

**To:** Company Announcements  
**Date:** 16 July 2020  
**Company:** BMO Real Estate Investments Limited  
**LEI:** 231801XRCB89W6XTR23

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

## Background

BMO Real Estate Investments Limited ("BREI" or the "Group") provides an update on trading and the net asset value as at 30 June 2020.

## Net Asset Value ('NAV')

The unaudited NAV per share of BREI as at 30 June 2020 was 96.6 pence. This represents a decrease of 3.1 per cent from the NAV per share as at 31 March 2020 of 99.7 pence and a NAV total return for the quarter of -2.5 per cent.

The NAV is based on the external valuation of the Group's property portfolio prepared by Cushman & Wakefield. The valuation certificate includes a 'material uncertainty' clause in-line with RICS guidance. This clause reflects the fact that there is less certainty in the valuations, given the unknown future impact that Covid-19 might have on the real estate market. Valuers are therefore exercising a higher degree of caution and giving less weight to previous market evidence for comparison purposes. This clause does not apply to the Industrial, logistics and distribution assets which account for 43.4 per cent of the portfolio.

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

The NAV includes all income to 30 June 2020 and is calculated after 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 March 2020 to 30 June 2020.

	Pence per share	% of opening NAV
Net asset value per share as at 31 March 2020	99.7	
Unrealised movement in valuation of property portfolio (including the effect of gearing)	(3.5)	(3.5)*
Movement in revenue reserves	0.4	0.4
<b>Net asset value per share as at 30 June 2020</b>	<b>96.6</b>	<b>(3.1)</b>

\* The un-gearred decrease in the valuation of the property portfolio over the quarter to 30 June 2020 was 2.5%.

## Share Price

The share price was 56.0 pence per share as at 30 June 2020, which represented a discount of 42.0 per cent to the NAV per share announced above. The share price total return for the quarter was -18.2 per cent.

## Rent Collection

The Company has a highly diverse tenant base, the vast majority of whom continued to trade through the lockdown. The Managers have been engaging with tenants given the challenges faced by many to meet quarterly rental commitments at this time. The trading restrictions put in place by the Government resulted in the closure of many of our retail units, although the vast majority have now commenced trading, albeit with social distancing measures in place. The portfolio has no exposure to the hotels, student and leisure subsectors and only two restaurant tenants, although it does have occupiers linked to these sectors through the supply chain.

### Quarter 2 collection (billed between 26 March 2020 and 1 June 2020)

The Group has collected 91 per cent of its quarter 2 rents due. Of the outstanding 9 per cent, c.3 per cent have been agreed as outright rent-free concessions, a selection of which may be withdrawn unless part payments are satisfied imminently. A further 3 per cent of quarterly rents for the period is recoverable by way of deferral or extension to lease term. The remainder is due, but unpaid at this time.

Collection by sector:

	Rent Billed	Collected
	(£m)	(%)
Industrial, logistics and distribution	1.5	97.9
Offices	1.2	99.4
Retail Warehouse	0.9	91.2
Retail	0.6	53.2
<b>Total</b>	<b>4.2</b>	<b>90.9</b>

### Quarter 3 Collection (billed between 24 June 2020 and 1 September 2020)

The Group has billed c.£3.0m of its quarter 3 rent due from 24 June to date and has collected 66 per cent of this total amount (compared to 87 per cent for the same period last year and 65 per cent after 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.£4.1 million with further contractual billing dates during the course of July and August. A similar pattern of collection is evident as was seen for the March quarter date with many of the retail occupiers paying monthly. Such terms have also been granted to selected occupiers within other sectors where it is felt appropriate to offer cashflow assistance at this time.

## Cash and Borrowings

The Group has approximately £13.7 million of available cash and an undrawn revolving credit facility of £20 million. The Group's £90 million long-term debt with Canada Life and the undrawn loan facility with Barclays do not need to be refinanced until November 2026 and March 2025 respectively. As at 30 June 2020, the Group's LTV was 25.6 per cent and there was significant headroom under debt covenants.

## Dividend

On 3 June 2020, the Company announced its quarterly dividend payment of 0.625 pence per ordinary share in respect of the financial year ended 30 June 2020, which was paid to shareholders on 30 June 2020. This was a 50 per cent reduction on previous quarterly dividends, reflecting the fact that rent collection was likely to be challenging in the coming months and that the Group had been paying a dividend which had not been fully covered over the course of the financial year. The Board therefore considered it prudent to reduce the level of its future quarterly dividend payments in order to protect cash reserves and the long-term value of the Group. The Board will continue to monitor closely the impact of Covid-19 on rental receipts and earnings and keep the future level of dividends under review.

<b>Portfolio Analysis</b>	£m	% of portfolio as at 30 June 2020	% capital value movement in quarter
<b>Offices</b>	<b>93.2</b>	<b>29.8</b>	<b>(1.1)</b>
• West End	28.8	9.2	(1.9)
• South East	36.9	11.8	(1.7)
• Rest of UK	27.5	8.8	0.6
<b>Industrial, logistics and distribution</b>	<b>135.5</b>	<b>43.4</b>	<b>(0.6)</b>
• South East	135.5	43.4	(0.6)
<b>Standard Retail</b>	<b>32.7</b>	<b>10.5</b>	<b>(8.1)</b>
• West End	8.3	2.7	(0.9)
• Rest of London	1.9	0.6	(20.8)
• South East	16.3	5.2	(9.0)
• Rest of UK	6.2	2.0	(10.1)
<b>Retail Warehouse</b>	<b>50.9</b>	<b>16.3</b>	<b>(6.2)</b>
<b>Total Property</b>	<b>312.3</b>	<b>100.0</b>	<b>(2.5)</b>

### Summary Balance Sheet

	£m	Pence per share	% of Net Assets
Property Portfolio per Valuation Report	312.3	129.7	134.2
Adjustment for lease incentives	(3.6)	(1.5)	(1.5)
<b>Fair Value of Property Portfolio</b>	<b>308.7</b>	<b>128.2</b>	<b>132.7</b>
Cash	13.7	5.7	5.9
Trade and other receivables	7.2	3.0	3.1
Trade and other payables	(7.5)	(3.1)	(3.2)
Interest-bearing loans	(89.5)	(37.2)	(38.5)
<b>Net Assets at 30 June 2020</b>	<b>232.6</b>	<b>96.6</b>	<b>100.0</b>

The property portfolio will next be valued by an external valuer during September 2020 and the net asset value per share as at 30 September 2020 will be announced in October 2020.

### Outlook

Although the lockdown measures began to be eased towards the end of the quarter, the economic outlook remains highly uncertain and the trading position of many occupiers is extremely challenged. It will take time for output to return to pre Covid-19 levels and for many businesses, in the near term at least, but perhaps more permanently, the new economic reality will look very different to that prior to the outbreak.

Securing income due under existing lease contracts remains the primary focus. The Company's diverse occupier base offers some defence in this regard as does the weighting towards Industrials and Offices. The 3.3 per cent portfolio void rate demonstrates continued occupier demand for the Company's property, limiting the costs associated with holding vacant buildings and mitigating leasing risk at a time when there is an understandable degree of demand weakness and inertia in decision making.

**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.

**Enquiries:**

The Company Secretary  
Northern Trust International Fund Administration Services (Guernsey) Limited  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL  
Tel: 01481 745001  
Fax: 01481 745051

Peter Lowe  
Scott Macrae  
BMO Investment Business Ltd  
Tel: 0207 628 8000  
Fax: 0131 225 2375