Core Property
Fund Research & Ratings
www.coreprop.com.au

Listed Property

Australian Unity Office Fund (ASX Code: AOF)

1 September 2020

FY20 Results: Locking in the yield

Accumulate

Australian Unity Office Fund (ASX: AOF)

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

This document is published by Core Property Research Pty Ltd ABN 31 620 084 880 ("Core Property"). This publication has been prepared and issued by Core Property which is an Authorised Representative ASIC number 001257225 of One Investment Administration Ltd (ACN 072 899 060, AFSL No. 225064) ("OIAL"). The information in this document has not been prepared by OIAL and only by Core Property. No representation is made by OIAL as to the accuracy or completeness of the contents of this document, and no responsibility or liability is accepted by OIAL for any errors, misstatements in or omissions from this document which arises from any use of or reliance on this document.

For further information, please refer to the Disclaimer & Disclosure notice at the end of this document.

1 September 2020

Australian Unity Office Fund (AOF)

Accumulate

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.

Core Property forecasts

Forecast Distribution:	7.0%
Forecast 12 Month Capital Return:	20.1%
Total Expected Return:	**27.1%**

Company Data

ASX Code:	AOF
Price:	$2.15
Market Capitalisation:	$350.1M
Securities on Issue:	162.8M
52 Week Range:	$1.50 - $3.04

Share price performance

Source: IRESS

FY20 Results: Locking in the yield

- *FY20 FFO of 17.0cpu (from 17.5cpu in prior year). Rent collection rate of 92% in June 2020 quarter due to COVID-19. Earnings impact is -$1.1M (or -0.7cpu).*
- *Portfolio appears well placed with 59% in metropolitan office markets and 41% in CBD locations.*
- *Management guidance for FY21 distributions to remain flat at 15.0cpu, with only 4% lease expiries in FY21.*
- *Current price factors in COVID-19 risks and lease expiries in FY22/23. Upside potential for greater income certainty as leases are worked through.*
- *Recommendation upgrade to Accumulate (previously Hold)*

AOF delivered a resilient FY20 result with Funds From Operations (FFO) of 17.0cpu, down 2.9% (from 17.5cpu in the prior year). Rent collections were 92% during the June 2020 quarter as a result of COVID-19 with earnings impacted by -$1.1M (or -0.7 cpu). Around 15% of tenants, by gross monthly income, have requested some form of proportionate income relief as at 31 July 2020.

Properties remain reasonably well positioned with 93.7% occupancy. The weighted Average Lease Expiry (WALE) of 2.9 years highlights key upcoming lease expiries in FY22/23, with the Manager looking to work with key tenants well in advance to secure income certainty.

Guidance for FY21 is for distributions to remain flat at 15.0 cpu. Whilst no guidance was provided for earnings, we consider the distributions to be well supported, given that: 1) earnings would need to fall a further 12% for FFO to reach 15.0cpu; 2) FY21 earnings already incorporates a -0.7cpu impact from COVID-19; and 3) only 4% of the portfolio falls due in FY22. Core Property has revised its forecast FY21 earnings to 16.7cpu.

At current price levels, we consider AOF incorporates a discount for COVID-19 as well as the risk to income from major lease expiries in FY22/23. We expect income certainty will return as AOF progressively works through these leases. Further upside is also likely from securing lease pre-commitments to undertake a development for a new office at Valentine Ave, Parramatta. Core Property values AOF on a DCF valuation of $2.46 per unit, with a 12 month roll forward value of $2.58 per unit. We expect AOF will continue to trade at a discount to our target whilst ongoing market and economic uncertainties prevail. As such, we would see any price weakness as an opportunity to **Accumulate**.

Year Ended 30 June	FY20A	FY21F	FY22F	FY23F
NPAT - Reported - $M	13.2	26.8	27.5	28.2
NPAT – FFO basis - $M	27.6	27.1	27.8	28.6
Price/Earnings Ratio	12.7	12.9	12.6	12.3
FFO per unit - cents	17.0	16.7	17.1	17.5
FFO per unit - growth	-1.9%	-1.8%	2.4%	2.8%
DPU - cents	15.0	15.0	15.5	16.0
Distribution Yield	7.0%	7.0%	7.2%	7.4%
NTA per unit	$2.72	$2.77	$2.79	$2.86
Gearing	31.1%	26.3%	26.2%	25.8%

Source: Core Property estimates
Note: Gearing = (net debt – cash) / (net debt – cash + net assets)

Key Metrics

Strategy

AOF's strategy is to provide sustainable income and capital growth potential through a diversified office portfolio in Australia. The office assets are located in CBD and metropolitan locations.

