BMO Real Estate Investments Limited

Environmental, Social and Governance Report 2020

BMO

Contents

Common acronyms

BMO REP	BMO Real Estate Partners
BREEAM	Building Research Establishment Environmental Assessment Method
BREI	BMO Real Estate Investments Limited
CDP	Carbon Disclosure Project
DEFRA	Department for Environment, Food and Rural Affairs
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
ESG	Environmental, social and governance
FRI	Full repairing and insuring (lease type)
GAV	Gross Asset Value
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
MEES	Minimum Energy Efficiency Standards, as enforced by The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (Principal Regulations) as amended by The Energy Efficiency (Private Rented Property) (England and Wales) (Amendment) Regulations 2016.
NLA	Net lettable area
RPI	Responsible Property Investment
sBPR	Sustainability Best Practices Recommendations
TCFD	Task Force on Climate-related Financial Disclosures

Corporate information

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Foreword from the Chairman

We present the latest Environmental, Social & Governance (ESG) Report for BMO Real Estate Investments Limited, covering the financial period ended 30th June 2020, which provides continuing insight into the Company's ESG strategy, processes and plans.

The integration of Environmental, Social and Governance (ESG) matters remains a core feature of the Company's property investment activities. We are committed to ensuring that the Company continues to develop more ethically and environmentally conscious behaviour. Social values are characteristics that are becoming more important to us, as are the strengths of our governance structures.

Together with our Property Manager, BMO Real Estate Partners, we are clear that proper attention to material ESG factors is consistent with our fiduciary duties. We recognise the significant impact that ESG matters can have on protecting the Company's assets against depreciation and on enhancing portfolio value. Moreover, the events in recent months surrounding the coronavirus pandemic have served to bring into sharper focus the potential impacts that global shocks or stresses, such as those presented by climate change, might have.

I am delighted with the progress the Company continues to make in advancing its ESG strategy and I'm particularly pleased to see this progress demonstrated in the form of improved standings in a number of key industry indicators. The Company is well positioned to further its efforts in this continually evolving area.

The details of our progress is presented in this Report. We trust you will find this report stimulating, informative and transparent. My fellow Board members and I would be pleased to discuss any aspect of our approach and performance with any of our key stakeholders and we look forward to receiving further feedback.

Vikram Lall Chairman

03 November 2020

1. About this ESG report

This ESG Report:

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

The ESG data section of the report is written in accordance with the latest European Public Real Estate Association's (EPRA) Sustainability Best Practices Recommendations (sBPR), which in turn are aligned principally with the Global Reporting Initiative (GRI) standards. ESG data is reported for the year ending 30 June 2020.

This report has been prepared on behalf of the Company by BMO Real Estate Partners Asset Management plc, working closely with our strategic advisor on responsible investment matters, Hillbreak. Any reference to "we", "us" and "our" throughout the report refers to BREI. BMO Real Estate Partners Asset Management plc is referred to throughout as BMO REP or 'the Property Manager'.

2. About the company

Management

The BREI Board has appointed BMO Investment Business Limited (BIBL) as the Company's investment managers and BMO Real Estate Partners Asset Management plc as the Company's property managers. BIBL and BMO REP are both part of the BMO Asset Management (Holdings) PLC (BAMH). BAMH is owned by Bank of Montreal (BMO) and is part of the BMO Global Asset Management group of companies.

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

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

- The Board of Directors has engaged closely with BMO REP, with the support of specialist consultant, Hillbreak, to satisfy itself that the approach to integrating ESG factors into the investment and property management process is rigorous and appropriate to the investment strategy of the Company; and
- The Board of Directors has determined a suite of ESG pillars, commitments and targets that are bespoke to the Company and its portfolio of property assets.

Key to terms used in this report

The Company: BMO Real Estate Investments Limited

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

The Investment Managers: BMO Investment Business Limited (BIBL)

The Company

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

Objective

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

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.

Portfolio

BREI is an authorised closed-ended Guernsey-registered investment company with focus on prime UK commercial property. As at the 30th June 2020, the BREI property portfolio had a total value of £312 million.

The portfolio has exposure across a range of property asset classes, with broadly equal numbers of industrial and logistics, office, retail warehouse and retail high street properties.

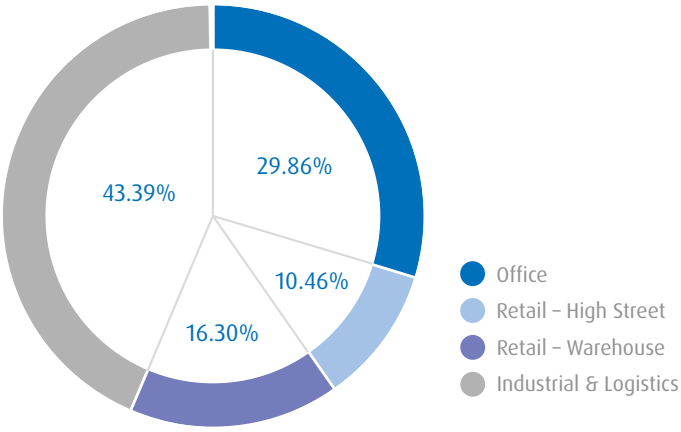
The portfolio is dominated by core assets which are held for the long-term. More than 80% of the portfolio has an anticipated hold period (the amount of time an asset is held by an investment owner before being sold) of five years or more, with circa 50% likely to be held for over 10 years. This means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

Measured by number of assets, approximately one half of the portfolio is directly managed, meaning that there is a degree of operational landlord control in a significant number of assets. The extent to which the landlord provides services to these assets varies and this has a bearing on the extent to which our Property Manager is able to influence or control certain activities, such as waste management, for example. When measured by total floor area, directly managed properties account for about 35% of the portfolio. Consequently, when measured by the most meaningful intensity metric for key environmental performance measures such as energy consumption and greenhouse gas emissions, the landlord and Manager has little direct control over the way a significant proportion of the portfolio is managed.

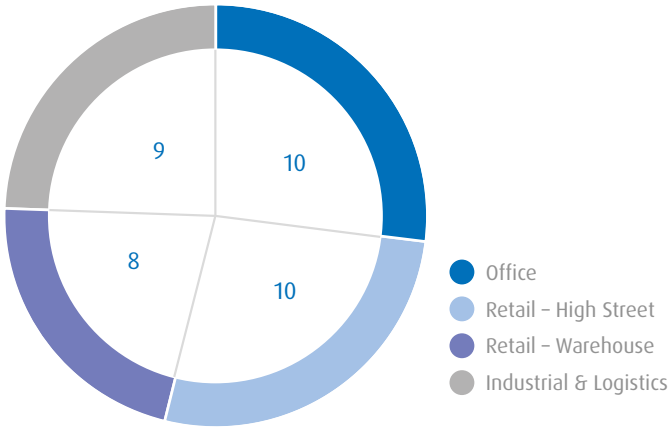
The ESG Performance data in Section 4 and the ESG Risk Profiles set out in Section 5 of this ESG Report, particularly that relating to utilities and related greenhouse gas emissions, are limited to those assets where we have operational control.

Figure 1: Portfolio composition

Percentage of portfolio capital value



Property type (number of assets)



Management status (absolute)

	Capital Value (£)	Number of Assets	NLA (sq ft)
Directly managed	143,285,000	16	495,378
Indirectly managed	169,000,000	21	1,024,634

Management status (percentage)

	Capital Value %	Assets %	NLA %
Directly managed	45.88%	43.24%	32.59%
Indirectly managed	54.12%	56.76%	67.41%

3. ESG strategy and priorities

Developing our ESG strategy

During the year 2019-20, the Company continued to focus on the effective implementation of its ESG strategy as established in 2017. A full explanation of this strategy can be referenced in last year's report and summarised by the four key pillars below.

The process for defining and prioritising the Company's material ESG issues included:

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

The BMO Real Estate Partners approach to Responsible Property Investment

As Property Managers for BREI, the BMO REP approach to Responsible Property Investment (RPI) was used as the foundation for the development of BREI's own Strategy.

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

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

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

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

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

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

Progress against our ESG commitments

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

These commitments and targets were set in 2017. Some have required immediate action, many impose ongoing requirements, whilst others set a longer-term direction of travel and remain as forward actions. Our progress against these pillars to the end of June 2019 is described, along with an explanation of notable outcomes, many of which are further elaborated in later sections of this ESG Report.

The Company will continue to drive ahead with its ESG Strategy in 2020 and beyond, and will provide shareholders with regular updates of progress.

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

ESG commitment	Status	Review of progress
Leadership & effectiveness – measures through which BREI will demonstrate effective governance in relation to ESG criteria.		
Participate in the Global Real Estate Sustainability Benchmark (GRESB) from 2018, with the objective thereafter of realising year-on-year improvements in score and peer group ranking.		The Fund achieved an overall score of 60 in the 2019 GRESB Real Estate Survey, the 17 point improvement representing a 39.5% increase over the previous year's count. The Fund maintained its one-star status. The Company also achieved a B rating in the GRESB Public Disclosure assessment representing a much improved level of transparency for disclosure of ESG related information. The GRESB calendar has been modified this year in order to accommodate a new score review facility. Previously, scores would have been published in early September and in time for the Company to immediately report its performance in its annual ESG Report published around the same time. The new review period extends the cycle by one month meaning that scores are published from 1st November and therefore too late to be incorporated into the September publication of the ESG Report. For this reason, the commentary above reflects that made in the previous year's ESG Report, whilst next year's report will refer to the outputs received later this year.

ESG commitment	Status	Review of progress
Investment process – procedures through which BREI integrates ESG into the investment process.		
Confirm classification of all assets within the manager's Asset Classification System by procuring EPC assessments for those assets for which an EPC is not in place. Implement routine of Asset & Property Management actions according to the classification of each asset and the manager's corresponding RPI Requirements for Asset Managers and Property Managers.	✓	One of the driving criteria in the Asset Classification System is the EPC rating of the properties. The Company has maintained 100% EPC coverage throughout the reporting period, obtaining updated assessments as EPCs expire or asset improvements dictate. The impact on the distribution of properties and capital values according to the classification system is shown in Section 5. Seven assets fall into the upper (more material) tier of the classification system- a net nil change from prior year as one asset had an increased energy spend to just over £50,000 and one of the assets sold in the year was level 1. In addition to the upgrade of a level 2, another level 2 asset was sold, dropping the number of assets in this tier group to 17 from 19 in the previous year. The third asset sold in the year was level 3 bringing the total number of tier 3 assets to 13. The distribution of energy ratings for the portfolio is also shown and explained in Section 5. This shows that 4.11% of income, corresponding to 2.69% of floor area, is associated with F or G rated properties. Our approach to managing these issues is explained in Section 5 but it is worth noting that some of these F or G ratings have not been formally lodged on the national database pending incorporation of potential improvement options within the asset business planning process. This is an ongoing commitment and our comprehensive and diligent approach has ensured that it has been fulfilled from 2018.
Where assets have been classified, undertake ESG Appraisals of all Tier 1 assets by end of 2017, Tier 2 assets by end of Q2 2018 and Tier 3 assets by end of Q4 2018. Asset Business Plans to be updated to reflect the findings of the ESG Appraisals. Appraisals to be kept updated on an annual basis.	✓	ESG Appraisals have been reviewed and updated for all properties during late 2019 and early 2020, with a continued focus on the ESG factors that are considered material to investment performance either because they could suppress rental growth and/or capital appreciation during the hold period, or because they might impact on future liquidity and the realisation of value at the point of exit. The aggregated profile of the key ESG risk metrics arising from these ESG Appraisals is disclosed and discussed in Section 5. Completed ESG Appraisals are used to inform the asset business planning process and have been subject to ongoing annual review.
Undertake ESG Appraisals on 100% of new acquisitions prior to transaction closure, with investment critical findings reported to the Property Investment Committee and relevant findings and improvement recommendations incorporated into the Asset Business Plan.	✓	The Company made no new acquisitions during the reporting year.

