



BMO Real Estate Investments Limited

**Interim Report for the six months
ended 31 December 2020**

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Forward-looking statements

This interim report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Group. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors’ current view and on information known to them at the date of this document. Nothing should be construed as a profit forecast.

Company Overview

The Company

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

The Interim Report of the Company consolidates the results of its subsidiary undertakings, which collectively are referred to throughout this document as 'the Group', details of which are contained in note 14 to the Consolidated Financial Statements.

The Group elected into the UK REIT regime from 1 January 2015.

Objective

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.

Management

The Board has appointed BMO Investment Business Limited as the Company's investment manager and BMO REP Property Management Limited as the Company's property manager. Both of these companies are part of the BMO Asset Management (Holdings) plc ('BMO') group and, collectively, are referred to in this document as 'the Manager'.

BMO is wholly owned by Bank of Montreal and is part of the BMO Global Asset Management group of companies.

Capital Structure

The Company's equity capital structure consists of Ordinary Shares. Subject to the solvency test provided for in the Companies (Guernsey) Law, 2008, (as amended), being satisfied, ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets greater than the value of the liabilities.

How to Invest

The Investment Manager operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 24. You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs.

Companies include: Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre.

Alternative Performance Measures ('APM')

The Company uses a number of alternative performance measures in the discussion of its business performance and financial position. Further information is provided on pages 25 and 26.

Visit our website at www.bmorealestateinvestments.com

Company registration number: 41870

Legal Entity Identifier: 231801XRCB89W6XTR23

Financial Headlines



Net asset value total return*

Net asset value total return of 3.0 per cent for the 6 months ended 31 December 2020



Portfolio total return*

Portfolio ungeared total return of 3.4 per cent for the 6 months ended 31 December 2020



Annualised dividend yield*

Dividends for the period of 1.475 pence per share, giving an annualised dividend yield of 4.8 per cent, based on the period end share price



Dividend cover*

Dividend cover of 118.9 per cent for the period

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 receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

* See Alternative Performance Measures on pages 25 and 26.

Performance Summary

Six months to
31 December
2020

Total Returns*	
Net asset value per share	+3.0%
Ordinary share price	+11.6%
Portfolio ungeared return	+3.4%
MSCI UK Quarterly Property Index	+1.1%
FTSE All-Share Index	+9.3%

Six months to
31 December
2020

Year ended
30 June
2020

% Change

Capital Values			
Total assets less current liabilities (£000's)	326,751	323,108	+1.1%
Net asset value per share	98.1p	96.6p	+1.6%
Ordinary share price	61.0p	56.0p	+8.9%
EPRA Net asset value per share*	98.1p	96.6p	+1.6%
MSCI UK Quarterly Property Index	114.5	115.8	-1.1%
FTSE All-Share Index	3,673.6	3,410.9	+7.7%
Ordinary share price discount to net asset value per share*	-37.8%	-42.0%	
Net gearing*	25.8%	25.6%	

Six months to
31 December
2020

Six months to
31 December
2019

Earnings and Dividends		
Earnings per ordinary share	2.9p	0.3p
Dividends paid per ordinary share	1.475p	2.5p
Adjusted EPRA Earnings per Ordinary Share*	1.8p	1.7p
Annualised dividend yield**	4.8%	6.0%

Notes

* See Alternative Performance Measures on pages 25 and 26.

Sources: BMO Investment Business, MSCI Investment Property Databank ('IPD'), and Refinitiv Eikon.

Chairman's Statement



Vikram Lall

Since we issued our last Annual Report Brexit has happened with Britain leaving the EU and a vaccination programme is underway to combat the Covid-19 pandemic. However much uncertainty remains in relation to the longer term effect of Brexit, and to the time it will take for the UK economy and employment levels to recover from the severe downturn of 2020. Retail and hospitality distress continues. There is also much debate over the effects of working from home on future occupancy levels of UK offices.

The Group's performance reflects these challenging conditions in the UK commercial property market with capital values decreasing by 1.1 per cent. The net asset value ('NAV') total return per share for the period was 3.0 per cent and the NAV per share at the period end was 98.1 pence.

The share price increased by 8.9 per cent over the six months to 61 pence per share, giving a share price total return of 11.6 per cent, with the discount to NAV narrowing to 37.8 per cent at the period end, compared to a discount of 42.0 per cent as at 30 June 2020. The share price has increased significantly since the period end and at the date of writing is at 70 pence per share.

Rent Collection

It has been a challenging period for rent collection since the Covid-19 outbreak. However, the Group's rent collection for Quarter's 2 to 4 of 2020 is currently ahead of expectations at 94.5 per cent. The Group's collection statistics for the first quarter of 2021 are currently at 90 per cent and the expectation is that the final collection statistics will be at a similar level to those experienced in the previous three quarters.

Property Market

The UK commercial property market delivered a total return of 1.1 per cent in the six months to 31 December 2020 with capital falls of 1.1 per cent, as measured by the MSCI UK Quarterly Property Index ('MSCI'). The market showed some signs of steadying following the initial shock from the pandemic and related economic lockdowns, but sentiment remained cautious.

