BMO Commercial Property Trust Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021

BMO

Part of COLUMBIA THREADNEEDLE INVESTMENTS

Contents

Common acronyms

BCPT	BMO Commercial Property Trust
BMO REP	BMO Real Estate Partners
BREEAM	Building Research Establishment Environmental Assessment Method
CRREM	Carbon Risk Real Estate Monitor
CDP	Carbon Disclosure Project
DEFRA	Department for Environment, Food and Rural Affairs
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
ESG	Environment, Social, Governance
FCCPH	F&C Commercial Property Holdings Limited (a subsidiary of BCPT)
FRI	Full repairing and insuring (lease type)
GAV	Gross Asset Value
GRI	Global Reporting Initiative
MEES	Minimum Energy Efficiency Standards, as enforced by The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (Principal Regulations) as amended by The Energy Efficiency (Private Rented Property) (England and Wales) (Amendment) Regulations 2016.
NLA	Net lettable area
RPI	Responsible Property Investment
sBPR	Sustainability Best Practices Recommendations
SBTI	Science Based Targets Initiative
SCP	SCP Estate Limited (the holding entity for St Christopher's Place Estate and subsidiary of BCPT)
TCFD	Task Force on Climate-related Financial Disclosures

Corporate information

Directors (all non-executive)
Paul Marcuse (Chairman)
Trudi Clark
John Wythe
Linda Wilding
Hugh Scott-Barrett

Secretary
Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
Channel Islands GY1 3QL

Tel: 01481 745001

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

Tel: 01481 745001

Alternative Investment Fund Manager ('AIFM') and Investment Manager
BMO Investment Business Limited
6th Floor Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

Tel: 0207 628 8000

Property Managers
BMO REP Asset Management plc
7 Seymour Street
London W1H 7JW

ESG Advisor
Hillbreak Ltd
5A, Ack Lane East,
Bramhall
Cheshire SK7 2BE

Key highlights for 2021

GRESB performance

77
100

achieved three green star status and ranked first in peer group for second successive year

Energy efficiency ratings

A B C D E F G

increased proportion of assets benefiting from higher rated (A and B grade) Energy Performance Certificates by over 6% to 37.5% by floor area

Net Zero Carbon commitment

CO_2

The Company has published its Net Zero Carbon pathway, committing to a target year of 2040 or sooner

Renewable energy sources

99% and 76%

of landlord electricity and gas supplies respectively contracted on certified green tariffs

Carbon emissions

4.6% reduction in absolute carbon emissions since 2019

Recycling

100%

of waste material under landlord control averted from landfill

Enhanced governance

The Company has established an ESG Committee for the purpose of assisting the Board in fulfilling its responsibilities with respect to the identification and management of ESG matters

Social impact

£

achieved formal accreditation from the Living Wage Foundation

EPRA sustainability reporting

Gold award

achieved for level of ESG disclosure and transparency

GRESB public disclosure

A

rating maintained for transparent public reporting

Introduction

Welcome to our latest annual Environmental, Social & Governance (ESG) Report for BMO Commercial Property Trust which covers the 2021 financial period. As a Company, we have announced our net zero carbon target as 2040 or sooner and we confirm our commitment to maintaining a number one position for ESG performance within our peer group as measured by GRESB.

I am pleased with the progress we are making with our ESG credentials. With another satisfying result in the annual GRESB survey in the form of a 7 point increase in score, 3 star status, and peer group leading position, we are confident that we are heading in the right direction. ESG remains a core aspect of the Company's forward strategy. The key highlights set out on the preceding page demonstrate our continued progress during 2021.

The increasing threat of climate change together with the impacts of the global coronavirus pandemic are causing positive trends in sustainability to rapidly accelerate and we are seeing greater effort directed toward finding solutions to shape our future.

Perhaps the most apparent of these trends is the move towards net zero carbon emissions. Along with my fellow Board members, I am pleased that the Company has been able to set out its strategy and publish a stretch target and credible pathway with an ambition of the Trust achieving net zero carbon by 2040 or sooner. Through the efforts of its Manager, the Company is now focussed on delivering on the promise at asset level. We are concentrating on the choices we make when undertaking building refurbishment and selecting our service providers and partners.

Our focus on engagement with occupiers and our wider value chain will not be restricted simply to environmental aspects. The pandemic has served as a sharp reminder of the significance of human interaction and of social value. The Company is pleased to have recently been accredited under the Living Wage Foundation, having evaluated the hourly pay of all direct supplier staff engaged at its property assets to ensure they receive real living wage rates. Using this success as a foundation, the Company's Manager is now actively looking at ways in which it can purposefully expand activity in this area and establish a social value framework whereby specific place-based needs can be identified and addressed.

As we formulate and execute detailed plans for all assets under our control and look for refurbishment and tenant break opportunities to enhance the environmental profile of our assets, we are increasingly engaging with our occupiers looking to partner on ESG initiatives as demonstrated by case studies later in this report.

Linda Wilding Chair, ESG Committee

1. About this ESG Report

This ESG Report:

- Describes the Company's Environmental, Social & Governance (ESG) strategy and related priorities, including the process for determining these and the progress achieved against them so far.
- Presents key ESG performance data for the reporting year, as well as our targets for the future.
- Provides an overview of the key ESG risks facing the property portfolio and outlines our approach to managing these.

The description of progress against the ESG commitments of the Company in Section 3, together with the ESG performance data set out in Section 4, are presented as information in parallel with the 2021 Annual and Consolidated Accounts of BMO Commercial Property Trust Limited.

The ESG data section, and corresponding appendices, are written in accordance with the latest European Public Real Estate Association's (EPRA) sustainability Best Practices Recommendations (sBPR), which in turn are aligned principally with the Global Reporting Initiative (GRI) Standards.

This ESG Report has been prepared on behalf of the Company by BMO Real Estate Partners Asset Management plc, working closely with our specialist advisor on responsible investment matters, Hillbreak Ltd. Any reference to "we", "us", "the Company" and "our" throughout the report refers to BMO Commercial Property Trust (BCPT). BMO Real Estate Partners Asset Management plc is referred to throughout as BMO REP or "the Property Manager".

2. About the Company

Objective

The investment objective of BMO 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

BMO Commercial Property Trust Limited 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.

Management

The BCPT Board has appointed BMO Investment Business Limited (BIBL) as the Company's investment managers and BMO Real Estate Partners Asset Management plc (BMO REP) as the Company's property managers. BIBL and BMO REP are both part of the BMO Global Asset Management (BMO GAM) group of companies. With effect from 8 November 2021, the business of BMO GAM in Europe, the Middle East and Africa was acquired by Ameriprise Inc. and is to be merged with that of Colombia Threadneedle Investments. There has been no change to the terms of the Company's investment management agreement or to the corporate entity that acts as the Company's Investment Manager and Property Manager.

BMO Global Asset Management is a founding signatory of the United Nations Principles for Responsible Investment (UN PRI), and is committed to exercising responsible investment practices throughout the BMO Global Asset Management group, including through BMO REP. This is reflected in the high ratings it achieved for its UN PRI Transparency Report, including an A+ rating for Strategy & Governance.

The approach to ESG, which is described in more detail in the following section of this Report, is reflective of these arrangements, whereby:

- The Board of Directors has established a formal ESG Committee to afford deeper attention to and governance of sustainability related factors, so it can strive to maintain a leadership position amongst its peers;
- The Board of Directors has engaged closely with BMO REP, with the support of specialist consultant, Hillbreak Ltd, to satisfy itself that the approach to integrating ESG factors into the investment and property management process ambitious, rigorous and appropriate to the investment strategy of the Company; and
- The Board of Directors has determined a suite of ESG pillars, commitments and targets that are bespoke to the Company and its portfolio of property assets.

Key to terms used in this report

The Company: BMO Commercial Property Trust Limited (BCPT)

The Property Managers: BMO Real Estate Partners Asset Management plc (BMO REP)

The Investment Managers: BMO Investment Business Limited (BIBL)

Portfolio

BCPT is an investment trust for investors who wish to gain exposure to prime UK commercial property. As at the 31 December 2021, the BCPT property portfolio had a total value of £1,200,842,000.

The portfolio is comprised predominantly of the mixed-use St Christopher's Place leisure destination, a number retail assets (both high street and warehouse), offices and industrial premises (both logistics and light manufacturing), along with one student housing asset. St Christopher's Place includes several residential properties, although is mainly comprised of retail and office uses. This report aligns with the Annual Report & Consolidated Accounts in reporting St Christopher's Place assets within the high street retail category.

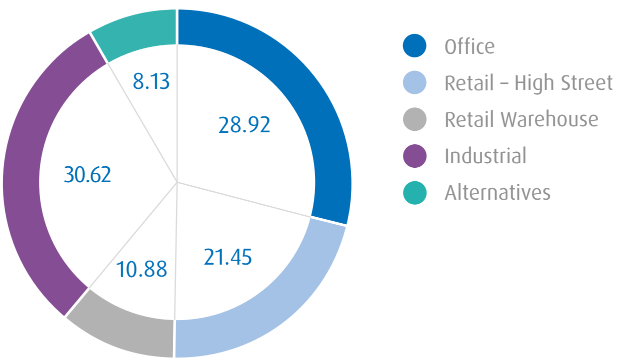
The portfolio is dominated by core assets, which we hold for the long-term. More than 80% of the portfolio has an anticipated hold period (the amount of time an asset is held by an investment owner before being sold) of five years or more, with over 50% likely to be held for over 10 years. This means that the integration of ESG factors into our asset management activities is concerned primarily with the safeguarding of rental income and the preservation of strong, long-term capital values. With expectations in the commercial real estate market evolving in relation to ESG factors, we need to ensure that the assets we buy and hold are resilient and capable of being adapted in response to changing ESG demand.

Measured by number of assets, just under three quarters of the portfolio is directly managed, meaning that there is a degree of landlord control in most assets. The extent of the landlord services provided varies and this has a bearing on the extent to which our Property Manager is able to influence or control certain activities, such as waste management, for example. Moreover, when measured by total floor area, directly managed properties account for less than a third of the portfolio. This means that, as landlord, and when measured by the most meaningful intensity metric for key environmental performance measures such as energy consumption and greenhouse gas emissions, we have no direct control over the way in which the majority of the portfolio is managed.

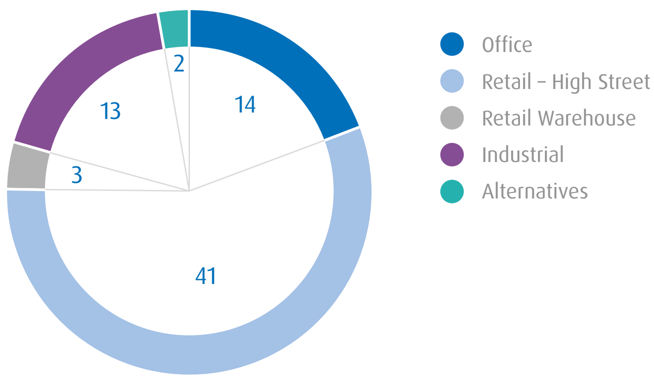
The assets of the Company are held by a number of subsidiary companies, consolidated into the separately published Group financial statements. Similarly, this ESG Report relates to the consolidated portfolio for the Company as a whole. However, much of the environmental performance data within Section 4, particularly those relating to utilities and related greenhouse gas emissions, are limited to those assets over which we have operational control. The Company has no direct operational control for assets held by Prime Four Limited, Winchester Burma Limited, Leonardo Crawley Limited and some of those assets held by SCP Estate Limited and F&C Commercial Property Holdings Limited. This is explained in more detail in Appendix 1.

Figure 1: Portfolio composition

Percentage of portfolio capital value 2021



Property type (number of assets) 2021



Management status (absolute) 2021

	Capital Value (£)	Number of Assets	NLA (sq ft)
Directly managed	£632,600,000	52	1,189,898
Indirectly managed	£568,242,000	21	3,194,667

Management status (percentage) 2021

	Capital Value %	Assets %	NLA %
Directly managed	52.68%	71.23%	27.14%
Indirectly managed	47.32%	28.77%	72.86%

3. ESG strategy and priorities

Developing our ESG strategy

In 2021, the Company continued to focus on the effective development of its ESG strategy, first established in 2017. A full explanation of this strategy was included in our 2018 report and is summarised by the four key pillars below.

1. **Leadership & effectiveness** – demonstration of effective governance in relation to ESG criteria.
2. **Investment process** – procedures to ensure material ESG factors are central to investment decision-making.
3. **Portfolio** – continual monitoring, analysis, attendance to and optimisation of material ESG performance and risk factors.
4. **Transparency** – comprehensive reporting on relevant ESG factors.

The BMO Real Estate Partners approach to Responsible Property Investment

As Property Managers for BCPT, the BMO REP approach to ESG issues was used as the foundation for the development of BCPT's own Strategy.

The BMO REP ESG approach was developed in response to a recognition of the increasing level of risk presented to financial markets and real estate assets by ESG issues, such as climate change, and the growing interest and attention paid to ESG issues by investors, occupiers and governments.

BMO REP applies a consistent approach to integrating ESG matters into fund management, asset management, property management, and development, with a particular emphasis on:

- Having a clear understanding of the material issues and priorities for commercial real estate presented by the evolving ESG landscape.
- Identifying and responding to the investment risks and value enhancing opportunities presented by ESG criteria.
- Setting asset-specific targets within an overall context of fund policy, direction and vision.
- Applying the ESG framework across all core business functions, supporting full integration, including by its professional staff having a clear understanding of the interactions between different business functions on relevant ESG matters.
- Routinely considering and integrating ESG factors within regular asset business planning activities.
- Implementing ESG interventions in a co-ordinated manner.

The BMO REP ESG Committee – with its relationship to the BMO Global Asset Management Responsible Investment Team and its reference to the BMO GAM Responsible Investment Advisory Council – monitors and reviews the ESG approach and performance.

Further information on the BMO REP approach to Responsible Property Investment can be found here:

https://www.bmorep.com/wp-content/uploads/2018/10/cm16109-bmo-rep-responsible-property-investment.pdf

Progress against our ESG commitments

The BCPT commitments and targets set out below address each of the four pillars of our ESG approach.

These commitments and targets were originally set out in 2017. Some have required immediate action, many impose ongoing requirements, whilst others set a longer-term direction of travel and remain as forward actions.
Our progress against these pillars to the end of December 2021 is described below, supported by an explanation of notable outcomes in later sections of this ESG Report.

Of particular significance was that by the end of the reporting year, the Company had substantially laid the groundwork to enable the publication of its Net Zero Carbon pathway in January 2022, being one of the first UK property trusts to announce such a commitment.

The Company will continue to drive ahead with its ESG strategy during the remainder of 2022 and beyond, and will provide shareholders with regular updates on progress.

ESG commitment	Status	Review of progress
Leadership & effectiveness – measures through which BCPT will demonstrate effective governance in relation to ESG criteria.		
Board diversity Meet the Hampton-Alexander recommendation of having at least 33% female representation on our Board by 2020.	Fulfilled	The Company recognises the benefits of a diverse Board membership and has exceeded its objective of meeting the Hampton-Alexander recommendations by having 40% female representation. This position aligns with the recommendations of the FTSE Women Leaders Review and the voluntary target set for FTSE350 Boards.
Benchmarking Participate in the Global Real Estate Sustainability Benchmark (GRESB) from 2018, with the objective thereafter of realising year-on-year improvements in score and peer group ranking.	Fulfilled	Representing its fourth consecutive year of participation, the Fund submitted to the 2021 GRESB real estate survey and scored 77 denoting a 7-point (10%) improvement on the previous year. The Company maintained its three green star status and retained its top position amongst its allocated peer group of six UK diversified portfolios.
ESG Committee (new) Establish a formal ESG Committee with clear terms of reference and reporting responsibilities to the Board of Directors to ensure appropriate attention is afforded to ESG related matters.	In progress and on track	The Company is close to formalising the terms of reference for its ESG Committee and will hold its inaugural meeting in the second quarter of 2022.