ESG commitment	Status	Review of progress
Portfolio – attendance to material ESG performance and risk factors across the portfolio.		
Using aggregated data from asset level ESG Appraisals, prepare an annual report to shareholders on the exposure of the portfolio to key ESG risks including those pertaining to energy (including MEES), water, waste, flooding contamination, accessibility and building certification.	✓	This 2020 ESG Report presents data and information as per earlier years' Responsible Property Investment Reports. The Company will continue to present annual ESG Reports and will look to publish these alongside the Annual Reports, subject to the availability of Q2 utility data becoming available in the time frame required to have select non-financial data independently verified.
Establish year-on-year intensity-based energy, carbon, water and waste reduction targets for landlord services against an appropriate baseline.	✓	Early in 2018, we set asset-specific energy reduction targets for the portfolio and these were confirmed in the 2018 RPI Report. We also set an annual water use reduction target of 1% for directly managed assets. Since then, we have improved our data collection processes for waste, and have set a target for eliminating landlord-managed waste to landfill by the end of 2020.
Eliminate landlord-controlled waste being directed to landfill to any extent by the end of 2020.	✓	The Company has, at time of reporting, verified the disposal routes of all waste removal under the landlord's control and is on track to see zero waste to landfill from Q2 of the 2020-21 reporting period.
Reduce water consumption in directly managed assets by 1% year on year on a like-for-like basis.	✗	Water consumption increased by 7% year on year on a like-for-like basis. Further explanatory commentary is provided in Section 4, ESG performance.
Set a long-term (2030 or beyond) target for energy (and carbon) reduction according to a recognised science-based targets methodology.	✓	Our long-term target of reducing the energy intensity of the portfolio, identified separately below, has been developed in line with the Sectoral Decarbonisation Approach, with the advice of energy and carbon management specialist, Verco Advisory Services. We have produced an investor briefing note that confirms our approach is in line with recognised science-based methodologies.
Reduce the energy intensity of the portfolio by 20% per square meter by 2031, against a 2016 baseline for landlord-procured energy.	✓	Portfolio churn and the movement of vacant premises in and out of landlord control has led to an overall increase in absolute energy intensity from 30kWhe/m^2 to 54kWhe/m^2. However, on a like-for-like basis there has been a 5% reduction in energy intensity since 2016.
Establish a basis for measuring occupier wellbeing and satisfaction across the portfolio and set targets by 2020 for improved performance in this regard.	✓	We undertook a pilot occupier satisfaction survey with the support of customer experience consultancy, Real Service. The outcomes of the pilot were broadly positive with local manager responsiveness being a notable success, but with attention to wider communication channels being the principal area for improvement. A Net Promoter Score of -8.6 was determined from the small sample size taken and provides a baseline against which to measure improvement. The indicator provides a reflection of the likelihood that our occupiers will recommend the Company as a landlord and compares well against Real Service's benchmark score of -5.5 for a blended portfolio covering retail, office and industrial assets.

ESG commitment	Status	Review of progress
Have in place 100% renewable electricity supplies for all landlord procured power by the end of 2018.	✓	We renewed landlord electricity contracts at the end of Q3 2019 and maintained 100% of supplies being from certified renewable energy sources.
Prohibit new lease contracts with organisations connected to the production, storage, distribution or use of Controversial Weapons. Monitor the tenant mix of the Company on a regular basis and exercise discretion when considering leasing to organisations involved in other controversial activities and engage regularly with investors on their expectations in this regard.	✓	We continue to monitor our tenant mix as part of our commitment to minimising our leasing exposure to organisations connected to the production, storage, distribution or use of controversial weapons. 0% (zero percent) of rental income was attributed to organisations that appear on the exclusions list managed by BMO Global Asset Management for the duration of the reporting year.
Transparency – approach to investor reporting and public disclosure on relevant ESG factors.		
Submit the minimum tier questionnaire of the CDP (formerly Carbon Disclosure Project) General Climate module in 2019 and the Full tier from 2020 onwards, whilst investigating the potential to submit across the Water and Supply Chain modules.	✓	The Property Manager completed the minimum tier of the CDP General Climate module in 2018 and followed this with submission to the full tier in 2019. A rating of C was achieved, indicating a knowledge of the impacts of climate related issues. This result is comparable to the average performance of Europe and within the financial services activity group. From 2020 onwards the fund will be classified within the REIT sub-category of the financial services group, which will be available for this year's submission.
Align Non-Financial Reporting to the 3rd Edition of the EPRA Sustainability Best Practices Recommendations. Include summary of performance measures in the 2019 Annual Report, linked to full ESG disclosure on Company website.	✓	This 2020 ESG Report and the disclosures within it are aligned with the 3rd Edition of the EPRA Sustainability Best Practice Recommendations. Furthermore the absolute energy and emissions data was subject to independent verification by Lucideon in accordance with ISO 14064-3. The Company received a Gold Award and a Most Improved Award from EPRA for its 2019 ESG Report indicating a high level of coverage and transparency in its disclosures.
Produce in the 2019 Annual Report a 'routemap' towards financial reporting in line with the recommendations of the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD).	✓	We have continued to advance our approach to addressing climate risk across our portfolio and through our investment processes during 2019-2020. Disclosures aligned to the TCFD recommendations are set out as an appendix to this Report, along with a statement of intended actions for the remainder of 2020 and beyond which are intended to further develop the precision of our analysis of, and response to, climate risks and opportunities.
Provide six-monthly dashboard and commentary updates to shareholders on key ESG attributes for the portfolio.	✓	Our first Responsible Property Investment Report established a baseline against which we will report to shareholders, on a six-monthly basis, the evolving profile of ESG characteristics that will occur as a result of portfolio churn, management action and changing external circumstances. This Report provides shareholders with an update across a full range of ESG metrics. Thereafter, and between annual ESG reports, a summary of notable changes will be presented to shareholders within interim reports.

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 within 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.

4. ESG performance

A high-level summary of ESG performance for the period ending 30 June 2020 is provided below. A more detailed analysis of the data is included in Appendix 1 and is presented in accordance with the European Public Real Estate Association's (EPRA) sustainability Best Practice Recommendations (sBPR).

Environmental

Scope

After three property sales in the year, the Company had an overall investment in real estate of £312 million as at 30th June 2020. About half of this is considered to be invested in directly managed properties, where the landlord has some degree of operational control. But this varies significantly, impacting on the extent of data over which the Company has control and is therefore able to collate. The extent of data coverage is detailed in Appendix 2.

Energy

Since October 2018 the Company has purchased renewable electricity for all properties where the landlord is responsible for energy procurement. From October 2020, this will extent to green gas tariffs, effectively bringing the Company's operational landlord emissions to near zero.

The Property Manager continues to engage the services of a third-party environmental data services provider to collect and report this data. This includes energy consumption for those assets where there is a permanent or temporary (in the case of vacated premises) landlord-controlled energy supply. The figures presented below show the comparison of consumption across 2018-2020, exlcuding assets that were under refurbishment, bought or sold in this period. Absolute energy figures (see Appendix 1) were independently verified by Lucideon, for which the verification statement can be found at Appendix 4.

Table 1: Summary of energy data

	Current year 2020	Prior year 2019
Like-for-like electricity usage (kWh)	760,487	940,628
Like-for-like fuel usage (kWh)	492,716	463,316
Energy intensity (kWhe/m^2)	56	41

During the reporting year electricity consumption in the managed portfolio decreased substantially. This was predominantly as a result of exchange of void spaces into occupier care, such as Nottingham Royal Standard Place after its refurbishment, and also major efficiency improvements at A3 Glory Park in High Wycombe after an upgrade of the BMS controls.

The increase in natural gas consumption can be attributed to the colder winter in 2019, which led in particular to a large increase in heating required in Nottingham at Park View House.

Emissions

Whilst the Company has committed to procuring 100% of landlord electricity supplies from renewable sources (that is, not derived from greenhouse-gas-emitting fossil fuels), it was considered appropriate, for better comparison purposes, to adopt location-based conversion factors provided by the UK Government to calculate the respective emissions as opposed to market-based, which would take into account this purchase of renewable energy.

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

- **Scope 1 emissions** – resulting from the burning of natural gas in a boiler on-site
- **Scope 2 emissions** – resulting from the procurement and use of electricity from the National Grid

Path to net zero carbon

From October 2020 the Company will be procuring both gas and electricity from renewable sources on supplies for which it is responsible. This is the first step in the Company's commitment to a net zero carbon strategy, which will be finalised with a target year committed by the end of 2020.

Table 2: Summary of emissions data

	Current year 2020	Prior year 2019
Total carbon emissions (kg CO_2e)	332,375	326,098
Emissions intensity for Scope 1 and 2 (kg CO_2e/m^2)	15	11.9

Water

The following table reports on water consumption and intensity, and covers the limited extent of landlord control within the portfolio. The water data used is based on bi-annual invoices that use estimates and at time of writing these had not been reconciled back to meter readings due to the limitations on site visits during the COVID-19 government lockdown. Therefore, the apparent 7% increase in like-for-like water consumption is not likely to be accurate, particularly due to the vacancy since the lockdown in the offices for which this data is captured.

Table 3: Summary of water data

	Current year 2020	Prior year 2019
Like-for-like Water Usage (m^3)	1,203	1,128
Water intensity (m^3/m^2)	0.37	0.35

Waste

The Property Manager began collecting detailed waste data in 2018. Waste produced in properties under the landlord's responsibility is reported in the following table by proportion recycled, incinerated for energy and sent to landfill.

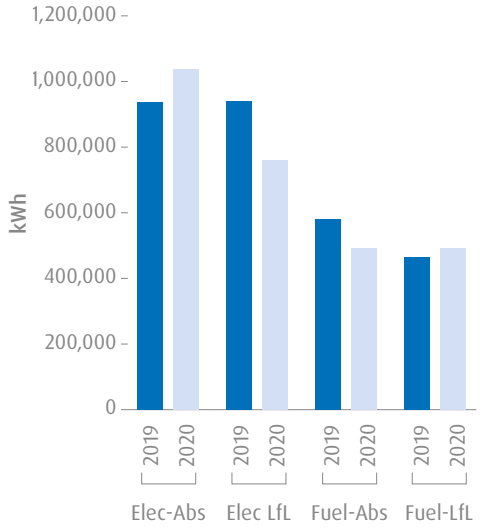
The Company targets zero waste to landfill by the end of 2020 and to achieve this the Property Manager has been engaging waste carriers across the portfolio who can provide suitable account for the total waste removed from site and the component waste streams. At the start of the year one waste carrier was changed on account of not being able to assure the Property Manager that none of the waste (though a small quantity) was sent to landfill for that managed site.

