

Primewest Group Limited

FY2020 Results

primewest



ASX:PWG | 28 August 2020



CONTENTS

1. Group Overview	3
2. Management Platform	9
3. Financial Results	14
4. Strategy & Outlook	18
5. Appendices	21

1. GROUP OVERVIEW



Funds manager positioned for growth

Primewest (PWG) is one of Australia's leading real estate funds management businesses

\$4.5 billion Assets Under Management¹

Unlisted

Listed

Mandate



1. Based on Primewest Group Limited AUM as at 30 June 2020. All figures in Australian dollars.

Delivering strong growth



AUM \$4.5b
Increase of **19%** from 30 June 2019



Distribution per security **2.8cps¹**



Acquisitions \$658m



Total shareholder return **8.8%²**



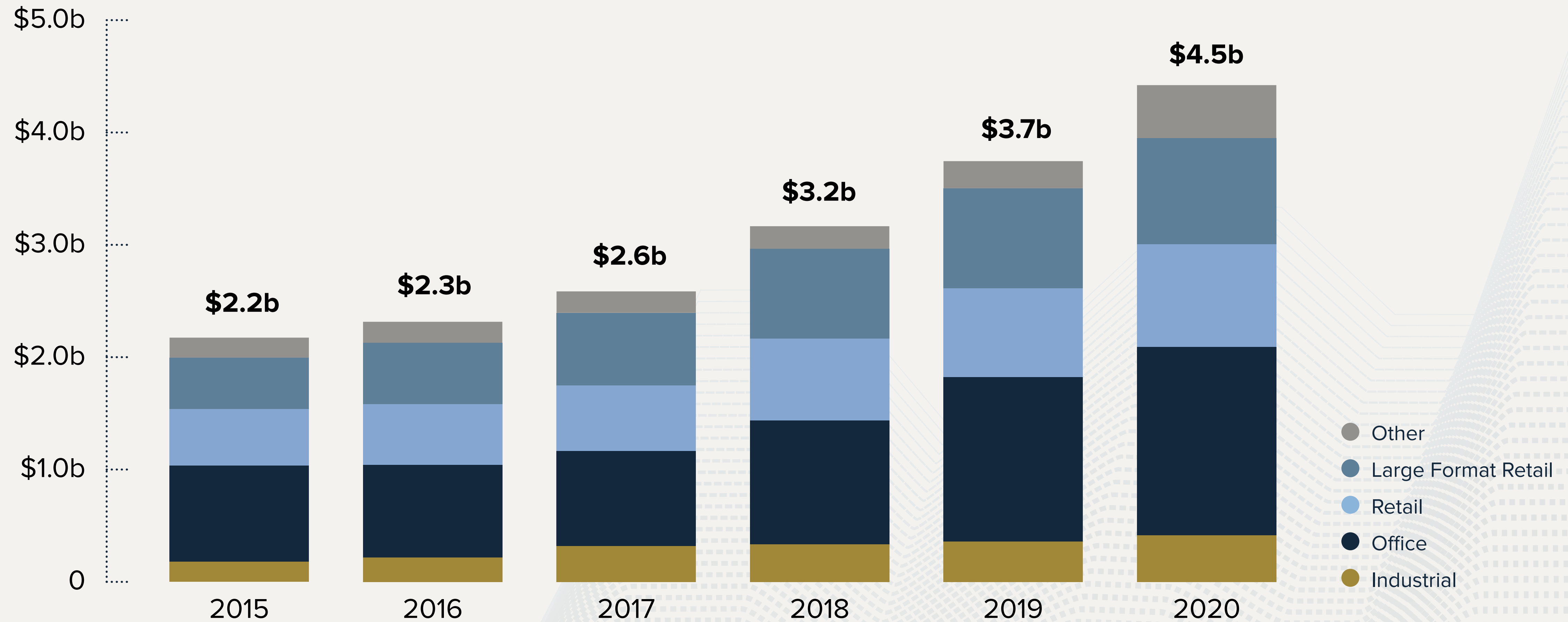
Proforma³ operating earnings per security 5.5c