Board & Management

Board of the RE consists of Independent Chairmen (Peter Day), two Independent Non- Executive Directors (Don Marples and Eve Crestani), and two Non-Executive Directors (Greg Willcock and Erle Spratt).

Senior Management includes James Freeman (Fund Manager), Simon Beake (Portfolio Manager) and Giovanna Reale (Senior Asset Manager).

Portfolio

Metric	June 20
No of Properties	9
Valuation	$669.7M
Capitalisation Rate	6.09%
Locations	Australia
Sector	Office
Occupancy	93.7%
WALE	2.9 years

Key Properties

June 20	% Portfolio
2-10 Valentine Ave, Parramatta NSW	20.1%
30 Pirie Street, Adelaide SA	16.7%
150 Charlotte St, Brisbane QLD	14.9%
468 St Kilda Rd, Melbourne VIC	11.8%
5 Eden Park Drive, Macquarie Park NSW	9.9%
Top 5	**73.4%**

Key Tenants (by gross property income)

June 20	% Portfolio
Telstra	24%
NSW State Government	14%
Boeing Defence Australia	13%
GE Capital Finance	8%
Commonwealth of Australia	5%
Top 5	**64%**

Geography (by book value)

June 20	% Portfolio
NSW	47.3%
Queensland	20.4%
Victoria	11.8%
ACT	3.9%
WA	0%
SA	16.7%
Total	**100%**

Debt	June 2020
Gearing	31.2%
Target Gearing	up to 40%
Drawn Debt	$215.8M
Facility limit	$250M
Weighted Average Cost of Debt	3.1%
Weighted Average Debt Maturity	3.5 years
% Hedged	78.8%
LVR	32.2%
LVR Covenant	50%
ICR	4.1x
ICR Covenant	2.0x

Expenses	June 2020
RE Fee	0.60% p.a. of GAV
Direct Property Expenses	28.1% of gross income
Other Expenses	7.4% of gross income

Note 1: includes one off costs associated with the takeover offers from CHAB and Starwood.

Historical	FY18	FY19	FY20
EPU – FFO per Unit	17.2	17.5	17.0
DPU – Distributions per Unit	15.6	15.8	15.0
Payout Ratio	90.7%	90.4%	88.4%
Distribution Frequency	Qtrly	Qtrly	Qtrly
NTA per Unit	$2.67	$2.79	$2.72

Summary

AOF delivered a resilient FY20 result with FFO per security of 17.0 cpu, down 2.9% on the prior year due to COVID related rent concessions. Rent collections in the June 2020 quarter were 92%, with a -$1.1M impact in earnings (or -0.7 cpu) as a result of COVID-19. Excluding these impacts, FFO per security would have been 17.7 cpu, or at the top end of pre-COVID-19 guidance. Occupancy levels reduced slightly to 93.7% with AOF only having 4% of its lease portfolio falling due during FY21.

FY21 guidance was provided with AOF expecting distributions of 15.0 cpu, in line with FY20 levels. Due to the current economic uncertainty no earnings guidance was provided. We have revised our forecasts to 16.7cpu for FY21 to take into account further COVID-19 impacts. Our forecasts assumes the sale of 241 Adelaide Street, Brisbane which is currently being marketed for sale (estimated impact to FFO of -0.4 cpu in FY21 if sold by 31 December 2020). Our forecasts do not take into account any potential upside from any further development at Valentine Ave, Parramatta.

Whilst the portfolio has a number of upcoming lease expiries in FY22/FY23 these are expected to be worked through in advance. As these leases are progressively worked through, and lease income is secured, we see the opportunity for AOF securities to be rerated.

FY20 Results

Figure 1: FY20 Results to 30 June 2020

FY20 results	FY20	FY19	Change
Earnings			
Statutory Net Profit*	**$13.2M**	$44.8M	-70.5%
Funds From Operations (FFO)	**$27.6M**	$28.5M	-2.9%
FFO per security	**17.0cpu**	17.5cpu	-2.9%
Distribution per security	**15.0cpu**	15.8cpu	-5.1%
Payout ratio	**88.4%**	90.4%	-2.0%

Movement over 12 months	As at Jun 2020	As at Jun 2019	Change
Balance Sheet			
NTA per unit	**$2.72**	$2.79	-2.5%
Gearing %	**31.2%**	29.5%	+1.7%
Weighted average cost of debt	**3.1%**	3.7%	-0.6%
Weighted average debt term to maturity	**3.5 years**	3.1 years	+0.4 years
Borrowings	**$215.8M**	$204.8M	+5.4%
Interest cover ratio	**4.1x**	4.6x	-0.5x
Portfolio			
Portfolio Valuation	**$669.7M**	$668.4M	+0.2%
Occupancy	**93.7%**	95.3%	-1.6%
Number of properties	**9**	9	No Change
Weighted Average Capitalisation Rate	**6.09%**	6.21%	-12bps
WALE (Weighted Average Lease Expiry)	**2.9 years**	3.5 years	-0.6 years

