BMO Commercial Property Trust Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

BMO

Contents

Common acronyms

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

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Foreword from the Chairman

Welcome to our latest Environmental, Social & Governance (ESG) Report for BMO Commercial Property Trust which covers the 2020 financial period, and provides continuing insight into the Company's sustainability ambitions, processes and performance.

Whilst the global financial crisis of 2008 had a largely negative impact on the level of attention businesses were giving to environmental, social and governance matters, quite the opposite could be said following the emergence of the worldwide coronavirus pandemic in 2020. This unprecedented event has questioned fundamentals around the availability of basic goods, the supply of food, access to medical services, our mobility, as well as our ability to react to crises.

The shock around this infringement to our regular existence has been tempered with some notable examples of community orientated activity, not just through high profile figures but more often by the more modest and humble exploits of the public and businesses. We share an example of one small but valuable opportunity the Company was able to take later in this report.

The Company has strived to make its contribution on the ground, from engaging with its occupiers and looking to support and be flexible with them as they strive to keep their businesses intact through the pandemic, to liaising with them in the development of Covid-19 assessments and measures so they can remain operational whilst complying with government guidelines. These events have reinforced our commitment to develop ever stronger relationships with our occupiers across the portfolio.

Whilst the Company's focus on the social element of ESG was strong during the year, this was not at the expense of environmental aspirations. With the global spotlight on climate change focussing on Glasgow and its hosting of the 26th UN Climate Change Conference, there is heightened awareness of the need to position the Company so it remains resilient as we transition to the green economy. The Company has been actively progressing its approach to environmental risk and opportunity throughout the year and has been working hard in preparation for determining and publishing its net zero carbon ambition in 2021.

ESG remains a core aspect of the Company's forward strategy. Continued focus on our environmental and social impacts remains resolute. The unprecedented events during 2020 have given us great insight and understanding of both the power of nature and of the human need, and the extent to which our communities are intrinsically woven into our activities. The Board remains fully committed to this agenda.

The details of our progress are presented in this Report. We trust they are found to be informative and transparent. Our Managers and the Board look forward to discussing our approach and to receiving further feedback from stakeholders.

Martin Moore Chairman

1. About this ESG Report

This ESG Report:

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

This Report is being published alongside the 2020 Annual Report & Accounts of the Company. The description of progress against the ESG commitments of the Company in Section 3, together with the ESG performance data set out in Section 4, are presented as information in parallel with the 2020 Annual and Consolidated Accounts of BMO Commercial Property Trust Limited.

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

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

2. About the Company

Objective

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

The Company

BMO Commercial Property Trust Limited is an Authorised Closed-Ended Guernsey incorporated investment company. Its shares have a premium listing on the Official List of the UK Listing Authority and are traded on the Main Market of the London Stock Exchange. Stock Code: BCPT.

Management

The BCPT Board has appointed BMO Investment Business Limited (BIBL) as the Company's investment managers and BMO Real Estate Partners Asset Management plc (BMO REP) as the Company's property managers. BIBL and BMO REP are both part of the BMO 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 founding signatory of the United Nations Principles for Responsible Investment (UN PRI), and is committed to exercising responsible investment practices throughout the BMO Global Asset Management group, including through BMO REP. This is reflected in the high ratings it achieved for its UN PRI Transparency Report, including an A+ rating for Strategy & Governance.

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

- The Board of Directors has 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 Commercial Property Trust Limited (BCPT)

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

The Investment Managers: BMO Investment Business Limited (BIBL)

Portfolio

BCPT is an investment trust for investors who wish to gain exposure to prime UK commercial property. As at the 31st December 2020, the BCPT property portfolio had a total value of £1,227,900,000.

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

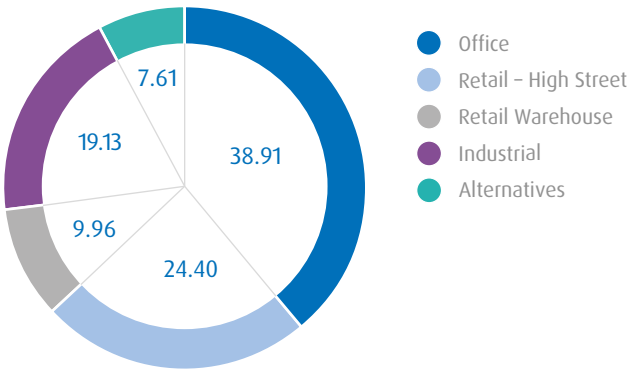
The portfolio is dominated by core assets, which we hold for the long-term. More than 80% of the portfolio has an anticipated hold period (the amount of time an asset is held by an investment owner before being sold) of five years or more, with over 50% likely to be held for over 10 years. This means that the integration of ESG factors into our asset management activities is concerned primarily with the safeguarding of rental income and the preservation of strong, long-term capital values. With expectations in the commercial real estate market evolving in relation to ESG factors (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, just under three quarters of the portfolio is directly managed, meaning that there is a degree of landlord control in most assets. The extent of the landlord services provided varies and this has a bearing on the extent to which our Property Manager is able to influence or control certain activities, such as waste management, for example. Moreover, when measured by total floor area, directly managed properties account for less than a third of the portfolio. This means that, as landlord, and when measured by the most meaningful intensity metric for key environmental performance measures such as energy consumption and greenhouse gas emissions, we have no direct control over the way in which the majority of the portfolio is managed.

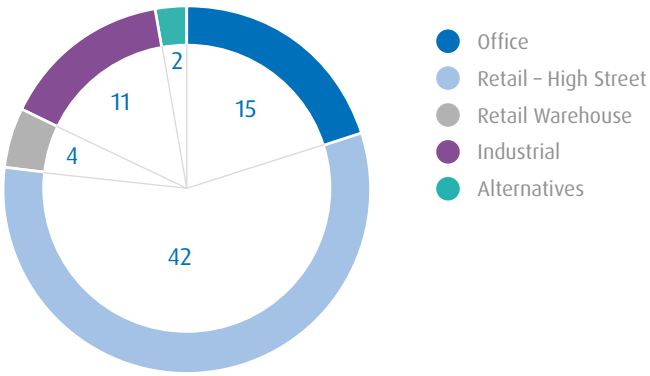
The assets of the Company are held by a number of subsidiary companies, the results of which are consolidated within the Group financial statements (separately published). Similarly, this ESG Report relates to the consolidated portfolio for the Company as a whole. However, much of the environmental performance data within Section 4, particularly those relating to utilities and related greenhouse gas emissions, are limited to those assets over which we have operational control. As such, these exclude all the assets held by Prime Four Limited, Winchester Burma Limited and Leonardo Crawley Limited, and some of those held by SCP Estate Limited and F&C Commercial Property Holdings Limited. This is explained in more detail in Appendix 1.

Figure 1: Portfolio composition

Percentage of portfolio capital value



Property type (number of assets)



Management status (absolute)

	Capital Value (£)	Number of Assets	NLA (sq ft)
Directly managed	766,525,000	54	1,343,229
Indirectly managed	461,375,000	20	2,881,330

Management status (percentage)

	Capital Value %	Assets %	NLA %
Directly managed	62.43%	72.97%	31.80%
Indirectly managed	37.57%	27.03%	68.20%

3. ESG strategy and priorities

Developing our ESG strategy

In 2020, the Company continued to focus on the effective implementation of its ESG strategy, established in 2017. A full explanation of this strategy is included in our 2018 report and is summarised by the four key pillars below.

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

The BMO Real Estate Partners approach to Responsible Property Investment

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

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

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

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

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

Progress against our ESG commitments

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

These commitments and targets were originally set out in 2017. Some have required immediate action, many impose ongoing requirements, whilst others set a longer-term direction of travel and remain as forward actions.

Our progress against these pillars to the end of December 2020 is described below, supported by an explanation of notable outcomes in later sections of this ESG Report.

The Company will continue to drive ahead with its ESG strategy during the remainder of 2021 and beyond, and will provide shareholders with regular updates on progress.

ESG commitment	Status	Review of progress
Leadership & effectiveness – measures through which BCPT will demonstrate effective governance in relation to ESG criteria.		
Meet the Hampton-Alexander recommendation of having at least 33% female representation on our Board by 2020.	✓	The Hampton-Alexander recommendations have been met. During 2020 the Board comprised of five members with 40% female representation.
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 submitted to the 2020 GRESB real estate survey in July, scoring 70 under the new re-based assessment methodology, representing a 2 point (3%) improvement on the previous year, whilst also being advised of a theoretical score of 73 under the historic assessment methodology to allow for more direct comparison. The Fund secured three green star status and achieved top position amongst its allocated peer group of eight UK diversified portfolios.

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

ESG commitment	Status	Review of progress
Investment process – procedures through which BCPT integrates ESG into the investment process.		
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.	✓	Following the completion of the asset classification process in 2017, we have continued to keep records up-to-date and under review. Some assets have been reclassified as a result with 24 now falling into upper (higher materiality) tier of the classification system (2019: 23). The number of assets in the second tier has reduced to 26 (2019: 28), whilst those in the lower tier have remained the same. These changes are principally as a result of a new property under management in Camberley, which has a high energy spend for the whole building, and the disposal of Ozalid Works in Colchester. One of the driving criteria in the Asset Classification System is the EPC rating of the properties. The distribution of EPC ratings relative to income value and floor area has remained fairly consistent with 2019. The Government's confirmed intention to raise both domestic and non-domestic MEES thresholds is a notable development and one that will inform investment strategy and individual asset business plans going forward. This is an ongoing commitment which has been fulfilled for 2020.
Where assets have been classified, undertake RPI 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 RPI Appraisals. Appraisals to be kept updated on an annual basis.	✓	RPI Appraisals have been reviewed and updated for all properties in 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 effect of these updated RPI Appraisals on the profile of sustainability characteristics are presented in this 2020 ESG Report.
Undertake RPI 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 in the reporting year.
Portfolio – attendance to material ESG performance and risk factors across the portfolio.		
Using aggregated data from asset level RPI 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 the previous years' Responsible Property Investment Reports. The Company will continue to present annual ESG Reports and will look to publish these alongside the Annual Reports, subject to the availability of Q4 utility data becoming available and the time frame required to have select non-financial data independently assured.
Establish year-on-year intensity-based energy, water and waste reduction targets for landlord services against an appropriate baseline.	✓	The Company set annual, asset specific, landlord energy reduction targets at an average of 3% across material consuming sites alongside a broader reduction target of 1% per annum for all water usage within directly managed assets, and a target for averting all landlord managed waste from landfill by the end of 2020. Performance against energy, water and waste targets are identified separately below.

