

17. Financial risk management

The Group's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

Consistent with that objective, the Group holds UK commercial property investments. In addition, the Group's financial instruments during the year comprised interest-bearing loans, cash, trade receivables and payables that arise directly from its operations. The Group does not have exposure to any derivative instruments at 31 December 2023. The interest rate swap entered into to hedge the interest paid on £50 million Barclays term loan expired in July 2023.

The Group is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Group are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Group's risk exposure. These policies are summarised below and have remained unchanged for the year under review. These disclosures include, where appropriate, consideration of the Group's investment properties which, whilst not constituting financial instruments as defined by IFRS, are considered by the Board to be integral to the Group's overall risk exposure.

17. Financial risk management (continued)

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligation and will cause a financial loss for the other party by failing to discharge an obligation, and principally arises from the Group's receivables from customers. The Group has no significant concentrations of credit risk as the Group has a diverse tenant portfolio. The largest single tenant at the year end accounted for 4.6 per cent (2022: 4.7 per cent) of the current annual rental income.

The Managers have a credit team which has set out policies and procedures for managing exposure to credit. Some of the processes and policies include:

- an assessment of the credit worthiness of the lessee and its ability to pay is performed before lease is granted;
- where appropriate, guarantees and collateral is held against such receivables;
- after granting the credit, the credit department assesses the age analysis on a monthly basis and follows up on all outstanding payments; and
- management of the credit department determine the appropriate provision (see note 10) and which amounts should be written off.

In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. The fair value of cash and cash equivalents as at 31 December 2023 and 31 December 2022 approximates the carrying value.

The maximum credit risk from the rent receivable of the Group at 31 December 2023 was £1,359,000 (2022: £3,122,000). The maximum credit risk is stated after deducting an impairment provision of £2,475,000 (2022: £2,065,000) – see note 10 for further details.

Cash balances are held and derivatives are agreed only with financial institutions with a credit rating of A or better. Bankruptcy or insolvency of such financial institutions may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank. The utilisation of credit limits is regularly monitored. As at 31 December 2023, the Group's cash balances are held with Barclays Bank PLC.

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. The Group's investments comprise UK commercial property. Property and property-related assets in which the Group invests are not traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The Group's liquidity risk is managed on an ongoing basis by the Managers and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk, the Group aims to have sufficient cash balances (including the expected proceeds of any property sales) to meet its obligations for a period of at least twelve months.

17. Financial risk management (continued)

At the reporting date, the Group's financial assets and financial liabilities were (on a contractual maturity basis):

Financial assets	Within one year £'000	1-2 years £'000	3-5 years £'000	More than 5 years £'000	Total £'000
As at 31 December 2023					
Cash and cash equivalents	41,717	-	-	-	41,717
Trade and other receivables	1,854	398	889	1,487	4,628
As at 31 December 2022					
Cash and cash equivalents	54,837	-	-	-	54,837
Trade and other receivables	3,627	338	913	999	5,877
Financial liabilities	Within one year £'000	1-2 years £'000	3-5 years £'000	More than 5 years £'000	Total £'000
As at 31 December 2023					
Trade and other payables	7,594	398	889	1,487	10,368
Interest bearing £60m Barclays/HSBC revolving credit facility	422	30,000	-	-	30,422
Interest-bearing £260m L&G loan	268,882	-	-	-	268,882
As at 31 December 2022					
Trade and other payables	12,054	338	913	999	14,304
Interest-bearing £50m Barclays term loan, interest rate swap and commitment fee	50,912	-	-	-	50,912
Interest-bearing £260m L&G loan	8,882	268,882	-	-	277,764

The table above details the total payment due to L&G, the terms of the interest-bearing loan are detailed in note 13. It also details the payment due to Barclays/HSBC on the interest-bearing £30m drawn on the revolving loan facility (RCF) at 31 December 2023. The £30m RCF was repaid post-year end as detailed in note 22. The full £60m facility is currently available for drawdown and pays interest at the rates detailed in note 13.

In certain circumstances, the terms of the Group's interest-bearing loans entitle the lender to require early repayment and, in such circumstances, the Group's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected. As at 31 December 2023 the Group's cash balance was £41,717,000 (2022: £54,837,000).

Interest rate risk

Some of the Group's financial instruments are interest-bearing. They are a mix of both fixed and variable rate instruments with differing maturities. As a consequence, the Group is exposed to interest rate risk due to fluctuations in the prevailing market rate.

The Group's exposure to interest rate risk relates primarily to its debt obligations. Debt obligations and the interest rate risk they confer to the Group is considered by the Board on a quarterly basis. Debt obligations consist of a £260 million L&G loan on which the rate has been fixed at 3.32 per cent until the maturity date of 31 December 2024. Up until 14 September 2023, the Group also had a £50 million Barclays term loan on which the rate on this Barclays loan was fixed through an interest rate swap at 2.367 per cent per annum (the swap expired on 31 July 2023). This loan was repaid and cancelled on 14 September 2023. The Group entered into a new £60 million revolving credit facility (RCF) with Barclays/HSBC in September 2023 and £30 million of this facility was drawn at 31 December 2023. Interest payable on this new RCF is variable and based on SONIA plus 1.80 per cent per annum. The RCF pays an undrawn commitment fee of 0.63 per cent per annum. The Group also entered into a £260 million term loan commitment with Barclays/HSBC which is currently undrawn. This term loan paid an undrawn commitment fee of 0.45 per cent per annum for the period to 31 December 2023.

