Core Property
Fund Research & Ratings

Listed Property

August 2020 Reporting Season Results

Week 3:

ABP, AQR, ADI, DXS, VCX, GDF, GOZ,
WPR, MGR, CHC, APD, ENN, ERF, ECF

A review of the major listed A-REIT reporting results during August 2020

Reporting Season Review of June 2020 results

Contents

About Core Property Research

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.

IMPORTANT NOTICE

August 2020

August 2020 Reporting Season – Week 3

Results for the June 2020 period

A-REIT Results - Week 3

For full reporting calendar see Appendix

Tuesday 18 August 2020		
ABP	Abacus Property Group	FY20
AQR	APN Convenience Retail REIT	FY20
Wednesday 19 August 2020		
ADI	APN Industria REIT	FY20
DXS	Dexus	FY20
VCX	Vicinity Centres	FY20
Thursday 20 August 2020		
GDF	GARDA Property Group	FY20
GOZ	Growthpoint Properties	FY20
WPR	Waypoint REIT	1H20
MGR	Mirvac Group	FY20
CHC	Charter Hall Group	FY20
APD	APN Property Group	FY20
ENN	Elanor Investors Group	FY20
ERF	Elanor Retail Property Fund	FY20
ECF	Elanor Commercial Property Fund	FY20

* 1H20 result is for 6-months to Jun-20
**FY20 result is for 12 months to Jun-20

Core Property has reviewed results from property securities which reported in Week 3 of the August 2020 reporting season. Some key points include:

- **Rent Collections during COVID-19:** Retail rent collections during the June quarter were very weak – VCX (38%), ABP retail (49%), MGR retail (58%), ERF (78%). Office fared better – ABP office (90%), DXS office (94%), MGR office (93%), ECF (98%), GOX office (96%) as well as Industrial – DXS industrial (92%), MGR industrial (93%), GOZ industrial (98%). Some highly resilient portfolios announced minimal impacts from COVID-19, including WPR (-$0.1M), AQR (-$0.3M), GDF (-$0.4M) and ECF (-0.5M).
- **Distribution guidance for FY21:** Weaker distributions are expected for FY21 for the majority of cases. However increased distributions have been forecast by the convenience retail-based operations with WPR expecting 4.0% - 4.25% growth and AQR expecting 0.9% - 1.9% growth. CHC is also targeting +6% growth in distributions, however this is driven by an increase in the payout ratio. No distribution guidance was provided by ABP, DXS, VCX, MGR, ENN and ERF.
- **Earnings guidance:** Weaker earnings are also expected across the board, however growth is still expected from WPR (4.0% - 4.25%) and AQR (0.9% - 1.9%). Of note, CHC has guided to lower earnings per unit (-5.4%) which we expect will be due to lower transactional activity as a result of COVID-19.

Whilst the impact of COVID-19 has been quite severe for retail properties during the June quarter, the sector has experienced a strong recovery in traffic since then. However the current lockdowns in Victoria has further impacted certain portfolios, despite improvements from the rest of the country. Core Property continues to expect risk profiles to evolve throughout COVID-19 with a preference for portfolios with more stable and reliable income streams to minimise risk for investors.

Key financial and valuation metrics

Code	Price (cps[1])	Operating earnings		Distributions		Leverage		Valuation		Guidance on EPS & DPS		
		EPS (cps)	(% chg)	DPS (cps)	(% chg)	Gearing (%)	Chg (%)	NTA (cps)	Prem/ (Disc) to NTA %	FY21 EPS (cps)	FY21 DPS (cps)	Implied DPU yield[2]
ABP	263	19.38	-13.0%	18.50	0.0%	26.5%	+2.4%	332	(20.8%)	Not provided	Not provided	NA
AQR	372	21.6	+0.3%	21.8	+4.3%	16.5%	-15.8%	327	13.8%	21.8 – 22.0	21.8 – 22.0	5.9%
ADI	242	19.3	+1.6%	17.3	+1.8%	28.8%	-1.2%	282	(14.2%)	19.3	17.3	7.1%
DXS	848	66.7	+0.6%	50.3	+0.2%	24.3%	+0.3%	1086	(21.9%)	Not provided	Not provided	NA
VCX	127.5	13.66	-24.1%	7.7	-51.6%	25.5%	-1.6%	229	(44.3%)	Not provided	Not provided	NA
GDF	101	8.2	-5.7%	8.55	-5.0%	36.7%	+4.2%	118	(14.4%)	7.2 – 7.6	7.2	7.1%
GOZ	324	25.6	+2.0%	21.8	-5.2%	32.2%	-2.1%	365	(11.2%)	Not provided	20.0	6.2%
WPR	265	7.41	+3.2%	7.41	+3.2%	30.5%	+0.1%	238	11.3%	15.12–15.15	15.12–15.15	5.7%
MGR	209	15.3	-10.5%	9.1	-21.6%	22.8	+1.8%	254	(17.7%)	Not provided	Not provided	NA
CHC	1200	69.3	+46.3%	35.7	+6.0%	29.1%[3]	-1.7%	428	180.4%	51.0	37.8	3.2%
APD	54.5	3.12	+6%	3.15	+15%	15.1%	+6.8%	35.8	52.2%	Not provided	2.5 – 2.8	4.9%
ENN	112	14.73	-19.6%	9.51	-40.8%	29.7%	+1.3%	129	(13.2%)	Not provided	Not provided	NA
ERF	90	8.63	-8.8%	5.24	-41.6%	43.7%	+4.9%	134	(32.8%)	Not provided	Not provided	NA
ECF	101.5	6.57	+8.8%[4]	5.25	0.0%[4]	35.4	+15.4%[4]	116	(0.9%)[4]	24.0	9.1	9.0%

Note 1: Based on the closing price on the day of the results being released. Note 2: Based on midpoint of guidance. Note 3: Based on look-through gearing. Note 4: movement is based on FY20 result compared to PDS forecasts at IPO. Source: Company Announcements

Core Property
Fund Research & Ratings

10 Aug 2020

Abacus Property Group (ASX: ABP) – FY20 Results

ABP's delivered a solid FY20 result. Although FFO was -3.6% for the year, this was largely due to a weaker result in the legacy Property Development business which is in wind down. The Commercial Office and Self Storage portfolios increased earnings off the back of acquisitions. Office benefitted from like for like income growth of +2.3%, whilst Self Storage experienced flat Average Revenue per Square Metre through COVID-19. FFO per security was -13.0%, as a result of the raising of new equity during the period.

The Office portfolio collected 90% of rent through the fourth quarter (with -$1.7M impact due to rent waivers), whilst the Self Storage business collected 98% of rent (with -$0.3M impact from rent waivers). The Retail portfolio, which only contributes 6% of the portfolio, collected only 49% of rent (-$0.7M impact from rent waivers).

Given the ongoing uncertainties from COVID-19, management has not provided earnings or distribution guidance for FY21, however we expect ABP will benefit from the full year inclusion of acquisitions. ABP has advised a distribution payout ratio of 85% - 95% of FFO. At a current price of $2.63 per stapled security, ABP is trading at a 20.8% discount to its NTA of $3.32 per unit.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$84.7M**	$202.7M	-58.2%
EBIT	**$169.5M**	$174.8M	-3.0%
Commercial (Office, Retail, Other)	**$70.2M**	$59.2M	+18.6%
Self Storage	**$60.2M**	$49.8M	+20.9%
Property Development	**$38.3M**	$62.0M	-38.2%
Other	**$0.5M**	-	-
Funds From Operations (FFO)	**$124.6M**	$129.2M	-3.6%
FFO per stapled security	**19.38 cpu**	22.28 cpu	-13.0%
Distribution per stapled security	**18.50 cpu**	18.50 cpu	No Change
Payout ratio (of FFO)	**95.5%**	83.0%	+12.5%
Movement over 6 months	**As at Jun 2020**	**As at Jun 2019**	**Change**
Balance Sheet			
NTA per security	**$3.32**	$3.33	-0.3%
Gearing %	**26.5%**	24.1%	+2.4%
Weighted average cost of debt	**3.0%**	4.0%	-1.0%
Weighted average debt maturity[1]	**3.9 years**	5.3 years	-1.4 years
Borrowings	**$974M**	$711M	+37.0%
Interest cover ratio	**7.6x**	6.6x	+1.0x
Portfolio			
Property Valuation	**$2,936M**	$2,323M	+26.4%
Weighted Average Capitalisation Rate	**6.00%**	6.29%	-29bps

Source: ABP. Note *Statutory Net Profit includes non-cash items which distorts operating income. FFO is a more appropriate measure to assess changes.

Key Points

- **Impacts of COVID-19:** ABP performed resiliently throughout the COVID-19 pandemic, attributable to an increasingly defensive portfolio composition. Despite a relatively high exposure to SME tenants, rent concessions were limited across its core portfolio; averaging 90% for office assets and 98% for self-storage assets in Q4 FY20. While retail assets only achieved 49% rent collection in the quarter, this represents only 6% of the portfolio. Further, ABP has faced only two COVID-19 related tenant exits – a fashion brand in Alexandria and an airline support business in Port Melbourne (with the site having been subsequently re-leased). Overall, the impacts have translated to ~$2.7M in rent waivers provided to tenants ($1.7M in office, $0.3M in Self-Storage and $0.7M in retail).

- **Funds From Operations (FFO)** for FY20 fell by 3.6% to $124.6M (compared to $129.2M in FY19), driven by a reduced contribution from the Property Development business which is being wound down. On a per stapled security basis, FFO fell by a greater 13.0% to 19.38 cps (22.28 cps at 30 June 2019); after taking into account the capital raised during the year.
- **Distributions** of 18.50 cps were declared for FY20, which was flat compared to the prior corresponding period.

ABP Property Metrics: FY20

	Office		Self-Storage		Retail		Industrial	
	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
Property Portfolio	**$1,493M**	$1,078M	**$1,208M**	$908M	**$198M**	$238M	**$37M**	$99M
Occupancy Rate	**91.5%**	91.8%	**88.1%**	88.5%	**93.4%**	85.9%	not provided	
Capitalisation Rate	**5.47%**	5.71%	**6.58%**	6.91%	**6.09%**	5.84%	not provided	
WALE – years*	**3.6 yrs**	3.5 yrs	NA		**5.2 yrs**	4.6 yrs	not provided	
Like-for-like income growth	**2.3%**	7.1%	NA		not provided		not provided	

*WALE includes Signed Leases and Heads of Agreement. Source: ABP

- **Operating Segments (incl. COVID-19 Impact)**
  - **Commercial:**
    - **Office** FFO grew by 18.2% to $70.2M ($59.2M at 30 June 2019) benefitting from portfolio like-for-like income growth of 2.3%, strong leasing activity (19,000 sqm leased in FY20) with positive 5.1% leasing spreads and contributions from $462.5M of acquisitions. Rent collection averaged 90% during Q4 FY20 as a result of COVID-19 – equating to a rent impact of $1.7M.
    - **Retail** represents only 6% of ABP's portfolio and comprises two convenience assets in Ashfield NSW and Lutwyche QLD, both anchored by Coles, Aldi and Woolworths. Despite a weak 49% rent collection throughout the COVID-19 period, ($0.7M in waivers), rent collections have since recovered to a 90% level in July 2020.
  - **Self-Storage** FFO increased by 21.1% to $60.2M ($49.8M at 30 June 2019) driven by contributions from portfolio acquisitions and developments. Revenue per Available Square Metre (RevPAM) for the year remained flat, attributable to reduced activity throughout the COVID-19 period. Management has noted a promising recovery in occupancy, which is moving towards pre-COVID levels, resulting from higher marketing activity. It should be noted, however, that this has come, in part, at the expense of yields. Overall, ABP's self-storage assets have shown resilience, despite higher exposure to SMEs and susceptibility to tenant flexibility.
  - **Property Development** FFO declined by 38.2% as the business continues to wind down and exit its legacy investments in residential land and mortgages.
- **Property portfolio** metrics include:
  - **Portfolio valuations** increased by 26.4% to $2,936M, from $2,323M in FY19. This was driven by acquisitions throughout the period, offset by a net decrease in like-for-like revaluations of $41.2M – including a -$69.1M (-4.1%) movement in the Office portfolio which was partially offset by a +$27.9M (+2.8%) movement in the Self Storage portfolio.
  - **Portfolio Occupancy** declined marginally with Office assets moving -0.3% (to 91.5%) and Self Storage moving -0.4% (to 88.1%). Retail assets saw a dramatic increase in occupancy, moving +7.5% to 93.4%.
  - **Weighted Average Lease Expiry (WALE)** increased marginally to 3.6 years for the office portfolio (from 3.5 years at June 2019) and 5.2 years for the retail portfolio (from 4.6 years at June 2019.