ESG commitment	Status	Review of progress
Reduce energy consumption in directly managed assets by 3% in 2020 compared to 2019 consumption.		In 2019 energy intensity was reported as 76.1 kWhe/m^2 in absolute terms. In 2020, this increased to 91.7kWhe/m^2 principally due to an FRI asset at Camberley Watchmoor Park reverting back to direct management, including responsibility for whole building energy procurement by the Company. A more meaningful like-for-like analysis of energy intensity shows a 23% reduction, however this is likely to have been impacted quite significantly as a result of changed working practices associated with coronavirus lockdown restrictions.
Eliminate landlord-controlled waste being directed to landfill to any extent by the end of 2020.		All general waste has been diverted from landfill since August 2019. However, with our refined data collection processes, we have added hazardous waste and offensive waste to the data set this year, identifying <1% of total waste by weight as being sent to landfill. The property manager has been instructed to change waste carrier in this instance.
Reduce water consumption in directly managed assets by 1.0% year on year on a like for like basis.		2020 water consumption in the portfolio decreased by nearly 40% on a like-for-like basis as a result of the Covid-19 pandemic. As with like-for-like energy consumption performance, the effect of the Covid-19 pandemic on commercial property use means that no meaningful comparison can be drawn between 2019 and 2020.
Set a long-term (2030 or beyond) target for energy (and carbon) reduction according to a recognised science-based targets methodology.		A long term energy reduction target and progress against it was reported in the 2019 ESG Report. A briefing note outlining the Company's position was also prepared and posted on the company website. However, in response to increasing market and stakeholder sentiment relating to the Net Zero Carbon transition, the Company is working to establish its own Net Zero strategy and pathway for publication in the first half of 2021.
Reduce the long-term energy intensity of the portfolio by 20% per square meter by 2031, against a 2016 baseline, for landlord-procured energy.		Energy intensity reduction in the portfolio since 2016 is 17.4% on an absolute basis or 30.5% on a like-for-like basis. However, the impact of the Covid-19 pandemic through 2020 is likely to have distorted these figures making it difficult to determine the true contribution towards the long term reduction trajectory.
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. We intend to expand the pilot exercise and target full roll-out across the portfolio by 2022 and achieve an improved Net Promoter Score.

ESG commitment	Status	Review of progress
Have in place 100% renewable electricity supplies for all landlord procured power by the end of 2018.		Utility contracts have been agreed with renewable electricity tariffs secured for the majority of landlord supplies from 1st October 2019 for a period of two years. During 2020, the proportion of electricity conforming to this arrangement reduced from 98% to 76% principally on account of Camberley Watchmoor Park, as a significant consumer, reverting back to landlord control with no commercial opportunity to renew the existing contract. The Company will take the next available opportunity to secure a renewable tariff. Since October 2020, as contract renewals arise, landlord gas supplies are being placed on carbon-neutral contracts with common expiry dates of October 2023.
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 2020.
Transparency – approach to investor reporting and public disclosure on relevant ESG factors.		
Submit the Minimum tier questionnaire of the CDP General Climate module in 2019 and the Full tier from 2020 onwards, whilst investigating the potential to submit across the Water and Supply Chain modules.		The Fund submitted to the full tier of the Climate Change module for the second year in succession in August 2020. A rating of B, to indicate taking a coordinated approach to climate change was achieved, representing an improvement on the C rating obtained last year. The current rating is comparable to the average performance for the financial services sector but higher than the regional average for Europe.
Align Non-Financial Reporting to the 3rd Edition of the EPRA Sustainability Best Practice Recommendations. Include a summary of performance measures in the 2019 Annual Report, linked to full ESG disclosure on the BCPT website.		This 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 assurance by Lucideon in accordance with ISO 14064-3.
Produce in the 2018 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 2020. Disclosures aligned to the TCFD recommendations are set out in Appendix 3 of this Report, along with a statement of intended actions for 2021 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 2017 Responsible Property Investment Report established a baseline against which we will report to shareholders on the evolving profile of ESG characteristics that will occur as a result of portfolio churn, management action and changing external circumstances. This ESG Report provides shareholders with an update across the full range of ESG metrics. Thereafter, a summary of notable changes will be presented to shareholders alongside the 2021 Interim Report.

Spotlight on
54-56 James Street, St Christopher's Place, London W1

A £2 million part redevelopment and refurbishment of a core mixed-use asset within the Company's key holding in the heart of London's West End, merging two previously individual units to maximise ground floor retail space, and the creation of an additional floor to accommodate new duplex residential flats at upper level to add to the four existing one and two bed units.

Taking the opportunity to improve key sustainability features

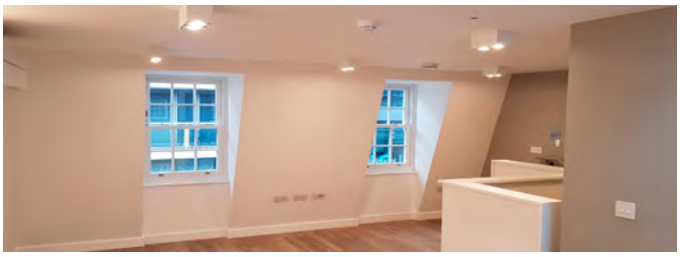
With planning permission secured in November 2019, a scheme to redevelop, refurbish and enhance the quality and flexibility of the property, including its environmental qualities, was initiated and completed in the latter part of 2020. The improvements to the fabric and services were undertaken sensitively and sympathetically given the building's presence within the Stratford Place Conservation Area.

The following improvements were undertaken to the structure to positively impact energy efficiency:

- Replacement of windows with new double glazed timber sash windows.
- Upgrade to external solid brick walls to achieve greater thermal efficiency.
- Construction of a new quality mansard roof providing minimal heat losses.
- Acoustic upgrade and thermal upgrade to all floors and walls.

The services installations were upgraded to give the following features:

- Each apartment is provided with very efficient heating and cooling air source heat pump units. These utilise the latest R32 refrigerant to further reduce the Global Warning Potential (GWP) of the systems. This approach enabled the gas supply, formerly used for heating and cooking, to be removed from all apartments.
- The larger apartments feature an enhanced mechanical ventilation system with heat recovery technology (MVHR) to ensure minimal heat energy is extracted and discharged to atmosphere from the kitchens and bathrooms. Heat is recovered within a heat exchanger and distributed back into the apartments via the filtered fresh air system.
- Energy saving reducer valves installed on all water outlets to limit the daily water demand to less than 105 litres per person per day. The effect is a significant improvement over minimum requirements set out for new homes in current building regulations.
- LED lamps are used for lighting throughout. The common areas also feature passive infrared sensors to ensure the artificial lighting systems operate only when required.
- Photovoltaic panels installed to the rear elevation of the mansard roof, not visible from the street, to generate renewable energy for consumption in the common parts and residential apartments.
- Smart metering devices installed to each of the residential apartments together with the landlord's common electrical supplies to allow consumption for each area of the development to be monitored and reviewed remotely, ensuring that energy usage is optimised throughout the life of the building.
- The improvement of the overall efficiency rating of the building to a grade B for each apartment, exceeding the typical average for an existing UK dwelling.



4. ESG performance data for 2020

A high-level summary of ESG performance for the period ending 31 December 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

The Company had an overall investment in real estate of £1.228 billion as at 31 December 2020. Whilst approximately two thirds of this capital value is considered to be in directly managed property, the extent of the Company's operational control varies significantly, impacting on the extent of data that can be established. The Property Manager continues to engage with occupiers to expand data collected and to monitor the carbon footprint of the portfolio. The extent of data coverage this year is detailed in Appendix 1.

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

Energy

Since October 2018 the Property Manager has endeavoured to arrange renewable electricity contracts, with Renewable Energy Guarantees of Origin (REGOs) for all properties where they are responsible for utility management on behalf of the Company. In 2020, 76% of all electricity under Company control was on renewable electricity tariffs. This is down from 98% in 2019 due to a new property under direct management in 2020, which had not had the contractual opportunity to move onto a renewable tariff. For natural gas, the Company began to move gas supplies onto renewable contracts in October 2020. This process will continue in 2021 to extend to all supplies.

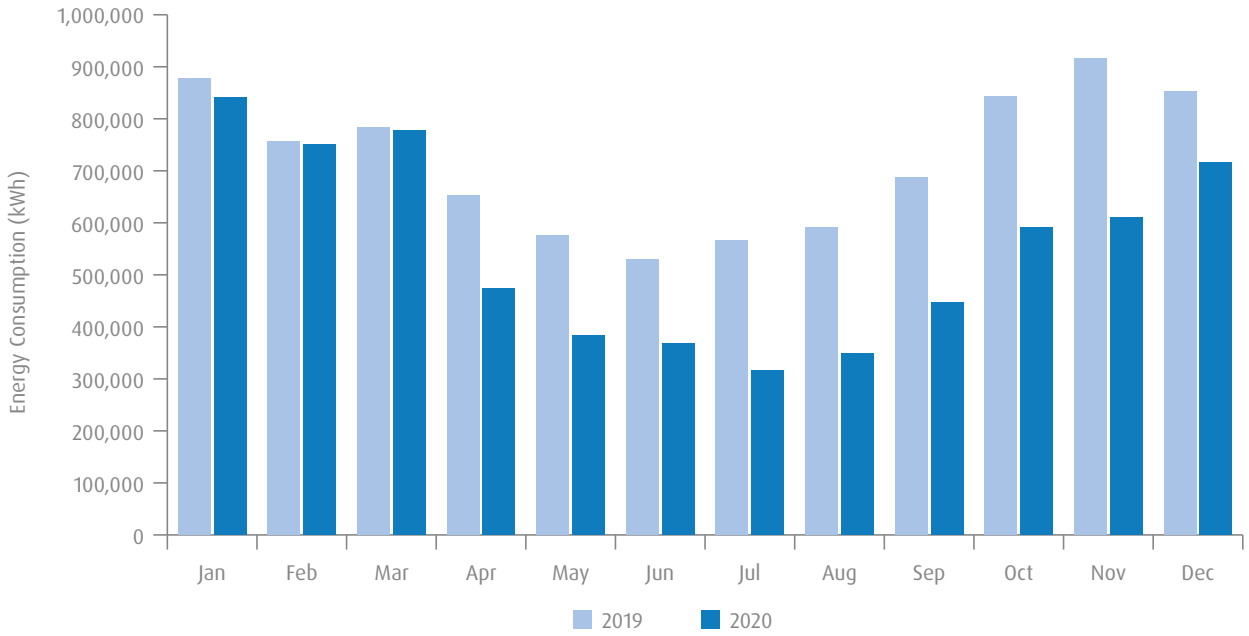
For the third consecutive reporting year absolute energy figures and subsequent emissions were independently verified to ISO14064-3 by Lucideon, an accredited provider for CDP (formerly the Carbon Disclosure Project). The verification statement can be found in Appendix 4.

Table 1: Summary of energy data

	Current year 2020	Prior year 2019
Like-for-like electricity usage (kWh)	3,616,691	4,733,824
Like-for-like natural gas usage (kWh)	3,773,644	4,202,374
Energy intensity (kWhe/m^2)	91.7	76.1

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

During the reporting year both gas and electricity consumption in the managed portfolio decreased significantly on a like-for-like basis due to the Covid-19 pandemic. Looking at energy performance month by month, a seasonal variation is expected with lower energy use in summer, however in April 2020 the like-for-like consumption diverged from the 2019 trajectory as a result of closures in commercial spaces. This makes a true like-for-like comparison this year in the absence of detailed occupational use data.



Emmissions

Whilst the Company has committed to procuring landlord energy 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 greenhouse gas (GHG) emissions. This could be considered a "report what you use" approach.

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

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

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

Table 2: Summary of emissions data

	Current year 2020	Prior year 2019
Total carbon emissions (kg CO_2e)	1,780,437	2,133,908
Emissions intensity for Scope 1 and 2 (kg CO_2e/m^2)	26.5	23.2

Both energy intensity and emissions intensity increased in the reporting year, whilst absolute emissions and energy usage fell. This is the consequence of an FRI asset at Watchmoor Park in Camberley reverting back to direct management.

As the Company now procures 100% of energy for the property and it is one with a higher energy usage per square meter in comparison to the portfolio average in 2019, the intensities for 2020 have increased.

