

BMO Real Estate Investments Limited

2020 Annual Report and
Consolidated Financial Statements

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			* Inside Back Cover

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

Front Cover Photo: High Wycombe, Glory Park

Company Summary

The Company

BMO Real Estate Investments Limited ('the Company') is an authorised closed-ended Guernsey-registered investment company. Its shares have a premium listing on the Official List of the UK Listing Authority and are traded on the Main Market of the London Stock Exchange. Stock code: BREI

The Annual Report and Consolidated Financial Statements of the Company consolidate the results of its subsidiary undertakings, which collectively are referred to throughout this document as 'the Group', details of which are contained in notes 1(b) and 9 to the Consolidated Financial Statements.

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

At 30 June 2020 total assets less current liabilities were £323.1 million and shareholders' funds were £232.6 million.

Objective

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

Investment Policy

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

Management

The Board has appointed BMO Investment Business Limited as the Company's investment manager and BMO REP Property Management Limited as the Company's property manager. Both of these companies are part of the BMO Asset Management (Holdings) plc ('BMO') group and, collectively, are referred to in this document as 'the Manager'. Further details of the management arrangements are provided in note 2 to the consolidated financial statements.

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

Capital Structure

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

Alternative Performance Measures ('APM')

The Company uses a number of alternative performance measures in the discussion of its business performance and financial position. Further information is provided on page 76.

How to Invest

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

Visit our website at

www.bmorealestateinvestments.com



Financial Headlines

-0.6%*

Portfolio ungeared
total return of -0.6%
for the year

-3.7%*

NAV total return of
-3.7% for the year

7.8%*

Dividend of 4.375 pence
per share for the year,
giving a yield of 7.8% on
the year-end share price

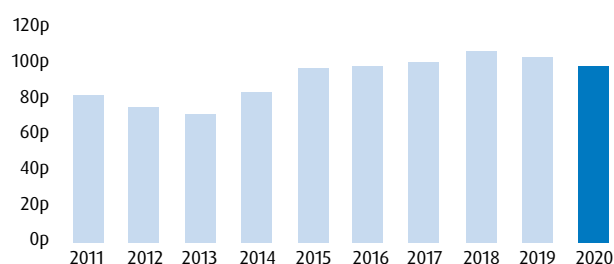
84.3%*

Dividend cover decreased
to 84.3% for the year
from 89.4%

Delivering long-term income and capital returns

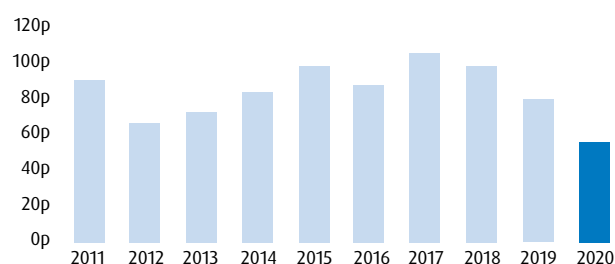
Since launch in 2004 BMO Real Estate Investments Limited has turned a £1,000 investment, with dividends reinvested, into £2,749*.

Net asset value per share at 30 June (pence)



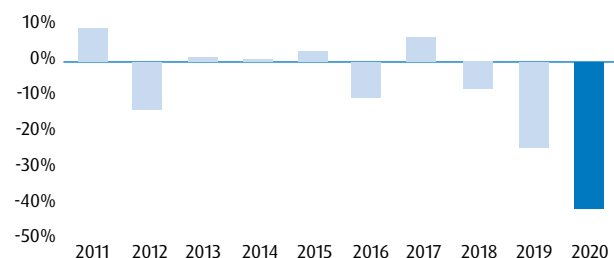
Source: BMO Investment Business

Share price per share at 30 June (pence)



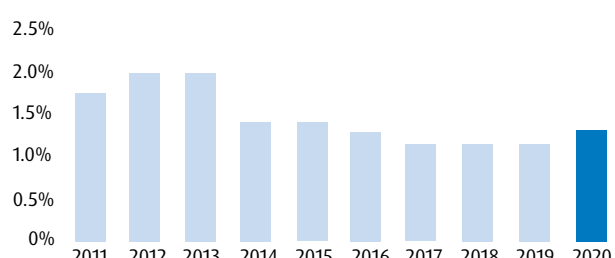
Source: BMO Investment Business

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



Source: BMO Investment Business

Ongoing charges at 30 June (%*)



Source: BMO Investment Business

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

* See Alternative Performance Measures on pages 82 and 83.

Performance Summary

	Year ended 30 June 2020	Year ended 30 June 2019	Cumulative since launch on 1 June 2004
Total Return*			
Net asset value per share	-3.7%	+1.3%	+174.9%
Ordinary share price	-24.9%	-15.2%	+75.5%
Portfolio ungeared return	-0.6%	+2.9%	+200.6%
MSCI UK Quarterly Property Index	-2.7%	+3.3%	+163.7%
FTSE All-Share Index	-13.0%	+1.0%	+174.9%

	Year ended 30 June 2020	Year ended 30 June 2019	% Change
Capital Values			
Total assets less current liabilities (£000's)	323,108	349,573	-7.6%
Net asset value per share	96.6p	104.8p	-7.8%
EPRA Net asset value per share**	96.6p	104.8p	-7.8%
Ordinary share price	56.0p	80.0p	-30.0%
MSCI UK Quarterly Property Universe	115.8	124.3	-6.8%
FTSE All-Share Index	3,410.9	4,056.9	-15.9%
Ordinary share price discount to net asset value per share*	-42.0%	-23.7%	
Net gearing*	25.6%	26.7%	

	Year ended 30 June 2020	Year ended 30 June 2019	
Earnings and Dividends			
Earnings per ordinary share	(3.8p)	1.3p	
Adjusted EPRA Earnings per ordinary share**	3.7p	4.5p	
Dividends paid per ordinary share	4.375p	5.0p	
Dividend yield*	7.8%	6.3%	

	Year ended 30 June 2020	Year ended 30 June 2019	
Ongoing Charges			
As a percentage of average net assets*	1.6%	1.6%	
As a percentage of average net assets (excluding direct property expenses)*	1.3%	1.2%	

* See Alternative Performance Measures on pages 82 and 83.

** See EPRA Performance Measures on pages 84 and 85.

Sources: BMO Investment Business, MSCI Inc and Refinitiv Eikon.

Lister Road, Basingstoke

“In the short term, collecting rents and maintaining the portfolio’s low voids remains the Manager’s primary focus”

Year's Highs/Lows

Net asset value per share

Highs
2020

Lows
2020

104.8p

96.6p

Ordinary share price

89.4p

41.0p

Discount*

-12.9%

-60.0%

* See Alternative Performance Measures on page 82.

Chairman's Statement



Vikram Lall, Chairman

We are reporting in the midst of the Covid-19 pandemic and the resultant economic disruption. The end of the Brexit transition period is also upon us, with no clarity on a deal. These factors have led to the U.K. commercial property sector having a very difficult 2020.

Against this background, the Group's net asset value ('NAV') total return for the year ended 30 June 2020 was -3.7 per cent with a NAV per share as at 30 June 2020 of 96.6 pence, down from 104.8 pence per share at the prior year-end.

The share price total return for the year was -24.9 per cent with the shares trading at 56.0 pence per share at 30 June, a discount of 42.0 per cent to the NAV. Large discounts have been experienced across the real estate sector in a period of falling NAV's with many companies either cutting or suspending dividends in a market where rental collection has become challenging.

Property Market

The UK commercial property market delivered a total return of -2.7 per cent as measured by the MSCI UK Quarterly Property Index ('MSCI') for all assets in the year to 30 June 2020. Total return performance was marginally positive in the first half of the year, but negative returns were experienced in the second six months following the impact of Covid-19. The annual all-property income return was 4.5 per cent and capital values fell by 6.8 per cent in the year.

The UK property market went into sharp reverse in March as lockdown was imposed but monthly total returns, although negative, have been on a consistently improving trend since then. A material uncertainty clause was applied by valuers in March, which reflects the fact that there is less certainty in the valuations, given the unknown future impact that Covid-19 might have on the real estate market. Valuers are therefore exercising a higher degree of caution and giving less weight to previous market evidence for comparison purposes. This 'material uncertainty' clause no longer applies to industrial, logistics and distribution assets.

The downturn has been notable for weakness in the occupational market and reduced rates of rent collection, as well as a decrease in property valuations across most sectors. The impact on performance has been particularly severe for retail, leisure and hospitality where reduced rates of rent collection have been experienced. Industrials, offices, supermarkets and residential have been relatively resilient. Investment activity in the final quarter dropped sharply as sentiment was hit by the scale of economic dislocation. There has been no flight of capital or mass distressed selling, but some transactions have been aborted, others put on long-term hold and very little new stock released. Some deals have gone ahead, especially for long lease indexed supermarket stock and industrial and distribution assets.

Performance

The Group's property portfolio produced an ungeared total return of -0.6 per cent over the year to June 2020 compared with MSCI which recorded -2.7 per cent over the same period. The portfolio has also outperformed MSCI over three years and as a result, the Manager is eligible for the maximum performance fee. The Board are conscious of the sensitivity of paying performance fees in a market of negative returns and following discussions between the Board and the Manager, a reduction in the performance fee for the year of 50 per cent has been negotiated. It has also been agreed that from 1 July 2020 performance fees will be removed from the investment management fee.

The relative outperformance has primarily been driven by the allocation to industrial, logistics and distribution assets which accounted for 43.4 per cent of the portfolio at the year end. The portfolio continues to experience a low vacancy rate which currently stands at 3.3 per cent, compared to an average of 7.5 per cent for the index as measured by MSCI. Rent collection has also benefited over recent quarters by the absence of shopping centre, department store, hotel, leisure and student accommodation exposure, and the very small exposure to the food and beverage sector.

The Manager has been engaging with tenants given the challenges faced by many to meet quarterly rental commitments at this time. The trading restrictions put in place by the Government resulted in the closure of many of our retail units, although the vast majority have now commenced trading, albeit with social distancing measures in place. Collection rates for the last two quarters are ahead of expectations and currently stand at 94.1 per cent for the March to June quarter and 90.0 per cent for the June to September quarter.

Both the office assets and the industrial, logistics and distribution assets delivered positive returns over the year of 6.1 per cent and 4.0 per cent respectively, with capital returns of 1.1 per cent for offices and -0.6 per cent for industrials, logistics and distribution. These two sectors now make up 73.2 per cent of the portfolio by value.

The retail market continues to suffer with the pace of valuation falls accelerating further, led by the anticipated rebasing of rents across much of the high street and shopping centre submarkets. Against this background, the Company's retail portfolio as a whole delivered -12.4 per cent compared to -12.6 per cent for MSCI. A large portion of the Company's retail exposure is low rented, functional, retail warehouses. The majority of the Company's tenants in this space were able to remain open throughout lockdown. This was demonstrated by the 94 per cent collection from this part of the portfolio for the March to June quarter, with monthly payment plans having been put in place to assist some tenants with cashflow where justified.

Cash and Borrowings

The Group has approximately £13.7 million of available cash and an undrawn revolving credit facility of £20 million. The Group's £90 million long-term debt with Canada Life and the undrawn loan facility with Barclays do not need to be refinanced until November 2026 and March 2025 respectively. As at 30 June 2020, the Group's net gearing was 25.6 per cent and there was significant headroom under debt covenants. The weighted average interest rate (including amortisation of refinancing costs) on the Group's total current borrowings was 3.1 per cent. The Company continues to maintain a prudent attitude to gearing.

Dividend

Two interim dividends of 1.25 pence per share were paid during the year with a third interim dividend of 0.625 pence per share paid on 30 June 2020. This was a 50 per cent reduction on previous quarterly dividends, reflecting the fact that rent collection was likely to be challenging in the coming months and that the Group had been paying a dividend which had not been fully covered over the course of the financial year. The Board therefore considered it prudent to reduce the level of its future quarterly dividend payments in order to protect cash reserves and the long-term value of the Group.



A fourth interim dividend of 0.625 pence per share will be paid on 30 September 2020 and the Board will continue to monitor closely the impact of Covid-19 on rental receipts and earnings and keep the future level of dividends under review.

Environmental, Social and Governance ('ESG')

The Company continues to make good progress in advancing its ESG strategy with the improvement demonstrated in a number of key industry indicators. An increase in the Company's annual Global Real Estate Sustainability Benchmark (GRESB) score is a notable achievement this year and provides a positive independent assessment of the successful results our Property Manager has delivered across a broad array of sustainability related measures.

Our portfolio level successes are driven by many and varied interventions at local property level where we strive for efficiency and impact. When combined, this has created a solid platform from which to drive further progress. As a Board, we continue to give considerable attention to our ESG commitments and support our Property Manager in responding proactively to this important requirement. A more detailed summary of progress is included later in this Annual Report, and a full review will be shared in the separate 2020 ESG Report, available on the Company's website.

Board Composition

Having served 16 years on the Board, Andrew Gulliford had indicated his intention to retire by this year's AGM. The Board commenced its search for a suitable replacement, but this process was suspended as a result of the Covid-19 pandemic. We consider the stability of the Board to be very important at this time and Andrew's in-depth knowledge of the Company and its portfolio has been invaluable. The recruitment of a non-executive Director with the appropriate property experience will recommence in due course but meantime, Andrew has agreed to stand for re-election at this year's AGM and serve on the Board until a new appointment is made. As part of this process, consideration will also be given to the requirement to seek, where appropriate, additional diversity within the Board.

Annual General Meeting

The AGM is currently scheduled to be held on 17 November 2020 at the offices of BMO Global Asset Management, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG at 12.00pm. Despite the easing of some lockdown measures which were put in place due to Covid-19, some restrictions remain, including guidance on social distancing and given public health concerns, the meeting will not be held in the usual format.

It will be restricted to the formal business of the meeting as set out in the Notice of the Annual General Meeting on pages 77 to 78 and will follow the minimum legal requirements for an AGM. On this occasion the Fund Manager will not attend the meeting but a presentation will be made available on the Company's website together with some frequently asked questions after the AGM.

Shareholders are strongly discouraged from attending the meeting and entry may be restricted and/or refused in accordance with the Articles, the law and/or Government guidance.

Your Board strongly encourage all shareholders to make use of the proxy form or form of direction provided in order that you can lodge your votes. Voting on all resolutions will be held on a poll, the results of which will be announced and posted on the Company's website following the meeting.

In view of the revised format this year, should shareholders have any questions or comments in advance of the AGM these can be raised with the Company Secretary (BREICoSec@bmogam.com).

Outlook

Although the next few months may see positive economic data as some restrictions ease, and growth resumes from a low base, we expect the recovery to be slow. There is likely to be increased unemployment as the furlough scheme ends which could delay recovery, and further waves of infection and lockdowns cannot be ruled out. It looks probable that there will be a permanent shift in the property market, particularly in retail where online shopping has accelerated and in the office sector where there are and will be increasing numbers working from home.

Although the lockdown measures began to be eased towards the end of our financial year, the economic outlook remains highly uncertain and the trading position of many occupiers is extremely challenged. It will take time for output to return to pre Covid-19 levels and for many businesses the new economic reality will look very different to that prior to the outbreak.

In the short term, securing income due under existing lease contracts remains the Manager's primary focus. The Company's diverse occupier base offers some defence in this regard as does the weighting towards industrial, logistics and distribution and offices.

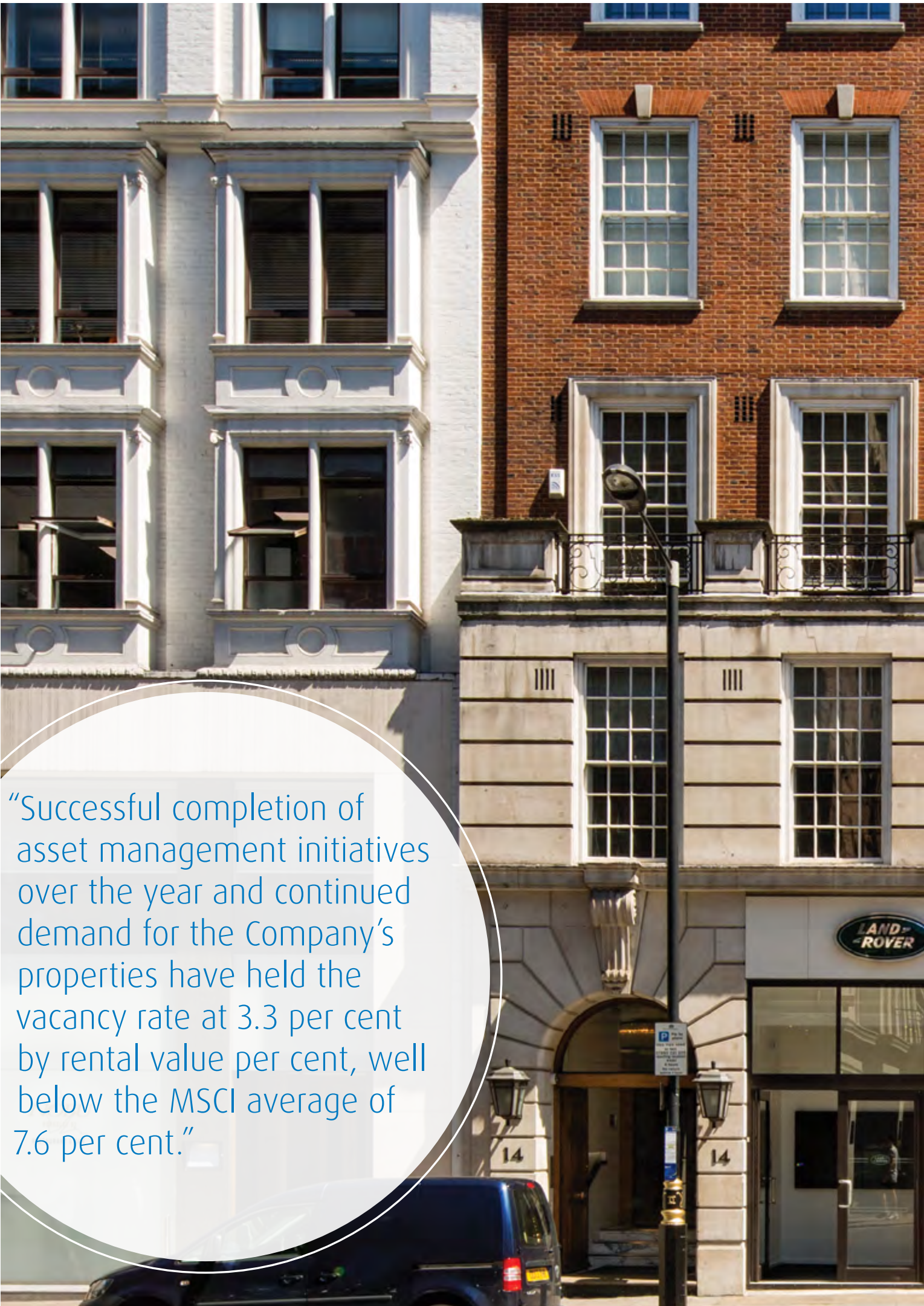
We expect that the Company will continue to be impacted by current uncertain markets for the rest of 2020 and into 2021 and at the time of writing further restrictions have been put in place by the government. However, the portfolio is well balanced in terms of quality, sector and geography. This, combined with sufficient cash resources and comparatively strong rental collection, provides resilience during this difficult period.

