BMO Commercial Property Trust Limited

(formerly F&C Commercial Property Trust Limited)

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS 2019

Contents

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 BMO 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 Photo: 2-4 King Street, London.

Company Overview

Objective

The investment objective of BMO Commercial Property Trust Limited ('the Company), formerly known as F&C Commercial Property Trust Limited, 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.

The Company

The Company is an Authorised Closed-Ended Guernsey incorporated investment company. Its shares have a premium listing on the Official List of the UK Listing Authority and are traded on the Main Market of the London Stock Exchange. Stock Code : BCPT.

The Annual Report and Accounts of the Company consolidates the results of its subsidiary undertakings, which collectively are referred to throughout this document as 'the Group', details of which are contained in note 1(b) and note 20 to the accounts.

At 31 December 2019 Group total assets less current liabilities were £1,357 million and Group shareholders' funds were £1,047 million.

Investment Policy

The Company's investment policy is contained on page 9.

Management

The Board has appointed BMO Investment Business Limited (referred to throughout this document as 'the Investment Managers') as the Company's investment managers and BMO REP Asset Management plc (referred to throughout this document as 'BMO REP' or 'the Property Managers') as the Company's property managers. The Investment Managers and BMO REP are both part of the BMO Asset Management (Holdings) plc ('BMO') group and, collectively, are referred to in this document as 'the Managers'.

Further details of the management arrangements are provided in note 3 to the accounts.

BMO is wholly owned by Bank of Montreal and is part of the BMO Global Asset Management group of companies.

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 creditors.

Guernsey Regulatory Status

The Company is an Authorised Closed-Ended Investment Scheme domiciled in Guernsey and 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, 1987, and rule 6.02 of the Authorised Closed-Ended Investment Schemes Rules 2008, on 9 June 2009.

Alternative Performance Measures ('APM')

The Company uses a number of alternative performance measures to report its business performance and financial position. Further information is provided on pages 74 and 75.

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 80. You may also invest through a stockbroker.

Visit our website at: **bmocommercialproperty.com**

aic
The Association of
Investment Companies

Registered in Guernsey with company registration number 50402
Legal Entity Identifier : 213800A2B1H4ULF3K397

Financial Headlines

-2.4%*

Share Price total return of -2.4% for the year

-0.1%*

Portfolio total return of -0.1%

81.8%*

Dividend cover increased to 81.8% from 80.2%

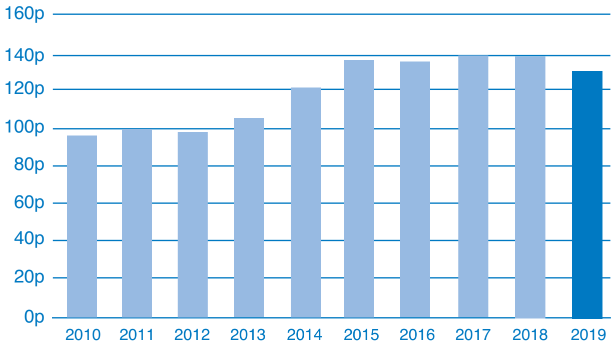
5.2%*

Yield on year-end share price of 5.2%.

Delivering long-term growth in capital and income

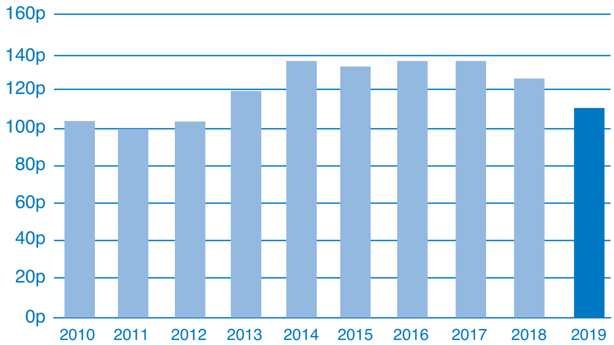
Since launch in 2005 BMO Commercial Property Trust Limited has turned a £1,000 investment, with dividends reinvested*, into £2,544[1].

Net asset value per share at 31 December - pence



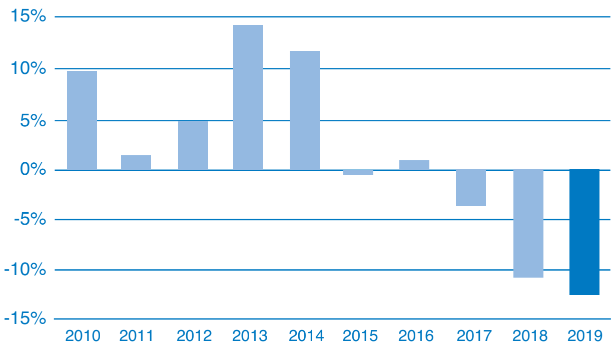
Source: BMO Investment Business

Mid-market price per share at 31 December - pence



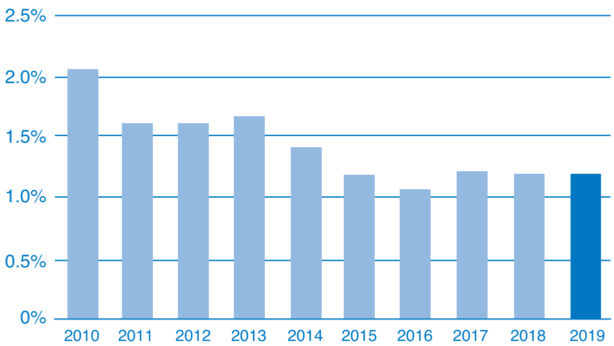
Source: BMO Investment Business

Share price discount to net asset value at 31 December of 11.7% *



Source: BMO Investment Business

On-going charges 1.19% *



Source: BMO Investment Business

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.

* See Alternative Performance Measures on pages 74 and 75.

[1] based on year-end share price.

Performance Summary

	Year ended 31 December 2019	Year ended 31 December 2018	
Total Returns for the year*			
Net asset value per share	(2.1)%	3.3%	
Ordinary Share price	(2.4)%	(4.3)%	
Portfolio	(0.1)%	4.0%	
MSCI UK Quarterly Property Index	1.3%	6.2%	
FTSE All-Share Index	19.2%	(9.5)%	

	Year ended 31 December 2019	Year ended 31 December 2018	% change
Capital Values			
Total assets less current liabilities (£'000)	1,357,394	1,427,310	(4.9)
Net asset value per share	130.9p	139.8p	(6.4)
EPRA Net asset value per share**	131.0p	139.8p	(6.3)
Ordinary Share price	115.6p	124.6p	(7.2)
FTSE All-Share Index	4,196.47	3,675.06	14.2
Ordinary share price discount to net asset value per share*	(11.7)%	(10.9)%	
Net Gearing*	21.3%	21.2%	

	Year ended 31 December 2019	Year ended 31 December 2018	
Earnings and Dividends			
Earnings per Ordinary Share	(2.8)p	4.6p	
Adjusted EPRA Earnings per Ordinary Share**	4.9p	4.8p	
Dividends per Ordinary Share	6.0p	6.0p	
Dividend yield*	5.2%	4.8%	

	Year ended 31 December 2019	Year ended 31 December 2018	
Ongoing Charges			
As a percentage of average net assets*	1.19%	1.18%	
As a percentage of average net assets (excluding direct property expenses)*	0.83%	0.83%	

We expect capital values to remain under pressure and rental growth, especially in retail, to be by exception. Optimising and protecting income will be paramount in the difficult period ahead.

St Christopher's Place
London

Year's Highs/Lows	Highs 2019	Lows 2019
Net asset value per share	139.8p	130.9p
Ordinary Share price	132.8p	106.0p
Premium/(Discount)*	(5.0)%	(22.2)%

* See Alternative Performance Measures on pages 74 and 75.
** See EPRA Performance Measures on pages 76 and 77.
Sources: BMO Investment Business, MSCI Inc and Refinitiv Eikon.

Chairman's Statement

The Company's net asset value ('NAV'), total return for the year was -2.1 per cent and the share price total return was -2.4 per cent. The total return for the portfolio was -0.1 per cent, compared with the MSCI Quarterly property Index ('MSCI') which delivered 1.3 per cent.

Martin Moore, Chairman

The UK direct commercial property market delivered an income driven, positive total return in 2019. This was lower than 2018, and influenced by muted economic growth, the approaching Brexit deadline and widespread weakness in the retail property market. The industrial and distribution sector continued to perform relatively well, delivering both rental and capital growth, and the office market, led by the regions, performed broadly in line with its income return. Investment volumes held up well and, although lower than 2018, were around the longer-term average.

Performance for the Year

The Company's net asset value ('NAV') total return for the year was -2.1 per cent and the share price total return was -2.4 per cent. The total return from the portfolio was -0.1 per cent, lagging the total return of 1.3 per cent from the MSCI UK Quarterly Property Index ('MSCI').

Our share price at the year-end was 115.6p, representing a discount of 11.7 per cent to the NAV per share of 130.9p (compared to a 10.9 per cent discount as at 31 December 2018), reflecting continued uncertainties in the market surrounding Brexit and concerns over the retail sector.

The following table provides an analysis of the movement in the NAV per share for the year:

	Pence
NAV per share as at 31 December 2018	139.8
Unrealised decrease in valuation of direct property portfolio	(7.8)
Other net revenue	4.9
Dividends paid	(6.0)
NAV per share as at 31 December 2019	**130.9**

During 2019 the capital return for the portfolio was -4.3 per cent, compared to MSCI which recorded a capital return of -3.1 per cent.

Unsurprisingly, our retail portfolio was a primary reason for the negative returns and underperformance against MSCI. There was a fall in value of the St. Christopher's Place Estate, almost entirely as a result of a mark down in the valuation of its two Oxford Street retail units. This was in response to the challenging investment environment and a material rebasing of rental values to bring them in line with recent market evidence.

Unfortunately, our prime retail parks at Newbury and Solihull didn't escape the retail headwinds either and were marked down in value too as yields continued to move out. However, on the positive side, construction work has started at Newbury Retail Park to create new stores for Lidl and Deichmann Shoes. They will fill space previously leased to Homebase and Mothercare and we are optimistic such significant lettings will attract other new occupiers to the park. Hobbycraft opened to trade in August 2019, having replaced Poundworld, who went into administration in 2018.

We had further good news post year-end following the completion of an unconditional letting to Marks & Spencer at Sears Retail Park in Solihull. This significantly expands their presence, combining the former Homebase unit with their existing food hall and is a valuable addition to the park, showing that M&S share our confidence in the location. Notwithstanding the challenges facing the high street, our recent experience at both Newbury and Solihull demonstrates the confidence of some retailers to continue to invest but only for the right space in the right locations.

Our industrial portfolio also underperformed in 2019 with the undoubted quality of the underlying assets failing to offset the impact of a handful of near-term lease expiries and break-clauses. This effect was compounded by our distribution unit at Daventry, let to Mothercare, where the valuation was reduced due to future occupational uncertainty, notwithstanding a rental guarantee from a Mothercare company not in administration.

The strongest return contribution came from the office sector where, in absolute terms, the best performance was from Cassini House, St James's Street, London, following the successful refurbishment and letting of the vacant 4th and 5th floors to Shore Capital. Amongst other increases, there was also a pleasing uplift in the valuation of Watchmoor Park, Camberley, where rental income had been secured on part of Building C until 2030, and the sale of land for residential development at Cowdray Avenue, Colchester eventually went unconditional during the year, ahead of the 2018 valuation.

Borrowings and Loan Refinancing

The Group's available borrowings comprise a £260 million term loan with Legal & General Pensions Limited, maturing on 31 December 2024, together with a £50 million term loan facility and an undrawn £50 million revolving credit facility, both with Barclays and available until June 2021. All loan covenants were comfortably met. The Group's total loan to value, net of cash, was 21.3 per cent at the end of the year and the weighted average interest rate on total current borrowings is 3.3 per cent.

Dividends and Dividend Cover

Twelve monthly interim dividends, each of 0.5p per share, were paid during the year. This maintains the annual dividend of 6.0p per share paid since 2006 and provides a dividend yield of 5.2 per cent based on the year-end share price.

The Company's level of dividend cover for the year (excluding capital gains on properties) was 81.8 per cent. This was marginally higher than the 80.2 per cent cover achieved last year. There was a small decrease in the level of rental income collected, primarily due to the sale of the office building at Thames Valley Park 2 in Reading and the loss of income caused by the vacancies at Solihull and Newbury. This was more than compensated by a fall in the level of taxation payable and a reduction in expenses.

REIT Conversion

Shareholders voted in favour of the REIT proposals at an extraordinary general meeting held on 30 May 2019 and the Group entered the UK REIT regime on 3 June 2019. The adoption of REIT status by the Group alters the shareholders' tax positions in respect of the receipt of distributions under the REIT regime, as the majority of the distributions from the Company will be property income distributions ("PID's"). The first distribution that the Company made under the REIT regime related to profits earned from 3 June 2019 and the first monthly PID was paid on 31 October 2019.

Board Composition

Having served nine years on the Board, Chris Russell stepped down as Chairman of the Company and retired from the Board at the annual general meeting on 30 May 2019. I became Chairman from that date and Paul Marcuse took on the role of Senior Independent Director. Chris joined the Board in 2009 and became Chairman in 2011. He excelled in this role and my Board colleagues and I would like to thank him for his significant contribution and leadership over many years.

As part of the REIT conversion, Peter Cornell and David Preston, both Guernsey directors, also stood down from the Board at the AGM. I'd like to thank them too, at the same time welcoming Linda Wilding who is UK based and joined the Board on 3 June 2019.

Following these changes, our Board now consists of five Directors, three males and two females, four of whom are based in the UK and one in Guernsey.

By the AGM this year, I will have served nine years on the Board. There has been a significant amount of change in the composition of the Board following REIT conversion and in order to ensure a smooth transition, I will stand for re-election at the next AGM in June 2020. Further to this, it is my intention to retire from the Board at the AGM in 2021.

Environmental, Social and Governance (ESG)

I am delighted with the progress the Company continues to make in advancing its ESG strategy and with the improvement demonstrated in a number of key industry indicators. A significant increase in the Company's annual Global Real Estate Sustainability Benchmark (GRESB) score is a notable achievement this year and provides a pleasing independent assessment of the successful results our Property Manager has delivered across a broad array of sustainability related initiatives. I was also particularly pleased to see the Company receive a gold award from EPRA, the European Public Real Estate Association, for the implementation of its sustainability best practice recommendations and to have been recognised as the most improved performer in 2019.

Our portfolio level successes are driven by many and varied interventions at local property level where we strive for efficiency and impact. When combined, this has created a solid platform from which to drive further success. As a Board, we continue to give considerable attention to our ESG commitments and support our Property Manager in responding proactively to this ever-changing landscape. A more detailed summary of progress is included later in this Annual Report, and a full review will be shared in the separate 2019 ESG Report, available on the Company's website.

Annual General Meeting

The Annual General Meeting will be held at 2.00pm on Tuesday 30 June 2020 at the offices of BMO Global Asset Management, Exchange House, Primrose Street, London, EC2A 2NY. The Notice of the Meeting is contained on pages 70 to 71.

We are closely monitoring the impact of COVID-19 and it is currently the intention of the Company to hold the meeting as planned. However, the Board notes the guidance issued by the Government, restricting social gatherings in view of the COVID-19 pandemic, and the fact that if such guidance remains in place on the date of the AGM, shareholders will be prohibited from attending the AGM. Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place, the Board requests that shareholders do not attend the AGM in person but instead appoint a proxy and provide voting instructions in advance of the AGM, in accordance with the instructions explained in the Notice of AGM.

Outlook

The emergency measures put in place to limit the spread of COVID-19 have led to a collapse in the financial markets and significant downgrades to the economic outlook. There have been major shifts in both monetary and fiscal policies in the UK and globally to try to mitigate the economic impact but their likely effectiveness is unclear at present and sentiment has deteriorated sharply. Property has not been immune, with valuers unable to determine "true value" in these conditions and share prices across the real estate sector have fallen sharply. Performance in 2020 is likely to be severely affected across the board.

It will take time for the markets to re-balance following such a major shock. Changes to lifestyles and working patterns may persist beyond the crisis period, which for property may present opportunity as well as challenges. However, the economic outlook will still be affected by Brexit and this represents another area of uncertainty. Given this backdrop, we expect capital values to remain under pressure and rental growth, especially in retail, to be by exception. Optimising and protecting income will be paramount in the difficult period ahead.

As at the date of this report more information has been gathered on the effects of COVID-19 on the Company. A trading update has been released to the market in parallel with the Annual Results announcement, which gives information regarding a temporary suspension to monthly dividends and the NAV as at 31 March 2020. This announcement is available on the Company's website at bmocommercialproperty.com.

These are challenging times for property markets, and for the retail sector in particular, and your Company hasn't been immune to this. Although longer-term performance has been solid, we have had a number of events in recent years which has led to relative underperformance from our portfolio. That said, we share the Manager's conviction in the quality of the current portfolio and are encouraged by the many accretive opportunities it presents.

Martin Moore
Chairman
15 April 2020

St Christopher's Place
London

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.

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 and risk management. As set out in the Directors' Responsibilities on page 40, 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 28. 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 accounts.

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 and industrial. It also has an exposure to the alternative sector, including leisure, residential property and student housing.

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 the maximum weightings in the principal property sectors at any time (stated as a percentage of total assets) are: office: 50 per cent; retail: 65 per cent; and industrial: 40 per cent. 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 to enhance returns over the long-term which are subject to covenant tests set out in note 13 on pages 62 and 63, all of which are comfortably met. 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 2019 is contained within the Managers' Review on pages 17 to 21 and a portfolio listing is provided on page 27.

The Group's borrowings are described in note 13 to the accounts.

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 Property Manager, has continued to make significant progress in developing our approach to ESG factors, 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 this attractive and appropriate vehicle risk-adjusted returns. The positive feedback of shareholders to our enhanced approach to ESG matters has been a notable feature of our engagement with them this year.

