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Unlisted Property Trust Report

Stirling Junction Fair Shopping Centre Fund

May 2020

Coles anchored shopping centre in Newcastle targeting a 9.0% distribution yield

For sophisticated and wholesale investors

Stirling Junction Fair Shopping Centre Fund

Contents

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Core Property Research Pty Ltd was established in July 2017 to provide market leading and insightful research on the property funds sector for its clients and investors. Our ratings and research cover sector level research, ratings and recommendations on listed and unlisted property funds, and is built upon the extensive research experience of its staff.

The Core Property team collectively, has over 50 years' experience across property, financial services and investment markets. The team has also evaluated over 500 different funds across multiple sectors and a range of investment structures over the last decade.

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Stirling Junction Fair Shopping Centre Fund

May 2020

The Stirling Junction Fair Shopping Centre Fund ("*the Fund*") is an unlisted property fund with a term of four-years. The Fund's Manager, Stirling Property Funds Limited (the "*Manager*") has relaunched the Fund in response to COVID-19 disruptions. The Manager is seeking to raise $24.8M through the issue of 24.8M units of Class A Preference Units at $1.00 per unit ("the Offer"). Directors of Stirling will also invest $2.35M in Class B Subordinated Units. The funds raised will be used, in conjunction with bank debt, to acquire Junction Fair Shopping Centre, 204 Union Street, The Junction, NSW ("*the Property*"). The Offer is available to sophisticated and wholesale investors, however the Trustee may accept up to $2.0M from retail investors as defined in the Information Memorandum.

The Manager has provided a structure to enhance returns and reduce risk for investors in order to mitigate the impact that COVID-19 may have on the Fund. The Offer to Class A Preference Unitholders includes:

1) An attractive forecast average distribution yield of 9.1% over the term of the Fund (9.0 cpu in FY21), with Class A unitholders being entitled to all distributions. Class B unitholders do not receive any distributions.
2) Upon the sale of the Property, the net proceeds (after debt) will be distributed first to Class A unitholders to provide a return of the original capital of $24.8M, or $1.00 per unit. Class A unitholders will then be entitled to an Internal Rate of Return (IRR) of up to 12.0% p.a. (including distributions) before Class B unitholders receive their original capital of $2.35M. Any excess funds thereafter will be distributed with Class A units to receive 85%, and Class B units to receive 15%.
3) The initial NTA for Class A units is $1.00 per unit whereas the initial NTA for similar funds would be lower (typically around $0.88 - $0.90 per unit) due to costs associated with stamp duty and due diligence costs.

The Property is a well-positioned neighbourhood shopping centre located in The Junction, 1.5km south of the Newcastle CBD in NSW. The centre is focused on convenience based, non-discretionary retail and is anchored by a strong performing Coles supermarket, which accounts for 50% of the total rental income and 65% of the space, with two established mini-majors covering 13.5% of space and total rent income. The Property enjoys an occupancy of 99.2% (with a rental guarantee by the vendor for the remaining 0.8% for 12 months), and a WALE of 4.6 years.

The Manager's four-year strategy is centred around reducing up to 1,100 sqm of excess floor space in the Coles tenancy which will be used to increase the medical, retail services and food and beverage offerings at the centre. In doing so, the Manager will look to establishing a new long-term lease with Coles, thereby enhancing the Property's value for sale. Coles has a ~40 year association in the area and if a restructure of the lease is not agreed then the Manager will look to supporting Coles to exercise its option to remain at the Centre.

The Fund has terms for a five-year debt facility with initial drawn debt of $23M. The initial Loan-To-Valuation Ratio (LVR) is 49.0% against a bank LVR covenant of 60%. Fees paid by the Fund are considered to be low when compared to comparable investments in the market.

Core Property estimates a pre-tax IRR of 11.1% – 15.7% p.a. (midpoint 12.4%), based on the Manager's assumptions and assuming a +/- 50 bps movement in capitalisation rates (see *Expected Future performance (IRR Sensitivity)).* Core Property notes that the Manager is targeting an IRR of 15.7% p.a. based on the successful execution of its four-year repositioning strategy. If this is not achieved the Manager estimates an IRR of 12.0% for Class A units over six-years, with the likelihood that Class B units (owned by Directors of Stirling) will not receive a return of original capital. The analysis includes the potential that investors may receive a capital gain or loss, based on market conditions and an IRR outside this range is possible.

It is important that investors acknowledge that a pandemic caused by the spread of the COVID-19 virus can adversely impact the performance of the Trust amidst significant macroeconomic uncertainty. The duration and severity of the outbreak is uncertain and may negatively impact property values and potentially lower investor returns.

Investor Suitability

Core Property considers the Fund would suit investors seeking an attractive distribution income, which is forecast to average 9.1% over four years. The forecast higher returns are reflective of the preferred structure which offsets the higher risks of investing in a retail property during the uncertainty of the COVID-19 environment. The Fund is illiquid, and investors should be prepared to remain invested for the minimum four-year term of the Fund.

Recommended

See the Appendix for a description of our ratings. The above rating must be viewed in the context of comparable Funds and not across all products

Fund Details

Offer Open:	25 May 2020
Offer Close:	11 June 2020[1]
Min. Investment:	$250,000, multiples of $50,000 thereafter.
Unit Entry Price:	$1.00
Initial Net Tangible Asset per unit:	$1.00[3]
Liquidity:	Illiquid
Forecast Distributions:	9.0 cpu (FY21) 9.1 cpu (FY22)
Distribution Frequency:	Quarterly
Investment Period:	4 years

1. The Trustee may close the offer at any time when sufficient commitment has been received.
2. The Manager has discretion to accept lower amounts
3. Initial NTA for Class A Preference Units

Fund Contact Details

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Fund – Website

http://stirlingpropertyfunds.com.au/

Note: This report is based on the Stirling Junction Fair Fund Information Memorandum dated 15 May 2020, together with other information provided by Stirling Property Funds Ltd.

Key Considerations

Management: Stirling Property Funds was established in 2017 as a boutique funds management firm focused on property opportunities in areas being transformed due to infrastructure investment. The team consists of experienced professionals having held senior leadership roles in the property, finance and legal sectors. Directors of Stirling will own $2.35M of Class B Subordinated Units. Core Property believes the management team has a strong incentive to perform as they rank below Class A units and the return of its original capital will occur only after Class A units receive their entitlements.

Fund Structure: The Manager will offer $24.8M of Class A Preference Units which will be entitled to all the income distributions from the Fund. Upon the sale of the Property and realisation of net proceeds, the priority of returns is as follows: (1) repay the original capital of Class A Preference Units; (2) Class A unitholders are then entitled to a capital return equating to an IRR of up to 12.0% p.a.; (3) repay the original capital of Class B Subordinated Units (owned by Directors of Stirling); and (4) any excess funds thereafter will be shared with 85% paid to Class A units and 15% to Class B units.

The Property: The Fund will acquire the Junction Fair Shopping Centre at 204 Union Street, The Junction NSW for $47M. The neighbourhood shopping centre was constructed in 1986 on a 11,250 sqm site with 7,226 sqm of net lettable area and is anchored by a Coles supermarket (65% of NLA), two mini-majors, 21 specialty tenancies, 1 kiosk, 2 ATMs with space for 231 vehicles. The Property has a WALE of 4.6 years with the Coles lease expiring in June 2027 with 2x10 year options.