We wish our shareholders well during the coming difficult months.

Vikram Lall
Chairman
25 September 2020

Forward-looking statements

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



“Successful completion of asset management initiatives over the year and continued demand for the Company’s properties have held the vacancy rate at 3.3 per cent by rental value per cent, well below the MSCI average of 7.6 per cent.”



14 Berkeley Street, London

Overview

Strategic Report

Governance Report

Auditor's Report

Financial Report

Notice of Meeting

Other Information

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

Board

The Board of Directors is responsible for the overall stewardship of the Group, including investment and dividend policies, gearing, corporate strategy, corporate governance procedures and risk management. As set out in the Directors' Responsibilities on page 44 the Board is also responsible for the preparation of the Annual Report and Consolidated Financial Statements for each financial period. Biographical details of the Directors, all of whom are independent non-executive Directors, can be found on page 32. The Company has no executive Directors or employees.

The Board has contractually delegated the management of the investment portfolio and other services to the Manager. A summary of the terms of the management agreement is contained in note 2 to the consolidated financial statements.

Investment Strategy

Purpose

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

Objective

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

Investment Policy

The Group holds a diversified portfolio of freehold and predominantly 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.

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

Investment risks are spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low

risk tenants. The Group has not set any maximum geographic exposures, but the maximum weightings in the principal property sectors (stated as a percentage of total assets) are: office: 60 per cent; retail: 60 per cent; and industrial: 50 per cent. No single property may exceed 15 per cent of total assets* and the five largest properties may not exceed 45 per cent of total assets.* Income receivable from any one tenant, or tenants within the same group, in any one financial year shall not exceed 20 per cent of the total rental income of the Group in that financial year. At least 90 per cent by value of properties held shall be in the form of freehold, feuhold or long leasehold (over 60 years remaining at the time of acquisition) properties or the equivalent.

The Group uses gearing to enhance returns over the long term. Gearing, represented by borrowings as a percentage of investment properties, may not exceed 60 per cent. However, it is the Board's present intention that borrowings will be limited to a maximum of 40 per cent of total assets at the time of borrowing. The Board receives recommendations on gearing levels from the Manager and is responsible for setting the gearing range within which the Manager may operate. The Group's borrowings are represented by two loans with £90 million drawn down as at 30 June 2020 and are described in more detail in note 12 to the consolidated financial statements. The gearing level, net of cash, as at 30 June 2020 was 25.6 per cent of investment properties.

Investment of Assets

At each quarterly Board meeting, the Board receives a detailed presentation from the Manager together with a comprehensive analysis of the performance of the Group and compliance with investment restrictions during the reporting period. An analysis of how the portfolio was invested as at 30 June 2020 is contained within the Manager's Review on pages 18 to 24 and a full portfolio listing is provided on page 30.

Environmental, Social and Governance (ESG)

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

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

Attendance to ESG matters continues to be an important determinant of the confidence which existing and prospective shareholders place in the Company as an attractive and appropriate vehicle for risk-adjusted returns. The positive feedback of shareholders to our enhanced approach to ESG matters has been a notable feature of our engagement with them this year.

Furthermore, certain environmental and social attributes of the assets held by the Group continue to be material to financial performance across the diversified portfolio. This applies in terms of optimising net operating income today and supporting income and capital growth in the long-term. In particular:

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

Shareholder Value

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

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



Southampton International Park, Eastleigh

Promoting Success

The Board's continued focus on promoting the long-term success of the Company in response to stakeholders needs and aspirations is now formalised in the Company's reporting in accordance with section 172(1) of the Companies Act 2006 (the "Act"). Although S172 applies directly to UK domiciled companies, the intention of the UK Corporate Governance Code is that matters set out in this section are reported on by all listed companies. This will include the likely consequences of their Board's decisions in the longer term and how they have taken wider stakeholders' needs into account.

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

The significant portfolio activities undertaken by the Manager can be found in the Managers' Review on pages 18 to 24.

The Board places great importance on communication with shareholders. The Annual General Meeting provides a key forum for the Board and Manager to present to shareholders on performance, along with future plans and prospects for the Company. The Chairman continues to be available to meet with shareholders as appropriate and the Manager meets regularly with shareholders and their respective representatives; reporting back their views to the Board. Shareholders may also communicate with the Board at any time by writing to them at the Company's registered office or to the Company 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 25 to 29 additional information on our approach towards Environmental, Social and Governance ('ESG'). Directors have engaged on this with the Manager and the Company's specialist ESG adviser, Hillbreak to establish an approach that is bespoke to the Company, business model and portfolio. We are very supportive of their approach, which focuses on integrating ESG factors into the investment and property management process. This has evolved in recent years and has involved the determination of a suite of ESG pillars, commitments and targets that are bespoke to the Company and its portfolio of property assets. The Company has made significant progress in this area.

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

Key Performance Indicators

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

Performance total return*					
	1 Year %	3 Years %	5 Years %	10 years %	
BMO Real Estate Investments ordinary share price	-24.9	-37.5	-25.9	+31.9	This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested, relative to the market benchmark.
BMO Real Estate Investments net asset value (NAV)	-3.7	+10.8	+26.4	+112.2	
BMO Real Estate Investments portfolio ungeared return	-0.6	+14.3	+30.4	+104.1	
MSCI UK Quarterly Property Index	-2.7	+9.9	+26.7	+106.5	
FTSE All-Share Index	-13.0	-4.6	+15.2	+91.8	

Income return (Compound annual growth rate)					
	1 Year %	3 Years %	5 Years %	10 years %	
BMO Real Estate Investments portfolio income return*	+5.2	+5.3	+5.5	+6.1	The income derived from a property during the period as a percentage of the property value, taking account of direct property expenditure.
MSCI UK Quarterly Property Index	+4.5	+4.5	+4.6	+5.1	

Share price (discount)/premium to NAV per share						
As at:	30 June 2020 %	30 June 2019 %	30 June 2018 %	30 June 2017 %	30 June 2016 %	
(Discount)/premium*	(42.0)	(23.7)	(8.0)	6.7	(10.8)	This is the difference between the share price and the NAV per share. It can be an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.

Expenses						
Year to:	30 June 2020 %	30 June 2019 %	30 June 2018 %	30 June 2017 %	30 June 2016 %	
Ongoing charges as a percentage of average net assets*	1.6	1.6	1.5	1.7	1.7	This data shows whether the Company is being run efficiently. It measures the running costs as a percentage of the average net assets.
Ongoing charges as a percentage of average net assets (excluding direct property expenses)*	1.3	1.2	1.2	1.2	1.3	This data shows whether the Company is being run efficiently. It measures the running costs (excluding direct property expenses) as a percentage of the average net assets.

* See Alternative Performance Measures on pages 82 and 83.
Sources: BMO Investment Business, MSCI Inc and Refinitiv Eikon.

County House, County Square, Chelmsford



Principal Risks and Future Prospects

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

As stated within the Report of the Audit and Risk Committee on pages 39 to 41, the Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council, and has established an ongoing process designed to meet the particular needs of the Group in managing the risks and uncertainties to which it is exposed.

Consideration has been given to the impact from Covid-19 which has had a significant effect on the commercial real estate market. This has resulted in a number of the residual risks increasing as highlighted in the table on the next page.

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

- **Market** – the Group's assets comprise of direct investments in UK commercial property and it is therefore exposed to movements and changes in that market. This includes political and economic factors such as Brexit and the impact of Covid-19.
- **Investment and strategic** – poor investment processes and incorrect strategy, including sector and geographic allocations and use of gearing, could lead to poor returns for shareholders.
- **Regulatory** – breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- **Tax structuring and compliance** – the Group should ensure compliance with the relevant tax rules and thresholds at all times. Changes in legislation could result in the Group no longer being a tax efficient investment vehicle for shareholders.
- **Financial** – inadequate controls by the Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to a qualified audit report, misreporting or breaches of regulations. Breaching Guernsey solvency test requirements or loan covenants could lead to a loss of shareholders' confidence and financial loss for shareholders (see note 12 for details of the principal loan covenants).
- **Reporting** – valuations of the investment property portfolio require significant judgement by valuers which could lead to a material impact on the net asset value. Incomplete or inaccurate income recognition could have an adverse effect on the Group's net asset value, earnings per share and dividend cover.
- **Credit** – an issuer or counterparty could be unable or unwilling to meet a commitment that it has entered into with the Group. This may cause the Group's access to cash to be delayed or limited.
- **Operational** – failure of the Manager's accounting systems or disruption to its business or that of other third party service providers through error, fraud, cyber attack or business continuity

failure could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.

- **Environmental** – inadequate attendance to environmental factors by the Manager, including those of a regulatory and market nature and particularly those relating to energy performance, health and safety, flood risk and environmental liabilities, leading to the reputational damage of the Group, reduced liquidity in the portfolio, and/or negative asset value impacts.

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

The Manager seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential tenants before entering into any new lease agreements. All of the properties in the portfolio are insured.

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

The principal emerging risks identified are outlined below:





- The structural and behavioural changes in the market is a significant emerging risk, particularly as the prominence of online shopping continues to increase. Over the last two years the market has experienced a number of high-profile retailers going out of business, downsizing, closing stores and negotiating flexible leases at lower rents. With an increasing number of vacant stores, the challenge is to find different uses for commercial property, whether that's for residential, leisure, food and beverage, or other alternative uses.
- The ESG agenda is a very prominent one and will continue to grow in its importance to Shareholders, future investors and our customers. As discussed in our ESG report on pages 25 to 29, we have already made significant strides in this area and we will continue to do so. The increasing market attention being paid to climate risk and social impact have been notable features of the evolving agenda over the last year, and those need to be considered more explicitly in property investment and management activity than has been the case previously.
- The political climate continues to be uncertain and as well as the ongoing effects of Brexit, there are strong calls for another Scottish referendum. During times of heightened uncertainty, a key benefit to the Company is its closed-ended structure, in that it is not forced to sell property during stressed times.

- Legislative changes are always a risk, particularly where they are politically driven and may cause changes in our property allocation. Such issues might involve some style of rent control or an escalation of regulatory oversight on ESG factors, particularly in responding to the climate emergency.
- The impact of technology increasingly means that things change very quickly which is an opportunity as well as a risk, and it is important that we continue to keep abreast of what is happening in this space.
- The developing threat from Covid-19 is the dominant risk for the global economy, and by extension the UK property market. The severity of the threat is becoming clearer by the day with significant disruption to all sectors worldwide. This threat has an ongoing effect on many of our principal risks and the Board meet regularly with the Manager to assess these risks and how they can be managed. More

detail is included in the Chairman's Statement on pages 5 to 7 and the Manager's Report on pages 18 to 24. Of particular concern is the Company's cash flow, given the number of expected tenant defaults in the short-term. The Board and the Manager review on a daily basis the cash collected and have taken the decision to half the rate of the quarterly dividend to maximise the cash reserves available. In addition, the Group is in regular contact with its lenders in case the decline in rent collected causes certain covenants to be breached or become close to being breached.

To help manage emerging risks and discuss other wider topics affecting property, the Board has an annual strategy meeting. The Board considers having a clear strategy is the key to managing and mitigating emerging risk.

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

Highest Residual Risks	Mitigation	Actions taken in the year
<p>Unfavourable markets, poor stock selection, inappropriate asset allocation and underperformance against benchmark and/or peer group. This risk may be exacerbated by gearing levels.</p> <p>A challenging retail market where rental growth is generally negative and capital values are falling as capitalisation rates rebase.</p> <p>This market has witnessed many company voluntary arrangements and administrations in the last two years. There is an increased risk of tenant defaults in this sector, particularly since the Covid-19 outbreak, which could put the level of dividend cover at risk.</p> <p> Increased in the year under review</p>	<p>The underlying investment strategy, performance, gearing and income forecasts are reviewed with the Investment Manager at each Board Meeting. The Company's portfolio is well diversified and of a high quality. Gearing is kept at modest levels and is monitored by the Board.</p> <p>The Manager provides regular information on the expected level of rental income that will be generated from underlying properties. The portfolio is well diversified by geography and sector and the exposure to individual tenants is monitored and managed to ensure there is no over exposure.</p>	<p>The Board reviews the Manager's performance at quarterly Board meetings against key performance indicators as set out on page 13 and the ongoing strategy is reviewed and agreed.</p> <p>The Board has met on a significantly more frequent basis since the outbreak of Covid-19 where it has received trading updates from the Manager and carefully reviewed cash forecasts.</p> <p>Rental collection in the retail and retail warehouse sectors has been negatively impacted by Covid-19. The Manager is in regular contact with tenants and rental collection is a primary focus. Collection rates since the Covid-19 outbreak have been ahead of expectations.</p>
<p>The share price has been trading at a discount and this has widened significantly since the Covid-19 outbreak. This imbalance, combined with the recent share price volatility can diminish the attractiveness of the Company to investors.</p> <p> Increased in the year under review</p>	<p>The discount is reported to and reviewed by the Board at least quarterly. Share buybacks as a means of narrowing the discount or as an attractive investment for the Company are considered and weighed up against the risks. The position is monitored by the Manager on a daily basis and any material changes are investigated and communicated to the Board more regularly.</p>	<p>Investors have access to the Manager 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 number of meetings to discuss the discount increased during the year. At the Board's request there has been increased reporting from the broker on the market and the shareholder feedback they are receiving.</p>
<p>Insufficient cash resources to meet capital commitments or to fund the quarterly dividend leading to emergency sale of assets and/or cutting of dividend level.</p> <p> Increased in the year under review</p>	<p>The Manager reports quarterly on ongoing revenue and cash forecasting. The Company performs a solvency test in advance of each dividend payment. A detailed cash flow model and schedule of immediate cash commitments is regularly reviewed by the Board. A £20m revolving credit facility with Barclays (available until March 2025) provides additional flexibility.</p>	<p>The Board have held additional ad-hoc Board Meetings since the Covid-19 outbreak which includes revenue and cash forecasting.</p> <p>The £20m revolving credit facility was extended from November 2020 to March 2025.</p> <p>A decision was made to cut the dividend by 50 per cent in order to protect cash resources. The rate and sustainability of the dividend remains under continual review.</p>
<p>Error in the calculation/application of the investment company NAV leads to a material misstatement.</p> <p>Valuers have difficulty in valuing the property assets due to lack of transactional evidence or market uncertainty.</p> <p>The Valuers introduced a material uncertainty clause in their valuations following the Covid-19 outbreak.</p> <p> Increased in the year under review</p>	<p>External valuers are appointed to value the portfolio on a quarterly basis. There is regular liaison with the valuers regarding all elements of the portfolio. There is regular attendance by Directors at the valuation meetings and the Auditors attend the year end valuation meeting.</p>	<p>The valuations are being closely monitored and compared to other market-based information. There has been more transactional evidence coming to the market post period end and the material uncertainty clause will be removed by the valuers for the September 2020 valuations.</p>

Viability Assessment and Statement

The Board conducted this review over a 5 year time horizon, a period thought to be appropriate for a commercial property investment company with a long term investment outlook, borrowings secured over an extended period and a portfolio with a weighted average unexpired lease length of 5.7 years. The assessment has been undertaken taking into account the principal risks and uncertainties faced by the Group which could threaten its objective, strategy, future performance, liquidity and solvency.

The major risks identified as relevant to the viability assessment were those relating to a downturn in the UK commercial property market and its resultant effect on the valuation of the investment portfolio, the level of rental income being received and the effect that this would have on cash resources and financial covenants. The Board took into account the illiquid nature of the Group's portfolio, the existence of the long-term borrowing facilities, the effects of any significant future falls in investment values and income receipts on the ability to repay and re-negotiate borrowings, maintain dividend payments and retain investors. These matters were assessed over an initial period to September 2025, and the Directors will continue to assess viability over 5 year rolling periods, taking account of foreseeable severe but plausible scenarios.

In the ordinary course of business, the Board reviews a detailed financial model on a quarterly basis, incorporating market consensus forecast returns, projected out to the maturity of its principal loan of £90 million which is due to mature in 2026. This model uses prudent assumptions and factors in any potential capital commitments. For the purpose of assessing the viability of the Group, the model has been adjusted to look at the next 5 years and is stress tested with projected returns comparable to the most extreme UK commercial property market downturn experienced historically. The model projects a worst case scenario of an equivalent fall in capital and income values over the next two years, followed by three years of zero growth. The model demonstrated that even under these extreme circumstances the Group remains viable.

Based on their assessment, and in the context of the Group's business model, strategy and operational arrangements set out above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 5 year period to September 2025. 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 35.

The Company continues to monitor the potential impact of the Covid-19 virus on cash flows. Particular attention is paid to the circumstances of all the tenants in the portfolio and detailed modelling is performed on a day to day basis as events unfold. Rental collection since the outbreak has been in excess of the levels originally anticipated, with the level of rents collected for the March to June 2020 quarter at 94.1 per cent and collection for the June to September 2020 quarter at 90.0 per cent. The Board made the decision to cut the level of the quarterly dividend by 50 per cent from June 2020 in order to preserve cash resources.

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



Manager's Review



Peter Lowe, Fund Manager is a Director and is the Fund Manager for BMO Real Estate Investments Limited and the BMO UK Housing Fund. Peter has 16 years of Real Estate experience across the UK and mainland Europe. Prior to joining BMO Real Estate Partners ('BMO REP') in 2015, Peter worked for 9 years at DTZ Investors with responsibility for a number of UK Pension Fund and segregated accounts, including Safeway Pension Trustees Ltd, Imperial Tobacco Pension Trustees Ltd and the Universities Superannuation Scheme. More recently Peter was Fund Manager for Pearl Assurance Trust (Pensions) Ltd and GE CIF Trustees Ltd. Peter is a member of the Royal Institution of Chartered Surveyors, has an MSc in Real Estate & Management and sits on the BMO REP Investment Committee.

Managers

The Company's investment manager and property manager are, respectively, BMO Investment Business Limited and BMO REP Property Management Limited, a subsidiary of BMO Real Estate Partners, all of which are part of BMO Global Asset Management and, collectively, are referred to in this document as 'the Manager'. BMO Real Estate Partners is a leading UK-based real estate manager focused on commercial real estate investment management. The team behind BMO Real Estate Partners has been successfully managing commercial property assets for a wide range of UK clients for over 50 years and currently manages (as at June 2020) some £6.4 billion of real estate assets, employing 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 c.18 years of industry experience each. BMO Real Estate Partners undertakes fund and asset management services as well as, where appropriate, the day-to-day property management, complemented by a project management team and full accounting and service charge teams.