Fulfilled (including those that are ongoing) In progress and on track Not on track or at risk Not achieved

ESG commitment	Status	Review of progress
Investment process – procedures through which BCPT integrates ESG into the investment process.		
Classification of assets Confirm classification of all assets within the manager's Asset Classification System by analysing EPC ratings and the extent of landlord-procured energy consumption. Implement routine of Asset & Property Management actions according to the classification of each asset and the manager's corresponding RPI Requirements for Asset Managers and Property Managers.	✓	Following the completion of the asset classification process in 2017, we have continued to keep records up-to-date and under review. Some assets have been reclassified as a result with a reduced number of 22 now allocated to the higher materiality tier of the classification system (2020: 24). The number of assets in the second tier has reduced to 25 (2020: 26), whilst those in the lower materiality have improved to 26 (2020: 24). On balance, these changes reflect shifts in exposure to lower rated EPCs at demise level, the disposal of property assets including one relatively high energy consuming building and two asset acquisitions. Through its Property Manager, the Company is currently reflecting on the need to re-classify assets taking into account the relative positioning of assets in the context of the Company's net zero carbon ambition. This is an ongoing commitment which has been fulfilled for 2021.
Asset level ESG appraisals Ensure all assets benefit from ESG appraisals. Asset Business Plans to be updated to reflect the findings of the ESG Appraisals. Appraisals to be kept updated on an annual basis.	✓	RPI Appraisals have been reviewed and updated for all properties in 2021, with a continued focus on the ESG factors that are considered material to investment performance, either because they could suppress rental growth and/or capital appreciation during the hold period, or because they might impact on future liquidity and the realisation of value at the point of exit. The effect of these updated ESG Appraisals on the profile of sustainability characteristics are presented in this 2021 ESG Report.
Acquisition ESG appraisals Undertake ESG Appraisals on 100% of new acquisitions prior to transaction closure, with investment critical findings reported to the Property Investment Committee and relevant findings and improvement recommendations incorporated into the Asset Business Plan.	✓	The Company made two acquisitions in the reporting year, both assets noting worthy credentials in their ESG appraisals.
Portfolio – attendance to material ESG performance and risk factors across the portfolio.		
Exposure to key ESG risks Using aggregated data from asset level ESG Appraisals, prepare an annual report to shareholders on the exposure of the portfolio to key ESG risks including those pertaining to energy (including MEES), water, waste, flooding contamination, accessibility and building certification.	✓	This 2021 ESG Report presents data and information as per the previous years' Responsible Property Investment Reports. The Company will continue to present annual ESG Reports and will look to publish these alongside the Annual Reports, subject to the availability of Q4 utility data becoming available and the time frame required to have select non-financial data independently assured.
Short-term environmental targets Establish year-on-year intensity-based energy, water and waste reduction targets for landlord services against an appropriate baseline.	✓	The Company set annual, asset specific, landlord energy reduction targets at an average of 3% across material consuming sites alongside a broader reduction target of 1% per annum for all water usage within directly managed assets, and a target for averting all landlord managed waste from landfill by the end of 2021. Performance against energy, water and waste targets are identified separately below.

ESG commitment	Status	Review of progress
Energy consumption Reduce energy consumption in directly managed assets by 6% in 2021 compared to 2019 consumption.		In 2019 absolute energy consumption was reported as 5,325,904 kWh. In 2021, this decreased by 9% to 4,852,976 kWh. A more meaningful like-for-like analysis of energy usage between 2019 and 2021 shows a 20% reduction, however this is likely to have been impacted quite significantly as a result of changed working practices associated with coronavirus lockdown restrictions.
Water consumption Reduce water consumption in directly managed assets by 1.0% year on year on a like for like basis.		2021 water consumption in the portfolio decreased by nearly 6% on a like-for-like basis and it is likely that the coronavirus pandemic continues to have some impact on commercial property use and associated abnormal consumption level of water.
Waste management Eliminate landlord-controlled waste being directed to landfill to any extent by the end of 2020.		All general waste has been diverted from landfill since August 2019. However, with our refined data collection processes, we have added hazardous waste and offensive waste to the data set. During 2020, one of these waste streams was identified as going to landfill and was subsequently rectified with the carrier. All waste in 2021 was diverted from landfill.
Science-based carbon reduction targets Set a long-term (2030 or beyond) target for energy (and carbon) reduction according to a recognised science-based targets methodology.		The Company has consistently outlined its long term energy reduction target and progress against it in its earlier annual ESG reports. This 2021 ESG Report reflects on the last twelve months' performance. With these early foundations in place, the Company has now published its Net Zero Carbon strategy and commitment. A legacy briefing note outlining the Company's carbon reduction position was prepared and remains posted on the Company website. The Company will re-engage with the Science Based Targets initiative (SBTi) as a validator of carbon reduction ambitions and methodology is a matter the Company will keep under review in the coming months as SBTi (verification) and CRREM (an increasingly recognised and influential risk assessment tool) align their respective approaches.
Long-term energy intensity target Reduce the long-term energy intensity of the portfolio by 20% per square meter by 2031, against a 2016 baseline, for landlord-procured energy.		Energy intensity reduction in the portfolio since 2016 is 9% on an absolute basis or 24% on a like-for-like basis. However, the impact of the Covid-19 pandemic since 2020 is likely to have distorted these figures making it difficult to determine the true contribution towards the long term reduction trajectory.
Occupier wellbeing Establish a basis for measuring occupier wellbeing and satisfaction across the portfolio and set targets by 2020 for improved performance in this regard.		A mechanism for undertaking occupier satisfaction surveys has been established based on a three-yearly programme. The 2021 exercise built upon the 2019 pilot which established a baseline position and score against which to measure improvement and compare against a benchmark index. The 2021 results demonstrated improved performance. A case study is included in this report.

ESG commitment	Status	Review of progress
Have in place 100% renewable electricity supplies for all landlord procured power by the end of 2018.		Utility contracts were renewed from 1 October 2021 with renewable electricity tariffs secured for the majority of landlord supplies. During 2021, the proportion of electricity conforming to this arrangement improved from 76% to 99% on renewal. Since October 2020, as contract renewals arise, landlord gas supplies are being placed on carbon-neutral contracts. In 2021 59% of gas procured by the landlord is on such a supply.
Prohibit new lease contracts with organisations connected to the production, storage, distribution or use of Controversial Weapons. Monitor the tenant mix of the Company on a regular basis and exercise discretion when considering leasing to organisations involved in other controversial activities and engage regularly with investors on their expectations in this regard.		We continue to monitor our tenant mix as part of our commitment to minimising our leasing exposure to organisations connected to the production, storage, distribution or use of Controversial Weapons. No rental income was attributed to organisations that appear on the exclusions list managed by BMO Global Asset Management for the duration of 2021.
Transparency – approach to investor reporting and public disclosure on relevant ESG factors.		
Submit the Minimum tier questionnaire of the CDP General Climate module in 2019 and the Full tier from 2020 onwards, whilst investigating the potential to submit across the Water and Supply Chain modules.		The Fund submitted to the full tier of the Climate Change module for the third year in succession in August 2021. A rating of B to indicate taking a coordinated approach to climate change was achieved, maintaining the rating obtained last year. The current rating is comparable to the average performance for the financial services sector and the regional average for Europe
Align Non-Financial Reporting to the 3rd Edition of the EPRA Sustainability Best Practice Recommendations. Include a summary of performance measures in the 2019 Annual Report, linked to full ESG disclosure on the BCPT website.		This 2021 ESG Report and the disclosures within it are aligned with the 3rd Edition of the EPRA Sustainability Best Practice Recommendations. Furthermore, the absolute energy, water, waste and emissions data was subject to independent assurance by Lucideon CICS Limited in accordance with ISO 14064-3.
Produce statements in line with the recommendations of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD).		We have continued to advance our approach to addressing climate risk across our portfolio and through our investment processes during 2021. Disclosures aligned to the TCFD recommendations are set out in this Report, along with a statement of intended actions for 2022 and beyond.
Provide six-monthly dashboard and commentary updates to shareholders on key ESG attributes for the portfolio.		This ESG Report provides shareholders with an update across the full range of ESG metrics. Thereafter, a summary of notable changes will be presented to shareholders alongside the 2022 Interim Report.

Spotlight on
occupier engagement activities

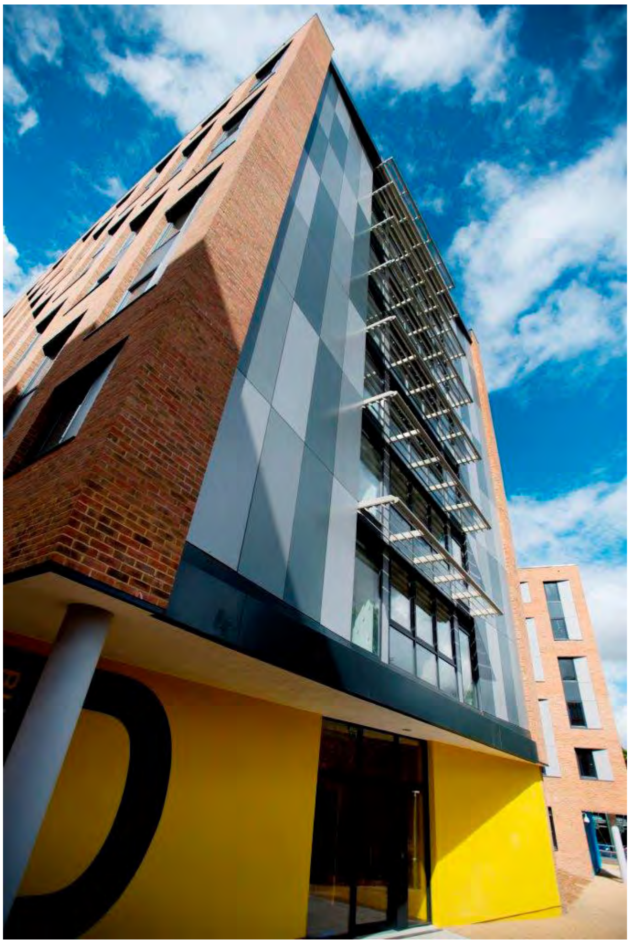
Occupier Experience Surveys

Whole portfolio

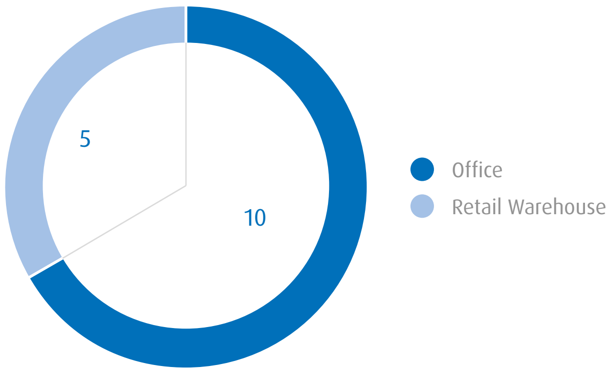
In 2019 the Company undertook a pilot occupier satisfaction survey with the support of customer experience consultancy, RealService. The pilot sought to gauge feedback from occupiers located solely within directly managed assets where the Company engaged a property manager or other such agent to take responsibility for certain management activities, typically including arrangements for cleaning, security, waste removal, and other such facilities requirements.

The outcomes of the pilot were broadly positive with local manager responsiveness being a notable success, but with attention to wider communication channels being the principal area for improvement. A Net Promoter Score (NPS), reflecting the likelihood of an occupier recommending the Company as a landlord, was determined from the small sample of 15 occupiers involved, and set a baseline against which the Property Manager could measure subsequent improvement and performance against benchmark.

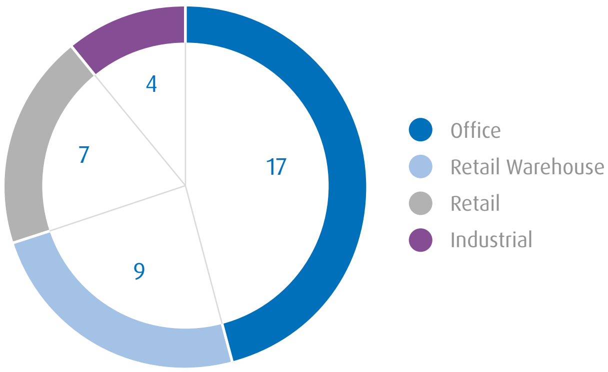
In 2021, driven by its ambition to understand and respond to stakeholder expectation, and in line with its intention to replicate the exercise on a three yearly cycle, the Company expanded the pilot exercise to cover full roll-out across the portfolio. All commercial occupiers were given the opportunity to provide feedback through an email survey, and a sample of 35 occupiers across sectors provided in-depth feedback via telephone interviews. The NPS saw an encouraging improvement outperforming the benchmark index by some 48%. The underlying details will be considered by the Company to determine appropriate responses and next steps.



Telephone interviews undertaken by sector in 2019 pilot



Telephone interviews undertaken by sector in 2021



Spotlight on
occupier engagement activities

Resilient communities programme

Aberdeen, Prime Four

Over the last twelve months, the Company has explored ways in which it might support occupiers through the coronavirus pandemic beyond the obvious provision of financial support in the form of rent concessions where appropriate. Through its Property Manager, the Company engaged The Giving Department, an organisation focussed on helping clients design and deliver social impact programmes, to investigate the potential for collaboration and amplification of existing community partnerships.

A pilot programme centred around the twin impact areas of occupier enrichment and community support saw active engagement during 2021 with the Company's occupiers at Prime Four office park in Aberdeen; the key focus for occupier enrichment was the provision of funded accredited Mental Health First Aid training courses for occupier staff, whilst The Giving Department identified a site partnership with local charity Cash for Kids Aberdeen to initiate community support.

The Covid pandemic presented a dual impact on the occupier enrichment programme: home working sharply raised the profile of mental wellbeing and with it the evident need for mental health first aid training and support amongst the workforce. However, it also meant that access to personnel and social engagement around physical space was extremely challenging and thus delivery to impact has been slower than projected. Nevertheless, the occupiers at Prime Four have indicated their appreciation for the Company's proactive stance with the programme, and look forward to support when effective training can be delivered in person in Scotland. It is expected that many occupiers will be under financial pressure and under budget constraint for staff engagement activities, so the support offered by the Company could be very well received beyond the pilot cohort.

As the programme stimulated wider opportunities for positive owner-occupier relationships, it also encouraged one Prime Four occupier to approach the Company with a proposal to install, under licence, a charity clothes bank within the car parking area to support one of their charity partners. Further to existing support provided to Cash for Kids Aberdeen by the occupier, the clothes bank is likely to provide the charity with up to £3,000 each year in additional funds. The Company was pleased to approve the application in support of this initiative.

4. ESG performance data for 2021

A high-level summary of ESG performance for the period ending 31 December 2021 is provided below. A more detailed analysis of the data is included in Appendix 1 and is presented in accordance with the European Public Real Estate Association's (EPRA) sustainability Best Practice Recommendations (sBPR).

Environmental

Scope

The Company had an overall investment in real estate of £1.2 billion as at 31 December 2021. Whilst approximately half of this capital value is considered to be in directly managed property, the extent of the Company's operational control varies significantly, impacting on the extent of data that can be established. The Property Manager continues to engage with occupiers to expand data collected and to monitor the carbon footprint of the portfolio. The extent of data coverage this year is detailed in Appendix 1.

The Property Manager continues to engage the services of Envizi, a third-party environmental data platform provider, to host and report energy, water and waste data on those assets where these services are, in part or entirely, under Company control. The figures presented in this section show the outcome of the in-house analysis of this data, and include properties for which there has been some Company responsibility during the reporting period from transient utility supplies, typically those associated with vacant demised premises.

Energy

The Property Manager has committed to arrange renewable electricity and gas contracts, with Renewable Energy Guarantees of Origin (REGOs) for all properties where they are responsible for utility management on behalf of the Company. In 2021, 99% of all electricity under Company control was on renewable electricity tariffs whilst for gas the figure was 76%.

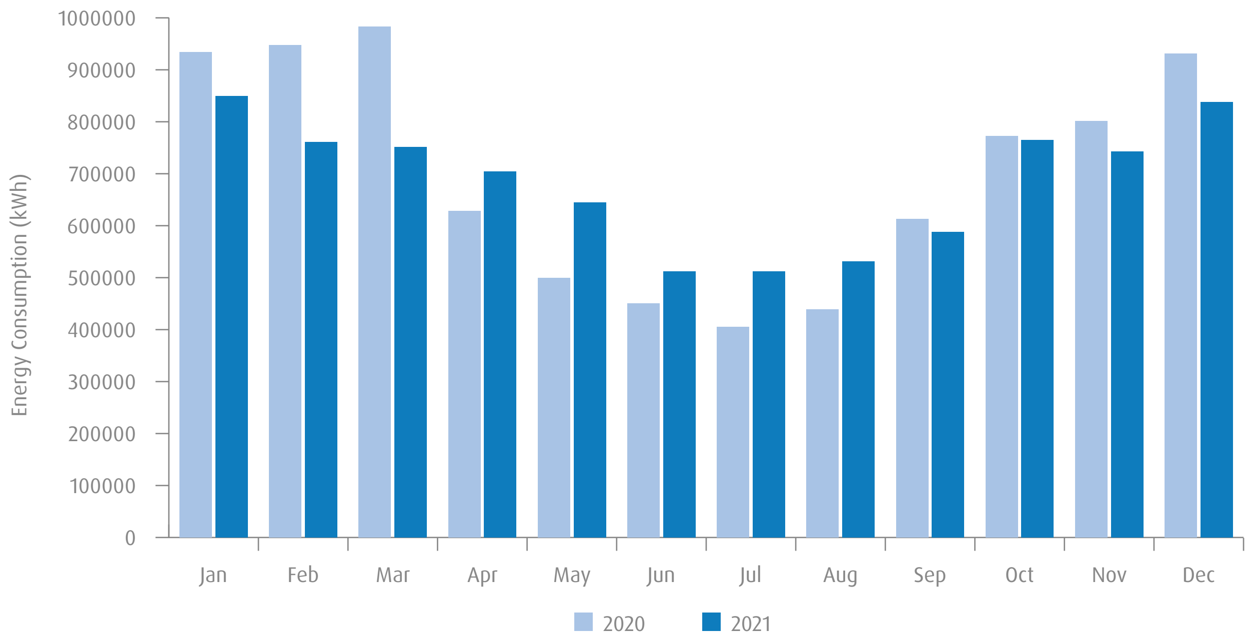
For the fourth consecutive reporting year absolute energy figures and subsequent emissions were independently verified to ISO14064-3 by Lucideon, an accredited provider for CDP (formerly the Carbon Disclosure Project). The verification statement can be found in Appendix 4.

