

Listed Property

Centuria Office REIT (ASX Code: COF)

12 February 2021

1H21 Results: Upgrade to BUY

Centuria Office REIT (ASX: COF)

Contents

1.	Overview	2
2.	Key Metrics	3
3.	Summary & 1H21 Results	4
4.	Financial Forecasts & Valuation	6
5.	Portfolio Metrics	7
6.	Appendix: Financial Summary	8
7.	Ratings Process for A-REITs	9
8.	Disclaimer & Disclosure	10

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.

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Centuria Office REIT (COF)

BUY

See the end of this document for a description of Core Property's ratings. The rating must be viewed in the context of comparable A-REITs and not across all products.

Forecast Distribution:	8.3%
Forecast 12 Month Capital Return:	29.0%
Total Expected Return:	37.2%

Company Data

ASX Code:	COF
Price:	\$1.985
Market Capitalisation:	\$1.0B
Securities on Issue:	514.5M
52 Week Range:	\$1.375 - \$3.30

1H21 Results: Upgrade to BUY

- ◆ *1H21 Results delivered FFO of 11.2cpu, up from the 9.6 cpu in 1H20. Earnings boost from one-off lease surrender payment by Foxtel at Robina QLD location. We estimate additional \$9M payment booked (est. +2.7 cpu).*
- ◆ *Occupancy fell to 91.5% (from 98.1%) from loss of Foxtel lease as well as Infosys vacating 818 Bourke St, Melb VIC.*
- ◆ *Rent collection rate improved to 96.7% (from 92% in June 2020 quarter).*
- ◆ *New guidance for FY21 earnings of 19.4 – 19.9 cpu, distributions reaffirmed at 16.5cpu.*
- ◆ *19.2% discount to NTA and FY21 yield of 8.3% provides opportunity to BUY.*

1H21 result with Funds From Operations (FFO) of 11.2 cpu, was well above the 9.6 cpu in 1H20. The result was boosted by an early lease surrender payment from Foxtel, which vacated from 35 Robina Town Centre Drive, Robina QLD in September 2020. Core Property estimates a \$12M payment was made by Foxtel, being ~\$3M in lease payments for the half plus ~\$9M for the early payout of the lease. Excluding the early payout, we estimate FFO would have been around 8.9 cpu for the half.

COF reported portfolio metrics of: (1) 23 properties valued at \$2.0B, with valuations declining \$20.9M, or -1.0%; (2) 91.5% occupancy (down from 98.1% at June 2020, largely due to the exit of major tenants Foxtel (at Robina QLD) and Infosys (at Bourke St, Melbourne); (3) a WALE of 4.5 years (4.7 years at June 2020); and (4) rent collections of 96.7% (up from 92% in the June 2020 quarter). COF maintains around 80% of its portfolio leased to government, ASX listed or multinational tenants.

COF have provided FY21 earnings guidance for FFO of 19.4 – 19.9 cpu, an increase of 4.3%-7.0% for the year, mainly due to the one-off lease surrender payment. Adjusting for this and lease expiries, we expect earnings to reduce to around 17.7 cpu in FY22. FY21 distribution guidance was maintained at 16.5 cpu.

COF is trading at a ~19.2% discount to NTA and provides an attractive 8.3% yield. We consider the current share price factors in a fair amount of uncertainty from a weaker office market as a result of COVID-19 impacts. **We have upgraded our recommendation to BUY on the basis of earnings certainty returning in FY22, flowing through to distribution growth.**

Share price performance



Source: IRESS

	Year Ended 30 June	FY20A	FY21F	FY22F	FY23F
NPAT - Reported - \$M	23.1	67.5	88.2	89.9	
NPAT – FFO basis - \$M	85.4	101.6	91.2	92.8	
Price/Earnings Ratio	12.0	10.1	11.2	11.0	
FFO per unit - cents	18.6	19.7	17.7	18.0	
FFO per unit - Growth	-0.5%	6.2%	-10.2%	1.8%	
DPU - cents	17.8	16.5	16.8	17.1	
Distribution Yield	9.0%	8.3%	8.5%	8.6%	
NTA per unit	\$2.49	\$2.45	\$2.49	\$2.55	
Gearing	34.3%	33.5%	33.3%	32.8%	

Source: Core Property estimates

Note: Gearing = (net debt – cash) / (net debt – cash + net assets)

Key Metrics

Strategy

Acquire quality metropolitan Australian office assets delivering sustainable and quality income streams. Maintain a disciplined and diversified capital structure with gearing between 25 - 35%.