Retail Trading During COVID-19: The Centre has remained relatively resilient for a retail asset during the COVID-19 crisis. The Centre's Moving Annual Turnover (MAT) reached a 2-year peak of $61.3M in March 2020, benefitting from higher turnover at Coles while specialty sales have been negatively impacted. The reopening of the economy is expected to assist specialty stores to recover. As at 7 May 2020, the Centre has 97% of NLA open for trading, with 2 small tenancies awaiting a change in government restrictions (a gym and a nail salon).

Fund Strategy: The Manager is looking to negotiate with Coles to release up to 1,100 sqm of excess floor space which is expected to be reconfigured and used to provide additional medical, retail services and food and beverage tenancies to the centre. The strategy is targeted over four-years and is expected to enhance the value of the Property through a new long-term lease to Coles. If the Coles space is not repositioned, the Manager expects to manage the Property through to 6 years and work towards Coles exercising its first 10-year lease option to remain at the Centre.

Debt Profile: The Fund has received terms for an approved five-year debt facility of $23.0M at an all-in-cost of 2.6% p.a. The Fund has an initial LVR of 49.0% against a bank LVR covenant of 60%.

Distributions: The Manager is forecasting distributions of 9.0% p.a. in FY21 and 9.1% in FY22 for Class A Preference Units, with average distributions of 9.1% over the four-year term.

Fees: Core Property considers the management fees to be low when compared to similar offerings in the market. (*see Figure 5: Fees in Perspective*).

Impact of COVID-19: The application of the code of conduct for rental income has been challenging with the duration and extent of income loss remaining uncertain. That said, the Manager has assumed that the rent relief applies for specialty tenants until December 2020 (beyond the 27 Sept 2020 when the code of conduct expires). This effectively means the Manager has allowed for a 7.7% decline in rent income for FY21 and assumes market rent reduces by 10% in the forecasts. Investors should also be aware that property valuations may be impacted by short term volatility as a result of COVID-19 on investment markets. This may affect the long-term capital returns of the Fund. It is also important to recognise that property markets are cyclical. Over a 25-year history of measuring returns, typically, 70% - 80% of total returns are derived via income returns which is an important feature for long-duration assets such as property.

Total Returns: Core Property estimates the Fund to deliver a four-year IRR of 11.1% - 15.7% p.a. (midpoint 12.4% p.a.). Our calculations are based on the Manager's assumptions with a +/- 50 bps movement in capitalisation rates. The Manager is targeting an IRR of 15.7% pa., at the top end of our range, as a result of its repositioning strategy. Investors should be aware the Fund is exposed to a capital gain or loss based on the sale price of the Property and overall market conditions, which may deliver an IRR outside our forecast range.

Illiquid investment: The Fund should be considered illiquid and investors should expect to remain invested for the term of four-years. Investors should also expect to remain invested for a longer term in order to maximise the value of the asset.

Investment Scorecard

Management Quality	★★★★☆
Governance	★★★★☆
Portfolio	★★★☆☆
Income Return	★★★★☆
Total Return	★★★★☆
Gearing	★★★☆☆
Liquidity	★☆☆☆☆
Fees	★★★★★

Key Metrics

Trust Structure

An unlisted property fund investing in a neighbourhood shopping centre located in The Junction, NSW. Units in the fund consist of Class A Preference Units and Class B Subordinated Units.

Management

Stirling Property Funds is a boutique fund manager that focuses on acquiring assets in urban precincts which have capital value upside due to improved transport infrastructure and investment. The management team brings extensive experience having held experience at senior levels in commercial, residential, finance and legal professions. Management are incentivized through the ownership of $2.35M of Class B Subordinated Units in the Fund.

Property Portfolio

No. of Properties:	1
Valuation:	$47.0M (March 2020, Cushman & Wakefield)
Property Location:	204 Union Street, The Junction, NSW
Property Sector:	Retail
Key Tenants:	Coles supermarket (65% of NLA)
Occupancy:	99.2% of NLA
WALE:	4.6 years (by income)

Return Profile

Forecast Distribution:	FY21 = 9.0 cents per Class A Preference unit FY22 = 9.1 cents per Class A Preference unit
Distribution Frequency:	Quarterly
Tax advantage:	TBA
Estimated Levered IRR (pre-tax, net of fees):	11.1% - 15.7% p.a. (midpoint 12.4% p.a.). The Manager is targeting an IRR of 15.7% based on the successful execution of its strategy.
Target Investment Period:	4.0 years

Risk Profile

Property/Market Risk:	Capital at risk will depend on a single retail shopping centre asset in The Junction, NSW. Investors will be exposed to a potential capital gain or loss, based on market conditions.
Interest Rate Movements:	The Manager intends to hedge around 75% of the borrowing costs for a five-year period of its debt facility. Any additional borrowings or extension of the fund may be impacted by changes in the cost of debt and may impact the distributable income in the remaining term of the Fund.
Property Specific Risks:	Property investments are exposed to a change in vacancy rates, prevailing market rents, and economic supply and demand.

For a more detailed list of the key risks, refer to Section 10: "Investment Considerations and Risks" section of the Information Memorandum.

Fees Paid

Core Property considers the Fees charged by the Fund to be low compared to comparable products in the market (see Figure 5: Fees in Perspective).

Entry Fees:	Nil
Exit Fees:	Nil
Property Acquisition Fee:	Nil
Management Fees:	0.53% p.a. of the Property Value of the Fund.
Fund Costs and Expenses:	Included and paid for by the Management Fee
Divestment Fee (Property Disposal Fee):	Up to 0.9% of the sale price of the Property. The Fee is only payable if an external agent is appointed.
Performance Fee:	Nil

Debt Metrics – Indicative Terms

Initial Debt / Facility Limit:	$23.0M / $24.0M
Loan Period:	5 years
Initial LVR / LVR Covenant:	49.0% / 60.0%
Initial ICR / ICR Covenant:	4.8x / 1.9x

Legal

Offer Document:	Stirling Junction Fair Fund Information Memorandum, dated 15 May 2020
Wrapper:	Unlisted Property Trust
Trustee:	Stirling Junction Fair Shopping Centre Pty Ltd (ACN 636 844 089)
Custodian:	Sargon CT Pty Ltd (ABN 12 106 424 088)
Manager:	Stirling Property Funds Limited (ABN 19 617 836 736, AFSL 497783)

Fund Overview

The Fund is a closed-ended, unlisted property fund that will invest in the Junction Fair Shopping Centre located at 204 Union Street, The Junction, NSW ("the Property"). Stirling Property Funds Ltd ("the Manager") is seeking to raise $24.8M in preferred equity through the issue of 24.8M units of Class A Preferred Units at $1.00 per unit ("the Offer"). The Directors of Stirling Property Funds will also co-invest for $2.35M worth of subordinated equity. The funds raised will be used, in conjunction with bank debt, to acquire the Property for $47M. The Fund has a minimum investment of $250,000 for wholesale and sophisticated investors, however the Trustee has discretion to accept smaller amounts and can also issue up to $2.0M of equity to retail investors.