Source: AOF. 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:** Over the June 2020 quarter, AOF averaged 92% rent collection across the portfolio, resulting in a -$1.1M impact on earnings (or -0.7 cpu) due to rental waivers and doubtful debt provisions. As at 30 June 2020 around 11% of tenants by gross monthly income had requested some form of proportionate rent relief, with the amount increasing to ~15% as at 31 July 2020 due to the recent Victorian outbreak. Generally, office building occupancies have been between 20% and 40% depending on location.
- **Funds From Operations (FFO)** of $27.6M, was -2.1% for the year, due to COVID-19 related rent provisions, which were offset by fixed rental increases and leasing activity. This equated to FFO per security of 17.0 cpu (FY19: 17.5 cpu). It is worth noting that if the COVID-19 related waivers had not been required, FFO would have been 17.7 cpu, ahead of FY19 figures, and at the upper end of pre-COVID guidance of 17.3 – 17.7cpu.
- **The Property Portfolio** key operating metrics include:
  - **Occupancy levels decreased slightly** to 93.7% (from 95.3% at June 2019). The portfolio is weighted 59% to metropolitan markets and 41% to capital city CBDs (excluding Syd/Melb CBDs).
  - **Weighted Average Lease Expiry (WALE)** declined to 2.9 years (from 3.5 years at June 2019). Notably AOF has a small portion of expiries in FY21 at 4% of the portfolio, increasing to 21% in FY22 and 37% in FY23.
  - **AOF's Lease Expiry Profile** includes a number of key expiries through FY22/FY23:
    - FY21: 4% of NLA due
    - FY22: 21% of NLA due, with
      - Property NSW in June 2022 (14% of NLA, at 10 Valentine Ave, Parramatta). AOF has indicated the expiring lease terms are around 20% below market rents.
    - FY23: 37% of NLA due, with
      - Telstra in February 2023 (21% of NLA at 30 Pirie St, Adelaide), and
      - GE in June 2023 (6% of NLA at 32 Phillip St, Parramatta). AOF has indicated the GE lease is around 13% below market rents.

    The Manager has indicated that it intends to work through many of these key expiries in advance, in order to secure lease and income certainty for the portfolio.
  - **Portfolio Valuations** increased by 0.2% to $669.7M (from $668.4M at 30 June 2019). All properties were independently revalued as at 30 June 2020. The portfolio capitalisation rate moved -12bps to 6.09%, with a first half movement of -8bps and a second half movement of -4bps. Notably, the second half movement was almost wholly attributable to development approval at 2-10 Valentine Avenue, Parramatta NSW, which contributed +$14.5M in value, offsetting valuation declines across other assets.
  - **2-10 Valentine Ave, Parramatta NSW** received DA approval for a ~28,000 sqm commercial office tower in addition to the existing building of 16,020 sqm. Early works are set to commence shortly with preferred builder, Buildcorp, to reduce program risks. The DA approval follows a previous site-specific planning proposal and DA approval for a ~8,000 sqm building on the site. The development is expected to proceed subject to a number of conditions, including the securing of a pre-commitment from a tenant.
  - **241 Adelaide Street, Brisbane** has been placed on the market for sale. The property was recently revalued at $36.75M at 30 June 2020.
- **Takeover Offers:** During the year, several entities expressed an intention to launch takeover bids for AOF:
  - **CHAB Office Trust:** On 2 September 2019, the CHAB Office Trust proposed to acquire all AOF units in a Scheme for $3.04 cash per unit. The Proposal did not proceed as it did not receive the required approval level by unitholders.
  - **Starwood:** On 29 January 2020, SOF-XI Legs Holdings Limited, a member of Starwood Capital Group, announced an intention to make an all-cash, off-market takeover offer for AOF at $2.98 per

unit, less any distributions paid after 29 January 2020. The offer did not proceed and lapsed on 20 March 2020, during the initial COVID-19 period.

