Annual Report and Consolidated Financial Statements

CT Property Trust Limited

For the year ended:
30 June 2022

Formerly BMO Real Estate Investments Limited

COLUMBIA THREADNEEDLE INVESTMENTS

Contents

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary Shares in CT Property Trust Limited, please forward this document together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Front Cover Photo: Southampton International Park, Eastleigh

Company Summary

The Company
CT Property Trust Limited ('the Company') formerly known as BMO Real Estate Investments Limited is an authorised closed-ended Guernsey-registered investment company. Its shares have a premium listing on the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. Stock code: CTPT

The Annual Report and Consolidated Financial Statements of the Company consolidate the results of its subsidiary undertakings, which collectively are referred to throughout this document as 'the Group', details of which are contained in notes 1(b) and 10 to the Consolidated Financial Statements.

The Group elected into the UK REIT regime from 1 January 2015.

At 30 June 2022 total assets less current liabilities were £410.7 million and shareholders' funds were £319.6 million.

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

Investment Policy
The Company's investment policy is set out on page 10.

Management
The Board has appointed Columbia Threadneedle Investment Business Limited (formerly known as BMO Investment Business Limited) as the Company's investment manager and Columbia Threadneedle REP PM Limited (formerly BMO REP Property Management Limited) as the Company's property manager. Both of these companies are part of the Columbia Threadneedle Investments Group and, collectively, are referred to in this document as 'the Manager'. Further details of the management arrangements are provided in note 3 to the Consolidated Financial Statements.

Capital Structure
The Company's equity capital structure consists of Ordinary Shares. Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets greater than the value of the liabilities.

Alternative Performance Measures ('APM')
The Company uses a number of alternative performance measures in the discussion of its business performance and financial position. Further information is provided on pages 81 and 82.

How to Invest
The Manager operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 88. You may also invest through your usual stockbroker.

Visit our website at
ctpropertytrust.co.uk

Registered in Guernsey with company registration number 41870
Legal Entity Identifier: 231801XRCB89W6XTR23

aic
The Association of Investment Companies

PREMIUM MAIN MARKET LONDON STOCK EXCHANGE

Financial Headlines

27.4%*

Portfolio ungeared total return of 27.4% for the year

34.3%*

NAV total return of 34.3% for the year

4.8%*

Dividend of 4.0 pence per share for the year, giving a yield of 4.8% on the year-end share price

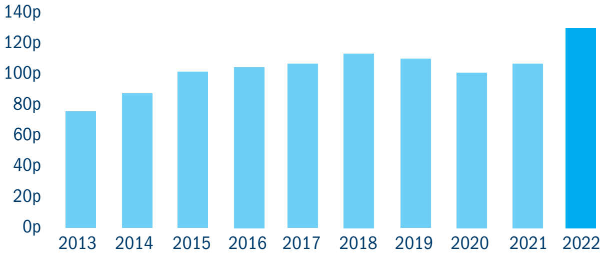
106.5%*

Dividend cover of 106.5% for the year

Delivering long-term income and capital returns

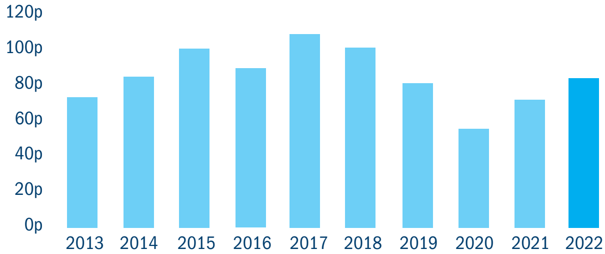
Since launch in 2004 CT Property Trust Limited has turned a £1,000 investment, with dividends reinvested, into £4,029*.

Net asset value per share at 30 June (pence)



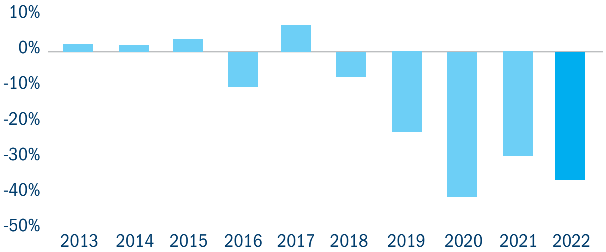
Source: Columbia Threadneedle Investment Business

Share price per share at 30 June (pence)



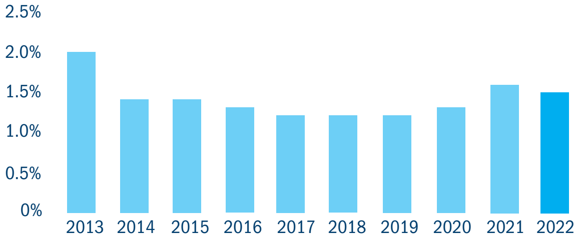
Source: Columbia Threadneedle Investment Business

Share price premium/(discount)* to net asset value at 30 June (%)



Source: Columbia Threadneedle Investment Business

Ongoing charges* at 30 June (%)



Source: Columbia Threadneedle Investment Business

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

* See Alternative Performance Measures on pages 81 and 82.

Performance Summary

Total Return*

	Year ended 30 June 2022	Year ended 30 June 2021	Cumulative since launch on 1 June 2004
Net asset value per share	34.3%	9.1%	302.9%
Ordinary share price	24.0%	32.9%	189.1%
Portfolio ungeared return	27.4%	9.0%	317.6%
MSCI UK Quarterly Property Index	19.1%	6.5%	234.5%
FTSE All-Share Index	1.6%	21.5%	239.4%

Capital Values

	Year ended 30 June 2022	Year ended 30 June 2021	% Change
Total assets less current liabilities (£000's)	410,721	336,422	+22.1%
Net asset value per share	132.8p	102.1p	+30.1%
EPRA Net Tangible Assets per share**	132.8p	102.1p	+30.1%
Ordinary share price	84.0p	71.0p	+18.3%
MSCI UK Quarterly Property Universe	135.1	118.0	+14.5%
FTSE All-Share Index	3,940.9	4,014.7	-1.8%
Ordinary share price discount to net asset value per share*	(36.7)%	(30.5)%	
Net gearing*	22.1%	24.4%	

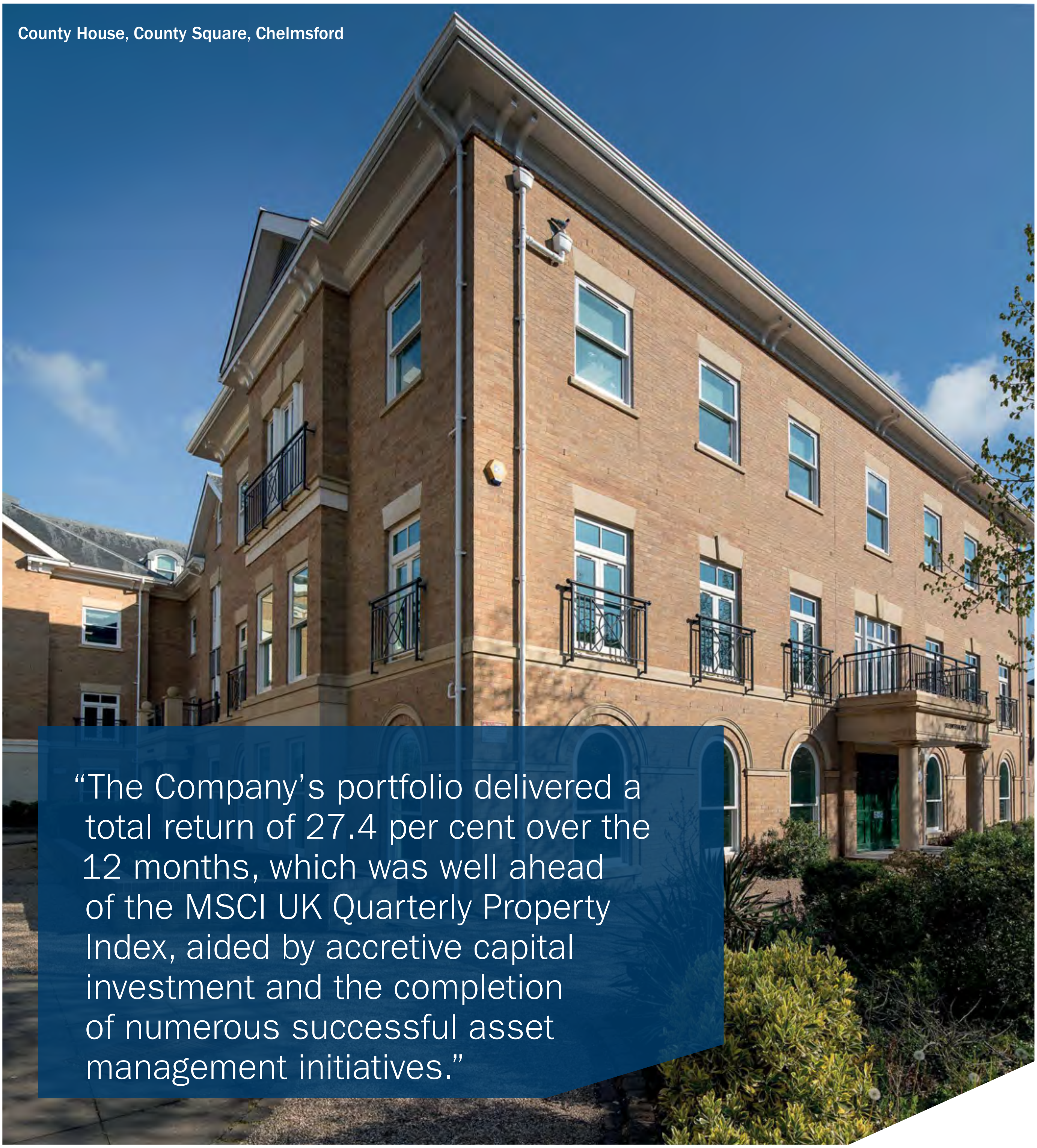
Earnings and Dividends

	Year ended 30 June 2022	Year ended 30 June 2021	
Earnings per ordinary share	34.6p	8.7p	
Adjusted EPRA Earnings per ordinary share**	4.5p	3.8p	
Dividends paid per ordinary share	4.0p	3.175p	
Dividend yield*	4.8%	4.5%	

Ongoing Charges

	Year ended 30 June 2022	Year ended 30 June 2021	
As a percentage of average net assets*	1.5%	1.6%	
As a percentage of average net assets (excluding direct property expenses)*	1.2%	1.2%	

* See Alternative Performance Measures on pages 81 and 82.
** See EPRA Performance Measures on pages 83 to 85.
Sources: Columbia Threadneedle Investment Business, MSCI Inc and Refinitiv Eikon.



Year’s Highs/Lows

	Highs 2022	Lows 2022
Net asset value per share	132.8p	102.1p
Ordinary share price	97.0p	71.4p
Ordinary share price discount to net asset value per share	-19.5%	-36.7%

Chairman's Statement

Vikram Lall, Chairman

The 12 months to 30 June 2022 saw a sustained period of strong performance for UK commercial property, with the real estate capital and occupational markets responding well as the worst of the pandemic seemed to be behind us. However, as 2022 has progressed we have seen a marked shift in sentiment owing to the growing economic concerns compounded by geopolitical events, inflationary pressures and the cost-of-living crisis, increasing interest rates and a decline in consumer confidence.

For the financial year, the Company has delivered a strong net asset value ('NAV') total return of 34.3 per cent and a NAV per share as at 30 June 2022 of 132.8 pence, up from 102.1 pence per share a year previously. The Company's portfolio delivered a total return of 27.4 per cent over the 12 months, which was well ahead of the MSCI UK Quarterly Property Index ('MSCI' or 'Index'), aided by accretive capital investment and the completion of numerous successful asset management initiatives.

Unfortunately, the Company's share price has not tracked the NAV performance during the year. The share price total return for the year was 24.0 per cent with the shares trading at 84.0 pence per share at 30 June, representing a discount of 36.7 per cent to the NAV at the year end.

Property Market

The MSCI Index shows an all-property total return of 19.1 per cent in the 12 months to June 2022. The performance over this period continues to be driven by the industrial, logistics and distribution ('industrial') sector, which delivered an exceptional total return of 36.5 per cent in the year to June. This return was underpinned primarily by strong investor demand, supported by robust rental growth within an occupational market buoyed by the growth of e-commerce and demand from companies shoring up their supply chains.

While the strong annual return figures illustrate the robust economic context that has characterised the majority of the 12 month period, the unforeseen invasion of Ukraine by Russia at the end of February 2022 dampened the obvious positivity, and the good start to 2022 deteriorated as consumer confidence and spending were impacted by the inflationary squeeze on real incomes and interest rate increases. As a result, capital growth, whilst positive, notably slowed towards the end of the financial year.

Portfolio Performance

Over the 12 month period, the Company's portfolio generated a total return of 27.4 per cent, posting significant outperformance over the MSCI Index return of 19.1 per cent. While capital growth of 21.8 per cent was the driver of the Company's total return performance, the portfolio also maintained an income advantage over the Index, delivering an income return of 4.7 per cent.

The sector allocations within the Company portfolio proved a significant structural advantage as over-weight positions within the industrial and retail warehousing sectors generated significant outperformance. These two sectors account for 73.5 per cent of portfolio by capital value and the allocation of further capital to both over the course of the financial year proved a highly productive use of Company's resources.

The Company's industrial assets were once again the bedrock of performance, delivering an exceptional total return of 41.0 per cent. The retail warehousing assets lent further support with a total return contribution of 30.1 per cent. In both cases, the sectors have seen strong investor demand on account of their robust fundamentals. As a result, the Company's high relative weighting has served to generate substantial capital growth over the year.

The period has seen the continuation of a strategy to reduce the Company's exposure to the high street retail sector, which continues to face structural challenge despite signs of gradual recovery. The sale during the year of the retail asset at High Street, Guildford at a 14 per cent premium to valuation illustrates the liquidity of the Company's holdings, which continue to maintain a near-zero vacancy rate while delivering an attractive yield pick-up.

The Company's office assets have seen a more muted total return of 5.8 per cent. As the UK's 'return to office' has continued to evolve, a clear polarisation has emerged in favour of prime assets in core locations. The Company's office portfolio is well-positioned in this regard, with over 50 per cent of the exposure being in two prime south east assets (at year end). The prime multi-let office holding at 14 Berkeley Street in London's Mayfair has been a clear beneficiary of a 'flight to quality', with the asset becoming fully occupied ahead of a post-period disposal, concluded in August 2022 for £32.4 million. This asset was the third largest holding in the portfolio and was sold for a premium of 5 per cent above the year end valuation. The disposal was timed to take full advantage of both the asset and market cycles, which has enabled the Company to secure a strong net initial yield of 3.1 per cent for this quality asset and crystallise meaningful profit for the Company.

Borrowings and Cash

The Group had approximately £13.6 million of available cash at 30 June and an undrawn revolving credit facility of £13.0 million. The Group's £90 million long-term debt with Canada Life and the loan facility with Barclays do not need to be refinanced until November 2026 and March 2025 respectively. As at 30 June 2022, the Group's net gearing was 22.1 per cent. The weighted average interest rate on the Group's total current borrowings was 3.1 per cent. The Company continues to maintain a prudent attitude to gearing. Since the year end, the Company's cash resources have increased considerably following the Berkeley Street disposal referred to above.

Share Buybacks

The Board and Manager believe that the current share price is not reflective of the quality of the Company's portfolio, its long-term performance and robust financial position. Since the year end, the Company has started to use some of the cash generated from the sale of Berkeley Street to buy the Company's shares at a discount rather than investment in new properties. This offers attractive value for shareholders and will be both NAV and earnings enhancing. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares where the Directors believe such purchases will enhance shareholder long-term value. At the time of writing, the Company has bought back 6,325,000 Ordinary Shares since the year end at an average discount to the NAV of 36.1 per cent.

Dividends

Three interim dividends of 1.0 pence per share were paid for the year and a fourth interim dividend was paid on 30 September 2022 at the same rate. The Board will continue to keep the future level of dividends under review.

Manager Update

As previously announced Matthew Howard has succeeded Peter Lowe as the Company's Lead Manager with effect from 19 July 2022. We thank Peter for his considerable contribution to the Company's strong performance and wish him well in his new role.

We are delighted to welcome Matthew as Lead Fund Manager. Matthew joins us with an excellent track record in fund management and broad experience in UK real estate investment. We are confident in Matthew's capabilities to drive the strategy and performance of the Company.

Matthew is a Chartered Surveyor, and joined CT REP in July 2017, having spent the previous six years at Hermes Investment Management (Now Federated Hermes). He is a member of CT REP's Investment Committee and also acts as Fund Manager of the RSA Shareholders Real Estate Fund.

Board Composition

As previously announced, Rebecca Gates retired as a Director of the Company on 31 August 2022. I would like to thank Rebecca for the contribution she has made during her time on the Board. I will also step down from the Board later this year having served on the Board for nine years. The process to identify two new non-executive Directors, including a successor to me as Chairman has commenced and we hope to be able to provide a further update on Board appointments in the near future.

Management Fee Arrangements

The Board has been in discussion with the Manager with regards to the level of management fee being charged. The current fee is 0.6 per cent per annum of the total assets, including cash held provided that no fee is payable on any cash held in excess of 5 per cent of the net assets of the Group. Following these negotiations, it has been agreed that the rate of 0.6 per cent will reduce to 0.55 per cent with effect from 1 July 2022.

Environmental, Social and Governance ('ESG')

As a Board, we continue to give considerable attention to our ESG commitments and will work closely with our Property Manager to meet and exceed ever-evolving regulatory standards.

As a measure of our efforts in continuing to build our ESG agenda, we are targeting further incremental improvements in our GRESB rating, which to this point has seen year-on-year improvement since the Company first entered the regime in 2018. GRESB provides validated ESG performance data and peer benchmarks for investors and managers to improve business intelligence and industry engagement.

The Company's pathway to Net Zero Carbon (NZC) emissions is a clear strategic priority, and we have made excellent progress in developing our strategy over the course of the year. Asset-level NZC audits have been completed across the portfolio, itemising the interventions needed to achieve net zero emissions from our real estate portfolio. Armed with this information, we can establish a deliverable and tangible pathway to NZC based on informed asset-level strategy. We aim to publish our target date and pathway later this year.

An ESG Report, detailing the current status and progress made on the portfolio is available on the Group's website.

Outlook

The UK economy rebounded strongly in 2021, but growth has slowed in the face of rising and entrenched inflation, persistent supply chain disruption and elevated geopolitical risks. Policymakers are also taking steps that will further constrain growth, with the Bank of England raising interest rates. It seems increasingly likely that this will precipitate a recession in the UK and a period of negative growth lies ahead.