Furthermore, certain environmental and social attributes of the assets held by the Company continue to 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 long-term. In particular:

Prime Four Business Park, Aberdeen

- 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 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 reduces 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

The next continuation vote of the Company will be in 2024.

Discount Control

The policy regarding share buy backs 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 buy backs 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 buy back 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 buy backs; and the levels of liquidity, gearing and loan to value within the Company.

In periods of market volatility share buy backs are recognised to have minimal impact on the share price.

Shareholder Value

The Board and the Managers recognise the importance of both marketing and share buy backs in increasing demand for the Company's shares. Share buy backs can help reduce the volatility of any discount of the share price to the net asset value per share and enhance the net asset value per share for continuing shareholders. In terms of marketing, the Managers offer a range of private investor savings schemes, details of which can be found on page 80. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment company sector. Communication of quarterly portfolio information is made through the Company's website.

Promoting Success

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 S172 applies directly to UK domiciled companies, the intention of the UK Corporate Governance Code is that matters set out in this section are reported on by all listed companies. This will include 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 Manager, other professional service providers (corporate broker, registrar, auditor, depositary, tax and legal advisers) and lenders. Our main working relationship is with the Manager 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 Manager 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 two lenders to ensure that they have a strong working relationship. Compliance with the borrowing restrictions are monitored on an ongoing basis and the refinancing of debt is looked on a timely basis.

The significant portfolio activities undertaken by the Manager can be found in the Managers' Review on pages 17 to 21. The Company also took the strategic decision, following a shareholder vote, to elect into the UK REIT regime and become UK tax resident. It is believed that this step improves the long-term tax profile and is in the best interests of the Company.

The Board places great importance on communication with shareholders. The Annual General Meeting, which will now be held in London following the Company adopting UK REIT status, will provide a key forum for the Board and Manager to present to shareholders on performance, along with future plans and prospects for the Company. The Chairman and Senior Independent Director continues to be available to meet with shareholders as appropriate and the Manager meets 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 broker. 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 22 to 26 additional information on our approach towards Environmental, Social and Governance ('ESG'). Directors have engaged on this with the Manager and the Company's specialist ESG adviser, Hillbreak to establish an approach that is bespoke to the Company, business model and portfolio. We are very supportive of their approach, which focuses on integrating ESG factors into the investment and property management process. This has evolved in recent years and has involved the determination of a suite of ESG pillars, commitments and targets that are bespoke to the Company and its portfolio of property assets. The Company has made significant progress in this area.

As long-term investors we always look to the future and to the role and success of the Company in that context. We believe that the Company provides a clear investment choice with access to a balanced, high quality and sustainable property portfolio. 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.

Cassini House, St James's St, London

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 and Manager's Review.

Performance total return*

	1 Year %	3 Years %	5 Years %	10 Years %	
BMO Commercial Property Trust ordinary share price	(2.4)	(3.0)	6.1	113.5	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.
BMO Commercial Property Trust net asset value ('NAV')	(2.1)	9.9	33.5	152.5	
BMO Commercial Property Trust portfolio	(0.1)	13.0	36.0	157.5	
MSCI UK Quarterly Property Index	1.3	18.6	39.1	132.0	
FTSE All-Share Index	19.2	22.0	43.8	118.3	

Income return* (Compound annual growth rate)

	1 Year %	3 Years %	5 Years %	10 Years %	
BMO Commercial Property Trust portfolio income return	4.4	4.3	4.4	5.1	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	4.5	4.5	4.6	5.2	

Share price premium (discount) to NAV per share*

As at:	31 Dec 2019 %	31 Dec 2018 %	31 Dec 2017 %	31 Dec 2016 %	31 Dec 2015 %	
(Discount) / Premium	(11.7)	(10.9)	(3.8)	0.7	(0.6)	This is the difference between the share price and the NAV per share. It can be an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.

Expenses

Year to:	31 Dec 2019 %	31 Dec 2018 %	31 Dec 2017 %	31 Dec 2016 %	31 Dec 2015 %	
Ongoing charges*	1.19	1.18	1.20	1.07	1.20	This data shows whether the Company is being run efficiently. It measures the running costs as a percentage of the average net assets.
Ongoing charges excluding direct property expenses	0.83	0.83	0.82	0.73	0.93	This data shows whether the Company is being run efficiently. It measures the running costs excluding direct property expenses as a percentage of the average net assets.

*See Alternate Performance Measures on pages 74 and 75.
Source: BMO 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 36 and 37, 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.

Principal risks and uncertainties faced by the Company are described below and in note 17, which provides detailed explanations of the risks associated with the Company's financial instruments.

- Market – the Company's assets comprise direct investments in UK commercial property and it is therefore exposed to movements and changes in that market.
- Investment and strategic – poor investment decisions and incorrect strategy, including sector and geographic allocations, use of gearing, inadequate asset management activity and tenant defaults could lead to poor returns for shareholders.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's London Stock Exchange listing, financial penalties or a qualified audit report.
- Environmental – inadequate attendance to environmental factors by the Managers, including those of a regulatory and market nature and particularly those relating to energy performance, health and safety, climate risk and environmental liabilities, leading to the reputational damage of the Company, reduced liquidity in the portfolio, and/or negative asset value impacts.
- Tax structuring and compliance – the Company should ensure compliance with relevant tax rules and thresholds at all times.

  Changes to tax legislation could have an adverse financial impact.
- Operational – failure of the Managers' accounting systems or disruption to its business, or that of other third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Managers or other third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to a qualified audit report, misreporting or breaches of regulations. Breaching Guernsey solvency test requirements or loan covenants could lead to a loss of shareholders' confidence and financial loss for shareholders (see note 13 for details of the principal loan covenants).

The Board seeks to mitigate and manage these risks through continual review, policy-setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's property portfolio. The Managers seek to mitigate the portfolio risks through active asset management initiatives and carrying out due diligence work on potential tenants before entering into any new lease agreements. All of the properties in the portfolio are insured.

As well as considering current risks quarterly, the Board and the Investment Manager carry out a separate annual assessment of emerging risks when reviewing strategy and evaluate how these could be managed or mitigated. However, the Board considers that 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:

- The structural changes in the retail market is a significant emerging risk, particularly as the prominence of online shopping continues to increase. Over the last two years the market has experienced a number of high-profile retailers going out of business, downsizing, closing stores and negotiating flexible leases at lower rents. With an increasing number of vacant stores, the challenge is to find different uses for commercial property, whether that's for residential, leisure, food and beverage, or other alternative uses.
- The ESG agenda is a very prominent one and will continue to grow in its importance to Shareholders, future investors and our customers. As discussed in our ESG report on pages 22 to 26, we have already made significant strides in this area and we will continue to do so. The increasing market attention being paid to climate risk and social impact have been notable features of the evolving agenda over the last year, and those need to be considered more explicitly in property investment and management activity than has been the case previously.
- The political climate continues to be uncertain and as well as the ongoing effects of Brexit, there are strong calls for another Scottish referendum. During times of heightened uncertainty, a key benefit to the Company is its closed-ended structure, in that it is not forced to sell property during stressed times.
- Legislative changes are always a risk, particularly where they are politically driven and may cause changes in our property allocation. Such issues might involve some style of rent control or an escalation of regulatory oversight on ESG factors, particularly in responding to the climate emergency.

- The impact of technology increasingly means that things change very quickly which is an opportunity as well as a risk, and it is important that we continue to keep abreast of what is happening in this space.
- Post period end, the developing threat from COVID-19 is the dominant risk for the global economy, and by extension the UK property market. The severity of the threat is becoming clearer by the day with the likelihood of significant disruption to all sectors worldwide. This threat has an ongoing effect on many of our principal risks and the Board will be meeting regularly with the Manager to assess these risks and how they can be managed. More detail is included in the Chairman's Statement on pages 6 to 8 and the Manager's Report on pages 17 to 21. Of particular concern is the Company's cash flow, given the number of expected tenant defaults in the short-term. The Board and the manager review on a daily basis the cash collected and have taken the decision to temporarily suspend the monthly dividend and to defer capital expenditure to maximise the cash reserves available. In addition, the Group is in regular contact with its lenders in case the decline in rent collected causes certain covenants to be breached or become close to being breached.

To help manage emerging risks and discuss other wider topics affecting property, the Board invites to its annual strategy meeting various experts to give their views and promote discussion. The Board considers having a clear strategy is the key to managing and mitigating emerging risk.

The highest residual risks encountered during the year, how they are mitigated and actions taken to address these are set out in the table below.

Highest Residual Risks	Mitigation	Actions taken in the year
Unfavourable markets, poor stock selection, inappropriate asset allocation and underperformance against benchmark and/or peer group. This risk may be exacerbated by gearing levels.	The underlying investment strategy, performance, gearing and income forecasts are reviewed with the Investment Manager at each Board Meeting. The Company's portfolio is well diversified and of a high quality. Gearing is kept at modest levels and is monitored by the Board.	The Board reviews the Manager's performance at quarterly Board meetings against key performance indicators as set out on page 13 and the ongoing strategy is reviewed and agreed.
A challenging retail market where rental growth is generally negative and capital values are falling as capitalisation rates rebase. This market has witnessed many company voluntary arrangements and administrations in the last two years. There is an increased risk of tenant defaults in this sector which could put the level of dividend cover at risk. **Increased in the year under review**	The Manager provides regular information on the expected level of rental income that will be generated from underlying properties. 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 portfolio has been impacted by several CVA's and administrations at its retail parks over the last 2 years. This has had an impact on the rental income and the valuation of these assets. A number of the stores affected have now re-let as a result of business plans actioned to manage these events. The detail of these is included in the Manager's Report on pages 17 to 21.
The share price has been trading at a discount to NAV which has been as wide as 22.2 per cent and significantly wider post year-end following the COVID-19 outbreak. Such an imbalance can diminish the attractiveness of the Company to existing investors. **Increased in the year under review**	The discount is reported to and reviewed by the Board at least quarterly. 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. The position is monitored by the Manager on a daily basis and any material changes are investigated and communicated to the Board more regularly.	Investors have access to the Manager and the underlying team who will respond to any queries they have on the discount. The number of meetings to discuss the discount increased during the year. At the Board's request there has been increased reporting from the broker on the market and the shareholder feedback they are receiving.
Improved shareholder communication is key in the current environment with valuations falling and the shares trading at a significant discount. It is important that all shareholders have access to information on how the Company is being run in order to make informed investment decisions, which will help to mitigate widespread selling of the Company's shares. **Increased in the year under review**	The Investment Manager and broker regularly meet significant shareholders. The Chairman and Senior Independent Director meet the largest shareholder annually and are available to meet other shareholders. The website is kept up to date and contains relevant information; complying with any regulatory requirements. A comprehensive Annual Report is produced, which is independently audited.	The quality of communication continues to evolve. Actions during the year include: • Refreshment of the Company's website which has an enhanced look and feel, providing greater detail on the Company's portfolio. • Additional commentary in the quarterly NAV announcements. • An increased number of meetings with investors through meetings arranged by the Manager's investor relations team.

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, with primary borrowings secured for a further four years, a continuation vote in 2024 and a property portfolio with an average unexpired lease length of 6.6 years. The assessment has been undertaken, taking into account the principal risks and uncertainties faced by the Group, as identified on pages 14 to 15; 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 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 Board took into account the illiquid nature of the Company's property portfolio, the existence of the long-term borrowing facility, the effects of any significant future falls in investment property values and property income receipts on the ability to repay and re-negotiate borrowings, maintain dividend payments and retain investors. These matters were assessed over a period to April 2025, and the Directors will continue to assess viability over five year rolling periods, taking account of foreseeable severe but plausible scenarios.

In the ordinary course of business, the Board reviews a detailed financial model on a quarterly basis, incorporating market consensus forecast returns, projected out for five years. This model uses prudent assumptions and factors in any potential capital commitments. For the purpose of assessing the viability of the Group, the model has been stress tested with projected returns comparable to the commercial property market crash experienced between 2007 and 2009. The model projects a worst case scenario of an equivalent fall in capital and diminution of rental values over the next two years, followed by three years of zero growth. The model demonstrated that even under these extreme circumstances the Company remains viable.

Based on this assessment, and in the context of the Group's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five year period to April 2025. For this reason, the Board also considers it appropriate to continue adopting the going concern basis in preparing the Annual Report and Consolidated Accounts as disclosed in the Directors' Report on page 32.

The Company continues to monitor the potential impact of the COVID-19 virus on cash flows. Particular attention is paid to the circumstances of all the tenants in the portfolio and detailed modelling is performed on a day to day basis as events unfold. At this stage it is not possible to predict what the full impact will be.

Detailed modelling has been performed, which has looked at the impact of the current crisis under increasingly negative scenarios and the effect of a suspension in paying out dividends to preserve cash. The modelling demonstrates that the Company remains viable.

We have also reviewed the Company's position regarding its loan covenants.

The Group's £260 million long-term debt with L&G does not need to be refinanced until December 2024. We calculate that the market value of the properties secured under this loan would have to drop by 42 per cent before breaching the Loan to Value ('LTV') test on the facility. The loan interest cover test would only be breached by a fall in rental income of 69 per cent. We are comfortable that these covenants will continue to be met.

The Group's Barclays £50 million loan facility is due to expire in June 2021. The LTV test, should remain comfortable with a fall of 64 per cent of the market value of the properties secured under this loan being required before breaching. The assets secured under this loan relate to the St Christopher's Place Estate and the level of rental income receivable from these assets will be significantly impacted. The interest cover test is therefore expected to become more challenging. This particular covenant test has been discussed with Barclays, who are sympathetic given current events, and they have confirmed that they are prepared to support the business through this uncertain period.

Managers' Review

Richard Kirby, Fund Manager joined the predecessor to BMO REP Asset Management plc ('BMO 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 BMO REP. He is a Chartered Surveyor and a member of the Investment Property Forum, the British Council of Offices and Retail Property Community ("Revo").

Matthew Howard, Deputy Fund Manager joined BMO REP in July 2017. He is fund manager of the Royal Sun Alliance Shareholders Real Estate Fund which is managed by BMO REP while also supporting Richard Kirby on the management of the Company. He sits on the Investment Committee of BMO REP, is a Chartered Surveyor, a member of the Investment Property Forum and also holds a Certificate in Investment Management.

Property Managers

BMO Real Estate Partners ('BMO REP') is a leading UK-based real estate manager focused on real estate investment and asset management. It has been successfully managing commercial real estate for a wide range of UK clients for over 50 years and currently manages (as at 31.12.2019) £6.2 billion real estate assets. The organisation employs 140 staff and the team structure provides for fund management, sector specialist asset management teams and research. The senior managers within these teams have on average 17 years of industry experience. As well as undertaking fund and asset management services, BMO REP has the capability, where appropriate, to provide day to day property management, complemented by a project management team and full accounting and service charge teams.

The Manager's sector specific teams offer specialist capabilities across the market, allowing it to establish strong peer to peer and occupier relationships and the sourcing of a wide range of transactional opportunities.

Property headlines over the year

- Void rate reduced from 8.5 per cent to 4.8 per cent at year end.
- The Company produced a total return of -0.1* per cent versus the MSCI UK Quarterly Property Index ('MSCI') return of 1.3 per cent.
- Completed the sale of Thames Valley Park 1&2 and Watchmoor Park Building A.
- Land at Colchester sold to residential developer.
- Completed new lease agreement to Lidl, Deichmann Shoes and Hobbycraft at Newbury Retail Park. M&S signed to take new general merchandise store at Solihull Retail Park.

* See Alternative Performance Measures on pages 74 and 75.

Property Market Review

The benchmark total return for the year, as measured by the MSCI UK Quarterly Property Index ('MSCI') was 1.3 per cent. Total returns were substantially lower than in 2018, affected by continued Brexit uncertainty, concerns over the general election, a sluggish economy, and structural problems in the retail sector.

Key Benchmark Metrics – All-Property

	2019 %	2018 %
Total Returns	1.3	6.2
Income Return	4.5	4.4
Capital Return	(3.1)	1.7
Open Market Rental Value Growth	(0.7)	0.5
Initial Yield	4.7	4.5
Equivalent Yield	5.5	5.5

Source: MSCI Inc

Investment activity in 2019 was lower than in the previous year with most sectors of the commercial real estate market affected. However, strong investor demand for residential assets saw a marked increase accounting for approximately 22 per cent of all investment in 2019. Investment from overseas buyers remained positive but institutions were net sellers of property and the open-ended property funds witnessed persistent outflows. There were signs of an upturn in the second half of the year, with improved sentiment and activity by year-end.

The distress in retail dominated the UK market as cyclical factors combined with structural changes took their toll. As a consequence, the retail market continued to drag down performance at the all-property level. Shopping centres and department stores were particularly weak but as the Company Voluntary Arrangements ('CVAs'), administrations and store rationalisation programmes continued, stronger performing retailers demanded rent cuts, flexibility in the form of turnover rents and shorter leases. The year saw the problems in retail accelerate and spread to affect prime property both in and out of town and the hitherto resilient Central London market. Business rates remained largely unreformed and this occupier cost burden restricted the ability of landlords to increase or maintain rental income. As a result, rental growth has been negative while concerns about the prospects for the sector have hit investment activity, especially in the shopping centre sector. Yields have moved out; transaction activity has fallen away in both the occupational and investment markets, and capital values have registered double-digit falls.

On a more positive note, the industrials and logistics market continued to outperform, with occupational and investor demand remaining healthy but discriminating in their asset choices. The office market delivered a solid performance helped by restricted new supply. Central London offices seemingly shrugged off earlier Brexit concerns and regional offices benefited from a lack of new buildings and Grade A supply, an improved rental tone and comparatively attractive yields. The alternatives market continued to attract investment with some large deals taking place, often involving overseas purchasers.

The year was characterised by both economic and political uncertainty. Economic growth was positive, if anaemic, but the market was supported by continued low interest rates. This led to some investors increasing their exposure to property with a focus on yield and secure income streams, especially where it involved some form of inflation protection. In a global context, UK prime yields can appear relatively attractive against other core property markets.

