



Ignore the hype. GREITs the investment for all seasons

Andrew Parsons – CIO & Global Portfolio Manager

THE WEEKEND AUSTRALIAN - 28/29 March, 1992

New retailers hit department stores

ORACLE

DR NGEE HUAT SEEK



Rethink needed for the office

THE AUSTRALIAN FINANCIAL REVIEW - 30 April, 1992

Inflation's 'neutral' effect on property

By TURI CONDON

The paper found that

Mr Chris Brown.
The lower Consumer Price Index figures would not work against investment property returns, according to Mr Brown, who said the actual impact of inflation on property performance was neutral.

- Competitive returns
- Yield
- Inflation hedge
- Liquidity
- Best in class, high quality Real Estate
- ESG Leadership
- ✓ Time Frame and Fundamentals Matter = **Effective Diversification**

- Volatility = the price of liquidity
- Unlisted Industry frozen redemptions
1990's, GFC, Brexit
- If being listed is that bad.... DE-LIST!
- Ultimately price & value converge

Only a matter of time...

"It is self-deception to tell yourself that you have suffered no shrinkage in value merely because your securities have no quoted value" Benjamin Graham

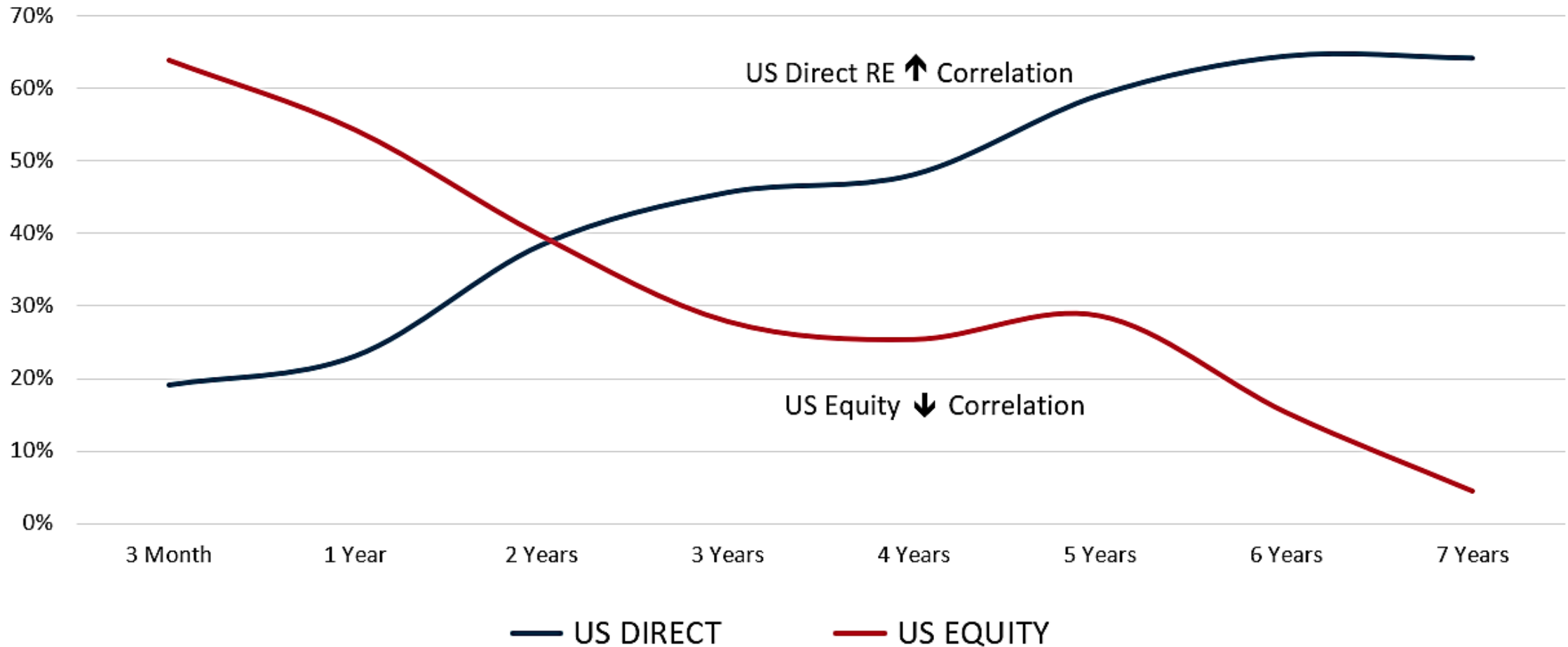
— Rear Window

Lendlease wants extension on retail property redemption deadline

MARKETS

UBS reportedly racing to curb outflows at landmark real estate fund

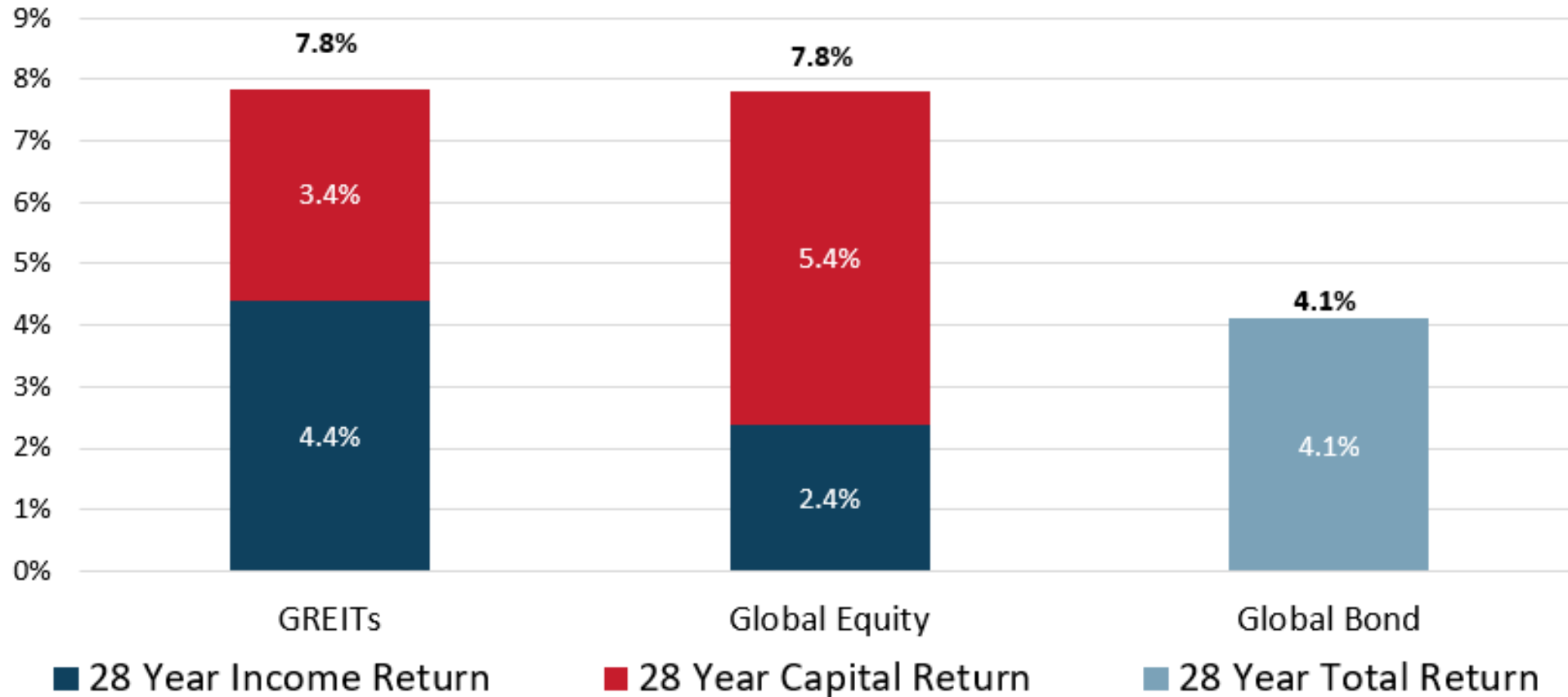
U.S. Correlation of REITs vs Equities & Direct Real Estate