The retail sector remained weak and delivered a total return of -4.0 per cent, with both occupier and investor sentiment depressed. Retail warehousing was less affected than town centre retailing. Industrials delivered an 8.6 per cent total return, pulling well ahead of other sectors, with the South-East outperforming, supported by strong occupier take-up and investor demand. The Office market faltered to record a -0.6 total return, as concerns about a reduction in office demand, due to a permanent shift to working from home, gained ground. Total returns for alternatives were 0.7 per cent in the six-month period, led by residential property.

The current cycle has affected rent collection rates, especially in retail and leisure but with offices and industrial more resilient. Investment activity staged some recovery, to move above the long-term average by year-end, helped by overseas buying and with transactions focused on Central London offices and industrials. The annual income return was stable at 4.5 per cent over the period.

Portfolio

The Group's property portfolio delivered a total return of 3.4 per cent over the six-month period, compared with 1.1 per cent for MSCI. Both capital and income

returns were ahead of the Index. Over the twelve months to December 2020 the Group's property portfolio produced an ungeared total return of 1.4 per cent, 3.4 per cent of outperformance against MSCI which returned -2.0 per cent.

At the All Property level valuations were again under pressure though there was much variance in subsector performance. Favourable portfolio composition led to capital growth of 0.9 per cent for the Company's assets over the period, alongside an income return of 2.6 per cent. The portfolio continues to deliver an above market income yield and a below market vacancy rate of 5.3 per cent, much of which is attributable to ongoing project work rather than structural void. Rent collection remains the overriding focus in the current environment with recovery over the period in excess of 94 per cent. Average unexpired lease length has remained steady at six years.

The portfolio's Industrial assets were unsurprisingly the main driver for performance over the period, delivering 7.8 per cent as a consequence of both yield hardening and rental growth. This is reflective of their core South-East, and predominantly urban locations, which continue to experience high levels of occupier demand. The Industrial assets at Hemel Hempstead, Banbury and Bracknell, and the multi-let estate at Colnbrook, Heathrow were amongst the top performers over the period. The investment in this segment of the market is now 45 per cent of assets by value.

Office assets delivered a positive return of 0.6 per cent over the period, albeit with capital falls, and performance led by asset management initiatives in the south east, particularly at County House, Chelmsford.

The Company's retail assets delivered a marginally negative total return of -0.5 per cent over the six months, outperforming the MSCI Index of -4.0 per cent by some margin. This relative outperformance was entirely on account of the strong showing of, and the relative weighting to low rented, essential, non-fashion and convenience led retail warehousing. Relative performance was improved further by the absence of shopping centres and department stores and underweight exposure to hospitality and leisure.

The Company has reduced its exposure to retail in recent years with eleven sales since 2015, bringing the weighting to the High Street down to 9 per cent. No purchases or sales were completed over the period, with the focus very much on protection of the balance sheet, given the uncertainty surrounding the outcomes from the pandemic. Notwithstanding this, and despite the fact that the Company's retail property is fully let, this element of the portfolio remains under continual review evidenced by the fact that the two high street units at Winchester have recently been sold for £2.9 million. While the Board remains wary of illiquidity in parts of the high street market, we have continued to see interest in the Company's assets which tend to be in the smaller lot sizes. There is the potential for continued opportunistic disposals from the sector over the coming months. In terms of acquisitions the existing cash balance is healthy with further cash availability in the form of an undrawn credit facility. With some comfort from rent collection trends, the Company is well placed to explore potential acquisitions to add to revenue.

Borrowings and Cash

The Group currently has borrowings of £90 million from a non-amortising term loan facility agreement with Canada Life Investments which expires in November 2026. There is also a £20 million 5-year revolving credit facility agreement with Barclays Bank plc which is currently undrawn and is available until March 2025. The covenants on both facilities are comfortably met. Net gearing represented 25.8 per cent of the investment properties of the Group as at 31 December 2020. The weighted average interest rate (including amortisation of refinancing costs) on the Group's total current borrowings is 3.1 per cent. The Company continues to maintain a prudent attitude to gearing.

The Group had £14.1 million of cash available at 31 December 2020 and the £20 million revolving credit facility also available if required.

Dividends and Dividend Cover

Given the significant economic risks and continuing uncertainty regarding the path of Covid-19, the Board made the decision to cut the quarterly dividend by

Chairman's Statement (continued)

50 per cent in June 2020 to 0.625 pence per share. The Board was also mindful that the level of dividend paid in the previous financial year was 84.3 per cent covered by profits.

As mentioned above, rent collection rates have been comparatively strong and the first quarterly interim dividend for the year ended 30 June 2021, paid in December 2020, was increased by 36 per cent to 0.85 pence per share. A second interim dividend of 0.85 pence per share will be paid on 31 March 2021 to shareholders on the register on 12 March 2021. The Board will continue to monitor rental receipts and earnings closely and keep the future level of dividends under review.

Given the reduced level of dividends being paid out in the six months, the dividend cover was at 118.9 per cent, compared with a dividend cover of 69.6 per cent for the equivalent period last year.

Board Changes

As indicated in our last Annual Report, Andrew Gulliford decided to retire as a director, and he did so on 10 March 2021. The board thanks Andrew for the significant contribution he has made to the group since its inception in 2004. We will miss his extensive experience of the UK commercial property market, his detailed knowledge of the group's portfolio and his sage advice.