Cash available with no debt **\$54m**

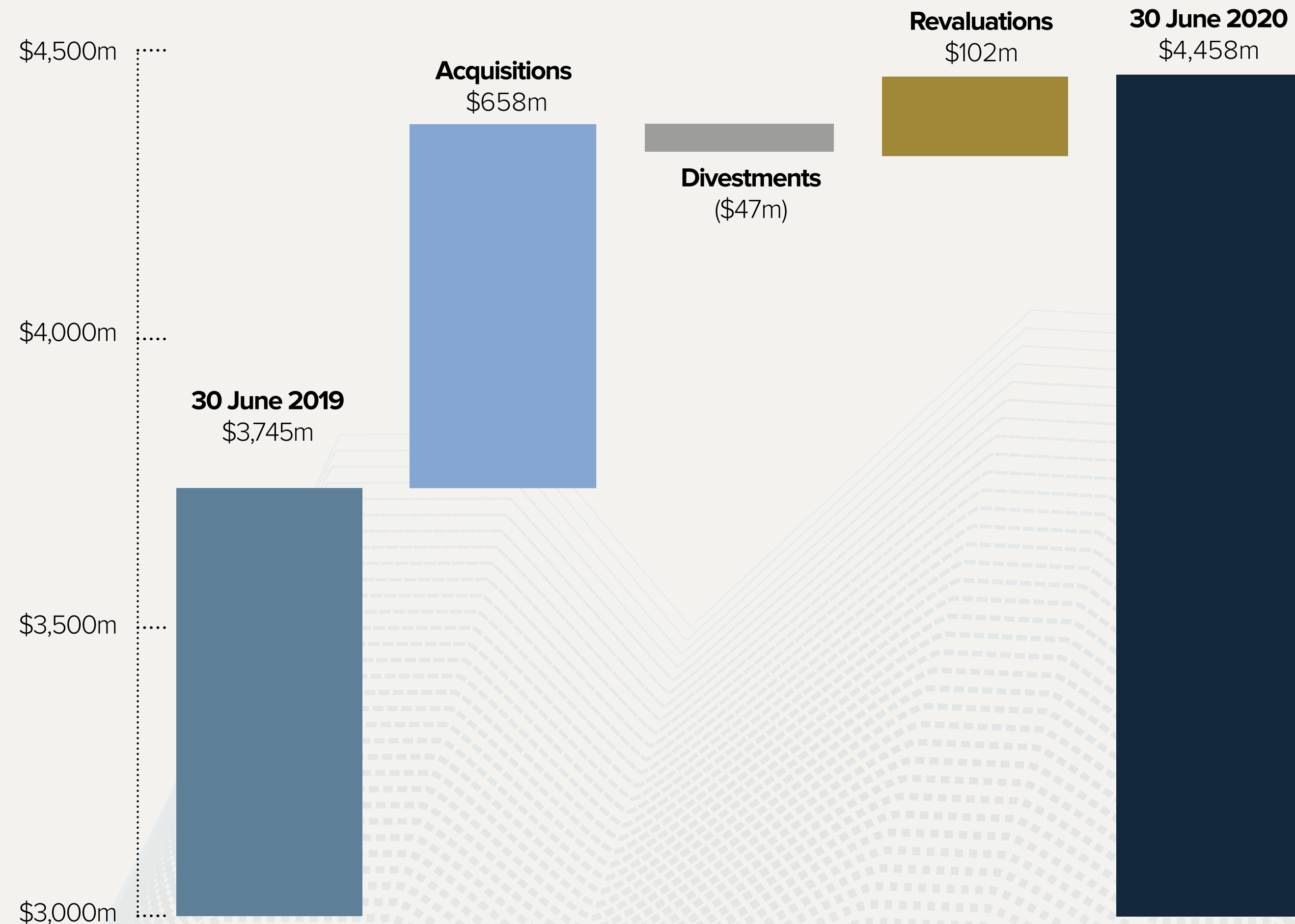
1. Distribution for the period from IPO to 30 June 2020
2. From IPO including FY20 dividend
3. Refer to Section 4 of the IPO Offer Document dated 21 October 2019 for the basis of proforma presentation

Consistent AUM Growth of 15.4% CAGR since 2015



Property AUM movement in FY 2020

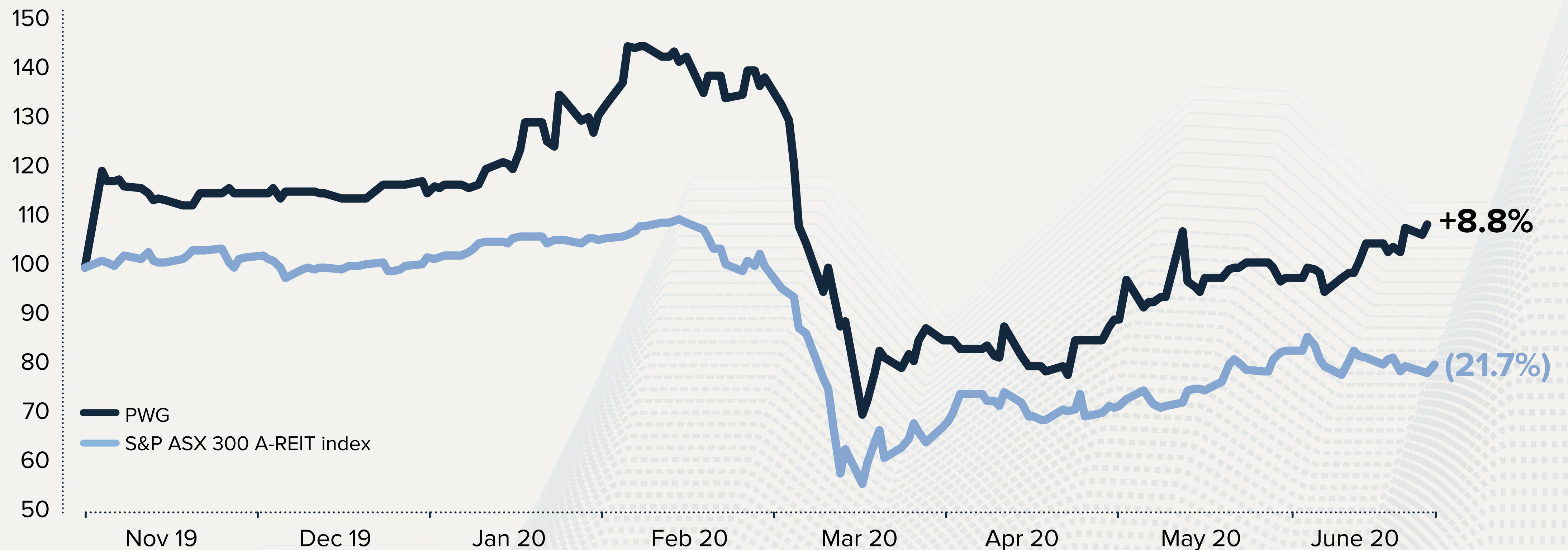
- Acquired \$658m of new assets since 30 June 2019
 - » \$308m in new unlisted syndicates
 - » \$70m in new wholesale mandate
 - » Acquired management rights to Vitalharvest Freehold Trust in June 2020 adding a further \$280m to the AUM
- Asset revaluations contributed to further \$102m uplift



Total shareholder return since IPO

PWG has delivered an 8.8% total shareholder return from IPO to 30 June 2020, outperforming the S&P ASX 300 A-REIT index by 30.5%¹

Re-based to 100



¹ PWG total shareholder return includes the 2.8c dividend (ex-dividend 1 July 2020)

2. MANAGEMENT PLATFORM

The background features a complex geometric design. A horizontal band of gold color spans the width of the slide, partially obscured by the title text. Below this band, the background is divided into several sections. On the right, there are multiple overlapping, nested trapezoidal shapes in a darker gold color, creating a sense of depth. The lower half of the slide is filled with a pattern of fine, light grey lines that form a series of overlapping, elongated diamond or hourglass shapes, giving it a textured, architectural appearance.