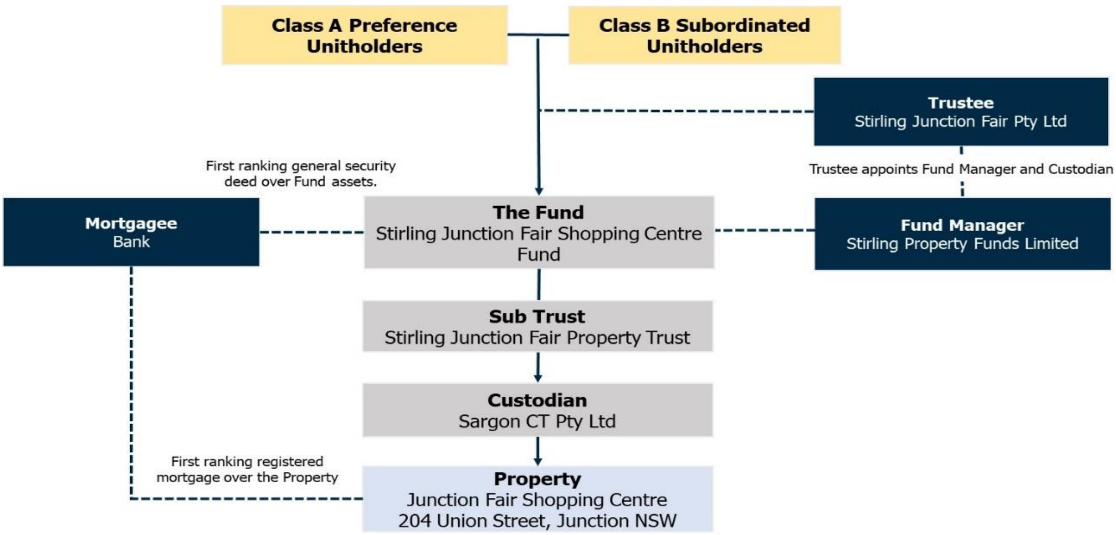
The Fund is structured to provide Class A Preference Unitholders with enhanced returns and reduced risk through a number of features.

- Class A Preference Unitholders will receive all the distributions of the Fund which is forecast to be 9.0% p.a. in FY21.
- Class A Preference Unitholders will have priority equity in the Fund, to the extent of the $24.8M of units. This effectively means that Class A Preference Units have an initial NTA of $1.00 per unit, with Class B Subordinated Units having an initial NTA of Nil.
- Class A Preference Unitholders have priority of returns in the Fund. When the Property is sold, the net proceeds of the sale (after the repayment of any debt and costs) will be paid out based on the following ranking:
  - 1st – Class A Preference Units - are paid the original capital of $24.8M, or $1.00 per unit.
  - 2nd – Class A Preference Units – are to be paid a preferred total return up to an IRR of 12.0% p.a.
  - 3rd – Class B Subordinated Units – are paid the original capital of $2.35M
  - 4th – Residual proceeds are allocated to unitholders with Class A Preference Units to receive 85% and Class B Subordinated Units to receive 15%.

The Property comprises a neighbourhood shopping centre, located in The Junction, approximately 1.5km to the south of the Newcastle Central Business District (CBD). Constructed in 1986, the Property has a total Gross Lettable Area (GLA) of 7,226 sqm and is anchored by a Coles supermarket which is one of the largest full-line supermarkets in the Newcastle Urban Area, occupying around 65% of the GLA. The Property also has two-mini-major tenants, 21 specialty tenants, 1 kiosk and 2 ATMs. The Property is 99.2% occupied (by area) with a Weighted Average Lease Expiry (WALE) of 4.6 years (by income). The vendor has provided a 12-month rental guarantee over the 0.8% vacancy.

The Fund has a term of four-years with the Manager looking to undertake a restructuring of the Coles lease during this time to free up more space for medical, retail services and food offerings. Core Property forecasts the Fund to deliver an IRR of between 11.1% - 15.7% p.a. (midpoint 12.4% p.a.) based on the Manager's forecasts and assuming a +/-50bps movement in capitalisation rates. The Manager is targeting an IRR of 15.7% p.a. based on the successful execution of its repositioning strategy over four years. If the Property is not repositioned, the Manager expects Class A unitholders to receive an IRR of 12.0% p.a. over six-years and Class B unitholders (the Directors of Stirling) may not receive a return of their capital. The Fund should be considered illiquid and investors should expect to remain invested for the Fund's term of four-years to benefit from potential returns.

Figure 1: Fund structure



Source: Stirling Property Funds, Core Property

Fund Strategy

The Manager's strategy is centred around a restructure of the Coles lease where Coles' existing 4,694 sqm of space is reduced to around 3,500 – 4,000 sqm of lettable area, which is more typical of a modern, full-line supermarket size. The Manager considers that Coles may wish to release some of this space as part of agreeing to a new extended lease term, targeting 15-years with options to renew. The strategy, should commercial terms be agreed, will allow the space to be reconfigured and leased to medical, retail services and food and beverage tenants. Currently Food Catering accounts for 5.1% of the lettable area (versus 8.5% for a benchmark centre) and Retail Services accounts for 1.0% of lettable area (versus 4.2% for a benchmark centre). The strategy is expected to be undertaken within the four-year term of the Fund, allowing the Property to be sold at an optimal price with a new, more attractive, long term lease to Coles in place. The Manager estimates the Fund to deliver an IRR of 15.7% p.a. to Class A Preferred unitholders over four-years under this scenario.

If the repositioning strategy is not able to be implemented, the Manager expects the Fund will likely extend out to around six years, by which time Coles will need to exercise the first of its ten-year options to remain at the centre. The Manager estimates the Fund to deliver an IRR of around 12.0% p.a. to Class A Preferred unitholders over six-years under this scenario.

Core Property notes that the Manager is highly incentivised to deliver on its four-year repositioning strategy, as the expected returns from six-year strategy is not expected to be sufficient to enable the Class B Subordinated units (owned by Directors of Stirling) to receive a return of their original capital.

Liquidity / exit strategy

Core Property notes the Manager is expecting to dispose of the asset and wind up the Fund in around four-years. Investors should consider the Fund as illiquid in nature and expect to remain invested for the four-year term of the Fund. The Manager may also extend the Fund for 2x1 years subject to greater than 75% of votes cast in favour of the extension. The Fund may be further extended beyond the 6-years in certain circumstances and with a unanimous resolution and the agreement of the Trustee.

Sources & Application of funds

The Information Memorandum sets out the sources and application of funds under the terms of the Offer.

Figure 2: Sources and Application of Funds

	$M	% of purchase price	% of total funds
Sources of funds			
Equity subscriptions – Class A Preference Units	$24.8M	52.8%	49.5%
Equity subscriptions – Class B Subordinated Units	$2.35M	5.0%	4.7%
Bank debt	$23.0M	48.9%	45.9%
Total sources of funds	**$50.2M**	**106.7%**	**100.0%**
Application of funds			
Purchase price	$47.0M	100%	93.7%
Costs (Stamp Duty, Acquisition Costs, Fees)	$2.8M	5.9%	5.4%
Working Capital & Capital Expenditure Reserves	$0.4M	0.9%	0.8%
Total application of funds	**$50.2M**	**106.7%**	**100.0%**

Source: Stirling Property, Core Property

Debt Facility & Metrics

The Manager has received credit approved terms for a first registered mortgage facility of $23.0M for a five-year term, with an additional $1.0M available in the facility to fund the capital expenditure requirements for the Property. The all-in-cost of debt in year one is estimated at 2.6% p.a. The Manager intends to hedge up to 75% of the debt for the initial four years, with the ability to repay the debt early if the Property is sold. Any change in the terms and cost of debt may impact investor returns.