On 10 March 2021, Rebecca Gates was appointed to the Board. Rebecca is an experienced property professional who has spent the last 23 years of her career in a variety of roles within the real estate investment management business and is currently Head of UK Property Asset Management for LaSalle Investment Management.

Environmental, Social and Governance ("ESG")

The unprecedented conditions caused by the coronavirus pandemic has impacted everyone in how we go about our daily lives and collectively in the way we interact with each other.

The Company has strived to make its contribution by 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 assessments and measures so they can remain operational whilst complying with government guidelines. These events have sharpened our awareness of occupiers as an important stakeholder group.

Whilst the Company's focus on the social element of ESG has been strong during the period, this has not been at the expense of environmental aspirations. The Company has been actively progressing its approach to environmental risk and opportunity during recent months and has been working hard in preparation for setting and publishing its net zero carbon ambition in 2021.

ESG remains a key aspect of the Company's forward strategy. The unprecedented events of 2020 have given 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. A short update on our progress is provided on page 11 of this report and we will provide a further summary of progress in our Annual Report later this year, with a more detailed insight of our performance in our 2021 ESG Report.

Outlook

In these uncertain times the diversification of the Company's asset and tenant base should provide relative resilience. This has been demonstrated in the encouraging rent collection and vacancy statistics achieved over the course of the pandemic thus far. We continue to expect disruption to revenues as lockdown and associated support eases, with the impact most meaningful for the retail and leisure markets, although offices will not be entirely immune. Against this background and despite the prolonged uncertainty, the Company has sufficient cash resources and a portfolio of buildings that continue to experience good levels of occupier demand.

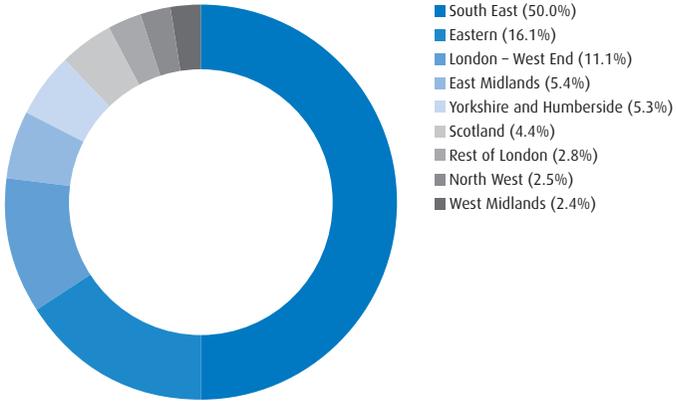
Vikram Lall
Chairman

19 March 2021

Portfolio Statistics

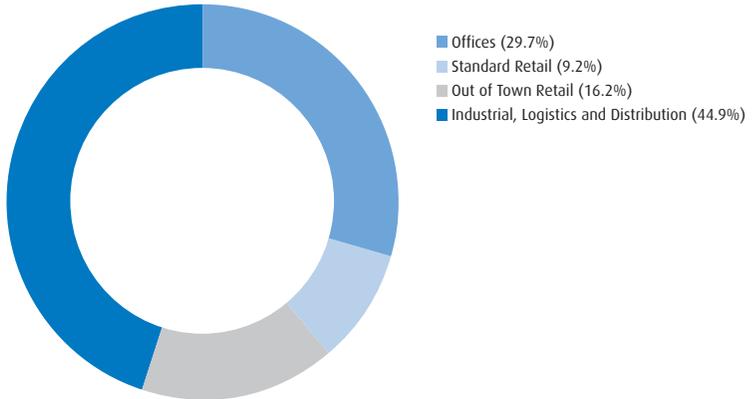
Geographical Analysis

as at 31 December 2020, % of total property portfolio



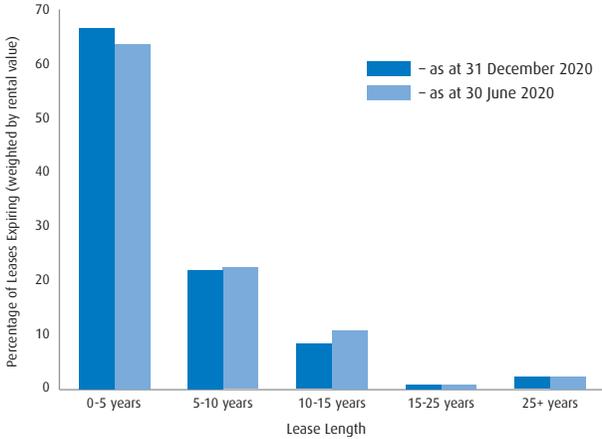
Sector Analysis

as at 31 December 2020, % of total property portfolio



Portfolio Statistics (continued)

Lease Expiry Profile



As at 31 December 2020 the average lease length for the portfolio, assuming all break options are exercised was 6.0 years (as at 30 June 2020: 5.7 years).

Environmental, Social and Governance (“ESG”)

Highlights for the half year period to 31 December 2020

The Company has continued to advance the implementation of its ESG Strategy over the period with progress being made in a number of areas. The coronavirus pandemic has significantly impacted occupational use of some assets and as such made key indicators around absolute energy use and carbon emissions difficult to interpret. However, on a like-for-like basis, comparing landlord procured energy in the first half of the current reporting year with the first half of the previous reporting year, a 15 per cent reduction in energy use can be determined, equating to some 19 per cent in terms of carbon emissions. This can almost certainly be attributed to the lower occupation rates seen in multi-occupied assets on account of covid related restrictions. The impact a new normal return to work might have on these indicators will be interesting to observe.

