Balanced Commercial Property Trust Limited

2022 ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Formerly BMO Commercial Property Trust Limited

COLUMBIA THREADNEEDLE INVESTMENTS

Contents

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

Front Cover Photo: Liverpool, Hurricane 52, Estuary Business Park

Company Overview

The Company

Balanced Commercial Property Trust Limited ("the Company") formerly known as BMO Commercial Property Trust Limited, is an authorised closed-ended Guernsey incorporated investment company. Its shares have a premium listing on the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. Stock Code : BCPT.

The Consolidated Financial Statements of the Company consolidate the results of its subsidiary undertakings, which collectively are referred to throughout this document as 'the Group', details of which are contained in note 20 to the accounts.

At 31 December 2022 Group total assets less current liabilities were £1,093 million and Group shareholders' funds were £831 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 7.

Management

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

Capital Structure

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

Guernsey Regulatory Status

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

How to Invest

The Investment Managers operate a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 84. You may also invest through your usual stockbroker.

Alternative Performance Measures ('APM')

The Company uses a number of alternative performance measures in the discussion of its business performance and financial position. Further information is provided on pages 77 and 78.

Visit our website at:

balancedcommercialproperty.co.uk

aic
The Association of
Investment Companies

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

Headlines

-11.7%*	**Share price total return**
-6.5%*	**Portfolio total return**
104.8%*	**Dividend cover on a cash basis. Accounting dividend cover was 102.3 per cent**
5.3%*	**Dividend yield on year-end share price**
10.6%	**Dividend increase during the year**
5.9%	**Void rate** As at 31 December 2022, the void rate was 5.9 per cent, excluding property being developed or refurbished, which compares to a rate of 2.0 per cent at the start of the calendar year. The void rate was 1.4 per cent excluding the asset at Stockley Park, Uxbridge where redevelopment opportunities are being actively reviewed.
26%	**Carbon Emissions** Reduction in absolute carbon emissions of 26 per cent since 2021.
99%	**Rent Collection** Rent collection has stabilised at pre-pandemic levels with collection of 99 per cent for the year ended 31 December 2022.

* See Alternative Performance Measures on pages 77 and 78.

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

Performance Summary

Total Returns for the year*

	Year ended 31 December 2022	Year ended 31 December 2021
Net asset value per share	-9.2%	18.9%
Ordinary Share price	-11.7%	37.8%
Portfolio	-6.5%	15.5%
MSCI UK Quarterly Property Index	-8.9%	16.3%
FTSE All-Share Index	0.3%	18.3%

Capital Values

	Year ended 31 December 2022	Year ended 31 December 2021	% change
Total assets less current liabilities (£'000)	1,093,103	1,328,577	-17.7%
Net asset value per share	118.5p	135.1p	-12.3%
EPRA Net Tangible Assets per share**	118.4p	135.1p	-12.4%
Ordinary Share price	88.5p	105.0p	-15.7%
FTSE All-Share Index	4,075.1	4,208.0	-3.2%
Ordinary share price discount to net asset value per share*	(25.3)%	(22.3)%	-3.0%
Net Gearing*	23.4%	14.4%	+9.0%

Earnings and Dividends

	Year ended 31 December 2022	Year ended 31 December 2021
Earnings per Ordinary Share	(13.1)p	19.8p
EPRA Earnings per Ordinary Share**	4.8p	4.4p
Dividends per Ordinary Share	4.70p	4.25p
Dividend yield*	5.3%	4.1%

Ongoing Charges

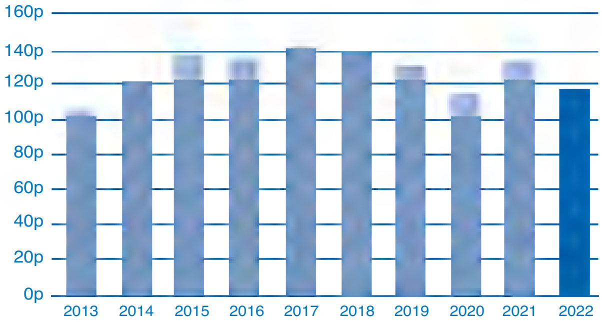
	Year ended 31 December 2022	Year ended 31 December 2021
As a percentage of average net assets (including direct property expenses)*	1.39%	1.31%
As a percentage of average net assets (excluding direct property expenses)*	0.86%	0.90%

* See Alternative Performance Measures on pages 77 and 78.

** See EPRA Performance Measures on pages 79 to 81.

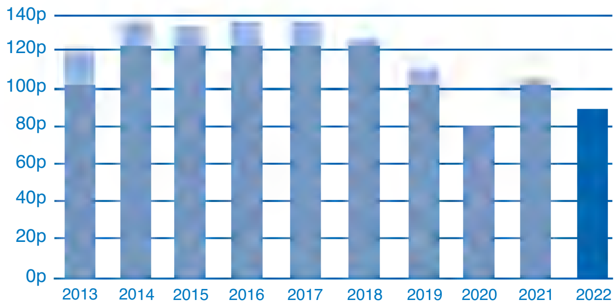
Since launch in 2005 Balanced Commercial Property Trust Limited has turned a £1,000 investment, with dividends reinvested*, into £2,217[1].

Net asset value per share at 31 December of 118.5 pence (12.3% decrease from 2021)



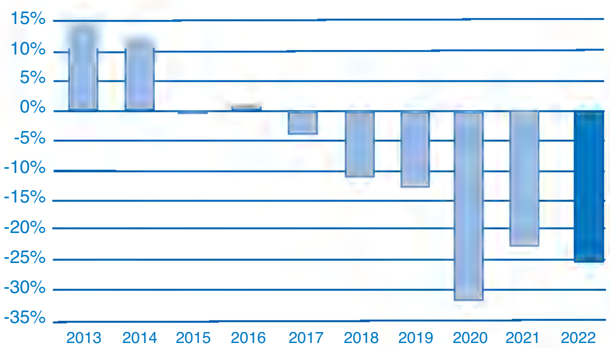
Source: Columbia Threadneedle REP AM plc

Ordinary share price per share at 31 December of 88.5 pence (15.7% decrease from 2021)



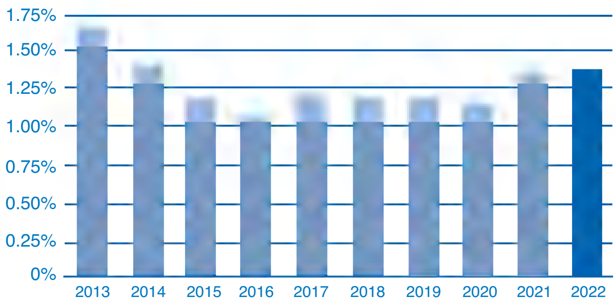
Source: Columbia Threadneedle REP AM plc

Share price discount to net asset value at 31 December of 25.3% *



Source: Columbia Threadneedle REP AM plc

Ongoing charges 1.39% (including direct property expenses) *



Source: Columbia Threadneedle REP AM plc

Year's Highs/Lows	Highs 2022	Lows 2022
Net asset value per share	148.6p	118.5p
Ordinary Share price	122.6p	72.1p
Ordinary share price discount to net asset value per share	-13.4%	-50.3%

* See Alternative Performance Measures on pages 77 and 78.

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

[1] based on year-end share price.

Chairman's Statement

Paul Marcuse, Chairman

The second half of 2022 saw a marked reversal of the positivity seen in the early part of the year. As the year progressed, geopolitical challenges and inflationary pressures resulted in rising interest rates and slowing economic growth. This had an inevitable impact on consumer confidence and economic activity.

September's mini budget marked a distinct turning point and proved the catalyst for one of the worst quarters of capital performance from the UK commercial real estate market on record. A significant increase in gilt yields compounded the sustained tightening of monetary policy and precipitated a rapid pricing correction across the real estate sub-markets. October 2022 saw the largest monthly decline in capital value on record (as measured by the MSCI Monthly index), closely followed by November 2022 as the second, as the investment market was marred by uncertainty and illiquidity that have spilled over into the beginning of 2023.

The capital value declines were particularly marked in the industrial and logistics sector and the retail warehousing sector. These sectors had experienced the highest levels of yield compression in the first half of the year and had performed strongly in recent years.

Company Performance

Against this challenging economic backdrop, the Company has delivered a net asset value ('NAV') total return of -9.2 per cent and the NAV per share as at 31 December 2022 was 118.5 pence, down from 135.1 pence per share as at 31 December 2021 (a decrease of 12.3 per cent).

The potential downside risk attached to real estate asset values has been reflected in share prices and share price volatility within the sector. At the year-end the discount was 25.3 per cent, compared to 22.3 per cent at 31 December 2021. The share price total return for the year was -11.7 per cent. The share price discount remains a major frustration and a reflection of the challenges that the real estate sector has been facing, exacerbated by the rising interest rate environment. Against this market background the Board will continue to consider value-enhancing strategic opportunities, alongside supporting the Managers in investments and significant asset management initiatives at portfolio level.

	Pence per share*
NAV per share as at 31 December 2021	135.1
Unrealised decrease in valuation of property portfolio	(17.9)
Share buybacks	1.1
Movement in fair value of interest rate swap	0.1
Other net revenue	4.8
Dividends paid	(4.7)
NAV per share as at 31 December 2022	**118.5**

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

Portfolio Performance

The Company's portfolio delivered a total return of -6.5 per cent over the 12-month reporting period, outperforming the MSCI UK Quarterly Property Index ('MSCI' or 'Index') return of -8.9 per cent. Outperformance was driven by a capital return of -10.5 per cent against the Index return of -12.4 per cent and an income return of 4.5 per cent against the Index at 4.0 per cent.

The balanced nature of the portfolio has proven to be a structural benefit and the Managers have executed a number of accretive asset management activities to deliver both capital and income outperformance over the year. More detail on these activities is provided in the Managers' Review.

The performance of the largest asset within the portfolio, the mixed-use holding at St Christopher's Place in London, has been particularly notable. Having endured a challenging period since the on-set of the Covid pandemic, it has been the top performing asset over the 12 months.

The Company has identified a number of assets as potential disposal targets as part of a capital recycling strategy, primarily focussing on a down-weighting of the portfolio's office exposure. However, any future disposals are to be executed within a supportive market context and the Company will continue to review its investment strategy as market conditions evolve.

Borrowings and Cash

The Company has maintained a liquid position over the period and as at 31 December 2022, the Company had £54.8 million of available cash.

There is a £260 million term loan in place with L&G which matures in December 2024 and the Board has engaged debt advisors to consider the financing options available at this early stage. The Company believes that there is lender appetite for this type of debt based on advice received and we are closely monitoring the financial markets as we move closer to the refinancing date.

The Company also has a £50 million term loan with Barclays, along with an additional undrawn £50 million revolving credit facility. The Barclays facility expires on 31 July 2024, with the Company having taken up the option earlier this month of a one-year extension. As at 31 December 2022, the Company's loan to value, net of cash ('LTV'), was 23.4 per cent and the weighted average interest rate on the Group's total current borrowings was 3.6 per cent.

Continuation Vote

As set out in the Articles of Incorporation, the Directors shall put an ordinary resolution to shareholders in relation to the continuation of the Company at a general meeting which has to be held in 2024. We will be consulting with shareholders later this year as part of this process and will advise on a date for the meeting in due course.

Share Buybacks

The Company has continued share buybacks during the year, using some of the proceeds from property sales in 2021. The Company purchased 51.6 million shares during the year at an average discount at the time of purchase of 19.6 per cent and a cost of £58.5 million. This has enhanced the NAV by 1.1 pence per share during the year while providing additional liquidity in the Company's shares.

The buybacks were transacted between January and September 2022 but have subsequently been put on hold, with the preservation of cash in current markets taking precedence.

Dividends

The Company paid twelve interim dividends totalling 4.7 pence per share during the year, a 10.6 per cent increase on the prior year. There were four monthly dividends of 0.375 pence per share, followed by an increase in May 2022 to 0.4 pence per share. Monthly dividends have remained at this rate, however, with the dividend fully covered and with further rental growth expected to materialise, the Board will continue to keep the level of dividend under review.

Board Composition

Having served on the Company's Board for 9 years, Trudi Clark will retire from her role as non-executive director and Chairman of the Audit and Risk Committee with effect from the Annual General Meeting in May 2023. I would like to thank Trudi for the considerable contribution she has made during her time on the Board.

I am delighted to confirm that Isobel Sharp, who has been actively involved on the Board since her appointment as non-executive Director in November 2022, will assume Trudi's duties as Audit and Risk Committee Chairman when she steps down. Isobel has extensive accounting, auditing and corporate governance experience. She was with Deloitte LLP as the firm's Senior Technical Partner until 2012, has served as President of The Institute of Chartered Accountants of Scotland and on the UK Accounting Standards Board and the Financial Reporting Review Panel.

Environmental, Social and Governance ('ESG')

The ESG agenda continues to gather pace and the Board, alongside our Managers, maintain a commitment to high standards and best practice. The Company has a Global Real Estate Sustainability Benchmark ("GRESB") rating of 70, giving it a two-star green rating, as well as a gold standard EPRA award for disclosure. The Company's 2022 ESG report is due to be published in April 2023, and our strategy is continually developing along with the swift evolution of the ESG landscape. The ESG section of this report serves as an update on our progress as we look to position the Company and portfolio for long-term resilience.

The key focus for the Company in 2023 is the refinement of our Net Zero Carbon pathway. Independent Net Zero Carbon assessments were completed for all of the Company's properties, mapping the interventions necessary to meet our commitment to deliver net zero by 2040 or earlier. Asset-level pathway modelling is now underway and will underpin a refined portfolio strategy in the coming months. However, we are making considerable inroads into pathway delivery with a significant number of interventions already in progress, particularly relating to the generation of renewable energy through solar panel installations.

Our Net Zero Carbon pathway offers clear synergies with the futureproofing of the portfolio to meet the requirements of the Minimum Energy Efficiency Standards ("MEES"). All portfolio assets have now been assessed to enable us to develop a portfolio strategy to meet the hardening of thresholds under MEES, which we will refine alongside our Net Zero Carbon pathway.

Outlook

The Bank of England has continued to raise interest rates in response to persistent inflationary pressures and economic output has remained muted. However, the labour market remains tight, inflation is slowing as energy costs abate and global supply chain pressures are easing. The Bank of England is still anticipating a fall in GDP throughout the rest of 2023 and into Q1 2024, although not at the levels previously forecast.

Across the real estate sectors, occupational markets have generally been more robust than might have been expected, and investment market activity at least in some sectors has rebounded in the early stages of 2023. A short period of negative economic growth would limit the impact on the occupational markets and on this basis, we are hopeful that the UK real estate sector will begin to see a recovery in the second half of 2023, particularly if there is not sustained tightening in the credit markets.

In the meantime, income is expected to be the primary driver of total returns and remains a key focus of Company strategy. Following the disposal of ex-growth properties in 2021, the portfolio is delivering a steady income during uncertain markets, with strong reversionary potential. The Managers believe there to be significant latent value within the portfolio to unlock through accretive redevelopment, securing key leasing initiatives, repositioning assets and making ESG-led investment.

Our ability to deliver these initiatives is supported by the quality of our underlying asset base. The resilience of a balanced, diversified portfolio provides comfort in less certain markets craving a return of greater stability and confidence.

Paul Marcuse
Chairman
18 April 2023

Forward-looking statements

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

Business Model and Strategy

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

Board

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures, ESG risk and risk management. As set out in the Directors' Responsibilities on page 42, 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 30. The Company has no executive Directors or employees.

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

Investment Strategy

Purpose

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

Objective

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

Investment Policy

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

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

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

The current investment policy was approved by shareholders at the last AGM on 27 May 2022. Prior to this date, the maximum weightings applied to the principal property sectors at any time were (stated as a percentage of total assets): office: 50 per cent; retail: 65 per cent; and industrial: 40 per cent. The Company is permitted to invest up to 15 per cent, at the time of acquisition, of its total assets in indirect property funds (including listed property companies) which invest principally in UK property, but these investments may not exceed 20 per cent of total assets at any subsequent date. The Company is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits, gilts and money market funds.

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

Investment of Assets

At each quarterly Board meeting, the Board receives a detailed presentation from the Managers which includes a review of investment performance, recent portfolio activity and a market outlook. It also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of how the portfolio was invested as at 31 December 2022 is contained within the Managers' Review on pages 15 to 21 and a portfolio listing is provided on page 22.

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

Environmental, Social and Governance (ESG)

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

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

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

Our strategy therefore focuses particularly on:

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

Continuation Vote

As set out in the Articles of Incorporation, the Directors shall put an ordinary resolution to shareholders in relation to the continuation of the Company, in its then form, at a General Meeting to be held in 2024.

If at that meeting, such resolution is not passed, the Board shall, within twelve months of such meeting, convene an extraordinary general meeting of the Company at which a special resolution shall be proposed to the members of the Company for the winding up of the Company and/or a special resolution shall be proposed to the members of the Company for the reconstruction of the Company, provided that such resolution for the reconstruction of the Company shall, if passed, provide an option to Shareholders to elect to realise their investment in the Company in full.

Discount Control

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

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

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

The Company launched a share buyback programme in June 2021, using some of the proceeds from property sales and to date has purchased 97.8 million shares at an average discount at the time of purchase of 20.8 per cent and a cost of £103.7 million. This policy has enhanced the NAV by 1.1 pence per share during the year and has provided additional liquidity in the Company's shares. In the current economic climate, preservation of cash is important and the Company has not bought back any shares since September 2022; however, consideration will continue to be given to buybacks if the Board believes that this course of action is in the best interests of shareholders.

Shareholder Value

The Board and the Managers recognise the importance of both marketing and PR in increasing demand for the Company's shares. The Managers offer a range of private investor savings schemes, details of which can be found on page 84. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment company sector. Communication of quarterly portfolio information is made through the Company's website.

Promoting the Success of the Company

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

As an investment company, with no employees, the Company's principal working relationships are with the Managers, other professional service providers (corporate broker, registrar, Company Secretary, auditor, depositary, tax and legal advisers) and lenders. Our main working relationship is with the Managers who we hold to account in managing shareholder assets. With recognition of the need for sustainability as a fundamental element in achieving longer term success, we continued to work very closely with the Managers throughout the year in further developing the investment strategy and underlying ESG policies. This is not simply for the purpose of achieving the Company's investment objective but to do so in an effective, responsible and sustainable way in the interests of shareholders, future investors, tenants and society at large. The Company has borrowings and is in regular communication with its two lenders to ensure that they have a strong working relationship. Compliance with the borrowing restrictions is monitored on an ongoing basis. The Company has recently exercised a one-year extension option on the £100 million Barclays facility and discussions have commenced on refinancing options with both loans due to expire in 2024.

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

The Board places great importance on communication with shareholders. The Annual General Meeting is held in London and provides a key forum for the Board and Managers to present to shareholders on performance, along with future plans and prospects for the Company. The Board continue to be available to meet with shareholders as appropriate and the Managers meet regularly with shareholders and their respective representatives; reporting back their views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company's 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 23 to 26 additional information on our approach towards Environmental, Social and Governance ('ESG'). Directors engage on this with the Managers and the Company's specialist ESG adviser, Hillbreak Limited to establish an approach that is bespoke to the Company, business model and portfolio. 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 continues to make significant progress in this area.