Water

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

Table 3: Summary of water data

	Current year 2020	Prior year 2019
Like-for-like water usage (m^3)	18,491	29,153
Water intensity (m^3/m^2)	0.5	0.7

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

Waste

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

Table 4: Summary of waste data

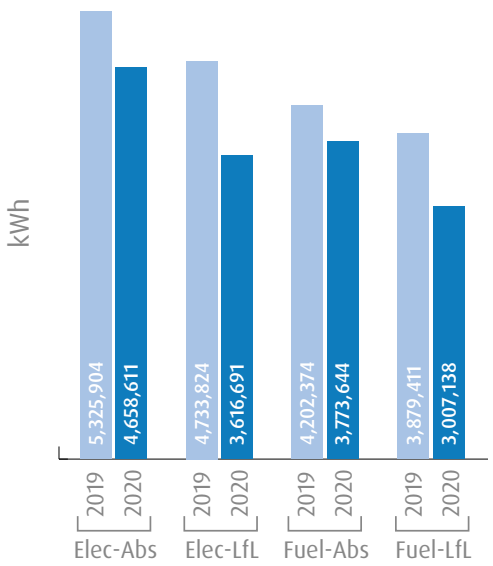
		Current year 2020	Prior year 2019
Like-for-like waste by disposal route	Recycling	19%	18%
	Materials Recovery Facility (MRF)	28%	35%
	Incineration	2%	1%
	Incineration with energy recovery	51%	47%
	Landfill *(see comment below)*	<1%	<1%

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

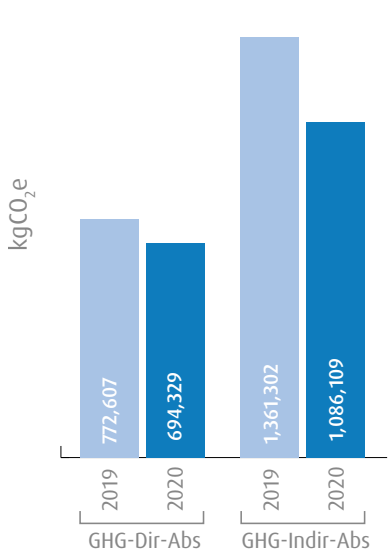
At present, all properties where the Property Manager arranges waste collections are controlled through site management procedures which are accredited to ISO 14001 standards. This ensures proper management and removal of both hazardous and non-hazardous waste from site.

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

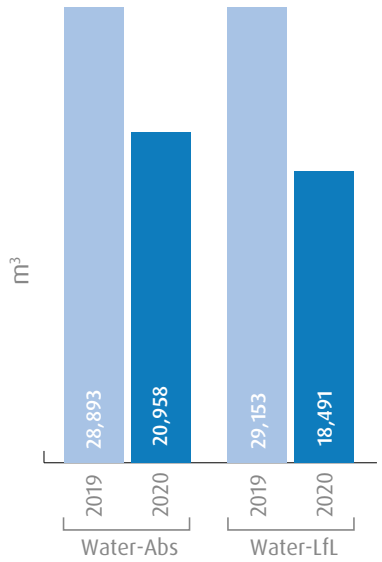
Energy Consumption



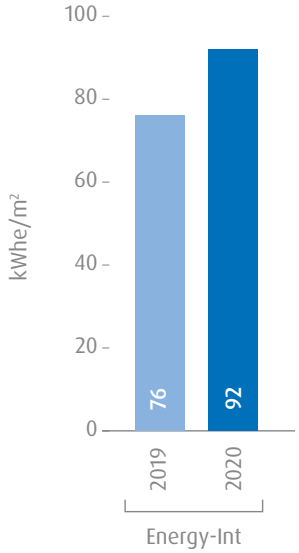
GHG Emissions



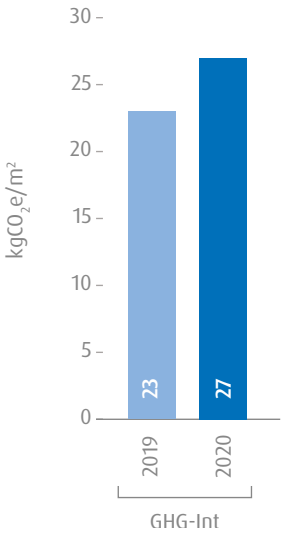
Water Consumption



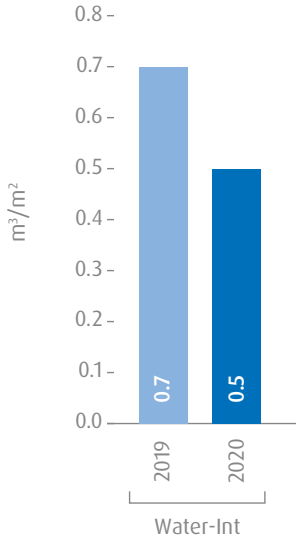
Energy Intensity



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 50 hours of Continuing Professional Development (CPD) each year. In 2020 this included a bespoke presentation from the Sustainability Team on ESG.

Gender equality

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

Health & Safety

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

Supply chain & community

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

Where the Company has opportunity to do so it organises community engagement initiatives at its directly managed properties. Details of these can be found in Appendix 1 and below.

Governance

The Property Manager 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 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 details on 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 BCPT portfolio at 31 December 2020 with respect to issues such as environmental management, flood risk, energy performance and contamination.

Asset classifications

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

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

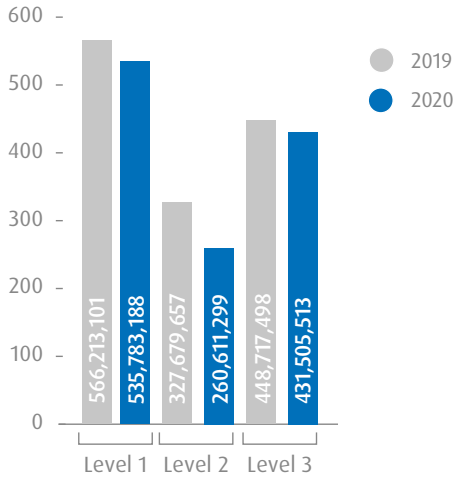
BMO REP has in place clear procedural guidelines to assist asset and property managers in this regard.

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

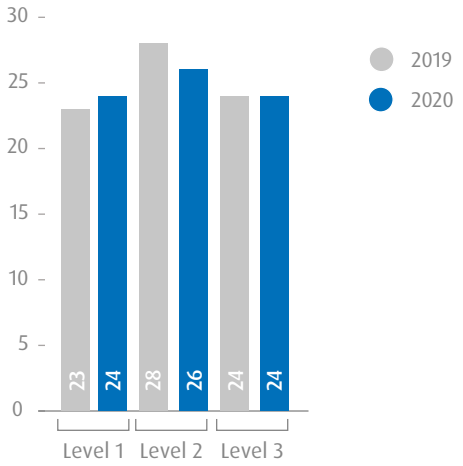
The charts to the right and overleaf show the distribution of asset classifications across the portfolio, with reference to number of assets, capital value and by property type.

Figure 3: Asset classification

Capital value (£) 2019 v 2020



Number of Assets 2019 vs 2020



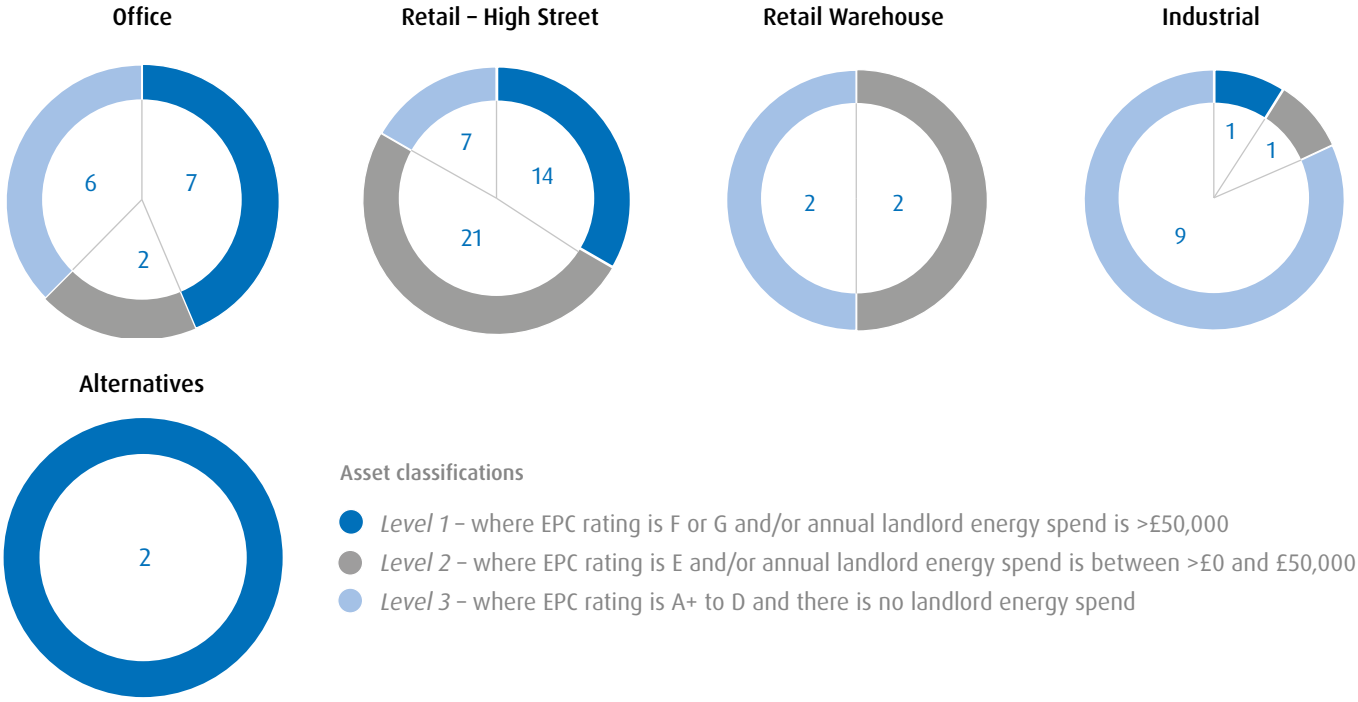
Asset classifications

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

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

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

Figure 3 (continued): Asset classifications by property type



Flood risk

The exposure of the portfolio to the principal sources of flood risk is shown in the Flood Risk Dashboard (figure 4). This shows that, taking account of flood defences, the vast majority of the portfolio is at negligible or low risk of flooding from rivers or seas, with less than 6% of capital value at high risk of flooding from this source. Groundwater flood risk is similarly limited, with 2% of capital value deemed to be at high risk. The higher levels of risk are confined to a small number of office, logistics and retail warehouse assets.

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

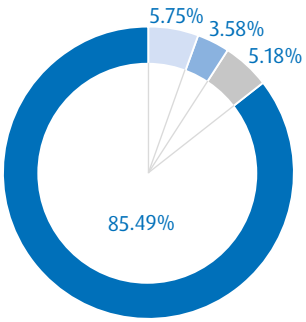
Any changes to flood risk ratings, first recorded in 2017, are as a consequence of updated data sets used to determine this risk. For further information on the flood risk methodology, see Appendix 1.