The distribution profile of Energy Performance Certificate (EPC) ratings remains broadly unchanged across the portfolio. The overall number of certificates held has increased by four on account of demise changes but exposure to lower F & G rated areas remains unchanged at 11 representing 5 per cent in terms of estimated rental value.

The Company engaged WSP UK Limited to provide advice and technical expertise on the assessment and evaluation of physical climate risks and opportunities through detailed scenario modelling and analysis. Outputs from the modelling have now been delivered in the form of detailed property level dashboards for practical incorporation into individual asset business plans and to support disclosures under the Taskforce for Climate-related Financial Disclosures (TCFD) initiative.

We are pleased to report that the Company submitted to the 2020 Global Real Estate Sustainability Benchmark (GRESB) survey and maintained its year on year improvement trajectory by achieving a score of 64, representing a 6.6 per cent increase in the previous year’s result of 60. The Fund also improved its rating in GRESB’s public disclosure analysis, achieving an A grade indicating the highest level of reporting and transparency.

The Company is also delighted to report the achievement of a Gold Award from the European Public Real estate Association (EPRA) for the standard of its disclosures in its 2020 Annual ESG Report.

These indicators confirm that good progress is being made and that the Company has a solid platform from which to continue making further incremental improvements.

Property Portfolio

as at 31 December 2020

Properties

Sector

Properties valued in excess of £10.0 million

London W1, 14 Berkeley Street	Offices
Banbury, 3663 Unit, Echo Park	Industrial, logistics and distribution
Colnbrook, Units 1-8 Lakeside Road	Industrial, logistics and distribution
Eastleigh, Southampton International Park	Industrial, logistics and distribution
Hemel Hempstead, Hemel Gateway	Industrial, logistics and distribution
Bracknell, 1-2 Network Bracknell, Eastern Road	Industrial, logistics and distribution
Theale, Maxi Centre, Brunel Road	Industrial, logistics and distribution
Edinburgh, 1-2 Lochside Way, Edinburgh Park	Offices
Chelmsford, County House, County Square	Offices
Eastleigh, Wide Lane	Industrial, logistics and distribution
York, Clifton Moor Gate*	Out of Town Retail
Basingstoke, Unit K60	Industrial, logistics and distribution
Andover, Keens House, Anton Mill Road	Offices
Luton, Enterprise Way	Out of Town Retail

Properties valued between £7.5 million and £10.0 million

Milton Keynes, Site E Chippenham Drive	Industrial, logistics and distribution
Nottingham, Standard Hill	Offices
St Albans, 16, 18 & 20 Upper Marlborough Road	Offices

Properties valued between £5.0 million and £7.5 million

New Malden, 7 Beverley Way	Out of Town Retail
London, 24 Haymarket & 1-2 Panton Street	Standard retail
High Wycombe, Glory Park	Offices
Bromsgrove, Brook Retail Park, Sherwood Road	Out of Town Retail
Northallerton, Willowbeck Road	Out of Town Retail

Properties valued under £5.0 million

Bury, Halls Mill Retail Park, Foundry Street	Out of Town Retail
Nottingham, Park View House	Offices
Nelson, Churchill Way Retail	Out of Town Retail
Winchester, 7-8 High St. & 50 Colebrook Street	Standard retail
Newbury, The Triangle, Pinchington Lane	Out of Town Retail
Sunningdale, 53/79 Chobham Road, Berkshire	Standard retail
Rayleigh, 41/47 High Street	Standard retail
Guildford, 51-53 High Street	Standard retail
Nottingham, 21/22 Long Row East and 2/6 King Street	Standard retail
Redhill, 15 London Road	Offices
Bellshill, Mercury House, Strathclyde Business Park	Offices
Rayleigh, 81/87 High Street	Standard retail
Kingston upon Thames, 11 Church Street	Standard retail
Sutton Coldfield, 63-67 The Parade	Standard retail
Nottingham, 25-27 Bridlesmith Gate	Standard retail

* Leasehold Property

Statement of Principal Risks and Uncertainties

Covid-19 has had a significant effect on the commercial real estate market, and the duration and consequences of the situation are uncertain, which has resulted in a number of the residual risks increasing. The areas of increased risk relate to the potential for tenant defaults, the volatility of the share price and availability of cash resources. These areas are discussed in detail in the Chairman's Statement. Since the outbreak, the Board have been meeting on a significantly more frequent basis. The Group's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the UK commercial property market in general but also the particular circumstances of the properties in which it is invested and their tenants.