At present, all properties which generate waste streams under landlord control are managed through site management procedures which are aligned to ISO14001 standards. This accreditation ensures proper management and removal of both hazardous and non-hazardous waste from site.

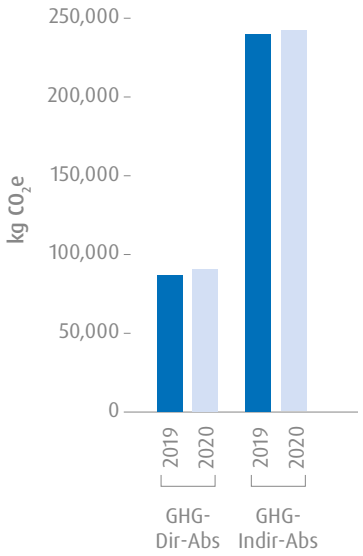
Table 4: Summary of waste data

Total weight of waste by disposal route (tonnes)	Recycling	43%
	Incineration with energy recovery	57%
	Landfill	*de minimus*

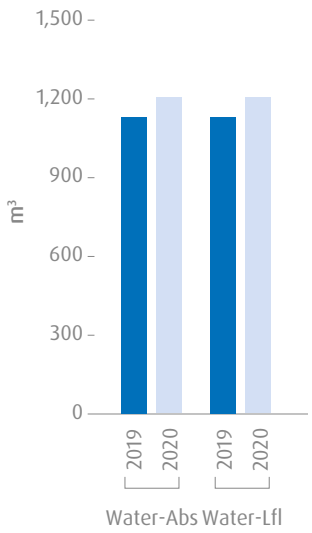
Energy Consumption



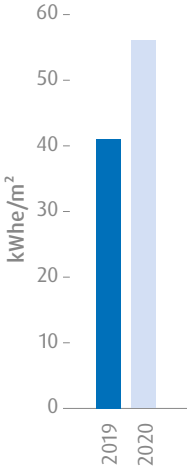
GHG Emissions



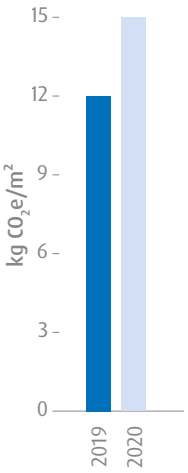
Water Consumption



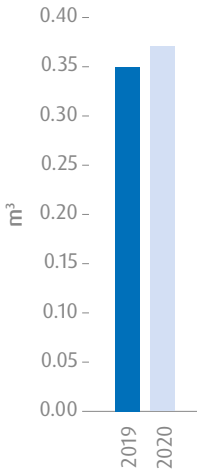
Energy Intensity



GHG Intensity



Water Intensity



Social

Scope

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

The Company has no direct employees, however, a number of Building Managers are employed directly by BMO REP and are required to achieve a minimum of 50 hours of Continuing Professional Development (CPD) each year.

Gender equality

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

Health & safety

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

Through its Property Manager, the Company devoted significant resource to managing health and safety obligations associated with coronavirus across its directly managed property assets. Ranging from industrial sites with limited common areas to larger assets in multiple occupation, the Property Manager implemented a programme of covid-specific risk assessments, arranged for independent verification of representative samples of such assessments together with the associated application of control measures, and engaged in a process of collaboration with building occupiers to enable the establishment of covid-secure premises.

Supply chain

Much of the Property Manager's supply chain management is delivered through the properties' ISO 14001 accreditation (see page 27). This is applicable to all managed assets. Property managers at these sites are given the responsibility to select and manage contractors servicing the sites. They follow the BMO REP supply chain strategy to hire locally and ensure all health and safety and ISO 14001 standards are adopted.

Community Engagement

The characteristics of the current portfolio are such that opportunities for community engagement, for example through forward funded or redevelopment schemes, are limited. Nevertheless, the Company maintains vigilance in seeking out any opportunities it may have to engage with local stakeholders impacted by its activities.

Governance

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

5. ESG risk profile

The ESG Risk Profile described in this Section presents key data collated by BMO REP as part of its ongoing process of appraising all held assets using its ESG Appraisal system. It provides a picture of the key ESG characteristics of the BREI portfolio at 30 June 2020 with respect to issues such as environmental management, flood risk, energy performance and contamination.

Asset classifications

It is important that our approach to ESG is proportionate in the context of each asset's impact and the degree to which we have management control. This is particularly the case for energy, in relation to which both regulatory and performance-related risks to value can materialise. We have therefore devised a classification system to enable resources to be directed at those assets for which the risks and potential enhancement opportunities are likely to be greatest.

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

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

The classification of an individual asset will quite likely change over time, as its energy rating(s) or performance attributes evolve. So, for example, a Level 1 FRI asset may be downgraded to Level 3 if there is a change in its EPC rating, or a directly managed asset may be upgraded to Level 1 from Level 2 if energy consumption increases.

Asset Classification	Energy Rating		Energy Spend
Level 1	EPC Rating of F or G	and/or	Total annual landlord energy spend ≥£50,000
Level 2	EPC Rating of E	and/or	Total annual landlord energy spend >£0 and <£50,000
Level 3	EPC Rating of A+ to D	and	No landlord energy spend (typically FRI assets)

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

Figure 2: Asset classifications by property type

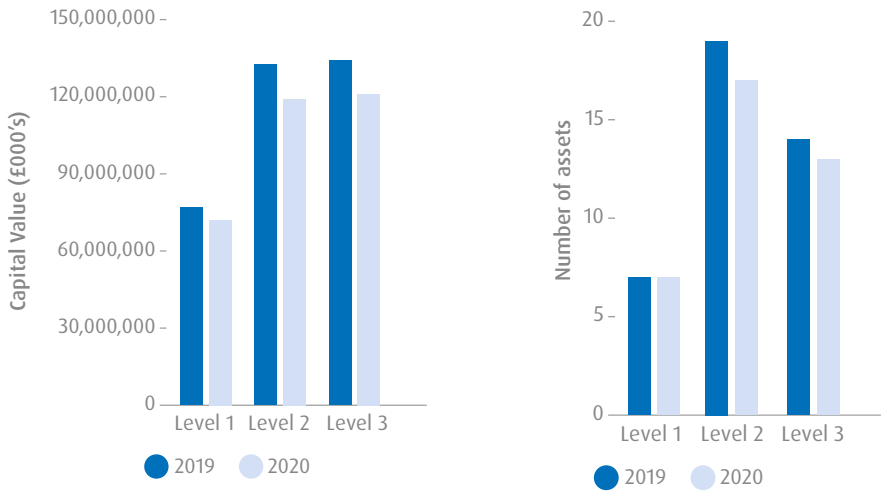
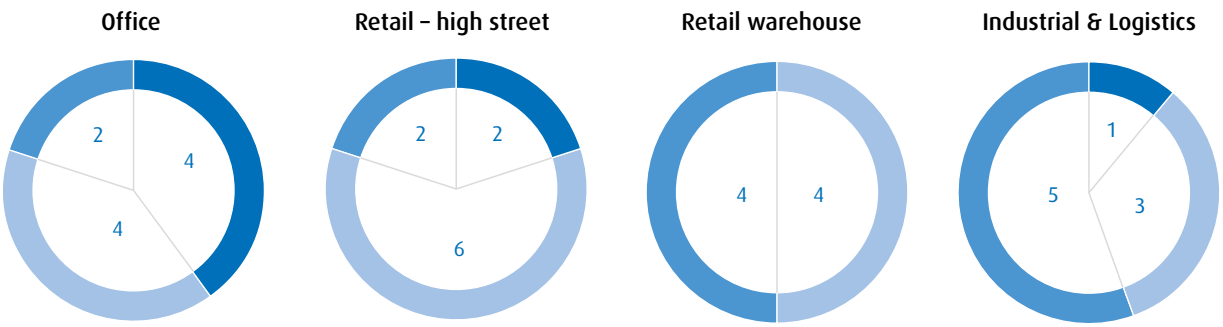


Figure 2: Asset classifications by property type (continued)



Asset classifications

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

Flood Risk

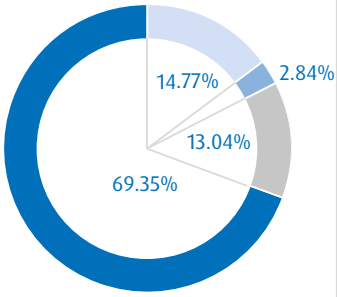
The exposure of the portfolio to the principal sources of flood risk is shown in the Flood Risk Dashboard. This shows that, taking account of flood defences, the majority of the portfolio is at negligible or low risk of flooding from rivers or seas, with 14.77% of capital value at high risk of flooding from this source. Approximately 8.87% of capital value is deemed to be at high risk from groundwater flooding, principally confined to a number of office and high street retail assets. Circa 8.77% of capital value is deemed to be at high risk from surface water flooding, again principally confined to office and retail sectors.

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

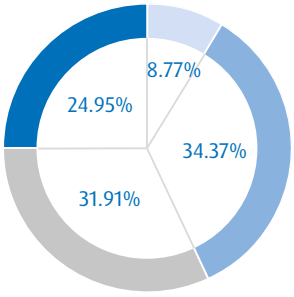
- Undertaking regular flood risk assessments of all held assets to keep our overview of portfolio risk exposure under regular review;
- Undertaking flood risk assessments, including an assessment of repairing obligations within lease terms, at the pre-acquisition stage for all assets in which we consider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

Figure 3: 2019 Flood risk comparison

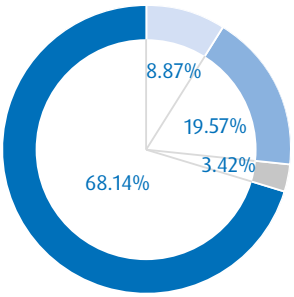
Fluvial flood risk
Distribution of risk ratings as a proportion of total Capital Value



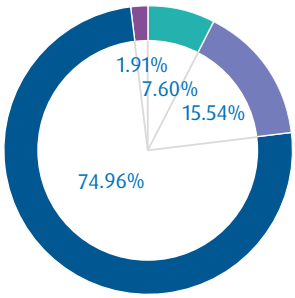
Surface water flood risk
Distribution of risk ratings as a proportion of total Capital Value