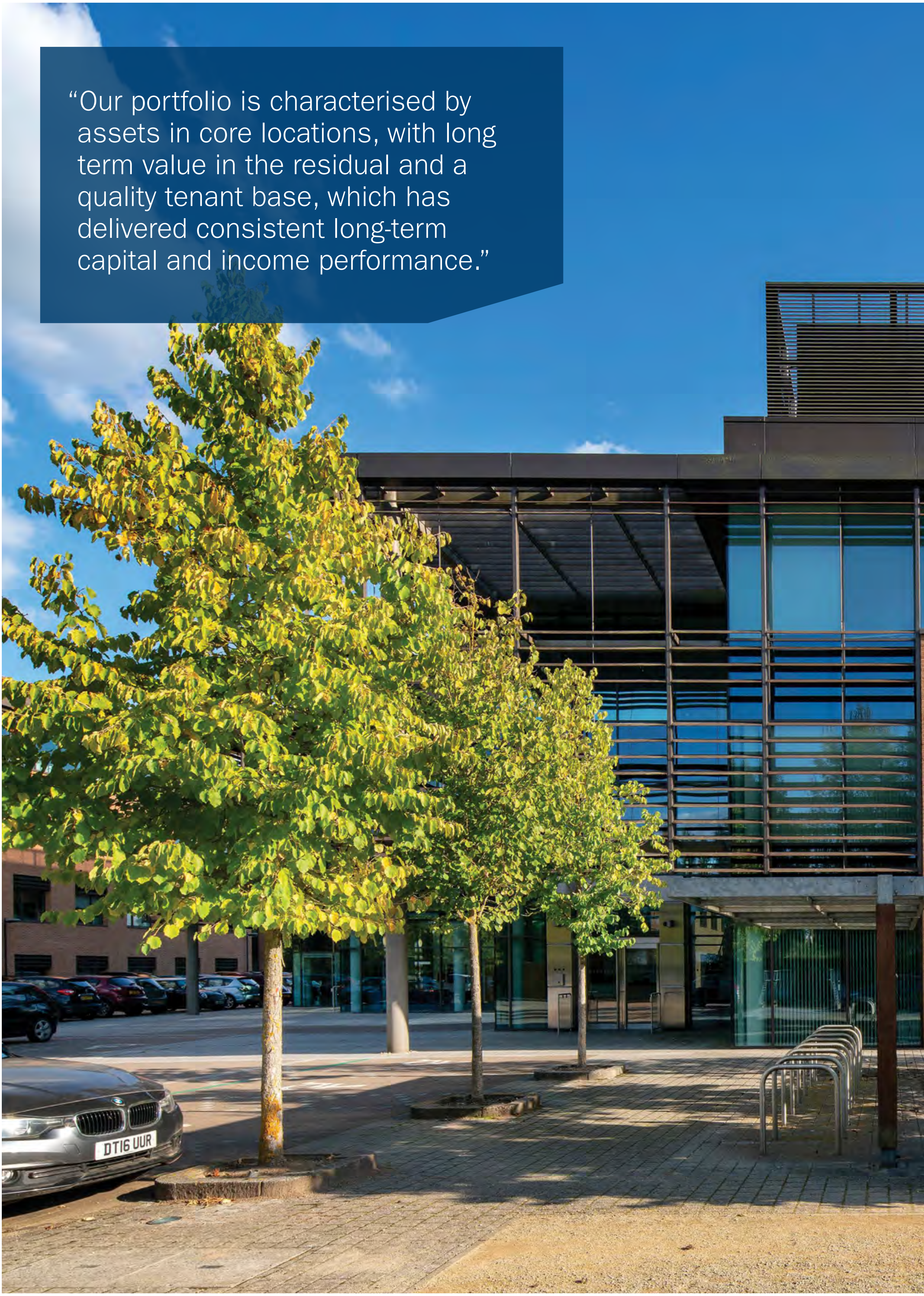
At the time of writing, inflation in the UK was 9.9 per cent, just shy of the 10.1 per cent 40-year high seen in July, and the Bank of England have revised their estimate of peak inflation to 11.0 per cent. Double digit inflation is expected to last for a year, as households face an acute cost of living crisis driven by increasing energy prices. 2023 should see inflation begin to edge down with the unveiling of the government's energy price guarantee package designed to shield households and businesses from soaring energy prices over the next 6 months, followed by a review. The Bank of England has raised interest rates to 2.25 per cent, with further increases anticipated as they battle to tame inflation. Increases in the costs of financing will undoubtedly slow real estate activity, while the ability of occupiers to withstand inflationary pressures will be a key differentiator. There have been falls in property valuations across all sectors since 30 June, with industrial valuations seeing the largest declines and the Company's portfolio will not be immune. Discounts in the UK REIT sector have widened substantially in recent months and the current discount in our shares reflects that.

In uncertain markets, the quality of the underlying portfolio comes to the fore. Our portfolio is characterised by assets in core locations, with long term value in the residual and a quality tenant base, which has delivered consistent long-term capital and income performance. As we move to the next stage in the property market cycle, income will drive returns, while asset resilience should protect long-term capital values. Consequently, the portfolio's income advantage, sector exposures, geographical focus and low vacancy rate stand us in good stead as we enter a period of economic uncertainty.

Vikram Lall
Chairman
17 October 2022

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

"Our portfolio is characterised by assets in core locations, with long term value in the residual and a quality tenant base, which has delivered consistent long-term capital and income performance."




Glory Park, High Wycombe

Business Model and Strategy

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

Board

The Board of Directors is responsible for the overall stewardship of the Group, including investment and dividend policies, gearing, corporate strategy, corporate governance procedures and risk management. As set out in the Directors' Responsibilities on page 47 the Board is also responsible for the preparation of the Annual Report and Consolidated Financial Statements for each financial year. Biographical details of the Directors, all of whom are independent non-executive Directors, can be found on page 34. The Company has no executive Directors or employees.

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

Investment Strategy

Purpose

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

Objective

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

Investment Policy

The Group holds a diversified portfolio of freehold and one long leasehold (over 60 years remaining at the time of acquisition) UK commercial properties. It invests principally in three commercial property sectors: Office, Retail (including retail warehouses) and Industrial, Logistics and Distribution although the Group may also invest in other commercial property sectors including (but not limited to) Healthcare, Leisure, Hotels and serviced apartments, Education, Car parks and petrol stations, Residential, Supported living, Student accommodation, Storage, and Supermarkets.

The Group invests in income producing investments. Investment decisions are based on analysis of, amongst other things, prospects for future income and capital growth, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields and the potential for development or redevelopment of the property. The Group will not invest in other investment companies or funds.

Investment risks are spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low risk tenants. The Group has not set any maximum geographic exposures, but no single property may exceed 15 per cent of total assets* and the five largest properties may not exceed 45 per cent of total assets. Income receivable from any one tenant, or tenants within the same group, in any one financial year shall not exceed 20 per cent of the total rental income of the Group in that financial year. At least 90 per cent by value of properties held shall be in the form of freehold, feuhold or long leasehold (over 60 years remaining at the time of acquisition) properties or the equivalent.

The Group uses gearing to enhance returns over the long term. Gearing, represented by borrowings as a percentage of investment properties, may not exceed 60 per cent. However, it is the Board's present intention that borrowings will be limited to a maximum of 40 per cent of total assets at the time of borrowing. To reflect this intention and to allow for future fluctuations in property valuations, the maximum gross leverage, calculated in accordance with the requirements under the AIFM Directive as being inclusive of exposure to derivatives (such as interest rate swaps used to fix the interest rates on borrowings), is 400 per cent on both a gross and commitment basis. The Board receives recommendations on gearing levels from the Manager and is responsible for setting the gearing range within which the Manager may operate. The Group's borrowings are represented by two loans with £97 million drawn down as at 30 June 2022 and are described in more detail in note 13 to the consolidated financial statements. The level of borrowings has been reduced since the year end with the £7 million loan drawn down from Barclays being repaid in September 2022. The gearing level, net of cash, as at 30 June 2022 was 22.1 per cent of investment properties and has fallen further since the sale of Berkeley Street in August 2022.

Investment of Assets

At each quarterly Board meeting, the Board receives a detailed presentation from the Manager together with a comprehensive analysis of the performance of the Group and compliance with

*** applicable only on acquisition or disposal of a property. Does not apply to lettings to the Government of the United Kingdom.**

investment restrictions during the reporting period. An analysis of how the portfolio was invested as at 30 June 2022 is contained within the Manager's Review on pages 18 to 25 and a full portfolio listing is provided on page 31.

Environmental, Social and Governance (ESG)

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

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

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

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

Shareholder Value

The Board and the Manager recognise the importance of both marketing and share buy backs in increasing demand for the Company's shares. Share buy backs can help reduce the volatility of any discount of the share price to the net asset value per share and enhance the net asset value per share for continuing shareholders. Any buy backs will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder long-term value. Other factors to be considered include alternative property investment opportunities, which may be standing at greater levels of discount to underlying value than the Company's own shares; the impact on net asset value accretion and improvement in dividend cover from share buy backs; and the levels of liquidity, gearing and loan to value ratio within the Company.

In terms of marketing, the Manager offers a range of private investor savings schemes, details of which can be found on page 88. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment company sector. Communication of quarterly portfolio information is made through the Company's website.

Unit K60, Bunzl, Basingstoke

Promoting the Success of the Company

The Board's continued focus on promoting the long-term success of the Company in response to stakeholders' needs and aspirations is now formalised in the Company's reporting in accordance with section 172(1) of the Companies Act 2006 (the "Act"). Although S172 only applies directly to UK incorporated companies, the intention of the UK Corporate Governance Code is that matters set out in this section are reported on by all listed companies. Under section 172 of the Act, directors have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to the likely consequences of the Board's decisions in the longer term and how they have taken wider stakeholders' needs into account.

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

The Manager works closely with our tenants, ensuring that strong relationships are in place and communication lines are as open as possible. This has been demonstrated more than ever in recent times as the best solutions have been sought between the Company and those tenants who have suffered from financial difficulties during the pandemic.

The significant portfolio activities undertaken by the Manager can be found in the Manager's Review on pages 18 to 25.

The Board places great importance on communication with shareholders. The Annual General Meeting provides a key forum for the Board and Manager to present to shareholders on performance, along with future plans and prospects for the Company. The Chairman continues to be available to meet with shareholders as appropriate and the Manager meets regularly with shareholders and their respective representatives; reporting back their views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long-term.

We have included on pages 26 to 30 additional information on our approach towards Environmental, Social and Governance ('ESG'). Directors have engaged on this with the Manager and the Company's specialist ESG adviser, Hillbreak to establish an approach that is bespoke to the Company, business model and portfolio. We are very supportive of their approach, which focuses on integrating ESG factors into the investment and property management process. This has evolved in recent years and has involved the determination of a suite of ESG pillars, commitments and targets that are bespoke to the Company and its portfolio of property assets. The Company has made significant progress in this area.

As long-term investors we always look to the future and to the role and success of the Company in that context. We believe that the Company provides a clear investment choice with access to a balanced and sustainable property portfolio. We will continue to work towards the optimal delivery of the Company's investment proposition and to promote the success of the Company for the benefit of all shareholders, whilst taking into consideration the interests of stakeholders and the community at large.

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

- **Investment policy**

The Board, together with the Company's investment manager, undertook a review of the Company's investment policy in the light of the current trends and outlook for the UK's commercial property market, the growth in value that had been experienced in the Company's industrial portfolio and the strategy of selling some of the assets in the retail portfolio to reduce exposure to this sector.

As a result of such growth, the Company was at risk of exceeding the maximum weighting limit of 50 per cent to industrial property set out in the Company's previous investment policy. The Board was therefore of the view that these maximum weighting limits had become unduly restrictive and proposed that they were removed from the Company's investment policy in order to ensure flexibility in managing the existing portfolio and to facilitate appropriate decision making in the future. Shareholders were consulted on this change to the investment policy via a circular and it was approved at a general meeting on 9 September 2021.

- **Dividends**

The Board recognises that providing an attractive level of income with the potential for growth is important to the Company's shareholders. Following the payment of the fourth interim dividend on 30 September 2022, dividends with respect to the financial year to 30 June 2022 total 4.0 pence per share and this is fully covered by net revenue profits. This represents an increase of 12.7 per cent compared to the dividend declared for the prior year and a yield of 4.8 per cent at 30 June 2022. The Board will continue to keep the future level of dividends under review.

- **Share issuance and buy-backs**

The Board believes that the ability to issue and buy back shares is in the interests of all shareholders as it helps to reduce the volatility in the premium or discount of the Company's share price relative to the NAV. There was no issuance or buying back of share during the year, however, the Company has bought back 6,325,000 ordinary shares since the year end an average discount to the NAV of 36.1 per cent. This has helped to enhance the NAV for ongoing shareholders by 1.3 pence per share to date and has provided liquidity in the Company's shares.

- **Costs**

The Board monitors costs closely and strives to keep these as competitive as possible for the benefit of our shareholders. The current management fee is 0.6 per cent per annum of the total assets, including cash held, provided that no fee is payable on any cash held in excess of 5 per cent of the net assets of the Group. As set out in the Chairman's Statement, and following negotiations with the Manager, it has been agreed that with effect from 1 July 2022, the rate of 0.6 per cent will reduce to 0.55 per cent which will help our ongoing charges.

- **Investor communications**

The Manager has a team dedicated to fostering good relations with institutional shareholders, wealth managers and independent financial advisers and keeping investors regularly informed, with the aim of promoting the Company's investment proposition and improving the rating of the Company's share prices. This team organises meetings with these parties as well as preparing webinars, interviews and videos which are shared through various media channels. The team gathers feedback and answers any queries in relation to the Company and its investment strategy. Feedback from these activities is reported regularly to the Board.

In addition, the Chairman and other Directors have been in regular contact with many shareholders in recent months.

- **Tenants**

It has been an extremely challenging two years following the Covid outbreak and this has placed financial stress on some of our tenants, particularly in the retail space. The Manager has worked closely with tenants over this period and has agreed to some concessions where it has been evident that tenants have been experiencing financial challenges. This has helped to assist with the ongoing viability of these tenants and has ensured that the Company has not suffered the costs associated with properties being vacant.

Enterprise Way, Luton

Key Performance Indicators

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

Performance total return*

	1 Year %	3 Years %	5 Years %	10 years %	
Ordinary share price	24.0	23.7	2.9	130.5	This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested, relative to the market benchmark.
Net asset value (NAV)	34.3	41.1	62.3	192.7	
Portfolio return	27.4	38.1	58.7	153.1	
MSCI UK Quarterly Property Index	19.1	23.4	39.4	127.6	
FTSE All-Share Index	1.6	7.4	17.8	94.6	

Income return

	1 Year %	3 Years %	5 Years %	10 years %	
Portfolio income return*	4.7	15.7	28.3	73.5	The income derived from a property during the period as a percentage of the property value, taking account of direct property expenditure.
MSCI UK Quarterly Property Index	4.1	13.6	23.9	59.2	

Share price discount to NAV per share

As at:	30 June 2022 %	30 June 2021 %	30 June 2020 %	30 June 2019 %	30 June 2018 %	
Discount*	(36.7)	(30.5)	(42.0)	(23.7)	(8.0)	This is the difference between the share price and the NAV per share. It can be an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.

Expenses

Year to:	30 June 2022 %	30 June 2021 %	30 June 2020 %	30 June 2019 %	30 June 2018 %	
Ongoing charges as a percentage of average net assets*	1.5	1.6	1.6	1.6	1.5	This data shows whether the Company is being run efficiently. It measures the running costs as a percentage of the average net assets.
Ongoing charges as a percentage of average net assets (excluding direct property expenses)*	1.2	1.2	1.3	1.2	1.2	This data shows whether the Company is being run efficiently. It measures the running costs (excluding direct property expenses) as a percentage of the average net assets.

Environmental performance

	2022	2021	2020	2019	2018	
Carbon emissions (Scope 1 & 2) (tonnex CO_2e)	226.7	363.3	332.4	326.1	387.7	This indicates the absolute amount of greenhouse gas emissions associated with the landlord's operational activities across the portolio. The 2020 emissions were influenced by coronavirus restrictions.
Proportion of demises with EPC ratings of A or B (%)	24.3	16.8	13.7	12.8	15.1	This provides an indication of the level of exposure to higher theoretical energy efficiency attributes of the property assets.

Social performance

	2022	2021	2020	2019	2018	
Health & Safety	0	0	0	0	0	Number of notifiable incidents or statutory health and safety breaches in the managed portfolio.

* See Alternative Performance Measures on pages 81 and 82.
Sources: Columbia Threadneedle Investment Business, MSCI Inc and Refinitiv Eikon.

Principal Risks and Future Prospects

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

As stated within the Report of the Audit and Risk Committee on pages 42 to 44, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council, and has established an ongoing process designed to meet the particular needs of the Group in managing the risks and uncertainties to which it is exposed.

Risks faced by the Company include market, geopolitical, investment and strategic, regulatory, tax structuring and compliance, financial, reporting, credit, operational and environmental. The principal risks and uncertainties faced by the Company are set out on the table on pages 16 and 17 and in note 18, which provides detailed explanations of the risks associated with the Company's financial instruments.

The Board seeks to mitigate and manage these risks through continual review, policy-setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Group's property portfolio.

To mitigate investment and strategic risks the Board regularly monitors the investment environment and the management of the Company's property portfolio. The Manager seeks to mitigate the portfolio risks through active asset management initiatives and carrying out due diligence work on potential tenants before entering into any new lease agreements. All of the properties in the portfolio are insured.

As well as considering current risks quarterly, the Board and the Investment Manager carry out a separate assessment of emerging risks when reviewing strategy and evaluate how these could be managed or mitigated. However, the Board considers that the line between current and emerging risks is often blurred and many of the emerging risks identified are already being managed to some degree where their effects are beginning to impact.

The principal emerging risks identified are outlined below:

- Economic and geopolitical uncertainties leading to inflation and interest rate increases. This has been compounded by the military invasion of Ukraine by Russia which is clearly a humanitarian tragedy and is already starting to have widespread economic consequences. The Manager expects global markets to remain volatile. From a macro-economic perspective, higher medium-term oil, gas and food prices alongside financial market disruption and sanctions on Russia are likely to lead to an increase in already elevated inflationary pressures, which will in turn weaken the outlook for economic growth. There is also the risk of further interest rate increases. A period of prolonged instability, with impacts for Europe in particular, is now clearly a potential outcome. The situation is uncertain, and changing rapidly, and this may affect real estate valuations across the Group.
- The ESG agenda is a very prominent one and will continue to grow in its importance to shareholders, future investors and our customers. As discussed in our ESG report on pages 26 to 30, we have already made significant strides in this area and we will continue to do so. The increasing market attention being paid to climate risk, to net zero carbon ambition and to social impact have been notable features of the evolving agenda, and those need to be considered more explicitly in property investment and management activity than has been the case previously. Failure to respond to the evolving regulatory requirements and public expectations could have a negative effect on property valuations and would be reputationally damaging.
- There is the potential for structural change in the office market brought on by Covid-19. Appetite for offices is finding its equilibrium with a clear focus on higher quality space in central locations, as companies look to provide employees with more structured hybrid model of operation where strong ESG and wellbeing credentials will be essential. This will be at the expense of lower quality stock and the emergence of a two-tier market is likely, rebasing both capital values and rents. There is uncertainty how this will play out and it continues to be monitored.
- The impact of technology increasingly means that working practices and the needs of society change very quickly which is an opportunity as well as a risk, and it is important that we continue to keep abreast of what is happening in this space. This has been compounded over the last two years as the reliance on technology, particularly with regards to home working has increased.

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

Highest Residual Risks	Mitigation	Actions taken in the year
Portfolio Performance Unfavourable markets, poor stock selection, inappropriate asset allocation and underperformance against the Index and/or peer group. This risk may be exacerbated by gearing levels. Economic backdrop of inflationary pressures and increasing interest rates (heightened by the Ukraine crisis). **Unchanged in the year under review**	The underlying investment strategy, performance, gearing and income forecasts are reviewed with the Investment Manager at each Board Meeting. The Company's portfolio is diversified and of a high quality. Gearing is kept at modest levels and is monitored by the Board. The Manager provides regular information on the expected level of rental income that will be generated from underlying properties. The exposure to individual tenants is monitored and managed to ensure there is no over exposure.	The Board reviewed the Manager's performance at quarterly Board meetings against key performance indicators as set out on page 14 and the ongoing strategy is reviewed and agreed. Performance has been strong during the last year. Following the strategic sale of a number of properties in recent years, particularly smaller High Street retail, and reinvestment into Industrial and Retail Warehouses, the Company has combined exposure to the outperforming Industrial and Retail Warehouse sectors amounting to 73.5 per cent of the portfolio. The Manager has also ensured that the tenant base is of a high quality. Despite the strong performance, Russia's invasion of Ukraine and continuing economic and market uncertainty indicates that this risk is unchanged.
Discount to NAV The share price is trading at a discount to NAV, in common with the rest of the sector. This widened towards the year end with growing economic uncertainty both in the UK and globally. This imbalance, combined with the recent share price volatility can diminish the attractiveness of the Company to investors. **Unchanged in the year under review**	The discount is reported to and reviewed by the Board regularly. Share buybacks as a means of narrowing the discount or as an attractive investment for the Company are considered and weighed up against the risks. The position is monitored by the Manager and Broker on a daily basis and any material changes are investigated and communicated to the Board more regularly.	Investors have access to the Board, the Manager and the underlying team who will respond to any queries they have on the discount. The Manager and Broker meet regularly with prospective and existing investors to try and improve demand for the Company's shares. The level of discount is kept under constant review but it is difficult to control. Following the sale of a large property post year end, the Company introduced share buybacks in August 2022 to try and help manage this. This continues to be closely monitored given the volatile share price since the start of the Ukraine crisis. The discount has been wide since 2020 and the risk is therefore categorised as unchanged.
Service providers and systems security Covid-19 and the implementation of working from home and increased sophistication of cyber threats have heightened risks of loss through errors, fraud or control failures at service providers or loss of data through business continuity failure. **Unchanged in the year under review**	The ancillary functions of administration, accounting and marketing services are all carried out by the Manager. The performance of the Manager is kept under continual review. Any security issues would be reported to the Board on a timely basis. The Management Engagement Committee reviews the performance of third-party service providers on an annual basis and the Manager keeps service levels under constant review.	The Audit and Risk Committee and the Board have regularly reviewed the Company's risk management framework with the assistance of the Manager. Each key service provider provides a Report on Internal Controls where available (AAF 01/20 or similar). This will include the controls relevant to cyber risk where appropriate. This report is reviewed by the relevant parties and submitted to the Board on an annual basis. The Manager has maintained regular contact with its key outsourced service providers throughout the Covid-19 pandemic and received assurances regarding the continuity of their operations. Vigilance remains heightened with this risk categorised as unchanged.

