Core Property
Fund Research & Ratings

Listed Property

August 2021 Reporting Season Results

Week 1: COF, BWP, CIP

Week 2: CLW, ARF, CNI, GMG, MGR, CQE, GDF

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

Reporting Season August 2021

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 covers 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.

August 2021

A-REITs reporting:		
For full reporting calendar see Appendix		
Tuesday 3 August 2021		
COF	Centuria Office RET	FY21
Wednesday 4 August 2021		
BWP	BWP Trust	FY21
Thursday 5 February 2021		
CIP	Centuria Industrial REIT	FY21
Monday 9 August 2021		
CLW	Charter Hall Long WALE REIT	FY21
Wednesday 11 August 2021		
ARF	Arena REIT	FY21
CNI	Centuria Capital Group	FY21
Thursday 12 August 2021		
GMG	Goodman Group	FY21
MGR	Mirvac Group	FY21
CQE	Charter Hall Social Infr. REIT	FY21
GDF	Garda Property Group	FY21

August 2021 Reporting Season – Week 1 & 2

Core Property has reviewed the results from property securities which reported in weeks 1 and 2 of the August 2021 reporting season.

Some of our key thoughts are provided below:

- **Earnings for FY21** was mixed, as funds adjust for various COVID related impacts through FY20/FY21 as well as acquisitions. Some notable movements include Goodman Group (ASX: GMG) at +14.1% benefitting from the strength of the industrial sector, whilst Centuria Industrial REIT (ASX: CIP) was -6.9% after adjusting for the issuance of new securities to fund acquisitions.

- **Distribution Guidance for FY22** has been provided with three funds looking to hold distributions flat (BWP, GMG, GDF) and the remaining looking for growth in distributions (COF, CIP, CLW, ARF, CNI, MGR, CQE).

- **Valuations remain strong:** Whilst COF reported a minor -0.4% movement in NTA per unit, all other funds reported strong gains in NTA per unit, including BWP (+7.5%), CIP (+35.8%), CLW (+16.8%), ARF (+15.3%), CNI (+33.3%), GMG (+14.4%), MGR (+5%), CQE (+11.3%), GDF (+22.9%).

- **Capitalisation rates** continue to favour the industrial sector with strong movements in the 12-month period for CIP (-151 bps), MGR's industrial portfolio (-88bps) and GMG (-60 bps). Substantial movements were also recorded for BWP (-43 bps), CLW (-65bps), ARF (-45bps) GDF (-82bps) and CQE (-70bps). Smaller movements were recorded for the Office sector (COF -12bps, MGR Office -11 bps) and Retail (MGR Retail -8bps).

A summary of each result is provided 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 (%)	Move (%)	NTA (cps)	Prem/ (Disc) to NTA %	FY22 EPS (cps)	FY22 DPS (cps)	Implied DPU yield
COF	245	19.9	+7.0%	16.5	-7.3%	33.5%	-1.0%	248	-1.2%	18.0	16.6	6.8%
BWP	401	17.75	-2.6%	18.29	0%	17.7%	-2.0%	329	+21.9%	Not provided	18.29	4.6%
CIP	386	17.6	-6.9%	17.0	-9.1%	27.8%	+0.6%	383	+0.8%	18.1	17.3	4.5%
CLW	512	29.2	+3.2%	29.2	+3.2%	31.4%	+7.2%	522	-1.9%	30.5	30.5	6.0%
ARF	383	15.2	+4.5%	14.8	+5.7%	19.9%	+5.1%	256	+49.6%	Not provided	15.8	4.1%
CNI	314	12.0	0%	10.0	+3.1%	3.9%	+0.8%	192	+63.5%	13.2	11.0	3.5%
GMG	2264	65.6	+14.1%	30.0	0%	6.8%	-0.7%	668	+238.9%	72.2	30.0	1.3%
MGR	298	14.0	-8.5%	9.9	+8.8%	22.8%	0%	267	+11.6%	15.0	10.2	3.4%
CQE	353	16.0	-3.0%	15.7	-1.9%	24.5%	+8.1%	325	+8.6%	Not provided	16.7	4.7%
GDF	137	7.8	-4.9%	7.2	-15.8%	38.4%	+1.7%	145	-5.5%	8.0 - 8.5	7.2	5.3%

Note 1: Price is based on the closing price on the day of the results being released. Source: Company Announcements, Core Property

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3 Aug 2021

Centuria Office REIT (ASX: COF) – FY21 Results

COF reported a strong headline FY21 result, with Funds From Operations (FFO) increasing to 19.9 cpu (from 18.6 cpu in FY20). The result was boosted by a one-off surrender lease payment, strong leasing outcomes, as well as lower than expected credit losses and rental waiver expenses.