17. Financial risk management (continued)

The following table sets out the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

	Total £'000	Fixed rate £'000	Variable rate £'000	Assets where no interest is received £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
As at 31 December 2023						
Financial assets						
Cash and cash equivalents	41,717	-	41,717	-	3.76	-
Cash deposits held for tenants	3,269	-	-	3,269	-	-
Rent receivable and impairment provision	1,359	-	-	1,359	-	-
Financial liabilities						
L&G loan	259,689	259,689	-	-	3.32	1.0
Barclays/HSBC loan	26,777	-	26,777	-	7.07	-
As at 31 December 2022						
Financial assets						
Cash and cash equivalents	54,837	-	54,837	-	3.15	-
Interest rate swap	1,030	1,030	-	-	0.517	0.58
Cash deposits held for tenants	2,755	-	-	2,755	-	-
Rent receivable and impairment provision	3,122	-	-	3,122	-	-
Financial liabilities						
L&G loan	259,388	259,388	-	-	3.32	2.0
Barclays loan	49,889	49,889	-	-	2.367	0.58

Apart from the L&G loan as at 31 December 2023 as disclosed in note 13, the fair value of financial assets and liabilities is not materially different from their carrying value in the financial statements. Cash and cash equivalents, trade and other receivables, trade and other payables, and tenant deposits are carried at amortised cost and their carrying values are a reasonable approximation of fair value. Trade and other receivables include the contractual amounts for the settlement of trades and other obligations due to the Group. Trade and other payables and borrowings represent contract amounts and obligations due by the Group.

When the Group retains cash balances, they are ordinarily held on interest-bearing deposit accounts. The benchmark which determines the interest income received on interest-bearing cash balances is the bank base rate of the Bank of England which was 5.25 per cent as at 31 December 2023 (2022: 3.5 per cent). The Company's policy is to hold cash in variable rate or short-term fixed rate bank accounts and not usually in fixed rate securities with a term greater than three months.

Market price risk

The Group's strategy for the management of market price risk is driven by the investment policy as outlined within the Business Model and Strategy. The management of market price risk is part of the investment management process and is typical of commercial property investment. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies and note 9.

18. Capital commitments

The Group had no material capital commitments at 31 December 2023 (2022: 4,000,000 which related to contracted refurbishment and partial redevelopment of Strategic Park in Southampton).

19. Lease length

The Group leases out its investment properties under operating leases. The total future income based on the unexpired lease length at the year end was as follows (based on annual rentals):

	2023 £'000	2022 £'000
Less than one year	54,371	57,642
Later than one year and no later than two years	52,336	53,544
Later than two years and no later than three years	48,129	49,303
Later than three years and no later than four years	42,930	44,918
Later than four years and no later than five years	37,358	39,263
Later than five years	162,838	181,115
Total	397,962	425,785

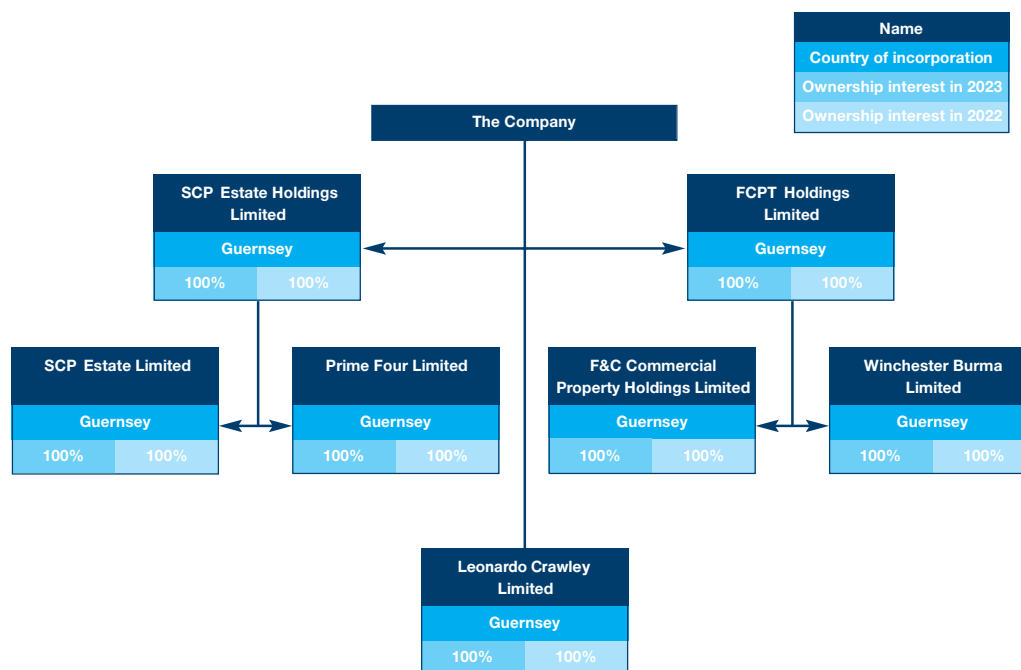
The largest single tenant at the year end accounted for 4.6 per cent (2022: 4.7 per cent) of the current annual rental income.

Unoccupied property expressed as a percentage of estimated total rental value (excluding properties under development) was 6.7 per cent (2022: 5.9 per cent) at the year end.