Portfolio headlines over the year

- The Company portfolio delivered an ungeared total return of -0.6 per cent over the year.
- Outperformance against the MSCI Quarterly Property Universe ("MSCI or 'the index'") over the year, as well as over the three and five years to June 2020. The portfolio has outperformed the index over the 16 years since inception.
- Outperformance driven by a relatively high income return and weighting to Industrials.
- Income return of 5.2 per cent over the year to June 2020.
- Further sales from the retail portfolio demonstrate the liquidity of the Company asset base.
- Successful completion of asset management initiatives over the year and continued demand for the Company's properties have held the vacancy rate at 3.3 per cent, well below the MSCI average of 7.6 per cent.
- The structural overweight to Industrials (43 per cent by capital value) and the South East (65 per cent) has been preserved.
- Rental collection for the March-June Quarter of 94.1 per cent with further sums expected. Collection rates to date are in line for the June-September period.

Property Market

The UK commercial property market delivered a total return of -2.7 per cent in the year to June 2020 as measured by the MSCI UK Quarterly Property Universe ("MSCI"). Performance was driven by an annual income return of 4.5 per cent, with capital values falling by 6.8 per cent.

The market was characterised by muted but positive total returns for the majority of the year, with the all-property average dragged lower by weakness in the retail sector. Performance in the final third of the year was hit by the impact of economic lockdown imposed in March 2020, due to the coronavirus pandemic. This produced a deterioration in performance across all sectors of the market and affected both occupier and investment demand. As a result, total returns at the all-property level fell into negative territory by the end of the reporting period.

The global nature of the pandemic has plunged the world economy into recession. The UK economy was delivering muted growth before lockdown was imposed, affected by Brexit concerns. Since then, UK GDP has fallen sharply, and although there was some modest monthly improvement towards the end of the period, as some restrictions were eased, the economy has still recorded a massive loss in output. The downturn is significantly worse than the recession seen during the global financial crisis. Fiscal and monetary policies have been eased dramatically to try to moderate the impact of lockdown on businesses, workers and consumers. The implementation of the job furlough scheme has limited the impact on employment to date. Consumer price inflation decelerated over the course of the year to 0.6 per cent by year-end and interest rates were reduced. The ten-year gilt rate fell to 0.2 per cent by end-June 2020.



There were tentative signs of an improvement in investor sentiment at the start of 2020, following the decisive election result and some emerging clarity on Brexit, and the year has seen major deals complete for industrials, offices, hotels, healthcare and student accommodation. The year to June 2020 saw £51 billion invested in property versus £56 billion in the previous year. This masks a sharp drop in the final quarter of the reporting period. In March 2020, valuers invoked the material uncertainty clause for all property, although there has been some easing subsequently. Open-ended funds have been closed to subscriptions and redemptions and property company dividend payments were in many cases cut or suspended. Some transactions, notably for industrials and long-lease indexed supermarkets have progressed. There has been little sign of distressed selling or a flight of capital from property but many transactions have been put on hold, aborted or subjected to price reductions. Overseas buyers remain net investors in property, while local authorities have been reducing their rate of net investment following public scrutiny of some recent acquisitions. Most sectors recorded lower investment activity compared with the previous year, with alternatives a notable exception. The banks have remained net lenders to commercial property, but there are signs of stress particularly in the retail sector.

Total return performance by segment has generally been lower than in the preceding year but continuing the trend established over recent past reporting periods, remains highly polarised. Industrial and distribution property continued to drive performance delivering a 4.0 per cent benchmark total return and with south-east industrials out-performing at 4.8 per cent. Offices also delivered a positive performance, at 1.4 per cent, led by City offices. All the office segments delivered a positive annual total return. The retail market weakened further over the year to deliver a -12.6 per cent total return. Shopping centres fared worst with a -22.0 per cent total return but retail warehouses also struggled at -14.9 per cent. Standard retail, both in the south east and other regions, saw negative total returns, but to a lesser degree. The Alternatives sector saw a marginally negative total return of -0.1 per cent. In the final three-month period, south east industrials delivered positive total returns, but this was the only standard segment to do so. Even greater pressure has been placed on the retail sector, while Alternative sector performance has been hit by weakness in the leisure and hospitality markets.

The current crisis has been marked by stress in the occupational market and rent collection rates dropped in the latter half of the period, most noticeably for retail and leisure. Rent collection has been impeded by Government emergency legislation. Annual net operating income growth was -1.1 per cent at the all-property level, reflecting a 7.1 per cent fall in the June quarter.

Towards the very end of the period, there have been signs of an easing in lockdown, more businesses opening, valuation constraints easing and some improvement in investment deal flow but considerable uncertainty remains.



Portfolio

Total Portfolio Performance		
	June 2020	June 2019
No of properties	37	40
Valuation (£'000)	312,285	343,550
Average Lot Size (£'m)	8.4	8.6
Net Initial Yield	4.73%	4.89%
	Portfolio (%)	Benchmark (%)
Portfolio Capital Return*	-5.6	-6.9
Portfolio Income Return*	+5.2	+4.5
Portfolio Total Return*	-0.6	-2.7

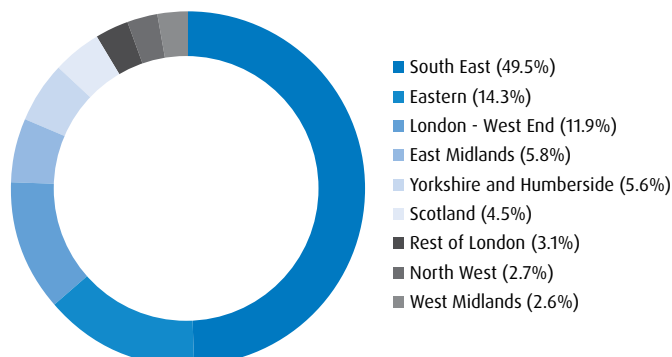
Source: BMO REP Property Management Limited, MSCI Inc

Against this backdrop the Company portfolio delivered an ungeared return of -0.6 per cent over the 12 months to June versus the Index of -2.7 per cent with returns weakening as the period wore on. A positive income return of 5.2 per cent was offset by capital value falls of 5.6 per cent. The portfolio has delivered in excess of the Index over 1, 3, 5, 7 and 16 years since inception.

The relative outperformance has been primarily driven by the high conviction to Industrial, logistics and distribution assets (43 per cent of portfolio weighting by capital value) and the sustained yield premium, assisted by the consistently low vacancy rate which currently stands at 3.3 per cent (versus over 7.6 per cent for the Index). The average lot size of the portfolio, at under £9 million, has aided liquidity and enabled some flexibility in trading throughout a relatively challenging time in the investment market. Over recent quarters the absence of any allocation to shopping centres, department stores, hotel, leisure and student accommodation, and the very small exposure to the food and beverage sector, has been of benefit to relative performance.

Geographical Analysis

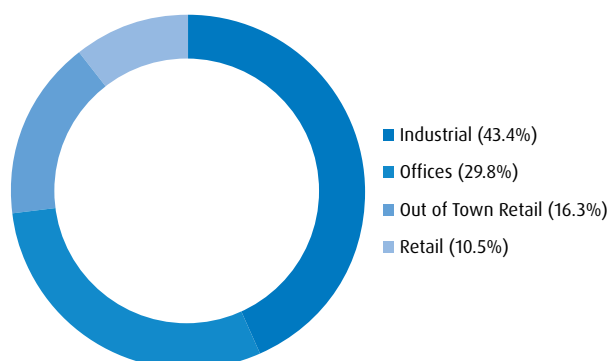
as at 30 June 2020



Source: BMO Rep Property Management Limited

Sector Analysis

as at 30 June 2020



Source: BMO REP Property Management Limited

The completion of asset management initiatives and successful negotiation of lease events on the Company's Office portfolio led to Offices being the portfolios best performing subsector over the year, delivering 6.1 per cent. This was followed by Industrial & logistics assets at 4 per cent and Retail, inclusive of Retail Warehousing, delivering -12 per cent. Industrial and Office assets make up approximately 75 per cent of the portfolio by value.

Retail

Retails Portfolio Performance		
	June 2020	June 2019
No of properties	18	21
Valuation (£'000)	83,550	116,500
Net Initial Yield	6.50%	5.74%
	Portfolio (%)	Benchmark (%)
Retails Capital Return*	-17.7	-17.2
Retails Income Return*	+6.3	+5.4
Retails Total Return*	-12.4	-12.6

Source: BMO REP Property Management Limited, MSCI Inc

Structural change for the retail sector has been accelerated by lockdown as the move towards e-commerce has intensified, initially by necessity and now progressively, by habit. CVAs, business failures, store rationalisations and re-financings continued with high street, shopping centre and leisure tenants in particular demanding a re-basing of rents. Landlords are constrained in their rent collection options when faced with rent arrears on account of the moratorium on affirmative action, and there is now some momentum behind lease reform and a move towards turnover rents in the sector. The problems have affected all parts of the market but mass-market operators, highly leveraged companies, fashion, restaurants and some luxury retailers are worst affected.

Delays to the reform and revaluation of business rates will further impact upon the sector. Although post period we have seen some outlets re-opening, footfall and trading has not fully recovered, and further stress is anticipated. Supermarkets may be relatively resilient where the covenant is strong and the income stream is both long and indexed. We continue to see merit in appropriately let retail warehousing, particularly in business sectors where occupiers continue to embrace an evolving multi-channel offer and utilise stores for a mixture of sales, delivery and returns. Re-purposing and the proposed changes to permitted development rights (PDRs) may act to support the sector, but the structural adjustment has further to go.

The Company's Retail assets remain fully let and marginally outperformed the wider market, delivering -12.4 per cent over the year. Although only 11 per cent of the portfolio by weighting, capital write downs for the High Street Portfolio have been severe and the market remains under significant pressure with the pace of value falls accelerating as the period drew to a close. A more relative bright spot has been the Company's retail warehousing assets which also outperformed their peers in the wider market, although still delivering a -9 per cent total return over the 12 months. Fully let and with a high prevalence of 'essential retailers' as occupiers, we have seen robust rent collection over the period of lockdown from this segment of the portfolio. The lack of exposure to Shopping Centres, department stores and fashion parks has been to the benefit of relative performance for some time now, as has been the absence of leisure, hotels and student accommodation over recent quarters.

A number of sales have been conducted from the retail portfolio over recent years, predominantly as part of a reweighting exercise and this policy was progressed further over the 12 months to June (see below). While further opportunistic disposals remain under consideration there are no plans for a wholesale exit from the sector. Notwithstanding the obvious structural challenge to the sector we continue to see significant polarisation in returns *within* sectors and it remains important to look beyond blunt classification to the underlying fundamentals of any asset. Many of the portfolio's assets from this sector continue to offer a valuable contribution towards the Company objective, particularly so with regards to the delivery of income from the Retail Warehousing portfolio. Where opportunity for management has arisen, for example in the case of the property assets at Enterprise Way, Luton and Brook Retail Park, Bromsgrove we have generally been able to generate successful outcomes.

Offices

Offices Portfolio Performance		
	June 2020	June 2019
No of properties	10	10
Valuation (£'000)	93,235	90,750
Net Initial Yield	4.61%	4.38%
	Portfolio (%)	Benchmark (%)
Offices Capital Return*	+1.1	-2.2
Offices Income Return*	+5.0	+3.7
Offices Total Return*	+6.1	+1.4

Source: BMO REP Property Management Limited, MSCI Inc

There has been much debate around the 'future of the Office' following the adoption of agile working practices as a consequence of the recent lockdown, and the encouragement from both employers and government, initially at least, to work from home. Investor sentiment towards offices fell sharply in the final quarter of the period, however, it was still positive in balance for Central London and Rest of UK offices. The latest RICS survey shows 93 per cent of respondents expecting occupiers to cut their floor space requirements with the majority favouring 5-10 per cent as the likely medium-term readjustment.

The Q2 2020 Central London occupational market data was particularly weak due to lockdown. The outlook is uncertain but 50 per cent of space under construction to 2024 is let or under offer, providing some downside protection. The City appears more exposed in this regard than the West End. Moving in to Q3, workspace occupancy rates are still low, 30-50 per cent at best, and travelling on public transport remains unpopular with workers, particularly those who feel they can function with a high degree of efficiency remotely. Outside of Central London the core regional markets have less than two years supply and vacancy rates actually indicate under-supply. More than half of the space under construction has been pre-let. Lockdown has affected the market but the fundamentals, outside of the evolving threat from behavioural change appear relatively sound at this time.

Occupiers have been delaying decisions and there has been an emphasis on cutting costs. This is in part down to behavioural changes, not least the concerns around public transportation relevant in many of our large cities, but it is also linked to the correlation between Office performance and GDP growth, expectations for which remain exceptionally weak. Take-up has also been affected by problems in the flexible office sector, most notably at WeWork. There has been little increase in new supply in the majority of core markets over recent years and vacancy rates remain low by historic standards. Supply is likely to be hit further by lockdown and this, coupled with a loss of tertiary space due to PDRs could act as support. Nonetheless we expect to see a period of subdued rental growth linked to a softening of aggregate demand. Space requirements, office layout and facilities will change as a result of the pandemic, certainly in the short term, but likely with at least some lasting consequence. The polarisation between prime and secondary stock is likely to persist, with those landlords able to offer service and amenity, build relationships with occupiers and prioritise wellbeing and ESG considerations set to remain most relevant.

The Company's Office portfolio is geographically diverse with holdings in the West End of London, the wider South East and core regional markets such as Edinburgh. The sector delivered the strongest returns over the year on account of leasing activity and the realisation of value add initiatives at 6.1 per cent versus 1.4 per cent for the Index peers.

Industrial and Logistics

Industrial and Logistics Portfolio Performance		
	June 2020	June 2019
No of properties	9	9
Valuation (£'000)	135,500	136,300
Net Initial Yield	4.05%	4.55%
	Portfolio (%)	Benchmark (%)
Industrials Capital Return*	-0.6	-0.3
Industrials Income Return*	+4.6	+4.3
Industrials Total Return*	+4.0	+4.0

Source: BMO REP Property Management Limited, MSCI Inc

There was a marked slowdown in returns from the sector as the year wore on but nonetheless the Industrial and Logistics sector continued its recent trend of outperformance, with the South East, which includes London, continuing to out-perform the Rest of the UK. Standard industrials outperformed logistics warehousing over the year, driven in no small part by sentiment towards London multi let estates. The Company's Industrial assets delivered in line with their peers at 4.0 per cent versus 3.98 per cent for the Index over the year.

Despite the challenges being faced by the UK economy, sentiment for industrial property is being supported by the belief that a permanent shift to more online retailing will offer sustained benefit to the sector. A move to onshoring, and a reappraisal of supply chains, either due to Brexit or as a response to lockdown is also being viewed as a positive. Supply as a whole remains at favourable levels. The sector is unlikely to escape the effects of UK and global recession but is expected to be among the least impacted.

A feature of the market has been the increase in average deal size over the year led by demand from e-commerce occupiers. Activity has been boosted by Amazon as well as Covid-related demand from supermarkets and the NHS. Despite the expectation of continued buoyant demand, the risk of tenant default also needs to be borne in mind, particularly so the more the market leans on demand from retail and e-commerce in a recessionary environment. Similarly, certain geographies, exposed through supply chains to specific sectors of the economy may prove more vulnerable in the event of a prolonged downturn, while others appear a little more at the mercy of Brexit trade deals. There had been a noticeable supply pickup early in the period regionally and the low level of existing supply in the south east has been compounded by intense competition for land from a wide range of users. By the end of the year the volume of new supply has started to tail off somewhat, reduced in part by lockdown, with developers said to be increasingly cautious. Availability on the whole has remained broadly unchanged, but with a shift towards better quality assets and an overhang of some secondary stock.

The positive performance of the Company's Industrial, Logistics and Distribution assets was delivered on account of their core, South-East, and predominantly urban locations where we continue to see strong levels of demand, successful outcomes at lease event and the opportunity to actively manage the tenant base. By weighted contribution the assets at Hemel Hempstead, and the multi-let estate at Colnbrook, Heathrow were amongst the top performers over the period, as was the 'big box' logistics asset at Echo Park, Banbury. The portfolio's exposure to the industrial, logistics and distribution segment of the market is now over 43 per cent of assets by value and continues to deliver significant structural benefit. Whilst we remain wary of the compressing of yields across the sector as a whole, occupancy and income growth has continued to justify the sector to date, particularly so on a relative basis given the trials evident in many of the other traditional sectors.



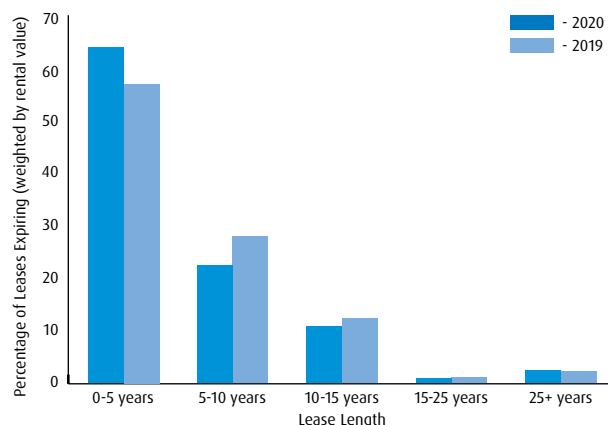
The industrials market is expected to continue to out-perform, but there are signs that the degree of out-performance is moderating. Demand is likely to be supported by the continued growth of online but economic stress and in places, increased supply, could cap rental growth prospects, while Brexit could simultaneously lead to both a shift to warehousing in mainland Europe and some nearshoring / stockpiling within the UK itself. Quality, location, and access to major markets and skill hubs remains critical.

Alternatives

The portfolio does not currently own alternatives, which delivered a marginal negative total return over the year following a significant deterioration in the final quarter. The pandemic has affected hotel and student accommodation occupancy rates and this could take some time to recover. Analyst forecasts for the five years to 2024 have generally been downgraded with severe mark-downs seen for restaurants, leisure and secondary healthcare. Further rental and capital value corrections are in prospect.

Lease Expiry Profile

as at 30 June 2020



As at 30 June 2020 the weighted average lease length for the portfolio, assuming all break options are exercised, was 5.7 years (2019: 5.8 years).

Rent collection

Collection for the March to June quarter for the Company is currently 94.1 per cent with the June to September quarter to date currently standing at 90.0 per cent. Monthly payment agreements are set to improve upon this further in the coming weeks. c.50 per cent of the Q2 shortfall is to be recovered in due course via repayment plans and via documented lease extensions, the balance being either rent free concession or sums pending agreement. Agreements to allow occupiers to pay monthly act as a drag on collection statistics however we are keen to help our tenants manage their cashflow wherever possible at this difficult time. Practical full recovery from Offices and Industrials for March-June and over 91 per cent from retail warehouses for the same period demonstrates the quality of the Company tenant base alongside the hard work of the asset management team. We recognise the challenges being faced by many of our occupiers at present and continue to work with them to seek mutually beneficial outcomes. Negotiations are undertaken on a case by case basis prior to granting any concession to contractually obliged rents. Although June's recovery is encouraging to date, we expect further challenges ahead as the economy starts to open up.