Source: US REITs- MSCI US REIT Index, US Equity- S&P 500 Index, US Direct RE- NCREIF Property Index

Chart is for illustrative purposes only

Building Wealth in your portfolio 28 Year Total Return of REITs v Equities v Bonds (1994-2022)



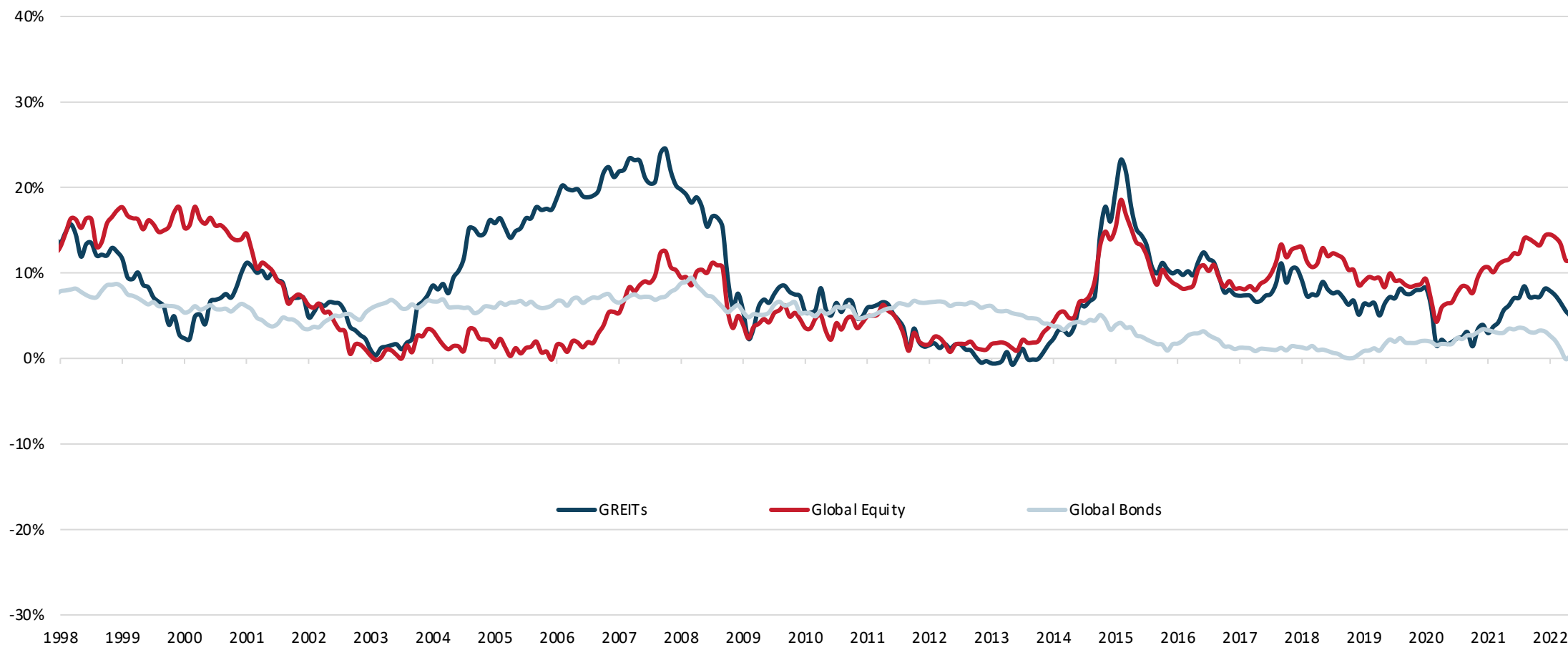
As at 31 July 2022, AUD returns

GREITs- FTSE EPRA Nareit Developed Index, Global Equity – MSCI World Index, Global Bonds- Bloomberg Global Aggregate Bond Index

Illustrative only and not a recommendation to buy or sell any asset type.