  - **Weighted Average Capitalisation Rate** moved by **-**29bps to 6.00% (from 6.29% at December 2019), predominantly driven by self-storage asset improvements and acquisitions. The portfolio capitalisation rate moved -29bps in the first half and -9bps in the second half of the year. Office moved -24bps (-9bps in first half and -15bps in second half), Self Storage moved -33 bps (-29bps in first half and -4bps in second half) and retail moved +25bps (+18bps in first half and +7bps in second half).
- **Gearing** increased to 26.5%, (from 24.1% at June 2019) as a result of debt drawn to fund acquisitions. Over the year, ABP also expanded their debt facilities by $247M to $1.1B in total.
- **NTA** per security reduced marginally to $3.32 per unit (from $3.33 in FY19).
- **Acquisitions** included $301.6M of investments in the self-storage sector. This comprised $184.3M of acquisitions across 18 self-storage assets in Australia and New Zealand, including contracts exchanged for seven properties ($48.9M). The remaining $117.3M was invested into the acquisition of a stake in National Storage REIT (ASX: NSR). ABP also acquired two office assets including 99 Walker Street for $311.3M and a 24% interest in 201 Elizabeth Street for $151.2M (with a further 8% settling in 2021 for $49.4M).
- **Developments** included over 16,000 sqm of net lettable area (NLA) delivered across three new developments in Brookvale (Sydney), Macquarie Park (Sydney) and Stafford (Brisbane). Five existing store expansions were completed, providing an additional 7,750 sqm of NLA. Going forward, ABP has a promising development pipeline of over $75M which will deliver over 55,000 sqm of NLA.
- **FY20 Guidance:** Given the continuing economic uncertainty, ABP has not provided guidance for FFO or distributions for FY21, however, management has noted that distributions for FY21 will be amended to reflect a payout ratio of between 85% - 95%.

18 Aug 2020

APN Convenience Retail REIT (ASX: AQR) – FY20 Results

AQR's FY20 results demonstrates the resilience of convenience retail and service station assets to periods of economic unrest and subdued spending. AQR reported strong FFO growth of 13.3% for the period, primarily driven by like-for-like rental growth of 2.8% as well as contributions from net acquisitions. FFO per unit was +0.3% after adjusting for the issue of new equity.

With a tenancy profile dominated by major fuel companies, AQR's portfolio only has a small 2.6% exposure to SME tenants. COVID-19 rent relief has been minimal in FY20 with 1.2% of total income being impacted, or around -$0.3M, with half being given as a rental waiver and half as rent deferral.

Based on the current portfolio, management has earnings to grow marginally with FFO per security growth of 0.9% - 1.9% in FY21. Distribution guidance is for 21.8 – 22.0 cps which, at current price levels, delivers a 5.9% yield for a portfolio that currently provides a robust and resilient rental income stream.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$45.8M**	$24.0M	+90.8%
Funds From Operations	**$19.3M**	$17.0M	+13.3%
FFO per security	**21.6cps**	21.5cps	+0.3%
Distribution per security	**21.8cps**	20.9cps	+4.3%
Payout ratio	**101%**	97%	+4%

Movement over 12 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per security	**$3.27**	$2.96	+10.5%
Gearing %	**16.5%**	32.3%	-15.8%
Weighted average cost of debt	**3.7%**	4.3%	-0.6%
Weighted average debt maturity	**3.3 years**	2.1 years	+1.2 years
Borrowings	**$76.5M**	$116.0M	-34.1%
Interest cover ratio	**5.1x**	4.2x	+0.9x
Portfolio			
Property Valuation	**$448.2M**	$358.3M	+25.1%
Occupancy rate	**100%**	100%	No Change
Number of properties	**79**	70	+9 properties
Weighted Average Capitalisation Rate	**6.58%**	7.01%	-43bps
WALE (Weighted Average Lease Expiry)	**10.6 years**	11.7 years	-1.1 years

Source: AQR. Note *Statutory Net Profit includes non-cash items which distorts operating income. FFO is a more appropriate measure to assess changes.

Key Points

- **Trading during COVID-19:** Despite a retail-based strategy, AQR's focus on high convenience, service station assets has demonstrated strong resilience, outperforming retail counterparts. SME tenants represent only 2.6% of AQR's portfolio rent; with only 1.2% of portfolio rent relief provided in FY20. We calculate this to be around -$0.3M, with $0.15M in rent waivers and $0.15M in rent deferrals. At the moment, no rent relief is currently being provided.
- **Funds From Operations (FFO)** of $19.3M was up 13.3% on FY19, mainly driven by like-for-like rental growth of 2.8% and contributions from 12 acquisitions, slightly offset by the disposal of three assets through the period. On a per security basis, FFO was up by 0.3%,

after accounting for securities issued through the period to fund acquisitions.

- **AQR's portfolio** key metrics include:
  - **79 properties valued at $448.2M** consisting of service station and convenience retail assets. Income is derived from major tenants Chevron (58.5%), EG Group (15.7%%), 7-Eleven (9.3%), Liberty (4.2%, Coles Express (3.4%), Viva Energy (2.4%), Mobil (2.0%), BP (1.3%) and a small portion of complementary retail tenants (3.1%). On 30 June 2020, Chevron announced that it had completed the acquisition of Puma Energy's Australian business, with all of AQR's 46 leases being formally changed to Chevron.
  - **Portfolio occupancy** levels of 100%.
  - **A Weighted Average Lease Expiry (WALE)** of 10.6 years (down from 11.7 years in FY19), with no lease expiries in FY21 and 19.1% of income falling due in FY22. Beyond this, around 17.2% of income is due over the next 10-year period FY23 to FY32.
  - **The portfolio has contracted average fixed rental growth** of 2.8%, with 80% of the portfolio with fixed rental growth of 3.0%+ p.a., and the remaining 20% of the portfolio with annual rental growth linked to CPI each year.
  - **The property portfolio was revalued at $448.2M**, a 25.1% increase on the prior corresponding period. This included $58M in net acquisitions, with an additional $32M attributable to revaluation gains. Accompanying this, the portfolio capitalisation rate moved -43bps during the year (to 6.58%) with -10bps in the first half and -33bps in the second half. Acquisitions included $34.0M in operating sites, $30.3M in development sites as well as $3.6M in land required for fund-through developments.
- **Gearing** decreased significantly over the period to 16.5% (from 32.3% in FY19), with AQR holding $88.5M in undrawn debt (compared to $9.0M in FY19). The movement was driven by an equity raising of $101.6M during the year, with excess funds used to pay down debt. Management has noted, however, that post-balance date, pro-forma gearing is expected to be 24.8%, after adjusting for contracted acquisitions and development pipeline, slightly offset by DRP proceeds of $0.7M. Overall, AQR has remained conservative with gearing levels; remaining at the bottom of a 25% - 40% target range. Management has indicated it has capacity to undertake around $75M of further acquisitions, before gearing would reach around 35%.
- **Net Tangible Assets (NTA)** increased to $3.27 per security, from $2.96 at 30 June 2019, driven by net acquisitions and a $32M valuation uplift in the portfolio.
- **Market Update and Outlook:** Despite the widespread economic uncertainty triggered by the COVID-19 pandemic, convenience retail and fuel sales have continued to experience modest growth throughout FY20. In particular, fuel sales have recorded a CAGR of 1.4% over the past 10 years, benefitting from long-term tailwinds as vehicle ownership continues to grow. Further, convenience retail has experienced similar growth, up 2.1% in FY19 and 'on the go' food sales up 11.5%. Such trends are driving demand in service station assets, which have seen increased transaction activity within the market in FY20.
- **FY21 Guidance was provided** with AQR remaining conservative in light of market conditions. Management have forecasted FFO and distributions of 21.8 – 22.0 cps, representing a 0.9% - 1.9% growth in FFO on FY20.

19 Feb 2020

APN Industria REIT (ASX: ADI) – FY20 Results

ADI delivered a positive FY20 performance, resisting the COVID induced uncertainty and benefitting from the subsequent increase in e-commerce activity and accelerated demand for well-positioned industrial assets. Average rent collection was 98% for the year, with 96% during the June 2020 quarter, resulting in -$0.3M in rent waivers and a -$0.8M bad debt provision.

FFO growth per security was +1.6% for the year, delivered through fixed rental increases and contributions from property acquisitions. Further growth is expected from rental increases and value-accretive acquisitions, including three assets acquired at an average 7.0% capitalisation rate in FY20.

FY21 guidance has been provided with management expressing that earnings and distributions would be in line with FY20 figures. Based on a flat distribution, ADI is trading on a 7.1% yield and a 14.2% discount to its NTA of $2.82 per unit.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$54.8M**	$29.2M	+87.7%
Funds From Operations	**$36.8M**	$31.3M	+17.6%
FFO per security	**19.3 cps**	19.0 cps	+1.6%
Distribution per security	**17.3 cps**	17.0 cps	+1.8%
Payout ratio	**89.3%**	89.4%	-0.1%

Movement over 6 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per security	**$2.82**	$2.71	+4.1%
Gearing %	**28.8%**	30.0%	-1.2%
Weighted average cost of debt	**2.9%**	3.5%	-0.6%
Weighted average debt maturity	**2.9 years**	3.2 years	-0.3 years
Borrowings	**$242.0M**	$224.2M	+7.9%
Portfolio			
Property Valuation[1]	**$846.6M**	$739.4M	+14.5%
Occupancy rate	**94%[1]**	97%	-3%
Number of properties	**23**	20	+3 assets
Weighted Average Capitalisation Rate	**6.28%**	6.49%	-21 bps
WALE (Weighted Average Lease Expiry)	**5.7 years**	6.1 years	-0.4 years

*Statutory Net Profit includes non-cash items which distorts operating income. FFO is a more appropriate measure to assess changes. Note 1: Occupancy of 96%, including heads of agreement. Source: ADI.

Key Points

- **Trading during COVID-19:** Throughout Q4 FY20, ADI has seen promising results despite the impacts of COVID-19 on tenant performance. With government restrictions forcing store closures of non-essential retailers and enforcing lockdowns, consumer behaviour has naturally shifted towards the digital economy. This has necessitated higher levels of inventory to be held locally, driving demand for well-located warehouses. On the other hand, lockdowns have both pushed demand for lease flexibility (shorter terms, break clauses and tenant options) and softened demand in office markets. Overall, ADI seems to have incurred little impact from COVID-19, attributable to its predominantly low risk industrial-heavy portfolio. Despite allocation in office assets, it should be noted that these are located in metropolitan areas – which have been seeing more promising recovery compared to CBD counterparts as COVID-19 drives a trend for shorter commutes and flexible working arrangements. ADI averaged 98% rent collections for the year, or about 96% for the June quarter, which translated to $0.3M in rent waivers and a bad debt provision of $0.8M being recognized – reducing FFO by ~0.55 cps. Other impacts included the fall-through of a tenant committal to expand into 9 McKechnie Drive, BTP; which will impact FFO per security by approximately 0.5 cps in FY21.
- **Funds From Operations (FFO)** of $36.8M was up 17.8% from the prior corresponding period, with FFO per security up a lesser 1.6% after adjusting for the issue of securities to fund acquisitions. The increase was driven by fixed rental uplifts and property acquisitions.
- **The property portfolio metrics** include:
  - **A portfolio of 23 properties valued at $846.6M** with Office properties accounting for 44% of the portfolio and Industrial properties accounting for the remaining 56%. During the year, ADI settled $57.1M of industrial acquisitions at an average cap rate of 7.0%.
  - **Occupancy** levels decreased to 94% from 97% at June 2019, however, management has noted that this increases to 96% when including a Heads of Agreement for a lease that was agreed on post balance date.
  - **Weighted Average lease Expiry (WALE)** fell to 5.7 years (from 6.1 years at June 2019). Despite this, ADI is managing its leasing portfolio well, with limited expiries in FY21 (6%, with detailed discussions to extend 2%).
  - **Net property income grew** 14.2% to $59.6M. This was driven by fixed annual rent uplifts, record leasing activity of ~28,900 sqm completed and contributions from acquisitions.
  - **The weighted average rent review** is approximately 3% across the portfolio, reflecting little volatility in ADI's near term earnings. 84% of the portfolio has rent reviews of 3%, 7% between 2% - 3% and 9% at CPI.
- **Three new acquisitions** were settled for $57.1M. The assets were acquired on WALE of 5.7 years with an average capitalisation rate of 7.0%.
- **Gearing** decreased to 28.8% (30.0% at June 2019) following an equity raise undertaken over the period, offset by a share buyback scheme. Gearing levels now fall below management's target range of 30% - 40%. The weighted average cost of debt is 2.9% with an average debt maturity of 2.9 years.
- **Property valuations** increased 14.5% to $846.6M, primarily driven by a combination of acquisitions ($57.1M) and net revaluation gains. The portfolio capitalisation rate moved -21bps to 6.28% during the year (-10bps in the first half and -11bps in the second half).
- **Net Tangible Asset (NTA)** increased by 4.1% to $2.82 per security, mainly due to revaluation gains.
- **The Outlook** for ADI appears stable with no major lease expiries until FY24. Additionally, market conditions for industrial and office assets are expected to remain defensive, favouring ADI. Management has indicated that it is looking to expand allocations towards industrial assets given the downward pressures on other real estate subsectors.
- **FY21 Guidance** was provided with management indicating that FFO and distributions are anticipated to be broadly in line with FY20 figures.