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

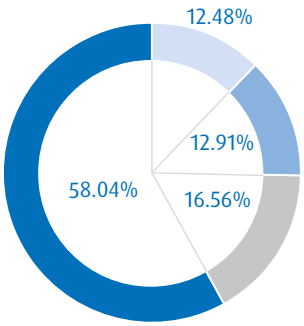
- Undertaking regular flood risk assessments of all held assets to keep our overview of portfolio risk exposure under regular review.
- Undertaking flood risk assessments, including an assessment of repairing obligations within lease terms, at the pre-acquisition stage for all assets in which we consider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

Figure 4: 2020 Flood risk comparison

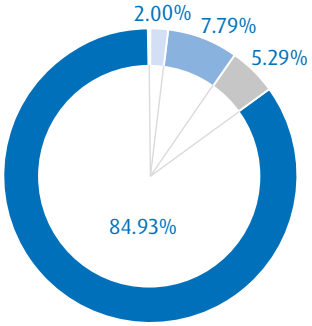
Fluvial flood risk
Distribution of risk ratings as a proportion of total Capital Value



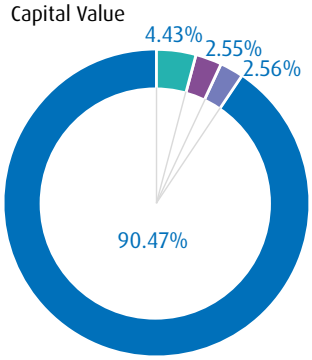
Surface water flood risk
Distribution of risk ratings as a proportion of total Capital Value



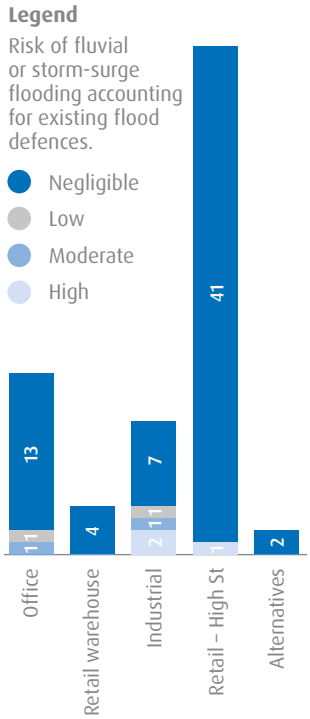
Groundwater flood risk
Distribution of risk ratings as a proportion of total Capital Value



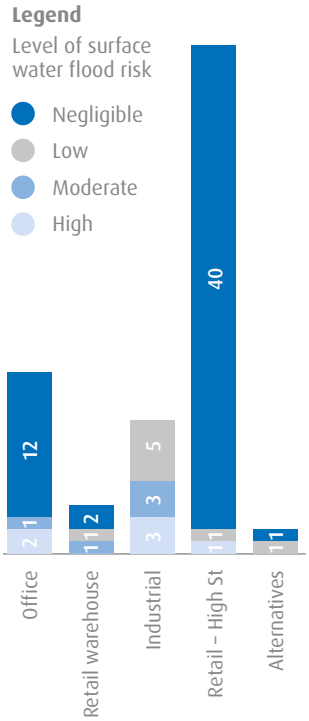
Historic flooding
Distribution of historic flood incidents in relation to total Capital Value



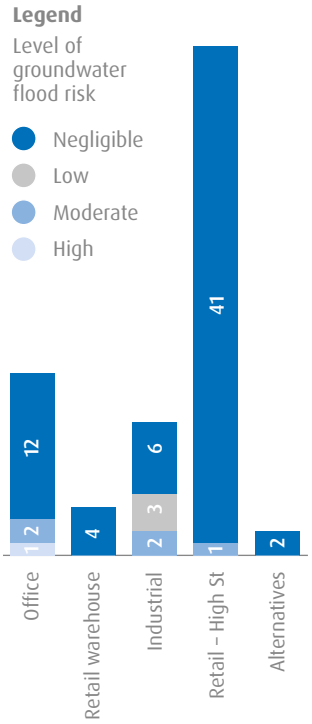
Fluvial flood risk by sector
Distribution of risk ratings by number of assets



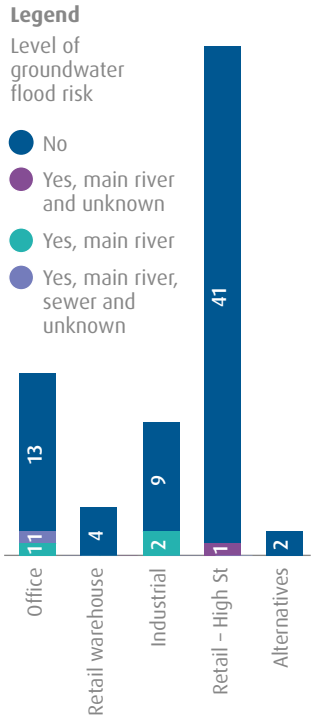
Surface water risk by sector
Distribution of risk ratings by number of assets



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



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



Risk definitions

Fluvial & tidal (defended) flood extents

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

Risk definitions

Pluvial (surface water) flood extent

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

Risk definitions

Groundwater flood extent

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

Spotlight on Industrial

Unit 6, Mason Road, The Cowdray Centre, Colchester

Located in this historic market town and part of a well-established estate of industrial, logistics and warehouse units long held by the Company, this end of terrace unit reverted back to landlord control following the tenant's vacation. Left with very tired premises, the Fund set about implementing a comprehensive refurbishment to modernise the space and create characteristics in tune with an increasing desire for modern, smart and efficient industrial sites.

With the industrial sector often cited as the least glamourous of the asset classes, the business imperative for offering desirable and sustainable premises is no less applicable to this type of property. The typically energy intensive operations often found in such facilities are usually sufficient to prompt a focus on efficiency, whilst general aesthetics can help foster better care and housekeeping in what is ordinarily a challenging environment. With an investment of over £200,000 the Company was able to deliver an appealing product and attract a strong covenant in Dulux and secure a 10 year lease at a new headline rent for the estate.

Taking the opportunity to improve sustainability features

The following works were undertaken to the external fabric of the building:

- Recovered the old asbestos cement roof sheets with new GRP (a resin and fiberglass combination) profiled covering incorporating new roof lights, all with a 15 year manufacturer's guarantee.
- Repainted all external cladding panels with a fresh, modern and inviting colour shade
- Installed new double glazed windows and pedestrian entrance door to improve sound and insulation qualities, and increase energy efficiency characteristics
- Installed a new insulated warehouse up and over door
- laid new tarmacadam surface covering to the forecourt with associated white lining

The following works were undertaken internally:

- electrical heating source in agreement with the new occupier
- new floor coverings and redecoration of offices and toilet accommodation
- new LED lighting installed throughout offices and main warehouse
- new efficient and localised electrical water heaters
- new fire alarm safety system

Spotlight on Logistics

Hurricane 47, Estuary Business Park, Liverpool

Located in the premier business location in South Liverpool, this brand new 47,500 square foot unit is close to John Lennon airport and the extensive network of motorways that serve the North-West region of England and beyond. The Company acquired the completed building and sought to find an occupier before the pandemic emerged.

Covid-19 restrictions prompt Company to utilise vacant building for community benefit.

According to the UK Government, the emergence of Covid-19 in the UK and the ensuing lockdown led to the biggest effort to deliver food and essential supplies to those in need since World War Two.

In March 2020, 1.5 million clinically vulnerable people were advised by the NHS to stay at home and shield from coronavirus. The DEFRA care pack scheme for vulnerable people was set up to distribute free food boxes containing essential supplies and household items. To distribute these boxes, the food wholesaler Bidfood rapidly changed their operational model from a wholesale operation to a packing and household delivery service, making significantly more deliveries weekly and requiring additional parking for their transit van fleets.

Source: Our marketing particulars

Source: Foodchainmagazine

In April 2020, the Company offered Bidfood a solution to this challenge in Liverpool, and completed, without legal or other professional fees, the temporary licence of the yard area of the vacant warehouse while they assisted with the DEFRA care pack distribution, and in so doing, was able to make a meaningful contribution to a real-world conundrum.

Source: Our marketing particulars

Source: Bidfood website

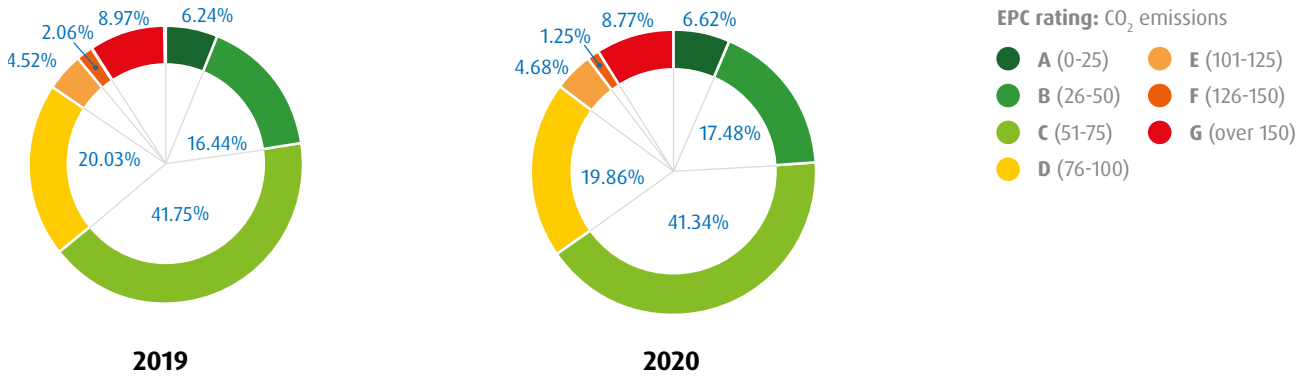
EPC ratings

The dashboard below provides a summary of the profile of Energy Performance Certificate (EPC) ratings for the portfolio. The majority of the whole UK portfolio - from both a rental value and floor area perspective - achieves higher EPC ratings of A to C, indicating a good level of modeled energy performance for the portfolio. Indeed, the two lowest ratings F and G apply in combination to only 8.48% of rental value and 5.44% of the total lettable floor area respectively. When benchmarked within individual property types, high street retail assets and alternatives have the greatest proportion of income and floor area ascribed to these lower ratings. This is fairly consistent with the wider market, where retail tenant fit-outs are renowned for having a detrimental effect on energy ratings.

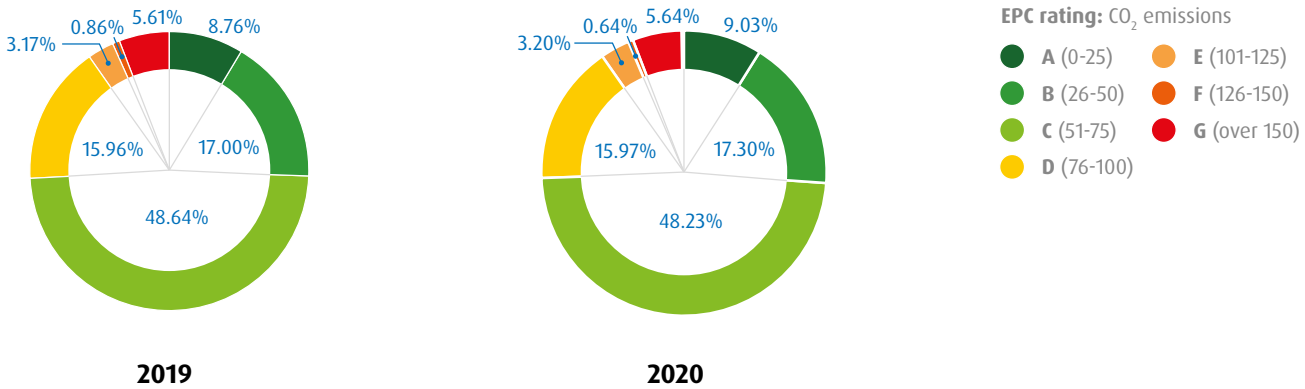
When viewed specifically within the context of our properties located in England & Wales, the jurisdiction within which regulations pertaining to Minimum Energy Efficiency Standards (MEES) apply, the proportion of rental value that is associated with F- and G-ratings is marginally higher than the UK-wide portfolio, at a little over 10%. By number, this is 9%, compared to an average of just over 14% of commercial EPCs lodged on the register for England and Wales. The Company continues to monitor the evolving landscape around energy efficiency in buildings through its Property Manager's involvement with the Better Buildings Partnership and is cognisant of the UK Government's ambition to harden the minimum performance threshold to a B rating by 2030.