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

Investment policy

The Board, together with its Investment Managers, undertook a review of the Company's investment policy in the light of the: (i) current trends within the UK's commercial property market; and (ii) the strategic direction that the Company had been moving in over the previous year which had resulted in the Company's portfolio exposure to industrials increasing to in excess of 30 per cent. Whilst the Company's previous investment policy allowed investment in the industrial sector of up to 40 per cent of total assets, the Board was of the view that this had become unduly restrictive, and the Investment Manager believed that having the requirement to carry out a re-balancing exercise to retain the weighting could be detrimental to the Company.

The Board also recognised that the Company may wish to increase its exposure to other property sectors which had been traditionally viewed as alternative property assets and which the previous investment policy was silent on. The Board was of the view that the previous maximum weightings had become unduly restrictive and proposed that all sector weighting limits were removed from the policy.

Shareholders were consulted on this change to the investment policy via a circular and it was approved at the AGM on 27 May 2022.

Dividends

The Board recognises that providing an attractive level of income with the potential for growth is important to the Company's shareholders. The rate of monthly interim dividends was increased to 0.4 pence per share in May 2022. This represented an increase of 6.7 per cent compared to the prior monthly dividends and the dividends paid for the year were 10.6 per cent higher than in 2021. Monthly dividends have remained at this rate, however, with the dividend fully covered and with further rental growth expected to materialise, the Board will continue to keep the level of dividend under review.

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. The Company has bought back 51.6 million shares during the year at an average discount to the NAV at the time of purchase of 19.6 per cent and a cost of £58.5 million. The 51.6 million ordinary shares bought back with a nominal value of 1 pence each represented 6.4 per cent of the shares in issue (exclusive of any shares held in treasury) as at 31 December 2022. This has helped to enhance the NAV for ongoing shareholders by 1.1 pence per share for the year and has provided liquidity in the Company's shares.

Investor communications

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

Tenants

It has been an extremely challenging three years following the Covid outbreak and this, compounded by the more recent inflationary environment and interest rate increases, has placed financial stress on some of our tenants, particularly in the retail space. The Managers have worked closely with tenants over this period and have agreed to some concessions where it has been evident that tenants have been experiencing financial challenges. These negotiations have helped to assist with the ongoing viability of many tenants, also ensuring that the Company has minimised the costs associated with properties being vacant.

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

Newbury Retail Park

Key Performance Indicators

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

Performance total return*

	1 Year %	3 Years %	5 Years %	10 Years %	
Ordinary share price	(11.7)	(12.9)	(18.6)	34.8	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')	(9.2)	(0.8)	0.2	82.6	
Portfolio return	(6.5)	2.8	6.9	91.4	
MSCI UK Quarterly Property Index	(8.9)	3.9	11.7	89.0	
FTSE All-Share Index	0.3	7.1	15.5	88.2	

Income return*

	1 Year %	3 Years %	5 Years %	10 Years %	
Portfolio income return	4.5	14.9	25.0	57.5	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	4.0	13.3	23.7	58.1	

Share price discount to NAV per share*

As at:	31 Dec 2022 %	31 Dec 2021 %	31 Dec 2020 %	31 Dec 2019 %	31 Dec 2018 %	
Discount	(25.3)	(22.3)	(31.9)	(11.7)	(10.9)	This is the difference between the share price and the NAV per share. It can be an indicator of the attractiveness for shares to be bought back or, in the event of a premium to NAV per share, issued.

Expenses

Year to:	31 Dec 2022 %	31 Dec 2021 %	31 Dec 2020 %	31 Dec 2019 %	31 Dec 2018 %	
Ongoing charges*	1.39	1.31	1.13	1.19	1.18	This data shows whether the Company is being run economically. It measures the running costs as a percentage of the average net assets.
Ongoing charges excluding direct property expenses*	0.86	0.90	0.85	0.83	0.83	This data shows whether the Company is being run economically. It measures the running costs excluding direct property expenses as a percentage of the average net assets.

Environmental performance

	2022	2021	2020	2019	2018	
Carbon emissions (Scope 1 & 2) (tonnes CO_2e)	1,437	2,035	1,780	2,133	2,516	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 (%)	16	16	12	12	10	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 77 and 78.

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

Principal Risks and Future Prospects

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

As stated within the Report of the Audit and Risk Committee on pages 38 and 39, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council and has established an ongoing process designed to meet the particular needs of the Company in managing the risks and uncertainties to which it is exposed.

It has been a turbulent year, the catalyst for which was the war in Ukraine which led to a global energy and cost of living crisis and rising inflation in excess of 10 per cent in the UK. The Bank of England has raised interest rates a number of times and at the time of writing they are at 4.25 per cent. This volatile economic environment has had an ongoing effect on many of our principal risks during the year and the Board met regularly with the Managers to assess these risks and how they could be managed. More detail is included in the Chairman’s Statement on pages 5 and 6 and the Managers' Review on pages 15 to 21.

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

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

To mitigate investment and strategic risks the Board regularly monitors the investment environment and the management of the Company’s property portfolio. The Managers seek to 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 Managers 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 having widespread economic consequences. From a macro-economic perspective, higher medium-term oil, gas and food prices alongside financial market disruption and sanctions on Russia has put upward pressure on inflation and is suppressing economic growth. There remains a risk of further interest rate increases. Against this background, real estate valuations experienced a significant pricing correction in the second half of 2022 as the risk premium for investing in property adjusted to reflect a higher interest rate environment.
- Interest rates have increased from 0.25 per cent to 4.25 per cent in just over a year. The Company is currently looking at refinancing its debt with both facilities due to mature in 2024. The likelihood is that any new debt arrangements will be more expensive than the current debt and the terms of any future debt arrangement are under active review, alongside the appropriate level of gearing.
- The ESG agenda is a very prominent one and will continue to grow in its importance to shareholders, future investors, our customers and the wider community. As discussed in our ESG report on pages 23 to 26, we have already made significant strides in this area and we intend to continue to do so. The increasing market attention being paid to climate risk, to net zero carbon ambition and to social impact have been notable features of the evolving agenda over recent years and those need to be considered more explicitly in property investment and management activity than has been the case previously. Failure to respond to the evolving regulatory requirements and public expectations would be reputationally damaging and could have a negative effect on property valuations, leaving some properties difficult to let.
- The structural change in the office market continues to evolve following Covid-19. Appetite for offices appears to be finding some equilibrium with a clear focus on higher quality space in central locations, as companies look to offer a more structured hybrid model of operation where strong ESG and wellbeing credentials will be essential. This will be at the expense of lower quality stock and the emergence of a two-tier market is already in evidence with the rebasing of both capital values and rents. This is still evolving and continues to be monitored.
- There continues to be an increasing emerging risk from cyber threats. As an externally managed investment company we are dependent on the controls and systems of our Managers and other third party service providers. The Board reviews on an annual basis, the systems and procedures that they have in place to control these threats.

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

Highest Risks	Mitigation	Actions taken in the year
Investment Performance Risk Unfavourable markets, poor stock selection, including inappropriate asset allocation and underperformance against the benchmark. This risk may be exacerbated by gearing levels. Economic backdrop of inflationary pressures and increasing interest rates. An illiquid investment market with a significant negative pricing adjustment in the second half of 2022. ESG risk attached to the developing regulatory backdrop and capital expenditure required to maintain compliance. **Increased in the year under review**	The investment performance, gearing and income forecasts are reviewed with the Investment Managers at each Board Meeting. The Managers provide regular information on the expected level of rental income that will be generated from underlying properties. The portfolio is well diversified by geography and sector and the exposure to individual tenants is monitored and managed to ensure there is no over exposure. The Managers in-house ESG team continually monitor regulatory background and best practice standards, while the overall quality of the portfolio provides some protection against this.	The Board reviews the Managers' performance at quarterly Board meetings against key performance indicators as set out on page 11. Significant lettings achieved, particularly in the industrial portfolio and the retail parks, at increased rents helping performance during a period of falling valuations. The practical completion of development fundings on two industrial assets with high ESG specifications has removed a substantial element of development risk from the portfolio. All portfolio assets have been subject to net zero carbon assessments and MEES building reports to enable the modelling of a pathway to compliance. A number of ESG initiatives have been progressed over the year, most notably the progression of solar PV schemes across the industrial portfolio.
Discount/Premium Risk Share price of the investment company is lower/higher than the NAV. As a result of such imbalances, the attractiveness of the Company to investors is diminished. The discount has widened during the year as interest rates increased and sentiment reduced. **Increased in the year under review**	The discount is reported to and reviewed by the Board at least quarterly. Share buybacks as a means of narrowing the discount or as an attractive investment for the Company are considered and weighed up against the risks. The position is monitored by the Managers' and Broker on a daily basis and any material changes are investigated and communicated to the Board.	Investors have access to the Managers and the underlying team who will respond to any queries they have on the discount. The level of discount is kept under constant review and the Company conducted share buybacks during the year to help manage this. The Broker and the Managers' sales team liaise with current and prospective investors to try and generate demand for the Company's shares.
Financial Management Risk Risk of financial or reputational damage due to a failure to appropriately manage financial risk. This includes management of cash resources and debt. The company's principal £260 million debt facility expires on 31 December 2024 and the £100 million facility with Barclays expires in July 2024. New finance will have to be put in place against a backdrop of higher interest rates. **Increased in the year under review**	The level of cash is continually monitored by the Managers. A financial model is maintained, which includes a 5-year cash flow forecast and is reviewed at quarterly Board meetings. The cash position is also reviewed by the Board on a monthly basis as part of the dividend approval process. Loan covenants are monitored carefully by the Managers and reviewed at least quarterly at Board meetings. The strategy for the refinancing of debt is under active consideration.	The Company has paused share buybacks since September 2022, with the preservation of cash taking precedence in current markets. The Company elected to use a one-year extension option of its £100 million facility with Barclays, which was due to expire in July 2023. This has been extended to July 2024. The Company has been reviewing its options on longer term debt and believes that, based on advice received and current market conditions there is lender appetite for refinancing the Company's debt. Since the year end the Board has engaged debt advisors to consider the financing options available in order to formulate a long term debt strategy in terms of cost and the appropriate level of gearing.
Product Strategy Risk Risk that the Product Strategy (including investment guidelines and policies) lacks sustainability or is not relevant. Risk that the strategy is not clearly defined/articulated or directed to the correct target audience. ESG related initiatives are a core part of the long-term strategy. **Unchanged in the year under review**	The underlying investment strategy is kept under constant appraisal and the Board will have a strategy session annually, in conjunction with the Managers.	The strategy of having a balanced portfolio has aided performance in a declining market with the significant retail investment at St Christopher's Place outperforming the wider real estate market. The strategy is communicated to interested parties on a regular basis via stock exchange announcements, the interim and annual report and investor/consultant calls and visits. Significant ongoing work on the Company's ESG strategy including the collection of relevant ESG data and the formation on individual asset plans. ESG enhancements performed on some of the Company's assets where opportunities have arisen.

Viability Assessment and Statement

The Board conducted this review over a five-year time horizon, a period thought to be appropriate for a Group investing in commercial property with a long-term investment outlook and with an average unexpired lease length of 5.2 years. The Group has its principal borrowings with L&G secured until 31 December 2024 and is also subject to a continuation vote which will take place by the end of 2024.

Preparations with regards to the continuation vote will commence this year. The Viability Statement has been prepared on the assumption that the Board recommends continuation and that shareholders approve the Board's recommendation. The assessment also takes into account the principal risks and uncertainties faced by the Group, as identified on pages 12 and 13; which could threaten its objective, strategy, future performance, liquidity and solvency.

The major risks identified as relevant to the viability assessment were those relating to a downturn in the UK commercial property market and its resultant effect on the valuation of the investment property portfolio, the level of rental income being received and the effect that this would have on cash resources and financial covenants. The UK commercial real estate market has experienced a downturn in the second half of 2022, driven by geopolitical challenges, high levels of inflation, rising interest rates and a slowdown of economic growth. There has been a dramatic repricing of property valuations with the sector experiencing capital falls of 17.2 per cent over the six months to 31 December 2022, as measured by the MSCI UK Quarterly Property Index ('MSCI').

A stress test was conducted over the five-year period to April 2028. Taking into account that the portfolio has already experienced a significant valuation adjustment in the last two quarters, the modelling used a foreseeable severe but plausible scenario which took into account the illiquid nature of the Group's property portfolio, further significant future falls in the investment property values, the continuation of the long-term borrowing facility and substantial falls in property income receipts.

The viability assessment modelling used the following assumptions:

- We have modelled using the most negative of all property capital returns as measured by MSCI over one to five years using historic data that goes back to 1985, with capital values falling by as much as 36.5 per cent. This takes into account that the property market has already experienced capital falls of 17.2 per cent since June 2022.
- Debt refinanced at 1 per cent above the current long-term debt forecasts.
- Loan covenant tests remain the same as those currently in place following a refinancing of debt.
- Tenant defaults of 10 per cent for the first year, followed by 5 per cent for the following year before returning to normal levels thereafter.
- Tenant lease breaks are exercised at the earliest opportunity, followed by a substantial void period.
- Dividends are maintained at current levels.
- £2 million per annum on ESG related capital expenditure.

The results of this modelling were as follows:

	NAV	Dividend Cover	LTV (Net)
2024	89.5p	79.0%	30.0%
2025	79.8p	62.7%	33.7%
2026	81.2p	79.0%	34.0%
2027	86.3p	75.4%	33.5%
2028	87.6p	102.9%	33.1%

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

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

The Group's £260 million long-term debt with L&G does not need to be refinanced until 31 December 2024. We calculate that the market value of the properties secured under this loan would have to drop by a further 25 per cent from 31 December 2022 valuations before breaching the Loan to Value ('LTV') test on the facility. The loan interest cover test would only be breached by a fall in net rental income of 65 per cent. We are comfortable that these covenants will continue to be met.

The Group's £50 million loan facility and £50 million revolving credit facility with Barclays is due to expire in July 2024. We calculate that the market value of the properties secured under this loan would have to drop by 66 per cent before breaching the LTV test on the facility. The loan interest cover test would only be breached by a fall in rental income of 48 per cent. We are comfortable that these covenants will continue to be met.

The Group has a further £95 million of properties which are not secured against any lender and could be transferred to L&G or Barclays to support covenant tests if required.

The Company believes that based on advice received and current market conditions there is lender appetite for refinancing the Company's debt and that it will be able to satisfactorily refinance existing debt well in advance of the repayment dates.

Based on this assessment, and in the context of the Group's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to April 2028. 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 33.

Managers’ Review

Richard Kirby, Fund Manager joined the predecessors to Columbia Threadneedle REP AM plc (‘CT REP’) in 1990. He has been a fund manager since 1995 and has experience of managing commercial property portfolios across all sectors for open-ended, closed-ended and life fund clients. He sits on both the Executive Committee, ESG Committee and Investment Committee of CT REP. He is a Chartered Surveyor and a member of the Investment Property Forum, the British Council of Offices and Retail Property Community (“Revo”).

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

Property Managers

The Company’s investment managers, Columbia Threadneedle Investment Business Limited (formerly BMO Investment Business Limited) and asset and property manager, Columbia Threadneedle REP AM plc (formerly BMO REP Asset Management plc) a subsidiary of Columbia Threadneedle Real Estate Partners LLP (formerly BMO Real Estate Partners LLP), 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 £7.1 billion of real estate assets (December 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, property accounting and project management (where appropriate).

Property headlines over the year

- A portfolio total return of -6.5* per cent over the 12 months to December 2022 versus the MSCI UK Quarterly Property Index ('MSCI') return of -8.9 per cent.
- Sector allocations have been critical in delivering relative long-term outperformance, underlining the value of a balanced portfolio.
- The portfolio’s largest holding, St Christopher’s Place in Central London continues its recovery phase and has been a key driver of performance over the 12 months.
- Asset management activity delivered in the period has been accretive to both income and capital performance, underlining strong asset fundamentals, attractive sector exposures and significant latent income reversion within the portfolio.
- As at 31 December 2022, the void rate was 5.9 per cent, significantly below the MSCI Index at 8.0 per cent. The void rate is 1.4 per cent excluding the asset at Stockley Park, Uxbridge, where redevelopment opportunities are being actively reviewed.
- Rent collection has stabilised at pre-pandemic levels with collection of 99 per cent for the year.
- Development fundings totalling £25.7m enhancing the Company’s exposure to the Industrial sector, which retains strong growth prospects.

* See Alternative Performance Measures on pages 77 and 78.

Property Market Review

At the time of the Interim Report in June, inflationary headwinds were mounting against the UK economy. The second half of 2022 was marked by a period of illiquidity and pricing discovery amidst a rapid repricing of the UK commercial real estate market, which saw equivalent yields at the all property level move out by 84 basis points in the final quarter. This challenged backdrop has resulted in the MSCI UK Quarterly Property Index generating a total return of -8.9 per cent over the year, driven by capital decline of -12.4 per cent.

The inflationary environment has resulted in ten consecutive increases to the base rate, which has risen from 0.25 per cent to 4.25 per cent since the start of 2022. Wider yield expansion put downward pressure on real estate values and was compounded by September's mini budget, which saw gilt yields rise rapidly. Mounting headwinds of higher interest rates, a weaker economic backdrop and volatility in the financial markets resulted in the rapid repricing of real estate and marked investor caution. In the month of October, UK real estate experienced its sharpest monthly value decline on record, amid a subdued investment market alongside examples of forced selling of real estate spurred by the need to satisfy redemption and reweighting pressures in the wake of the LDI crisis. Overall investment volumes in H2 2022 were down 40 per cent against H1 2022 and down 45 per cent year-on-year[1].

However, the current price correction that continues to unfold in the early stages of 2023 is not expected to remain entrenched. An increased level of transactional activity was notable in December 2022 and this cautious optimism continues into 2023. Tentative investor confidence is predicated on occupational markets that for the meantime remain highly active and continue to show resilience despite the wider economic pressures. Over the year, the MSCI Index reported an income return of 4.0 per cent, slightly below long-term average. Provided that any potential future period of negative growth is limited, occupational markets are expected to remain robust, assisted by a muted development pipeline constrained by rising construction and debt costs that will keep levels of supply in check.

This supply-demand imbalance has been particularly prevalent in the industrial and logistics sector, which generated rental growth in excess of 10 per cent[2] in the 12 months to December 2022. Take up levels for 2022 were the third strongest on record, despite declining in the second half of the year. Rental growth is expected to moderate as occupier margins come under pressure, although remains a key feature of the sector. The sector's vacancy rate remains at near historic lows of circa 4 per cent[3] and a wide occupier base continues to support strong levels of demand, principally driven by e-commerce, the push for supply chain resilience and increasing on- and near-shoring. The sustained yield compression the sector has experienced in recent years left it exposed to the inflationary environment. Prime yields moved out by as much as 150 basis points in the 6 months to December, leaving yields at levels last seen in 2018. Over the year, the sector saw a total return of -14.4 per cent.

The retail warehousing sector has followed a similar trajectory as the rapid yield compression witnessed in 2021 and H1 2022 was reversed in the latter stages of 2022, as prime yields moved out by 100-125 basis points. This resulted in the sector seeing capital declines of -6.4 per cent over the year, in turn generating a total return of -1.0 per cent. While the sector has been subject to a market-led yield correction, strong fundamentals remain in the form of a robust occupier pool, the critical role of the sector in omni-channel retailing and the inherent flexibility of the real estate for both owner and occupier. Over the course of 2022, the sector's vacancy rate fell from 6.1 per cent to circa 5 per cent[4], driven by the expansion of discount and convenience led retailers. As we enter a period of more constrained consumer spending, the sector's tenant base is aligned to continue to drive footfall and turnover, with the additional benefit of a business rates revaluation that will see rating liabilities fall, lending further support to retailer profitability. The occupational market remains in a strong position and has generated an attractive income return of 5.7 per cent over the year.