19 August 2020

Dexus (ASX: DXS) – FY20 Results

DXS delivered FY20 results with FFO up 7.1% with a strong performance by the Office portfolio (+10.0%) from fixed rental increases, development completions and acquisitions. This was offset by a weaker Industrial portfolio (-9.5%) which experienced lower income growth and a major lease expiry. The Funds Management operations enjoyed a 31.0% increase in FFO, benefitting from new funds, acquisitions and development completions, as well as non-recurring cost base reductions.

Management has not provided guidance for FY21 earnings or distributions due to the current economic uncertainty as a result of COVID-19. DXS is trading at a 21.9% discount to its NTA of $10.86 per unit.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$983.0M**	$1,281.0M	-23.3%
Funds From Operations			
Office Property	**$671.4M**	$610.5M	+10.0%
Industrial Property	**$124.2M**	$137.3M	-9.5%
Management Operations	**$71.5M**	$54.6M	+31.0%
Trading Profits	**$35.3M**	$34.7M	+1.7%
Group Corporate, Finance, Other	**-$172.2M**	-$155.6M	+10.7%
Funds From Operations	**$730.2M**	$681.5M	+7.1%
FFO per security	**66.7 cps**	66.3 cps	+0.6%
AFFO per security	**50.3 cps**	50.3 cps	No Change
Distribution per security	**50.3 cps**	50.2 cps	+0.2%
Payout ratio	**100.0%**	98.7%	+1.3%
Movement over 12 months	**As at Jun 2020**	**As at Jun 2019**	**Change**
Balance Sheet			
NTA per security	**$10.86**	$10.48	+3.6%
Gearing (look through) %	**24.3%**	24.0%	+0.3%
Weighted average cost of debt	**3.4%**	4.0%	-0.6%
Weighted average debt maturity	**6.9 years**	6.7 years	+0.2 years
Borrowings	**$4,838.0M**	$4,066.6M	+19.0%
Portfolio – Direct Properties			
Property Valuation	**$17,668M**	$16,476M	+7.2%
Occupancy rate – Office	**96.5%**	98.0%	-1.5%
Occupancy rate – Industrial	**95.6%**	97.0%	-1.4%
Weighted Average Lease Expiry – Office	**4.2 years**	4.4 years	-0.2 years
Weighted Average Lease Expiry – Industrial	**4.1 years**	4.7 years	-0.6 years
Capitalisation Rate – Office	**4.97%**	5.15%	-18bps
Capitalisation Rate – Industrial	**5.66%**	5.92%	-26bps
Capitalisation Rate - Portfolio	**5.05%**	5.26%	-21bps

Source: DXS, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. FFO is a more appropriate measure to assess changes.

Key Points

- **Trading during COVID-19:** Dexus remained resilient during the COVID-19 pandemic, attributable to a strong tenancy base and defensive asset classes. Throughout FY20, the portfolio collected 98% of rent, including 92% in the June quarter. This impacted earnings by -$26.0M with -$19.2M from rent waivers and -$6.8M from provisions for expected credit losses. The Office portfolio collected 98% of rent for the year and 94% in the June quarter (-$12.3M rent waivers and -$4.1M in provisions). The Industrial portfolio collected 98% of rent for the year and 92% in the June quarter (-$4.2M rent waivers and -$1.7M in provisions). The City Retail leases collected 75% of rent for the year and 39% in the June quarter (-$2.7M rent waivers and -$1.0M in provisions). Although demand in DXS' major office CBD markets has softened, management remain confident in the underlying value of prime grade assets as the extent and impact of COVID-19 recedes. The industrial portfolio has benefitted from an uptick in e-commerce demand as well as essential products, driving demand for logistics, data and warehousing.
- **Funds From Operations** increased 7.1% to $730.2M with solid performance across operational divisions.
  - **The Office portfolio** (FFO of $671.4M) increased by 10.0%, benefitting from 2.4% like-for-like income growth and acquisitions coming on board, particularly the acquisition of 80 Collins Street which has set new records for Melbourne CBD office rent, partially offset by rent relief. Notably, DXS has experienced difficulty executing on leasing arrangements with COVID-19 softening market demand; 11 heads of agreement did not proceed, however, the tenants agreed to short-term renewals or holdover arrangements. As a result, occupancy levels decreased marginally to 96.5% (from 98.0% in FY19).
  - **The Industrial portfolio** (FFO of $124.2M) decreased 9.5%, with occupancy levels reducing to 95.6% (from 97.0% in the prior corresponding period). The decline was due to like-for-like income growth of -2.1% as a result of COVID-19, we well as expiries at the Axxess Corporate Park, VIC asset. Despite this, the portfolio remains robust, with accelerating e-commerce and data tailwinds driving demand in Eastern Seaboard industrial assets.
  - **Funds Management** (FFO of $71.5M) was up 31.0% (from $54.6M in the prior corresponding period). Although AUM reduced to $15.5B (from $16.2B) earnings benefitted from new equity being raised, new mandates, non-recurring cost savings and continued strong performance across funds, especially the Dexus Wholesale Property Fund (DWPF). DXS also launched the Dexus Australian Commercial Trust (DACT), which currently invests $615M of FUM.
  - **Trading Profits** of $35.3M (net of tax) was reported, from the sale of an initial 25% interest in 201 Elizabeth Street, Sydney and the share of the North Shore Health Hub. The transactions which, in addition to two further developments, contributes around ~$85M in pre-tax trading profits secured over FY21 and FY22.
- **Gearing (look through)** remains low at 24.3% (24.0% at June 2018) below Dexus' target range of 30-40%, with the average cost of debt decreasing slightly to 3.4% (from 4.0% at June 2019). Debt duration increased slightly to 6.9 years (from 6.7 years at June 2019).
- **NTA** of $10.86 per security was up from $10.48 per security at June 2019, driven predominantly by net revaluation gains.
  - The Office portfolio booked +$490.6M (+3.1%) valuation gains, with first half gains of +$622.3M (+4.0%), being offset by second half declines of -$131.7M (-0.8%). Office capitalisation rates moved -17bps in the first half, and -1bp in the second half.
  - The Industrial portfolio booked +$111.4M (+0.7%) valuation gains, with first half gains of +$88.8M (+0.6%) and second half gains of +$22.6M (+0.1%). Industrial capitalisation rates moved -14bps in the first half, and -12bp in the second half.
  - The Total portfolio booked +$612.4M (+3.9%) valuation gains, with first half gains of +$724.4M (+4.6%) being offset by second half declines of -$112.0M (-0.7%). Total portfolio capitalisation rates moved -17bps in the first half, and -4bp in the second half.

- **Outlook:** DXS' key office markets, Sydney and Melbourne have seen softening demand as COVID-19 impacts continue to impact the overall economy. As COVID-19 subsides and recovery continues, management expect an increase in demand for such markets. Preliminary evidence has reflected this, albeit at the expense of higher incentives and lower rates. Despite an increased focus on flexible working arrangements post-COVID, management are confident that this will not materially impact growth in office markets, which will continue to be driven by long-term tailwinds such as employment growth. Management has also cited an attractive development pipeline as a source of growth. During FY20, $1.1B in development completions were completed across 198,000 sqm of space. DXS' overall development pipeline includes $10.6B in projects, with DXS' share at $5.4B.
- **Guidance** for FY21 has not been provided, on account of the continuing economic uncertainty. DXS has noted, however, that distributions will be paid in line with free cash flows.

Core Property
Fund Research & Ratings

19 August 2020

Vicinity Centres (ASX: VCX) – FY20 Results

VCX delivered a poor result for FY20 with Funds From Operations down 24.5% as a result of COVID-19 store closures and reduced sales during Q4. VCX's centres have been significantly impacted by COVID-19 due to a high exposure to discretionary retailing, including a reliance on tourism related spending. During the June quarter only 38% of rent was collected, impacting earnings by -$169M (including $109M in rent waivers and $60M of provisions). Whilst this collection rate has since improved to 49% (at 10 August), VCX still remains highly exposed to ongoing COVID-19 issues with around 52% of its assets located in Victoria. Trading at non-Victorian locations have faired better and returned to around 80% levels. Development projects have been reprioritised in light of COVID-19.

Valuations in the portfolio have been impacted by -11.4% in the six-month period, or -$1.8B with Chadstone being revalued -7.8%, Premium CBD locations -11.9%. DFO's -7.6% and Core centres by -13.7%. The $1.2B equity raising undertaken was essentially used to pay down debt in order to maintain gearing levels which, at 25.5%, is at the low end of VCX's 25% - 35% target range.

Earnings and distributions continue to remain uncertain in light of VCX's high exposure to discretionary retailing as well as Victoria, with management unable to provide earnings or distributions guidance for FY21.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**($1,801.0M)**	$346.1M	-620.4%
Funds From Operations	**$520.3M**	$689.3M	-24.5%
FFO per security	**13.66 cps**	18.0 cps	-24.1%
Distribution per security	**7.7 cps**	15.9 cps	-51.6%
Payout ratio (based on FFO)	**55.6%**	87.7%	-32.1%

Movement over 12 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per security	**$2.29**	$2.92	-21.6%
Gearing %	**25.5%**	27.1%	-1.6%
Weighted average cost of debt	**3.6%**	4.5%	-0.9%
Weighted average debt maturity	**5.2 years**	4.1 years	+1.1 years
Borrowings	**$3,929.8M**	$4,436.1M	-11.4%
Portfolio – Direct Properties			
Property Valuation[1]	**$14,114M**	$15,815M	-10.8%
Occupancy rate	**98.6%**	99.5%	-0.9%
Number of properties – Direct portfolio	**60 assets**	62 assets	-2 assets
Weighted Average Capitalisation Rate	**5.47%**	5.30%	+17 bps

Note 1: Includes equity accounted investments. *Statutory Net Profit includes non-cash items which distorts operating income. Distributable Earnings/FFO is a more appropriate measure to assess changes. Source: VCX, Core Property

Key Points

- **Trading during COVID-19:** VCX's high exposure to discretionary retail tenants resulted in a poor FY20 result. This was concentrated within the flagship portfolio (42% by rent), which is aimed towards tourism and discretionary spending, and experienced an 88.8% decline in comparable monthly sales in April 2020, compared to a lesser decline of 23.3% in the core portfolio. Overall, MAT was down 7.0% for the year, relating to widespread store closures, offsetting prior 1H20 MAT growth of 2.7%. The sales performance has resulted in an estimated ~$169M impact to rental income, equating to only 38% rent collection throughout Q4 FY20 (49% post June 2020). For rent relief agreed to date, 86% has been in the form of waivers and 14% in deferrals.
- **Funds From Operations** growth for FY20 was down 24.5%, with FFO per security down 24.1% (including $1.2B in equity raised over the year). This was predominantly driven by rent concessions provided to tenants and slightly offset by cost reduction initiatives and net acquisitions, developments and asset enhancement projects.
- **Portfolio metrics:**
  - **Valuations** moved by **-**$1,701M for the year with a -$1,818M movement in the second half period reflecting the impact of COVID-19. Three assets were sold at an average -0.4% discount to book value and VCX acquired a 50% interest in the Uni Hill Factory Outlets for $68M.

VCX Valuation Movement: 6 months to 30 June 2020

Valuation summary

	Valuation Jun-20	Net gain/(loss) over six months		Valuation movement range
	($m)	($m)	(%)	(%)
Chadstone	3,119	(265)	(7.8)	(7.8)
Premium CBDs	2,218	(299)	(11.9)	(7.2) – (16.7)
DFOs	1,760	(144)	(7.6)	(2.6) – (15.9)
Flagship portfolio	**7,097**	**(708)**	**(9.1)**	
Core[2]	7,016	(1,109)	(13.7)	(2.1) – (19.2)
Total portfolio	**14,114**	**(1,818)**	**(11.4)**	

Source: VCX

  - **Occupancy levels reduced to 98.6%** (from 99.5% at June 2019) impacted by store closures through COVID-19.
  - **The Weighted Average Capitalisation Rate** expanded 5.47% (+21bps from 5.26% at December 2019, and +17bps from 5.30% at June 2019). Of note, all portfolios recorded higher capitalization rates in the six months to June 2020 as a result of COVID-19: Chadstone (3.88%, or +13bps), Premium CBD (4.81%, or +18bps), DFO (5.94%, or +16bps), and Core (6.27% or +30bps).
  - **Total Moving Annual Turnover (MAT) growth** decreased significantly by 7.0% (compared to +3.2% growth at December 2019). MAT growth from supermarkets and Discount Department stores were positive, at +3.1% and +2.7% respectively. All other retail categories experienced declines; specialty stores down 12.4% and mini-majors down 4.1%. Notable results included Apparel (-14.6%), Jewellery (-14.4%) and Food Catering (-14.4%), which experienced the greatest impacts from mandatory government restrictions.