Our established ESG approach, which we continue to advance all the time, has ensured that the Company is well positioned to anticipate and respond to shareholder priorities in this regard. This has been reflected in the very positive feedback we have received on the continued progress the Company has been making.

Valuation and Portfolio

Total Portfolio Performance

	2019	2018
No. of properties	36	38
Valuation (£'000)	1,342,610	1,430,190
Average Lot Size (£'m)	37.3	37.6
	Portfolio (%)	**Benchmark (%)**
Portfolio Capital Return*	(4.3)	(3.1)
Portfolio Income Return*	4.4	4.5
Portfolio Total Return*	**(0.1)**	**1.3**

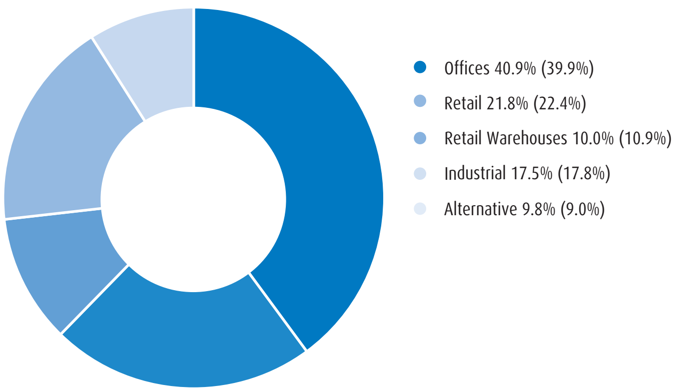
* See Alternative Performance Measures on pages 74 and 75.

The 2019 total return from the portfolio was -0.1 per cent compared with the MSCI return of 1.3 per cent. The Company's underperformance was primarily attributable to the valuation falls on retail properties, a common theme for the UK real estate market. Capitalisation rates moved out at Solihull and Newbury retail parks, with the valuations falling by 13.7 per cent and 16.8 per cent respectively. Unfortunately, Oxford Street in Central London experienced a tough trading environment with a number of stores closing, especially large units incurring high rents and high business rates. This has led to vacancies increasing and a rebasing of rents, and this pressure on rental levels impacted the valuation of St. Christopher's Place Estate.

Disappointingly, our industrial portfolio also underperformed as a result of shorter lease durations secured on our logistics properties. Specifically, we had an exposure to Mothercare at Daventry where the value was hit due to the uncertainty over the tenancy even though the rent is guaranteed by a Group company which is not in administration.

Sector Analysis

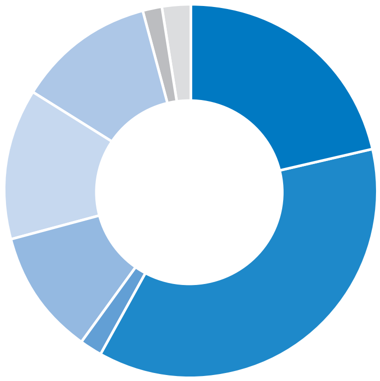
as at 31 December 2019, % of total property portfolio (figures as at 31 December 2018 in brackets)



Source: BMO REP Asset Management plc

Geographical Analysis

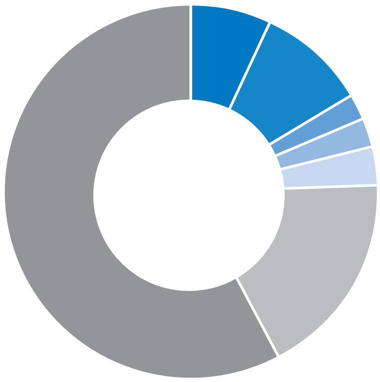
as at 31 December 2019, % of total property portfolio (figures as at 31 December 2018 in brackets)



Source: BMO REP Asset Management plc

Covenant Strength

as at 31 December 2019, % of income by risk bands (figures as at 31 December 2018 in brackets)



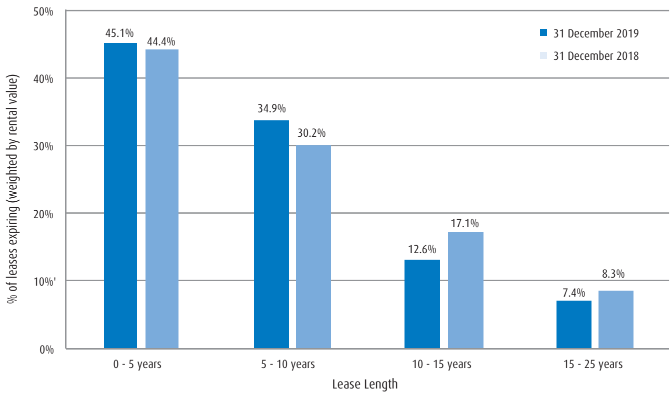
Source: IRIS Report, MSCI Inc

Income analysis

The void rate at the commencement of the year was 8.5 per cent, excluding property being developed or refurbished. As a result of both the strategic sales of non-core assets and the leasing of space, this had reduced to 4.8 per cent by year-end.

Lease Expiry Profile

At 31 December 2019 the weighted average lease length for the portfolio, assuming all break options are exercised, was 6.6 years (2018: 7.1 years)



Source: BMO REP Asset Management plc

The largest occupiers, based as a percentage of contracted rent, as at 31 December 2019, are summarised as follows:

Income Concentration	
Company Name	**% of Total Income**
Artemis Investment Management LLP	4.3
Apache North Sea Limited	4.0
GB Gas Holdings Limited	4.0
CNOOC Petroleum Europe Limited	3.9
Virgin Atlantic Limited	3.7
Kimberly-Clark Limited	3.7
JP Morgan Chase Bank Limited	3.0
University of Winchester	2.8
Transocean Drilling UK Limited	2.8
Mothercare UK Limited*	2.6
Total	**34.8**

* has a rental guarantee from a Mothercare company not in administration.

Source: BMO REP Asset Management plc

Retail

We have emphasised the challenges faced by UK retailers and the impact of CVAs and retailer default. We have been extremely focused on managing properties affected to secure new tenants to occupy vacant units as well as to protect and sustain rental income through lease event negotiations. Several of our initiatives have involved complex and wide-ranging negotiations with local authorities to secure planning consents to facilitate change of use and physical works, and have involved lengthy and protracted lease negotiations with retailers. We are able to report the following successes:

Newbury

We completed a letting to Lidl on the majority of the former Homebase unit. Following a CVA, Homebase were occupying their store at a concessionary rent of £430,950 per annum. Their lease was surrendered at our instigation to reduce immediate covenant risk and to introduce new retailers with more appeal to shoppers to the park.

The permitted use of the premises was widened to allow the sale of food and the sub-division of units, which resulted in Lidl taking on a new 25-year lease (tenant break at year 20) with CPI-linked reviews, at a rent of £430,000 per annum, receivable from November 2020.

Works to create the sub-divided unit are on site and progressing to schedule and will result in much improved retail frontages. The remaining 9,500 sq. ft. unit is being marketed to let.

We are also on site with construction works to split a 12,000 sq. ft. unit formally occupied by Mothercare who had a CVA in place. They had been paying a concessionary rent of £118,000 per annum before closing and vacating the unit. Half of this unit has now been let to Deichmann Shoes on a new 10-year lease (tenant break at year 6) at a rent of £168,000 per annum, receivable from March 2021. The other half-unit is being marketed to let.

This significant leasing activity followed on from the letting to Hobbycraft at a rent of £215,578 per annum, having replaced Poundworld, who went into administration in 2018. Hobbycraft opened to trade in August 2019, and their rent-free period expires in September 2020.

The successful rental negotiations evidenced by these lettings has also enabled us to start to agree lease renewals on the park. A renewal with Sports Direct has completed on a new 10-year lease (tenant break at year 5) at a rent of £198,025 per annum with no rent-free period. This is a 5.7 per cent reduction from the previous rent of £210,000 per annum and is a good result in the current environment.

These lettings demonstrate the resilience of the park, its dominance in the local catchment area and its attractiveness to retailers and shoppers alike.

Solihull

A 36,500 sq. ft. store on the retail park was vacated by Homebase in January 2019 following their CVA. We have spent the last eighteen months negotiating a sequence of planning consents on the use of the store to permit a far wider range of goods to be sold, as well as for the demolition of existing premises and the construction of a new store.

Post year-end we completed an unconditional letting to Marks & Spencer for a redeveloped 35,000 sq. ft. store on a 20-year lease (breaks at year 10 and 15).

As part of the redevelopment, the new store will be combined with the adjacent M&S Food Hall. The combined store will create an 82,000 sq.ft. store incorporating general merchandise, a larger Food Hall as well as an M&S Café. The retail park is a well situated, popular trading venue and this expansion from M&S reinforces our confidence in the park.

St. Christopher's Place Estate

The estate is the principal food and beverage destination for the area around the Bond Street/Oxford Street interchange and is a core investment with a history of strong performance. The estate ownership includes two retail stores located on Oxford Street and their revaluation accounted for approximately 90 per cent of an overall reduction in the estate's value of 5.6 per cent during 2019.

As mentioned previously, Oxford Street has recently experienced many challenges, with some significant large store vacancies, redevelopments and an increase in smaller store availability, especially at either end of the street. This is evidenced by prime Zone A rental values falling from a peak of £990 per sq. ft. to £850 per sq. ft., and capitalisation rates moving out by around 50 basis points. The ongoing delay in the opening of the Elizabeth Line has not helped the situation. On the positive side, key stakeholders have been investing in the immediate vicinity including Westminster City Council with the Oxford Street District Realm Project, and Selfridges' ongoing investment in both its department store and an important redevelopment of the corner of Duke Street and Oxford Street.

Our asset management strategy for the estate has been a combination of refurbishment, repurposing and selective re-lettings. We have completed lettings to Leica Camera, Flat Iron and HighBrook Investors during the year.

Offices

We completed the major refurbishment of Ness & Nevis House, Edinburgh Park in April 2019, and the letting to Diageo completed in December 2019. This is now Diageo's Scottish headquarters and they occupy the building on a new 16-year lease (break at year 10) at a rent of £21 per sq. ft.

We also let two floors at the refurbished Cassini House, London SW1. Shore Capital took the fourth and fifth floors at headline rents of £105 sq. ft. for a 10-year term (tenant break at year 5). This letting was in line with the valuers estimated rental value (ERV) and had an accretive impact on valuation.

Post the reporting period, we have let the sixth floor to Mitsui Fudosan on a new 10-year lease (break at year 5) at a rent of £106 per sq. ft. This letting completes the major refurbishment project, which commenced in early 2018 at a total cost in excess of £9 million, and which has resulted in significant valuation uplifts. Cassini House is a prime freehold office building of exceptional quality in a core St. James' location with an attractive lease profile.

Having sold two buildings at Watchmoor Park, Camberley, Building C is the Company's remaining ownership. There was successful leasing activity ahead of the Novartis lease expiry in 2020, with lettings to Alcon (approximately 19,000 sq. ft.) and Sandoz (approximately 8,000 sq. ft.), both at a rent of £22.50 per sq. ft, which represents a significant uplift on the current passing rent of £14.00 per sq. ft. There remains 20,000 sq. ft. to be let and this is currently being marketed.

Due to lease breaks and expiries at 17a Curzon Street, a full refurbishment of the first, second and fourth floors were undertaken.

The works completed in November 2019 at a cost of £1.25 million. These floors are being marketed at £85 per sq. ft. with the fourth floor under offer.

Office Sales

During the twelve months, we progressed our strategic sales programme disposing of non-income producing assets with challenging re-letting prospects. The largest of these, Thames Valley Park One and Thames Valley Park Two, exchanged in December 2018 and completed in January 2019 at a combined sale price of £24.5 million. This sale removed 103,900 sq. ft. of vacant office space from the portfolio, which would have required around £8 million of reinvestment to undertake an extensive refurbishment. In April 2019, Building A, Watchmoor Park, Camberley, sold for a net price of £3.94 million. We believe these sales were well timed, as investor sentiment and pricing for "risk on" assets diminished during the second half of the year.

Industrial and logistics

The performance of the industrial and logistics assets was hindered by the stagnation of business activity arising from political and Brexit uncertainty.

Frustratingly this coincided with a lack of any significant lease event dates occurring naturally within the calendar year. These traditionally offer an opportunity to outperform, be it through a strong rent review settlement, or a value enhancing lease renewal. Despite our continued direct engagement and in some cases lengthy negotiations, the vast majority of logistics tenants continued to resist concluding any short or medium-term initiatives. In most instances these opportunities are deferred as opposed to lost for good. In line with this general deferral strategy, we elected to deploy it ourselves in pushing out two potential break dates with tenants in Southampton and Hams Hall, Birmingham, which was sensible given the risk and potential timescale for vacancies.

The letting of Hurricane 47, Estuary Business Park, Liverpool, has been slower than envisaged, having been impacted by concerns regarding the UK's motor vehicle production industry. Leasing agents have been reporting interest from prospective tenants from a wider manufacturing and services base. Construction works for a second warehouse on the adjacent site have not started and the programme has been deferred.

Industrial sale

The sale of Phase 1 of the former Ozalid Works site in Colchester completed to Persimmon Homes at a price of £6.0 million. The sale of Phase 2 will complete in July 2020. The sale followed extensive and lengthy negotiations to secure a revised residential planning consent and was an excellent result for the Company, allowing us to dispose of a non-income producing site and obsolete light industrial units at above market valuation.

The alternative property sector

Alternatives comprise 9.8 per cent of the portfolio and relate to the purpose-built student accommodation in Winchester, residential properties at St. Christopher's Place and the leisure units at Wimbledon Broadway. Winchester continues to benefit from a long lease and annual RPI-linked rent reviews.

Outlook

The improved sentiment seen at the close of 2019 and in early 2020 dissipated and went into sharp reverse as fears about the impact of COVID-19 gathered force. The crisis has led to major changes to fiscal and monetary policy both in the UK and abroad and a significant downgrading of economic forecasts. The financial markets are in disarray and in property, open-ended funds have been gated as valuers cannot determine "true value" in such a climate. The severity and duration of the COVID-19 outbreak is unknown but inevitably such a shock will affect performance. With businesses struggling, prospects for rental growth are limited and capital values are expected to remain under pressure.

As we continue to monitor ongoing developments regarding the outbreak of COVID-19, the Manager is taking every precaution to safeguard the health and wellbeing of staff, occupiers and customers. The Manager has robust business continuity plans to ensure they can maintain operations in these challenging times. Policies have been thoroughly reviewed again since the outbreak, and the Board are in close contact with senior management and business continuity teams across the BMO Financial Group to assess the situation and react accordingly. A work from home policy has been introduced by the Manager across all geographies with all employees to follow government advice regarding personal travel.

The economy and the property market still has to contend with Brexit and although the triggering of the transition period in January 2020 provided some clarity, it is by no means assured that a deal will be reached and the exit terms and their impact on the economy are still to be determined. We also believe that the structural adjustments in the retail sector are not yet complete.

Whilst the current situation is extremely difficult and the short-term outlook is filled with uncertainty and risk, in due course the retail market will reach an equilibrium, Brexit will be determined and COVID-19 will pass or be a measurable risk. In the longer-term, the changes to lifestyles and working practices may persist and present opportunities for the property industry. The period ahead is likely to be volatile and characterised by a focus on optimising and protecting the income stream.

Richard Kirby

Fund Manager

BMO REP Asset Management plc

15 April 2020

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Strategic Report
Governance Report
Auditors' Report
Financial Report
AGM
Other Information

Environmental, Social and Governance (ESG)

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 committed to ensuring that material environmental, social and governance issues are appropriately and effectively addressed, 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 2019 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 weapons 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 www.bmocommercialproperty.com

How the Property Manager implements ESG

VISION	**ESG Policy Statement**
VISION	**ESG strategic priorities**
DIRECTION	**Operational tools and processes**
MONITORING	**ESG data capture and 3rd party platforms**
METRICS	**ESG performance and disclosure**

Leadership and effectiveness

Board Composition

The Company recognises the benefits of a diverse Board membership and has achieved its objective of meeting the Hampton-Alexander recommendations by having 40% female representation.

Global Real Estate Sustainability Benchmarking ("GRESB")

GRESB is the dominant global system for assessing Environmental, Social and Governance performance for real estate funds. The Company's ambition is to realise year-on-year improvements in score and peer group ranking. This year was the Company's second consecutive year of participation and an overall score of 68 was achieved, representing an increase of 21 points (45%) over the previous year and conferring two green star status. This is a significant increase, reflecting to some degree some earlier interventions coming to fruition, and puts the Company on a solid platform from which to continue making more modest year-on-year improvements. The Company improved its position and was fourth in its allocated peer group on nine.

Investment process

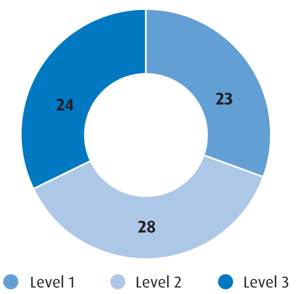
Responsible Property Investment Framework

The Manager's 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 environmental, social and governance (ESG) matters into property investment activities. An Appraisal Tool supports this integration. It 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 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. The process is similarly applied to all potential acquisitions so that thoughtful consideration can be given to risks and opportunities prior to executing transactions.

The Framework also provides a basis for classifying assets according to the key ESG characteristics, principally for the purpose of establishing materiality and allocating resources and implementing routine actions accordingly. The Company maintains 100% Energy Performance Certificate ("EPC") coverage by demise and all assets have been classified according to energy performance rating and / or degree of landlord energy consumption.

Asset classification

(distribution by number of properties)



Asset classifications

- *Level 1* - where EPC rating is E and/or annual landlord energy spend is between £0 and £50,000
- *Level 2* - where EPC rating is A+ to D and there is no landlord energy spend
- *Level 3* - where EPC rating is F or G and/or annual landlord energy spend is >£50,000

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 though active engagement with its local facilities managers and occupier cohort. The Company has also set out longer-term targets for energy and carbon reduction in line with science-based methodologies and has produced a shareholder briefing note outlining its adoption. Since the last reporting year, the Company's absolute carbon emissions have reduced by 15%. This is closely aligned to the target pathway for achieving a 68% reduction in absolute carbon emissions by 2031. More granular detail of performance over the last twelve months can be found in the 2019 ESG Report.

