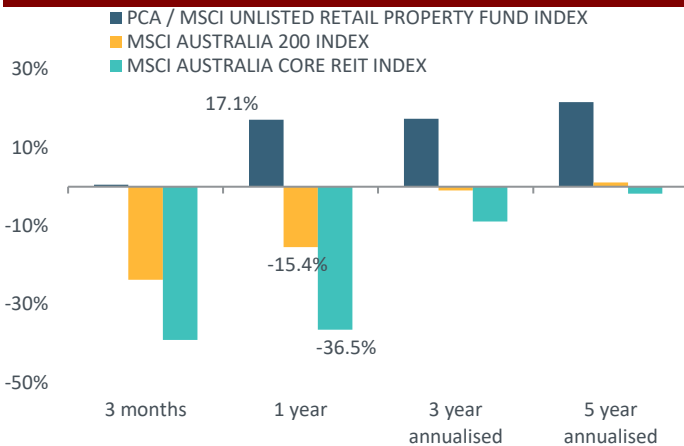


PROPERTY INVESTMENT FACTSHEET - MARCH 2020

Unlisted Funds

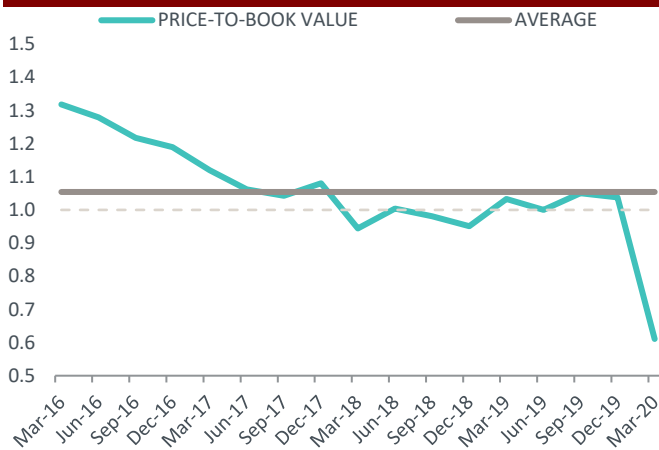
UNLISTED PROPERTY VS. EQUITIES RETURNS PERIODS TO MARCH 2020



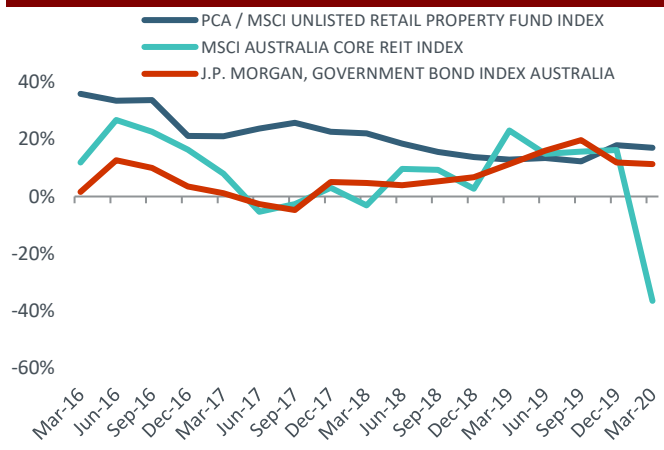
COMMENTARY

Q1 2020 saw global markets rocked by the COVID-19 pandemic and while all equities suffered from the prospect of rising unemployment and negative business confidence, real estate was severely impacted by lockdowns and social distancing. The 12 months to 31 March 2020 saw Australian equity return -15.4% and A-REITs -36.5% as earnings forecasts collapsed. Australian unlisted property funds, with their slower appraisal based valuation cycle, showed positive performance for the year with a total return of 17.1%. As more assets are progressively revalued, returns are expected to soften further off the back of declines in the March quarter as revisions to assumptions around short-term cashflows and capitalisation rates flow through.

LISTED PROPERTY: PRICE TO BOOK VALUE MARCH 2016 TO MARCH 2020



FIXED INCOME, UNLISTED & LISTED PROPERTY MARCH 2016 TO MARCH 2020



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
Mar-16	35.9%	11.8%	-9.7%	-3.9%	1.6%	2.4%
Mar-17	21.1%	8.0%	20.5%	18.2%	1.1%	2.2%
Mar-18	22.1%	-3.1%	2.1%	11.0%	4.7%	2.1%
Mar-19	12.9%	23.1%	12.4%	6.4%	11.3%	2.0%
Mar-20	17.1%	-36.5%	-15.4%	-10.5%	11.3%	1.9%
5 year annualised	21.6%	-1.8%	1.1%	3.7%	5.9%	1.9%
Standard deviation	8.9%	20.8%	15.9%	15.4%	6.9%	0.2%