Figure 5: 2020 and 2019 profile of EPC ratings

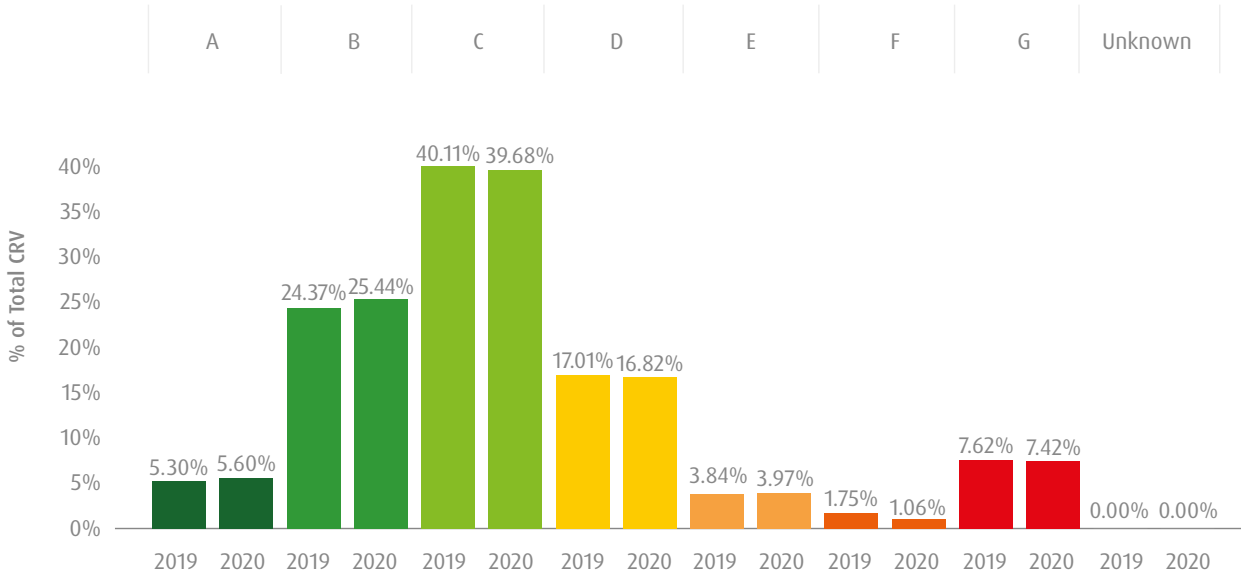
Distribution of EPC ratings by rental value
Assets in England & Wales only



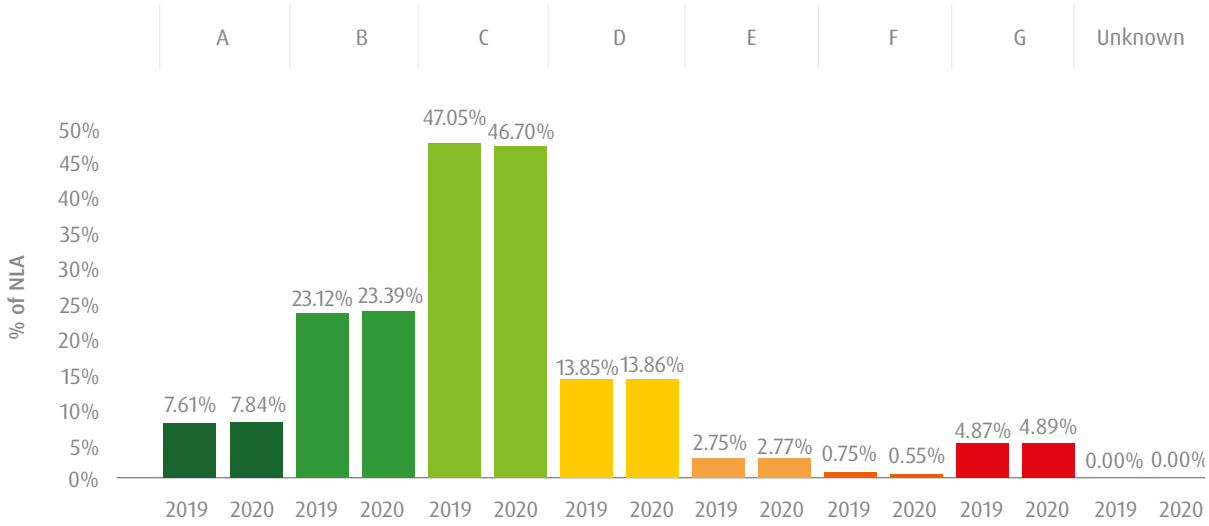
Distribution of EPC ratings by NLA
Assets in England & Wales only



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



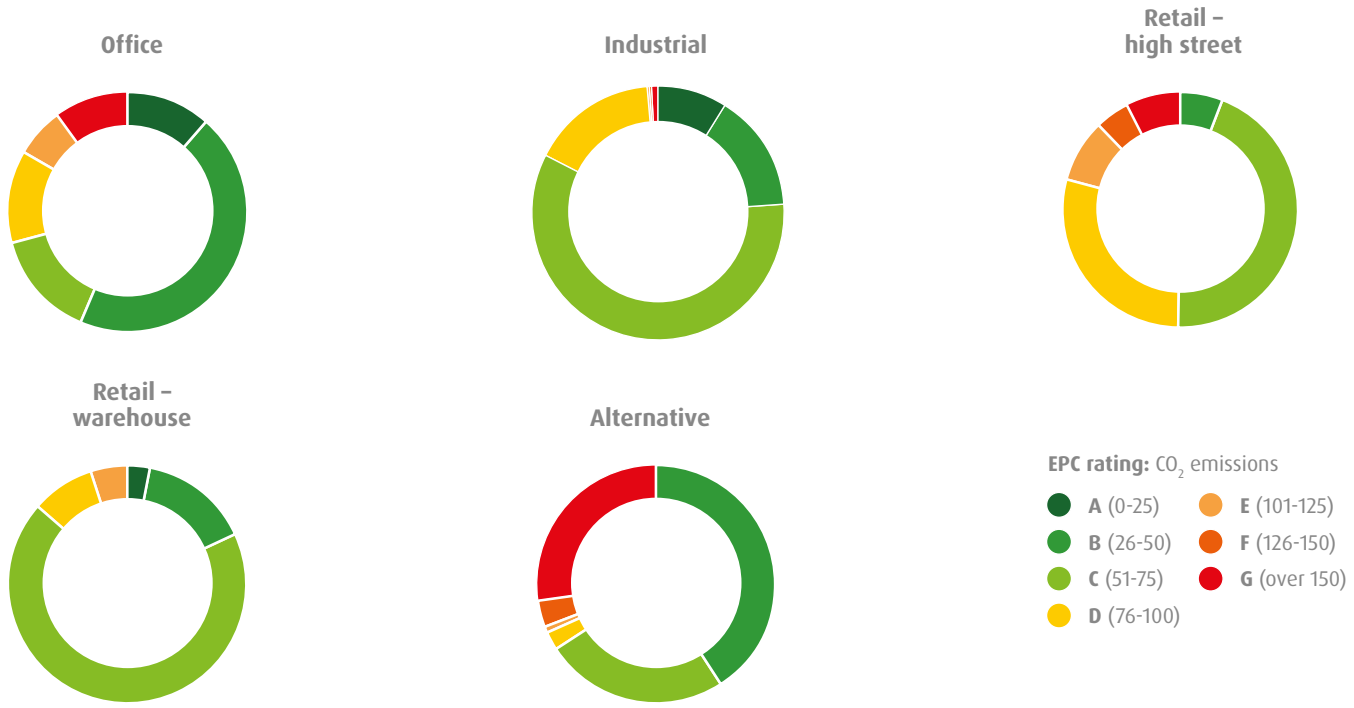
EPC ratings by net lettable area
Whole portfolio – including assets in Scotland



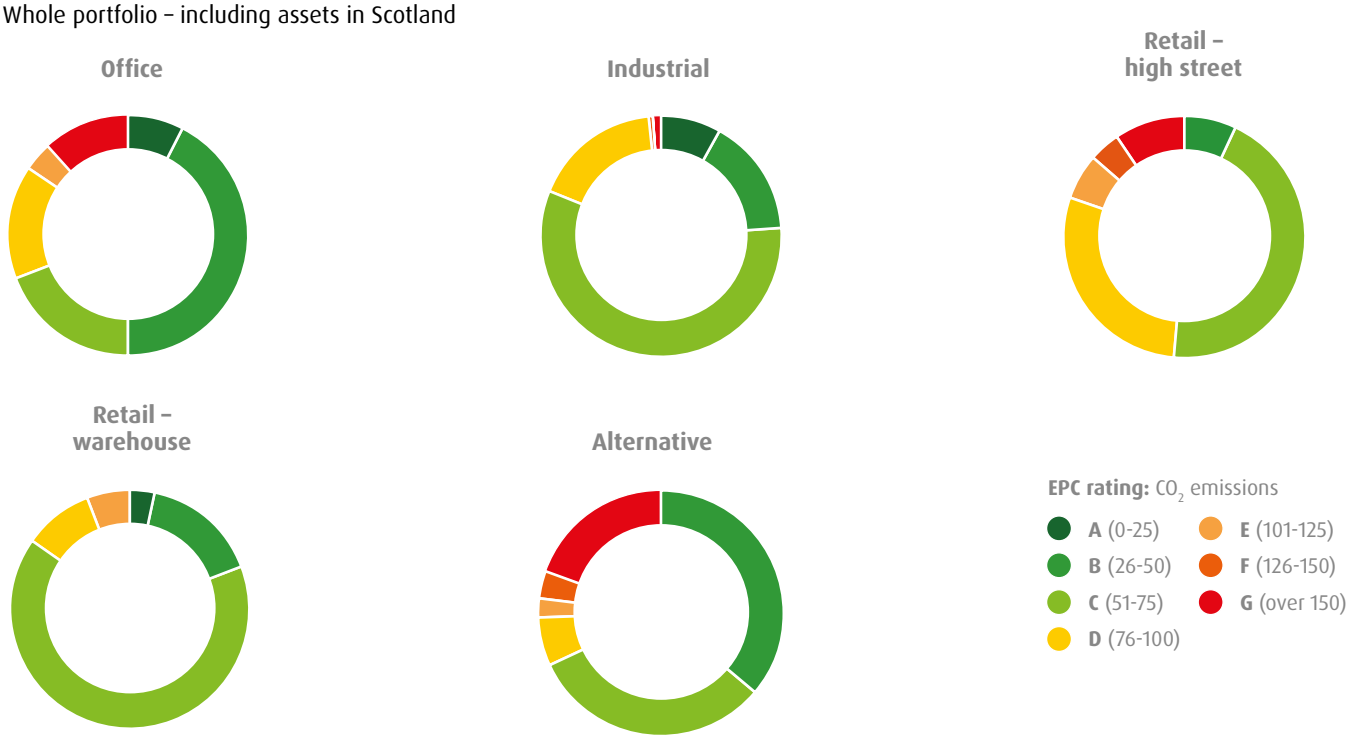
Over the reporting period, 51 replacement EPCs were obtained. Four of these were successful refurbishments: at Newbury Retail Park three C- and D-rated units were ugraded to Bs and an A; and at St Christopher's Place a G-rated property was refurbished to a C rating. The majority (45) were replacements of EPCs that expired during the year, of which 81% maintained the same rating as the previous assessment or improved. However some saw a rating deterioration given the inability to undertake physical improvement in the context of hardening standards.

