

# 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.*

### June Recap

Global REITs delivered positive returns in June. For the month, Office, Diversified, and Hotels & Lodging REITs led the group, as Industrial, Self Storage, and Data Center REITs lagged.

For the month, top individual contributors to fund performance included Dream Industrial REIT (TSX: DIR.UN), CTP N.V. (AEX: CTPNV), Goodman, Group (ASX: GMG), Empiric Student Property (LSE: ESP), and American Tower Corp (NYSE: AMT). Top detractors included Equinix (NYSE: EQIX), American Homes 4 Rent (NYSE: AMH), Prologis (NYSE: PLD), Public Storage (NYSE: PSA), and Camden Property Trust (NYSE: CPT).

During the month, U.S. tariff policy saw several key updates. On June 4, tariffs on imported steel and aluminum products and their derivatives increased from 25% to 50%. On June 27, President Trump confirmed the U.S. had signed a trade deal with China, while Commerce Secretary Howard Lutnick said the White House was close to reaching agreements with several key trading partners. On June 30, the U.S. and Canada resumed trade negotiations after Canada removed its digital services tax targeting U.S. technology firms, paving the way for a potential deal on July 21<sup>st</sup>.

Outside of macro data points and a steady stream of surprises from the White House, the month brought other catalysts – including the Nareit REITweek investor conference, the Equinix 2025 Analyst Day, and the acquisition of Warehouse REIT PLC by Tritax Big Box, which we'll highlight below.

On June 2-5, we attended the Nareit REITWeek investor conference in New York City, which brings together over 2,500 investors, REIT executives, and industry professionals, including more than 80 REITs and publicly traded real estate companies. During the conference, we met with executive management teams of over twenty REITs in the Healthcare, Industrial, Apartment, Single Family Rental, Manufactured Housing Communities, Self Storage, and Retail subsectors. Operating updates and management commentary generally aligned with what we heard from companies during Q1 earnings. Given a backdrop of increased volatility and economic uncertainty since the April 2<sup>nd</sup> Liberation Day, the conference tone was generally better than expected – with most meeting takeaways neutral to positive. The biggest sector-wide takeaway from the conference was that macro concerns, particularly in light of Liberation Day and DOGE (Department of Government Efficiency)-related cuts, have dominated headlines – but the impacts have been more muted on the ground. For example, concerns around DOGE cuts impacting Washington DC residential have been significant – but occupancy levels have risen into spring leasing season. For example, in its recent (May 2025) investor presentation, U.S. apartment owner/operator Camden Property Trust noted its Washington DC Metro portfolio continues to show strong performance, with occupancy reaching 97.4% on May 29<sup>th</sup> (up from 97.1% at 1Q25) and rent growth accelerating. While macro/policy uncertainty remains, leasing activity has continued despite some delays – and operating and financial results to-date are generally trending in-line to ahead of management's assumptions and full year 2025 guidance.

While there was some concern REITs would drop or lower guidance for FY2025 coming into Q1, full year 2025 guidance was largely maintained with Q1 earnings and reiterated at Nareit REITweek. One exception was seniors housing owner/operator Ventas (NYSE: VTR), which raised guidance with its business update, published in advance of the conference. Ventas raised its normalized FFO<sup>1</sup> per share guidance by \$0.05 at the midpoint to \$3.41 (new range: \$3.36 to 3.46), reflecting ~7% year-over-year growth.

On June 25, U.S. data center owner/operator Equinix\* (NYSE: EQIX) hosted an Analyst Day to showcase its “Build Bolder” expansion strategy and highlight the growing total addressable market (TAM) for AI infrastructure. The company outlined plans to double its data center capacity by 2029, matching the scale of its expansion in the last 27 years over the next 5. Management plans to deliver 350 megawatts in 2027, more than double its 2024 deliveries, with further expansion to around 500 megawatts annually in 2028-2029. To support this growth, EQIX plans to spend US\$4-\$5 billion a year over the next 5 years, inclusive of 2025. In addition to its growth plans, Equinix provided an updated financial outlook, including projected revenue growth of 7-10% annual through 2029, EBITDA margin expansion<sup>2</sup> to 52%+ by 2029 (vs. current 49%), and AFFO<sup>3</sup> per share growth of 5-9% annually, supporting 8%+ dividend growth per annum. The scale of its spending plans surprised market participants, while management’s AFFO<sup>3</sup> per share outlook disappointed relative to market expectations – resulting in a de-rating of the shares. We viewed the stock reaction as overdone and took advantage of share price weakness to add to the fund’s position in Equinix, and peer, Digital Realty (NYSE: DLR).

Also on June 25, Tritax Big Box\* (LSE: BBOX) announced that it had made an offer to acquire Warehouse REIT (LSE: WHR) for approximately £485 million including dividends. The purchase price will be satisfied by way of 0.4236 new Tritax Big Box shares and 47.2p cash for every Warehouse REIT share. Proforma, Warehouse REIT is expected to represent 11% of the combined portfolio. Management views the WHR portfolio as complementary to their push into mid- and small-sized warehouses, which was the rationale underpinning the acquisition of UKCM in 2024. The transaction is expected to generate £5.5 million in cost synergies, representing ~70% savings in Warehouse REIT’s administrative costs, with the bulk of savings (£4.9 million) resulting from onboarding investment management services onto the Tritax Management LLP platform. Earnings accretion is anticipated in year one driven by operating expense savings and onboarding Warehouse REIT onto the Tritax platform. Rental reversion potential for WHR’s portfolio is estimated at 25%, with a 5.0 year weighted average unexpired lease term (WAULT). We see synergies as achievable, while WHR’s shorter WAULT lends itself to faster reversion capture.

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

\*All Company data sourced from Company disclosures.

<sup>†</sup>Allocations subject to change without notice.

<sup>1</sup> 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.

<sup>2</sup> EBITDA (earnings before interest, taxes, depreciation, and amortization) Margin is a measurement of a company’s “top line” operating profitability expressed as a percentage of its total revenue.

<sup>3</sup> Adjusted Funds From Operations (AFFO) is a measure of the financial performance of a REIT. It is calculated by making adjustments to the FFO value to deduct normalized recurring expenditures and to use straight-lining of rents.

## Fund Codes & Fees

Series	Fund Code	MER*
<b>Advisor Series</b>	BM099336	2.09
<b>F Series</b>	BM095336	1.02
<b>Active ETF Series</b>	BGRT	1.01

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

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