

# F&C UK Real Estate Investments Limited

## Focus on the figures

### Highlights for the Year:

- Portfolio ungeared total return of **11.7%** for the year
- NAV total return of **13.6%** for the year\*
- Dividend of **5.0p** per share for the year, giving a yield of **5.0%** on the year-end share price
- Dividend cover increased to **95.7%** for the year from **94.4%**

\* NAV total returns assume that dividends are reinvested.



### Dear Shareholder,

This notification highlights the Company's results for the year ended 30 June 2018. The full Chairman's Statement and more detailed information is available on the website at [www.fcrc.co.uk](http://www.fcrc.co.uk) or [www.fcrc.gg](http://www.fcrc.gg).

The Group's net asset value ('NAV') total return for the year was 13.6 per cent with a NAV per share as at 30 June 2018 of 108.5 pence, up from 100.1 pence per share at the prior year-end.

Despite the strong underlying performance, the share price reflects continued market uncertainty. The share price total return for the year was -1.9 per cent with the shares trading at 99.8 pence per share at the year-end, a discount of 8.0 per cent to the NAV. It is disappointing that the share price has fallen but it is not believed that this is a reflection of the underlying portfolio when compared against the peer group.

The portfolio continues to deliver an above market income yield, with the void rate reducing to 4.6 per cent following the successful completion of asset management initiatives. There has been minimal impact upon the portfolio from the Company Voluntary Arrangements ('CVA's') and administrations widely reported in the Retail market place, as at 30 June 2018, however post period there will be some impact from the CVA of

Homebase, recently approved by creditors. Plans are already in place to mitigate any potential negative impact and to realise opportunity where appropriate. Average unexpired lease length has fallen over the period to approximately 6 years on a weighted basis.

The Company's strategy continues to be the retention of an overweight position to Industrial and Warehouse property with the Company's Retail portfolio under continual review given the difficulties currently being experienced by this sector. There was a further sale from the High Street portfolio of 100a Princes Street, Edinburgh and also an Office building at The Clock Tower, Brookwood. The Company's sole purchase was an Industrial asset in Basingstoke.

The outlook continues to be dominated by the political and economic uncertainties surrounding Brexit, and this is likely to become even more pronounced as the March 2019 deadline approaches. Economic growth has been positive, but modest, and consensus forecasts have been revised lower. The Bank of England raised interest rates after the end of this reporting period, and further gradual increases are anticipated. However, the property yield premium remains attractive against the risk-free rate.

Whilst remaining cautious in these uncertain times, we believe that the Company's balanced portfolio offers relatively attractive defensive characteristics, a strong income return, combined with some value enhancement opportunities.



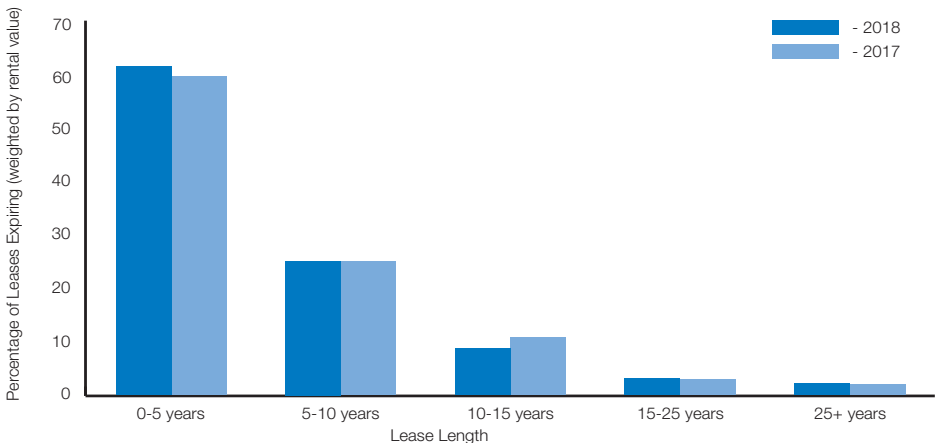
In 2014 the Company's investment manager, F&C Investment Business Limited, was acquired by BMO ('Bank of Montreal'). BMO has recently announced its intention to transition all remaining F&C branded products and funds to BMO later in the year. Its savings plans, through which many of our shareholders invest, will also align to the BMO brand. The Board is therefore recommending that the Company changes its name from F&C UK Real Estate Investments Limited to BMO Real Estate Investments Limited and is seeking shareholder approval at the Annual General Meeting. If approved, it is anticipated that this renaming will take effect early in 2019.

The Company's Annual General Meeting will be held on 21 November 2018 at the offices of BMO Global Asset Management, Exchange House, Primrose Street, London EC2A 2NY at 12 noon. Shareholders who are unable to attend the Meeting are requested to complete and return the Form of Direction which is enclosed with this document so as to ensure that their votes are represented.