Other risks faced by the Group include geopolitical, market, investment and strategic, regulatory, tax structuring and compliance, financial, reporting, credit, operational and environmental risks. The Group is also exposed to risks in relation to its financial instruments. These risks, and the way in which they are mitigated and managed, are described in more detail under the heading 'Principal Risks and Future Prospects' within the Business Model and Strategy in the Group's Annual Report for the year ended 30 June 2020. The Group's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change for the remainder of the Company's financial year.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- the Chairman's Statement constituting the Interim Management Report together with the Statement of Principal Risks and Uncertainties include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and

- the Chairman's Statement together with the consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Vikram Lall
Chairman

19 March 2021

Condensed Consolidated Statement of Comprehensive Income

For the period ended				
Notes		Six months to 31 December 2020 (unaudited) £'000	Six months to 31 December 2019 (unaudited) £'000	Year to 30 June 2020 (audited) £'000
	Revenue			
	Rental income	8,283	8,305	17,011
	Total revenue	8,283	8,305	17,011
	Gains/(losses) on investment properties			
6	Losses on sale of investment properties realised	-	(987)	(991)
6	Unrealised gains/(losses) on revaluation of investment properties	2,795	(2,473)	(17,031)
	Total income	11,078	4,845	(1,011)
	Expenditure			
2	Investment management fee	(974)	(1,318)	(2,261)
3	Other expenses	(1,323)	(884)	(2,146)
	Total expenditure	(2,297)	(2,202)	(4,407)
	Net operating profit/(losses) before finance costs and taxation	8,781	2,643	(5,418)
	Net finance costs			
	Interest receivable	2	14	34
	Finance costs	(1,680)	(1,781)	(3,507)
		(1,678)	(1,767)	(3,473)
	Net profit/(loss) from ordinary activities before taxation	7,103	876	(8,891)
	Taxation on profit on ordinary activities	(87)	(147)	(258)
	Profit/(loss) for the period	7,016	729	(9,149)
5	Basic and diluted earnings per share	2.9p	0.3p	(3.8p)

All items in the above statement derive from continuing operations.

All of the profit for the period is attributable to the owners of the Group.

Condensed Consolidated Balance Sheet

As at				
NOTES		31 December 2020 (unaudited) £'000	31 December 2019 (unaudited) £'000	30 June 2020 (audited) £'000
	Non-current assets			
6	Investment properties	314,368	322,405	308,734
	Trade and other receivables	3,726	3,398	3,788
		318,094	325,803	312,522
	Current assets			
	Trade and other receivables	3,113	1,714	3,437
	Cash and cash equivalents	14,093	16,618	13,726
		17,206	18,332	17,163
	Total assets	335,300	344,135	329,685
	Current liabilities			
	Trade and other payables	(8,462)	(6,552)	(6,319)
	Tax payable	(87)	(147)	(258)
		(8,549)	(6,699)	(6,577)
	Total assets less current liabilities	326,751	337,436	323,108
	Non-current liabilities			
7	Interest-bearing bank loans	(89,640)	(89,666)	(89,542)
	Trade and other payables	(1,039)	(773)	(960)
		(90,679)	(90,439)	(90,502)
	Net assets	236,072	246,997	232,606
	Represented by:			
9	Share capital	2,407	2,407	2,407
	Special distributable reserve	177,161	177,161	177,161
	Capital reserve	54,917	66,684	52,122
	Revenue reserve	1,587	745	916
	Equity shareholders' funds	236,072	246,997	232,606
10	Net asset value per share	98.1p	102.6p	96.6p

Condensed Consolidated Statement of Changes in Equity

For the period ended 31 December 2020 (unaudited)						
Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000	
	2,407	177,161	52,122	916	232,606	
	-	-	-	7,016	7,016	
4	-	-	-	(3,550)	(3,550)	
	-	-	2,795	(2,795)	-	
	2,407	177,161	54,917	1,587	236,072	

For the period ended 31 December 2019 (unaudited)						
Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000	
	2,407	177,161	70,144	2,574	252,286	
	-	-	-	729	729	
4	-	-	-	(6,018)	(6,018)	
	-	-	(3,460)	3,460	-	
	2,407	177,161	66,684	745	246,997	

For the year ended 30 June 2020 (audited)						
Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000	
	2,407	177,161	70,144	2,574	252,286	
	-	-	-	(9,149)	(9,149)	
4	-	-	-	(10,531)	(10,531)	
	-	-	(18,022)	18,022	-	
	2,407	177,161	52,122	916	232,606	

Condensed Consolidated Statement of Cash Flows

For the period ended				
Notes	Six months to 31 December 2020 (unaudited) £'000	Six months to 31 December 2019 (unaudited) £'000	Year to 30 June 2020 (audited) £'000	
Cash flows from operating activities				
	Net profit/(loss) for the period before taxation	7,103	876	(8,891)
	Adjustments for:			
6	Losses on sale of investment properties realised	-	987	991
6	Unrealised (gains)/losses on revaluation of investment properties	(2,795)	2,473	17,031
6	Realised capital contribution	-	(12)	(12)
	Decrease/(increase) in operating trade and other receivables	386	1,699	(494)
	Increase in operating trade and other payables	2,221	455	423
	Interest received	(2)	(14)	(34)
	Finance costs	1,680	1,781	3,507
		8,593	8,245	12,521
	Taxation paid	(258)	(295)	(295)
	Net cash inflow from operating activities	8,335	7,950	12,226
Cash flows from investing activities				
6	Capital expenditure	(2,839)	(1,184)	(2,070)
6	Purchase of investment properties	-	(718)	(723)
6	Sale of investment properties	-	15,402	15,402
	Interest received	2	14	34
	Net cash (outflow)/inflow from investing activities	(2,837)	13,514	12,643
Cash flows from financing activities				
	Dividends paid	(3,550)	(6,018)	(10,531)
	Bank loan interest paid	(1,581)	(1,686)	(3,470)
	Bank loan repaid, net of costs - Barclays	-	(7,000)	(7,000)
	Net cash outflow from financing activities	(5,131)	(14,704)	(21,001)
	Net increase in cash and cash equivalents	367	6,760	3,868
	Opening cash and cash equivalents	13,726	9,858	9,858
	Closing cash and cash equivalents	14,093	16,618	13,726