The Group has entered into commercial property leases on its investment property portfolio. These properties, held under operating leases, are measured under the fair value model as the properties are held for rent.

20. List of Subsidiaries

Set out below is a list of subsidiaries of the Group.



The results of the above entities are consolidated within the Group financial statements.

21. Securities financing transactions (“SFT”)

The Company has not, in the year to 31 December 2023 (2022: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transaction; margin lending transaction; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU resolutions on transparency of SFT, issued in November 2015.

22. Subsequent events

In December 2023, the Company exchanged contracts on the sale of 2-4 King Street, London SW1, a multi-let holding of 15,000 sq ft in London’s West End. The sale completed mid-January 2024 at a price of £28.5 million.

Post year-end, the Company exchanged contracts on the sale of the Leonardo Building in Crawley, a 110,000 sq. ft. out-of-town business park office. The sale was exchanged unconditionally based on a headline price of £26.1 million, representing a 6.1% discount to the December 2023 independent valuation. The sale completed in March 2024.

On 28 March 2024, the Company repaid the £30 million which was drawn down on the revolving credit facility with Barclays/HSBC at 31 December 2023. At 26 April 2024, the full £60 million revolving credit facility is available for drawdown.

On 15 April 2024, the Board announced the commencement of a Strategic Review. The Continuation Vote and the Strategic Review are covered on page 4 of the Chairman’s Statement. The Board looks forward to updating shareholders on the progress of the Strategic Review and will make further announcements in due course, noting that there is currently no certainty as to the outcome. It is expected that the outcome of the Strategic Review will be able to be announced in Q3 2024.

AIFM Disclosure

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the AIFM Directive, information in relation to the Group's leverage and the remuneration of the Company's AIFM, Columbia Threadneedle Investment Business Limited, is required to be made available to shareholders. Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or Columbia Threadneedle on request.

The Group's maximum and average actual leverage levels at 31 December 2023 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	300%	300%
Actual	131%	136%

For the purposes of the AIFM Directive, leverage is any method which increases the Group's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Group's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Group's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Incorporation. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Detailed regulatory disclosures to investors in accordance with the AIFM Directive are contained on the Company's website under Key Documents.

An Investor Disclosure Document for the Company is available on the Company's website: [balancedcommercialproperty.co.uk](https://www.balancedcommercialproperty.co.uk)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Balanced Commercial Property Trust Limited will be held in the building of the Company's UK legal advisers, Dickson Minto WS, at Dashwood House, 69 Old Broad Street, London EC2M 1QS on Thursday 20 June 2024 at 12.30pm. The meeting will address the following:

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Annual Report and Consolidated Financial Statements for the year ended 31 December 2023 be received and adopted.
2. That the Directors' Remuneration Report as set out in the Annual Report for the year ended 31 December 2023 be approved.
3. That the dividend policy as set out in the Annual Report be approved.
4. That Mr J Wythe, who retires annually, be re-elected as a Director.
5. That Mr P Marcuse, who retires annually, be re-elected as a Director.
6. That Mrs L Wilding, who retires annually, be re-elected as a Director.
7. That Ms I Sharp, who retires annually, be re-elected as a Director.
8. That Ms K Fahmy be elected as a Director.
9. That PricewaterhouseCoopers CI LLP be re-appointed as independent auditor.
10. That the Directors be authorised to determine the independent auditor's remuneration.
11. That, to the extent required by sections 291 (or otherwise) of The Companies (Guernsey) Law, 2008 the Directors be generally and unconditionally authorised to issue and allot shares comprised in the share capital of the Company as described in the Company's articles of incorporation (or grant options, warrants or other rights in respect of shares in the Company (the "Rights")) provided that:
 - (a) this authority shall be limited to the allotment and issuance of shares or Rights to be granted in respect of shares with an aggregate nominal value of up to £701,550, being approximately 10 per cent of the

nominal value of the issued share capital of the Company (excluding treasury shares) as at 25 April 2024 and further provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on expiry of 15 months from the passing of this resolution, whichever is earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and issued or Rights to be granted and the Directors may allot and issue shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this ordinary resolution has expired; and

- (b) this authority is in substitution for all previous authorities conferred on the Directors in accordance with sections 291 (or otherwise) of The Companies (Guernsey) Law, 2008 but without prejudice to any allotment or issuance of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities.

To consider and, if thought fit, pass the following as Special Resolutions:

12. That the Directors of the Company be and they are hereby generally empowered, to allot and issue ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company ("equity securities") for cash, including by way of a sale of ordinary shares held by the Company as treasury shares, as if any pre-emption rights in relation to the issue of shares contained in Article 6.2 of the Company's articles of incorporation did not apply to any such allotment of equity securities, provided that this power:
 - (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

(b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £701,550 being approximately 10 per cent of the nominal value of the issued share capital of the Company (excluding treasury shares), as at 25 April 2024.