GREITs competitive thru cycle total returns

Rolling 6 Year Return: REITs vs Equities & Bonds

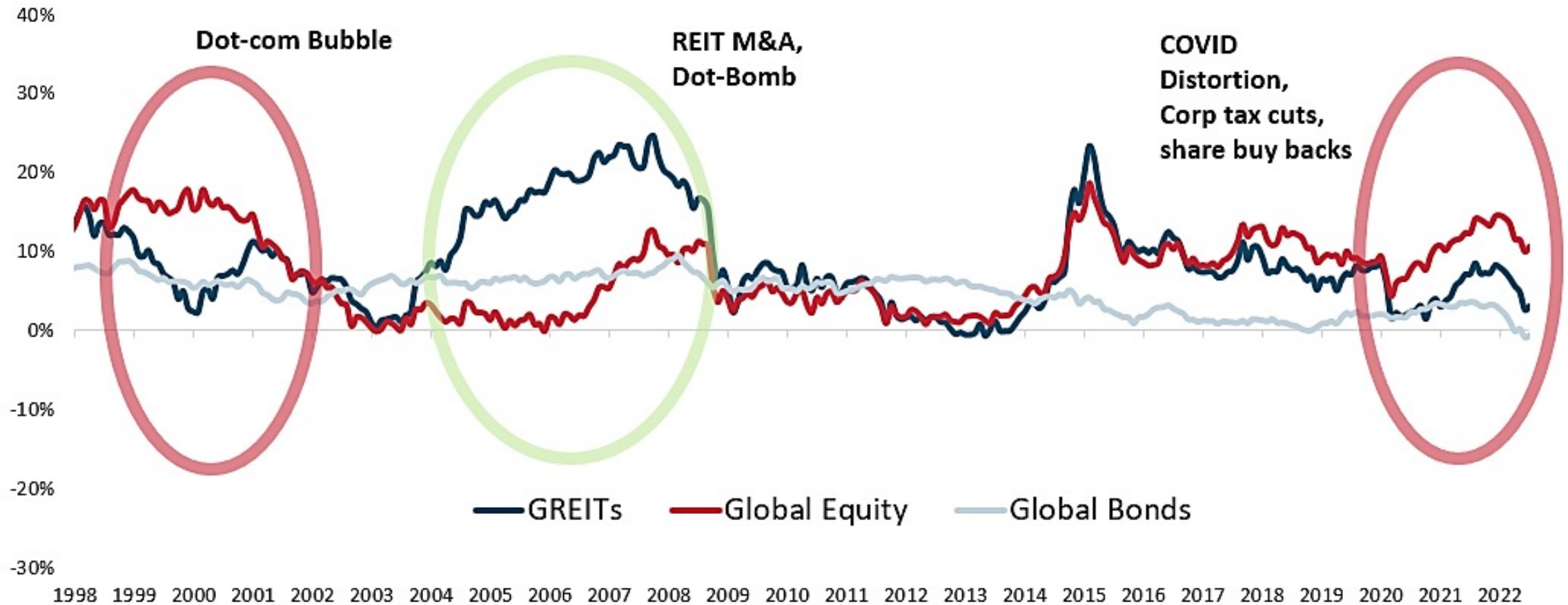


Source: GREITs- FTSE EPRA Nareit Developed Index, Global Equity – MSCI World Index, Global Bonds - Bloomberg Global Aggregate Index, USD returns

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GREITs competitive thru cycle total returns

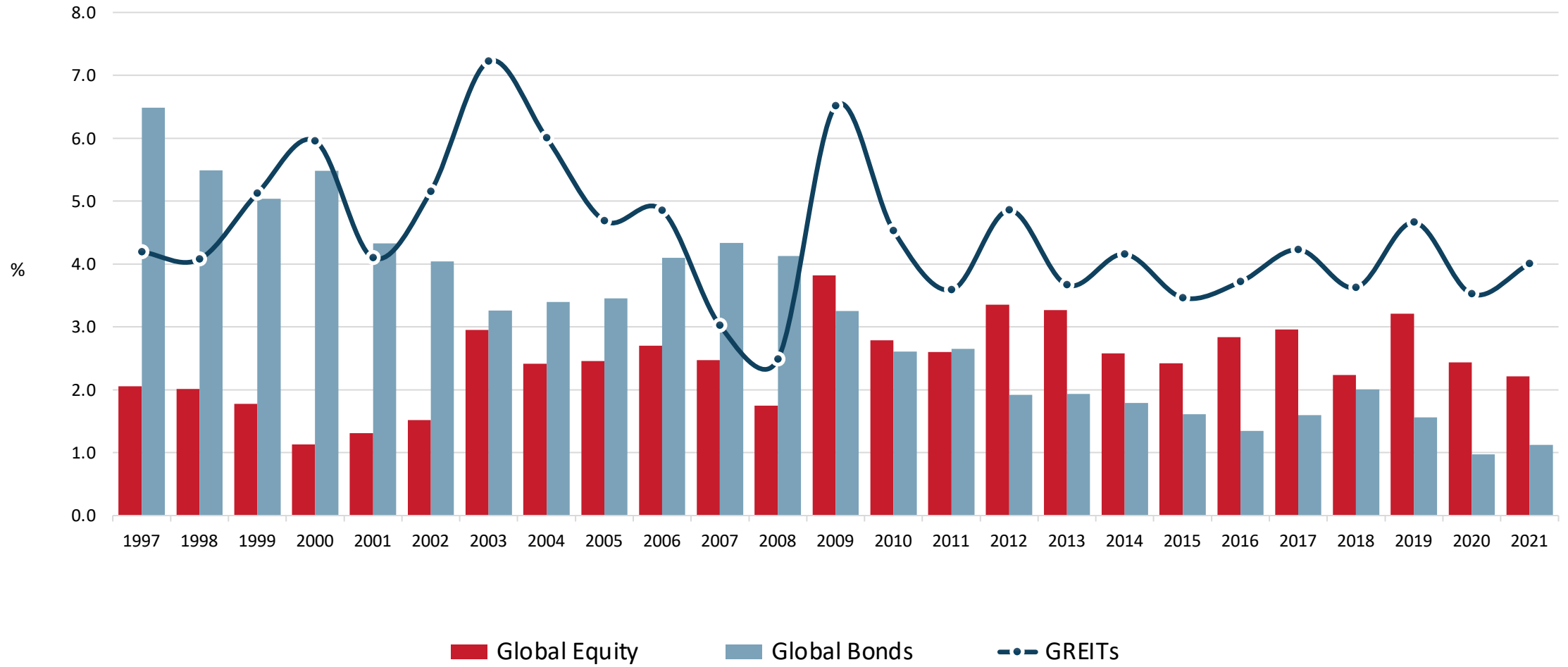
Rolling 6 Year Return: REITs vs Equities & Bonds



Source: GREITs- FTSE EPRA Nareit Developed Index, Global Equity – MSCI World Index, Global Bonds - Bloomberg Global Aggregate Index, USD returns

