

F&C UK Property Fund invests £60 million further driving income return

LONDON, October 20, 2017 – BMO Real Estate Partners (BMO REP), the pan-European property investment and asset management specialist that is part of Canada's BMO Financial Group's £189 billion Global Asset Management business, has invested £60 million across nine properties on behalf of the F&C UK Property Fund (the "Fund"), reflecting an initial yield of 4.8%. In the last 12 months, a total of £100 million has been raised and invested into the open-ended Fund's portfolio, increasing its total value by a third to £416 million.

In line with the diversified portfolio strategy, the £60 million investment is split across the offices (35.9%), industrial (34.5%), retail warehousing (22.5%) and retail (7.1%) sub-sectors and it enhances the overall weighting towards industrial and offices in particular. While increasing the sector and geographic diversification of the portfolio, the acquisitions also improve the Fund's income return by reducing cash levels to 18%. With an additional c. £20 million of assets currently under offer, cash levels are expected to further reduce to close to the target of 12%, should these transactions complete.

Guy Glover, Fund Director, of F&C UK Property Fund at BMO Real Estate Partners commented: "The investments we have undertaken in the past year have transformed the Fund's portfolio whilst efficiently deploying the inflows we've received from our committed investors over the same period.

"These latest acquisitions will deliver additional high quality income, with significant opportunity to add further value through asset management and lease renegotiations. With a strong pipeline of potential transactions currently in negotiations, we are well placed to deliver a stable income return on behalf of our loyal and long term investor base."

The F&C UK Property Fund is an open-ended Property Authorised Investment Fund that aims to provide investors with high quality income and capital growth through investment in UK commercial property, diversified by both sector and geography.

A breakdown of the recent acquisitions is as follows:

Offices:

- 25,137 sq ft fully refurbished asset on Fountain Street, in Manchester's prime office district, fully let to Traveljigsaw Limited, including a 2,725 sq ft retail unit on the ground floor which when let provides scope to further enhance income.
- Onslow Hall, Richmond Upon Thames, a 8,109 sq ft Grade II listed multi-let office close to the high street and Richmond mainline station, fully let to Barclays Bank and three smaller occupiers at an average rent of £37.50 psf, with strong reversionary potential.
- 30,006 sq ft of grade A office space over ground and two upper floors at NG2 Business Park, Nottingham, with access to parking for 108 cars and fully let to VF Northern Europe Limited with a rent review due in December 2018.

Industrial:

- 57,314 sq ft distribution warehouse and ancillary two storey office accommodation at Burnt Mills, Basildon fully let to Yodel Delivery Network Limited and strategically located close to the A127 and A13 dual carriageways providing direct access to Central London and Junctions 29 and 30 of the M25 Motorway. Basildon sits in a strong South East location with rents for logistics units being agreed in excess of £7.00 psf due to a lack of supply and strong levels of demand.
- Apex 30, London Road Staines-upon-Thames, comprising two logistic units with an ancillary two storey office building totalling 42,370 sq ft, located 3.2 miles (5.1 km) from Heathrow Airport and within close proximity of Junction 13 of the M25 motorway, providing direct access to Junction 2 of the M3 Motorway, Junction 4B of the M4 Motorway and Junction 1A of the M40 Motorway.
- Units 500–900, Ashchurch Business Centre, Tewkesbury, comprising four self-contained warehouse units totalling 56,669 sq ft immediately adjacent to Junction 9 of the M5 motorway and close to Junction 1 of the M50. Three of the four units are let to Weatherford UK Ltd, Bowmill Engineering Ltd, and Allen-Vanguard Ltd with potential to improve the income by letting the vacant 4th unit.

Retail Warehousing:

- 26,840 sq ft retail warehouse on Staden Lane Business Park in Buxton, the town's primary retail/business park, fronting onto one of the town's main arterial routes and let to B&Q with nine years remaining on the lease.
- 34,968 sq ft retail warehouse with an ancillary garden centre on Felixstowe Road, Ipswich let to HHGL Limited, trading as Homebase, with a further 4 years remaining but offering the potential to extend and reconfigure the space to provide up to three separate retail units.
- 15,947 sq ft across a block of five retail units predominantly on the prime section of South Street, Dorchester that are fully let to Waterstones, Card Factory and Clinton Cards with the final two units are occupied by Weldmar Hospice Care and Sue Ryder, all on a variety of lease lengths.

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About BMO Real Estate Partners

BMO Real Estate Partners is a specialist real estate investment manager firm with €6.7 billion of AUM (as at 30 June 2017) across core European markets, employing more than 140 staff, including more than 20 investment managers and over 25 asset managers overseen by a highly experienced and well regarded management team.

It offers investors a broad suite of products specialising in core / core+ strategies with a focus on delivering superior income returns and a track record of performance against key benchmarks throughout market cycles. BMO Real Estate Partners has a strong localised presence with offices in London, Paris and Munich, as well as on-the-ground reach in core European markets including Spain and Italy.

While it retains an independent, agile and entrepreneurial approach to its investment activity, BMO Real Estate Partners is able to call on the support structure and expertise of BMO Financial Group's £189.3 billion Global Asset Management business, which provides deep seated insight into institutional investment landscape and facilitates the adoption of best in class corporate governance and sustainability principles.

About BMO Global Asset Management

BMO Global Asset Management is a global investment manager with offices in more than 25 cities in 14 countries, delivering service excellence to clients across five continents.

Our four major investment centres in Toronto, Chicago, London and Hong Kong are complemented by a network of world-class boutique managers strategically located across the globe: BMO Real Estate Partners, LGM Investments, Pyrford International Ltd. and Taplin, Canida & Habacht, LLC. BMO Global Asset Management is a signatory of the United Nations-supported Principles for Responsible Investment initiative (UNPRI).

BMO Global Asset Management is a part of BMO Financial Group, a highly diversified financial services provider based in North America with total assets of CDN \$709 billion, as of July 31, 2017, and over 45,000 employees. BMO Wealth Management has worldwide assets under management of CDN \$413 billion, as of July 31, 2017.

The value of investments and income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.