13. That the Company be authorised, in accordance with section 315 of The Companies (Guernsey) Law 2008, to make market acquisitions (within the meaning of section 316(1) of The Companies (Guernsey) Law 2008 of ordinary shares of 1p each ("Ordinary Shares") (either for retention as treasury shares for future resale or transfer, or cancellation), provided that:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent of the issued Ordinary Shares on the date on which this resolution is passed;
 - (b) the minimum price which may be paid for an Ordinary Share shall be 1p (exclusive of expenses);
 - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 105 per cent of the average of the middle market quotations (as derived from the Daily Official List) for the Ordinary Shares for the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue which the purchase is carried out; and
 - (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or on the expiry of 18 months from the passing of this resolution, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

Northern Trust International Fund Administration Services (Guernsey) Limited

Secretary

PO Box 255, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands GY1 3QL

26 April 2024

Notes:

1. A member who is entitled to attend, speak and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company.
2. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.
3. A form of proxy is enclosed for use at the Meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach the Company's registrars Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 12.30pm on 18 June 2024.
4. Completing and returning a form of proxy will not prevent a member from attending in person at the Meeting should he or she so wish.
5. To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 18 June 2024. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such Meeting.
6. As at 25 April 2024, the latest practicable date prior to publication of this document, the Company had 799,366,108 Ordinary Shares in issue. The number of shares with voting rights was 701,550,187, each carrying one voting right.
7. Any person holding 3 per cent or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
8. The Directors' letters of appointment will be available for inspection from 15 minutes prior to, and at, the Annual General Meeting.

Shareholder Information

Dividends

Property Income Distributions are paid monthly. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Computershare Investor Services (Guernsey) Limited, c/o Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES on request. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Share Price

The Company's Ordinary Shares are listed on the Main Market of the London Stock Exchange. Prices are given daily in the Financial Times under "Investment Companies" and in other newspapers.

Data Protection

The Company is committed to ensuring the privacy and security of any personal data provided to it. Further details of the Company's privacy policy can be found on its website which is [balancedcommercialproperty.co.uk](https://www.balancedcommercialproperty.co.uk)

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Computershare Investor Services (Guernsey) Limited, c/o Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES under the signature of the registered holder.

Shareholder Enquiries

Contact Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands GY1 3QL. Additional information regarding the Company may also be found on its website which is: [balancedcommercialproperty.co.uk](https://www.balancedcommercialproperty.co.uk)

Common reporting standards

Tax legislation requires investment fund companies to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated Shareholders and corporate entities who have purchased shares in investment companies. All new Shareholders, excluding those whose shares are held in CREST, who are entered onto the share register are sent a certification form for the purpose of collecting this information.

Key Information Document

The Key Information Document relating to the Company's shares can be found on its website at [balancedcommercialproperty.co.uk](https://www.balancedcommercialproperty.co.uk). This document has been produced in accordance with the UK version of the EU's PRIIPs Regulations.

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from [fca.org.uk](https://www.fca.org.uk) to see if the person or firm contacting you is authorised by the FCA
- Call the Financial Conduct Authority ("FCA") on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at [fca.org.uk/scams](https://www.fca.org.uk/scams)
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at [fca.org.uk/scams](https://www.fca.org.uk/scams) where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

Historic Record

	Total assets less current liabilities £'000	Shareholders' funds £'000	Net asset value per Ordinary Share p	Ordinary Share price p	Premium/ (discount) %	Earnings per Ordinary Share p	Dividends per Ordinary Share p	Ongoing charges* %
18 March 2005 (launch)	943,288	713,288	97.0	100.0	3.1	-	-	-
31 December 2005	1,092,522	863,458	117.5	118.5	0.9	20.7	1.75	1.35
31 December 2006	1,269,122	1,039,769	141.5	131.0	(7.4)	30.0	6.00	1.32
31 December 2007	1,175,822 [†]	946,222 [†]	129.2 [†]	90.5	(30.0) [†]	(7.7) [†]	6.00	1.27
31 December 2008	813,941	584,183	85.8	62.0	(27.7)	(39.8)	6.00	1.35
31 December 2009	819,322	589,388	86.6	90.0	3.9	6.8	6.00	2.36
31 December 2010	934,223	655,081	96.3	105.6	9.7	15.7	6.00	2.06
31 December 2011	967,301	684,243	100.5	101.6	1.1	10.8	6.00	1.62
31 December 2012	1,019,525	736,031	98.8	103.7	5.0	4.2	6.00	1.62
31 December 2013	1,080,435	799,014	105.3	120.5	14.4	12.2	6.00	1.67
31 December 2014	1,285,546	975,980	122.1	136.4	11.7	22.5	6.00	1.41
31 December 2015	1,390,547	1,080,424	135.2	134.4	(0.6)	19.0	6.00	1.20
31 December 2016	1,393,072	1,083,445	135.5	136.4	0.7	6.3	6.00	1.07
31 December 2017	1,438,397	1,128,650	141.2	135.9	(3.8)	11.6	6.00	1.20
31 December 2018	1,427,310	1,117,448	139.8	124.6	(10.9)	4.6	6.00	1.18
31 December 2019	1,357,394	1,046,692	130.9	115.6	(11.7)	(2.8)	6.00	1.19
31 December 2020	1,249,861	939,644	117.5	80.0	(31.9)	(10.5)	2.85	1.13
31 December 2021	1,328,577	1,017,520	135.1	105.0	(22.3)	19.8	4.25	1.31
31 December 2022	1,093,103	831,465	118.5	88.5	(25.3)	(13.1)	4.70	1.39
31 December 2023	799,590	770,039	109.8	72.5	(34.0)	(3.7)	4.92	1.54

* Includes direct property costs and performance fee for years 2005 to 2016. From 2017 the Investment Managers are not entitled to a performance fee.

† Stated after application of a 10 per cent discount to the value of the Company's investments in indirect property funds.