Figure 5 (continued): 2020 profile of EPC ratings

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



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



Notes

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

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

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 is useful for managing performance.
- We are well-sighted on energy performance risk when acquiring assets and when preparing for and executing lease transactions.
- We have robust processes in place to ensure that EPC ratings are optimised through development, refurbishment and routine property management activities.
- We have in place comprehensive information to support sales when we choose to bring properties to the market.

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

Other ESG risk metrics

The profile of the portfolio with reference to a range of additional ESG attributes is shown in Figure 6, below. This indicates that the exposure of BCPT assets to various environmental risk criteria is limited, whilst other metrics convey the extent to which certain management actions have been fulfilled.

Current contamination risk

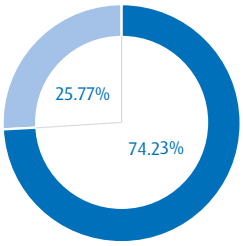
There is no change in status from the previous year. With reference to capital value, the majority (74%) of the portfolio is at low risk of contamination, whilst the reminder is at the modestly elevated level of moderate-low risk. Contamination is an 'investment critical' criteria within our ESG Appraisal process when considering potential acquisitions. FRI assets over which we have no direct management control benefit from an annual inspection by an asset manager, whilst directly managed assets have the benefit of our Environmental Management System, certified to the ISO 14001 standard, of which the prevention and management of contamination is part.

HCFC coolants

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

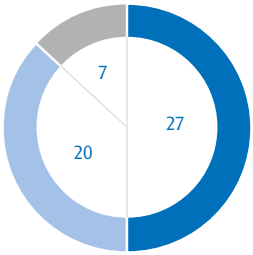
Figure 6: Other ESG risk metrics

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



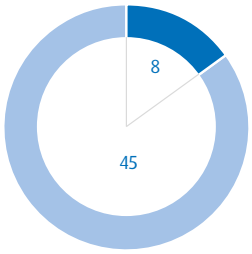
What is the current level of risk?
Low · Moderate-Low

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



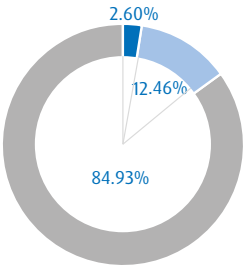
Are HCFCs (eg. R22) used in cooling systems?
Tenant Responsibility · No · Yes

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



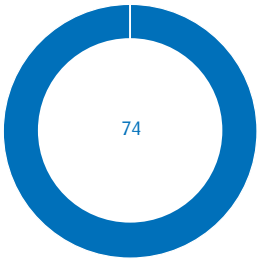
Level of training received
Advanced · Foundation · None

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



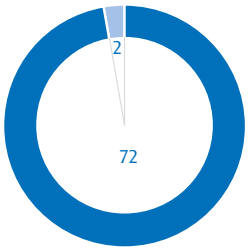
Green building certification scheme & rating
BREEAM Excellent · BREEAM V. Good · None

Statutory wildlife designations
Assets to which statutory nature conservation designations apply



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

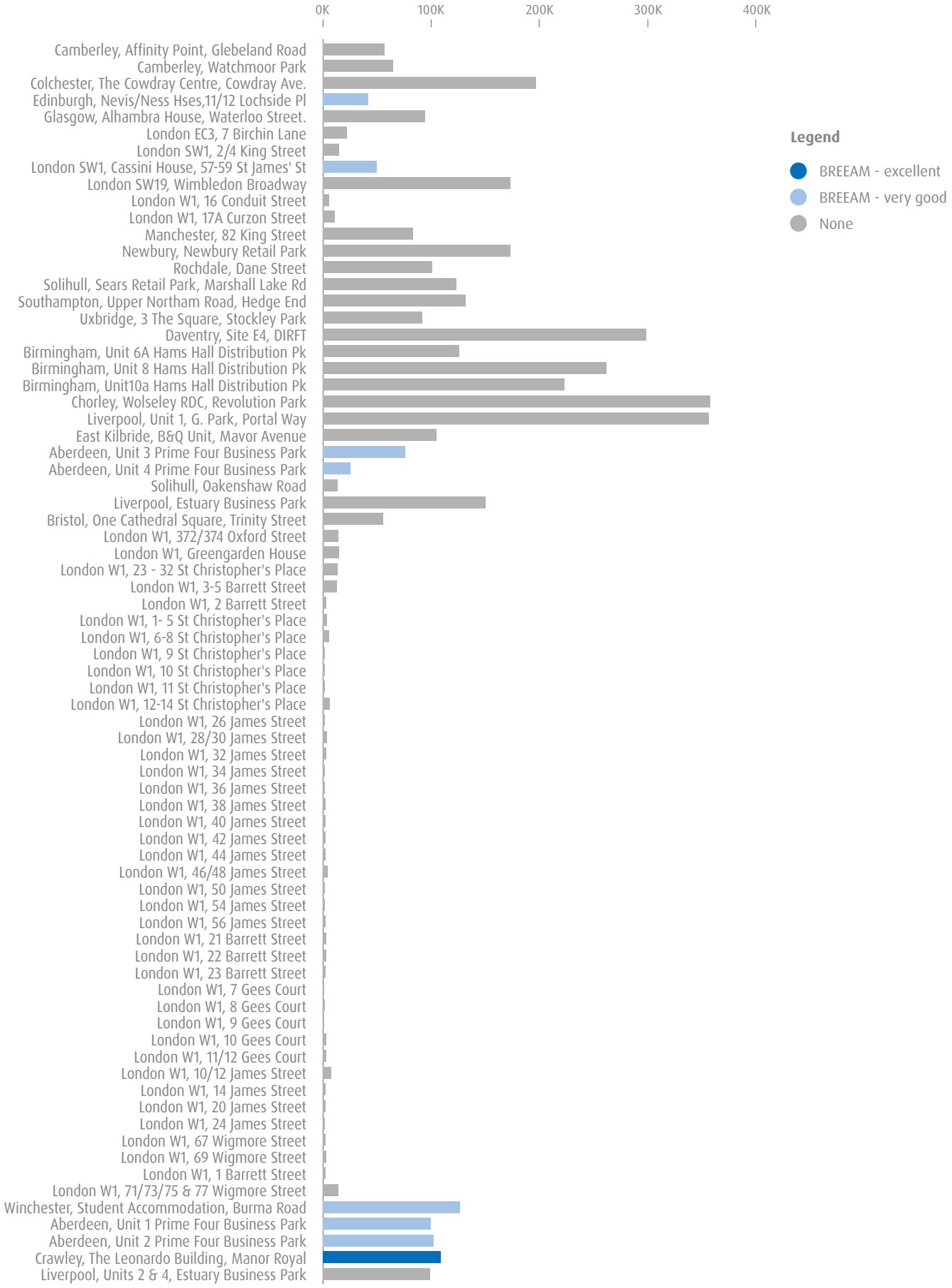
Aquifer protection zones
No. of assets which are situated in Acquifer/Groundwater Protection Zones



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

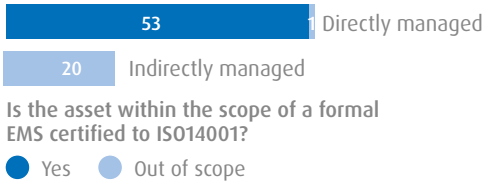
Figure 6 (continued): Green building certification by asset

Distribution of green building ratings with reference to net lettable area



Building user guides
Management

Environmental management systems
Management



Groundwater source protection zones

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

Statutory wildlife designations

None of our properties are affected by statutory wildlife designations.

Building manager ESG training

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

Green building certification

Eight properties have attained a formal BREEAM rating, all of which pertain to new construction or major refurbishment projects. Collectively, these account for around 15% of the total Net Lettable Area of the portfolio.

Building user guides

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

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

Environmental Management System

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

Appendix 1: EPRA sBPR performance data to 31 December 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

BCPT had an overall investment in real estate of £1.228 billion as at 31st December 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 full or partial waste collection and disposal at 13 properties, equating to 29% of the whole portfolio by floor area.

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

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

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

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

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

Environmental

Energy

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

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

The 2019 and 2020 absolute energy figures and subsequent emissions were verified by an independent external party, Lucideon. The conclusion of the verification can be found in Appendix 4.

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

Table 1: Energy consumption

Measure (units)	EPRA code		Industrial	Offices	Retail (Inc. SCP)	Retail warehouse	Alternative	Grand Total
Electricity consumption (kWh) With proportion of landlord procured electricity from renewable sources	Elec-Abs	2020	6,998	3,944,410	451,447	63,604	192,152	4,658,611
		2019	44,934	4,428,317	539,854	91,015	221,784	5,325,904
		2020	3%	74%	83%	81%	100%	76%
		2019	100%	100%	81%	100%	100%	98%
Change in electricity consumption (kWh/%)	Elec-LfL	2020	213	2,922,833	450,272	51,222	192,152	3,616,691
		2019	8,491	3,890,203	539,854	73,492	221,784	4,733,824
		%	-97.49% ↓	-24.87% ↓	-16.59% ↓	-30.30% ↓	-13.36% ↓	-23.60% ↓
Natural gas consumption (kWh) With proportion of landlord procured natural gas from carbon neutral sources	Fuel-Abs	2020	–	3,710,454	63,190	–	N/A	3,773,644
		2019	16,762	4,109,763	65,933	9,916	N/A	4,202,374
		2020	0%	7%	0%	0%	N/A	7%
		2019	0%	0%	0%	0%	N/A	0%
Change in natural gas consumption (kWh/%)	Fuel-LfL	2020	–	2,943,948	63,190	N/A	N/A	3,007,138
		2019	–	3,813,478	65,933	N/A	N/A	3,879,411
		%	N/A N/A	-22.80% ↓	-4.16% ↓	N/A N/A	N/A N/A	-22.48% ↓
Energy intensity (kWhe/m^2)	Energy-Int	2020	1.4	139.9	95.9	3.6	349.4	91.7
		2019	3.9	114.1	88.7	5.0	403.2	76.1
Change in energy intensity (%)			-65.07% ↓	22.61% ↑	8.07% ↑	-28.54% ↓	-13.35% ↓	20.50% ↑

Emissions

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

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

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

Table 2: Emissions

Measure (units)	EPRA code		Industrial	Offices	Retail (inc. SCP)	Retail warehouse	Alternative	Grand total
Emissions from Scope 1 usage (kg CO_2e)	GHG-Dir-Abs	2020	0	682,710	11,619	0	N/A	694,329
		2019	3,082	755,580	12,122	1,823	N/A	772,607
Change in emissions from Scope 1 usage (%)			-100% ↓	-10% ↓	-4% ↓	N/A N/A	N/A N/A	-10% ↓
Emissions from Scope 2 usage (kg CO_2e)	GHG-Indir-Abs	2020	1,631	919,600	105,250	14,829	44,798	1,086,109
		2019	11,485	1,131,878	137,987	23,264	56,688	1,361,302
Change in emissions from Scope 2 usage (%)			-86% ↓	-19% ↓	-24% ↓	-36% ↓	-21% ↓	-20% ↓
Emissions intensity for Scope 1 & 2 (kg CO_2e/m^2 NLA)	GHG-Int	2020	0.3	41.3	23.5	0.8	81.5	26.5
		2019	1.1	35.5	23.5	1.3	103.1	23.2
Change in emissions intensity from Scope 1 & 2 usage (%)			-71% ↓	16% ↑	0% ↓	-36% ↓	-21% ↓	14% ↑
Emissions from Scope 3 Transmission & Distribution Losses (kg CO_2e)								93,405

Water

The following tables report on the water consumption and intensities of BCPT assets. These are determined from BMO REP analysis of data from invoices and meter readings on the Envizi data portal where there is Company-procured supply. All such consumption is from municipal water supplies (there is no water usage from other sources within the managed portfolio). The absolute water figures for 2020 were also independently verified by Lucideon. The verification statement can be found in Appendix 4.

