Core Property
Fund Research & Ratings

Listed Property

August 2021 Reporting Season Results

Week 4:

CHC, GDI, SCG, GOZ, AOF, HMC, CMW, WPR

A review of the major listed A-REIT reporting results during August 2021

Reporting Season Review

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 2021

August 2021 Reporting Season Week 4

A-REITs Results - Week 4		
For full reporting calendar see Appendix		
Monday 23 August 2020		
CHC	Charter Hall Group	FY21
GDI	GDI Property Group	FY21
ENN	Elanor Investors Group	FY21
ERF	Elanor Retail Property Fund	FY21
ECF	Elanor Commercial Property Fund	FY21
Tuesday 24 August 2021		
SCG	Scentre Group	1H21
Wednesday 25 August 2021		
GOZ	Growthpoint Properties Ltd	FY21
AOF	Australian Unity Office Fund	FY21
HMC	Home Consortium	FY21
Thursday 26 August 2021		
CMW	Cromwell Property Group	FY21
Friday 27 August 2021		
WPR	Waypoint REIT	1H21

Core Property has reviewed the results from property securities which reported in Week 4 of the August 2021 reporting season. Some key points include:

- **Earnings from funds** were mixed, with retail exposure REITs benefiting from higher rent collections and improved trading conditions in the six months to June 2021. SCG delivered a strong 28% increase in FFO, while ERF was up 5.4%. HMC recorded its first funds management revenue, while ECF recorded its first full year results. Lower occupancy rates in GDI's Perth office portfolio saw earnings decrease 34.0%, while earnings increased at CHC (11.9%) and ENN (1.9%), in line with strong funds under management growth.
- **The impact of COVID-19** improved in the June 2021 period, producing stronger results than what was recorded in FY20. Expected credit losses improved across all REITs which reported during the week.
- **Portfolio gains** were mixed during the week, with exposure to industrial and logistic properties leading the charge. CHC recorded an 18.8% increase in valuations driven by strong revaluation gains and approximately $1B of completed developments during FY21, predominantly in the Industrial and Logistic sectors. GOZ's exposure to industrial increased the portfolio 6.8%, while WPR (convenience petrol stations) saw portfolio valuation gains of 1.4%, despite divesting 43 assets during the half. Most office focused REITs recorded minimal gains, CMW (+3.0%), ECF (+2.9%), GDI (+3.5%), while AOF who recorded a 4.1% decrease following the sale of an asset.
- **Distribution Guidance for FY22** was provided for 9 out of 11 property securities we reviewed. ERF and ENN were the two securities that did not provide guidance.

A summary of each result is presented in the following pages.

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 %	FY22 EPS (cps)	FY22 DPS (cps)	Implied DPU yield
CHC	1837	61.0	-11.9%	37.9	+6.2%	32.4%	+3.3%	491	+274.1%	75.0	40.2	2.2%
GDI	115	5.37	-34.7%	7.75	0.0%	20.0%	+4.0%	125	-8.0%	Not provided	7.75	6.7%
ENN	202	12.52	-4.4%	11.27	+18.5%	21.0%	-8.7%	143	+41.3%	Not provided	Not provided	NA
ERF	107	9.14	+5.9%	8.67	+65.5%	21.1%	-22.6%	122	-12.3%	Not provided	Not provided	NA
ECF	110.5	12.55	NA	10.03	NA	34.5%	-0.9%	119	-7.1%	10.8	9.4	8.5%
SCG[3]	272	8.94	+28.4%	7.0	NA	27.9%	+0.2%	364	-25.3%	Not provided	14.0	5.1%
GOZ	411	25.7	+0.4%	20.0	-8.3%	27.9%	-4.3%	417	-1.4%	26.3	20.6	5.0%
AOF	249	18.7	+2.7%	15.0	0%	28.4%	-2.8%	271	-8.1%	18.0 – 18.5	15.2	6.1%
HMC	596	13.1	+50.6%	12.0	No change	25.6%	-10.0%	238	+150.4%	18.5	12.0	2.0%
CMW	89.5	7.35	-13.5%	7.0	-6.7%	42.0%	+0.4%	102	-13.7%	Not provided	6.50	7.4%
WPR[3]	273	7.81	+5.4%	7.81	+5.4%	27.3%	-2.1%	275	-0.7%	15.72[3]	15.72[3]	5.8%

Note 1: Based on the closing price on the day of the results being released. Note 2: Look through gearing. Note 3: Results are the 6-months ending 30 June 2021, Guidance is for the 12-months ending 31 December 2021. Source: Company Announcements.