Portfolio MAT Growth by Category

	MAT Jun-20 ($m)	Actual: Proportion of portfolio (%) By sales	Actual: Proportion of portfolio (%) By rent	MAT Jun-20 (%)[2]
Specialty stores	5,823	39	57	(12.4)
Mini majors	2,245	15	12	(4.1)
Specialties and mini majors	**8,068**	**54**	**69**	**(10.3)**
Supermarkets	3,819	25	7	3.1
Discount department stores	1,457	10	6	2.7
Other retail[4]	842	6	13	(19.7)
Department stores	836	6	4	(20.9)
Total portfolio	**15,022**	**100**	**100**	**(7.0)**
Flagship	4,931	33	42	(15.2)
Core	10,091	68	58	(2.2)

Comparable MAT growth (%)[1]	Proportion of total MAT	Jun-20 MM and SS[2]	Jun-20 SS[2]	Dec-19 MM and SS[2]	Dec-19 SS[2]
Apparel	18	(14.6)	(16.5)	4.3	2.9
Food catering	7	(14.4)	(13.9)	5.0	4.0
Homewares	7	(3.3)	(15.3)	2.1	(1.1)
General retail	6	(7.2)	(7.8)	0.1	0.9
Leisure	5	(6.1)	(6.8)	6.8	2.4
Food retail	4	(3.5)	(5.5)	(1.0)	(1.5)
Retail services	3	(8.4)	(8.4)	5.1	5.1
Jewellery	3	(14.4)	(14.3)	3.9	2.9
Mobile phones	2	(0.3)	(0.3)	9.9	9.9
Total portfolio	**54**	**(10.3)**	**(12.4)**	**3.7**	**2.8**
Flagship	26	(14.6)	(16.7)	5.6	4.5
Core	28	(4.9)	(7.5)	1.3	0.8

Note 1: MAT stands for Moving Annual Turnover and measures the growth in sales over the last 12 months compared to the previous 12-month period. Source: VCX

- **NTA** per security reduced by 21.6% to $2.29 per unit ($2.92 at June 2019), driven by asset devaluations and the significant $1.2B equity raising.
- **Gearing** decreased by 1.6% over the past year to 25.6% (from 27.1% at June 2019) and continues to sit at the bottom of VCX's target range of 25% - 35%. The movement was driven by proceeds from VCX's $1.2B equity raising over the period; conducted to strengthen the balance sheet. Over the period VCX also issued €500M of 10-year medium-term notes and $950M of new and extended bank debt facilities, increasing liquidity to $2.1B. Management has indicated that debt proceeds may be used to fund future development projects.
- **Strategy Update and Outlook:**
  - **Asset Sales –** Due to the weak retail environment, VCX disposed of three non-core assets and acquired a new DFO asset. Despite subdued foot-traffic at DFOs during the COVID-19 pandemic, it is worth noting that VCX's flagship portfolio bear strong fundaments and were more resilient in response to portfolio devaluations.
  - **Capital Expenditure** – Over FY20, VCX delivered multiple development projects including the final stage of a major re-development at The Glen in October 2019, Hotel Chadstone in November 2019 and The Markets fresh food precinct at Roselands in September 2019. Ellenbrook Central is also nearing completion of a $63M expansion, with a new Kmart store opening in July 2020. In the immediate future, management has expressed an intention to tighten capital budgeting and review future developments; particularly mixed-use projects. This has resulted in management electing to review the development pipeline, which may cause delays in previously planned projects, such as the proposed redevelopment of Chatswood Chase. Going forward, VCX has announced their intention to focus on three major mixed-use projects at Chadstone, Box Hill Central and Bankstown Central.
  - **Lease Negotiations** – Currently, a number of COVID related lease variation agreements remain outstanding. As at 10 August 2020, only 59% of leases are unimpacted or have agreed to short-term lease variations, which are concentrated in NSW and Victoria. Of these, CBD assets have been most heavily impacted. Notably, 52% of VCX's assets and 41% of VCX's total leases are based within Victoria, and will be subject to further rent relief as a result of re-introduced restrictions.
- **Guidance** was not provided for FY21, owing to the persisting economic conditions and VCX's high exposure to both discretionary retailers and Victorian-based assets.

Core Property
Fund Research & Ratings

20 Aug 2020

GARDA Property Group (ASX: GDF) – FY20 Results

GDF delivered FY20 results with FFO up 26.0% driven by acquisitions, with FFO per unit down 5.7% after taking into account the issue of new securities and the internalisation of the management structure. GDF's portfolio has been largely unimpacted from COVID-19 with only $6,500 of rent being waived and $0.4M deferred through the remainder of calendar year 2020.

The Botanicca 9 office building in Richmond, Victoria continues to be a key focus, contributing 14% to the portfolio vacancy with potential to add around $4.0M p.a. in net income once fully leased. GDF are also targeting development completions and progress at three industrial sites in Berrinba, Wacol and Acacia Ridge, with pre-commitments for each secured.

Management guidance for FY21 is for distributions of 7.2 cps, based on Botanicca 9 remaining unleased. This reflects a payout ratio of between 95% - 100%, implying FFO of 7.2 – 7.6 cps. At a current price of $1.01 per unit GDF is trading on an attractive distribution yield of 7.1% with potential for upside, pending a successful lease at Botanicca 9.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19[1]	Change
Earnings			
Statutory Net Profit*	**$5.6M**	$28.8M	-80.7%
Funds From Operations	**$16.6M**	$13.2M	+26.0%
FFO per security (on weighted units)	**8.2 cps**	8.7 cps	-5.7%
Distributions Paid	**$17.4M**	$13.8M	+26.1%
Distribution per security	**8.55 cps**	9.0cps	-5.0%
Payout ratio	**104.5%**	104.7%	-0.2%
Movement over 12 months	**As at Jun 2020**	**As at Jun 2019[1]**	**Change**
Balance Sheet			
NTA per security	**$1.18**	$1.37	-13.9%
Gearing (%)	**36.7%**	32.5%[2]	+4.2%
Weighted average cost of debt	**2.4%**	3.16%	-0.76%
Weighted average debt maturity	**2.7 years**	1.15 years	+1.55 years
Borrowings – on balance sheet	**$188.1M**	$139.7M	+34.6%
Portfolio			
Property Valuation	**$417.4M**	$332.8M	+25.4%
Occupancy rate	**80%[3]**	83%	-3.0%
Number of properties	**13**	12	+ 1 asset
Weighted Average Capitalisation Rate	**6.60%**	6.79%	-19 bps
WALE (Weighted Average Lease Expiry)	**5.9 years**	5.3 years	+0.6 years

Source: GDF, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. Operating Earnings is a more appropriate measure to assess changes. Note 1: FY19 Results reflect the GARDA Diversified Property Fund prior to the internalisation of management into GARDA Property Group. Note 2: LVR (%) in FY19. Note 3: 94% occupancy excluding Botanicca 9.

Key Points

- **Internalisation of Management:** On 29 November 2019, GDF became a stapled security through the internalisation of the GARDA Diversified Property Fund with the funds management operations (GARDA Capital Limited and GARDA Capital Trust). It should be noted that FY19 results quoted are of the former GARDA Diversified Property Fund, prior to the stapling of securities.
- **Impact of COVID-19:** Direct impacts from the COVID-19 pandemic were minimal. Through the year, only $6,500 in rent was waived. An additional $0.4M was provided in rent deferrals, of which, $0.3M remains outstanding and due to be repaid over the remainder of CY20
- **Funds From Operations (FFO)** of $16.6M increased by 26.0% for the year, driven predominantly by net acquisitions. FFO per security was down 5.7% after taking into account the issue of new units to fund acquisitions and complete the internalisation process.
- **Portfolio metrics:**
  - **Occupancy levels** fell to 80% (83% at June 2019) with two tenant departures at Varsity Lakes (QPS) and Lytton (Visy) decreasing occupancy by 3%. GDF continues to look to lease up Botanicca 9 (588A Swan St, Richmond VIC) which accounts for around 14% of portfolio occupancy. Excluding Botanicca 9, occupancy levels would have been 94%.
  - **Portfolio WALE** of 5.9 years, up from 5.3 years, as a result of positive leasing outcomes and tenant departures.
  - **The investment portfolio** increased to $417.4M (from $332.8M at June 2019), an increase of $86.4M. Key movements during the period include:
    - **Acquisition of four industrial properties in Acacia Ridge and Archerfield** for $31.0M (plus costs).
    - **Acquisition of two industrial warehousing and distribution assets in Morningside** for $41.0M (plus costs); and
    - **Development works at Berrinba and Wacol** for $6.8M. GDF also invested $5.2M in capital expenditure to the Group's capital improvements program, with a majority allocated to 7-19 Lake Street, Cairns.
    - **Revaluation gains** of $0.8M, with independent valuations completed across five commercial and industrial assets.
- **Debt:** GDF's gearing increased to 36.7% (from 32.5% in FY19), driven by net acquisitions and development expenditure. During the year, GDF restructured existing debt facilities with incumbent lenders into a syndicated facility; including an expansion of the facility to $200.0M and extension of term to February 2023. This has increased GDF's liquidity to $32.3M, increased the weighted average debt maturity to 2.7 years and reduced the all-in cost of debt to 2.4%.
- **Net Tangible Assets (NTA)** decreased 13.9% to $1.18 per unit, driven largely by the increase of securities on issue, offset by acquisitions and development projects.
- **Distributions** of $13.8M were paid, up 26.1% for the year. Distributions per security of 8.55 cps fell on FY19 (9.0 cps), after adjusting for the issue of new units.
- **Management has advised that its focus for FY21** will be on:
  1) completing the leasing of Botannica 9, with potential net income of around $4.0M p.a on a fully leased basis.
  2) leasing up recent industrial developments at Berrinba (completion expected early FY21), Wacol (completion expected early FY21) and Acacia Ridge, which have already seen 15,125 sqm project leasing for lease terms of 5, 10 and 7 years respectively.
- **FY21 Guidance** was provided with GDF expecting distributions of 7.2 cps (compared to 8.55cps in FY20). This is based on the assumption that Botanicca 9 remains unleased and reflects a payout ratio of 95% - 100%, implying FFO of 7.2 – 7.6 cps.

20 Aug 2020

Growthpoint Properties (ASX: GOZ) – FY20 Results

GOZ reported FY20 results with FFO per security up 2.0%. Growth was driven by fixed rental increases and strong 1H20 leasing activity, offset by COVID-19 related rent provisions. Rent collection was 97% for the June quarter (96% office collection, 98% industrial collection) with a -$2.8M impact in earnings (-$0.8M from rent abatement and -$2.0M from rent deferred). Going forward, GOZ's main focus will involve the leasing up of the recently completed Botanicca 3 office building, which represents ~5% of the portfolio NLA.

Given the ongoing economic uncertainty and sensitivity of earnings to Botanicca 3, management have refrained from providing FFO guidance for FY21. Distribution guidance has, however, been provided at 20.0 cps, reflecting a decline of 8.3% on FY20 and a FY21 distribution yield of 6.2%.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$272.1M**	$375.3M	-27.5%
Funds From Operations	**$197.2M**	$178.0M	+10.8%
FFO per security	**25.6cps**	25.1cps	+2.0%
Distribution per security	**21.8cps**	23.0cps	-5.2%
Payout ratio	**85.3%**	94.0%	-8.7%

Movement over 12 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per security	**$3.65**	$3.50	+4.3%
Gearing %	**32.2%**	34.3%	-2.1%
All in cost of debt	**3.4%**	3.9%	-0.5%
Weighted average debt maturity	**4.7 years**	4.6 years	+0.1 years
Borrowings	**$1,446.0M**	$1,433.3M	+0.1%
Portfolio			
Investment Properties	**$4,325.7M**	$3,983.8M	+8.6%
Occupancy rate	**93%**	98%	-5%
Number of properties	**58**	57	+1 property
Weighted Average Capitalisation Rate	**5.7%**	5.9%	-0.2%
WALE (Weighted Average Lease Expiry)	**6.2 years**	5.0 years	+1.2 years

Source: GOZ. Note*Statutory Net Profit includes non-cash items which distorts operating income. FFO is a more appropriate measure to assess changes