Asset Management

In an environment where passive rental value growth will be difficult to come by active management will be the key to driving income growth. Whilst the near-term focus has been on the protection of the Company's balance sheet, there are a number of portfolio initiatives that remain ongoing that are forecast to add meaningful income to the portfolio upon practical completion. Sales earlier in the period have enabled the Company to continue with these initiatives without compromising on financial prudence. The two major capital projects are at the office property at County House, Chelmsford and the retail warehouse at Enterprise Way, Luton. The redevelopment at Luton is entirely pre-let to a discount food store, DIY retailer and drive through pod, with the majority of the new income secured on the basis of long leases with upward only inflation linkages in the rent review mechanisms. Contractors are on site with practical completion of the building works and commencement of the new leases expected mid-2021. In the meantime, the Company continues to receive income

from the current occupier. The refurbishment of the office at County House, Chelmsford is ongoing with the first stage of the works to be completed later this year. The Crown Prosecution Service are the existing tenant who are continuing to occupy and pay rent through the delivery phase, having contractually committed to a new 10-year lease on half of the property upon completion of the works. The remainder of the refurbished space will be available to let in the open market. At the time of writing we are in negotiations with an occupier to take one of the floors.

The year has been characterised by positive leasing outcomes on the Industrial assets at Colnbrook Industrial Estate, Heathrow and Airways, Eastleigh. In addition, there was the letting of office suits at 14 Berkeley Street, London and Glory Park, High Wycombe, alongside the new letting over 40,000 sq ft of space to Virgin Media at Bellshill, Glasgow. Encouraging rent review settlements were delivered at the office building let to HSBC in Edinburgh Park.

Transactions

As in the previous reporting period, portfolio turnover and the burden of associated transaction costs were relatively low, the Company having declined to purchase assets late in the cycle and following the Covid-19 outbreak.

Turning to sales, the Company continued to reduce its exposure to the retail sector. There was the sale of the parade of shops at Kings Heath, Birmingham for £2.0 million at the start of the year, followed by the successful disposal of two retail assets for a combined £13.7 million in the final quarter of 2019, the first a multi-let high street block in Leamington Spa and the second a retail warehouse in Rotherham. In aggregate these sales were secured within 1 per cent of the independent market valuation at the time. There have now been 9 disposals from the retail portfolio over the last 4 years. We are wary of continuing to hold exposure to a structurally challenged part of the market but are also alive to the dangers of seeking a wholesale exit at this time with investment demand relatively weak. There remains benefit in some diversification which was brought in to sharp focus by the recent downgrades to parts of the leisure and food & beverage market, albeit that diversification must be aligned to structural trends. For example, at current pricing we continue to see merit in ownership of the Company's functional, generally low rented, retail warehousing assets, well placed for both convenience and multi-channel retailing, where we are seeing live opportunities to unlock value via leasing activity or repurposing.

Cash management

The cash built up through sales originally earmarked to pursue suitable acquisition opportunities or to enhance the existing portfolio via asset management initiatives has served the purpose of bolstering the balance sheet over the past few months, while LTV's have come under scrutiny and rent collection for the sector has been sluggish. The cash position presents a solid footing with which to approach the challenges inherent in the UK commercial property market at this time, and subject to continued robustness in rent collection, the pursuit, at the right time, of acquisition opportunities. Given competition for quality property and the cautious optimism in forecasts for the market in general throughout much of the period until lockdown, the Company has maintained a measured approach to deployment of capital. This is something which now appears prudent given recent value falls at the All Property level.

The Manager considers that while there is no pressure to invest the remaining cash reserves immediately, opportunities may reveal themselves from stressed or forced sellers in due course. Opportunistic sales from the retail portfolio remain under consideration, although very much subject to pricing.

Outlook

Although the next few months may see positive economic data as restrictions ease, and growth resumes from a low base, there are a number of headwinds. There is likely to be a spike in unemployment as the furlough scheme ends in October, which could delay recovery. Further waves of infection and lockdowns cannot be ruled out. The Brexit negotiations have been slow and the UK remains on course to leave the EU at the end of the year. Although fiscal austerity has been ruled out, at some point, the public accounts will need to move towards stabilisation. The property market will also need to adjust to a probable permanent shift towards more online retailing and increased working from home, affecting prospects across the main sectors. Hospitality and Student accommodation face unique challenges in the short term. Lease structures may also change, as firms demand greater flexibility, and income growth will be patchy.

The outlook is uncertain, but on consensus economic forecasts and with no further major lockdowns, we expect a difficult 2020 to be followed by a partial recovery in 2021 and modest positive total returns thereafter, led by the industrials, logistics & distribution sector.

The Company portfolio will not be immune to these market forces, which look likely to weigh on performance in the near term, although it remains relatively well placed to be resilient on the basis of its diversification and quality, sector and geographic bias. In particular, prospects remain encouraging for Industrial, logistics and distribution properties located within the south east, as well as a fit for purpose Office exposure. The company has made a meaningful move to down weight its exposure to the retail market and does not carry a legacy allocation to the Shopping Centre, Leisure and Hospitality sub sectors. Comparably strong rent collection statistics and the minimal impact from CVA or administrations to date has added further comfort.

Peter Lowe
BMO REP Property Management Limited
25 September 2020



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 emergence of Covid-19 as an unprecedented global disruptor has undoubtedly served to sharpen awareness to other extraordinary risks such as those presented by climate change and to the impact they could potentially have on society, on the real estate industry generally and on the Company's assets. The Board and its Managers remain fully committed to ensuring that material environmental, social and governance issues are appropriately and effectively addressed, recognising that proper integration of such matters into regular business practice is fundamental to preserving asset worth and enhancing shareholder value.

A summary of the Company's approach and progress against its ESG commitments is set out below, whilst our 2020 ESG Report will provide more granular detail on our activities, performance and profile of the portfolio in respect of material ESG factors.

Strategic direction

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

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

Further information on the Company's ESG approach can be found at <https://www.bmogam.com/real-estate-investments-ltd/>

How the Property Manager implements ESG

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

Leadership and effectiveness

Global Real Estate Sustainability Benchmarking ("GRESB")

GRESB is the dominant global system for assessing Environmental, Social and Governance performance for real estate funds. The Company's ambition is to realise year-on-year improvements in score and peer group ranking. This year was the Company's second consecutive year of participation and an overall score of 60 was achieved, representing an increase of 17 points (40%) over the previous year and conferring one green star status. This is a significant increase, reflecting to some degree some earlier interventions coming to fruition, and puts the Company on a solid platform from which to continue making more modest year-on-year improvements. The Company improved its position and was fourth in its allocated peer group on nine.



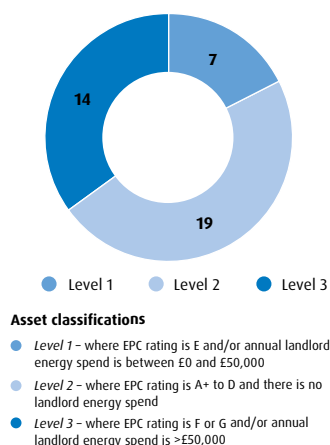
Investment process

Responsible Property Investment Framework

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

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

Asset classification
(distribution by number of properties)



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 through active engagement with its local facilities managers and occupier cohort. The Company has also set out longer-term targets for energy and carbon reduction in line with science-based methodologies and has produced a shareholder briefing note outlining its adoption. Since the last reporting year, the Company's absolute carbon emissions have reduced by 7%. This is closely aligned to the target pathway for achieving a 67% reduction in absolute carbon emissions by 2031. More granular detail of performance over the last twelve months can be found in the 2020 ESG Report.

Renewable energy sources

In support of the transition towards renewable energy and energy efficiency, and in line with its commitment, the Company has procured renewable electricity supplies for 100% of landlord-procured power under a two-year contract established in October 2019.

Controversial activities

Understanding shareholder concerns and sensitivities towards certain controversial activities, the Company has adopted a policy which prohibits the execution of new lease contracts with organisations connected to the production, storage, distribution or use of controversial weapons. Throughout 2019-2020, the Company had 0% exposure to such organisations. Moreover, the Company monitors tenant mix on a regular basis and exercises discretion when considering leasing to organisations involved in other controversial activities such as those associated with gambling, pornography and alcohol. The Company welcomes regular engagement with investors to understand their expectations in this regard.

Occupier satisfaction and wellbeing

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

Transparency

CDP (formerly Climate Disclosure Project)

In line with its commitment, the Company submitted to the full tier of the Climate Change module of CDP in July 2019 and achieved a rating of C, indicating a knowledge of the impacts of climate related issues. CDP places REITs within the financial services activity peer group and the Company's results is comparable to the average performance established for Europe. In line with a globally adjusted schedule, the Company will lodge its 2020 CDP submission in August, the results for which being anticipated towards the calendar year end.

EPRA Sustainability Best Practice Recommendations

Recognising the value and importance of non-financial reporting, the Company's annual ESG Reports include disclosures which are aligned to the 3rd Edition of the EPRA Sustainability Best Practice Recommendations and which are available on the Company's website. Absolute energy and emissions data have been independently verified whilst the 2019 report achieved a Gold EPRA award for quality and transparency.

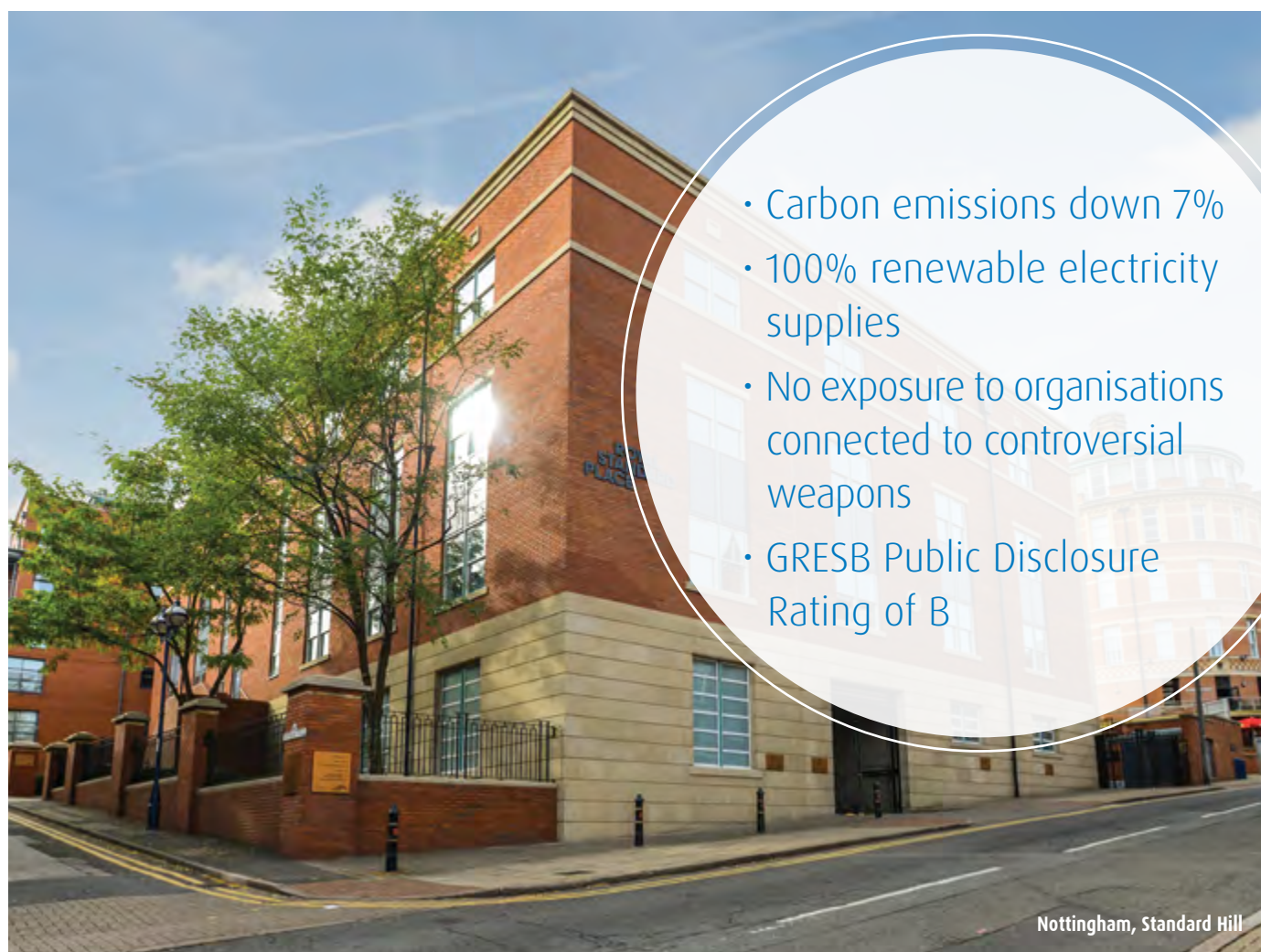
GRESB Public Disclosure

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

Taskforce for Climate-related Financial Disclosures (TCFD)

The Company acknowledges the recommendations of the Financial Stability Board Task Force on Climate-Related Financial Disclosures (TCFD) the Company has included as an appendix to the 2020 ESG Report, an update to the roadmap first produced in 2018. The Company has engaged WSP Environmental to provide advice and technical expertise on the assessment and evaluation of physical climate risks and opportunities through detailed scenario modelling and analysis. The output from this exercise will help to support further TCFD and CDP disclosures.

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



Spotlight on County House, Chelmsford

A £4.6m refurbishment of circa 37,000 ft² of net lettable area formed over four floors to deliver modern, Grade A quality, sustainable office accommodation



Background

Conveniently situated in the town centre and with easy walking distance of the central railway station, the aptly named property is well connected to London yet offers a tranquil setting within a pleasant and green environment adjacent to the Essex County Cricket Ground.

The upper two floors have been pre-let on a 10 year lease commencing on completion of the landlord's refurbishment works which is anticipated in September 2020. The ground and first floor refurbishment will follow with a target completion date of the end of the year.

Impact of Covid-19

Consistent with many other aspects of human and economic activity, progress against plan has been significantly impacted by the emergence of the global coronavirus pandemic and the consequent restriction on movement and activities created by necessary government control measures. The unprecedented events presented, and continue to present, challenges to the construction teams on the ground and to the Company's project managers, most notably with the original main contractor's liquidation.



As lockdown measures gradually eased, the project managers were able to re-double their due-diligence investigations and ultimately negotiate acceptable terms for an alternative contractor to take the scheme to conclusion. With social distancing measures remaining in force, the challenges continue, not least in controlling the enthusiasm of the local workforce in bringing the project to a satisfactory conclusion.

Sustainability – what we are targeting

Sustainability has featured highly throughout the redesign of the property in order to create a building capable of adapting to growing trends and demands of occupiers. Key areas of focus have centred around energy efficiency, reducing greenhouse gas emissions and waste management. The refurbishment is targeting a BREEAM 'Very Good' Standard to validate its impacts and to convey its credentials to interested stakeholders.

Sustainable by design:

- Building materials are being sourced sustainably including responsibly grown and certified timber.
- Cycle parking provision available in the basement as well as new basement showers, including changing, drying facilities and locker storage to help encourage and facilitate sustainable methods of transportation.
- Provision of four new electric vehicle charging points with car parking security improved through the installation of a new roller shutter door.

Energy efficiency and comfort:

- An Indoor Air Quality (IAQ) plan has been developed following detailed overheating risk assessment to ensure that the office environment is comfortable for occupiers.
- Mechanical ventilation systems incorporate heat recovery to increase energy efficiency, whilst sub-meter installation design will allow occupiers to carefully monitor their energy consumption profiles.
- Installation of new LED lighting with automatic and daylight dimming control driven by an all-electric building services policy.

Water:

- High efficiency cold water meter and flow control devices will be installed to minimise but detect any water leak occurrences.

The comprehensive nature of the refurbishment, together with its underlying sustainability led principles and attractive environmental setting, should all contribute to making this property asset a desirable product today and into the future, securing long-term income for the benefit of the Company and its underlying shareholders.



Property Portfolio

As at 30 June 2020

Property	Sector
Properties valued in excess of £10.0 million	
London W1, 14 Berkeley Street	Offices
Banbury, 3663 Unit, Echo Park	Industrial, Logistics and Distribution
Colnbrook, Units 1-8 Lakeside Road	Industrial, Logistics and Distribution
Eastleigh, Southampton International Park	Industrial, Logistics and Distribution
Hemel Hempstead, Hemel Gateway	Industrial, Logistics and Distribution
Bracknell, 1-2 Network Bracknell, Eastern Road	Industrial, Logistics and Distribution
Theale, Maxi Centre, Brunel Road	Industrial, Logistics and Distribution
York, Clifton Moor Gate *	Retail Warehouse
Edinburgh, 1-2 Lochside Way, Edinburgh Park	Offices
Eastleigh, Wide Lane	Industrial, Logistics and Distribution
Andover, Keens House, Anton Mill Road	Offices
Properties valued between £7.5 million and £10.0 million	
Basingstoke, Unit K60, Bunzl	Industrial, Logistics and Distribution
Nottingham, Standard Hill	Offices
Milton Keynes, Site E Chippenham Drive	Industrial, Logistics and Distribution
Chelmsford, County House, County Square	Offices
London, 24 Haymarket & 1-2 Panton Street	Retail
New Malden, 7 Beverley Way	Retail Warehouse
St Albans, 16, 18 & 20 Upper Marlborough Road	Offices
Properties valued between £5.0 million and £7.5 million	
High Wycombe, Glory Park	Offices
Luton, Enterprise Way	Retail Warehouse
Bromsgrove, Brook Retail Park, Sherwood Road	Retail Warehouse
Northallerton, Willowbeck Road	Retail Warehouse
Properties valued under £5.0 million	
Bury, Halls Mill Retail Park, Foundry Street	Retail Warehouse
Nottingham, Park View House	Offices
Nelson, Churchill Way	Retail Warehouse
Winchester, 7-8 High St. & 50 Colebrook Street	Retail
Guildford, 51-53 High Street	Retail
Newbury, The Triangle, Pinchington Lane	Retail Warehouse
Sunningdale, 53/79 Chobham Road, Berkshire	Retail
Rayleigh, 41/47 High Street	Retail
Nottingham, 21/22 Long Row East and 2/6 King Street	Retail
Redhill, 15 London Road	Offices
Bellshill, Mercury House, Strathclyde Business Park	Offices
Rayleigh, 81/87 High Street	Retail
Kingston upon Thames, 11 Church Street	Retail
Sutton Coldfield, 63-67 The Parade	Retail
Nottingham, 25-27 Bridlesmith Gate	Retail

* Leasehold Property



Directors



Vikram Lall^{†‡}

Chairman

was appointed as a Director in April 2013. He is a qualified chartered accountant and was, until 2003, an executive director of Brewin Dolphin Holdings plc with responsibility for corporate finance. Prior to joining Brewin Dolphin, he worked as a corporate financier for many years. He is also a director of a private limited company.