COF's portfolio is underpinned by diverse, quality tenants with 82% of income from government, listed or multinational tenants. Expected credit losses and rental waivers improved through the year, while rental collections averaged 98.3% from June 2020 to June 2021.

Occupancy levels fell to 93.1% over the year, however has picked up from 91.5% at December 2020 as a result of leasing outcomes in the second half. Management will be focussed on improving occupancy levels in FY22, in particular: 1) 818 Bourke St, Docklands VIC (61% occupancy) with repositioning works underway, and 2) 35 Robina Town Centre Drive, Robina QLD following the surrender of the Foxtel lease in Jul-20. A further 6.3% of NLA also falls due throughout FY22.

Management guidance for FY22 guidance is for FFO of 18.0 cpu, after adjusting for the one-off boost in FY21 from the surrender lease payment. Management is targeting a slight increase in distributions to 16.6 cpu (from 16.5 cpu). Currently, COF is trading at a 1.2% discount to NTA and a 6.8% distribution yield.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax[1]	$76.9M	$23.1M	+232.9%
Funds From Operations (FFO)	$102.2M	$85.4M	+19.8%
FFO per unit	19.9 cpu	18.6 cpu	+7.0%
Total Distributions	$84.9M	$84.5M	+0.5%
Distribution per unit	16.5 cpu	17.8 cpu	-7.3%
Payout ratio	83.0%	95.8%	-12.8%
Movement over 12 months	**As at June 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per unit	**$2.48**	$2.49	-0.4%
Gearing	**33.5%**	34.5%	-1.0%
Cost of debt	**2.4%**	2.2%	+0.2%
Weighted average debt maturity	**4.2 years**	3.3 years	+0.9 years
Borrowings	**$704.3M**	$749.0M	-6.0%
Portfolio			
Portfolio Value	**$2,014.3M**	$2,053.3M	-1.9%
Occupancy rate	**93.1%**	98.1%	-5.0%
Number of assets	**22 properties**	23 properties	-1 property
Weighted Average Capitalisation Rate	**5.81%**	5.93%	-12bps
WALE (Weighted Average Lease Expiry)	**4.3 years**	4.7 years	-0.4 years

Source: COF, Core Property Note 1: Statutory Net Profit after Tax includes non-cash items which distorts operating income.

4 Aug 2021

BWP: BWP Trust (ASX: BWP) – FY21 Results

BWP reported a weaker FY21 result with earnings impacted by Bunnings properties requiring repositioning. Earnings per unit was -2.6% for the year, however distributions were held flat for the year at 18.29 cpu, with BWP once again using a component of capital profits to support the distribution.

BPW's portfolio valuations increased by 6.1% through the 12 months, supported by a market that favours the strength of the Bunnings tenancy. The valuation gains increased NTA by 7.5% to $3.29 per unit.

BWP's Core Portfolio of 64 properties continued to deliver steady income growth with like-for-like rental growth of 1.6%, driven by fixed annual and CPI increases. Rent collections were 99.6% with only $0.5M of rental abatements due to COVID-19. However BWP's non-core portfolio increased to 9 properties (from 7 in FY20), impacting earnings as these properties require repositioning, following lease expiries or upcoming expiries.

BWP's earnings profile has continued to provide stability for investors during 2021 amid a disruptive economic climate caused by COVID-19. Management is targeting distributions to remain at 18.29 cpu for FY22, with the likelihood that a portion will be once again paid out of capital profits. At current price levels, BWP is trading on a 4.6% yield and a 21.9% premium to NTA of $3.29.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Total Revenue	**$152.2M**	$155.8M	-2.3%
Profit before revaluation movements	**$114.0M**	$117.1M	-2.6%
Statutory Net Profit after tax[1]	**$263.2M**	$210.6M	+25.0%
Distributable profit	**$117.5M[2]**	$117.5M[2]	No Change
Earnings per Unit	**17.75 cpu**	18.22 cpu	-2.6%
Distribution per unit	**18.29 cpu**	18.29 cpu	No Change
Payout ratio (% of FFO)	**100%**	100%	No Change