The high street retail sector has been less exposed to the pricing correction seen over the period, as the sector benefitted from a relative yield defence afforded by higher starting yields. Despite the structural changes to the sector that have driven this yield expansion, the occupational markets again remain resilient, helping to support an attractive income return from the sector. In Central London, we have seen a rebasing of rents to realistic levels, which in turn has spurred occupier activity and is forming a basis for a recovery in rental tone, supported by increasing footfall.

The office sector is the most nuanced and remains highly polarised between prime and secondary stock. Occupiers are seeking high quality space with strong amenity provision to serve as an attractive environment for employees within hybrid working structures. A key tenet of office specification is the ESG credentials, which are being prioritised by occupiers and investors alike given the cost implications from both an operational efficiency perspective and the potential capital expenditure liability of retro-fitting obsolescent office stock. This has served as the primary driver of the polarisation in the sector, as core assets are able to generate the rental uplift required to underpin the financial viability of Grade-A refurbishment, while occupier demand for secondary space has declined rapidly. Over the period, the sector produced a total return of -9.5 per cent, driven by capital declines of -12.6 per cent. However, as an indicator of the divergence within the sector, the West End office sub-sector generated a total return of -6.0 per cent predicated on lesser capital declines of -8.6 per cent.

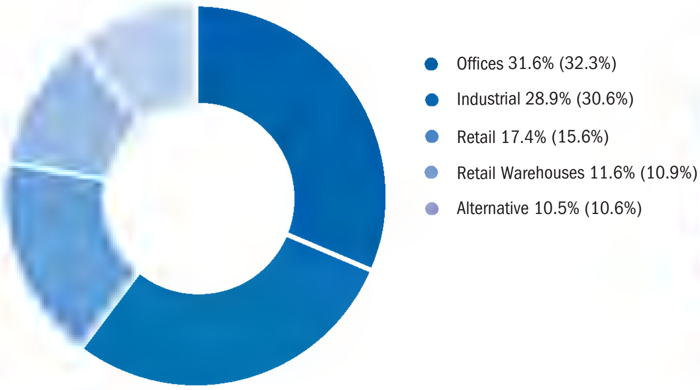
Portfolio performance

The total return from the portfolio was -6.5 per cent over the 12 months, compared with the MSCI return of -8.9 per cent. The portfolio has outperformed the wider Index on both capital and income returns over the period. Capital growth from the portfolio was -10.5 per cent compared with the MSCI return of -12.4 per cent, while the portfolio generated a 4.5 per cent income return, against the Index at 4.0 per cent.

[1] Real Capital Analytics
[2] MSCI UK Quarterly Property Index December 2022
[3] Savills, UK Logistics: Big Shed Briefing January 2023
[4] https://pdf.euro.savills.co.uk/uk/commercial-retail-uk/uk-retail-warehousing-december-2022.pdf

Sector Analysis

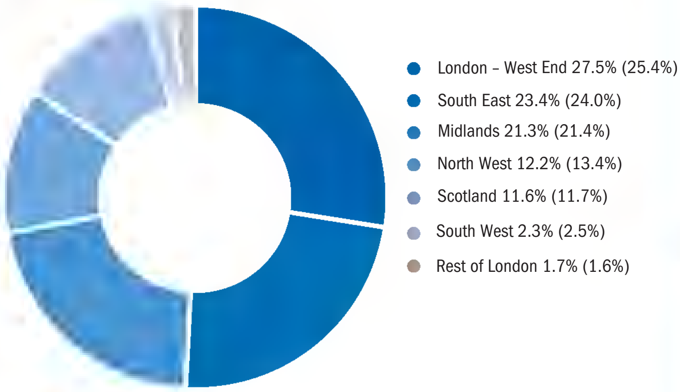
as at 31 December 2022, % of total property portfolio (figures as at 31 December 2021 in brackets)



Source: Columbia Threadneedle REP AM plc

Geographical Analysis

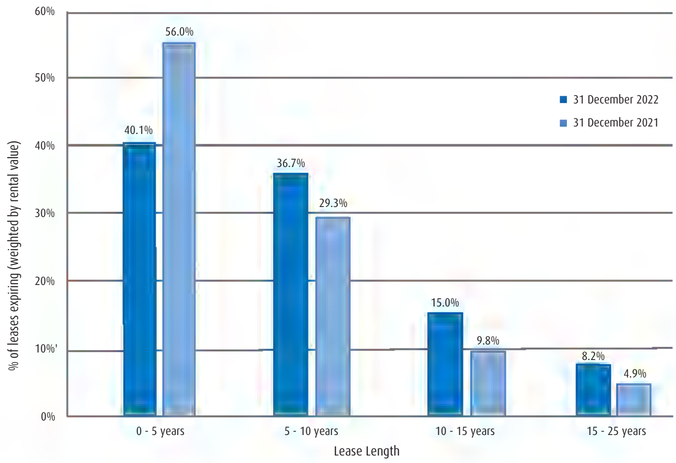
as at 31 December 2022, % of total property portfolio (figures as at 31 December 2021 in brackets)



Source: Columbia Threadneedle REP AM plc

Lease Expiry Profile

At 31 December 2022 the weighted average lease length for the portfolio, assuming all break options are exercised, was 5.2 years (2021: 5.2 years)



Source: Columbia Threadneedle REP AM plc

The largest occupiers, based as a percentage of contracted rent, as at 31 December 2022, are summarised as follows:

Income Concentration

Company Name	% of Total Income
Apache North Sea Limited	4.7
CNOOC Petroleum Europe Limited	4.6
JPMorgan Chase Bank, National Association	4.3
Marks and Spencer plc	3.6
Kimberly-Clark Limited	3.6
Virgin Atlantic Limited	3.6
University of Winchester	3.5
Transocean Drilling U.K. Limited	3.3
Nestle Purina UK Commercial Operators Limited	3.3
DHL Supply Chain Limited	3.2
Total	**37.7**

Source: Columbia Threadneedle REP AM plc

Valuation and capital performance

In a reversal of recent trends that had seen the portfolio's industrial assets act as the engine of performance, the portfolio's top performers over the 12 months have come from the wider retail sector. Most notably, the portfolio's largest asset, the mixed-use Central London holding at St Christopher's Place. The asset has endured a number of years of yield expansion and is valued approximately 20 per cent lower than pre-pandemic levels. As activity in London West End recovers, a number of asset management initiatives to generate rental growth have been progressed.

The Company's retail warehousing holdings have also delivered strong outperformance with a positive total return of 1.9 per cent against the Index at -1.0 per cent. In recent years, we have been repositioning our retail parks towards grocery, convenience and discount retailers, aligning our assets to essential retailing at a time of more constrained consumer spending. The attractive tenant line-ups have driven footfall, in turn generating strong occupier demand that has resulted in all available units becoming fully committed in the course of the year. This accretive asset management activity has insulated the parks from the wider market-led yield decompression, delivering relative outperformance alongside an attractive income return of 5.3 per cent.

The Company's office assets, which comprise high quality buildings with robust fundamentals in resilient locations, have delivered a total return of -7.2 per cent, against the Index return of -9.5 per cent. We have been able to make accretive investment into our core holdings, driving occupier demand, rental growth and capital performance.

The industrial sector experienced the most severe capital falls in the second half of the year following a reversal of the significant and sustained yield compression of recent years. Consequently, the portfolio's industrial holdings generated a total return of -15.8 per cent, against the Index return of -14.4 per cent, predicated on capital declines. Despite this, we remain confident with our industrial holdings as the sector retains strong occupational fundamentals and growth prospects, with portfolio assets offering reversionary income potential in excess of 40 per cent.

The Company's exposure to the alternatives sector is dominated by Burma Road Student Village in Winchester. While the asset benefits from an attractive long-term inflation-linked lease, the leasing structure is closely correlated with the financial markets and therefore saw yield expansion over the period, resulting in a capital decline of -10.8 per cent. However, the student housing sector itself retains strong fundamentals supported by a variety of economic and demographic drivers.

Income Analysis and Voids

As we enter a lower growth environment the ability to generate a yield advantage will be a key driver of relative performance. Over the 12-month period, the Company's portfolio has delivered an income return of 4.5 per cent, against the Index at 4.0 per cent.

The portfolio vacancy rate increased from 2.0 per cent by ERV to 5.9 per cent. The increase in vacancy can be attributed to a 92,000 sq ft office at Stockley Park, Uxbridge following the tenant vacating at lease expiry in March 2022. Given the strategic location of the holding, the asset carries significant alternative use value, and we are working alongside prospective occupiers and the planning authorities to progress a value-accretive redevelopment strategy.

Excluding the holding at Stockley Park, the vacancy rate stands at 1.4 per cent. This is testament to the continued resilience of the occupational markets across the sub-sectors.

At 31 December 2022 the weighted average unexpired lease term (WAULT) for the portfolio, assuming all break options are exercised, was 5.2 years. The portfolio WAULT offers an attractive balance between income security and the availability of lease events as opportunities to convert rental growth into income. This is particularly relevant within the Company's industrial portfolio. The average period to lease events including rent reviews on the industrial holdings is 4.1 years, an attractive characteristic within a sector that continues to be characterised by an in-built reversion and rental growth.

Rent collection has been an area of keen focus in recent years following the impact of the Coronavirus pandemic. Rent collection has now normalised at pre-pandemic levels, with collection for 2022 standing at 99 per cent.

Approximately 27 per cent of the portfolio's income profile is supported through the presence of fixed-uplifts and inflation-linked rent review mechanisms within occupational leases.

Asset Management

Industrial and Logistics

As mentioned above, the Company's industrial portfolio offers an in-built income reversion in excess of 40 per cent. The conversion of this potential into tangible growth will therefore be central to maintaining and growing the portfolio income return. During the course of the year, we have completed a number of successful asset management initiatives, which demonstrate the continued rental growth in the sector.

The Cowdray Centre, Colchester

This multi-let industrial estate has seen significant leasing activity. Unit 2 Mason Road was let to UK Plumbing Supplies on a new 15-year lease at a rent that underlines a steady improvement in the estate's rental tone. The letting was delivered following the completion of fabric upgrade works which enhanced the unit's ESG credentials, including a B-rated EPC. Following this letting, the adjacent unit has been placed under offer to a major UK occupier, at a rent again showing further growth.

Refurbishment works are being rolled out across the estate and investment of this nature has proven a driver of occupational demand and value appreciation, while also protecting the asset's long-term liquidity. During the course of the year, Units 12 and 13 were also refurbished and relet, achieving record rents for the estate.

The estate is also subject to a wider capital project for the development of a multi-let trade counter scheme, which is now in the planning phase. Viability is under close review given the wider market impact on construction costs and capitalisation rates, although strong occupier demand and sustained rental growth lend support to the scheme.

Units 1 & 2 Strategic Park, Southampton

The tenants of this two-unit scheme had signalled an intention to vacate at their lease expiries in August 2022, enabling us to progress a significant refurbishment strategy to modernise the assets, enhance ESG credentials and drive the rental value. Significant dilapidations settlements were agreed and we have received planning permission for the enhanced scheme which is due to complete in June 2023. Marketing of the units is underway, and we anticipate strong demand for the highly specified and strategically located accommodation.

Hams Hall Industrial Estate, Birmingham

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

Quintus Business Park, Burton-upon-Trent and Hurricane 52, Estuary Business Park, Liverpool

The development fundings of these two industrial assets have now completed, enhancing portfolio exposure to this strategically important sector.

Unit 4, Quintus Business Park in Burton-upon-Trent was committed under a forward-funding arrangement in December 2021 for a price of £21.5m. The highly specified logistics unit of 170,000 sq ft, which carries an A-rated EPC and a BREEAM Excellent certification, reached practical completion in September 2022. A new 15-year lease to Werner UK completed and the already reversionary rent is subject to inflation-linked increases.

The speculative development of the 52,000 sq ft Hurricane 52 in Speke, Liverpool also reached practical completion at a cost of circa £4.2m. This mid-box logistics was developed on land already owned and adjoins an existing ownership. Since completion, the unit has received a good level of occupier interest, aided by its specification which includes solar photovoltaic panels.

Across the industrial portfolio, we are looking at a number of solar installations to boost our renewable energy generation capacity. We are actively engaged with occupiers on assets in Burton-upon-Trent, Markham Vale, Liverpool and Daventry.

Retail Warehouses

Our prime retail parks have been a key driver of relative outperformance, following significant asset management activity. All units across both parks have become fully committed to national multiple occupiers that compliment an attractive and robust tenant mix, while competitive tension has seen both rent and rental values grow by 3 per cent across the parks. Across both schemes footfall remains very strong, with both car parks operating at near-full capacity.

Newbury Retail Park, Pinchington Lane, Newbury

During the year units have been leased to Pets at Home, JD Sports, Cancer Research and Tim Hortons, resulting in all landlord available space on Newbury Retail Park being fully committed. We have also seen existing occupiers committing to the scheme, with Currys PC World taking a new 10-year lease on renewal at a rent in advance of ERV. The leasing successes underline not only the resilience of the occupational market, but also the dominance of Newbury Retail Park within this affluent and growing catchment.

Sears Retail Park, Solihull

Following the 2021 development of a flagship Marks & Spencer's anchor store, we have built on the momentum generated to secure the full occupation of the park. The lettings completed not only maximise the scheme's income stream but also widen the range of uses to appeal to a growing customer base.

Pure Gym have taken a new 15-year lease of Unit 2 and Mountain Warehouse have completed a new 5-year lease of Unit 3, with both deals being executed in line with ERV. Similarly to Newbury Retail Park, the lettings facilitate the upgrade of the units' façades as part of a phased upgrade programme.

Retail

St. Christopher's Place ('Estate') (retail/office/alternatives)

The Company's flagship asset is a unique property; a prime Central London estate comprising 172 lettable units and 40 buildings, diversified across the retail, leisure, residential and office sectors. The Covid pandemic had a significant impact on the asset and its valuation remains at a 21 per cent discount to its pre-pandemic level. However, the asset is now in a recovery phase and has been the Company's strongest performer over the 12 months.

The year has seen a marked stabilisation and recovery in the Central London retail market. As hybrid working models have taken hold and domestic and international travel recovered to pre-pandemic levels, footfall statistics within London's West End continue to improve. This has been assisted by the opening of the Elizabeth Line at Bond Street, which has seen footfall through the station increase by circa 25 per cent.

Occupational demand has also rebounded as prime rents have been rebased and the revaluation of business rates will see an approximate 40 per cent reduction in the rates payable on Oxford Street. In December 2022 there were 10 retail units on the prime stretches of Oxford Street under offer, with a consistent rental tone emerging. Within this improving context, St Christopher's Place has returned to capital growth for the first time since 2018 and the portfolio's top performing asset over the year.

Market-led recovery has been supplemented by a strategic repositioning of the asset towards the Food & Beverage ('F&B') sector. From an asset perspective the strategy has been conceived to drive footfall, consumer spend and dwell time, while from a fund perspective the F&B markets offer longer leases alongside a higher rental tone. The strategy has begun to yield tangible results; the Estate is outperforming the wider West End in terms of footfall recovery with footfall over the festive period showing a 15 per cent increase from 2019. Strong tenant retention has maintained the income profile while occupier demand across the holding's sub-markets has seen the Estate's rental value grow during the course of the year.

Key initiatives delivered over the period include:

- The enhancement of the Estate's F&B offering, with lease renewals concluding with the Lamb & Flag pub and restaurants Olivelli and Sofra. Restaurant concept Bao (part of the JKS group) has been added to the occupier line-up, while terms are agreed with a new anchor restaurant tenant alongside a wine bar.
- Lease renewals and regears have been concluded with retailers Whistles, L'Occitane and Castle Fine Art.

- Numerous pop-up retail lettings completed to maintain net operating income and vibrancy of the shopping environment.
- Refurbishment works have completed across a number of office suites, while seven new office leases have completed.
- The residential portfolio of 66 apartments represents 21.1 per cent of the capital value of the estate and has completed its recovery in both income and occupancy levels and is now ahead of pre-pandemic levels.
- Plans for the ongoing enhancement of the public realm continues in stages, with new feature lighting due to be installed and productive discussions ongoing with key stakeholders concerning long term improvement proposals for James Street and Barrett Street.
- Strategic ancillary holdings placed under offer to boost the wider asset's liquidity.

Offices

Our office portfolio is characterised by prime assets which are occupied by a high-quality tenant base. This has allowed us to make accretive investment into our offices, in turn spurring tenant demand and rental growth which has underpinned income outperformance. In a nuanced market context, the portfolio's assets are well positioned given their strong fundamentals derived from a strategic focus on high-quality holdings in core locations.

Alhambra House, Glasgow

This office holding in central Glasgow is subject to an ongoing repositioning and refurbishment strategy, leveraging the asset's strong residual value. In the interim, the existing tenant JP Morgan has extended their lease by a further year to March 2024, generating an additional £1.9m in rent alongside a significant contractual dilapidation settlement. This lease extension allows us to progress the planning process in the background, helping us to minimise interruption to the development programme on expiry.

2-4 King Street, London

All office suites at this prime multi-let holding are occupied and a number of tenants have committed to new leases at increased rents, driving a 7 per cent uplift in rental value over the course of the year. The art gallery tenant of the ground and basement levels has committed to a 10-year reversionary lease at a rent showing a 16 per cent uplift to the previous passing rent. Similarly, the tenant of the 4th floor office suite has entered into a 5-year reversionary lease at a rent representing a 22 per cent premium to the previous passing rent.

17A Curzon Street, London

This prime multi-let asset in London's West End is subject to a phased refurbishment, repositioning the asset and boosting ESG credentials. The year has seen two lease regears complete, delivered at a combined uplift to the passing rents. The lease of the sixth floor was surrendered, releasing the suite for repositioning which will enable us to push the rental tone to in excess of £100 psf for this terraced top floor suite, with collateral benefit to the wider building.

London, Birchin Lane

82 King Street, Manchester

This substantial 82,000 sq ft multi-let office holding in Manchester's office core has seen significant leasing activity as existing tenants continue to commit to the building. Most notably, NM Rothschild entered into a 10 year reversionary lease of their 7th floor suite at a rent showing a 12 per cent uplift to the passing level. Post-period, Lloyds Bank have completed a new 5-year lease on their 10th floor suite.

Alternatives

The portfolio's alternatives holdings include the purpose-built student accommodation in Winchester, residential properties at St. Christopher's Place and the leisure units at Wimbledon Broadway.

Burma Road Student Village in Winchester holds benefits from a long lease to the university, with the benefit of annual RPI linked rent reviews. During the course of the year, the University has made significant investment into the holding, installing solar panels and air source heat pumps throughout the estate, which materially enhances the asset's ESG credentials.

The long-let residential holdings at St Christopher's Place are fully occupied, while the occupancy levels and rental values of the serviced apartments are now ahead of 2019 levels. The residential element of St Christopher's Place is significant and accounts for 4.7 per cent of the value of the portfolio.