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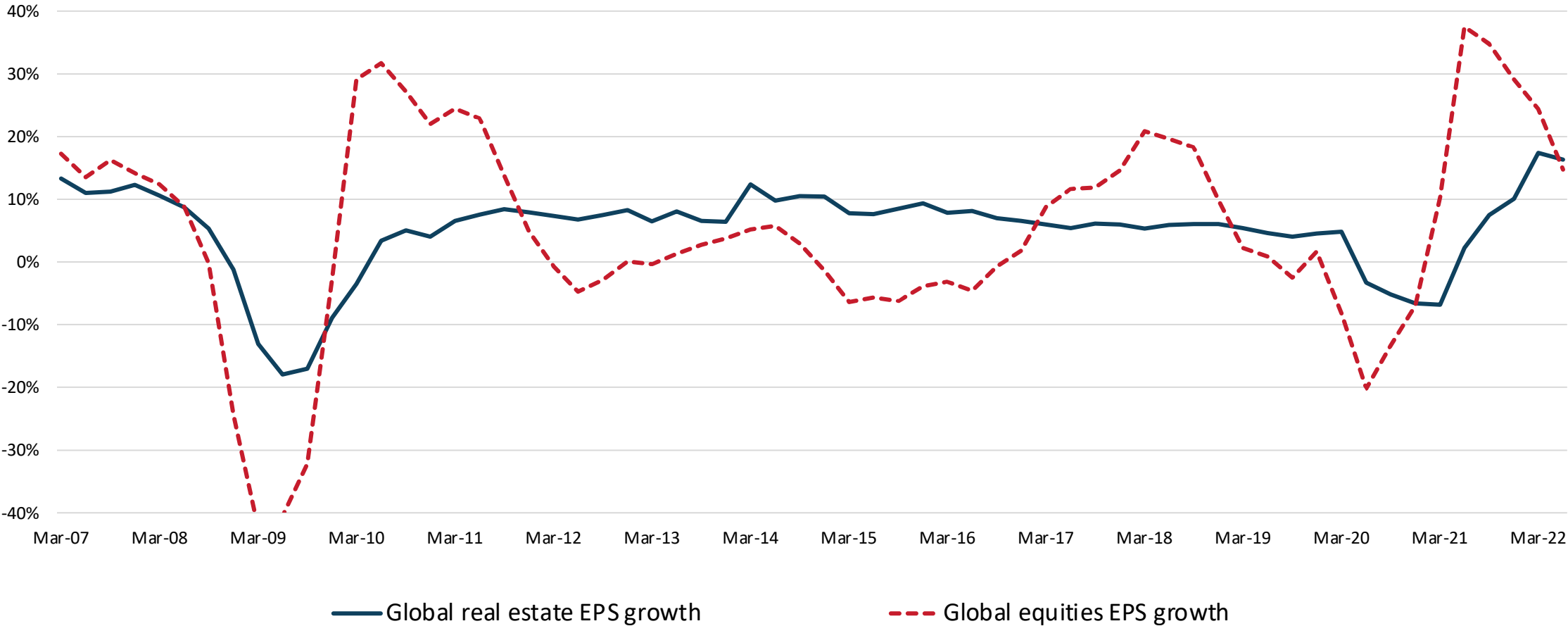
Annual income yield of GREITS v Global Equities & Bonds



Source: GREITS- FTSE EPRA Nareit Developed Index, Global Equity – MSCI World Index, Global Bonds - Bloomberg Global Aggregate Index

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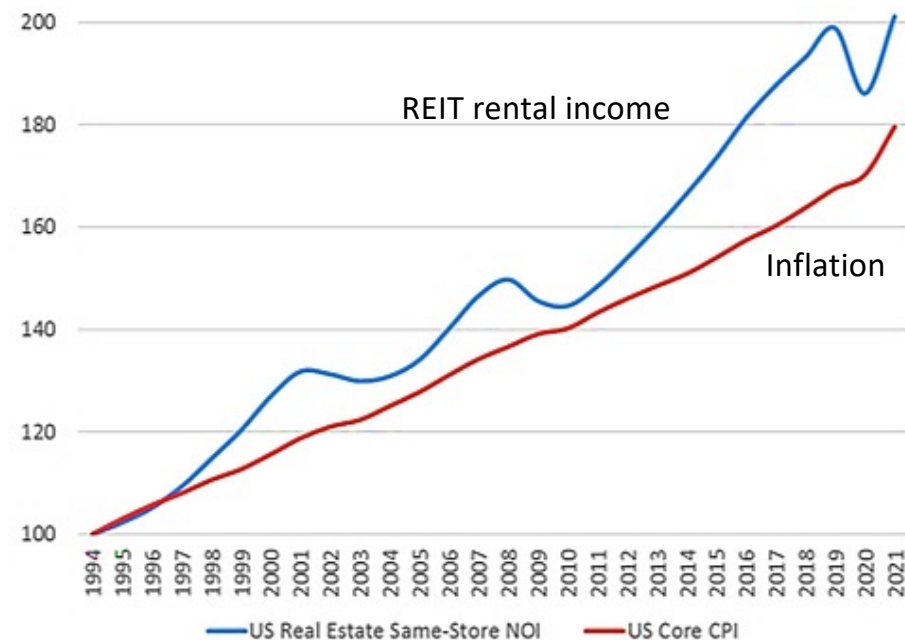
Global REIT EPS vs Global Equities EPS



Source: UBS
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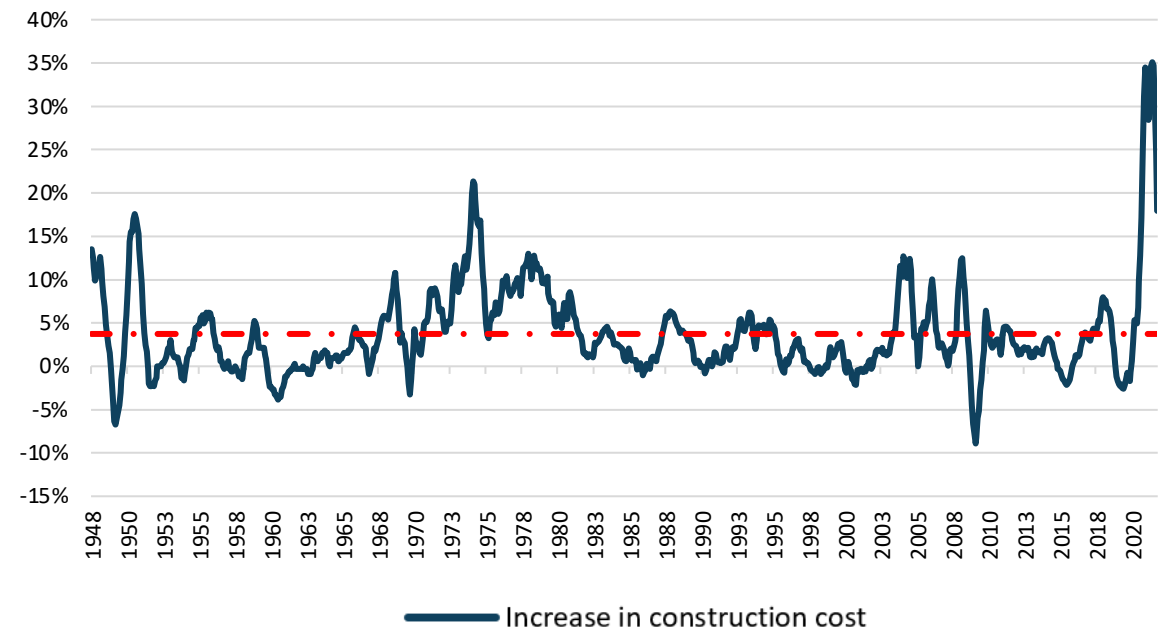
- High op profit margins (limited wage, energy cost pressures)
- Inflation linked rent reviews (CPI, fixed rent escalators)
- Rising construction costs ➔ replacement costs underpins “economic” rents