Movement over 12 months	As at Jun 2021	As at Jun 2020	Change
Balance Sheet			
NTA per unit	**$3.29**	$3.06	+7.5%
Gearing	**17.7%**	19.7%	-2.0%
Weighted average cost of debt	**3.3%**	3.4%	-0.1%
Weighted average debt maturity	**3.2 years**	3.2 years	No change
Borrowings	**$474.7M**	503.2M	-5.7%
ICR	**8.8x**	8.6x	+0.2x
Portfolio			
Portfolio Value	**$2,636.1M**	$2,484.2M	+6.1%
Occupancy rate	**97.8%**	98.0%	-0.2%
Number of properties	**74 properties**	75 properties	-1 property
Weighted Average Capitalisation Rate	**5.65%**	6.08%	-43bps
WALE (Weighted Average Lease Expiry)	**4.2 years**	4.0 years	+0.2 years

Source: BWP, Core Property Note 1: Statutory Net Profit after Tax includes non-cash items which distorts operating income. Note 2: Includes capital profits released for FY21 of $3.5M and FY20 of $0.4M

5 Aug 2021

Centuria Industrial REIT (ASX: CIP) – FY21 Results

CIP's FY21 results delivered Funds From Operations (FFO) growth of 43.9% for the year, off the back of a record year of acquisitions. The Fund settled $922M of acquisitions which, when combined with valuation gains, has increased the portfolio to $2.9B of assets. This has provided significant scale for CIP as well as diversification of the assets across 62 properties and investments in new sub-sectors - Data Centres (17% of portfolio) and Cold Storage facilities (9% of portfolio).

The strength of the industrial sector led to record valuation gains for CIP, with the portfolio capitalisation rate contracting to 4.54% (from 6.05% at FY20). This led to an impressive 36% gain in NTA to $3.83 per unit. Like for like rental growth was 3.5% for the year, with portfolio occupancy reducing to 96.9% (from 97.8% at FY20).

Whilst FFO increased, FFO per unit reduced by 6.9% after taking into account the issue of new securities. Given that CIP has reached a material scale and diversification, management is targeting FFO per unit growth to be supported largely by rental increases.

Earnings guidance for FY22 is targeted FFO per unit to be no less than 18.1 cpu (representing growth of 2.8% on FY21), with distributions forecasted at 17.3 cpu (a 1.8% increase on FY21). At current price levels, CIP trades at a 0.8% premium to NTA of $3.83 per unit and a FY22 distribution yield of 4.5%.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax[1]	**$611.2M**	$75.3M	+711.3%
Funds from Operations (FFO)	**$91.4M**	$63.5M	+43.9%
Distribution	**$91.9M**	$65.3M	+40.9%
FFO per unit	**17.6 cpu**	18.9 cpu	-6.9%
Distribution per unit	**17.0 cpu**	18.7cpu	-9.1%
Payout ratio	**97%**	99%	-2%
Movement over 12 months	**As June 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per unit	**$3.83**	$2.82	+35.8%
Gearing %	**27.8%**	27.2%	+0.6%
Cost of debt[2]	**2.7%**	3.4%	-0.7%
Weighted average debt maturity	**3.1 years**	3.3 years	-0.2 years
Borrowings	**$936.5M**	$454.4M	+106.1%
Portfolio			
Property Valuation	**$2,945.1M**	$1,602.4M	+83.8%
Occupancy rate	**96.9%**	97.8%	-0.9%
Number of properties	**62**	50	+12 properties
Weighted Average Capitalisation Rate	**4.54%**	6.05%	-151 bps
WALE (Weighted Average Lease Expiry)	**9.6 years**	7.2 years	+2.4 years

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

9 Aug 2021

Charter Hall Long WALE REIT (ASX: CLW) – FY21 Results

CLW delivered a solid FY21 result with Operating Earnings per unit increasing 3.2% for the year, slightly below the 3.6% growth recorded in the first half. The result at 29.2 cpu, was above guidance of 29.1 cpu and includes like-for-like income growth of 2.4% (with 3.1% from fixed rent reviews and ~1% from CPI based reviews).