Table 3: Water consumption

Measure (units)	EPRA code		Industrial	Offices	Retail	Retail - Warehouse	Alternative	Grand total
Water consumption (m^3)	Water-Abs	2020	0	19,349	1,472	N/A	137	20,958
		2019	40	27,744	897	N/A	212	28,893
Change in water consumption (m^3/%)	Water-LfL	2020	N/A	17,019	1,472	N/A	137	18,491
		2019	N/A	27,768	1,386	N/A	212	29,153
		%	N/A N/A	-30% ↓	64% ↑	N/A N/A	-35% ↓	-37% ↓
Water intensity (m^3/m^2)	Water-Int	2020	0.0	0.5	0.9	N/A	0.2	0.5
		2019	0.2	0.7	0.4	N/A	0.4	0.7
Change in water intensity (%)			-100% ↓	-30% ↓	115% ↑	N/A N/A	-38% ↓	-29% ↓
Scope 3 Emissions from Water Consumption (kg CO_2e)		2020	0	19,349	1,472	N/A	137	20,958
		2019	42	29,187	944	N/A	223	30,395

Waste

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

The following table shows the breakdown of waste by destination, with percentage figures in blue indicating the proportion of the waste that was hazardous. The absolute waste figures for 2020 were also independently verified by Lucideon. The verification statement can be found in Appendix 4.

A de minimus amount of waste (<1%) was not diverted from landfill. This is against Company policy, and on discovery the site manager was instructed to change the waste carrier to comply.

Table 4: Waste production

Measure (units)	EPRA code			Industrial		Offices		Retail - High St.		Retail - Warehouse		Alternative		Grand total
Total weight of waste by disposal route (tonnes) and proportion relating to hazardous waste (%)	Waste-Abs	Recycling	2020	5.50	*100%*	7.94	*24%*	0.11	*0%*	0.60	*100%*	1.00	*100%*	14.15
			2019	30.04	*49%*	12.09	*0%*	0.11	*0%*	2.91	*100%*	–	*0%*	42
		Materials Recovery Facility	2020	–	*0%*	16.75	*0%*	–	*0%*	–	*0%*	–	*0%*	16.75
			2019	–	*0%*	59.22	*0%*	–	*0%*	–	*0%*	–	*0%*	59
		Incineration without energy recovery	2020	–	*0%*	0.03	*0%*	1.20	*0%*	–	*0%*	–	*0%*	1.23
			2019	–	*0%*	–	*0%*	1.20	*0%*	–	*0%*	–	*0%*	0
		Incineration with energy recovery	2020	–	*0%*	33.35	*0.01%*	0.17	*0%*	3.36	*0%*	–	*0%*	36.88
			2019	11.78	*0%*	76.51	*0%*	0.17	*0%*	3.36	*0%*	–	*0%*	88
		Landfill	2020	–	*0%*	0.34	*0%*	–	*0%*	–	*0%*	–	*0%*	0.34
			2019	0.27	*0%*	0.34	*0%*	–	*0%*	–	*0%*	–	*0%*	1
Change in weight of waste by disposal route (tonnes)	Waste-Lfl	Recycling	2020	5.50		5.34		0.11		0.60		1.00		12
			2019	14.70		12.09		0.11		2.91		–		30
		Materials Recovery Facility	2020	–		16.75		–		–		–		17
			2019	–		59.22		–		–		–		59
		Incineration without energy recovery	2020	–		0.03		1.20		–		–		1
			2019	–		–		1.20		–		–		1
		Incineration with energy recovery	2020	–		26.98		0.17		3.36		–		31
			2019	–		75.98		0.17		3.36		–		80
		Landfill	2020	–		0.34		–		–		–		0
			2019	–		0.34		–		–		–		0
Total weight of waste (tonnes)			2020	5		58		1		4		1		70
			2019	42		148		1		6		0		198
Number of site for which there is hazardous waste				1		2		0		2		1		3
Scope 3 Emissions from waste management (kg CO_2e)			2020											1,646
			2019											4,487

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 BMO Real Estate Partners' office function. The building's property manager however found issues with the data reported to BMO REP in 2019, so these consumption figures have been amended here. As such, unaudited head office data for energy, emissions and water can be found below, aligned with EPRA reporting guidelines. BMO REP hope to extend this reporting to waste 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)	**Elec-Abs/ Elec-Lfl**	2020	87,512
		2019	88,328
With proportion of estimated data		2020	*0%*
		2019	*0%*
With proportion of electricity from renewable sources		2020	*100%*
		2019	*100%*
Natural gas consumption (kWh)	**Fuel-Abs/ Fuel-Lfl**	2020	52,337
		2019	49,631
With proportion of estimated data		2020	*0%*
		2019	*10%*
Energy intensity ($kWhe/m^2$)	**Energy-Int**	2020	206.2
		2019	205.7
Change in energy intensity (%)			*0%*
Emissions from Scope 1 usage ($kg\ CO_2e$)	**GHG-Dir-Abs**	2020	9,623
		2019	9,125
Change in emissions from scope 1 usage (%)			5% ↑
Emissions from scope 2 usage ($kg\ CO_2e$)	**GHG-Indir-Abs**	2020	20,403
		2019	22,577
Change in Emissions from scope 2 usage (%)			-10% ↓
Emissions intensity for scope 1 and 2 ($kg\ CO_2e/m^2$)	**GHG-Int**	2020	57.1
		2019	60.3
Change in emissions intensity from scope 1 & 2 usage (%)			-5% ↓
Water consumption (m^3)	**Water-Abs/ Water-Lfl**	2020	69
		2019	81
With proportion of estimated data		2020	*100%*
		2019	*10%*
Water intensity (m^3/m^2)	**Water-Int**	2020	0.1
		2019	0.2
Change in water intensity (%)			-15% ↓

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%	15%	95% E rating or higher	7 "Very Good" and 1 "Excellent"

Social

Scope

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

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

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

Gender equality

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

Table 7: EPRA sBPR for reporting on gender equality

EPRA code	Social performance measure	Company response
Diversity-Emp	Percentage of male and female employees in the Company's governance body.	There are two women on the board, Trudi Clark and Linda Wilding, representing 40% of the Board.
Diversity-Pay	Ratio of remuneration of men to women (gender pay ratio).	The remuneration of Trudi Clark and Linda Wilding was 84% of that of the average salary of men on the Board . Roles and remuneration details can be found in the 2020 Annual Report & Accounts.

Health & safety

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

- 100% undergo regular review in respect of health and safety controls and performance.
- 100% undergo fire risk assessments.
- 73% (of assets directly managed by the Company) undergo a water hygiene assessment, including assessment of potable water management and risk of legionella.

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

Community engagement

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

Governance

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

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

Table 8: EPRA sBPR for reporting on governance performance measures

EPRA code	Reference
Gov-Select	Corporate governance statement – page 38
Gov-Col: cross-board membership	Corporate governance statement – page 38
Gov-Col: cross-shareholding with suppliers and other stakeholders	Corporate governance statement – page 38
Gov-Col: existence of controlling shareholder	Director's Report – page 36
Gov-Col: related party disclosure	Notes to the accounts – note 15

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

Appendix 2: Notes on environmental data

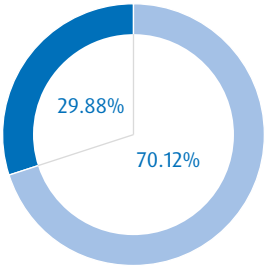
Scope

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

Figure A: ESG data coverage

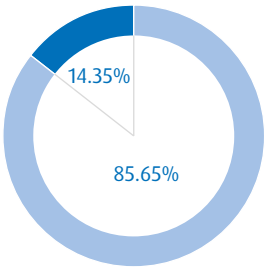
Group data coverage –
Energy & GHG emissions

as a percentage of floor area (NLA)



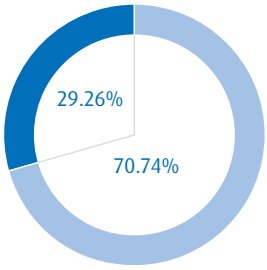
Group data coverage –
Water consumption

as a percentage of floor area (NLA)



Group data coverage –
Waste management

as a percentage of floor area (NLA)



Included
Not Included
Out of scope

Figure B: ESG data coverage by asset

Subsidiary	Property Name	ESG data (energy & GHG)	ESG data (water)	ESG data (waste)	ESG data (other)
FCCPH	Aberdeen, Unit 3 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
	Aberdeen, Unit 4 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
	Birmingham, Unit 6A Hams Hall Distribution Pk	Out of scope	Out of scope	Out of scope	Included
	Birmingham, Unit 8 Hams Hall Distribution Pk	Out of scope	Out of scope	Out of scope	Included
	Birmingham, Unit10a Hams Hall Distribution Pk	Out of scope	Out of scope	Out of scope	Included
	Bristol, One Cathedral Square, Trinity Street	Yes	Yes	Yes	Included
	Camberley, Affinity Point, Glebeland Road	Out of scope	Out of scope	Out of scope	Included
	Camberley, Watchmoor Park	Yes	Yes	Yes	Included
	Chorley, Wolseley RDC, Revolution Park	Out of scope	Out of scope	Out of scope	Included
	Colchester, The Cowdray Centre, Cowdray Ave.	Yes	Out of scope	Yes	Included
	Daventry, Site E4, DIRFT	Out of scope	Out of scope	Out of scope	Included
	East Kilbride, B&Q Unit, Mavor Avenue	Out of scope	Out of scope	Out of scope	Included
	Edinburgh, Nevis/Ness Hses,11/12 Lochside Pl	Yes	Out of scope	Out of scope	Included
	Glasgow, Alhambra House, Waterloo Street.	Yes	Yes	Yes	Included
	Liverpool, Estuary Business Park	Out of scope	Out of scope	Out of scope	Included
	Liverpool, Unit 1, G. Park, Portal Way	Out of scope	Out of scope	Out of scope	Included
	London EC3, 7 Birchin Lane	Yes	Yes	Yes	Included
	London SW1, 2/4 King Street	Yes	Yes	Yes	Included
	London SW1, Cassini House, 57-59 St James' St	Yes	Yes	Yes	Included
	London SW19, Wimbledon Broadway	Yes	Yes	Yes	Included
	London W1, 16 Conduit Street	Yes	Out of scope	Out of scope	Included
	London W1, 17A Curzon Street	Yes	Yes	Yes	Included
	Manchester, 82 King Street	Yes	Yes	Yes	Included
	Newbury, Newbury Retail Park	Yes	Out of scope	Yes	Included
	Rochdale, Dane Street	Out of scope	Out of scope	Out of scope	Included
	Solihull, Oakenshaw Road	Out of scope	Out of scope	Out of scope	Included
	Solihull, Sears Retail Park, Marshall Lake Rd	Yes	Out of scope	Yes	Included
	Southampton, Upper Northam Road, Hedge End	Out of scope	Out of scope	Out of scope	Included
	Uxbridge, 3 The Square, Stockley Park	Out of scope	Out of scope	Out of scope	Included
Winchester Burma	Winchester, Student Accommodation, Burma Road	Out of scope	Out of scope	Out of scope	Included
Prime Four	Aberdeen, Unit 1 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
	Aberdeen, Unit 2 Prime Four Business Park	Out of scope	Out of scope	Out of scope	Included
Leonardo Crawley	Crawley, The Leonardo Building, Manor Royal	Out of scope	Out of scope	Out of scope	Included
	Liverpool, Units 2 & 4, Estuary Business Park	Out of scope	Out of scope	Out of scope	Included