- The Manager intends to draw down $23.0M of the debt facility, with an additional $1.0M available in the facility to fund capital expenditure requirements for the Property, subject to maintaining an LVR of 50%.
- The Loan to Valuation Ratio (LVR) is expected to be 49.0%, against a bank LVR covenant of 60.0%. Core Property estimates the value of the Property must fall by 18.5% for the LVR covenant to be breached.
- The Interest Coverage Ratio (ICR) is 4.7x against a bank ICR covenant of 1.9x. Core Property calculates the net operating income must fall by 59.6% for this covenant to be breached.

Figure 3: Debt Metrics

Details	Metric
Bank	Commonwealth Bank of Australia
Security	First registered Mortgage over the Property and Fund assets
Drawn Debt / Facility Limit	$23.0M / $24.0M
Loan Period	5 years from settlement
% Hedged	The Manager intends to hedge up to 75% of the debt for the initial four years of the facility
All-in cost of Debt	2.6% (est. year 1)
Initial LVR / Peak LVR / LVR Covenant	49.0% / 49.0% / 60.0%
Initial interest covered ratio (Lowest ICR) / ICR covenant	4.7x / 1.9x
Amount by which valuation will have to fall to breach LVR covenant	18.5%
Decrease in rent income to breach ICR covenant	59.6%

Source: Stirling Property, Core Property

Fees Charged by the Fund

Overall, Core Property considers the fees charged by the Fund to be low when compared to similar offerings in the market. In particular we consider the fees to represent the minimal costs of running the Fund, taking into account:

- Management Fees of 0.53% p.a. of the asset value, equates to $246,750 p.a., based on the independent valuation of $47.0M.
- A Divestment Fee (Disposal Fee) of 0.9% of the sale price is only charged if an External Agent is appointed to sell the Property.
- The Manager is not charging an Acquisition Fee on the Property. Acquisition Fees are typically in the range of 1% - 2% of the purchase price of the Property (or $0.47M - $0.74M).
- The Manager does not charge a Performance Fee.
- Core Property notes that Directors and management of Stirling will instead acquire $2.35M of Class B units in the Fund. The Class B units do not receive their capital back until after Class A units receive an IRR of 12.0% p.a., thereby providing a strong incentive for the Manager to achieve its targeted returns.
- Investors should be aware that if the Manager is replaced or removed (which requires an Ordinary Resolution to be passed by 50% of investors), the Class B Subordinated Units must be paid out in full for $2.35M.

Figure 4: Summary of Fees charged by the Fund

Fee Type	Fee Charged	Core Property Comment
Entry Fee:	Nil	
Exit Fee:	Nil	
Manager Upfront Fee (Acquisition Fee):	Nil	The Manager does not charge an Acquisition Fee for the Property. Core Property considers this to be beneficial to investors as industry averages are typically 1.0% - 2.0% of the value of the Property.
Management Fees & Expenses:	Management Fee: 0.53% p.a. of the Property value. Expenses: $6,000 p.a. for accounting expenses plus actual expenses for the normal operation of the Fund.	Core Property considers the Fee to be at the low end of the industry average of 0.7% - 1.1% p.a. of GAV.
Performance Fee:	Nil	The Manager does not charge a Performance Fee. Core Property considers this to be beneficial to investors as the Manger will be incentivized to deliver on the investment strategy via its acquisition of Class B units in the Fund.
Divestment Fee (Disposal Fee):	Up to 0.9% of the sale price of the Property	The Disposal Fee is payable to external agents only if an external agent is appointed. The Disposal Fee is at the low end of the industry average of around 1.0% - 2.0%.

Source: Stirling Property, Core Property

All-in fee analysis

Core Property has analysed the fees that accrue to the Manager over the term of the Fund as a percentage of all cash flow generated after deducting interest costs but before management fees and assumes that any Disposal Fee is not payable to the Manager but use to cover agents selling fees (if applicable).

Core Property estimates the Manager is entitled to 2.6% of the total cash flow. Core Property considers the fees paid to the Manager to be very low when compared to similar products, which are typically around 7% - 9%. In terms of fees paid, the Manager only receives an ongoing management fee and a share of net proceeds after meeting all the return hurdles set for Class A unitholders. Core Property stresses that these estimates of how much investors will receive are not guaranteed amounts. For further details, please refer to the *Financial Analysis* section.

Figure 5: Fees in Perspective – over an estimated 4-year period

Core Property estimates that for every $1.00 of equity invested the Fund can return:	Amount per $1.00 unit
Principal repayment to investors:	$1.00
Income and capital gains to investors:	$0.50
Total cash to investors:	**$1.50**
Acquisition fee:	$0.00
Base management fee:	$0.04
Fees for the Manager (excluding disposal/admin):	**$0.04**
Total cash generated by Fund:	**$1.54**
Fees = % of total cash generated (before fees)	2.6%
Up-front fee vs total fees	0%

Source: Core Property estimates

The Property

The Property is a single level retail neighbourhood shopping centre located at 204 Union Street, The Junction, NSW. Constructed in 1986 on a site area of 11,250 sqm, the Property has 7,226 sqm of net lettable area (NLA). The Property is located in The Junction, which is approximately 1.5km south of the Newcastle CBD in the Hunter region, which is 160km north of Sydney, NSW. The Property is well located on the corner of Union Street and Glebe Road, in a precinct with a mix of retail and non-retail shopfronts in The Junction. In the immediate north and south are two primary schools, Lingard Private Hospital is located within 500m to the south and Merewether Beach, an iconic surf beach and tourist attraction is less than 1km to the east.

The Property is anchored by a Coles supermarket, with 4,694 sqm of space, or 65% of the NLA. Two mini majors (Sanbah Surf Shop and The Essential Ingredient) account for 977sqm (or 13.5% of NLA), with a further 21 specialty stores, 1 kiosk and 2 ATMs and space for 231 cars, which includes 202 basement car spaces and 29 on grade car parking spaces. The centre is 99.2% occupied (by area), with a Weighted Average Lease Expiry of 4.6 years (by income). The Centre currently has one vacant tenancy (58 sqm), which is covered by a 12-month rental guarantee for $0.1M, by the vendor.

The Centre has benefitted from a substantial refurbishment over the past five years. Total sales at the Centre are in excess of $61M, with 2.3M in annual foot traffic. The Centre's performance is primarily driven by convenience-based shopping with the non-discretionary sectors of food and retail services accounting for 77% of the Centre's lettable area. Coles supermarket accounts for 65% of the retail space (and 48% of the Centre's income) with sales at the high end of the Australian average for major supermarkets of around $9,000 - $10,000 per sqm. Coles has been an original tenant at the Centre with its current lease expiring in June 2027 with 2x10 year options to renew.

Figure 6: Junction Fair Shopping Centre, 204 Union Street, The Junction NSW

Source: Stirling Property, CBRE, Stonebridge

Retail Trading During COVID-19

Sales turnover at the Property has remained relatively resilient during the COVID-19 crisis in March – April 2020.