Notes to the Consolidated Financial Statements

1. General information

The condensed consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 'Interim Financial Reporting'. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements for the Group for the year ended 30 June 2020 which were prepared under full IFRS requirements. The accounting policies used in preparation of the condensed consolidated financial statements are consistent with those of the consolidated financial statements of the Group for the year ended 30 June 2020.

2. Investment management fee

	Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year to 30 June 2020 £'000
Investment management fee – basic fee	974	1,044	1,995
Investment management fee – performance fee	–	274	266
	974	1,318	2,261

3. Other expenses

	Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year to 30 June 2020 £'000
Direct operating expenses of let rental property	358	358	647
Direct operating expenses of vacant property	272	14	205
Provision for bad debts	209	69	413
Valuation and other professional fees	132	126	249
Directors' fees	80	80	159
Administrative fee	55	55	110
Other expenses	217	182	363
	1,323	884	2,146

4. Dividends

	Six months to 31 December 2020		Six months to 31 December 2019		Year ended 30 June 2020	
	£'000	Rate (pence)	£'000	Rate (pence)	£'000	Rate (pence)
Property Income Distributions:						
Fourth interim for the prior year	1,504	0.625	3,009	1.25	3,009	1.25
First interim	2,046	0.850	3,009	1.25	3,009	1.25
Second interim	-	-	-	-	3,009	1.25
Third interim	-	-	-	-	1,504	0.625
	3,550	1.475	6,018	2.50	10,531	4.375

A second interim dividend for the year to 30 June 2021, of 0.85 pence per share, will be paid on 31 March 2021 to shareholders on the register at close of business on 12 March 2021.

5. Earnings per share

	Six months to 31 December 2020	Six months to 31 December 2019	Year ended 30 June 2020
Net profit/(loss) attributable to ordinary shareholders (£'000)	7,016	729	(9,149)
Weighted average of ordinary shares in issue during period	240,705,539	240,705,539	240,705,539
Return per share	2.9p	0.3p	(3.8p)

Earnings for the six months to 31 December 2020 should not be taken as guide to the results for the year to 30 June 2021.

6. Investment properties

	Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year ended 30 June 2020 £'000
Freehold and leasehold properties			
Opening market value	312,285	343,550	343,550
Capital expenditure	2,839	1,184	2,070
Purchase	-	718	723
Sales - net proceeds	-	(15,402)	(15,402)
- losses on sales	-	(9,367)	(9,372)
Unrealised losses realised during the period	-	8,380	8,381
Unrealised gains on investment properties	10,609	4,048	3,951
Unrealised losses on investment properties	(7,814)	(6,521)	(20,982)
Realised capital contribution	-	12	12
Movement in lease incentive receivable	(94)	(877)	(646)
Closing market value	317,825	325,725	312,285
Adjustment for lease incentives	(3,457)	(3,320)	(3,551)
Balance sheet carrying value	314,368	322,405	308,734

Notes to the Consolidated Financial Statements

(continued)

6. Investment properties (continued)

	Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year to 30 June 2020 £'000
Losses on sale	-	(9,367)	(9,372)
Unrealised losses realised during the year	-	8,380	8,381
Losses on sale of investment properties realised	-	(987)	(991)

	Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year to 30 June 2020 £'000
Unrealised gains on investment properties	10,609	4,048	3,951
Unrealised losses on investment properties	(7,814)	(6,521)	(20,982)
Unrealised gains/(losses) on revaluation of investment properties	2,795	(2,473)	(17,031)

All the Group's investment properties were valued as at 31 December 2020 by qualified professional valuers working in the company of Cushman & Wakefield. All such valuers are chartered surveyors, being members of the Royal Institution of Chartered Surveyors ('RICS'). There were no significant changes to the valuation techniques used during the period and these valuation techniques are detailed in the consolidated financial statements as at and for the year ended 30 June 2020. The market value of these investment properties amounted to £317,825,000 (31 December 2019: £325,725,000; 30 June 2020: £312,285,000), however an adjustment has been made for lease incentives of £3,457,000 that are already accounted for as an asset (31 December 2019: £3,320,000; 30 June 2020: £3,551,000).

7. Interest-bearing bank loans

As part of the restructuring of the Group's long-term financing, IRP Holdings Limited ("IRPH") entered into a £90 million eleven year non-amortising term loan facility agreement with Canada Life.

Canada Life provided committed funds on 9 November 2015 and IRPH drew down the loan in full on 13 November 2015. Interest is payable on this loan from the first utilisation date, quarterly in arrears, at a fixed rate of 3.36 per cent per annum. The loan is secured by means of a fixed charge over specific properties. The loan has a maturity date of 9 November 2026.