Renewable energy sources

In support of the transition towards renewable energy and energy efficiency, and in line with its commitment, the Company has procured renewable electricity supplies for 98% of landlord-procured power under a two-year contract established in October 2019. The remaining 2% relates to residential units at St Christopher's Place which are subject to individual longer-term legacy contracts which will be placed onto the group contract at the next available opportunity.

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 2019, the Company had 0% 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.

Occupier satisfaction and wellbeing

The commercial real estate industry is beginning to gain new perspectives on the importance of the built environment on human health and wellbeing and its link to productivity. Acknowledging this shift in sentiment, the Company launched a pilot exercise involving engagement with a sample selection of occupiers to obtain feedback and determine key trends. The outcomes have been communicated within the Property Manager's team and a strategy for improvement is being developed during 2020. An average Net Promoter Score of -8.6 for the Property Manager has been established as a proxy and basis for determining improvements. This indicator provides a reflection of the likelihood that our occupiers will recommend the Company as landlord and compares to a benchmark score of -5.5 for a blended portfolio covering retail, offices and industrial assets.

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 in July 2019 and achieved a rating of C, indicating a knowledge of the impacts of climate related issues. CDP places REITs within the financial services activity peer group and the Company's results is comparable to the average performance established for Europe.

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 data have been independently verified whilst the 2018 report achieved a Gold EPRA award for quality and transparency.

EPRA sBPR GOLD

GRESB Public Disclosure

GRESB undertake an annual assessment of the level of disclosure and transparency of public listed real estate companies. In 2019, the Company improved its rating to an A grade, representing the highest level of transparency on environmental, social and governance issues.

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 as an appendix to the 2019 ESG Report, an update to the roadmap first produced in 2018. The Company has engaged WSP Environmental to provide advice and technical expertise on the assessment and evaluation of physical climate risks and opportunities through detailed scenario modelling and analysis. The output from this exercise will help to support further TCFD and CDP disclosures.

In line with its commitment, the Company submitted to the full tier of the Climate Change module of CDP in July 2019 and achieved a rating of C, indicating a knowledge of the impacts of climate related issues. CDP places REITs within the financial services activity peer group and the Company's results is comparable to the average performance established for Europe.

- Carbon emissions down 15%
- 98% renewable electricity supplies
- 0% exposure to organisations connected to controversial weapons
- GRESB Public Disclosure Rating of A

Aberdeen,
Prime Four Business Park

Spotlight on

Ness & Nevis Houses 11-12 Lochside Place, Edinburgh

A multi-million pound shell and core plus refurbishment of a 1990's office building extending to circa 44,000 square feet of net lettable area formed over three levels.

Background

On expiry of the previous tenant lease, terms were agreed with new tenant Diageo for them to relocate their Headquarters under a new 16-year lease of the building. A key priority was to investigate a range of measures to optimise the energy efficiency of the building as well as enhance occupier health, wellbeing and overall user experience. Key interventions included the installation of highly efficient building services, thermal upgrades and maximising natural light.

The project included replacement of the roof cladding, provision of new curtain walling, new entrance annexes and the replacement of the mechanical and electrical services, two new lifts and new raised access floors within the office areas.

Sustainability and wellbeing

Sustainability and wellbeing aspects were central design considerations during the shell and core and refurbishment stages of the project. Key features included:

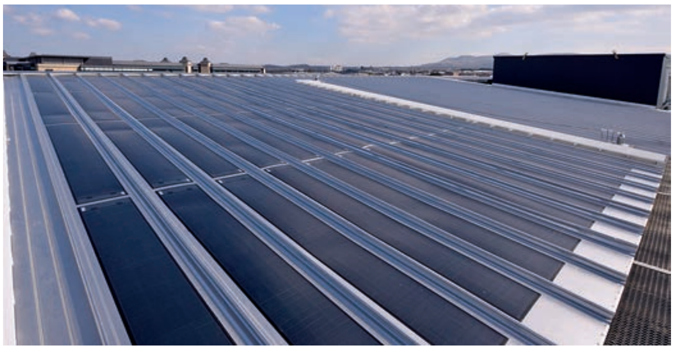
- Introduction of high levels of fresh air to increase amount of natural ventilation, delivered through new roof mounted air handling units and new ventilation ductwork throughout the scheme; critical to providing suitable environments from which to support the health and wellbeing of occupiers.
- Roof mounted photovoltaic panels feeding renewable electricity to the building's electrical infrastructure.
- Heat recovery within the air handling units together with a system of air source heat pumps providing heating and cooling each contributing to the building's high energy efficiency rating.
- The building's energy efficiency rating has improved significantly as evidenced by the increase Energy Performance Certificate rating from the original E to B+, whilst the BREEAM Very Good rating underlines the scheme's sustainability credentials.
- New showers added to each floor of the building's two cores to help encourage and facilitate physical exercise, including accessible facilities and locker storage.
- Water saving devices such as flow controls to showers and dual flush toilets have been fitted in the communal toilets.
- Four electric vehicle charging stations have been installed adjacent to the building entrance.
- Car park lighting has been upgraded to include highly efficient LED lighting and associated controls.

Future proofing

The following key features were realised:

- The mechanical and electrical infrastructure has been designed to maximise the flexibility of the development's internal space.
- The mains electrical infrastructure, ventilation and heating and cooling systems have been designed to allow the building to be occupied as two separate buildings if required in the future.
- The electrical distribution is also designed to allow floor by floor metering in the event of operation as two individual buildings.
- Tenant service duct risers within each of the two cores connect to dedicated tenant roof plant spaces at roof level.

The refurbishment of the building, complete with its new high-quality facades has not only dramatically improved the appearance of the building, but it has also brought much needed regeneration to Edinburgh Park whilst securing a high-profile tenant.



Property Portfolio

as at 31 December 2019

Property	Sector
Properties valued in excess of £200 million	
London W1, St. Christopher's Place Estate (footnotes 2 and 3)	Retail/Office/Alternative*
Properties valued between £100 million and £150 million	
London SW1, Cassini House, St James's Street	Office
Properties valued between £50 million and £70 million	
Newbury, Newbury Retail Park	Retail Warehouse
Solihull, Sears Retail Park	Retail Warehouse
London SW19, Wimbledon Broadway	Retail/Alternative**
Properties valued between £40 million and £50 million	
Crawley, The Leonardo Building, Manor Royal	Office
Winchester, Burma Road	Alternative
Manchester, 82 King Street	Office
Properties valued between £30 million and £40 million	
Uxbridge, 3 The Square, Stockley Park	Office
Aberdeen, Unit 1 Prime Four Business Park, Kingswells	Office
Aberdeen, Unit 2 Prime Four Business Park, Kingswells	Office
Rochdale, Dane Street	Retail
Chorley, Units 6 & 8 Revolution Park	Industrial
Bristol, One Cathedral Square (footnote 1)	Office
Properties valued between £20 million and £30 million	
Birmingham, Unit 8 Hams Hall Distribution Park	Industrial
Daventry, Site E4, Daventry International Rail Freight Terminal	Industrial
Glasgow, Alhambra House, Wellington Street	Office
Aberdeen, Unit 3 Prime Four Business Park, Kingswells	Office
Liverpool, Unit 1, G. Park, Portal Way	Industrial
Birmingham, Unit 10a Hams Hall Distribution Park	Industrial
London SW1, 2/4 King Street	Office
London W1, 17a Curzon Street	Office
Colchester, The Cowdray Centre, Cowdray Avenue	Industrial
London EC3, 7 Birchin Lane	Office
Properties valued between £10 million and £20 million	
East Kilbride, Mavor Avenue	Retail Warehouse
London W1, 16 Conduit Street (footnote 1)	Retail
Camberley, Watchmoor Park, Buildings C	Office
Liverpool, Unit 1 The Hive, Estuary Business Park (footnote 1)	Industrial
Birmingham, Unit 6a Hams Hall Distribution Park	Industrial
Southampton, Upper Northam Road, Hedge End	Industrial
Camberley, Affinity Point, Glebeland Road	Industrial
Edinburgh, Nevis/Ness Houses, 11/12 Lochside Place	Office
Properties valued under £10 million	
Colchester, Ozalid Works, Cowdray Avenue (footnote 4)	Industrial
Liverpool, Units 2 & 4, Hurricane 47, Estuary Business Park (footnote 1)	Industrial
Solihull, Oakenham Road	Retail Warehouse
Aberdeen, Unit 4 Prime Four Business Park, Kingswells	Office

Notes:
1 Leasehold property.
2 Mixed freehold/leasehold property.
3 For the purpose of the Company's investment policy on page 9, St. Christopher's Place Estate is treated as more than one property.
4 Property held for sale
* Mixed use property of retail, office and residential space.
** Mixed use property of retail and leisure.

Directors

Martin Moore MRICS

Status: Chairman and Independent non-executive Director

Date of appointment: 31 March 2011

Country of residence: UK

Experience: Martin Moore was, until June 2013, Chairman, of M&G Real Estate Ltd, the property asset management arm of Prudential plc. He has also been a board adviser to The Crown Estate and a board member of the British Property Federation.

Other public company directorships: SEGRO plc and Secure Income REIT plc.

Paul Marcuse FRICS

Status: Independent non-executive Director and Senior Independent Director

Date of appointment: 12 January 2017

Country of residence: UK

Experience: Paul Marcuse has over 35 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. His non-executive roles currently include non-executive Chairman of the Management Board of the Royal Institution of Chartered Surveyors and non-executive Chairman of BizSpace Holdings Limited.

Other public company directorships: None.

Trudi Clark FCA

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

Date of appointment: 4 February 2014

Country of residence: Guernsey

Experience: Trudi Clark is a former Chief Executive Officer of Schroders (C.I.) Limited and has over 25 years' experience in the financial services industry. She is a non-executive director of a number of Guernsey based funds and companies.

Other public company directorships: River and Mercantile UK Micro Cap Investment Company Limited, Alcentra European Floating Rate Income Fund Limited, The Schiehallion Fund Limited and NB Private Equity Partners Limited.

John Wythe FRICS

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 approximately 40 years' experience in the real estate industry and was until Dec 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 FCA

Status: Independent non-executive Director

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: UDG Healthcare plc and Electra Private Equity plc.

Directors' Report

The Directors submit the Annual Report and Consolidated Accounts of the Company for the year ended 31 December 2019. The Directors biographies; Corporate Governance Statement; Report of the Audit and Risk Committee; and the Remuneration Report form part of the Directors'.

Statement Regarding Annual Report and Consolidated Accounts

Following a detailed review of the Annual Report and Consolidated Accounts 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 reader of the Annual Report and Consolidated Accounts would have a reasonable level of knowledge of the investment industry in general and the investment company sector in particular.

Results and Dividends

The results for the year are set out in the attached accounts.

The Group paid interim dividends during the year ended 31 December 2019 as follows:

Interim Dividends 2019

	Payment date	Rate per shares
Ninth interim for prior year	31 January 2019	0.5p
Tenth interim for prior year	28 February 2019	0.5p
Eleventh interim for prior year	29 March 2019	0.5p
Twelfth interim for prior year	30 April 2019	0.5p
First interim	31 May 2019	0.5p
Second interim	30 June 2019	0.5p
Third interim	31 July 2019	0.5p
Fourth interim	30 August 2019	0.5p
Fifth interim	30 September 2019	0.5p
Sixth interim	31 October 2019	0.5p
Seventh interim	29 November 2019	0.5p
Eighth interim	31 December 2019	0.5p

Three further interim dividends, each of 0.5p per share, were paid on 31 January 2020, 28 February 2020 and 31 March 2020. The twelfth interim dividend in respect of the year will not be paid due to COVID-19 situation. A total of 5.5 pence per share was paid for the year.

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 4** 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 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 page 38, provides detailed information on the remuneration arrangements for Directors of the Company, including the Directors Remuneration Policy. Shareholder will be asked to approve the policy at the AGM on 30 June 2020. There have been no changes to the policy since approval by shareholders in 2017. 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 2023. Shareholders will also be asked to approve the Remuneration Report (**Resolutions 2 and 3**).

Directors

The names of the Directors, along with their biographical details, are set out on page 28. With the exception of Linda Wilding, who was appointed on 3 June 2019 and will stand for election, all the Directors held office throughout the year under review and will stand for re-election by Shareholders at the AGM. Following a review of their performance, the Board believes that each of the Directors standing for election and re-election has made a valuable and effective contribution to the Company. The skills and experience each Director bring 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 election and re-elections of the Directors (**Resolutions 5 to 9**).

Resolution 5 relates to the re-election of John Wythe who joined the Board in September 2018 and has a wealth of experience in property investment having spent approximately 40 years' in the real estate and financial services industry.

Resolution 6 concerns the re-election of Trudi Clark who has served over six years and has a strong accounting and financial background. She is A Fellow Chartered Accountant and has over 25 years' experience in the financial services industry.

Resolution 7 relates to the re-election of Martin Moore who has served almost nine years and, following a period of transition of the chairmanship, will retire at the AGM in 2021. He brings leadership and much in-depth knowledge, expertise and experience in property asset management at a senior level. He holds directorships of other real estate listed companies.

Resolution 8 concerns the re-election of Paul Marcuse who has served over three years and brings in-depth expertise and experience with over 35 years' of working in the real estate and finance sectors.

Resolution 9 relates to the election of recently appointed Director, Linda Wilding. Linda 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.

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 BMO Investment Business Limited (referred to throughout this document as 'the Investment Managers') as the Company's investment managers and BMO REP Asset Management plc (referred to throughout this document as 'BMO REP' or 'the Property Managers') as the Company's property managers. The Investment Managers and BMO REP are both part of the BMO Asset Management plc (Holdings) group ('BMO') 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 accounts.

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.

The Directors are comfortable with the Managers' ability to deliver satisfactory investment performance and the quality of other services provided. It is therefore their opinion that the continuing appointment of the Managers on the terms agreed is in the interests of shareholders as a whole.

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 Accounts, 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 2019 there were 799,366,108 Ordinary Shares of 1 pence each in issue. Subject to the Articles of Incorporation, all 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. No agreements between the holder of Ordinary Shares regarding their transfer is known to the Company 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 2019 the Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure and Transparency Rules):

Substantial Shareholdings

	Number of Ordinary Shares Held	Percentage Held*
Aviva Group	162,585,829	20.3
Investec Wealth & Investment Limited	78,609,886	9.8

*Based on 799,366,108 Ordinary Shares in issue as at 31 December 2019.

There have been no changes notified to the Company in respect of the above holdings, and no new holdings notified, since the end of the year.

Accounting and Going Concern

Shareholders will be asked to approve the adoption of the Annual Report and Consolidated Accounts at the AGM (**Resolution 1**). The Consolidated Accounts, starting on page 46, comply with current International Financial Reporting Standards. The significant accounting polices of the Company are set out in note 1 to the accounts. The unqualified auditor's opinion on the consolidated accounts appears on pages 41 to 45.

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 Group'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 and the debt covenants, in particular those relating to loan to value and interest cover. Having taken the decision to suspend the dividend and held discussions with lenders, they have not identified any material uncertainties which cast significant doubt on the ability to continue as a going concern for the foreseeable future, which is considered for a period of not less than 12 months from the date of the approval of the financial statements. The Board believes it is appropriate to adopt the going concern basis in preparing the financial statements. The Company's longer-term viability is considered in the Viability Assessment and Statement on page 16.

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 Investment Manager, however, does provide goods and services and is required to make a statement under the Modern Slavery Act 2015 which is available on the Managers website at bmogam.com.

Annual General Meeting

The Notice of the Annual General Meeting, to be held on 30 June 2020 is set out on pages 70 to 71.

Directors' Authority to Allot Shares

Resolution 12 seeks an authority from shareholders to allow the Directors to allot shares up to an aggregate nominal amount of £799,366, being equivalent to approximately 10 per cent of the issued ordinary share capital of the Company as at 15 April 2020.

Resolution 13 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 13 gives the Directors, for the period until the conclusion of the Annual General Meeting in 2021 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 £799,366. This is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company as at 15 April 2020.

The Directors will only allot new shares pursuant to the authority granted by Resolutions 12 and 13, 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 and in no circumstances that would result in a dilution to the net asset value per share.

Directors' Authority to Buy Back 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 14**, 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 2021 and 18 months from the passing of the resolution. Any buy back 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 buy backs 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 UK Listing 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 within the following limits:

- no more than 10 per cent of the Company's issued shares will be held in treasury at any time; and
- shares will only be re-issued out of treasury at a premium to the net asset value.

Disclosure of Information to the Auditor and Auditor's Remuneration

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.

Reappointment of Auditors and Auditor's Remuneration

PricewaterhouseCoopers CI LLP has 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 10 and 11**).

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 are 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

Martin Moore
Chairman
15 April 2020

Hurricane 47,
Liverpool

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 Manager is the Company's AIFM.

Articles of incorporation

The Company's articles of association 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 2019.

Directors' attendance in 2019

	Board	Audit and Risk Committee	Nomination Committee	Management Engagement Committee
No. of meetings	4	3	1	1
C Russell [(3)]	2	n/a	1	1
T Clark	4	3	1	1
M R Moore [(1)]	4	1	1	1
J Wythe	4	3	1	1
P Marcuse	4	3	1	1
P Cornell [(3)]	2	1	1	1
D Preston [(3)]	2	1	1	1
L Wilding [(2)]	2	2	n/a	n/a

In addition to the scheduled meetings detailed above, there were a further 15 Board Meetings held during the year.

[(1)] M Moore was not a member of the audit and risk committee after 3 June 2019
[(2)] Appointed 3 June 2019
[(3)] Retired 30 May 2019

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 9. 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 and the Nomination 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 38 to 39, 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 36 to 37.