23 Aug 2021

Charter Hall Group (ASX: CHC) – FY21 Results

CHC's FY21 results highlighted the continued strong growth of the fund manager's operating platform, with Funds Under Management increasing significantly by 29.1% during the year. Growth was delivered largely by $8.0B of acquisitions, with the Industrial/Logistics sector contributing 35% of the acquisitions.

Operating earnings per security, however, fell by 11.9%, as the prior FY20 year benefitted from one of Performance Fees booked from the Charter Hall Office Trust (CHOT). Excluding this, EPS grew 13.3% from FY20.

FUM growth was also largely driven by development completions with approximately $1B of completions in the 12 month period, with Industrial and logistics accounting for around 80% of completed projects. Going forward, CHC is expected to increase its scale with approximately $4.4B of committed projects, with Office accounting for approximately 60% and Industrial and Logistics accounting for 34%.

Property Investment grew 18.8% through the year off the back of strong $228M revaluation gains, driven by the WACR compressing 39 bps to 4.86%.

Going forward, management expects growth to continue through FY22 with guidance for Operating Earnings per security to grow by 23% to 75.0 cps, and distributions targeted to increase by 6% to 40.2 cps. At current prices, CHC is trading at a 274% premium to NTA with an FY22 distribution yield of 2.2%.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax *	**$476.8M**	$345.9M	+37.8%
Operating earnings post-tax	**$284.3M**	$322.8M	-11.9%
Operating Earnings per security (post-tax)	**61.0 cps**	69.3 cps	-11.9%
Distribution per security	**37.9 cps**	35.7 cps	+6.2%
Payout ratio	**62%**	52%	+10%

Movement over 12 months	As at Jun 2021	As at Jun 2020	Change
Balance Sheet			
NTA per security	**$4.91**	$4.28	+14.7%
Gearing (look through %)	**32.4%**	29.1%	+3.3%
Weighted average cost of debt (look through)	**2.1%**	2.5%	-0.4%
Weighted average debt maturity (look through)	**4.4 years**	4.2 years	+0.2 years
Borrowings – on balance sheet	**$482.0M**	$232M	107.8%
Funds Under Management – Total Group	**$52.3B**	$40.5B	+29%
Property Investment Portfolio			
Property Valuation	**$2,409M**	$2,028M	+18.8%
Occupancy rate	**97.4%**	97.6%	-0.2%
Number of properties	**1,322**	1,027	+295
Weighted Average Capitalisation Rate[1]	**4.86%**	5.25%	-0.39bps
WALE (Weighted Average Lease Expiry)[1]	**9.1 years**	8.7 years	+0.4 years

Source: CHC, Core Property *Statutory Net Profit after Tax 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

23 Aug 2021

GDI Property Group (ASX: GDI) – FY21

GDI delivered FY21 with FFO down 34.7 % due to weaker income at Westralia Square and the Mill Green Complex being impacted by tenant exits. The Property Division fell 30.3% as a result. COVID-19 had a lesser impact on FY21 earnings in comparison to FY20, with a $0.3M impact (compared to $0.5M in FY20) as Perth remained relatively unscathed from COVID-19 lockdowns.

Funds Management FFO grew 14.9% for the year, boosted by the additional income from the GDI No.46 Property Trust which invests in a portfolio of WA based car dealerships, and GDI taking a 47% co-investment stake.

During the period, GDI exchanged contracts for 50 Cavill Avenue to be sold for $113.5M, with settlement 31 August 2021. The sale comes after approximately $18.4M of capex was delivered to the building with the property being sold on a 12.3% premium to its last valuation in December 2020.