- Focus on maintaining occupancy and extending portfolio WALE
- Execute initiatives to generate income and value uplift through active asset management

Board & Management

Board of the RE consists of independent Chairman (Peter Done) plus three independent directors with extensive property and financial services experience (Nicholas Collishaw, Matthew Hardy, Darren Collins).

Senior Management includes Jason Huljich (Joint CEO), Ross Lees (Head of Funds Management) and Grant Nichols (Fund Manager).

Portfolio		Key Properties		Key Tenants (by income)		Geography	
Metric	Dec 20	Dec 20	% Portfolio	Dec 20	% Portfolio	Dec 20	% Portfolio
No of Properties	23	2 Phillip Law Street, Canberra	12.4%	Federal Govt	14.9%	NSW	26.2%
Valuation	\$2,032M	818 Bourke Street, Docklands	10.8%	WA State Govt	5.0%	Queensland	23.2%
Portfolio Capitalisation Rate	5.90%	8 Central Avenue, Eveleigh	9.3%	Laing O'Rourke	4.1%	Victoria	17.3%
Locations	Australia	235 William Street, Northbridge	9.2%	Ericsson Australia	3.3%	ACT	16.4%
Sector	Office	825 Ann Street, Fortitude Valley	7.6%	Seven Network	3.1%	WA	14.3%
Occupancy	91.5%					SA	2.6%
WALE	4.5 years	Top 5	49.3%	Top 5	30.4%	Total	100%

Debt	Dec 2020	Expenses	Dec 2020	Historical	FY18	FY19	FY20
Gearing	34.6%	RE Fee	0.55% of Gross assets ¹	EPU – FFO per Unit	19.4	18.7	18.6
Target Gearing	25-35%	Direct Property Expenses	22.5% of gross income	DPU – Distributions per Unit	18.1	17.6	17.8
Drawn Debt	\$749M	Other Expenses	3.2% of gross income	Payout Ratio	93.3%	94.2%	95.8%
Facility limit	\$880M			Distribution Frequency	Qtrly	Qtrly	Qtrly
Weighted Average Cost of Debt	2.2%			NTA per Unit	\$2.49	\$2.49	\$2.49
Weighted Average Debt Maturity	2.8 years	Note 1: The RE is entitled to 0.60% p.a. of GAV but has elected to charge 0.55% p.a. of GAV.					
% Hedged	75.4%						
LVR	35.4%						
LVR Covenant	50%						
ICR	7.6x						
ICR Covenant	2.0x						

Summary

COF reported its half year results for the 6 months to 31 December 2020 (1H21) on 4 February 2021. Funds From Operations (FFO) increased to 11.2 cpu (from 9.6 cpu in 1H20), boosted by a one-off surrender lease payment. Excluding this, we estimate a more subdued FFO of around 8.9 cpu.

COF's portfolio is underpinned by diverse, quality tenants with 80% of income from government, listed or multinational tenants. Rent collections improved to 96.7% in 1H21 (up from 92% in the June 2020 quarter). However occupancy levels fell to 91.5% (from 98.1% at June 2020) as the portfolio was impacted by major lease exits from Infosys (at 818 Bourke St, Melbourne VIC) and Foxtel (at 35 Robina Town Centre Drive, Robina QLD).

Whilst the office market is facing some headwinds, we expect management will focus on re-leasing the vacant space in addition to working on upcoming lease expiries (4.3% due in 2H21, and 6.4% in FY22).

FY21 earnings guidance was provided at 19.4–19.9 cpu with distributions reaffirmed at 16.5 cpu. Despite the leasing risks faced by COF, Core Property considers that much of the downside risks appears to be already priced in – at current price levels COF is currently trading on a 19.2% discount to its NTA of \$2.45 per unit, with a forecast FY21 distribution yield of 8.3%.