Management Engagement Committee

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

The committee reviews the appropriateness of the Managers' continuing appointment together with the terms and conditions thereof on a regular basis. It also reviews the terms and quality of service received from other service providers on a regular basis.

Nomination Committee

The Nomination Committee comprises all the Directors and is chaired by Mr M Moore. 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, and knowledge of the Company within the Board.

At the Annual General Meeting in 2020, the Chairman of the Board, Mr M Moore will have served on the Board for nine years. From the perspective of Board independence, the UK Code prescribes a limit on tenure of the Chairman as nine years. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the Chairman was an existing non-executive director on appointment. The Board has gone through significant change as part of the REIT conversion and it has been deemed sensible for the Chairman to serve an additional year until the Annual General Meeting in 2021.

The Committee is mindful of the recommendations of the Hampton Alexander Review "improving gender balance in FTSE Leadership", in particular the recommendation that a Board should have at least 33 per cent female representation by 2020 and this has been addressed following the latest Board appointment. 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, Cornforth Consulting, for the latest Board appointments. The Committee interviewed a number of potential candidates after producing a short list from an extensive long list, provided by Cornforth.

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 are 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. An independent external Board evaluation is carried out every three years and this was last performed during 2018 by Condign Board Consulting Limited.

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 other Directors meet with the major shareholder at least annually and make themselves available to meet shareholders when required to discuss any significant issues that have arisen and address shareholder concerns and queries. The Notice of Annual General Meeting to be held on 30 June 2020 is set out on pages 70 and 71. 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

Martin Moore
Chairman

15 April 2020

Report of the Audit and Risk Committee

Role of the Committee

During the year the Audit and Risk Committee comprised all the Directors except the Chairman of the Board. The Audit and Risk Committee is chaired by Mrs T Clark who is a Chartered Accountant. She qualified in 1985 and was Senior Audit Manager at KPMG. She held the position as Head of European Internal Audit for Bank of Bermuda and in 1995 moved to Schroders (C.I.) Limited as financial controller, before being promoted to Chief Executive in 2003.

The duties of the committee include reviewing the Annual and Interim Accounts, the system of internal controls, the viability of the Company and the terms of appointment and remuneration of the auditor, PricewaterhouseCoopers CI LLP ('PwC'), including its independence and objectivity. It is also the forum through which PwC reports to the Board of Directors. The committee meets at least three times a year including at least one meeting with PwC.

The Audit and Risk Committee met on three occasions during the year and the attendance of each of the members is set out on page 34. In the course of its duties, the committee had direct access to PwC, senior members of the Investment Managers' and the Property Managers'. Amongst other things, the Audit and Risk Committee considered and reviewed the following matters and reported thereon to the Board:

- the annual and half-yearly reports and accounts;
- the accounting policies of the Group;
- the principal risks faced by the Company and the effectiveness of the Company's internal control and risk management environment including consolidation of the assumptions underlying the Board's Statement on Viability;
- the effectiveness of the external audit process and the independence and objectivity of PwC, their re-appointment, remuneration and terms of engagement;
- the policy on the engagement of PwC to supply non-audit services and approval of any such changes;
- the implications of proposed new accounting standards and regulatory changes;
- the receipt of Report on Internal Controls in accordance with AAF (01/06) for the period 1 November 2018 to 31 October 2019 from the Managers; and
- whether the Annual Report is fair, balanced and understandable.

External Audit Process

As part of its review of the scope and results of the audit, during the year the Audit and Risk Committee considered and approved PwC's plan for the audit of the financial statements for the year ended 31 December 2019. At the conclusion of the audit, PwC did not highlight any issues to the Audit and Risk Committee which would cause it to qualify its audit report, nor did it highlight any fundamental internal control weaknesses. PwC issued an unqualified audit report which is included on pages 41 to 45.

Non-audit services

In relation to the provision of non-audit services by the auditor, it has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit and Risk Committee and any special projects must also be approved in advance. In addition to statutory audit fees of £85,000 (2018: £69,000), PwC received audit-related fees of £17,000 for the year (2018: £16,000) which related to a review of the interim financial information. The Audit and Risk Committee does not consider that the provision of such audit-related services is a threat to the objectivity and independence of the conduct of the audit.

Auditor assessment, independence and appointment

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 Audit and Risk 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 PwC in respect of both the half year and year end Report and Accounts. 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. The current audit engagement partner Evelyn Brady, has now served four years. The Audit and Risk Committee recommends PwC for reappointment at the next Annual General Meeting. PwC performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Internal Controls and Risk Management

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. It has therefore established a process designed to meet the particular needs of the Company 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 Company'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 Company'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 Company against its stated objective and comparable companies and reviews the Company's activities since the last Board meeting to ensure that the Managers adhere to the agreed investment policy and approved investment guidelines 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.

A formal annual review of these procedures is carried out by the Audit and Risk Committee. The Committee has also reviewed the Managers' Report on "Internal Controls in accordance with AAF (01/06)" for the period 1 November 2018 to 31 October 2019 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 department. 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 and is liable for any loss of assets.

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. 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.

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 page 35. 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.

Trudi Clark

Chairman of the Audit and Risk Committee

15 April 2020

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

Matter	Action
Valuation of the Investment Property Portfolio The Group's property portfolio accounted for 96 per cent of its total assets as at 31 December 2019. 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 accounts.	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 the main area of audit focus and, accordingly, the Audit and Risk Committee receives detailed verbal and written reports from PwC on this matter. PwC also attended the year-end valuation meeting.

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 2019, 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.

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, share options, long-term incentive schemes or other benefits.

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.

Future Policy Report

The Board reviewed the Director fee levels and agreed to not increase the remuneration for 2020.

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

Annual fees for Board Responsibilities

	2020 £	2019 £
Chairman	**67,000**	67,000
Director	**41,250**	41,250
Senior Independent Director (1)	**49,500**	49,500
Audit and Risk Committee Chairman (2)	**49,500**	49,500

(1) Director fee plus £8,250 as Senior Independent Director
(2) Director fee plus £8,250 as Committee Chairman

It is the Board's intention that the Directors Remuneration Policy will be put to a shareholder vote at the Annual General Meeting in 2020.

Remuneration for the Year

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

Fees for services to the Company

	2019 £	2018 £	Anticipated fees 2020 £
C Russell (retired 30 May 2019)	**27,764**	67,000	–
T Clark#	**49,500**	49,500	49,500
M R Moore^	**59,519**	49,500	67,000
J Wythe	**41,250**	12,554	41,250
P Marcuse*	**45,912**	41,250	49,500
P Cornell (retired 30 May 2019)	**17,093**	41,250	–
D Preston (retired 30 May 2019)	**17,093**	41,250	–
L Wilding (appointed 3 June 2019)	**32,584**	–	41,250
Total	**290,715**	302,304	248,500

* Appointed as Senior Independent Director on 30 May 2019
# Appointed as Chairman of Audit Committee on 25 May 2015
^ Appointed as Chairman from 30 May 2019

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

Relative importance of pay

	2019 £'000	2018 £'000	% Change
Aggregate Directors' Remuneration	**291**	302	**(3.6)**
Management fee and other expenses	**13,323**	14,014	**(4.9)**
Aggregate Shareholder Distributions	**47,962**	47,962	**–**

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

	2019	2018
T Clark	**56,200**	56,200
M R Moore	**40,687**	40,687
P Marcuse	**29,753**	29,753
J Wythe	**33,466**	–
L Wilding	**40,000**	n/a

The Board has introduced a policy on Directors owning shares in the Company. It is deemed appropriate for all Directors to hold an investment of at least equivalent to one year's fees at the date of their appointment and Directors should be aiming to achieve this within 18 months of that date.

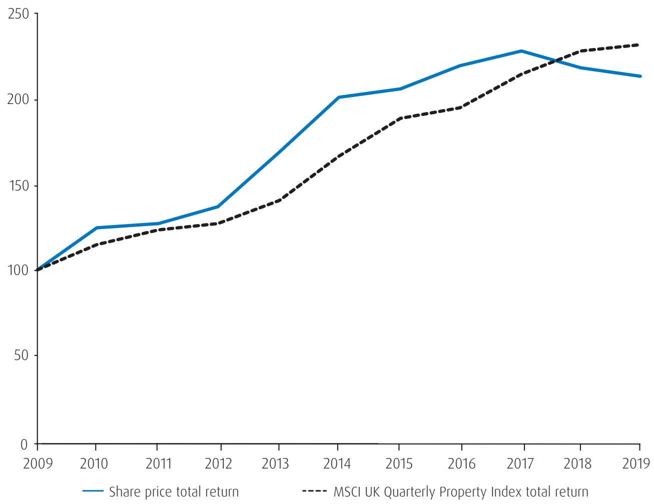
There have been no changes in the above interests since 31 December 2019.

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 9.

The graph below compares, for the ten financial years ended 31 December 2019, the total return (assuming all dividends are reinvested) to ordinary shareholders with the total return on a notional investment from the MSCI UK Quarterly Index. This index was chosen as it is considered a comparable index. An explanation of the performance of the Company for the year ended 31 December 2019 is given in the Chairman's Statement and Managers' Review.

Share Price Total Return and the MSCI UK Quarterly Property Index Performance Graph



Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 30 May 2019, shareholders approved the Annual Report on Directors' Remuneration in respect of the year ended 31 December 2018. 99.91 per cent of votes were in favour of the resolution and 0.09 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.

On behalf of the Board

Martin Moore
Chairman
15 April 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Consolidated Accounts, the Directors' Remuneration report and the 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 Company 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 Company 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 Company'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 maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and discrimination 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 28 confirm 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, Principal Risks and Future Prospects, Managers' Review and Property Portfolio) and Report of the Directors 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 financial statements and Directors' Report include details of related party transactions; and
- the Annual Report and 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

Martin Moore
Chairman

15 April 2020

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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of BMO Commercial Property Trust Limited, formerly F&C Commercial Property Trust Limited (the "company") and its subsidiaries (together the "group") as at 31 December 2019, and of their 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 2019;
- 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, which include a description of the significant accounting policies.

Basis for opinion

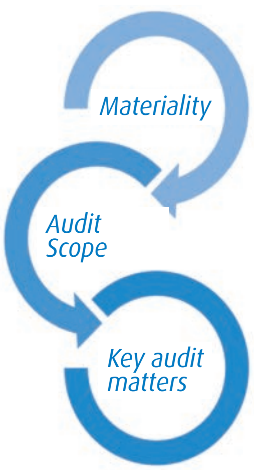
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We believe that the audit evidence we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

Our audit approach

Overview



Materiality

- Overall group materiality was £13.7 million which represents 1% of group total assets

Audit scope

- Group audit scoping was performed based on total assets held within each of the eight components in the group covering 100% of group total assets. Our audit opinion covers the consolidated financial statements of the group.
- 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 BMO Investment Business Limited (the "Investment Manager"), BMO REP Asset Management plc (the "Property Manager") and CBRE Limited (the "External Property Valuer" or the "Valuer").
- We carried out our audit work in Guernsey and the UK.

Key audit matters

- Valuation of Investment Properties as at 31 December 2019
- Risk of fraud in Revenue Recognition
- Management's consideration of the potential impact of COVID-19

Audit scope

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.

Our understanding of the controls environment was informed by our review of the Report on Internal Controls available on the Property Manager as well as our enquiries over controls during the audit, however our approach remained predominantly substantive in nature. The company is domiciled in Guernsey and the financial statements are a consolidation of the parent company and its subsidiaries. The group holds investment property through its subsidiaries in England and Scotland. The group entered the UK REIT regime on 3 June 2019. The scope of our audit opinion covers the consolidated financial statements of the group.

We engaged our internal PwC Real Estate team to review the valuation of investment properties as auditor's experts. Our findings are documented in the Key Audit Matter "Valuation of Investment Properties as at 31 December 2019".

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall group materiality	£13.7 million (2018: £14.4 million)
How we determined it	1% of group total assets
Rationale for the materiality benchmark	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 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 agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.7 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters 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.

Key audit matter	How our audit addressed the Key audit matter
Valuation of Investment Properties as at 31 December 2019 The group's Investment Properties comprise retail, office and industrial portfolios and represent the majority of the assets as at 31 December 2019. Please see note 9 to the consolidated financial statements. The valuation of the group's property portfolio 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. 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 material misstatement, is why we have given specific audit focus and attention to this area. The valuations of the group's property portfolio were carried out by the third-party valuer CBRE Limited (the "Valuer"). The Valuer was engaged by the group and performed its work in accordance with the RICS Valuation – Global Professional Standards 2017 (known as the "Red Book"). The Valuer used by the group is a well-known chartered surveyor, with experience in The markets in which the group operates. In determining a property's valuation, the Valuer takes into account property specific current information such as the current tenancy agreements and rental income earned by the property. The 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. Comparable market information is available for the group's properties. The group has adopted the assessed values determined by the Valuer, adjusted for lease incentives.	**Objectivity and experience of the Valuer** We assessed the 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. We found no evidence to suggest that the objectivity of the Valuer in their performance of the valuations was compromised. **External valuations** We attended the initial valuation meeting between the Valuer and the Investment Manager to observe the process and initial discussions covering key developments in the property portfolio. Furthermore, we analysed movements between the draft and final valuation figures to determine where there was evidence of undue influence on the Valuer's conclusions for each property. We read the valuation reports for all properties and discussed the reports with the Valuer. We confirmed 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 at 31 December 2019. It was evident from our discussions with management and the Valuer and our work surrounding the valuation reports that close attention had been paid to each property's individual characteristics and its overall quality, geographic location and marketability as a whole. We reviewed the property specific information supplied to the Valuer by the group, on a sample basis, to test whether it reflected the underlying property records held by the group. We agreed the value of all investment properties included in the consolidated financial statements to the valuation reports prepared by the Valuer as at 31 December 2019.

Key audit matter	How our audit addressed the key audit matter
	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 Valuer. In particular, we compared the valuation metrics used by the Valuer to recent market activity. We challenged management on significant movements in the valuations. 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. We determined that the assumptions used in the valuations were supportable in light of available and comparable market evidence. No matters were identified in relation to the above procedures that impacted our overall opinion.
Risk of Fraud in Revenue Recognition There exists a risk that management may be incentivised to manipulate reported revenue in order to artificially overstate the perceived yield of the group to shareholders. This risk is increased in market traded companies due to market pressure to deliver results in line with market expectations. There are a large number of individual lease agreements held by the group with diverse lease terms. This creates a level of inherent complexity in the calculation of lease incentives which may increase the opportunity of fraud to be committed. Based on the disaggregation of the total rental revenue into its key components, we identified the areas that were subject to a higher degree of subjectivity and judgement to be turnover leases, company voluntary arrangements and lease incentive adjustments. These elements were assessed not to be material in the current year and as such we rebutted the significant risk of fraud in revenue recognition, however since revenue is a key area of audit focus, we have included the risk of fraud in revenue recognition as a key audit matter. The group utilises an administrator, which is under common control with the Investment Manager, and hence this implies reduced inherent segregation within the structure, increasing the opportunity for fraud to occur at the Property Manager and financial reporting level through the posting of manual journal entries. The Investment Manager, Property Manager or Valuer are not remunerated on a performance basis.	**Substantive testing** We obtained a sample of lease agreements and agreed that the associated revenue recognised in the consolidated financial statements was consistent with the contractual terms therein. An assessment was reperformed of the accuracy of rent straight-lining calculations resulting from rent free periods and other lease incentives. We selected a sample of turnover leases and tested the mathematical accuracy of the rental calculation. We also agreed the tenant turnover to independently verified financial information. We performed testing over vacant leases as at year end by agreeing the vacant properties on the tenancy schedule to supporting documents with no significant differences noted. We tested a sample of rental income from tenants that have entered into company voluntary arrangements during the year. We tested manual journal entries made in the preparation of the consolidated financial statements at year end and manual journals to revenue nominal accounts throughout the year by agreeing them to supporting documentation to check the accuracy and validity of the journal entry. We performed procedures over cash out flows and expenses during the year to test that service providers are not receiving remuneration other than per agreed terms, therefore reducing the incentive to commit fraud in the revenue recognition process. Our work did not indicate the existence of management bias of material misstatement due to fraud in revenue recognition.
Management's consideration of the potential impact of COVID-19 Management and the board have considered the potential impact of the non-adjusting post balance sheet events that have been caused by the pandemic, COVID-19, on the current and future operations of the group. In doing so, management have made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on the group’s ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. As a result of the impact of COVID-19 on the wider financial markets and the company’s share price, we have determined management’s consideration of the potential impact of COVID-19 (including their associated estimates and judgements) to be a key audit matter.	In assessing management's consideration of the potential impact of COVID-19, we have undertaken the following audit procedures: We obtained from management their latest assessments that support the board's assessment and conclusions with respect to the statements of going concern and viability respectively. We discussed with management and the board the critical estimates and judgements applied in their latest assessments so we could understand and challenge the rationale underlying factors incorporated and the sensitivities applied as a result of COVID-19. We inspected the impact assessments provided to evaluate their consistency with our understanding of the operations of the group, the investment properties and with any market commentary already made by the Investment Manager. We reviewed the impact assessment stress testing to confirm that both management and the board have considered adverse circumstances in their assessment of the potential impact of COVID-19 on the group. In discussing, challenging and evaluating the estimates and judgments made by management and the board in their impact assessments, we noted the following factors that were considered to be fundamental in their consideration of the potential impact of COVID-19 on the current and future operations of the group and which support the statements of going concern and viability respectively: • The group holds approximately £25.9 million of cash and cash equivalents as at the year end.

Key audit matter	How our audit addressed the key audit matter
	• The board have taken the decision to suspend future dividends with immediate effect in order to manage cash flows. • Management are monitoring the debt covenants closely and the group is not currently in breach of any covenants. • The modelling performed by management is based on a range of scenarios which include reductions in rental income, these models have been evaluated by the board. • Management and the board have analysed and are satisfied with the business continuity plans of all key service providers as part of their COVID-19 operational resilience review. We considered the appropriateness of the disclosures made by management and the board in respect of the potential impact of COVID-19, a non-adjusting post balance sheet event. Based on our procedures and the information available at the time of the directors' approval of the financial statements, we have not identified any matters to report with respect to both management's and the board's consideration of the impact of COVID-19 on the current and future operations of the group.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Consolidated Accounts 2019 (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon.