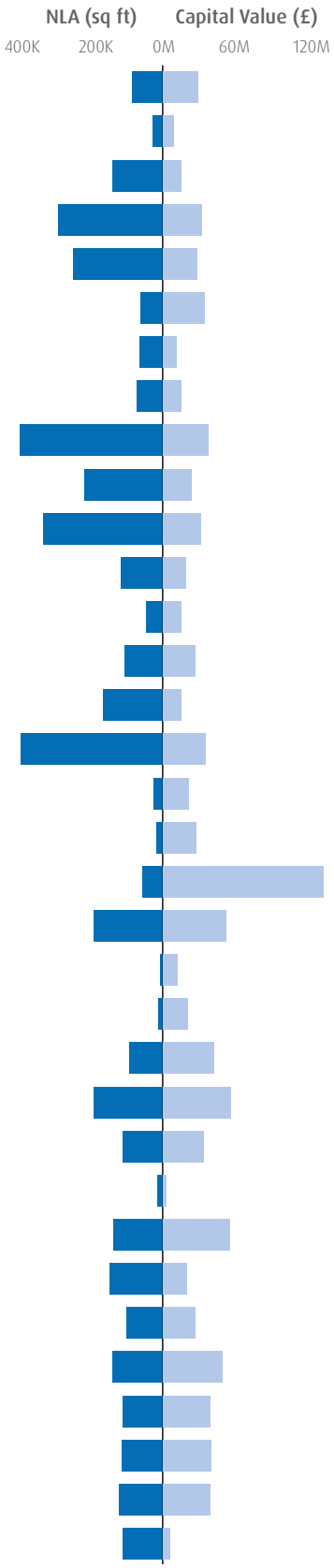
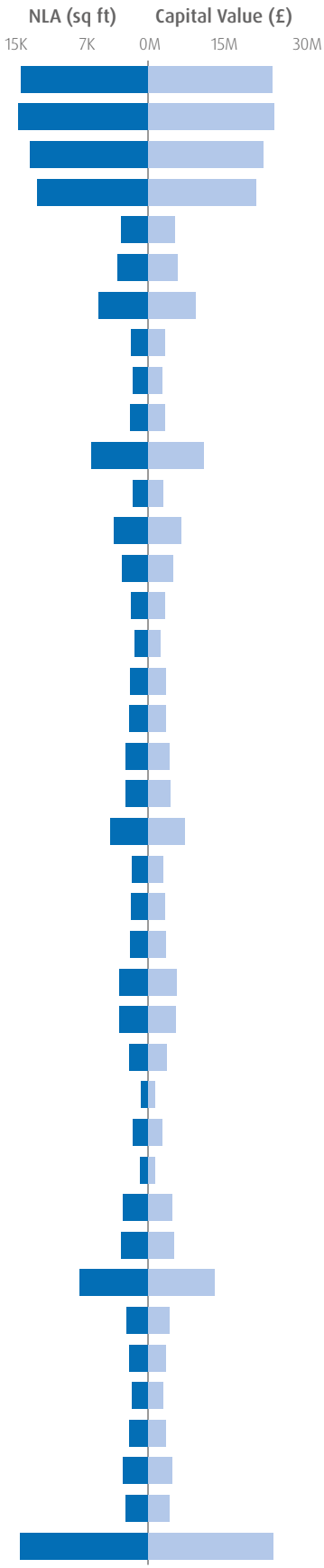


Figure B: ESG data coverage by asset (continued)

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



Estimates

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

Estimation of data

	2020				2019			
	Electricity	Gas	Water	Waste	Electricity	Gas	Water	Waste
Industrial	0.0%	N/A	N/A	0.0%	0.6%	0.0%	0.0%	0.0%
Offices	0.0%	0.0%	14.1%	18.8%	0.2%	0.0%	7.0%	1.1%
Retail (Inc. SCP)	7.9%	5.7%	37.0%	100.00%	2.7%	11.1%	9.0%	N/A
Retail Warehouse	0.0%	N/A	N/A	20.3%	0.0%	9.3%	N/A	100.0%
Alternative	0.0%	N/A	0.0%	0.0%	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 25m² (per BBP REEB recommendation) was used.

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

Data coverage

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

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

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

Coverage of data

	Industrial	Offices	Retail – High Street	Retail – Warehouse	Alternative
Elec-Abs	100%	100%	100%	100%	100%
Elec-Lfl	100%	88%	100%	100%	100%
Fuel-Abs	100%	100%	100%	100%	100%
Fuel-Lfl	100%	88%	100%	100%	100%
Energy-Int	100%	100%	100%	100%	100%
GHG-Dir-Abs	100%	100%	100%	100%	100%
GHG-Indir-Abs	100%	100%	100%	100%	100%
GHG-Int	100%	100%	100%	100%	100%
Water-Abs	0%	100%	45%	0%	100%
Water-Lfl	0%	88%	45%	0%	100%
Water-Int	0%	100%	45%	0%	100%
Waste-Abs	100%	100%	100%	100%	100%
Waste-Lfl	100%	100%	100%	100%	100%
Cert-Tot	100%	100%	100%	100%	100%

Flood risk assessment methodology

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

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

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

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

Data limitations

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

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

BGS Natural Environment Research Council Disclaimer

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

Appendix 3: 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. On occasion, typically twice annually, the Board will invite the Company's retained ESG Advisor, Hillbreak, to provide a report and presentation on topical matters and their potential impact on the Company's activities. This has included particular emphasis on climate-related transition risks and opportunities, linked to 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 Company's Annual Report and the aligned ESG Report, both of which are reviewed and signed-off by the Board in discussion with the Fund Manager 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 2021, 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 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. Further, during 2020, the Company engaged Cundall to help expand its existing climate considerations towards a net zero carbon ambition and target year. Also during 2020 the Company engaged with climate specialists from WSP to assess the potential impacts on the portfolio of the the physical risks and opportunities presented by climate change. 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 includes specific refresher sessions on the implications of Minimum Energy Efficiency Standards for leased properties, a key transition factor that requires diligent management.	During 2020, 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. The analysis has shifted emphasis from looking at risks and opportunities at Company level to investigating these at asset level. This scenario-based risk modelling was completed in late 2020 and the findings will be distilled into specific dashboards for incorporation into individual asset business plans as well as 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 regularly) 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% where the Company has some control over energy consumption.	The completed analysis of the exposure of the portfolio to physical climate risks in the short, medium and longer terms is to be incorporated into individual asset business plans from 2021 and will contribute to wider considerations around strategies to exploit opportunities and mitigate risk.
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 ESG is to ensure portfolio resilience. In that regard, we seek to: • Identify and address environmental and social risks through effective asset planning and property management. • Deliver operational efficiencies and strengthen the appeal of assets under management through smart and efficient use of resources. • Understand and respond to the 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 a regular basis. Our current analysis is indicated in Section 5 of this report. Our judgement continues to be that the overall level of risk is comfortable, albeit that more detailed analysis will be undertaken for those limited number of assets at which the level of risk has risen to high. Our Strategy and asset business planning has evolved to take account of transition risks associated with energy performance ratings and consumption. This is explained in Section 5 of this report. 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 where landlord energy consumption is significant, with these plans forming part of the operational business planning and budgets for each asset.	During 2021, the Company aims to complement its completed physical climate scenario modelling by exploring appropriate criteria, approaches and methodologies for evaluating transitional climate risk and potential impacts on the portfolio.

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.	A scenario-based analysis of physical climate risks together with an assessment of the resilience of the Company's strategy has determined that the portfolio is well positioned to mitigate short and medium term risks associated with overheating and cooling demands, storm damage, soil shrinkage and heightened flood perils	in 2021, and building on its completed physical risk analysis, the Company will look at expanding its climate considerations towards transitional risk.
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.	From 2021, 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 our current 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 ESG Appraisal process, either during acquisition or as a routine of the asset and property management process, are utilised when preparing and signing-off on Asset Business Plans. Incorporating appropriate actions to mitigate climate-related risks and capture related opportunities into Asset Business Plans. • Safeguarding the transition and physical risk resilience credentials of a property when negotiating leases and considering applications for alterations, especially in relation to energy performance ratings. • Targeting optimal performance and resilience outcomes when undertaking development or refurbishment work. These core requirements are applied across all of our assets, although the frequency and depth of certain actions is proportionate to the circumstances of each asset, as defined by the Property Manager's Asset Classification System.	From 2021 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 are included in this process.	We expect to deliver briefing and training sessions to our asset, property and project managers so they are aware of risks and opportunities and recommended actions for improving the resilience of individual assets.
Metrics & 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)	During 2021, we may refine the suite of metrics we use to monitor our exposure to climate risk and opportunity, particularly as a result of the scenario analysis of physical risks. This may include the addition of Risk Adaptation and Mitigation Metrics pertaining to revenues and expenditures.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Disclosed in our 2020 ESG Report, which will be published following the completion of independent verification on our GHG emissions data by Lucideon.	To be disclosed annually in the Annual Report & Accounts from 2021.
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 by an average of 3% across the portfolio. • In parallel, we established a target of having renewable electricity supplies for all landlord-procured power by the end of 2018. This has been largely achieved with the exception of small de-minimis supplies and FRI assets which revert back to landlord control with no commercial opportunity to switch supplies ahead of contract renewal. **Medium-term:** • We worked with Verco Advisory to set our target for reducing the energy intensity of the portfolio by 20% per square meter by 2031, against a 2016 baseline, for landlord-procured energy. These targets go beyond what might have been determined by the market, as the Company would have achieved with no intervention because of forecasted decarbonisation of the grid. Using the location-based method the Company's science-based targets will therefore be based on energy- consumption rather than emissions-production.	During 2021, the Company will be looking to set a pathway for achieving net zero carbon emissions, in line with the collective climate change commitments made by member organisations within the Better Buildings Partnership.

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

Verification of BMO Commercial Property Trust Limited'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 "2020 Environmental, Social and Governance Report" for the period 1 January 2020 to 31 December 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, water and waste that is directly the responsibility of the fund is included, anything that is a tenant responsibility is outside of the boundary for the purposes of the report.

Conclusion

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

Yours sincerely

Sorcha Anderson
Lead Verifier

BMO Commercial Property Trust Limited

Environmental, Social and Governance Report 2020

Directors (all non-executive)
Martin Moore (Chairman)
Trudi Clark
John Wythe
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