Financial Calendar 2024/25

20 June 2024	Annual General Meeting
September 2024	Announcement of interim results
	Posting of Interim Report
March 2025	Announcement of annual results
	Posting of Annual Report

Alternative Performance Measures

The Company uses the following Alternative Performance Measures ('APMs'). APMs do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

Discount or Premium – the share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV. If the share price is lower than the NAV per share, the shares are trading at a discount. This could indicate that there are more sellers than buyers. Shares trading at a price above the NAV per share, are said to be at a premium.

		2023 pence	2022 pence
Net Asset Value per share	(a)	109.8	118.5
Share price per share	(b)	72.5	88.5
Discount (c = (b-a)/a)	(c)	(34.0)%	(25.3)%

Dividend Cover on a cash basis – The percentage by which profits for the year (less gains/losses on investment properties) adjusted by capital and rental lease incentives amortisation and interest bearing loans amortisation of set-up costs cover the dividends paid.

		2023 £'000	2022 £'000
Loss for the year		(26,067)	(94,377)
Add back: Unrealised losses on revaluation of investment properties		56,940	129,096
Losses on sales of investment properties realised		4,533	5
Loss on maturity of interest rate swap		187	-
Capital and rental lease incentives amortisation		3,346	155
Interest bearing loans amortisation of set-up costs		953	642
Set-up costs written-off on £100m Barclays loan		167	-
Set-up costs of loan extension and £320m Barclays/HSBC loan		(3,931)	-
Profit before investment losses and amortisation	(a)	36,128	35,521
Dividends	(b)	34,516	33,891
Dividend Cover on a cash basis (c = a/b)	(c)	104.7%	104.8%

Accounting Dividend Cover – The percentage by which profits for the year (less gains/losses on investment properties and non-recurring other income) cover the dividend paid.

		2023 £'000	2022 £'000
Loss for the year		(26,067)	(94,377)
Add back: Unrealised losses on revaluation of investment properties		56,940	129,096
Losses on sales of investment properties realised		4,533	5
Loss on maturity of interest rate swap		187	-
Other income		(119)	(42)
Profit before investment losses and other income	(a)	35,474	34,682
Dividends	(b)	34,516	33,891
Accounting Dividend Cover (c = a/b)	(c)	102.8%	102.3%

Dividend Yield – The dividends paid during the year divided by the share price at the year end. An analysis of dividends is contained in note 8 to the financial statements.

Net Gearing – Borrowings less cash divided by total assets (less current liabilities and cash).

		2023 £'000	2022 £'000
Interest bearing loans		290,000	310,000
Less cash and cash equivalents		(41,717)	(54,837)
Total	(a)	248,283	255,163
Total assets less current liabilities and cash (excluding current interest-bearing loan)	(b)	1,017,562	1,088,155
Net Gearing (c = a/b)	(c)	24.4%	23.4%

Ongoing Charges – All operating costs incurred by the Group, expressed as a proportion of its average Net Assets over the reporting year. The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing Ordinary Shares. An additional Ongoing Charge figure is calculated which excludes direct operating property costs as these are variable in nature and tend to be specific to lease events occurring during the year.

		2023 £'000	2022 £'000
Investment management fee (note 3)		5,968	6,861
Other expenses		7,336	6,479
Less non-recurring costs - impairment provision (note 4)		(538)	478
Less other non-recurring costs		(239)	(30)
Total	(a)	12,527	13,788
Average net assets	(b)	811,005	991,293
Ongoing Charges (c = a/b)	(c)	1.54%	1.39%

		2023 £'000	2022 £'000
Investment management fee (note 3)		5,968	6,861
Other expenses		7,336	6,479
Less direct operating property costs (note 4)		(4,728)	(5,255)
Less non-recurring costs - impairment provision (note 4)		(538)	478
Less other non-recurring costs		(239)	(30)
Total	(a)	7,799	8,533
Average net assets	(b)	811,005	991,293
Ongoing Charges excluding direct operating property costs (c = a/b)	(c)	0.96%	0.86%

Portfolio (Property) Capital Return – The change in property value during the year after taking account of property purchases and sales and capital expenditure, calculated on a quarterly time-weighted basis. The calculation is carried out by MSCI Inc.

Portfolio (Property) Income Return – The income derived from a property during the year as a percentage of the property value, taking account of direct property expenditure, calculated on a quarterly time-weighted basis. The calculation is carried out by MSCI Inc.

Portfolio (Property) Total Return – Combining the Portfolio Capital Return and Portfolio Income Return over the year, calculated on a quarterly time-weighted basis. The calculation is carried out by MSCI Inc.

Total Return – The theoretical return to shareholders calculated on a per share basis by adding dividends paid in the year to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets, respectively, on the date on which they were quoted ex-dividend.