Key Points

- **Impact of COVID-19:** Due to a muted exposure to SME tenants, which make up only 3% of GOZ's portfolio income, rent relief provisions were limited over FY20. The total impact during the June quarter was $2.8M, including $0.8M in rent abatements and $2.0M in rent deferrals – reflecting a 97% rent collection rate for the quarter (96% for the Office portfolio and 98% for the Industrial portfolio). Beyond this, GOZ also sought to reduce non-essential capital expenditure and operating expenses, and strengthen the balance sheet, through increased liquidity and the extension of debt maturities.
- **Funds From Operations (FFO)** of $197.2M was up 10.8% from the prior corresponding period. FFO per security of 25.6 cps was up by 2.0% after taking into account the issue of securities during the year, and ahead of pre-COVID-19 guidance of 25.4 cps.
- **The property portfolio metrics** include:
  - **A portfolio of 58 properties valued at $4.2B.** During the period GOZ delivered $203M in developments, including the completion of Botanicca 3 in Richmond, Victoria. GOZ also secured 51 new leases and renewals representing 19% of portfolio income, including a new 25-year lease with their largest tenant, the NSW Police Force. In aggregate, the weighted average lease term on deals was 13.3 years with a WARR of 3.6%
  - **Occupancy** levels fell to 93%, from 98% in FY19 largely from the inclusion of Botanicca 3 which has not been leased. Excluding Botannica 3, portfolio occupancy was 97%.
  - **Weighted Average Lease Expiry (WALE)** increased to 6.2 years (from 5.0 years at June 2019), off the back of strong 1H20 leasing success.
  - **Portfolio like-for-like net property income growth** of 2.2% growth ($4.8M).
  - **The Office Portfolio (68% of portfolio)** delivered like-for-like net property income growth of 1.6%. During FY20 the office portfolio experienced a valuation uplift of 3.6% to $2,879.3M, as capitalisation rates tightened to 5.6% (FY19: 5.7%). Considerable leasing activity over the year also saw WALE improve to 6.7 years (FY19: 5.1 years).
  - **The Industrial Portfolio (32% of portfolio)** delivered a 3.3% increase in like-for-like net property income. The portfolio valuation increased by 8.3% to $1,343.4M in FY20, with capitalisation rates tightening to 6.0% (from 6.3% at FY19).
- **Gearing** of 32.2% (34.3% at June 2019) remained below GOZ's target gearing range of 35% - 45%. The movement was driven by equity raisings and positive revaluations over the period, as GOZ sought to improve its balance sheet position. GOZ also refinanced $400M of debt and entered a new $100M debt facility reducing the weighted average cost of debt to 3.4% (from 3.9% in FY19) and extended debt maturity to 4.7 years.
- **Property valuations** increased by $0.11 per stapled security, an increase of 5.0% during FY20 with the portfolio capitalisation rate reducing 20bps to 5.7%.
- **Net Tangible Assets (NTA)** increased by 4.3% to $3.65 per security.
- **GOZ completed one property acquisition in FY20** – a recently completed logistics warehouse in Truganina for $40M. The property is currently leased to HB Commerce, an international e-commerce business.
- **Outlook:**
  - **Office:** Management are confident that demand in office markets, particularly in metropolitan areas, will pick up as COVID-19 recedes. With 89% of GOZ's office properties located in fringe regions, the portfolio is well-placed to benefit from increasingly prevalent workplace trends, such as the 'Hub and Spoke' model and the attractiveness of cheaper metropolitan markets compared to CBD.
  - **Industrial:** COVID-19 has seen an acceleration in demand for well-located industrial assets, which is expected to continue growing even as the pandemic subsides. With GOZ's industrial tenants primarily weighted towards grocery distribution and logistics, the portfolio is positioned strongly to benefit from increased online spending and further demand for essential goods and services.
- **FY21 Guidance:** Given the ongoing uncertainty within the market and leasing up of Botanicca 3, GOZ has elected not to provide FFO guidance for FY21. Distribution guidance has been provided at 20.0 cps, reflecting an 8.3% decline on FY20 distributions

20 Aug 2020

Waypoint REIT (ASX: WPR) – 1H20 Results

WPR delivered a healthy result for the first half period to 30 June 2020 with Distributable Earnings up 3.2% on the prior corresponding period. The result was off the back of c.3% annual rental increases as well as acquisitions and developments. The portfolio experienced negligible impacts from COVID-19 disruptions, collecting 99.9% of rent and providing rent relief to just 7 non-fuel tenants (less than $0.1M impact on earnings). The result highlights the strong stability of income from WPR's portfolio of 474 service stations and convenience properties, the bulk of which are Shell/Coles petrol stations.

Management remains selective for acquisitions in the second half as it seeks to remain at the lower end of if target gearing range. Despite this, earnings guidance for FY20 has been upgraded to growth of 4.00% - 4.25% (previously 3.00% - 3.75%) equating to Distributable Earnings per Security of 15.12 – 15.15 cps. With a 100% payout policy, this implies FY20 distributions of 15.12 – 15.15 cps, or a 5.7% distribution yield.

1H20 Results to 30 June 2020

1H20 results	1H20	1H19	Change
Earnings			
Statutory Net Profit*	**$137.0M**	**$56.9M**	+140.8%
Distributable Earnings	**$57.8M**	**$55.7M**	+3.2%
Distributable Earnings per security	**7.41cps**	**7.18cps**	+3.2%
Distribution per security	**7.41cps**	**7.18cps**	+3.2%
Payout ratio	**100%**	**100%**	No Change

Movement over 6 months	As at Jun 2020	As at Dec 2019	Change
Balance Sheet			
NTA per security	**$2.38**	$2.29	+3.9%
Gearing %	**30.5%**	30.4%	+0.1%
Weighted average cost of debt	**3.5%**	3.5%	No Change
Weighted average debt maturity	**4.3 years**	2.9 years	+1.4 years
Borrowings	**$879.7M**	$846.7M	+3.9%
Interest cover ratio	**5.5x**	5.8x	-0.3x
Portfolio			
Property Valuation	**$2,821.1M**	$2,698.2M	+4.6%
Occupancy rate	**100%**	100%	No Change
Number of properties	**474**	469	+5 assets
Weighted Average Capitalisation Rate	**5.79%**	5.81%	-2bps
WALE (Weighted Average Lease Expiry)	**11.3 years**	11.7 years	-0.4 years

Source: WPR, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. Distributable Income is a more appropriate measure to assess changes.

Key Points

- **Impact of COVID-19:** During the six months to 30 June 2020, WPR incurred minimal impacts from COVID-19 related rent concessions, achieving a rent collection rate of 99.9%. Rent relief was provided to just 7 non-fuel tenants with less than $0.1M waived and/or deferred, highlighting the resilience of WPR's assets and tenant portfolio.
- **Distributable Income of** $57.8M was a up by a healthy 3.2% on 1H19, supported by fixed rental income increases, and incremental income derived from acquisitions and fund-through developments.
- **WPR owns a portfolio** 474 petrol stations/convenience retail properties, predominantly under the Coles/Shell brands. The portfolio metrics remain strong and include:
  - **474 properties valued** at $2,821.1M (from $2,698.2M at December 2019), including 318 Metropolitan properties (72%) and 156 Regional properties (28%). Growth was driven by net acquisitions and revaluation gains of $86.6M, with the portfolio capitalisation rate moving -2bps during the period. During the half, WPR re-adjusted their independent valuations policy; going forward valuations will be conducted every six months on one sixth of the portfolio (previously, one third of the portfolio every 12 months).
  - **The portfolio is fully occupied**, with occupancy levels of 100% since listing.
  - **Weighted Average Lease Expiry (WALE)** reduced to 11.3 years (from 11.7 years at December 2018) reflecting the six-month movement, with less than 1% of income expiring before 2026.
  - **The portfolio has contracted average fixed rental growth** of 3.0% p.a. or greater on 95.3% of its properties. An additional 4.1% is contracted at CPI.
- **Gearing** of 30.5% increased slightly (+0.1% on December 2019), with valuation gains offsetting the impact of debt-funded acquisitions completed over the half. Through the period, WPR refinanced $325M in debt and completed a ~AUD$250M USPP issuance across 7, 10 and 12-year tranches with a weighted average maturity of 9.2 years and weighted average margin of 2.81% over BBSY. This served to improve WPR's liquidity position, providing headroom for the upper end of the 30% - 45% target gearing range.
- **Total acquisitions and funded developments** of $39.7M with an additional $10.9M of capital committed across seven fund-through projects in 2H20. Acquisitions included four stabilized assets ($27.3M at a capitalisation rate of 6.39%) and one development site for $5.2M at a capitalisation rate of 5.50%. Four developments were completed through the half, with the remaining three to be completed by the end of FY20. Going forward, management has indicated that they will remain selective with regards to acquisition opportunities in the second half of the year.
- **Net Tangible Assets (NTA)** increased to $2.38 per security, from $2.29 at December 2019, driven by net acquisitions and revaluation gains.
- **Distributions of 7.41 cps** for 1H20 reflected growth of 3.2% on 1H19.
- **Guidance:** WPR has upgraded its guidance for FY20 results for the 12 months to December 2020. Distributable Earnings per security growth is now forecasted to be 4.00% - 4.25% (previously 3.00% - 3.75%). This implies Distributable Earnings of 15.12 – 15.15 cps. WPR maintains a 100% payout for distributions.

20 Aug 2020

Mirvac Group (ASX: MGR) – FY20 Results

MGR delivered a weak FY20 result, with Operating Earnings per Security down 10% and Distributions per security down 22% for the year. COVID-19 impacted earnings in the Retail portfolio (-24%) as well as the Office and Industrial portfolio (-7%). The Residential portfolio delivered +12% earnings off the back of high margins and strong settlements including a record level of apartment settlements. Rent waivers from COVID-19 impacted earnings by -$48M in the June quarter, mainly due to low rent collections of 58% in Retail, with strong rent collections of 93% in Office and Industrial.

Due to the ongoing economic uncertainty as a result of COVID-19, management has not provided any earnings or distribution guidance for FY21. Distributions for FY21 are expected to be within a payout ratio of 65% - 75% of Operating Earnings, which is conservatively within MGR's distribution policy to pay up to 80% of Operating Earnings.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$558M**	$1,019M	-45%
Operating EBIT	**$796M**	$849M	-6%
○ Office & Industrial	$484M	$518M	-7%
○ Retail	$128M	$168M	-24%
○ Residential	$225M	$201M	+12%
○ Corporate & Other	($41M)	($38M)	+8%
Operating profit after tax	**$602M**	$631M	-5%
Adjusted Funds From Operations (AFFO)	**$572M**	$570M	+0.4%
Operating Earnings per security	**15.3 cpss**	17.1 cpss	-10%
Distribution per security	**9.1 cpss**	11.6 cpss	-22%
Payout ratio	**59%**	68%	-9%
Movement over 12 months	**As at Jun 2020**	**As at Jun 2019**	**Change**
Balance Sheet			
NTA per security	**$2.54**	$2.50	+1.6%
Balance sheet gearing[1]	**22.8%**	21.0%	+1.8%
Weighted average cost of debt	**4.0%**	4.8%	-0.8%
Weighted average debt maturity	**6.7 years**	8.5 years	-1.8 years
Borrowings	**$3,739M**	$3,112M	+20.1%
Portfolio – Office, Industrial & Retail			
Property Valuation	**$11,360M**	$10,973M	+3.5%
Occupancy rate	**98.6%**	99.0%	-0.4%
Number of properties	**55 assets**	58 assets	-3 assets
Weighted Average Capitalisation Rate	**5.34%**	5.45%	-11bps
WALE (Weighted Average Lease Expiry)	**5.6 years**	5.7 years	-0.1 years

*Statutory Net Profit includes non-cash items which distorts operating income. Operating EBIT is used by MGR as a more appropriate measure to assess changes. Source: MGR, Core Property

Key Points

- **Impact of COVID-19:** MGR set out the impact that COVID-19 had on FY20 earnings:
  - Direct impacts of -$86M (or -2.2 cps) consisting of -$48M in rental assistance and Expected Credit Loss (ECL) provisions (with Q4 FY20 rent collections of 93% for the Office & Industrial portfolio and 58% rent collection for the Retail portfolio), -$23M in new business and project costs written off and -$6M from lower NOI from Travelodge Hotels.
  - Indirect impacts of -$32M (or -0.8cps) included delays in residential settlements and development payments (Melbourne Master Planned Community projects), which will be realised in a later period.
  - Favourable Impacts of +$29M (+0.7cps) through a temporary 20% reduction in remuneration for the ELT and Board, temporary reduction in working hours, no FY20 short term incentive payments, reduced corporate overheads and reduced discretionary spending.
- **Adjusted Funds From Operations (AFFO)** increased by 0.4% to $572M with Operating Earnings Per Security increasing down 10% to 15.3 cents per stapled security (cpss). The discrepancy was a result of significantly lower spend on capital expenditure on the portfolio, as MGR aimed to reduce its cost base.
- **Operating EBIT** decreased 6% for FY20 with weaker performances across the Office & Industrial, and Retail portfolios, partially offset by record Residential settlements.
  - **The Office & Industrial portfolio** delivered a 7% decrease in Operating EBIT, falling to $484M. The weaker result was driven by rent concessions (with 93% rent collections in the June quarter), and lower development earnings compared to FY19, offset by 3% NOI growth. As at June 2020, the portfolio accounts for 39 assets, or a total book value of $8,213M (72% of portfolio).
    - **The Office portfolio** delivered reasonable NOI growth of 3.0%, including 3.8% like-for-like NOI growth. While the portfolio saw positive leasing spreads and deal completion in 1H20, leasing activity across major Melbourne and Sydney office markets froze over the second half, with only ~2,000 sqm leased in Q4 FY20. The overall impact saw occupancy rise marginally to 98.3% and WALE remain flat at 6.4 years. Despite the softening demand, the portfolio enjoyed modest valuation gains of 4% (or $282M) for the year, including a 1% gain in 2H20, as capitalisation rates compressed 18bps to 5.25%. During the period, MGR continued to execute on their development pipeline, completing The Foundry, South Eveleigh, Sydney and Olderfleet, 477 Collins Road, Melbourne. Going forward, MGR has committed to further developments in South Eveleigh (Locomotive Workshops, 70% pre-leased for FY22 commencement) and 80 Ann Street Brisbane – 73% committed, commencing FY22.
    - **The Industrial portfolio** benefitted from COVID-19 related restrictions, as supply chain disruptions, on-shore manufacturing and e-commerce expenditure drove demand for inventory and warehousing. Industrial NOI increased 1.9%, including like-for-like growth of 1.1%. During the period, ~43,000 sqm of leasing activity was completed, at average leasing spreads of +4.8%. As a result, both occupancy and WALE remained high at 99.4% and 7.4 years respectively. Valuation gains of $34M (or 3.7%) were recorded, including 1.5% generated in 2H20, which reflected a full year capitalisation rate movement of -12 bps. Going forward, MGR expects to deliver growth through accelerating its development pipeline; which has seen support from the government. In FY20, MGR secured development approval for 300 Manchester Road, Auburn and completed the rezoning of Aspect, Kemps Creek (fast-tracked in the NSW Planning System), with a site in Badgerys Creek also being considered for rezoning.
  - **The Retail portfolio** was significantly impacted by government restrictions; resulting in physical distancing and mandated closures of non-essential services. For Q4 FY20, only 58% of retail rent was collected, with significant leakage stemming from tenant downtime. Valuation losses of 9.1% (or $315M), was recorded for the year, including a 9.5% decline in 2H20 reflecting reduced growth, shorter term leasing demands and ongoing support. Rent collections remained at only 54% in July 2020. MGR noted that CBD centres were most impacted, with sales growth trending around -80% for the June quarter, and a less pronounced recovery compared to other centres.

