Balanced Commercial Property Trust Limited

Report and Accounts for the half-year ended 30 June 2022

Formerly BMO Commercial Property Trust Limited

COLUMBIA THREADNEEDLE INVESTMENTS

Company Overview

Objective

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

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 Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. Stock Code : BCPT.

The Interim Report of the Company also 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 10 to the accounts.

At 30 June 2022 Group total assets less current liabilities were £1,381 million and Group shareholders' funds were £1,070 million.

Management

The Board has appointed Columbia Threadneedle Investment Business Limited (previously BMO Investment Business Limited) (referred to throughout this document as 'the Investment Managers') as the Company's investment managers and Columbia Threadneedle REP AM plc (previously BMO REP Asset Management plc) (referred to throughout this document as 'CT REP' or 'the Property Managers') as the Company's property managers. The Investment Managers and CT REP are both part of the Columbia Threadneedle Investments Group ('CTI') and, collectively, are referred to in this document as 'the Managers'.

Capital Structure

The Company's equity capital structure consists of ordinary shares ('Ordinary Shares'). Subject to the solvency test provided for in The Companies (Guernsey) Law 2008 being satisfied, ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors.

Guernsey Regulatory Status

The Company is an Authorised Closed-Ended Investment Scheme domiciled in Guernsey and on 9 June 2009, was granted an authorisation declaration by the Guernsey Financial Services Commission in accordance with Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 2020, and rule 6.2 of the Authorised Closed-Ended Investment Schemes Rules 2021.

How to Invest

The Investment Managers operate a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 30. You may also invest through your usual stockbroker.

Alternative Performance Measures ('APM')

The Company uses a number of alternative performance measures in the discussion of its business performance and financial position. Further information is provided on page 28.

Visit our website at:
balancedcommercialproperty.co.uk

aic
The Association of Investment Companies

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

Front Cover Photo: Markham Vale, Derbyshire

Headlines

8.3
per cent

Share price total return*

Share price total return of 8.3 per cent for the period.

11.7
per cent

Net asset value total return*

Based on net assets calculated under International Financial Reporting Standards. Net asset value total return is calculated assuming dividends are re-invested.

4.1
per cent

Dividend yield*

The dividend yield based on the 30 June 2022 share price was 4.1 per cent. REIT status requires the Company to distribute 90 per cent of its net rental profits.

99.0
per cent

Rent collection

Rent collection for the six month period was at 99.0 per cent.

6.5
per cent

Void rate of 6.5 per cent

As at 30 June 2022, the void rate was 6.5 per cent, excluding property being developed or refurbished, which compares to a rate of 2.0 per cent at the start of the calendar year. This is primarily due to the tenant vacating at Stockley Park, Uxbridge where an appraisal of redevelopment options for higher-value alternative uses is underway.

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 invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

*See Alternative Performance Measures on page 28.

Performance Summary

Total Returns for the period*	**Half year ended 30 June 2022**
Net asset value per share	**11.7%**
Ordinary Share price	**8.3%**
Portfolio	**9.7%**
MSCI UK Quarterly Property Index	**7.8%**
FTSE All-Share Index	**(4.6)%**

Capital Values	**Half year ended 30 June 2022**	Year ended 31 December 2021	% change
Total assets less current liabilities (£'000)	**1,380,776**	1,328,577	3.9%
Net asset value per share	**148.6p**	135.1p	10.0%
Ordinary Share price	**111.4p**	105.0p	6.1%
EPRA Net Tangible Assets per share**	**148.4p**	135.1p	9.8%
FTSE All-Share Index	**3,940.9**	4,208.0	(6.3)%
Ordinary share price discount to net asset value per share*	**(25.0)%**	(22.3)%	
Net Gearing*	**17.3%**	14.4%	

Earnings and Dividends	**Half year ended 30 June 2022**	Half year ended 30 June 2021
Earnings per Ordinary Share	**14.4p**	9.1p
Dividends per Ordinary Share	**2.3p**	2.1p
EPRA Earnings per Ordinary Share**	**2.3p**	2.9p
Dividend yield*	**4.1%**	4.6%

Sources: Columbia Threadneedle Investment Business, MSCI Inc and Refinitiv Eikon.

* See Alternative Performance Measures on page 28.

** See EPRA Performance Measures on page 29.

Chairman's Statement

For the Six Months Ended 30 June 2022

Paul Marcuse, Chairman

The year began on a positive note as the worst of the Covid pandemic appeared to have passed and capital markets were more buoyant. UK real estate sustained a period of positive performance as confidence continued to build across the occupational and investment markets. However, the last few months have seen a marked shift in sentiment as economic headwinds have mounted as the year has progressed. Geopolitical instability has compounded inflationary pressures which, together with increased interest rates, is weighing on economic activity and consumer confidence.

Whilst we now again find ourselves in a period of heightened uncertainty, our balanced portfolio of high quality assets in recognised locations has served us well as a combination of pricing resilience and the execution of accretive asset management strategies has driven portfolio outperformance over the first six months of 2022.

Work undertaken in 2021, consistent with our strategy to rebalance sector exposures, has served to align the portfolio more towards growth sectors. The period has seen further investment into redevelopment strategies and forward purchase commitments. Such initiatives form part of the Company's strategy to deliver sustained performance throughout market cycles.

Performance for the Period

Against this backdrop, the Company's share price total return to shareholders over the six-months to 30 June 2022 was 8.3 per cent. The share price at the period-end was 111.4p, representing a discount of 25.0 per cent to the NAV per share of 148.6p, and we have seen further share price volatility since the period end. Despite positive developments in portfolio performance, and the use of share buybacks, the share price discount remains frustrating. We will continue to take actions which, we hope, will narrow the discount over time.

The NAV total return over the six months was 11.7 per cent. The following table provides an analysis of the movement in the NAV per share for the period:

	Pence
NAV per share as at 31 December 2021	135.1
Unrealised increase in valuation of direct property portfolio	11.9
Share buybacks	1.6
Other net revenue	2.2
Movement in interest rate swap	0.1
Dividends paid	(2.3)
NAV per share as at 30 June 2022	**148.6**

The total return from the underlying portfolio was 9.7 per cent, outperforming the MSCI UK Quarterly Property Index ('MSCI' or 'Index') total return of 7.8 per cent. Capital growth was the key driver of returns at 7.5 per cent, supported by an income return of 2.1 per cent, with both metrics posting outperformance over the Index.

Capital growth has primarily been driven by our industrial and retail warehousing assets, which have both benefitted from yield compression as a diverse investor base has sought exposure to the attractive fundamentals that characterise the sectors. Total return was supported by the conclusion of a number of accretive asset management initiatives. Across the wider portfolio, the period has been characterised by an uptick in occupational activity delivering tangible rental growth, whilst capital and income growth through asset management has underpinned wider outperformance.

The Managers' Report covers sector performance and asset management successes in detail and further potential opportunities to extract growth from the existing asset base.

