

**To:** Company Announcements  
**Date:** 27 April 2021  
**Company:** BMO Real Estate Investments Limited  
**LEI:** 231801XRCB89W6XTR23

**Subject:** Trading Update and Net Asset Value

## Background

BMO Real Estate Investments Limited ("BREI" or the "Company") provides an update on trading and the net asset value as at 31 March 2021.

## Net Asset Value ('NAV')

The unaudited NAV per share of BREI as at 31 March 2021 was 99.1 pence. This represents an increase of 1.0 per cent from the NAV per share as at 31 December 2020 of 98.1 pence and a NAV total return for the quarter of 1.9 per cent.

The NAV is based on the external valuation of the Company's property portfolio prepared by Cushman & Wakefield.

The NAV is calculated under International Financial Reporting Standards ("IFRS").

The NAV includes all income to 31 March 2021 and is calculated after the deduction of all dividends paid prior to that date.

## Breakdown of NAV movement

Set out below is a breakdown of the change to the unaudited net asset value per share calculated under IFRS over the period from 31 December 2020 to 31 March 2021.

	Pence per share	% of opening NAV
Net asset value per share as at 31 December 2020	98.1	
Unrealised movement in valuation of property portfolio (including the effect of gearing)	1.2	1.2*
Realised loss on sale of property (including the effect of gearing)	(0.4)	(0.4)
Movement in revenue reserves	0.2	0.2
<b>Net asset value per share as at 31 March 2021</b>	<b>99.1</b>	<b>1.0</b>

\* The un-gearred capital return of the property portfolio over the quarter to 31 March 2021 was 0.6%.

## Share Price

The share price was 74.6 pence per share as at 31 March 2021, which represented a discount of 24.3 per cent to the NAV per share announced above. The share price total return for the quarter was 23.7 per cent.

## Performance

The property market delivered positive total returns over the quarter buoyed by encouraging news on the vaccine rollout and a timetable to the reopening of parts of the economy that have remained closed for much of the pandemic. Performance was largely driven by a strong

showing from the industrial and distribution sector where occupational fundamentals remain attractive and investment demand has driven sharp yield compression. There was some improved stability in retail markets, particularly retail warehousing, although shopping centres and high street yields continued to soften. Sentiment has improved over the period, however investors outside of the industrial and foodstore markets remain cautious and transaction levels are subdued by historic standards.

The capital return for the Company's portfolio was 0.6 per cent for the quarter. The return is net of expenditure on the two development projects at Luton and Chelmsford and the impact of the disposal of a further asset from the High Street portfolio at High Street Winchester below the 31 December 2020 valuation.

There was a 2.5 per cent increase in the valuation of the Industrial and Logistics properties which now comprise 45.9 per cent of the portfolio. Notwithstanding the fact that the retail portfolio remains fully let, there was further downward pressure on valuations in the Company's high street portfolio (weighting: 8.0 per cent) on account of negative sentiment towards the sector's falling rents, lower rental recovery, and the fear of further tenant failures.

The retail warehouse portfolio (weighting: 16.5 per cent) continues to offer relative resilience, being let primarily to 'essential' convenience, non-fashion occupiers and demonstrating 95 per cent rent collection over the full period of the pandemic. The strength of demand for long let foodstore assets was a factor behind the significant contribution to performance made by the pre-let supermarket development at Enterprise Way, Luton.

Investor and occupier caution linked to the potential for widespread adoption of flexible working practices continues to dampen returns from the Office sector (weighting: 29.6 per cent). There was further leasing progress on the completed refurbishment project at County House, Chelmsford, where only one floor remains vacant and this has contributed positively to returns over the quarter.

As at period end the portfolio has a vacancy rate of 4.0% (by ERV) and an average weighted unexpired lease term of 5.9 years.

### Rent Collection

We summarise below our current rent collection outcome since the impact of Covid-19 came into full force, for Q2 2020 to Q1 2021 as well as providing an update on collection for Q2 of 2021.

Q2 2020 to Q1 2021 collection (billed between 26 March 2020 and 1 March 2021)

Overall collection over the twelve-month period is at 94.7 per cent and the breakdown is detailed below:

	Rent Billed (£m)	Collected (%)
Quarter 2 2020	4.1	93.3
Quarter 3 2020	4.1	94.5
Quarter 4 2020	4.2	96.8
Quarter 1 2021	4.2	94.2
<b>Total</b>	<b>16.6</b>	<b>94.7</b>

Collection by sector:

	Rent Billed (£m)	Collected (%)
Industrial, logistics and distribution	6.1	100.0
Offices	4.5	99.5
Retail Warehouse	3.7	94.9
Retail	2.3	70.7
<b>Total</b>	<b>16.6</b>	<b>94.7</b>