Andrew Gulliford^{†‡}

was appointed as a Director in May 2004. He is a chartered surveyor and was, until 1 January 2006, deputy senior partner of Cushman & Wakefield Healey & Baker. He joined one of its predecessor firms in 1972 and was head of the firm's investment group for twelve years until the end of 2002. He advises a number of institutions on property matters.



Alexa Henderson^{*†‡}

Chairman of the Audit and Risk Committee

was appointed as a Director in December 2015. Alexa is a member of the Institute of Chartered Accountants of Scotland and was previously a director of the WM Company. She is a non-executive director and Chairman of JPMorgan Japan Smaller Companies Trust plc, and a non-executive director of Standard Life UK Smaller Companies Trust. She is also a non-executive director of Bravura Solutions Limited.



Mark Carpenter^{*†‡}

was appointed as a Director in May 2015. He is a chartered surveyor and is a Director of Investment at Nuveen Real Estate, a global real estate asset management company. He is also a non-executive director of other Nuveen Real Estate property funds.



David Ross^{*†‡}

was appointed as a Director in March 2015. He was a founding partner of Aberforth Partners LLP, an investment management firm specialising in investing in UK smaller companies, from which he retired in 2014. He is also a non-executive director of EP Global Opportunities Trust plc and JP Morgan US Smaller Companies Investment Trust plc.

* Member of the Audit and Risk Committee

† Member of the Management Engagement Committee

‡ Member of the Nomination Committee

Directors' Report

The Directors submit the Annual Report and Consolidated Financial Statements of the Company for the year ended 30 June 2020. The Directors' biographies; Corporate Governance Statement; Report of the Audit and Risk Committee; and the Directors' Remuneration Report form part of this Director's Report.

Statement Regarding Annual Report and Consolidated Financial Statements

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

Guernsey registration number: 41870

Results and Dividends

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

The Company has paid interim dividends in the year ended 30 June 2020 as follows:

Interim Dividends 2020		
	Payment date	Rate per share
Fourth interim for prior year	30 September 2019	1.25p
First interim	31 December 2019	1.25p
Second interim	31 March 2020	1.25p
Third interim	30 June 2020	0.625p

A fourth interim dividend of 0.625p will be paid on 30 September 2020 to shareholders on the register on 11 September 2020.

Dividend policy

As a result of the timing of the payment of the Company's quarterly dividends in March, June, September and December, 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 quarterly as interim dividends.

Principal Activity and Status

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

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

The principal activities of the Company's subsidiaries are included in note 9 to the consolidated financial statements.

Remuneration Report

The Directors' Remuneration Report, which can be found on pages 42 and 43, 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 17 November 2020. There have been no changes to the policy since approval by shareholders in 2017. Remuneration is set at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. It is intended that this policy will continue for the three-year period ending at the AGM in 2023. Shareholders will also be asked to approve the Remuneration Report (**Resolutions 2 and 3**).

Directors

Biographical details of the Directors, all of whom are non-executive can be found on page 32.

The Board had commenced its search for a suitable non executive Director to replace Andrew Gulliford who had indicated his intention to retire from the Board at this years AGM, having served 16 years. This search had to be put on hold following the Covid-19 outbreak. Given this delay, the Board are of the opinion that it would be beneficial to retain Andrew's property expertise and knowledge of the Company's portfolio in the short term. Andrew has therefore agreed to put himself up for re-election at this years AGM. The Board will, however, commence its search for a suitable non-executive Director to replace Andrew at an appropriate point in the near future. Consideration will also be given to the requirement to seek, where appropriate, additional diversity within the Board.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper guidance in relation to the Company. The Board confirms that, following the evaluation process set out in the Corporate Governance Statement on pages 37 and 38, the performance of each of the Directors continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected (**Resolutions 5 to 9**).

Resolution 5 relates to the re-election of Vikram Lall who has served on the Board for over seven years. He brings leadership and significant experience of serving on investment company Boards. He is a qualified chartered accountant and has many years of experience of working in corporate finance.

Resolution 6 relates to the re-election of Andrew Gulliford who has served on the Board for 16 years. He has gathered many years of expertise and experience from working at a senior level in the property asset management industry and has an in depth knowledge of the Company's portfolio.

Resolution 7 relates to the re-election of David Ross who has served on the Board for over five years. He has significant experience of working in the investment management industry and the investment company sector in particular. He is a non-executive Director of two other investment companies.

Resolution 8 relates to the re-election of Mark Carpenter who has served on the Board for over five years. He has worked in the property asset management industry for many years at a senior level and is a non-executive Director of other real estate property funds.

Resolution 9 relates to the re-election of Alexa Henderson who has served on the Board for just under five years. She is a qualified chartered accountant and has worked for many years in the investment industry. She is a non-executive Director on three other investment company Boards, one of which she serves as Chairman.

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

Management

The Board has appointed BMO Investment Business Limited (BIB) as the Company's investment managers and BMO REP Property Management Limited (BMO REP) as the Company's property managers. BIB and BMO REP are both part of the BMO Asset Management (Holdings) plc ('BMO') group and, collectively, are referred to in this document as 'the Manager'. BIB was appointed as the Company's AIFM on 18 July 2014.

BIB provides investment management services to the Group. Details of the agreement between the Group and the Manager in respect of management services provided is given in note 2 to the consolidated financial statements.

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

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

Depository

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

Share Capital

As at 30 June 2020 there were 240,705,539 Ordinary Shares of 1 pence each in issue. Subject to the Articles of Incorporation, all shares rank equally for dividends and distributions and carry one vote each and there are no restrictions concerning the transfer of Ordinary Shares in the Company. No agreements between the holders of Ordinary Shares regarding their transfer is known to the Company and there is no agreement which the Company is party to that affects its control following a takeover bid.

Substantial Interests in Share Capital

At 30 June 2020 the Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules):

Substantial Shareholdings		
	Number of Ordinary Shares Held	Percentage Held [†]
Aviva	19,744,695	8.2
Blackrock	12,032,057	4.9
Schroders	11,335,586	4.7
IntegraFin	7,230,434	3.0

[†] Based on 240,705,539 Ordinary Shares in issue as at 30 June 2020.

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

Accounting and Going Concern

Shareholders will be asked to approve the adoption of the Annual Report and Consolidated Accounts at the AGM (**Resolution 1**). The Consolidated Accounts, starting on page 54, comply with current International Financial Reporting Standards. The significant accounting policies of the Company are set out in note 1 to the accounts. The unqualified auditor's opinion on the Annual Report and Consolidated Accounts appears on pages 46 to 53.

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

Modern Slavery Act 2015

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

Future Developments of the Company

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

Annual General Meeting

The Notice of the Annual General Meeting, to be held on 17 November 2020 is set out on pages 77 and 78.

Directors' Authority to Allot Shares

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

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

Resolution 12 therefore, gives the Directors, for the period until the conclusion of the Annual General Meeting in 2021 or, if earlier, on the expiry of 15 months from the passing of Resolution 11, the necessary authority to either allot securities for cash or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £240,705. This is equivalent to 10 per cent of the issued Ordinary Share capital of the Company as at 25 September 2020. It is expected that the Company will seek this authority on an annual basis.

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

Directors' Authority to Buy Back Shares

The Group did not buy back any shares during the year.

Resolution 13, as set out in the notice of the Annual General Meeting, seeks renewed authority for the Company to make market purchases of up to 14.99 per cent of the issued Ordinary Share capital, such authority to last until the earlier of 31 December 2021 and the Annual General Meeting in 2021. Any buy back of Ordinary Shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days before the shares are purchased. Any shares purchased under this authority will be cancelled or held in treasury.

Disclosure of Information to the Auditor

The Directors confirm that:

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

Reappointment of Auditor and Auditor's Remuneration

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

Individual Savings Accounts ('ISAs')

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

Amendments to the Articles of Incorporation (Resolution 14)

Resolution 14, which will be proposed as a special resolution, seeks shareholder approval to adopt revised Articles of Incorporation (the '**New Articles**') in order to update the Company's current Articles of Incorporation (the '**Existing Articles**'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation, and developments in market practice since the Existing Articles were adopted and principally include provisions enabling the Company to hold shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings).

We have summarised in the appendix to the AGM Notice (page 79) those changes introduced in the New Articles which we consider will be of most interest to shareholders. Other changes, which are of a minor, technical or clarifying nature, have not been noted in the appendix.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding meeting using only electronic means. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

The New Articles, showing all the changes to the Existing Articles, are available for inspection on the Company's website, www.bmorealestateinvestments.com from the date of the AGM Notice until the close of the AGM and will also be available for inspection from 15 minutes before and at the AGM.

Recommendation

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

On behalf of the Board

V Lall

Chairman

25 September 2020

Corporate Governance Statement

Introduction

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

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

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

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

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

Except for the matters disclosed below, the Group has complied fully with the AIC Code throughout the year ended 30 June 2020. It is the intention of the Board that, except for the matters disclosed below, the Group will comply fully with the AIC Code throughout the year ended 30 June 2021 in accordance with the UK Corporate Governance 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.

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

The Board

The Company's Articles of Incorporation require all Directors to retire by rotation at least every three years. However, in accordance with the

recommendations of the AIC Code and the UK Corporate Governance Code, the Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman has been imposed. Mr Gulliford has served on the Board in excess of nine years and had intended to retire from the Board at this year's AGM. As indicated in the Chairman's Statement, Mr Gulliford's knowledge of the portfolio has been invaluable since the Covid-19 outbreak during a time when consistency of the Board membership has been beneficial. It is therefore believed to be in the best interests of the Company that Mr Gulliford stands for re-election at this year's AGM and serves on the Board until a suitable replacement is recruited. The Board does not consider that length of service affects the ability of each Director to act independently and also considers that each Director is independent in character and judgement and there are no relationships or circumstances relating to the Company or the Manager which are likely to affect their judgement.

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

The Board consists solely of non-executive Directors of which Mr Lall is Chairman. All Directors are considered by the Board to be independent, (as defined by the AIC Code), of the Manager as at 30 June 2020. New Directors will receive an induction from the Manager and Secretary on joining the Board, and all Directors receive other relevant training as necessary.

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

Conflicts of interest

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

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

Committees

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

As stated in the Directors' Remuneration Report on pages 42 and 43, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

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

Directors' attendance for the year ended 30 June 2020					
	Board	Property Valuation Committee	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
No of meetings	4	4	3	1	1
A Gulliford ⁽¹⁾	4	4	n/a	1	1
V Lall ⁽¹⁾	4	4	n/a	1	1
D Ross	4	4	3	1	1
M Carpenter	4	4	3	1	1
A Henderson	4	4	3	1	1

In addition to the scheduled meetings detailed above, there were a further 11 Board Meetings and 1 Board Committee meeting held during the year. All Directors attended the Annual General Meeting in November 2019.

⁽¹⁾ A Gulliford and V Lall are not members of the Audit and Risk Committee.

Property Valuation Committee

The Property Valuation Committee comprises all of the Directors and is chaired by Mr Mark Carpenter. The Committee reviews the quarterly property valuation report produced by the valuer.

Audit and Risk Committee

The Report of the Audit and Risk Committee is contained on pages 39 to 41.

Management Engagement Committee

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

The committee reviews the appropriateness of the Manager's continuing appointment together with the terms and conditions

thereof on a regular basis. It also reviews the terms and quality of service received from other service providers on a regular basis.

Nomination Committee

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

The Committee is convened for the purpose of ensuring that plans are in place for orderly succession of appointments to the Board. Appointments to the Board are based on merit, but in considering appointments the Nomination Committee also takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, independence, diversity, including gender, and knowledge of the Company within the Board. The Committee is mindful of the recommendations of the Hampton Alexander Review "improving gender balance in FTSE Leadership", in particular the recommendation that a Board should have at least 33 per cent representation by 2020 and this will be considered during the recruitment process for the next Non-Executive Director. Whenever there are new appointments, these Directors receive an induction from the Manager and Company Secretary on joining the Board. All Directors receive other relevant training, collectively or individually, as necessary.

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

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

Relations with Shareholders

The Company proactively seeks the views of its shareholders and places great importance on communication with them. The Board receives regular reports from the Manager and brokers on the views of shareholders, and the Chairman and other Directors make themselves available to meet shareholders when required to discuss any significant issues that have arisen and address shareholder concerns and queries. The Notice of Annual General Meeting to be held on 17 November 2020 is set out on pages 77 and 78. It is hoped that this will provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company. The Annual Report and Notice of Annual General Meeting are posted to shareholders at least 20 working days before the Annual General Meeting.

On behalf of the Board

V Lall
Chairman
25 September 2020

Report of the Audit and Risk Committee

Role of the Committee

During the year, the Audit and Risk Committee comprised all of the Directors except the Chairman of the Board, Mr V Lall and Mr Gulliford who stepped down in 2015 due to his length of tenure on the Board. The Audit and Risk Committee is chaired by Ms Henderson, a Chartered Accountant and member of ICAS, who has recent and relevant financial experience.

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

The Audit and Risk Committee met on three occasions during the year and the attendance of each of the members is set out on page 38. In the course of its duties, the Committee had direct access to PwC and senior members of the Manager's investment company team. Amongst other things, the Audit and Risk Committee considered and reviewed the following matters and reported thereon to the Board:

- the annual and half-yearly reports and consolidated financial statements and results announcements;
- the accounting policies of the Group;
- the principal risks faced by the Group and the effectiveness of the Group's internal control and risk environment including consideration of the assumptions underlying the Board's Statement on Viability;
- the effectiveness of the external audit process and related non-audit services and the independence and objectivity of PwC, their remuneration and terms of engagement;
- the policy on the engagement of PwC to supply non-audit services and approval of any such services;
- the implications of proposed new accounting standards and regulatory changes;

- the receipt of Report on Internal Controls in accordance with AAF (01/06) for the period 1 November 2018 to 31 October 2019 from the Manager; 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 30 June 2020. At the conclusion of the audit, PwC did not highlight any issues to the Audit and Risk Committee which would cause it to qualify its audit report, nor did it highlight any fundamental internal control weaknesses. PwC issued an unqualified audit report which is included on pages 46 to 53.

Non-audit services

In relation to the provision of non-audit services by the auditor, it has been agreed that all non-audit work to be carried out by the auditor must be approved in advance by the Audit and Risk Committee and any special projects must also be approved in advance. PwC did not receive any non-audit fees for the year ended 30 June 2020.

Auditor assessment, independence and appointment

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

PwC have been auditor to the Group since the year ended 30 June 2017 following a tender process. The current audit engagement partner Evelyn Brady, has now served 4 years. 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 Group's system of internal control and for reviewing its effectiveness. It has therefore established an ongoing process designed to meet the particular needs of the Group in managing the risks to which it is exposed, consistent with internal control guidance issued by the Financial Reporting Council.

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

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

A formal annual review of these procedures is carried out by the Audit and Risk Committee. The Committee has also reviewed the Manager's Report on Internal Controls in accordance with AAF (01/06) ('AAF') for the year 1 November 2018 to 31 October 2019 that has been prepared for their investment company clients. Containing a report from independent external accountants, the report sets out the Manager's control policies and procedures with respect to the management of their clients' investments. The effectiveness of these controls is monitored by the Manager's group audit committee which receives regular reports from the Manager's audit, risk and compliance department. Procedures are in place to capture and evaluate failings and weaknesses and ensure that action would be taken to remedy any significant issues identified from this monitoring, which would be reported to the Board. No significant failings or weaknesses in respect of the Group were identified in the year under review nor to the date of this report. The depositary reports to the Board and carries out daily independent checks on cash and investment transactions and is liable for any loss of assets.

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

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

Committee evaluation

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

A Henderson
Chairman of the Audit and Risk Committee
25 September 2020

Significant Matters Considered by the Audit and Risk Committee in Relation to the Financial Statements	
Matter	Action
Valuation of the Investment Property Portfolio	
The Group's property portfolio accounted for 93.6 per cent of its total assets as at 30 June 2020. Although valued by an independent firm of valuers, Cushman & Wakefield, the valuation of the investment property portfolio is inherently subjective, requiring significant judgement by the valuers. Errors in the valuation could have a material impact on the Group's net asset value. Further information about the property portfolio and inputs to the valuations are set out in note 8 to the consolidated financial statements. The title deeds are held by the Group's property lawyers.	<p>The Board and Audit and Risk Committee reviewed the outcomes of the valuation process throughout the year and discussed the detail of each of the quarterly valuations with the Manager at Board Meetings. The Manager liaises with the valuers on a regular basis and meets with them prior to the production of each quarterly valuation. The Board was represented at all of the quarterly valuation meetings with Cushman & Wakefield during the year, including the meeting in advance of the production of the year end valuation. In addition, this is the main area of audit focus and, accordingly, the Audit and Risk Committee receives detailed verbal and written reports from PwC on this matter. PwC also attended the year-end meeting with the independent valuers.</p> <p>The valuation certificate includes a 'material uncertainty' clause in-line with RICS guidance. This clause reflects the fact that there is less certainty in the valuations, given the unknown future impact that Covid-19 might have on the real estate market. Valuers are therefore exercising a higher degree of caution and giving less weight to previous market evidence for comparison purposes. This clause does not apply to the Industrial, logistics and distribution assets which account for 43.4 per cent of the portfolio.</p>
Loan Arrangements	
The Group has a £110 million loan facility: £90 million term loan with Canada Life and a £20 million revolving credit facility with Barclays Bank. The revolving credit facility was undrawn at 30 June 2020. The loan facilities are subject to various covenants, a breach of which could result in early repayment or penalties.	The Board and Audit and Risk Committee review the bank covenants throughout the year to ensure the risk of any breach is sufficiently mitigated.
Income Recognition	
Incomplete or inaccurate recognition could have an adverse effect on the Group's net asset value, earnings per share and dividend cover.	The Board and the Audit and Risk Committee review the revenue forecast on a quarterly basis to ensure that the level of income is able to sustain the dividend. They also review the level and speed of income collection and any provisions for bad debts.

Directors' Remuneration Report

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

Full details of the Company's policy with regards to Directors' fees, and fees paid during the year ended 30 June 2020, are shown below. No major decisions or substantial changes relating to Directors' remuneration were made during the year.

Directors' Remuneration Policy

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

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

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

The terms of Directors' appointments provide that Directors should retire by rotation at least every three years and be subject to re-election. However, in accordance with the recommendations of the 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 direct communications from the Company's shareholders in respect of the levels of Directors' remuneration.

Future Policy Report

The Board reviewed the Directors fees levels and agreed not to increase the remuneration for the year ended 30 June 2021.