U.S. Real Estate Net Operating Income & Inflation



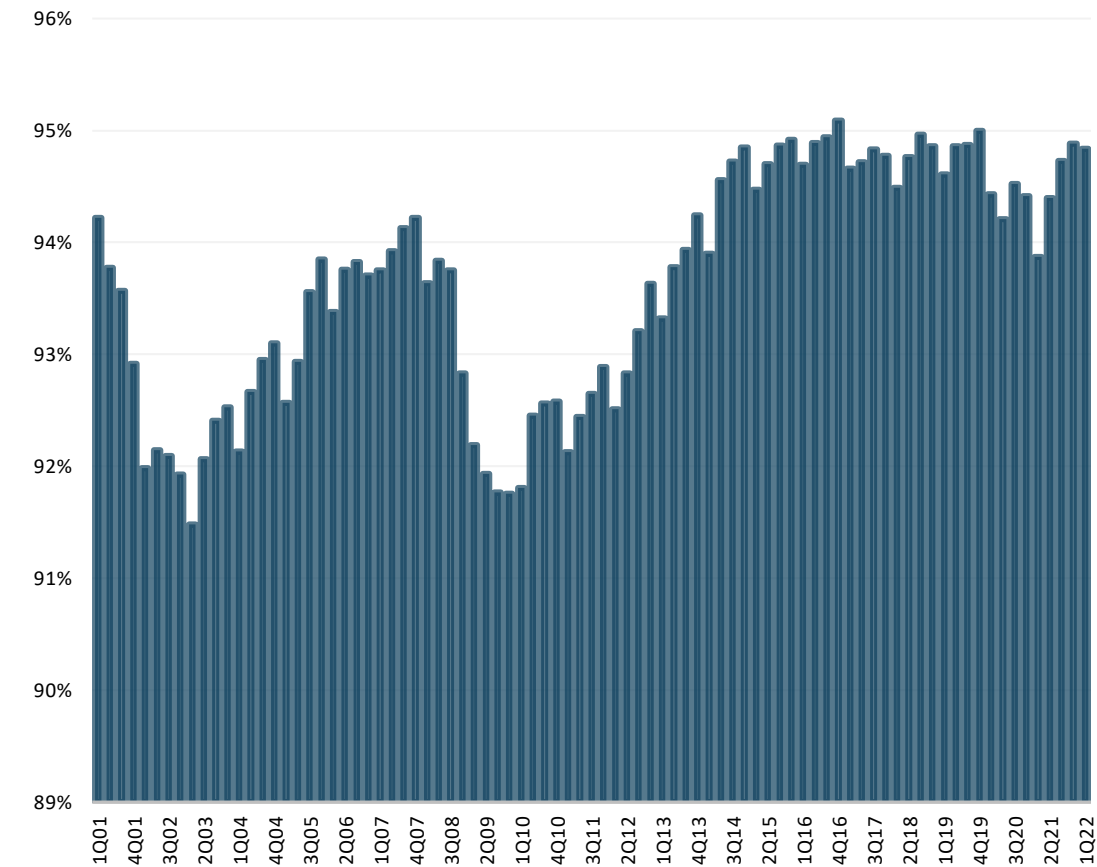
Source: Green Street, Bloomberg. 05/2022

U.S. Construction Material Prices (yoy)