Highest Residual Risks	Mitigation	Actions taken in the year
ESG Not recognising and acting upon any future environmental, social and governance risks which exist within the portfolio. Failure to do so creates the risk that the portfolio no longer remains attractive to tenants and will not maintain its value. There is increasing regulation and public interest relating to ESG issues and failure to be proactive could cause serious reputational damage. **Unchanged in the year under review**	The Manager has a dedicated team that works on this area and has allocated resources over recent years into building a comprehensive ESG plan and gathering accurate data. The Manager also works with external consulting firms who specialise in this area to scrutinise and validate these plans. The Manager liaises with tenants wherever possible to obtain data and to carry out any necessary enhancements.	The Company continues to make progress and an overview of this approach is set out in the ESG section of this report on pages 26 to 30. Regular reporting to the Board on progress with implementing initiatives. A policy on the Company's net zero carbon pathway is being formulated and will be published on the Company website. The Manager regularly looks to engage with tenants on ESG issues.

Viability Assessment and Statement

The Board conducted this review over a 5 year time horizon, a period thought to be appropriate for a commercial property investment company with a long term investment outlook, borrowings secured over an extended period and a portfolio with a weighted average unexpired lease length of 6.1 years. The assessment has been undertaken taking into account the principal risks and uncertainties faced by the Group which could threaten its objective, strategy, future performance, liquidity and solvency.

The major risks identified as relevant to the viability assessment were those relating to a downturn in the UK commercial property market and its resultant effect on the valuation of the investment portfolio, the level of rental income being received and the effect that this would have on cash resources and financial covenants. The Board took into account the illiquid nature of the Group's portfolio, the existence of the long-term borrowing facilities, the effects of any significant future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings, maintain dividend payments and retain investors. These matters were assessed over an initial period to September 2027, and the Directors will continue to assess viability over 5 year rolling periods, taking account of foreseeable severe but plausible scenarios.

In the ordinary course of business, the Board reviews a detailed financial model on a quarterly basis, incorporating market consensus forecast returns, projected out for 5 years. Based on conversations that have been held with existing lenders to real estate companies, it is believed that it will be possible to satisfactorily refinance existing loans. This model uses prudent assumptions and factors in any potential capital commitments. For the purpose of assessing the viability of the Group, the model is stress tested with projected returns comparable to the most extreme UK commercial property market downturn experienced historically. The model projects a worst case scenario of an equivalent fall in capital and income values over the next two years, followed by three years of zero growth.

The viability assessment modelling used the following assumptions:-

- 44 per cent capital falls in the next two years (based on the largest UK commercial property market downturn experienced in recent history) followed by zero growth for the next three years;
- tenant defaults of 15 per cent for the first year, followed by 9 per cent for the following year before returning to normal levels;
- tenant lease breaks to be taken at the earliest opportunity, followed by a substantial void period.

Even under this extreme model the Group remains viable with loan covenant tests passed and the current dividend rate maintained.

Based on their assessment, and in the context of the Group's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 5 year period to September 2027. For this reason, the Board also considers it appropriate to continue adopting the going concern basis in preparing the Annual Report and Consolidated Financial Statements, as disclosed in the Directors' Report on page 37.

Manager's Review

Matthew Howard, Fund Manager is a Director of Columbia Threadneedle Real Estate Partners ('CT REP') and is the Fund Manager for CT Property Trust Limited. Matthew joined CT REP (formerly BMO Real Estate Partners) in July 2017 as a Director and to take over as Fund Manager of the RSA Shareholders Real Estate Fund. He was also Deputy Fund Manager of the Balanced Commercial Property Trust until taking on the Lead Manager role for CT Property Trust in July 2022. Before joining CT REP in 2017 he was a Deputy Fund Manager at Hermes Investment Management, where he spent six years as part of the BT Pension Scheme fund management team and launched the company's PRS Fund. Before Hermes, Matthew worked for a substantial AIM listed real estate fund specialising in UK development and German real estate. Matthew is a member of the Royal Institution of Chartered Surveyors, has an MSc in Real Estate, and holds the IMC.

Managers

The Company's investment manager, Columbia Threadneedle Investment Business Limited (formerly BMO Investment Business Limited) and asset and property manager, Columbia Threadneedle REP PM Limited (formerly BMO REP Property Management Limited) a subsidiary of Columbia Threadneedle Real Estate Partners LLP (formerly BMO Real Estate Partners LLP), are all part of Columbia Threadneedle Investments Limited (formerly BMO Global Asset Management Limited) and, collectively, are referred to in this document as 'the Manager'. Columbia Threadneedle Real Estate Partners is a leading UK-based real estate manager focused on commercial real estate investment management. The team behind Columbia Threadneedle Real Estate Partners has been successfully managing commercial property assets for a wide range of UK clients for over 50 years and currently manages some £6.7 billion of real estate assets (June 2022), employing over 140 staff. The team structure provides for sector specific teams offering specialist capabilities across the market, establishing strong peer to peer and occupier relationships and sourcing of a range of transactional opportunities. The fund management team and sector heads have on average over 18 years of industry experience each. Columbia Threadneedle Real Estate Partners undertakes fund and asset management services as well as, where appropriate, the day to day property management, complemented by a project management team and full accounting and service charge teams.

Portfolio headlines

- The Company's portfolio produced a total return of 27.4 per cent over the 12 months to June 2022, versus the MSCI UK Quarterly Property Index ('the Index') return of 19.1 per cent.
- The portfolio has outperformed the Index on income, capital and total return over one, three, five, ten and eighteen years since inception to June 2022.
- Two property disposals totalling £11.0m executed at a combined 9 per cent premium to NAV, with subsequent redeployment into two accretive acquisitions totalling £19.4m.
- Successful practical completion of major retail warehousing redevelopment project at Enterprise Way, Luton generating exceptional returns.
- The transactional activity and capital deployment continues the Company's focus on growth sectors and enhancing fund income return, demonstrated by the purchases in Banbury (Retail Warehousing) and Heathrow (Industrial).
- Low vacancy rate of 2.6 per cent by Estimated Rental Value, down from 4.1 per cent over the year and considerably below the MSCI Index average of 7.8 per cent.
- Robust rent collection for the year of 99.1 per cent and 97.7 per cent since the onset of the pandemic.

Property Market Review

The last 12 months have seen impressive performance from the UK real estate market. The market generated a total return of 19.1 per cent over the year to June 2022 (MSCI UK Quarterly Property Index, 'MSCI' or 'the Index') with capital growth of 14.5 per cent the driving force of performance. £35.1 billion was invested into the UK real estate market over the first six months of 2022, representing a 17 per cent increase on the equivalent period in 2021.

> "The Company's portfolio delivered an ungeared total return of 27.4 per cent over the twelve months, against the Index return of 19.1 per cent."

As the calendar year progressed, mounting economic headwinds in the form of geopolitical uncertainty, supply chain disruption, inflationary pressures and the associated cost of living crisis have begun to weigh on wider market sentiment. Investment volumes will slow over the second half of the year with uncertainty cooling capital markets and leading to some repricing in the latter part of 2022. As with all market cycles, there will be increased resilience from quality assets in sustainable locations but we expect valuation pressures across the full breadth of the UK commercial real estate markets.

Offices delivered a comparatively muted total return of 6.8 per cent over the year. Occupier and investor demand for well located, high-quality offices have proven robust at the expense of lower-quality, secondary or tertiary stock. As the UK's 'return to office' has continued to evolve, office occupancy rates have improved relative to recent periods, although working patterns have yet to settle as companies continue to assess their real estate strategies.

The industrial sector has been supported over the past decade by the growth of e-commerce across big-box and mid-box logistics, as well as urban sites dedicated to last-mile delivery. E-commence now accounts for approximately 25 per cent of all retail sales in the UK, which is below the short-lived peak of 38 per cent during 2020 but demonstrates an overall upward trend compared to 19 per cent in 2019 prior to the pandemic. Consequently, the sector has produced stellar total returns over the period of 36.9 per cent. In recent years, occupier supply chains have become increasingly sophisticated and agile and, given the economic backdrop, ensuring supply chain resilience has been of particular focus for operators. Indeed, H1 2022 has seen industrial occupational take up at near-record levels with vacancy rates in the UK standing at an all time low. Economic headwinds will inevitably present challenges to occupiers but the supply and demand fundamentals are particularly well placed going into this period, with tangible rental growth remaining a key feature of the market at the time of writing.

Enterprise Way, Luton

Confidence within the Retail market has strengthened over the period, with the sector generating a total return of 16.6 per cent. The traditional High Street sector has seen some tentative signs of recovery in the form of rental growth and yield compression, however performance from the wider Retail sector was driven by the Retail Warehousing sub-sector. After some rebasing of rents and occupier turnover in recent years, Retail Warehousing has demonstrated its resilience and relevance as part of the consumer supply chain, particularly 'essential retail' such as DIY, pet stores, and discount retailers for example. Confidence in the attractive occupational fundamentals has seen a weight of capital chasing the sector leading to value growth and contributing to the sub-sector's excellent total return of 31.8 per cent over the year. Occupiers and consumers are attracted to the convenience, accessibility, parking and the inherent flexibility of the real estate will continue to underpin the sector. However, although pockets of rental growth have been evident, rental levels are likely to come under pressure as consumer incomes and operator margins are squeezed.

Southam Road, Banbury

Portfolio performance

The Company's portfolio delivered an ungeared total return of 27.4 per cent over the twelve months, against the Index return of 19.1 per cent. Capital growth from the portfolio of 21.8 per cent was the key driver of total returns, supported by a robust income return of 4.7 per cent, with both metrics showing material outperformance against the Index. Indeed, the Company portfolio has outperformed the Index on income, capital and total return over one, three, five, ten and eighteen years since inception.

Portfolio

Total Portfolio Performance

	June 2022	June 2021
No of properties	35	35
Valuation (£'000)	410,225	325,575
Average Lot Size (£'m)	11.7	9.3
Net Initial Yield	4.0%	4.7%
	Portfolio (%)	**Index (%)**
Portfolio Capital Return	21.8	14.5
Portfolio Income Return	4.7	4.1
Portfolio Total Return	**27.4**	**19.1**

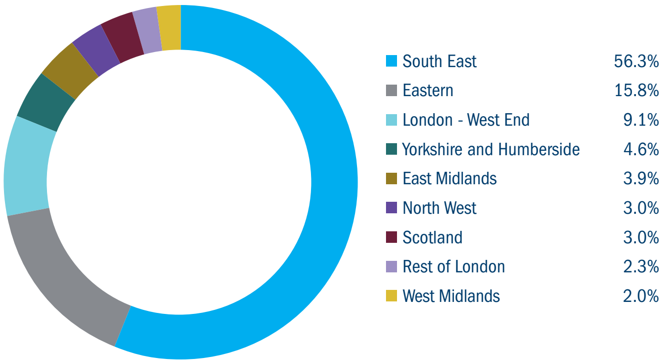
Source: Columbia Threadneedle REP PM Limited, MSCI Inc

The Company's high exposure to the Industrial and Retail Warehouse sectors (73.5 per cent combined) has proven the key determinant of outperformance. Both sectors have benefitted from a weight of capital driving material yield compression, as investors have sought exposure to the strong occupational fundamentals and favourable performance outlook.

Limited exposure to the more muted capital returns of the High Street retail and Office sectors has also proven a structural advantage, while transactional activity has further supported returns as we continue to position the portfolio towards growth assets. The strategic disposals of two assets from the retail and office portfolios were concluded at a combined premium of 9 per cent over the preceding valuations, demonstrating the liquidity of the underlying portfolio.

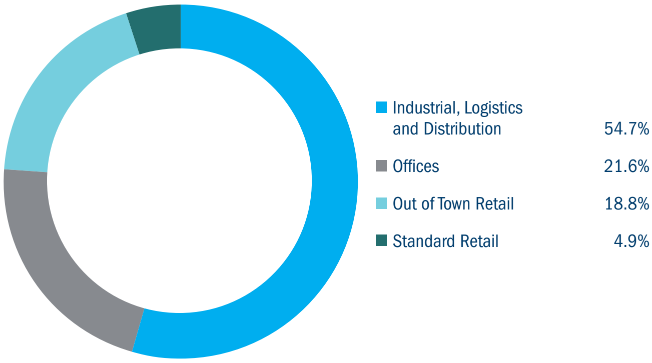
Despite capital outperformance, the portfolio has also sustained a significant yield premium, delivering an income return of 4.7 per cent versus the Index return of 4.1 per cent. Over the course of the year, the portfolio vacancy rate fell from 4.1 per cent to 2.6 per cent by Estimated Rental Value (ERV), comparing favourably to the Index average of 7.8 per cent. The sustained low vacancy rate is testament to the quality and sectoral constitution of the Company's portfolio.

Geographical Analysis as at 30 June 2022



Source: Columbia Threadneedle REP PM Limited

Sector Analysis as at 30 June 2022



Source: Columbia Threadneedle REP PM Limited

"Rental payment patterns have now normalised to pre-pandemic levels and collection across the Company portfolio stands at 99.1 per cent for the twelve months to June."

Alongside a yield premium, the Company's income profile retains a lower weighted credit risk than the MSCI Index, with high quality covenants a notable feature of the Company's office portfolio. The resilience of the Company's tenant base is borne out in the rent collection figures, which stand at 97.7 per cent over the 27 months since the onset of the pandemic. Indeed, rental payment patterns have now normalised to pre-pandemic levels and collection across the Company portfolio stands at 99.1 per cent for the twelve months to June.

"With all five of the Company's top performing assets coming from the Industrial sector, combined with a 54.8 per cent exposure to the sector, it is no surprise that this has again proven the key driver of Company performance. Over the course of the year, the Company's assets outperformed their Index peers, posting a total return of 41.0 per cent against the Index return of 36.9 per cent."

At the end of June 2022, the weighted average unexpired lease term stood at 6.1 years assuming all tenant breaks are operated. This improvement from 5.9 years in June 2021 is on account of the successful conclusion of a number of proactive asset management initiatives enhancing the portfolio's leasing profile and supporting income and capital returns.

Industrial

With all five of the Company's top performing assets coming from the industrial sector, combined with a 54.8 per cent exposure to the sector, it is no surprise that this has again proven the key driver of Company performance. Over the course of the year, the Company's assets outperformed their Index peers, posting a total return of 41.0 per cent against the Index return of 36.9 per cent.

Industrial, Logistics and Distribution Portfolio Performance

	June 2022	June 2021
No of properties	10	9
Valuation (£'000)	224,625	153,000
Average Lot Size (£'m)	22.5	17.0
Net Initial Yield	3.0%	4.0%
	Portfolio (%)	**Index (%)**
Industrials Capital Return	36.0	32.5
Industrials Income Return	3.8	3.4
Industrials Total Return	**41.0**	**36.9**

Source: Columbia Threadneedle REP PM Limited, MSCI Inc

The wider market generated capital growth of 32.5 per cent driven by a significant weight of money seeking exposure to the sector's growth potential. However, as industrial returns become primarily focussed on income, the ability to crystallise market rental growth into income through asset management will be key in delivering outperformance.

"The Company's high exposure to the Industrial and Retail Warehouse sectors (73.5 per cent combined) has proven the key determinant of outperformance."

During the year we completed a number of value-accretive asset management initiatives, which supported portfolio outperformance of 4.1 per cent over the Index. Some of the most notable initiatives include:

- **PCS Wireless, 1-2 Network, Bracknell** – as Proctor & Gamble's lease of Unit 2 approached expiry, we agreed a surrender of their lease in exchange for a significant premium. This allowed the unit to be near-simultaneously relet on a 10-year lease to PCS Wireless at a rental level showing a 33 per cent uplift to previous passing rent. Completion of this initiative generated a 16 per cent increase in the asset valuation.
- **Booker Logistics, Echo Park, Banbury** – the outstanding December 2020 rent review of this 195,000 sq ft unit was settled at a 10 per cent uplift to the passing rent and an 11 per cent premium to the ERV. The successful conclusion of the rent review resulted in a 19 per cent uplift to valuation, which was highly accretive to company performance given the asset's relative scale as the second largest portfolio holding.

Retail and Retail Warehouses

The portfolio's Retail assets generated a total return of 23.8 per cent against the Index return of 16.6 per cent, proving highly accretive to overall Company performance. The driver of relative sector outperformance has been the Company's high exposure to the Retail Warehousing sub-sector, which now accounts for 18.8 per cent by portfolio capital value. Our holdings are focussed on convenience/discount-led assets let off affordable rents, also known as 'essential retail'. These sub-markets have benefitted from strong investor appetite due to quality tenants and sustainable income streams offering a yield advantage and supported by long term residual value. As a result, portfolio Retail Warehouse holdings saw capital growth of 22.9 per cent over the course of the year.

Retail and Retail Warehouse Portfolio Performance

	June 2022	June 2021
No of properties	16	16
Valuation (£'000)	97,125	77,575
Average Lot Size (£'m)	6.1	4.8
Net Initial Yield	5.8%	6.5%
	Portfolio (%)	**Index (%)**
Retails Capital Return	16.2	10.6
Retails Income Return	6.6	5.5
Retails Total Return	**23.8**	**16.6**

Source: Columbia Threadneedle REP PM Limited, MSCI Inc

> "Our Retail Warehouse holdings are focussed on convenience/ discount-led assets let off affordable rents, also known as 'essential retail'. These sub-markets have benefited from strong investor appetite due to quality tenants and sustainable income streams offering a yield advantage and supported by long term residual value. "

Across both Retail Warehousing and traditional High Street retail (the latter accounting for 4.9 per cent of portfolio value), the long-term rationale for holding retail assets is the yield advantage offered by the sector as well as the resilient positioning of the real estate serving its core local market. Over the course of the year, a number of successful initiatives have maintained a near-zero void rate and contributed to the Retail portfolio's income outperformance of 1.1 per cent relative to the Index:

- **B&Q, Churchill Way, Nelson** – as the tenant entered the final two years of their lease, close tenant engagement resulted in an accretive lease extension. The negotiations yielded a 10-year term certain at a rental level ahead of expectation, alongside a commitment from B&Q to invest in the fabric and appearance of the unit. The initiative contributed to an increased property valuation of 42 per cent.
- **Chobham Road, Sunningdale** – Over the course of the 12 months to June, four occupational agreements have been renewed, maintaining the passing rent, improving the unexpired lease term and enhancing the capital value of the asset.
- **Bramingham Retail Park, Enterprise Way, Luton** – in August 2021, the redevelopment of the former Homebase reached practical completion, delivering an Aldi food store and Costa drive-thru alongside a reconfigured Homebase. The development was delivered comfortably within budget and was de-risked through a pre-letting. The initiative has more than doubled the rental income and delivered an annual IRR in excess of 16 per cent over the development period.

Offices

The portfolio Office assets generated a total return of 5.8 per cent over the 12 months, lagging the Index return of 6.8 per cent.

Offices Portfolio Performance

	June 2022	June 2021
No of properties	9	10
Valuation (£'000)	88,475	95,000
Average Lot Size (£'m)	9.8	9.5
Net Initial Yield	4.6%	4.3%
	Portfolio (%)	Index (%)
Offices Capital Return	1.0	3.1
Offices Income Return	4.8	3.6
Offices Total Return	**5.8**	**6.8**

Source: Columbia Threadneedle REP PM Limited, MSCI Inc

The Company's Office portfolio is focussed primarily on the South East, with the prime assets at Berkeley Street, London and County House, Chelmsford accounting for more than 50 per cent by capital value at period end. Over the course of the year, a clear polarisation has emerged within the Office sector as both occupier and investor demand for prime assets in core locations showed steady improvement throughout the period. In contrast, secondary and tertiary assets have seen more subdued market conditions as occupiers and investors alike grapple with structural changes and uncertainty brought about by the UK's 'return to office' alongside concerns surrounding ESG-led obsolescence.