CLW's portfolio remains strong, with a WALE of 13.2 years (from 14.0 years at June 2020) and 99% of the portfolio secured by blue chip tenants. The total portfolio increased to $5.56B (from $3.63B) boosted by $1.4B of acquisitions and $0.5B of valuation gains. Acquisitions includes $0.6B of long WALE Retail assets, $0.4B of social infrastructure assets, $0.4B of office and industrial assets. Portfolio occupancy reduced to 98.3% (from 99.8%) impacted by the vacancy at the ex-Virgin HQ at Bowen Hills QLD. The property has since been 23% leased to Fujifilm in July 2021.

Management guidance is for FY22 Operating Earnings per unit growth of no less than 4.5% (or 30.5 cpu+). The resilience of the long WALE portfolio is supported by ~3.1% growth from fixed rent reviews, and an estimated ~2.6% growth from CPI based rent reviews, as well as the full year benefit of acquisitions. At current levels CLW is trading at a slight 1.9% discount to its NTA of $5.22 per unit and a FY22 distribution yield of around 6.0% (assuming a 100% payout ratio).

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax*	**$618.3M**	$122.4M	+405.1%
Operating Earnings	**$159.0M**	$121.9M	+30.4%
Operating earnings per unit	**29.2 cpu**	28.3cpu	+3.2%
Distribution per security	**29.2 cpu**	28.3cpu	+3.2%
Payout ratio	**100%**	100%	No change

Movement over 12 months	As at Jun 2021	As at Jun 2020	Change
Balance Sheet			
NTA per security	**$5.22**	$4.47	+16.8%
Balance sheet gearing	**31.4%**	24.2%	+7.2%
Weighted average cost of debt	**2.1%**	3.1%	-1.0%
Weighted average debt maturity	**5.6 years**	3.9 years	+1.7 years
Borrowings	**$1,340.8M**	$832.7M	+61.0%
Portfolio			
Property Valuation[1]	**$5,560M**	$3,630M	+53.2%
Occupancy rate	**98.3%**	99.8%	-1.5%
Number of properties	**468**	386	+82 properties
Weighted Average Capitalisation Rate	**4.77%**	5.42%	-65 bps
WALE (Weighted Average Lease Expiry)	**13.2 years**	14.0 years	-0.8 years

Source: CLW. Note *Statutory Net Profit after Tax includes non-cash items which distorts operating income.

11 Aug 2021

Arena REIT (ASX: ARF) – FY21 Results

ARF delivered strong FY21 result with Earnings per security increasing by a healthy 5.7% on FY20, driven by average like for like rent increases of 3.3% across the portfolio, as well as $115.1M worth of completed developments and acquisitions. ARF continues to provide sustainable earnings growth, buoyed by a portfolio with approximately 86% of leases subject to increases of CPI or higher in FY22.

Several government support packages into the Early Learning Centre (ELC) reinforced the essential nature of ARF's portfolio, with government stimulus helping tenants disrupted by COVID-19 to meet rental obligations and thus reducing the level of rent relief ARF needed to provide. Throughout FY21, ARF collecting 100% of contracted rent.

The resilience of ELC and healthcare assets cashflows throughout FY21 has resulted in portfolio yield compression of 45 bps, driving a 15.3% increase in ARF's NAV to $2.56 per security.

FY22 distributions are forecasted to increase 6.8% from FY21 to 15.8 cps, supported by average market reviews of 6.5% achieved in FY21, and the completion of ELC developments. At current price levels ARF is trading on an FY22 distribution yield of 4.1% at a 49% premium to its NAV per unit.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax *	**$165.4M**	$76.6M	+115.9%
Net operating profit	**$51.9M**	$43.8M	+18.5%
Earnings per security	**15.2 cps**	14.55 cps	+4.5%
Distribution per security	**14.8 cps**	14.0 cps	+5.7%
Payout ratio	**97.4%**	96%	+1.4%

Movement over 12 months	As at Jun	As at Jun	Change
Balance Sheet			
Net Asset Value per security	**$2.56**	$2.22	+15.3%
Gearing %	**19.9%**	14.8%	+5.1%
Weighted average cost of debt	**2.65%**	3.15%	-50bps
Weighted average debt maturity	**3.7 years**	3.5 years	+0.2 years
Borrowings	**$240.0M**	$215.0M	11.6%
Interest cover ratio	**8.9x**	6.65x	+2.25x
Portfolio			
Property Valuation	**$1,112.4M**	$914.0M	21.7%
Occupancy rate	**100%**	100%	No change
Number of properties	**249**	239	+10 properties
Passing Yield	**5.77%**	6.22%	-45 bps
WALE (Weighted Average Lease Expiry)	**20.1 years**	14.0 years	+6.1 years

Source: ARF. Note *Statutory Net Profit after Tax includes non-cash items which distorts operating income.