Primewest Funds Management Platform

Syndicates	
FY20 AUM	\$3.5bn
FY19 AUM	\$3.1bn
Growth	13%
Key Events	

- Launched 7 new funds (\$308m in AUM) during FY19 including 5 funds (\$228m in AUM) after the IPO
- Able to launch Primewest Media Trust in the height of COVID-19 impact
- Successfully acquired Lamattina Farm and strong pipeline in FY21

Mandates	
FY20 AUM	\$0.7bn
FY19 AUM	\$0.6bn
Growth	22%
Key Events	

- Establishment of the new Daily Needs Trust
- Institutional mandate on behalf of a large international investor
- High transaction activity having purchased a number of neighbourhood retail focused assets since establishment

Listed REIT	
FY20 AUM	\$0.3bn
FY19 AUM	\$0
Key Events	

- Acquisition of the management rights and co-investment stake in Vitalharvest Freehold Trust (ASX:VTH)
- VTH assets are 100% leased to ASX listed Costa Group (ASX:CGC)



Seven West HQ, WA



Pemulway Shopping Centre, NSW



Corindi Berry Farm, NSW

Unlisted funds recent acquisitions¹

Primewest Industrial Income Trust No.3

ESTABLISHED: July 2019

VALUE: \$76m across 5 assets

RETURN: 7% CDPM



Sky Park Office Trust

ESTABLISHED: August 2019

VALUE: USD\$9m

RETURN: 7.5% CDPM



Primewest Diversified Income Trust No.4

ESTABLISHED: November 2019

VALUE: \$85m across 3 assets

RETURN: 6.5% CDPM



Primewest 66 Kings Park Road Trust

ESTABLISHED: November 2019

VALUE: \$33m (Single asset trust)

RETURN: 7% CDPM



Primewest Agricultural Income Trust No.1

ESTABLISHED: Feb 2020

VALUE: \$47m across 2 assets

RETURN: 7.5% CDPM



Primewest Media Trust

ESTABLISHED: March 2020

VALUE: \$75m (Single asset trust)

RETURN: 8% CDPM



¹ Includes assets acquired subsequent to 30 June 2020

Mandates

Primewest currently has 2 active mandates across Office & Convenience Retail with AUM of \$700m+, both with investment capital committed

Office Mandate Overview

The Office mandate was established in 2017 to acquire under-valued office assets in a counter-cyclical play in Perth and Brisbane.

Primewest successfully acquired two premium / A grade properties in the Perth CBD (Exchange Tower and One William Street) with substantial vacancy. Primewest improved the properties by completing substantial capital works whilst leasing up the assets to increase WALE and occupancy.



Daily Needs Retail Overview

The Daily Needs Retail mandate was established in 2020 to acquire retail assets with a focus on high non-discretionary spending (supermarkets, chemists etc) with limited discretionary tenants (specialities).

Primewest has successfully acquired three assets anchored by national retailers (Woolworths or Coles) with upside in either MAT growth or infill development.



¹ Includes asset acquired subsequent to 30 June 2020

Listed A-REITs

A new growth opportunity

- Primewest acquired the management rights and a co-investment in VTH in June 2020
 - » VTH is an externally managed agricultural REIT that owns an investment grade portfolio of agricultural assets
 - » Current portfolio is 100% occupied with a 6.0yr WALE supported by CGC, Australia's largest horticultural company
 - » Primewest believe that there is opportunity to enhance the offering and that this asset class will outperform the broader sector over the near to medium term
- Primewest deferred the launch of the Primewest Commercial REIT in early March 2020 once it was clear that the market conditions were not conducive to the launch

Portfolio overview^{1,2} of Vitalharvest



2,309ha
Planted area



\$144m
Market capitalisation



100%
Occupancy



6.0yrs
WALE

¹ Planted area consists of 1,925ha of citrus and 384ha of berries. Citrus portfolio as at 1 January 2020, Berry as at 30 June 2019

² Market capitalisation as at 30 June 2020

3. FINANCIAL RESULTS

The background features a horizontal gold band across the middle. Below this, there are several overlapping geometric shapes and patterns. On the right side, there are gold-colored stepped rectangular blocks. On the left and bottom, there are grey and white patterns consisting of many thin, parallel lines that create a sense of depth and movement, resembling architectural details or a stylized landscape.