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



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

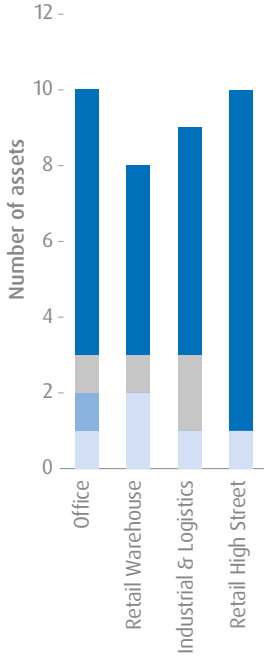


Fluvial flood risk by sector
Distribution of risk ratings by number of assets

Legend

Negligible, Low, Moderate, High

Risk of fluvial or storm-surge flooding accounting for existing flood defences

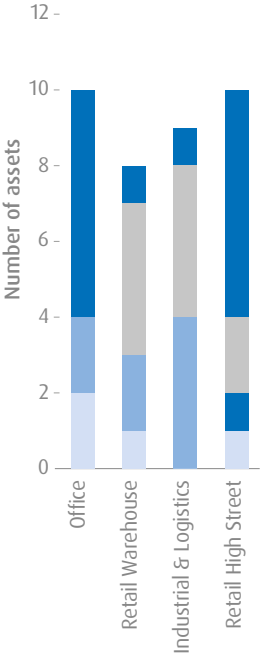


Surface water risk by sector
Distribution of risk ratings by number of assets

Legend

Negligible, Low, Moderate, High

Level of surface water flood risk

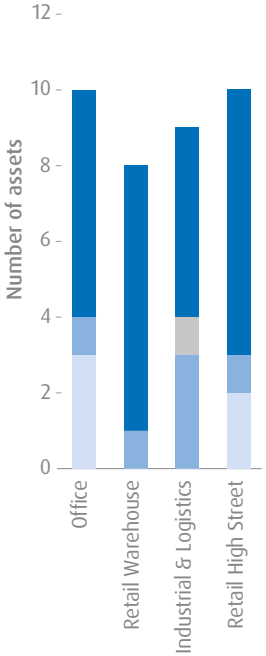


Groundwater risk by sector
Distribution of risk ratings by number of assets

Legend

Negligible, Low, Moderate, High

Level of groundwater flood risk

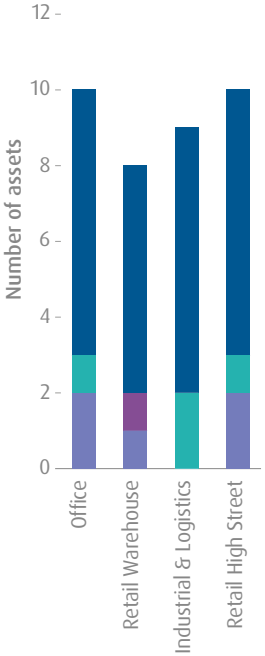


Historic flooding by sector
Distribution of risk ratings by number of assets

Legend

Level of groundwater flood risk

No, Yes (Unknown), Yes (Multiple sources), Yes (Main River)



Risk definitions

Fluvial & tidal (defended) flood extents

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

Risk definitions

Pluvial (surface water) flood extent

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

Risk definitions

Groundwater flood extent

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

EPC ratings

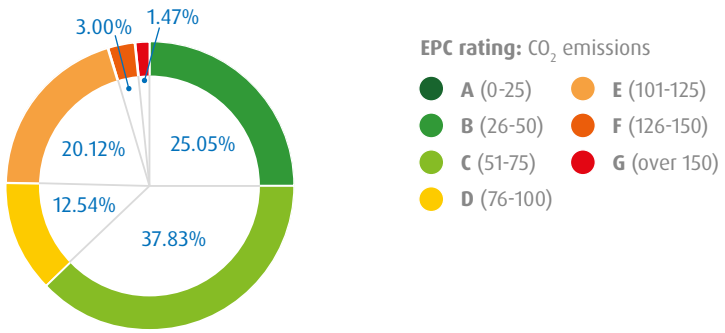
The dashboards below and overleaf provide a summary of the profile of Energy Performance Certificate (EPC) ratings for the portfolio. Across all UK assets, it can be seen that the majority, from both a rental value and floor area point of view, relates to the higher EPC ratings, indicating a good level of modelled energy performance for the portfolio.

Indeed, the properties with F or G ratings summate in combination to only 4.11% of rental value and 2.69% of the total lettable floor area. By number of EPCs, 10.78% are F or G rated, compared to 14% of EPCs lodged on the National Register for England and Wales.

When viewed specifically within the context of our properties located in England & Wales, the jurisdiction within which regulations pertaining to Minimum Energy Efficiency Standards (MEES) apply, the proportion of rental value that is associated with F and G ratings is slightly higher at 4.47%, applicable to some 2.91% of net lettable area.

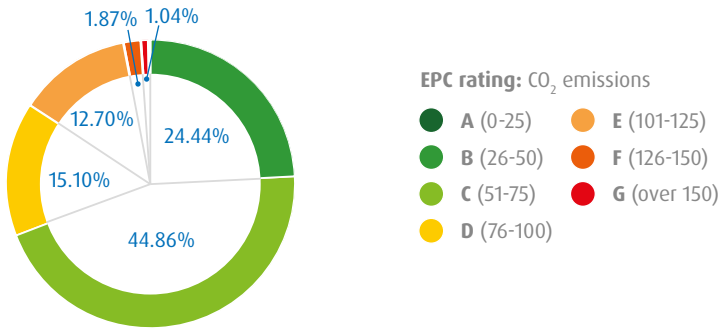
Figure 4: EPC ratings

Distribution of EPC ratings by rental value
Assets in England & Wales only



2020

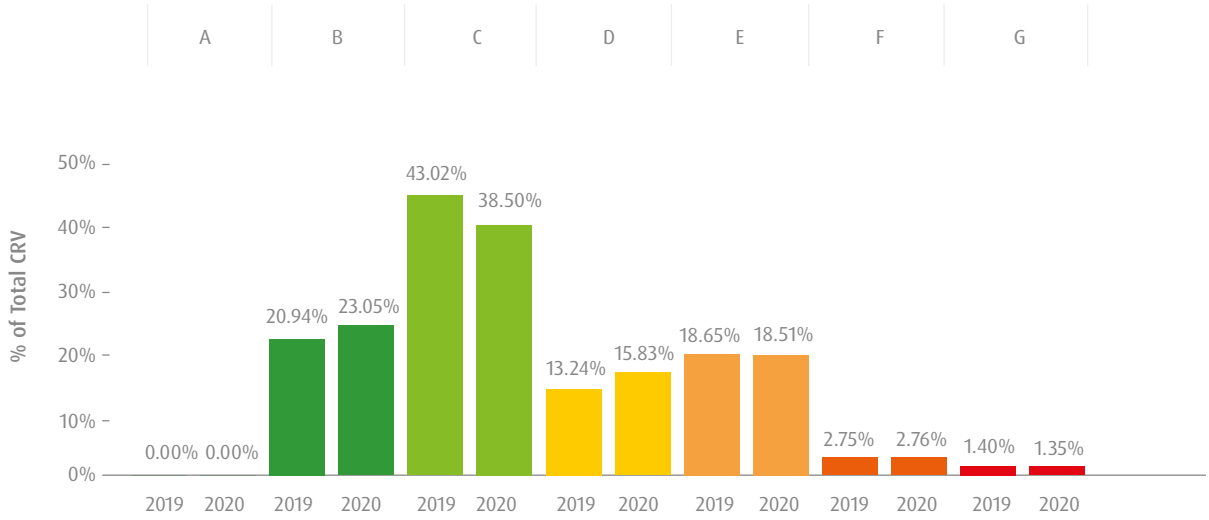
Distribution of EPC ratings by NLA
Assets in England & Wales only



2020

Figure 4: EPC ratings (continued)

2020 EPC ratings by rental value against 2019
Whole portfolio – including assets in Scotland



EPC ratings by net lettable area
Whole portfolio – including assets in Scotland

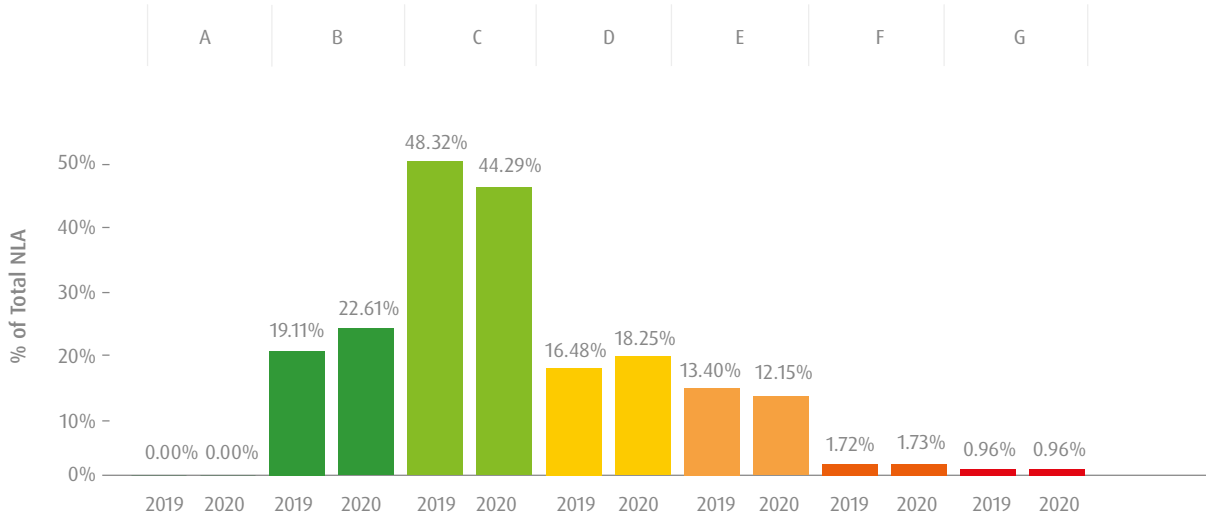
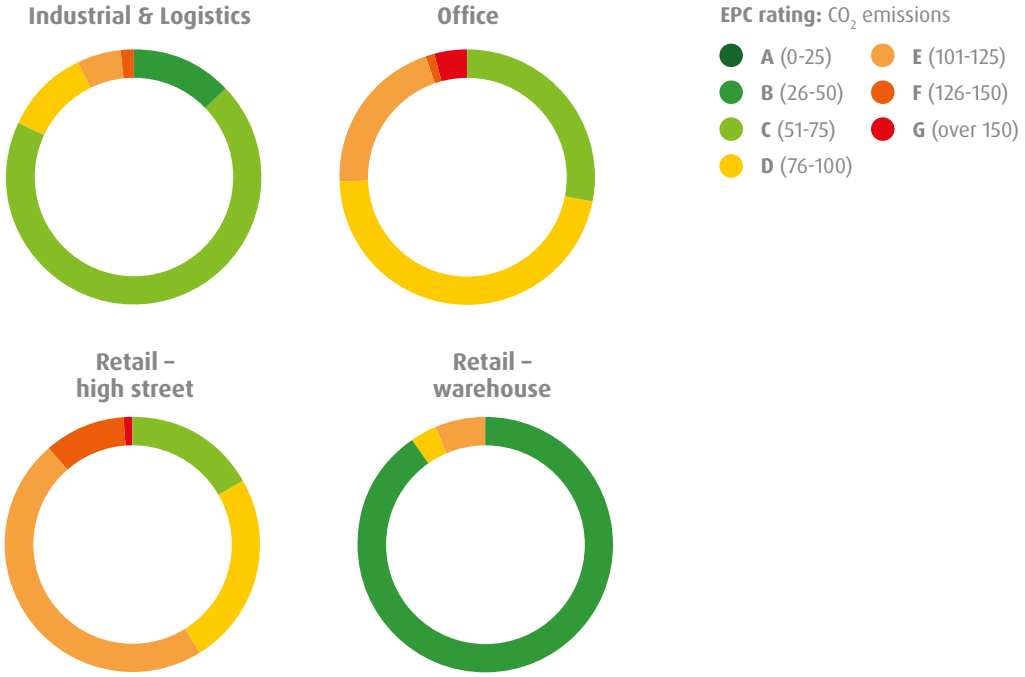
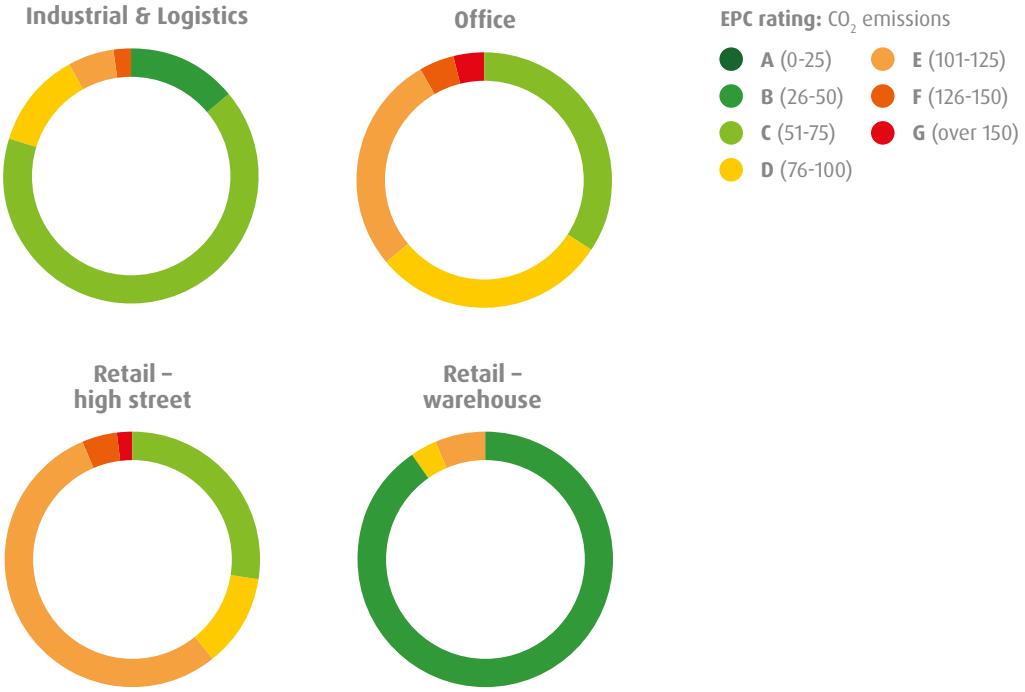