St Christopher's Place, London

Share Buybacks

The Company has continued share buybacks during the period, using some of the proceeds from property sales in 2021. The Company purchased 33.2 million shares during the six months at an average discount of 18 per cent and a cost of £37.8 million. This has enhanced the NAV by 1.6 pence per share during the period and has provided additional liquidity in the Company's shares. Consideration will be given to further buybacks if the Board believes that this course of action continues to be in the best interests of all shareholders.

Cash and Borrowings

The Company had approximately £86 million of available cash at 30 June 2022 and an undrawn revolving credit facility of £50 million. The long-term debt with L&G does not need to be refinanced until December 2024, and we are currently in the process of agreeing terms to extend the existing Barclays £50 million term loan, and the £50 million revolving credit facility, by one year to 31 July 2024. As of 30 June 2022, the Company's loan to value, net of cash ('LTV') was 17.3 per cent and the Company complied with its financial covenants.

Dividends

In April 2022, the Company announced a 6.7 per cent increase to the monthly dividend, raising the monthly distribution to 0.40 pence from 0.375 pence per share.

The Company paid four interim dividends of 0.375 pence per share and two interim dividends at the increased rate of 0.4 pence per share during the period, totalling 2.3 pence per share. It has continued to pay monthly dividends at the increased rate since the period end.

Environmental, Social and Governance (ESG)

The Managers and Board maintain a strong commitment to adopting high ESG standards. Our continued progress is referenced later in this interim report whilst further insight into our performance will be provided in our 2022 ESG Report due for publication in April 2023.

Company Name change

Further to the ownership changes of the Managers and as previously communicated, it was no longer appropriate that the Company had BMO in its name. After much consideration, the Board agreed that the Company name be changed to Balanced Commercial Property Trust, to reflect the strategic direction of the Company, and the change came into effect on 30 June 2022.

Outlook

The economy saw a strong rebound in 2021, but growth has slowed in the face of rising inflation, persistent supply chain disruption and elevated geopolitical risks. Inflation has reached double digits and forecasts for the inflationary peak are mixed. Notwithstanding government fiscal support, households are facing a significant squeeze on their finances. The implications for consumer confidence and spending would be expected to feed into real estate's occupational markets. The recent increases to interest rates and the market expectation of further increases have raised the cost of finance and served to slow investment activity.

In uncertain markets, stock selection and asset fundamentals come even more to the fore. It is a difficult period for UK commercial real estate and your Company's portfolio will not be immune from its own challenges. The Managers are experienced in dealing with these challenges and believe there is significant latent value yet to be extracted from the asset base. This includes redevelopment and refurbishment projects, ESG-led investment across a number of holdings, continued modernisation of the retail warehousing parks, and the potential repurposing of assets within the office and retail sectors.

Paul Marcuse
Chairman

20 September 2022

Forward-looking statements

This interim report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Group. 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.

Managers' Review

Richard Kirby, Fund Manager

Daniel Walsgrove, Deputy Fund Manager

Daniel assumed the role of Deputy Fund Manager in July 2022. Daniel has nine years of post-qualified experience in the UK real estate sector across both the asset and fund management disciplines.

Property highlights over the period

- A total return* of 9.7 per cent over the 6 months to June 2022, against the MSCI UK Quarterly Property Index ('Index' or 'MSCI') return of 7.8 per cent
- Outperformed the Index on both income and capital returns over the period
- Significant asset management across the portfolio, driving rental growth and capital returns
- Rent collection for the six months to June 2022 stands at 99 per cent
- Investment in the standing portfolio through capital expenditure initiatives is yielding highly accretive outcomes

* See Alternative Performance Measures on page 28.

Property Market Review

The last six months have seen a continuation of impressive performance from the UK real estate market, which has generated a total return of 7.8 per cent over the 6 months to June 2022. Capital growth of 5.8 per cent was the driving force behind real estate's performance, with £35.1 billion invested into the UK real estate market over the first six months of 2022 – a 17 per cent increase on the equivalent period in 2021. Offices remained the most sought-after asset class with robust demand for prime Central London the key driver of investment volumes. The structural attractions of the industrial sector has continued to drive investment volumes significantly ahead of long-term averages, as a diverse investor base sought to build scale in the sector.

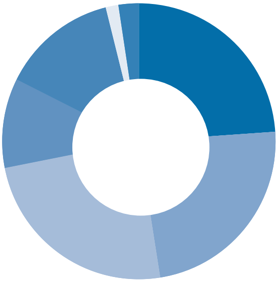
In recent months, mounting economic headwinds in the form of supply chain disruption, substantial inflationary pressures combined with the associated cost of living crisis and notable interest rate increases have begun to weigh on wider market sentiment. Investment volumes will slow over the second half of the year as pricing uncertainty cools the capital markets, leading to a repricing of the market. However, any price rebasing is likely to have nuances at both sector and asset level, with prime assets benefitting from a 'flight to quality' on account of their occupational and pricing resilience.

This polarisation is already playing out most notably within the office sector, which saw relatively muted total returns of 3.1 per cent over the period. Occupier and investor demand for well located, high-quality offices with strong ESG credentials has proven robust at the expense of lower-quality, secondary stock. As the UK's 'return to office' has continued to evolve, occupancy rates have improved although are still significantly behind pre-Covid levels as corporate strategies on return to work remain in a state of relative flux.

The industrial sector has been supported over the past decade by the growth of e-commerce, in turn spurring occupational demand across the sub-markets from big-box logistics to last-mile delivery. While e-commerce has fallen to around 25 per cent of retail sales from the peak of 38 per cent seen in the middle of the health crisis, the long-term trend is for steady growth in market share. Consequently, investor demand (and therefore yield compression) has been primarily driven by the sector's rental growth prospects. The first half of 2022 has seen occupational take up at near-record levels and at a significant premium to long term averages, with vacancy rates in the UK standing at circa 3.0 per cent. This supported another period of strong performance, with the sector delivering a total return of 13.3 per cent. A significant speculative development pipeline, combined with mounting cost pressures, may yet dampen the occupational market. However, the sector appears well-positioned to continue to relatively outperform as supply-demand metrics remain favourable and tangible rental growth a key feature of the market.

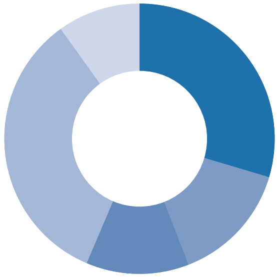
Confidence within the retail market strengthened over the period, with the sector generating a total return of 7.6 per cent. However, while the traditional high street sector has shown tentative signs of recovery in the form of rental growth and yield compression, it is the retail warehousing sub-sector that has driven returns. Retail warehousing has benefitted from structural changes to the retail market,

Geographical Analysis
as at 30 June 2022, % of total property portfolio



Source: Columbia Threadneedle REP AM

Sector Analysis
as at 30 June 2022, % of total property portfolio



Source: Columbia Threadneedle REP AM

proving invaluable as part of an omni-channel retailing platform, while the prevalence of 'essential' retailers underpinned the resilience of the sector through the Covid pandemic. A weight of capital has spurred rapid yield compression across the retail warehousing sub-markets. Consequently, capital growth was the mainstay of the sector's exceptional total return of 14.0 per cent over the six-month period. The sustainable income profiles, relative yield advantage and inherent flexibility of the underlying real estate should continue to support the sector. However, rental growth and yields are likely to come under pressure as consumer incomes and operator margins are squeezed ever tighter and the capital markets react to increasing interest rates.