1H21 Results

Figure 1: 1H21 Results to 31 December 2020

1H21 results	1H21	1H20	Change
Earnings			
Statutory Net Profit after tax ¹	\$21.5M	\$24.7M	-12.8%
Funds From Operations (FFO)	\$57.7M ²	\$39.0M	+47.8%
FFO per unit	11.2 cpu ²	9.6 cpu	+16.7%
Total Distributions	\$42.4M	\$38.7M	+9.6%
Distribution per unit	8.3 cpu	8.9 cpu	-6.7%
Payout ratio	73.6%	92.3%	-18.7%
Movement over 6 months			
	As at Dec 2020	As at Jun 2020	Change
Balance Sheet			
NTA per unit	\$2.45	\$2.49	-1.6%
Gearing	34.6%	34.5%	+0.1%
Cost of debt ²	2.2%	2.2%	No change
Weighted average debt maturity	2.8 years	3.3 years	-0.5 years
Borrowings	\$749.0M	\$749.0M	No change
Portfolio			
Portfolio Value	\$2,032.4M	\$2,053.3M	-1.0%
Occupancy rate	91.5%	98.1%	-6.6%
Number of assets	23	23	No change
Weighted Average Capitalisation Rate	5.90%	5.93%	-3 bps
WALE (Weighted Average Lease Expiry)	4.5 years	4.7 years	-0.2 years

Note 1: Statutory Net Profit after Tax includes non-cash items which distorts operating income. Note 2: Including weighted average swap rate, facility establishment fees and all-in margins (base & line fees). Source: COF

Key Points

- **COVID-19 Impact:** COF's rent collection improved to 96.7% in 1H21, up from 92% in the June 2020 quarter. For the six months to December 2020, around \$2.6M of rent relief was provided, comprising \$1.7M of rent waivers and \$0.9M of rent deferrals to tenants. This compares to \$3.2M of COVID-19 impacts in FY20 (\$1.5M of rent waivers, \$1.0M in rent deferrals and \$0.7M additional cleaning costs).
- **Funds From Operations (FFO)** increased by 47.8% to \$57.7M for 1H21. FFO increased as a result of prior acquisitions as well as a one off surrender payment following the exit of Foxtel at 35 Robina town Centre Drive, Robina QLD. Core Property estimates the surrender payment to be around \$12.0M (which includes around \$1.9M of rent for the six-month period). FFO per unit increased by a lesser 16.7% to 11.2 cpu (from 9.6 cpu 1H21) after factoring in the issue of new securities to fund acquisitions.
- **Distributions** of 8.3 cpu, declined by 6.7% to the prior corresponding period distribution of 8.9 cpu, and is in line with COF's guidance for 16.5 cpu for the full year.
- **Key Property metrics** include:
 - **Occupancy levels** reduced to 91.5% (from 98.1% at FY20). The drop in occupancy was largely impacted by:
 - 35 Robina Town Centre Drive, Robina QLD has reduced to 33.8% (from 100% at June 2020). Foxtel had previously leased the whole building and have now exited and have paid a surrender payment on the balance of the lease which expires in October 2023. Core Property estimates the surrender payment to be around \$12.0M, which includes around \$1.9M of rent which would have been incurred in the half year period 1H21. Foxtel had subleased 23.3% of the space to other tenants. The sub-leases have agreed to new direct leases with COF further improving occupancy to 33.8% from additional tenants. Management expects to further subdivide the space in the building to suit a number of smaller tenancies to fill the remaining space. Core Property notes that the surrender payment effectively means that COF will receive double rent on any space that is relet before October 2023.
 - 818 Bourke Street, Docklands VIC has reduced to 59.2% occupancy (from 99.2% at June 2020) following the exit of Infosys from 3 floors of the 9 level building. The building provides large floor plates of around 3,575 sqm and management will be looking to relet the space to large corporate tenants.
 - **WALE** of the portfolio reduced to 4.5 years (from 4.7 years at June 2020) with new leasing deals partially offsetting the roll forward of leases.
 - **Leasing** transactions were undertaken on a total of 28,306 sqm (for 31 leases) representing 9.3% of NLA.
 - **Portfolio value** decreased by \$20.9M, or -1.0%, to \$2,032.4M. COF undertook independent valuation on 13 out of the 23 assets in the portfolio, representing 49% of the portfolio value. The portfolio capitalisation rate reduced marginally by 3 bps to 5.90% (from 5.93% at June 2020), predominantly due to a \$12M valuation decline for the Robina QLD property as a result of the lease surrender payment.
 - **Subsequent to the reporting period**, COF settled the sale of its 25% interest in 465 Victoria Avenue, Chatswood NSW for \$44.7M with the proceeds from the sale used to pay down debt.
 - **The tenant profile of the portfolio** remains strong with 81% of portfolio income derived from large tenants including the federal and state government tenants (27%), ASX listed tenants (26%) and multinational tenants (28%).
- **Gearing** of 34.6% at December 2020 was marginally higher than the 34.5% at June 2020, due to the small valuation decline of the portfolio. The sale of 465 Victoria Avenue, Chatswood NSW reduces gearing to 33.2% on a pro forma basis, which still remains at the high end of COF's target gearing range of 25% - 35%. Weighted average debt expiry decreased 0.6 years to 2.8 years (from 3.3 years at FY20).