Core Earnings Per Security

Proforma FY20 (\$m) ¹	1H20	2H20	FY20
Funds management revenue	15.1	20.0	35.1
Other income	—	0.3	0.3
Total revenue	15.1	20.3	35.4
Corporate expenses	(5.7)	(5.8)	(11.6)
EBITDA	9.4	14.4	23.8
Investment income	0.1	0.8	0.9
Tax	(2.6)	(3.0)	(5.6)
Operating earnings after tax	6.9	12.2	19.2
Operating earnings after tax per security	2.0c	3.5c	5.5c
Distribution per security		2.8c	
Payout ratio		80.0%	

- PWG listed on the ASX on 8 November 2019

- PWG declared a distribution of 2.8 CPS which represented a payout ratio of 80.0% of 2H20 earnings

¹ Refer to Section 4 of the IPO Offer Document dated 21 October 2019 for the basis of proforma presentation

Funds Management Revenue breakdown

Recurring revenue streams underpin the majority of PWG earnings

\$m	FY20 Proforma ¹	PDS	Variance
Asset management fees	18.9	19.3	(0.4)
Property services fees	5.0	4.7	0.3
Transaction fees	5.5	5.4	0.1
Performance fees	5.6	6.1	(0.5)
Funds management revenue	35.1	35.5	(0.4)

- Asset management fees impacted by timing of acquisitions during the year and COVID-19
- Property services fees exceeded forecast due to strength in office leasing
- Transaction fees in line with forecast on \$308m of unlisted fund acquisitions
- Performance fee short of forecast due to COVID-19 valuation impact

¹ Refer to Section 4 of the IPO Offer Document dated 21 October 2019 for the basis of proforma presentation

Balance sheet strength maintained

- Robust balance sheet with \$54m in cash and no debt
- \$26m invested in VTH and Daily Needs Retail mandate

\$m	FY20
Cash	54.1
Financial assets and co-investments	25.5
Other assets	8.4
Intangibles	133.4
Total assets	221.4
Trade payables	1.9
Provisions	3.4
Lease liabilities	1.4
Total liabilities	6.7
Net assets	214.7
NTA per security	\$0.23

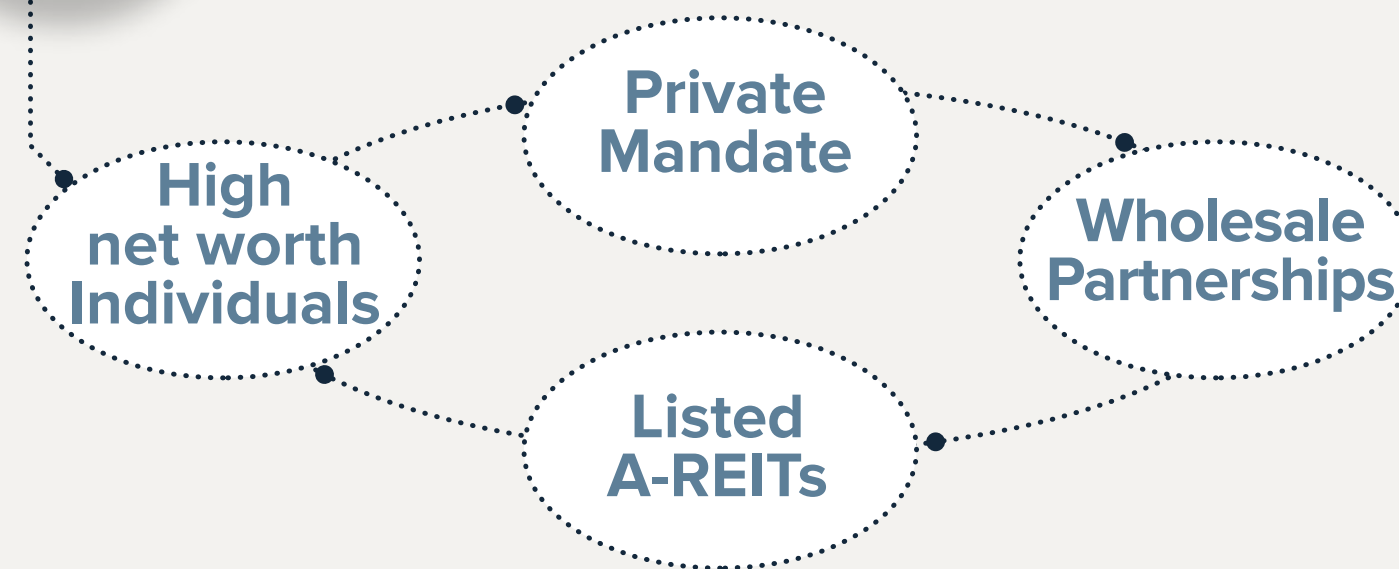
4. STRATEGY & OUTLOOK



Primewest strategic objectives in FY21



Expand access to capital



Scale existing platform

- Launch new income and development funds
- Enhance mandate offering
- Expand investor base through new distribution networks