Table 1: Summary of energy data

	2020	2021
Like-for-like electricity usage (kWh)	4,636,154	4,592,067
Like-for-like natural gas usage (kWh)	3,769,028	3,606,569
Energy intensity (kWhe/m^2)	91.7	100.7

As the data shown here is only applicable to the buildings where the Company is responsible for some or all of the energy procurement there is additional work underway in discussions with occupiers to understand the energy footprint across the portfolio. This engagement will both build a better picture of the energy intensities of each building and pinpoint where to collaborate further with occupiers to reduce the intensities in line with current industry benchmarks and scientific guidance.

In 2020 the Covid-19 pandemic caused a significant reduction in energy usage across the managed portfolio. This continued into the early part of 2021 when the country was still in lockdown, then saw an increase in consumption as restrictions eased over the summer months. A major asset, Cassini House, was sold in September 2021, at which point the 2020 and 2021 energy figures remain comparable.



Emissions

Whilst the Company has committed to procuring landlord energy supplies from renewable sources, it was considered appropriate, for better comparison purposes, to adopt "*location-based*" conversion factors provided by the UK Government to calculate the respective greenhouse gas (GHG) emissions. This could be considered a "report what you use" approach.

An alternative, the "*market-based*" or "report what you buy" approach, would account for this purchase of renewable energy.

The verified GHG emissions are reported here as kilograms of carbon dioxide equivalent (kg CO_2e). The following table reports on:

- **Scope 1 emissions** resulting from use of boilers, burning the natural gas procured by the Company.
- **Scope 2 emissions** – resulting from Company procurement of electricity from the National Grid.

Table 2: Summary of emissions data

	2020	2021
Total carbon emissions (kg CO_2e)	1,780,437	2,035,156
Emissions intensity for Scope 1 and 2 (kg CO_2e/m^2)	26.5	31.7

Compared with the previous year, both energy intensity and emissions intensity increased in the reporting year, alongside absolute energy use and emissions. Both years' figures are likely to have been impacted by the coronavirus pandemic.

Water

The following table reports on water consumption and intensity, and covers the limited extent of Company control within the portfolio.

Table 3: Summary of water data

	2020	2021
Like-for-like water usage (m^3)	16,010	14,998
Water intensity (m^3/m^2)	0.5	0.5

Similar to the energy consumption, the like-for-like reductions seen in water consumption are predominantly attributed to lower footfall in commercial properties during the pandemic. The drastic shift from a business as usual scenario makes intentional improvements in efficiency difficult to identify this year. Similarly, when footfall increases we will expect to see an increase in utility usage on site.

Waste

The Property Manager began collecting waste data in 2018. Since 2020, for assets where the Company assumes responsibility for waste management, it has collated a more granular level of detail around various waste streams. The following table details like-for-like waste output by proportion recycled, incinerated and sent to landfill.

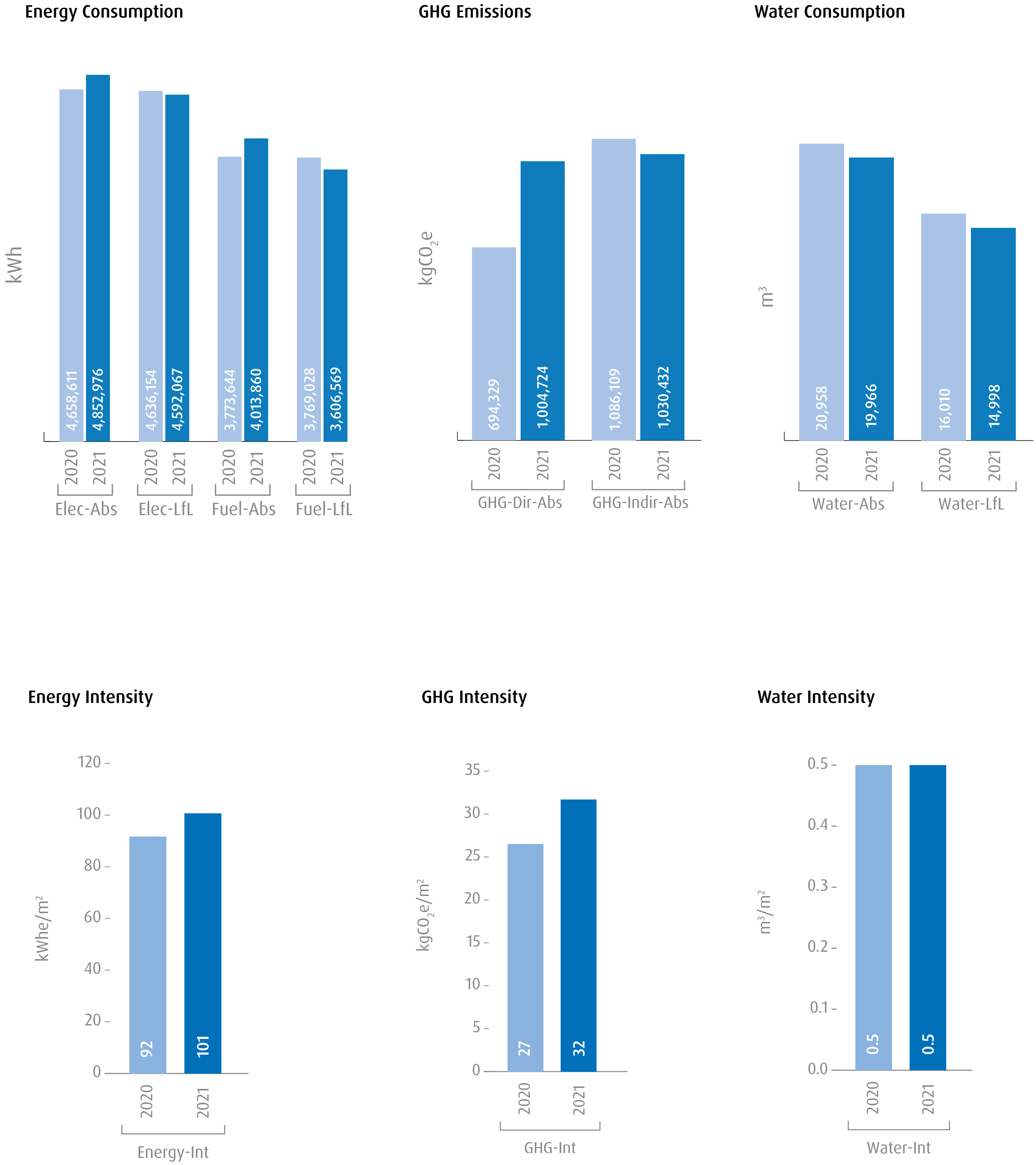
Table 4: Summary of waste data

		2020	2021
Like-for-like waste by disposal route	Recycling	20%	41%
	Materials Recovery Facility (MRF)	26%	19%
	Incineration	2%	2%
	Incineration with energy recovery	52%	38%
	Landfill *(see comment below)*	<1%	0%

The Company has a strict zero avoidable waste to landfill policy, and during the more detailed investigation last year found that one small offensive waste stream did not comply. The site manager changed waste carrier to comply with the Company policy.

At present, all properties where the Property Manager arranges waste collections are controlled through site management procedures which are accredited to ISO 14001 standards. This ensures proper management and removal of both hazardous and non-hazardous waste from site.

Figure 2: Absolute and like-for-like portfolio trends



Social

Scope

Through its Property Manager, the Company takes a responsible approach to corporate citizenship, both through engagement with industry and corporate stakeholders, and through the positive impact it seeks to generate in the communities around its managed assets.

The Company has no direct employees, however, a number of Building Managers are employed directly by BMO REP and are required to achieve a minimum 50 hours of Continuing Professional Development (CPD) each year. In 2021 this included a bespoke presentation from the Sustainability Team on ESG.

Real Living Wage

The Company obtained Living Wage Accreditation from the Living Wage Foundation at the end of 2021. Whilst the Company has no direct employees, it was concerned to see that those working under its third-party supply contracts receive rates of pay in line or in excess of the real living wage threshold. The Company committed to ensure accreditation status is maintained as it acquires new assets and takes on new service contracts. The Property Manager is further looking to push industry boundaries by encouraging occupiers to adopt similar principles by agreement to specific lease clauses wherever opportunities for doing so arise.

Gender equality

The Company has no direct employees, and therefore the table disclosing gender equality data (Table 7, Appendix 1) pertains solely to the Company's board.

Health & Safety

The Property Manager ensures that all legislative requirements connected with maintaining safety and security at premises are met where it has operational control. This includes, but is not necessarily restricted to, undertaking regular reviews of health and safety status and performance, undertaking fire risk assessments, including special investigations as presented by the Grenfell disaster for example, and maintaining robust procedures for the control of water hygiene.

Supply chain & community

Much of the Property Manager's supply chain management is delivered through the properties' ISO 14001 accreditation (see page 30). This is applicable to all managed assets. Site managers are given the responsibility to select and manage contractors servicing the sites. They follow the BMO REP supply chain strategy to hire locally and ensure all health and safety and ISO 14001 standards are adopted.

Where the Company has the opportunity to do so it organises occupier and wider community engagement initiatives. This year's spotlights on occupier engagement initiatives provide some colour to what this looked like in 2021.

Governance

The Property Manager has a strong governance structure that ensures its activities are undertaken in the best interests of its stakeholders. Its robust operating procedures and policies ensure the risks associated with illegal practices such as bribery and corruption are in line with local legislation and expectation. The Property Manager's parent organisation, BMO Global Asset Management provides detailed oversight of the arrangements, which includes the requirement for mandatory annual training and declaration for all employees. More details on governance structures can be found in the Annual Report and Accounts.

Spotlight on
occupier engagement activities

Occupier works

Winchester, Student Village, Burma Road

Constructed in 2013, Burma Road Student Village provides 499 student rooms immediately adjacent to the main campus buildings of the University of Winchester. The asset is let on a full repairing and insuring lease to the University of Winchester until 2038 and forms a core part of the University's student accommodation offering.

The Company seeks to promote and facilitate sustainable investment across the portfolio

Given its modern construction and high specification, the asset already benefits from strong ESG credentials and a B-rated Energy Performance Certificate. However, under their Carbon Management Plan, the University of Winchester has set ambitious decarbonisation targets, signalling its intent to become carbon-neutral by 2025. The Company has worked closely with the University to facilitate the installation of Solar Photovoltaic Panels and Air Source Heat Pumps across the Burma Road estate, which will result in the saving of over 100 tonnes of carbon per annum.

5. TCFD Disclosures

Since 2018 our annual ESG report has included disclosures on how the Company is addressing climate-related risks and opportunities. These disclosures are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB). The Company considers physical climate-related risks, such as those related to increased occurrence of extreme weather events, as well as transitional risks, being those that emanate from the move to a low-carbon economy.

The following disclosures provide investors and other interested parties with an insight into the current arrangements and statement of intended actions for 2022 and beyond.

Our approach to climate-related risks and opportunities can also be seen in our 2021 Annual Report on page 28 whilst further detail can be found in our CDP (formerly Carbon Disclosure Project) 2021 response at www.cdp.net/en/responses. The Company published its net zero carbon strategy in January 2022 which can be found on its webpages.

Governance

Recommended Disclosure

Describe the board's oversight of climate-related risks and opportunities.

Current arrangements and activities to date

The Manager's Sustainability Team provides regular progress reports to the Fund Manager who in turn formally updates the Board on salient matters at quarterly Board Meetings. On occasion, the Board will invite the Manager's retained ESG Advisor, Hillbreak Ltd, to provide a report and presentation on topical matters and their potential impact on the Company's activities. This has included particular emphasis on climate-related transition risks and opportunities, linked to the work on setting long-term targets for the portfolio aligned to the goals of the Paris Agreement on Climate Change in line with a recognised science-based targets methodology. Progress on ESG matters, including on climate change, are highlighted in the Company's Annual Report and the aligned ESG Report, both of which are reviewed and signed-off by the Board in discussion with the Fund Manager.

Planned activity and timeframe

The Board will continue to receive regular updates across the full range of material ESG factors to which the Company is attending, including climate change. This will include receiving reports from the Fund Manager on progress against the annual and long-term energy reduction targets, as well as updates on external factors which may prompt the need to review those targets.

Further to the Board receiving a report in 2021 on the exposure of the portfolio to, and the potential financial implications of, physical climate risk factors, such as future changes in the frequency and severity of extreme weather events the Board will be looking to direct the Fund Manager to take appropriate action in the context of the findings of the analysis, as well as extending the modelling to transition-related risk analysis.

The Board has appointed a lead director to set appropriate terms of reference and establish a formal ESG Committee in 2022 to create further formality to the consideration, integration and monitoring of performance around ESG factors.

Recommended Disclosure

Describe management's role in assessing and managing climate-related risks and opportunities.

Current arrangements and activities to date

As part of its ESG programme, the Manager is responsible for ensuring that climate-related risks and opportunities are integrated into operational processes and asset management decisions, including by monitoring relevant performance and risk metrics, making recommendations to the Board on appropriate objectives and targets, and arranging for the implementation of measures necessary to fulfil these.

Regarding assessment of risks, these responsibilities include making sure that the Company has adequate technical and strategic expertise on climate-related risks and opportunities at its disposal. In addition to the retained role of the strategic ESG advisor, this has included procuring analysis and advice on setting a pathway for energy and carbon reduction in line with the Paris Agreement on Climate Change toward a net zero carbon ambition and target year. During 2020 the Company engaged with climate specialists from WSP to assess the potential impacts on the portfolio of the physical risks and opportunities presented by climate change.

To ensure risks and opportunities are managed, the Manager has an established ESG Committee, with links to the BMO Global Asset Management Responsible Investment Team. The ESG Committee is chaired by the Manager's Head of Sustainability and attended by representation across the business, including two members of the Manager's Executive Leadership Team, including the Fund Manager. It convenes on a quarterly basis to oversee the Manager's ESG-related activities and commitments, of which climate-related topics are a standing agenda item. The agenda also includes commentary from Hillbreak Ltd which typically covers notable movements in the regulatory landscape, climate science and market changes, as well as monitoring the progress of environmental training delivered to asset and building managers.

The Manager's employees have an annual personal appraisal process, which reviews goals that incorporate ESG with reference to energy efficiency and carbon emissions. Progress against personal goals is one of the considerations contributing to employee remuneration.

Planned activity and timeframe

The Company has appointed a lead director who will in 2022 establish the Company's ESG Committee to provide further dedicated oversight and governance to that provided by the Manager's arrangements.

During 2022, the Manager will be instructing consultants to undertake a climate transitional risk and opportunities assessment, while simultaneously reviewing the position of an initial number of significant portfolio assets on the trajectory to net zero carbon.

Strategy

Recommended Disclosure

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.

Current arrangements and activities to date

The two principal forms of climate-related risk pertinent to the Company are from the potential exposure of its portfolio to the physical effects of climate change and from the growing regulatory and market demands associated with the transition to a low-carbon economy. The relevance of these factors is heightened by the relatively long-term nature of our typical holding periods.

Following the 2020 physical climate-related risk and opportunities review by WSP, it was confirmed that, given the location of the assets, the short to medium term risks to the Company are low. In the short-term, these lower risks arise from increased rainfall and associated changes to levels of potential flooding (for which we update asset-level flood risk screening analysis periodically).

We understand the biggest transition risk currently to be from the restrictions on property transactions associated with building energy performance regulations in England & Wales and, separately, in Scotland. Changes in the risk profile of the portfolio for these factors are confirmed at least annually and documented in the annual ESG Report.

Planned activity and timeframe

Further work is required to identify any other risks and opportunities associated with the transition to a low carbon economy. During 2022, the Manager will be instructing consultants to undertake such an assessment.

Recommended Disclosure

Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning

Current arrangements and activities to date

A core principle of our approach to ESG is to ensure portfolio resilience. In that regard, we seek to:

- Identify and address environmental and social risks through effective asset planning and property management.
- Deliver operational efficiencies and strengthen the appeal of assets under management through smart and efficient use of resources.
- Understand and respond to the increasing expectations of occupiers, regulators and investors

To date, the level of short-term risk facing the portfolio from physical climate risks has not been deemed to have a substantive financial or strategic impact; most assets face low or negligible flood risk, whilst insurance cover, contingency planning and property management arrangements are considered adequate in this current context.