11 Aug 2021

Centuria Capital Group (ASX: CNI) – FY21 Results

CNI's FY21 result highlights the strong growth the fund manager has undertaken over the past year.

Operating Earnings increased by 31.7% off the back of a record year of acquisitions across the listed and unlisted platforms as well as the acquisition of fund managers (including the NZ based Augusta Capital in August 2020, Primewest in April 2020 and a 50% interest in Bass Credit in April 2020). Total AUM increased by an impressive 98% to $17.4B (from $8.8B at FY2). Operating Earnings per security was flat at 12.0 cps, after adjusting for the issue of new securities to fund the acquisitions.

CNI appears well positioned for FY22 with acquisitions and growth in AUM expected to support earnings growth. With continued growth, CNI's recurring income streams are expected to increase, as one off Property Performance Fees become a smaller component of earnings.

As a result, management has provided FY22 guidance for growth of 10% in Operating Earnings (to 13.2 cps) and Distributions (to 11.0 cps). At current prices, CNI is trading on an FY22 distribution yield of 3.5%.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Property Funds Management Fees	**$45.9M**	$32.7M	40.4%
Property Performance Fees	**$17.9M**	$21.5M	-16.7%
Investment Bonds Management	**$0.9M**	$2.5M	-64.0%
Co-Investments	**$36.4M**	$32.1M	+13.4%
Developments	**$4.5M**	$1.8M	+150.0%
Property and development finance	**$0.4M**	-	-
Corporate	**($14.2M)**	($12.2M)	-16.4%
Operating Profit before Interest & Tax	**$91.8M**	$78.4M	+17.1%
Operating NPAT	**$70.2M**	$53.3M	+31.7%
Statutory NPAT	**$143.5M**	$21.1M	+579.7%
Operating Earnings Per Security	**12.0 cps**	12.0cps	No change
Distribution Per Security	**10.0cps**	9.7cps	+3.1%
Movement over 12 months	**As at June 2021**	**As at June 2020**	**Change**
Balance Sheet			
Net Assets per security[1]	**$1.92**	$1.44	+33.3%
Operating Gearing %	**3.9%**	3.1%	+0.8%
Borrowings	**$321.4M**	$180.3M	+78.2%
Assets Under Management			
Property Funds Management – AUM	**$16.5B**	$8.0B	+106.3%
Investment Bonds – AUM	**$892.4M**	$835.9M	+6.8%
Co-Investments - AUM	**$805.1M**	$528.4M	+52.4%

Note 1: Net Assets per Security includes Goodwill and Management Rights for the Property Funds Management business.
Source: CNI

12 Aug 2021

Goodman Group (ASX: GMG) – FY21 Results

GMG delivered another strong result for FY21 with Operating Earnings per security up 14.1% for the year, off the back of high demand for industrial and logistics assets.

GMG continues to see high demand for development at infill locations globally, driving Development Earnings up by 24.7% for the year. Industrial projects have increased in scale, with the Work In Progress (WIP) book at $10.6B (from $6.5B in FY20). The WIP has grown total Assets Under Management to $57.9B (from $51.6B) during the year, with management expecting this to exceed $65B in FY22 as the majority of projects are completed. Property Investment Earnings was weaker at -3.2% due to asset sales and currency impacts, while Management Earnings was also weaker at -10.2% as a result of the timing of asset sales.