Consequently, the Company's prime West End holding at 14 Berkeley Street proved the key driver of sector returns. A series of successful asset management initiatives on the multi-let holding saw the asset become fully occupied on leases ahead of ERV. The outstanding rent review on the ground floor car showroom was settled at a meaningful 19 per cent uplift to the passing rent. The culmination of the asset business plan optimised both the leasing profile and capital value, presenting an opportunity to extract significant profit via a disposal. The sale of the asset concluded post-period on 5 August 2022 at a 5 per cent premium to the preceding valuation. Please see 'Investment Activity' for further information.

Following the sale of Berkeley Street, the Company's exposure to the Office sector fell to 15.2 per cent by capital value. While more subdued capital growth on some of the portfolio's regional assets held back overall returns, close tenant engagement has also yielded positive asset management outcomes across the wider portfolio. We are also engaged in a number of initiatives across the Office portfolio, where assets lend themselves to longer-term, higher-value alternative uses on account of their attractive residual values.

Investment activity

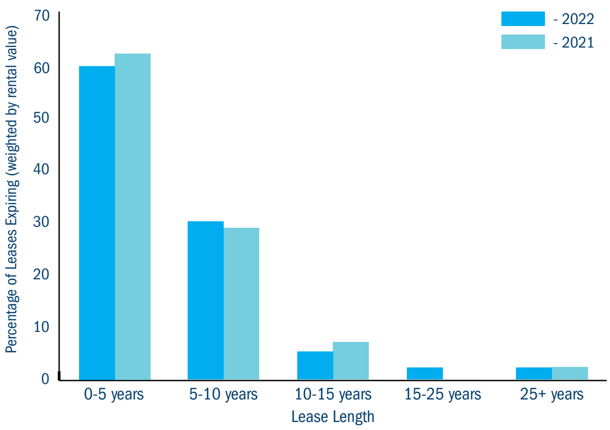
The Company completed a number of transactions during the period, continuing the strategy of increasing exposure to growth sectors. The strategic down-weighting from the High Street sector continued with the sale of High Street, Guildford which had been identified as a potential disposal target on account of long-term void risk. The sale was completed in April 2022 at a price of £3.1 million reflecting a 14 per cent premium achieved over the most recent valuation.

The Company also completed the disposal of the Office holding, Marlborough House in St Albans in July 2021. The asset had been identified for disposal as the obsolete office accommodation required wholesale redevelopment at a scale and risk exposure incompatible with the Company's strategy. The asset was sold for £7.9 million, an 8 per cent premium to the subsequent valuation.

Heathrow Truck Centre, Colnbrook

Two strategic acquisitions were concluded in September 2021 for a combined £19.4 million. The Company acquired a trade-led retail warehousing scheme in Banbury for £7.325 million, occupied by Wickes and Topps Tiles. The asset met with our investment rationale for the sector, offering a robust occupational underwrite and strong residual value. Shortly thereafter, the Company acquired a South East industrial asset for £12.1 million, adjacent to the existing holding in Colnbrook, Heathrow. The asset offered excellent prospects for both capital and income growth, alongside potential for value generation through active asset management. The two assets were accretive to both capital and income return at portfolio level and have represented a highly effective use of Company cash reserves with the combined assets delivering a weighted total return of in excess of 30 per cent since acquisition to the financial year end.

Lease Expiry Profile



As at 30 June 2022 the weighted average lease length for the portfolio, assuming all break options are exercised, was 6.1 years (2021: 5.9 years).

Source: Columbia Threadneedle REP PM Limited

As referenced above, the disposal of the prime, multi-let office holding at 14 Berkeley Street was completed post-year end in August 2022 for £32.4 million. The asset had been identified for sale primarily on account of its very low-yielding nature, and potential to release significant cash reserves for redeployment into more accretive initiatives. The sale was executed following the successful culmination of the asset business plan and was timed to take full advantage of both asset and market cycles, allowing us to generate a highly competitive net initial yield of 3.1 per cent and a 5 per cent premium to valuation. The proceeds from the sale have served to strengthen the Company balance sheet, offering flexibility for capital reallocation to deliver further shareholder value.

> "The portfolio's sustained low vacancy rate, yield advantage and high-quality covenants in strong locations will serve the Company well."

Outlook

The UK real estate market had a solid first 6 months of 2022. However, given the weakening economic backdrop, geopolitical events, ensuing high inflation and rising interest rates, it is no surprise that there is more caution amongst the investor community going into the second half of the calendar year.

A UK recession now looks likely and growth will inevitably slow. The expectation is that the principal impact will be on real estate pricing rather than a wholesale slowdown in the occupational markets, a dynamic which we have begun to witness post year end. Through periods of uncertainty investors will look to protect income, which will be the primary driver of returns. The rising cost of capital and increasing gilt yields mean that yields across the market are under pressure. Industrial, where yields have reached historic lows over the period, has already seen downward pricing pressure in the capital markets, particularly for secondary or tertiary assets and where the Industrial markets became overbought.

In this economic context, the key differentiators for the Company will be twofold. Firstly, as returns become income-led, relative performance will be predicated on the ability of the tenant base to withstand inflationary pressures. In this regard, the portfolio's sustained low vacancy rate, yield advantage and high-quality covenants in strong locations will serve the Company well, as was demonstrated through robust rent collection during the depths of the pandemic. Secondly, in a lower-returning environment, portfolio resilience will be critical in the generation of relative returns. The high weighting to Industrial and Retail Warehousing position the Company relatively well, as the two sectors are characterised by strong underlying occupational markets and perform an essential function in the business and consumer supply chain.

The portfolio has a strong pipeline of asset management opportunities to protect and create value for the Company. In addition, a strategic priority will be to explore some asset rotation to enhance the portfolio's income return and increase diversity. The current dislocation in real estate capital markets should present opportunities to seek value and in accordance with the portfolio's long term characteristics we will continue to target strong assets in resilient locations to position the portfolio for further growth.

There is no doubt that we are entering a period of mounting economic headwinds and the Company will not be immune to these pressures. Nevertheless, the portfolio has been positioned to navigate challenging periods, as demonstrated by the strong track record of outperformance, and I look forward to working closely with the Board to build upon the Company's excellent foundations.

Matthew Howard
Columbia Threadneedle REP PM Limited
17 October 2022

Environmental, Social and Governance (ESG)

The importance of environmental and social factors, together with the management of those factors through corporate governance, continues to strengthen within the UK commercial property market. The Board and its Managers remain fully committed to ensuring that material environmental, social and governance issues are appropriately and effectively addressed, recognising that proper integration of such matters into regular business practice is fundamental to preserving asset worth and enhancing shareholder value.

A summary of the Company's approach and progress against its ESG commitments is set out below, whilst our 2022 ESG Report will provide more granular detail on our activities, performance and profile of the portfolio in respect of material ESG factors.

Strategic direction

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

1. **Leadership & effectiveness** – measures through which we will demonstrate effective governance in relation to ESG criteria, a theme that is particularly pertinent to our shareholders in the context of our outsourced investment and property management arrangements.
2. **Investment process** – Procedures through which we integrate ESG into the investment process, ensuring that material factors are central to investment decision-making and property management so that relevant risks to income and long-term performance are addressed in a timely and efficient manner.
3. **Portfolio** – attendance to and optimisation of material ESG performance and risk factors across the portfolio, with a particular emphasis on resource efficiency and renewable energy, occupier wellbeing and satisfaction, managing the implications of new regulations concerning minimum energy standards for leased properties, and ensuring that our properties are not used by organisations connected to controversial weapons activities.
4. **Transparency** – approach to investor reporting and public disclosure on relevant ESG factors, including participation in recognised industry reporting initiatives and through alignment to applicable standards of best practice.

Further information on the Company's ESG approach can be found at **https://www.columbiathreadneedle.co.uk/property-trust-limited/ri/**

How the Property Manager implements ESG

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

Leadership and effectiveness

Global Real Estate Sustainability Benchmarking ("GRESB")

GRESB is the dominant global system for assessing Environmental, Social and Governance performance for real estate funds. The Company's ambition is to realise year-on-year improvements in score and peer group ranking. Representing its fourth consecutive year of participation, the Company submitted to the 2022 survey in June, receiving results in the following October. An overall score of 70 was achieved, this outcome allowing the Company to maintain its two green star status.

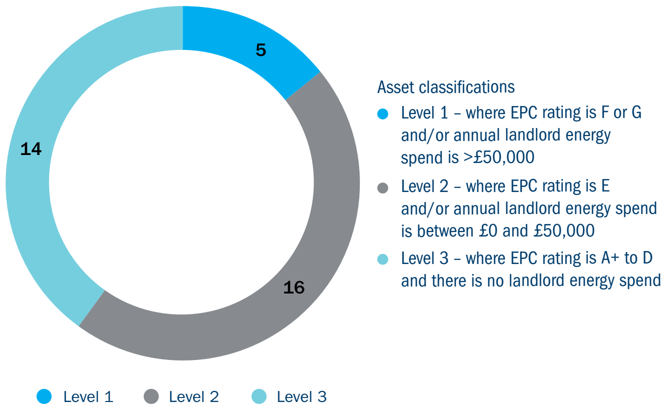
Investment process

Responsible Property Investment Framework

The Manager's Responsible Property Investment Framework provides the structure around which various property teams operate, reinforcing the concept that every individual has a contribution to make towards the successful integration of environmental, social and governance (ESG) matters into property investment activities. An Appraisal Tool supports this integration. It captures a range of ESG related metrics to produce a detailed assessment of risk and opportunity in relation to factors considered material to future investment performance, such as Energy Performance Certificate ratings, green building certifications, contamination and flood risk, as well as opportunities to improve ESG performance. These outputs are regularly reviewed and are fully integrated into individual annual asset business plans. The process is similarly applied to all potential acquisitions so that thoughtful consideration can be given to risks and opportunities prior to executing transactions.

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

Asset classification (distribution by number of properties)



Portfolio

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

Environmental impacts

The Company sets year-on-year intensity-based energy, carbon, water, and waste reduction targets for landlord procured services which it seeks to realise though active engagement with its local facilities managers and occupier cohort. The Company has previously set out longer- term targets for energy and carbon reduction in line with science-based methodologies and has produced a shareholder briefing note outlining its adoption. Since the last reporting year, the Company's absolute carbon emissions decreased by just over 37% principally on account of one largely vacant multi-occupied office asset where the building services were operated at a much reduced capacity, and from more modest reductions across the remainder of the relevant property assets. The Company is now actively developing its strategy for achieving net zero carbon in line with credible industry led definitions and for setting a target year for accomplishment. The Company expects to publish its pathway in the latter half of 2022.

Renewable energy sources

In support of the transition towards renewable energy and energy efficiency, and in line with its commitment, the Company has, for landlord-procured supplies, procured renewable electricity under a contract expiring October 2022 and renewable gas under a contract expiring October 2023.

Controversial activities

Understanding shareholder concerns and sensitivities towards certain controversial activities, the Company has adopted a policy which prohibits the execution of new lease contracts with organisations connected to the production, storage, distribution or use of controversial weapons. Throughout 2021-2022, the Company had no exposure to such organisations. Moreover, the Company monitors tenant mix on a regular basis and exercises discretion when considering leasing to organisations involved in other controversial activities such as those associated with gambling, pornography and alcohol. The Company welcomes regular engagement with investors to understand their expectations in this regard.

Occupier satisfaction and wellbeing

The commercial real estate industry is beginning to gain new perspectives on the importance of the built environment on human health and wellbeing and its link to productivity. Acknowledging this shift in perspective, a mechanism for undertaking occupier satisfaction surveys has been established based on a three-yearly programme. In 2021, the Company undertook an exercise which built on 2019 pilots which established a baseline position and score against which to measure improvement and compare against a benchmark index. The 2021 results demonstrated improved performance. Further details are included in the Company's 2022 ESG report.

Transparency

CDP (formerly Climate Disclosure Project)

In line with its commitment, the Company submitted to the full tier of the Climate Change module of CDP in July 2021 and achieved a rating of B, indicating the taking of coordinated action on climate issues. CDP places REITs within the financial services activity peer group and the Company's results is comparable to the average performance established for Europe. The Company submitted to this year's survey in July and expects to receive the result at the end of 2022.

EPRA Sustainability Best Practice Recommendations

Recognising the value and importance of non-financial reporting, the Company's annual ESG Reports include disclosures which are aligned to the 3rd Edition of the EPRA Sustainability Best Practice Recommendations and which are available on the Company's website. Absolute energy and emissions data have been independently verified whilst the 2021 report achieved a Gold EPRA award for quality and transparency.

EPRA BPR GOLD

GRESB Public Disclosure

GRESB undertake an annual assessment of the level of disclosure and transparency of public listed real estate companies. In 2021, the Company improved its rating to an A grade, representing the highest level of transparency on environmental, social and governance issues.

Taskforce for Climate-related Financial Disclosures (TCFD)

The Company acknowledges the recommendations of the Financial Stability Board Task Force on Climate-Related Financial Disclosures (TCFD) and the Company has included disclosures in the main body of the 2022 ESG report. The Company has engaged WSP Environmental to provide advice and technical expertise on the assessment and evaluation of physical climate risks and opportunities through detailed scenario modelling and analysis. The output from these exercises will help to support further TCFD and CDP disclosures.

Eastern Road, Bracknell

Spotlight on 15 London Road, Redhill

Located in Surrey and on the fringe of London's orbital motorway, this 14,000 sq ft mid 1970's constructed three-storey building, designed initially with retail space on the ground floor and office accommodation on the upper floors, benefitted from a £1 million refurbishment following engagement with the occupational tenant.

In order to avoid the potential for extended litigation over historic responsibilities for the maintenance and repair of the building's central plant and equipment under two long but distinct occupational leases, the landlord took a proactive approach and agreed with the tenant, as part of lease regear negotiations, that they accept a more conventional arrangement for future maintenance and management of the refurbished building and associated services.

This fundamental agreement unlocked the opportunity to implement upgrade works to satisfy both landlord and tenant requirements.

The upgrade works included:

- repairs to the building fabric including roof coverings and windows
- installation of new energy efficient lighting
- replacement of central and localised heating, cooling and air handling equipment with modern efficient equivalents
- improvement of the Energy Performance Certificate rating from G to B
- Installation of two electric vehicle charging points

Spotlight on Enterprise Way, Luton

Situated in close proximity to the major A6 trunk road in the Bramingham Business District on the northern fringe of Luton, this asset now extends to some 45,000 sq ft across three separate lettings.

The Company's holding is a former Homebase, where the tenant had expressed a desire to reduce their footprint whilst retaining representation given the strength of the trading location.

Working closely with Homebase, the redevelopment proposal was designed to accommodate their continuing presence within a wider scheme, and phased in order to allow for continuing trading throughout. This comprehensive redevelopment achieved practical completion in August 2021, delivering an optimum sized Homebase alongside an Aldi food store and Costa coffee drive-thru.

The development delivers well-configured retail space with future-proofed environmental credentials, predicated on strong Energy Performance Certificate ratings. The project management team also worked closely with Costa to deliver a drive-thru development specification achieving BREEAM Very Good, whilst the installation of electric vehicle charging points across the site provide enhanced public amenity.

Property Portfolio
As at 30 June 2022

Property	Sector
Properties valued in excess of £20.0 million	
Colnbrook, Units 1-8 Lakeside Road	Industrial, logistics and distribution
Banbury, 3663 Unit, Echo Park	Industrial, logistics and distribution
London W1, 14 Berkeley Street**	Offices
Hemel Hempstead, Hemel Gateway	Industrial, logistics and distribution
Eastleigh, Southampton International Park	Industrial, logistics and distribution
Properties valued between £10.0 million and £20.0 million	
Bracknell, 1-2 Network Bracknell, Eastern Road	Industrial, logistics and distribution
Colnbrook, Heathrow Truck Centre	Industrial, logistics and distribution
Luton, Enterprise Way	Retail Warehouse
Basingstoke, Unit K60, Bunzl	Industrial, logistics and distribution
Theale, Maxi Centre, Brunel Road	Industrial, logistics and distribution
Eastleigh, Wide Lane	Industrial, logistics and distribution
Milton Keynes,Site E Chippenham Drive	Industrial, logistics and distribution
Chelmsford, County House, County Square	Offices
York,Clifton Moor Gate*	Retail Warehouse
Andover, Keens House, Anton Mill Road	Offices
Properties valued between £5.0 million and £10.0 million	
Edinburgh, 1-2 Lochside Way, Edinburgh Park	Offices
Nottingham, Standard Hill	Offices
Bromsgrove, Brook Retail Park, Sherwood Road	Retail Warehouse
Banbury, Southam Road	Retail Warehouse
New Malden, 7 Beverley Way	Retail Warehouse
Northallerton, Willowbeck Road	Retail Warehouse
Bury, Halls Mill Retail Park, Foundry Street	Retail Warehouse
London, 24 Haymarket & 1-2 Panton Street	Retail
Nelson, Churchill Way	Retail Warehouse
Properties valued under £5.0 million	
High Wycombe, Glory Park	Offices
Newbury, The Triangle, Pinchington Lane	Retail Warehouse
Sunningdale, 53/79 Chobham Road, Berkshire	Retail
Rayleigh, 41/47 High Street	Retail
Nottingham, Park View House	Offices
Redhill, 15 London Road	Offices
Nottingham, 21/22 Long Row East and 2/6 King Street	Retail
Bellshill, Mercury House, Strathclyde Business Park	Offices
Rayleigh, 81/87 High Street	Retail
Kingston upon Thames, 11 Church Street	Retail
Nottingham, 25-27 Bridlesmith Gate	Retail

* Leasehold Property
** Disposed of in August 2022

Southampton International Park, Eastleigh


htec

Directors

Vikram Lall
Chairman and independent non-executive Director

Appointed in April 2013.

Vikram is a qualified chartered accountant and was, until 2003, an executive director of Brewin Dolphin Holdings plc with responsibility for corporate finance. Prior to joining Brewin Dolphin, he worked as a corporate financier for many years.

Alexa Henderson*
Independent non-executive Director and Chairman of the Audit and Risk Committee

Appointed in December 2015.

Alexa is a member of the Institute of Chartered Accountants of Scotland and was previously a director of the WM Company. She is a non-executive director and Chairman of JP Morgan Japan Small Cap Growth & Income PLC, and a non-executive director of abrdn UK Smaller Companies Growth Trust PLC. She is also a non-executive director of Bravura Solutions Limited.

Mark Carpenter*
Independent non-executive Director

Appointed in May 2015.

Mark is a chartered surveyor and was a Director of Investment at Nuveen Real Estate, a global real estate asset management company, where he was also a director of several property funds and sat on the Investment Committee. He retired from these roles in December 2020.

David Ross*
Independent non-executive Director and Chairman of the Management Engagement Committee

Appointed in March 2015.

David was a founding partner of Aberforth Partners LLP, an investment management firm specialising in investing in UK smaller companies, from which he retired in 2014. He is a non-executive director and Chairman of JP Morgan US Smaller Companies Investment Trust plc and a non-executive director of Global Opportunities Trust plc.

Rebecca Gates*
Independent non-executive Director

Appointed in March 2021 and resigned from the Board on 31 August 2022.

Rebecca is an experienced property professional who has spent the last 23 years of her career in a variety of roles within the real estate investment management business.

* Member of the Audit and Risk Committee

Directors' Report

The Directors submit the Annual Report and Consolidated Financial Statements of the Company for the year ended 30 June 2022. The Directors' biographies; Corporate Governance Statement; Report of the Audit and Risk Committee; and the Directors' Remuneration Report form part of this Directors' Report.

Statement Regarding Annual Report and Consolidated Financial Statements

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

Guernsey registration number: 41870

Results and Dividends

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

The Company has paid interim dividends in the year ended 30 June 2022 as follows:

Interim Dividends 2022

	Payment date	Rate per share
Fourth interim for prior year	30 September 2021	1.0p
First interim	31 December 2021	1.0p
Second interim	31 March 2022	1.0p
Third interim	30 June 2022	1.0p

A fourth interim dividend of 1.0p was paid on 30 September 2022 to shareholders on the register on 9 September 2022.

Dividend policy

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

Principal Activity and Status

The Company is an authorised closed ended Guernsey registered company and during the year carried on business as a property investment company. The Company's shares are traded on the Main Market of the London Stock Exchange.

The Group elected into the UK REIT regime on 1 January 2015.