- **Net Tangible Assets (NTA) per security** decreased by -1.6% to \$2.45 per unit (from \$2.49 per unit at FY20) as a result of the decline in valuation of the portfolio.
- **Strategy:** Management continues to work on reducing its current vacancies, with key focus on leasing 818 Bourke Street, Docklands VIC and 35 Robina Town Centre Drive, Robina QLD to full capacity. In addition, management will also be working on upcoming lease expiries with tenants.
- **FY21 Guidance:** Management maintained its FY21 distribution guidance of 16.5 cpu. Earnings guidance has now been provided of between 19.4 – 19.9 cpu which represents an 83% - 85% payout ratio. Management indicated that the higher end of the earnings is likely to be achieved if favourable leasing deals are achieved.

Financial Forecasts & Valuation

We have updated our financial forecasts as follows.

- The FY21 earnings guidance of 19.4 – 19.9 cpu represents a healthy 4.3% -7.0% increase for the year. We estimate the Foxtel lease surrender to be around \$12.0M, or 2.3 cpu.

Core Property has updated our FY21 forecasts to take into account the first half results as well as the better rent collection. Our prior forecasts had already included the allowance for the Foxtel lease surrender.

- Excluding the lease surrender, COF's FY21 earnings guidance is 17.1 – 17.6 cpu, on an adjusted basis. Core Property is forecasting this to increase to earnings of around 17.7 cpu in FY22. Further, we expect this provides sufficient support for FY22 distributions to increase to 16.8 cpu, or a 94.8% payout ratio.

We value COF on a Discount Cashflow (DCF) basis at \$2.55 per unit, with a 12 month roll forward valuation of \$2.56 per unit.

Figure 2: Earnings Forecast – Core Property

Financial Forecasts - \$M	FY20A	FY21F	FY22F	FY23F
Property Revenue	149.2	174.9	156.8	160.7
Property Expenses	-31.6	-37.6	-32.3	-33.9
RE Fees	-10.4	-12.0	-13.0	-13.3
Finance Costs	-16.8	-18.4	-18.3	-18.3
Other Expenses	-5.2	-5.4	-2.0	-2.4
Funds from Operations	85.3	101.5	91.2	92.8
Earnings per Unit	18.6	19.7	17.7	18.0
Payout Ratio	95.8%	83.6%	94.8%	94.8%
Distributions per Unit	17.8	16.5	16.8	17.1
Guidance – Distn per unit		16.5		

Source: Core Property forecasts

Portfolio Metrics

The following table is a summary of COF's portfolio as at 31 December 2020.