GDI paid distributions of 7.75 cpu for the period, using a portion of capital to maintain distributions in line with FY20. Management are looking to maintain the 7.75 cpu in distributions for FY22, with expectations again that a portion will be paid out of capital. At current price levels, GDI is trading on a FY22 distribution yield of 6.7 % and an 8.0% discount to its NTA of $1.25 per unit.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax *	**$23.0M**	$66.7M	-65.6%
Property Division FFO	**$34.3M**	$49.1M	-30.3%
Funds Management FFO	**$6.8M**	$6.0M	+14.9%
Other	**$0.2M**	$0.4M	-52.5%
Net Interest Expense	**($3.7M)**	($2.1M)	+73.9%
Corporate & Admin Expenses, Tax	**($8.1M)**	($7.8M)	+4.1%
Funds From Operations (FFO)	**$29.1M**	$44.5M	-34.7%
FFO per security	**5.37 cpu**	8.22 cpu	-34.7%
Distribution per unit	**7.75**	7.75 cpu	No Change
Payout ratio (based on FFO)	**144.3%**	94.3%	+50.0%
Movement over 12 months	**As at Jun 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per security	**$1.25**	$1.30	-3.8%
Gearing %	**20.0%**	16.0%	+4.0%
Weighted average debt maturity	**1.15 years**	2.09 years	-0.94 years
Borrowings	**$208.6M**	$159.4M	+30.8%
Portfolio			
Property Valuation	**$852.1M**	$822.5M	+3.6%
Occupancy rate	**72.9%**	81.1%	-8.2%
Weighted Average Capitalisation Rate	**6.6%**	6.9%	-30 bps
WALE (Weighted Average Lease Expiry)	**2.6 years**	2.6 years	No change

Source: GDI. Note* Statutory Net Profit after Tax includes non-cash items which distorts operating income. Operating profit is a more appropriate measure to assess changes.

23 Aug 2021

Elanor Investors Group (ASX: ENN) – FY21 Results

ENN delivered FY21 results with significant gains in the Funds Management business as well as co-investment earnings. Core Earnings, however, reduced by 1.9% for the year largely due to one off gains of $10.2M in the prior year. Whilst Operating EPS also reduced by 4.4%, ENN increased distributions by 18.5% reflecting the growth in the underlying business.

Funds Under Management increased by 22.6%, or $383M, to $2.1B. Growth was delivered across all asset classes, from a mixture of acquisitions and revaluations – Retail (+$165M), Office (+$96M), Healthcare (+$81M) and Hotels, Leisure & Tourism (+$41M). As a result, Fee Income from Funds Management was up by 38.2%.

ENN is also expected to release $25M of capital from the establishment of the Elanor Hotel Accommodation Fund, with a $10.5M gain on the sale in the 1H22 results. Following the transaction, gearing is estimated to reduce to around 11%, providing ENN with additional capacity to pursue growth in FY22. Whilst management has not provided guidance for FY22 earnings, we expect continued growth in funds management initiatives will drive earnings across ENN's listed and unlisted platforms.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax *	**$9.0M**	-$23.4M	NA
Funds Management Income	**$29.7M**	$21.5M	+38.2%
Management Fees	**$18.7M**	$13.7M	+36.7%
Leasing & Development Management Fees	**$3.1M**	$1.8M	+71.5%
Acquisition Fees	**$6.1M**	$4.2M	+43.4%
Performance Fees	**$1.8M**	$1.8M	+2.8%
Co-investment Earnings	**$11.1M**	$5.8M	89.5%
Core Earnings	**$15.1M**	$15.4M	-1.9%
Operating EPS	**12.52 cps**	13.09 cps	-4.4%
Distribution per security	**11.27 cps**	9.51 cps	+18.5%
Payout ratio	**90.0%**	72.7%	+17.3%
Movement over 12 months	**As at Jun 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per security	**$1.43**	$1.29	+10.9%
Gearing (%)	**21.0%**	29.7%	-8.7%
Borrowings – on balance sheet	**$65.2M**	$88.1M	-25.9%
Balance Sheet Co-Investments	**$211M**	$195M	+8.2%
Funds Under Management	**$2,074.8M**	$1,692.0M	+22.6%

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

23 Aug 2021

Elanor Retail Property Fund (ASX: ERF) – FY21 Results

ERF reported FY21 results with Core Earnings per unit increasing a healthy 5.9% for the year. The result was strong, given that earnings were impacted by the sale of Auburn Central Shopping Centre halfway through the period. This was partially offset by one off gains from the sale of the adjoining Auburn Ambulance Station as well as the buyback of securities.

Rent collections was 97% for the year with a small amount ($0.5M) set aside for COVID provisions. The sale of Auburn Central for $129.5M, as well as valuation movements, reduced the portfolio size to $215M. A special distribution of 12.0 cps was paid during the period, following the sale, bringing total distributions to 20.67 cps for the year.

ERF also announced the sale of Moranbah Fair, QLD for $28.0M, which would reduce the portfolio to $187M. The sale proceeds will be used to reduce debt, with gearing estimated to reduce to 10.5%, providing ERF with capacity to undertake further growth initiatives. ERF's Value Add strategy will continue to focus on its two value-add centres, Tweed Mall and Manning Mall for redevelopments in FY22, with three income assets expected to deliver steady growth.