The exposure of assets to physical climate risks in the short, medium and longer terms is incorporated into individual asset business plans, contributing to wider considerations around strategies to exploit opportunities and mitigate risk.

We continue to monitor changes in the extent of asset and portfolio-level flood risk. Our current analysis is set out in Section 6 of this report. Our judgement continues to be that the overall level of risk is low, albeit that more detailed analysis will be undertaken for those limited number of assets at which the level of risk elevated.

Our Strategy and asset business planning has evolved to take account of transition risks associated with energy performance ratings and consumption. This is explained in detail in Section 6 of this report.

This involves classifying assets based on the materiality of their energy performance characteristics, putting in place energy reduction plans for those assets where landlord energy consumption is significant.

In respect of medium-term risks and opportunities, work has been completed to understand the extent of the measures that would need to be implemented by 2031 across the portfolio to ensure that energy and carbon reduction levels reduce in line with the goal of keeping global warming to less than 1.5ºC above pre-industrial levels, in line with the Paris Agreement on climate change. Taking account of reasonable assumptions for grid decarbonisation and future churn in the portfolio, we have ascertained that annual energy reduction needs to be of the order of 3% where the Company has some control over energy consumption.

Planned activity and timeframe

During 2022, the Company will complete physical climate scenario modelling by exploring appropriate criteria, approaches and methodologies for evaluating transitional climate risk and potential impacts on the portfolio.

Moreover, and building on the publication of its net zero carbon strategy in 2022, the Company will commence its programme of undertaking individual building assessments to understand the technical feasibility and associated costs of potential interventions so that individual property action plans can be developed in the context of regular asset business planning activities. The Company will reflect on the need to adjust its asset classification methodology in the context of positioning assets relative to the Company's net zero carbon commitment.

Recommended Disclosure

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Current arrangements and activities to date

A scenario-based analysis of physical climate risks together with an assessment of the resilience of the Company's strategy has determined that the portfolio is well positioned to mitigate short and medium term risks associated with overheating and cooling demands, storm damage, soil shrinkage and heightened flood perils.

Planned activity and timeframe

In 2022, and building on its completed physical risk analysis, the Company will look at expanding its climate considerations towards transitional risk.

Risk Management

Recommended Disclosure

Describe the organisation's processes for identifying and assessing climate-related risks

Current arrangements and activities to date

Climate risks are integrated into multi-disciplinary company-wide risk identification, assessment, and management processes and are considered at each key stage of the property investment process, including:

- Enhanced due diligence assessments when looking at potential real estate acquisitions, including consideration of multiple flood risk factors, energy efficiency, metering and ratings.
- Annual reappraisal of the ESG characteristics of assets held by the Company, including reclassifying assets according to changes in their energy risk profile in order to determine the frequency and extent of asset management routines and interventions

Planned activity and timeframe

From 2022, we will enhance our acquisition due diligence approach to take fuller account of longer-term climate risk factors, including:

- Sensitivity to potential changes in the cost and availability of insurance cover.
- Potential effects of physical climate risks including in relation to overheating and cooling demand, storm damage, soil shrinkage and heightened flood risk.

This will complement our current scenario-based analysis of physical risk exposure of the standing portfolio.

Recommended Disclosure

Describe the organisation's processes for managing climate-related risks

Current arrangements and activities to date

Ultimate responsibility for managing climate-related risks across the portfolio rests with the Fund Manager, using the intelligence gained from enhanced due diligence and annual reappraisal of climate characteristics at the individual asset level. Of particular note in this regard, are the following core risk management features of their asset and property management procedures.

- Making sure that information and recommendations compiled by the ESG Appraisal process, either during acquisition or as a routine of the asset and property management process, are utilised when preparing and signing-off on Asset Business Plans. Incorporating appropriate actions to mitigate climate-related risks and capture related opportunities into Asset Business Plans.
- Safeguarding the transition and physical risk resilience credentials of a property when negotiating leases and considering applications for alterations, especially in relation to energy performance ratings
- Targeting optimal performance and resilience outcomes when undertaking development or refurbishment work

These core requirements are applied across all of our assets, although the frequency and depth of certain actions is proportionate to the circumstances of each asset, as defined by the Property Manager's Asset Classification System.

Planned activity and timeframe

From 2022, we will incorporate specific climate-related considerations into our investment criteria for acquisitions, hold/sell and capital expenditure decisions, recognising that:

- Options for improving the resilience of assets for which a long-term hold is envisaged could be highly cost-effective, give rise to ancillary benefits (such as improved occupier comfort) and should therefore be prioritised.
- In some situations, it may be advantageous to the Company to sell an individual asset that is exposed to a material climate-related risk that cannot be cost-effectively mitigated within the context of our investment strategy.
- Recycling of capital can be a useful way of reducing risk exposure of the portfolio over time.

Recommended Disclosure

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Current arrangements and activities to date

Ownership and management of all risks, including climate-related risks, is the responsibility of the the Board of Directors, devolved through its Audit Committee. The Fund Manager, reporting to the Board, is responsible for ensuring the operating effectiveness of the internal control systems, whilst Asset Managers, supported by the Property Manager's sustainability team, are responsible for implementing key risk mitigation plans. Climate-related risks are included in this process.

Planned activity and timeframe

We will deliver briefing and training sessions to our asset, property and project managers so they are aware of risks and opportunities and recommended actions for improving the resilience of individual assets

Metrics and Targets

Recommended Disclosure

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Current arrangements and activities to date

See pages 17-20 for detail.

Planned activity and timeframe

During 2022, we will refine the suite of metrics we use to monitor our exposure to climate risk and opportunity as is necessary. This may include the addition of Risk Adaptation and Mitigation Metrics pertaining to revenues and expenditures.

Recommended Disclosure

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Current arrangements and activities to date

Disclosed in our 2021 ESG Report, published following the completion of independent verification on our scope 1 and 2 emissions data by Lucideon.

Planned activity and timeframe

To be disclosed annually in the Annual Report & Accounts from 2021.

Recommended Disclosure

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Current arrangements and activities to date

Short-term:

We have established annual targets to reduce landlord energy consumption on a like-for-like basis by an average of 3% across the portfolio.

In parallel, we established a target of having renewable electricity supplies for all landlord-procured power by the end of 2018. This has been largely achieved with the exception of small de-minimis supplies and FRI assets which revert back to landlord control with no commercial opportunity to switch supplies ahead of contract renewal.

Medium-term:

We worked with Verco Advisory to set our target for reducing the energy intensity of the portfolio by 20% per square meter by 2031, against a 2016 baseline, for landlord-procured energy. Using the location-based method the Company's science-based targets will therefore be based on energy consumption rather than emissions production

Long-term

We worked with Cundall to establish the Company's 2019 carbon emissions and use as a baseline for developing a net zero carbon ambition, strategy and pathway in line with real estate industry developed expectation. The Company has set its net zero carbon target as 2040 or sooner.

Planned activity and timeframe

From 2022, the Company will set net zero carbon pathways for individual property assets, in line with its recently published net zero carbon strategy. It will also reconnect with SBTi with a view to pursuing independent accreditation of its net zero carbon methodologies.

Metrics & Targets				
	Metric	**2021**	**2020**	**% change**
Financial category: **Expenditures (Energy/Fuel)**	Like-for-like electricity consumption (kWh)	4,592,067	4,636,154	-1%
	Like-for-like fuel consumption (kWh)	3,606,569	3,769,028	-4%
	Average building energy intensity (kWh/m^2 NLA)	101	92	10%
	Proportion of assets where whole building energy consumption is available for the previous calendar year (%)	5%*	23%	Direct comparison not currently possible
Financial category: **Expenditures (GHG emissions)**	GHG emissions	See pages 23 and 40		
Financial category: **Expenditures (Water)**	Like-for-like consumption (m^2)	14,998	16,010	-6%
	Water intensity (m^3/m^2 NLA)	0.47	0.50	-5%
Financial category: **Assets (Location)**	Percentage of capital value of portfolio located in areas exposed to higher fluvial flood risk (% capital value)	4.75%	5.75%	-18%
Financial category: **Assets (Risk Adaptation & Mitigation)**	Proportion of assets that are BREEAM rated (% NLA)	14%	15%	-7%
	Distribution of EPC ratings (% rental value, % NLA)	See pages 31-33		
	Number of assets in which HVAC systems use HCFC coolants (# assets)	6	7	-14%

* Occupier energy data collection exercise for calendar year 2021 not initiated until Q2 of 2022 to allow time for occupiers to gather and analyse their consumption. Percentage shown reflects assets where landlord procures whole building energy.

6. ESG risk profile

The ESG Risk Profile described in this section presents key data collated by BMO REP as part of its ongoing process of appraising all held assets using its ESG Appraisal system. It provides a picture of the key ESG characteristics of the BCPT portfolio at 31 December 2021 with respect to issues such as environmental management, flood risk, energy performance and contamination.

Asset classifications

We have devised a classification system that enables resources to be directed at those assets for which the risks and potential enhancement opportunities are likely to be greatest.

Importantly, the classification of an asset determines the frequency and extent to which its ESG characteristics and performance are monitored within the asset and property management process. For example, the relevant Asset Manager should review Property Manager reports on environmental performance against targets, as well as progress against Asset Action Plans, for Level 1 assets on a quarterly basis. For Level 2 assets, the frequency of the review is reduced to six months, whereas for Level 3 assets, where there is no landlord energy spend, there is no requirement to review consumption on a regular basis.

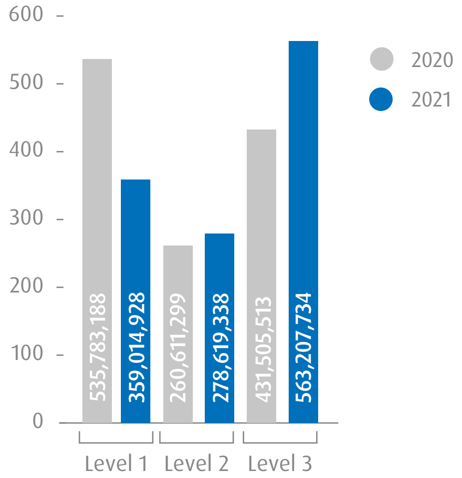
BMO REP has in place clear procedural guidelines to assist asset and property managers in this regard.

The classification of individual assets has changed: firstly reflecting differences in energy ratings, and secondly reflecting complete landlord energy spend data.

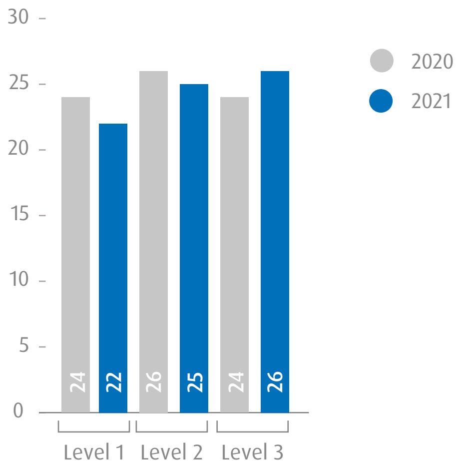
The charts to the right and overleaf show the distribution of asset classifications across the portfolio, with reference to number of assets, capital value and by property type.

Figure 3: Asset classification

Capital value (£) 2021 v 2020



Number of Assets 2021 vs 2020



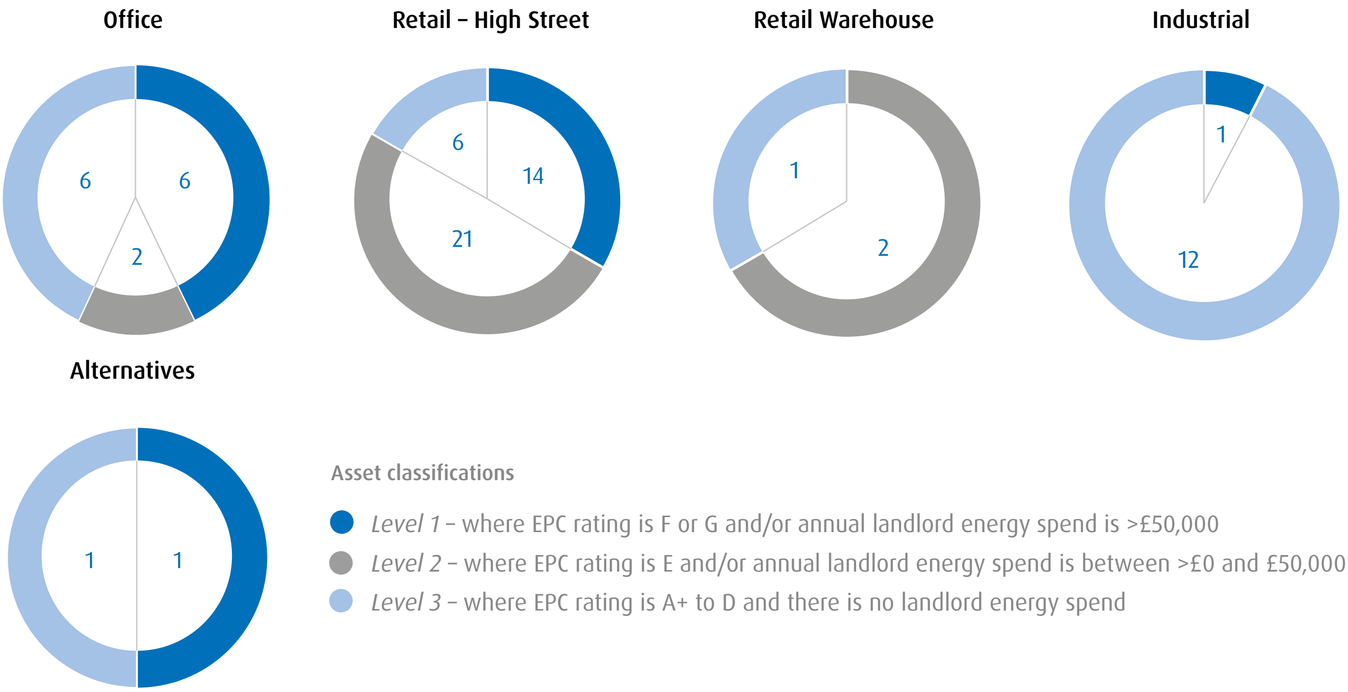
Asset classifications

Level 1 – where EPC rating is F or G and/or annual landlord energy spend is >£50,000

Level 2 – where EPC rating is E and/or annual landlord energy spend is between £0 and £50,000

Level 3 – where EPC rating is A+ to D and there is no landlord energy spend

Figure 3 (continued): Asset classifications by property type



Flood risk

The exposure of the portfolio to the principal sources of flood risk is shown in the Flood Risk Dashboard (figure 4). This shows that, taking account of flood defences, the vast majority of the portfolio is at negligible or low risk of flooding from rivers or seas, with less than 5% of capital value at high risk of flooding from this source. Groundwater flood risk is similarly limited, with 2% of capital value deemed to be at high risk. The higher levels of risk are confined to a small number of office, logistics and retail warehouse assets.

Surface water flood risk is more significant, commensurate with the urban context of the majority of the assets that we hold. Nevertheless, over 90% of capital value is found to be at negligible or low risk.

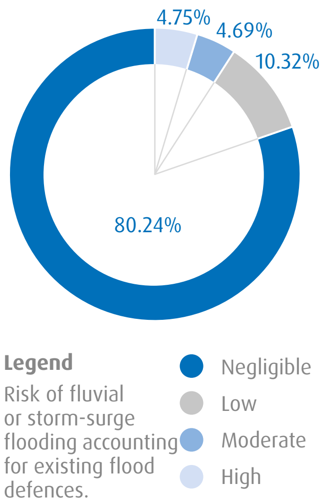
Any changes to flood risk ratings, first recorded in 2017, are as a consequence of updated data sets used to determine this risk. For further information on the flood risk methodology, see Appendix 1.

The principal elements of our approach to managing flood risk include:

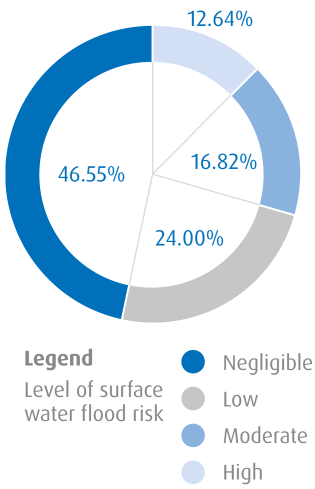
- Undertaking regular flood risk assessments of all held assets to keep our overview of portfolio risk exposure under regular review.
- Undertaking flood risk assessments, including an assessment of repairing obligations within lease terms, at the pre-acquisition stage for all assets in which we consider investing and taking account of any material issues in investment decisions and subsequent asset business planning.
- Analysis of future changes in flood risk exposure under different climate change scenarios, as described in more detail in Appendix 3.
- Ensuring that we have adequate insurance cover in place.
- In areas of higher risk, maintain a watching brief on insurance premiums and planning decisions for development work, including in relation to change of use decisions which may be pertinent to future asset strategy.
- For assets subject to higher levels of direct risk, review asset files, including purchase reports, to ensure that detailed flood risk information is held by the Company.
- For directly managed assets in areas of high and moderate indirect risk, prepare operational contingency plans so that anticipatory and responsive measures can be put in place effectively to deal with local disruption, and ensure that tenants are engaged in this process.
- Engage with our tenants in those assets that are not directly managed but to which higher levels of risk apply, to ensure that they can be prepared for a possible future flood event.
- Ensuring that flood resilience is a feature of our approach to sustainable development and refurbishment.