Investment Activity

Following asset disposals totalling some £200m in 2021, there were no further sales during 2022. The key driver for these sales was a strategy to recycle capital and adjust sector weightings towards our favoured sectors of industrial/logistics, retail warehousing and alternatives (primarily student housing and hotels).

While this strategy carried through to the early stages of 2022, pricing for assets within our favoured sectors had become extremely competitive. While a number of bids were made, primarily in the alternative sectors, we did not consider the investment market to offer long-term fair value and therefore withdrew from bidding in Q2 2022.

The first half of 2023 is likely to be characterised by continued pricing pressure and in this market context, there may be the opportunity to acquire high quality assets at attractive long-term pricing. We continue to closely appraise the investment market, seeking exceptional value for assets that accord with our investment strategy. As liquidity in the wider investment market improves in the latter part of 2023, we anticipate further disposals from the portfolio to advance our capital recycling strategy. We have identified potential asset sales, principally focussing on down-weighting exposure to offices as we continue to align the portfolio towards targeted growth sectors. The timing of any such disposals will be instigated to take advantage of both asset and market cycles to deliver optimal value to the Company.

Outlook

The challenges that impacted the real estate market in 2022 remain as we enter 2023 and investors have maintained a risk averse approach to the sector, awaiting greater clarity on pricing in the first quarter of the year. The investment market remains relatively muted as value protection is at the forefront of investor thinking, with a prevailing disconnect in expectations between buyers and sellers.

Inflationary pressures and the cost of debt are easing, gilt and swap markets have settled, and the Bank of England has signalled that their forecast for growth for 2023 is less negative than previously feared. There is therefore an expectation that the real estate market will move to a recovery phase in the second half of 2023 although the impact of credit tightening from the recent banking market volatility have created further uncertainty.

As capital growth returns, the diversification of the Company's portfolio offers both a steady footing alongside growth potential. We expect continued recovery at St Christopher's Place to be a bedrock of returns. The industrial and retail warehousing sectors – which account for over 40 per cent of the portfolio – have been oversold but retain a strong performance outlook founded on their critical role in UK business and consumer infrastructure. Much has been made of the uncertain outlook for the offices sector, but the portfolio is aligned towards prime assets that continue to meet occupier demand. The portfolio is therefore aligned to continue to deliver capital outperformance, founded on the portfolio's prime nature that will benefit from a flight to quality.

Income is the driver of real estate returns in the long run. Across the sectors, the occupational markets have been relatively resilient. The Company's portfolio is generating an attractive yield premium at a time when income will dominate totals returns. The portfolio offers strong reversionary rental potential alongside ample opportunity for delivery of this income upside, with priority projects for the year ahead including the repositioning of Stockley Park, Uxbridge, the redevelopment and reletting of Strategic Park, Southampton and the delivery of continued incremental growth at St Christopher's Place. Maintaining a low vacancy and exploiting lease events to crystallise rental uplifts will be of paramount importance in generating a stable and growing income stream, alongside capital appreciation.

Richard Kirby and Daniel Walsgrove
Columbia Threadneedle REP AM plc
18 April 2023

Property Portfolio

as at 31 December 2022

Property	Sector
Properties valued in excess of £200 million	
London W1, St. Christopher's Place Estate (footnotes 2 and 3)	Retail/Office/Alternative*
Properties valued between £50 million and £70 million	
Newbury, Newbury Retail Park	Retail Warehouse
Solihull, Sears Retail Park	Retail Warehouse
Properties valued between £40 million and £50 million	
London SW19, Wimbledon Broadway	Retail/Alternative**
Winchester, Burma Road	Alternative
Properties valued between £30 million and £40 million	
Chorley, Units 6 & 8 Revolution Park	Industrial
Liverpool, Unit 1, G. Park, Portal Way	Industrial
Markham Vale, Orion One & Two	Industrial
Manchester, 82 King Street	Office
Birmingham, Unit 8 Hams Hall Distribution Park	Industrial
Daventry, Site E4, Daventry International Rail Freight Terminal	Industrial
Aberdeen, Unit 2 Prime Four Business Park, Kingswells	Office
Aberdeen, Unit 1 Prime Four Business Park, Kingswells	Office
Crawley, The Leonardo Building, Manor Royal	Office
Properties valued between £20 million and £30 million	
Birmingham, Unit 10a Hams Hall Distribution Park	Industrial
Bristol, One Cathedral Square (footnote 1)	Office
London SW1, 2/4 King Street	Office
Aberdeen, Unit 3 Prime Four Business Park, Kingswells	Office
Colchester, The Cowdray Centre, Cowdray Avenue	Industrial
Glasgow, Alhambra House, Waterloo Street	Office
London W1, 17a Curzon Street	Office
Properties valued between £10 million and £20 million	
Burton on Trent, Quintus at Branston Locks	Industrial
London EC3, 7 Birchin Lane	Office
Southampton, Upper Northam Road, Hedge End	Industrial
Birmingham, Unit 6a Hams Hall Distribution Park	Industrial
Liverpool, Unit 1 The Hive, Estuary Business Park (footnote 1)	Industrial
Camberley, Watchmoor Park, Building C	Office
Edinburgh, Nevis/Ness Houses, 11/12 Lochside Place	Office
Uxbridge, 3 The Square, Stockley Park	Office
London W1, 16 Conduit Street (footnote 1)	Retail
Properties valued under £10 million	
Camberley, Affinity Point, Glebeland Road	Industrial
Aberdeen, Unit 4 Prime Four Business Park, Kingswells	Office
Liverpool, Unit 2 & 4 The Hive, Estuary Business Park (footnote 1)	Industrial
Liverpool, Hurricane 52, Estuary Business Park	Industrial
Solihull, Oakenshaw Road	Retail Warehouse

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

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 engaged in the consideration of ESG factors and on the Company maintaining its strong commitment, recognising that proper integration of such matters into regular business practice is fundamental to preserving asset worth and enhancing shareholder value. An ESG Committee was established during the year.

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 **balancedcommercialproperty.co.uk**

How the Property Managers implement 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

Board Composition

The Company recognises the benefits of diverse Board membership and has exceeded the Hampton-Alexander recommendations by having 50% female representation. Following Mrs Clark's retirement in May 2023, the Board will continue to meet this recommendation by having 40% female representation. This position aligns with the recommendations of the FTSE Women Leaders Review and the target set out in the Listing Rules (which applies in respect of the Company's financial year ending 31 December 2023). The Board is also mindful of the recommendations of the Parker Review and the Listing Rules target regarding the ethnic background of the Board (which also applies in respect of the Company's financial year ending 31 December 2023).

Global Real Estate Sustainability Benchmark ("GRESB")

GRESB is the dominant global system for assessing Environmental, Social and Governance performance for real estate funds although it is not without its limitations. The Company's ambition is to realise year-on-year improvement in score and to focus particularly where it has direct landlord control. Representing its fifth year of participation, the Company achieved a score of 70, reversing the 7 point increase from the previous year, mostly reflecting the challenges faced in obtaining occupier utility consumption given prevailing economic priorities.

GRESB
2022

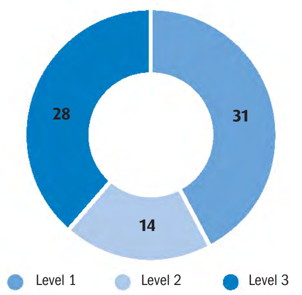
Investment process

Responsible Property Investment Framework

The Managers' Responsible Property Investment Framework provides the structure around which various property teams operate, reinforcing the concept that every individual has a contribution to make towards the successful integration of ESG matters into property investment activities. Our appraisal tool 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 to ensure that improvements in ESG credentials can be fully considered. The process is similarly applied to all potential acquisitions and developments so that thoughtful consideration can be given to risks and opportunities prior to executing transactions.

The Framework also provides a basis for classifying assets according to the key ESG characteristics, principally for the purpose of establishing materiality and allocating resources and implementing routine actions accordingly. The Company maintains 100% Energy Performance Certificate ("EPC") coverage by demise and all assets have been classified according to energy performance rating and / or degree of landlord energy consumption. Through its Property Managers, the Company is currently reflecting on the need to modify its existing classification system to take account of property characteristics relative to its net zero carbon ambition and to highlight the degree of intervention necessary to reposition all EPCs to a minimum of B rating by 2030.

Asset classification
(distribution by number of properties)



Asset classifications

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

Portfolio

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

Environmental impacts

The Company sets year-on-year intensity-based energy, carbon, water, and waste reduction targets for landlord procured services which it seeks to realise though active engagement with its local facilities managers and occupier cohort. The Company has worked hard to develop it strategy for achieving net zero carbon emissions and has committed to realising this ambition by 2040 or sooner. The Company has published its pathway document which sets out the details of its proposed approach and the metrics it intends to adopt in order to demonstrate progress. Since the last reporting year, the Company's absolute carbon emissions have decreased by 26%, largely attributable to the disposal of Casinni House. Whilst energy consumption on a like-for-like basis increased marginally, by less than 1%, gas consumption on a similar like-for-like basis decreased by 18%. The overall energy intensity of the portfolio increased by 6%. More granular detail of performance over the last twelve months can be found in the 2022 ESG Report.

Renewable energy sources

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

In the meantime, in support of the wider transition towards renewable energy and energy efficient building stock, the Company has looked to obtain renewable energy supplies through Renewable Energy Guarantees of Origin (REGO) contracts for all assets where it has responsibility for procurement. During 2022, 100% of both electricity and gas contracts under Company control were procured under such green tariffs.

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 2022, the Company had zero exposure to such organisations. Moreover, the Company monitors tenant mix on a regular basis and exercises discretion when considering leasing to organisations involved in other controversial activities such as those associated with gambling, pornography and alcohol. The Company welcomes regular engagement with investors to understand their expectations in this regard.

Transparency

CDP (formerly Climate Disclosure Project)

In line with its commitment, the Company submitted to the full tier of the Climate Change module of CDP for the fourth year in succession in August 2022. A rating of C to indicate taking a coordinated approach to climate change was achieved. The current rating is comparable to the average performance for the financial services sector and the regional average for Europe.

EPRA Sustainability Best Practice Recommendations

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

GRESB Public Disclosure

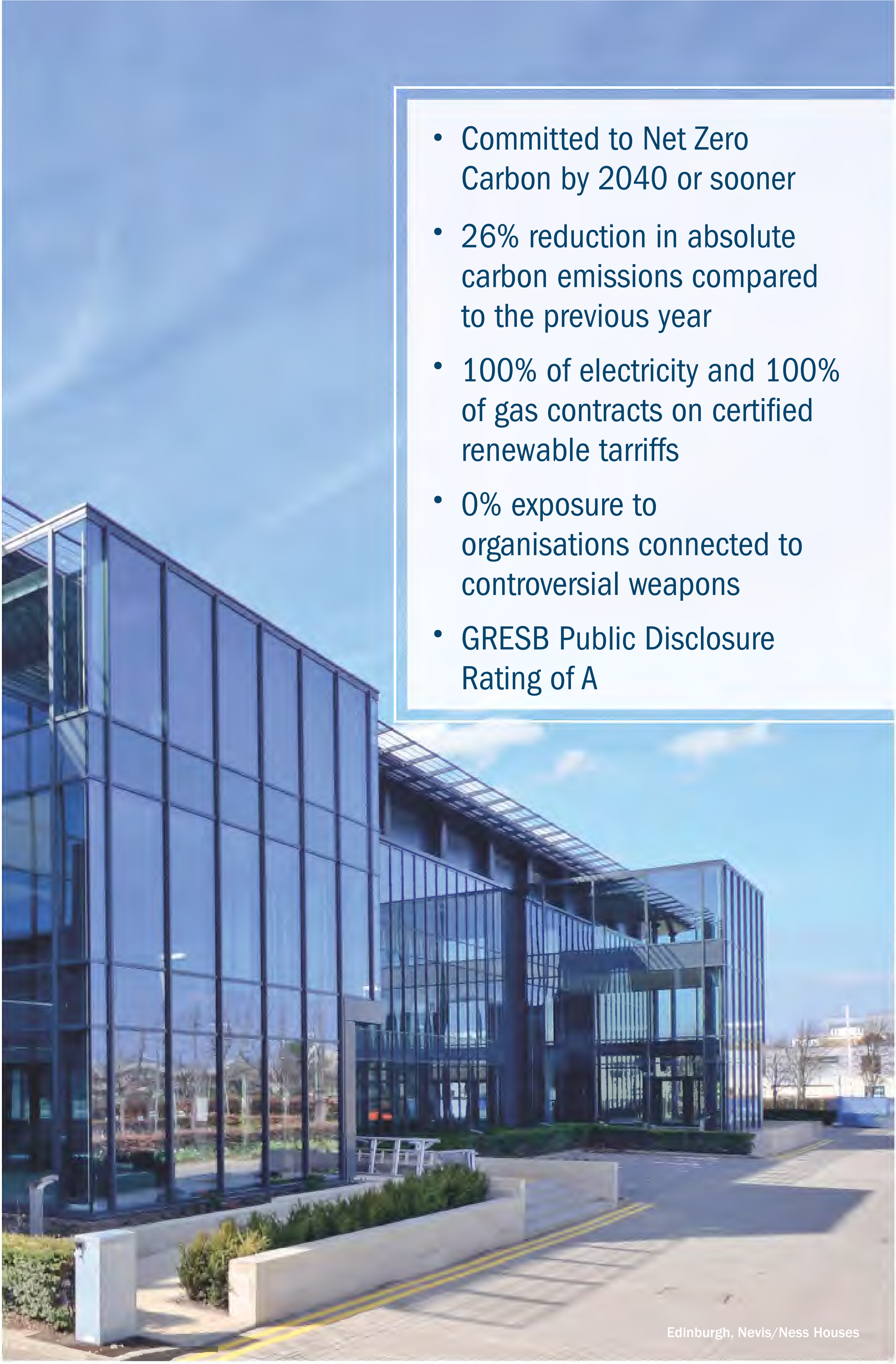
GRESB undertake an annual assessment of the level of disclosure and transparency of public listed real estate companies. In 2022, the Company maintained its A rating, representing the highest level of transparency on environmental, social and governance issues. This compares favourably with a peer group average of B and a global average of C.

Taskforce for Climate-related Financial Disclosures (TCFD)

The Company acknowledges the recommendations of the Financial Stability Board Task Force on Climate-Related Financial Disclosures (TCFD). The Company has included TCFD Disclosures in its 2022 ESG Report, updating the road-map first produced in 2018.

EPRA sBPR GOLD

Winchester, Burma Road



- Committed to Net Zero Carbon by 2040 or sooner
- 26% reduction in absolute carbon emissions compared to the previous year
- 100% of electricity and 100% of gas contracts on certified renewable tarriffs
- 0% exposure to organisations connected to controversial weapons
- GRESB Public Disclosure Rating of A

Edinburgh, Nevis/Ness Houses

Spotlight: big strides, small steps

Whilst the aims and aspirations within commerce and business are often common, particularly today in terms of environmental, social and governance issues, commercial real estate presents a distinct set of challenges, not least of which is rights of access to take opportunities to make interventions that matter.

It is recognised that the design and construction of new buildings affords the best opportunity to create structures that are sustainable in the long term, but the frequency at which this can be done tends to be limited and framed in multiple decades. Major refurbishment and the use of existing forms and components, or the repurposing of buildings for contemporary needs, is intrinsically more sustainable but the prospects of gaining vacant possession in a sector often constrained by contractual lease arrangements means opportunities may arise infrequently and be framed in many handfuls of years. Whilst often considered as being under the radar, the more frequent and regular smaller upgrade and refreshing of assets can collectively have significance in making meaningful strides towards an overall ambition.

Here we present three such small projects, each on their own relatively unassuming, but collectively helping to move the fund's ESG credentials progressively forward.

Unit 2, Cowdray Centre, Colchester,

Located on a key arterial road in this historic Essex town, this industrial premises is one of eighteen units owned by the Company on the estate and extends to 17,870 square feet.

The building was comprehensively refurbished during the year to include:

- Roof covering, doors, windows and roller shutters doors all replaced with quality materials to result in significant thermal improvement to the building
- Solar photo-voltaic panels installed on roof to generate contribution to occupier overall energy demand
- Energy performance certificate rating improved from original G-201 rating to a future-proofed B-44
- Rainwater gutters and downpipes replaced and designed to provide 30% betterment in capacity to mitigate potential impacts of increased acute rainfall occurrences on account of climate change
- Efficient heating, lighting, ventilation and air-conditioning system introduced into the offices together with extended provision of showering and bathroom facilities

Unit 3, Sears Retail Park, Solihull

This tired unit, extending to 10,000 square feet and formerly occupied by Argos, has been sympathetically refurbished with a key objective to blend in with the style of other recently refurbished premises on the prominent retail park, with key features being:

- The removal of old and severely weathered translucent roof lights, providing the opportunity to re-clad areas of the roof and vastly improve insulation qualities and therefore the thermal qualities of the building.
- Additional paint overcoat and treatment of commonly occurring corrosion at the cut end of metal roofing sheets.
- Improvement of energy performance certificate rating from original D-84 to a future-proofed A-18.
- The installation of a new replacement shopfront providing presence and sympathy with surrounding units.
- Collaboration with the new occupier to ensure the environmental qualities of the building were preserved on fit-out.

Before

After

Unit 2, Oakenshaw Road, Solihull

The Managers worked with Puregym, the occupiers of this 7,500 square foot unit, and with the help of a modest capital contribution persuaded the tenant to forego their standard gas-based solution for heating their significant hot water demand in favour of a more environmentally friendly and future-proofed electric based solution.
Whilst the works have not made a material difference to an already efficient structure in terms of formal energy performance rating, the benefit will be realised in the form of lower carbon emissions attributable to the tenant and to the landlord's wider net zero carbon ambitions.

Directors

Paul Marcuse

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

Date of appointment: 12 January 2017

Country of residence: UK

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

Other public company directorships: None.

John Wythe FRICS

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

Date of appointment: 11 September 2018

Country of residence: UK

Experience: John Wythe has over 40 years' experience in the real estate industry and was until December 2010, a Director and Head of Fund Management of Prudential Property Investment Managers Limited, now M&G Real Estate.
He has been a Board member of the Church Commissioners and is currently Chairman of the Trustees of The Portman Estate and has a number of other non-executive appointments, primarily involving real estate.

Other public company directorships: None.

Trudi Clark FCA

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

Date of appointment: 4 February 2014

Country of residence: Guernsey

Experience: Trudi Clark is a former Chief Executive Officer of Schroders (C.I.) Limited and has over 30 years' experience in the financial services industry. She is a non-executive director of a number of Guernsey based funds and companies.

Other public company directorships:
The Schiehallion Fund Limited, Taylor Maritime Investments Limited and NB Private Equity Partners Limited.

Hugh Scott-Barrett

Status: Independent non-executive Director and Senior Independent Director

Date of appointment: 4 January 2021

Country of residence: UK

Experience: Hugh Scott-Barrett has experience at board level for over 20 years' across real estate, asset management, and banking. He was Non-Executive Chairman at Capital & Regional plc until May 2020 and was Chief Executive of the Company prior to this from 2008-2017. He was previously a member of ABN AMRO's managing board serving as Chief Operating Officer and Chief Financial Officer and before that worked at SBC Warburg and Kleinwort Benson.

Other public company directorships:
Irish Residential Properties REIT plc.