The principal activities of the Company's subsidiaries are included in note 10 to the consolidated financial statements.

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 45 and 46, provides detailed information on the remuneration arrangements for Directors of the Company, including the Directors Remuneration Policy. Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. It is intended that this policy will continue for the three-year period ending at the AGM in 2023. Shareholders will also be asked to approve the Remuneration Report (**Resolution 2**).

Directors

Biographical details of the Directors, all of whom are non-executive can be found on page 34.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper guidance in relation to the Company.

Rebecca Gates resigned from the Board on 31 August 2022. The Chairman, Vikram Lall has also advised of his intention to retire from the Board by the AGM, having served for nine years. An external recruitment consultant has been appointed to assist the Board in the process of appointment of two new non-executive Directors to the Board.

The Board confirms that, following the evaluation process set out in the Corporate Governance Statement on pages 39 to 41, the performance of each of the remaining Directors continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected **(Resolutions 4 to 6)**.

Resolution 4 relates to the re-election of David Ross who has served on the Board for over seven years. He has significant experience of working in the investment management industry and the investment company sector in particular. He is a non-executive Director of two other investment companies.

Resolution 5 relates to the re-election of Mark Carpenter who has served on the Board for over seven years. He has worked in the property asset management industry for many years at a senior level.

Resolution 6 relates to the re-election of Alexa Henderson who has served on the Board for just under seven years. She is a qualified chartered accountant and has worked for many years in the investment industry. She is a non-executive Director on two other investment company Boards, one of which she serves as Chairman.

There are no service contracts in existence between the Company and any Director. Each of the Directors was appointed by a letter of appointment which sets out the main terms of their appointment. Amongst other things, the letter includes confirmation that the Directors have a sufficient understanding of the Company and the sector in which it operates and sufficient time available to discharge their duties effectively taking into account their other commitments. Those letters are available for inspection upon request at the Company's registered office.

Management

The Board has appointed Columbia Threadneedle Investment Business Limited (CTIB) (formerly BMO Investment Business Limited) as the Company's investment managers and Columbia Threadneedle REP PM Limited (CT REP) (formerly BMO REP Property Management Limited) as the Company's property managers. CTIB and CT REP are both part of the Coumbia Threadneedle group and, collectively, are referred to in this document as 'the Manager'. CTIB was appointed as the Company's AIFM on 18 July 2014. More detail is included in the Chairman's Statement on page 6.

CTIB provides investment management services to the Group. Details of the agreement between the Group and the Manager in respect of management services provided is given in note 3 to the consolidated financial statements.

The Board has a Management Engagement Committee which keeps under review the appropriateness of the Manager's appointment. In doing so the Committee considers the investment performance of the Group and the capability and resources of the Manager to deliver satisfactory investment performance. It also considers the length of the notice period of the investment management contract and the fees payable to the Manager, together with the standard of the other services provided.

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

Depositary

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

Share Capital

As at 30 June 2022 there were 240,705,539 Ordinary Shares of 1 pence each in issue. Subject to the Articles of Incorporation, all shares rank equally for dividends and distributions and carry one vote each and there are no restrictions concerning the transfer of Ordinary Shares in the Company. No agreements between the holders of Ordinary Shares regarding their transfer is known to the Company and there is no agreement which the Company is party to that affects its control following a takeover bid.

Substantial Interests in Share Capital

At 30 June 2022 the Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules):

Substantial Shareholdings

	Number of Ordinary Shares Held	Percentage Held†
Aviva	19,744,695	8.2
Value and Indexed Property Income Trust PLC	14,500,000	6.0
BlackRock	13,880,117	5.7
Schroders	11,335,586	4.7

† Based on 240,705,539 Ordinary Shares in issue as at 30 June 2022.

Since the year-end, Value and Indexed Property Income Trust PLC announced that they had reduced the number of voting rights held to 6,738,972 shares (2.8%). Ameriprise Financial Inc. have increased their voting rights to 12,201,840 (5.184%). There have been no other changes notified to the Company in respect of the above holdings and no other new holdings notified since the end of the year.

Accounting and Going Concern

Shareholders will be asked to approve the adoption of the Annual Report and Consolidated Financial Statements at the AGM (**Resolution 1**). The Consolidated Financial Statements, starting on page 55, comply with current International Financial Reporting Standards. The significant accounting polices of the Company are set out in note 1 to the accounts. The unqualified auditor's opinion on the Annual Report and Consolidated Accounts appears on pages 49 to 54.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have reviewed detailed cash flow, income and expense projections in order to assess the Group's ability to pay its operational expenses, bank interest and dividends. The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular those relating to loan to value and interest cover. The Directors have not identified any material uncertainties which cast significant doubt on the Group's ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the consolidated financial statements. The Board believes it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. The Group's longer term viability is considered in the Viability Assessment and Statement on page 17.

Modern Slavery Act 2015

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

Future Developments of the Company

The future success of the Company is dependent primarily on the performance of its investments. The outlook for the Company is set out in the Chairman's Statement on page 7 and the Manager's Report on pages 24 and 25.

Annual General Meeting

The Notice of the Annual General Meeting, to be held on 29 November 2022 is set out on pages 77 and 78.

Directors' Authority to Allot Shares

In accordance with the provisions of the Listing Rules, the directors of an overseas premium listed company are not permitted to allot new shares (or grant rights over shares) for cash without first offering them to existing shareholders in proportion to their existing holdings.

The Board therefore proposes a resolution at this year's Annual General Meeting which, if passed, will continue to disapply pre-emption rights.

Resolution 9 therefore, gives the Directors, for the period until the conclusion of the Annual General Meeting in 2023 or, if earlier, on the expiry of 15 months from the passing of Resolution 10, the necessary authority to either allot securities for cash or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £234,380. This is equivalent to 10 per cent of the issued Ordinary Share capital of the Company (excluding treasury shares) as at close of business on 14 October 2022. It is expected that the Company will seek this authority on an annual basis.

The Directors will only allot new shares pursuant to this authority if they believe it to be advantageous to the Company's shareholders to do so. Shares will be issued at above net asset value per share and under no circumstances should this result in a dilution to net asset value.

Directors' Authority to Buy Back Shares

The Group did not buy back any shares during the year. Since the year-end, the Group bought back 6,325,000 Ordinary Shares at an average discount to NAV of 36.1 per cent.

Resolution 10, as set out in the notice of the Annual General Meeting, seeks renewed authority for the Company to make market purchases of up to 14.99 per cent of the issued Ordinary Share capital, such authority to last until the earlier of 31 December 2023 and the Annual General Meeting in 2023. Any buy back of Ordinary Shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share. Such purchases will also only be made in accordance with the rules of the Financial Conduct Authority which provide that the price to be paid must not be more than 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days before the shares are purchased. Any shares purchased under this authority will be cancelled or held in treasury. Shares will only be re-issued out of treasury at a premium to the net asset value.

Disclosure of Information to the Auditor

The Directors confirm that:

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

Reappointment of Auditor and Auditor's Remuneration

PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office as the Company's auditor and a resolution proposing their re-appointment will be submitted at the Annual General Meeting and for Directors to determine their Remuneration **(Resolutions 7 and 8)**.

Individual Savings Accounts ('ISAs')

The Company's shares are qualifying investments as defined by HM Revenue & Customs' regulations for ISAs. It is the current intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

Recommendation

The Directors consider that the passing of each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole and they unanimously recommend that all shareholders vote in favour of these resolutions.

On behalf of the Board

V Lall
Chairman
17 October 2022

Corporate Governance Statement

Introduction

The Company is obliged to comply with the UK Corporate Governance Code ('the Code') issued by the Financial Reporting Council in July 2018, or explain any non-compliance. It has always been the Company's policy to comply with best practice on corporate governance and it has in place a framework for corporate governance which it believes is suitable for an investment company.

The Board has also considered the principles and provisions of the Association of Investment Companies Code of Corporate Governance (the 'AIC Code') issued in February 2019 which complements the UK Corporate Governance Code, and provides a framework of best practice for investment companies.

The AIC Code is available on the AIC's website, www.theaic.co.uk. The UK Corporate Governance Code is available on the Financial Reporting Council's website, www.frc.org.uk.

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

The Board has reviewed the need for an internal audit function and deemed this function unnecessary as discussed in the Report of the Audit and Risk Committee.

Except for the matters disclosed below, the Group has complied fully with the AIC Code throughout the year ended 30 June 2022. It is the intention of the Board that, except for the matters disclosed below, the Group will comply fully with the AIC Code throughout the year ended 30 June 2023.

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

The Guernsey Financial Services Commission issued a Finance Sector Code of Corporate Governance ('the GFSC Code') which came into effect on 1 January 2012. As the Company already reports against the AIC Code and the UK Corporate Governance Code it is deemed that it has met the requirements of the GFSC Code and has therefore not reported further on its compliance with that code. The GFSC Code is available on the Guernsey Financial Services Commission's website, www.gfsc.gg.

The Board

The Company's Articles of Incorporation require all Directors to retire by rotation at least every three years. However, in accordance with the recommendations of the AIC Code, the Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman has been imposed. The Board does not consider that length of service affects the ability of each Director to act independently and also considers that each Director is independent in character and judgement and there are no relationships or circumstances relating to the Company or the Manager which are likely to affect their judgement.

Due to the size of the Board and the fact that all Directors are non-executive, the Directors do not consider it appropriate for a Senior Independent Director to be appointed as recommended by provision 14 of the AIC Code.

The Board consists solely of non-executive Directors of which Mr Lall is Chairman. All Directors are considered by the Board to be independent, (as defined by the AIC Code), of the Manager as at 30 June 2022. New Directors will receive an induction from the Manager and Secretary on joining the Board, and all Directors receive other relevant training as necessary.

The basis on which the Group aims to generate value over the longer term is set out in its objective and investment policy as contained on page 10. A management agreement between the Group and its Manager sets out the matters over which the Manager has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing and corporate governance procedures and risk management, are reserved for the approval of the Board of Directors. The Board currently meets at least quarterly and receives full information on the Group's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

AIFMD

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

Conflicts of interest

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

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

Committees

Throughout the year a number of committees have been in operation. The committees are the Property Valuation Committee, the Audit and Risk Committee, the Management Engagement Committee and the Nomination Committee. The Committees operate within clearly defined terms of reference which are available for inspection on request at the Company's registered office.

As stated in the Directors' Remuneration Report on pages 45 and 46, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

The table below sets out the number of scheduled Board and Committee meetings attended by each Director during the year.

Directors' attendance for the year ended 30 June 2022

	Board	Property Valuation Committee	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
No of meetings	4	3	3	1	1
V Lall[(1)]	4	3	n/a	1	1
D Ross	4	3	3	1	1
M Carpenter	4	3	3	1	1
A Henderson	4	3	3	1	1
R Gates	4	3	3	1	1

In additonal to the scheduled meetings detailed above, there were a further 11 Board Meetings and 1 Board Committee Meeting held during the year.

(1) V Lall is not a member of the Audit and Risk Committee.

Property Valuation Committee

The Property Valuation Committee comprised all of the Directors and was chaired by Mr Mark Carpenter. During the year, the Committee reviewed the quarterly property valuation report produced by the valuer and at least one Director attended each of the valuation meetings. A decision was taken during the year to cover the business of this committee in the full Board meeting. There will not be a separate Property Valuation Committee moving forward.

Audit and Risk Committee

The Report of the Audit and Risk Committee is contained on pages 42 to 44.

Management Engagement Committee

The Management Engagement Committee is chaired by Mr David Ross and comprises the full Board.

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

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by Mr Vikram Lall. The Board considers that, given its size, it would be unnecessarily burdensome to establish a separate nomination committee which did not include the entire Board and believes that this enables all Directors to be kept fully informed of any issues that arise.

The Committee is convened for the purpose of ensuring that plans are in place for orderly succession of appointments to the Board. Appointments to the Board are based on merit, but in considering appointments the Nomination Committee also takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, independence, diversity (including gender, race, ethnicity, socio-economic background, religion, sexual orientation, age or physical ability), and knowledge of the Company within the Board. The Committee is mindful of the recommendations of the Hampton Alexander Review "improving gender balance in FTSE Leadership", in particular the recommendation that a Board should have at least 33 per cent female representation and the Board comprised five Directors, three male and two female during the year. The Board is conscious of the diversity targets set out in the FCA Listing Rules and the Board complies with the AIC Code of Corporate Governance in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company. The Board will always appoint the best person for the role and will not discriminate on the grounds of gender, race, ethnicity, socio-economic background, religion, sexual orientation, age or physical ability. Whenever there are new appointments, these Directors receive an induction from the Manager and Company Secretary on joining the Board. All Directors receive other relevant training, collectively or individually, as necessary.

The Committee is using an independent recruitment consultant, Cornforth Consulting, for the latest Board appointments. The Committee is currently looking to recruit two Directors and will interview a number of potential candidates after producing a short list from an extensive long list, provided by Cornforth.

Each year, the performance of the Board, committees and individual Directors are evaluated through an assessment process, led by the Chairman. The performance of the Chairman is evaluated by the other Directors.

It had been the intention of the Board to use an external consultant this year to evaluate the Board, however, the Board is currently being refreshed and this will be a more worthwhile exercise when the two new Directors have been appointed and had time to establish themselves. It is therefore intended that this exercise will commence in the latter half of 2023.

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

Relations with Shareholders

The Company proactively seeks the views of its shareholders and places great importance on communication with them. The Board receives regular reports from the Manager and brokers on the views of shareholders, and the Chairman and other Directors make themselves available to meet shareholders when required to discuss any significant issues that have arisen and address shareholder concerns and queries. The Notice of Annual General Meeting to be held on 29 November 2022 is set out on pages 77 and 78. It is hoped that this will provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company. The Annual Report and Notice of Annual General Meeting are posted to shareholders at least 20 working days before the Annual General Meeting.

On behalf of the Board

V Lall
Chairman
17 October 2022

Report of the Audit and Risk Committee

Role of the Committee

During the year, the Audit and Risk Committee comprised all of the Directors except the Chairman of the Board, Mr V Lall. The Audit and Risk Committee is chaired by Ms A Henderson, a Chartered Accountant and member of ICAS, who has recent and relevant financial experience.

The duties of the Audit and Risk Committee in discharging its responsibilities include reviewing the Annual Report and Consolidated Financial Statements and Interim Consolidated Financial Statements, the system of internal controls and the terms of appointment of the auditor together with its remuneration. It is also the forum through which the external auditor reports to the Board of Directors. The Committee reviews the scope and results of the audit, its cost-effectiveness and the independence and objectivity of the external auditor, with particular regard to non-audit fees. The committee meets at least three times a year including at least two meetings with the auditor, PricewaterhouseCoopers CI LLP (“PwC”).

The Audit and Risk Committee met on three occasions during the year and the attendance of each of the members is set out on page 40. In the course of its duties, the Committee had direct access to PwC and senior members of the Manager’s investment company team. Amongst other things, the Audit and Risk Committee considered and reviewed the following matters and reported thereon to the Board:

- the annual and half-yearly reports and consolidated financial statements and results announcements;
- the accounting policies of the Group;
- the principal risks faced by the Group and the effectiveness of the Group’s internal control and risk environment including consideration of the assumptions underlying the Board’s Statement on Viability;
- the effectiveness of the external audit process and related non-audit services and the independence and objectivity of PwC, their remuneration and terms of engagement;
- the policy on the engagement of PwC to supply non-audit services and approval of any such services;
- the implications of proposed new accounting standards and regulatory changes;
- the receipt of Report on Internal Controls in accordance with AAF (01/20) for the period 1 November 2020 to 31 October 2021 from the Manager; and
- whether the Annual Report is fair, balanced and understandable.

Letter from the Financial Reporting Council (‘FRC’)

The FRC reviewed the Company’s Annual Report and Accounts for the year ended 30 June 2021. Pleasingly, based on their review, there were no questions or queries that they wished to raise. They did, however, note a number of minor matters, where they believed that users of the accounts would benefit from improvements to our existing disclosures and these have been incorporated this year.

External audit process

As part of its review of the scope and results of the audit, during the year the Audit and Risk Committee considered and approved PwC’s plan for the audit of the financial statements for the year ended 30 June 2022. At the conclusion of the audit, PwC did not highlight any issues to the Audit and Risk Committee which would cause it to qualify its audit report, nor did it highlight any fundamental internal control weaknesses. PwC issued an unqualified audit report which is included on pages 49 to 54.

Non-audit services

In relation to the provision of non-audit services by the auditor, it has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit and Risk Committee and any special projects must also be approved in advance. PwC did not receive any non-audit fees for the year ended 30 June 2022 (2021: nil).

Auditor assessment, independence and appointment

The Audit and Risk Committee reviews the re-appointment of the auditor every year. As part of the review of auditor independence and effectiveness, PwC have confirmed that they are independent of the Group and have complied with relevant auditing standards. In evaluating PwC, the Audit and Risk Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Committee assesses the effectiveness of the audit process through the reporting it receives from PwC in respect of the year-end Annual Report and Consolidated Financial Statements. The Committee is satisfied that PwC provide effective independent challenge in carrying out its responsibilities.

PwC have been auditor to the Group since the year ended 30 June 2017 following a tender process. Lisa McClure has been appointed as audit engagement partner and the 2022 audit is her first year of involvement. The Audit and Risk Committee recomends PwC for reappointment at the next Annual General Meeting. PwC’s performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

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

Matter	Action
Valuation of the Investment Property Portfolio	
The Group's property portfolio accounted for 95.1 per cent of its total assets as at 30 June 2022. Although valued by an independent firm of valuers, Cushman & Wakefield, the valuation of the investment property portfolio is inherently subjective, requiring significant judgement by the valuers. Errors in the valuation could have a material impact on the Group's net asset value. Further information about the property portfolio and inputs to the valuations are set out in note 9 to the consolidated financial statements. The title deeds are held by the Group's property lawyers.	The Board and Audit and Risk Committee reviewed the outcomes of the valuation process throughout the year and discussed the detail of each of the quarterly valuations with the Manager at Board Meetings. The Manager liaises with the valuers on a regular basis and meets with them prior to the production of each quarterly valuation. The Board was represented at all of the quarterly valuation meetings with Cushman & Wakefield during the year, including the meeting in advance of the production of the year end valuation. In addition, this is the main area of audit focus and, accordingly, the Audit and Risk Committee receives detailed verbal and written reports from PwC on this matter. PwC also met with the valuers as part of the year-end process.
Loan Arrangements	
The Group has £110 million of loan facilities: £90 million term loan with Canada Life and a £20 million revolving credit facility with Barclays Bank. £7 million of the revolving credit facility was drawn at 30 June 2022 and has subsequently been repaid in September 2022. The loan facilities are subject to various covenants, a breach of which could result in early repayment or penalties.	The Board and Audit and Risk Committee review the bank covenants which they have complied with throughout the year to ensure the risk of any breach is sufficiently mitigated.
Income Recognition	
Incomplete or inaccurate recognition could have an adverse effect on the Group's net asset value, earnings per share and dividend cover.	The Board review the revenue forecast on a quarterly basis to ensure that the level of income is able to sustain the dividend. They also review the level and speed of income collection. A credit loss provision has been accrued to reflect those tenants that are greater than 90 days in arrears with rent.

Internal Controls and Risk Management

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

The process is based principally on the Manager's existing risk-based approach to internal control whereby a risk matrix is created that identifies the key functions carried out by the Manager and other service providers, and the individual activities undertaken within those functions. From this, the Board identified the Group's principal risks and controls employed to manage those risks. The Audit and Risk Committee reviews the risk matrix on a regular basis and reports any issues to the Board.

The Board also monitors the investment performance of the Group against its stated objective and comparable companies. The Board also reviews the Group's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to the guidelines. In addition, the Board receives quarterly reports from the Company Secretary in respect of compliance matters and duties performed on behalf of the Group.

A formal annual review of these procedures is carried out by the Audit and Risk Committee. The Committee has also reviewed the Manager's Report on Internal Controls in accordance with AAF (01/20) ('AAF') for the year 1 November 2020 to 31 October 2021 that has been prepared for their investment company clients. Containing a report from independent external accountants, the report sets out the Manager's control policies and procedures with respect to the management of clients' investments and maintenance of their financial records. The effectiveness of these controls is monitored by the Manager's group audit and risk committee which receives regular internal audit reports from its Risk and Control Services function. Procedures are in place to capture and evaluate deficiencies and weaknesses and ensure that action would be taken to remedy any significant issues identified from this monitoring, which would be reported to the Board. No significant deficiencies or weaknesses in respect of the Group were identified in the year under review nor to the date of this report. The depositary reports to the Board and carries out daily independent checks on cash and investment transactions and is liable for any loss of assets.