- **Gearing** increased to 31.2% from 29.5% at June 2019, within the target gearing range of <40%. Weighted average cost of debt decreased to 3.1% with debt well within an LVR covenant of 50%. AOF's next debt maturity is in October 2022.
- **Distributions** of 15.0cpu were recorded for FY20, down 5.1% for the year. Distributions of 4.0 cpu were paid for the first 3 quarters, in line with prior guidance. In Q4 FY20, the distribution was reduced to 3.0 cpu as a result of COVID-19.
- **Net Tangible Assets (NTA)** decreased 2.5% for the year to $2.72 per unit.
- **FY21 guidance was provided** with AOF expecting distributions to remain at FY20 levels of 15.0 cpu. FFO guidance was not provided due to COVID related uncertainties. We note that the current earnings of 17.0cpu provides a sufficient buffer to support the distribution guidance given than only 4% of the portfolio falls due for renewal in FY21. Management has noted that, going forward, the immediate focus for the fund will be to address near term vacancies, complete early works and tenant pre-commitments at 2 Valentine Avenue, and consider the potential sale of 241 Adelaide Street, Brisbane.

Core Property considers the FY21 distribution guidance of 15.0cpu provides a buffer to earnings of 17.0cpu, which already includes a -0.7cpu impact from COVID-19. We consider the distribution to be well supported, given that: 1) this represents a 88% payout ratio, based on FY20 earnings. To put this another way, FY21 earnings can fall by a further 12% and AOF would still be able to meet target FY21 distributions of 15.0 cpu, and 2) only 4% of the portfolio falls due in FY21.

Financial Forecasts & Valuation

We have updated our financial forecasts to take into account the results and updated portfolio.

FY21 earnings have been adjusted to include: 1) a -$1.1M (-0.7cpu) impact as a result of rental waivers due to COVID-19, in line with the same amount in FY20, 2) we have assumed the sale of 241 Adelaide St, Brisbane will occur around 31 December 2019, with a net -$0.7M impact to earnings for the second half ($-1.3M in net income offset by $0.6M lower interest costs), and 3) contracted rent increases of ~2.5%.

FY22 earnings onwards do not assume any COVID-19 impacts and includes the sale of 241 Adelaide St, Brisbane as well as contracted rental increases. Major lease expiries are assumed be to re-leased on expiring terms.

We value AOF on a Discount Cashflow (DCF) basis at $2.46 per unit, with a 12 month roll forward valuation of $2.58 per unit.

Figure 2: Earnings Forecast – Core Property

Financial Forecasts - $M	FY20A	FY21F	FY22F	FY23F
Property Revenue	57.8	56.7	56.1	57.3
Property Expenses	-22.4	-21.4	-20.7	-21.1
RE Fees	-4.2	-4.0	-4.0	-4.1
Finance Costs	-7.8	-6.0	-5.7	-5.7
Adjustments (Straight line rent, amortisation, costs)	4.2	1.8	2.1	2.2
Funds from Operations	**27.6**	**27.1**	**27.8**	**28.6**
Earnings per Unit	**17.0**	**16.7**	**17.1**	**17.5**
Payout Ratio	88.4%	90.0%	90.8%	91.2%
Distributions per Unit	**15.0**	**15.0**	**15.5**	**16.0**
Guidance – Distn per unit		**15.0**		

Source: Core Property forecasts

Property Portfolio

The following table is a summary of AOF's portfolio as at June 2020.

Property Portfolio – as at 30 June 2020

Property	Valuation $M		Capitalisation Rate %		Occupancy % (by NLA)		WALE (years)	
	Jun20	Dec19	Jun20	Dec19	Jun20	Dec19	Jun20	Dec19
2-10 Valentine Ave, Parramatta NSW	$134.5	$122.2	5.50%	5.75%	97.3%	97.3%	2.0	2.4
30 Pirie St, Adelaide SA	$112.0	$125.4	7.125%	7.25%	96.1%	96.1%	2.7	3.2
150 Charlotte St, Brisbane QLD	$100.0	$104.5	6.00%	5.75%	97.8%	97.8%	3.6	4.1
468 St Kilda Rd, Melbourne VIC	$79.0	$82.5	5.25%	5.25%	91.6%	97.8%	2.7	3.0
5 Eden Park Drive, Macquarie Park NSW	$66.0	$66.0	6.00%	6.00%	92.8%	92.8%	4.2	4.5
32 Phillip St, Parramatta NSW	$65.5	$68.5	5.50%	5.50%	100.0%	100.0%	3.0	3.5
2 Eden Park Drive, Macquarie Park NSW	$50.0	$51.0	6.25%	6.00%	95.4%	95.4%	3.0	3.5
241 Adelaide St, Brisbane QLD	$36.75	$41.1	7.25%	7.50%	85.7%	94.8%	2.3	2.5
64 Northbourne Ave, Canberra ACT	$25.9	$24.5	7.25%	7.00%	77.3%	77.3%	3.6	4.1
Total Portfolio	**$669.65**	**$685.8**	**6.09%**	**6.13%**	**93.7%**	**95.2%**	**2.9**	**3.3**