Figure 4: EPC ratings (continued)

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



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



Notes

1 Values shown are Estimated Rental Value (ERV) except where this information is not currently available and Current Rental Value (CRV) is used in its place.

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

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

With these measures in place, we ensure not only that we take timely and cost-effective action to address energy ratings ahead of a legislative restriction on transactions, but also that we future-proof our assets to future regulatory change and standards, in the interests of delivering occupational benefits for our customers and sustainable returns for our shareholders in the long-term.

Other RPI risk metrics

The profile of the portfolio with reference to a range of additional ESG attributes is shown in Figure 5. This indicates that the exposure of BREI assets to various environmental risk criteria is limited, whilst other metrics convey the extent to which certain management actions have been fulfilled.

Current contamination risk

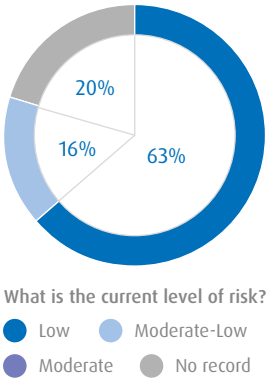
Taking account of the underlying regulatory regime and frameworks, land contamination risk is qualitatively categorised as being either low, low-moderate, moderate or high. The majority (80%) of the portfolio is either at low or low-moderate risk of contamination in terms of capital value. This is no change from the prior reporting year. Contamination is an 'investment critical' criteria within our ESG Appraisal process when considering potential acquisitions. FRI assets over which we have no direct management control benefit from an annual inspection by an asset manager, whilst directly managed assets have the benefit of our Environmental Management System, certified to the ISO 14001 standard, of which the prevention and management of contamination is part.

HCFC coolants

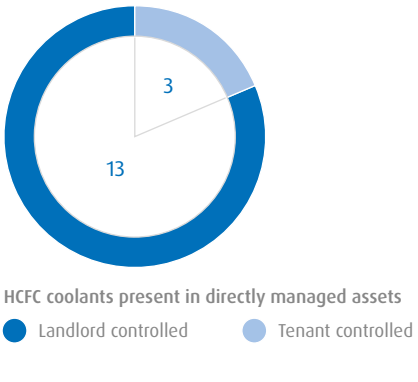
Currently, three office assets within the managed portfolio have air-conditioning equipment that utilises a hydrochlorofluorocarbon (type R-410A and R407C) coolant which is subject to the European F-Gas Regulations for the phasing out of ozone depleting substances. The Regulations prohibit the use of 'recycled' and 'reclaimed' HCFCs to top up or service existing equipment and we manage the implications of this through our asset business plans.

Figure 5: Other Risk Metrics

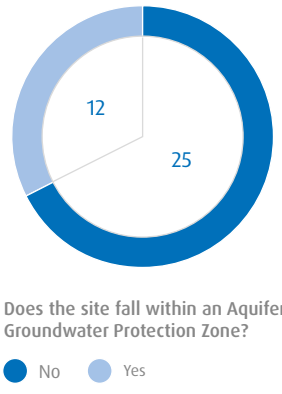
Current contamination risk
Distribution of risk ratings as a proportion of total Capital Value



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



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



Groundwater Source Protection Zones

Twelve assets fall within Groundwater Source Protection Zones, five of which, two Nottingham properties, Bromsgrove, Hemel Hempstead and High Wycombe, relate to directly managed sites. These are designated zones around public water supply abstractions and other sensitive receptors that signal there are particular risks to the groundwater source they protect. It is important that our pollution prevention measures are particularly effective in these areas of elevated risk.

Statutory wildlife designations

None of our properties are affected by statutory wildlife designations.

Building Manager ESG Training

All building managers employed directly by BMO REP have received a basic foundation level of training on relevant ESG matters, commensurate with the enhanced RPI Protocols for Asset & Property Management that have been put in place. This training has been delivered by the Property Manager's dedicated sustainability professionals.

Green Building Certification

None of our properties have the benefit of a formal BREEAM rating. As previously mentioned, the Company considers the merits of green building certification on a case-by-case basis.

Environmental Management System

An Environmental Management Systems (EMS) accredited to the ISO 14001 standard and covering energy, water, waste and the control of hazardous substances has been established by BMO REP and applies to all directly managed assets with the exception of properties considered to be *de minimis* in terms of the landlord's environmental impact.

For the current portfolio, 12 of the 16 directly managed assets are considered to be of this nature. These include assets at Redhill and Chelmsford which reverted to being directly managed this year, and are scheduled for assessment against ISO14001 following their extensive refurbishments.

Appendix 1: EPRA sBPR performance data to 30 June 2020

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

Scope

BREI had an overall investment in real estate of £312 million as at 30th June 2020.

Where there is a landlord-obtained supply of water, electricity and/or natural gas, the respective data on water and energy consumption has been analysed for this report. BMO REP also arranges for waste collection and disposal at six properties, equating to just under 10% of the whole portfolio by floor area.

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

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

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

In August 2018 BMO REP relocated to a newly refurbished single floor in a multi-tenanted building. It was anticipated that water and energy efficiency would improve as a result, which it did- see table 5, showing head office consumption for calendar year 2019 compared to 2018.

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

EPRA sBPR code	Code meaning	Table number	GRI standard and CRESD indicator code
GHG-Indir-Abs (4.9)	Total indirect greenhouse gas emissions	2	305-2
GHG-Int (4.10)	Greenhouse gas emissions intensity from building energy consumption	2	CRE3
Water-Abs (4.11)	Total water consumption	3	303-1
Water-LfL (4.12)	Like-for-like total water consumption	3	303-1
Water-Int (4.13)	Building water intensity	3	CRE2
Waste-Abs (4.14)	Total weight of waste by disposal route	4	306-2
Waste-Lfl (4.15)	Like-for-like total weight of waste by disposal route	4	306-2
Cert-Tot (4.16)	Type and number of sustainably certified assets	6	CRE8
Diversity-Emp (5.1)	Employee gender diversity	7	405-1
Diversity-Pay (5.2)	Gender pay ratio	7	405-2
Emp-Training (5.3)	Training and development	N/A	404-1
Emp-Dev (5.4)	Employee performance appraisals	N/A	404-3
Emp-Turnover (5.5)	Employee turnover and retention	N/A	401-1
H&S- Emp (5.6)	Employee health and safety	N/A	403-2
H&S-Asset (5.7)	Asset health and safety assessments	Page 33	416-1
H&S-Comp (5.8)	Asset health and safety compliance	Page 33	416-2
Comty-Eng (5.9)	Community engagement, impact assessments and development programmes	Page 34	413-1
Gov-Board (6.1)	Composition of the highest governance body	9	102-22
Gov-Select (6.2)	Nominating and selecting the highest governance body	8	102-24
Gov-Col (6.3)	Process for managing conflicts of interest	8	102-25

Environmental

Energy

The following tables show the analysis of data from properties where there is permanent landlord-obtained energy supply and where the landlord has had some temporary responsibility for procurement of energy while a demise has been vacant. The output covers the energy consumption and intensities (energy use by respective area) of relevant assets.

Since October 2018 the Company has been purchasing renewable electricity at all directly and indirectly managed sites where it is the landlord's responsibility to procure energy. The absolute energy figures were verified by an independent external party, Lucideon, whose verification conclusion can be found in Appendix 4.