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

Annual fees for Board Responsibilities		
	2021 £	2020 £
A Gulliford	30,500	30,500
V Lall	36,250	36,250
D Ross	30,500	30,500
M Carpenter	30,500	30,500
A Henderson	31,500	31,500
Total	159,250	159,250

An ordinary resolution for the approval of Directors' Remuneration Policy will be put to a Shareholder vote at the forthcoming Annual General Meeting (**Resolution 2**).

Annual Report on Directors' Remuneration

Directors' Emoluments for the Year

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

Fees (audited)		
	2020 £	2019 £
A Gulliford	30,500	29,500
V Lall	36,250	35,000
D Ross	30,500	29,500
M Carpenter	30,500	29,500
A Henderson	31,500	30,500
Total	159,250	154,000

Relative Importance of Spend on Pay

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

Actual expenditure			
	2020 £'000	2019 £'000	Change %
Aggregate Directors' Remuneration	159	154	+3.2
Management fee and other expenses*	4,407	4,043	+9.0
Aggregate Shareholder Distributions	10,531	12,036	-12.5

* Includes directors' remuneration.

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:

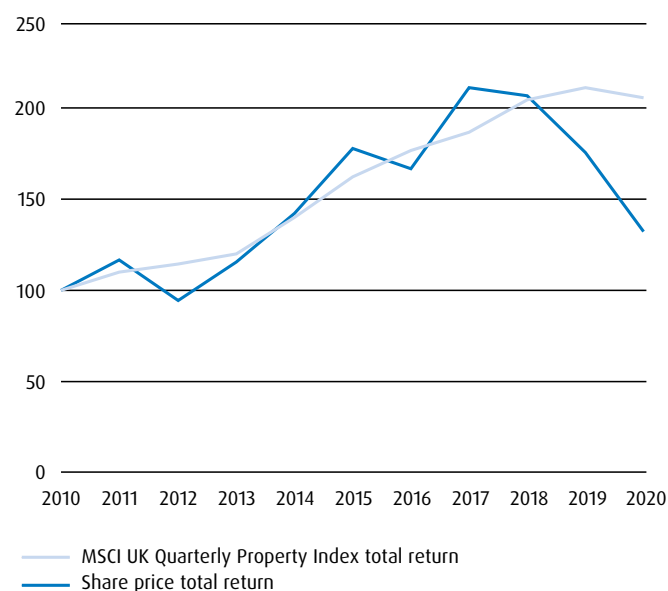
Directors' share interests		
	2020 Ordinary Shares	2019 Ordinary Shares
A Gulliford	75,000	75,000
V Lall	143,765	143,765
D Ross	120,000	120,000
M Carpenter	20,000	20,000
A Henderson	10,219	9,809

Between 30 June 2020 and 25 September 2020, Ms A Henderson purchased 87 Ordinary Shares as a result of a standing instruction to reinvest any dividends paid by the Company. There have been no other changes to Directors' shareholdings since 30 June 2020.

Company Performance

The Board is responsible for the Group's investment strategy and performance, although the management of the Group's investment portfolio is delegated to the Manager through the investment management agreement, as referred to on page 63. The graph below compares, for the ten financial years ended 30 June 2020, the total return (assuming all dividends are reinvested) to ordinary shareholders compared with the total return on a notional investment from the MSCI UK Quarterly Property Index. This index was chosen as it is considered a comparable index and is the Company's benchmark for performance fee purposes. An explanation of the performance of the Company for the year ended 30 June 2020 is given in the Chairman's Statement and Manager's Review.

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



Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 19 November 2019, shareholders approved the Directors' Remuneration Report in respect of the year ended 30 June 2019. 99.2 per cent of votes were in favour of the resolution and 0.8 per cent were against.

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting (**Resolution 3**).

On behalf of the board

V Lall
Chairman
25 September 2020

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 financial performance and cashflows 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 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 to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

Statement under Disclosures Guidance and Transparency Rule 4.1.12

Each of the Directors listed on page 32 confirm that to the best of their knowledge:

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

On behalf of the Board

V Lall
Chairman
25 September 2020



Independent Auditor's Report to the members of BMO Real Estate Investments Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of BMO Real Estate Investments Limited (the "company") and its subsidiaries (together the "group") as at 30 June 2020, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 June 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;

- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

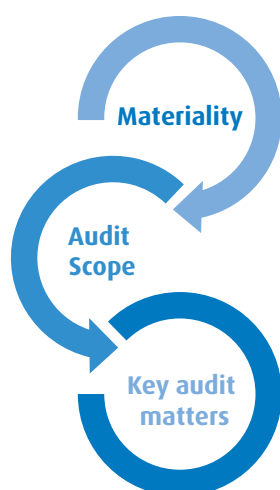
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Our audit approach

Overview



Materiality

- Overall group materiality was £3.3 million which represents 1% of group total assets

Audit scope

- Group audit scoping was performed based on total assets held within each of the eight components in the group covering 100% of group total assets. Our audit opinion covers the consolidated financial statements of the group.
- We conducted our audit of the consolidated financial statements based on information provided by the appointed service providers to the group to whom the board of directors has delegated the provision of certain functions, including BMO Investment Business Limited (the "Investment Manager"), BMO REP Property Management Limited (the "Property Manager") and Cushman & Wakefield (the "External Property Valuer" or the "Valuer").
- We carried out our audit work in Guernsey and the UK.

Key audit matters

- Valuation of Investment Properties as at 30 June 2020
- Risk of fraud in Revenue Recognition
- Management's consideration of the potential impact of COVID-19

Audit scope

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

Our understanding of the controls environment was informed by our review of the Report on Internal Controls available on the Property Manager as well as our enquiries over controls during the audit, however our approach remained predominantly substantive in nature.

The group is based in Guernsey and the financial statements are a consolidation of the Company and two subsidiaries which hold investment properties in the UK. Our group scoping was based on total assets of the group, consistent with our approach to materiality as we approached this engagement as an audit of the group only with no component scoping at an individual subsidiary level.

We evaluated management's incentives and opportunities for fraudulent manipulation of the consolidated financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the consolidated financial statements such as valuation of investment properties.

We engaged our internal PwC Real Estate team as our auditor's experts to review the valuation of investment properties as at 30 June 2020. Our findings are documented in the Key Audit Matter "Valuation of Investment Properties".

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

Overall group materiality	£3.3 million (2019: £3.7 million)
How we determined it	1% of group total assets
Rationale for the materiality benchmark	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the group. We did not apply a separate specific materiality to the statement of comprehensive income. We believe our overall materiality was of a level sufficient to address the risk of material misstatement in the consolidated statement of comprehensive income.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £165k, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Valuation of Investment Properties as at 30 June 2020</p> <p>The group's Investment Properties comprise office, retail (including retail warehouse) and industrial portfolios and represent the majority of the assets as at 30 June 2020. Please see note 9 to the consolidated financial statements.</p> <p>The valuation of the group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income for that particular property.</p> <p>The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement, is why we have given specific audit focus and attention to this area.</p> <p>The valuations of the group's property portfolio were carried out by the External Property Valuer. The External Property Valuer was engaged by the group and performed its work in accordance with the RICS Valuation – Global Professional Standards 2017 (known as the "Red Book"). The External Property Valuer used by the group is a well-known chartered surveyor, with experience in the markets in which the group operates.</p> <p>In determining a property's valuation, the External Property Valuer takes into account property specific current information such as the current tenancy agreements and rental income earned by the property. The External 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. Comparable market information is available for the group's properties.</p> <p>The External Property Valuer has included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties.</p> <p>The group has adopted the assessed values determined by the External Property Valuer, adjusted for lease incentives.</p>	<p>Objectivity and experience of the External Property Valuer</p> <p>We assessed the External 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.</p> <p>We found no evidence to suggest that the objectivity of the External Property Valuer in their performance of the valuations was compromised.</p> <p>External valuations</p> <p>We attended the initial valuation meeting between the External Property Valuer and the Investment Manager to observe the process and initial discussions covering key developments in the property portfolio.</p> <p>Furthermore, we analysed movements between the draft and final valuation figures to determine where there was evidence of undue influence on the External Property Valuer's conclusions for each property.</p> <p>We read the valuation reports for all properties and discussed the reports with the External Property Valuer. We confirmed that the valuation approach for each property was in accordance with professional valuation standards and suitable for use in determining the fair value of Investment Properties at 30 June 2020.</p> <p>We considered the adequacy of the disclosures made in the notes to the consolidated financial statements (critical judgements and estimates and investment properties). These notes explain that there is significant estimation uncertainty in relation to the valuation of investment properties included in the consolidated balance sheet as at 30 June 2020. We discussed with management and obtained sufficient appropriate audit evidence to demonstrate that management's assessment of the suitability of the inclusion of the valuation in the consolidated balance sheet and disclosures made in the financial statements was appropriate.</p> <p>It was evident from our discussions with management and the External Property Valuer and our work surrounding the valuation reports that close attention had been paid to each property's individual characteristics and its overall quality, geographic location and marketability as a whole.</p> <p>We reviewed the property specific information supplied to the External Property Valuer by the group, on a sample basis, to test whether it reflected the underlying property records held by the group.</p> <p>We agreed the value of all investment properties included in the consolidated financial statements to the valuation reports prepared by the External Property Valuer as at 30 June 2020.</p>

Key audit matter	How our audit addressed the Key audit matter
	<p>Assumptions</p> <p>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 External Property Valuer. In particular, we compared the valuation metrics used by the External Property Valuer to recent market activity. We challenged management on significant movements in the valuations.</p> <p>Due to the subjectivity involved in determining valuations for individual properties and the existence of alternative assumptions and valuation methods, we determined a range of values that were considered reasonable to evaluate the independent property valuations used by management. We determined that the assumptions used in the valuations were supportable in light of available and comparable market evidence.</p> <p>No matters were identified in relation to the above procedures that impacted our overall opinion.</p>
<p>Risk of Fraud in Revenue Recognition</p> <p>There exists a risk that management may be incentivised to manipulate reported revenue in order to artificially overstate the perceived yield of the group to shareholders. This risk is increased in market traded companies due to market pressure to deliver results in line with market expectations.</p> <p>There are a large number of individual lease agreements held by the group with diverse lease terms. This creates a level of inherent complexity in the calculation of lease incentives which may increase the opportunity of fraud to be committed.</p> <p>Based on the disaggregation of the total rental revenue into its key components, we identified the areas that were subject to a higher degree of subjectivity and judgement to be turnover leases, company voluntary arrangements and lease incentive adjustments. Whilst these elements were assessed not to be material in the current year, we believe that the current economic environment surrounding COVID-19 increases the risk of fraud and as such we have designated the risk of fraud in revenue recognition as a significant risk and a key audit matter.</p> <p>The group utilises an administrator, which is under common control with the Investment Manager, and hence this implies reduced inherent segregation within the structure, increasing the opportunity for fraud to occur at the Property Manager and financial reporting level through the posting of manual journal entries.</p> <p>The Investment Manager, Property Manager or External Property Valuer are not remunerated on a performance basis.</p>	<p>Substantive testing</p> <p>We obtained a sample of lease agreements and agreed that the associated revenue recognised in the consolidated financial statements was consistent with the contractual terms therein. An assessment was reperformed of the accuracy of rent straight-lining calculations resulting from rent free periods and other lease incentives.</p> <p>We selected a sample of turnover leases and tested the mathematical accuracy of the rental calculation. We also agreed the tenant turnover to independently verified financial information. We performed testing over vacant leases as at year end by agreeing the vacant properties on the tenancy schedule to supporting documents with no significant differences noted.</p> <p>We tested a sample of rental income from tenants that have entered into company voluntary arrangements during the year.</p> <p>We tested manual journal entries made in the preparation of the consolidated financial statements at year end and manual journals to revenue nominal accounts throughout the year by agreeing them to supporting documentation to check the accuracy and validity of the journal entry. We performed procedures over cash outflows and expenses during the year to test that service providers are not receiving remuneration other than per agreed terms, therefore reducing the incentive to commit fraud in the revenue recognition process.</p> <p>Our work did not indicate the existence of management bias of material misstatement due to fraud in revenue recognition.</p>

Key audit matter	How our audit addressed the Key audit matter
<p>Management's consideration of the potential impact of COVID-19</p> <p>Management and the board have considered the ongoing impact that has been caused by the pandemic, COVID-19, on the current and future operations of the group. In doing so, management have made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on the group's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.</p> <p>As a result of the impact of COVID-19 on the wider financial markets and the company's share price, we have determined management's consideration of the potential impact of COVID-19 (including their associated estimates and judgements) to be a key audit matter.</p>	<p>In assessing management's consideration of the potential impact of COVID-19, we have undertaken the following audit procedures:</p> <p>We obtained from management their latest assessments that support the board's assessment and conclusions with respect to the statements of going concern and viability respectively.</p> <p>We discussed with management and the board the critical estimates and judgements applied in their latest assessments so we could understand and challenge the rationale underlying factors incorporated and the sensitivities applied as a result of COVID-19.</p> <p>We inspected the impact assessments provided to evaluate their consistency with our understanding of the operations of the group, the investment properties and with any market commentary already made by the Investment Manager.</p> <p>We reviewed the impact assessment stress testing to confirm that both management and the board have considered adverse circumstances in their assessment of the potential impact of COVID-19 on the group.</p> <p>In discussing, challenging and evaluating the estimates and judgments made by management and the board in their impact assessments, we noted the following factors that were considered to be fundamental in their consideration of the potential impact of COVID-19 on the current and future operations of the group and which support the statements of going concern and viability respectively:</p> <ul style="list-style-type: none"> • The group holds approximately £13.7 million of cash and cash equivalents as at the year end. • The board have taken the decision to suspend future dividends with immediate effect in order to manage cash flows. • Management are monitoring the debt covenants closely and the group is not currently in breach of any covenants. • The modelling performed by management is based on a range of scenarios which include reductions in rental income, these models have been evaluated by the board. • Management and the board have analysed and are satisfied with the business continuity plans of all key service providers as part of their COVID-19 operational resilience review. <p>We considered the appropriateness of the disclosures made by management and the board in respect of the ongoing impact of COVID-19.</p> <p>Based on our procedures and the information available at the time of the directors' approval of the financial statements, we have not identified any matters to report with respect to both management's and the board's consideration of the impact of COVID-19 on the current and future operations of the group.</p>

Other information

The directors are responsible for the other information. The other information comprises all the information included in the 2020 Annual Report and Consolidated Financial Statements (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Use of this report

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

Report on other legal and regulatory requirements

Company Law exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Listing Rules of the Financial Conduct Authority (FCA)

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

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

- The directors' confirmation that they have carried out a robust assessment of the principal and emerging risks facing the company, including a description of the principal risks, what procedures are in place to identify emerging risks, and an explanation of how those risks are being managed or mitigated.

- The directors' explanation as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal and emerging risks facing the group and the directors' statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge and understanding of the group and its environment obtained in the course of the audit.

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

- The directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

- The statement given by the directors that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group obtained in the course of performing our audit.
- The section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Evelyn Brady

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants Recognised Auditor

Guernsey, Channel Islands

25 September 2020

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

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June			
Notes		2020 £'000	2019 £'000
	Revenue		
	Rental income	17,011	18,606
	Total revenue	17,011	18,606
	Losses on investment properties		
8	Losses on sale of investment properties realised	(991)	(206)
8	Unrealised losses on revaluation of investment properties	(17,031)	(7,343)
	Total income	(1,011)	11,057
	Expenditure		
2	Investment management fee	(2,261)	(2,286)
3	Other expenses	(2,146)	(1,757)
	Total expenditure	(4,407)	(4,043)
	Net operating (loss)/profit before finance costs and taxation	(5,418)	7,014
	Net finance costs		
	Interest receivable	34	13
4	Finance costs	(3,507)	(3,526)
		(3,473)	(3,513)
	Net (loss)/profit from ordinary activities before taxation	(8,891)	3,501
5	Taxation on profit on ordinary activities	(258)	(295)
	(Loss)/profit for the year/total comprehensive income	(9,149)	3,206
7	Basic and diluted earnings per share	(3.8p)	1.3p

All items in the above statement derive from continuing operations.

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

The accompanying notes 1 to 22 are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As at 30 June			
Notes		2020 £'000	2019 £'000
Non-current assets			
8	Investment properties	308,734	339,353
10	Trade and other receivables	3,788	4,162
		312,522	343,515
Current assets			
10	Trade and other receivables	3,437	2,569
11	Cash and cash equivalents	13,726	9,858
		17,163	12,427
Total assets			
		329,685	355,942
Non-current liabilities			
12	Interest-bearing bank loans	(89,542)	(96,505)
13	Trade and other payables	(960)	(782)
		(90,502)	(97,287)
Current liabilities			
13	Trade and other payables	(6,319)	(6,074)
	Tax payable	(258)	(295)
		(6,577)	(6,369)
Total liabilities			
		(97,079)	(103,656)
Net assets			
		232,606	252,286
Represented by:			
14	Share capital	2,407	2,407
	Special distributable reserve	177,161	177,161
	Capital reserve	52,122	70,144
	Revenue reserve	916	2,574
Equity shareholders' funds			
		232,606	252,286
15	Net asset value per share	96.6p	104.8p

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 September 2020 and signed on its behalf by:

V Lall, Director

A Henderson, Director

The accompanying notes 1 to 22 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020					
Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
	2,407	177,161	70,144	2,574	252,286
At 1 July 2019					
Loss for the year	-	-	-	(9,149)	(9,149)
Total comprehensive income for the year	-	-	-	(9,149)	(9,149)
6 Dividends paid	-	-	-	(10,531)	(10,531)
Transfer in respect of losses on investment properties	-	-	(18,022)	18,022	-
At 30 June 2020	2,407	177,161	52,122	916	232,606

For the year ended 30 June 2019					
Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
	2,407	177,161	77,693	3,855	261,116
At 1 July 2018					
Profit for the year	-	-	-	3,206	3,206
Total comprehensive income for the year	-	-	-	3,206	3,206
6 Dividends paid	-	-	-	(12,036)	(12,036)
Transfer in respect of losses on investment properties	-	-	(7,549)	7,549	-
At 30 June 2019	2,407	177,161	70,144	2,574	252,286

The accompanying notes 1 to 22 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June			
Notes		2020 £'000	2019 £'000
	Cash flows from operating activities		
	Net (loss)/profit for the year before taxation	(8,891)	3,501
	Adjustments for:		
8	Losses on sale of investment properties realised	991	206
8	Unrealised losses on revaluation of investment properties	17,031	7,343
	Realised capital contribution	(12)	-
	Increase in operating trade and other receivables	(494)	(1,758)
	Increase in operating trade and other payables	423	1,286
	Interest received	(34)	(13)
4	Finance costs	3,507	3,526
		12,521	14,091
	Taxation paid	(295)	(295)
	Net cash inflow from operating activities	12,226	13,796
	Cash flows from investing activities		
8	Purchase of investment properties	(723)	-
8	Capital expenditure	(2,070)	(878)
8	Sale of investment properties	15,402	3,244
	Interest received	34	13
	Net cash inflow from investing activities	12,643	2,379
	Cash flows from financing activities		
6	Dividends paid	(10,531)	(12,035)
	Bank loan interest paid	(3,470)	(3,319)
	Bank loan repaid, net of costs – Barclays Loan	(7,000)	(6,000)
	Net cash outflow from financing activities	(21,001)	(21,354)
	Net increase/(decrease) in cash and cash equivalents	3,868	(5,179)
	Opening cash and cash equivalents	9,858	15,037
	Closing cash and cash equivalents	13,726	9,858

The accompanying notes 1 to 22 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Accounting policies

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

(a) Basis of accounting

(i) Statement of compliance

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

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

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trust companies issued by the Association of Investment Companies ('AIC') in October 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare the consolidated 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 properties which have been measured at fair value.