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 identified above 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 in this regard.

Responsibilities of the directors for the consolidated financial statements

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.

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 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 independent auditor's 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.

Listing Rules of the Financial Conduct Authority (FCA)

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.

We have nothing material to add or draw attention to in respect of the following matters which we have reviewed based on the requirements of the Listing Rules of the FCA:

- The directors' confirmation that they have carried out a robust assessment of the principal and emerging risks facing thecompany, including a description of the principal risks, what procedures are in place to identify emerging risks, and an explanation of how those risks are being managed or mitigated.
- The directors' explanation as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal and emerging risks facing the group and the directors' statement in relation to the longer-term viability of the group. Our review 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 statements are consistent with the knowledge and understanding of the group and its environment obtained in the course of the audit.

Additionally, we have nothing to report in respect of our responsibility to report when:

- The directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.
- The statement given by the directors that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group obtained in the course of performing our audit.
- The section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- 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.

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

15 April 2020

a) The maintenance and integrity of the BMO 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 consolidated financial statements since they were initially presented on the website.

b) Legislation in Guernsey governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of **Comprehensive Income**

Notes	for the year ended 31 December	2019 £'000	2018 £'000
	Revenue		
	Rental Income	64,380	64,903
2	Other Income	–	1,483
	Total revenue	64,380	66,386
	(Losses)/gains on investment properties		
9	Unrealised losses on revaluation of investment properties	(63,045)	(6,171)
9	Gains on sale of investment properties realised	1,321	2,613
	Total income	2,656	62,828
	Expenditure		
3	Investment management fee	(7,446)	(7,823)
4	Other expenses	(5,877)	(6,191)
	Total expenditure	(13,323)	(14,014)
	Operating (loss)/profit before finance costs and taxation	(10,667)	48,814
	Net finance costs		
	Interest receivable	42	6
5	Finance costs	(10,916)	(10,912)
		(10,874)	(10,906)
	(Loss)/profit before taxation	(21,541)	37,908
6	Taxation	(934)	(1,510)
	(Loss)/profit for the year	(22,475)	36,398
	Other comprehensive income		
	Items that are or may be reclassified subsequently to profit or loss		
13	Movement in fair value of effective interest rate swaps	(319)	362
	Total comprehensive income for the year, net of tax	(22,794)	36,760
7	**Basic and diluted earnings per share**	(2.8)p	4.6p

All of the profit and total comprehensive income 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 50 to 68 are an integral part of the above statement.

Consolidated **Balance Sheet**

Notes	as at 31 December	2019 £'000	2018 £'000
	Non-current assets		
9	Investment properties	**1,314,973**	1,384,856
10	Trade and other receivables	**20,816**	19,344
13	Interest rate swap	**–**	102
		1,335,789	1,404,302
	Current assets		
9	Investment properties held for sale	**5,235**	23,562
10	Trade and other receivables	**7,561**	6,630
	Taxation receivable	**112**	–
11	Cash and cash equivalents	**25,894**	10,127
		38,802	40,319
	Total assets	**1,374,591**	1,444,621
	Current liabilities		
12	Trade and other payables	**(17,197)**	(16,282)
	Taxation payable	**–**	(1,029)
		(17,197)	(17,311)
	Non-current liabilities		
12	Trade and other payables	**(2,119)**	(1,847)
13	Interest-bearing loans	**(308,366)**	(308,015)
13	Interest rate swap	**(217)**	–
		(310,702)	(309,862)
	Total liabilities	**(327,899)**	(327,173)
	Net assets	**1,046,692**	1,117,448
	Represented by:		
14	Share capital	**7,994**	7,994
	Special reserve	**589,593**	589,593
	Capital reserve – investments sold	**(20,725)**	1,708
	Capital reserve – investments held	**370,946**	410,237
	Hedging reserve	**(217)**	102
	Revenue reserve	**99,101**	107,814
	Equity shareholders' funds	**1,046,692**	1,117,448
15	**Net asset value per share**	**130.9p**	139.8p

The accounts on pages 46 to 68 were approved by the Board of Directors on 15 April 2020 and signed on its behalf by:

M Moore, Director

The accompanying notes on pages 50 to 68 are an integral part of the above statement.

Consolidated Statement of **Changes in Equity**

for the year ended 31 December 2019

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 2019	7,994	589,593	1,708	410,237	102	107,814	1,117,448
	Total comprehensive income for the year							
	Loss for the year	–	–	–	–	–	(22,475)	(22,475)
13	Movement in fair value of interest rate swap	–	–	–	–	(319)	–	(319)
9	Transfer in respect of unrealised losses on investment properties	–	–	–	(63,045)	–	63,045	–
9	Gains on sale of investment properties realised	–	–	1,321	–	–	(1,321)	–
9	Transfer of prior years' revaluations to realised reserve	–	–	(23,754)	23,754	–	–	–
	Total comprehensive income for the year	–	–	(22,433)	(39,291)	(319)	39,249	(22,794)
	Transactions with owners of the Company recognised directly in equity							
8	Dividends paid	–	–	–	–	–	(47,962)	(47,962)
	At 31 December 2019	7,994	589,593	(20,725)	370,946	(217)	99,101	1,046,692

for the year ended 31 December 2018

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 2018	7,994	589,593	7,063	408,440	(260)	115,820	1,128,650
	Total comprehensive income for the year							
	Profit for the year	–	–	–	–	–	36,398	36,398
13	Movement in fair value of interest rate swap	–	–		–	362	–	362
9	Transfer in respect of unrealised losses on investment properties		–	–	(6,171)	–	6,171	–
9	Gains on sale of investment properties realised	–	–	2,613	–	–	(2,613)	–
9	Transfer of prior years' revaluations to realised reserve		–	(7,968)	7,968	–	–	–
	Total comprehensive income for the year	–	–	(5,355)	1,797	362	39,956	36,760
	Transactions with owners of the Company recognised directly in equity							
8	Dividends paid	–	–	–	–	–	(47,962)	(47,962)
	At 31 December 2018	7,994	589,593	1,708	410,237	102	107,814	1,117,448

The accompanying notes on pages 50 to 68 are an integral part of the above statement.

Consolidated Statement of **Cash Flows**

Notes	for the year ended 31 December	2019 £'000	2018 £'000
	Cash flows from operating activities		
	(Loss)/profit for the year before taxation	**(21,541)**	37,908
	Adjustments for:		
5	Finance costs	**10,916**	10,912
	Interest receivable	**(42)**	(6)
	Unrealised losses on revaluation of investment properties	**63,045**	6,171
	Gains on sale of investment properties realised	**(1,321)**	(2,613)
	Increase in operating trade and other receivables	**(2,617)**	(2,054)
	Increase/(decrease) in operating trade and other payables	**1,307**	(2,317)
	Cash generated from operations	**49,747**	48,001
	Interest received	**42**	6
	Interest and bank fees paid	**(10,549)**	(10,551)
	Taxation paid	**(2,076)**	(1,220)
	Net cash inflow from operating activities	**37,164**	36,236
	Cash flows from investing activities		
9	Sale of investment properties	**34,428**	5,100
9	Purchase of investment properties	**–**	(5,754)
	Capital expenditure on investment properties	**(7,863)**	(12,649)
	Net cash inflow/(outflow) from investing activities	**26,565**	(13,303)
	Cash flows from financing activities		
8	Dividends paid	**(47,962)**	(47,962)
	Net cash outflow from financing activities	**(47,962)**	(47,962)
	Net increase/(decrease) in cash and cash equivalents	**15,767**	(25,029)
	Opening cash and cash equivalents	**10,127**	35,156
	Closing cash and cash equivalents	**25,894**	10,127

The accompanying notes on pages 50 to 68 are an integral part of the above statement.

Notes to the Accounts

1 Accounting policies

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 accounts have been prepared and approved 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 UK Listing Authority. The consolidated accounts 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 October 2019 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 accounts 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 presentational currency for the Company and the Group) and are rounded to the nearest thousand except where otherwise indicated.

(iii) Critical accounting estimates and judgements

Estimates and judgments 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.

Investment Properties

The fair value of investment properties is determined by using valuation techniques. For further details of the estimates and assumptions made, see note 1(f) and 9 and further information on Board procedures is contained in the Report of the Audit and Risk Committee.

The Group uses external professional valuers to determine the relevant amounts.

- Critical judgements in applying the Group's accounting policies

Business combinations

When the Group acquires subsidiaries that own real estate, and at the time of acquisition, the Group considers whether each acquisition represents an acquisition of a business or an acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired together with the property. More specifically, the following criteria, which indicate the acquisition of a business, are considered: the number of properties acquired, the extent to which strategic management processes and operational processes are acquired and the complexity of the processes acquired.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Non-controlling interests, if any, participate at their relative share of the fair value of the net identifiable assets on the acquisition date. Directly attributable costs are recognised as part of the acquisition cost.

Business combinations are accounted for using the acquisition method. The acquisition is recognised at the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

1. Accounting policies (continued)

(a) Basis of accounting (continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. All contingent consideration arrangements classified as assets or liabilities arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity

(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. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Group, forecast rental income and other forecast cash flows. The Group has agreements relating to its borrowing facilities with which it has complied during the year. Based on this information the Directors believe that the Group has the ability to meet its financial obligations as they fall due for the foreseeable future, which is considered to be for a period of at least twelve months from the date of approval of the accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

(v) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except that the following new standards have been adopted in the current year:

- IFRS 16, 'Leases'
- IFRIC 23, 'Uncertainty over Income Tax Treatments', and
- Annual improvements 2015 – 2017 cycle

The new standards listed above did not have any impact on the amounts and are not expected to significantly affect futures periods.

(vi) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendments to IFRS 3, Business Combinations – The IASB published an amendment to the requirements of IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business, as well as provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendment is effective for periods beginning on or after 1 January 2020 with earlier application permitted. There will be no impact on transition since the amendments are effective for business combinations for which the acquisition date is on or after the transition date.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(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.

(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 in the Consolidated Statement of Comprehensive Income to the extent that there are no obligations directly related to that surrender.

Distribution income received from any indirect property fund is recognised on the date the Group becomes entitled to the distribution and recorded separately from any unrealised or realised gains or losses on revaluation of indirect property funds.

Interest income is accounted for on an accruals basis.

1. Accounting policies (continued)

(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. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

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, corporation tax will be incurred by the Company if it makes a distribution to a Substantial Shareholder unless the Company has taken reasonable steps to avoid such a distribution being paid. Shareholders should note that this restriction only applies to Shareholders that are companies or other bodies corporate and to certain entities which are deemed to be bodies corporate. It does not apply to nominees.

Under the UK REIT regime 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 recognises that in certain circumstances such shareholders resident in jurisdictions with particular double tax agreements with the UK can reclaim all or part of the UK income tax payable by them on the dividend.

A tax charge may be imposed only if a REIT pays a dividend in respect of a Substantial Shareholding and the dividend are paid to a person who is a Substantial Shareholder. The charge is not triggered merely because a shareholder has a stake in the company of 10 per cent or more. The amount of the tax charge is calculated by reference to the total dividend that is paid to the Substantial Shareholder and is not restricted to the excess over 10 per cent.

The Company has agreed, notwithstanding the fact that the UK REIT regime has deem the Aviva Group to be a Substantial Shareholder, that it will continue to make distributions to such Shareholder provided that it holds 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 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.

1. Accounting policies (continued)

(f) Investment properties (continued)

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.

Any investment properties on which contracts for sale have been exchanged but which had not completed at the period end are disclosed as properties held for sale and stated at fair value less selling costs.

(g) Investments

Investment of indirect property funds are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value. After initial recognition, investment of indirect property funds 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.

Financial assets designated as at fair value through the Consolidated Statement of Comprehensive Income are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Unlisted indirect property funds fair value is determined based on the criteria set out in IFRS 9.

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

(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 interest rate swap entered into hedge the interest on the £50 million bank loan and the forward interest rate swap are included in 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 Company measures financial instruments at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost, if any, 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.

1. Accounting policies (continued)

(i) **Derivative financial instruments**

The Group uses derivative financial instruments to hedge its risk associated with interest rate fluctuations. 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, 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.

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 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. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all applicable trade receivables.

Reverse lease premia and other capital 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**

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. VAT payable in the difference between output and input VAT at 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.

(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 distributable reserve to be used for all purposes permitted under Guernsey Law, including the buy back of shares and payment of dividends.

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.

1. Accounting policies (continued)

(o) **Reserves (continued)**

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 on ordinary activities after taxation, after adding back capital gains or losses, is taken to this reserve, with any deficit transferred from the Special Reserve.

2. Other Income

During 2018, the Group wrote back to income an amount of £1,483,000 received from a tenant on termination of their lease on 24 June 2016 at One Thames Valley Park, Reading for dilapidation compensation which the Group did not expend prior to the derecognition as Investment Property. The property was held for sale as at 31 December 2018 and the sale completed on 24 January 2019.

3. Investment Management fee

	2019 £'000	2018 £'000
Base management fee	**7,446**	7,823

Throughout the year the Group's investment manager was BMO Investment Business Limited, a wholly-owned subsidiary of BMO Asset Management (Holdings) plc. The property management arrangements of the Group have been delegated by BMO Investment Business Limited, with the approval of the Company, to BMO REP Asset Management plc, which is also part of the BMO Asset Management (Holdings) plc group.

BMO Investment Business Limited is entitled to a base management fee of 0.55 per cent per annum of the Group's gross assets (reduced to 0.525 per cent per annum on assets between £1.5 billion and £2 billion and 0.5 per cent per annum in excess of £2 billion) and reduced to 0.25 per cent per annum on cash net of gearing in excess of 5 per cent of net assets, payable quarterly in arrears. BMO Investment Business Limited is not entitled to a performance fee.

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 BMO Asset Management plc would otherwise have received during the notice period, is made.

4. Other expenses

	2019 £'000	2018 £'000
Direct operating expenses of rental property	**3,947**	4,017
Surrender payment to lessee	**–**	613
Valuation and other professional fees	**421**	399
Directors' fees †	**291**	302
Administration fee	**155**	151
Depositary fee	**161**	172
UK REIT conversion	**372**	–
Auditor's remuneration for:		
– statutory audit	**85**	69
– audit-related services – interim review	**17**	16
Other	**428**	452
	5,877	6,191

† An analysis of the Directors' fees is provided in the 'Directors' Emoluments for the Year' table within the Remuneration Report on page 38.

4. Other expenses (continued)

Valuers' fees

The valuers of the investment properties, CBRE Limited, have agreed to provide valuation services in respect of the property portfolio. The valuation agreement is for a term to 31 December 2023 inclusive (subject to a mutual break at 31 December 2021), continuing thereafter until determined, and an annual fee is payable equal to 0.01 per cent of the aggregate value of the direct property portfolio.

Administration fee

BMO Investment Business Limited is entitled to an administration fee which is payable quarterly in arrears. It received £155,000 for administration services provided in respect of the year ended 31 December 2019 (2018: £151,000).

5. Finance costs

	2019 £'000	2018 £'000
Interest on the Barclays loan	1,651	1,584
Net interest in respect of the interest rate swap agreements	100	173
Interest on the L&G loan	8,895	8,885
Facility agent/monitoring fee	270	270
	10,916	10,912

6. Taxation

	2019 £'000	2018 £'000
Current tax		
Current income tax charge	469	1,510
Corporation tax charge in respect to distributions to holders of excessive rights	465	–
Total tax charge	934	1,510

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

	2019 £'000	2018 £'000
(Loss) / profit before taxation	(21,541)	37,908
UK income tax at a rate of 20 per cent (2018: 20 per cent)	(4,308)	7,582
Effects of:		
Capital losses on investment properties not taxable	12,345	712
Income not taxable, including interest receivable	(8)	(298)
Expenditure not allowed for income tax purposes	1,002	2,508
Allowable intercompany loan interest paid	(4,157)	(8,445)
Losses carried forward to future years	52	107
Utilisation of losses brought forward from prior years	(35)	(38)
Capital allowances claimed	(263)	(618)
UK REIT exemption on net income	(4,159)	–
Corporation tax charge in respect to distributions to holders of excessive rights	465	–
Total tax charge	934	1,510

The Company and its subsidiaries are exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual fee of £1,200 per company was paid to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation will arise on capital gains. For the period 1 January 2019 to 2 June 2019, the Company and its subsidiaries were subject to United Kingdom income tax at 20 per cent (the rate relevant to non-resident landlords) on rental income arising on the property portfolio after deduction of its allowable debt financing costs and other allowable expenses.

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 in the period from 3 June 2019 to 31 December 2019 and the Board intends to conduct the Group's affairs such that these conditions continue to be met.

7. Earnings per share

	2019	2018
Net (loss)/profit attributable to ordinary shareholders (£'000)	(22,475)	36,398
Return per share – pence	(2.8)p	4.6p
Weighted average of ordinary shares in issue during year	799,366,108	799,366,108

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

	2019 Total £'000	2019 Dividend Rate (pence)	2019 PID Rate (pence)	2018 Total £'000	2018 Dividend Rate (pence)
In respect of the previous period:					
Ninth interim dividend	3,997	0.5	–	3,997	0.5
Tenth interim dividend	3,997	0.5	–	3,997	0.5
Eleventh interim dividend	3,996	0.5	–	3,996	0.5
Twelfth interim dividend	3,997	0.5	–	3,997	0.5
In respect of the period under review:					
First interim dividend	3,997	0.5	–	3,997	0.5
Second interim dividend	3,996	0.5	–	3,996	0.5
Third interim dividend	3,997	0.5	–	3,997	0.5
Fourth interim dividend	3,997	0.5	–	3,997	0.5
Fifth interim dividend	3,997	0.5	–	3,997	0.5
Sixth interim property income distribution/dividend	3,997	–	0.5	3,997	0.5
Seventh interim property income distribution/dividend	3,997	–	0.5	3,997	0.5
Eighth interim property income distribution/dividend	3,997	–	0.5	3,997	0.5
	47,962	4.5	1.5	47,962	6.0

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

Property Income Distributions:	Record date	Payment date	Rate (pence)
Ninth interim	17 January 2020	31 January 2020	0.5
Tenth interim	14 February 2020	28 February 2020	0.5
Eleventh interim	13 March 2020	31 March 2020	0.5

Although these payments relate to the year ended 31 December 2019, under IFRS they will be accounted for in the year ending 31 December 2020, being the period during which they are declared.