Source: AOF

Appendix: Financial Summary

Profit & Loss	FY20A	FY21F	FY22F	FY23F
Operating Revenue	57.8	56.7	56.1	57.3
Property Expenses	-22.4	-21.4	-20.7	-21.1
Net Property Income	**35.4**	**35.3**	**35.5**	**36.2**
Adjustments	4.2	1.8	2.1	2.2
RE Fees	-4.2	-4.0	-4.0	-4.1
EBITDA	**35.4**	**33.1**	**33.5**	**34.2**
Depn & Amort	0.0	0.0	0.0	0.0
EBIT	**35.4**	**33.1**	**33.5**	**34.2**
Net Interest	-7.8	-6.0	-5.7	-5.7
Pre Tax Profit	**27.6**	**27.1**	**27.8**	**28.6**
Tax	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
NPAT - FFO	**27.6**	**27.1**	**27.8**	**28.6**
Non Recurring Items	-14.4	-0.3	-0.3	-0.3
NPAT - Statutory	**13.2**	**26.8**	**27.5**	**28.2**

Summary	FY20A	FY21F	FY22F	FY23F
NPAT - FFO	27.6	27.1	27.8	28.6
Price Earnings Multiple	12.7	12.9	12.6	12.3
Revenue Growth	-4.4%	-1.9%	-1.0%	2.0%
EBIT Growth	-1.6%	-6.5%	1.3%	2.1%
Value of Properties	669.7	639.1	642.8	655.6
Net Assets	442.8	451.8	454.6	466.5
NTA per Unit	$2.72	$2.77	$2.79	$2.86
Prem(Disc) to NTA per unit (based on current price)	-20.9%	-22.5%	-23.0%	-25.0%
DPU	15.0	15.0	15.5	16.0
Payout Ratio	88.4%	90.0%	90.8%	91.2%
DPU Growth	-5.1%	0.0%	3.3%	3.2%
Yield	7.0%	7.0%	7.2%	7.4%

Cashflow	FY20A	FY21F	FY22F	FY23F
Operating Activities	29.6	35.0	35.2	35.9
Net Interest	-8.0	-6.0	-5.7	-5.7
Tax Paid	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Operating Cashflow	**21.6**	**29.0**	**29.4**	**30.2**
Capex	-8.3	-3.3	-3.3	-3.3
Maintainable Operating Cashflow	**13.3**	**25.7**	**26.1**	**26.8**
Distributions	-26.0	-23.6	-24.8	-25.6
Acquisitions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Free Cashflow	**-12.7**	**2.1**	**1.2**	**1.2**
Change in Debt	11.0	1.7	1.0	0.8
Change in Equity	0.0	0.0	0.0	0.0
Net Cashflow	-1.7	3.8	2.3	2.0

Key Ratios	FY20A	FY21F	FY22F	FY23F
EPU (adj)	17.0	16.7	17.1	17.5
EPU - Reported	8.1	16.5	16.9	17.3
EPU (adj) - Growth		-1.8%	2.4%	2.8%
LVR	32.1%	27.2%	27.1%	26.6%
Gearing	31.1%	26.3%	26.2%	25.8%
Net interest Cover	4.6	5.6	5.8	6.1
Distn / Maintainable CF	195.4%	91.9%	95.2%	95.5%
ROE	6.1%	6.2%	6.1%	6.1%

Balance Sheet	FY20A	FY21F	FY22F	FY23F
Cash	5.8	5.7	5.1	4.5
Debtors	1.8	1.8	1.8	1.9
Investments	0.0	0.0	0.0	0.0
Other Assets	670.4	639.9	643.6	656.4
Total Assets	**678.1**	**647.3**	**650.5**	**662.7**
Creditors	6.2	6.1	6.2	6.4
Borrowings	214.9	174.1	174.1	174.1
Provisions	0.0	0.0	0.0	0.0
Other Liabilities	14.1	15.3	15.5	15.7
Total Liabilities	**235.2**	**195.5**	**195.9**	**196.2**
Net Assets	**442.8**	**451.8**	**454.6**	**466.5**

Valuation		
Discount Rate	9.0%	
Terminal Growth Rate	2.5%	
DCF Valuation per Share	$2.46	
12 Month Target Price	**$2.58**	DCF rolled forward 12 mths
12 month Dividend Yield	7.0%	
12 month Target Price	20.1%	
Total Est. 12 mth return	**27.1%**	

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-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