Due to the uncertainties of the current COVID lockdowns, management has not provided any guidance for FY22 earnings and distributions. At current price levels ERF is trading at a 12.3% discount to its NTA per security.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax*	**$7.2M**	($12.0M)	NA
Core Earnings	**$11.7M**	$11.1M	+5.4%
Earnings per unit	**9.14 cps**	8.63 cps	+5.9%
Distribution per unit	**8.67 cps**[1]	5.24 cps	+65.5%
Payout ratio	**94.9%**	60.7%	+34.2%
Movement over 12 months		**As at Jun 2020**	**Change**
Balance Sheet			
NTA per security	**$1.22**	$1.34	-9.0%
Gearing %	**21.1%**	43.7%	-22.6%
Weighted average cost of debt	**1.7%**	3.0%	-1.3%
Debt maturity	**2.9 years**	2.3 years	+0.6 years
Borrowings	**$66.7M**	$145.6M	-54.2%
Portfolio			
Property Valuation	**$215.0M**	$317.2M	-32.2%
Occupancy rate	**95.3%**	96.2%	-0.9%
Weighted Average Capitalisation Rate	**7.32%**	6.94%	+38 bps
WALE (Weighted Average Lease Expiry)	**4.4 years**	4.0 years	+0.4 years

Note 1: Ordinary distributions of 8.67 cps plus a special distribution of 12.0 cps was paid following the sale of Auburn Central. Source: ERF, Core Property *Statutory Net Profit after Tax includes non-cash items which distorts operating income. Core Earnings is a more appropriate measure to assess changes.

23 Aug 2021

Elanor Commercial Property Fund (ASX: ECF) – FY21 Results

ECF delivered its first 12-month results since its listing on the ASX as a stapled entity, 19 months ago in December 2019. As such, the earnings have been compared to the original PDS forecasts, with ECF delivering FFO per security 20.1% above PDS forecasts and distributions 10.2% above DPS forecasts.

The strong result was off the back of the acquisition of Garema Court, Canberra ACT in February 2020 and a major tenant re-leasing (Bunnings at Mount Gravatt). Rent collections was strong, with only $0.2M in provisions for COVID rent relief.

The ECF portfolio remains strong with 87% leased to government, multinational, national or ASX-listed tenants and only 13.7% of income falling due over the next 2 years. Since listing on the ASX with a portfolio of $306M, ECF's second acquisition, 50 Cavill Ave, Surfers Paradise QLD, is expected to settle in September 2021 taking the portfolio to $498M.

The acquisition is estimated to be dilutive to earnings due to the issuance of new securities at a discount to NTA. Management guidance for FY22 is for FFO of 10.8 cpu (-13.9% on FY21) and distribution guidance of 9.4 cpu (-6.3% on FY21). At current levels ECF is trading on a 7.1% discount to NTA and a FY22 distribution yield of 8.5%.

FY21 Results to 30 June 2021

FY21 results	FY21	PDS forecast	Change
Earnings			
Statutory Net Profit after tax *	**$31.3M**	$19.7M	+58.9%
Funds From Operations	**$25.6M**	$21.4M	+90.1%
FFO per security	**12.55 cps**	10.45 cps	+20.1%
Distribution per security	**10.03 cps**	9.10 cps	+10.2%
Payout ratio	**80%**	87%	-7%

Movement over 12 months	As at Jun 2021	As at Jun 2020	Change
Balance Sheet			
NTA per security	**$1.19**	$1.13	+5.3%
Gearing %	**34.5%**	35.4%	-0.9%
All in cost of debt	**2.10%**	2.09%	+0.01%
Weighted average debt maturity	**2.6 years**	3.7 years	-1.1 years
Borrowings	**$141.4M**	$139.6M	+1.3%
Portfolio			
Property Valuation	**$384.5M**	$373.5M	+2.9%
Occupancy rate	**94.6%**	96.6%	-2.0%
Number of properties	**7**	7	No Chnage
Weighted Average Capitalisation Rate	**6.59%**	6.88%	-29 bps
WALE (Weighted Average Lease Expiry)	**4.2 years**	4.3 years	-0.3 years

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

Core Property
Fund Research & Ratings

25 Aug 2021

Scentre Group (ASX: SCG) – 1H21 Results

SCG delivered resilient 1H21 results for the six months to 30 June 2021. The result benefitted from a significant improvement in trading conditions for the six months to 30 June 2021, compared to the June 2020 period (which including the first wave of COVID-19). Easing of government restrictions aided SCG earnings, with cash collections improving from $875.0M to $1.2B through the half. With higher cash collections, the forecasted Expected Credit Losses significantly reduced by 80%, resulting in a dampening on earnings of $45.5M compared to the $232.1M in the prior corresponding period. As a result, FFO improved 28.0% to $464.4M, translating to 8.94 cps supporting a distribution of 7.0 cps for the half.