The 'alternative' markets delivered a total return of 4.5 per cent over the period. There remains a significant weight of capital seeking exposure to the alternatives market due to the attractive long-term inflation-hedging income profiles that characterise the sector, alongside strong demographic drivers that support many of the underlying sub-sectors. Hotels, student accommodation and residential sectors remain the driver of investment volumes, although quality investment opportunities remain relatively scarce, particularly in the absence of significant development funding. Going forwards, the sector is generally considered counter-cyclical and is expected to be a key contributor to performance in coming periods.

Valuation and Portfolio

The six-month total return from the portfolio was 9.7 per cent compared with the MSCI return of 7.8 per cent. Capital growth of 7.5 per cent was the primary driver of returns, supported by a robust income return of 2.1 per cent, with both metrics generating outperformance against the Index.

The Company's industrial assets remain the bedrock of performance, now accounting for 33.7 per cent of the portfolio by capital value and delivering a total return of 18.0 per cent over the period, outperforming the Index return of 13.3 per cent. Returns from the industrial assets have been driven by capital growth of 16.4 per cent as the sector has benefitted from sustained yield compression.

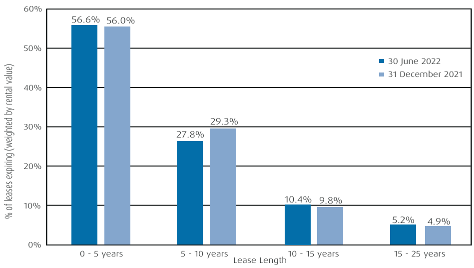
The portfolio's retail warehousing assets have been the stand-out performers over the period, generating a total return of 25.0 per cent. Returns were driven by capital growth of 21.9 per cent and delivered significant outperformance against the Index return of 14.0 per cent. The Company's retail warehousing parks at Sears Retail Park, Solihull and Newbury Retail Park saw excellent progress against business plans as a number of accretive asset management initiatives have progressed over the period. Successful asset-level outcomes have been supported by market yield compression.

The wider retail sector, delivered a total return of 9.0 per cent over the period, outperforming the Index return of 7.6 per cent. Notably, the portfolio's largest asset – the retail holding at St Christopher's Place generated an accretive total return over the period, delivering two consecutive quarters of capital growth. The first positive valuation movements seen since the onset of the pandemic come as the asset has benefitted from the recovery in tourism and footfall in London's West End.

The portfolio's office holdings have seen a more muted performance, delivering a total return of 2.2 per cent over the period and the only sector to underperform against the Index return of 3.1 per cent. This is due to sentiment on shorter leases and the large lease event at Stockley Park, Uxbridge. Occupational activity across the portfolio over the period has underlined continued tenant demand for the Company's prime asset base. Additionally, strong residual values attached to the Company's core geographic exposures has enabled us to progress a number of highly accretive refurbishment and repurposing strategies.

Lease Expiry Profile

At 30 June 2022 the weighted average lease length for the portfolio, assuming all break options are exercised, was 5.1 years.



Source: Columbia Threadneedle REP AM

Income Analysis and Voids

Over the period, the portfolio vacancy rate has increased from 2.0 per cent to 6.5 per cent, excluding assets under development.

The increased vacancy is primarily as a result of the 92,000 sq ft office holding at Stockley Park, Uxbridge, where the tenant was known to be vacating in March 2022. Given its strategic West London location, the site holds significant residual value and an appraisal of redevelopment options for higher-value alternative uses is underway, alongside negotiations with prospective operators.

The retail warehousing assets in Solihull and Newbury account for the majority of the residual vacancy, although at the time of writing all vacant space on both parks is either under offer or subject to agreement for lease.

The underlying quality of the portfolio is borne out in robust rent collection statistics, with collection over the 6 months standing at 99.0 per cent. The Company's income return has been supported by exposure to fixed uplifts or inflation-linked indexation, with approximately 21 per cent of the Company's income profile linked to partial inflationary uplifts through rent review mechanisms.

Industrial & Logistics

Over the period, strong asset-level outcomes have underpinned significant outperformance from the Company's industrial assets as a number of asset management initiatives have been successfully progressed and delivered.

Hams Hall Distribution Park, Birmingham

A 226,000 sq ft prime distribution facility was subject to outstanding rent review as at July 2021. The review has now been settled at a rent representing an uplift of 9 per cent against the previous passing rent.

The Cowdray Centre, Colchester

The asset is subject to a phased repositioning strategy centred around the development of a new multi-unit trade counter scheme. Redevelopment has progressed as demolition of obsolete warehousing has begun and planning submitted for the upgraded scheme.

Elsewhere on the estate, the refurbishment of three existing units completed, two of which are now under offer at record headline rents for the scheme. Investment into the asset has spurred occupational activity, in turn translating into a meaningful uplift in rental values.

Quintus Business Park, Burton-upon-Trent

The pre-let development funding of this highly specified logistics unit reached practical completion in August 2022. The asset benefits from strong environmental credentials with an A-rated EPC and BREEAM Excellent accreditation. Following completion of the £21.5m scheme, the unit will be occupied on an attractive 15 year index-linked lease.

Hurricane 52, Estuary Business Park, Liverpool

The speculative development of this 52,000 sq ft unit has progressed well, with practical completion targeted for Q4 2022. The £4.5m development, delivered as a forward commitment to purchase, is adjacent to existing holdings and is situated in an area with limited supply and good occupier demand.

Retail and Retail Warehouse

One of the core drivers of recent investor demand for retail warehousing has been the relative yield premium over the industrial sector. The ability to maintain and enhance income profiles is therefore a key determinant of asset performance.

Over the period, successful asset management has again generated strong asset-level outcomes supporting both income and capital returns.

Newbury Retail Park, Pinchington Lane, Newbury

Strong levels of occupational activity on Newbury Retail Park have made it the Company's best performing asset over the period.

The drive-thru market has continued to demonstrate resilience, with an expansionary occupier pool driving rental growth. Tim Hortons have exchanged a 15-year lease on the former Pizza Hut unit, where the tenant entering into CVA allowed us to pursue a higher value alternative for the unit. The new lease is subject to planning consent for a drive-thru conversion.

Activity on the park has not been restricted to the Food & Beverage ('F&B') sector, as Currys have also entered into a new 10 year lease on their unit and 3 further retail units are under offer to major national multiple retailers. We hope to be able to report further positive progress in due course.

Sears Retail Park and Oakenshaw Road, Solihull

At the start of the period, Sears Retail Park and the adjacent holding on Oakenshaw Road were subject to two vacancies, both of which have been successfully relet in the period, securing attractive lease terms to well-established occupiers.

The 10,000 sq ft former Argos store has been re-let to Mountain Warehouse on a new 10 year lease. The lease is subject to landlord works including an upgrade to the store's façade, undertaken as part of a phased modernisation of the units.