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

Table 1: BREI Energy Consumption

Measure (units)	EPRA code		Industrial & Logistics	Offices	Retail	Retail warehouse	Grand Total
Electricity consumption (kWh) With proportion of landlord procured electricity from renewable sources	Elec-Abs	2020	8,337	967,108	7,985	53,627	1,037,056
		2019	5,401	878,189	11,452	42,562	937,604
		2020	100%	71%	100%	100%	73%
		2019	77%	72%	72%	82%	73%
Change in electricity consumption (kWh)	Elec-LfL	2020	8,337	690,745	7,779	53,627	760,487
		2019	5,401	879,958	12,707	42,562	940,628
		%	54.36% ↑	-21.50% ↓	-38.78% ↓	26.00% ↑	-47.62% ↓
Natural gas consumption (kWh)	Fuel-Abs	2020	N/A	492,716	N/A	N/A	492,716
		2019	N/A	579,587	N/A	N/A	579,587
Change in natural gas consumption (kWh)	Fuel-LfL	2020	N/A	492,716	N/A	N/A	492,716
		2019	N/A	463,316	N/A	N/A	463,316
		%	N/A N/A	6.35% ↑	N/A N/A	N/A N/A	6.35% ↑
Energy intensity (kWhe/m^2)	Energy-Int	2020	5.7	124.5	38.5	4.8	55.7
		2019	1.1	113.8	5.3	3.8	41.1
Change in energy intensity (%)			417.64% ↑	9.36% ↑	625.66% ↑	26.57% ↑	35.40% ↑

Emissions

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

- **Scope 1 emissions** – resulting from the burning of natural gas in a boiler on site.
- **Scope 2 emissions** – resulting from the acquisition and use of electricity from the National Grid.

Scope 3 emissions (emissions from tenant-acquired and consumed energy) are not reported here due to unavailability of relevant data for the reporting year.

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

Table 2: BREI Emissions

Measure (units)	EPRA code		Industrial & Logistics	Offices	Retail	Retail warehouse	Grand total
Emissions from Scope 1 usage (kg CO_2e)	GHG-Dir-Abs	2020	N/A	90,596	N/A	N/A	90,596
		2019	N/A	86,446	N/A	N/A	86,446
Change in emissions from Scope 1 usage (%)			N/A N/A	5% ↑	N/A N/A	N/A N/A	5% ↑
Emissions from Scope 2 usage (kg CO_2e)	GHG-Indir-Abs	2020	1,944	225,472	1,862	12,503	241,779
		2019	1,381	224,465	2,927	10,879	239,652
Change in emissions from Scope 2 usage (%)			41% ↑	0% ↑	-36% ↓	15% ↑	1% ↑
Emissions intensity for Scope 1 & 2 (kg CO_2e/m^2)	GHG-Int	2020	1.3	33.8	9.0	1.1	15.0
		2019	0.3	33.2	1.4	1.0	11.9
Change in emissions intensity from Scope 1 & 2 usage (%)			343% ↑	2% ↑	540% ↑	12% ↑	26% ↑

Water

The following tables report on the water consumption and intensities of BREI assets. These are determined from in-house analysis of data from invoices for properties where there is landlord-obtained supply.

Table 3: BREI Water Consumption

Measure (units)	EPRA code		Offices
Water consumption (m^3)	Water-Abs	2020	1,203
		2019	1,128
Change in water consumption (m^3)	Water-LfL	2020	1,203
		2019	1,128
		%	7% ↑
Water intensity (m^3/m^2)	Water-Int	2020	0.37
		2019	0.35
Change in water intensity (%)			7% ↑

Waste

The Company has set an ambition of zero waste to landfill by the end of 2020 and to achieve this will be ensuring the appointment of waste carriers across the portfolio who can account for the total waste removed from site and its waste streams. At this time, BMO REP cannot provide weight data for hazardous waste but this is due to be captured moving forward in line with the 2020 target. At present, all properties in the portfolio with waste streams under landlord jurisdiction are controlled by site management procedures which align with and confer ISO14001 accreditation. This accreditation ensures proper management and removal of waste (both hazardous and non-hazardous) from site. The landlord is not responsible for any waste removal from any high street retail or industrial and logistics properties.

Table 4: BREI Waste Production

Measure (units)	EPRA code		Offices	Retail Warehouse	Grand Total
2020 Total weight of waste by disposal route (tonnes)	Waste-Abs	Recycling	13.91	0.11	14.02
		Energy from waste	14.41	4.49	18.90
		Landfill	0.00	0.01	0.01
2019 Total weight of waste by disposal route (tonnes)	Waste-Abs	Recycling	16.09	0.03	16.12
		Energy from waste	23.47	4.84	28.31
		Landfill	0.26	0.03	0.28
2020 Total weight of waste by disposal route (tonnes)	Waste-Lfl	Recycling	13.91	0.11	14.02
		Energy from waste	14.41	4.49	18.90
		Landfill	0.00	0.01	0.01
2019 Total weight of waste by disposal route (tonnes)	Waste-Lfl	Recycling	16.09	0.03	16.12
		Energy from waste	23.47	4.84	28.31
		Landfill	0.26	0.03	0.28
Number of site for which there is hazardous waste					5

BMO Real Estate Partners' head office

In August 2018 BMO REP relocated to a newly refurbished single floor in a multi-tenanted building. This significantly improved the water and energy efficiency of the managing agent's office function. Head office unaudited data aligned with EPRA reporting for energy, emissions and water can be found below. Due to the office move, like-for-like data is not provided for this reporting year. BMO REP hope to extend this reporting to waste for the next reporting year, pending sufficient data shared by the building's property manager.

Table 5: Head office environmental performance

Measure (units)	EPRA Code		Head Office
Electricity consumption (kWh) With proportion of estimated data	Elec-Abs	2019	21,703
		2018	86,658
		2019	0%
		2018	18%
Natural gas consumption (kWh) With proportion of estimated data	Fuel-Abs	2019	55,991
		2018	64,902
		2019	10%
		2018	42%
Energy intensity (kWhe/m^2)	Energy-Int	2019	83.8
		2018	211.3
Change in energy intensity (%)			-60%
			↓
Emissions from Scope 1 usage (kg CO_2e)	GHG-Dir-Abs	2019	10,294
		2018	11,939
Change in emissions from scope 1 usage (%)			-14%
			↓
Emissions from scope 2 usage (kg CO_2e)	GHG-Indir-Abs	2019	5,547
		2018	24,530
Change in Emissions from scope 2 usage (%)			-77%
			↓
Emissions intensity for scope 1 and 2 (kg CO_2e/m^2)	GHG-Int	2019	30.1
		2018	68.4
Change in emissions intensity from scope 1 & 2 usage (%)			-56%
			↓
Water consumption (m^3) With proportion of estimated data	Water-Abs	2019	201
		2018	375
		2019	10%
		2018	50%
Water intensity (m^3/m^2)	Water-Int	2019	0.4
		2018	0.7
Change in water intensity (%)			-46%
			↓

*Intensity metrics use old office floor area.

Sustainability certification

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

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

EPRA code: Cert-tot	% of properties certificate exists for		Ratings summary	
Company	EPC	BREEAM	EPC	BREEAM rating (& scheme version)
Cert-tot	100%	0%	97% E rating or higher	N/A

Social

Scope

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

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

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

Gender equality

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

Table 7: EPRA sBPR for reporting on gender equality

EPRA code	Social performance measure	Company response
Diversity-Emp	Percentage of male and female employees in the Company's governance body.	There is one female member on the Board equating to a 20% representation.
Diversity-Pay	Ratio of remuneration of men to women (gender pay ratio).	The remuneration of Alexa Henderson was 98.8% of that of the average salary of men on the Board

Health & safety

With regards to the EPRA sBPR guidelines on health and safety assessments (H&S-Asset), of the 21 assets that have any degree of direct management control – including 5 sites which are *de minimis* in terms of the extent of responsibility

- 100% undergo regular review in respect of health and safety controls and performance
- 100% undergo fire risk assessments
- 19% (of assets directly managed by the Company) undergo a water hygiene assessment, including assessment of potable water management and risk of legionella

Further to these assessments, and in light of the Grenfell Tower tragedy, an additional analysis of all BREI properties has been undertaken from a fire risk and liquidity perspective. This is discussed in more detail in Section 5.

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

Community engagement

EPRA sBPR guidelines suggest reporting the proportion of assets under management that have implemented community engagement, impact assessments and development programmes (Comty-Eng). When opportunities arise, as might with forward funded or development schemes, the Property Manager will look to exert influence in terms of engagement and liaison with local communities and stakeholders. Such an opportunity did not arise in the reporting year.

Governance

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

The Company's board nomination (Gov-Select) and conflict management (Gov-Col) processes are discussed in detail in the 2020 Annual Report and Consolidated Accounts. References to the relevant section in the Annual Report are shown in Table 8 below, or where reference cannot be made, an explanation of whether conflicts of interest are disclosed to stakeholders has been provided.

Table 8: EPRA sBPR for reporting on governance performance measures

EPRA code	Reference
Gov-Select	Corporate governance statement – page 37
Gov-Col: cross-board membership	Corporate governance statement – page 37
Gov-Col: cross-shareholding with suppliers and other stakeholders	Corporate governance statement – page 37
Gov-Col: existence of controlling shareholder	Director's Report – page 34
Gov-Col: related party disclosure	Notes to the accounts – note 16

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

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

Gov-Board	Number
Number of executive board members	0
Number of independent non-executive board members	5
Average tenure on the governance body	7.7 years
Number of independent non-executive board members with competencies relating to environmental and social topics	0

Appendix 2: Notes on environmental data

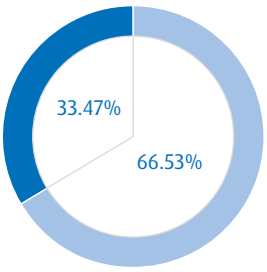
Scope

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

Figure A: ESG Data Coverage

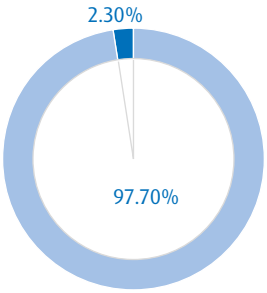
Group data coverage –
Energy & GHG emissions

as a percentage of floor area (NLA)



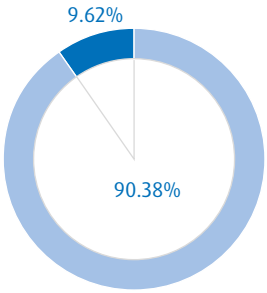
Group data coverage –
Water consumption

as a percentage of floor area (NLA)