Figure 4: 2021 Flood risk comparison

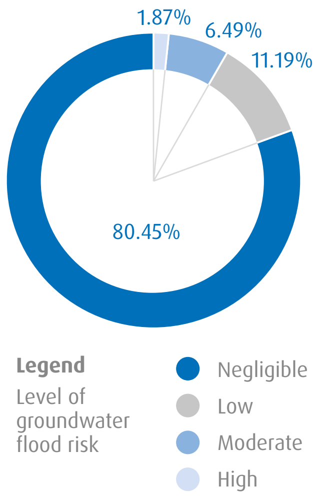
Fluvial flood risk
Distribution of risk ratings as a proportion of total Capital Value



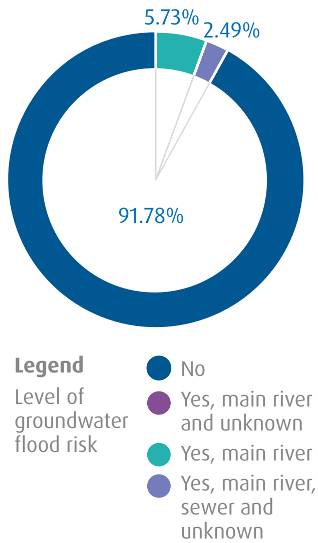
Surface water flood risk
Distribution of risk ratings as a proportion of total Capital Value



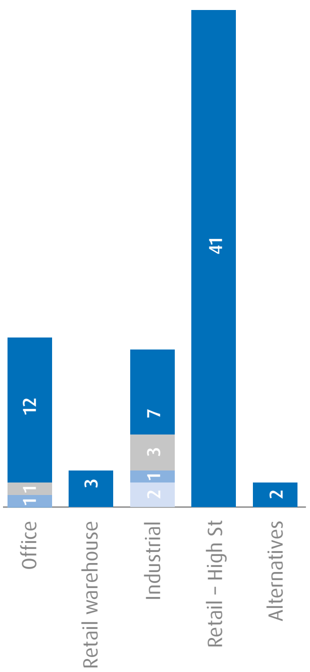
Groundwater flood risk
Distribution of risk ratings as a proportion of total Capital Value



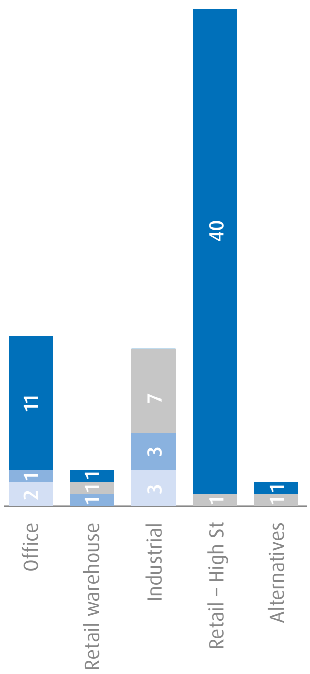
Historic flooding
Distribution of historic flood incidents in relation to total Capital Value



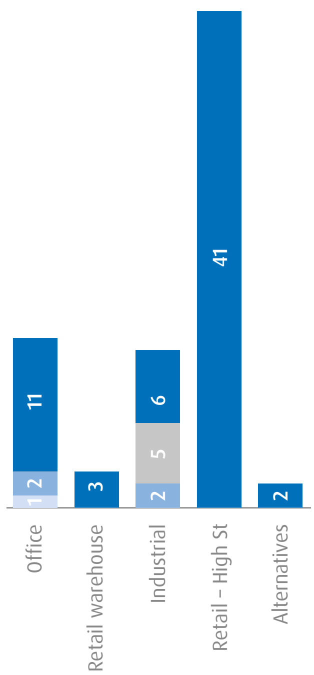
Fluvial flood risk by sector
Distribution of risk ratings by number of assets



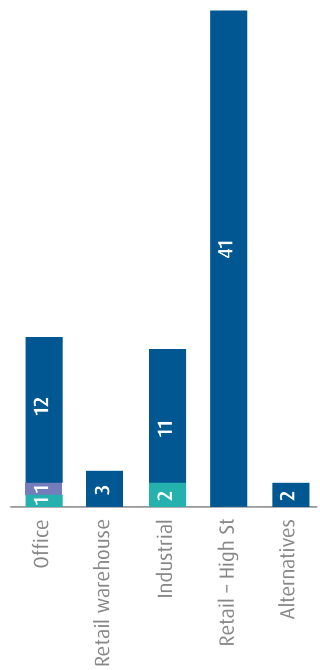
Surface water risk by sector
Distribution of risk ratings by number of assets



Groundwater risk by sector
Distribution of risk ratings by number of assets



Historic flooding by sector
Distribution of risk ratings by number of assets



Risk definitions

Fluvial & tidal (defended) flood extents

- High [>3.3% event]
- Moderate [between 3.3% & 1%]
- Low [between 1% and 0.1%]
- Negligible [<0.1%]

Risk definitions

Pluvial (surface water) flood extent

- High [>1% event, where flood depths >1m]
- Moderate [>1% event, where flood depths between 40cm to 1m]
- Low [>1% event, where flood depths between 20cm to 40cm]
- Negligible [>1% event, where flood depths <20cm]

Risk definitions

Groundwater flood extent

- High
- Moderate
- Low [>1% likelihood]
- Negligible [<1% likelihood]

EPC ratings

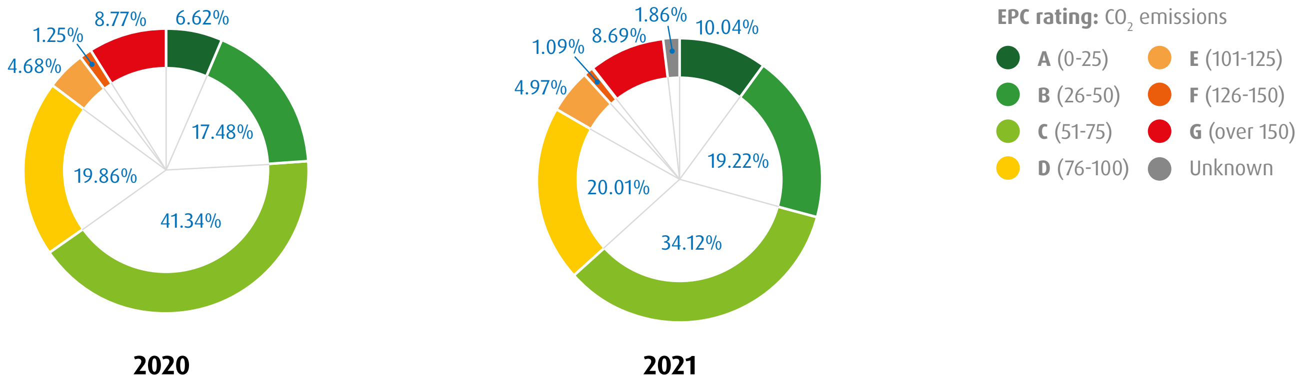
The dashboard below provides a summary of the profile of Energy Performance Certificate (EPC) ratings for the portfolio. The majority of the UK portfolio - from both a rental value and floor area perspective - achieves higher EPC ratings of A to C, indicating a good level of modeled energy performance for the portfolio. Indeed, the two lowest ratings F and G apply in combination to only 8.46% of rental value and 4.95% of the total lettable floor area respectively. When benchmarked within individual property types, high street retail assets and alternatives have the greatest proportion of income and floor area ascribed to these lower ratings. This is fairly consistent with the wider market, where retail tenant fit-outs are renowned for having a detrimental effect on energy ratings.

When viewed specifically within the context of our properties located in England & Wales, the jurisdiction within which regulations pertaining to Minimum Energy Efficiency Standards (MEES) apply, the proportion of rental value that is associated with F- and G-ratings is marginally higher than the UK-wide portfolio, at 10%. By number, this is 7%, compared to an average of just over 10% of commercial EPCs lodged on the register for England and Wales. The Company continues to monitor the evolving landscape around energy efficiency in buildings through its Property Manager's involvement with the Better Buildings Partnership and is cognisant of the UK Government's ambition to harden the minimum performance threshold to a B rating by 2030.

Figure 5: 2020 and 2021 profile of EPC ratings

Distribution of EPC ratings by rental value

Assets in England & Wales only



Distribution of EPC ratings by net lettable area

Assets in England & Wales only

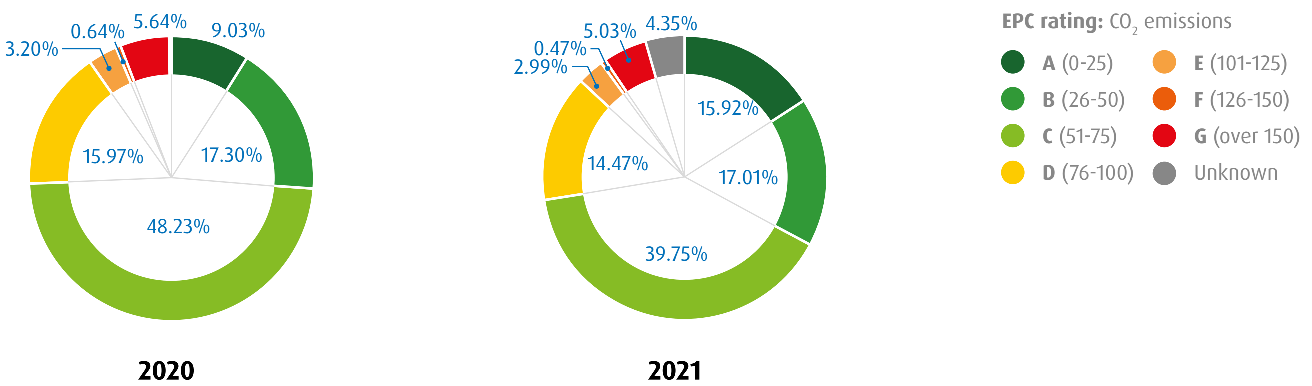
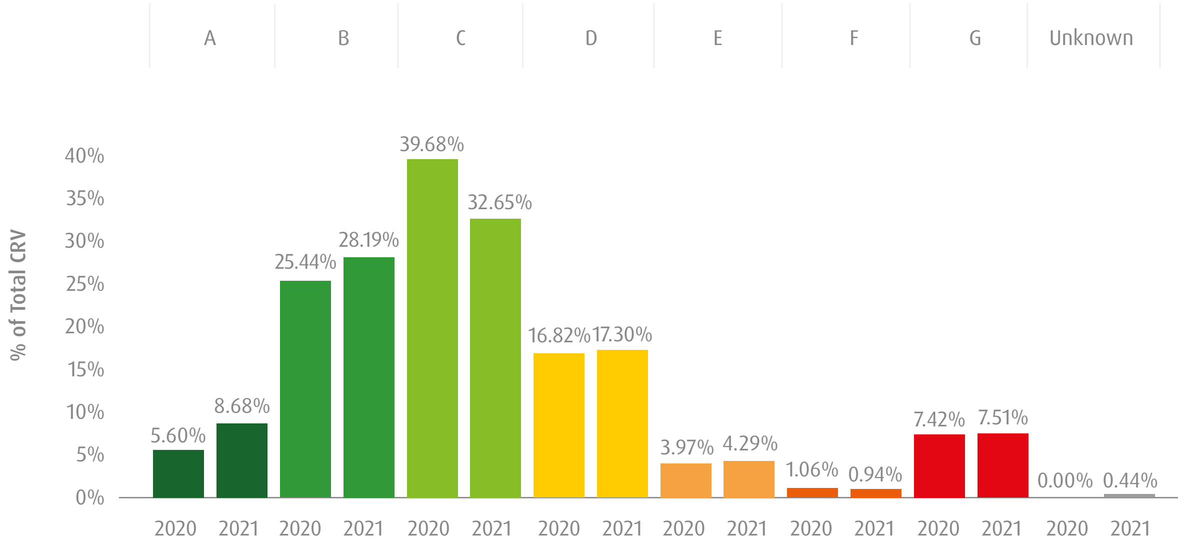


Figure 5 (continued): 2021 profile of EPC ratings

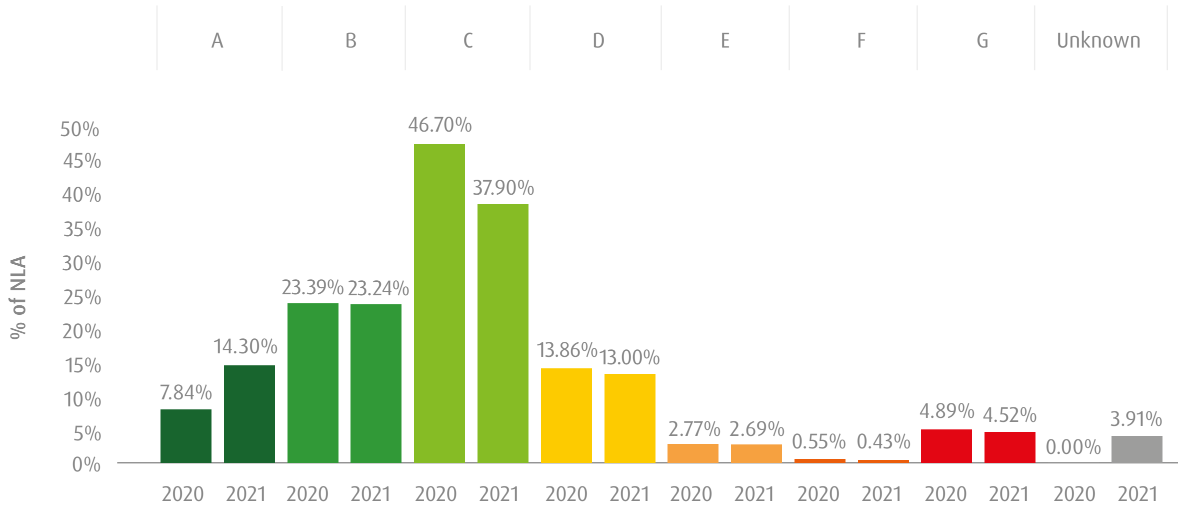
EPC ratings by rental value

Whole portfolio – including assets in Scotland



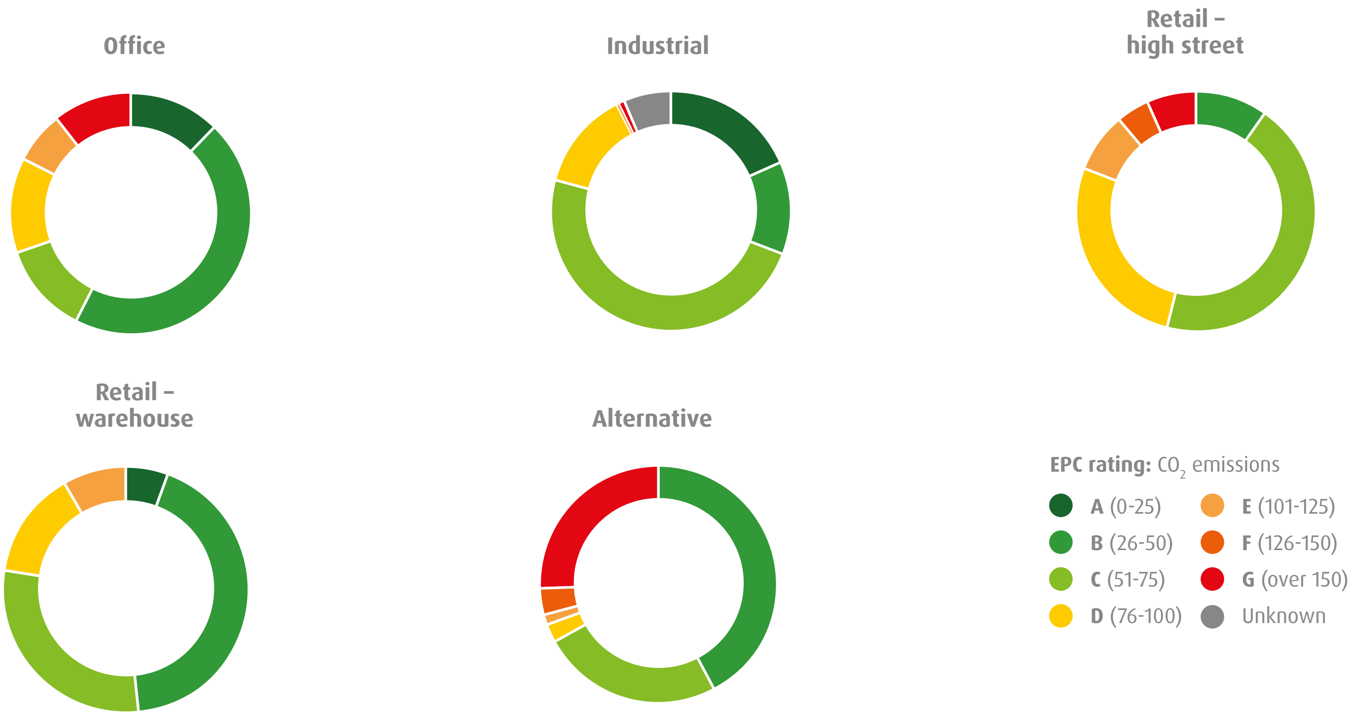
EPC ratings by net lettable area

Whole portfolio – including assets in Scotland



During 2021 25 replacement EPCs were obtained; 11 of these were followed refurbishments at St Christopher's Place- a combination of residential and commercial space that improved the EPCs- including 4 F and G-rated certificates- to B and C ratings. The rest of the replacements were of certificates that expired during the year. Of these 79% maintained the same or improved ratings. However, some saw a rating deterioration generally as a result of no opportunities to make energy efficiency improvements to counter the continuing uplift in performance standards and thresholds.