COF Property Portfolio – as at 31 December 2020

Property (ownership, if not 100%)	Valuation \$M		Capitalisation Rate %		Occupancy %		WALE (years)	
	Dec20	Jun20	Dec20	Jun20	Dec20	Jun20	Dec20	Jun20
8 Central Avenue, Eveleigh, NSW (50%)	\$190.0M	\$189.0M	5.38%	5.38%	96.0%	100.0%	9.0	8.2
201 Pacific Highway, St Leonards, NSW (50%)	\$106.5M	\$106.5M	5.63%	5.63%	100.0%	99.6%	3.3	3.7
9 Help St, Chatswood, NSW	\$86.5M	\$86.0M	5.75%	5.75%	95.5%	95.2%	1.9	2.3
203 Pacific Highway, St Leonards, NSW (50%)	\$69.0M	\$69.5M	5.88%	5.88%	100.0%	100.0%	4.2	4.7
465 Victoria Ave, Chatswood, NSW (25%) ¹	\$44.7M	\$41.9M	5.50%	5.75%	100.0%	99.8%	3.5	3.7
77 Market St, Wollongong, NSW	\$36.0M	\$35.5M	6.75%	7.25%	100.0%	100.0%	4.5	5.0
2 Phillip Law Street, Canberra, ACT	\$252.0M	\$253.0M	5.13%	5.13%	99.9%	99.5%	6.9	7.5
60 Marcus Clarke, Canberra, ACT	\$61.0M	\$62.3M	7.00%	7.00%	91.4%	87.5%	2.5	2.4
54 Marcus Clarke, Canberra, ACT	\$20.7M	\$20.9M	7.50%	7.50%	84.4%	93.8%	3.0	3.3
825 Ann St, Fortitude Valley, QLD	\$155.0M	\$163.0M	6.00%	6.00%	97.4%	97.1%	2.9	3.3
154 Melbourne St, South Brisbane, QLD	\$85.0M	\$88.0M	6.00%	6.00%	100.0%	100.0%	2.5	3.0
100 Brookes St, Fortitude Valley, QLD	\$76.5M	\$78.5M	6.25%	6.25%	82.5%	80.9%	4.1	3.7
483 Kingsford Smith Drive, Hamilton, QLD	\$76.5M	\$77.5M	6.25%	6.25%	82.7%	96.2%	4.3	5.1
35 Robina Town Centre Drive, Hamilton, QLD	\$40.0M	\$52.0M	7.55%	7.25%	33.8%	100.0%	0.9	0.8
555 Coronation Drive, Toowong, QLD	\$38.8M	\$34.5M	6.75%	7.00%	100.0%	100.0%	6.3	5.3
818 Bourke St, Docklands, VIC	\$220.0M	\$223.0M	5.13%	5.13%	59.2%	99.2%	2.1	2.3
576 Swan St, Richmond, VIC	\$65.5M	\$66.5M	5.50%	5.50%	77.7%	100.0%	2.1	2.0
2 Kendall St, Williams Landing, VIC	\$65.5M	\$64.5M	6.00%	6.00%	100.0%	100.0%	7.9	8.4
235 William Street, Northbridge, WA	\$186.0M	\$188.0M	6.50%	6.50%	100.0%	98.9%	6.5	7.0
144 Stirling St, Perth, WA	\$70.0M	\$65.0M	6.00%	6.25%	100.0%	100.0%	8.0	8.5
42-46 Colin St, West Perth, WA	\$34.0M	\$35.0M	7.25%	7.25%	100.0%	100.0%	2.3	2.8
1 Richmond Rd, Keswick, SA	\$35.0M	\$36.0M	7.25%	7.25%	100.0%	100.0%	3.6	3.0
131-139 Grenfell St, Adelaide, SA	\$18.3M	\$17.3M	7.25%	7.75%	100.0%	100.0%	1.4	1.4
Total Portfolio	\$2,032.4	\$2,053.3	5.90%	5.93%	91.5%	98.1%	4.5	4.7

Note 1: 465 Victoria Avenue Chatswood NSW – COF's 25% stake was sold on 1 February 2021.