Group data coverage –
Waste management

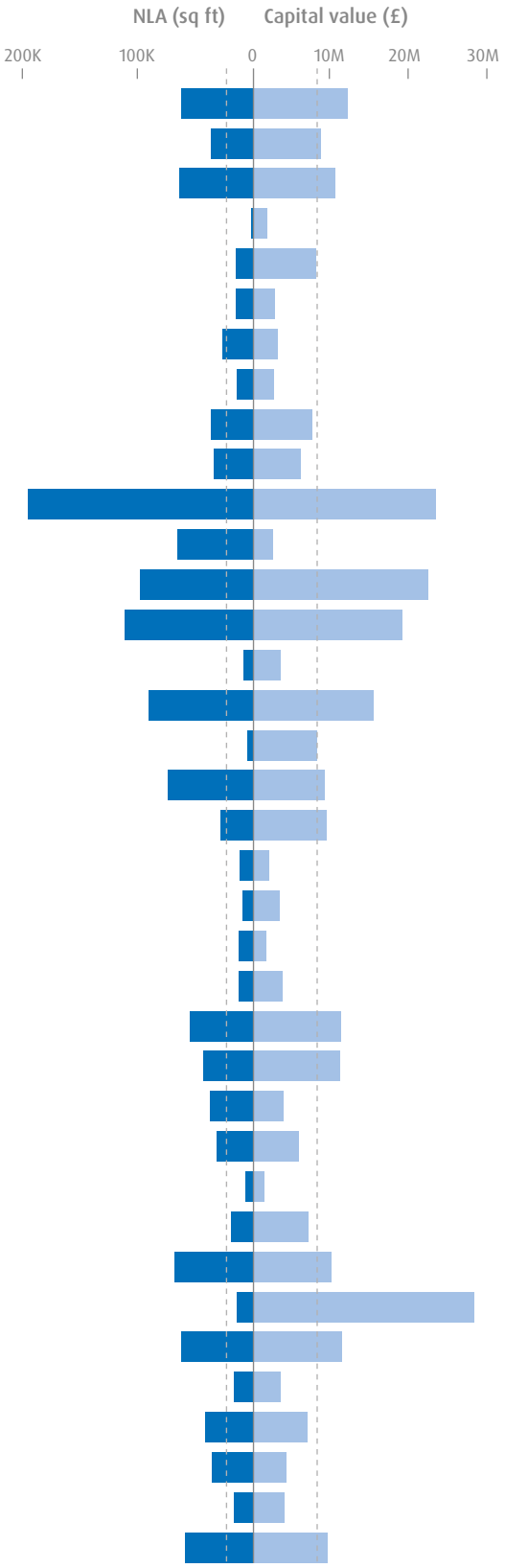
as a percentage of floor area (NLA)



Included
Not Included
Out of scope

Figure B: ESG Data Coverage by Asset

Property name	Is energy consumption data available?	Is water consumption data available?	Is waste data available?	Other data
Bracknell, 1/2 Network Bracknell, Eastern Rd	Not in Scope	Not in Scope	Not in Scope	Included
Chelmsford, County House, County Square.	Included	Not in Scope	Included	Included
Eastleigh, Wide Lane	Not in Scope	Not in Scope	Not in Scope	Included
Kingston-Upon-Thames, 11 Church Street	Not in Scope	Not in Scope	Not in Scope	Included
New Malden, 7 Beverley Way	Not in Scope	Not in Scope	Included	Included
Nottingham, 21/22 Long Row, 2/6 King Street	Not in Scope	Not in Scope	Not in Scope	Included
Rayleigh, 41/47 & 55/55A High Street	Included	Not in Scope	Not in Scope	Included
Redhill, 15 London Road	Included	Not in Scope	Not in Scope	Included
St. Albans, 16,18 & 20 Upper Marlborough Road	Not in Scope	Not in Scope	Not in Scope	Included
Bromsgrove, Brook Retail Park, Sherwood Road	Included	Not in Scope	Included	Included
Banbury, 3663 Unit, Echo Park	Not in Scope	Not in Scope	Not in Scope	Included
Bellshill, Mercury House, Strathclyde Bus Pk	Not in Scope	Not in Scope	Not in Scope	Included
Colnbrook, Units 1-8 Lakeside Road	Included	Not in Scope	Not in Scope	Included
Eastleigh, Southampton International Park	Not in Scope	Not in Scope	Not in Scope	Included
Guildford,51-53 High Street	Not in Scope	Not in Scope	Not in Scope	Included
Hemel Hempstead, Hemel Gateway	Included	Not in Scope	Not in Scope	Included
London SW1, 24 Haymarket & 1/2 Panton Street	Included	Not in Scope	Not in Scope	Included
Milton Keynes,Site E Chippenham Drive	Not in Scope	Not in Scope	Not in Scope	Included
Nottingham, Standard Hill	Included	Not in Scope	Not in Scope	Included
Rayleigh, 81/87 High Street.	Included	Not in Scope	Not in Scope	Included
Sunningdale, 53/79 Chobham Road, Berkshire	Included	Not in Scope	Not in Scope	Included
Sutton Coldfield, 63-67 The Parade	Not in Scope	Not in Scope	Not in Scope	Included
Winchester, 7-8 High St.& 50 Colebrook Street	Not in Scope	Not in Scope	Not in Scope	Included
York, Clifton Moor Gate	Not in Scope	Not in Scope	Not in Scope	Included
Edinburgh, 1-2 Lochside Way, Edinburgh Park	Included	Not in Scope	Not in Scope	Included
Nelson, Churchill Way	Not in Scope	Not in Scope	Not in Scope	Included
Northallerton, Willowbeck Road	Included	Not in Scope	Included	Included
Nottingham, 25/27 Bridlesmith Gate	Not in Scope	Not in Scope	Not in Scope	Included
High Wycombe, A3 Glory Park, Wooburn Green	Included	Included	Not in Scope	Included
Andover, Keens House, Anton Mill Road.	Not in Scope	Not in Scope	Not in Scope	Included
London W1, 14 Berkeley Street	Included	Not in Scope	Included	Included
Theale, Maxi Centre	Not in Scope	Not in Scope	Not in Scope	Included
Newbury, The Triangle, Pinchington Lane	Not in Scope	Not in Scope	Not in Scope	Included
Luton, Enterprise Way	Not in Scope	Not in Scope	Not in Scope	Included
Bury, Halls Mill Retail Park, Foundry Street	Included	Not in Scope	Not in Scope	Included
Nottingham, Park View House, 58 The Ropewalk	Included	Included	Included	Included
Basingstoke, Unit K60, Lister Road	Not in Scope	Not in Scope	Not in Scope	Included
Rotherham, Unit 1, Northfields Retail Park	Not in Scope	Not in Scope	Not in Scope	Included
Nottingham, Park View House, 58 The Ropewalk	Included	Included	Included	Included
Basingstoke, Unit K60, Lister Road	Not in Scope	Not in Scope	Not in Scope	Included



NLA (sq ft) Capital value (£) – – – – – Average

Estimates

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

Estimation of data

	2020			2019		
	Electricity	Gas	Water	Electricity	Gas	Water
Offices	0%	0%	0%	0%	0%	6%
Industrial	0%	0%	N/A	0%	0%	0%
Retail – High Street	0%	0%	N/A	1%	0%	N/A
Retail Warehouse	0%	0%	N/A	0%	0%	N/A

Conversion Factors

Emissions were calculated in kg CO_2 equivalent using the DEFRA GHG Conversion Factor Guidelines for 2019 and 2020. The conversion factors from DEFRA for 2019 and 2020 are presented in the following table.

DEFRA conversion factors (kg CO_2e per kWh)

	2019	2020
Electricity	0.2556	0.23314
Natural Gas*	0.18385	0.18387

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

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

Normalisation

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

The exceptions to the rule are as follows:

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

In the first scenario the common parts area (CPA) was used as the denominator; CPA is considered to be a more appropriate basis for relating landlord consumption to the areas served, and, as a result, a more meaningful measure of efficiency. These were estimated using an estimate of 5% of building NLA. For energy provided to outdoor areas this was estimated from floor plans in the case of outdoor walkways, but where the energy supply is to car park lighting the number of car parking spaces multiplied by 25m^2 (per BBP REEB recommendation) was used.

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

Data coverage

The table below highlights the data coverage for each asset-level performance measure in terms of number of assets within the organisational boundary that were included. Exceptions are as follows:

- Where a tenant within one of these properties procures their own energy separate to the building supply for shared spaces; these scenarios are considered the same terms as FRI tenants and data was not obtained due to unavailability of such data for the reporting year.
- In some instances, water data was not gathered where procurement of water is under the responsibility of the occupier. Coverage of water data by gross asset value (GAV) gathered within the organisational boundary therefore represents disclosure of 4% of the Company's total £312 million investment in real estate.

Coverage of data

	Industrial	Offices	Retail – High Street	Retail – Warehouse
Elec-Abs	60%	71%	70%	60%
Elec-Lfl	60%	71%	67%	60%
Fuel-Abs	60%	71%	70%	60%
Fuel-Lfl	60%	71%	67%	60%
Energy-Int	60%	71%	70%	60%
GHG-Dir-Abs	60%	71%	70%	60%
GHG-Indir-Abs	60%	71%	70%	60%
GHG-Int	60%	71%	70%	60%
Water-Abs	0%	43%	10%	0%
Water-Lfl	0%	43%	10%	0%
Water-Int	0%	43%	10%	0%
Waste-Abs	0%	43%	0%	40%
Cert-Tot	100%	100%	100%	100%

Flood risk assessment methodology

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

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

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

Each of the 37 Assets are included within this report with an overview map and answers to each of the 8 questions. More detailed analysis could be undertaken on an Asset specific basis for those Assets at the highest risk. This additional work would incorporate more detailed flood level and depth datasets, to provide suitable recommendations of mitigation measures; to reduce the overall risks of flooding at each Asset.

Data limitations

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

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

BGS Natural Environment Research Council Disclaimer

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

Appendix 3: TCFD Disclosures

Recommended Disclosure	Current arrangements	Planned activity and timeframe
Governance		
Describe the board's oversight of climate-related risks and opportunities	BMO Real Estate Partners' Sustainability Team provides regular progress reports to the Fund Manager who in turn formally updates the Board on salient matters at quarterly Board Meetings. During the last year, this has included particular emphasis on climate-related transition risks and opportunities, linked to our work on setting long-term targets for the portfolio aligned to the goals of the Paris Agreement on Climate Change in line with a recognised science-based targets methodology. Progress on ESG matters, including on climate change, are highlighted in the Fund's Annual Report and the aligned Responsible Property Investment Report, both of which are reviewed and signed-off by the Board in discussion with the Fund Manager and Hillbreak.	The Board will continue to receive regular updates across the full range of material ESG factors to which the Company is attending, including climate change. This will include receiving reports from the Fund Manager on progress against the annual and long-term energy reduction targets, as well as updates on external factors which may prompt the need to review those targets. Furthermore, during 2020, the Board will receive a report on the exposure of the portfolio to, and the potential financial implications of, physical climate risk factors, such as future changes in the frequency and severity of extreme weather events. The project timeline for this piece of work was extended to allow time for a more extensive review of risks and opportunities at asset level, that will ultimately feed into Asset Sustainability Plans. The Board will be looking to direct the Fund Manager to take appropriate action in the context of the findings of the analysis.
Describe management's role in assessing and managing climate-related risks and opportunities.	As part of its ESG programme, the Property Manager is responsible for ensuring that climate-related risks and opportunities are integrated into operational processes and asset management decisions, including by monitoring relevant performance and risk metrics, making recommendations to the Board on appropriate objectives and targets, and arranging for the implementation of measures necessary to fulfil these. These responsibilities include making sure that the Company has adequate technical and strategic expertise on climate-related risks and opportunities at its disposal. In addition to the retained role of the strategic ESG advisor, this has included procuring analysis and advice from energy management specialist, Verco Advisory, to set a pathway for energy and carbon reduction in line with the Paris Agreement on Climate Change. Furthermore, during the year, the Company engaged climate consultants from WSP to assess the potential impacts of physical risks and opportunities presented by climate change on the portfolio. The Property Manager also has an established ESG Committee which convenes on a quarterly basis to oversee its work in this area, including keeping the relevant regulatory, climate science and market changes under review, as well as monitoring the progress of environmental training delivered to asset and building managers. This has included specific refresher sessions, delivered by lawyers, on the implications of Minimum Energy Efficiency Standards for leased properties, a key transition risk factor that requires diligent management.	During 2019-2020, with the help of climate change specialists WSP, the Company is further analysing the potential impacts of climate-related risks and opportunities, particularly with respect to physical risk factors in the short, medium and long-term. This project has extended from looking at risks and opportunities at portfolio level to investigating these at asset level. This scenario-based risk modelling will be completed in 2020 with the findings incorporated in the future investment strategy of the Company following proper consideration by the Board.