As restrictions eased, pent up demand caused by government lockdowns resulted in a strong bounce back of sales throughout SCG's portfolio. Excluding Cinemas and Travel which continue to be adversely affected by COVID-19, total sales were up 0.9%. Despite the current lockdowns, management remains confident of delivering a full year distribution of 14.0 cps, on the basis that it has already earned 8.94 cps in the 1H21 and assuming current trading restrictions are significantly eased by October 2021. At current price levels, SCG is trading at a 25% discount to NTA, and a full year distribution yield of 5.1%.

1H21 Results to 30 June 2021

1H21 results	1H21	1H20	Change
Earnings			
Statutory Net Profit after tax*	**$400.4M**	($3,613.3M)	NA
Funds From Operations	**$463.4M**	$361.9M	+28.0%
FFO per security	**8.94 cps**	6.96 cps	+28.4%
Distribution per security	**7.00**	Nil	NA
Payout ratio	**78.3%**	0%	NA

Movement over 6 months	As at Jun 2021	As at Dec 2020	Change
Balance Sheet			
NTA per security	**$3.64**	$3.63	+0.3%
Gearing %	**27.9%**	27.7%	+0.2%
Weighted average cost of debt	**4.8%**	4.4%	+0.4%
Weighted average debt maturity	**4.5 years**	4.6 years	-0.1 years
Borrowings	**$9,397.8M**	$9,253.8M	+1.6%
Portfolio			
Property Valuation	**$33,638.3M**	$33,558.8M	+0.2%
Occupancy rate	**98.5%**	98.5%	No change
Number of properties	**42**	42	No change
Weighted Average Capitalisation Rate	**4.89%**	4.89%	No change

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

25 Aug 2021

Growthpoint Properties (ASX: GOZ) – FY21 Results

GOZ reported FY21 results with FFO per security up marginally by 0.4%. Earnings were impacted by asset sales during the year, whilst like-for-like income growth was flat during the period (-1.6% in Office and +3.3% in Industrial). Rent collections were strong at 99% with only $0.8M of COVID relief provided ($2.8M in FY20). The GOZ portfolio remains weighted to the Office sector (67% of portfolio) and Industrial (33%). Management is also considering building a funds management business that could account for up to 10% -20% of FFO over the medium term.

Strong leasing outcomes were delivered for GOZ, including the new Bunnings lease at Botanicca 3, as well as agreements with Australia Post and the SA Government. Combined with the new acquisition at Sydney Olympic Park, management is now targeting a minimum +2.3% growth in FFO per unit for FY22, or 26.3 cps. The payout ratio has been adjusted to a 75% - 85% range, with FY22 distribution guidance of 20.6 cps (or +3.0% growth). At current price levels GOZ is trading at a 1.4% discount to NTA and a FY22 distribution yield of 5.0%.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax *	**$553.2M**	$272.1M	+103.3%
Funds From Operations	**$198.3M**	$197.2M	+0.6%
FFO per security	**25.7 cps**	25.6cps	+0.4%
Distribution per security	**20.0 cps**	21.8cps	-8.3%
Payout ratio	**77.9%**	85.3%	-7.4%

Movement over 12 months	As at Jun 2021	As at Jun 2020	Change
Balance Sheet			
NTA per security	**$4.17**	$3.65	+14.2%
Gearing %	**27.9%**	32.2%	-4.3%
All in cost of debt	**3.3%**	3.4%	-0.1%
Weighted average debt maturity	**4.1 years**	4.7 years	-0.6 years
Borrowings	**$1,327.1M**	$1,446.0M	-8.2%
Portfolio			
Investment Properties	**$4,619.6M**	$4,325.7M	+6.8%
Occupancy rate	**97%**	93%	+4%
Number of properties	**55**	58	-3 properties
Weighted Average Capitalisation Rate	**5.2%**	5.7%	-48 bps
Capitalisation Rate - Office	**5.25%**	5.55%	-30 bps
Capitalisation Rate – Industrial	**5.16%**	6.02%	-86 bps
WALE (Weighted Average Lease Expiry)	**6.2 years**	6.2 years	No change