The 7,750 sq ft former Multiyork unit has also been relet, with Pure Gym taking a new 15 year lease.

St. Christopher's Place

The Central London retail market has faced unprecedented challenges as structural change within the wider retail market was compounded by the onset of the Covid pandemic. However, the Company's largest asset has seen an encouraging start to the year, delivering its first valuation uplifts since December 2018.

The asset has benefitted from the continued recovery in footfall and St Christopher's Place has outperformed the wider West End and UK national footfall statistics. Footfall across the estate is 10 per cent up on a like-for-like basis against 2019. These encouraging statistics have been supported by the notable return of international tourists, domestic tourists and office workers, despite the prevalence of hybrid working patterns reducing office presence within the West End.

In this context, the period has seen a marked increase in occupational activity at St Christopher's Place, resulting in a significant uplift in both rental values and contracted rent. Key initiatives delivered over the period include:

- The development of a revised leasing strategy to enhance the Food & Beverage ('F&B') offering at St Christopher's Place. This has already begun to yield positive outcomes as terms have been agreed to bring a number of new Food & Beverage operators to the estate
- Three lease renewals have completed with F&B tenants; the Lamb & Flag pub and restaurants Olivelli and Sofra
- Love Brand have opened their new resort wear store at 20-21 St Christopher's Place
- Refurbishment works have completed across a number of office suites, delivering well-specified accommodation. Over the period, four new office leases have completed and a further two new lettings are under offer at the time of writing
- Multiple successful pop-up lettings completed during the period including to electric motorcycle showroom Meaving, and jeweller Bijoux de Mimi.

Offices

In the context of polarisation within the wider office market, the Company's portfolio is well positioned given its prime holdings in core locations, occupied by a high-quality tenant base. Not only does the Company's conviction to core locations support tenant demand, it also underpins our ability to make accretive investment into the standing portfolio to deliver long-term performance through refurbishment and asset repurposing, leveraging strong underlying residual values.

17a Curzon Street, London

This prime, multi-let holding in London's Mayfair has become fully occupied over the period following the letting of the remaining first floor on a new 5 year lease to 65 Equity Partners. Lease regear discussions are underway across half of the asset's suites, while a phased refurbishment of the asset is also underway, driving an improved rental tone across the holding while also upgrading ESG credentials.

2-4 King Street, London

Lease events are providing opportunity to drive meaningful rental increases, boosting both capital and income returns from the asset. The period has seen the completion of a lease extension with David Gill Gallery, extending the unexpired term by a further 10 years and securing a 9 per cent uplift in the passing rent. Terms have been agreed elsewhere in the building for a lease renewal at a 15 per cent rental uplift.

82 King Street, Manchester

NM Rothschild have completed a 10 year reversionary lease at a rent showing a 10 per cent uplift on the previous passing rent, while terms have been agreed with two other occupiers for new leases elsewhere in the building. A number of major ESG-led initiatives are also underway at the holding.

Alhambra House, Glasgow

Alhambra House in Glasgow is subject to an ongoing repositioning and refurbishment strategy which is expected to prove a highly productive use of capital. The period has seen significant progress made on the planning submission, which will be the catalyst for the project.

The Alternative Property Sector

The Company's exposure to the sector stands at 9.9 per cent by capital value. The sector has also been identified as a key area for further investment given its attractive fundamentals and favourable performance outlook.

The student housing asset at Burma Road, Winchester is the Company's largest individual holding within the alternative sector. The asset has a highly attractive leasing structure, with an unexpired term of approximately 16 years with annual inflation-linked rent reviews. During the period, the tenant has made significant investment in installing air source heat pumps and solar panels throughout the estate. Not only does this underline the tenant's long-term commitment to the asset, it also results in a significant improvement to the asset's ESG credentials.

The Company's alternative holdings also include a significant residential exposure at St Christopher's Place, London, accounting for nearly 25 per cent of the capital value of the asset. Both occupancy rates and rental values for the residential units have now returned to pre-pandemic levels, generating a meaningful positive effect on the asset's income return and valuation.

Liverpool, Unit 2 The Hive, Estuary Business Park

Transactional and investment activity

Significant investment was made in December 2021 with the acquisition of two regional industrial assets totalling £66m. These acquisitions have proven highly productive, both featuring in the portfolio's top 10 performers since the turn of the year. However, no further acquisitions have been made during the during the period as relative pricing throughout H1 2022 has made investment for long-term performance increasingly challenging.

Recently we have seen a marked shift in sentiment, as economic headwinds have led to a cooling in investment activity and consequent pricing uncertainty. While this presents challenges in the deployment of capital, we are continuing to appraise investments within identified growth areas as current market conditions will no doubt give rise to opportunity to exploit mis-pricing.

The period has also seen meaningful investment made into the Company's standing portfolio, which offers opportunity to extract additional growth from the existing asset base. As outlined above, a number of exciting capital expenditure projects are underway, leveraging high residual values to deliver positive returns from Company resources and long-term performance from the asset base, most notably including:

- ESG-led investment across a number of office holdings, future-proofing the asset base
- Modernisation of the retail warehousing parks, generating positive leasing momentum
- Potential repurposing of assets within the office and retail sectors to deliver higher value alternative uses
- Redevelopment and refurbishment projects across the industrial and office portfolios as well as at St Christopher's Place, driving both rental and capital growth from standing assets

Outlook

The UK real estate market had a solid first six months of 2022. However, the economic context is increasingly challenging as geopolitical tension, continued supply chain disruption and significant inflationary pressures weigh on the UK economy and its consumers. Interest rate increases and the outlook for further increases is impacting the cost of finance and many debt backed purchasers have stepped back from the market. This is having an impact on asset pricing in the sectors where these purchases were motivated and active over the first half of the year. The second half of the year will naturally see investors exercising caution.

While economic pressures may yet precipitate a UK recession, a lower-growth environment is inevitable. The likelihood is that investment yields will see a softening, rather than slowdown in the occupational markets, although rental levels are likely to remain benign. The coming months will be focused on price discovery amid a pause in investment activity.

Through periods of uncertainty investors will look to drive income. However, the rising cost of capital and increasing gilt yields mean that yields in some sectors of the market are increasingly hard to justify at their current levels. Industrial - where yields reached historic lows over the period - has already been subject to a marginal adjustment with more expected to follow. The wider market will likely come under the same pressures, albeit relative yield premiums in the other sectors will offer some protection.

In challenging market conditions, asset fundamentals come to the fore. The Company's conviction to high quality real estate in enduring prime locations positions the portfolio to perform through the market cycles as robust capital values alongside a yield premium will protect long-term returns. Alongside asset management to extract value from the standing portfolio, there is significant opportunity to further boost returns through the delivery of capital expenditure initiatives.

Richard Kirby and Daniel Walsgrove
CT Real Estate Partners
20 September 2022

Environmental, Social and Governance (ESG)

Highlights for the six-month period to 30 June 2022

As a Board, we continue to give considerable attention to our ESG commitments and tangible support to our Property Manager in responding proactively to this important requirement. Our establishment of a formal ESG Committee, chaired by a nominated director, at the beginning of the year is a clear signal of our intent to fully consider and address critical factors in a systematic and methodical manner to ensure that momentum is maintained, and delivery is achieved.