Linda Wilding ACA

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

Date of appointment: 3 June 2019

Country of residence: UK

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

Other public company directorships:
Sherborne Investors (Guernsey) C Limited.

Isobel Sharp

Status: Independent non-executive Director

Date of appointment: 8 November 2022

Country of residence: UK

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

Other public company directorships:
IMI plc and The Bankers Investment Trust plc.

Directors' Report

The Directors submit the Annual Report and Consolidated Financial Statements of the Company for the year ended 31 December 2022. The Directors biographies; Corporate Governance Statement; Report of the Audit and Risk Committee; and the 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, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Consolidated Financial Statements would have a reasonable level of knowledge of the investment industry in general and the investment company and real estate sector in particular.

Results and Dividends

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

The Group paid interim dividends during the year ended 31 December 2022 as follows:

Interim Dividends 2022

	Payment date	Rate per shares
Ninth interim for prior year	31 January 2022	0.375p
Tenth interim for prior year	28 February 2022	0.375p
Eleventh interim for prior year	31 March 2022	0.375p
Twelfth interim for prior year	29 April 2022	0.375p
First interim	31 May 2022	0.40p
Second interim	30 June 2022	0.40p
Third interim	29 July 2022	0.40p
Fourth interim	31 August 2022	0.40p
Fifth interim	30 September 2022	0.40p
Sixth interim	31 October 2022	0.40p
Seventh interim	30 November 2022	0.40p
Eighth interim	30 December 2022	0.40p

Three further interim dividends, each of 0.4p per share, were paid on 31 January 2023, 28 February 2023 and 31 March 2023. The twelfth interim dividend in respect of the year, of 0.4p per share, will be paid on the 28 April 2023 to shareholders on the register on 14 April 2023.

Dividend Policy

As a result of the timing of the payment of the Company's monthly dividends, the Company's shareholders are unable to approve a final dividend each year. As an alternative the Board therefore proposes to put the Company's dividend policy to shareholders for approval on an annual basis. **Resolution 4** which is an ordinary resolution, relates to the approval of the Company's dividend policy which is as follows: Dividends on the Ordinary Shares are payable as interim dividends.

Principal Activity and Status

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

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

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

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 40 and 41, provides detailed information on the remuneration arrangements for Directors of the Company, including the Directors Remuneration Policy. Shareholders will be asked to approve the policy at the AGM on 31 May 2023. Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. It is intended that this policy will continue for the three-year period ending at the AGM in 2026. Shareholders will also be asked to approve the Remuneration Report (**Resolutions 2 and 3**).

Directors

The names of the Directors who have held office during the year, along with their biographical details, are set out on page 30. Trudi Clark will not stand for re-election at this year's AGM, having served on the Board for nine years. The remaining Directors currently in office will stand for election or re-election by Shareholders. Following a review of their performance, the Board believes that each of the Directors standing for election or re-election has made a valuable and effective contribution to the

Company. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below. The Board recommends that Shareholders vote in favour of the re-elections of the Directors (**Resolutions 5 to 8**) and election of a Director (**Resolution 9**).

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

Resolution 6 relates to the re-election of Paul Marcuse who has served over six years and brings in-depth expertise and experience with over 40 years' of working in the real estate and finance sectors.

Resolution 7 relates to the re-election of Linda Wilding who is a qualified Chartered Accountant and has worked in the asset management industry for many years. She has significant experience of being on Boards in both executive and non-executive capacities.

Resolution 8 relates to the re-election of Hugh Scott-Barrett. Hugh brings valuable experience having worked at Board level for over 20 years across real estate, asset management, and banking.

Resolution 9 relates to the election of Isobel Sharp who joined the Board in November 2022. Isobel has extensive accounting, auditing and corporate governance experience and has served as a Director on a number of Boards.

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

Management

The Board has appointed Columbia Threadneedle Investment Business Limited (previously BMO Investment Business Limited) (referred to throughout this document as 'the Investment Managers') as the Company's investment managers and Columbia Threadneedle REP AM plc (referred to throughout this document as 'CT REP' or 'the Property Managers') as the Company's property managers. The Investment Managers and CT REP are both part of the Columbia Threadneedle Investments ('CTI') and, collectively, are referred to in this document as 'the Managers'. The Investment Managers were appointed as the Company's AIFM on 18 July 2014.

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

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

As highlighted on page 36, the Board considers the recommendations of the Management Engagement Committee, which is satisfied with the Managers' ability to deliver investment performance and the quality of other services provided. It is therefore their opinion that the continuing appointment of the Managers on the terms agreed is in the interests of shareholders as a whole.

Depositary

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

Taxation

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

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

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

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

Share Structure

As at 31 December 2022 there were 701,550,187 Ordinary Shares of 1 pence each in issue and 97,815,921 shares held in treasury. Subject to the Articles of Incorporation, all issued shares rank equally for dividends and distributions and carry one vote each and there are no restrictions concerning the transfer of Ordinary Shares in the Company. Shares held in treasury have no voting rights and are not entitled to dividends. The Company is not aware of any agreements between the holders of the ordinary shares which may restrict the transfer of the shares or voting rights and there is no agreement which the Company is party to that affects its control following a take-over bid.

Substantial Interests in Shareholdings

As at 31 December 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 Group	162,585,829	23.2
Black Rock	40,466,576	5.8
Investec Wealth & Investment Limited	38,619,738	5.5

*Based on 701,550,187 Ordinary Shares in issue as at 31 December 2022.

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

Accounting and Going Concern

Shareholders will be asked to approve the adoption of the Annual Report and Consolidated Financial Statements at the AGM (**Resolution 1**). The Consolidated Financial Statements, starting on page 49, have been prepared in accordance and in compliance with current International Financial Reporting Standards and The Companies (Guernsey) Law, 2008 as amended. The significant accounting policies of the Group are set out in note 1 to the consolidated financial statements. The unqualified auditor's opinion on the consolidated financial statements appears on pages 43 to 48.

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. They have not identified any material uncertainties which cast significant doubt on the ability to continue as a going concern for the foreseeable future, which is considered for a period of not less than 12 months from the date of the approval of the financial statements. The Board believes it is appropriate to adopt the going concern basis in preparing the financial statements. The Group's longer-term viability is considered in the Viability Assessment and Statement on page 14.

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 Managers, however, does provide goods and services and is required to make a statement under the Modern Slavery Act 2015 which is available on the Managers website at columbiathreadneedle.co.uk.

Annual General Meeting

The Notice of the Annual General Meeting, to be held on 31 May 2023 is set out on pages 72 to 73.

Directors' Authority to Allot Shares

Resolution 12 seeks an authority from shareholders to allow the Directors to allot shares up to an aggregate nominal amount of £701,550, being equivalent to approximately 10 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 17 April 2023.

Resolution 13 seeks an authority from shareholders to disapply pre-emption rights in relation to the issue of shares for cash (including by way of a sale of treasury shares) as set out in the Listing Rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended). Resolution 13 gives the Directors, for the period until the conclusion of the Annual General Meeting in 2024 or, if earlier, on the expiry of 15 months from the passing of the resolution, the necessary authority either to allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £701,550. This is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 17 April 2023.

The Directors will only allot new shares pursuant to the authority granted by Resolutions 12 and 13, Guernsey law and the authority to allot shares contained in the articles of incorporation of the Company if they believe it is advantageous to the Company's shareholders to do so. Shares will be issued at above Net Asset Value per share and under no circumstances should that result in a dilution to the net asset value per share.

Directors' Authority to Buyback Shares

The Company purchased 51,555,643 Ordinary shares of 1p each during the year, representing a nominal amount of £515,556 and 6.4 per cent of the issued share capital. All of the ordinary shares bought back are held in treasury. As well as being NAV enhancing, the Directors believe that they have been an effective tool in improving the liquidity of the Company's shares.

The current authority of the Company to make market purchases of Ordinary Shares expires at the end of the Annual General Meeting and **Resolution 14**, as set out in the notice of the Annual General Meeting, seeks renewal of such authority until the earlier of the Annual General Meeting in 2024 and 18 months from the passing of the resolution. Any buyback of Ordinary Shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buybacks will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share. Such purchases will also only be made in accordance with the rules of the Financial Conduct Authority which provide that the price to be paid must not be more than the higher of (i) 5 per cent above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary Shares for the five business days before the shares are purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue which the purchase is carried out. Any shares purchased under this authority will be cancelled or held in treasury. Shares will only be re-issued out of treasury at a premium to the net asset value.

Disclosure of Information to the Auditor

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

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

Reappointment of Auditor and Auditor's Remuneration

PricewaterhouseCoopers CI LLP has expressed their willingness to continue in office as the Company's auditor and a resolution proposing their re-appointment will be submitted at the Annual General Meeting and for Directors to determine their Remuneration (**Resolutions 10 and 11**).

Recommendation

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

On behalf of the Board

Paul Marcuse
Chairman

18 April 2023

Corporate Governance Statement

Introduction

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

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

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

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

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

AIFMD

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

Articles of Incorporation

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

The Board

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

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

The following table sets out the Directors' meeting attendance in 2022.

Directors' attendance in 2022

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

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

(2) I Sharp was appointed to the Board on 8 November 2022.

In addition to the scheduled meetings detailed above, there were a further 20 ad-hoc Board Meetings held during the year, primarily to cover the approval of monthly dividend payments, the renewal of share buyback instructions and sign off on announcements and reports. There was also an annual strategy session.

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

The basis on which the Company aims to generate value over the longer term is set out in its objective and investment policy as contained on page 7. A management agreement between the Company and Investment Managers sets out the matters over which the Managers have authority and the limits beyond which Board approval must be sought. All other matters, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures and risk management, are reserved for the approval of the Board of Directors. The Board meets at least quarterly and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Conflicts of interest

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

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

Committees

Throughout the year a number of committees have been in place. Those committees are the Audit and Risk Committee, the Management Engagement Committee, the Nomination Committee and the ESG Committee (which was formed in May 2022). The committees operate within clearly defined terms of reference which are available for inspection upon request at the Company's registered office.

As stated in the Remuneration Report on pages 40 and 41, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Audit and Risk Committee

The Report of the Audit and Risk Committee is contained on pages 38 and 39.

Management Engagement Committee

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

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

In a challenging year for absolute returns, Directors are pleased with the relative return from the portfolio and in particular the strong relative income return. The Directors are also pleased with the high percentage of rent collected in challenging market conditions and with the progress made on ESG matters which are well integrated into the investment process.

In December 2022, the Company's Manager outsourced the provision of property management services to Workman LLP, the UK's largest independent commercial property management consultancy. Workman will be responsible for service charge management and rent collection, under the supervision of the Managers. The Managers retain responsibility for property accounting. The Managers will provide information on Workman's performance to the Management Engagement Committee.

In 2020, the Directors engaged an external consultant, bfinance, to carry out an extensive review of the appropriateness of the Managers' fees. This included a deep dive into the work performed by the Managers and an analysis of the fees charged by other Managers in the sector. It was concluded that the level of fees charged is competitive. It is therefore the Directors' opinion that the continuing appointment of the Managers on the current terms is in the interests of shareholders and this will be reviewed again in 2023.

Nomination Committee

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

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

The 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 Company has complied with this during the year. The Board is also aware of the UK's Parker Review recommendations, for leading global companies to have at least one director from a minority ethnic background on the board by December 2024 and will take this recommendation into account on future appointments. In addition to these recommendations, the Board is conscious of the diversity targets set out in the FCA Listing Rules and the Board complies with the AIC Code of Corporate Governance in appointing appropriately diverse, independent non-executive Directors who set the operational and moral standards of the Company. The Board will always appoint the best person for the role and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age, physical ability, educational, professional or socio economic background. Whenever there are new appointments, the new Directors receive an induction from the Managers and Company Secretary on joining the Board. All Directors receive other relevant training, collectively or individually, as necessary.

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

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

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

Board Diversity

Although the Company is not required to report against the diversity targets under the Listing Rules until the Annual Report, in respect of the year ending 31 December 2023, the Board has resolved to do so on a voluntary basis as at 31 December 2022. In accordance with Listing Rule 9.8.6R (9), (10) and (11) the Board has provided the following information in relation to its diversity.

Board Gender as at 31 December 2022[1]

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board
Men	3	50%	2
Women	3	50%[2]	–[3]

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

[2] This exceeds the Listing Rules target of 40%. Trudi Clark will retire from her role as non-executive Director and Chairman of the Audit and Risk Committee with effect from the AGM on 31 May 2023. Following this change to the Board, women on the Board will be 40% and the Company will continue to meet the Listing Rules target.

[3] Senior positions prescribed by the Listing Rules are only relevant in part to a real estate investment trust making the senior positions target more difficult to comply with. The position of the Chairman of the Audit and Risk Committee is held by a woman. Although this role is not currently defined as a senior position under the Listing Rules, the Board believes that, for a real estate investment trust, it should be regarded as such as it is broadly equivalent to the Chief Financial officer of a trading company.

Board Ethnic Background as at 31 December 2022[1]

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board
White British or other White (including minority-white groups)	6	100%	2[2]
Other Ethnic Groups	–[3]	–	–

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

[2] The two senior positions are: Chairman of the Board and the Senior Independent Director. The position of the Chairman of the Audit and Risk Committee is not currently defined as a senior position under the Listing Rules. However, the Board believes that, for a real estate investment trust, it should be regarded as such as it is broadly equivalent to the Chief Financial officer of a trading company.

[3] This is less than the Listing Rules target of 1.

The information included in the above tables has been obtained following confirmation from the individual Directors and no changes to the Board have occurred since 31 December 2022.

As shown in the above tables, the Company has already met the gender target but has yet to meet the ethnic background target. These rules are formally in force in respect of the current financial year ending 31 December 2023 and will therefore require to be reported against in the Company's Annual Report to be published in 2024. The Board will continue to take all matters of diversity into account as part of its succession planning.

Environmental, Social and Governance (‘ESG’) Committee

ESG remains an important consideration in the Company’s forward strategy and the Board remains fully committed and engaged with its Managers in supporting the right approaches and methodologies to enable continued advancement. The Board therefore took the decision to establish an ESG Committee during the year, which comprises all Directors and is chaired by Mrs L Wilding. The first meeting was held in May 2022 and there have been two further meetings during the year. In addition, the Chairman of the Committee meets the Managers' ESG team on a monthly basis to review its action plan.

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

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

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

Relations with Shareholders

The Company proactively seeks the views of its shareholders and places great importance on communication with them. The Board receives regular reports from the Managers and brokers on the views of shareholders, and the Chairman and Senior Independent Director, along with all other Directors, are keen to meet with the major shareholders at least annually and make themselves available to meet shareholders when required to discuss any significant issues that have arisen and address concerns and queries. The Notice of Annual General Meeting to be held on 31 May 2023 is set out on pages 72 and 73. It is hoped that this will provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Managers of the Company. The Annual Report and Notice of Annual General Meeting are posted to shareholders at least 20 working days before the Annual General Meeting.

On behalf of the Board

Paul Marcuse
Chairman
18 April 2023

Report of the Audit and Risk Committee

Role of the Committee

During the year the Audit and Risk Committee comprised all the Directors with the exception of the Chairman of the Board, in accordance with good corporate governance. The Audit and Risk Committee is chaired by Mrs T Clark who is a Chartered Accountant. She qualified in 1985 and was a Senior Audit Manager at KPMG. She held the position as Head of European Internal Audit for Bank of Bermuda and in 1995 moved to Schroders (C.I.) Limited as financial controller, before being promoted to Chief Executive in 2003. Mrs Clark will retire from the Board at the AGM of the Company on 31 May 2023 and Ms I Sharp will take on the role of Chair of the Audit and Risk Committee. Ms Sharp has extensive accounting, auditing and corporate governance experience. She was with Deloitte LLP as the firm's Senior Technical Partner until 2012. She has served as President of The Institute of Chartered Accountants of Scotland and on the UK Accounting Standards Board and the Financial Reporting Review Panel.

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

The Audit and Risk Committee met on three occasions during the year and the attendance of each of the members is set out on page 35. In the course of its duties, the committee had direct access to PwC, senior members of the Investment Managers and the Property Managers. Amongst other things, the Audit and Risk Committee considered and reviewed the following matters and reported thereon to the Board:

- the annual financial statements;
- the accounting policies of the Group;
- the principal risks faced by the Company and the effectiveness of the Company's internal control and risk management environment including consolidation of the assumptions underlying the Board's Statement on Viability;
- the effectiveness of the external audit process and the independence and objectivity of PwC, their re-appointment, remuneration and terms of engagement;
- the policy on the engagement of PwC to supply non-audit services and approval of any such changes;
- the implications of proposed new accounting standards and regulatory changes;
- the receipt of Report on Internal Controls in accordance with AAF (01/20) for the period 1 November 2021 to 31 October 2022 from the Managers; and
- whether the Annual Report is fair, balanced and understandable.

External Audit Process

As part of its review of the scope and results of the audit, during the year the Audit and Risk Committee considered and approved PwC's plan for the audit of the financial statements for the year ended 31 December 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. PwC issued an unqualified audit report which is included on pages 43 to 48.

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 no longer review the interim financial information and there was no other non-audit work carried out by PwC for the year ended 31 December 2022. In the previous year, PwC reviewed the 2021 interim financial report for a fee of £19,000 and the Audit and Risk Committee did not consider that the provision of such audit-related services to be a threat to the objectivity and independence of the conduct of the audit.

Auditor assessment, independence and appointment

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

PwC have been auditor to the Group since the year ended 31 December 2016 following a tender process in November 2015. Lisa McClure was appointed as audit engagement partner and the 2022 audit is her second year. The Audit and Risk Committee recommends 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.

Internal Controls and Risk Management

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

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

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

A formal annual review of these procedures is carried out by the Audit and Risk Committee. The Committee has also reviewed the Investment Managers' and Property Managers' Reports on "Internal Controls in accordance with AAF (01/20)" for the period 1 November 2021 to 31 October 2022 that has been prepared for their investment company clients. Containing a report from independent external accountants, the report sets out the Managers' control policies and procedures with respect to the management of their clients' investments. The effectiveness of these controls is monitored by the Managers' group audit committee which receives regular reports from the Managers' audit, risk and compliance departments. Procedures are in place to capture and evaluate failings and weaknesses and ensure that action would be taken to remedy any significant issues identified from this monitoring, which would be reported to the Board. No significant failings or weaknesses in respect of the Company were identified in the year under review nor to the date of this report. The depositary provides quarterly reports to the Board and carries out daily independent checks on all cash and investment transactions.

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

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

Committee evaluation

The activities of the Audit and Risk Committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as noted on page 36. A full evaluation was undertaken on the effectiveness, roles and responsibilities of the Committee in accordance with the Financial Reporting Council's current guidance. The evaluation found that the Committee functioned well with the right balance of membership and skills.

Trudi Clark

Chairman of the Audit and Risk Committee

18 April 2023

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 92.5 per cent of its total assets as at 31 December 2022. Although valued by an independent firm of valuers, CBRE Limited, the valuation of the investment property portfolio is inherently subjective, requiring significant judgement by the valuers. Errors in the valuation could have a material impact on the Company's net asset value. Further information about the property portfolio and inputs to the valuations are set out in note 9 to the consolidated financial statements.	The Board and Audit and Risk Committee reviewed the outcomes of the valuation process throughout the year and discussed the detail of each of the quarterly valuations with the Managers at Board Meetings. The Managers liaise with the valuers on a regular basis and meet with them prior to the production of each quarterly valuation. The Board was represented at all of the quarterly valuation meetings with CBRE Limited during the year, including the meeting in advance of the production of the year end valuation. In addition, this is the main area of audit focus and, accordingly, PwC met with the valuers as part of the year-end process.
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 and the Audit and Risk Committee review the level of rent collection and arrears at both the Audit Committee meetings and ad-hoc Board meetings. An impairment provision has been accrued in line with the accounting policy detailed in note 1(j).