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

The Audit and Risk Committee has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager and the Company Secretary, including their internal audit functions and the work carried out by the Group's external auditor, provide sufficient assurance that a sound system of internal control, which safeguards the Group's assets, is maintained. An internal audit function specific to the Group is therefore considered unnecessary.

Committee evaluation

The activities of the Audit and Risk Committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements. A full evaluation was undertaken on effectiveness, roles and responsibilities of the Committee in accordance with the Financial Reporting Council's current guidance. The evaluation found that the Committee functioned well with the right balance of membership and skills.

A Henderson
Chairman of the Audit and Risk Committee
17 October 2022

Directors' Remuneration Report

The Board comprises only non-executive Directors. The Company has no executive Directors or employees. For these reasons, it is not considered appropriate to have a separate Remuneration Committee. The full Board determines the level of Directors' fees.

Full details of the Company's policy with regards to Directors' fees, and fees paid during the year ended 30 June 2022, are shown below. No major decisions or substantial changes relating to Directors' remuneration were made during the year.

Directors' Remuneration Policy

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

The fees for the Directors are determined within the limit set out in the Company's Articles of Incorporation. The present limit is an aggregate of £200,000 per annum and may not be changed without seeking shareholder approval at a general meeting. The fees are fixed and are payable in cash, quarterly in arrears. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

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

The terms of Directors' appointments provide that Directors should retire by rotation at least every three years and be subject to re-election. However, in accordance with the recommendations of the AIC Code, the Board has agreed that all Directors will retire annually and be subject to re-election at the Annual General Meeting. There is no notice period and no provision for compensation upon early termination of appointment.

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

Future Policy Report

The Board reviewed the Directors fees levels taking into account comparable fees in the sector. After detailed discussion, it was concluded that Directors fees should be increased by approximately 7.5 per cent for 2022/23.

Based on this, Directors' remuneration for the forthcoming financial year would be as follows:

Annual fees for Board Responsibilities

	2023 £	2022 £
Chairman	**40,500**	37,500
Chairman of Audit and Risk Committee	**35,000**	32,500
Director	**34,000**	31,500

Annual Report on Directors' Remuneration
Directors' Emoluments for the Year

The Directors who served during the year received the following emoluments in the form of fees:

Fees

	2022 £	2021 £
A Gulliford (retired 10 March 2021)	**–**	21,016
V Lall	**37,500**	36,250
D Ross	**31,500**	30,500
M Carpenter	**31,500**	30,500
A Henderson	**32,500**	31,500
R Gates (appointed 10 March 2021)	**31,500**	9,463
Total	**164,500**	159,229

Directors' Shareholdings

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

Directors' share interests

	2022 Ordinary Shares	2021 Ordinary Shares
V Lall	143,765	143,765
D Ross	120,000	120,000
M Carpenter	20,000	20,000
A Henderson	37,575	37,575
R Gates (resigned 31 August 2022)	Nil	Nil

There have been no changes to Directors' shareholdings since 30 June 2022.

Company Performance

The Board is responsible for the Group's investment strategy and performance, although the management of the Group's investment portfolio is delegated to the Manager through the investment management agreement, as referred to on page 64. An explanation of the performance of the Company for the year ended 30 June 2022 is given in the Chairman's Statement and Manager's Review.

Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 17 November 2021, shareholders approved the Directors' Remuneration Report in respect of the year ended 30 June 2021. 99.4 per cent of votes were in favour of the resolution and 0.6 per cent were against.

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting **(Resolution 2)**.

On behalf of the board

V Lall
Chairman
17 October 2022

Statement of Directors' Responsibilities

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

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

The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the financial performance and cashflows of the Group for that period.

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

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

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

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

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

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

Statement under Disclosures Guidance and Transparency Rule 4.1.12

Each of the Directors listed on page 34 confirm that to the best of their knowledge:

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

On behalf of the Board

V Lall
Chairman
17 October 2022


3663 Unit, Echo Park, Banbury

Independent Auditor's Report to the members of CT Property Trust Limited (formerly BMO Real Estate Investments Limited)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of CT Property Trust Limited (formerly BMO Real Estate Investments Limited) (the "company") and its subsidiaries (together "the group") as at 30 June 2022, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 June 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Audit scope

- Group audit scoping was performed based on total assets held within each of the three components all of which are Guernsey domiciled. Our audit covers the consolidated financial statements of the group.
- We conducted our audit of the consolidated financial statements based on information provided by the appointed service providers to the group to whom the board of directors has delegated the provision of certain functions, including Columbia Threadneedle Investment Business Limited (formerly BMO Investment Business Limited) (the "Investment Manager"), Columbia Threadneedle REP PM Limited (formerly BMO Rep Property Management Limited) (the "Property Manager") and Cushman & Wakefield (the "Property Valuer").
- We conducted our audit work in Guernsey and virtually with teams based in Jersey.

Key audit matters

- Valuation of investment properties as at 30 June 2022
- Revenue recognition

Materiality

- Overall group materiality: GBP 4.3 million (2021: GBP 3.4 million) based on 1% of total assets.
- Performance materiality: GBP 3.2 million.

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties as at 30 June 2022 Please refer to note 1(f) and 9 to the consolidated financial statements. The group's Investment Properties represent the majority of the group's assets as at 30 June 2022. The valuation of the group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income for that particular property. The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement, is why we have given specific audit focus and attention to this area. The valuations of the group's investment property portfolio were carried out by the Property Valuer. The Property Valuer was engaged by the Investment Manager on behalf of the group and performed its work in accordance with the latest version of the RICS Valuation – Global Professional Standards (known as the "Red Book") current as at the valuation date. In determining a property's valuation, the Property Valuer takes into account property specific current information such as the current tenancy agreements and rental income earned by the property. The Property Valuer then applies assumptions in relation to capitalisation rates and current market rent and growth, based on available market data and transactions, to arrive at a range of valuation outcomes, from which they derive a point estimate. Due to the unique nature of each property, the assumptions applied take into consideration the individual property characteristics at a tenant level, as well as the qualities of the property as a whole. Where available, comparable market information is also used in the assessment of the valuation of the group's investment properties.	***Understanding*** We have updated our understanding and evaluation of internal controls relating to the valuation of investment properties. ***Objectivity and experience of the Property Valuer*** We assessed the Property Valuer's independence, qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. ***External valuation report*** We read the valuation reports and discussed the reports with the Property Valuer and understood that the valuation approach for each property was in accordance with professional valuation standards and suitable for use in determining the fair value of Investment Properties as at 30 June 2022. We considered the adequacy of the disclosures made in the notes to the consolidated financial statements (critical accounting judgements and estimates and investment properties). These notes explain that there is significant estimation uncertainty in relation to the valuation of investment properties included in the consolidated balance sheet as at 30 June 2022. We inspected the property specific information supplied to the Property Valuer by the group, and on a sample basis, agreed the factual inputs to underlying property records held by the group. ***Assumptions*** Our work over the assumptions encompassed all properties in the portfolio. We engaged our own auditor's valuation expert to critique and challenge the work performed and assumptions used by the Property Valuer. In particular, we compared the valuation metrics used by the Property Valuer to recent market activity. We also challenged both management and the Property Valuer on significant movements in the valuations.

Key audit matter	How our audit addressed the key audit matter
The group has adopted the assessed values determined by the Property Valuer, adjusted for lease incentives. This is a main area of focus and a significant risk. Due to its significance and importance to the users of the consolidated financial statements, we have deemed this area to be a key audit matter.	Due to the subjectivity involved in determining valuations for individual properties and the existence of alternative assumptions and valuation methods, we determined a range of values that were considered reasonable to evaluate the independent property valuations used by management and also assessed for any contradictory information. We determined that the assumptions used in the valuations were supportable in light of available and comparable market evidence. We have not identified any matters to report to those charged with governance.
Revenue Recognition Revenue for the group consists primarily of rental income. The revenue recognition policy is stated in note 1(c) to the consolidated financial statements. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. The majority of the group's revenue is collected and managed by the Property Manager. In addition to the standard process for recording rental income, the group manually calculates the spreading of lease incentives to ensure revenue is recorded on a straight-line basis over the course of the lease. Due to the importance of rental income to the group's ability to continue to pay interim dividends, and therefore the significance of this balance to the users of the consolidated financial statements, we have deemed this area to be a key audit matter.	To address the completeness of rental income, we have reconciled the rental tenancy schedule to the schedule of investment properties owned by the group and the rent recognised in the underlying financial records. We have also performed digitally enabled procedures to match the journals posted to the cash ledger directly to the amounts in the bank statements. To address the accuracy, cut off and occurrence of rental income, we have tested a sample of rental income per the accounting records to signed lease agreements and rent review agreements. We have also recalculated a sample of lease incentives to confirm the accuracy of management's calculation and that the lease incentive has been appropriately recognised on a straight-line basis over the appropriate lease term. We have not identified any matters to report to those charged with governance.

How we tailored the audit scope

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

Materiality

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

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

Overall group materiality	GBP 4.3 million (2021: GBP 3.4 million).
How we determined it	1% of total assets
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the group. We did not apply a separate specific materiality to the consolidated statement of comprehensive income. We believe our overall materiality was of a level sufficient to address the risk of material misstatement in the consolidated statement of comprehensive income.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021:75%) of overall materiality, amounting to GBP 3.2 million (2021: GBP 2.6 million) for the group financial statements.

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

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above GBP 213k (2021: GBP 173k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

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

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

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors and those charged with governance for the consolidated financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Use of this report

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

Report on other legal and regulatory requirements

Company Law exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Corporate governance statement

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

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

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

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

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

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

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

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

Other matter

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

Lisa McClure
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey Channel Islands
18 October 2022

Consolidated Statement of **Comprehensive Income**

For the year ended 30 June

Notes		2022 £'000	2021 £'000
	Revenue		
	Rental income	**17,869**	16,836
2	Other income	**607**	-
	Total revenue	**18,476**	16,836
	Gains/(losses) on investment properties		
9	Gains/(losses) on sale of investment properties realised	**772**	(1,304)
9	Unrealised gains on revaluation of investment properties	**71,767**	12,926
	Total income	**91,015**	28,458
	Expenditure		
3	Investment management fee	**(2,380)**	(1,932)
4	Other expenses	**(1,568)**	(2,154)
	Total expenditure	**(3,948)**	(4,086)
	Net operating profit before finance costs and taxation	**87,067**	24,372
	Net finance costs		
	Interest receivable	**5**	2
5	Finance costs	**(3,434)**	(3,341)
		(3,429)	(3,339)
	Net profit before taxation	**83,638**	21,033
6	Taxation	**(235)**	(187)
	Profit for the year/total comprehensive income	**83,403**	20,846
8	**Basic and diluted earnings per share**	**34.6p**	8.7p

All items in the above statement derive from continuing operations.

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

The accompanying notes 1 to 23 are an integral part of the consolidated financial statements.

Consolidated
Balance Sheet
As at 30 June

Notes		2022 £'000	2021 £'000
	Non-current assets		
9	Investment properties	**405,875**	321,886
11	Trade and other receivables	**4,734**	3,292
		410,609	325,178
	Current assets		
11	Trade and other receivables	**2,418**	3,431
12	Cash and cash equivalents	**13,563**	16,631
		15,981	20,062
	Total assets	**426,590**	345,240
	Non-current liabilities		
13	Interest-bearing bank loan	**(89,999)**	(89,722)
14	Trade and other payables	**(1,137)**	(890)
		(91,136)	(90,612)
	Current liabilities		
14	Trade and other payables	**(8,768)**	(8,631)
13	Interest-bearing bank loan	**(6,915)**	–
	Tax payable	**(186)**	(187)
		(15,869)	(8,818)
	Total liabilities	**(107,005)**	(99,430)
	Net assets	**319,585**	245,810
	Represented by:		
15	Share capital	**2,407**	2,407
	Special distributable reserve	**177,161**	177,161
	Capital reserve	**136,283**	63,744
	Revenue reserve	**3,734**	2,498
	Equity shareholders' funds	**319,585**	245,810
16	**Net asset value per share**	**132.8p**	102.1p

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 17 October 2022 and signed on its behalf by:

V Lall, Director **A Henderson, Director**

The accompanying notes 1 to 23 are an integral part of the consolidated financial statements.

Consolidated Statement of **Changes in Equity**

For the year ended 30 June 2022

Notes		Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 July 2021	**2,407**	**177,161**	**63,744**	**2,498**	**245,810**
	Profit for the year	**–**	**–**	**–**	**83,403**	**83,403**
	Total comprehensive income for the year	**–**	**–**	**–**	**83,403**	**83,403**
7	Dividends paid	**–**	**–**	**–**	**(9,628)**	**(9,628)**
	Transfer in respect of gains on investment properties	**–**	**–**	**72,539**	**(72,539)**	**–**
	At 30 June 2022	**2,407**	**177,161**	**136,283**	**3,734**	**319,585**

For the year ended 30 June 2021

Notes		Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 July 2020	2,407	177,161	52,122	916	232,606
	Profit for the year	–	–	–	20,846	20,846
	Total comprehensive income for the year	–	–	–	20,846	20,846
7	Dividends paid	–	–	–	(7,642)	(7,642)
	Transfer in respect of gains on investment properties	–	–	11,622	(11,622)	–
	At 30 June 2021	2,407	177,161	63,744	2,498	245,810

The accompanying notes 1 to 23 are an integral part of the consolidated financial statements.

Consolidated Statement of **Cash Flows**

For the year ended 30 June

Notes		2022 £'000	2021 £'000
	Cash flows from operating activities		
	Net profit for the year before taxation	**83,638**	21,033
	Adjustments for:		
9	(Gains)/losses on sale of investment properties realised	**(772)**	1,304
9	Unrealised gains on revaluation of investment properties	**(71,767)**	(12,926)
	(Increase)/decrease in operating trade and other receivables	**(429)**	502
	Increase in operating trade and other payables	**384**	2,241
	Interest received	**(5)**	(2)
5	Finance costs	**3,434**	3,341
		14,483	15,493
	Taxation paid	**(236)**	(258)
	Net cash inflow from operating activities	**14,247**	15,235
	Cash flows from investing activities		
9	Purchase of investment properties	**(20,737)**	–
9	Capital expenditure	**(1,547)**	(5,816)
9	Sale of investment properties	**10,834**	4,287
	Interest received	**5**	2
	Net cash outflow from investing activities	**(11,445)**	(1,527)
	Cash flows from financing activities		
7	Dividends paid	**(9,628)**	(7,642)
	Bank loan interest paid	**(3,242)**	(3,161)
13	Bank loan drawn, net of costs – Barclays Loan	**7,000**	–
	Net cash outflow from financing activities	**(5,870)**	(10,803)
	Net (decrease)/increase in cash and cash equivalents	**(3,068)**	2,905
	Opening cash and cash equivalents	**16,631**	13,726
	Closing cash and cash equivalents	**13,563**	16,631

The accompanying notes 1 to 23 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Accounting policies

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

(a) Basis of accounting

(i) Statement of compliance

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

In accordance with section 244 of the Companies (Guernsey) Law, 2008, the Directors have elected to prepare consolidated financial statements for the financial year for the Group. Therefore, there is no requirement to present individual accounts for the Company within the consolidated financial statements.

(ii) Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and adopt the historical cost basis except for investment properties which have been measured at fair value.

The notes and consolidated financial statements are presented in pounds sterling and are rounded to the nearest thousand except where otherwise indicated.

(iii) Going concern

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

(iv) Critical accounting estimates and judgements

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

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

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

1. Accounting policies (continued)

(v) Changes in accounting policies

New standards and interpretations

There were no standards or amendments that were applied by the Group for the first time for the financial year beginning on 1 July 2021.

The following new amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022, and have not been adopted early:

- Amendments to IAS 1 – Classification of liabilities as current or non-current (effective from 1 January 2024) and
- Annual improvements to IFRS's 2018-2020 Cycle

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

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 30 June each year. Subsidiaries are those entities, including special purpose entities, controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(c) Revenue recognition

Rental income, excluding VAT, arising on investment properties is accounted for in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term of ongoing leases. Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

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

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

Interest income is accounted for on an accruals basis.

(d) Expenses

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

(e) Taxation

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1. Accounting policies (continued)

Entry to UK-REIT Regime

The Group's conversion to UK-REIT status was effective from 1 January 2015. The Group's rental profits arising from both income and capital gains are exempt from UK corporation tax from that date, subject to the Group's continuing compliance with the UK REIT rules.

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

From 1 April 2022, the 'holder of excessive rights' charge was removed. Prior to this a tax charge would be imposed paid in relation to the dividends which were paid to a Substantial Shareholder. The amount of the tax charge was calculated by reference to the total dividend that was paid to the Substantial Shareholder and was not restricted to the excess over 10 per cent.

Given that the UK REIT regime had deemed the Aviva Group to be a Substantial Shareholder, the Company agreed to make distributions to such Shareholder provided that it held no more than 21 per cent of the issued share capital of the Company at the time of the relevant distribution (or such lower number of Ordinary Shares as the Aviva Group may hold in the future).

(f) Investment properties

Investment properties consist of land and buildings (principally offices, industrial, retail shops and retail warehouses) which are not occupied for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held to earn rental income together with the potential for capital and income growth.

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

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve. Fair value is based on the open market valuation provided by Cushman & Wakefield, chartered surveyors, at the consolidated balance sheet date using recognised valuation techniques. These techniques comprise both the Traditional Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group's assets. For the purposes of these financial statements, in order to prevent double accounting, the assessed fair value provided by property valuers is reduced by the carrying amount of any accrued income resulting from the spreading of capital and rental lease incentives and/or minimum lease payments.

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

Techniques used for valuing investment property

- The Traditional Method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an Initial Yield, generally referred to as the 'All Risks Yield' approach or 'Net Initial Yield' approach.

1. Accounting policies (continued)

- The Discounted Cash Flow Method involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property and deductions for purchase costs.

- The Comparison Method uses data from recent market transactions and is mainly used for the fair value calculation of residential properties.

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

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

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

Recognition and derecognition generally occurs on the exchange of signed contracts between a willing buyer and a willing seller.

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

(g) Fair value measurement

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

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

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

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been suspended, forward exchange contracts and certain other derivative instruments.

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

The Group measures financial instruments and investment properties, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost, if any, are disclosed in note 13. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(h) Cash and cash equivalents

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

1. Accounting policies (continued)

(i) Trade and other receivables

Trade receivables, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as non collectable. The Group considers that a default on a trade and other receivables is when the counterparty fails to make contractual payments within 90 days of when they fall due. Incentives paid to tenants are recognised as current and non-current assets and amortised over the period from the date of lease commencement to the earliest termination date.

(j) Trade and other payables

Rental income received in advance represents the pro-rated rental income invoiced before the year-end that relates to the period post the year-end. VAT payable is the difference between output and input VAT at the year-end. Other payables are accounted for on an accruals basis and include amounts which are due for settlement by the Group as at the year-end and are generally carried at the original invoice amount. An estimate is made for any services incurred at the year-end but for which no invoice has been received.

(k) Interest-bearing loans

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

On maturity bank loans are recognised at par, which is equivalent to amortised cost. Bank loans redeemed before maturity are recognised at amortised cost with any charges associated with early redemption being taken to the Consolidated Statement of Comprehensive Income.

(l) Operating lease contracts

The Group leases out its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases of its investment properties to lessees as operating leases which recognise rental income over the life of the lease and property.

(m) Reserves

Share capital

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

Special distributable reserve

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey law, including the buy back of shares and the payment of dividends.

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

Capital reserve

The following are accounted for in this reserve:

– gains and losses on the disposal of investment properties

– increases and decreases in the fair value of investment properties held at the year-end.

Revenue reserve

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

2. Other income

	2022 £'000	2021 £'000
Dilapidation income	**607**	–

3. Investment management

	2022 £'000	2021 £'000
Investment management fee	**2,380**	1,932

The fees of any managing agents appointed by the Manager are payable out of the investment management fee. The Group's Manager receives a fee of 0.6 per cent per annum of the Total Assets including cash held provided that no fee is payable on any cash held in excess of 5 per cent of the net assets of the Group. Following discussions with the Manager, it has been agreed that the rate of 0.6 per cent will reduce to 0.55 per cent with effect from 1 July 2022.