	2023	2022
NAV per share at start of year – pence	118.5	135.1
NAV per share at end of year – pence	109.8	118.5
Change in the year	-7.3%	-12.3%
Impact of dividend reinvestments	+4.0%	+3.1%
NAV total return for the year	-3.3%	-9.2%

	2023	2022
Share price per share at start of year – pence	88.5	105.0
Share price per share at end of year – pence	72.5	88.5
Change in the year	-18.1%	-15.7%
Impact of dividend reinvestments	+5.6%	+4.0%
Share price total return for the year	-12.5%	-11.7%

EPRA Performance Measures

The European Public Real Estate Association (EPRA) is the industry body representing listed companies in the real estate sector. EPRA publishes Best Practice Recommendations (BPR) to establish consistent reporting by European property companies. Further information on the EPRA BPR can be found at epra.com

	Note	2023	2022
EPRA NRV (£'000)	1	839,067	904,160
EPRA NRV (pence per share)	1	119.6	128.9
EPRA NTA (£'000)	1	770,039	830,435
EPRA NTA (pence per share)	1	109.8	118.4
EPRA NDV (£'000)	1	769,728	821,423
EPRA NDV (pence per share)	1	109.7	117.1
EPRA earnings (£'000)	2	35,593	34,724
EPRA earnings per share (pence per share)	2	5.1	4.8
EPRA Net Initial Yield	3	5.3%	4.6%
EPRA topped-up Net Initial Yield	3	5.4%	4.9%
EPRA Vacancy Rate	4	6.7%	5.9%
EPRA Cost Ratios - including direct vacancy costs	5	21.9%	22.4%
EPRA Cost Ratios - excluding direct vacancy costs	5	17.7%	19.5%
Capital expenditure (£'000)	6	8,961	23,697

1) In October 2019, EPRA published new best practice recommendations (BPR) for financial disclosures by public real estate companies. The BPR introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net re-investment value (NRV) and EPRA net disposal value (NDV).

EPRA Net Reinstatement Value ('NRV'): Assumes that entities never sell assets and aims to represent the value assets required to rebuild the entity.

EPRA Net Tangible Assets ('NTA'): Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value ('NDV'): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

	2023 EPRA NRV £'000	2023 EPRA NTA £'000	2023 EPRA NDV £'000
IFRS Net Asset Value	770,039	770,039	770,039
Fair value of debt	-	-	(311)
Purchasers' costs	69,028	-	-
Net assets used in per share calculation	839,067	770,039	769,728
Shares in issue (000's)	701,550	701,550	701,550
EPRA assets per share (pence per share)	119.6p	109.8p	109.7p

	2022 EPRA NRV £'000	2022 EPRA NTA £'000	2022 EPRA NDV £'000
IFRS Net Asset Value	831,465	831,465	831,465
Fair value of interest rate swaps	(1,030)	(1,030)	-
Fair value of debt	-	-	(10,042)
Purchasers' costs	73,725	-	-
Net assets used in per share calculation	904,160	830,435	821,423
Shares in issue (000's)	701,550	701,550	701,550
EPRA earnings per share (pence per share)	128.9	118.4	117.1

2) EPRA earnings – EPRA earnings represents the earnings from core operational activities, excluding investment property revaluations and gains/losses on asset disposals. It demonstrates the extent to which dividend payments are underpinned by recurring operational activities.

	2023 £'000	2022 £'000
Loss for the year per IFRS income statement	(26,067)	(94,377)
Exclude:		
Unrealised losses on revaluation of investment properties	56,940	129,096
Losses on sale of investment properties realised	4,533	5
Loss on maturity of interest rate swap	187	-
EPRA earnings	35,593	34,724
Weighted average number of shares in issue (000's)	701,550	720,956
EPRA earnings per share (pence per share)	5.1	4.8

3) EPRA Net Initial Yield – EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market valuation of the properties.

		2023 £'000	2022 £'000
Investment property valuation		1,027,200	1,097,100
Allowance for estimated purchasers' costs		69,028	73,725
Grossed up property portfolio valuation	(a)	1,096,228	1,170,825
Annualised cash passing rental income		62,835	59,012
Property outgoings		(4,729)	(5,255)
Annualised net rents	(b)	58,106	53,757
Add: notional rent expiration of rent free periods or other lease incentives		1,526	3,737
Topped-up net annualised rent	(c)	59,632	57,494
EPRA NIY	b/a	5.3%	4.6%
EPRA topped-up NIY	c/a	5.4%	4.9%

4) EPRA Vacancy rate – EPRA vacancy rate is the estimated rental value (ERV) of vacant space excluding development properties divided by the ERV of the whole property, expressed as a percentage.

	2023 £'000	2022 £'000
Annualised potential rental value of vacant premises	4,635	3,940
Annualised potential rental value for the complete property portfolio	69,462	66,711
EPRA Vacancy rate	6.7%	5.9%

5) EPRA cost ratio – EPRA cost ratio reflects the overheads and operating costs as a percentage of the gross rental income.

		2023 £'000	2022 £'000
Total expenditure per IFRS Income Statement		13,304	13,340
EPRA costs (including direct vacancy costs)	(a)	13,304	13,340
Direct vacancy costs		2,561	1,709
EPRA costs (excluding direct vacancy costs)	(b)	10,743	11,631
Gross Rental Income less ground rent costs per Income Statement	(c)	60,625	59,497
EPRA cost ratio (including direct vacancy costs)	a/c	21.9%	22.4%
EPRA cost ratio (excluding direct vacancy costs)	b/c	17.7%	19.5%

No operating costs or overheads were capitalised in 2023 (2022: nil).

6) Capital expenditure

	2023 £'000	2022 £'000
Acquisitions	460	387
Development	143	52
No incremental lettable space	7,654	3,930
Incremental lettable space	704	19,328
Total capital expenditure	8,961	23,697

The Company has no interests in joint ventures.

Glossary of Terms

Corporate Terms

AAF – Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC – Association of Investment Companies. This is the trade body for Closed-end Investment Companies (theaic.co.uk).