The emergence of challenging economic and geopolitical conditions, particularly around energy security and volatility in pricing, serves as a reminder of the benefits of pursing net zero carbon ambitions and focussing on energy efficiency and exploiting renewables opportunities. Our programme of undertaking detailed carbon assessments at an individual property level is well underway despite the capacity issues we see within the market around the provision of such skilled services. We are confident that we will have assimilated sufficient information by the year end in order to further refine our portfolio strategy and develop a costed pathway.

In the meantime, we have continued to pursue our regular core activities:

- The Company submitted to the 2022 GRESB (Global Real Estate Sustainability Benchmark) survey on schedule for both real estate and public disclosure modules. Results are due to be published on 1st October.
- The Company also submitted to the full tier of the CDP climate change module on schedule, with these results due to published by the end of the year.
- For its 2021 ESG Report, and for the fourth year in succession, the Company achieved a Gold Award for alignment to the 3rd Edition of the EPRA Sustainability Best Practice Recommendations.
- Whilst retaining some reservations around the possibility of some ongoing distortion to consumption patterns in a post pandemic environment, compared to the six-month period to 30 June 2021, the Company has seen:
- 2.5% like-for-like increase in energy consumption #
- 9.6% reduction in absolute energy consumption
- 2.7% like-for-like reduction in carbon emissions #
- 13.9% absolute reduction in carbon emissions
- 14.1% reduction in energy intensity

The reductions in absolute energy consumption are principally on account of two assets, at Solihull and Wimbledon, whilst the reductions in carbon can be attributed in part to the ongoing decarbonisation of the electricity network as well as these lower consumptions at asset level.

- Determined by the number of directly managed assets, 100 per cent of sites within the portfolio are paying the real living wage to all service provider employees within scope in line with our target ambition of 100 per cent by the end of 2021.
- The distribution profile of Energy Performance Certificate (EPC) ratings is marginally improved across the portfolio taking certificate expiry and renewal into account, ratings being in place for 100 per cent of demises. Exposure to lower F&G rated assets is minimal at 15 demises representing 7.1% and 4.7% by Estimated Rental Value and Net Lettable Area respectively whilst exposure to higher A&B rated assets covers 62 demises being 38.7% by Estimated Rental Value and 40.0% by Net Lettable Area.
- The Company continues to monitor its tenant mix as part of its commitment to minimising leasing exposure to organisations connected to the production, storage, distribution or use of Controversial Weapons*. At the period ending 30 June 2022 zero per cent of rental income was attributable to organisations that appear on the exclusion lists managed by Columbia Theadneedle Global Asset Management.

Like-for-like: consumption values at an asset level are included into like-for-like change calculations if data availability is for two consecutive years.

* Including cluster munitions, anti-personnel mines and biochemical weapons as covered by the 1972 Biological and Toxic Weapons Convention, the 1997 Chemical Weapons Convention, the 1999 Anti-Personnel Mine Ban Convention, and the 2008 Convention on Cluster Munitions.

Property Portfolio

as at 30 June 2022

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 £50 million and £70 million	
Newbury, Newbury Retail Park	Retail Warehouse
Solihull, Sears Retail Park	Retail Warehouse
Chorley, Units 6 & 8 Revolution Park	Industrial
Winchester, Burma Road	Alternative
Liverpool, Unit 1, G. Park, Portal Way	Industrial
Markham Vale, Orion One & Two	Industrial
Daventry, Site E4, Daventry International Rail Freight Terminal	Industrial
Properties valued between £40 million and £50 million	
Birmingham, Unit 8 Hams Hall Distribution Park	Industrial
London SW19, Wimbledon Broadway	Retail/Alternative**
Birmingham, Unit 10a Hams Hall Distribution Park	Industrial
Manchester, 82 King Street	Office
Properties valued between £30 million and £40 million	
Crawley, The Leonardo Building, Manor Royal	Office
Aberdeen, Unit 2 Prime Four Business Park, Kingswells	Office
Aberdeen, Unit 1 Prime Four Business Park, Kingswells	Office
Bristol, One Cathedral Square (footnote 1)	Office
Colchester, The Cowdray Centre, Cowdray Avenue	Industrial
Properties valued between £20 million and £30 million	
London SW1, 2/4 King Street	Office
Aberdeen, Unit 3 Prime Four Business Park, Kingswells	Office
Birmingham, Unit 6a Hams Hall Distribution Park	Industrial
Glasgow, Alhambra House, Waterloo Street	Office
Liverpool, Unit 1 The Hive, Estuary Business Park (footnote 1)	Industrial
Southampton, Upper Northam Road, Hedge End	Industrial
London W1, 17a Curzon Street	Office
Burton on Trent, Quintus at Branston Locks	Industrial
Properties valued between £10 million and £20 million	
London EC3, 7 Birchin Lane	Office
Uxbridge, 3 The Square, Stockley Park	Office
Camberley, Watchmoor Park, Building C	Office
Edinburgh, Nevis/Ness Houses, 11/12 Lochside Place	Office
Camberley, Affinity Point, Glebeland Road	Industrial
London W1, 16 Conduit Street (footnote 1)	Retail
Properties valued under £10 million	
Liverpool, Unit 2 & 4 The Hive, Estuary Business Park (footnote 1)	Industrial
Aberdeen, Unit 4 Prime Four Business Park, Kingswells	Office
Solihull, Oakenshaw Road	Retail Warehouse

Notes:
1 Leasehold property.
2 Mixed freehold/leasehold property.
3 For the purpose of the Company's Investment policy, St. Christopher's Place Estate is treated as more than one property.
* Mixed use property of retail, office and residential space.
** Mixed use property of retail and leisure.

Statement of Principal Risks and Uncertainties

The Company's assets comprise mainly of direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general, particularly any permanent structural changes in the retail and office markets. Other risks faced by the Company include market, geopolitical, investment and strategic, regulatory, environmental, taxation, management and control, operational, and financial risks. The Company is also exposed to risks in relation to its financial instruments. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks and Risk Management' within the Business Model and Strategy in the Company's Annual Report for the year ended 31 December 2021. The Company's principal risks have not changed since the date of that report and are not expected to change for the remainder of the Company's financial year.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of unaudited consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as contained in UK adopted IFRS.
- the Chairman's Statement and Managers' Review (together constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties above include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and
- the Chairman's Statement together with the condensed set of unaudited consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Paul Marcuse
Director

20 September 2022

Condensed Consolidated Statement of **Comprehensive Income**

Notes	(unaudited) for six months ended 30 June 2022	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021* £'000
	Revenue			
	Rental Income	29,432	32,415	55,843
	Other Income	42	3,008	3,008
	Total revenue	29,474	35,423	58,851
	Gains/(losses) on investment properties			
5	Unrealised gains on revaluation of investment properties	89,314	47,981	86,976
5	(Losses)/gains on sale of investment properties realised	(5)	1,353	34,397
	Total income	118,783	84,757	180,224
	Expenditure			
	Investment management fee	(3,535)	(3,411)	(7,195)
3	Other expenses	(3,297)	(2,260)	(4,540)
	Total expenditure	(6,832)	(5,671)	(11,735)
	Operating profit before finance costs and taxation	111,951	79,086	168,489
	Net finance costs			
	Interest receivable	44	1	1
	Finance costs	(5,642)	(5,638)	(11,140)
		(5,598)	(5,637)	(11,139)
	Profit before taxation	106,353	73,449	157,350
	Taxation	(345)	(656)	(1,327)
	Profit for the period	106,008	72,793	156,023
	Other comprehensive income			
	Items that are or may be reclassified subsequently to profit or loss			
	Movement in fair value of effective interest rate swap	733	237	544
	Total comprehensive income for the period	106,741	73,030	156,567
4	**Basic and diluted earnings per share**	14.4p	9.1p	19.8p

All of the profit and total comprehensive income for the period is attributable to the owners of the Group.