GMG's growth in developments, combined rental income growth on existing assets is expected to drive FY22 earnings with management expecting Operating Earnings Per Security growth of 10%, or 72.2 cps. Despite the continued growth, distribution guidance has once again been maintained at 30.0 cps (the same level since FY19) with the lower payout ratio of ~40% being used to redeploy capital into developments. At current price levels, this equates to a distribution yield of 1.3% for FY22.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax *	**$2,311.9M**	$1,504.1M	+53.7%
Property Investment Earnings	**$411.5M**	$425.2M	-3.2%
Management Earnings	**$459.1M**	$511.2M	-10.2%
Development Earnings	**$717.9M**	$575.7M	+24.7%
Operating expense	**-$294.0M**	-$292.3M	+0.6%
Operating EBITDA	**$1,294.5M**	$1,219.8M	+6.1%
Operating Profit	**$1,219.4M**	$1,060.2M	+15.0%
Operating earnings per security	**65.6 cps**	57.5cps	+14.1%
Distributions per security	**30.0 cps**	30.0cps	No change
Movement over 12 months	**As at Jun 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per security	**$6.68**	$5.84	+14.4%
Gearing %	**6.8%**	7.5%	-0.7%
Weighted average debt maturity	**6.3 years**	5.8 years	+0.5 years
Interest cover ratio	**16.5x**	15.3x	+1.2x
Assets Under Management	**$57.9B**	$51.6B	+12.2%
Property Investment Portfolio			
Portfolio Valuation (look through)	**$17,016.9M**	$15,057.0M	+13.0
Occupancy rate	**98.1%**	97.5%	+0.6%
Like-for-like Net Property Income growth	**3.2%**	3.0%	+0.2%
Weighted Average Capitalisation Rate	**4.3%**	4.9%	-60 bps
WALE (Weighted Average Lease Expiry)	**4.5 years**	4.5 years	No change

Source: GMG, Core Property *Statutory Net Profit after Tax includes non-cash items which distorts operating income.

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Mirvac Group (ASX: MGR) – FY21 Results

MGR's delivered FY21 results with operating with Operating Earnings per Security down 8% on the prior corresponding period. The result was largely impacted by weaker residential earnings, coming off the back of a record number of apartment settlements in the FY20. Total lot settlement of 2,526 was in line with the 2,563 lot settlements achieved in FY20. The Office, Retail and Industrial portfolios all delivered positive earnings growth as the initial impacts of COVID begin to unwind. Management is expecting Operating EPS growth of at least 7.1% in FY22 (to 15.0 cpss from 14.0 cpss) and Distributions of 10.2 cpss (up 3% from 9.9 cpss). The guidance is largely based on the strong residential conditions with more than 90% of residential earnings secured and assumes business conditions will normalise in the December 2021 quarter. At current levels, MGR is trading at a 11.6% premium to its NTA with an FY22 distribution yield of ~3.4%.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit*	**$901M**	$558M	+61%
EBIT			
○ Office	**$366M**	$348M	+5%
○ Retail	**$157M**	$142M	+11%
○ Industrial	**$56M**	$54M	+4%
○ Build to Rent & Other	**$2M**	$10M	-80%
Total Integrated Investment Property NOI	**$581M**	$554M	+5%
Asset & Funds Management EBIT	**$30M**	$28M	+7%
Management & Admin Expense	**-$35M**	-$37M	-5%
Commercial & Mixed Used Development EBIT	**$33M**	$70M	-53%
Residential EBIT	**$168M**	$225M	-25%
Total Segment EBIT	**$777M**	$840M	-8%
Operating profit after tax	**$550M**	$602M	-9%
Adjusted Funds From Operations (AFFO)	**$444M**	$573M	-23%
Operating Earnings per security	**14.0 cpss**	15.3 cpss	-8%
Distribution per security	**9.9 cpss**	9.1 cpss	+9%
Payout ratio	**71%**	59%	+12%
Movement over 12 months	**As at Jun 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per security	**$2.67**	$2.54	+5%
Balance sheet gearing[1]	**22.8%**	22.8%	No change
Weighted average cost of debt	**3.4%**	4.0%	-0.6%
Weighted average debt maturity	**6.6 years**	6.7 years	-0.1 years
Borrowings	**$3,699M**	$3,739M	-1.1%
Portfolio – Investment	**Office**	**Industrial**	**Retail**
Properties / Valuation	25 / $7,663M	10 / $1,187M	15 / $3,160M
Occupancy rate - FY21 / FY20	95.5% / 98.3%	100% / 99.4%	98.0% / 98.3%
Weighted Average Cap Rate - FY21 / FY20	5.14% / 5.25%	4.78% / 5.60%	5.47% / 5.55%
Weighted Average Lease Expiry (inc)–FY21/FY20	6.3 / 6.4 yrs	7.4 / 7.4 yrs	3.6 / 3.8 yrs

*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

12 Aug 2021

Charter Hall Social Infrastructure REIT (ASX: CQE) – FY21 Results

CQE delivered FY21 earnings growth of 13.5% however Earnings per Unit was -3.0% after taking into account the issue of new securities as well as the impact of asset sales during the period. The core Childcare portfolio continues to remain strong, with occupancy at 100% with lower attendance levels being covered by government subsidies. Like-for-like rental growth was 2.3% across the portfolio.

