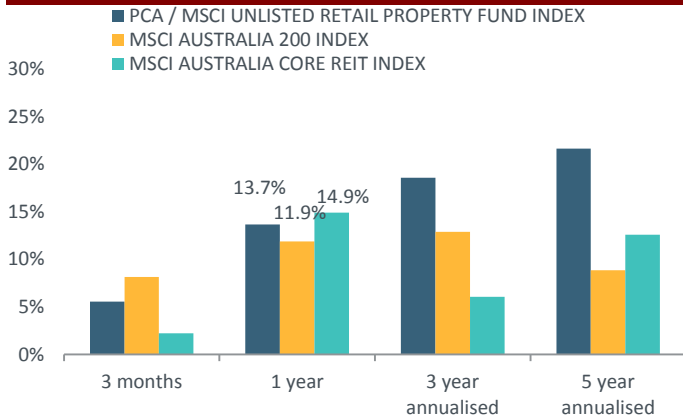


PROPERTY INVESTMENT FACTSHEET - JUNE 2019

Unlisted Funds

UNLISTED PROPERTY VS. EQUITIES RETURNS PERIODS TO JUNE 2019



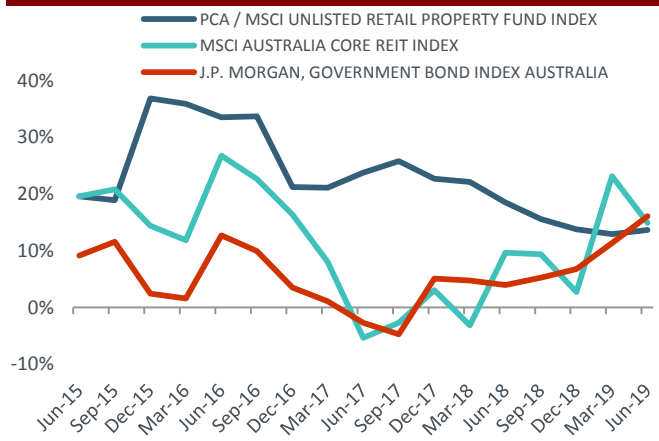
COMMENTARY

Despite a tough December quarter, the 12 months to 30 June 2019 ended strongly for Australian equity markets (11.9%), and A-REITs (14.9%). Attractive yields, controlled debt levels and broadly stable earnings continue to be generally supportive for A-REITs. However, while aggregate A-REIT Price-to-Book ratios have remained lower than their 2016 highs, this conceals material dispersion at the individual stock level. Australian unlisted property funds continued to perform strongly, with a total return of 13.7% for the year. The low cash rate environment continues to underpin momentum for capital seeking assets with attractive yield spreads. However, growth in effective rents is likely to be the key driver of capital growth going forward.

LISTED PROPERTY: PRICE TO BOOK VALUE JUNE 2015 TO JUNE 2019



FIXED INCOME, UNLISTED & LISTED PROPERTY JUNE 2015 TO JUNE 2019



DETAILED INVESTMENT TYPE COMPARISON

DATE (12 MONTHS TO)	Unlisted Property PCA / MSCI UNLISTED RETAIL PROPERTY FUND INDEX	Listed Property MSCI AUSTRALIA CORE REIT INDEX	Australian Equities MSCI AUSTRALIA 200 INDEX	Global Equities MSCI WORLD ex AUSTRALIA INDEX	Fixed income J.P. MORGAN, GOVERNMENT BOND INDEX AUSTRALIA	Cash AUSTRALIAN BANKS' TERM DEPOSITS AVERAGE RATE
Jun-15	19.6%	19.6%	5.8%	9.1%	9.1%	2.4%
Jun-16	33.5%	26.7%	0.3%	-2.4%	12.7%	2.2%
Jun-17	23.7%	-5.3%	13.8%	20.0%	-2.7%	2.1%
Jun-18	18.5%	9.7%	12.9%	11.9%	4.0%	2.0%
Jun-19	13.7%	14.9%	11.9%	5.9%	16.1%	1.9%
5 year annualised	21.6%	12.6%	8.8%	8.6%	7.6%	2.2%
Standard deviation	8.3%	10.6%	11.6%	11.2%	7.1%	0.1%

Data sources: MSCI, RBA, Barclays Capital (see other side for more information)

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PROPERTY INVESTMENT FACTSHEET - JUNE 2019