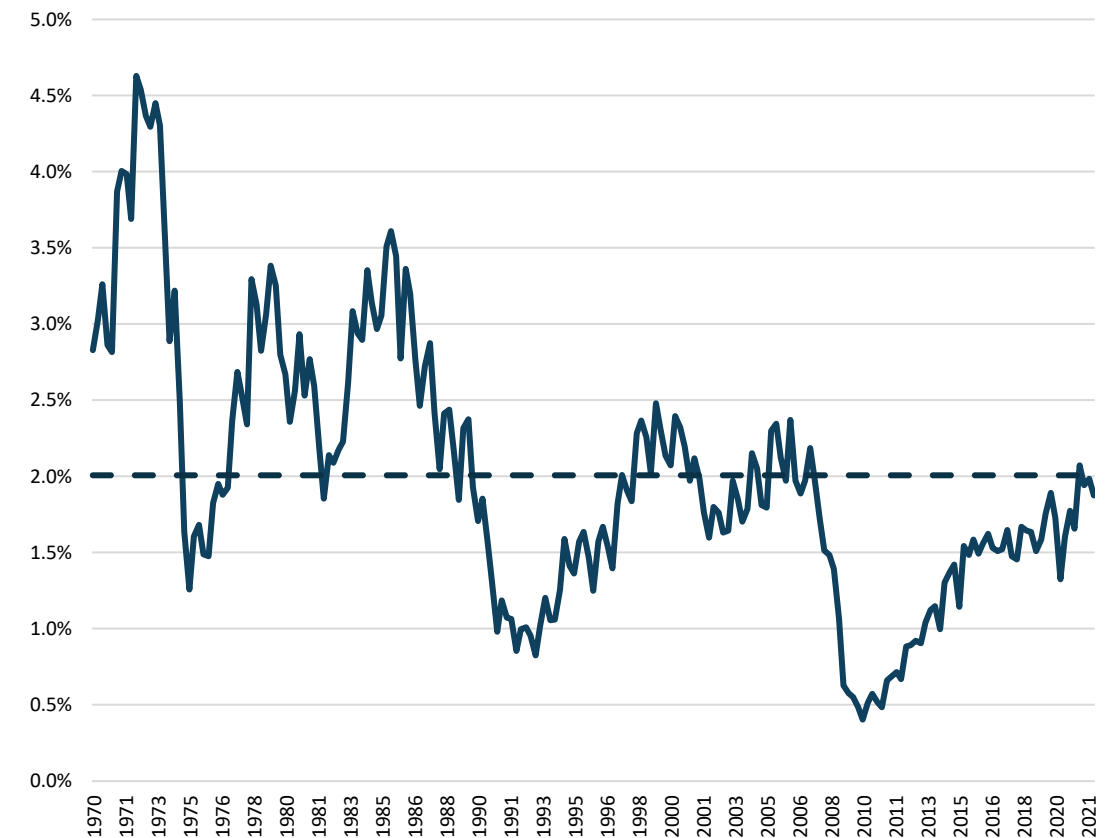
Source: St Louis FED, ResCap. 05/2022

Quality Platforms U.S. REITs: Record High Occupancy



Source: Citi Research 05/2022

Low/Moderate Supply U.S. Aggregate Construction Starts as % of Inventory



Source: Citi Research 05/2022



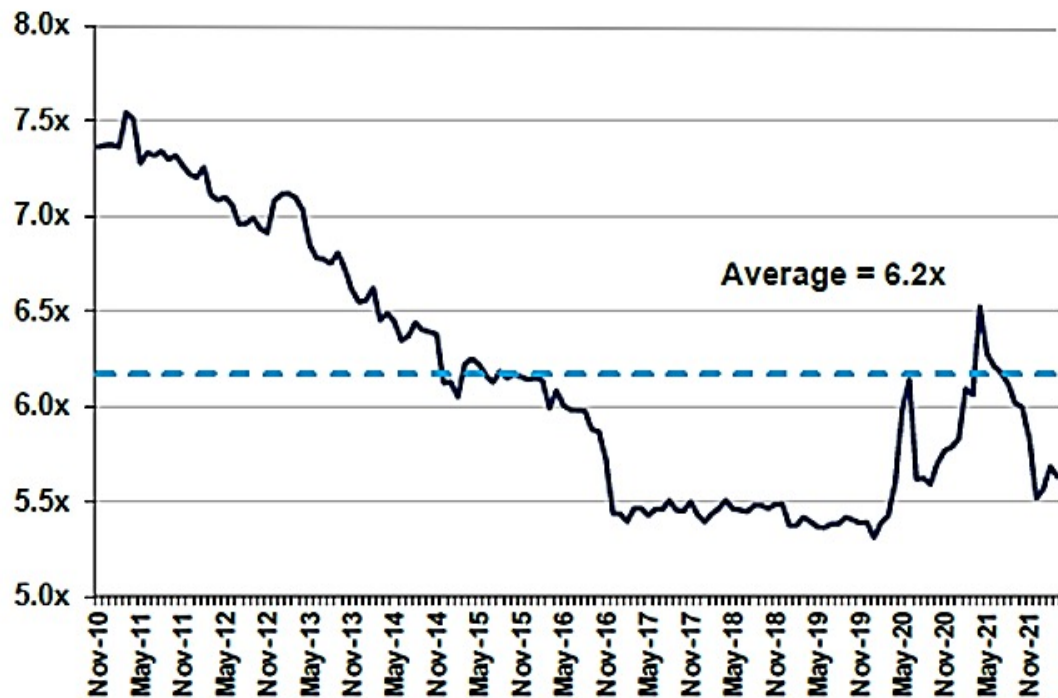
“My partner Charlie (Munger) says there is only three ways a smart person can go broke: liquor, ladies, and leverage. Now the truth is the first two he just added because they started with L — it’s leverage.”

Warren Buffett

Capital strength & optionality critical for wealth creation

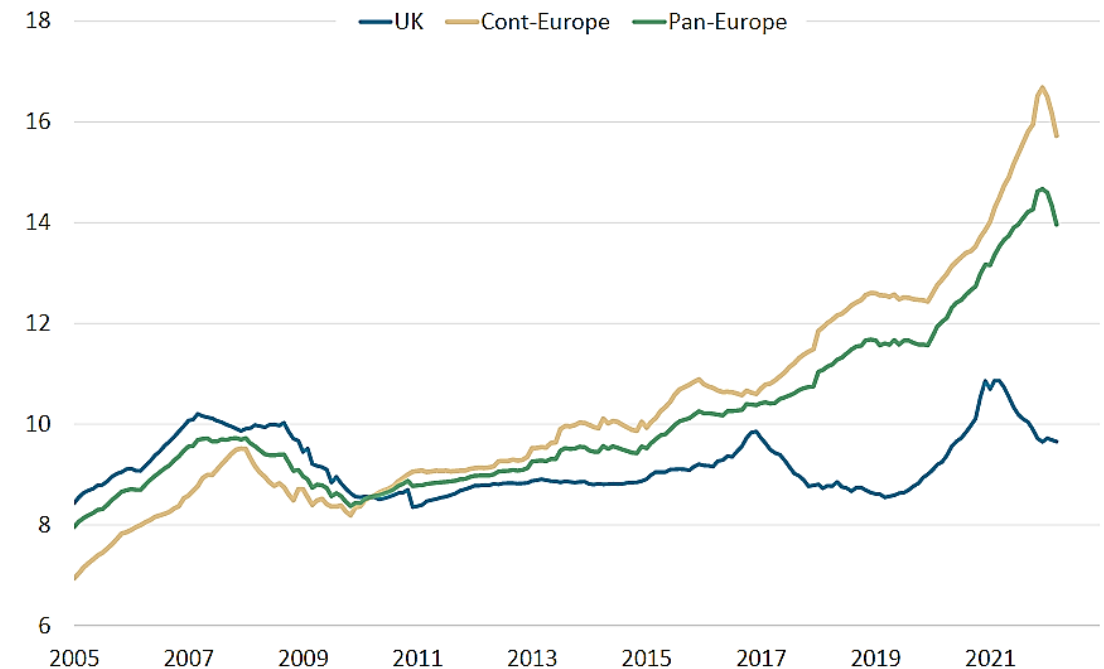
- Moderate leverage, lengthened debt maturities, interest rate hedges
 - Europe slow to learn
 - A-REITs floating rate debt – a Lowe Act