Directors' Remuneration Report

The Board comprises only non-executive Directors. The Company has no executive Directors or employees. For these reasons, it is not considered appropriate to have a separate Remuneration Committee. The full Board determines the level of Directors' fees. Full details of the Company's policy with regards to Directors' fees, and fees paid during the year ended 31 December 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 Company properly and to reflect its specific circumstances. There were no changes to the policy during the year.

Having carefully considered the above, the Board have taken the decision in light of pressures on returns for our sector not to award any general increase in Directors' fees for 2023, despite the current level of inflation. Fees were increased in 2022 by £3,250 per Director, which was the first increase for four years and equates to an annual increase over the last five years of under 1 per cent. This is with the exception of the Chairman of the recently formed ESG Committee who will receive an additional £5,000 per annum from 2023 onwards as a reflection of the additional work involved in fulfilling this role.

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

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

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

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

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

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

Annual fees for Board Responsibilities

	2023 £	2022 £
Chairman	**£70,250**	70,250
Director	**£44,500**	44,500
Senior Independent Director (1)	**£52,750**	52,750
Audit and Risk Committee Chairman (2)	**£52,750**	52,750
ESG Committee Chairman (3)	**£49,500**	N/A

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

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

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

Remuneration for the Year

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

Fees for services to the Company

	2022 £	2021 £
P Marcuse*	**70,250**	58,875
T Clark#	**52,750**	49,500
M Moore (retired 17 June 2021)	**–**	31,107
J Wythe	**44,500**	41,250
L Wilding	**44,500**	41,250
H Scott-Barrett (appointed 4 January 2021)^	**52,750**	45,670
I Sharp (appointed 8 November 2022)	**6,584**	–
Total	**271,334**	267,652

* Appointed Chairman from 17 June 2021

Appointed as Chairman of Audit and Risk Committee on 25 May 2015

^ Appointed Senior Independent Director from 17 June 2021

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	2021
T Clark	**56,200**	56,200
P Marcuse	**49,463**	49,463
J Wythe	**33,466**	33,466
L Wilding	**40,000**	40,000
H Scott-Barrett	**100,000**	100,000
I Sharp	**55,000**	N/A

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

There have been no changes in the above interests since 31 December 2022.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Managers through the investment management agreement, as referred to on page 32.

Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 27 May 2022, shareholders approved the Directors' Remuneration Report as set out in the Annual Report in respect of the year ended 31 December 2021. 97.54 per cent of votes were in favour of the resolution and 2.46 per cent were against.

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

The Directors Remuneration Policy is approved by shareholders every three years and was last approved by shareholders at the AGM in 2020 where 97.25 per cent of votes were in favour and 2.75 per cent were against. An ordinary resolution for the approval of the Directors Remuneration Policy will be put to shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Paul Marcuse
Chairman
18 April 2023

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

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

Statement under Disclosures Guidance and Transparency Rule 4.1.12

Each of the Directors listed on page 30 confirms to the best of their knowledge that:

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

On behalf of the Board

Paul Marcuse
Chairman

18 April 2023

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

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Balanced Commercial Property Trust Limited (the "company") and its subsidiaries (together "the group") as at 31 December 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 31 December 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 eight components, all of which are wholly owned Guernsey domiciled companies. Our audit covers the consolidated financial statements of the group.
- We conducted our audit work in Guernsey and virtually with teams based in Jersey.
- We conducted our audit of the consolidated financial statements based on information provided by the appointed service providers to the group to whom the board of directors has delegated the provision of certain functions, including Columbia Threadneedle Investment Business Limited (formerly BMO Investment Business Limited) (the "Investment Manager"), Columbia Threadneedle REP AM plc (formerly BMO REP Asset Management plc) (the "Property Manager") and CBRE Limited (the "Property Valuer").

Key audit matters

- Valuation of Investment Properties as at 31 December 2022.
- Revenue recognition

Materiality

- Overall group materiality: £11.6 million (2021: £13.5 million) based on 1% of group total assets.
- Performance materiality: £8.7 million.

The scope of our audit

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

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in 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 31 December 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 31 December 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 a 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. 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 determined this area to be a key audit matter.	**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 31 December 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 31 December 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. 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.

Key audit matter

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 Managers.

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.

How our audit addressed the key audit matter continued

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, and we considered the risk of climate change and the potential impact thereof on our audit approach.

Materiality

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

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

Overall group materiality	£11.6 million (2021: £13.5 million)
How we determined it	1% of group total assets
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the group. We did not apply a separate specific materiality to the consolidated statement of comprehensive income. We believe our overall materiality was of a level sufficient to address the risk of material misstatement in the consolidated statement of comprehensive income.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £8.7 million (2021: £10.1 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 £582k (2021: £673k) 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 2022 Annual Report and Consolidated Financial Statements (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

Use of this report

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

Report on other legal and regulatory requirements

Company Law exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Corporate governance statement

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

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

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement included within the Strategic Report 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 Recognised Auditor
Guernsey, Channel Islands

18 April 2023

a. The maintenance and integrity of the Balanced Commercial Property Trust Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

Consolidated Statement of **Comprehensive Income**

For the year ended 31 December

Notes		2022 £'000	2021 £'000
	Revenue		
	Rental income	**58,676**	55,843
2	Other income	**42**	3,008
	Total revenue	**58,718**	58,851
	(Losses)/gains on investments properties		
9	Unrealised (losses)/gains on revaluation of investment properties	**(129,096)**	86,976
9	(Losses)/gains on sale of investment properties realised	**(5)**	34,397
	Total (loss)/income	**(70,383)**	180,224
	Expenditure		
3	Investment management fee	**(6,861)**	(7,195)
4	Other expenses	**(6,479)**	(4,540)
	Total expenditure	**(13,340)**	(11,735)
	Operating (loss)/profit before finance costs and taxation	**(83,723)**	168,489
	Net finance costs		
	Interest income	**807**	1
5	Finance costs	**(11,116)**	(11,140)
		(10,309)	(11,139)
	(Loss)/profit before taxation	**(94,032)**	157,350
6	Taxation	**(345)**	(1,327)
	(Loss)/profit for the year	**(94,377)**	156,023
	Other comprehensive income		
	Items that are or may be reclassified subsequently to profit or loss		
13	Movement in fair value of effective interest rate swap	**723**	544
	Total comprehensive (loss)/income for the year	**(93,654)**	156,567
7	**Basic and diluted earnings per share**	**(13.1)p**	19.8p

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

All items in the above statement derive from continuing operations.

The accompanying notes on pages 53 to 70 are an integral part of the above statement.

Consolidated
Balance Sheet
As at 31 December

Notes		2022 £'000	2021 £'000
	Non-current assets		
9	Investment properties	**1,075,082**	1,180,486
10	Trade and other receivables	**20,372**	19,319
13	Interest rate swap asset	**–**	466
		1,095,454	1,200,271
	Current assets		
10	Trade and other receivables	**12,811**	8,832
13	Interest rate swap asset	**1,030**	–
11	Cash and cash equivalents	**54,837**	138,081
		68,678	146,913
	Total assets	**1,164,132**	1,347,184
	Current liabilities		
12	Trade and other payables	**(21,140)**	(18,448)
13	Interest rate swap liability	**–**	(159)
13	Interest-bearing loan	**(49,889)**	–
		(71,029)	(18,607)
	Non-current liabilities		
12	Trade and other payables	**(2,250)**	(2,416)
13	Interest-bearing loans	**(259,388)**	(308,641)
		(261,638)	(311,057)
	Total liabilities	**(332,667)**	(329,664)
	Net assets	**831,465**	1,017,520
	Represented by:		
14	Share capital	**7,994**	7,531
	Special reserve	**485,840**	544,813
	Capital reserve – investments sold	**75,005**	75,010
	Capital reserve – investments held	**146,160**	275,256
	Hedging reserve	**1,030**	307
	Revenue reserve	**115,436**	114,603
	Equity shareholders' funds	**831,465**	1,017,520
15	**Net asset value per share**	**118.5p**	135.1p

The consolidated financial statements on pages 49 to 70 were approved by the Board of Directors on 18 April 2023 and signed on its behalf by:

P Marcuse, Director

The accompanying notes on pages 53 to 70 are an integral part of the above statement.

Consolidated Statement of **Changes in Equity**

For the year ended 31 December 2022

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

For the year ended 31 December 2021

Notes		Share Capital £'000	Special Reserve £'000	Capital Reserve – Investments Sold £'000	Capital Reserve – Investments Held £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 January 2021	7,994	589,593	(16,720)	245,613	(237)	113,401	939,644
	Total comprehensive income for the year							
	Profit for the year	–	–	–	–	–	156,023	156,023
13	Movement in fair value of interest rate swap	–	–	–	–	544	–	544
9	Transfer in respect of unrealised gains on investment properties	–	–	–	86,976	–	(86,976)	–
9	Gains on sale of investment properties realised	–	–	34,397	–	–	(34,397)	–
9	Transfer of prior years' revaluation to realised reserve	–	–	57,333	(57,333)	–	–	–
	Total comprehensive income for the year	–	–	91,730	29,643	544	34,650	156,567
	Transactions with owners of the Company recognised directly in equity							
14	Buybacks to Treasury	(463)	(44,780)	–	–	–	–	(45,243)
8	Dividends paid	–	–	–	–	–	(33,448)	(33,448)
	At 31 December 2021	7,531	544,813	75,010	275,256	307	114,603	1,017,520

The accompanying notes on pages 53 to 70 are an integral part of the above statement.

Consolidated Statement of **Cash Flows**

For the year ended 31 December

Notes		2022 £'000	2021 £'000
	Cash flows from operating activities		
	(Loss)/profit before taxation	**(94,032)**	157,350
	Adjustments for:		
5	Finance costs	**11,116**	11,140
	Interest income	**(807)**	(1)
9	Unrealised losses/(gains) on revaluation of investment properties	**129,096**	(86,976)
9	Losses/(gains) on sale of investment properties realised	**5**	(34,397)
	(Increase)/decrease in operating trade and other receivables	**(5,032)**	4,165
	Increase/(decrease) in operating trade and other payables	**3,412**	(4,761)
	Cash generated from operations	**43,758**	46,520
	Interest received	**807**	1
	Interest and bank fees paid	**(10,987)**	(10,063)
	Taxation paid	**(345)**	(1,327)
		(10,525)	(11,389)
	Net cash inflow from operating activities	**33,233**	35,131
	Cash flows from investing activities		
	Purchase of investment properties	**(812)**	(50,821)
9	Sale of investment properties	**–**	201,920
9	Capital expenditure on investment properties	**(23,258)**	(4,050)
	Net cash (outflow)/inflow from investing activities	**(24,070)**	147,049
	Cash flows from financing activities		
8	Dividends paid	**(33,891)**	(33,448)
	Issue costs for Barclays £100m loan facility extension	**(6)**	(304)
14	Buybacks to Treasury	**(58,510)**	(45,243)
	Net cash outflow from financing activities	**(92,407)**	(78,995)
	Net (decrease)/increase in cash and cash equivalents	**(83,244)**	103,185
	Cash and cash equivalents at the beginning of the year	**138,081**	34,896
11	**Cash and cash equivalents at the end of the year**	**54,837**	138,081

The accompanying notes on pages 53 to 70 are an integral part of the above statement.

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

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

(ii) Basis of preparation

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

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

(iii) Critical accounting estimates and judgements

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

In applying the Group's accounting policies, which are described in note 1, management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 and further information on Board procedures is contained in the Report of the Audit and Risk Committee. The Group uses external professional valuers to determine the relevant amounts.
- The impairment provision is determined by applying historical default percentages as a means to estimate lifetime expected credit losses. These expected loss rates are based on historical credit losses experienced over the five year period ending 31 December 2022 and adjusted for covid dispute issues as well as current and forward looking information on the tenant base. The Group will also assess all rent receivables greater than 90 days overdue where there is no payment plan in place and provide for this amount if it is higher than the expected credit losses calculation above. For further details of the estimates and assumptions made, see note 1(j), 10 and 17 - Credit Risk.

(iv) 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. 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 and it complied with all covenants relating to these facilities during the year. Since 31 December 2022, the Barclays loan facility has been extended for one year to 31 July 2024. 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 financial statements. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

(v) Changes in accounting policies

There were no standards or amendments that were applied by the Group for the first time for the financial year beginning on 1 January 2022. Two IFRIC Agenda Decisions that had a potentially significant effect on the Real Estate entities were issued during 2022:

- Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (April 2022) did not have a material effect on the Group, as funds separately retained to meet tenant deposit obligations were previously, and continue to be classified as cash on the statement of financial position and in the cash flow statement.
- Lessor Forgiveness of Lease Payments did not have a material effect on the Group because no material rent concessions have been issued to tenants.

1. Accounting policies (continued)

(a) **Basis of accounting (continued)**

(vi) New standards and interpretations not yet adopted

The following new amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2023, and have not been adopted early:

- Amendments to IAS 1 – Classification of liabilities as current or non-current depending on the rights that exist at the end of the reporting period (effective from 1 January 2024);
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies; and
- Amendments to IAS 8 - Definition of Accounting Estimates

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

(c) **Revenue recognition**

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

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

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

Interest income is accounted for on an accruals basis.

(d) **Expenses**

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

(e) **Taxation**

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

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

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

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

Entry to UK-REIT Regime

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

Within the UK REIT regime and prior to 1 April 2022, corporation tax was incurred by the Company if it made a distribution to a Substantial Shareholder unless the Company had taken reasonable steps to avoid such a distribution being paid. A Substantial Shareholder is defined as a holder of excessive rights in a company (or other body corporate) which, either directly or indirectly (i) is beneficially entitled to 10 per cent or more of the company's dividends: (ii) is beneficially entitled to 10 per cent or more of

1. Accounting policies (continued)

(e) **Taxation (continued)**

a company's share capital; or (iii) controls 10 per cent or more of the voting rights in a company. The background to the charge recognised that in certain circumstances such shareholders in resident jurisdictions with particular double tax agreements with the UK could reclaim all or part of the UK income tax payable by them on the dividend.

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

(f) **Investment properties**

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

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

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

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

Techniques used for valuing investment properties:-

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

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

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

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

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

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.

1. Accounting policies (continued)

(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. The interest rate swap entered into to hedge the interest on the £50 million bank loan and the Barclays bank loan are included in Level 2. The L&G loan would also be classified as Level 2.

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

The Group measures financial instruments at fair value at each balance sheet date. 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) **Derivative financial instruments**

The Group uses derivative financial instruments to hedge its risk associated with interest rate fluctuations. The Group's policy is not to trade in derivative instruments.

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

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

On maturity or early redemption, the unrealised gains or losses arising from effective cash flow hedges in the form of derivative instruments, initially recognised in Other Comprehensive Income, are reclassified to profit or loss.

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

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

(i) **Cash and cash equivalents**

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

(j) **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 noncollectable. For the impairment provision, the Group applies historical default percentages as a means to estimate lifetime expected credit losses. These expected loss rates are based on historical credit losses experienced over the five year period ending 31 December 2022 and adjusted for covid dispute issues as well as current and forward looking information on the tenant base. The Group will also assess all rent receivables greater than 90 days overdue where there is no payment plan in place and provide for this amount if it is higher than the expected credit losses calculation above.

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

(k) **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. 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.

1. Accounting policies (continued)

(l) **Interest-bearing loans**

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

(m) **Segmental information**

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

(n) **Reserves**

Share capital

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

Special reserve

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

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

Capital reserve – investments sold

The following are accounted for in this reserve:

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

Capital reserve – investments held

The following are accounted for in this reserve:

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

Hedging reserve

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

Revenue reserve

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

2. Other Income

In April 2022, McMullen Real Estate Limited at Oxford Street, London paid £42,000 surrender premium to the Group. In March 2021, GB Gas Holdings Limited at 3 The Square, Stockley Park, Uxbridge paid a £3 million surrender premium to the Group.

3. Investment Management fee

	2022 £'000	2021 £'000
Base management fee	**6,861**	7,195

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

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

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

The Company also has a right of termination following a change of control of the Managers. Following the announcement of the acquisition by Ameriprise Inc in 2021, the Board agreed to waive this right and continue with the present Managers in exchange for a written commitment on the continuity of the Lead Manager and if key support staff left the business, they would be replaced with individuals of appropriate quality and seniority.

4. Other expenses

	2022 £'000	2021 £'000
Direct operating expenses of let rental property	**3,546**	2,159
Direct operating expenses of vacant property	**1,709**	1,837
Impairment provision *	**(478)**	(1,103)
Valuation and other professional fees	**438**	442
Directors' fees	**271**	268
Administration fee	**161**	159
Depositary fee	**160**	142
Auditor's remuneration for:		
– statutory audit	**161**	140
– audit-related services – interim review	**–**	19
Other	**511**	477
	6,479	4,540

*The impairment provision for 2022 has partially reversed provisions accrued in 2021 as lessees have paid rents. See note 10 for more detail on the impairment provision.

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

Administration fee
Columbia Threadneedle Investment Business Limited is entitled to an administration fee which is payable quarterly in arrears. It received £161,000 for administration services provided in respect of the year ended 31 December 2022 (2021: £159,000).

5. Finance costs

	2022 £'000	2021 £'000
Interest on the Barclays loan	**1,976**	1,310
Net interest in respect of the interest rate swap agreement	**(406)**	286
Interest on the L&G loan	**8,632**	8,632
Facility agent/monitoring fee	**272**	270
Amortisation of loan set up costs	**642**	642
	11,116	11,140

6. Taxation

	2022 £'000	2021 £'000
Current tax		
Corporation tax charge in respect to distributions to holders of excessive rights	**345**	1,327
Total tax charge	**345**	1,327

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

	2022 £'000	2021 £'000
(Loss)/profit before taxation	**(94,032)**	157,350
UK tax at a rate of 19 per cent (2021: 19 per cent)	**(17,866)**	29,897
Effects of:		
Capital losses/(gains) on investment properties not taxable	**24,529**	(24,275)
UK REIT exemption on net income	**(6,663)**	(5,622)
Corporation tax charge in respect to distributions to holders of excessive rights	**345**	1,327
Total tax charge	**345**	1,327

6. Taxation (continued)

The Company and its subsidiaries are exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. No charge to Guernsey taxation will arise on capital gains.

From 3 June 2019 the Group elected into the UK REIT regime. The UK REIT rules exempt the profits from the Group's property rental business, arising from both income and capital gains. The Group is otherwise subject to UK corporation tax at the prevailing rate. As the principal company of the REIT, the Company is required to distribute at least 90 per cent of the income profits of the Group's UK property rental business. There are a number of other conditions that also require to be met by the Group to maintain REIT tax status. These conditions were met for the year ended 31 December 2022 and for the year ended 31 December 2021 and the Board intends to conduct the Group's affairs such that these conditions continue to be met.