Moving Annual Turnover (MAT) at the Centre for March 2020 was $61.3M, up 4.0% on the $59.0M reported at February 2020. The MAT was the highest MAT recorded for the past two years and was driven largely by an increase in turnover at Coles supermarket with turnover up 32.4% in March 2020 vs March 2019, together with strong turnover form Bakers Delight, Terry White Chemart Pharmacy and Greenacre Gourmet Meats. Sales turnover at Coles has continued to grow, with preliminary numbers indicating April turnover increased 15% compared to March.

At the end of April 2020, 90% of tenants (by NLA) remained open for business. By 7 May 2020, there were 97% of tenants open. Two tenants (the gym and nail salon) are awaiting the lifting of government restrictions.

Rental income for FY21 is estimated by the Manager to be lower by around 7.7%. This is based on specialty stores (50% of rental income) being impacted by an average 29% reduction in turnover, over a six-month period (1 July 2020 – 31 December 2020). In addition, any new leases that expire in 2021 are assumed to have a commencing rental 10% lower than the valuer's assumed market rental.

Property Valuation

An independent valuation was undertaken by Cushman & Wakefield on 16 March 2020 valuing the Property at $47.0M which is in line with the acquisition price.

Figure 7: Valuation Metrics

Junction Fair Shopping Centre - 204 Union Street, The Junction, NSW	
Title	Freehold
Acquisition date:	31 March 2020 (expected settlement date)
Ownership	100%
Site Area	11,250 sqm
Net Lettable Area	7,226 sqm
Major Tenants	Coles supermarkets (incl Liquorland) – 4,694 sqm NLA (65% of NLA) Sanbah Surf Shop – 505 sqm NLA (7.0% of NLA) The Essential Ingredient – 472 sqm NLA (6.5% of NLA)
Weighted Average Lease Expiry	4.6 years (by income)
Occupancy	99.2% (by NLA)
Initial net passing income	$3.3M p.a.
Net Market income (fully leased)	$3.2M p.a.
Purchase price	$47.0M
Valuation	$47.0M
Passing initial yield	6.93%
Capitalisation rate	6.75%
Valuer	Cushman & Wakefield, 16 March 2020
Valuer's Discount rate	7.00%
Valuer's IRR (10 years)	6.88%
Value/sqm	$6,504 per sqm

Source: Stirling Property, Cushman & Wakefield

Newcastle Market

Newcastle is located roughly 160km north of the Sydney CBD. It serves as the main economic hub of the Hunter Region with a large flow of investment into the region over the past decade. The NSW government has committed $650M to revitalize the areas. Funds will be utilized in an attempt to strengthen the connections between the city and waterfront, the creation of more jobs, new housing developments and connected public spaces with a stronger transportation system.

Newcastle is located in the Hunter region, which has a population of around 650,000 people with expectations this will grow by 33.4% (or 0.6% p.a.) by 2036. The city is the seventh largest city in Australia with population growth supported by housing affordability. The commitment from the NSW government under the urban renewal program has improved sentiment within the area, resulting in unprecedented demand for apartment living. As a result, the Newcastle CBD has been transformed with new developments in education, residential and commercial and retail development.

The Hunter region, which has undergone major transformation on the back of infrastructure spending, is expected to also have an 8.1% total employment growth from 2015 to 2020. The low cost of living in this area allows for affordable living with the median house price of around $485,000 (in the second half of 2019) well below the median price in Sydney. This aspect positively affects businesses in the area being able to retain quality employees.

Retail trade area analysis

Core Property considers Junction Fair to be located in a trade area with characteristics that are supportive of retail spending at the centre. A review of the retail trade area by Location IQ, one of Australia's leading economic location advising consultancies, provides a demographic profile of the Property. Some of the key findings are summarised below.

- The Main Trade Area (MTA) population is currently estimated at 41,500 persons, including 21,530 persons in the Primary Trade Area (PTA). The main trade area population is projected to increase to 50,760 by 2031, representing an average annual growth rate of 1.6%, above the Australian average of 1.4% and the Sydney Metropolitan average of 1.4%.
- The Main Trade Area is characterised by Australian born, affluent population who have a strong affinity with local retail facilities near their homes. Main Trade Area average per capita income levels are 20% in excess of the Metropolitan Sydney average and 48% higher than the non-metropolitan NSW average.
- The Primary Trade Area (a smaller focused area that the centre services) population appears to be under serviced by supermarkets. The supermarket floorspace provision is 253 sqm per 1,000 persons, which is well below the Australian benchmark of 346 sqm per 1,000 persons.
- The Main Trade Area average household income is well above the non-metro NSW and the Australian average whereas the average household size is below industry average.
- The growth in retail spending of 4.5% p.a. in the main trade area until 2031 is well above the current pace of inflation. This level of growth should support a thesis of maintaining high occupancy in the Centre.

Figure 8: Main trade area analysis of the Fund's asset

Main trade area analysis as at 2016 Census	**Main Trade Area**	Non-metro NSW Average	**Sydney Metro Average**	**Australian Average**
Average per capita income ($)	**$50,445**	$34,181	$42,033	$38,497
Average household income ($)	**$110,626**	$82,505	$115,054	$98,478
Average household size (persons)	**2.2**	2.4	2.7	2.6

Source: Location IQ, Core Property

Figure 9: Expected retail expenditure growth in the main trade of the Fund's asset.

Main Trade Area retail spend	2018 Actual	2031 Forecast	Avg. growth
Estimated resident population - (persons)	**41,500**	**50,760**	**1.6%**
Retail expenditure ($)	**$693.0M**	**$1,230.5M**	**4.5%**
- Food & liquor expenditure ($)	$281.2M	$428.0M	3.3%
- Food catering ($)	$105.4M	$171.1M	3.8%
- Household Goods ($)	$117.4M	$149.8M	1.9%
- Other (Apparel, Leisure, General Retail, Retail Services) ($)	$172.3M	$219.8M	1.9%

Source: Location IQ, Core Property

Competitive Centres

Junction Fair is the major shopping centre in the primary trade area. Other retail facilities in the area include:

- A 750 sqm IGA supermarket in Merewether, 1.1km to the south west, with less than 10 shops in the precinct;
- A 350 sqm Foodworks foodstore in Adamstown, 3.2km to the west, with a number of retail and non-retail shop fronts; and
- A freestanding 1,560 sqm Aldi and a Harris Farm Markets of 1,200 sqm in Cooks Hill, approximately 1.1km from the property.

Beyond the primary trade area there are a range of other retail centres, higher order regional and sub-regional shopping centres including Marketown Shopping Centre, Westfield Kotara, Charlestown Shopping Centre and Waratah Village.