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

25 Aug 2021

Australian Unity Office Fund (ASX: AOF) – FY21 Results

AOF delivered a healthy +2.7% increase in FFO per unit for FY21, driven by strong leasing results and lower borrowing costs. The result came in at the high end of guidance, with AOF maintaining distributions at 15.0 cpu, in line with prior year levels. Rent collections were 98% rent collections, with only ~$0.5M of COVID rent relief provided (or ~1% of rental income), while occupancies improved by 2%, to reach 95.7%, by the end of the year.

During the period, AOF sold its 241 Adelaide St, Brisbane QLD office and has redeployed the capital to acquire 96 York St, Beenleigh QLD, which is expected to settle in December 2021. Management will also be looking to working through key upcoming lease expiries at 10 Valentine Ave, Parramatta NSW (NSW government, June 2022) and 30 Pirie St Adelaide SA (Telstra, February 2023). In addition, AOF will be looking to divest 32 Phillip St Parramatta, NSW in early 2022.

Management has provided an update of its strategic assessment of the fund, confirming that the fund will maintain an office focus, complemented by a diversified asset ownership mandate. An update on the proposal to merge with the unlisted Australian Unity Diversified Property Fund is expected to be provided in around 2-3 weeks.

Management guidance for FY22 is for FFO of 18.0 – 18.5 cpu, reflecting a reduction of 1.1% - 3.7% on FY21 levels. The lower guidance takes into account the sale of 241 Adelaide St, the delayed acquisition of the Beenleigh QLD property, the potential sale of 32 Phillip St, Parramatta as well as further COVID allowances. Distribution guidance is for 15.2 cpu, (an increase of 1.3%) reflecting a distribution yield of 6.1%. We would expect AOF's guidance will be revised further to take into account the potential merger with the Australian Unity Diversified Property Fund.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax*	**$23.3M**	$13.2M	+75.6%
Funds From Operations (FFO)	**$30.6M**	$29.6M	+3.4%
FFO per security	**18.7 cpu**	18.2 cpu	+2.7%
Distribution per security	**15.0 cpu**	15.0 cpu	No change
Payout ratio	**80.3%**	82.4%	-8.2%
Movement over 12 months	**As at Jun 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per unit	**$2.71**	$2.72	-0.4%
Gearing %	**28.4%**	31.2%	-2.8%
Weighted average cost of debt	**2.9%**	3.1%	-0.2%
Weighted average debt term to maturity	**2.5 years**	3.5 years	-1.0 years
Borrowings	**$190.8M**	$215.8M	-11.6%
Interest cover ratio	**5.2x**	4.1x	+1.1x
Portfolio			
Portfolio Valuation	**$638.9M**	$669.7M	-4.6%
Occupancy	**95.7%**	93.7%	+2.0%
Number of properties	**8**	9	-1 property
Weighted Average Capitalisation Rate	**5.84%**	6.09%	-25 bps
WALE (Weighted Average Lease Expiry)	**2.4 years**	2.9 years	-0.5 years

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

Core Property
Fund Research & Ratings

25 Aug 2021

Home Consortium Limited (ASX: HMC) – FY21 Results

HMC delivered its first full year results since its ASX listing on 14 October 2019. The FY21 reported results for the 12 months to 30 June 2021 are compared to the FY20 results which covers 3.5 months (proforma basis prior to listing) plus 8.5 months (as a listed entity).

HMC's results from prior years are not directly comparable due to its change in structure since listing. Also, since listing, HMC has spun off a number of assets into separate entities, as it transforms itself to focus on its funds management capabilities in a capital light model.

The HomeCo Daily Needs REIT (ASX: HDN) was spun off and listed on 23 November 2020 and the HealthCO Healthcare & Wellness REIT (ASX: HCW) on the ASX 6 September 2021.

The restructure has resulted in HMC's total AUM to increase to $2.5B, up 144% since FY20. HMC is targeting significant growth in AUM over the next few years – its goal is to double AUM to $5B by the end of 2022 and reach $10B by the end of 2024.