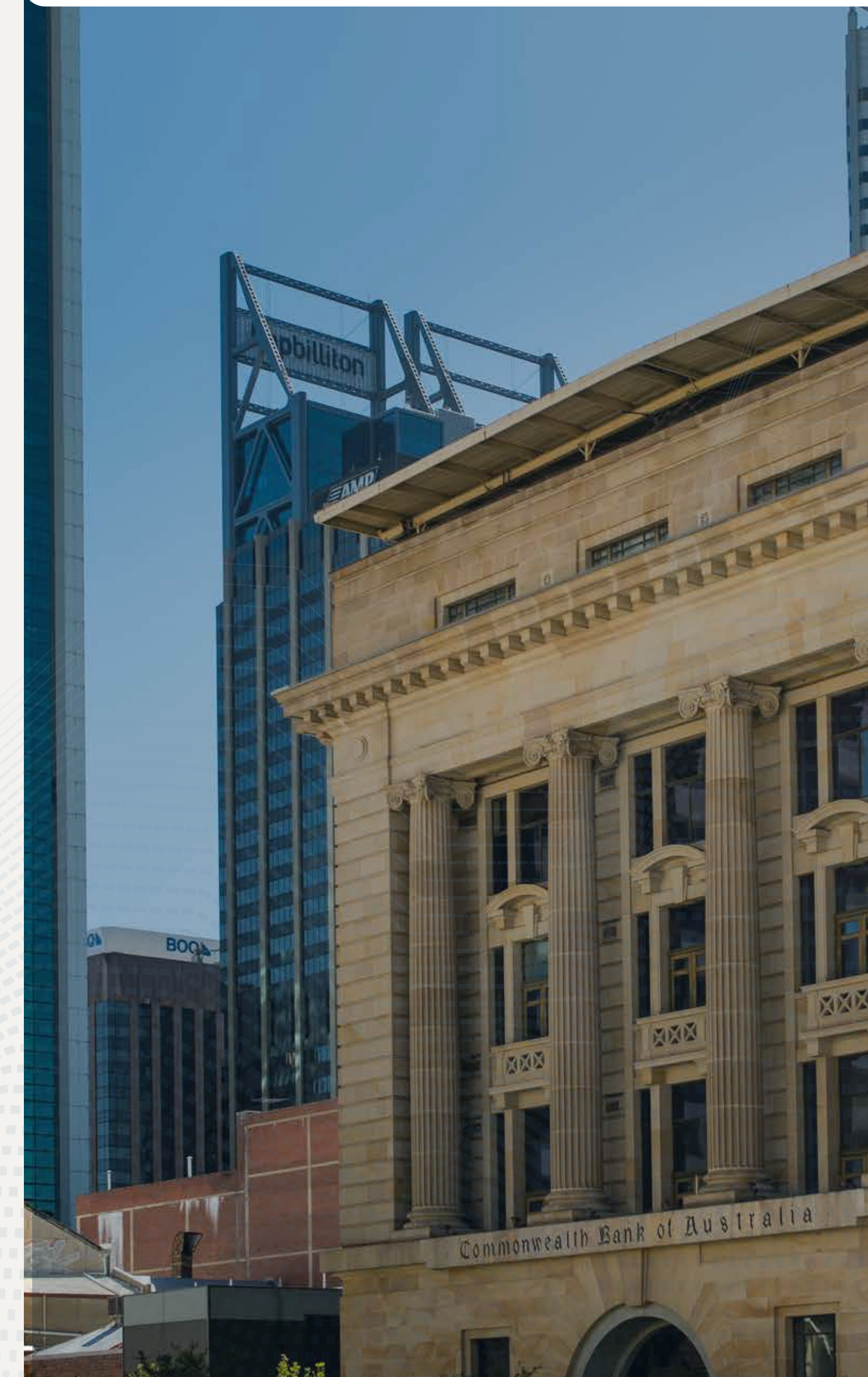
Diversify across sectors

- Education trusts
- Agriculture
- Hotels



Explore other growth options

- Co-investing alongside partners
- Corporate M&A



Outlook

Current operating environment

- Certain sectors (namely retail and office) have been negatively impacted by COVID-19, however, PWG's retail exposure is predominantly to neighbourhood and convenience based centres
- Investor focus on income certainty, WALE and capital preservation
- Significantly increased investor demand for agricultural exposure with long leases to high quality tenants

PWG competitive advantage

- PWG has a strong balance sheet with over \$50m in available cash and no debt
- Supportive expanded investor base of over 700 active investors and distribution networks
- Strong recurring revenues from long dated fund life with the Weighted Average Fund Life of the syndicates extended to 6.3 years

Execution focus

- Continue to expand PWG's mandate business by deploying available capital and introducing new partners
- Enhance the size and scale of VTH
- Explore value enhancing M&A opportunities



5. APPENDICES



Reconciliation of Core Earnings to the PDS

	FY20 Proforma ¹	PDS	Variance
Funds management revenue	35.1	35.5	(0.4)
Other income	0.3	0.1	0.2
Total revenue	35.4	35.6	(0.2)
Corporate expenses	(11.6)	(10.2)	(1.4)
EBITDA	23.8	25.4	(1.6)
Investment income	0.9	1.2	(0.3)
Tax	(5.6)	(7.6)	2.0
Operating earnings after tax	19.2	19.0	0.2
Operating earnings after tax per security	5.5c	5.4c	