AIFMD – The UK version of the Alternative Investment Fund Managers Directive as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018 as amended. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles in the European Union, including Closed-end Investment Companies, must have appointed a Depositary and an Alternative Investment Fund Manager before 22 July 2014. The Board of Directors of a Closed-end Investment Company, nevertheless, remains fully responsible for all aspects of the company's strategy, operations and compliance with regulations.

Benchmark – This is a measure against which an Investment Company's performance is compared. The Company does not have a formal Benchmark but does report its performance against the MSCI UK Quarterly Property Index.

Closed-end Investment Company – A company with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended investment company, which has units not traded on an exchange but issued or bought back from investors at a price directly related to the Net Asset Value.

Depositary – Under AIFMD rules applying from July 2014, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under AIFMD regulations, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties. The Depositary's oversight duties include, but are not limited to, oversight of share buybacks, dividend payments and adherence to investment limits. The Company's Depositary is JP Morgan Europe Limited.

Dividend – The income from an investment. The Company currently pays dividends to shareholders monthly.

GAAP – Generally Accepted Accounting Practice. This includes UK GAAP and International GAAP (IFRS or International Financial Reporting Standards applicable in the European Union). The Company's financial statements are prepared in accordance with IFRS as adopted in the European Union.

Gearing – Unlike open-ended investment companies, Closed-end Investment Companies have the ability to borrow to invest. This term is used to describe the level of borrowings that an Investment Company has undertaken. The higher the level of borrowings, the higher the gearing ratio.

Leverage – As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to Gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Managers – The Company's investment managers are Columbia Threadneedle Investment Business Limited, and its property managers are Columbia Threadneedle REP AM plc. Further details are set out on page 95 and in note 3 to the financial statements.

Market Capitalisation – The stock market value of a company as determined by multiplying the number of shares in issue, excluding those shares held in treasury, by the market price of the shares.

Net Assets (or Shareholders' Funds) – This is calculated as the value of the investments and other assets of an Investment Company, plus cash and trade and other receivables, less borrowings and trade and other payables. It represents the underlying value of an Investment Company at a point in time.

Net Asset Value ('NAV') per Ordinary Share – This is calculated as the net assets of an Investment Company divided by the number of shares in issue, excluding those shares held in treasury.

REIT – Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements.

Ordinary Shares – The main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Investment Company, and any capital growth. As at 31 December 2023 the Company had only Ordinary Shares in issue.

Property Terms

Break Option – A clause in a Lease which provides the landlord or tenant with an ability to terminate the Lease before its contractual expiry date.

Covenant Strength – This refers to the quality of a tenant's financial status and its ability to perform the covenants in the Lease.

Dilapidation – Repairs required during or at the end of a tenancy or lease.

Estimated Rental Value ('ERV') – The estimated annual market rental value of a property as determined by the Company's External Valuer. This will normally be different from the actual rent being paid.

External Valuer – An independent external valuer of a property. The Company's External Valuer is CBRE Limited and detailed information regarding the valuation of the Company's properties is included in note 9 to the financial accounts.

Fixed and Minimum Uplift Rents – Rents subject to fixed uplifts at an agreed level on agreed dates stipulated within the Lease, or rents subject to contracted minimum uplifts at specified review dates.

Lease – A legally binding contract between a landlord and a tenant which sets out the basis on which the tenant is permitted to occupy a property, including the Lease length.

Lease Incentive – A payment used to encourage a tenant to take on a new Lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period.

Share Price – The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.

SORP – Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC.

Total Assets – This is calculated as the value of the investments and other assets of an Investment Company, plus cash and trade and other payables.

Lease Re-gear – This term is used to describe the renegotiation of a Lease during the term and is often linked to another Lease event, for example a Break Option or Rent Review.

Lease Renewal – The renegotiation of a Lease with the existing Tenant at its contractual expiry.

Lease Surrender – An agreement whereby the landlord and tenant bring a Lease to an end other than by contractual expiry or the exercise of a Break Option. This will frequently involve the negotiation of a surrender premium by one party to the other.

Net Income – The net income from a property after deducting ground rent and non-recoverable expenditure.

Net Initial Yield – The initial Net Income from a property at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.

Rent Review – A periodic review of rent during the term of a Lease, as provided for within a Lease agreement.

Reversion – Increase in rent estimated by the Company's External Valuer, where the passing rent is below the ERV. The increases to rent arise on rent reviews and lettings.

Tenant's Improvements – This term is used to describe a wide range of works that are usually carried out by a tenant, at its own cost, and usually require the landlord's prior approval.

Void or Vacancy – The amount of rent relating to properties which are unoccupied and generating no rental income. Stated as a percentage of ERV.

How to Invest

One of the most convenient ways to invest in Balanced Commercial Property Trust Limited is through one of the Savings Plans run by Columbia Threadneedle Investments.

CT Individual Savings Account (ISA)

You can use your ISA allowance to make an annual tax efficient investment of up to £20,000 for the current tax year with a lump sum from £100 or regular savings from £25 a month. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

CT Junior Individual Savings Account (JISA)*

A tax efficient way to invest up to £9,000 per tax year for a child. Contributions start from £100 lump sum or £25 a month. JISAs or CTFs with other providers can be transferred to Columbia Threadneedle Investments.

CT Lifetime Individual Savings Account (LISA)

For those aged 18-39, a LISA could help towards purchasing your first home or retirement in later life. Invest up to £4,000 for the current tax year and receive a 25% Government bonus up to £1,000 per year. Invest with a lump sum from £100 or regular savings from £25 a month.