7. Basic and diluted earnings per share

	2022	2021
Return per share – pence	**(13.1)p**	19.8p
Net (loss)/profit attributable to ordinary shareholders (£'000)	**(94,377)**	156,023
Weighted average of Ordinary Shares in issue during the year	**720,956,458**	786,825,807

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

	2022 Total £'000	2022 PID Rate (pence)	2021 Total £'000	2021 PID Rate (pence)
In respect of the previous period:				
Ninth interim dividend	**2,817**	**0.375**	2,798	0.35
Tenth interim dividend	**2,804**	**0.375**	2,798	0.35
Eleventh interim dividend	**2,774**	**0.375**	2,798	0.35
Twelfth interim dividend	**2,758**	**0.375**	2,798	0.35
In respect of the period under review:				
First interim dividend	**2,920**	**0.40**	2,798	0.35
Second interim dividend	**2,899**	**0.40**	2,788	0.35
Third interim dividend	**2,862**	**0.40**	2,773	0.35
Fourth interim dividend	**2,833**	**0.40**	2,750	0.35
Fifth interim dividend	**2,806**	**0.40**	2,736	0.35
Sixth interim dividend	**2,806**	**0.40**	2,705	0.35
Seventh interim dividend	**2,806**	**0.40**	2,867	0.375
Eighth interim dividend	**2,806**	**0.40**	2,839	0.375
	33,891	**4.70**	33,448	4.25

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

Property Income Distributions:	Record date	Payment date	Rate (pence)
Ninth interim	20 January 2023	31 January 2023	0.4
Tenth interim	10 February 2023	28 February 2023	0.4
Eleventh interim	17 March 2023	31 March 2023	0.4
Twelfth interim	14 April 2023	28 April 2023	0.4

Although these payments relate to the year ended 31 December 2022, under IFRS they will be accounted for in the year ending 31 December 2023, being the period during which they were declared.

9. Investment properties

	2022 £'000	2021 £'000
Non-current assets - Investment properties		
Freehold and leasehold properties		
Opening fair value	**1,180,486**	1,205,293
Sales – proceeds	**–**	(201,920)
– (loss)/gain on sale	**(5)**	91,730
Purchase of investment properties	**439**	51,690
Capital expenditure	**23,258**	4,050
Unrealised gains realised during the year	**–**	(57,333)
Unrealised gains on investment properties	**94**	120,722
Unrealised losses on investment properties	**(129,190)**	(33,746)
Closing fair value	**1,075,082**	1,180,486
Historic cost at the end of the year	**928,922**	905,230

	2022 £'000	2021 £'000
Unrealised gains	**94**	120,722
Unrealised losses	**(129,190)**	(33,746)
Unrealised (losses)/gains on revaluation of investment properties	**(129,096)**	86,976

	2022 £'000	2021 £'000
(Losses)/gains on sale	**(5)**	91,730
Unrealised gains realised during the year	**–**	(57,333)
(Losses)/gains on sale of investment properties realised	**(5)**	34,397

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

	2022 £'000	2021 £'000
Appraised value prepared by CBRE	**1,097,100**	1,200,842
Capital and rental lease incentives held as trade and other receivables (note 10)	**(22,018)**	(20,356)
Closing fair value	**1,075,082**	1,180,486

9. Investment properties (continued)

All the Group's investment properties were valued as at 31 December 2022 by RICS Registered Valuers working for CBRE Limited ('CBRE'), commercial real estate advisors, acting in the capacity of a valuation adviser to the AIFM. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors ('RICS').

CBRE completed the valuation of the Group's investment properties at 31 December 2022 on a fair value basis and in accordance with The RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the "Red Book"). The CBRE valuation report is dated 18 January 2023 (the 'Valuation Report'). Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The techniques used for valuing investment properties are detailed in note 1(f).

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

The property valuer is independent and external to the Group.

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

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

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

There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal.

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

9. Investment properties (continued)

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	2022 Range*	2022 Weighted Average	2021 Range*	2021 Weighted Average
Retail	**190,352** (2021: 187,455)	Current Rental Value per square foot ('psf') per annum	**£18-£96**	**£69**	£27-£96	£66
		Estimated Rental Value psf per annum	**£25-£98**	**£76**	£25-£98	£76
		Net Initial Yield	**3.6%-5.2%**	**4.2%**	3.6%-7.2%	4.5%
		Equivalent Yield	**3.6%-7.5%**	**5.0%**	3.7%-6.3%	4.9%
		Estimated Capital Value psf	**£340-£2,240**	**£1,724**	£360-£2,240	£1,671
Retail Warehouse	**127,525** (2021: 130,650)	Current Rental Value psf per annum	**£13-£24**	**£22**	£0 - £24	£23
		Estimated Rental Value psf per annum	**£22-£26**	**£24**	£21-£26	£23
		Net Initial Yield	**3.4%-5.7%**	**5.7%**	0% - 5.6%	5.4%
		Equivalent Yield	**5.9%-6.7%**	**6.1%**	5.7%-7.5%	5.8%
		Estimated Capital Value psf	**£331-£386**	**£365**	£298-£403	£376
Office	**346,945** (2021: 387,650)	Current Rental Value psf per annum	**£0-£73**	**£30**	£14-£82	£31
		Estimated Rental Value psf per annum	**£19-£86**	**£34**	£19-£83	£34
		Net Initial Yield	**0.0%-10.4%**	**5.7%**	3.0%-8.7%	5.7%
		Equivalent Yield	**4.0%-9.0%**	**6.0%**	3.6%-7.8%	6.0%
		Estimated Capital Value psf	**£125-£1,851**	**£617**	£198-£1,967	£666
Industrial	**317,375** (2021: 367,742)	Current Rental Value psf per annum	**£0-£10**	**£6**	£0-£10	£6
		Estimated Rental Value psf per annum	**£6-£12**	**£8**	£5-£10	£7
		Net Initial Yield	**0.0%-5.5%**	**4.6%**	0%-4.9%	2.9%
		Equivalent Yield	**5.3%-6.5%**	**5.9%**	3.9%-5.2%	4.2%
		Estimated Capital Value psf	**£96-£163**	**£116**	£33-£218	£143
Alternatives	**114,903** (2021: 127,345)	Current Rental Value psf per annum**	**£0-£18**	**£17**	£16-£18	£17
		Estimated Rental Value psf per annum**	**£0-£14**	**£6**	£14-£16	£15
		Net Initial Yield**	**4.5%-8.2%**	**5.6%**	3.9%-7.4%	4.9%
		Equivalent Yield**	**4.5%-6.7%**	**5.2%**	3.9%-6.4%	4.6%
		Estimated Capital Value psf**	**£0-£943**	**£462**	£216 - £1,063	£669

* The ranges are based on averages per property and include properties which were vacant at the date of valuation. Individual tenancies within properties may fall outside these ranges.
** Excluding residential property – valuation technique for residential property is on a comparison basis.

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

9. Investment properties (continued)

Sensitivity analysis

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

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

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

Estimated movement in fair value of investment properties at 31 December 2022 arising from:	Retail £'000	Retail Warehouses £'000	Offices £'000	Industrial £'000	Alternatives £'000	Total £'000
Increase in passing rental value by 5%	**9,518**	**6,376**	**17,347**	**15,869**	**5,745**	**54,855**
Decrease in passing rental value by 5%	**(9,518)**	**(6,376)**	**(17,347)**	**(15,869)**	**(5,745)**	**(54,855)**
Increase in net initial yield by 1%	**(36,517)**	**(19,168)**	**(51,751)**	**(57,166)**	**(17,365)**	**(181,967)**
Decrease in net initial yield by 1%	**59,250**	**27,407**	**73,754**	**89,356**	**24,888**	**274,655**

Estimated movement in fair value of investment properties at 31 December 2021 arising from:	Retail £'000	Retail Warehouses £'000	Offices £'000	Industrial £'000	Alternatives £'000	Total £'000
Increase in passing rental value by 5%	9,373	6,533	19,383	18,387	6,367	60,043
Decrease in passing rental value by 5%	(9,373)	(6,533)	(19,383)	(18,387)	(6,367)	(60,043)
Increase in net initial yield by 0.25%	(9,802)	(5,777)	(16,215)	(28,982)	(6,200)	(66,976)
Decrease in net initial yield by 0.25%	10,947	6,337	17,696	34,404	6,869	76,253

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

10. Trade and other receivables

Non-current	2022 £'000	2021 £'000
Capital and rental lease incentives	**18,122**	16,903
Cash deposits held for tenants	**2,250**	2,416
	20,372	19,319

Current	2022 £'000	2021 £'000
Capital and rental lease incentives	**3,896**	3,453
Cash deposits held for tenants	**505**	183
Rents receivable	**5,187**	5,964
Impairment provision	**(2,065)**	(2,987)
VAT receivable	**1,448**	–
Taxation receivable	**73**	134
Other debtors and prepayments	**3,767**	2,085
	12,811	8,832

Rents receivable, which are generally due for settlement at a quarter end, are recognised and carried at the original invoice amount. For the impairment provision, the Group applies historical default percentages as a means to estimate lifetime expected credit losses. These expected loss rates are based on historical credit losses experienced over the five year period ending 31 December 2022 and adjusted for covid dispute issues as well as current and forward looking information on the tenant base. The Group will also assess all rent receivables greater than 90 days overdue where there is no payment plan in place and provide for this amount if it is higher than the expected credit losses calculation above.

Capital and rental lease incentives consist of £15,011,000 (2021: £14,186,000) being the prepayments for rent-free periods recognised over the life of the lease and £7,007,000 (2021: £6,170,000) relating to capital incentives paid to tenants.

Impairment provision	2022 £'000	2021 £'000
Accumulated impairment provision as at 1 January	**2,987**	5,018
Impairment provision reversed during the year, net	**(478)**	(1,103)
Amounts written off during the year as uncollectable	**(444)**	(928)
Accumulated impairment provision as at 31 December	**2,065**	2,987

11. Cash and cash equivalents

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

12. Trade and other payables

Non-current	2022 £'000	2021 £'000
Rental deposits	**2,250**	2,416

Current	2022 £'000	2021 £'000
Rental income received in advance	**9,086**	8,902
Rental deposits	**505**	183
VAT payable	**–**	1,493
Managers' fees payable	**5,267**	1,863
Other payables	**6,282**	6,007
	21,140	18,448

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

13. Interest-bearing loans and interest rate swap

	2022 £'000	2021 £'000
L&G loan		
Principal amount outstanding	**260,000**	260,000
Set-up costs	**(2,683)**	(2,683)
Amortisation of set-up costs	**2,071**	1,781
	259,388	259,098
Barclays loan		
Principal amount outstanding	**50,000**	50,000
Set-up costs	**(910)**	(904)
Amortisation of set-up costs	**799**	447
	49,889	49,543
Total interest-bearing loans	**309,277**	308,641

Analysis of movement in net debt

	Cash and cash equivalents £'000	Interest-bearing loans £'000	2022 Net debt £'000	Cash and cash equivalents £'000	Interest-bearing loans £'000	2021 Net debt £'000
Opening balance	**138,081**	**(308,641)**	**(170,560)**	34,896	(308,303)	(273,407)
Net cash movement	**(83,244)**	**6**	**(83,238)**	103,185	304	103,489
Amortisation of loan set-up costs	**–**	**(642)**	**(642)**	–	(642)	(642)
Closing balance	**54,837**	**(309,277)**	**(254,440)**	138,081	(308,641)	(170,560)

£260 million L&G loan

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

Interest is payable on this loan from the commitment date, quarterly in arrears, at a fixed rate of 3.32 per cent per annum for the duration of the loan. The loan is secured by means of a fixed and floating charge over the whole of the assets of the Secured Group (which, at 31 December 2022, comprised FCPT Holdings Limited, F&C Commercial Property Holdings Limited and Winchester Burma Limited – see Note 20).

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

- the loan to value percentage does not exceed 50 per cent;
- the interest cover is greater than 1.50 times on any calculation date;
- the sector weightings (measured by market value) do not exceed the following percentages of the gross secured asset value; Industrial: 60 per cent (40 per cent prior to 17 March 2022); Offices: 60 per cent; Retail: 40 per cent; Retail Warehouses: 40 per cent; Other: 25 per cent;
- the combined holding in London and the South East of England exceeds a minimum of 30 per cent of gross secured asset value (40 per cent prior to 17 March 2022);
- up until 17 March 2022 the combined holding in Northern Ireland, Scotland, Wales, North East of England and Yorkshire and Humberside did not exceed a maximum of 30 per cent of gross secured asset value. From 17 March 2022 this covenant was deleted in its entirety: and
- the five largest tenants do not exceed 40 per cent of the aggregate net rental income from all of the secured properties.

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

£260 million L&G loan (continued)

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

The fair value of the interest-bearing L&G loan as at 31 December 2022, based on the yield on the Treasury 2.75% 2024 which would be used as the basis for calculating the early repayment of such loan plus the appropriate margin would be £269,430,000 (2021: 273,773,000). The exercise of early repayment approximates the carrying amount of the loan. The Secured Group loan is classified as Level 2 under the hierarchy of fair value measurement.

Barclays £50 million Term loan and £50 million revolving credit facility

On 8 September 2021, the Group amended the financing arrangements with Barclays Bank PLC ('Barclays') in respect of its £50 million term loan facility which was repayable on 31 July 2022. The amended arrangements extended the repayment date of the £50 million term loan facility and £50 million revolving credit facility to 31 July 2023, with the option of a further one-year extension which the bank agreed to extend and the Company signed up to on 3 April 2023 extending both facilities to 31 July 2024. Further detail on the loan extension can be found in note 22 on page 70.

The 2021 amended arrangements also changed the cessation of the publication of LIBOR rates and its replacement with a risk-free rate, to the Sterling Overnight Index Average ('SONIA'). Additional security was provided in the form of two properties to allow immediate access to the full £50 million revolving credit facility. The Group's additional revolving credit facility of £50 million with Barclays was not drawn down as at 31 December 2022 (2021: £nil). The combined loan arrangement costs for the term and revolving loan facility was £910,000.

Interest accrues on the bank loan at a variable rate, based on SONIA plus margin and is payable quarterly in arrears. The margin is 1.85 per cent (2021: 1.85 per cent) per annum for the duration of the loan. The revolving credit facility pays an undrawn commitment fee of 0.74 per cent (2021: 0.74 per cent) per annum.

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

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

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

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

Interest Rate Swap

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

Interest on the swap is receivable at a variable rate calculated on the same SONIA basis as for the bank loan (as detailed above but excluding the margin) and payable quarterly at a fixed rate of 0.517 per cent per annum. This fixes the interest rate for the £50 million term loan at 2.367 per cent (2021: 2.367 per cent). The interest rate swap is due to expire on 31 July 2023.

The fair value of the asset in respect of the interest rate swap contract at 31 December 2022 was £1,030,000 (2021: £307,000), which is based on the marked to market value. The interest rate swap is classified as Level 2 under the hierarchy of fair value measurements.

14. Share capital and capital risk management

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

	Number	Listed £'000	Number	Held in Treasury £'000	Number	In issue £'000
Allotted, called up and fully paid Ordinary shares of 1 pence each						
Balance at 1 January 2021	799,366,108	7,994	–	–	799,366,108	7,994
Shares bought back to be held in treasury	–	–	(46,260,278)	(463)	(46,260,278)	(463)
Balance at 31 December 2021	799,366,108	7,994	(46,260,278)	(463)	753,105,830	7,531

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

During the year, the Company purchased 51,555,643 Ordinary Shares (2021: 46,260,278) to hold in treasury at a cost of £58,510,000 (2021: £45,243,000).

For the year ended 31 December 2021, the nominal value of shares purchased to be held in treasury (£463,000) was allocated to the Share Capital reserve. This amount should have been allocated to the Special Reserve. Since this amount is immaterial, it was adjusted in the year ended 31 December 2022.

14. Share capital and capital risk management (continued)

Capital risk management

The Group's capital is represented by the Ordinary Shares, Special Reserve, Capital Reserve - Investments Sold, Capital Reserve - Investments Held, Hedging Reserve and Revenue Reserve. The Group is not subject to any externally-imposed capital requirements.

The objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. In pursuing this objective, the Board has responsibility for ensuring the Company's ability to continue as a going concern. This involves the ability to issue and buyback share capital within limits set by shareholders in a general meeting; borrow monies in the short and long term; and pay dividends out of reserves all of which are considered and approved by the Board on a regular basis. Dividends are set out in note 8 to the consolidated financial statements and borrowings are set out in note 13. During the year, the Group amended its investment policy to remove the limits on UK commercial sectors in which the Company invests and also add additional flexibility to invest in other sectors as noted in the Business Model and Strategy on page 7. No other changes were made to the objectives, policies or processes during the years ended 31 December 2022 or 31 December 2021.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective, which is detailed in the Business Model and Strategy on page 7. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, manage the Group's discount to net asset value and monitor the Group's gearing level. The Group's gearing represented by borrowings as a percentage of total assets, may not exceed 50 per cent, however, it is the Board's present intention that borrowings will be limited to a maximum of 35 per cent of total assets at the time of borrowing.

		2022 £'000	2021 £'000
Interest bearing loans		**310,000**	310,000
Less cash and cash equivalents		**(54,837)**	(138,081)
Total	(a)	**255,163**	171,919
Total assets less current liabilities and cash excluding current Barclays loan	(b)	**1,088,155**	1,190,496
Net Gearing (c = a/b)	(c)	**23.4%**	14.4%

15. Net asset value per share

	2022	2021
Net asset value per ordinary share – pence	**118.5p**	135.1p
Net assets attributable at the year end (£'000)	**831,465**	1,017,520
Number of ordinary shares in issue at the year end	**701,550,187**	753,105,830

16. Related party transactions

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

The Directors of the Company received fees for their services and dividends from their shareholdings in the Company. Total fees for the year were £271,334 (2021: £267,652) and are disclosed in note 4. No fees remained payable at the year end.

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

17. Financial risk management

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

Consistent with that objective, the Group holds UK commercial property investments. In addition, the Group's financial instruments during the year comprised interest-bearing loans, cash, trade receivables and payables that arise directly from its operations. The Group does not have exposure to any derivative instruments other than the interest rate swap entered into to hedge the interest paid on the Barclays interest-bearing bank loan.

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

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

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligation and will cause a financial loss for the other party by failing to discharge an obligation, and principally arises from the Group's receivables from customers. The Group has no significant concentrations of credit risk as the Group has a diverse tenant portfolio. The largest single tenant at the year end accounted for 4.7 per cent (2021: 4.8 per cent) of the current annual rental income.

17. Financial risk management (continued)

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

In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. The fair value of cash and cash equivalents as at 31 December 2022 and 31 December 2021 approximates the carrying value.

The maximum credit risk from the rent receivable of the Group at 31 December 2022 was £3,122,000 (2021: £2,977,000). The maximum credit risk is stated after deducting an impairment provision of £2,065,000 (2021: £2,987,000) – see note 10 for further details.

Cash balances are held and derivatives are agreed only with financial institutions with a credit rating of A or better. Bankruptcy or insolvency of such financial institutions may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank. The utilisation of credit limits is regularly monitored. As at 31 December 2022, the Group's cash balances are held with Barclays Bank PLC.