Direct Property

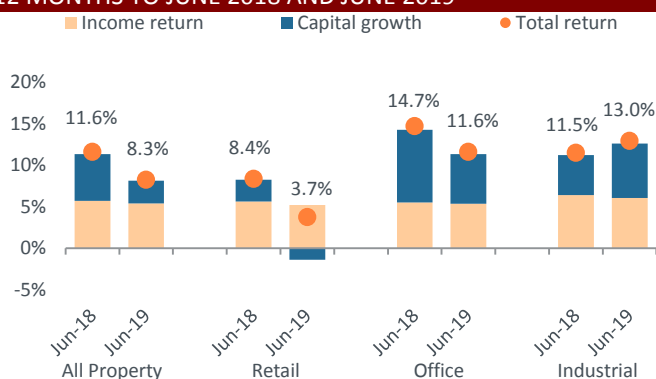
DIRECT PROPERTY INVESTMENT RETURNS JUNE 1987 TO JUNE 2019



COMMENTARY

Australian direct property markets continue to perform strongly, delivering a total return of 8.3% for the 12 months to 30 June 2019. Income returns continue to be stable at 5.4% for the period, although investor demand continues to compress yields to historic lows. The structural nature of real estate as a strong generator of low volatility income continues to attract capital flows in an environment where low bond yields have kept yield spreads attractive. Increased globalisation of capital flows has also made cross border transactions an increasingly important driver of markets in the current property cycle.

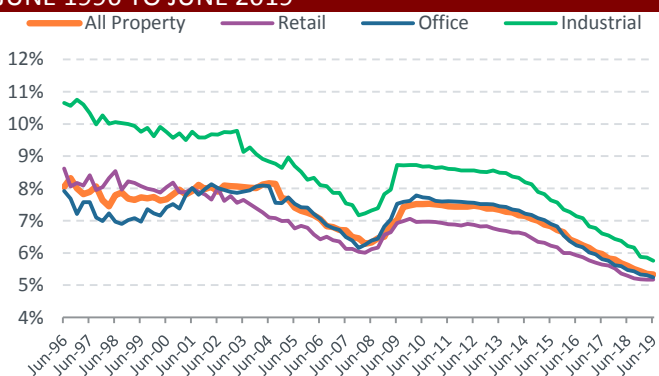
INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO JUNE 2018 AND JUNE 2019



COMMENTARY

Overall, while capital growth has remained broadly positive, momentum across sectors is generally slowing and results are increasingly mixed. Office markets continue to benefit from strong rental growth in key markets while growth in e-commerce continues to drive up demand for modern logistics facilities. Retail outside strong destination centres continues to face headwinds from the triple threat of nimble international retailers, competition from online retailers and high rental costs. Retail yield compression has flattened and negative capital growth has increased from to -1.4% compared to -0.2% the previous quarter.

DIRECT PROPERTY CAP RATES PER SECTOR JUNE 1996 TO JUNE 2019



COMMENTARY

Strong demand continues to drive capitalisation rates to historic lows. Although spreads between the official cash rate and property yields remain elevated, ongoing room for further material compression may be limited in the absence of strong rental growth. Cap rate compression slowed across all sectors and appears to have stalled for retail for now. Capitalisation rates for industrial experienced the most compression over the last 12 months (-0.46%). Strong demand, coupled with the limited supply of stock have translated to strong appreciation in capital values, and downward pressure on transaction yields, particularly for logistics.

DATA SOURCES -All results shown are accumulation indexes-

- UNLISTED PROPERTY The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index , Core funds, Pre-fee total return
- AUSTRALIAN EQUITIES MSCI Australia 200 Index, Gross total return
- GLOBAL EQUITIES MSCI World ex-Australia Index, Investible Market Index, Gross total return
- LISTED PROPERTY MSCI Australia Core REIT Index, Investible Market Index, Gross total return & Price-to-book-value ratio
- FIXED INCOME J.P. Morgan, Government Bond Index Australia, Unhedged, 7-10 Years, AUD, Total return
- CASH Reserve Bank of Australia, Retail deposit and investment rates, Banks' term deposits (\$10000), Average rate (all terms)
- DIRECT PROPERTY The Property Council/MSCI Australian All Property Index, Total income and capital return & Valuer capitalisation rate
- COMMENTARY Provided by Zenith Investment Partners

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