Leases, tenants and income

The Centre focusses predominantly on convenience-based shopping. Occupancy is 99.2% with a Weighted Average Lease Expiry (WALE) of 4.6 years by income. A summary of the key tenancies is provided below:

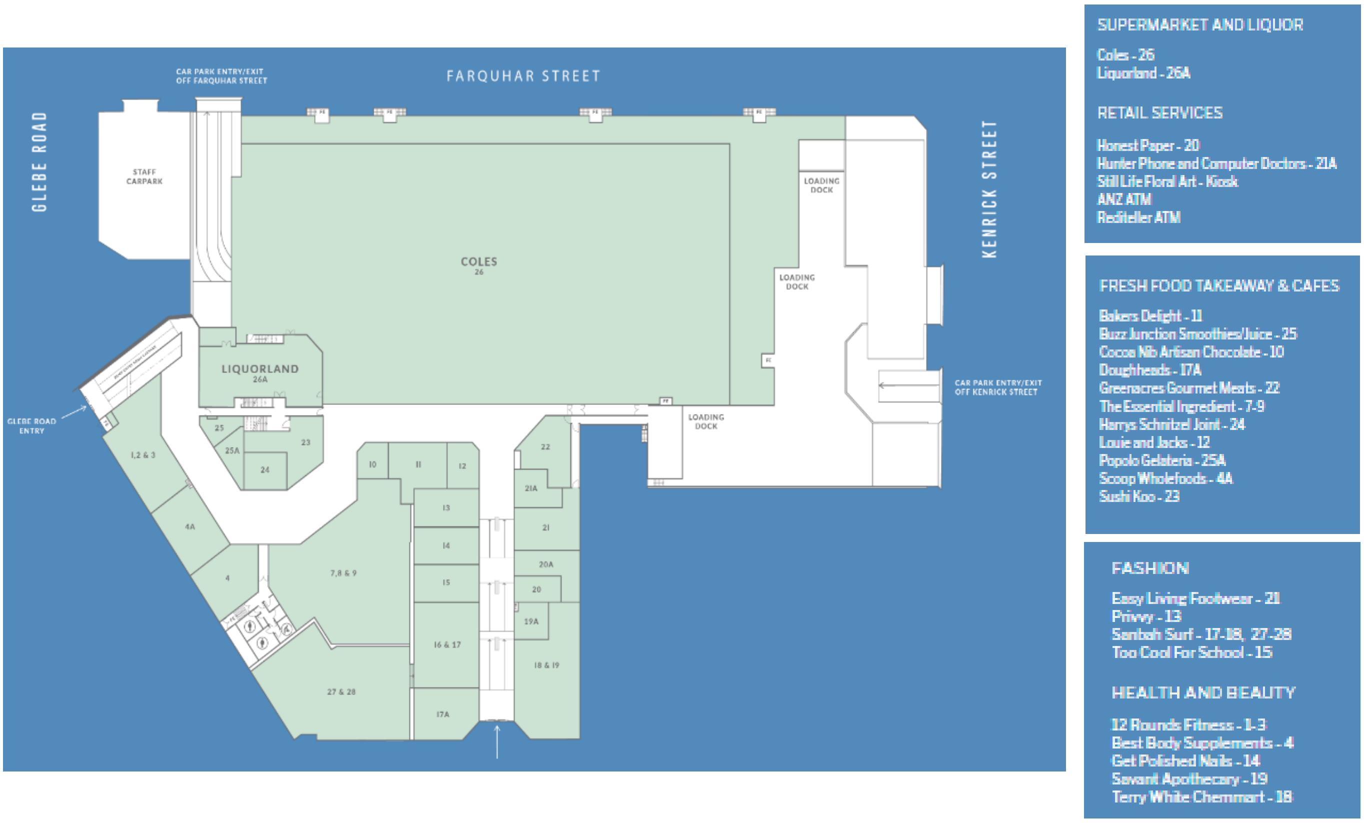
- Coles supermarket (4,694 sqm or 65.0% of NLA) is one of the largest full-line supermarkets in the Newcastle Urban Area with sales at the high end of the Australian average for major supermarkets of around $9,000 – $10,000 per sqm. The store footprint is significantly larger than modern full-line supermarkets which are around 3,500 sqm in size;
- Two mini-major tenants account for 977sqm, or 13.5% of NLA:
  - Sanbah Surf Shop (505 sqm, or 7.0% of NLA) is an iconic surf shop that is marketed as "The Home of Surf Newcastle". The shop occupies a key street position on the corner of Glebe Road and Union Street.
  - The Essential Ingredient (472 sqm, or 6.5% of NLA) is a food ingredients and kitchenware store which also runs cooking classes. The store has a strong history in Newcastle and originally started in Junction Fair, then moved to Cooks Hill for 11 years before returning to Junction fair in 2016;
- Specialty retailers account for 1,544 sqm, or 18.6% of NLA. Some of the notable tenants include Terry White Chemist and Bakers Delight.
- Non-retail tenants account for 153 sqm, or 2.1% of NLA and includes a 12 Rounds Fitness gym (150sqm) and two ATMs.
- The Centre currently has one vacant space of 58 sqm, or 0.8% of NLA, which is covered by a 12-month rental guarantee for $0.1M, paid by the vendor.
- Non-Coles tenants have historically delivered weighted average rent reviews of 3.5% p.a., prior to the impact of COVID-19.

Figure 10: Tenant Metrics

Type	Lease Term/ Expiry	Options	Rent Review	Area (sqm)	% of NLA
Coles Supermarket (incl Liquorland)	**15 years / June 2027**	**2 x 10 years**	**June 2022**	**4,694**	**65.0%**
Mini-Majors				**977**	**13.5%**
Sanbah Surf Shop	5.9 years / June 2022	3 years	August 2021	505	7.0%
The Essential Ingredient	7 years / June 2023	5 years	June 2020	472	6.5%
Fresh Food, Takeaway & Cafes				**631**	**8.7%**
Retail Services				**87**	**1.2%**
Fashion				**224**	**3.1%**
Health & Beauty				**554**	**7.7%**
Vacant				**58**	**0.8%**
Total				**7,226**	**100%**

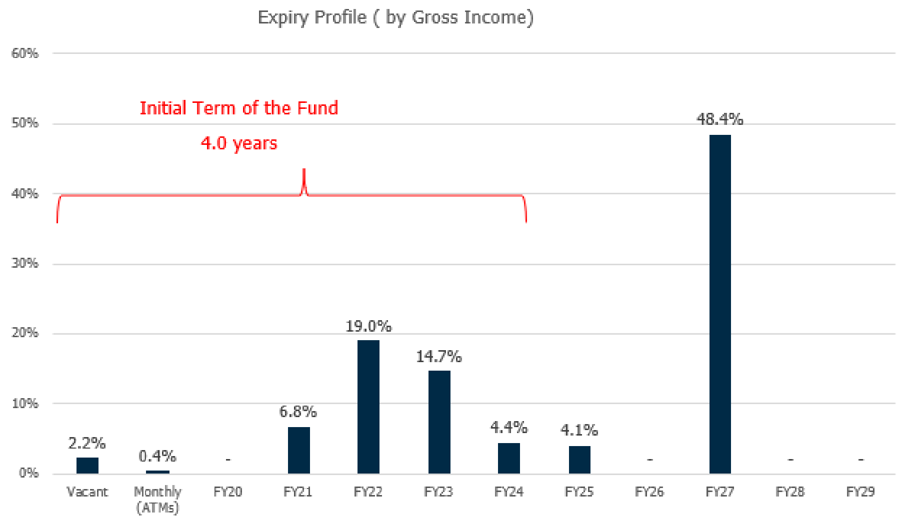
Source: Stirling Property

Figure 11: Junction Fair layout



Source: Junction Fair website

Figure 12: Property lease expiry (by gross income)



Source: Stirling Property, Core Property

Capex

The Property underwent extensive refurbishment in 2012, 2015 and 2016 which included the replacement of floor coverings in the common area with tiles, external repainting, new timber ceiling feature beams and an upgrade to amenities.