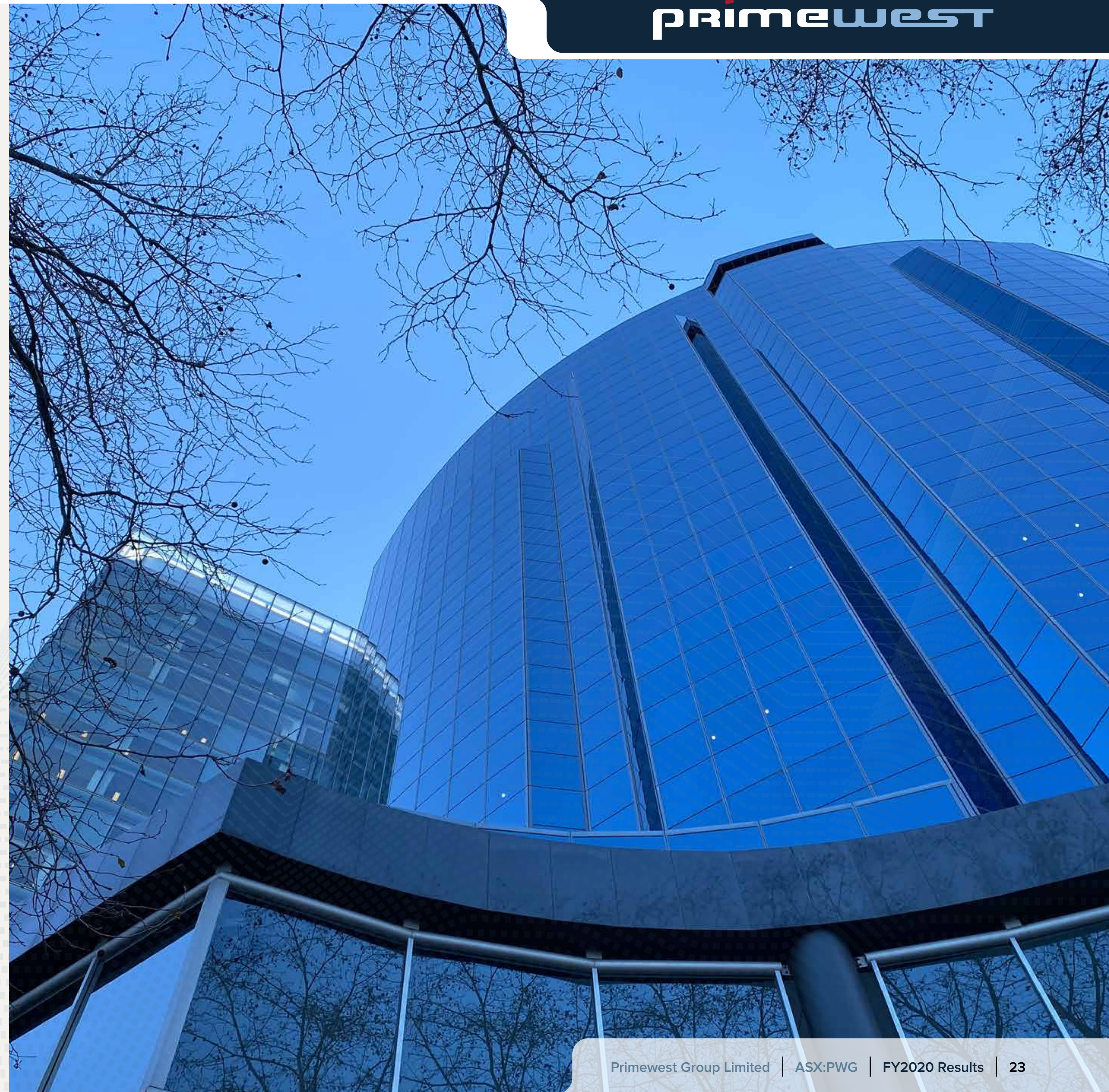
¹ Refer to Section 4 of the IPO Offer Document dated 21 October 2019 for the basis of proforma presentation



Reconciliation of statutory profit to operating profit

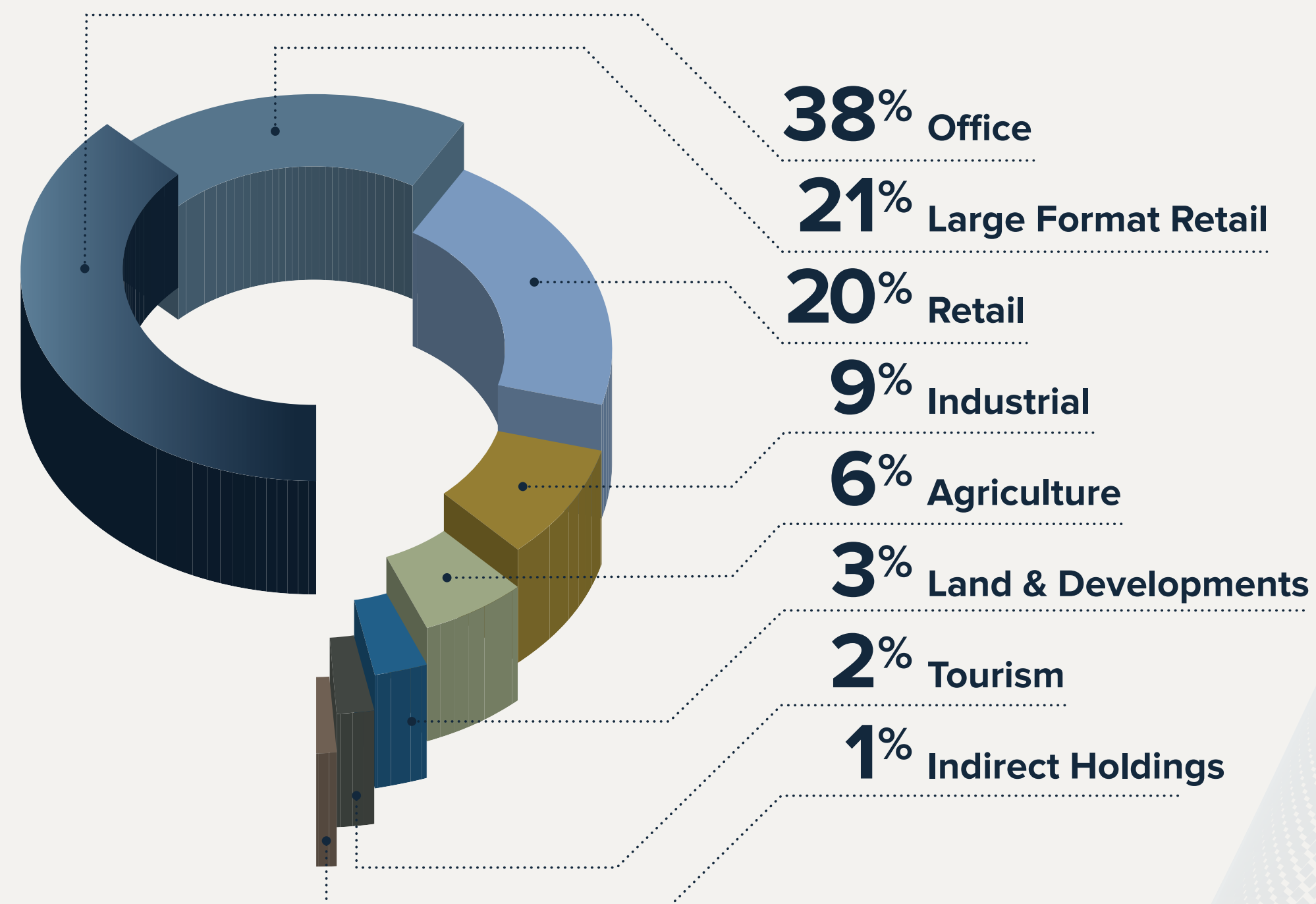
	FY20
Statutory NPAT	9.3
Listing costs	2.5
Lease adjustment	(0.3)
Lease depreciation and interest	0.4
Depreciation and amortization	0.2
Management rights amortization	3.1
Loss on revaluation of financial assets	2.1
Statutory Operating earnings after tax	17.2
Proforma adjustments	2.0
Proforma¹ Operating earnings after tax	19.2