Net Debt / EBITDA (x) – U.S. REITs



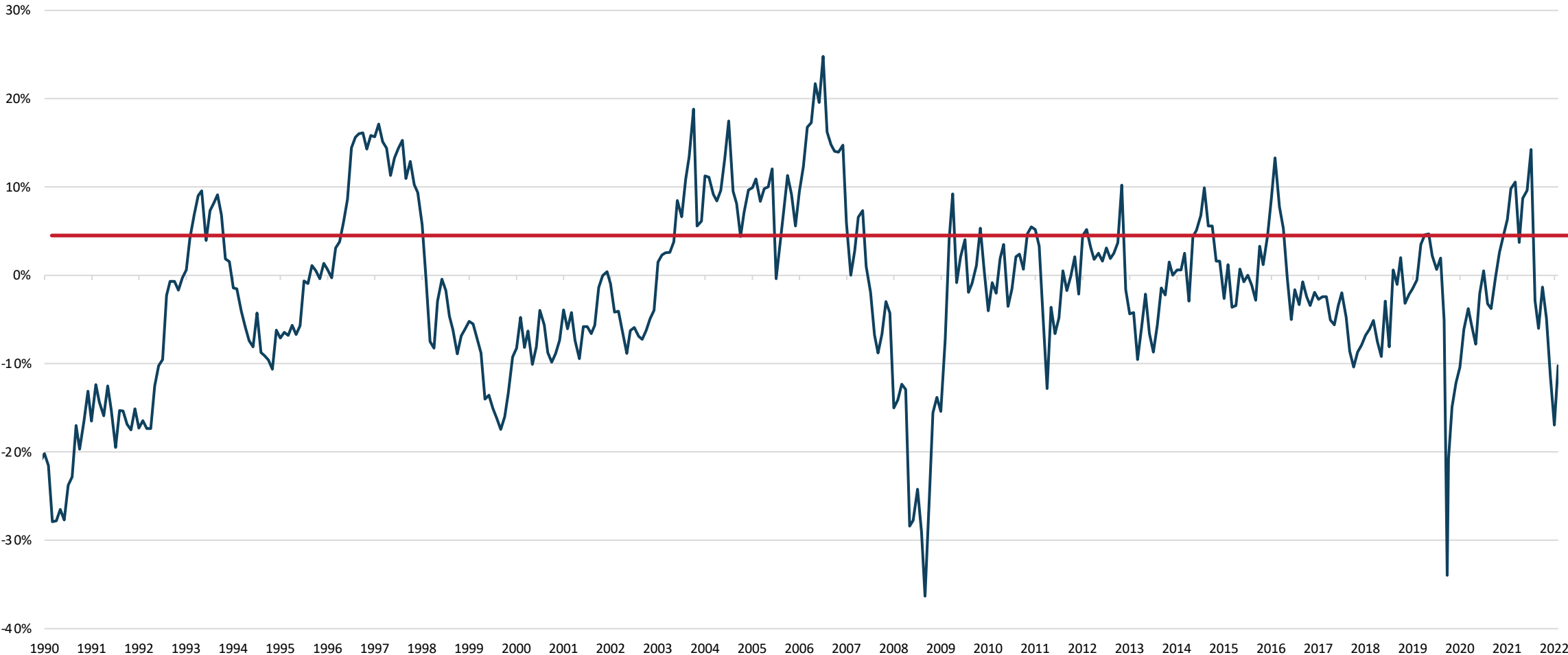
Source: Citi Research. 04/2022

Net Debt / EBITDA (x) – Europe, UK REITs



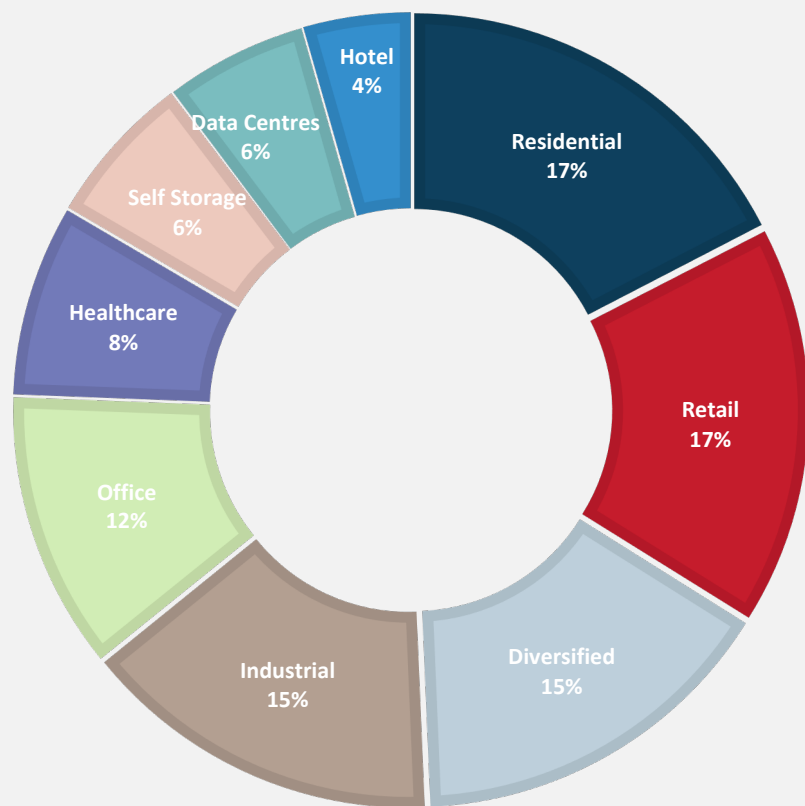
Source: Morgan Stanley. 04/2022

Global REIT Price/NAV








Source: UBS

GREIT Index Sector Breakdown



Source: FTSE EPRA NAREIT Developed Index, July 2022

‘Beds, Meds and Sheds’

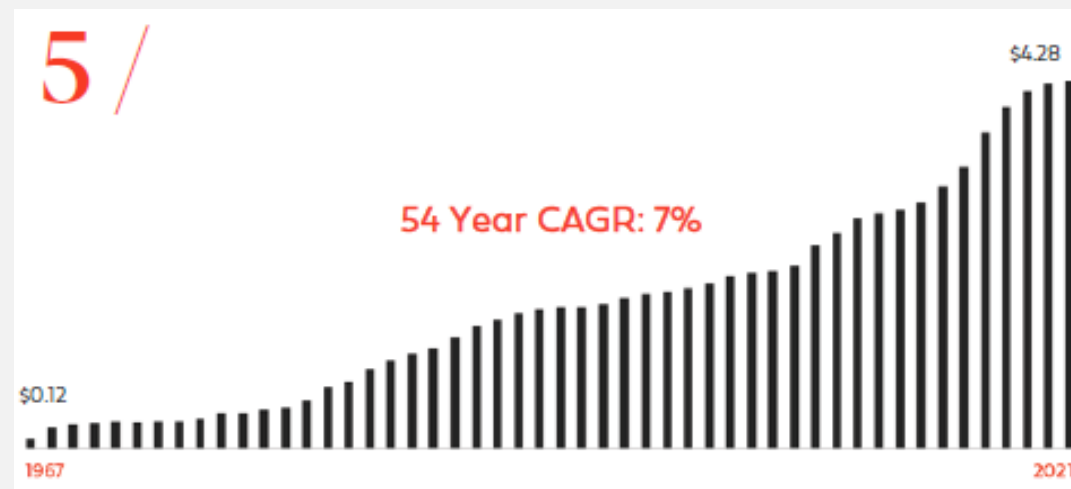
Key Growth Sectors		Drivers
	Data Centres	Digitisation: Cloud computing, working from home, IT outsourcing
	Health Care	Demographics: life science research, patient care, assisted living, skilled nursing
	Self storage	Flexibility: de-cluttering to store belongings, small business inventory
	Housing	Affordability: Single-family rental demand, age 55+ communities, student housing
	Logistics	E-commerce: efficient distribution, last-mile delivery

- ~US\$15bn mixed use shopping centre portfolio
- Located in affluent urban markets: D.C., San Jose, L.A, Boston, Miami
- Benefiting from multi-channel retail trend
- Long-tenured management, strong track record
- Healthy balance sheet:
 - LTV ~ 30%, NDebt/EBITDA 6x
 - 93% of debt fixed / hedged