All items in the above statement derive from continuing operations.

*these figures are audited.

The accompanying notes on pages 23 to 26 are an integral part of the above statement.

Condensed Consolidated
Balance Sheet

(unaudited) as at 30 June 2022

Notes		30 June 2022 £'000	30 June 2021 £'000	31 December 2021* £'000
	Non-current assets			
5	Investment properties	1,281,289	1,234,898	1,180,486
	Trade and other receivables	19,857	24,540	19,319
	Interest rate swap asset	1,199	–	466
		1,302,345	1,259,438	1,200,271
	Current assets			
	Trade and other receivables	8,784	11,096	8,698
	Taxation receivable	73	134	134
	Cash and cash equivalents	86,412	56,187	138,081
		95,269	67,417	146,913
	Total assets	1,397,614	1,326,855	1,347,184
	Current liabilities			
	Trade and other payables	(16,679)	(25,709)	(18,448)
	Interest rate swap liability	(159)	–	(159)
		(16,838)	(25,709)	(18,607)
	Non-current liabilities			
	Trade and other payables	(2,167)	(2,098)	(2,416)
	Interest-bearing loans	(309,047)	(308,614)	(308,641)
		(311,214)	(310,712)	(311,057)
	Total liabilities	(328,052)	(336,421)	(329,664)
	Net assets	1,069,562	990,434	1,017,520
	Represented by:			
6	Share capital	7,199	7,934	7,531
	Special reserves	507,416	584,193	544,813
	Capital reserves	439,575	278,227	350,266
	Hedging reserve	1,040	–	307
	Revenue reserve	114,332	120,080	114,603
	Equity shareholders' funds	1,069,562	990,434	1,017,520
7	**Net asset value per share**	148.6p	124.8p	135.1p

*these figures are audited.

The accompanying notes on pages 23 to 26 are an integral part of the above statement.

Condensed Consolidated Statement of **Changes in Equity**

(unaudited) for six months ended 30 June 2022

Notes		Share Capital £'000	Special Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 January 2022	7,531	544,813	350,266	307	114,603	1,017,520
	Total comprehensive income for the period						
	Profit for the period	–	–	–	–	106,008	106,008
	Movement in fair value of interest rate swap	–	–	–	733	–	733
5	Losses on sale of investment properties realised	–	–	(5)	–	5	–
5	Transfer in respect of unrealised gains on Investment properties	–	–	89,314	–	(89,314)	–
	Total comprehensive income for the period	–	–	89,309	733	16,699	106,741
	Transactions with owners of the Company recognised directly in equity						
6	Shares held in Treasury	(332)	(37,397)	–	–	–	(37,729)
2	Dividends paid	–	–	–	–	(16,970)	(16,970)
	At 30 June 2022	7,199	507,416	439,575	1,040	114,332	1,069,562

(unaudited) for six months ended 30 June 2021

Notes		Share Capital £'000	Special Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 January 2021	7,994	589,593	228,893	(237)	113,401	939,644
	Total comprehensive income for the period						
	Profit for the period	–	–	–	–	72,793	72,793
	Movement in fair value of interest rate swap	–	–	–	237	–	237
5	Gains on sale of investment properties realised	–	–	1,353	–	(1,353)	–
5	Transfer in respect of unrealised gains on Investment properties	–	–	47,981	–	(47,981)	–
	Total comprehensive income for the period	–	–	49,334	237	23,459	73,030
	Transactions with owners of the Company recognised directly in equity						
6	Shares held in Treasury	(60)	(5,400)	–	–	–	(5,460)
2	Dividends paid	–	–	–	–	(16,780)	(16,780)
	At 30 June 2021	7,934	584,193	278,227	–	120,080	990,434

The accompanying notes on pages 23 to 26 are an integral part of the above statement.

Condensed Consolidated Statement of **Changes in Equity**

Notes	(audited) for the year to 31 December 2021	Share Capital £'000	Special Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 January 2021	7,994	589,593	228,893	(237)	113,401	939,644
	Total comprehensive income for the year						
	Profit for the year	–	–	–	–	156,023	156,023
	Movement in fair value of interest rate swap	–	–	–	544	–	544
5	Transfer in respect of unrealised gains on investment properties	–	–	86,976	–	(86,976)	–
5	Gains on sale of investment properties realised	–	–	34,397	–	(34,397)	–
	Total comprehensive income for the year	**–**	**–**	**121,373**	**544**	**34,650**	**156,567**
	Transactions with owners of the Company recognised directly in equity						
6	Shares held in Treasury	(463)	(44,780)	–	–	–	(45,243)
2	Dividends paid	–	–	–	–	(33,448)	(33,448)
	At 31 December 2021	**7,531**	**544,813**	**350,266**	**307**	**114,603**	**1,017,520**

The accompanying notes on pages 23 to 26 are an integral part of the above statement.

Condensed Consolidated Statement of **Cash Flows**

(unaudited) for six months ended 30 June 2022

Notes		Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021* £'000
	Cash flows from operating activities			
	Profit for the period before taxation	**106,353**	73,449	157,350
	Adjustments for:			
	Finance costs	**5,642**	5,638	11,140
	Interest receivable	**(44)**	(1)	(1)
5	Unrealised gains on revaluation of investment properties	**(89,314)**	(47,981)	(86,976)
5	Losses/(gains) on sale of investment properties realised	**5**	(1,353)	(34,397)
	(Increase)/decrease in operating trade and other receivables	**(563)**	(3,454)	4,165
	(Decrease)/increase in operating trade and other payables	**(966)**	3,486	(4,761)
	Cash generated from operations	**21,113**	29,784	46,520
	Interest received	**44**	1	1
	Interest and bank fees paid	**(5,708)**	(5,567)	(10,063)
	Taxation paid	**(345)**	(656)	(1,327)
		(6,009)	(6,222)	(11,389)
	Net cash inflow from operating activities	**15,104**	23,562	35,131
	Cash flows from investing activities			
5	Purchase of investment properties	**–**	–	(50,821)
5	Sale of investment properties	**–**	21,421	201,920
5	Capital expenditure of investment properties	**(12,074)**	(1,452)	(4,050)
	Net cash (outflow)/inflow from investing activities	**(12,074)**	19,969	147,049
	Cash flows from financing activities			
2	Dividends paid	**(16,970)**	(16,780)	(33,448)
	Issue costs for Barclays £100m loan facility extension	**–**	–	(304)
6	Shares held in Treasury	**(37,729)**	(5,460)	(45,243)
	Net cash outflow from financing activities	**(54,699)**	(22,240)	(78,995)
	Net (decrease)/increase in cash and cash equivalents	**(51,669)**	21,291	103,185
	Opening cash and cash equivalents	**138,081**	34,896	34,896
	Closing cash and cash equivalents	**86,412**	56,187	138,081

*these figures are audited.