¹ Refer to Section 4 of the IPO Offer Document dated 21 October 2019 for the basis of proforma presentation

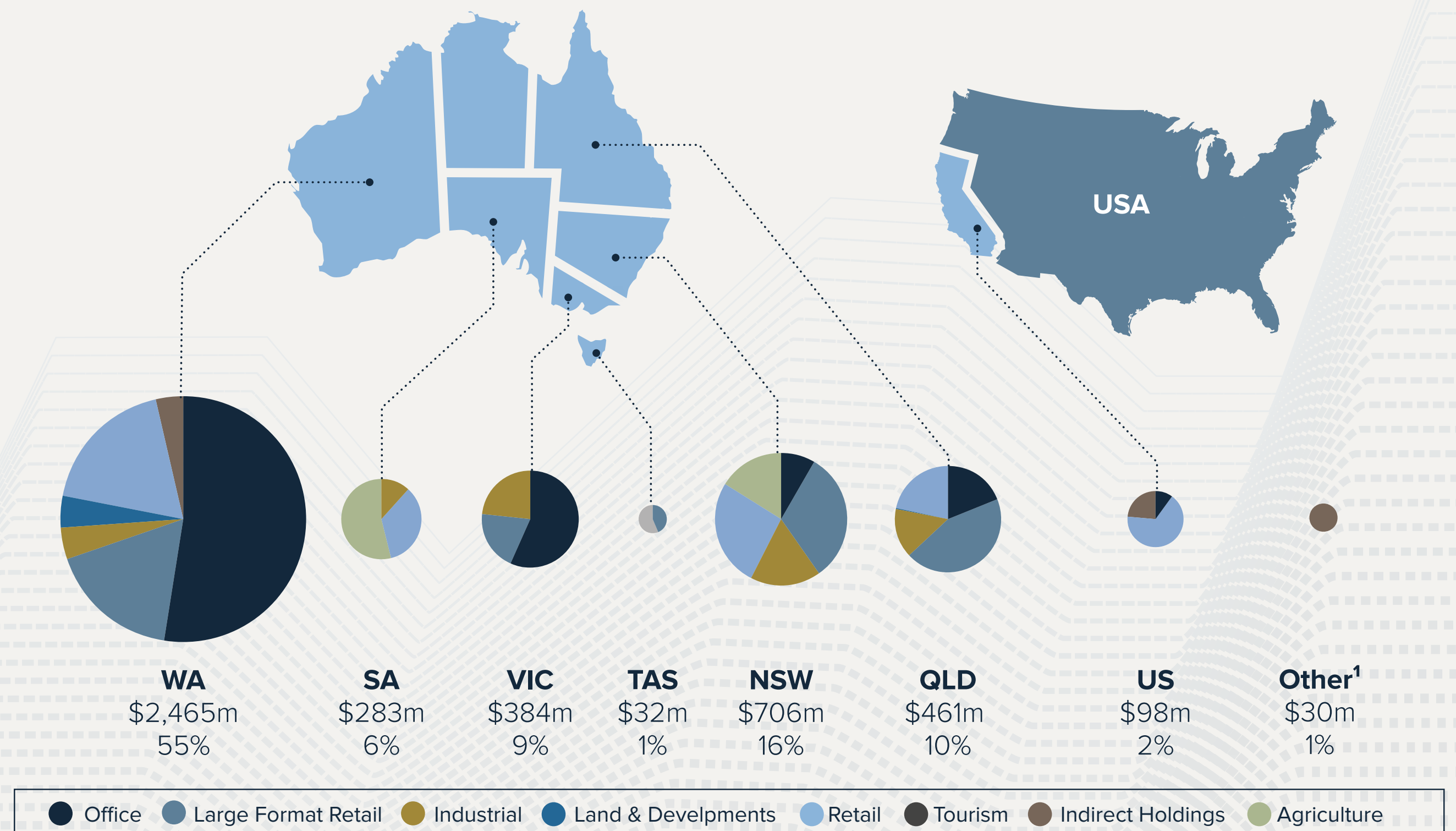


Diversified portfolio across sectors and geographies

Asset sectors



Geographies



Note: All figures above are in Australian dollars.