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

CONTENT PROVIDERS

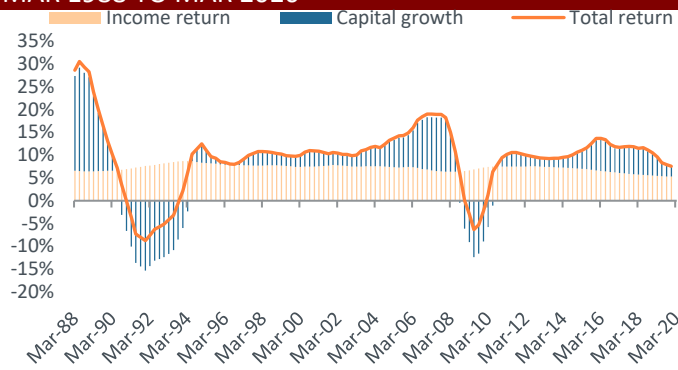
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PROPERTY INVESTMENT FACTSHEET - MAR 2020

Direct Property

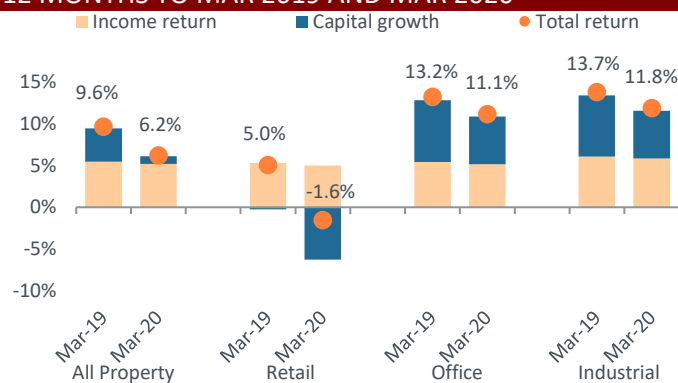
DIRECT PROPERTY INVESTMENT RETURNS MAR 1988 TO MAR 2020



COMMENTARY

Direct property markets held on to positive performance, delivering a total return of 6.2% for the 12 months to 31 March 2020. While yield spreads look attractive with income returns of 5.3% for the year, material uncertainty exists for the remainder of 2020. Prospects for lower rents during the shut-down (particularly retail and office), emerging higher vacancy due to business distress or downsizing and potential changes in occupier behaviours are challenging assumptions to cashflows and valuations. Real estates attractive yield spread will continue to attract interest however forecasting a path out of COVID-19 remains challenging.

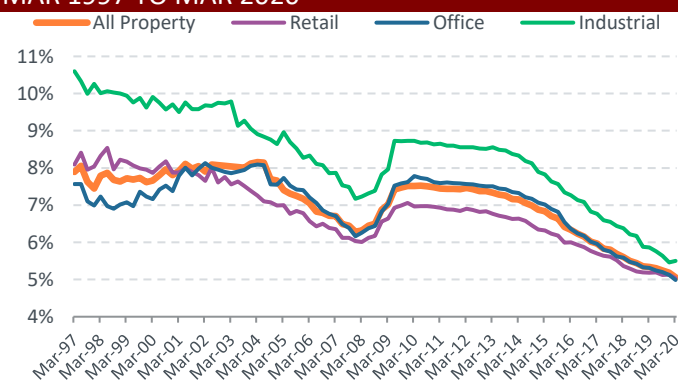
INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO MAR 2019 AND MAR 2020



COMMENTARY

As market momentum declines, sector outlooks continue to be increasingly mixed. For the first time since the GFC, total returns for retail went negative as declining capital growth accelerated. Office property, with typically longer leases, has continued to benefit from solid fundamentals. However, uncertainty in occupier outlook combined with increased supply in some markets means challenges in valuations going forward are likely. Sentiment within the industrial and logistics market remains positive, a renewed focus on supply chain management has become a critical issue.

DIRECT PROPERTY CAP RATES PER SECTOR MAR 1997 TO MAR 2020



COMMENTARY

Elevated yield spreads through to 31 March 2020 held capitalisation rates at historic lows. Rates for industrial and logistics again experienced the most compression over the 12 months to 31 March 2020 (-0.36%) due to strong demand and limited supply. Office and retail capitalisation rates have also remained compressed. Looking forward however, rates are likely to broadly soften with assumptions of lower market rental growth and potential reduced future tenant demand. The likely market impact will vary across sectors and between short-term impact and longer-term implications. Cap rates for prime assets with robust cashflows are likely to be more resilient.

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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