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

(iii) Going concern

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

(iv) Critical accounting estimates and judgements

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

a. Critical accounting estimates and assumptions

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

i. Investment Properties

The fair value of investment properties is determined by using valuation techniques. For further details of the estimates and assumptions made, see note 1(f) and 8 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.

1. Accounting policies (continued)

(a) Basis of accounting (continued)

b. Critical judgements in applying the Group's accounting policies

i. Business combinations

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

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

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

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

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

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

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

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

(v) Changes in accounting policies

a. New and amended standards adopted by the Group

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

- IFRS 16, 'Leases' was issued in January 2016 and was endorsed by the EU on 31 October 2017. For lessees, it will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases will be removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted.

The new standard listed above did not have any impact on the amounts and is not expected to significantly affect future periods.

1. Accounting policies (continued)

(a) Basis of accounting (continued)

b. New standards and interpretations not yet adopted

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

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

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

(b) Basis of consolidation

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

(c) Revenue recognition

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

Surrender premiums received by the Group following the break of a lease are recognised in the Consolidated Statement of Comprehensive Income to the extent that there are no obligations directly related to that surrender. Surrender premium receipts will be recognised within 'Other Income' where there is no provision in the lease for the payment of a surrender premium.

Interest income is accounted for on an accruals basis.

(d) Expenses

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

(e) Taxation

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

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

1. Accounting policies (continued)

(e) Taxation (continued)

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

Entry to UK-REIT Regime

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

(f) Investment properties

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

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

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve. Fair value is based on the open market valuation provided by Cushman & Wakefield, chartered surveyors, at the balance sheet date using recognised valuation techniques suitably adjusted for unamortised lease incentives and lease surrender premiums. These techniques comprise both the Traditional Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group's assets.

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 property

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

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

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

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

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

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

Any investment properties on which contracts for sale have been exchanged but which had not completed at the period 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.

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

The Group measures financial instruments and investment properties, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost, if any, are disclosed in note 12. 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) Share issue expenses

Incremental external costs directly attributable to an equity transaction that would have otherwise been avoided are written off against the Special Distributable Reserve.

(i) Cash and cash equivalents

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

(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 uncollectible amounts. The Group applies the IFRS9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all applicable trade receivables. Bad debts are written off when identified. Reverse lease surrender premiums and other incentives provided 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) Interest-bearing loans

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

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

(l) Operating lease contracts

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

(m) Reserves

Share capital

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

1. Accounting policies (continued)

(m) Reserves (continued)

Special distributable reserve

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

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

Capital reserve

The following are accounted for in this reserve:

- gains and losses on the disposal of investment properties
- increases and decreases in the fair value of investment properties held at the year-end.

Revenue reserve

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

2. Investment management and performance fee

	2020 £'000	2019 £'000
Investment management fee – basic fee	1,995	2,104
Investment management fee – performance fee	266	182
	2,261	2,286

The fees of any managing agents appointed by the Manager are payable out of the investment management fee. The Group's Manager receives a fee of 0.6 per cent per annum of the Total Assets including cash held provided that no fee is payable on any cash held in excess of 5 per cent of the net assets of the Group.

A performance fee is payable equal to 15 per cent of the amount by which the total return of the Group's directly held properties exceeds 115 per cent of the total return of the Group's benchmark and multiplied by the Group's total assets. The Group's benchmark for direct property performance is the MSCI UK Quarterly Property Universe total return. The performance fee therefore excludes the impact of cash and/or gearing.

The performance fee payable in each financial year is capped at an amount which, when taken with the aggregate base management fee payable in each financial year, equals 0.75 per cent of the average adjusted total assets of the Group.

Performance fees in excess of this capped return can be carried forward for up to two subsequent financial years subject to the annual 0.75 per cent cap.

The performance fee is measured over a rolling three year period and the performance fee payable in respect of any one financial year is equal to the total performance fee earned over that three year period less any performance fees already paid in the previous two years. In the event that the amount already paid in the previous two years is in excess of the amount earned over the rolling three year period, such excess shall be repaid to the Group by the Manager. A performance fee is payable in the event of outperformance of the benchmark even if the total return is negative.

The Board are conscious of the sensitivity of paying performance fees in a market of negative returns and following discussions between the Board and the Manager, a reduction in the performance fee for the year of 50 per cent has been negotiated. It has also been agreed that from 1 July 2020 performance fees will be removed from the investment management fee.

A performance fee of £266,142, net of an agreed deduction of 50 per cent was accrued for the year ended 30 June 2020 (2019: £182,420).

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

3. Other expenses

	2020 £'000	2019 £'000
Direct operating expenses of let rental property	647	705
Direct operating expenses of vacant property	205	162
Bad debts	413	(15)
Valuation and other professional fees	249	253
Directors' fees†	159	154
Administration fee payable to the Manager	110	107
Auditor's remuneration for:		
– statutory audit	77	63
Other	286	328
	2,146	1,757

† An analysis of the Directors' fees is provided in the 'Directors' Emoluments for the Year' table within the Directors' Remuneration Report on page 42.

Valuers fees

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

Administration fee

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

4. Finance costs

	2020 £'000	2019 £'000
Interest on interest-bearing bank loans	3,229	3,292
Amortisation of loan set up costs	221	234
Write-off of old loan set up costs	57	–
	3,507	3,526

5. Taxation

	2020 £'000	2019 £'000
Corporation tax charge in respect of distributions to holders of excessive rights	258	295
Total tax charge	258	295
A reconciliation of the tax charge applicable to the results from ordinary activities at the statutory tax rate to the charge for the year is as follows:		
Net (loss)/profit before taxation	(8,891)	3,501
UK tax at an effective rate of 19.0 per cent	(1,689)	665
Effects of:		
UK REIT exemption on net income	(1,735)	(2,099)
Capital losses on investment properties not taxable	3,424	1,434
Corporation tax charge in respect of distributions to holders of excessive rights	258	295
Total tax charge	258	295

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

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) as a category B collective investment vehicle, as are its subsidiaries. A fixed annual tax exemption fee of £1,200 per company is payable to the States of Guernsey in respect of this.

6. Dividends and property income distributions gross of income tax

	2020 £'000	2019 £'000
Property Income Distributions:		
Fourth interim for the prior year of 1.25 pence per share paid on 30 September 2019 (2018: 1.25 pence)	3,009	3,009
First interim of 1.25 pence per share paid on 31 December 2019 (2018: 1.25 pence)	3,009	3,009
Second interim of 1.25 pence per share paid on 31 March 2020 (2019: 1.25 pence)	3,009	3,009
Third interim of 0.625 pence per share paid on 30 June 2020 (2019: 1.25 pence)	1,504	3,009
	10,531	12,036

A fourth interim dividend totalling 0.625 pence per share will be paid on 30 September 2020 to shareholders on the register on 11 September 2020. Although this payment of £1.5 million relates to the year ended 30 June 2020, under IFRS it will be accounted for in the year ending 30 June 2021, being the financial period in which the dividend was approved.

7. Earnings per share

	2020	2019
Net (loss)/profit attributable to ordinary shareholders (£'000)	(9,149)	3,206
Return per share – pence	(3.8)	1.3
Weighted average number of ordinary shares in issue during year	240,705,539	240,705,539

8. Investment properties

	2020 £'000	2019 £'000
Freehold and leasehold properties		
Opening market value	343,550	353,625
Purchase of investment properties	723	-
Capital expenditure	2,070	878
Sales – net proceeds	(15,402)	(3,244)
– losses on sale	(9,372)	(3,638)
Unrealised losses realised during the year	8,381	3,432
Unrealised gains on investment properties	3,951	11,348
Unrealised losses on investment properties	(20,982)	(18,661)
Realised capital contribution	12	-
Accrued selling costs	-	(30)
Movement in lease incentive receivable	(646)	(160)
Closing market value	312,285	343,550
Adjustment for lease incentives	(3,551)	(4,197)
Balance sheet carrying value	308,734	339,353
	2020 £'000	2019 £'000
Losses on sale	(9,372)	(3,638)
Unrealised losses realised during the year	8,381	3,432
Losses on sale of investment properties realised	(991)	(206)
	2020 £'000	2019 £'000
Unrealised gains on investment properties	3,951	11,348
Unrealised losses on investment properties	(20,982)	(18,661)
Accrued selling costs	-	(30)
Unrealised losses on revaluation of investment properties	(17,031)	(7,343)

All the Group's investment properties were valued as at 30 June 2020 by RICS Registered Valuers working for the company, Cushman & Wakefield, Chartered Surveyors. All such valuers are chartered surveyors, being members of the Royal Institution of Chartered Surveyors ('RICS'). Cushman & Wakefield completed a valuation of Group investment properties at 30 June 2020 on an open market basis in accordance with the requirements of the Appraisal and Valuation Manual published by the RICS. Fair value is determined on a market value basis in accordance with International Valuation Standards, as set out by the International Valuation Standards Committee. The valuation is prepared on an aggregated ungeared basis. It is also determined using market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction as at the valuation date. The critical assumptions made in valuing the properties are detailed in Note 1(f). The market value of these investment properties amounted to £312,285,000 (2019: £343,550,000), however an adjustment has been made for lease incentives of £3,551,000 (2019: £4,197,000) that are already accounted for as an asset.

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

8. Investment properties (continued)

A material uncertainty clause was applied by valuers in March, which reflects the fact that there is less certainty in the valuations, given the unknown future impact that Covid-19 might have had on the real estate market. Valuers are therefore exercising a higher degree of caution and giving less weight to previous market evidence for comparison purposes.

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

The Group has entered into leases on its property portfolio as lessor (See note 19 for further information). All leasehold investment properties have more than 60 years remaining on the lease term. All of the properties per fair value band are shown on page 30.

There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal. However, the Group's investments comprise UK commercial property, which may be difficult to realise, as described in liquidity risk, note 17. There is also uncertainty in respect of valuations as detailed in market risk, note 17.

Other than the capital commitments discussed 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 such properties.

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

Sector	Valuation £'000	Significant Assumption	Range*	2020 Weighted Average	Range*	2019 Weighted Average
Retail	32,650 (2019: 51,250)	Current Net Rental Income per square foot ('psf') per annum	£10-£122	£41	£9-£122	£37
		Estimated Net Rental Value psf per annum	£10-£83	£39	£9-£122	£37
		Net Initial Yield	3.7%-10.3%	6.8%	3.7%-8.0%	6.1%
		Equivalent Yield	3.8%-8.8%	6.3%	3.6%-7.2%	5.9%
Retail Warehouse	50,900 (2019: 65,250)	Current Net Rental Income psf per annum	£8-£40	£17	£1-£40	£16
		Estimated Net Rental Value psf per annum	£10-£32	£16	£10-£38	£16
		Net Initial Yield	2.3%-10.9%	6.3%	1.1%-8.0%	5.4%
		Equivalent Yield	5.1%-8.3%	6.3%	4.8%-7.5%	5.5%
Office	93,235 (2019: 90,750)	Current Net Rental Income psf per annum	£(10)-£54	£25	£3-£55	£25
		Estimated Net Rental Value psf per annum	£4-£80	£38	£4-£81	£38
		Net Initial Yield	(2.7)%-30.7%	4.6%	(0.1)%-27.2%	4.4%
		Equivalent Yield	3.4%-10.5%	5.3%	3.5%-12.9%	5.4%
Industrial	135,500 (2019: 136,300)	Current Net Rental Income psf per annum	£4-£11	£7	£6-£11	£8
		Estimated Net Rental Value psf per annum	£6-£12	£9	£6-£11	£8
		Net Initial Yield	2.2%-5.1%	4.0%	4.0%-5.2%	4.6%
		Equivalent Yield	4.5%-5.1%	4.8%	4.5%-5.1%	4.8%

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

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

8. 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 30 June 2020 arising from:	Retail £'000	Retail Warehouses £'000	Offices £'000	Industrial £'000	Total £'000
Increase in passing rental value by 5%	1,633	2,545	4,662	6,775	15,615
Decrease in passing rental value by 5%	(1,633)	(2,545)	(4,662)	(6,775)	(15,615)
Increase in net initial yield by 0.25%	(1,164)	(1,933)	(4,796)	(7,885)	(15,778)
Decrease in net initial yield by 0.25%	1,254	2,092	5,346	8,924	17,616

Estimated movement in fair value of investment properties at 30 June 2019 arising from:	Retail £'000	Retail Warehouses £'000	Offices £'000	Industrial £'000	Total £'000
Increase in passing rental value by 5%	2,563	3,263	4,538	6,815	17,179
Decrease in passing rental value by 5%	(2,563)	(3,263)	(4,538)	(6,815)	(17,179)
Increase in net initial yield by 0.25%	(2,017)	(2,896)	(4,905)	(7,094)	(16,912)
Decrease in net initial yield by 0.25%	2,189	3,178	5,500	7,919	18,786

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.

9. Investment in subsidiary undertakings

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

10. Trade and other receivables

	2020 £'000	2019 £'000
Non-current		
Capital and rental lease incentive	2,828	3,380
Cash deposits held for tenants	960	782
	3,788	4,162
Current		
Capital and rental lease incentive	722	787
Cash deposits held for tenants	7	161
Rents receivable (net of provision for bad debts)	2,264	802
Other debtors and prepayments	444	819
	3,437	2,569

10. Trade and other receivables (continued)

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

Capital and rental lease incentives consist of £2,623,000 (2019: £3,001,000) being the prepayments for rent-free periods recognised over the life of the lease and £927,000 (2019: £1,116,000) relating to capital incentives paid to tenants.

11. Cash and cash equivalents

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

12. Interest-bearing loans

	2020 £'000	2019 £'000
Canada Life loan		
Principal amount outstanding	90,000	90,000
Set up costs	(1,497)	(1,497)
Accumulated amortisation of set up costs	635	498
Accrued interest on bank loan	588	588
Total due	89,726	89,589
	2020 £'000	2019 £'000
Barclays loan		
Principal amount outstanding	–	7,000
Set up costs	(221)	(480)
Accumulated amortisation of set up costs	11	350
Accrued variable rate interest on bank loan	26	46
Total due	(184)	6,916
Total interest-bearing bank loans	89,542	96,505

£90 million Canada Life Loan 2026

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

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

12. Interest-bearing loans (continued)

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

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

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

The fair value of the interest-bearing Canada Life loan as at 30 June 2020, based on the yield on the Treasury 2% 2025 which would be used as the basis for calculating the early repayment of such loan plus the appropriate margin would be £95,193,000. The exercise of early repayment approximates the carrying amount of the loan. The Canada Life loan is classified as Level 2 under the hierarchy of fair value measurement.

£20 million Barclays Loan 2025

On 27 March 2020, IPT Property Holdings Limited ("IPTH") entered into a £20 million five year revolving credit facility ("RCF") agreement with Barclays. This replaced the Company's previous five year £20 million revolving credit facility which was due to expire on 9 November 2020.

The new loan facility expires on 27 March 2025 and can be drawn down or repaid at anytime. Interest accrues on the bank loan at a variable rate, based on 3 month LIBOR plus margin and mandatory lending costs, and is payable quarterly. The margin is 1.7 per cent per annum for the duration of the loan. As at 30 June 2020 none of the RCF was drawn down (30 June 2019: £7 million drawn down).

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

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

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

The fair value of the Barclays loan is not materially different to the carrying value at 30 June 2020.

Analysis of movement in interest-bearing loans

	2020 Interest-bearing loans £'000	2019 Interest-bearing loans £'000
Opening balance	96,505	102,299
Cash movement	(7,000)	(6,000)
Amortisation of loan set-up costs	221	234
Write-off of old loan set-up costs	57	-
New loan set-up costs	(221)	-
Movement in accrued loan interest	(20)	(28)
Closing balance	89,542	96,505

13. Trade and other payables

	2020 £'000	2019 £'000
Non-current		
Rental deposits	960	782
Current		
Rental income received in advance	3,009	3,463
Rental deposits	7	161
VAT payable	1,281	688
Manager's fees payable	775	734
Other payables	1,247	1,028
	6,319	6,074

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

14. Share capital and capital risk management

	2020 £'000	2019 £'000
Allotted, called-up and fully paid		
240,705,539 (2019: 240,705,539) Ordinary Shares of 1 pence each in issue	2,407	2,407

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

The Company issued nil Ordinary Shares during the year (2019: nil).

Capital Risk Management

The objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. In pursuing this objective, the Board has responsibility for ensuring the Company's ability to continue as a going concern. This involves the ability to issue and buy back share capital within limits set by shareholders in a general meeting; borrow monies in the short and long term; and pay dividends out of reserves all of which are considered and approved by the Board on a regular basis. Dividends are set out in note 6 to the consolidated financial statements and borrowings are set out in note 12.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Business Model and Strategy on page 10 and in note 1(m). To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, manage the Group's discount to net asset value and monitor the Group's gearing level. No changes were made to the objectives, policies or processes during the years ended 30 June 2020 or 30 June 2019.

15. Net asset value per share

	2020	2019
Net asset value per ordinary share – pence	96.6p	104.8p
Net assets attributable at the year end	232,606,000	252,286,000
Number of ordinary shares in issue at the year end	240,705,539	240,705,539

16. Related Parties and Transactions with the Manager

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

Transactions between the Company and the Manager are detailed in note 2 on management fees and note 13 on fees owed to the Manager at the balance sheet date. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

17. Financial Risk Management

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

The Group is exposed to various types of risk that are associated with financial instruments. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. There was no currency risk as at 30 June 2020 or 30 June 2019 as assets and liabilities are maintained in 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.

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

Market Risk

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

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

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

Price Risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities. The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies and note 8.

Any changes in market conditions will directly affect the profit/loss reported through the Consolidated Statement of Comprehensive Income. Details of the Group's investment property portfolio at the balance sheet date are disclosed on page 30. A 10 per cent increase in the value of the investment properties held as at 30 June 2020 would have increased net assets available to shareholders and increased the net income for the year by £30.9 million (2019: £33.9 million); an equal change in the opposite direction would have decreased net assets and decreased the net income by an equivalent amount.