Recent acquisitions include the Mater HQ in Newstead QLD and the Emergency Command Centre, Keswick Adelaide SA, which when combined with the Brisbane Bus Terminal, diversifies the portfolio beyond the childcare sector. These long WALE assets provide a passing yield 4.5 – 5.0%, as compared to the Childcare portfolio yield of 5.7%.

Growth from acquisitions as well as contracted rental growth provide support for management guidance for FY22 distributions of 16.7 cpu, up 6.4% on FY21 (15.7 cpu). At current price levels, CQE is trading at an 8.6% premium to NTA with a FY22 distribution yield of 4.7%.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit after tax*	**$174.1M**	**$85.6M**	+103.3%
Operating Earnings	**$58.0M**	**$51.1M**	+13.5%
Earnings Per Unit	**16.0 cpu**	**16.5cpu**	-3.0%
Distribution Per unit	**15.7 cpu[1]**	**16.0cpu**	-1.9%
Payout ratio	**98.1%**	**97.0%**	+1.1%
Movement over 12 months	**As at Jun 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per unit	**$3.25**	**$2.92**	+11.3%
Gearing %	**24.5%**	**16.4%**	+8.1%
Weighted average cost of debt	**3.3%**	**3.1%**	+0.2%
Weighted average debt maturity	**4.1 years**	**4.1 years**	No change
Borrowings	**$300M**	**$286M**	+4.9%
Portfolio			
Property Valuation	**$1,400.9M**	**$1,156.2M**	+21.2%
Occupancy rate	**100%**	**99.5%****	+0.5%
Number of properties	**341**	**371**	-30 properties
Passing yield	**5.5%**	**6.2%**	-0.7%
WALE (Weighted Average Lease Expiry)	**15.2 years**	**12.7 years**	+2.5 years

Note 1: Ordinary distribution of 15.7 cpu plus a Special distribution of 4.0 cpu. Source: CQE, 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. ** Includes two vacant properties contracted for sale.

12 Aug 2021

GARDA Property Group (ASX: GDF) – FY21 Results

GDF delivered FY21 earnings growth of 3.1%, with FFO per security of -4.9% after adjusting for weighted securities on issue. The result was supported by higher earnings during the period off the back of improved occupancy levels of 91% across the portfolio. Management has also focussed on the industrial weighting of the portfolio, which has increased to 52% (from 47% in FY20).

Management focus for FY22 will be on industrial growth (including the completion of constructions, acquisitions and seeking precommitments) as well as continue to seek leasing opportunities for Botanicca 9 (588A Swan St, Richmond VIC). Management expects earnings to increase to 8.0 – 8.5 cps, based on its targeted payout ratio, which suggests growth of 2.5% – 9.0% on FY21. Distributions are expected to be held flat at 7.2 cps, which at current levels, provides an FY22 distribution yield of 5.2%. GDF is trading at a 5.5% discount to its NTA.

FY21 Results to 30 June 2021

FY21 results	FY21	FY20	Change
Earnings			
Statutory Net Profit*	**$35.7M**	$5.6M	541.1%
Funds From Operations	**$16.2M**	$15.7M	+3.1%
FFO per security (on weighted units)	**7.8 cps**	8.2 cps	-4.9%
Distributions Paid	**$15.0M**	$16.4M	-8.6%
Distribution per security	**7.2 cps**	8.55 cps	-15.8%
Payout ratio	**92.9%**	104.8%	-11.9%
Movement over 12 months	**As at Jun 2021**	**As at Jun 2020**	**Change**
Balance Sheet			
NTA per security	**$1.45**	$1.18	+22.9%
Gearing (%)	**38.4%**	36.7%	+1.7%
Weighted average cost of debt	**2.2%**	2.4%	-0.2%
Weighted average debt maturity	**1.7 years**	2.7 years	-1.0 years
Borrowings – on balance sheet	**$210.0M**	$188.1M	+11.6%
Portfolio			
Property Valuation	**$485.6M**	$417.4M	+16.3%
Occupancy rate	**91%**	80%	+11%
Number of properties	**17 properties**	13 properties	+4 properties
Weighted Average Capitalisation Rate	**5.78%**	6.60%	-82 bps
WALE (Weighted Average Lease Expiry)	**5.5 years**	5.9 years	-0.4 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.

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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