

News

FOR IMMEDIATE RELEASE

BMO UK Property Fund acquires first hotel for £9.5m

LONDON 04 June 2019 – BMO Real Estate Partners (BMO REP), part of Canada’s BMO Financial Group’s £189 billion¹ Global Asset Management business, announces that it has acquired a hotel in Bury St Edmunds for £9.5 million on behalf of the BMO UK Property Fund (the “Fund”). It is the first hotel asset to be added to the Fund’s portfolio as it looks to grow its exposure, in line with its investment criteria, to the strengthening alternatives sector. The asset provides a 5% plus income return with inflation uplifts.

Comprising 80 rooms, the hotel is let to Travelodge on a 25-year lease with index-linked uplifts. In addition, the site includes an 1,800 sq ft drive-thru Starbucks, also let on a long lease of 20 years with index-linked uplifts. The hotel has a prominent position just off the A14 and is a short 10-minute walk from the town centre.

Bury St Edmunds is a historic market town located to the north east of London in Suffolk, approximately 30 miles from Cambridge. The town has a population of c.250,000 and is home to two universities with a student population of c.10,000. With only ten hotels with a total 320 rooms in the town and just one budget branded hotel, the town suffers from a scarcity of hotel accommodation to meet the current demand.

Guy Glover, Portfolio Manager at BMO Real Estate Partners commented: “This is an investment that will deliver long-term income with inflation linked uplifts from two strong covenants and supportive fundamentals underpinning the attractive income yield. Despite the broader uncertainty we’ve experienced in the UK, we see continued strength in alternatives, which has been one of the strongest performing real estate sectors alongside industrials, over the medium term. We continue to be disciplined in our cash deployment and are focusing on growing the Fund in line with our core investment principles.”

The BMO 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. Following the latest acquisition, the property portfolio value stands upwards of £430 million, split across all sectors but with a weighting towards office and industrial.

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¹ Assets Under Management (AUM) reported is as at 31.12.2018 and includes both discretionary and non-discretionary assets.

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About BMO Real Estate Partners

BMO Real Estate Partners is a specialist real estate investment manager firm with £6.2 billion of AUM² 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 billion³ 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 specialist managers strategically located across the globe: BMO Real Estate Partners, LGM Investments, Pyrford International Ltd. 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 \$807 billion as of 31 January 2019, and over 45,000 employees.

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.

The value of directly held property reflects the opinion of valuers and is reviewed periodically. These assets can also be illiquid and significant or persistent redemptions may require the manager to sell properties at a lower market value adversely affecting the value of your investment.

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