Vikram Lall  
Chairman, 27 September 2018

## Portfolio

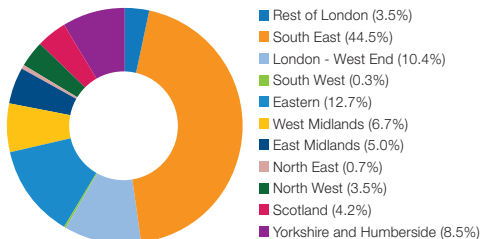
### Lease Expiry Profile



As at 30 June 2018 the weighted average lease length for the portfolio, assuming all break options are exercised, was 5.9 years (2017: 6.6 years).

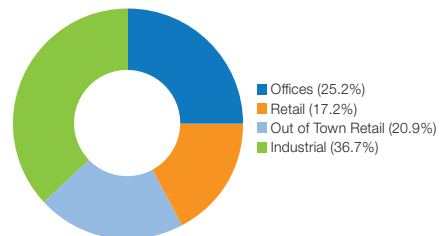
### Geographical Analysis

As at 30 June 2018



### Sector Analysis

As at 30 June 2018



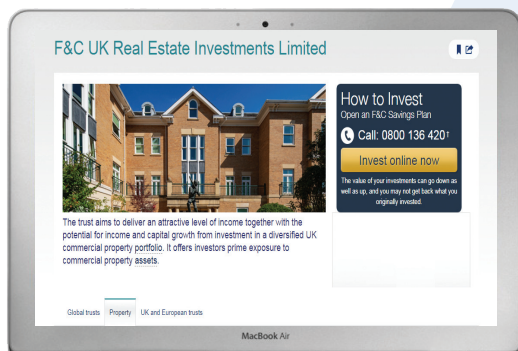
## Annual General Meeting

This notification is not a substitute for either the Report and Accounts or the Notice of Meeting and it is therefore recommended that you read them carefully at [www.fcre.co.uk](http://www.fcre.co.uk) or [www.fcre.gg](http://www.fcre.gg) before lodging your votes.

### Annual general meeting resolutions 2018

The fourteenth Annual General Meeting of F&C UK Real Estate Investments Limited will be held at the offices of BMO Global Asset Management, Exchange House, Primrose Street, London EC2A 2NY on 21 November 2018 at 12 noon for the following purposes:

- 1 To receive and approve the Annual Report and Consolidated Accounts.
- 2 To approve the Annual Report on Directors' Remuneration.
- 3 To approve the dividend policy of paying four quarterly interim dividends.
- 4 Re-election of Mr V Lall.
- 5 Re-election of Mr A Gulliford.
- 6 Re-election of Mr D Ross.
- 7 Re-election of Mr M Carpenter.
- 8 Re-election of Ms A Henderson.
- 9 Re-appointment of PricewaterhouseCoopers CI LLP as Auditor.
- 10 Authorise the Directors to determine the Auditor's remuneration.
- 11 Authorise the Directors to allot securities without rights of pre-emption.
- 12 Authorise the Directors to buy back shares.
- 13 To change the Company name to BMO Real Estate Investments Limited.



Further information about investment performance can be found online.

Visit  
[www.fcre.co.uk](http://www.fcre.co.uk)  
[www.fcre.gg](http://www.fcre.gg)

# Financial Calendar

Financial Calendar 2018/2019	
Annual General Meeting	21 November 2018
Half-yearly results announced	February 2019
Final results for 2019 announced	September 2019

## Warning to shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the Financial Conduct Authority before getting involved by visiting [fca.org.uk/firms/systems-reporting/register](http://fca.org.uk/firms/systems-reporting/register)
- Report the matter to the Financial Conduct Authority by calling 0800 111 6768
- If the calls persist, hang up.

More detailed information on this can be found on its website [fca.org.uk/consumers/scams](http://fca.org.uk/consumers/scams)

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

The purpose of this notification is to inform shareholders and investors that the Report and Accounts are available for viewing at [www.fcrc.co.uk](http://www.fcrc.co.uk) or [www.fcrc.gg](http://www.fcrc.gg)

**F&C saving plans investors who prefer to receive a paper copy of the Reports and Accounts can do so by contacting our UK based team on**

☎ **0345 600 3030\***  
(9.00am – 5.00pm, weekdays)

@ [investor.enquiries@fandc.com](mailto:investor.enquiries@fandc.com).

**If you prefer to write to F&C in connection with the savings plans, the address is:**

**F&C Management Limited**  
**PO Box 11114**  
**Chelmsford**  
**CM99 2DG**

**For further details on the F&C savings plans, please contact Investor Services**

☎ **0800 136 420\***  
(8.30am – 5.30pm, weekdays)

@ [info@fandc.com](mailto:info@fandc.com)

Please have your account handy when you call.  
\*Calls may be recorded or monitored for training and quality purposes.