*Breakdown of uncollected rent:*

Total Outstanding	Rent Billed	
	(£m)	(%)
Agreed deferments	0.0	0.1
Rent waived	0.3	1.8
Unresolved / in discussion	0.4	2.2
Bad Debts	0.2	1.2
<b>Uncollected Rent</b>	<b>0.9</b>	<b>5.3</b>

The absence of any exposure to the shopping centre, leisure and hospitality sectors has been a contributory factor toward the comparatively high level of rent collection achieved by the Company. The focus remains on ensuring that rental income is recovered where it is due under contract and can be paid, whilst continuing to work with our occupiers to deliver mutually beneficial outcomes in scenarios where tenants are under particular trading pressures and prospects for recovery are challenged.

Quarter 2 2021 Collection (to be billed between 25 March 2021 and 1 June 2021)

The Company has billed c.£3.2m of its quarter 2 rent due from 25 March to date and has collected 82.1 per cent of this total amount (compared to 79.0 per cent for the same number of days last quarter). This percentage will increase as tenants with whom we have agreed monthly payment arrangements, but have been billed quarterly, pay further instalments. The total quarterly rent amounts to c.£4.2 million with further contractual billing dates during the course of April and May. Progress on collection is consistent with previous quarters with total recovery by period end expected to be in line with trend over the course of the pandemic.

## Collection by sector:

	Rent Billed	Collected
	(£m)	(%)
Industrial, logistics and distribution	1.3	94.4
Offices	0.6	87.2
Retail Warehouse	0.8	66.9
Retail	0.5	64.9
<b>Total</b>	<b>3.2</b>	<b>82.1</b>

*Breakdown of uncollected rent:*

Total Outstanding	Rent Billed	
	(£m)	(%)
Monthly payments*	0.1	4.5
Rent waived	0.0	0.3
Unresolved / in discussion	0.5	13.1
<b>Uncollected Rent</b>	<b>0.6</b>	<b>17.9</b>

\* tenants who have been billed for the quarter but are paying in monthly instalments.

**Cash and Borrowings**

The Company has approximately £15.7 million of available cash and an undrawn revolving credit facility of £20 million. The £90 million long-term debt with Canada Life and the undrawn loan facility with Barclays do not need to be refinanced until November 2026 and March 2025 respectively. As at 31 March 2021, the LTV was 25.3 per cent and there was significant headroom under debt covenants.

## Dividend

On 1 March 2021, the Company announced a quarterly dividend payment of 0.85 pence per ordinary share in respect of the financial year ended 30 June 2021, which was paid to shareholders on 31 March 2021. The Board will continue to monitor rental receipts and earnings closely and keep the future level of dividends under review.

<b>Portfolio Analysis</b>	£m	% of portfolio as at 31 March 2021	% capital value movement in quarter
<b>Offices</b>	<b>94.4</b>	<b>29.6</b>	<b>(0.6)</b>
• West End	27.6	8.7	(1.4)
• South East	39.7	12.4	0.2
• Rest of UK	27.1	8.5	(0.8)
<b>Industrial, logistics and distribution</b>	<b>146.2</b>	<b>45.9</b>	<b>2.5</b>
• South East	146.2	45.9	2.5
<b>Standard Retail</b>	<b>25.5</b>	<b>8.0</b>	<b>(0.6)</b>
• West End	6.8	2.1	(4.2)
• Rest of London	1.7	0.5	(2.9)
• South East	11.6	3.6	0.6
• Rest of UK	5.4	1.8	(3.9)
<b>Retail Warehouse</b>	<b>52.7</b>	<b>16.5</b>	<b>0.0</b>
<b>Total Property</b>	<b>318.8</b>	<b>100.0</b>	<b>0.8</b>

## Summary Balance Sheet

	£m	Pence per share	% of Net Assets
Property Portfolio per Valuation Report	318.8	132.5	133.7
Adjustment for lease incentives	(3.7)	(1.5)	(1.5)
<b>Fair Value of Property Portfolio</b>	<b>315.1</b>	<b>131.0</b>	<b>132.2</b>
Cash	15.7	6.5	6.5
Trade and other receivables	7.2	3.0	3.0
Trade and other payables	(9.7)	(4.0)	(4.1)
Interest-bearing loans	(89.7)	(37.4)	(37.6)
<b>Net Assets at 31 March 2021</b>	<b>238.6</b>	<b>99.1</b>	<b>100.0</b>

The property portfolio will next be valued by an external valuer during June 2021 and the net asset value per share as at 30 June 2021 will be announced in July 2021.

## Important information

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

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