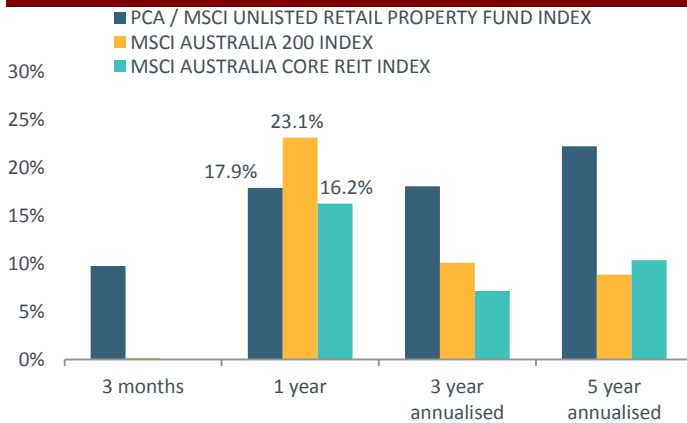


# PROPERTY INVESTMENT FACTSHEET - DECEMBER 2019

## Unlisted Funds

### UNLISTED PROPERTY VS. EQUITIES RETURNS PERIODS TO DECEMBER 2019



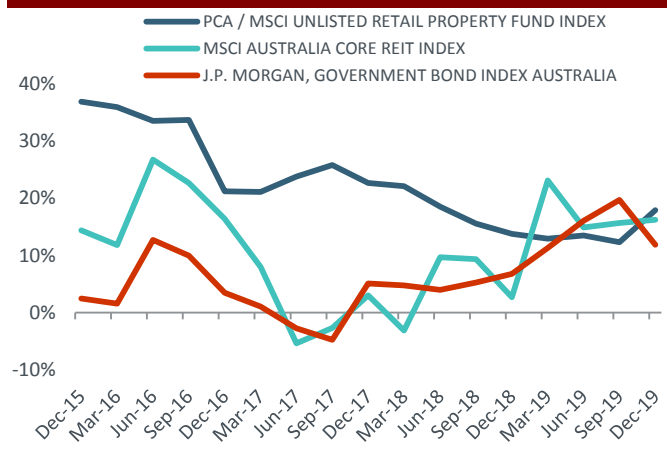
### COMMENTARY

Despite generally soft economic data, the 12 months to 31 December 2019 was strong for Australian equity markets (23.1%). A-REITs were positive (16.2%) but pulled back in Q4 due to a lift in 10 year bond yields, driving a mild sell off in defensive liquid assets. Australian unlisted property funds continued to perform strongly, with a total return of 17.9%. 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 2020, strong market fundamentals will be required to underpin momentum in capital growth in the longer term.

### LISTED PROPERTY: PRICE TO BOOK VALUE DECEMBER 2015 TO DECEMBER 2019



### FIXED INCOME, UNLISTED & LISTED PROPERTY DECEMBER 2015 TO DECEMBER 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
Dec-15	36.8%	14.4%	2.2%	2.7%	2.4%	2.4%
Dec-16	21.2%	16.4%	12.0%	10.2%	3.5%	2.2%
Dec-17	22.6%	3.0%	11.5%	19.3%	5.1%	2.1%
Dec-18	13.8%	2.7%	-2.8%	-7.7%	6.8%	2.0%
Dec-19	17.9%	16.2%	23.1%	27.9%	11.9%	1.9%
5 year annualised	22.2%	10.4%	8.8%	9.8%	5.9%	2.0%
Standard deviation	8.7%	9.9%	11.6%	11.4%	6.9%	0.2%

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

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# PROPERTY INVESTMENT FACTSHEET - DEC 2019

## Direct Property

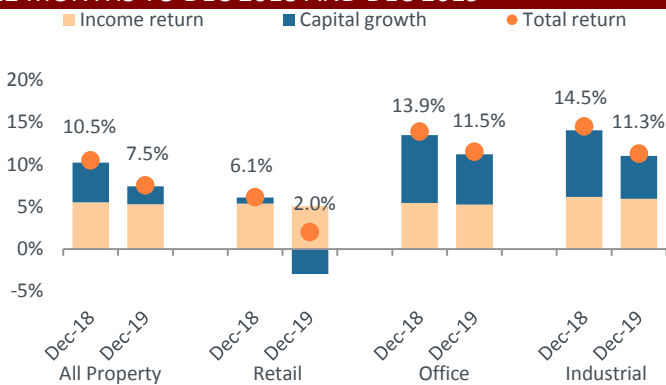
### DIRECT PROPERTY INVESTMENT RETURNS DEC 1987 TO DEC 2019



### COMMENTARY

Australian direct property markets continue to perform strongly, delivering a total return of 7.5% for the 12 months to 31 December 2019. Yield spreads continue to be attractive, with income returns of 5.3% for the period. The ability of real estate to generate lower volatility income continues to attract capital in a low yield environment where spreads remain attractive. While investor demand continues to compress yields to new lows in key segments, markets are becoming bifurcated against a general slowdown in price momentum.

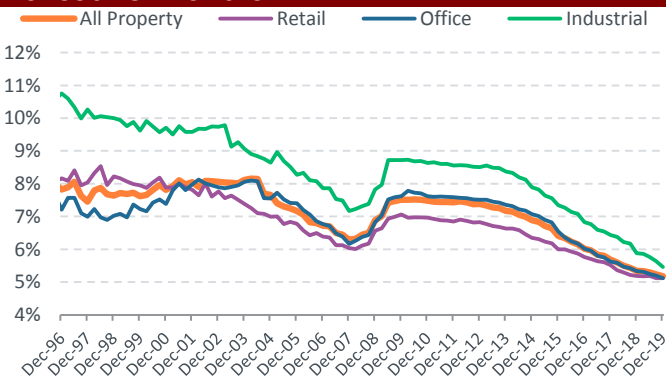
### INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO DEC 2018 AND DEC 2019



### COMMENTARY

While total returns remain positive, momentum continues to slow. Office markets continued to benefit from solid fundamentals in key markets, however supply side signals are becoming mixed. Demand for well located logistics facilities remained robust. Retail continues to face material headwinds with weaker operational metrics underpinned by subdued spending growth and digital challenges. Retail continued to be the only major market segment experiencing negative capital growth, which accelerated across all quarters in 2019, finishing down 3.0% for the calendar year.

### DIRECT PROPERTY CAP RATES PER SECTOR DEC 1996 TO DEC 2019



### COMMENTARY

With spreads between the official cash rate and property yields remain elevated, demand continues to drive capitalisation rates to historic lows. However, evidence suggests this cycle is struggling to retain momentum. Capitalisation rates for industrial again experienced the most compression over the last 12 months (-0.42%) as a result of strong demand and limited stock supply for logistics centric assets. Key office markets continue to perform strongly with low vacancies and solid face rent growth, however, the outlook for supply/demand dynamics are becoming more mixed.

### 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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