1. Indirect holdings with no geographical location

Key Executives

John Bond

Executive
Chairman



- John is a founding Director of Primewest
- Background spans law, investment banking as well as property investment and development
- Over 30 years' experience in negotiating acquisitions, overseeing development of properties and asset management
- Chairman of Australian Doctors for Africa and The Fathering Project charities
- Bachelor of Commerce, Corporate Member of the Property Council of Australia
- John is a responsible manager under the AFSL

David Schwartz

Managing
Director



- David is a founding Director of Primewest
- Professional property investor with over 25 years' experience in negotiating acquisitions and overseeing the development of properties
- Focus on retail and commercial property developments
- Background spans retail, manufacturing and distribution businesses
- Non-Executive Director of Schaffer Corporation Ltd
- David is a responsible manager under the AFSL

Jim Litis

Director,
Primewest



- Jim is a founding Director of Primewest
- Opened Douglas Hi Fi and Sony Central stores which were successfully sold in 1988
- Experienced in commercial property investments since early 1980s, initially acquiring several CBD properties and a small shopping centre
- Bachelor of Science (Pharmacy)
- Jim is a responsible manager under the AFSL

David Creasy

Chief Financial
Officer &
Company
Secretary



- David is the Chief Financial Officer of Primewest
- Over 25 years' experience of strategic and operational leadership in property, hospitality and retail industries
- Focus on development of residential, commercial and mixed-use properties across North America as well as management and operations of diverse investment property portfolios
- Leads financial operations of Primewest
- Chartered Professional Accountant (Canada)

Julian Lodge

Chief Investment
Officer



- Julian is the Chief Investment Officer of Primewest
- Over 24 years' experience in property industry with particular capabilities in funds management, development and asset management of property investments
- Focus on identification and delivery of key investment opportunities
- Board Member of Western Australian Property Council Divisional Council and Property Education Foundation of WA
- Senior Associate Member of FINSIA and qualified Real Estate Agent

Adam O'Donoghue

Head of Asset
Management



- Adam is the Head of Asset Management of Primewest
- Over 12 years' experience in the property industry and oversees the Asset Management department
- Background spans taxation accounting
- Bachelor of Commerce

Definitions

AUM: Assets Under Management

CAGR: Compound Annual Growth Rate

CDPM: Cash Distribution Paid Monthly

DPS: Distribution Per Security

EPS: Earnings Per Security

GAV: Gross Asset Value

IRR: Internal Rate of Return

MAT: Moving Annual Turnover

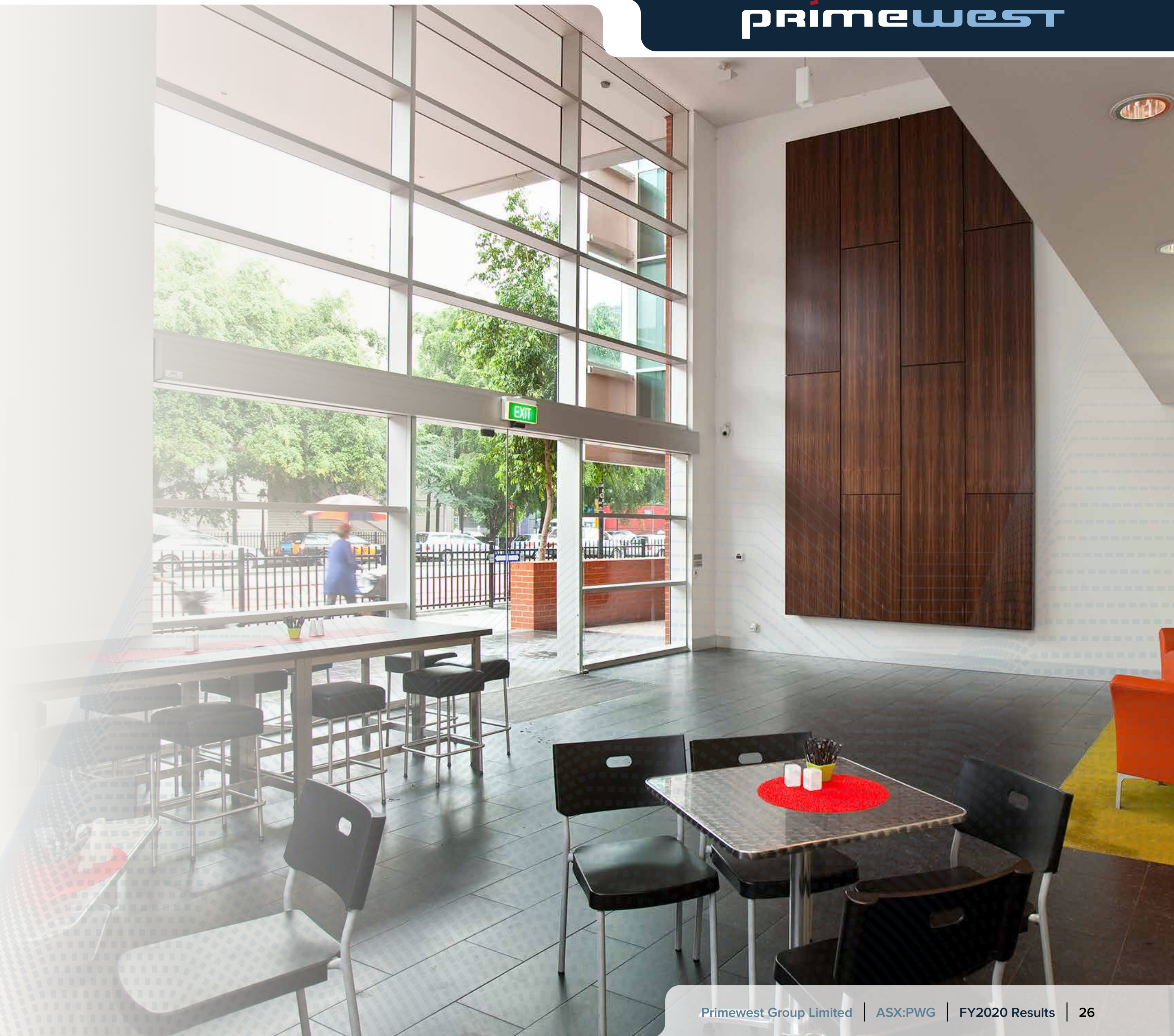
NPAT: Net Profit After Tax

NTA: Net Tangible Assets

REIT: Real Estate Investment Trust

WACR: Weighted Average Capitalisation Rate

WALE: Weighted Average Lease Expiry



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