On 27 March 2020, IPT Property Holdings Limited ("IPTH") entered into a £20 million five year revolving credit facility ("RCF") agreement with Barclays. The loan facility expires on 27 March 2025 and can be drawn down or repaid at anytime. Interest accrues on the bank loan at a variable rate, based on 3 month LIBOR plus margin and mandatory lending costs, and is payable quarterly. The margin is 1.7 per cent per annum for the duration of the loan. As at 31 December 2020 none of the RCF was drawn down (at 30 June 2020 and 31 December 2019, none of the RCF was drawn down).

7. Interest-bearing bank loans (continued)

At 31 December 2020 borrowings of £90 million were drawn down. The balance sheet value is stated at an amortised cost of £89,640,000 (31 December 2019: £89,666,000 and 30 June 2020: £89,542,000). Amortised cost is calculated by deducting loan arrangement costs, which are amortised back over the life of the loan. The fair value of the Canada Life loan is shown in note 8.

8. Fair value measurements

The fair value measurements for financial assets and financial liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.
- Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been suspended, forward exchange rate contracts and certain other derivative instruments.
- Level 3 – External inputs are unobservable. Fair value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments.

All of the Group's investments in direct property are included in Level 3 as it involves the use of significant inputs. There were no transfers between levels of the fair value hierarchy during the six month period ended 31 December 2020.

Other than the fair values stated in the table below, the fair value of all other financial assets and liabilities is not materially different from their carrying value in the financial statements.

	31 December 2020 £'000	31 December 2019 £'000	30 June 2020 £'000
£90 million Canada Life Loan 2026*	92,584	95,676	95,913

* The fair value of the interest-bearing Canada Life Loan is based on the yield on the Treasury 2% 2025 which would be used as the basis for calculating the early repayment of such loan plus the appropriate margin. The Canada Life loan is classified as Level 2 under the hierarchy of fair value measurement.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2020.

9. Share capital

	31 December 2020 £'000	31 December 2019 £'000	30 June 2020 £'000
Allotted, called-up and fully paid			
240,705,539 Ordinary Shares of 1 pence each in issue	2,407	2,407	2,407

The Company issued no Ordinary Shares during the period.

Notes to the Consolidated Financial Statements

(continued)

10. Net asset value per share

	Six months to 31 December 2020	Six months to 31 December 2019	Year ended 30 June 2020
Net asset value per ordinary share	98.1p	102.6p	96.6p
Net assets attributable at the period end (£'000)	236,072	246,997	232,606
Number of ordinary shares in issue at the period end	240,705,539	240,705,539	240,705,539

11. Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Group, the availability of the loans and compliance with their covenants, forecast rental income and other forecast cash flows. The Group has agreements relating to its borrowing facilities with which it has complied during the period. Based on this information the Directors believe that the Group has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of the approval of the accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

12. Related party transactions

The Directors of the Company, who are considered to be the Group's key management personnel, received fees for their services and dividends from their shareholdings in the Company. No fees remained payable at the period end.

13. Operating segments

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return of the Group's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the condensed consolidated financial statements.

14. Investment in subsidiary undertakings

The Group results consolidate those of IRP Holdings Limited ('IRPH') and IPT Property Holdings Limited ('IPTH'). IRPH and IPTH are companies incorporated in Guernsey whose principal business is that of a property investment company. These companies are 100 per cent owned by the Group's ultimate parent company, which is BMO Real Estate Investments Limited.

Shareholder Information

Dividends

Ordinary dividends are paid quarterly in March, June, September and December each year. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Computershare Investor Services (Guernsey) Limited, c/o Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES on request. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Share Price

The Company's Ordinary Shares are listed on the Main Market of the London Stock Exchange. Prices are given daily in the Financial Times under "Investment Companies" and in other newspapers.

Data Protection

The Company is committed to ensuring the privacy and security of any personal data provided to it. Further details of the Company's privacy policy can be found on its website.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be

notified to Computershare Investor Services (Guernsey) Limited, c/o Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES under the signature of the registered holder.

Shareholder Enquiries

Contact Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands GY1 3QL. Additional information regarding the Company may also be found on its website: bmorealestateinvestments.com

Common reporting standards

Tax legislation requires investment fund companies to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated Shareholders and corporate entities who have purchased shares in investment companies. All new Shareholders, excluding those whose shares are held in CREST, who are entered onto the share register are sent a certification form for the purpose of collecting this information.

Key Information Document

The Key Information Document relating to the Company's shares can be found on its website at bmorealestateinvestments.com. This document has been produced in accordance with EU's PRIIPs Regulations.

Financial Calendar 2021

April 2021	Q3 2020 Net Asset Value announcement
July 2021	Q4 2020 Net Asset Value announcement
September 2021	Announcement of annual results
October 2021	Q1 2021 Net Asset Value announcement
November 2021	Annual General Meeting

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you are approached by fraudsters please tell the Financial Conduct Authority ('FCA') by using the share fraud reporting form at fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

How to Invest

One of the most convenient ways to invest in BMO Real Estate Investments Limited is through one of the savings plans run by BMO.

BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2020/21 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £9,000 for the tax year 2020/21 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £9,000 for the 2020/21 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

* The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18.

** Calls may be recorded or monitored for training and quality purposes.

Charges

Annual management charges and other charges apply according to the type of plan.