The calculations above are based on investment property valuations at the respective balance sheet dates and are not representative of the year as a whole, nor reflective of future market conditions.

Interest rate risk

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

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

17. Financial Risk Management (continued)

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

	Total £'000	Fixed rate £'000	Variable rate £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
2020					
Financial assets					
Cash	13,726	-	13,726	0.00	-
Financial liabilities					
Canada Life loan	(89,726)	(89,726)	-	3.36	6.4
2019					
Financial assets					
Cash	9,858	-	9,858	0.01	-
Financial liabilities					
Barclays loan	(6,916)	-	(6,916)	2.27	-
Canada Life loan	(89,589)	(89,589)	-	3.36	7.4

Credit risk

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

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

The Group has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the Group at 30 June 2020 was £2,264,000 (2019: £802,000). The maximum credit risk is stated after deducting an impairment provision of £421,000 (2019: £9,000). Of this amount £nil was subsequently written off and £111,000 has been recovered.

Apart from the rent receivable disclosed above there were no financial assets which were either past due or considered impaired at 30 June 2020 (2019: nil).

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

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

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

17. Financial Risk Management (continued)

Liquidity risk

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

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

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

In certain circumstances, the terms of the Group's bank loans (detailed in note 12) entitle the lender to require early repayment, for example if covenants are breached, and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected.

At the reporting date, the contractual maturity of the Group's assets and liabilities were:

	Three months or less £'000	Between three months and one year £'000	Between one year and five years £'000	More than five years £'000	Total £'000
Financial Assets					
2020					
Cash and cash equivalents	13,726	–	–	–	13,726
Rent receivable (net of provision for bad debt)	2,264	–	–	–	2,264
Cash deposits held for tenants	7	–	559	401	967
2019					
Cash and cash equivalents	9,858	–	–	–	9,858
Rent receivable (net of provision for bad debt)	802	–	–	–	802
Cash deposits held for tenants	161	–	–	–	161
Financial liabilities					
2020					
Canada Life bank loan	1,310	2,165	11,547	93,856	108,878
Trade and other payables	1,254	775	559	401	2,989
2019					
Canada Life bank loan	1,310	2,165	11,547	96,743	111,765
Barclays bank loan [‡]	6,916	–	–	–	6,916
Trade and other payables	1,042	882	387	395	2,706

[‡] At 30 June 2019, this loan is contractually due within three months but the Company has the right to extend the facility until the termination date.

18. Capital commitments

The Group had no capital commitments as at 30 June 2020 (2019: £nil).

19. Lease length

The Group leases out its investment properties under operating leases.

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

	2020 £'000	2019 £'000
Less than one year	15,238	16,737
Between one and five years	40,290	44,748
Over five years	39,620	45,225
Total	95,148	106,710

The largest single tenant at the year end accounted for 7.3 per cent (2019: 6.8 per cent) of the current annual rental income.

The unoccupied property expressed as a percentage of estimated total rental value was 3.3 per cent at the year-end (2019: 0.1 per cent).

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

20. Operating segments

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

21. Securities financing transactions ("SFT")

The Company has not, in the year to 30 June 2020 (2019: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT, issued in November 2015.

22. Subsequent events

There have been no material events since the year end, however, Covid-19 has continued to affect the Company and the impact has been discussed in the Chairman's Statement and the Manager's Report.

AIFM Disclosures

Alternative Investment Fund Managers ('AIFM') Directive

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

The Company's maximum and average actual leverage levels at 30 June 2020 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	400%	400%
Actual	133%	139%

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

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

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

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

An Investor Disclosure Document for the Company is available on the Company's website: www.bmorealestateinvestments.com.

Notice of Annual General Meeting

Notice is hereby given that the sixteenth Annual General Meeting of BMO Real Estate Investments Limited will be held at the offices of BMO Global Asset Management, Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG on 17 November 2020 at 12 noon and we draw your attention to footnote 8 of this notice which is recommending that shareholders do not attend in person. The meeting will address the following:

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

1. That the Annual Report and Consolidated Financial Statements for the year ended 30 June 2020 be received and adopted.
2. That the Directors' Remuneration Policy be approved.
3. That the Directors' Annual Report on Remuneration be approved.
4. That the dividend policy as set out in the Annual Report be approved.
5. That Mr V Lall, who retires annually, be re-elected as a Director.
6. That Mr A Gulliford, who retires annually, be re-elected as a Director.
7. That Mr D Ross, who retires annually, be re-elected as a Director.
8. That Mr M Carpenter, who retires annually, be re-elected as a Director.
9. That Ms A Henderson, who retires annually, be re-elected as a Director.
10. That PricewaterhouseCoopers CI LLP, be re-appointed as Auditor until the conclusion of the next Annual General Meeting.
11. That the Directors be authorised to determine the Auditor's Remuneration.

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

12. That the Directors of the Company be and are hereby generally empowered to allot ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company ("equity securities") for cash, including by way of a sale of ordinary shares held by the Company as treasury shares, as if any pre-emption rights in relation to the issue of shares set out in the Listing Rules made by the Financial Conduct Authority under part VI of the Financial Services and Markets Act

2000 (as amended) did not apply to any such allotment of equity securities, provided that this power:

- (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
 - (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £240,705 being 10 per cent of the issued share capital of the Company, as at 25 September 2020.
13. That the Company be authorised, in accordance with section 315 of the Companies (Guernsey) Law, 2008 (the 'Law'), to make market purchases (within the meaning of section 316 of the Law) of Ordinary Shares of 1p each ("Ordinary Shares") (either for retention as treasury shares or cancellation) provided that:
 - (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent of the issued Ordinary Shares on the date on which this resolution is passed;
 - (b) the minimum price which may be paid for an Ordinary Share shall be 1p;
 - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 105 per cent of the average of the middle market quotations (as derived from the Daily Official List) for the Ordinary Shares for the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue which the purchase is carried out; and
 - (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 December 2021 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2021, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

14. That the Articles of Incorporation contained in the document produced to the meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Incorporation of the Company in substitution for, and to the exclusion of, the existing Articles of Incorporation, with effect from the conclusion of the 2020 Annual General Meeting.

By order of the Board

**Northern Trust International Fund Administration
Services (Guernsey) Limited**

Secretary

PO Box 255, Trafalgar Court, Les Banques

St. Peter Port, Guernsey GY1 3QL

25 September 2020

Notes:

1. A member who is entitled to attend, speak and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for use at the Meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 12 noon on 13 November 2020.
3. The completion and return of the form of proxy will not preclude you from attending the Meeting. If you have appointed a proxy and attend the Meeting in person your proxy appointment will remain valid and you may not vote at the Meeting in person unless you have provided a hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 12 noon on 13 November 2020. In the case of a member which is an individual, the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or in the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority under which the revocation notice is signed) must be included with the revocation notice.

4. To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 13 November 2020. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such Meeting.
5. The current Articles of Incorporation, the proposed new Articles of Incorporation and the Directors' letters of appointment will also be available for inspection for fifteen minutes prior to the Annual General Meeting and during the meeting itself.
6. As at 25 September 2020, the latest practicable date prior to publication of this document, the Company had 240,705,539 Ordinary Shares in issue with a total of 240,705,539 voting rights.
7. Any person holding three per cent of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
8. Given the risks posed by the spread of Covid-19 and following the related guidance received from the Government, shareholders are not expected to attend the AGM and the Company may, in accordance with its Articles of Incorporation, impose entry restrictions on certain persons wishing to attend the AGM or may be required to adjourn the AGM. Other restrictions may be imposed as the Chairman of the meeting may specify in order to ensure the safety of those attending the AGM.

All shareholders are strongly encouraged to exercise your votes in respect of the AGM in advance. This should ensure that your votes are registered and count at the AGM. Furthermore, the Board always welcomes questions from our shareholders at the AGM and this year shareholders are invited to submit their questions to the Board in advance and the answers to these questions will be posted on the website after the AGM. Shareholders should submit any questions they may have to BREICoSec@bmogam.com before 13 November 2020.

Appendix

Summary of the principal amendments to the Company's articles of incorporation

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 14 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, www.bmorealestateinvestments.com, and at the offices of Dickson Minto.

Hybrid/Virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a last resort to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

The Alternative Fund Managers Directive

The Board is proposing to make amendments to the Existing Articles in light of certain requirements under the AIFMD and the AIFM Regulations and related rules and regulations. The proposed new provisions provide for (i) the net asset value per share of the Company to be calculated at least annually and disclosed to shareholders, (ii) certain investment information to be made available to investors in the Company; (iii) the valuation of the Company's assets to be performed in accordance with prevailing accounting standards, and (iv) the Company's reports and accounts to be prepared in accordance with international accounting standards as may be permitted under the laws of Guernsey. These amendments will have no bearing on the Company's current practices and simply articulate minimum requirements of the AIFMD and the AIFM Regulations.

International tax regimes requiring the exchange of information

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ('**FATCA**') imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013 (as replaced by the International Tax Compliance Regulations 2015 (the '**Regulations**')).

The New Articles contain provisions which provide the Company with the ability to require shareholders to co-operate with it so that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA (and consequently having to pay withholding tax to the US Internal Revenue Service).

The Board is proposing to include new provisions in the New Articles to ensure that: (i) the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole; and (ii) the Company has the ability to require shareholders to co-operate and provide information in respect of the obligations under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "**Common Reporting Standard**").

Minor amendments

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including: (i) dispensing with the need for the Company to use newspaper adverts to trace members; (ii) clarifying the procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; (iii) allowing the Company to pay dividends exclusively through bank transfers instead of by way of cheques with the further ability to retain cash payments where bank details are not provided by a shareholder; and (iv) providing the Directors with the ability to require additional security or safety measures to be put in place at general meetings of the Company. These changes together with certain other minor amendments being introduced reflect modern best practice and are intended to relieve certain administrative burdens on the Company.

Shareholder Information

Dividends

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

Share Price

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

Data Protection

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

Change of Address

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

Shareholder Enquiries

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

Common reporting standards

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

Key Information Document

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

Warning to Shareholders – Beware of Share Fraud

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

If you receive unsolicited investment advice or requests:

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

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

Historic Record

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

⁺as a percentage of average net assets (excluding direct property expenses).

[†] post the merger with ISIS Property Trust.

Financial Calendar

Annual General Meeting	17 November 2020
Payment of first interim dividend	December 2020
Announcement of interim results	March 2021
Posting of Interim Report	March 2021
Payment of second interim dividend	March 2021
Payment of third interim dividend	June 2021
Announcement of annual results	September 2021
Posting of Annual Report	September 2021
Payment of fourth interim dividend	September 2021

Alternative Performance Measures

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

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

		2020 pence	2019 pence
Net Asset Value per share	(a)	96.6	104.8
Share price per share	(b)	56.0	80.0
Discount (c = (b-a)/a)	(c)	-42.0%	-23.7%

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

A reconciliation of dividend cover is shown below:

		2020 £'000	2019 £'000
(Loss)/profit for the year		(9,149)	3,206
Add: Realised losses		991	206
Unrealised losses		17,031	7,343
Profit before investment gains and losses	(a)	8,873	10,755
Dividends	(b)	10,531	12,036
Dividend Cover (c = a/b)	(c)	84.3%	89.4%

Dividend Yield – The annualised dividend divided by the share price at the year end. An analysis of dividends is contained in note 6 to the consolidated financial statements.

Net Gearing – Borrowings less net current assets divided by the value of investment properties.

		2020 £'000	2019 £'000
Loans		89,542	96,505
Less net current assets		(10,586)	(6,058)
Total	(a)	78,956	90,447
Value of investment properties	(b)	308,734	339,353
Net Gearing (c = a/b)	(c)	25.6%	26.7%

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

	2020 £'000	2019 £'000
Investment management fee	2,261	2,286
Other expenses	2,146	1,757
Less non-recurring bad debts	(413)	15
Less direct property expenses	(852)	(867)
Ongoing charges (excluding direct operating expenses)	3,142	3,191
Ongoing charges (excluding direct operating expenses) as a percentage of average net assets	1.3%	1.2%
Ongoing charges (including direct operating expenses)	3,994	4,058
Ongoing charges (including direct operating expenses) as a percentage of average net assets	1.6%	1.6%
Average net assets	244,424	256,408

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

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

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

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

	2020	2019
NAV per share at start of year – pence	104.8	108.5
NAV per share at end of year – pence	96.6	104.8
Change in the year	-7.8%	-3.4%
Impact of dividend reinvestments	+4.1%	+4.7%
NAV total return for the year	-3.7%	+1.3%

	2020	2019
Share price per share at start of year – pence	80.0	99.8
Share price per share at end of year – pence	56.0	80.0
Change in the year	-30.0%	-19.8%
Impact of dividend reinvestments	+5.1%	+4.6%
Share price total return for the year	-24.9%	-15.2%

EPRA Performance Measures

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

	Note	2020	2019
EPRA earnings (£'000)	1	8,873	10,755
EPRA earnings per share (pence)	1	3.7	4.5
EPRA NAV (£'000)	2	232,606	252,286
EPRA NAV per share (pence)	2	96.6	104.8
EPRA NNAV (£'000)	3	227,139	245,641
EPRA NNAV per share (pence)	3	94.4	102.1
EPRA Net Initial Yield	4	4.8%	4.9%
EPRA topped-up Net Initial Yield	4	4.9%	4.9%
EPRA Vacancy Rate	5	3.3%	0.1%
EPRA Cost Ratios – including direct vacancy costs	6	25.9%	21.7%
EPRA Cost Ratios – excluding direct vacancy costs	6	24.7%	20.9%

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

	2020 £'000	2019 £'000
Earnings per IFRS income statement	(9,149)	3,206
Exclude:		
Net change in value of investment properties	17,031	7,343
Losses on disposals of investment properties	991	206
EPRA earnings	8,873	10,755
Weighted average number of shares in issue (000's)	240,705	240,705
EPRA earnings per share (pence)	3.7	4.5

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

	2020 £'000	2019 £'000
IFRS NAV	232,606	252,286
EPRA NAV	232,606	252,286
Shares in issue (000's)	240,705	240,705
EPRA NAV per share (pence)	96.6	104.8

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

	2020 £'000	2019 £'000
EPRA NAV	232,606	252,286
Include:		
Fair value of debt	(5,467)	(6,645)
EPRA NNNAV	227,139	245,641
Shares in issue (000's)	240,705	240,705
EPRA NNNAV per share (pence)	94.4	102.1

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

		2020 £'000	2019 £'000
Investment property valuation		312,285	343,550
Allowance for estimated purchasers' costs		20,986	23,087
Grossed up property portfolio valuation	(a)	333,271	366,637
Annualised cash passing rental income		16,937	18,676
Property outgoings		(852)	(867)
Annualised net rents	(b)	16,085	17,809
Add: notional rent expiration of rent free periods or other lease incentives		369	39
Topped-up net annualised rent	(c)	16,454	17,848
EPRA NIY	b/a	4.8%	4.9%
EPRA topped-up NIY	c/a	4.9%	4.9%

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

	2020 £'000	2019 £'000
Annualised potential rental value of vacant premises	636	13
Annualised potential rental value for the complete property portfolio	19,485	20,752
EPRA Vacancy rate	3.3%	0.1%

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

		2020 £'000	2019 £'000
Total expenditure from IFRS income statement		4,407	4,043
EPRA costs (including direct vacancy costs)	(a)	4,407	4,043
Direct vacancy costs		205	162
EPRA costs (excluding direct vacancy costs)	(b)	4,202	3,881
Rental Income per IFRS income statement	(c)	17,011	18,606
EPRA cost ratio (including direct vacancy costs)	a/c	25.9%	21.7%
EPRA cost ratio (excluding direct vacancy costs)	b/c	24.7%	20.9%

7) Capital expenditure

	2020 £'000	2019 £'000
Acquisitions	723	–
Like-for-like portfolio	2,070	878
Total capital expenditure	2,793	878

Glossary of Terms

Corporate Terms

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

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

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive required that all investment vehicles in the European Union, including Closed-end Investment Companies, must have appointed a Depositary and an Alternative Investment Fund Manager before 22 July 2014. The Board of Directors of a Closed-end Investment Company, nevertheless, remains fully responsible for all aspects of the company's strategy, operations and compliance with regulations.

Benchmark – This is a measure against which an Investment Company's performance is compared. The Company does not have a formal Benchmark but does report its performance against the MSCI UK Quarterly Property Universe, which is used to determine whether a performance fee is payable to the Manager (see note 2 to the consolidated financial statements.)

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

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

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

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

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

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

Manager – The Company's investment manager is BMO Investment Business Limited, and its property manager is BMO REP Property Management Limited. Further details are set out on page 1 and in note 2 to the accounts.

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

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

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

Ordinary Shares – The main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Investment Company, and any capital growth. As at 30 June 2020 the Company had only Ordinary Shares in issue.

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

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

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

Property Terms

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

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

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

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

External Valuer – An independent external valuer of a property. The Company's External Valuer is Cushman & Wakefield and detailed information regarding the valuation of the Company's properties is included in note 8 to the accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

How to Invest

One of the most convenient ways to invest in BMO Real Estate Investments Limited is through one of the savings plans run by BMO.

BMO Investment Trust ISA

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

BMO Junior ISA (JISA)*

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

BMO Child Trust Fund (CTF)*

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

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

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

Charges

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

Annual account charge

ISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT

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

Dealing charges

ISA: 0.2%

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

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

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

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

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

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

How to Invest

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

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

New Customers

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

Email: info@bmogam.com

Existing Plan Holders

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

Email: investor.enquiries@bmogam.com

By post: **BMO Administration Centre**
PO Box 11114
Chelmsford
CM99 2DG

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



BMO Asset Management Limited

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

BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. 737510_G19-1804_L56_04/20_UK

Corporate Information

Directors (all non-executive)


Vikram Lall (Chairman)[‡]
Andrew Gulliford
Mark Carpenter[§]
David Ross[†]
Alexa Henderson^{*}

Registered Office

PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
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Secretary

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

 01481 745001

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

BMO Investment Business Limited
Quatermile 4
7a Nightingale Way
Edinburgh EH3 9EG

 0207 628 8000

Property Manager

BMO REP Property Management Limited
7 Seymour Street
London W1H 7BA

Property Valuers

Cushman & Wakefield
43-45 Portman Square
London W1H 6LY

Auditor

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glatigny Esplanade
St. Peter Port
Guernsey GY1 4ND

Guernsey Legal Advisers

Mourant Ozannes
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

UK Corporate Legal Advisers

Dickson Minto
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

Corporate Brokers

Panmure Gordon & Co
One New Change
London E14 5HP

Depository

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Website:

bmorealestateinvestments.com

[‡] Chairman of the Nomination Committee

[§] Chairman of the Property Valuation Committee

[†] Chairman of the Management Engagement Committee


^{*} Chairman of the Audit and Risk Committee

BMO Real Estate Investments Limited


2020 Annual Report and Consolidated Financial Statements

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