CT General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £100 lump sum or £25 a month.

CT Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £100 lump sum or £25 a month per account. You can also make additional lump sum top-ups at any time from £100 per account.

CT Child Trust Fund (CTF)*

If your child already has a CTF, you can invest up to £9,000 per birthday year, from £100 lump sum or £25 a month. CTFs with other providers can be transferred to Columbia Threadneedle Investments.

* The CTF and JISA accounts are opened by parents in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

To find out more, visit www.ctinvest.co.uk

0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

Capital at risk.

The material relates to an investment trust and its Ordinary Shares are traded on the main market of the London Stock Exchange.

The Investor Disclosure Document, Key Information Document (KID), latest annual or interim reports and the applicable terms & conditions are available from Columbia Threadneedle Investments Cannon Place, 78 Cannon Street, London EC4N 6AG, your financial advisor and/or on our website www.columbiathreadneedle.com. Please read the Investor Disclosure Document before taking any investment decision.

This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

In the UK: Issued by Columbia Threadneedle Management Limited, No. 517895, registered in England and Wales and authorised and regulated in the UK by the Financial Conduct Authority.

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Charges

Annual management charges and other charges apply according to the type of Savings Plan, these can be found on the relevant product Pre-sales Cost & Charges disclosure on our website www.ctinvest.co.uk.

Annual account charge

ISA/LISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges

£12 per fund (reduced to £0 for deals placed through the online Columbia Threadneedle Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales Cost & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to invest in, these can be found at www.ctinvest.co.uk/documents.

How to Invest

To open a new Columbia Threadneedle Savings Plan, apply online at www.ctinvest.co.uk. Online applications are not available if you are transferring an existing Savings Plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new Savings Plan in more than one name but paper applications are available at www.ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New Customers

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)

Email: invest@columbiathreadneedle.com

Existing Savings Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)

Email: investor.enquiries@columbiathreadneedle.com

By post: Columbia Threadneedle Management Limited, PO Box 11114, Chelmsford, CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, EQI, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**



Company Overview

The Company

Balanced Commercial Property Trust Limited (“the Company”), is an authorised closed-ended Guernsey incorporated investment company. Its shares have a premium listing on the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. Stock Code : BCPT.

The Consolidated Financial Statements of the Company consolidate the results of its subsidiary undertakings, which collectively are referred to throughout this document as ‘the Group’, details of which are contained in note 20 to the accounts.

Objective

The investment objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

Investment Policy

The Company's investment policy is set out on page 6.

Management

The Board has appointed Columbia Threadneedle Investment Business Limited (referred to throughout this document as ‘the Investment Managers’) as the Company's investment managers and Columbia Threadneedle REP AM plc (referred to throughout this document as ‘CT REP’ or ‘the Property Managers’) as the Company's property managers. The Investment Managers and CT REP are both part of the Columbia Threadneedle Investments Group (‘CTI’) and, collectively, are referred to in this document as ‘the Managers’.

Capital Structure

The Company's equity capital structure consists of ordinary shares (‘Ordinary Shares’). Subject to the solvency test provided for in The Companies (Guernsey) Law, 2008 being satisfied, ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors.

Guernsey Regulatory Status

The Company is an authorised closed-ended investment scheme domiciled in Guernsey and on 9 June 2009, was granted an authorisation declaration by the Guernsey Financial Services Commission in accordance with Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 2020, and rule 6.2 of the Authorised Closed-Ended Investment Schemes Rules 2021.

How to Invest

The Investment Managers operate a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 94. You may also invest through your usual stockbroker.

Visit our website at:

balancedcommercialproperty.co.uk

Registered in Guernsey with company registration number 50402
Legal Entity Identifier : 213800A2B1H4ULF3K397



Corporate Information


Directors (all non-executive)

Paul Marcuse (Chairman)*
Isobel Sharp#†
John Wythe†
Linda Wilding+
Karima Fahmy (appointed 19 January 2024)

Secretary

Northern Trust International Fund
Administration Services
(Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
Channel Islands GY1 3QL
 01481 745001

Alternative Investment Fund Manager ('AIFM') and Investment Managers

Columbia Threadneedle Investment Business Limited
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
 0207 628 8000

Property Managers

Columbia Threadneedle REP AM plc
Cannon Place
78 Cannon Street
London EC4N 6AG

Property Valuers

CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB

Independent Auditors

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Royal Bank Place
1 Gategny Esplanade
St. Peter Port
Guernsey GY1 4ND

Guernsey Legal Advisers

Carey Olsen (Guernsey) LLP
Carey House
Les Banques
St. Peter Port
Guernsey GY1 4BZ

UK Legal Advisers

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16 Charlotte Square
Edinburgh EH2 4DF

Brokers and Financial Advisers

Winterflood Securities Limited
Riverbank House
2 Swan Lane
London
EC4R 3GA

Barclays Bank PLC - UK
1 Churchill Place
London
E14 5HP

Depositary

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

* Chairman of the Nomination Committee

Chairman of the Audit and Risk Committee

† Senior Independent Director

‡ Chairman of the Management Engagement Committee


+ Chairman of the ESG Committee


Balanced Commercial Property Trust Limited

2023 Annual Report and Consolidated Financial Statements


Contact us

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To find out more visit columbiathreadneedle.com