The notice period in relation to the termination of the investment management agreement is six months by either party. The investment management agreement may be terminated earlier provided that a payment in lieu of notice, equivalent to the amount the Investment Manager would otherwise have received during the notice period, is made.

4. Other expenses

	2022 £'000	2021 £'000
Direct operating expenses of let rental property	**641**	680
Direct operating expenses of vacant property	**371**	166
Credit loss provision*	**(425)**	380
Valuation and other professional fees	**266**	245
Directors' fees	**165**	159
Administration fee	**113**	110
Auditor's remuneration for:		
– statutory audit	**90**	83
Other	**347**	331
	1,568	2,154

* The credit loss provision is rent and service charge receivable that was greater than 90 days overdue. The credit loss provision for 2022 has reversed provisions accrued in 2021 as lessees have paid rents (see note 11).

Valuers fees
The valuers, Cushman & Wakefield provide valuation services in respect of the property portfolio. The annual fee is equal to 0.0195 per cent of the aggregate value of the property portfolio paid quarterly.

Administration fee
The Manager also receives an administration fee, which from 11 April 2013 was rebased to £100,000 per annum. This fee is recalculated from 1 July each year to reflect movements in the consumer price index.

5. Finance costs

	2022 £'000	2021 £'000
Interest on interest-bearing bank loans	**3,244**	3,160
Amortisation of loan set up costs	**184**	181
Commitment commission	**6**	–
	3,434	3,341

6. Taxation

	2022 £'000	2021 £'000
Corporation tax charge in respect of distributions to holders of excessive rights	**235**	187
Total tax charge	**235**	187
A reconciliation of the tax charge applicable to the results from ordinary activities at the statutory tax rate to the charge for the year is as follows:		
Net profit before taxation	**83,638**	21,033
UK tax at an effective rate of 19.0 per cent (2021: 19.0 per cent)	**15,891**	3,996
Effects of:		
UK REIT exemption on net income	**(2,109)**	(1,788)
Capital gains on investment properties not taxable	**(13,782)**	(2,208)
Corporation tax charge in respect of distributions to holders of excessive rights	**235**	187
Total tax charge	**235**	187

From 1 January 2015 the Group elected into the UK REIT regime. The UK REIT rules exempt the profits from the Group's property rental business, arising from both income and capital gains. The Group is otherwise subject to UK corporation tax at the prevailing rate. As the principal company of the REIT, the Company is required to distribute at least 90 per cent of the income profits of the Group's UK property rental business. There are a number of other conditions that also require to be met by the Group to maintain REIT tax status. These conditions were met in the year and the Board intends to conduct the Group's affairs such that these conditions continue to be met.

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) as a category B collective investment vehicle, as are its subsidiaries.

7. Dividends and property income distributions gross of income tax

	2022 £'000	2021 £'000
Property Income Distributions:		
Fourth interim for the prior year of 1.00 pence per share paid on 30 September 2021 (2020: 0.625 pence)	**2,407**	1,504
First interim of 1.00 pence per share paid on 31 December 2021 (2020: 0.85 pence)	**2,407**	2,046
Second interim of 1.00 pence per share paid on 31 March 2022 (2021: 0.85 pence)	**2,407**	2,046
Third interim of 1.00 pence per share paid on 30 June 2022 (2021: 0.85 pence)	**2,407**	2,046
	9,628	7,642

A fourth interim dividend totalling 1.0 pence per share was paid on 30 September 2022 to shareholders on the register on 9 September 2022. Although this payment of £2.4 million relates to the year ended 30 June 2022, under IFRS it will be accounted for in the year ending 30 June 2023, being the financial period in which the dividend was approved.

8. Earnings per share

	2022	2021
Net profit attributable to ordinary shareholders (£'000)	**83,403**	20,846
Return per share – pence	**34.6**	8.7
Weighted average number of ordinary shares in issue during year	**240,705,539**	240,705,539

9. Investment properties

	2022 £'000	2021 £'000
Freehold and leasehold properties		
Opening market value	**325,575**	312,285
Purchase of investment properties	**20,737**	–
Capital expenditure	**1,547**	5,816
Sales – net proceeds	**(10,834)**	(4,287)
– gains/(losses) on sale	**2,111**	(4,786)
Unrealised (gains)/losses realised during the year	**(1,339)**	3,482
Unrealised gains on investment properties	**77,353**	22,407
Unrealised losses on investment properties	**(5,586)**	(9,481)
Movement in lease incentive receivable	**661**	139
Closing market value	**410,225**	325,575
Adjustment for lease incentives	**(4,350)**	(3,689)
Balance sheet fair value	**405,875**	321,886

	2022 £'000	2021 £'000
Gains/(losses) on sale	**2,111**	(4,786)
Unrealised (gains)/losses realised during the year	**(1,339)**	3,482
Gains/(losses) on sale of investment properties realised	**772**	(1,304)

	2022 £'000	2021 £'000
Unrealised gains on investment properties	**77,353**	22,407
Unrealised losses on investment properties	**(5,586)**	(9,481)
Unrealised gains on revaluation of investment properties	**71,767**	12,926

All the Group's investment properties were valued as at 30 June 2022 by RICS Registered Valuers engaged by, Cushman & Wakefield, Chartered Surveyors. All such valuers are chartered surveyors, being members of the Royal Institution of Chartered Surveyors ('RICS'). Cushman & Wakefield completed a valuation of Group investment properties at 30 June 2022 on an open market basis in accordance with the requirements of the Appraisal and Valuation Manual published by the RICS. Fair value is determined on a market value basis in accordance with International Valuation Standards, as set out by the International Valuation Standards Committee. The valuation is prepared on an aggregated ungeared basis. It is also determined using market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction as at the valuation date. The critical estimates and techniques made in valuing the properties are detailed in Note 1(f). The market value of these investment properties amounted to £410,225,000 (2021: £325,575,000), however an adjustment has been made for lease incentives of £4,350,000 (2021: £3,689,000) that are already accounted for as an asset.

The property valuer is independent and external to the Group and the Manager.

The property valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of open market valuation, when the Manager advises the presence of such materials. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The Group has entered into leases on its property portfolio as lessor (See note 20 for further information). All leasehold investment properties have more than 60 years remaining on the lease term. All of the properties per fair value band are shown on page 31.

9. Investment properties (continued)

There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal. However, the Group's investments comprise UK commercial property, which may be difficult to realise, as described in liquidity risk, note 18. There is also uncertainty in respect of valuations as detailed in market risk, note 18.

Other than the capital commitments discussed in note 19, the Group is under no contractual obligations to purchase, construct or develop any investment property. The majority of leases are on a full repairing basis and as such the Group is not liable for costs in respect of repairs, maintenance or enhancements to such properties.

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

Sector	Valuation £'000	Significant Assumption	Range*	2022 Weighted Average	Range*	2021 Weighted Average
Retail	20,150 (2021: 23,475)	Current Net Rental Income per square foot ('psf') per annum	**£10-£122**	**£40**	£10-£122	£35
		Estimated Net Rental Value psf per annum	**£11-£74**	**£37**	£11-£76	£38
		Net Initial Yield	**4.5%-12.0%**	**7.1%**	3.0%-10.8%	6.7%
		Equivalent Yield	**4.5%-8.2%**	**6.9%**	4.3%-8.4%	6.4%
Retail Warehouse	76,975 (2021: 54,100)	Current Net Rental Income psf per annum	**£10-£31**	**£17**	£9-£40	£16
		Estimated Net Rental Value psf per annum	**£10-£30**	**£17**	£10-£29	£16
		Net Initial Yield	**4.1%-7.1%**	**5.4%**	2.4%-10.0%	6.3%
		Equivalent Yield	**4.5%-6.3%**	**5.2%**	5.4%-8.2%	6.3%
Office	88,475 (2021: 95,000)	Current Net Rental Income psf per annum	**£6-£67**	**£33**	£5-£63	£27
		Estimated Net Rental Value psf per annum	**£4-£79**	**£40**	£4-£79	£37
		Net Initial Yield	**2.4%-19.1%**	**4.6%**	(1.2%)-17.7%	4.3%
		Equivalent Yield	**3.2%-10.5%**	**5.0%**	3.3%-10.5%	5.4%
Industrial, Logistics and Distribution	224,625 (2021: 153,000)	Current Net Rental Income psf per annum	**£3-£20**	**£9**	£6-£11	£8
		Estimated Net Rental Value psf per annum	**£8-£32**	**£13**	£6-£13	£10
		Net Initial Yield	**0.9%-3.8%**	**3.0%**	2.8%-4.8%	4.0%
		Equivalent Yield	**3.3%-4.1%**	**3.8%**	4.0%-4.8%	4.5%

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

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

Sensitivity analysis

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

There are interrelationships between the yields and passing rental values as they are partially determined by market rate conditions.

9. Investment properties (continued)

The sensitivity of the valuation to changes in the most significant inputs per class of investment property are shown below:

Estimated movement in fair value of investment properties at 30 June 2022 arising from:	Retail £'000	Retail Warehouse £'000	Office £'000	Industrial, Logistics and Distribution £'000	Total £'000
Increase in passing rental value by 5%	**934**	**3,849**	**4,424**	**11,231**	**20,438**
Decrease in passing rental value by 5%	**(934)**	**(3,849)**	**(4,424)**	**(11,231)**	**(20,438)**
Increase in net initial yield by 0.5%	**(1,222)**	**(6,502)**	**(8,642)**	**(32,005)**	**(48,371)**
Decrease in net initial yield by 0.5%	**1,407**	**7,824**	**10,741**	**44,760**	**64,732**

Estimated movement in fair value of investment properties at 30 June 2021 arising from:	Retail £'000	Retail Warehouse £'000	Office £'000	Industrial, Logistics and Distribution £'000	Total £'000
Increase in passing rental value by 5%	1,174	2,705	4,750	7,650	16,279
Decrease in passing rental value by 5%	(1,174)	(2,705)	(4,750)	(7,650)	(16,279)
Increase in net initial yield by 0.5%	(1,632)	(3,950)	(9,841)	(17,119)	(32,542)
Decrease in net initial yield by 0.5%	1,895	4,625	12,412	22,054	40,986

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

10. Investment in subsidiary undertakings

The Company owns 100 per cent of the issued ordinary share capital and voting rights of the following companies: IRP Holdings Limited ('IRPH') and IPT Property Holdings Limited ('IPTH'). IRPH and IPTH are companies incorporated in Guernsey whose principal business is that of an investment and property company.

11. Trade and other receivables

Non-current	2022 £'000	2021 £'000
Capital and rental lease incentive	**3,597**	2,402
Cash deposits held for tenants	**1,137**	890
	4,734	3,292

Current	2022 £'000	2021 £'000
Capital and rental lease incentive	**754**	1,287
Cash deposits held for tenants	**214**	158
Rents receivable	**980**	1,422
Credit loss provision	**(164)**	(583)
Other debtors and prepayments	**634**	1,147
	2,418	3,431

Capital and rental lease incentives consist of £3,658,000 (2021: £2,782,000) being the prepayments for rent-free periods recognised over the life of the lease and £693,000 (2021: £907,000) relating to capital incentives paid to tenants.

11. Trade and other receivables (continued)

Rents receivable, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. The credit loss provision is rent and service charge receivable that was greater than 90 days overdue (see note 18 – Credit Risk). The movement in provision is shown in the table below.

Credit loss provision	2022 £'000	2021 £'000
Accumulated credit loss provision as at 1 July	**583**	421
Credit loss provision (reversed)/recognised during the year, net	**(425)**	380
Amounts reversed/(written off) during the year as uncollectable	**6**	(218)
Accumulated credit loss provision as at 30 June	**164**	583

12. Cash and cash equivalents

All cash balances were held in cash, current accounts or in banks on short term deposits with an original maturity of three months or less at the year-end.

13. Interest-bearing loans

	2022 £'000	2021 £'000
Canada Life loan		
Principal amount outstanding	**90,000**	90,000
Set up costs	**(1,497)**	(1,497)
Accumulated amortisation of set up costs	**908**	771
Accrued interest on bank loan	**588**	588
Total Canada Life loan due	**89,999**	89,862

	2022 £'000	2021 £'000
Barclays loan		
Principal amount outstanding	**7,000**	–
Set up costs	**(232)**	(221)
Accumulated amortisation of set up costs	**102**	55
Accrued variable rate interest on bank loan	**45**	26
Total Barclays loan due	**6,915**	(140)
Total interest-bearing bank loans	**96,914**	89,722

£90 million Canada Life Loan 2026

As part of the restructuring of the Group's long-term financing, IRP Holdings Limited ("IRPH") entered into a £90 million eleven year non-amortising term loan facility agreement with Canada Life.

Canada Life provided committed funds on 9 November 2015 and IRPH drew down the loan in full on 13 November 2015. Interest is payable on this loan from the first utilisation date, quarterly in arrears, at a fixed rate of 3.36 per cent per annum. The loan is secured by means of a fixed charge over specific properties. The loan has a maturity date of 9 November 2026.

Under the financial covenants related to this loan IRPH must ensure that the fixed charge assets meet the following criteria:

- the loan to value percentage does not exceed 55 per cent;
- the projected interest cover is greater than 2.0 times on any calculation date; and
- the actual interest cover is greater than 2.3 times on any calculation date.

All the applicable Canada Life loan covenants have been complied with during the year.

13. Interest-bearing loans (continued)

The fair value of the interest-bearing Canada Life loan as at 30 June 2022, based on the yield on the Treasury 2% 2025 which would be used as the basis for calculating the early repayment of such loan plus the appropriate margin would be £93,443,000. The exercise of early repayment approximates the carrying amount of the loan. The Canada Life loan would be classified as Level 2 under the hierarchy of fair value measurement.

£20 million Barclays Loan 2025

On 27 March 2020, IPT Property Holdings Limited ("IPTH") entered into a £20 million five year revolving credit facility ("RCF") agreement with Barclays. This loan facility expires on 27 March 2025 and can be drawn down or repaid at anytime. Up until 28 November 2021, interest accrued on the bank loan at a variable rate, based on 3 month LIBOR plus margin and mandatory lending costs. From 29 November 2021, the 3 month LIBOR was replaced with a SONIA Daily Compounded Rate. The margin is 1.7 per cent per annum for the duration of the loan and is payable quarterly. As at 30 June 2022 £7 million of the RCF was drawn down (30 June 2021: £nil drawn down). The RCF drawn of £7 million was repaid in September 2022.

This Barclays bank loan is secured by way of a fixed charge over specific properties held by IPTH. Under the bank covenants related to this loan, IPTH is to ensure that at all times:

- the loan to value percentage does not exceed 60 per cent;
- the historic and projected interest cover is greater than 2.0 times; and
- the qualifying net rental income for the preceding 12 month period is greater than £2,500,000.

All the applicable Barclays loan covenants have been complied with during the year.

The fair value of the Barclays loan is not materially different to the carrying value at 30 June 2022.

Analysis of movement in interest-bearing loans is shown below:

	2022 Interest-bearing loans £'000	2021 Interest-bearing loans £'000
Opening balance	**89,722**	89,542
Cash movement	**7,000**	–
Loan set-up costs	**(11)**	–
Amortisation of loan set-up costs	**184**	180
Movement in accrued loan interest	**19**	–
Closing balance	**96,914**	89,722

14. Trade and other payables

Non-current	2022 £'000	2021 £'000
Rental deposits	**1,137**	890

Current	2022 £'000	2021 £'000
Rental income received in advance	**3,067**	2,895
Rental deposits	**214**	158
VAT payable	**745**	281
Manager's fees payable	**1,282**	2,441
Other payables	**3,460**	2,856
	8,768	8,631

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

15. Share capital and capital risk management

	2022 £'000	2021 £'000
Allotted, called-up and fully paid		
240,705,539 (2021: 240,705,539) Ordinary Shares of 1 pence each in issue	**2,407**	2,407

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

The Company issued nil Ordinary Shares during the year (2021: nil).

Capital Risk Management

The objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. In pursuing this objective, the Board has responsibility for ensuring the Company's ability to continue as a going concern. This involves the ability to issue and buy back share capital within limits set by shareholders in a general meeting; borrow monies in the short and long term; and pay dividends out of reserves all of which are considered and approved by the Board on a regular basis. Dividends are set out in note 7 to the consolidated financial statements and borrowings are set out in note 13.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Business Model and Strategy on page 10 and in note 1(m). An EGM was held on the 9 September 2021 at which an amendment to the Company's investment policy was proposed, the principal purpose of which was to remove weighting limits applied to the commercial property sectors in which the Company invests. The resolution was passed with 99.97 per cent approval. No other changes were made to the objectives, policies or processes during the years ended 30 June 2022 or 30 June 2021.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, manage the Group's discount to net asset value and monitor the Group's gearing level. The Group's gearing, represented by borrowings as a percentage of investment properties, may not exceed 60 per cent however, it is the Board's present intention that borrowings will be limited to a maximum of 40 per cent of total assets at the time of borrowing. The gearing level, net of cash, at the year-end is shown below:

		2022 £'000	2021 £'000
Loans		**96,914**	89,722
Less net current assets excluding current Barclays loan		**(7,027)**	(11,244)
Total	(a)	**89,887**	78,478
Investment properties	(b)	**405,875**	321,886
Net Gearing (c = a/b)	(c)	**22.1%**	24.4%

16. Net asset value per share

	2022	2021
Net asset value per ordinary share – pence	**132.8p**	102.1p
Net assets attributable at the year end	**319,585,000**	245,810,000
Number of ordinary shares in issue at the year end	**240,705,539**	240,705,539

17. Related Parties and Transactions with the Manager

The Directors are considered to be the Group's key management personnel. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the Group. The Directors of the Company received fees for their services and dividends from their shareholdings in the Company and these fees are disclosed in note 4. No fees remained payable at the year end.

Transactions between the Company and the Manager are detailed in note 3 on management fees and note 14 on fees payable to the Manager at the consolidated balance sheet date. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

18. Financial Risk Management

The Group's financial instruments comprise cash, receivables, interest-bearing loans and payables that arise directly from its operations.

The Group is exposed to various types of risk that are associated with financial instruments. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. There was no currency risk as at 30 June 2022 or 30 June 2021 as assets and liabilities are maintained in Sterling.

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

The primary objectives of the financial risk management policies are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Market Risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

The Group's strategy for the management of Market Risk is driven by the investment policy as outlined within the Business Model and Strategy on page 10. The management of Market Risk is part of the investment management process and is typical of commercial property investment. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders.

Price Risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities. The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies and note 9.

Interest rate risk

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

The Group's exposure to interest rate risk relates primarily to the Group's borrowings. Interest rate risk on the £90 million Canada Life term loan is managed by the loan bearing interest at a fixed rate of 3.36 per cent per annum until maturity on 9 November 2026.

18. Financial Risk Management (continued)

The tables below set out the carrying amount of the Group's financial instruments that are exposed to interest rate risk.

	Total £'000	Fixed rate £'000	Variable rate £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
2022					
Financial assets					
Cash	**13,563**	**–**	**13,563**	**0.05**	**–**
Financial liabilities					
Canada Life loan	**(89,999)**	**(89,999)**	**–**	**3.36**	**4.4**
Barclays loan	**(6,915)**	**–**	**(6,915)**	**3.00**	**–**
2021					
Financial assets					
Cash	16,631	–	16,631	0.00	–
Financial liabilities					
Canada Life loan	(89,862)	(89,862)	–	3.36	5.4

Credit risk

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

The Group had no significant concentrations of credit risk as the Group has a diverse tenant portfolio. The largest single tenant at the year end accounted for 7.8 per cent (2021: 7.4 per cent) of the current annual rental income.

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

- an assessment of the lessee's credit worthiness and its ability to pay is performed before the lease is granted;
- where appropriate, guarantees and collateral is held against such receivables;
- after granting the credit, the credit department assess the age analysis on a monthly basis and follow up on all outstanding payments; and
- management of the credit department determine the appropriate provision, receivables which should be handed over for collection and which amounts should be written off. The default provision is when the receivables are greater than 90 days. The Board will approve the procedures and amounts.

In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses in maintaining, insuring and re-letting the property. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Manager monitors such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants.

The Group has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the Group at 30 June 2022 was £816,000 (2021: £839,000). The maximum credit risk is stated after deducting an impairment provision of £164,000 (2021: £583,000). Of this amount £nil was subsequently written off and £6,500 has been recovered.

Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

All of the cash is placed with financial institutions with a credit rating of A or above. Bankruptcy or insolvency of these financial institutions may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, the Manager would move the cash holdings to another financial institution.

18. Financial Risk Management (continued)

The Group can also spread counterparty risk by placing cash balances with more than one financial institution. The Directors consider the residual credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. The Group's investments comprise UK commercial property.

Property in which the Group invests is not traded in an organised public market and may be illiquid. As a result, the Group may not be able to quickly liquidate its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

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

In certain circumstances, the terms of the Group's bank loans (detailed in note 13) entitle the lender to require early repayment, for example if covenants are breached, and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected.

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

Financial Assets	Three months or less £'000	Between three months and one year £'000	Between one year and five years £'000	More than five years £'000	Total £'000
2022					
Cash and cash equivalents	**13,563**	**–**	**–**	**–**	**13,563**
Rent receivable and credit loss provision	**816**	**–**	**–**	**–**	**816**
Cash deposits held for tenants	**32**	**182**	**499**	**638**	**1,351**
2021					
Cash and cash equivalents	16,631	–	–	–	16,631
Rent receivable and credit loss provision	839	–	–	–	839
Cash deposits held for tenants	5	153	401	489	1,048

Financial liabilities	Three months or less £'000	Between three months and one year £'000	Between one year and five years £'000	More than five years £'000	Total £'000
2022					
Canada Life bank loan	**1,310**	**2,165**	**96,677**	**–**	**100,152**
Barclays loan	**7,034**	**–**	**–**	**–**	**7,034**
Trade and other payables	**3,493**	**1,463**	**499**	**638**	**6,093**
2021					
Canada Life bank loan	1,310	2,165	11,591	90,997	106,063
Trade and other payables	2,861	2,594	401	489	6,345

19. Capital commitments

The Group had no capital commitments as at 30 June 2022 (2021: £nil).

20. Lease length

The Group leases out its investment properties under operating leases.

The total future income based on the lessor lease length (all break options being exercised) at the year-end was as follows (based on annual rentals):

	2022 £'000	2021 £'000
Less than one year	**17,753**	15,530
Later than one year and no later than two years	**17,227**	13,430
Later than two years and no later than three years	**14,384**	11,943
Later than three years and no later than four years	**12,193**	9,488
Later than four years and no later than five years	**10,562**	7,542
Later than five years	**45,027**	38,632
Total	**117,146**	96,565

The largest single tenant at the year end accounted for 7.8 per cent (2021: 7.4 per cent) of the current annual rental income.

Unoccupied property expressed as a percentage of estimated total rental value was 2.6 per cent at the year-end (2021: 4.1 per cent).

The Group has entered into commercial property leases on its investment property portfolio as a lessor. These properties, held under operating leases, are measured under the fair value model as the properties are held to earn rentals.

21. Operating segments

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the opinion that the Group is engaged in a single segment of business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return of the Group's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the consolidated financial statements.

22. Securities financing transactions ("SFT")

The Company has not, in the year to 30 June 2022 (2021: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT, issued in November 2015.

23. Subsequent events

Disposal of 14 Berkeley Street

On 5 August 2022 the Company completed on the disposal of 14 Berkeley Street, a prime, multi-let office building located in London's Mayfair. The freehold asset represents the third largest holding in the Company's portfolio by capital value. The disposal reduces the Company's exposure to the office sector to 15.2% by portfolio capital value.

The property was sold for a total consideration of £32.4 million, reflecting a premium of 5 per cent above the last independent valuation as at 30 June 2022. The disposal follows the successful delivery of the asset business plan, with the letting of two newly refurbished office suites securing full occupation of the building. Alongside the agreement of a significant uplift at the rent review of the ground floor car showroom, this asset management helped enhance the leasing profile prior to the sale. The disposal was timed to take full advantage of both the asset and market cycles. This has enabled the Company to secure a strong net initial yield of 3.1 per cent for this trophy asset and crystallise meaningful profit for the Company.

Share buybacks

Since the year-end the Company announced its intention to commence share buybacks following the disposal of Berkeley Street. 6,325,000 Ordinary Shares have been purchased since the year end and this is ongoing. As at close of business on 14 October 2022, the Company had 234,380,539 Ordinary Shares in issue (excluding treasury shares).

AIFM Disclosures

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Columbia Threadneedle Investment Business Limited, is required to be made available to investors.

The Company's maximum and average actual leverage levels at 30 June 2022 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	400%	400%
Actual	127%	131%

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

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

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

Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from Columbia Threadneedle on request.

An Investor Disclosure Document for the Company is available on the Company's website: **ctpropertytrust.co.uk**.

Notice of Annual General Meeting

Notice is hereby given that the eighteenth Annual General Meeting of CT Property Trust Limited will be held at the offices of Columbia Threadneedle Investments, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG on 29 November 2022 at 1pm. The meeting will address the following:

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

1. That the Annual Report and Consolidated Financial Statements for the year ended 30 June 2022 be received and adopted.

2. That the Directors' Annual Report on Remuneration be approved.

3. That the dividend policy as set out in the Annual Report be approved.

4. That Mr D Ross, who retires annually, be re-elected as a Director.

5. That Mr M Carpenter, who retires annually, be re-elected as a Director.

6. That Ms A Henderson, who retires annually, be re-elected as a Director.

7. That PricewaterhouseCoopers CI LLP, be re-appointed as Auditor until the conclusion of the next Annual General Meeting.

8. That the Directors be authorised to determine the Auditor's Remuneration.

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

9. That the Directors of the Company be and are hereby generally empowered to allot ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company ("equity securities") for cash, including by way of a sale of ordinary shares held by the Company as treasury shares, as if any pre-emption rights in relation to the issue of shares set out in the Listing Rules made by the Financial Conduct Authority under part VI of the Financial Services and Markets Act 2000 (as amended) did not apply to any such allotment of equity securities, provided that this power:

   (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

   (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £234,380 being 10 per cent of the issued share capital of the Company, (excluding treasury shares) as at 14 October 2022.

10. That the Company be authorised, in accordance with section 315 of the Companies (Guernsey) Law, 2008 (the 'Law'), to make market purchases (within the meaning of section 316 of the Law) of Ordinary Shares of 1p each ("Ordinary Shares") (either for retention as treasury shares or cancellation) provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent of the issued Ordinary Shares on the date on which this resolution is passed;

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

    (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 105 per cent of the average of the middle market quotations (as derived from the Daily Official List) for the Ordinary Shares for the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue which the purchase is carried out; and

(d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 December 2023 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2023, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

Northern Trust International Fund Administration Services (Guernsey) Limited
Secretary
PO Box 255, Trafalgar Court, Les Banques
St. Peter Port, Guernsey GY1 3QL
17 October 2022

Notes:

1. A member who is entitled to attend, speak and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.

2. A form of proxy is enclosed for use at the Meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 1pm on 25 November 2022.

3. The completion and return of the form of proxy will not preclude you from attending the Meeting. If you have appointed a proxy and attend the Meeting in person your proxy appointment will remain valid and you may not vote at the Meeting in person unless you have provided a hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 1pm on 25 November 2022. In the case of a member which is an individual, the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or in the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority under which the revocation notice is signed) must be included with the revocation notice.

4. To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 25 November 2022. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such Meeting.

5. The current Articles of Incorporation and the Directors' letters of appointment will also be available for inspection for fifteen minutes prior to the Annual General Meeting and during the meeting itself.

6. As at 14 October 2022, the latest practicable date prior to publication of this document, the Company had 240,705,539 Ordinary Shares in issue with a total of 234,380,539 voting rights.

7. Any person holding three per cent of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.

8. All shareholders are strongly encouraged to exercise your votes in respect of the AGM in advance if possible. This should ensure that your votes are registered and count at the AGM. Furthermore, the Board always welcomes questions from our shareholders at the AGM and this year shareholders are invited to submit their questions to the Board in advance and the answers to these questions will be posted on the website after the AGM. Shareholders should submit any questions they may have to **CTPTCoSec@columbiathreadneedle.com** before 25 November 2022.

Shareholder Information

Dividends

Ordinary dividends are paid quarterly in March, June, September and December each year. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Computershare Investor Services (Guernsey) Limited, 13 Castle Street, St. Helier, Jersey, Channel Islands JE1 1ES on request. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses.

Share Price

The Company's ordinary shares are listed on the London Stock Exchange. Prices are given daily in the Financial Times under "Investment Companies" and in other newspapers.

Data Protection

The Company is committed to ensuring the privacy and security of any personal data provided to it. Further details of the Company's privacy policy can be found on its website, which is ctpropertytrust.co.uk.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Computershare Investor Services (Guernsey) Limited, 13 Castle Street, St. Helier, Jersey, Channel Islands JE1 1ES under the signature of the registered holder.

Shareholder Enquiries

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

Common reporting standards

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

Key Information Document

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

Warning to Shareholders – Beware of Share Fraud

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

If you receive unsolicited investment advice or requests:

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

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

Historic Record

	Total assets less current liabilities £'000	Shareholders' funds £'000	Net asset value per ordinary share p	Ordinary share price p	Premium/ (discount) %	Earnings/ (loss) per ordinary share p	Dividends paid per ordinary share p	Ongoing charges* %
1 June 2004 (launch)	176,814	106,152	96.0	100.0	4.2	–	–	–
30 June 2005	202,007	124,478	112.6	124.5	10.6	26.2	5.615	1.8
30 June 2006	231,118	157,136	142.2	142.5	0.2	33.1	6.750	1.7
30 June 2007	236,703	176,377	159.6	125.5	(21.4)	18.8	6.876	1.5
30 June 2008	191,773	133,657	121.0	75.0	(38.0)	(30.4)	7.210	1.5
30 June 2009	146,844	80,535	72.9	57.5	(21.1)	(33.4)	7.20	1.9
30 June 2010	162,095	94,328	85.4	84.3	(1.3)	23.6	7.20	1.8
30 June 2011	158,217	91,485	82.8	90.0	8.7	3.3	7.20	1.7
30 June 2012	158,433	84,185	76.2	66.0	(13.4)	2.9	7.20	2.0
30 June 2013†	272,001	149,115	71.7	72.5	1.1	1.2	7.20	2.0
30 June 2014	307,275	192,569	83.4	84.0	0.7	14.4	5.00	1.4
30 June 2015	331,744	226,829	97.0	99.5	2.6	17.5	5.00	1.4
30 June 2016	346,419	236,742	99.2	88.5	(10.8)	7.2	5.00	1.3
30 June 2017	346,255	240,842	100.1	106.8	6.7	5.9	5.00	1.2
30 June 2018	363,706	261,116	108.5	99.8	(8.0)	13.4	5.00	1.2
30 June 2019	349,573	252,286	104.8	80.0	(23.7)	1.3	5.00	1.2
30 June 2020	323,108	232,606	96.6	56.0	(42.0)	(3.8)	4.375	1.3
30 June 2021	336,422	245,810	102.1	71.0	(30.5)	8.7	3.175	1.2
30 June 2022	**410,721**	**319,585**	**132.8**	**84.0**	**(36.7)**	**34.6**	**4.00**	**1.2**

* as a percentage of average net assets (excluding direct property expenses).
† post the merger with ISIS Property Trust.

Financial Calendar	
Annual General Meeting	29 November 2022
Payment of first interim dividend	December 2022
Announcement of interim results	March 2023
Posting of Interim Report	March 2023
Payment of second interim dividend	March 2023
Payment of third interim dividend	June 2023
Announcement of annual results	September 2023
Posting of Annual Report	September 2023
Payment of fourth interim dividend	September 2023

Alternative Performance Measures

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

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

		2022 pence	2021 pence
Net Asset Value per share	(a)	**132.8**	102.1
Share price per share	(b)	**84.0**	71.0
Discount (c = (b-a)/a)	(c)	**-36.7%**	-30.5%

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

A reconciliation of dividend cover is shown below:

			2022 £'000	2021 £'000
Profit/total comprehensive income for the year			**83,403**	20,846
Add:	(Gains)/losses on sale of investment properties realised		**(772)**	1,304
	Unrealised gains on revaluation of investment properties		**(71,767)**	(12,926)
	Other income		**(607)**	-
Profits before investment gains/losses and other income		(a)	**10,257**	9,224
Dividends		(b)	**9,628**	7,642
Dividend Cover (c = a/b)		(c)	**106.5%**	120.7%

Dividend Yield – The annualised dividend per share divided by the share price at the year end. An analysis of dividends is contained in note 7 to the consolidated financial statements.

Net Gearing – Borrowings less net current assets (excluding current Barclays loan) divided by the value of investment properties.

		2022 £'000	2021 £'000
Interest-bearing bank loans		**96,914**	89,722
Less net current assets excluding current Barclays loan		**(7,027)**	(11,244)
Total	(a)	**89,887**	78,478
Investment properties	(b)	**405,875**	321,886
Net Gearing (c = a/b)	(c)	**22.1%**	24.4%

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

		2022 £'000	2021 £'000
Investment management fee		**2,380**	1,932
Other expenses		**1,568**	2,154
Less credit loss provision (note 4)		**425**	(380)
Less other non-recurring costs		**(25)**	–
Total	(a)	**4,348**	3,706
Average net assets	(b)	**286,154**	236,243
Ongoing Charges (c = a/b)	(c)	**1.5%**	1.6%

		2022 £'000	2021 £'000
Investment management fee		**2,380**	1,932
Other expenses		**1,568**	2,154
Less direct operating property costs (note 4)		**(1,012)**	(846)
Less credit loss provision (note 4)		**425**	(380)
Less other non-recurring costs		**(25)**	–
Total	(a)	**3,336**	2,860
Average net assets	(b)	**286,154**	236,243
Ongoing Charges excluding direct operating property costs (c = a/b)	(c)	**1.2%**	1.2%

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

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

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

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

	2022	2021
NAV per share at start of year – pence	**102.1**	96.6
NAV per share at end of year – pence	**132.8**	102.1
Change in the year	**+30.1%**	+5.7%
Impact of dividend reinvestments	**+4.2%**	+3.4%
NAV total return for the year	**+34.3%**	+9.1%

	2022	2021
Share price per share at start of year – pence	**71.0**	56.0
Share price per share at end of year – pence	**84.0**	71.0
Change in the year	**+18.3%**	+26.8%
Impact of dividend reinvestments	**+5.7%**	+6.1%
Share price total return for the year	**+24.0%**	+32.9%

EPRA Performance Measures

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

	Note	2022	2021
EPRA NRV (£'000)	1	**347,152**	267,689
EPRA NRV (pence per share)	1	**144.2**	111.2
EPRA NTA (£'000)	1	**319,585**	245,810
EPRA NTA (pence per share)	1	**132.8**	102.1
EPRA NDV (£'000)	1	**316,141**	241,381
EPRA NDV (pence per share)	1	**131.3**	100.3
EPRA earnings (£'000)	2	**10,864**	9,224
EPRA earnings per share (pence per share)	2	**4.5**	3.8
EPRA Net Initial Yield	3	**3.8%**	4.5%
EPRA topped-up Net Initial Yield	3	**4.1%**	4.7%
EPRA Vacancy Rate	4	**2.6%**	4.1%
EPRA Cost Ratios - including direct vacancy costs	5	**22.1%**	24.3%
EPRA Cost Ratios - excluding direct vacancy costs	5	**20.0%**	23.3%
Capital expenditure (£'000)	6	**22,284**	5,816

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

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

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

	2022 EPRA NRV £'000	2022 EPRA NTA £'000	2022 EPRA NDV £'000
IFRS NAV	**319,585**	**319,585**	**319,585**
Fair value of debt	**–**	**–**	**(3,444)**
Purchasers' costs	**27,567**	**–**	**–**
Net assets used in per share calculation	**347,152**	**319,585**	**316,141**
Shares in issue (000's)	**240,705**	**240,705**	**240,705**
EPRA assets per share (pence per share)	**144.2**	**132.8**	**131.3**

	2021 EPRA NRV £'000	2021 EPRA NTA £'000	2021 EPRA NDV £'000
IFRS NAV	245,810	245,810	245,810
Fair value of interest rate swaps			
Fair value of debt	–	–	(4,429)
Purchasers' costs	21,879	–	–
Net assets used in per share calculation	**267,689**	**245,810**	**241,381**
Shares in issue (000's)	240,705	240,705	240,705
EPRA assets per share (pence per share)	**111.2**	**102.1**	**100.3**

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

	2022 £'000	2021 £'000
Earnings per IFRS income statement	**83,403**	20,846
Exclude:		
Unrealised gains on revaluation of investment properties	**(71,767)**	(12,926)
(Gains)/losses on sale of investment properties realised	**(772)**	1,304
EPRA earnings	**10,864**	9,224
Weighted average number of shares in issue (000's)	**240,705**	240,705
EPRA earnings per share (pence per share)	**4.5**	3.8

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

	2022 £'000	2021 £'000
Investment property valuation	**410,225**	325,575
Allowance for estimated purchasers' costs	**27,567**	21,879
Grossed up property portfolio valuation	**437,792**	347,454
Annualised cash passing rental income	**17,774**	16,562
Property outgoings	**(1,012)**	(846)
Annualised net rents	**16,762**	15,716
Add: notional rent expiration of rent free periods or other lease incentives	**1,102**	647
Topped-up net annualised rent	**17,864**	16,363
EPRA NIY	**3.8%**	4.5%
EPRA topped-up NIY	**4.1%**	4.7%

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

	2022 £'000	2021 £'000
Annualised potential rental value of vacant premises	**545**	773
Annualised potential rental value for the complete property portfolio	**20,658**	19,020
EPRA Vacancy rate	**2.6%**	4.1%

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

	2022 £'000	2021 £'000
Total expenditure from IFRS income statement	**3,948**	4,086
EPRA costs (including direct vacancy costs)	**3,948**	4,086
Direct vacancy costs	**371**	166
EPRA costs (excluding direct vacancy costs)	**3,577**	3,920
Rental Income less ground rent costs per IFRS	**17,868**	16,836
EPRA cost ratio (including direct vacancy costs)	**22.1%**	24.3%
EPRA cost ratio (excluding direct vacancy costs)	**20.0%**	23.3%

No operating costs or overheads were capitalised in 2022 (2021: nil).

(6) Capital expenditure

	2022 £'000	2021 £'000
Acquisitions	**20,737**	–
No incremental lettable space	**464**	3,434
Incremental lettable space	**1,083**	2,382
Total capital expenditure	**22,284**	5,816

The Company has no interests in joint ventures.

Glossary of Terms

Corporate Terms

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

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

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

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

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

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

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

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

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

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

Manager – The Company's investment manager is Columbia Threadneedle Investment Business Limited, and its property manager is Columbia Threadneedle REP PM Limited. Further details are set out on page 1 and in note 3 to the accounts.

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

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

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

Ordinary Shares – The main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Investment Company, and any capital growth. As at 30 June 2022 the Company had only Ordinary Shares in issue.

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

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

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

Property Terms

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

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

Equivalent Yield – The internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth.

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

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

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

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

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

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

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

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

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

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

Non-property Income Distribution – An ordinary dividend paid to a shareholder of the Company.

Passing Rent – The annual rental income currently receivable on a property as at the balance sheet date.

Property Income Distribution (PID) – A dividend paid to a shareholder of the Company in respect of profits and gains of the Tax Exempt Business of the UK resident members of the Group or in respect of the profits or gains of a non-UK resident member of the Group insofar as they derive from its UK qualifying property rental business.

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

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

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

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

How to Invest

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

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

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

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

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

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

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

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

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

Annual account charge
ISA/LISA: £60+VAT
GIA: £40+VAT
JISA/JIA/CTF: £25+VAT

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

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

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

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

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

New Customers
Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)
Email: **invest@columbiathreadneedle.com**

Existing Plan Holders
Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: **investor.enquiries@columbiathreadneedle.com**
By post: Columbia Threadneedle Management Limited, PO Box 11114, Chelmsford, CM99 2DG

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

To find out more, visit ctinvest.co.uk

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

COLUMBIA THREADNEEDLE INVESTMENTS

Corporate Information

Directors (all non-executive)
Vikram Lall (Chairman)[‡]
Rebecca Gates (resigned 31 August 2022)
Mark Carpenter
David Ross[†]
Alexa Henderson*

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Corporate Brokers
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‡ Chairman of the Nomination Committee
† Chairman of the Management Engagement Committee
* Chairman of the Audit and Risk Committee

CT Property Trust Limited

2022 Annual Report and Consolidated Financial Statements

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COLUMBIA THREADNEEDLE INVESTMENTS