The Manager has targeted around $0.6M of capital expenditure/tenant incentives at the Property over the four years. The capital expenditure is expected to be funded through debt which will be drawn down when required. An additional $3.0M of capital expenditure is estimated to fund the repositioning of the Coles space.

Market Sales Evidence

The table below shows the comparable sales transactions for four similar assets as provided by the independent valuer, Cushman & Wakefield. The sales evidence suggests the Property, Junction Fair, is being acquired for an initial yield of 6.93%, at the top end of recent transactions in the 6.30% - 7.11% range.

Figure 13: Recent transaction evidence

Property	State	Sale Date	Sale Price	GLA (sqm)	IRR (10 years)	Initial Yield (%)	Price per sqm
Moonee Market – Moonee Beach	NSW	Nov 19	$30.5M	10,751	8.07%	6.32%	$2,837
Windsor Marketplace	NSW	Dec 18	$22.6M	5,326	6.95%	6.50%	$4,243
Thornton Shopping Centre	NSW	Dec 18	$29.4M	4,842	7.81%	6.30%	$6,072
Stockland Wallsend	NSW	Jun 18	$81.0M	12,009	7.53%	7.11%	$6,745
Simple Average			**$40.9M**	**8,232**	**7.59%**	**6.56%**	**$4,974**
Range			**$22.6 - $81.0M**	**4,842-12,009**	**6.95-8.07%**	**6.30 – 7.11%**	**$2,837-$6,745**
Junction Fair Shopping Centre	**NSW**	**Mar 20**	**$47.0M**	**7,226**	**6.82%**	**6.93%** (7.6% for Class A Units)	**$6,504**

Source: Cushman & Wakefield

Market Rental Evidence

A report by the independent valuer has provided a comparison of rental income at the Property. A summary of the comparison is provided below:

- The Coles supermarket gross base rent is around $446 per sqm. The Coles space of 4,694 sqm is relatively larger than comparable full-line supermarkets of around 3,500 sqm.
- The Specialty tenancies average $1,014 per sqm, which is in line with the Urbis average for Single Supermarket Shopping Centres of $1,022 per sqm. The average specialty occupancy cost of 13.8% is above the Urbis Benchmark of 11.8%, which partly reflects the composition of specialty retailers within the Centre. The Manager will seek to improve occupancy costs as part of its marketing campaign to improve sales at the Centre as well as a potential tenancy remix.

Financial Analysis

Core Property has reviewed the financial forecasts by the Manager as provided in the IM. The key observations are:

- Rental income for FY21 is estimated by the Manager to be lower by around 7.7%. This is based on specialty stores (50% of rental income) being impacted by an average 29% reduction in turnover, over a six-month period (1 July 2020 – 31 December 2020). Furthermore, any new leases that expire in 2021 are assumed to have a commencing rental 10% lower than the valuer's assumed market rental.
- The Manager is forecasting distributions of 9.0 cents per Class A unit during the first 12-month period to June 2021 (FY21), increasing to 9.1% p.a. for FY22. Average distributions are forecast by the Manager to be 9.1% p.a. over the 4-year term.
- Assumes debt costs of 2.6% p.a. for the duration of the Fund and hedged 75%.
- Forecasts are based on fixed increases within the leases for non-Coles tenants which equate to 3.5% p.a. with allowances for lease incentives and downtime.
- Based on the Manager's forecast for rental income being 29% lower during July – December 2020.
- Based on the Manager's assumption that new leases in 2021 will be 10% lower than the valuer's assumed market rental rates.

A summary of the Manager's forecasts from the Information Memorandum is presented below.

Figure 14: Profit & Loss Forecast

Profit & Loss - Forecast $M	FY21	FY22	FY23	FY24
Property Income	4.2	4.5	4.6	4.5
Property Outgoings	-1.1	-1.1	-1.1	-1.1
Net Property Income	**3.1**	**3.4**	**3.4**	**3.3**
Total Fund Income	**3.1**	**3.4**	**3.4**	**3.3**
Management Fees	-0.2	-0.2	-0.2	-0.2
Leasing Fees & Incentives	-	-0.3	-01	-0.3
Admin Costs	-0.0	-0.0	-0.0	-0.0
Finance Costs	-0.6	-0.6	-0.6	-0.7
Net Profit	**2.2**	**2.3**	**2.5**	**2.0**
Amortisation of Borrowing Costs	0.0	0.0	0.0	0.0
Total available for Distribution	**2.2**	**2.3**	**2.5**	**2.1**
Payout Percentage	100%	100%	100%	100%
Net Distributions per Unit (cpu)	**9.0**	**9.1**	**10.2**	**8.3**
Annualised Distribution Yield %	**9.0%**	**9.1%**	**10.2%**	**8.3%**

Source: Stirling Property Funds

Figure 15: Balance Sheet

Forecast Balance Sheet – $M	On settlement (est 17 June 2020) $M
Cash	0.8
Property	47.0
Total Assets	**47.8**
Bank Borrowings	23.0
Capitalised Borrowing Costs	-0.0
Total Liabilities	**23.0**
Net Assets	**24.8**
Loan to Valuation Ratio (LVR)	**49%**
Units on Issue	24.8M units (Class A) 2.35M (Class B)
NTA per unit	**$1.00 (Class A)** **$0.00 (Class B)**

Source: Stirling Property, Core Property

Initial NTA

The starting NTA is an important consideration. It should be assessed in the context of statutory costs and fees paid to the Manager, which dilute investors' return over the term of the Fund. In this case, the starting NTA for the Class A Preference Units is $1.00 per unit, as a result of its preferred ranking over the assets in the Fund.

Core Property also notes that the Class B Subordinated Units effectively have an initial NTA of Nil as the initial assets of the Fund have preferred ranking for Class A Preference Units. Core Property considers this to reflect a significant incentive for Management to deliver sufficiently higher returns in order to deliver a return of capital on the Class B Subordinated Units.

Figure 16: Initial NTA – Class A Preference Units

Amount per unit	$ per Class A unit
Issue Price	$1.00
Less:	
Stamp Duty/Acquisition Costs	-$0.10
Debt & Fund Establishment costs	-$0.01
Class A Preference Units Acquisition Benefit	+$0.11
NTA per unit (with capitalised costs)	**$1.00**

Source: Core Property

Expected Future Performance (IRR Sensitivity)

The three main performance drivers in a property syndicate are:

1. The property income profile (lease structure);
2. The terminal value upon the sale of the property (asset quality + market conditions); and
3. The cost of debt (depending on leverage).

Core Property has estimated the total return from the Fund based on the assumptions provided by the Manager. **Using these assumptions Core Property expects the Fund to deliver a 4-year Internal Rate of Return (IRR) in the range of 11.1% - 15.7% p.a. (midpoint 12.4% p.a.).** The calculations are based on the Manager's forecasts and assumes a +/- 50bps movement in the terminal capitalisation rate.

Investors should note the Manager is targeting an IRR of 15.7% p.a., at the top end of this range, based on the successful execution of its repositioning strategy to deliver a lower capitalisation rate for the Property. The Manager has also estimated that if the Coles space is not able to be repositioned, then investors may receive an IRR of 12% in six years, and the Class B unitholders (the Directors of Stirling) may not receive a full return of capital.