The accompanying notes on pages 23 to 26 are an integral part of the above statement.

Unaudited Notes on the Condensed Accounts

1. General information and basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 'Interim Financial Reporting' as adopted by the EU. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021, which were prepared under full IFRS as adopted by the European Union requirements and The Companies Law (Guernsey), 2008. The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those of the consolidated financial statements of the Group for the year ended 31 December 2021. The accounts have not been audited. The Group's entry to UK REIT Regime 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.

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 period. Based on the 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 financial statements. For this reason they continue to adopt the going concern basis in preparing the accounts.

These condensed interim financial statements were approved for issue on 20 September 2022.

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

	Six months to 30 June 2022 PID Rate (pence)	**Six months to 30 June 2022 £'000**	Six months to 30 June 2021 PID Rate (pence)	Six months to 30 June 2021 £'000	Year to 31 December 2021 PID Rate (pence)	Year to 31 December 2021 £'000
In respect of the previous period:						
Ninth interim dividend	**0.375**	**2,816**	0.35	2,798	0.35	2,798
Tenth interim dividend	**0.375**	**2,803**	0.35	2,798	0.35	2,798
Eleventh interim dividend	**0.375**	**2,773**	0.35	2,798	0.35	2,798
Twelfth interim dividend	**0.375**	**2,758**	0.35	2,798	0.35	2,798
In respect of the period under review:						
First interim dividend	**0.40**	**2,920**	0.35	2,798	0.35	2,798
Second interim dividend	**0.40**	**2,900**	0.35	2,790	0.35	2,790
Third interim dividend	**–**	**–**	–	–	0.35	2,771
Fourth interim dividend	**–**	**–**	–	–	0.35	2,750
Fifth interim dividend	**–**	**–**	–	–	0.35	2,736
Sixth interim dividend	**–**	**–**	–	–	0.35	2,705
Seventh interim dividend	**–**	**–**	–	–	0.375	2,867
Eighth interim dividend	**–**	**–**	–	–	0.375	2,839
	2.30	**16,970**	2.10	16,780	4.25	33,448

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

	Record date	**Payment date**	**Rate (pence)**
Third interim dividend	15 July 2022	29 July 2022	0.40
Fourth interim dividend	12 August 2022	31 August 2022	0.40
Fifth interim dividend	16 September 2022	30 September 2022	0.40

Although these payments relate to the period ended 30 June 2022, under IFRS they will be accounted for in the period during which they are declared.

3. Other expenses

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Direct operating expenses of rental property	**2,935**	1,566	3,996
Credit loss provision*	**(505)**	(56)	(1,103)
Valuation and other professional fees	**252**	245	442
Directors' fees	**145**	143	268
Administration fee	**80**	78	159
Depositary fee	**78**	70	142
Other	**312**	214	636
	3,297	2,260	4,540

* The credit loss provision is rent and service charge receivable that was greater than three months overdue.

The basis of payment for the Directors' and investment management fees are detailed within the consolidated financial statements of the Group for the year ended 31 December 2021.

4. Earnings per share

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 December 2021
Net profit attributable to ordinary shareholders (£'000)	**106,008**	72,793	156,023
Earnings return per share – pence	**14.4p**	9.1p	19.8p
Weighted average of ordinary shares in issue during period	**737,305,791**	798,723,703	786,825,807

Earnings for the six months to 30 June 2022 should not be taken as guide to the results for the year to 31 December 2022.

5. Investment properties

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Non-current assets - Investment properties			
Freehold and leasehold properties			
Opening fair value	**1,180,486**	1,205,293	1,205,293
Sales - proceeds	**–**	(21,421)	(201,920)
- (loss)/gains on sale	**(5)**	(2,308)	91,730
Capital expenditure	**11,429**	1,692	4,050
Purchase of investment properties	**65**	–	51,690
Unrealised gains/(losses) realised during the period	**–**	3,661	(57,333)
Unrealised gains on investment properties	**91,006**	59,865	120,722
Unrealised losses on investment properties	**(1,692)**	(11,884)	(33,746)
Closing fair value	**1,281,289**	1,234,898	1,180,486
Historic cost at the end of the period	**916,724**	937,643	905,230

5. Investment properties (continued)

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
(Losses)/gains on sale	**(5)**	(2,308)	91,730
Unrealised gains/(losses) realised during the period	**–**	3,661	(57,333)
(Losses)/gains on sales of investment properties realised	**(5)**	1,353	34,397

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

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Appraised value prepared by CBRE	**1,302,560**	1,261,550	1,200,842
Lease incentives held as debtors	**(21,271)**	(26,652)	(20,356)
Closing fair value	**1,281,289**	1,234,898	1,180,486

All the Group's investment properties were valued as at 30 June 2022 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 30 June 2022 on a fair value basis and in accordance with The RICS Valuation – Global Standards (incorporating the International Valuation Standards) and UK national supplement ("the Red Book") current as at the valuation date.

There were no significant changes to the valuation process, assumptions and techniques used during the period, further details on which were included in note 9 of the consolidated financial statements of the Group for the year ended 31 December 2021.

As at 30 June 2022, all of the Group's properties are Level 3 in the fair value hierarchy as it involves the use of significant unobservable inputs and there were no transfers between levels during the period. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly i.e. as priced, or indirectly, i.e. derived from prices).

6. Share capital

	Six months to 30 June 2022 No. of shares	**Six months to 30 June 2022 £'000**	Six months to 30 June 2021 No. of shares	Six months to 30 June 2021 £'000	Year to 31 December 2021 No. of shares	Year to 31 December 2021 £'000
Allotted, called-up and fully paid						
Opening Ordinary Shares of 1p each in issue	**753,105,830**	**7,531**	799,366,108	7,994	799,366,108	7,994
Ordinary Shares of 1p each, held in treasury	**(33,219,905)**	**(332)**	(6,000,000)	(60)	(46,260,278)	(463)
Closing Ordinary Shares of 1p each in issue	**719,885,925**	**7,199**	793,366,108	7,934	753,105,830	7,531

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 period (2021: nil) raising net proceeds of £nil (2021: £nil).

The Company purchased 33,219,905 (30 June 2021: 6,000,000; 31 December 2021: 46,260,278) Ordinary Shares during the period which are held in treasury.