The twelfth interim dividend/property income distribution in respect of the year will not be paid due to COVID-19 situation. A total of 5.5 pence per share was paid for the year.

9. Investment properties

	2019 £'000	2018 £'000
Non-current assets - Investment properties		
Freehold and leasehold properties		
Opening fair value	1,384,856	1,398,894
Sales – proceeds	(9,928)	(5,100)
– gains/(losses) on sale	74	(5,355)
Capital expenditure	7,942	12,649
Purchase of investment properties	–	5,533
Unrealised losses realised during the year	309	7,968
Unrealised gains on investment properties	10,056	37,468
Unrealised losses on investment properties	(73,101)	(43,639)
Transfer to assets classified as held for sale	(5,235)	(23,562)
Closing fair value	1,314,973	1,384,856
Historic cost at the end of the year	948,054	951,155

	2019 £'000	2018 £'000
Current assets - Investment properties held for sale		
Freehold properties		
Opening fair value	23,562	–
Sales – proceeds	(24,500)	–
– loss on sale	(22,507)	–
Unrealised losses realised during the period	23,445	–
Transfer from non-current asset investment properties	5,235	23,562
Closing fair value	5,235	23,562
Historic cost at the end of the year	1,208	47,026

	£'000	£'000
Losses on sale	(22,433)	(5,355)
Unrealised losses realised during the year	23,754	7,968
Gains on sales of investment properties realised	1,321	2,613

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

	2019 £'000	2018 £'000
Appraised value prepared by CBRE excluding assets classified as held for sale	1,337,025	1,405,790
Lease incentives held as debtors (note 10)	(22,052)	(20,934)
Closing fair value	1,314,973	1,384,856

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

	2019 £'000	2018 £'000
Appraised value prepared by CBRE of assets classified as held for sale	5,585	24,400
Lease incentives held as debtors (note 10)	–	(538)
Selling costs of assets held for sale	(350)	(300)
Closing fair value	5,235	23,562

9. Investment properties (continued)

As at 31 December 2019 the Group exchanged contracts with a third party for the sale of Ozalid Works, Colchester for a price of £5.6 million. The sale is expected to complete in July 2020.

All the Group's investment properties were valued as at 31 December 2019 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 2019 on a fair value basis and in accordance with The RICS Valuation – Global Standards 2017. The CBRE valuation report is dated 14 January 2020 (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 critical assumptions made in valuing the 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 BMO Asset Management plc 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 BMO Asset Management plc group. The proportion of total fees payable by the BMO Asset Management plc group to the total fee income of CBRE was less than 5 per cent of 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.

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 27.

There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal. However, the Group's investments comprise UK commercial property, which may be difficult to realise as described in Liquidity Risk in note 17.

9. Investment properties (continued)

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	2019 Range*	2019 Weighted Average	2018 Range*	2018 Weighted Average
Retail	**261,129** (2018: 287,900)	Current Rental Value per square foot ('psf') per annum	**£37 -£113**	**£90**	£30 - £110	£87
		Estimated Rental Value psf per annum	**£35 - £127**	**£101**	£30 - £128	£102
		Net Initial Yield	**2.6% - 5.8%**	**3.7%**	2.5% - 5.1%	3.3%
		Equivalent Yield	**3.2% - 5.4%**	**4.0%**	2.9% - 5.1%	3.8%
		Estimated Capital Value psf	**£591 - £3,160**	**£2,468**	£552 - £3,579	£2,640
Retail Warehouse	**165,525** (2018: 188,000)	Current Rental Value psf per annum	**£14 - £22**	**£19**	£14 - £31	£23
		Estimated Rental Value psf per annum	**£12 - £29**	**£23**	£12 - £29	£24
		Net Initial Yield	**5.0% - 7.3%**	**5.4%**	4.7% - 6.8%	5.6%
		Equivalent Yield	**5.5% -8.4%**	**6.2%**	5.4% - 7.5%	5.6%
		Estimated Capital Value psf	**£179 - £413**	**£337**	£193 - £477	£386
Office	**548,865** (2018: 570,740)	Current Rental Value psf per annum	**£0 - £82**	**£27**	£0 - £83	£24
		Estimated Rental Value psf per annum	**£10 - £100**	**£50**	£15 - £100	£48
		Net Initial Yield	**0% - 7.1%**	**4.3%**	0% - 8.1%	3.7%
		Equivalent Yield	**3.8% - 7.9%**	**5.2%**	3.8% - 9.1%	5.4%
		Estimated Capital Value psf	**£100 - £2,332**	**£1,034**	£136 - £2,200	£952
Industrial	**236,585** (2018: 254,850)	Current Rental Value psf per annum	**£0 - £10**	**£6**	£0 - £9	£6
		Estimated Rental Value psf per annum	**£5 - £10**	**£6**	£4 - £9	£6
		Net Initial Yield	**0% - 6.9%**	**5.2%**	0% - 6.6%	4.9%
		Equivalent Yield	**4.8% - 6.3%**	**5.3%**	4.8% - 10.1%	5.4%
		Estimated Capital Value psf	**£79 - £190**	**£105**	£84 - £187	£116
Alternatives	**130,506** (2018: 128,700)	Current Rental Value psf per annum**	**£15 - £18**	**£16**	£15 - £17	£15
		Estimated Rental Value psf per annum**	**£16 - £16**	**£16**	£15 - £16	£15
		Net Initial Yield**	**4.0% - 5.8%**	**4.6%**	3.9% - 5.9%	4.6%
		Equivalent Yield**	**4.8% - 5.4%**	**5.0%**	4.8% - 5.5%	5.0%
		Estimated Capital Value psf**	**£285 - £1,105**	**£685**	£271 - £1,125	£694

* 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.

9. Investment properties (continued)

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 net initial yield, although equivalent 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.

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 2019 arising from:	**Retail £'000**	**Retail Warehouses £'000**	**Offices £'000**	**Industrial £'000**	**Alternatives £'000**	**Total £'000**
Increase in passing rental value by 5%	**13,056**	**8,276**	**27,443**	**11,829**	**6,525**	**67,129**
Decrease in passing rental value by 5%	**(13,056)**	**(8,276)**	**(27,443)**	**(11,829)**	**(6,525)**	**(67,129)**
Increase in net initial yield by 0.25%	**(16,538)**	**(7,287)**	**(30,470)**	**(10,762)**	**(3,601)**	**(68,658)**
Decrease in net initial yield by 0.25%	**18,936**	**7,991**	**34,276**	**11,839**	**4,010**	**77,052**

Estimated movement in fair value of investment properties at 31 December 2018 arising from:	Retail £'000	Retail Warehouses £'000	Offices £'000	Industrial £'000	Alternatives £'000	Total £'000
Increase in passing rental value by 5%	14,395	9,400	28,537	12,743	6,435	71,510
Decrease in passing rental value by 5%	(14,395)	(9,400)	(28,537)	(12,743)	(6,435)	(71,510)
Increase in net initial yield by 0.25%	(20,369)	(8,009)	(35,747)	(12,278)	(3,559)	(79,962)
Decrease in net initial yield by 0.25%	23,726	8,756	40,866	13,587	3,968	90,903

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

10. Trade and other receivables

Non-current	**2019 £'000**	2018 £'000
Capital and rental lease incentive	**18,697**	17,449
Cash deposits held for tenants	**2,119**	1,847
Other debtors and prepayments	**–**	48
	20,816	19,344
Current		
Capital and rental lease incentives	**3,355**	4,023
Cash deposits held for tenants	**263**	701
Rents receivable (net of provision for bad debts)	**2,062**	1,246
Other debtors and prepayments	**1,881**	660
	7,561	6,630

Rents receivable, which are generally due for settlement at a quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. (see Note 17 – Credit Risk).

Capital and rental lease incentives consist of £17,669,000 (2018: £16,934,000) being the prepayments for rent-free periods recognised over the life of the lease and £4,383,000 (2018: £4,538,000) relating to capital incentives paid to tenants.

11. Cash and cash equivalents

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

12. Trade and other payables

Non-current	2019 £'000	2018 £'000
Rental deposits	**2,119**	1,847
Current		
Rental income received in advance	**9,969**	9,688
Rental deposits	**263**	701
VAT payable	**1,436**	1,378
Managers' fees payable	**1,882**	2,011
Other payables	**3,647**	2,504
	17,197	16,282

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

	2019 £'000	2018 £'000
L&G loan		
Principal amount outstanding	**260,000**	260,000
Set-up costs	**(2,683)**	(2,683)
Amortisation of set-up costs	**1,228**	965
	258,545	258,282
Barclays loan		
Principal amount outstanding	**50,000**	50,000
Set-up costs	**(511)**	(511)
Amortisation of set-up costs	**332**	244
	49,821	49,733
Total interest-bearing loans	**308,366**	308,015

Analysis of movement in net debt	Cash and Cash equivalents £'000	Interest-bearing loans £'000	2019 Net debt £'000	Cash and Cash equivalents £'000	Interest-bearing loans £'000	2018 Net debt £'000
Opening balance	**10,127**	**(308,015)**	**(297,888)**	35,156	(307,675)	(272,519)
Cash movement	**15,767**	**–**	**15,767**	(25,029)	–	(25,029)
Amortisation of loan set-up costs	**–**	**(351)**	**(351)**	–	(340)	(340)
Closing balance	**25,894**	**(308,366)**	**(282,472)**	10,127	(308,015)	(297,888)

£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"). 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 2019, comprised FCPT Holdings Limited, F&C Commercial Property Holdings Limited and Winchester Burma Limited – see Note 20).

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: 40 per cent; Offices: 60 per cent; Retail: 40 per cent; Retail Warehouses: 40 per cent; Other: 25 per cent;

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

£260 million L&G loan (continued)

- the combined holding in London and the South East of England exceeds a minimum of 40 per cent of gross secured asset value;
- the combined holding in Northern Ireland, Scotland, Wales, North East of England and Yorkshire and Humberside does not exceed a maximum of 30 per cent of gross secured asset value; and
- the five largest tenants do not exceed 40 per cent of the aggregate net rental income from all of the secured properties.

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 2019, based on the yield on the Treasury 2.75% 2024 which would be used as the basis for calculating the early repayment of such loan plus the appropriate margin would be £291,320,000 (2018: £287,016,000). The exercise of early repayment approximates the carrying amount of the loan. Secured Group loan is classified as Level 2 under the hierarchy of fair value measurement.

£100 million Barclays loan

The Group entered into a £50 million five year loan facility agreement with Barclays Bank PLC ('Barclays'). The loan has a maturity date of 21 June 2021. The Group has agreed an additional revolving credit facility of £50 million with Barclays over the same period, which was not drawn down as at 31 December 2019 (2018: £nil). The combined loan arrangement costs for the term and revolving loan facility was £1,022,000.

Interest accrues on the bank loan at a variable rate, based on 3 month LIBOR plus margin and is payable quarterly in arrears. The margin is 1.50 per cent per annum for the duration of the loan. The revolving credit facility pays an undrawn commitment fee of 0.60 per cent per annum.

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

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

- the loan to value percentage does not exceed 50 per cent; and
- the interest cover is greater than 1.40 times on any calculation date.

The SCP Group has complied with all the applicable Barclays loan covenants during the year.

Interest Rate Swap

The Group entered into a £50 million interest rate swap in connection with the Barclays term facility. The hedge has been achieved by matching the notional amount of the swap with the loan principal and matching the swap term to the loan term.

Interest on the swap is receivable at a variable rate calculated on the same LIBOR basis as for the bank loan (as detailed above but excluding the margin) and payable quarterly at a fixed rate of 1.022 per cent per annum. This fixes the interest rate for the £50 million term loan at 2.522 per cent. The interest rate swap is due to expire on 21 June 2021.

The fair value of the asset/(liabilities) in respect of the interest rate swap contract at 31 December 2019 was £(217,000) (2018: £102,000), which is based on the marked to market value. The interest rate swap is classified as Level 2 under the hierarchy of fair value measurements.

14. Share capital and capital risk management

Share Capital	2019 £'000	2018 £'000
Allotted, called-up and fully paid		
799,366,108 Ordinary Shares of 1p each in issue	**7,994**	7,994

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

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of Ordinary Shares. The Company issued nil Ordinary Shares during the year (2018: nil) raising net proceeds of £nil (2018: £nil).

The Company did not repurchase any Ordinary Shares during the year (2018: £nil).

At 31 December 2019, the Company did not hold any Ordinary Shares in treasury (2018: nil).

14. Share capital and capital risk management (continued)

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 buy back 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 accounts and borrowings are set out in note 13.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective, which is detailed in the Business Model and Strategy on page 9. 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. No changes were made to the objectives, policies or processes during the years ended 31 December 2019 or 31 December 2018.

15. Net asset value per share

	2019	2018
Net asset value per ordinary share – pence	**130.9p**	139.8p
Net assets attributable at the year end (£'000)	**1,046,692**	1,117,448
Number of ordinary shares in issue at the year end	**799,366,108**	799,366,108

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. Directors' shareholdings in the Ordinary Shares of the Company are provided in the Remuneration Report on page 39.

The Directors of the Company received fees for their services and dividends from their shareholding in the Company. Further details are provided in the 'Directors' Emoluments for the Year' table in the Remuneration Report on pages 38 to 39. Total fees for the year were £291,000 (2018: £302,000). No fees remained payable at the year end.

Transactions between the Company and the Manager are detailed in note 3 on management fees and note 12 on fees owed to the Manager 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 Manager is not considered to be a related party.

17. Financial instruments and investment properties

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.

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 and receivables and payables that arise directly from its operations. The Group does not have exposure to any derivative instruments other than the interest rate swap entered into to hedge the interest paid on the Barclays interest-bearing bank loan.

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.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

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. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Managers monitor such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants.

The Group has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the Group at 31 December 2019 was £2,062,000 (2018: 1,246,000). The maximum credit risk is stated after deducting an impairment provision of £76,000 (2018: £41,000).

17. Financial instruments and investment properties (continued)

As at 31 December 2019, rent receivable of £76,000 that was greater than three months overdue was fully provided for. Of this amount £nil was subsequently written off and £15,000 has been recovered. As at 31 December 2018 the provision was £41,000. Of this amount £1,000 was subsequently written off, £28,000 is still outstanding and £12,000 was recovered.

Apart from the rent receivable disclosed above there were no financial assets which were either past due or considered impaired at 31 December 2019 (2018: nil).

All of the Group's cash is placed with financial institutions with a long-term 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.

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.

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 2019					
Cash and cash equivalents	**25,894**	**–**	**–**	**–**	**25,894**
Cash deposits held for tenants	**263**	**387**	**607**	**1,126**	**2,383**
Rents receivable	**2,062**	**–**	**–**	**–**	**2,062**
As at 31 December 2018					
Cash and cash equivalents	10,127	–	–	–	10,127
Cash deposits held for tenants	701	213	478	1,156	2,548
Rents receivable	1,246	–	–	–	1,246

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 2019					
Trade and other payables	**17,197**	**387**	**607**	**1,125**	**19,316**
Interest-bearing £50m Barclays loan, interest rate swap and commitment fee	**1,581**	**50,746**	**–**	**–**	**52,327**
Interest-bearing £260m L&G loan	**8,882**	**8,882**	**286,646**	**–**	**304,410**
As at 31 December 2018					
Trade and other payables	16,282	213	478	1,156	18,129
Interest-bearing £50m Barclays loan, interest rate swap and commitment fee	1,581	1,581	50,746	–	53,908
Interest-bearing £260m L&G loan	8,882	8,882	26,646	268,882	313,292

The table above details the total payment due to Barclays, combining the interest-bearing £50 million bank loan and related interest rate swap, as this total amount is known with certainty. The exact amount attributable to each of the interest-bearing £50 million bank loan and the related interest rate swap will vary depending on the rate of 3 month LIBOR over the instruments' duration. The terms of both the interest-bearing bank loan and the interest rate swap are detailed in note 13.

The table above details the total payment due to L&G, the terms of the interest-bearing loan are 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 2019 the Group's cash balance was £25,894,000 (2018: £10,127,000).

17. Financial instruments and investment properties (continued)

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 long-term debt obligations. Interest rate risk on long-term debt obligations is managed by fixing the interest rate on such borrowings, either directly or through interest rate swaps for the same notional value and duration. Long-term debt obligations and the interest rate risk they confer to the Group is considered by the Board on a quarterly basis. Long-term 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. The Group also has a £50 million Barclays loan on which the rate has been fixed through an interest rate swap at 2.522 per cent per annum until the maturity date of 21 June 2021. The Group has agreed an additional revolving credit facility of £50 million with Barclays over the same period, which was not drawn down as at 31 December 2019. The revolving credit facility pays an undrawn commitment fee of 0.60 per cent per annum.

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/ liabilities where no interest is received £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
As at 31 December 2019						
Financial assets						
Cash and cash equivalents	**25,894**	**–**	**–**	**25,894**	**–**	**–**
Cash deposits held for tenants	**2,383**	**–**	**–**	**2,383**	**–**	**–**
Rents receivable	**2,062**	**–**	**–**	**2,062**	**–**	**–**
Financial liabilities						
L&G loan	**258,545**	**258,545**	**–**	**–**	**3.32**	**5.0**
Barclays loan	**49,821**	**49,821**	**–**	**–**	**2.52**	**1.5**
Interest rate swap	**217**	**217**	**–**	**–**	**1.022**	**1.5**
As at 31 December 2018						
Financial assets						
Cash and cash equivalents	10,127	–	–	10,127	–	–
Cash deposits held for tenants	2,548	–	–	2,548	–	–
Rents receivable	1,246	–	–	1,246	–	–
Interest rate swap	102	102	–	-	1.022	2.5
Financial liabilities						
L&G loan	258,282	258,282	–	–	3.32	6.0
Barclays loan	49,733	49,733	–	–	2.52	2.5

Apart from the L&G loan as at 31 December 2019 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.