Sector distribution of EPC ratings (NLA)
Whole portfolio – including assets in Scotland



Sector distribution of EPC ratings (by rental value)
Whole portfolio – including assets in Scotland

Notes

1 Data used for rental value are estimated rental values (ERV) except for a few (de minimis) commercial leases for which ERV data is not held, for which current rental values (CRV) have been used.

2 A notional ERV of £50/sq ft has been applied to all short term residential let units at St Christopher's Place in the absence of precise rental data.

EPC ratings (continued)
We have in place a comprehensive policy and strategy for managing the risks associated with MEES, with particular emphasis on ensuring that:

- We maintain comprehensive records ensure clear visibility on related risks.
- We procure high-quality EPC assessments from best-in-class providers so that the ratings we hold are accurate and the information supporting them is useful for managing performance.
- We are well-sighted on energy performance risk when acquiring assets and when preparing for and executing lease transactions.
- We have robust processes in place to ensure that EPC ratings are optimised through development, refurbishment and routine property management activities.
- We have in place comprehensive information to support sales when we choose to bring properties to the market.

These measures enable us to take timely and cost-effective action to address energy ratings ahead of a legislative restriction on transactions, as well as ensuring we future-proof our assets to changing regulations and standards – delivering occupational benefits for our customers and sustainable returns for our shareholders in the long-term.

Other ESG risk metrics

The profile of the portfolio with reference to a range of additional ESG attributes is shown in Figure 6, below. This indicates that the exposure of BCPT assets to various environmental risk criteria is limited.

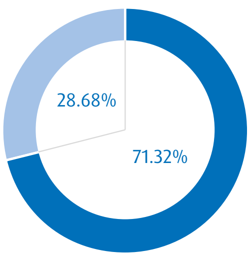
Current contamination risk
There is no change in status from the previous year. With reference to capital value, the majority (71%) of the portfolio is at low risk of contamination, whilst the reminder is at the modestly elevated level of moderate-low risk. Contamination is an ‘investment critical’ criteria within our ESG Appraisal process when considering potential acquisitions. FRI assets over which we have no direct management control benefit from an annual inspection by an asset manager, whilst directly managed assets have the benefit of our Environmental Management System, certified to the ISO 14001 standard, of which the prevention and management of contamination is part.

HCFC coolants
Seven assets within the portfolio have air-conditioning equipment, under landlord control, that utilise hydrochlorofluorocarbons coolant which are subject to the European F-Gas Regulations for the phasing out of ozone depleting substances.

There were two instances of refrigerant leakages in 2021 that were highlighted during routine maintenance and have now been addressed. These accounted for 27% of reported scope 1 emissions in 2021.

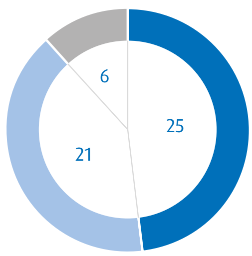
Figure 6: Other ESG risk metrics

Current contamination risk
Distribution of risk ratings as a proportion of total Capital Value



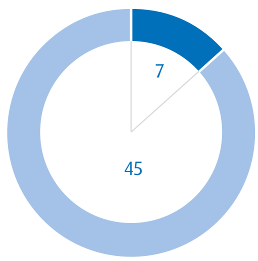
What is the current level of risk?
Low · Moderate-Low

HCFC coolants
No. of directly managed assets in which HVAC systems using HCFCs are present



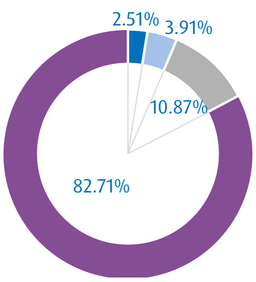
Are HCFCs (eg. R22) used in cooling systems?
Tenant Responsibility · No · Yes

Building manager ESG training
Directly managed assets for which Building Managers have received ESG training



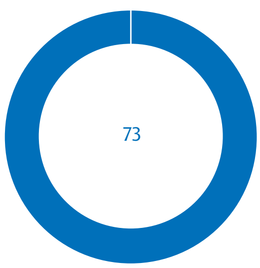
Level of training received
Advanced · Foundation · None

Green building certification
Distribution of green building ratings with reference to Net Lettable Area



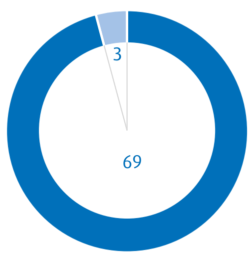
Green building certification scheme & rating
BREEAM Excellent · BREEAM Excellent (predicted) · BREEAM V. Good · None

Statutory wildlife designations
Assets to which statutory nature conservation designations apply



Are there any statutory wildlife designations (eg. SSSI, Ramsar, SPA, SAC)?
No

Aquifer protection zones
No. of assets which are situated in Acquifer/Groundwater Protection Zones



Does the site fall within an Aquifer/ Groundwater Protection Zone?
No · Yes

Distribution of green building ratings with reference to net lettable area

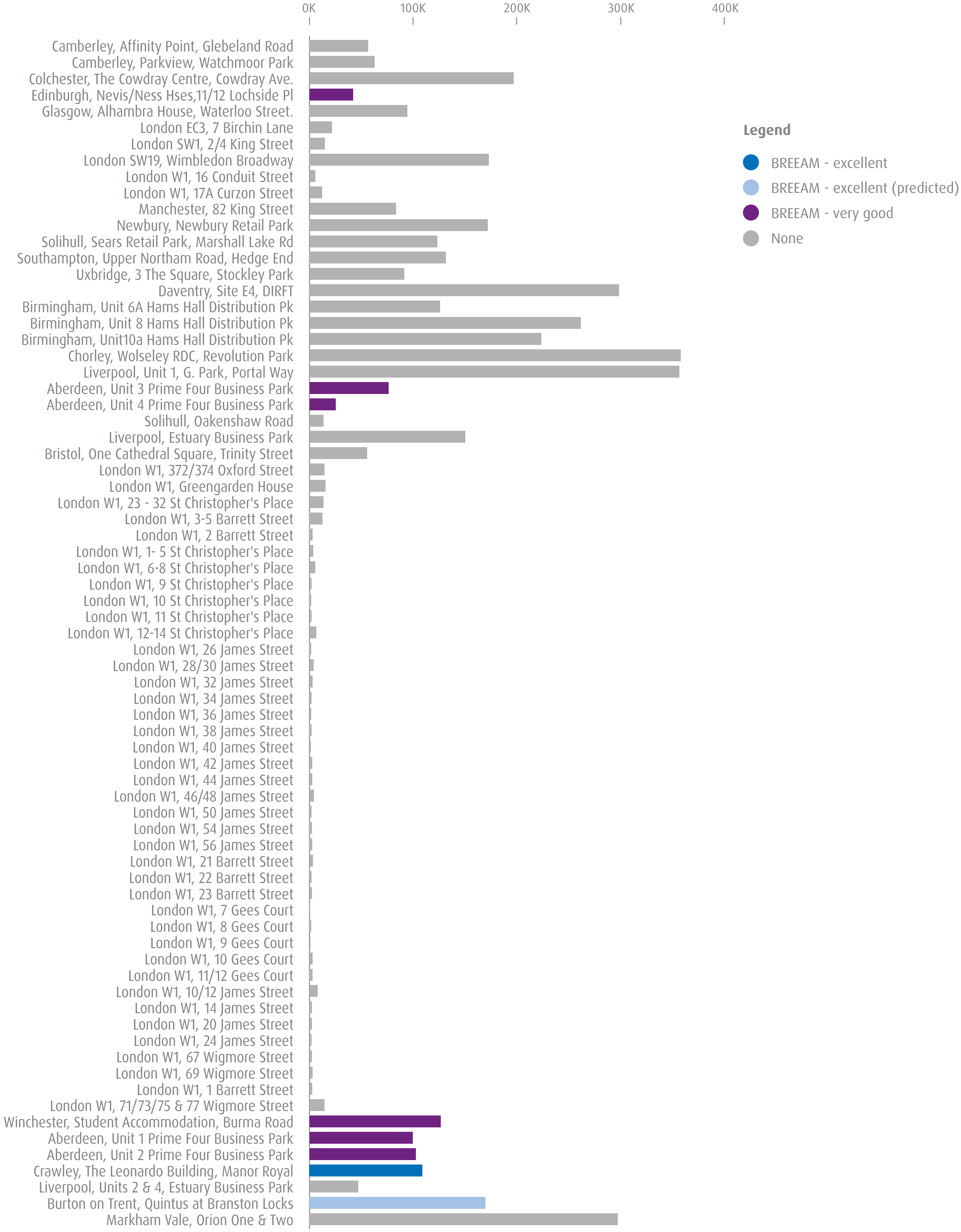
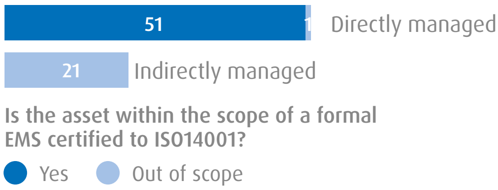


Figure 6 (continued): Green building certification by asset

Building user guides
Management

Environmental management systems
Management



Groundwater source protection zones

Consistent with the position last year, two properties – Newbury Retail Park and Portal Way, Liverpool (Logistics) – fall within Groundwater Source Protection Zones. These are designated zones around public water supply abstractions and other sensitive receptors that signal there are particular risks to the groundwater source they protect. We ensure that pollution prevention measures are kept under close attention in these areas of elevated risk. A new acquisition this year in Burton, currently under development, also sits within a groundwater source protection zone.

Statutory wildlife designations

None of our properties are affected by statutory wildlife designations.

Building manager ESG training

Building managers at material directly managed sites undertook training on ESG during the year, with a focus on the new data management platform, Envizi. External agents of other sites with some management control continued to receive regular direction on ESG matters so that aspirations and interventions are aligned.

Green building certification

Eight properties have attained a formal BREEAM rating, all of which pertain to new construction or major refurbishment projects. Collectively, these account for around 17% of the total Net Lettable Area of the portfolio.

Building user guides

Building user guides, which provide information on the safe and efficient running of properties, are in place at 42 assets. These cover aspects including:

- The principles of the building design and how these influence its operation.
- Procedures for operating heating, lighting and cooling systems.
- Means of access and transport information, including in relation to cycling provision, local public transport, car sharing schemes etc.
- Security and safety systems.
- Channels available for reporting problems or concerns, and how these should be dealt with by the building manager.

Environmental Management System

An Environmental Management System (EMS) accredited to the ISO 14001 standard and covering energy, water, waste and the control of hazardous substances has been established by BMO REP and applies to all directly managed assets with one exception being 16 Conduit Street in London (high street retail asset), which is considered de minimus in terms of the landlord's environmental impact.

Appendix 1: EPRA sBPR performance data to 31 December 2021

This section of the ESG Report has been written in accordance with the European Public Real Estate Association's (EPRA) sustainability Best Practices Recommendations (sBPR), which are principally aligned with the Global Reporting Initiative (GRI) standards. BMO REP has taken responsibility for providing the data held within this report.

Scope

BCPT had an overall investment in real estate of £1.201 billion as at 31st December 2021.

Where there is a landlord-obtained supply of water, electricity and/or natural gas, the respective data on water and energy consumption has been analysed for this report. BMO REP also arranges for full or partial waste collection and disposal at 12 properties, equating to 27% of the whole portfolio by floor area.

Landlord-procured utilities may be consumed in the whole building, in shared spaces only, or by tenants in their leased demises. Properties where a full repairing and insuring (FRI) lease is in place are outside the scope of this ESG Report, as the respective occupiers are responsible for property management, including the procurement of utility supplies.

Thus, the organisational boundary used for the environmental data in this report is based upon operational control. This is explained in more detail in the notes on environmental data contained in Appendix 2.

BCPT has no employees or premises, however, the Company believes it to be appropriate to refer to the environmental footprint associated with the operational activities of our Property Manager as a form of proxy for our own impacts. BMO REP manages several listed and non-listed property funds and is resourced accordingly.

EPRA sBPR code	Code meaning	Table number	GRI standard and CRESD indicator code
Elec-Abs (4.1)	Total electricity consumption	1	302-1
Elec-LfL (4.2)	Like-for-like total electricity consumption	1	302-1
DH&C-Abs (4.3)	Total district heating and cooling consumption	Excluded	302-1
DH&C-Lfl (4.4)	Like-for-like total district heating and cooling consumption	Excluded	302-1
Fuel-Abs (4.5)	Total fuel consumption	1	302-1
Fuels-LfL (4.6)	Like-for-like total fuel consumption	1	302-1
Energy-Int (4.7)	Building energy intensity	1	CRE1
GHG-Dir-Abs (4.8)	Total direct greenhouse gas emissions	2	305-1

EPRA sBPR code	Code meaning	Table number	GRI standard and CRESD indicator code
GHG-Indir-Abs (4.9)	Total indirect greenhouse gas emissions	2	305-2
GHG-Int (4.10)	Greenhouse gas emissions intensity from building energy consumption	2	CRE3
Water-Abs (4.11)	Total water consumption	3	303-1
Water-LfL (4.12)	Like-for-like total water consumption	3	303-1
Water-Int (4.13)	Building water intensity	3	CRE2
Waste-Abs (4.14)	Total weight of waste by disposal route	4	306-2
Waste-Lfl (4.15)	Like-for-like total weight of waste by disposal route	4	306-2
Cert-Tot (4.16)	Type and number of sustainably certified assets	6	CRE8
Diversity-Emp (5.1)	Employee gender diversity	7	405-1
Diversity-Pay (5.2)	Gender pay ratio	7	405-2
Emp-Training (5.3)	Training and development	N/A	404-1
Emp-Dev (5.4)	Employee performance appraisals	N/A	404-3
Emp-Turnover (5.5)	Employee turnover and retention	N/A	401-1
H&S- Emp (5.6)	Employee health and safety	N/A	403-2
H&S-Asset (5.7)	Asset health and safety assessments	Page 38	416-1
H&S-Comp (5.8)	Asset health and safety compliance	Page 38	416-2
Comty-Eng (5.9)	Community engagement, impact assessments and development programmes	Page 38	413-1
Gov-Board (6.1)	Composition of the highest governance body	9	102-22
Gov-Select (6.2)	Nominating and selecting the highest governance body	8	102-24
Gov-Col (6.3)	Process for managing conflicts of interest	8	102-25

Environmental

Energy

The Property Manager continues to engage the services of Envizi, a third-party environmental data platform provider, to host and report energy, water and waste data on those assets the Company owns where these services are, in part or entirely, under Company control. The figures presented in this section show the outcome of the in-house analysis of this data, and include properties for which there has been some Company responsibility during the reporting period from transient utility supplies, typically those associated with vacant demised premises. The following tables show the results of the BMO REP analysis of this data. The output covers the energy consumption and intensities (energy use by respective area) of relevant assets.

Since October 2018, where the Company is responsible for procurement of energy, it has secured renewable electricity on any change in electricity contract. Since October 2020 this has extended to gas supply contracts.

The current and prior year absolute energy figures and subsequent emissions were verified by an independent external party, Lucideon. The conclusion of the verification can be found in Appendix 4.

EPRA sBPR codes DH&C-Abs and DH&C-LfL are excluded as no district heating and cooling is provided within the portfolio.