Annual account charge

ISA: £60+VAT
GIA: £40+VAT
JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges

ISA: 0.2%
GIA/JIA/JISA: postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

How to Invest

To open a new BMO plan, apply online at bmogam.com/apply

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

New Customers

Call: **0800 136 420**** (8.30am - 5.30pm, weekdays)
Email: info@bmogam.com

Existing Plan Holders

Call: **0345 600 3030**** (9.00am - 5.00pm, weekdays)
Email: investor.enquiries@bmogam.com
By post: BMO Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

Alternative Performance Measures

The Company uses the following Alternative Performance Measures ('APMs'). APMs do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

Discount or Premium – The share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. If the share price is lower than the NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers than buyers. Shares trading at a price above the NAV per share, are said to be at a premium.

		Six months to 31 December 2020 pence	Six months to 31 December 2019 pence	Year to 30 June 2020 pence
Net Asset Value per share	(a)	98.1	102.6	96.6
Share price per share	(b)	61.0	84.0	56.0
Discount (c = (b-a)/a)	(c)	37.8%	18.1%	42.0%

Dividend Cover – The percentage by which profits for the year (less gains/losses on investment properties) cover the dividend paid.

A reconciliation of dividend cover is shown below:

	Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year to 30 June 2020 £'000
Profit/(loss) for the period	7,016	729	(9,149)
Add back: Realised losses/(gains)	-	987	991
Unrealised (gains)/losses	(2,795)	2,473	17,031
Profit before investment gains and losses	4,221	4,189	8,873
Dividends	3,550	6,018	10,531
Dividend Cover percentage	118.9%	69.6%	84.3%

Dividend Yield – The annualised dividend divided by the share price at the period end. An analysis of dividends is contained in note 4 to the accounts.

Alternative Performance Measures

(continued)

Net Gearing – Borrowings less net current assets divided by value of investment properties.

		Six months to 31 December 2020 £'000	Six months to 31 December 2019 £'000	Year to 30 June 2020 £'000
Loans		89,640	89,666	89,542
Less net current assets		(8,657)	(11,633)	(10,586)
Total	(a)	80,983	78,033	78,956
Value of investment properties	(b)	314,368	322,405	308,734
Net Gearing (c = a/b)	(c)	25.8%	24.2%	25.6%

Portfolio (Property) Capital Return – The change in property value during the period after taking account of property purchases and sales and capital expenditure, calculated on a quarterly time-weighted basis.

Portfolio (Property) Income Return – The income derived from a property during the period as a percentage of the property value, taking account of direct property expenditure, calculated on a quarterly time-weighted basis.

Portfolio (Property) Total Return – Combining the Portfolio Capital Return and Portfolio Income Return over the period, calculated on a quarterly time-weighted basis.

Total Return – The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets, respectively, on the date on which they were quoted ex-dividend.

	Six months to 31 December 2020	Six months to 31 December 2019	Year to 30 June 2020
NAV per share at the start of the period	96.6p	104.8p	104.8p
NAV per share at the end of the period	98.1p	102.6p	96.6p
Change in the period	+1.6%	-2.1%	-7.8%
Impact of dividend reinvestments	+1.5%	+2.4%	+4.1%
NAV total return for the period	+3.0%	+0.3%	-3.7%

	Six months to 31 December 2020	Six months to 31 December 2019	Year to 30 June 2020
Share price per share at the start of the period	56.0p	80.0p	80.0p
Share price per share at the end of the period	61.0p	84.0p	56.0p
Change in the period	+8.9%	+5.0%	-30.0%
Impact of dividend reinvestments	+2.6%	+3.2%	+5.1%
Share price total return for the period	+11.6%	+8.2%	-24.9%

EPRA NAV – The EPRA Net Asset Value highlights the fair value of net assets on an ongoing, long-term basis. It excludes assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation surpluses.

EPRA Earnings – EPRA earnings represents the earnings from core operational activities, excluding investment property revaluations and gain/losses on asset disposals. It demonstrates the extent to which dividend payments are underpinned by recurring operational activities.

Corporate Information

Directors (all non-executive)

Vikram Lall (Chairman)[‡]
Andrew Gulliford (retired 10 March 2021)
Mark Carpenter[§]
David Ross[†]
Alexa Henderson^{*}
Rebecca Gates (appointed 10 March 2021)

Secretary

Northern Trust International Fund Administration
Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

☎ 01481 745001

Alternative Investment Fund Manager ('AIFM') and Investment Manager

BMO Investment Business Limited
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

☎ 0207 628 8000

Property Manager

BMO REP Property Management Limited
7 Seymour Street
London W1H 7BA

Property Valuers

Cushman & Wakefield
43-45 Portman Square
London W1H 6LY

[‡] Chairman of the Nomination Committee

[§] Chairman of the Property Valuation Committee

[†] Chairman of the Management Engagement Committee

^{*} Chairman of the Audit Committee

Auditor

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glatigny Esplanade
St Peter Port
Guernsey GY1 4ND

Guernsey Legal Advisers

Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

UK Corporate Legal Advisers

Dickson Minto
Broadgate Tower
20 Primrose Street
London EC2A 2EW

Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

Corporate Brokers

Panmure Gordon & Co.
One New Change
London EC4M 9AF

Depository

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Website:

bmorealestateinvestments.com



BMO Real Estate Investments Limited

Interim Report 2020

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