- **Residential** delivered a strong result, achieving $225M in Operating EBIT, a 12% increase on the prior year. This included the settlement of 2,563 lots, including a record level of apartment settlements. Gross margins came in at 24%, above MGR's through-cycle target of 18% - 22%, with default rates remaining low at 2.2%. This result was achieved through federal and state stimulus packages, encouraging sales. The residential portfolio remains focused on domestic owner-occupiers which accounted for 94% of sales. Going forward, MGR is expected to continue transitioning towards Master Planned Community (MPC) projects over apartments, with 81% of pipeline lots being MPCs.

FY20 Results to 30 June 2020

	Office		Industrial		Retail	
	FY20	**FY19**	**FY20**	**FY19**	**FY20**	**FY19**
No. of properties	**29**	31	**10**	10	**16**	17
Property Portfolio ($M)	**$7,269M**	$6,655M	**$944M**	$877M	**$3,144M**	$3,441M
Occupancy Rate	**98.3%**	98.2%	**99.4%**	99.7%	**98.3%**	99.2%
Capitalisation Rate	**5.25%**	5.43%	**5.60%**	5.72%	**5.55%**	5.41%
Lease Expiry (WALE)[1]	**6.4 years**	6.4 years	**7.4years**	7.7years	**3.8 years**	4.1 years
Like-for-like income growth	**3.8%**	5.7%	**1.1%**	7.8%	Not provided	2.6%
Total MAT growth					**(4.1%)**	2.7%
Specialty store MAT growth					**(11.1%)**	2.0%
Specialty occupancy cost					**15.7%**	15.5%

Source: Mirvac, Core Property. Note 1: WALE is accounted by income

- **MGR's overall portfolio** continued to present strong metrics, including:
  - **Occupancy** levels decreased slightly to 98.6% from 99.0% at June 2019.
  - **Weighted Average Lease Expiry (Portfolio WALE)** decreased slightly to 5.6 years from 5.7 years (30 June 2019).
  - **The Weighted Average Capitalisation Rate** continued to tighten, with a decrease of 11bps to 5.34%.
- **Gearing** increased slightly to 22.8% (from 21.0%) and remains at the lower end of MGR's target range of 20% - 30%. With no major debt maturities until 2022, a lower cost of debt and $1.4B in liquidity, MGR have positioned itself conservatively to withstand near term challenges and persisting economic uncertainty.
- **NTA** increased by 1.6% to $2.54 per unit, driven by revaluations and development completions.
- **FY21 Guidance** was not provided due to the ongoing economic uncertainty. Management will target a distribution payout ratio of 65% - 75% of Operating Earnings for FY21, which is conservatively within its distributions policy to pay up to a maximum of 80% of Operating Earnings. It is expected that FY21 earnings will benefit from major FY20 development completions including Olderfleet in Melbourne, The Foundry in South Eveleigh, Sydney.

20 Aug 2020

Charter Hall Group (ASX: CHC) – FY20 Results

CHC delivered an impressive 46.3% increase in Operating Earnings per Security for FY20, off the back of a strong increase in Funds Under Management as well as the one-off inclusion of performance fees from the Charter Hall Office Trust (CHOT). Excluding this, Operating Earnings per security growth was still strong at 36.8%.

Property Investments increased by 8.3% to $120.0M off the back of a 10.0% increase in investments for the year. Funds Management grew by 84.5% (22.0% excl. CHOT performance fee), benefitting tom a stellar 33.2% growth in FUM to $40.5B, supported by a very strong year of acquisitions, net revaluations and developments. The result further highlights the power of Charter Hall's property platform and its ability to continue generating equity inflows as a source of growth for the Funds Management business.

Going forward, CHC has forecast earnings to contract slightly, after accounting for the CHOT performance fee. Management expects FY21 Operating Earnings per security of 51.0 cps, reflecting a decline of 5.4% after excluding the CHOT performance fee. Implicit in this is the assumption that transaction activity is likely to be impacted as a result of the weaker economic climate during COVID-19. Although CHC has already undertaken $1.3B of net transactions in the first 2 months, growth levels are currently expected to be lower than in previous years. Distribution growth of 6% is targeted, or 37.8cps, equating to a 3.2% yield at current prices.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$345.9M**	$235.3M	+47.0%
Operating earnings post-tax	**$322.8M**	$220.7M	+46.3%
Earnings per security (post-tax)	**69.3 cps**	47.4 cps	+46.3%
Distribution per security	**35.7 cps**	33.7 cps	+6.0%
Payout ratio	**52%**	71%	-19%

Movement over 12 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per security	**$4.28**	$3.90	+9.6%
Gearing (look through %)	**29.1%**	30.8%	-1.7%
Weighted average cost of debt (look through)	**2.5%**	3.6%	-1.1%
Weighted average debt maturity (look through)	**4.2 years**	4.3 years	-0.1 years
Borrowings – on balance sheet	**$364.2M**	$297.5M	+22.4%
Funds Under Management – Total Group	**$40.5 billion**	$30.4 billion	+33.2%
Property Investment Portfolio			
Property Valuation	**$2,028M**	$1,844M	+10.0%
Occupancy rate	**97.6%**	97.7%	-0.1%
Number of properties	**1,027**	793	+234 assets
Weighted Average Capitalisation Rate[1]	**5.25%**	5.64%	-39bps
WALE (Weighted Average Lease Expiry)[1]	**8.7 years**	7.6 years	+1.1 years

Source: CHC, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. Operating Earnings is a more appropriate measure to assess changes. Note 1. Based on the Property Investment portfolio

Key Points

- **Operating Earnings** increased by 46.3% to $322.8M (from $220.7M in FY19) with strong growth recorded across all operational divisions. The Property Investment business benefitted from transactions completed over the year, particularly investments into resilient long WALE retail and industrial assets, which provide sustainable and transparent earnings. The Funds Management business also enjoyed strong growth, buoyed by $5.1B of gross equity inflows in the year, and FUM growth of $10.1B. The result includes a $98M performance fee earned on the Charter Hall Office Trust (CHOT), which contributed 15.4 cps to Operating Earnings per security (post tax). Excluding the CHOT performance fee, operating earnings remained strong at 53.9 cps, reflecting growth of 36.8% on FY19.

CHC Earnings Summary – FY20 Results

Earnings Summary	FY20	FY19	Change
EBITDA - Property Investment	**$120.0M**	$110.8M	+8.3%
EBITDA - Development Investment	**$17.1M**	$7.8M	+119.9%
EBITDA - Property Funds Management	**$289.0M**	$156.6M	+84.5%
Depreciation & Net Interest	**($22.5M)**	($13.0M)	+73.1%
Operating Earnings – Pre Tax	**$403.6M**	$262.2M	+53.9%
Tax	**($80.8M)**	($41.5M)	+94.7%
Operating Earnings – Post Tax	**$322.8M**	$220.7M	+46.3%
Statutory Profit After Tax	**$345.9M**	$235.3M	+47.0%
Op Earnings per Security (pre-tax)	**86.6 cpu**	56.3 cpu	+53.9%
Op Earnings per Security (post tax)	**69.3 cpu**	47.4 cpu	+46.3%

Source: CHC, Core Property

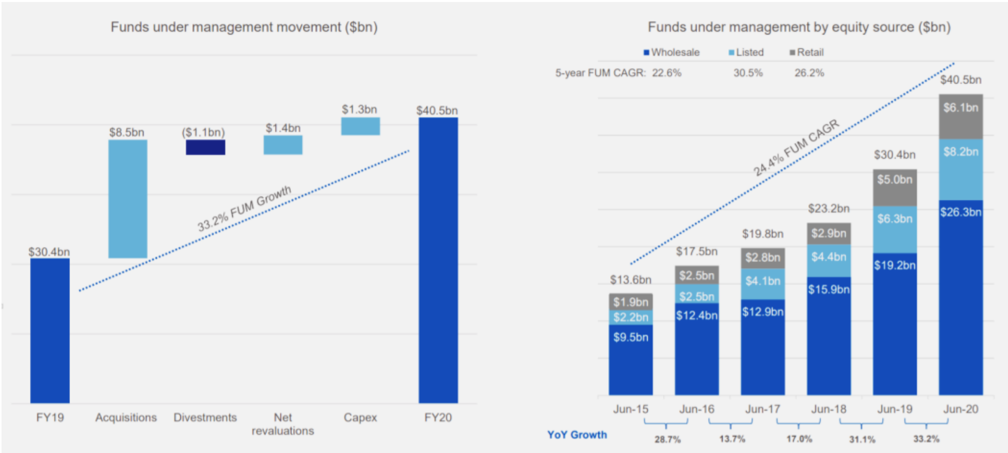
- **Property Investment**: The Property Investment portfolio increased earnings by 8.3% to $120.0M for the year. The result was supported by a 10.0% increase in CHC's share of investments to $2,028M (from $1,844M at June 2019). The shift was driven by $143M in net investments and $68M in revaluations, offset by $26M in other movements. During the period, the yield generated on direct investments reduced to 6.2% (from 6.3% at June 2019), reflecting the reduction in capitalisation rates.
- **Property Funds Management:** The Funds Management business generated an impressive 84.5% growth in Operating Earnings of $289.0M for FY20. The result was underpinned by the CHOT performance fee ($98M) and $5.1B of gross equity inflows across 24 funds, translating to a 33.2% increase in Funds Under Management (FUM) to $40.5B (from $30.4B at FY19). The movement was driven by a 67% growth in transactional activity, with net transactions including office assets for $3.1B (including 2 Chifley Square), industrial for $1.8B (including the Aldi Distribution Centre and Arnotts Distribution Centre), long WALE retail for $1.0B (BP portfolio) and social infrastructure for $688M. This was partially offset by net divestments of $358M in the Retail portfolio. Net revaluation gains of $1.4B were recorded across the platform ($1.2B in the first half and $0.2B in the second half). Equity flows were spread evenly across Wholesale Funds (~$2.5B), listed funds (~$1.4B) and direct funds (~$1.1B), indicative of persisting investor demand for CHC vehicles. The property funds management operations achieved a yield of 10.5%. Excluding the CHOT performance fee, growth for the division remained strong at 22.0%.
- **Development Investments:** The development investments business outperformed, delivering growth of 119.9% on FY19 – largely attributable to completions on Folkestone developments. Over the past 12 months, $1.7B in developments were completed, predominantly across office assets ($1.3B). Developments remain a key driver of leasing activity and FUM growth for CHC, who continue to execute on a $6.8B development pipeline – with $2.5B on committed projects.

CHC Equity Flows

($m)	FY17	FY18	FY19	FY20
Wholesale pooled funds	776	649	1,802	1,272
Wholesale partnerships	217	322	219	1,298
Listed funds	988	77	692	1,369
Direct funds	355	653	691	1,136
Gross equity	2,336	1,701	3,404	5,076
Net equity	1,689	1,487	3,287	4,585

Source: CHC

CHC: Growth in FUM



Source: CHC

- **Gearing** on a look through basis decreased to 29.1% (from 30.8% at June 2019) with CHC having $3.6B of undrawn debt capacity across its funds from which it can use to fund additional acquisitions. The look through weighted average cost of debt was 2.5% (down from 3.6% at June 2019) with average debt maturity of 4.2 years.
- **Net Tangible Assets (NTA)** increased to $4.28 per security, from $3.90 at June 2019.
- **Distributions** of 35.7 cpu were declared for the period, up 6.0% from FY19.
- **Since 30 June 2020,** CHC has continued to grow, adding a further $1.3B to Funds Under Management, which is $41.8B at August 2020.
- **Earnings guidance for FY21** was provided with CHC expecting Operating Earnings per Security (post-tax) to contract to 51.0 cps. This reflects a -5.4% change on the FY20 amount of 53.9cps, after excluding the one-off contributions from the CHOT performance fee. We note that the weaker guidance is provided despite CHC already achieving $1.3B in net transactions during July-August 2020, suggesting a slow down in activity and/or valuations is factored into the forecasts. We also note that CHC has not delivered negative earnings growth in the past 10 years. Whilst CHC is typically conservative in its earnings guidance (delivering 36.8% growth (ex CHOT) in FY20 off the back of initial guidance of 11-13%), the current economic climate is unprecedented and remains uncertain. As such, we expect that CHC will revise guidance as the year progresses.
- **Distribution guidance** was provided with CHC targeting distributions to increase ~6% in FY21, implying distributions of 37.8cps. This matches the 6% growth in distributions achieved in FY20 and also reflects a catch up in the payout ratio to around 74% (from the 52% in FY20).