Table 1: Energy consumption

Measure (units)	EPRA code		Industrial	Offices	Retail (Inc. SCP)	Retail warehouse	Alternative	Grand Total
Electricity consumption (kWh)	Elec-Abs	2021	1,127	4,036,576	564,405	43,104	207,763	4,852,976
		2020	6,998	3,944,410	451,447	63,604	192,152	4,658,611
With proportion of landlord procured electricity from renewable sources		2021	20%	100%	88%	100%	100%	99%
		2020	3%	74%	83%	81%	100%	76%
Change in electricity consumption (kWh/%)	Elec-LfL	2021	225	3,776,570	564,405	43,104	207,763	4,592,067
		2020	213	3,941,120	451,447	51,222	192,152	4,636,154
		%	5.58% ↑	-4.18% ↓	25.02% ↑	-15.85% ↓	8.12% ↑	-0.95% ↓
Natural gas usage (kWh)	Fuel-Abs	2021	N/A	3,947,367	66,493	N/A	N/A	4,013,860
		2020	N/A	3,710,454	63,190	N/A	N/A	3,773,644
With proportion of landlord procured natural gas from renewable sources		2021	N/A	60%	13%	N/A	N/A	59%
		2020	N/A	7%	0%	N/A	N/A	0%
Change in natural gas consumption (kWh/%)	Fuel-LfL	2021	N/A	3,543,217	63,352	N/A	N/A	3,606,569
		2020	N/A	3,710,454	58,574	N/A	N/A	3,769,028
		%	N/A N/A	-4.51% ↓	8.16% ↑	N/A N/A	N/A N/A	-4.31% ↓
Energy intensity (kWhe/m² NLA)	Energy-Int	2021	0.2	146.4	138.4	2.9	377.8	100.7
		2020	1.4	139.9	95.9	3.6	349.4	91.7
Change in energy intensity (%)			-83.19% ↓	4.65% ↑	44.37% ↑	-19.58% ↓	8.12% ↑	9.80% ↑

Emissions

Data collected from properties where there is Company-procured energy was used to calculate emissions, reported here on a located-based methodology as kilograms of carbon dioxide equivalent (kg CO_2e). The following tables report on:

- **Scope 1 emissions** – resulting from the burning of natural gas in a boiler on site and any refrigerant leakages that may have occurred from the air-conditioning systems.
- **Scope 2 emissions** – resulting from the acquisition and use of electricity from the National Grid.
- **Scope 3 emissions** – resulting from the Company's business where it is not directly buying energy, e.g. emissions from occupier procured energy, for which insufficient accurate data is currently known to report on here. Scope 3 emissions from the procurement of water and waste services will be reported in their respective sections below.

The following tables report on the emissions from relevant BCPT assets.

Table 2: Emissions

Measure (units)	EPRA code		Industrial	Offices	Retail (inc. SCP)	Retail warehouse	Alternative	Grand total
Emissions from Scope 1 usage (kg CO_2e)	GHG-Dir-Abs	2021	N/A	992,545	12,179	N/A	N/A	1,004,724
		2020	N/A	682,710	11,619	N/A	N/A	694,329
Change in emissions from Scope 1 usage (%)			N/A N/A	45% ↑	5% ↑	N/A N/A	N/A N/A	45% ↑
Emissions from Scope 2 usage (kg CO_2e)	GHG-Indir-Abs	2021	239	857,086	119,840	9,152	44,114	1,030,432
		2020	1,631	919,600	105,250	14,829	44,798	1,086,109
Change in emissions from Scope 2 usage (%)			-85% ↓	-7% ↓	14% ↑	-38% ↓	-2% ↓	-5% ↓
Emissions intensity for Scope 1 & 2 (kg CO_2e/m^2 NLA)	GHG-Int	2021	0.05	48.2	30.9	0.6	80.2	31.7
		2020	0.3	41.3	23.5	0.8	81.5	26.5
Change in emissions intensity from Scope 1 & 2 usage (%)			-85% ↓	17% ↑	32% ↑	-27% ↓	-2% ↓	20% ↑
Emissions from Scope 3 Transmission & Distribution Losses (kg CO_2e)		2021						91,187
		2020						93,405

Water

The following tables report on the water consumption and intensities of BCPT assets. These are determined from BMO REP analysis of data from invoices and meter readings on the Envizi data portal where there is Company-procured supply. All such consumption is from municipal water supplies (there is no water usage from other sources within the managed portfolio). The current and prior year absolute water figures and associated emissions were also independently verified by Lucideon. The verification statement can be found in Appendix 4.

Table 3: Water consumption

Measure (units)	EPRA code		Industrial	Offices	Retail	Retail - Warehouse	Alternative	Grand total
Water consumption (m^3)	Water-Abs	2021	N/A	17,708	2,159	N/A	99	19,966
		2020	N/A	19,349	1,472	N/A	137	20,958
Change in water consumption (m^3/%)	Water-LfL	2021	N/A	13,315	1,683	N/A	99	14,998
		2020	N/A	14,539	1,472	N/A	137	16,010
		%	N/A N/A	-8%	47%	N/A N/A	-28%	-6%
Water intensity (m^3/m^2)	Water-Int	2021	N/A	0.4	1.1	N/A	0.2	0.5
		2020	N/A	0.5	0.9	N/A	0.2	0.5
Change in water intensity (%)			N/A N/A	-11%	23%	N/A N/A	-10%	-5%
Scope 3 Emissions from Water Consumption (kg CO_2e)		2021	N/A	7,455	909	N/A	42	8,406
		2020	N/A	19,349	1,472	N/A	137	20,958

Waste

In 2018 the Company set an ambition of zero waste to landfill by the end of 2020. Since then, collection of waste data has increased each year to monitor the output and destination of hazardous and non-hazardous waste from relevant sites. Whilst some estimates are still used for small waste collections, such as with offensive waste, collection is now at 100% of managed sites where waste is in Company control. These waste streams are controlled by site management procedures which align with and confer ISO 14001 accreditation. This accreditation ensures safe and responsible management and removal of waste from site.

The following table shows the breakdown of waste by destination, with percentage figures in blue indicating the proportion of the waste that was hazardous. The current and prior year absolute waste figures and associated emissions were also independently verified by Lucideon. The verification statement can be found in Appendix 4.

Table 4: Waste production

Measure (units)	EPRA code			Industrial		Offices		Retail - High St.		Retail - Warehouse		Alternative		Grand total
Total weight of waste by disposal route (tonnes) and proportion relating to hazardous waste (%)	Waste-Abs	Recycling	2021	10.34	*100%*	17.95	*10%*	0.11	*0%*	2.74	*100%*	-	*0%*	31.14
			2020	5.50	*100%*	7.94	*24%*	0.11	*0%*	0.60	*100%*	1.00	*100%*	14.15
		Materials Recycling Facility	2021	-	*0%*	14.73	*0%*	-	*0%*	-	*0%*	-	*0%*	14.73
			2020	-	*0%*	16.75	*0%*	-	*0%*	-	*0%*	-	*0%*	16.75
		Incineration without energy recovery	2021	-	*0%*	0.34	*0%*	1.20	*0%*	-	*0%*	0.05	*0%*	1.54
			2020	-	*0%*	0.03	*0%*	1.20	*0%*	-	*0%*	-	*0%*	1.23
		Incineration with energy recovery	2021	-	*0%*	28.46	*0.02%*	0.17	*0%*	-	*0%*	-	*0%*	28.63
			2020	-	*0%*	33.35	*0.01%*	0.17	*0%*	3.36	*0%*	-	*0%*	36.88
		Landfill	2021	-	*0%*	-	*0%*	-	*0%*	-	*0%*	-	*0%*	0.00
			2020	-	*0%*	0.34	*0%*	-	*0%*	-	*0%*	-	*0%*	0.34
Change in weight of waste by disposal route (tonnes)	Waste-Lfl	Recycling	2021	10.34		17.95		0.11		2.74		-		31
			2020	5.50		6.39		0.11		0.60		-		13
		Materials Recycling Facility	2021	-		14.73		-		-		-		15
			2020	-		16.75		-		-		-		17
		Incineration without energy recovery	2021	-		0.34		1.20		-		-		2
			2020	-		0.03		1.20		-		-		1
		Incineration with energy recovery	2021	-		28.46		0.17		-		-		29
			2020	-		29.63		0.17		3.36		-		33
		Landfill	2021	-		-		-		-		-		0
			2020	-		0.34		-		-		-		0
Total weight of waste (tonnes)			2021	10		61		1		3		0		76
			2020	5		58		1		4		1		70
Number of site for which there is hazardous waste				1		2		0		2		1		3
Scope 3 Emissions from waste management (kg CO_2e)			2021											1,620
			2020											1,646

BMO Real Estate Partners' head office

Unaudited head office data for energy, emissions and water can be found below, aligned with EPRA reporting guidelines. BMO REP hope to extend this reporting to waste pending sufficient data shared by the building's property manager. Due to unavailability of data from the landlord, 62% of the electricity data reported here for 2021 is estimated based on average consumption in 2020.

Table 5: Head office environmental performance

Measure (units)	EPRA Code		Head Office
Electricity consumption (kWh)	**Elec-Abs/ Elec-Lfl**	2021	92,734
		2020	87,512
With proportion of estimated data		2021	*0%*
		2020	*0%*
With proportion of electricity from renewable sources		2021	*100%*
		2020	*100%*
Natural gas consumption (kWh)	**Fuel-Abs/ Fuel-Lfl**	2021	58,040
		2020	52,337
With proportion of estimated data		2021	*0%*
		2020	*10%*
Energy intensity (kWhe/m²)	**Energy-Int**	2021	220.4
		2020	206.2
Change in energy intensity (%)			*7%*
Emissions from Scope 1 usage (kg CO_2e)	**GHG-Dir-Abs**	2021	10,631
		2020	9,623
Change in emissions from scope 1 usage (%)			10%
Emissions from scope 2 usage (kg CO_2e)	**GHG-Indir-Abs**	2021	19,690
		2020	20,403
Change in Emissions from scope 2 usage (%)			-3%
Emissions intensity for scope 1 and 2 (kg CO_2e/m^2)	**GHG-Int**	2021	57.6
		2020	57.1
Change in emissions intensity from scope 1 & 2 usage (%)			1%
Water consumption (m³)	**Water-Abs/ Water-Lfl**	2021	76
		2020	69
With proportion of estimated data		2021	*100%*
		2020	*10%*
Water intensity (m³/m²)	**Water-Int**	2021	0.14
		2020	0.13
Change in water intensity (%)			10%

Sustainability certification

The following table presents the percentage of sustainably certified assets by net lettable area (NLA) in the portfolio at the end of the reporting year, including energy performance certificates (EPCs) and Building Research Establishment Environmental Assessment Method (BREEAM) certification.

Table 6: Type and percentage of sustainably certified assets by NLA

EPRA code: Cert-tot	% of standing properties certificate exists for		Ratings summary	
Company	EPC	BREEAM	EPC	BREEAM rating (& scheme version)
Cert-tot	100%	14%	93% E rating or higher	6 "Very Good" and 1 "Excellent"

Social

Scope

Through its Property Manager, the Company, BMO REP takes a responsible approach to corporate citizenship, both through engagement with industry and corporate stakeholders, and through the positive impact it seeks to generate in the communities around its managed assets.

In respect of the EPRA sBPR guidelines, the Company has no direct employees and is therefore unable to report on the following EPRA social performance measures: Emp-Training, Emp-Dev, Emp-Turnover and H&S-Emp.

However, Building Managers who are employed directly by BMO REP are required to achieve a minimum of 50 hours of Continuing Professional Development (CPD) each year.

Gender equality

The Company has no direct employees, therefore the following table discloses gender equality data pertaining solely to the Company's board.

Table 7: EPRA sBPR for reporting on gender equality

EPRA code	Social performance measure	Company response
Diversity-Emp	Percentage of male and female employees in the Company's governance body.	There are two women on the board, Trudi Clark and Linda Wilding, representing 40% of the Board.
Diversity-Pay	Ratio of remuneration of men to women (gender pay ratio).	The remuneration of Trudi Clark and Linda Wilding was 89% (86% in 2020) of that of the average salary of men on the Board. Roles and remuneration details can be found in the 2021 Annual Report & Accounts.

Health & safety

With regards to the EPRA sBPR guidelines on health and safety assessments (H&S-Asset), of the 41 assets directly managed by the Company:

- 100% undergo regular review in respect of health and safety controls and performance.
- 100% undergo fire risk assessments.
- 73% of directly managed assets include landlord responsibility for water services of which 100% undergo a regular water hygiene risk assessment including an assessment of potable water management and risk of legionella.

In terms of asset Health & Safety compliance (H&S-Comp), there were no breaches of compliance with legislation in the reporting period for assets owned by BCPT.

Community engagement

EPRA sBPR guidelines suggest reporting the proportion of assets under management that have implemented community engagement, impact assessments and development programmes (Comty-Eng). Community engagement was undertaken in relation to Hurricane 47, Liverpool that licensed the yard area to Bidfood to distribute food aid packages during the pandemic, as detailed on page 24. One impact assessment was also undertaken at 82 King Street in Manchester, as a pilot to start a wider engagement programme with occupiers and the community in 2021.

Governance

BMO REP has a strong governance structure that ensures its activities are undertaken in the best interests of the Company. Its robust operating procedures and policies ensure the risks associated with illegal practices such as bribery and corruption are managed appropriately and in line with relevant legislation.

The Company's board nomination (Gov-Select) and conflict management (Gov-Col) processes are discussed in detail in the 2021 Annual Report & Accounts. References to the relevant section in the Annual Report are shown in Table 8 below, or where reference cannot be made, an explanation of whether conflicts of interest are disclosed to stakeholders has been provided.

Table 8: EPRA sBPR for reporting on governance performance measures

EPRA code	Reference
Gov-Select	Corporate governance statement – page 38
Gov-Col: cross-board membership	Corporate governance statement – page 38
Gov-Col: cross-shareholding with suppliers and other stakeholders	Page 36
Gov-Col: existence of controlling shareholder	Director's Report – page 36
Gov-Col: related party disclosure	Notes to the accounts – note 16

The composition of the Company's board (Gov-Board) is reported by various indicators in the following table.

Table 9: EPRA sBPR for reporting on composition of the highest governance body

Gov-Board	Number
Number of executive board members	0
Number of independent non-executive board members	5
Average tenure on the governance body	4.0 years
Number of independent non-executive board members with competencies relating to environmental and social topics	0 The Board has received a comprehensive in-person briefing delivered by Hillbreak Ltd, the Property Manager's strategic ESG training and advisory partner.

Appendix 2: Notes on environmental data

Scope

Much of the environmental performance data within Section 4, particularly those relating to utilities and related greenhouse gas emissions, are limited to those assets on which we have relevant operational control. The precise scope of the ESG Performance Data held for each asset is listed in Figure B.