Liquidity risk

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

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

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

Financial assets	Within one year £'000	1–2 years £'000	3–5 years £'000	More than 5 years £'000	Total £'000
As at 31 December 2022					
Cash and cash equivalents	**54,837**	**–**	**–**	**–**	**54,837**
Trade and other receivables	**3,627**	**338**	**913**	**999**	**5,877**
As at 31 December 2021					
Cash and cash equivalents	138,081	–	–	–	138,081
Trade and other receivables	3,160	488	931	997	5,576

Financial liabilities	Within one year £'000	1–2 years £'000	3–5 years £'000	More than 5 years £'000	Total £'000
As at 31 December 2022					
Trade and other payables	**12,054**	**338**	**913**	**999**	**14,304**
Interest-bearing £50m Barclays term loan, interest rate swap and commitment fee	**50,912**	**–**	**–**	**–**	**50,912**
Interest-bearing £260m L&G loan	**8,882**	**268,882**	**–**	**–**	**277,764**
As at 31 December 2021					
Trade and other payables	18,448	488	931	997	20,864
Interest-bearing £50m Barclays term loan, interest rate swap and commitment fee	1,574	50,912	–	–	52,486
Interest-bearing £260m L&G loan	8,882	8,882	268,882	–	286,646

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

The table above details the total payment due to L&G, the terms of the interest-bearing loan are detailed in note 13.

17. Financial risk management (continued)

In certain circumstances, the terms of the Group's interest-bearing loans entitle the lender to require early repayment and, in such circumstances, the Group's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected. As at 31 December 2022 the Group's cash balance was £54,837,000 (2021: £138,081,000).

Interest rate risk

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

The Group's exposure to interest rate risk relates primarily to its long-term debt obligations. Interest rate risk on long-term debt obligations is managed by fixing the interest rate on such borrowings, either directly or through interest rate swaps for the same notional value and duration. Long-term debt obligations and the interest rate risk they confer to the Group is considered by the Board on a quarterly basis. Long-term debt obligations consist of a £260 million L&G loan on which the rate has been fixed at 3.32 per cent until the maturity date of 31 December 2024. The Group also has a £50 million Barclays term loan on which the rate has been fixed through an interest rate swap at 2.367 per cent per annum until 31 July 2023. Since the year-end, the Company has signed up to extending the Barclays loan for one-year to 31 July 2024. The obligation to maintain an interest rate swap does not need to be extended to 31 July 2024 and therefore the rate of interest does not need to be hedged from 1 August 2023. The Group has agreed an additional revolving credit facility of £50 million with Barclays over the same period, which was not drawn down as at 31 December 2022. The revolving credit facility pays an undrawn commitment fee of 0.74 per cent per annum.

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

	Total £'000	Fixed rate £'000	Variable rate £'000	Assets where no interest is received £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
As at 31 December 2022						
Financial assets						
Cash and cash equivalents	**54,837**	**–**	**54,837**	**–**	**3.15**	**–**
Interest rate swap	**1,030**	**1,030**	**–**	**–**	**0.517**	**0.58**
Cash deposits held for tenants	**2,755**	**–**	**–**	**2,755**	**–**	**–**
Rent receivable and impairment provision	**3,122**	**–**	**–**	**3,122**	**–**	**–**
Financial liabilities						
L&G loan	**259,388**	**259,388**	**–**	·	**3.32**	**2.0**
Barclays loan	**49,889**	**49,889**	**–**	**–**	**2.367**	**0.58**
As at 31 December 2021						
Financial assets						
Cash and cash equivalents	138,081	–	138,081	–	0.00	–
Interest rate swap	307	307	–	–	0.517	1.5
Cash deposits held for tenants	2,599	–	–	2,599	–	–
Rent receivable and impairment provision	2,977	–	–	2,977	–	–
Financial liabilities						
L&G loan	259,098	259,098	–	–	3.32	3.0
Barclays loan	49,543	49,543	–	–	2.367	1.5

Apart from the L&G loan as at 31 December 2022 as disclosed in note 13, the fair value of financial assets and liabilities is not materially different from their carrying value in the financial statements.

When the Group retains cash balances, they are ordinarily held on interest-bearing deposit accounts. The benchmark which determines the interest income received on interest-bearing cash balances is the bank base rate of the Bank of England which was 3.5 per cent as at 31 December 2022 (2021: 0.25 per cent). The Company's policy is to hold cash in variable rate or short-term fixed rate bank accounts and not usually in fixed rate securities with a term greater than three months.

17. Financial instruments and investment properties (continued)

Market price risk

The Group's strategy for the management of market price risk is driven by the investment policy as outlined within the Business Model and Strategy on page 7. The management of market price risk is part of the investment management process and is typical of commercial property investment. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies and note 9.

18. Capital commitments

The Group had capital commitments totalling £4,000,000 at 31 December 2022 (2021: £15,395,000). These commitments relate to contracted refurbishment and partial redevelopment of Strategic Park in Eastleigh.

19. Lease length

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

	2022 £'000	2021 £'000
Less than one year	**57,642**	54,289
Later than one year and no later than two years	**53,544**	52,652
Later than two years and no later than three years	**49,303**	49,010
Later than three years and no later than four years	**44,918**	45,018
Later than four years and no later than five years	**39,263**	41,206
Later than five years	**181,115**	191,521
Total	**425,785**	433,696

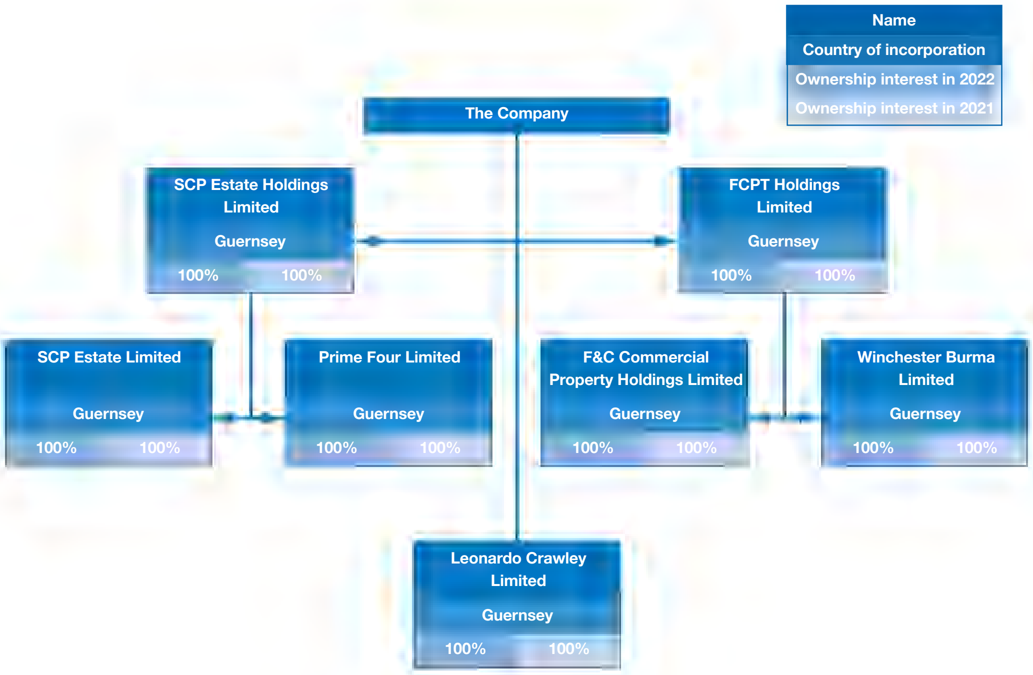
The largest single tenant at the year end accounted for 4.7 per cent (2021: 4.8 per cent) of the current annual rental income.

Unoccupied property expressed as a percentage of estimated total rental value (excluding properties under development) was 5.9 per cent (2021: 2.0 per cent) at the year end.

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

20. List of Subsidiaries

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



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

21. Securities financing transactions ("SFT")

The Company has not, in the year to 31 December 2022 (2021: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transaction; margin lending transaction; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU resolutions on transparency of SFT, issued in November 2015.

22. Subsequent events

On 3 April 2023, the Company signed up to the one-year extension option on the Barclays £50 million Term loan and £50 million revolving credit facility to 31 July 2024. The terms remain the same and interest accrues on the bank loan at a variable rate, based on SONIA plus margin and is payable quarterly in arrears. The margin is 1.85 per cent per annum for the duration of the loan and the revolving credit facility pays an undrawn commitment fee of 0.74 per cent per annum. The interest rate swap expires on 31 July 2023.

AIFM Disclosure

Alternative Investment Fund Managers ('AIFM') Directive

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

The Group's maximum and average actual leverage levels at 31 December 2022 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	300%	300%
Actual	129%	136%

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

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

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

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

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Balanced Commercial Property Trust Limited will be held at the offices of Columbia Threadneedle Investments, Exchange House, Primrose Street, London, EC2A 2NY on Wednesday 31 May 2023 at 2.00 pm. The meeting will address the following:

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

1. That the Annual Report and Consolidated Financial Statements for the year ended 31 December 2022 be received and adopted.
2. That the Director's Remuneration Policy be approved.
3. That the Directors' Remuneration Report as set out in the Annual Report for the year ended 31 December 2022 be approved.
4. That the dividend policy as set out in the Annual Report be approved.
5. That Mr J Wythe, who retires annually, be re-elected as a Director.
6. That Mr P Marcuse, who retires annually, be re-elected as a Director.
7. That Mrs L Wilding, who retires annually, be re-elected as a Director.
8. That Mr H Scott-Barrett, who retires annually, be re-elected as a Director.
9. That Ms I Sharp be elected as a Director.
10. That PricewaterhouseCoopers CI LLP be re-appointed as auditor.
11. That the Directors be authorised to determine the auditor's remuneration.
12. That, to the extent required by sections 291 (or otherwise) of The Companies (Guernsey) Law, 2008 the Directors be generally and unconditionally authorised to issue and allot shares comprised in the share capital of the Company as described in the Company's articles of incorporation (or grant options, warrants or other rights in respect of shares in the Company (the "Rights")) provided that:
    (a) this authority shall be limited to the allotment and issuance of shares or Rights to be granted in respect of shares with an aggregate nominal value of up to £701,550, being approximately 10 per cent of the nominal value of the issued share capital of the Company (excluding treasury shares) as at 17 April 2023 and further provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on expiry of 15 months from the passing of this resolution, whichever is earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and issued or Rights to be granted and the Directors may allot and issue shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this ordinary resolution has expired; and

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

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

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

    (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £701,550 being approximately 10 per cent of the nominal value of the issued share capital of the Company (excluding treasury shares), as at 17 April 2023.

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

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

18 April 2023

Notes:

1. A member who is entitled to attend, speak and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company.
2. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.
3. A form of proxy is enclosed for use at the Meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach the Company's registrars Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 2.00 pm on 26 May 2023.
4. Completing and returning a form of proxy will not prevent a member from attending in person at the Meeting should he or she so wish.
5. To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 26 May 2023. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such Meeting.
6. As at 17 April 2023, the latest practicable date prior to publication of this document, the Company had 799,366,108 Ordinary Shares in issue. The number of shares with voting rights was 701,550,187, each carrying one voting right.
7. Any person holding 3 per cent or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
8. The Directors' letters of appointment will be available for inspection from 15 minutes prior to, and at, the Annual General Meeting.

London, 2/4 King Street

Shareholder Information

Dividends

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

Share Price

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

Data Protection

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

Change of Address

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

Shareholder Enquiries

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

Common reporting standards

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

Key Information Document

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

Warning to Shareholders – Beware of Share Fraud

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

If you receive unsolicited investment advice or requests:

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

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

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

Financial Calendar 2023/2024

31 May 2023	Annual General Meeting
September 2023	Announcement of interim results
	Posting of Interim Report
April 2024	Announcement of annual results
	Posting of Annual Report

Alternative Performance Measures

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

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

		2022 pence	2021 pence
Net Asset Value per share	(a)	**118.5**	135.1
Share price per share	(b)	**88.5**	105.0
Discount (c = (b-a)/a)	(c)	**(25.3)%**	(22.3)%

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

			2022 £'000	2021 £'000
(Loss)/profit for the year			**(94,377)**	156,023
Add back:	Unrealised losses/(gains) on revaluation of investment properties		**129,096**	(86,976)
	Losses/(gains) on sales of investment properties realised		**5**	(34,397)
	Capital and rental lease incentives amortisation		**155**	5,575
	Interest bearing loans amortisation of set-up costs		**642**	642
Profit before investment gains and losses and amortisation		(a)	**35,521**	40,867
Dividends		(b)	**33,891**	33,448
Dividend Cover on a cash basis (c = a/b)		(c)	**104.8%**	122.2%

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

			2022 £'000	2021 £'000
(Loss)/profit for the year			**(94,377)**	156,023
Add back:	Unrealised losses/(gains) on revaluation of investment properties		**129,096**	(86,976)
	Losses/(gains) on sales of investment properties realised		**5**	(34,397)
	Other income		**(42)**	(3,008)
Profit before investment gains and losses		(a)	**34,682**	31,642
Dividends		(b)	**33,891**	33,448
Accounting Dividend Cover (c = a/b)		(c)	**102.3%**	94.6%

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

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

		2022 £'000	2021 £'000
Interest bearing loans		**310,000**	310,000
Less cash and cash equivalents		**(54,837)**	(138,081)
Total	(a)	**255,163**	171,919
Total assets less current liabilities and cash excluding current Barclays loan	(b)	**1,088,155**	1,190,496
Net Gearing (c = a/b)	(c)	**23.4%**	14.4%

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

		2022 £'000	2021 £'000
Investment management fee (note 3)		6,861	7,195
Other expenses		6,479	4,540
Less non-recurring costs - impairment provision (note 4)		478	1,103
Less other non-recurring costs		(30)	–
Total	(a)	13,788	12,838
Average net assets	(b)	991,293	982,789
Ongoing Charges (c = a/b)	(c)	1.39%	1.31%

		2022 £'000	2021 £'000
Investment management fee (note 3)		6,861	7,195
Other expenses		6,479	4,540
Less direct operating property costs (note 4)		(5,255)	(3,996)
Less non-recurring costs - impairment provision (note 4)		478	1,103
Less other non-recurring costs		(30)	–
Total	(a)	8,533	8,842
Average net assets	(b)	991,293	982,789
Ongoing Charges excluding direct operating property costs (c = a/b)	(c)	0.86%	0.90%

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

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

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

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

	2022	2021
NAV per share at start of year – pence	135.1	117.5
NAV per share at end of year – pence	118.5	135.1
Change in the year	–12.3%	+15.0%
Impact of dividend reinvestments	+3.1%	+3.9%
NAV total return for the year	–9.2%	+18.9%

	2022	2021
Share price per share at start of year – pence	105.0	80.0
Share price per share at end of year – pence	88.5	105.0
Change in the year	–15.7%	+31.3%
Impact of dividend reinvestments	+4.0%	+6.5%
Share price total return for the year	–11.7%	+37.8%

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	**904,160**	1,097,910
EPRA NRV (pence per share)	1	**128.9**	145.8
EPRA NTA (£'000)	1	**830,435**	1,017,213
EPRA NTA (pence per share)	1	**118.4**	135.1
EPRA NDV (£'000)	1	**821,423**	1,004,054
EPRA NDV (pence per share)	1	**117.1**	133.3
EPRA earnings (£'000)	2	**34,724**	34,650
EPRA earnings per share (pence per share)	2	**4.8**	4.4
EPRA Net Initial Yield	3	**4.6%**	4.6%
EPRA topped-up Net Initial Yield	3	**4.9%**	4.4%
EPRA Vacancy Rate	4	**5.9%**	2.0%
EPRA Cost Ratios - including direct vacancy costs	5	**22.4%**	21.1%
EPRA Cost Ratios - excluding direct vacancy costs	5	**19.5%**	18.1%
Capital expenditure (£'000)	6	**23,697**	55,740

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

EPRA Net Reinstatement Value ('NRV'): Assumes that entities never sell assets and aims to represent the value assets required to rebuild the entity.
EPRA Net Tangible Assets ('NTA'): Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
EPRA Net Disposal Value ('NDV'): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

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

	2021 EPRA NRV £'000	2021 EPRA NTA £'000	2021 EPRA NDV £'000
IFRS Net Asset Value	1,017,520	1,017,520	1,017,520
Fair value of interest rate swaps	(307)	(307)	–
Fair value of debt	–	–	(13,466)
Purchasers' costs	80,697	–	–
Net assets used in per share calculation	**1,097,910**	**1,017,213**	**1,004,054**
Shares in issue (000's)	753,107	753,107	753,107
EPRA earnings per share (pence per share)	**145.8**	**135.1**	**133.3**

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
(Loss)/profit for the year per IFRS income statement	**(94,377)**	156,023
Exclude:		
Unrealised losses/(gains) on revaluation of investment properties	**129,096**	(86,976)
Losses/(gains) on sale of investment properties realised	**5**	(34,397)
EPRA earnings	**34,724**	34,650
Weighted average number of shares in issue (000's)	**720,956**	786,826
EPRA earnings per share (pence per share)	**4.8**	4.4

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

		2022 £'000	2021 £'000
Investment property valuation		**1,097,100**	1,200,842
Allowance for estimated purchasers' costs		**73,725**	80,697
Grossed up property portfolio valuation	(a)	**1,170,825**	1,281,539
Annualised cash passing rental income		**59,012**	62,708
Property outgoings		**(5,255)**	(3,996)
Annualised net rents	(b)	**53,757**	58,712
Add: notional rent expiration of rent free periods or other lease incentives		**3,737**	(2,232)
Topped-up net annualised rent	(c)	**57,494**	56,480
EPRA NIY	b/a	**4.6%**	4.6%
EPRA topped-up NIY	c/a	**4.9%**	4.4%

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	3,940	1,287
Annualised potential rental value for the complete property portfolio	66,711	64,776
EPRA Vacancy rate	5.9%	2.0%

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 per IFRS Income Statement		13,340	12,838
EPRA costs (including direct vacancy costs)	(a)	13,340	12,838
Direct vacancy costs		1,709	1,837
EPRA costs (excluding direct vacancy costs)	(b)	11,631	11,001
Gross Rental Income less ground rent costs per Income Statement	(c)	59,497	60,787
EPRA cost ratio (including direct vacancy costs)	a/c	22.4%	21.1%
EPRA cost ratio (excluding direct vacancy costs)	b/c	19.5%	18.1%

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

6) Capital expenditure

	2022 £'000	2021 £'000
Acquisitions	387	46,056
Development	52	5,634
No incremental lettable space	3,930	2,887
Incremental lettable space	19,328	1,163
Total capital expenditure	23,697	55,740

The Company has no interests in joint ventures.

Glossary of Terms

Corporate Terms

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

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

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

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

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

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

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

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

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

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

Managers – The Company's investment managers are Columbia Threadneedle Investment Business Limited, and its property managers are Columbia Threadneedle REP AM plc. Further details are set out on page 1 and in note 3 to the financial statements.

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

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

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

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

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

Property Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

How to Invest

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

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

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

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

CT 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)
Paul Marcuse (Chairman) *
Trudi Clark #
Isobel Sharp (appointed 8 November 2022)
Hugh Scott-Barrett ‡
John Wythe †
Linda Wilding +

Secretary
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Administration Services
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Auditor
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1 Glategny Esplanade
St. Peter Port
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Guernsey Legal Advisers
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Guernsey GY1 4BZ

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Broker and Financial Adviser
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Depositary
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London E14 5JP

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

Balanced Commercial Property Trust Limited

2022 Annual Report and Consolidated Financial Statements

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Registrars:

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

COLUMBIA THREADNEEDLE INVESTMENTS