Santana Row, San Jose
Retail / Office / Residential



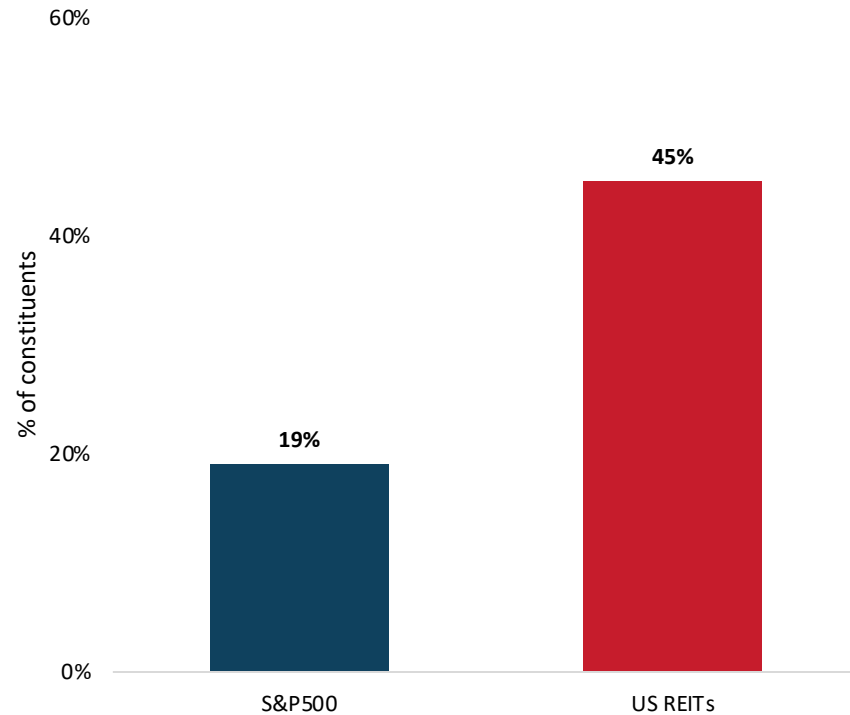
Dividend Growth History



Source: Company Reports

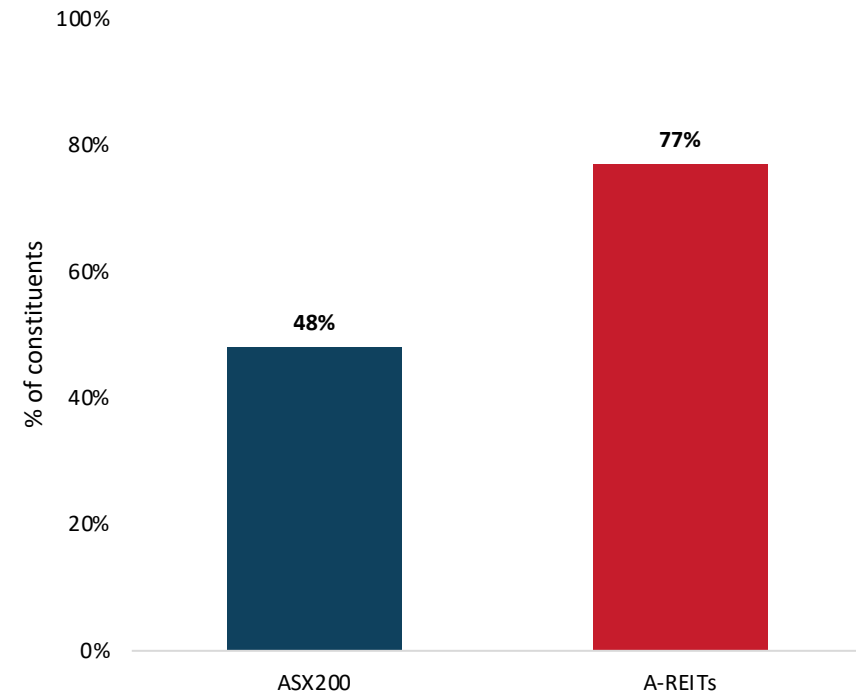
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S&P 500 vs US REIT S&P 500 constituents with Science Based Targets aligned with 2°C



Source: Morgan Stanley Research, Resolution Capital, 2022

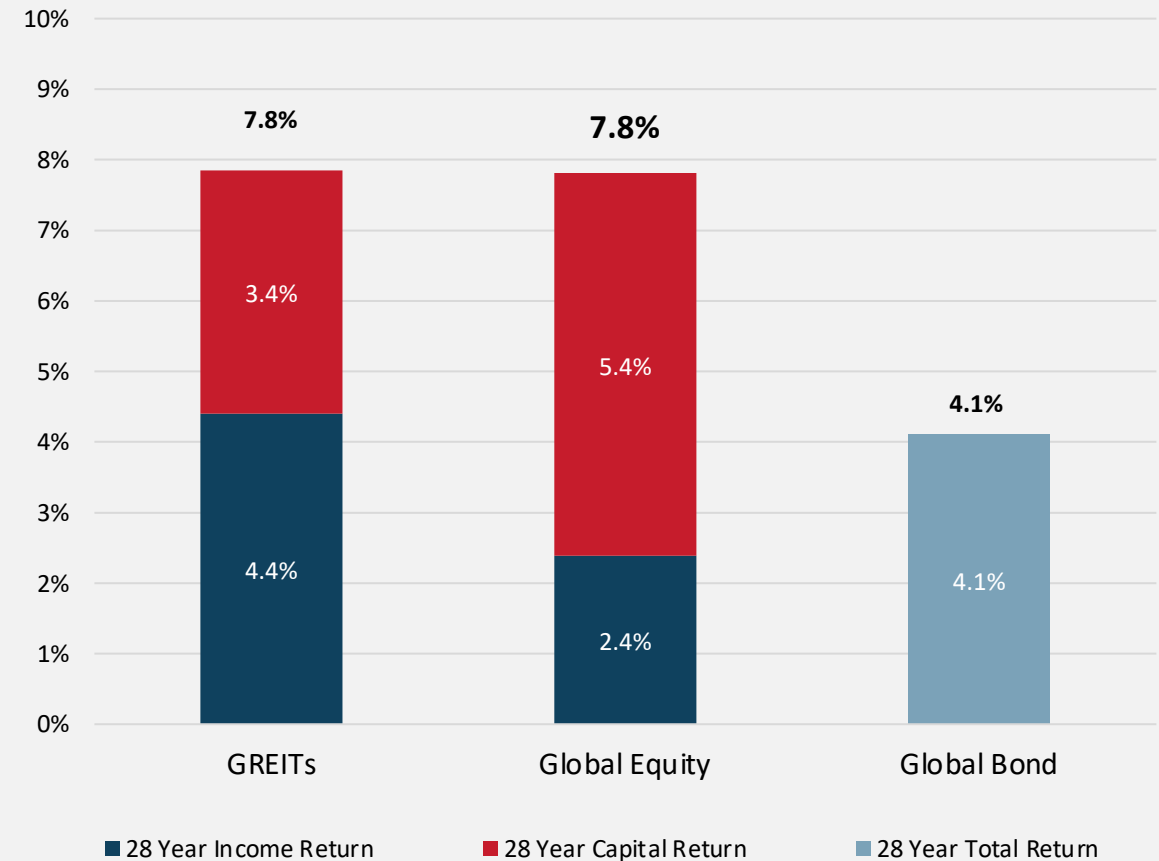
Proportion of ASX200 co's compared to A-REIT with net zero targets



Source: ACSI, Resolution Capital, 2022

- Markets always challenge
- ✓ Competitive returns
- ✓ Yield
- ✓ Inflation hedge
- ✓ Liquidity
- ✓ ESG Leadership
- ✓ Best in class - high quality Real Estate
- Location, Location, Leverage

Building Wealth in your portfolio
28 Year Total Return of REITs v Equities v Bonds (1994-2022)



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