20 Aug 2020

APN Property Group (ASX: APD) – FY20 Results

APD delivered a mixed FY20 result with Operating Earnings per security up 6% off the back of a lower tax rate as a result of a stapled security structure. Investment income was lower due to the sale of the South Nowra asset into an unlisted fund, whilst Funds Management Income was higher due to acquisitions. FUM was lower mainly due to securities funds being impacted by market movements.

Management guidance for FY21 is for distributions of 2.50 – 2.80 cps, below the 3.15 cps delivered in FY20. We consider the lower distributions to be reflective of the weaker economic environment as a result of COVID-19, which is likely to impact property transactions and management fees being charged. At a current price of $0.545 per unit, APD is trading on a yield of 4.6% - 5.1% (midpoint 4.9%).

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Profit*	**$4.2M**	$14.5M	-71%
Property Investment – Income	**$7.9M**	$8.6M	-8%
Property Funds Mgmt – Income	**$18.4M**	$18.0M	+3%
Total Expenses	**($14.1M)**	($14.0M)	+0%
Operating Earnings – Pre Tax	**$12.3M**	$12.6M	-2%
Tax	**($1.9M)**	($3.4M)	-42%
Operating Earnings – Post Tax	**$10.4M**	$9.2M	+12%
Earnings per security (post-tax)	**3.12 cps**	2.94 cps	+6%
Distribution per security	**3.15 cps**	2.75 cps	+15%
Payout ratio	**101.0%**	93.5%	+7.5%
Movement over 12 months	**As at Jun 2020**	**As at Jun 2019**	**Change**
Balance Sheet			
NTA per security	**$0.358**	$0.402	-11%
LVR	**15.1%**	8.3%	+6.8%
Weighted average cost of debt	**3.8%**	5.4%	-1.6%
Weighted average debt maturity	**1.2 years**	0.8 years	+0.4 years
Borrowings - on balance sheet	**$9.0M**	$6.0M	+50%
Co-Investments	**$115M**	$127M	-9%
Funds Under Management	**$2,665M**	$2,929M	-9%

Source: APD, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. Operating Earnings is a more appropriate measure to assess changes

Key Points

- **Impact of COVID-19:** APD had a very limited direct impact to earnings as a result of COVID-19 with the listed funds experiencing strong rent collections during the June quarter. APN Industria REIT (ASX: ADI) had 98% cash collections and APN Convenience Retail REIT (ASX: AQR) had 99.9% cash collections. Indirect impacts were experienced, as a result of lower securities prices and lower FUM on securities funds.
- **Operating Earnings** declined by 2% on the prior corresponding period, mainly due to the sale of a property (Nowra NSW) into an unlisted syndicate. Fund management fees increased as a result of acquisitions in APN Industria REIT (ASX: ADI) and APN Convenience Retail REIT (ASX: AQR). On a per security basis, earnings increased by 6% after taking into account a lower tax rate under the stapled structure and reversal of share-based payment costs not subject to tax.

Operating Earnings per Security was 3.12 cps (from 2.94 cps in FY19). The following table provides a breakdown of Operating Earnings for FY20.

- **Property Investment:** Property Investment earnings declined 8% due to the sale of the South Nowra Homemaker Centre into the APN Nowra Property Fund. The Property Investment business now consists entirely of co-investments in funds and does not hold any direct properties on the balance sheet. Prior year earnings also benefitted from a one-off profit distribution received form the Steller Fund.
- **Property Funds Management:** The Property Funds Management division delivered 3% growth off the back of higher funds management fees as a result of acquisitions undertaken by ADI and AQR, as well as higher leasing and property management fees due to increased activities at ADI's Brisbane Technology Park. Whilst FUM was -9% for the year, this was largely due to market movements in the real estate securities funds. APD also launched a new fund, the APN Global REIT Income Fund.
- **LVR** at the corporate level increased to 15.1% (from 8.3% at June 2019). The weighted average cost of debt was 3.8% (compared to 5.4% at June 2019).
- **Net Tangible Assets (NTA)** reduced by 11% to $0.358 per unit (from $0.402 per unit at June 2019).
- **Distributions** of 3.15 cpu were declared for the period which included fully franked dividends of 1.93 cps and a trust distribution of 1.22 cps. This represents an increase of 15% over the prior corresponding period.
- **Guidance for FY21** is for distributions to be in the range of 2.50 – 2.80 cps. This reflects a movement of -11.1% to -20.6% on the 3.15 cps delivered in FY20.

20 Aug 2020

Elanor Investors Group (ASX: ENN) – FY20 Results

ENN delivered FY20 results with Core Earnings of $15.4, a movement of -12.0% for the year, with Operating Earnings per security moving -19.6%. The result includes an impressive 43% growth in Funds Management income, underpinned by a 22% increase in Funds Under Management (FUM), and the establishment of four new funds during the year. Despite this, Core Earnings were lower, impacted by the sale of assets, the suspension of distributions on a number of funds as a result of COVID-19 and higher borrowing costs.

The result is reflective of ENN's strong growth as a property fund manager, with FUM delivering a CAGR of 64% since IPO in July 2014. We expect ENN to continue to explore further options for growth, however guidance for FY21 was not provided due to the ongoing uncertain market conditions.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**($23.4M)**	$16.2M	-244.4%
Funds Management Income	**$21.5M**	$15.0M	+43.0%
Management Fees	**$15.5M**	$10.0M	+54.4%
Acquisition Fees	**$4.2M**	$3.7M	+14.5%
Performance Fees	**$1.8M**	$1.3M	+35.4%
Co-investment Earnings	**$5.8M**	$7.4M	-21.4%
Balance Sheet Investment Earnings	**$2.0M**	$5.7M	-64.7%
Core Earnings	**$15.4M**	$17.5M	-12.0%
Operating EPS	**14.73 cps**	18.32 cps	-19.6%
Distribution per security	**9.51 cps**	16.06 cps	-40.8%
Payout ratio	**64.6%**	87.7%	-23.1%

Movement over 12 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per security	**$1.29**	$1.59	-18.9%
Gearing (%)	**29.7%**	28.4%	+1.3%
Borrowings – on balance sheet	**$88.1M**	$83.5M	+5.5%
Balance Sheet Investments	**$203M**	$163M	+24.5%
Funds Under Management	**$1,692M**	$1,387M	+22.0%

Source: ENN, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. Operating Earnings is a more appropriate measure to assess changes.

Key Points

- **Impact of COVID-19:** ENN's Retail assets collected around 78% of rent across the June 2020 quarter. Co-investment earnings were impacted -21.4% as distributions were suspended across a number of Elanor funds as a result of COVID-19.
- **Core Earnings** of $15.4M decreased 12.0% for the year, driven by increased expenses and lower co-investment and balance sheet investment earnings, offset by growth in Funds Management income.
  - **Funds Management Income** increased 43.0% to $21.5M, predominantly driven by management fees (up 54%) as ENN expanded FUM by 22% to $1.7B. This reflects a 64%

CAGR since ENN's IPO in July 2014 and includes $0.7B of ASX-listed FUM. Total FUM and balance sheet investments now represent $1.9B. Four new multi-asset funds were established during the year including the Elanor Commercial Property Fund (ASX: ECF), Elanor Luxury Hotel Fund (ELHF), Elanor Healthcare Real Estate Fund (EHREF) and Elanor Wildlife Park Fund (EWPF).

  - **Co-investment Earnings** decreased 21.4% to $5.8M with the movement driven by a suspension of distributions across ENN managed funds due to the operational and market impacts of COVID-19.
  - **Balance Sheet Earnings** decreased 64.7% to $2.0M reflecting the sale of Featherdale Wildlife Park to the Elanor Wildlife Park Fund on 29 November 2019.
- **Debt:** ENN's gearing increased to 29.7% (from 28.4% in FY19). The average tenor of ENN's debt is 2.4 years with the first maturity due in April 2022. Total borrowing costs increased by 19.6% to $5.4M, impacting Core Earnings.
- **Net Tangible Assets (NTA)** decreased by 18.9% to $1.29 per security.
- **FY21 Guidance** was not provided due to the ongoing uncertain market conditions, however, management has indicated that the Group's core strategy will remain on growing ENN's FUM and funds management earnings.

20 Aug 2020

Elanor Retail Property Fund (ASX: ERF) – FY20 Results

ERF delivered FY20 results with Core Earnings impacted by -8.8% as a result of COVID-19 related impacts. Rent collection for the June quarter averaged 78%, which equated to an earnings impact of -$1.3M. Despite COVID related disruptions, ERF's focus on resilient convenience-based retail categories allowed the portfolio to outperform counterparts. Only 13% of the portfolio comprised of tenants that were subject to mandatory government-imposed closures or restrictions. An additional 10% represents discretionary retailers impacted by lower foot traffic and negative consumer sentiment. Portfolio valuations declined a net $17.7M for the year, driven by a -$18.1M decline in the valuation of Tweed Mall.

Going forward, ERF has refrained from providing FY21 guidance for both earnings and distributions, as a result of COVID-19. Notably, ERF has no exposure to Victoria and can expect retail performance across its portfolio to experience a stable recovery. FY21 earnings are forecasted to benefit from further developments at Auburn Central as well as potential capital management initiatives.

FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**($12.0M)**	$20.0M	-159.8%
Core Earnings	**$11.1M**	$12.2M	-8.8%
Earnings per unit	**8.63 cps**	9.46 cps	-8.8%
Distribution per unit	**5.24 cps**	8.98 cps	-41.6%
Payout ratio	**60.7%**	94.9%	-34.2%

Movement over 12 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per security	**$1.34**	$1.53	-12.4%
Gearing %	**43.7%**	38.8%	+4.9%
Weighted average cost of debt	**3.0%**	4.0%	-1.0%
Debt maturity	**2.3 years**	3.2 years	-0.9 years
Borrowings	**$145.6M**	$134.5M	+8.2%
Portfolio			
Property Valuation	**$317.2M**	$334.5M	-5.2%
Occupancy rate	**96.2%**	97.2%	-1.0%
Weighted Average Capitalisation Rate	**6.94%**	6.74%	+20bps
WALE (Weighted Average Lease Expiry)	**4.0 years**	4.1 years	-0.1 years

Source: ERF, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. Core Earnings is a more appropriate measure to assess changes.

Key Points

- **Trading during COVID-19:** ERF's anchor tenants, supermarkets and discount department stores (DDS), enjoyed strong sales growth through the COVID-19 period, however overall rent was impacted by specialty tenants impacted by lockdowns. Overall, ERF averaged 78% rent collection in the June quarter, with earnings impacted by -$1.3M. COVID-19 related disruptions also resulted in the delay in the divestment of three assets and notably, ERF's decision to withhold distributions in 2H20.

- **ERF's portfolio remains relatively resilient** with a portfolio of 7 neighbourhood and sub-regional shopping centres. Around 77% of portfolio income is derived from convenience and essential goods, such as supermarkets, DDS, pharmacies, fresh food, liquor and medical. These tenants have been less impacted by the challenging COVID-19 trading conditions. A further 10% of the portfolio is classified as "medium risk" (apparel, giftware, furniture/homewares, travel agent) and 13% as "high risk" and subject to government restrictions/closures during COVID-19 (cafes, restaurants, gym, massage and nail bars, beauty).
- **Core Earnings** of $11.1M was down 8.8% on the prior corresponding period, predominantly driven by COVID-19 related earnings impacts, rental downtime from the repositioning projects at Tweed Mall and Auburn Central and a lease surrender of Big W at Auburn Central (which caused a 2H20 rent reduction of $0.5M).
- **The property portfolio:**
  - **The portfolio is composed of 7 shopping centres** valued at $317.2M consisting of:
    - Value Add assets – 2 assets valued at $192.5M - Auburn Central NSW is currently being repositioned following the exit of Big W in February 2020. ERF has seen strong lease demand for the space with 79% of the area under Heads of Agreement to be re-leased. This includes a new Aldi supermarket (opening November 2020 on a 15-year lease) and Tong Li Asian grocer.
    - Tweed Mall, NSW has also been repositioned with a new Aldi which opened in August 2019 and further planning underway for an additional major supermarket as well as DA plans underway for office and other mixed use development.
    - Income assets – five assets valued at $124.7M - Manning Mall NSW, Gladstone Square QLD, Moranbah Fair QLD, Glenorchy Plaza TAS and Northway Plaza QLD. Due to the disruptions of COVID-19, ERF delayed the sales campaign for the divestment of three of the assets.
  - **Annual Retail Sales** were up 3.2% to $417.1M in FY20 compared to $404.1M in FY19, predominantly driven by growth in supermarket sales offset by weaker Specialty sales.
  - **Weighted Average Lease Expiry (WALE)** reduced slightly to 4.0 years (from 4.1 years).
  - **Occupancy of 96.2%** decreased marginally on FY19 (97.2%). Holdover tenancies at June 2020 have increased to around 8% (from around 3% at June 2019) as a result of COVID-19.
- **Valuation movements** were -$17.7M for the year, primarily driven by a $18.1M decline in the value of Tweed Mall. The weighted average capitalisation rate expanded 20bps for the year to 6.94%, driven by sub-regional centres which increased 47bps to 7.19%. Neighbourhood capitalisation rates remained flat at 6.75%.
- **Net Tangible Assets (NTA)** decreased to $1.34 per unit, from $1.53 at June 2019 as a result of net devaluations.
- **Gearing** increased by 4.9% to 43.7% and now lies above ERF's target gearing range of 30% - 40%. The movement is attributable to capital expenditure allocated to repositioning projects and net devaluations. Management has expressed an intention to reduce gearing to a more reasonable level through the sale of Income assets. Through the period, ERF refinanced its debt facilities, improving weighted average cost of debt to 3.0%.
- **Distributions** per unit were 5.24 cps for FY20, down 41.6% on the prior corresponding period, due to the withholding of distribution payments in the second half as a result of COVID-19.
- **Outlook and FY21 Guidance:** Given the ongoing economic uncertainty and ERF's exposure to COVID-19 impacts, management has refrained from providing FY21 guidance. Management has indicated that FY21 earnings will benefit from development completions at Auburn Central – which will transform into a triple supermarket neighbourhood shopping centre – as well as consider capital management initiatives (such as share buybacks), to position the Fund for growth.