7. Net asset value per share

	Six months to 30 June 2022	Six months to 30 June 2021	Year to 31 December 2021
Net asset value per ordinary share – pence	**148.6p**	124.8p	135.1p
Net assets attributable at the period end (£'000)	**1,069,562**	990,434	1,017,520
Number of ordinary shares in issue at the period end	**719,885,925**	793,366,108	753,105,830

8. Related party transactions

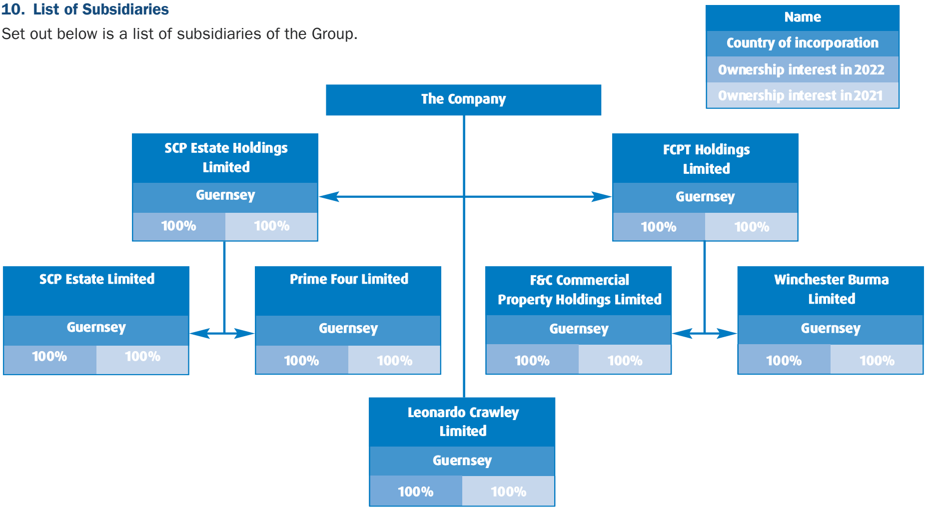
The Directors of the Company received fees for their services and dividends from their shareholdings in the Company. No fees remained payable at the period end.

9. Capital commitments

The Group had capital commitments totalling £18,900,000 as at 30 June 2022 (30 June 2021: £nil; 31 December 2021: £15,395,000).

10. 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.

11. Forward looking statements

Certain statements in this report are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

Shareholder Information

Dividends

Ordinary dividends 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 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.

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 Hilgrove Street, St. Helier, Jersey JE1 1ES under the signature of the registered holder.

Shareholder Enquiries

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

Common reporting standards

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

Key Information Document

The Key Information Document relating to the Company's shares can be found on its website at **balancedcommercialproperty.co.uk** This document has been produced in accordance with EU's PRIIPs Regulations.

Financial Calendar 2022/2023	
October 2022	Q3 Net Asset Value announcement
January 2023	Q4 Net Asset Value announcement
April 2023	Announcement of annual results
	Posting of Annual Report
June 2023	Annual General Meeting

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 are approached by fraudsters please tell the Financial Conduct Authority ('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**.

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. Further details of the APMs methodology are available in the Company's Annual Report for the year ended 31 December 2021.

Discount or Premium – the share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. If the share price is lower than the NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers than buyers. Shares trading at a price above the NAV per share, are said to be at a premium.

Dividend Cover – The percentage by which Profits for the period (less gains/losses on investment properties and other income) cover the dividend paid.

A reconciliation of dividend cover is shown below:

			30 June 2022 £'000	30 June 2021 £'000	31 December 2021 £'000
Profit for the period			**106,008**	72,793	156,023
Add back:	Unrealised gains on revaluation of investment properties		**(89,314)**	(47,981)	(86,976)
	Losses/(gains) on sales of investment properties realised		**5**	(1,353)	(34,397)
	Other Income		**(42)**	(3,008)	(3,008)
Profit before investment gains and losses and other income		(a)	**16,657**	20,451	31,642
Dividends		(b)	**16,970**	16,780	33,448
Dividend Cover percentage (c = a/b)		(c)	**98.2**	121.9	94.6

Dividend Yield – The dividends paid during the period divided by the share price at the period end. An analysis of dividends is contained in note 2 to the accounts.

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

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.

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. Key performance measures are disclosed below:

EPRA earnings and EPRA earnings per share – 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.

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
Profit per IFRS income statement	**106,008**	72,793	156,023
Exclude:			
Unrealised gains on revaluation	**(89,314)**	(47,981)	(86,976)
Losses/(gains) on sales of investment properties realised	**5**	(1,353)	(34,397)
EPRA Earnings	**16,699**	23,459	34,650
Weighted average number of shares in issue (000's)	**737,306**	798,724	786,826
EPRA earnings per share (pence per share)	**2.3**	2.9	4.4

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

	Six months to 30 June 2022 £'000	Six months to 30 June 2021 £'000	Year to 31 December 2021 £'000
IFRS Net Asset Value	**1,069,562**	990,434	1,017,520
Fair value of interest rate swaps	**(1,040)**	-	(307)
Net assets used in per share calculation	**1,068,522**	990,434	1,017,213
Shares in issue (000's)	**719,886**	793,366	753,107
EPRA assets per share (pence per share)	**148.4**	124.8	135.1

Financial Promotion

How to Invest

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

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

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

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

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

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

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

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

Charges

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

Annual account charge

ISA/LISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges

£12 per fund (reduced to £0 for deals placed through the online Columbia Threadneedle Investor Portal) for ISA/GIA/LISA/JIA and JISA. There are no dealing charges on a CTF.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales Cost & Charges disclosure related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you want to, these can be found at ctinvest.co.uk/documents.

How to Invest

To open a new Columbia Threadneedle Investments plan, apply online at **ctinvest.co.uk** Online applications are not available if you are transferring an existing plan with another provider to Columbia Threadneedle Investments, or if you are applying for a new plan in more than one name but paper applications are available at ctinvest.co.uk/documents or by contacting Columbia Threadneedle Investments.

New Customers

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

Email: **invest@columbiathreadneedle.com**

Existing Plan Holders

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

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

By post: Columbia Threadneedle Management Limited, PO Box 11114, Chelmsford, CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**

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

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)
Paul Marcuse (Chairman) *
Hugh Scott-Barrett ‡
Trudi Clark #
John Wythe †
Linda Wilding ^

Secretary
Northern Trust International Fund Administration
Services (Guernsey) Limited
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Les Banques
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Royal Bank Place
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St. Peter Port
Guernsey GY1 4ND

Guernsey Legal Advisers
Carey Olsen (Guernsey) LLP
Carey House
Les Banques
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Depositary
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Canary Wharf
London E14 5JP

* Chairman of the Nomination Committee
† Chairman of the Management Engagement Committee
# Chairman of the Audit and Risk Committee
‡ Senior Independent Director
^ Chairman of the ESG Committee

Website
balancedcommercialproperty.co.uk

Balanced Commercial Property Trust Limited

Interim Report 2022

Registered office:

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Registrars:

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computershare.com

To find out more visit **columbiathreadneedle.com**

COLUMBIA THREADNEEDLE INVESTMENTS

BCPT/InRpt/22