Source: COF

Appendix: Financial Summary

Profit & Loss	FY20A	FY21F	FY22F	FY23F	Summary	FY20A	FY21F	FY22F	FY23F
Operating Revenue	149.2	174.9	156.8	160.7	NPAT - FFO	85.4	101.6	91.2	92.8
Property Expenses	-31.6	-37.6	-32.3	-33.9	Price Earnings Multiple	12.0	10.1	11.2	11.0
Net Property Income	117.7	137.3	124.5	126.7	Revenue Growth	40.4%	17.1%	-10.4%	2.5%
Other Income & Expenses	-5.2	-5.4	-2.0	-2.4	EBIT Growth	41.5%	17.5%	-8.7%	1.5%
RE Fees	-10.4	-12.0	-13.0	-13.3	Value of Properties	2,085.7	2,025.9	2,043.8	2,080.5
EBITDA	102.0	119.9	109.5	111.1	Net Assets	1,283.0	1,261.7	1,279.4	1,313.5
Depn & Amort	0.0	0.0	0.0	0.0	NTA per Unit	\$2.49	\$2.45	\$2.49	\$2.55
EBIT	102.0	119.9	109.5	111.1	Prem(Disc) to NTA per unit	-20.4%	-19.1%	-20.2%	-22.2%
Net Interest	-16.7	-18.4	-18.3	-18.3	DPU	17.8	16.5	16.8	17.1
Pre Tax Profit	85.4	101.6	91.2	92.8	Payout Ratio	95.8%	83.6%	94.8%	94.8%
Tax	0.0	0.0	0.0	0.0	DPU Growth		-7.3%	1.8%	1.8%
Minorities	0.0	0.0	0.0	0.0	Yield	9.0%	8.3%	8.5%	8.6%
NPAT - FFO	85.4	101.6	91.2	92.8					
Non Recurring Items	-62.3	-34.0	-3.0	-2.9					
NPAT - Statutory	23.1	67.5	88.2	89.9					
Cashflow	FY20A	FY21F	FY22F	FY23F	Key Ratios	FY20A	FY21F	FY22F	FY23F
Operating Activities	99.3	132.7	121.5	123.8	EPU (adj)	18.6	19.7	17.7	18.0
Net Interest	-14.5	-16.9	-18.3	-18.3	EPU - Reported	5.0	13.1	17.1	17.5
Tax Paid	0.0	0.0	0.0	0.0	EPU (adj) - Growth		6.2%	-10.2%	1.8%
Other	0.0	0.0	0.0	0.0	LVR	35.8%	36.9%	36.5%	35.9%
Operating Cashflow	84.8	115.8	103.2	105.5	Gearing	34.3%	33.5%	33.3%	32.8%
Capex	0.0	-7.1	-14.1	-14.1	Net interest Cover	6.1	6.5	6.0	6.1
Maintainable Operating CF	84.8	108.7	89.1	91.4	Distn / Maintainable CF	91.0%	79.6%	96.2%	95.4%
Distributions	-77.1	-86.6	-85.7	-87.2	ROE	6.5%	8.0%	6.6%	6.5%
Acquisitions	-689.0	-13.6	0.0	0.0					
Disposals	0.0	0.0	0.0	0.0					
Other	0.0	0.0	0.0	0.0					
Free Cashflow	-681.3	8.5	3.4	4.2					
Change in Debt	242.8	7.0	4.0	9.3					
Change in Equity	449.8	0.0	0.0	0.0					
Net Cashflow	11.3	15.6	7.4	13.5					
Balance Sheet	FY20A	FY21F	FY22F	FY23F	Valuation				
Cash	28.8	66.4	64.6	62.8	Discount Rate	9.0%			
Debtors	3.3	3.6	3.3	3.4	Terminal Growth Rate	2.5%			
Investments	0.0	0.0	0.0	0.0	DCF Valuation per Share	\$2.55			
Other Assets	2,087.2	2,028.5	2,046.4	2,083.1	12 Month Target Price	\$2.56	DCF rolled forward 12 mths		
Total Assets	2,119.3	2,098.5	2,114.3	2,149.2	12 month Dividend Yield	8.3%			
Creditors	22.3	24.2	21.8	22.4	12 month Target Price	29.0%			
Borrowings	746.4	746.6	746.6	746.6	Total Est. 12 mth return	37.2%			
Provisions	0.0	0.0	0.0	0.0					
Other Liabilities	67.7	66.0	66.4	66.8					
Total Liabilities	836.3	836.8	834.8	835.8					
Net Assets	1,283.0	1,261.7	1,279.4	1,313.5					

Source: Core Property forecasts

Note: Gearing = (net debt - cash) / (net debt - cash + net assets)

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-REIT'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%.

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