20 Aug 2020

Elanor Commercial Property Fund (ASX: ECF) – FY20 Results

The Elanor Commercial Property Fund is a real estate investment trust aiming to invest in high quality commercial office assets. The Funds listed on the ASX in December 2019, at an initial price of $1.25.

ECF's results for FY20 outperformed on expectations, with FFO of $13.4M, or 6.57 cps, 9% ahead of PDS forecasts ($12.3M, or 6.04 cps). The difference can be attributed to partial contributions from the acquisition of Garema Court, Canberra in February 2020. Given ECF's highly resilient asset and tenancy portfolio (88% blue chip tenants), COVID-19 related impacts to earnings have been minimal; with 98% rent collection achieved through Q4 FY20 and earnings impacted by -$0.5M.

Outlook for ECF is promising, with management forecasting further growth in FY21, benefitting from the full year contribution from the Garema Court acquisition, improved debt terms and a major releasing of Bunnings at Mount Gravatt, with expected FFO of $24.5M (or 12.0 cps), once again above PDS forecasts of $21.4M (or 10.5 cps). Distributions are expected to be in line with PDS forecasts of 9.10 cps, which, at current price levels of $1.015, equates to an attractive yield of 9.0%.

FY20 Results to 30 June 2020

FY20 results	FY20	PDS Forecast	Change
Earnings			
Statutory Net Profit*	**($2.3M)**	Not provided	NA
Funds From Operations	**$13.4M**	$12.3M	+8.9%
FFO per security	**6.57 cps**	6.04 cps	+8.8%
Distribution per security	**5.25 cps**	5.25 cps	No Change
Payout ratio	**79.9%**	86.9%	-7.0%

Movement over 12 months	As at Jun 2020	PDS Forecast	Change
Balance Sheet			
NTA per security	**$1.16**	$1.17[1]	-0.9%
Gearing %	**35.4%**	20.0%	+15.4%
All in cost of debt	**2.09%**	3.0%	-0.91%
Weighted average debt maturity	**3.7 years**	2.6 years	+1.1 years
Borrowings	**$139.6M**	$64.7M	+115.8%
Portfolio			
Property Valuation	**$373.5M**	$306.4M	+21.9%
Occupancy rate	**96.6%**	96.8%	-0.2%
Number of properties	**7**	6	+1 asset
Weighted Average Capitalisation Rate	**6.9%**	7.0%	-10bps
WALE (Weighted Average Lease Expiry)	**4.3 years**	4.9 years	-0.6 years

Source: ECF, Core Property *Statutory Net Profit includes non-cash items which distorts operating income. FFO is a more appropriate measure to assess changes. Note 1: As at December 2019.

Key Points

- **Overview:** The Elanor Commercial Property Fund is an Australian real estate investment trust focusing on investment-grade commercial assets. The Fund was initially established in 2016 and listed on the ASX in December 2019. At IPO, the portfolio comprised 6 commercial assets at a total valuation of $306.4M. Portfolio metrics were sound, with 96.8% occupancy, WALE of 4.9 years and a weighted average capitalisation rate of 7.0%.
- **Impact of COVID-19:** ECF incurred limited impacts from the COVID-19 pandemic, attributable to a strong tenancy portfolio of 88% Government, multinational or ASX-listed tenants. This drove 98% rent collection in Q4 FY20, resulting in a -$0.5M impact on earnings (-$0.1M in rent waivers and -$0.4M in rent deferrals and arrears). Beyond this, valuation impacts were also muted, with revaluations of -1.2% across the portfolio.
- **Funds From Operations (FFO)** of $13.4M was 9% ahead of the PDS forecasts at IPO, attributable to leasing success and the acquisition of Garema Court in February 2020. Growth on a per security basis (6.57 cpu) was 9% ahead of the forecasted 6.04 cpu.
- **The property portfolio metrics** include:
  - **A portfolio of 7 properties valued at $373.5M.** During the period, ECF completed the acquisition of Garema Court in Canberra for $71.5M, accounting for the majority of the movement. The property provides strong metrics, with a weighted average capitalisation rate of 6.50%, occupancy of 100% and a WALE of 3.7 years.
  - **Occupancy** levels fell to 96.6%, from 96.8% at IPO, excluding the rental guarantee available at 200 Adelaide Street. Including this, portfolio occupancy rises to 98.75%.
  - **Weighted Average Lease Expiry (WALE)** decreased 0.6 years (from 4.9 years at IPO), off the back of the Garema Court acquisition and the 6-month movement, offset by leasing activity.
  - **Weighted average rent reviews** of 3.8% was achieved across the portfolio.
- **Gearing** of 35.4% (est. 20.0% at IPO) lies at the midpoint of the target gearing range of 30% - 40%. The increases in gearing were driven by slight devaluations across the portfolio and debt issuances necessary to fund the acquisition of Garema Court. ECF now has a weighted average cost of debt of 2.09% p.a. and average debt maturity of 3.7 years, compared to IPO forecasts of 3.0% and 2.6 years respectively. This was a result of a debt refinancing completed by ECF over the year.
- **Net Tangible Assets (NTA)** reduced marginally to $1.16 per per security (from $1.17 per security at December 2019) as a result of portfolio revaluations.
- **Outlook:** On account of ECF's strategically positioned portfolio and high quality tenancy mix, the Fund is expected to remain resilient to any further COVID-19 complications. Management has indicated that the key near-term focus is to improve the security of the Fund's income and improve occupancy and WALE through leasing activity.
- **FY21 Guidance:** Over FY21, ECF is expected to benefit from a full year contribution from the Garema Court acquisition, the re-leasing of Bunnings at Upper Mount Gravatt (from October 2020) and the refinancing of debt facilities at lower rates. As such, management expects an additional $3.1M (or 1.5 cps) in FFO on top of PDS forecasts for FY21. This equates to $24.5M in FFO (or 12.0 cps) in total. Distributions are expected to be in line with FY21 PDS guidance, at 9.10 cps.

Core Property
Fund Research & Ratings

Appendix: August 2020 Reporting Timetable for Listed A-REITs

A-REITs Reporting Timetable – August 2020

Mon 3 Aug	Tue 4 Aug	Wed 5 Aug	Thu 6 Aug	Fri 7 Aug
		Week 1		
	BWP – FY20	**COF** – FY20		**CLW** – FY20
		CIP – FY20		
		LEP – FY20		

Mon 10 Aug	Tue 11 Aug	Wed 12 Aug	Thu 13 Aug	Fri 14 Aug
		Week 2		
GPT – 1H20	**CQE** – FY20	**CNI** – FY20	**GMG** – FY20	
	SCP – FY20		**CQR** – FY20	
			ARF – FY20	

Mon 17 Aug	Tue 18 Aug	Wed 19 Aug	Thu 20 Aug	Fri 21 Aug
		Week 3		
	AQR – FY20	**ADI** – FY20	**GDF** – FY20	
	ABP – FY20	**DXS** – FY20	**GOZ** – FY20	
		VCX – FY20	**WPR** – 1H20	
			MGR – FY20	
			CHC – FY20	
			APD – FY20	
			ENN – FY20	
			ERF – FY20	
			ECF – FY20	

Mon 24 Aug	Tue 25 Aug	Wed 26 Aug	Thu 27 Aug	Fri 28 Aug
		Week 4		
AOF – FY20	**SGP** – FY20	**HMC** – FY20	**CMW** – FY20	**PWG** – FY20
AVN – FY20	**SCG** – 1H20	**NSR** – FY20		
GDI – FY20				

Source: Company Announcements, Core Property

Ratings Process for A- REITs

Core Property Research evaluates recommendations on listed A-REITs continuously, based on a range of qualitative and quantitative criteria ranging from management, appropriateness of the A-REIT's capital structure and the property portfolio metrics. From a quantitative perspective, Core Property's recommendations are based on Total Expected Returns (forecast distribution yield plus forecast capital gain or loss) for a 12-month time horizon, using a range of valuation methodologies. The two most commonly used valuation techniques are Discounted Cash Flow (DCF), which uses an A-REI's expected free cash flow, and the net Asset Valuation (NAV) approach.

The 12-month Total Return is compared with set total return bands and assigned a 12-month recommendation based on the Recommendation Definitions below.

Recommendation Definitions

Recommendation	Definition
Buy	If the 12-month Total Expected Return is forecast to be 15% or more.
Accumulate	If the 12-month Total Expected Return is forecast to be at least 10% and less than 15%.
Hold	If the 12-month Total Expected Return is forecast to be at least 5% and less than 10%.
Reduce	If the 12-month Total Expected Return is forecast to be at least 0% and less than 5%.
Sell	If the 12-month Total Expected Return is forecast to be less than 0%.

At times of extreme volatility, it is quite possible that the recommendations will swing between each of our bands. During such times, Core Property will adopt a more flexible approach to recommending stocks, based on a slightly longer duration, and as such, recommendations may appear to be inconsistent when compared with the bands. This is to avoid clouding value judgments with short-termism.

Disclaimer & Disclosure

Core Property has received a fee from the Manager for researching the product(s) which has then been subject to a detailed review and assessment by Core Property and its analysts to produce this report. In compiling this report, Core Property's views remain fully independent of influence or conflicts of interest. Our team of analysts undertake an objective analysis of the offer and conclusions are presented to senior officers for review.

The company specified in the Report (the "Participant") has provided Core Property with information about its activities. Whilst the information contained in this publication has been prepared with all reasonable care from sources that Core Property believes are reliable, no responsibility or liability is accepted by Core Property for any errors, omissions or misstatements however caused.

Any opinions, forecasts or recommendations reflects the judgement and assumptions of Core Property as at the date of publication and may change without notice. Core Property and the Participant, their officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law.

This publication is not and should not be construed as, personal financial product advice, an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any opinion contained in the Report is unsolicited general information (general financial product advice) only. Neither Core Property nor the participant is aware that any recipient intends to rely on this Report or of the manner in which a recipient intends to use it. In preparing our information, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors should obtain and rely on individual financial advice from their investment advisor to determine whether opinions or recommendations (if any) contained in this publication are appropriate to their investment objectives. Investors should obtain and read a copy of, and consider the PDS/ Information Memorandum, which can be obtained by contacting the issuer of the financial product before making any decision to acquire, continue to hold, or dispose of any financial products mentioned in this report.

This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining the prior written consent of Core Property. This report is intended for the residents of Australia. It is not intended for any person(s) who is resident of any other country. Core Property and/or the Participant, their officers, employees or its related bodies corporate may, from time to time hold positions in any securities included in this Report and may buy or sell such securities or engage in other transactions involving such securities. Core Property and the Participant, their directors and associates declare that from time to time they may hold interests in and/or earn brokerage, fees or other benefits from the securities mentioned in this publication.

Core Property discloses that from time to time it or its officers, employees and related bodies corporate may have an interest in the securities, directly or indirectly, which are the subject of these statements and/or recommendations (if any) and may buy or sell securities in the companies mentioned in this publication; may effect transactions which may not be consistent with the statements and/or recommendations (if any) in this publication; may have directorships in the companies mentioned in this publication; and/or may perform paid services for the companies that are the subject of such statements and/or recommendations (if any). However, under no circumstances has Core Property been influenced, either directly or indirectly, in making any statements and/or recommendations (if any) contained in this Report.

The information contained in this publication must be read in conjunction with the Disclaimer that can be located at http://www.coreprop.com.au/Public/Disclaimer.

For more information regarding our services please refer to our website www.coreprop.com.au.

Core Property
Fund Research & Ratings