Figure 17 highlights the priority of returns and estimated returns under various terminal yield assumptions. Effectively, Class B investors, being of lower ranking effectively could lose their capital in adverse market conditions whereas Class A unitholders could still receive healthy total returns.

The calculations are based on the Manager's assumptions. Forecast rent income include adjustments for the decline in income due to impact of COVID19, adjustments to reflect lower market rents in an anaemic retail environment and tenant incentives to retain and attract new tenants to the property. It should be noted that actual rental income may be different, which is likely to impact the actual returns that investors will receive.

Investors should be aware the sensitivities include the potential for the valuation of the assets to increase or decrease (depending on market conditions) which will result in either a capital gain or loss for investors and an IRR outside of this range is possible. The following table shows our estimated IRR for the Fund based on the Manager's assumptions.

Figure 17: Pre-tax, 4.0-year IRR (after fees) sensitivity analysis – Manager's assumptions

			Terminal Cap Rate		
Priority of returns	**6.25%**	**6.50%**	**6.75%**	**7.00%**	**7.25%**
Property Sale Price	**$60.9M**	**$58.5M**	**$56.3M**	**$54.3M**	**$52.4M**
Net Sale Proceeds (after debt, costs) = A	$34.8M	$32.4M	$30.2M	$28.2M	$26.3M
Class A – equity repaid = B	$24.8M	$24.8M	$24.8M	$24.8M	$24.8M
Class A – Capital Surplus equating to a total return of 12% p.a. = C	$2.5M	$2.5M	$2.5M	$2.5M	$1.5M
Net surplus =A-B-C=D	$7.5M	$5.1M	$2.9M	$0.9M	-
Class B –Return of capital = E	$2.4M	$2.4M	$2.4M	$0.9M	-
Remaining Capital Surplus = D-E = F	$5.2M	$2.8M	$0.6M	-	-
85% of Remaining Capital Surplus (F) - Class A units	$4.4M	$2.4M	$0.5M	-	-
15% of Remaining Capital Surplus (F) – Class B units	$0.8M	$0.4M	$0.1M	-	-
Class A – IRR % p.a. (incl distributions)	**15.7%**	**14.0%**	**12.4%**	**12.0%**	**11.1%**

Source: Core Property

Management & Corporate Governance

Stirling Property Funds Limited is a boutique real estate funds management firm with a focus on capital growth. Established in 2017, the Management team has a proven track record and deep experience in funds management across firms such as Centuria, Bankminster Property Group, M&G Real Estate and Legacy Property.

Core Property has reviewed the composition of the board of Stirling and believes that it has the relevant skills and experience to operate the Fund successfully. Each Director has demonstrable property and investment management skills. We summarise the background of the directors and key managers, as provided in the IM.

Figure 18: The Board and Senior Executive team

Name & Role	Experience
Andrew Mutton Non-Executive Director/Chairman	Andrew brings over 30 years' experience as a corporate and funds management lawyer. He previously served as a partner of Phillips Fox (now DLP Piper) and served as general counsel for a property development company. Andrew now works as a solicitor at Andrews and Holm Lawyers where his focus surrounds property law, capital raisings and managed investment schemes.
David Govey Non-Executive Director	David has over 35 years of experience in the property industry with 20 of those in property funds management where he served as the Managing Director of SE Asia region and Australia at Colliers International. He has served as an Executive Director of Bankminster Properties Limited which subsequently merged with Century Funds Management Limited (now part of ASX listed Centuria Capital Limited).
Matthew Hyder CEO/Director	Matthew brings experience in all facets of property development, due diligence, acquisitions, project management and divestment. After graduating from Princeton University, Matthew worked at Medalist Developments before later founding Legacy Property of which he still serves as CEO.
Matthew Coy COO/Director	Matt brings to the team 30 years of experience working within the property industry with 20 of those within property funds management. He held roles of Finance Director at Colliers and Group CFO of listed Centuria Capital Limited. His role at Stirling is looking after the company's financial reporting, compliance, investment structuring and capital raisings. Matt holds a RG 146 certification, enabling Stirling to accept limited Retail investments.
Scott Girard Head of Property/Director	Scott brings to Stirling over 21 years of experience in the property sector across capital markets, corporate finance, valuation and funds management. Prior to his role at Stirling he worked at M&G Real Estate where he served as CEO and CIO across the Asia Pacific region.
Michael Williams Head of Strategy	Michael has over 13 years of experience in property development cycles. Having worked at UrbanGrowth NSW, Michael gained extensive experience in urban renewal and greenfield projects where he has utilised these skills in identifying areas of acquisition and how to maximize the value of their assets.

Source: Stirling Property Funds

Compliance and Governance

The Manager has a compliance plan for the Fund which is monitored by the Board, which meets on a monthly basis. The plan sets out the key processes, systems and measures to ensure compliance with its AFSL, the Corporations Act, the Constitution, ASIC requirements and other applicable laws.

The compliance plan includes a Conflicts of Interest Policy and Related Party Transactions policy which will need to be reviewed by the Board, which includes two independent, non-executive directors.

Core Property notes the Manager has appointed an external compliance consultant, which provides an independent assessment of the Fund's compliance to the Board.

Past Performance

Stirling Property Funds was established in 2017 and is a relatively new manager in the unlisted property funds sector. Since 2017, the Manager has launched two other property funds. A summary of the two funds is provided below.

Figure 19: Property Funds – Stirling Property

	Start Date	Expected Fund Term	Property Purchase Price ($M)	Equity Raised ($M)	Initial LVR	Forecast IRR
2 Byfield Street Fund	Sept 2018	6 years	$15.1M	$13.7M	41%	11.8% - 24.8%
203 Northumberland Street Fund	Sept 2019	5 years	$46.8M	$27.4M	55%	12.1%

Source: Stirling Property

Appendix – Ratings Process

Core Property has developed a framework for rating property and property related investment product offerings in Australia. The methodology gives consideration to a number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product and underlying portfolio construction; strength and depth of management team, product structure, risk management, financial analysis, and likely outcomes.

It is important for financial planners and investors to view the recommendation and rating in the context of comparable products only and not across all products rated by Core Property.

The Ratings

Financial Advisers and investors should note that for all ratings categories, the product may not suit the risk/return profiles of all investors.

Rating	Definition
Highly Recommended	This is the highest rating provided by Core Property and is indicative of the product exceeding the requirements of our review process across a number of parameters.
Recommended	Indicates that the product has an above average grade profile across a number of Core Property's parameters and has the potential to deliver above average risk adjusted total returns.
Approved	Indicates that the product has met the aggregate requirements of Core Property's criteria. The product has an acceptable risk/return trade-off and is potentially able to generate risk-adjusted returns in line with stated investment objectives.
Speculative	Core Property believes this is a product that has a number of positive attributes; however, there are a number of risks that make investing in this product a speculative proposal. While Core Property does not rule out investing in this product, investors should be very aware of, and be comfortable with the specific risks. The product may provide unique diversification opportunities, although concerns over one or more features mean that it may not be suitable for most investors.
Not Approved	Indicates that the product has failed to meet the minimum aggregate requirements of Core Property's criteria. While the product may have some positive attributes, Trusts in this category are considered high risk.

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