Management guidance is for pre-tax FFO to grow 35% in FY22 to 18.5 cps, with distributions to be maintained at 12.0 cpu. The growth in FFO is forecast to include one off gains from the establishment of HCW. At current prices, HMC is trading at a 2.0% distribution yield for FY22 and a 150.4% premium to its NTA per security.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20[4] (pro forma)	Change
Earnings			
Statutory Net Profit after tax*	**($85.9M)**	($2.8M)	NA
Share of associate profit	**$6.1M**	NA	NA
Management fee income	**$10.9M**	NA	NA
Funds From Operations (FFO)-Freehold[1]	**$35.8M**	$17.2M	108.1%
FFO per unit	**13.1 cps**	8.7 cpu	50.6%
Dividends per unit[2]	**12.0 cpu (50% franked)**	12.0 cpu (fully franked)	No change

Movement over 12 months	As at Jun 2021	As at Jun 2020	Change
Balance Sheet			
NTA per security[3]	**$2.38**	$3.20	-25.6%
Gearing %	**25.6%**	35.6%	-10.0%
Weighted average cost of debt	**2.48%**	2.42%	+0.06%
Borrowings	**$254.8M**	$366.0M	-30.4%
Portfolio			
Property Valuation – Freehold & Leasehold	**$188.1M**	$1,013.8M	-81.4%
Occupancy rate	**99%**	97.8%	+1.2%
Weighted Average Capitalisation Rate	**6.75%**	6.60%	+ 15 bps
WALE (Weighted Average Lease Expiry)	**7.6 years**	8.2 years	-0.6 years

Note* Statutory Net Profit after Tax includes non-cash items which distorts operating income. FFO is a more appropriate measure to assess changes. Note 1: includes 3 leasehold properties acquired. Note 2: Based on 12-month period from ASX listing date of 14 October 2019. Note 3: Net tangible assets adjusted to exclude the following balance sheet items: (i) Lease Mitigation Account, (ii) Leasehold investment property, (iii) Leasehold liabilities and (iv) Deferred tax assets. Excluding these adjustments the NTA at 30 June 2021 is $2.45 per security (30 June 2020: $3.69 per security). Note 4: HMC listed on the ASX on 14 October 2019. The results for the 12 months ending 30 June 2020 (FY20) are on a pro forma basis. Source: HMC

26 Aug 2021

Cromwell Property Group (ASX: CMW) – FY21 Results

CMW delivered FY21 Operating Profit per Security of 7.35 cps, down 13.5% for the year, as FY20's result was boosted by the sale of CMW's 50% interest in Northpoint Tower, North Sydney NSW. Excluding the sale, operating profit increased 1.4% on FY20. Lower levels of development completions and transactional activity in Europe caused by COVID-19 hindered heavily on the growth reported for the year. In Australia, underlying rent collection remained high and only $0.6M of rent was waived through FY21.

CMW's Australian portfolio benefitted from Like-for-like Net Operating Income growth of 2.8% through the year, with cap rates compressing 20 bps to 5.40%, resulting in a valuation increase of $101.2M. The portfolio is heavily skewed to Government and ASX listed tenants, with approximately 10% of gross income ($146.9M) sourced from SME tenants.

Management have withheld from providing FY22 guidance due to the ongoing uncertainty of COVID-19, however, expects to maintain current quarterly distributions of 1.625 cps (equivalent to 6.50 cps p.a.). At current price levels, this payment represents a full year distribution yield of 7.3% p.a. Currently, CMW is trading at a 12.3% discount to NTA.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax *	**$308.2M**	$177.6M	+73.5%
Operating Profit	**$192.2M**	$221.2M	-13.1%
Operating Profit per security	**7.35 cps**	8.50 cps	-13.5%
Distribution per security	**7.0 cps**	7.50 cps	-6.7%
Payout ratio	**95.3%**	88.4%	+6.9%

Movement over 12 months		As at Jun 2020	Change
Balance Sheet			
NTA per security	**$1.02**	$0.99	+3.0%
Gearing %	**42.0%**	41.6%	+0.4%
Gearing % (look through)	**46.2%**	47.5%	-1.3%
Weighted average cost of debt	**2.7%**	2.8%	-0.1%
Weighted average debt maturity	**3.2 years**	3.2 years	No change
Borrowings	**$2,186.2M**	$2,191.2M	-0.2%
Direct Property Portfolio			
Property Valuation	**$3,865.5M**	$3,708.3M	+4.2%
Occupancy rate	**95.1%**	98.4%	-3.3%
Number of properties	**31**	21	+10 properties
Weighted Average Capitalisation Rate	**5.50%**	5.57%	-7 bps
WALE (Weighted Average Lease Expiry)	**5.9 years**	6.4 years	-0.5 years

Source: CMW. Note *Statutory Net Profit after Tax includes non-cash items which distorts operating income. Operating profit is a more appropriate measure to assess changes.