Figure A: ESG data coverage

Group data coverage –
Energy & GHG emissions

as a percentage of floor area (NLA)

Group data coverage –
Water consumption

as a percentage of floor area (NLA)

Group data coverage –
Waste management

as a percentage of floor area (NLA)

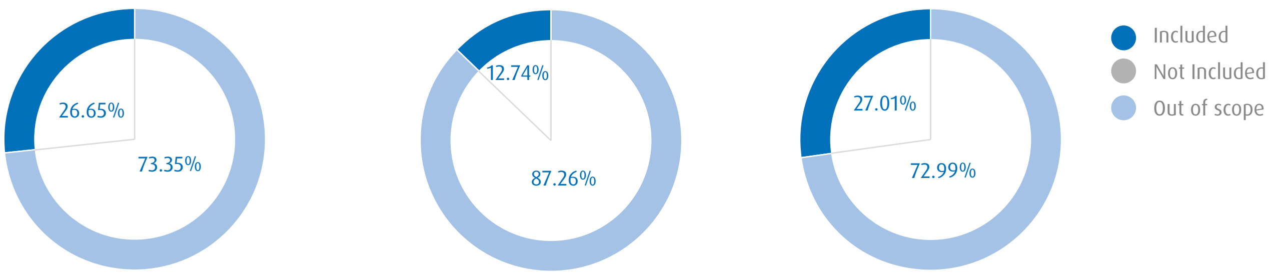


Figure B: ESG data coverage by asset

Subsidiary	Property Name	ESG data (energy & GHG)	ESG data (water)	ESG data (waste)	ESG data (other)
FCCPH	Aberdeen, Unit 3 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
	Aberdeen, Unit 4 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
	Birmingham, Unit 6A Hams Hall Distribution Pk	Out of scope	Out of scope	Out of scope	Included
	Birmingham, Unit 8 Hams Hall Distribution Pk	Out of scope	Out of scope	Out of scope	Included
	Birmingham, Unit 10a Hams Hall Distribution Pk	Out of scope	Out of scope	Out of scope	Included
	Bristol, One Cathedral Square, Trinity Street	Yes	Yes	Yes	Included
	Camberley, Affinity Point, Glebeland Road	Out of scope	Out of scope	Out of scope	Included
	Camberley, Parkview, Watchmoor Park	Yes	Yes	Yes	Included
	Chorley, Wolseley RDC, Revolution Park	Out of scope	Out of scope	Out of scope	Included
	Colchester, The Cowdray Centre, Cowdray Ave.	Yes	Out of scope	Yes	Included
	Daventry, Site E4, DIRFT	Out of scope	Out of scope	Out of scope	Included
	Edinburgh, Nevis/Ness Hses,11/12 Lochside Pl	Out of scope	Out of scope	Out of scope	Included
	Glasgow, Alhambra House, Waterloo Street.	Yes	Yes	Yes	Included
	Liverpool, Estuary Business Park	Out of scope	Out of scope	Out of scope	Included
	Liverpool, Unit 1, G. Park, Portal Way	Out of scope	Out of scope	Out of scope	Included
	London EC3, 7 Birchin Lane	Yes	Yes	Yes	Included
	London SW1, 2/4 King Street	Yes	Yes	Yes	Included
	London SW19, Wimbledon Broadway	Yes	Yes	Yes	Included
	London W1, 16 Conduit Street	Yes	Out of scope	Out of scope	Included
	London W1, 17A Curzon Street	Yes	Yes	Yes	Included
	Manchester, 82 King Street	Yes	Yes	Yes	Included
	Newbury, Newbury Retail Park	Yes	Out of scope	Yes	Included
	Solihull, Oakenshaw Road	Out of scope	Out of scope	Out of scope	Included
	Solihull, Sears Retail Park, Marshall Lake Rd	Yes	Out of scope	Yes	Included
	Southampton, Upper Northam Road, Hedge End	Out of scope	Out of scope	Out of scope	Included
	Uxbridge, 3 The Square, Stockley Park	Out of scope	Out of scope	Out of scope	Included
Winchester Burma	Winchester, Student Accommodation, Burma Road	Out of scope	Out of scope	Out of scope	Included
Prime Four	Aberdeen, Unit 1 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
	Aberdeen, Unit 2 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
Leonardo Crawley	Crawley, The Leonardo Building, Manor Royal	Out of scope	Out of scope	Out of scope	Included
	Liverpool, Units 2 & 4, Estuary Business Park	Out of scope	Out of scope	Out of scope	Included
	Burton on Trent, Quintus at Branston Locks	Out of scope	Out of scope	Out of scope	Included
	Markham Vale, Orion One & Two	Out of scope	Out of scope	Out of scope	Included

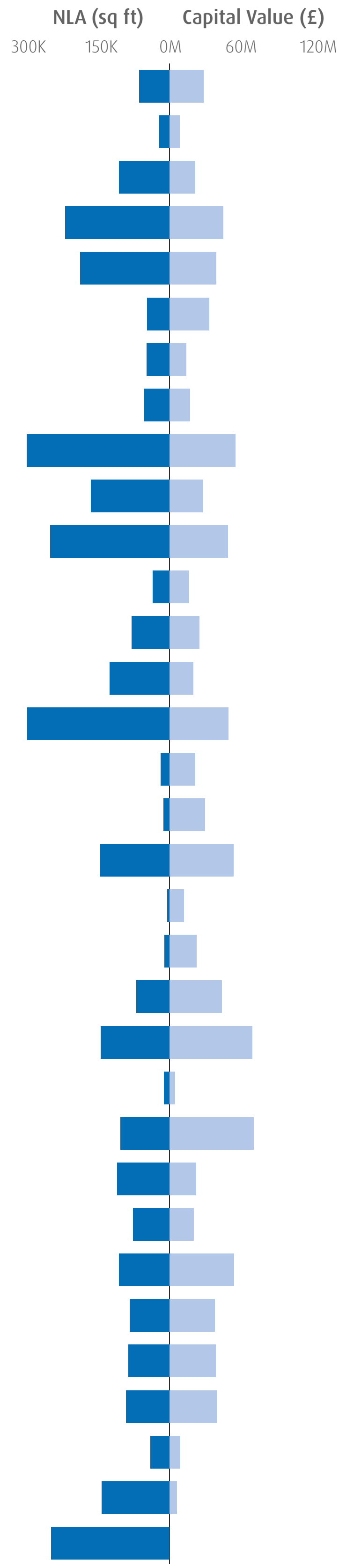
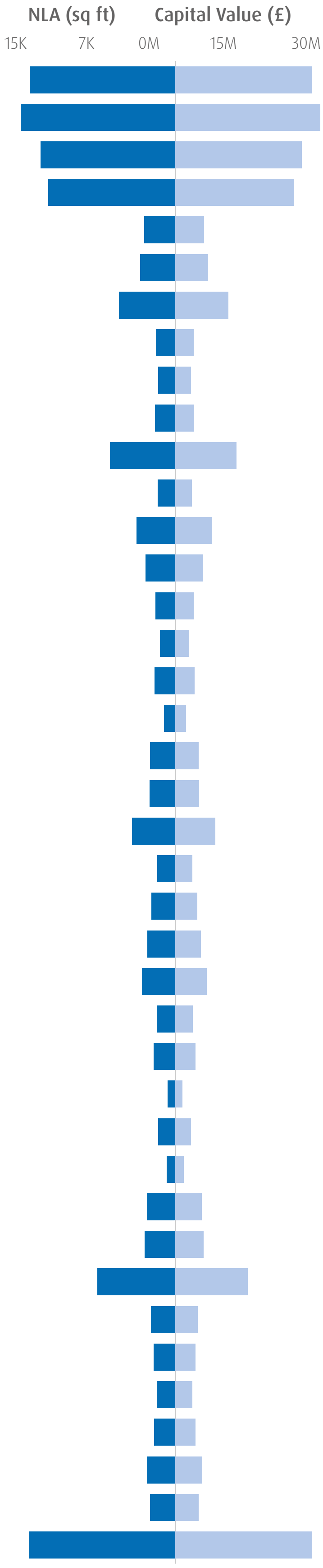


Figure B: ESG data coverage by asset (continued)

Subsidiary	Property Name	ESG data (energy & GHG)	ESG data (water)	ESG data (waste)	ESG data (other)
SCP	London W1, 372/374 Oxford Street	Yes	Out of scope	Yes	Included
	London W1, Greengarden House	Yes	Out of scope	Yes	Included
	London W1, 23 - 32 St Christopher's Place	Yes	Out of scope	Yes	Included
	London W1, 3-5 Barrett Street	Yes	Out of scope	Yes	Included
	London W1, 2 Barrett Street	Yes	Out of scope	Yes	Included
	London W1, 1- 5 St Christopher's Place	Out of scope	Out of scope	Yes	Included
	London W1, 6-8 St Christopher's Place	Yes	Yes	Yes	Included
	London W1, 9 St Christopher's Place	Yes	Yes	Yes	Included
	London W1, 10 St Christopher's Place	Out of scope	Out of scope	Yes	Included
	London W1, 11 St Christopher's Place	Out of scope	Out of scope	Yes	Included
	London W1, 12-14 St Christopher's Place	Yes	Out of scope	Yes	Included
	London W1, 26 James Street	Out of scope	Out of scope	Yes	Included
	London W1, 28/30 James Street	Yes	Out of scope	Yes	Included
	London W1, 32 James Street	Yes	Out of scope	Yes	Included
	London W1, 34 James Street	Yes	Yes	Yes	Included
	London W1, 36 James Street	Yes	Yes	Yes	Included
	London W1, 38 James Street	Yes	Yes	Yes	Included
	London W1, 40 James Street	Yes	Yes	Yes	Included
	London W1, 42 James Street	Yes	Yes	Yes	Included
	London W1, 44 James Street	Out of scope	Out of scope	Yes	Included
	London W1, 46/48 James Street	Yes	Yes	Yes	Included
	London W1, 50 James Street	Out of scope	Out of scope	Yes	Included
	London W1, 54 James Street	Yes	Yes	Yes	Included
	London W1, 56 James Street	Yes	Yes	Yes	Included
	London W1, 21 Barrett Street	Out of scope	Out of scope	Yes	Included
	London W1, 22 Barrett Street	Yes	Out of scope	Yes	Included
	London W1, 23 Barrett Street	Yes	Yes	Yes	Included
	London W1, 7 Gees Court	Out of scope	Out of scope	Yes	Included
	London W1, 8 Gees Court	Out of scope	Out of scope	Yes	Included
	London W1, 9 Gees Court	Out of scope	Out of scope	Yes	Included
	London W1, 10 Gees Court	Yes	Yes	Yes	Included
	London W1, 11/12 Gees Court	Yes	Out of scope	Yes	Included
	London W1, 10/12 James Street	Yes	Out of scope	Yes	Included
	London W1, 14 James Street	Yes	Yes	Yes	Included
	London W1, 20 James Street	Yes	Out of scope	Yes	Included
	London W1, 24 James Street	Out of scope	Out of scope	Yes	Included
	London W1, 67 Wigmore Street	Yes	Yes	Yes	Included
	London W1, 69 Wigmore Street	Yes	Out of scope	Yes	Included
	London W1, 1 Barrett Street	Yes	Out of scope	Yes	Included
	London W1, 71/73/75 & 77 Wigmore Street	Yes	Out of scope	Yes	Included



Estimates

The proportions of estimates used for portfolio energy and water by asset class are shown in the table below. Estimates were calculated by pro-rating available data to missing periods. The proportions of estimates were based on both the floor area and the time interval for which data was estimated.

Estimation of data

	2021				2020			
	Electricity	Gas	Water	Waste	Electricity	Gas	Water	Waste
Industrial	4.1%	N/A	N/A	0.0%	0.0%	N/A	N/A	0.0%
Offices	1.4%	0.0%	0.3%	24.5%	0.0%	0.0%	11.0%	18.8%
Retail (Inc. SCP)	11.1%	17.0%	35.2%	100.0%	7.9%	5.7%	37.0%	100.0%
Retail Warehouse	0.0%	N/A	N/A	0.0%	0.0%	N/A	N/A	20.3%
Alternative	0.0%	N/A	16.2%	100.0%	0.0%	N/A	0.0%	0.0%

Conversion factors

Emissions were calculated in kg CO_2 equivalent using the DEFRA GHG Conversion Factor Guidelines for 2020 and 2021. The conversion factors from DEFRA for 2020 and 2021 are presented in the following table.

DEFRA conversion factors (kg CO_2e per kWh)

	2021	2020
Electricity	0.21233	0.23314
Natural Gas*	0.18316	0.18387

*Where the conversion factor used is for gross calorific value as opposed to net.

A further conversion factor was used for reporting of energy intensities. Following the Better Buildings Partnership's (BBP) Real Estate Environmental Benchmark (REEB) methodology, intensities are reported using numerators in units of kWh electricity equivalent (kWhe). One kWh of electricity is 1kWhe, whereas gas has been converted using a factor of 0.4kWhe/1kWh. This is recommended due to a thermodynamic difference between electricity and gas.

Normalisation

Intensities (for energy, emissions and water) have been calculated per square meter of space for each individual property, normalising the data for comparability to other properties. As a general rule, all properties have been normalised using a denominator based on net lettable area (NLA).

The exceptions to the rule are as follows:

- Assets for which the landlord does not procure energy for the whole building.
- Assets for which there is no indoor energy procured by the landlord.

In the first scenario the common parts area (CPA) was used as the denominator; CPA is considered to be a more appropriate basis for relating landlord consumption to the areas served, and, as a result, a more meaningful measure of efficiency.

These were estimated using an estimate of 5% of building NLA. For energy provided to outdoor areas this was estimated from floor plans in the case of outdoor walkways, but where the energy supply is to car park lighting the number of car parking spaces multiplied by 25m^2 (per BBP REEB recommendation) was used.

It should be noted that while the intensities were normalised for floor area, there was no normalisation carried out for degree days. This is when heating data is corrected according to weather patterns. The Company intends to correct for degree days in future reports.

Data coverage

The table below highlights the data coverage for each asset level performance measure in terms of number of assets within the organisational boundary (where the Company has operational control) that were included. Where these are not 100%, this is the result of the following:

- Where the landlord does not have responsibility for procurement of any energy at a directly managed property. Energy data disclosed represents 92% by gross asset value (GAV) where the Company has operational control.
- In some instances, water data was not gathered where procurement of water is under the responsibility of the occupier. Within the organisational boundary (where the Company has operational control), water data disclosed represents 52% by GAV.
- Waste data was not gathered from the portfolio where responsibility for waste removal sits with the occupier. Within the organisational boundary, waste data disclosed represents 95% by GAV.

Out of scope assets/portions of assets include demised spaces where a tenant procures their own energy separate to the building supply for shared spaces; these scenarios are considered the same terms as FRI tenants and data was not obtained due to unavailability of such data for the reporting year.

Coverage of data

	Industrial	Offices	Retail – High Street	Retail – Warehouse	Alternative
Elec-Abs	100%	100%	100%	100%	100%
Elec-Lfl	100%	100%	100%	100%	100%
Fuel-Abs	100%	100%	100%	100%	100%
Fuel-Lfl	100%	100%	97%	100%	100%
Energy-Int	100%	100%	100%	100%	100%
GHG-Dir-Abs	100%	100%	100%	100%	100%
GHG-Indir-Abs	100%	100%	100%	100%	100%
GHG-Int	100%	100%	100%	100%	100%
Water-Abs	0%	100%	47%	0%	100%
Water-Lfl	0%	100%	37%	0%	100%
Water-Int	0%	100%	47%	0%	100%
Waste-Abs	100%	100%	100%	100%	100%
Waste-Lfl	100%	100%	100%	100%	100%
Cert-Tot	100%	100%	100%	100%	100%

Flood risk assessment methodology

The methodology required to satisfy the project scope included the use of ArcGIS software packages and complex scripting models to prepare each set of Asset data and analysis.

Further review and checking of each report was undertaken by an experienced GeoSmart Consultant.

The datasets used to inform each of the key questions for each Asset were GeoSmart's Groundwater Flood Risk Data, Environment Agency datasets and Ambiental's UKFloodMap4™ Flood data. The industry focused and accepted datasets have been produced using the most up to date methodology to ensure suitable Risk Screening for key assets.

Each of the assets included within the report contain an overview map and commentary on key aspects. More detailed analysis could be undertaken on an Asset specific basis for those Assets at the highest risk. This additional work would incorporate more detailed flood level and depth datasets, to provide suitable recommendations of mitigation measures; to reduce the overall risks of flooding at each Asset.

Data limitations

The data and information which GeoSmart interprets in Reports is obtained by GeoSmart from third parties including the British Geological Survey, BlueSky, Ordnance Survey and the Environment Agency. The data, information and related records supplied can only be indicative and should not be taken as a substitute for specialist interpretations, professional advice and/or detailed site investigations. Geological observations are made according to the prevailing understanding of the subject at the time. The quality of such observations may be affected by subsequent advances in knowledge or improved methods of interpretation.

FloodSmart and SuDSmart reports make use of BGS data within the GeoSmart Groundwater Flood Risk Map (GW5) and SuDS Infiltration Map (SD50), for which the following disclaimer applies:

BGS Natural Environment Research Council Disclaimer

Disclaimer (Clause 7.9): Some of the responses contained in this report are based on data and information provided by the Natural Environment Research Council (NERC) or its component body the British Geological Survey (BGS). Your use of any information is at your own risk. Neither NERC nor BGS gives any warranty, condition or representation as to the quality, accuracy or completeness of such information and all liability (including liability for negligence) arising from its use is excluded to the fullest extent.

Appendix 3: Independent Assurance in accordance with ISO 14064-3

Verification of BMO Commercial Property Trust Limited's 2021 Greenhouse Gas Emissions

Lucideon CICS Limited was contracted to undertake the actions necessary to provide limited assurance in verification of GHG emissions reported in the "2021 Environmental, Social and Governance Report" for the period 01 January 2021 to 31 December 2021. The verification was carried out against the requirements of the CDP based on ISO14064-3.

Organisational Boundary

The boundaries for the corporate wide emission inventory were developed on the basis of operational control. As a real estate business, the scenarios for operational control may vary from building to building therefore further explanation on how this has been handled can be found in the Inventory Management procedure. In summary, only energy, water and waste that is directly the responsibility of the fund is included, anything that is a tenant responsibility is outside of the boundary for the purposes of the report.

Conclusion

Lucideon CICS Limited has verified the reported emissions with the "2021 Environmental, Social and Governance Report" from the operations of BMO Commercial Property Trust Limited consistent with the requirements of ISO 14064-3 and provides limited assurance that the CO_2 emissions for the 2021 reporting year are verifiable.

Yours sincerely

Sorcha Anderson
Lead Verifier

BMO Commercial Property Trust Limited

Environmental, Social and Governance Report 2021

Directors (all non-executive)
Paul Marcuse (Chairman)
Trudi Clark
John Wythe
Linda Wilding
Hugh Scott-Barrett

Secretary

Northern Trust International Fund Administration
Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
Channel Islands GY1 3QL

01481 745001

bmogam.com/commercial-property-trust

Alternative Investment Fund Manager ('AIFM') and Investment Managers

BMO Investment Business Limited
6th Floor Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

0207 628 8000

Property Managers

BMO REP Asset Management plc
7 Seymour Street
London W1H 7BA

Registered Office

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

01481 745001

Part of