The S&P/ASX 200 A-REIT Accumulation Index was down 2.60%, with the portfolio underperforming the index in April by 0.13%.

Office A-REITs outperformed Industrial, Diversified and Retail A-REITs in the month of April. Key outperformers during the month were Unibail-Rodamco-Westfield (URW) and Mirvac (MGR), up 5.70% and 2.90% respectively. Key underperformers during the month were GPT (GPT) and Scentre (SCG), down 7.70% and 7.10% respectively.

During the period there were updates from GPT (GPT), Dexus Property (DXS), Mirvac (MGR), Stockland Corporation (SGP) and Scentre (SCG). Key themes from these updates were:

1. Residential sales rates continue to deteriorate. Sales over the quarter for Stockland Corporation declined 26% and it expects ongoing weak sales in 2019 with downside risks. Both Mirvac and Stockland Corporation provided minimal disclosure for the market to assess the residential businesses in more detail, which provides downside risks to funds from operations (FFO) in FY19–21.
2. Office leasing remains strong—GPT and Mirvac both noted double-digit leasing spread, while Australian office assets remain in demand from a range of investors.
3. Retail sales moderated marginally but the focus remains on the capital queue looking to exit retail. Mirvac’s retail sales, despite moderating, continue to outperform peers (2.3% vs 2.7% December 2018). GPT saw the biggest deterioration (1.3% vs 2.4% December 2018), while Stockland Corporation had the lowest sales growth (1.2% vs 1.4% December 2018).

### Gross active return

<table>
<thead>
<tr>
<th></th>
<th>1mth</th>
<th>3mth</th>
<th>6mth</th>
<th>1yr</th>
<th>3yr</th>
<th>5yr</th>
<th>7yr</th>
<th>10yr</th>
<th>Incep.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed Property Trust Portfolio</td>
<td>-2.69</td>
<td>4.62</td>
<td>12.62</td>
<td>15.96</td>
<td>8.75</td>
<td>12.94</td>
<td>14.10</td>
<td>13.88</td>
<td>9.78</td>
</tr>
<tr>
<td>S&amp;P/ASX 200 A-REIT Accumulation Index</td>
<td>-2.56</td>
<td>5.32</td>
<td>13.20</td>
<td>17.68</td>
<td>7.96</td>
<td>12.89</td>
<td>14.13</td>
<td>14.16</td>
<td>6.64</td>
</tr>
<tr>
<td>Excess Return</td>
<td>-0.13</td>
<td>-0.70</td>
<td>-0.58</td>
<td>-1.72</td>
<td>0.79</td>
<td>0.05</td>
<td>-0.03</td>
<td>-0.28</td>
<td>3.14</td>
</tr>
</tbody>
</table>

*Inception date—October 2002

### Investment growth

**Time period: 1/10/2002 to 30/04/2019**

Source: DNR Capital

Performance data relates to the DNR Capital model portfolio. Performance of an investment in this model portfolio through a Portfolio Service may have different performance to the performance in this monthly update as a result of different policies and procedures at different Portfolio Service operators.

Past performance is not an indication of future performance. No allowance has been made for taxation and fees are not taken into account.
Investment philosophy

DNR Capital believes that quality businesses outperform through the cycle and focuses on identifying those quality securities that can defend and grow their business and purchases them when they are trading below intrinsic value. By maintaining a strong valuation discipline with a medium-term focus, DNR Capital looks to identify those securities where the current price does not fully reflect the intrinsic value.

Investment strategy

The investment process uses a combination of bottom-up security selection with a top-down overlay.

The bottom-up security selection process will favour those with the following characteristics:

- Strong underlying assets—DNR Capital believes higher quality assets will outperform through the business cycle both in terms of capital appreciation and yield growth.
- Low-debt to medium-debt levels—DNR Capital invests in securities where the debt profile is appropriate given the quantum and nature of cash flow produced from the underlying portfolio.
- High-quality management with a strong track record of delivering asset and share price performance.
- Stable portfolio investment strategy—DNR Capital believes a changing asset mix can be a signal of problems or poor management.

DNR Capital follows a range of economic indicators that are reviewed regularly from a top-down portfolio perspective. These measures are used to formulate an economic overview which provides a backdrop to investment decision making and influences portfolio construction.

Platform access

- AMP PPS
- HUB24
- OneVue

Disclaimer

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If you have invested in the Australian Listed Property Trust Portfolio via a service such as investor directed portfolio service, managed account service or separately managed account (‘Portfolio Service’), you can obtain information from the Portfolio Service operator. If you invest via a Portfolio Service, different terms may apply to your investment. You should read the disclosure document for that Portfolio Service and consider your circumstances prior to investing.

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