Considering the effect on the L&G loan at 31 December 2019, it is estimated that an increase of 150 basis points in interest rates would have decreased its fair value by approximately £19,310,000 (2018: £22,184,000), and a decrease of 150 basis points would have increased its fair value by approximately £21,072,000 (2018: £24,534,000).

Considering the effect on the £50 million Barclays loan and related interest rate swap combined, it is estimated that an increase of 150 basis points in interest rates as at the balance sheet date would have decreased their fair value by approximately £1,072,000 (2018: £1,673,000), and a decrease of 150 basis points would have increased their fair value by approximately £1,112,000 (2018: £1,915,000). The carrying value of the interest rate swap asset in the financial statements would have been adjusted by these amounts, thereby increasing/decreasing net assets and income for the year.

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 0.75 per cent as at 31 December 2019 (2018: 0.75 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.

17. Financial instruments and investment properties (continued)

Considering the effect on cash balances, an increase of 150 basis points in interest rates would have increased net assets and income for the year by £388,000 (2018: £152,000). A decrease of 150 basis points would have had an equal but opposite effect. The calculations are based on the cash balances at the respective balance sheet dates.

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 on page 9. 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.

Any changes in market conditions will directly affect the profit or loss reported through the Consolidated Statement of Comprehensive Income. Details of the Group's investment property portfolio held at the balance sheet date are disclosed on page 27. A 10 per cent increase in the fair value of the direct properties at 31 December 2019 would have increased net assets and income for the year by £132,021,000 (2018: £143,190,000). A decrease of 10 per cent would have had an equal but opposite effect.

The calculations above are based on the investment property valuations at the respective balance sheet dates and are not representative of the year as a whole.

18. Capital commitments

The Group had capital commitments totalling £2,100,000 as at 31 December 2019 (2018: £3,600,000). These commitments related mainly to contracted development work at the Group property at 56 James Street, St. Christopher's Place Estate, London.

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):

	2019 £'000	2018 £'000
Less than one year	**64,597**	60,026
Between one and five years	**206,911**	206,051
Over five years	**241,236**	231,428
Total	**512,744**	497,505

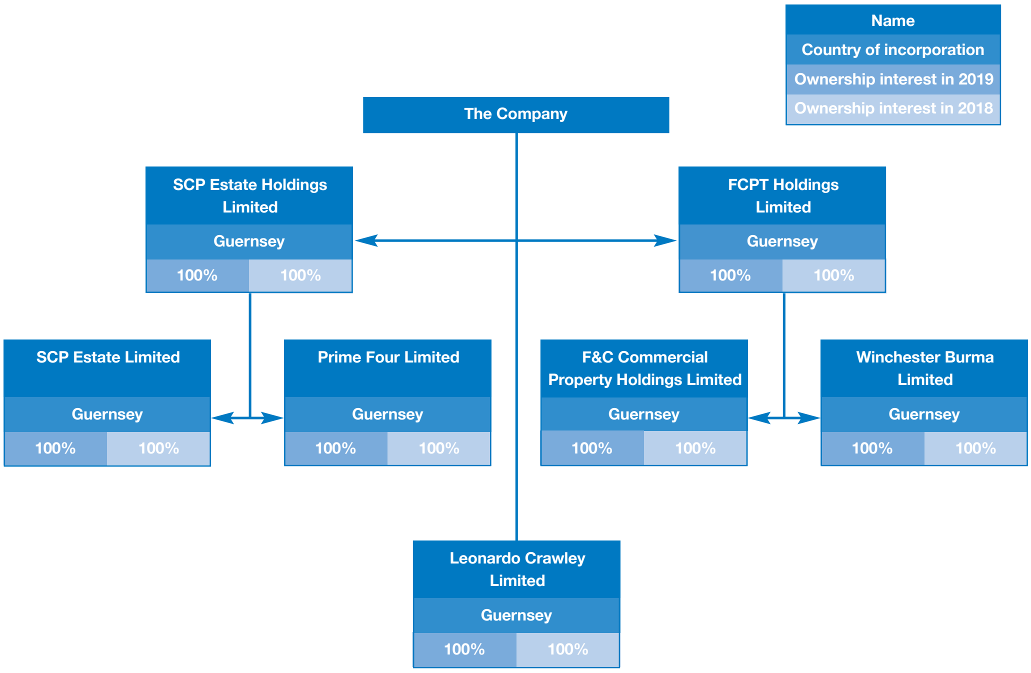
The largest single tenant at the year end accounted for 4.3 per cent (2018: 4.4 per cent) of the current annual rental income.

Unoccupied property expressed as a percentage of estimated total rental value (excluding properties under development) was 4.8 per cent (2018: 8.5 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 2019 (2018: 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. Post balance sheet events and COVID-19 impact events

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has had a significant effect on the global economy and by extension the UK property market and stock markets. Of particular concern is the Company's cash flow, given the number of expected tenant defaults in the short-term and the Board has therefore taken the decision to temporarily suspend future dividends with immediate effect. The Chairman's Statement on pages 6 to 8 and the Manager's Report on pages 17 to 21 consider the possible impact upon the Company.

The Group has billed c.£9m of its quarter 2 rent due on 25 March and has collected 74 per cent of this amount to date (compared to 96 per cent for the same period last year). The total quarterly rent amounts to c.£16 million and a high proportion of the balance relates to rent at St. Christopher's Place, not scheduled to be billed until 21 April. Based on dialogue with tenants at St. Christopher's Place we would expect the overall percentage collected across the portfolio for quarter 2 to drop. We also suspect the quarter 3 rent collection commencing in June will be equally challenging. Given this background, the Board has taken the decision to temporarily suspend future dividends with immediate effect. The Board currently intends to re-introduce monthly distributions when deemed appropriate, based on their assessment of the likely duration of continued market disruption as a result of COVID-19 and the level of retained cash reserves within the Group.

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, BMO Investment Business Limited, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy is available from BMO Investment Business Limited on request and the numerical remuneration disclosures in relation to the AIFM's are available at **bmogam.com**.

The Group's maximum and average actual leverage levels at 31 December 2019 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	300%	300%
Actual	158%	160%

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: **bmocommercialproperty.com**

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of BMO Commercial Property Trust Limited will be held at the offices of BMO Global Assets Management, Exchange House, Primrose Street, London, EC2A 2NY on Tuesday, 30 June 2020 at 14.00 pm for the following purposes.

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

1. That the Annual Report and Consolidated Accounts for the year ended 31 December 2019 be received and adopted.
2. That the Director's Remuneration Policy be approved.
3. That the Annual Report on Directors' Remuneration for the year ended 31 December 2019 be approved.
4. That the dividend policy as set out in the Annual Report be approved.
5. That Mr J Wythe, who retires annually, be re-elected as a Director.
6. That Mrs T Clark, who retires annually, be re-elected as a Director.
7. That Mr M R Moore, who retires annually, be re-elected as a Director.
8. That Mr P Marcuse, who retires annually, be re-elected as a Director.
9. That Mrs L Wilding, be elected as a Director.
10. That PricewaterhouseCoopers CI LLP be re-appointed as auditor.
11. That the Directors be authorised to determine the auditor's remuneration.
12. 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 £799,366, being approximately 10 per cent of the nominal value of the issued share capital of the Company as at 15 April 2020 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:

13. 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 £799,366 being approximately 10 per cent of the nominal value of the issued share capital of the Company, as at 15 April 2020.

14. 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;

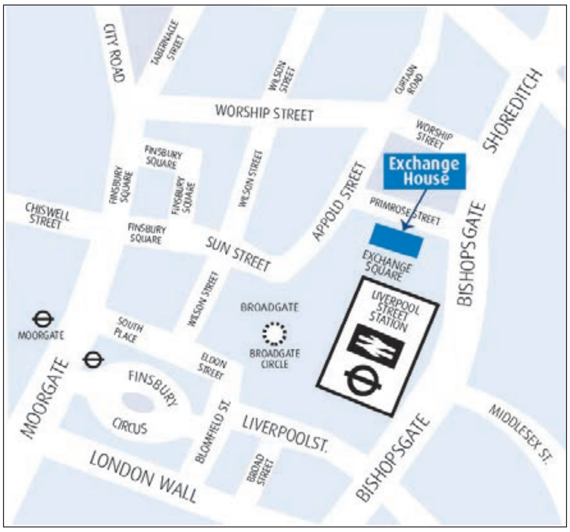
    (b) the minimum price which may be paid for an Ordinary Share shall be 1p (exclusive of expenses);

    (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 30 November 2021, 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

15 April 2020



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 14.00 pm on 26 June 2020.
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 26 June 2020. 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 15 April 2020, 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 799,366,108, each carrying one voting right.
7. Any person holding 5 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.
9. The current guidance issued by the Government, restricts social gatherings in view of the COVID-19 pandemic, and if such guidance remains in place on the date of the AGM, shareholders will be prohibited from attending the AGM. Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place, it is requested that shareholders do not attend the AGM in person but instead appoint a proxy and provide voting instructions in advance of the AGM, in accordance with the instructions explained above.

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 **bmocommercialproperty.com**

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: **bmocommercialproperty.com**

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 bmocommercialproperty.com. This document has been produced in accordance with 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** 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**
- 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** 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**.

Financial Calendar 2020/2021	
30 June 2020	Annual General Meeting
September 2020	Announcement of interim results
	Posting of Interim Report
April 2021	Announcement of annual results
	Posting of Annual Report

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**

* Includes performance fee for years 2005 to 2016. From 2017 the investment manager is 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.

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.

		2019 pence	2018 pence
Net Asset Value per share	(a)	**130.9**	139.8
Share price per share	(b)	**115.6**	124.6
(Discount) or Premium (c = (b-a)/a)	(c)	**-11.7%**	-10.9%

Dividend Cover – The percentage by which Profits for the year (less Gains/losses on investment properties) cover the dividend paid.

A reconciliation of dividend cover is shown below:

			2019 £'000	2018 £'000
(Loss)/profit for the year			**(22,475)**	36,398
Add back:	Unrealised losses on revaluation of investment properties		**63,045**	6,171
	Gains on sales of investment properties realised		**(1,321)**	(2,613)
	Other income		**–**	(1,483)
Profit before investment gains and losses		(a)	**39,249**	38,473
Dividends		(b)	**47,962**	47,962
Dividend Cover percentage (c = a/b)		(c)	**81.8%**	80.2%

Dividend Yield – The annualised dividend divided by the share price at the year end. An analysis of dividends is contained in note 8 to the accounts.

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

		2019 £'000	2018 £'000
Loans		**310,000**	310,000
Less cash and cash equivalents		**25,894**	10,127
Total	(a)	**284,106**	299,873
Total assets less current liabilities and cash	(b)	**1,331,500**	1,417,183
Net Gearing (c = a/b)	(c)	**21.3%**	21.2%

Ongoing Charges – All operating costs incurred by the Company, 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 period.

		2019 £'000	2018 £'000
Investment management fee		7,446	7,823
Other expenses		5,877	6,191
Less professional fees for REIT conversion (note 4)		(372)	–
Less surrender payment to lessee (note 4)		–	(613)
Total	(a)	12,951	13,401
Average net assets	(b)	1,084,956	1,133,347
Ongoing Charges (c = a/b)	(c)	1.19%	1.18%

		2019 £'000	2018 £'000
Investment management fee		7,446	7,823
Other expenses		5,877	6,191
Less direct operating property costs (note 4)		(3,947)	(4,017)
Less professional fees for REIT conversion (note 4)		(372)	–
Less surrender payment to lessee (note 4)		-	(613)
Total (a)	(a)	9,004	9,384
Average net assets (b)	(b)	1,084,956	1,133,347
Ongoing Charges excluding direct operating property costs (c = a/b)	(c)	0.83%	0.83%

Portfolio (Property) Capital Return – The change in property value during the period 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 period 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 period, 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 period 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.

	Net asset value	Share price
NAV/Share price per share at 31 December 2018 (pence)	139.8	124.6
NAV/Share price per share at 31 December 2019 (pence)	130.9	115.6
Change in the year	-6.4%	-7.2%
Impact of dividend reinvestments	4.3%	4.8%
Total return for the year	-2.1%	-2.4%

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 www.epra.com

	Note	2019 pence	2018 pence
EPRA earnings	1	**39,249**	39,956
EPRA earnings per share (pence per share)	1	**4.91**	5.00
EPRA earnings per share (pence per share - excluding other income)	1	**4.91**	4.81
EPRA NAV	2	**1,046,909**	1,117,550
EPRA NAV per share	2	**131.0**	139.8
EPRA NNNAV	3	**1,013,738**	1,088,345
EPRA NNNAV per share	3	**126.8**	136.2
EPRA Net Initial Yield	4	**4.2%**	4.0%
EPRA topped-up Net Initial Yield	4	**4.4%**	4.0%
EPRA Vacancy Rate	5	**4.8%**	8.5%
EPRA Cost Ratios - including direct vacancy costs	6	**20.7%**	21.6%
EPRA Cost Ratios - excluding direct vacancy costs	6	**17.8%**	18.0%

1) 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.

	2019 £'000	2018 £'000
Earnings per IFRS income statement	**(22,475)**	36,398
Exclude:		
Net change in value of investment properties	**63,045**	6,171
Gain on disposals of investment properties	**(1,321)**	(2,613)
EPRA earnings	**39,249**	39,956
Weighted average number of shares in issue (000's)	**799,366**	799,366
EPRA earnings per share (pence per share)	**4.91**	5.00
Adjustment - other income - dilapidation compensation	**–**	1,483
EPRA adjusted earnings	**39,249**	38,473
EPRA earnings per share (pence per share- excluding other income)	**4.91**	4.81

2) EPRA NAV – The EPRA Net Asset Value highlights the fair value of net assets on an ongoing, long-term basis. It excludes assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation surpluses.

	2019 £'000	2018 £'000
IFRS NAV	**1,046,692**	1,117,448
Exclude:		
Fair value of interest rate swap	**217**	(102)
EPRA NAV	**1,046,909**	1,117,346
Shares in issue (000's)	**799,366**	799,366
EPRA earnings per share (pence per share)	**131.0**	139.8

3) EPRA NNNAV – Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.

	2019 £'000	2018 £'000
EPRA NAV	1,046,909	1,117,550
Include:		
Fair value of interest rate swap	(217)	102
Fair value of debt	(32,954)	(29,103)
EPRA NNNAV	1,013,738	1,088,549
Shares in issue (000's)	799,366	799,366
EPRA NNNAV per share (pence per share)	126.8	136.2

4) 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.

		2019 £'000	2018 £'000
Investment property valuation		1,342,610	1,430,190
Allowance for estimated purchasers' costs		90,223	96,109
Grossed up property portfolio valuation	(a)	1,432,833	1,526,299
Annualised cash passing rental income		64,444	64,576
Property outgoings		(3,947)	(4,017)
Annualised net rents	(b)	60,497	60,559
Add: notional rent expiration of rent free periods or other lease incentives		1,900	600
Topped-up net annualised rent	(c)	62,397	61,159
EPRA NIY	b/a	4.2%	4.0%
EPRA topped-up NIY	c/a	4.4%	4.0%

5) 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.

	2019 £'000	2018 £'000
Annualised potential rental value of vacant premises	3,379	6,246
Annualised potential rental value for the complete property portfolio	70,872	73,372
EPRA Vacancy rate	4.8%	8.5%

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

		2019 £'000	2018 £'000
Total expenditure from IFRS income statement		13,323	14,014
EPRA costs (including direct vacancy costs)	(a)	13,323	14,014
Direct vacancy costs		1,837	2,340
EPRA costs (excluding direct vacancy costs)	(b)	11,486	11,674
Rental Income per IFRS income statement	(c)	64,380	64,903
EPRA cost ratio (including direct vacancy costs)	a/c	20.7%	21.6%
EPRA cost ratio (excluding direct vacancy costs)	b/c	17.8%	18.0%

7) Capital expenditure

	2019 £'000	2018 £'000
Acquisitions	–	5,533
Development (ground-up/green field/brown field)	–	–
Like-for-like portfolio	7,629	11,547
Other	313	1,102
Total capital expenditure	7,942	18,182

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 – Alternative Investment Fund Managers Directive. 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 Universe.

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 buy backs, 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 BMO Investment Business Limited, and its property managers are BMO REP Asset Management plc. Further details are set out on page 17 and in note 3 to the accounts.

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 debtors, less borrowings and any other creditors. 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 2019 the Company had only Ordinary Shares in issue.

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 debtors.

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 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.

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.

Voids 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 BMO Commercial Property Trust Limited is through one of the savings plans run by BMO.

BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2020/21 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £9,000 for the tax year 2020/21 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £9,000 for the 2020/21 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO 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 £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO 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 £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

*The CTF and JISA accounts are opened 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.

Charges

Annual management charges and other charges apply according to the type of plan.

Annual account charge

ISA: £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

ISA: 0.2%

GIA/JIA/JISA: postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

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 disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

How to Invest

To open a new BMO plan, apply online at **bmogam.com/apply**

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

New Customers

Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)

Email: **info@bmogam.com**

Existing Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)

Email: **investor.enquiries@bmogam.com**

By post: BMO Administration Centre
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, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

BMO Asset Management Limited

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

Corporate Information

Directors (all non-executive)
Martin Moore (Chairman) *
Trudi Clark #
Paul Marcuse ‡
John Wythe †
Linda Wilding (appointed 3 June 2019)

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* Chairman of the Nomination Committee
† Chairman of the Management Engagement Committee
# Chairman of the Audit Committee
‡ Senior Independent Director

BMO Commercial Property Trust Limited

Annual Report and Consolidated Accounts 2019

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