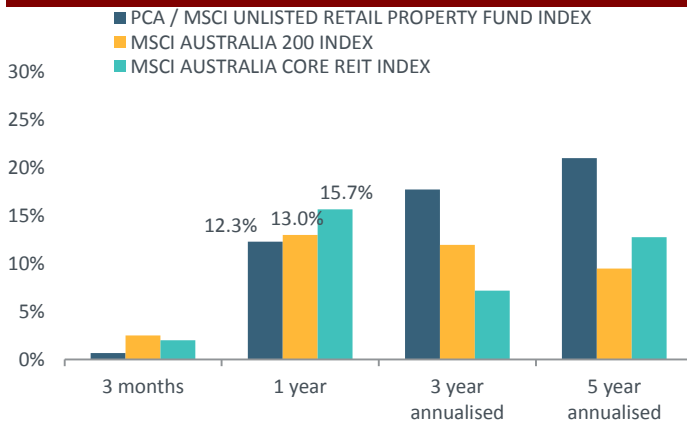


PROPERTY INVESTMENT FACTSHEET - SEPTEMBER 2019

Unlisted Funds

UNLISTED PROPERTY VS. EQUITIES RETURNS PERIODS TO SEPTEMBER 2019



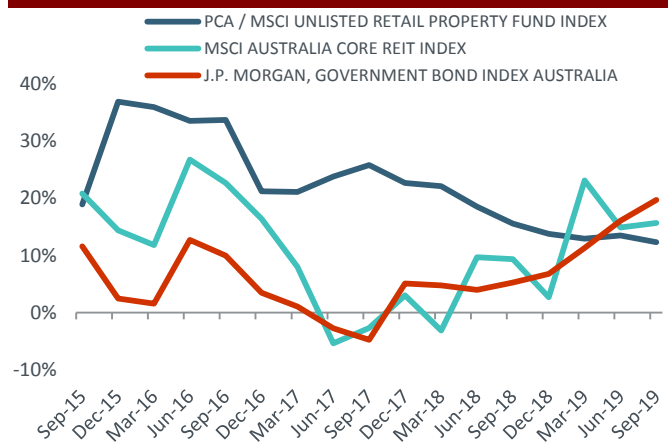
COMMENTARY

Despite weak economic data, the 12 months to 30 September 2019 ended strongly for Australian equity markets (13.0%), and A-REITs (15.7%) as the RBA slashed the cash rate to 0.75%. 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 12.3%. The low cash rate environment continues to underpin momentum for capital seeking assets with attractive yield spreads. While any further reductions in interest rates are expected to provide support to capital values in FY20, growth in effective rents is likely to be the key driver of capital growth in the longer term.

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



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



DETAILED INVESTMENT TYPE COMPARISON

DATE (12 MONTHS TO)	Unlisted Property	Listed Property	Australian Equities	Global Equities	Fixed income	Cash
	PCA / MSCI UNLISTED RETAIL PROPERTY FUND INDEX	MSCI AUSTRALIA CORE REIT INDEX	MSCI AUSTRALIA 200 INDEX	MSCI WORLD ex AUSTRALIA INDEX	J.P. MORGAN, GOVERNMENT BOND INDEX AUSTRALIA	AUSTRALIAN BANKS' TERM DEPOSITS AVERAGE RATE
Sep-15	18.9%	20.8%	-0.8%	0.3%	11.6%	2.4%
Sep-16	33.6%	22.6%	13.0%	11.4%	10.0%	2.2%
Sep-17	25.8%	-2.7%	9.1%	19.0%	-4.7%	2.1%
Sep-18	15.6%	9.3%	13.9%	12.7%	5.3%	2.0%
Sep-19	12.3%	15.7%	13.0%	-1.9%	19.7%	1.9%
5 year annualised	21.0%	12.8%	9.5%	8.0%	8.0%	2.1%
Standard deviation	8.5%	10.6%	11.6%	11.4%	7.1%	0.1%

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

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PROPERTY INVESTMENT FACTSHEET - SEPT 2019

Direct Property

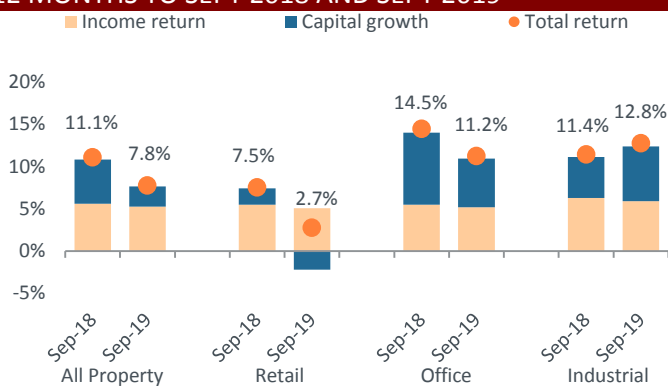
DIRECT PROPERTY INVESTMENT RETURNS SEPT 1987 TO SEPT 2019



COMMENTARY

Australian direct property markets continue to perform strongly, delivering a total return of 7.8% for the 12 months to 30 September 2019. Yield spreads continues to be attractive, with income returns of 5.2% for the period. The ability of real estate to generate low volatility income continues to attract capital in a low yield environment where spreads remain attractive. However, investor demand continues to compress yields to record lows. Increased globalisation of capital flows continues to make cross border transactions an increasingly important driver of markets in the current property cycle.

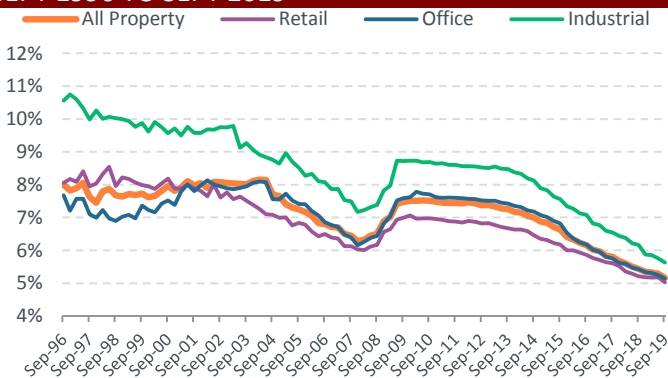
INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO SEPT 2018 AND SEPT 2019



COMMENTARY

While capital growth remains broadly positive, momentum across sectors continues to slow and results continue to be mixed. Office markets continue to benefit from strong rental growth in key markets (albeit slowing) 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 threat of nimble international retailers, competition from online retailers, high rental costs and slowing economic data. Reversions in capital growth for retail continue in 2019, increasing to -2.2% compared to -1.4% the previous quarter.

DIRECT PROPERTY CAP RATES PER SECTOR SEPT 1996 TO SEPT 2019



COMMENTARY

Investment demand continues to drive capitalisation rates to historic lows. Spreads between the official cash rate and property yields remain elevated, albeit the strength of cap rate compression has been slowing since December 2015. Capitalisation rates for industrial again experienced the most compression over the last 12 months (-0.54%). Strong investment demand, coupled with the limited supply of stock have translated to robust capital appreciation, particularly for logistics assets. Key office markets in Sydney and Melbourne also continue to perform strongly in the face of low vacancies and strong growth in face rents.

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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