Recommended Disclosure	Current arrangements	Planned activity and timeframe
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	The two principal forms of climate-related risk pertinent to the Company are from the potential exposure of its portfolio to the physical effects of climate change and from the growing regulatory and market demands associated with the transition to a low-carbon economy. The relevance of these factors is heightened by the relatively long-term nature of our typical holding periods. In the short-term, the key risks arise from changes to levels of flood risk (for which we update asset-level flood risk screening analysis annually) and from the restrictions on property transactions associated with building energy performance regulations in England & Wales and, separately, in Scotland. Changes in the risk profile of the portfolio for these factors are confirmed at least annually and will be documented in the next ESG Report. In respect of medium-term risks and opportunities, work has been completed to understand the extent of the measures that would need to be implemented by 2031 across the portfolio to ensure that energy and carbon reduction levels were reduced in line with the goal of keeping global warming to less than 2°C above pre-industrial levels, in line with the Paris Agreement on climate change. Taking account of reasonable assumptions for grid decarbonisation and future churn in the portfolio, we have ascertained that annual energy reduction needs to be of the order of 3%.	A priority action under our Responsible Property Investment Strategy is to analyse the exposure of the portfolio to physical risks in the short, medium and longer term. During 2019, the Property Manager instructed experienced climate experts, WSP, to undertake physical risk modelling using the latest UK Climate Projects 2018 data, that was released under the Met Office Hadley Centre Climate Programme.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	A core principle of our approach to Responsible Property Investment is to ensure portfolio resilience. In that regard, we seek to: • Identify and address environmental and social risks through effective asset planning and property management. • Deliver operational efficiencies and strengthen the appeal of assets under management through smart and efficient use of resources. • Understand and respond to the changing (and in most respects, strengthening) expectations of occupiers, regulators and investors. To date, the level of short-term risk facing the portfolio from physical climate risks has not been deemed to have a substantive financial or strategic impact; most assets face low or negligible flood risk, whilst insurance cover, contingency planning and property management arrangements are considered adequate in this current context. We continue to monitor changes in the extent of asset and portfolio-level flood risk on an annual basis. More detailed analyses are undertaken for those limited number of assets at which the level of risk is high. Our Strategy and asset business planning has evolved to take account of transition risks associated with energy performance ratings and consumption. This has been explained in detail in this report, and in the relevant ESG Commitments described in the Annual Report and Accounts. In summary, this involves classifying assets based on the materiality of their energy performance characteristics, putting in place energy reduction plans (as part of our ISO-14001-accredited Environmental Management System) for those assets at which landlord energy consumption is significant, with these plans forming part of the operational business planning and budgets for each asset.	In 2019, with the help of climate change specialists WSP, the Company has been further analysing the potential impacts of climate-related risks and opportunities, particularly with respect to physical risk factors in the short, medium and long-term. This project has extended from looking at risks and opportunities at fund level to investigating these at asset level. This scenario-based risk modelling will be completed in 2020 with the findings incorporated in the future investment strategy of the company following proper consideration by the Board.

Recommended Disclosure	Current arrangements	Planned activity and timeframe
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		The findings of our scenario-based analysis of physical climate risks, together with an assessment of the resilience of the Company's strategy in the context of the findings, will be set out in future Annual Reports and aligned ESG Reports. It is our intention to make our first disclosure under this Recommended Disclosure in our 2021 Annual Report.
Risk Management		
Describe the organisation's processes for identifying and assessing climate-related risks.	Climate risks are integrated into multi-disciplinary company-wide risk identification, assessment, and management processes and are considered at each key stage of the property investment process, including: • Enhanced due diligence assessments when looking at potential real estate acquisitions, including consideration of multiple flood risk factors, energy efficiency, metering and ratings. • Regular (annual) reappraisal of the ESG (including climate-related) characteristics of assets held by the Company, including reclassifying assets according to changes in their energy risk profile in order to determine the frequency and extent of asset management routines and interventions.	In 2020, we intend to enhance our acquisition due diligence approach to take fuller account of longer-term climate risk factors, including: • Sensitivity to potential changes in the cost and availability of insurance cover. • Potential effects of physical climate risks including in relation to overheating and cooling demand, storm damage, soil shrinkage and heightened flood risk. This will complement the current undertaking of comprehensive scenario-based analysis of physical risk exposure of the standing portfolio and will inform the ongoing advancement of our approach to investment decision-making.
Describe the organisation's processes for managing climate-related risks.	Ultimate responsibility for managing climate-related risks across the portfolio rests with the Fund Manager, using the intelligence gained from enhanced due diligence and annual reappraisal of climate characteristics at the individual asset level. Of particular note in this regard, are the following core risk management features of our asset and property management procedures: **For all assets:** • Making sure that information and recommendations compiled by the RPI Appraisal process, either during acquisition or as a routine of the asset and property management process, are utilised when preparing and signing-off on Asset Business Plans. Incorporating appropriate actions to mitigate climate-related risks and capture related opportunities into Asset Business Plans. • Safeguarding the transition and physical risk resilience credentials of a property when negotiating leases and considering applications for alterations, especially in relation to energy performance ratings. • Targeting optimal performance and resilience outcomes when undertaking development or refurbishment work. These Core Requirements are applied across all of our assets, although the frequency and depth of certain actions is proportionate to the circumstances of each asset, as defined by the Property Manager's Asset Classification System.	Pending the completion of the scenario-based analysis of physical risk exposure of the standing portfolio, we expect to incorporate specific climate-related considerations into our investment criteria for acquisitions, hold/sell and CapEx decisions, recognising that: • Options for improving the resilience of assets for which a long-term hold is envisaged could be highly cost-effective, give rise to ancillary benefits (such as improved occupier comfort) and should therefore be prioritised. • In some situations, it may be advantageous to the Company to exit its position on an individual asset that is exposed to a material climate-related risk that cannot be cost-effectively mitigated within the context of our investment strategy. • Recycling of capital can be a useful way of reducing risk exposure of the portfolio over time.

Recommended Disclosure	Current arrangements	Planned activity and timeframe
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Ownership and management of all risks, including climate-related risks, is the responsibility of the Fund Manager. The Fund Manager, reporting to the Board, is responsible for ensuring the operating effectiveness of the internal control systems, whilst Asset Managers, supported by the Property Manager's sustainability team, are responsible for implementing key risk mitigation plans. Climate-related risks which are included in this process.	Following the completion of the scenario-based analysis of physical risk exposure of the standing portfolio, we expect to deliver briefing and training sessions to asset and property managers on the results, as well as the recommended actions for improving the resilience of assets to those risks.
Metrics & Targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Financial category: **Expenditures (Energy/Fuel)** • Total electricity consumption (kWh) • Like-for-like total electricity consumption (kWh/%) • Total fuel consumption (kWh) • Like-for-like total fuel consumption (kWh/%) • Building energy intensity (kWh/m^2 NLA) Financial category: **Expenditures (GHG emissions)** • Emissions from Scope 1 consumption (kg CO_2e) • Change in emissions from Scope 1 consumption (%) • Emissions from Scope 2 consumption (kg CO_2e) • Change in emissions from Scope 2 consumption (%) • Emissions intensity for Scope 1 & 2 (kg CO_2e/m^2 NLA) • Change in emissions intensity from Scope 1 & 2 consumption (%) Financial category: **Expenditures (Water)** • Water consumption (m^3) • Change in water consumption (m^3/%) • Water intensity (m^3/m^2 NLA) • Change in water intensity (%) Financial category: **Assets (Location)** • Flood risk distribution of portfolio for fluvial flooding, pluvial flooding, groundwater flood risk (% capital value, # assets) • Historic flooding (% capital value, # assets) Financial category: **Assets (Risk Adaptation & Mitigation)** • Proportion of assets that are BREEAM rated (% NLA) • Distribution of EPC ratings (% rental value, % NLA) • Number of assets in which HVAC systems use HCFC coolants (# assets)	Later in 2020, we may refine the suite of metrics we use to monitor our exposure to climate risk and opportunity, particularly on a result of the scenario analysis of physical risks. This may include the addtion of Risk Adaptation and Mitigation Metrics pertaining to revenues and expenditures.

Recommended Disclosure	Current arrangements	Planned activity and timeframe
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Disclosed in full in Appendix 1 of this report, with independent statement of verification of greenhouse gas emissions in Appendix 4.	To be disclosed annually in the Annual Report & Accounts.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**Short-term:** • We have established annual targets to reduce landlord energy consumption on a like-for-like basis. • In parallel, we established a target of having renewable electricity supplies for all landlord-procured power by the end of 2018. This was achieved as planned. **Medium-term:** • We worked with Verco Advisory to set are target for reducing the energy intensity of the portfolio by 20% per square meter by 2031, against a 2016 baseline, for landlord-procured energy. These targets go beyond what might have been determined by the market, as the Fund would have achieved with no intervention because of forecasted decarbonisation of the grid. Using the location-based method the Fund's science-based targets will therefore be based on energy-consumption rather than emissions-production.	

Appendix 4: Independent Assurance in accordance with ISO 14064-3

Verification of BMO Real Estate Investments Ltd's 2020 Greenhouse Gas Emissions

Lucideon CICS Limited was contracted to undertake the actions necessary to provide limited assurance in verification of GHG emissions reported in the "Environmental, Social and Governance Report 2020" for the period 1 July 2019 to 30 June 2020. The verification was carried out against the requirements of the CDP based on ISO14064-3.

Organisational Boundary

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

Conclusion

Lucideon CICS Limited has verified the reported emissions with the "Environmental, Social and Governance Report 2020" from the operations of BMO Real Estate Investments Ltd consistent with the requirements of ISO14064-3 and provides limited assurance that the CO_2 emissions for the 2020 reporting year are verifiable.

Sorcha Anderson Lead Verifier

For and on behalf of Lucideon CICS Limited

08 September 2020

VERIFIED
LUCIDEON
CARBON FOOTPRINT

BMO Real Estate Investments Limited

Environment, Social and Governance Report 2020

Directors (all non-executive)
Vikram Lall (Chairman)
Andrew Gulliford
Mark Carpenter
David Ross
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