# BMO Global REIT Fund

Top up your Monthly Cash Flow with Rental Income

## Monthly Commentary

*We are delighted to share the monthly commentary for the BMO Global REIT Fund. We look forward to providing monthly commentary highlighting sector performance, fund positioning, as well as key trends and takeaways each month.*

## April Recap

Global REITs delivered positive returns in April. For the month, Data Center, Diversified, and Office REITs led the group, as Heath Care REITs, Lodging & Resorts, and Industrial lagged.

First quarter earnings kicked off mid-month. Thus far, most REITs that have reported have met or exceeded consensus estimates for Q1 with full year 2025 guidance largely maintained. Heading into first quarter earnings, there was some concern that REITs would reduce or withdraw full year 2025 guidance. However, as we anticipated, guidance ranges have generally been maintained.

Industrial REITs were among the first to report first quarter earnings. Prologis* (NYSE: PLD), Rexford* (NYSE: REXR) and Stag Industrial* (NYSE: STAG) each beat expectations for the quarter, with first quarter results ahead of consensus expectations. Including First Industrial* (NYSE: FR), the four industrial REITs maintained full year 2025 guidance. Prologis' first quarter results outperformed management's expectations, with earnings, occupancy, and rents all tracking ahead of guidance to start the year. Management noted the beat would have driven an upward guidance revision under normal circumstances but instead opted to hold guidance steady amid macro and tariff uncertainty. Notably, Prologis stress tested its operating results under severe scenarios based on past crises, including the dotcom[1], the Great Financial Crisis (GFC), Brexit, and the early days of COVID, with the GFC having the most extreme outcome. Its key stress test assumptions included a 170-basis point occupancy decline from quarter-end sustained through year-end, an immediate 18% market rent drop, and 75 basis points of annualized bad debt (which compares to 56 basis points during the GFC). Even under these severe assumptions, Prologis' earnings would still fall within, albeit at the bottom of, the stated FFO (funds from operations)[2] per share guidance range for 2025.

Across the industrial REITs, earnings call commentary noted slower decision making as tenants take a wait-and-see approach amid tariff uncertainty. Still, in the two weeks following the April 2nd Liberation Day, Prologis signed approximately 80 leases for more than 6 million square feet, which while being 20% below its usual pace, reflects a market that's still active. Positively, longer term fundamentals for Industrial remain supported by falling new supply (new construction start volume is down approximately 75% from peak levels), which should support improved supply/demand dynamics later this year.

[1] The dot-com bubble was a period of rapid, unsustainable growth in the stock market, specifically in technology and internet companies, from approximately 1995 to 2000. This was followed by a crash in 2001-2002 when these companies, many with little or no profitability, couldn't sustain their high valuations.

[2] Funds from operations (FFO) is calculated by adding back non-cash charges alongside certain non-recurring income or expense items to net income. It is sometimes quoted on a per-share basis. FFO is used as a measure of operating performance for the industry.

Turning to retail, Shopping Centre REITs Choice Properties* (TSX: CHP.UN), Kite Realty* (NYSE: KRG), and Regency Centers* (NYSE: REG) each reported solid results, with Choice in-line, and Kite and Regency ahead of expectations. Choice and Regency maintained full year 2025 guidance, while Kite increased its FFO[2] per share guidance, driven in part by transaction activity, including the recent purchase of Legacy West, a mixed-use center in Plano, Texas with new joint venture partner GIC. Encouragingly, Q1 results and earnings call commentary continued to point to robust retail operating fundamentals. Regency Centers noted its lease negotiation pipeline remains full as tenants continue to look long-term, planning for space needs years ahead of time amid a scarcity of high-quality available retail space. Kite Realty noted the same, with tenant demand for its centers remaining healthy, enabling its team to deliver solid releasing spreads, improve embedded growth, and enhance its merchandising mix.

The Fund's two tower holdings American Tower* (NYSE: AMT) and SBA Communications* (NYSE: SBAC) reported first quarter results that were positive across the board as both companies beat consensus estimates and modestly raised guidance. AMT's guidance increase was driven by foreign exchange assumptions meanwhile SBAC attributed its increase to timing of the Millicom acquisition, an improved outlook for its services business, share buybacks, and the extension of some leases. Notably, AMT noted that its U.S. services business had the highest quarter of revenue and gross profit since 2021, while as previously highlighted, a better outlook for services contributed to SBAC's guidance bump.

Data center REIT reported good first quarter results, with Digital Realty* (NYSE: DLR) especially strong. For the quarter, DLR reported core FFO[2] of US$1.77, ahead of consensus at US$1.71. More importantly, DLR's backlog of booked-not-billed leases continues to build, reaching a new record high of US$919 million at quarter-end, reflecting a 7% increase over its prior record.  This record backlog provides strong visibility for multi-year growth as leases commence. Concurrent with its earnings release, DLR announced that it had launched its first U.S. Hyperscale Data Center Fund. The Fund garnered strong interest from institutional investors including sovereign wealth funds, pension funds, insurance companies, and endowments, receiving over US$1.7B in initial commitments.

At month-end†, the Fund's largest subsector exposures include industrial, apartments, retail (and specifically grocery-anchored/necessity-oriented retail), single family rental, data centers, manufactured housing communities, and health care REITs, which together comprise over 80% of the Fund. Top ten holdings at month-end (April 30, 2025) included Chartwell Retirement Residences, Prologis, Ventas, Equinix, American Homes 4 Rent, Kimco Realty, AvalonBay Communities, Public Storage, American Tower, and Killam Apartment REIT.

Earnings thus far have come in line with guidance set earlier in the year despite the elevated political and macro uncertainty. Given we are likely to see trade deals between the U.S. and major trading partners filter through, and more accommodative central banks, combined with lower supply across most asset classes, we remain constructive on the sector. That said, we are aware of the negative repercussions a prolonged trade war may have on unemployment, inflation, and consumer confidence.

*All Company data sourced from Company disclosures.

†Allocations subject to change without notice.

## Fund Codes & Fees

| Series | Fund Code | MER+ |
|---|---|---|
| **Advisor Series** | BMO99336 | 2.09 |
| **F Series** | BMO95336 | 1.02 |
| **Active ETF Series** | BGRT | 1.01 |

+Annual Management Expense Ratios (MERs) are as of September 30, 2024.

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