27 Aug 2021

Waypoint REIT (ASX: WPR) – 1H21 Results

WPR delivered 1H21 Distributable Earnings up 6.1% on the prior corresponding period. The result was primarily driven from 2.9% like for like rental growth and a $5.3M reduction in interest expense. The resilience of Waypoints portfolio was once again demonstrated through the six months, with no additional rental relief provided to tenants. The stability of WPR's portfolio remains, with 99.4% of fuel income secured until May 2026 and no non-fuel expires until August 2023.

The resilience of income sourced from petrol stations during COVID-19 benefitted WPR's portfolio as recent market transactions saw strong cap rate compression through the sector. As a result, the portfolio cap rate compressed 25 bps to 5.37%, supporting NTA growth of 10.4%. Post balance date, WPR has exchanged contracts for the sale of $119.1M worth of assets, representing a 10.8% premium to latest book values. With strong transactions in the food and convenience sector, management remains selective for acquisitions. The recent sale of properties has allowed capital efficiency measures such as the securities buyback to proceed, however this is likely to be accelerated in the 2H21 with a return of capital for investors, followed by a share consolidation.

Management have reaffirmed their guidance for FY21 Distributable EPS of 15.72 cps for the 12 months to December 2021 (or +3.75% growth on FY20). With a 100% payout policy, the distributions represent a 5.8% distribution yield. WPR is currently trading at a marginal 0.7% discount to its NTA.

1H21 Results to 30 June 2021

1H21 results	1H21	1H20	Change
Earnings			
Statutory Net Profit after tax *	**$251.9M**	$137.0M	+83.9%
Distributable Earnings	**$61.3M**	$57.8M	+6.1%
Distributable Earnings per security	**7.81cps**	7.41cps	+5.4%
Distribution per security	**7.81cps**	7.41cps	+5.4%
Payout ratio	**100%**	100%	No change

Movement over 6 months	As at Jun 2021	As at Dec 2020	Change
Balance Sheet			
NTA per security	**$2.75**	$2.49	+10.4%
Gearing %	**27.3%**	29.4%	-2.1%
Weighted average cost of debt	**3.65%**	3.60%	+0.05%
Weighted average debt maturity	**4.1 years**	4.3 years	-0.2 years
Borrowings	**$828.5M**	$845.8M	-2.0%
Interest cover ratio	**5.5x**	5.3x	+0.2x
Portfolio			
Property Valuation	**$2,938.9M**	$2,897.9M	+1.4%
Occupancy rate	**99.9%**	99.9%	No change
Number of properties	**427**	470	-43 properties
Weighted Average Capitalisation Rate	**5.37%**	5.62%	-25 bps
WALE (Weighted Average Lease Expiry)	**10.5 years**	10.8 years	-0.2 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.

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Appendix: Calendar of Reporting Dates

Mon 2 Aug	Tue 3 Aug	Wed 4 Aug	Thu 5 Aug	Fri 6 Aug
		Week 1		
	COF – FY21	BWP – FY21	CIP – FY21	
Mon 9 Aug	**Tue 10 Aug**	**Wed 11 Aug**	**Thu 12 Aug**	**Fri 13 Aug**
		Week 2		
CLW – FY21		ARF – FY21	GMG – FY21	
		CNI – FY21	MGR – FY21	
			CQE – FY21	
			GDF – FY21	
Mon 16 Aug	**Tue 17 Aug**	**Wed 18 Aug**	**Thu 19 Aug**	**Fri 20 Aug**
		Week 3		
GPT - 1H21	DXS – FY21	ABP – FY21	HDN – FY21	SGP - FY21
	CQR - FY21	AVN- FY21		
	AQR – FY21	VCX – FY21		
	SCP – FY21	ADI – FY21		
Mon 23 Aug	**Tue 24 Aug**	**Wed 25 Aug**	**Thu 26 Aug**	**Fri 27 Aug**
		Week 4		
CHC – FY21	SCG – 1H21	GOZ – FY21	CMW – FY21	WPR –1H21
GDI - FY21		AOF – FY21		
ENN – FY21		NSR – FY21		
ERF – FY21		HMC – FY21		
ECF – FY21				

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.

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