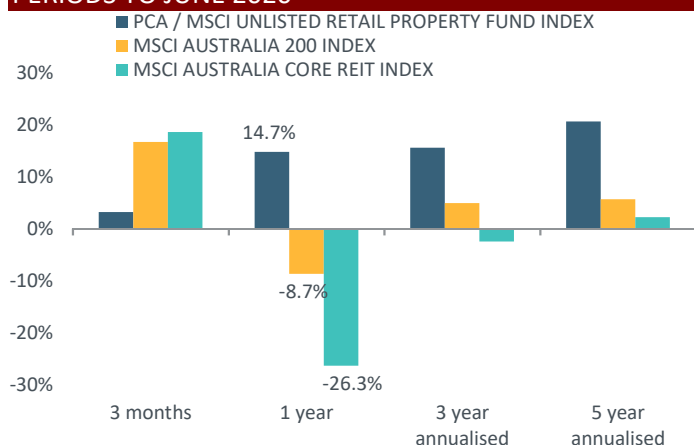


# PROPERTY INVESTMENT FACTSHEET - JUNE 2020

## Unlisted Funds

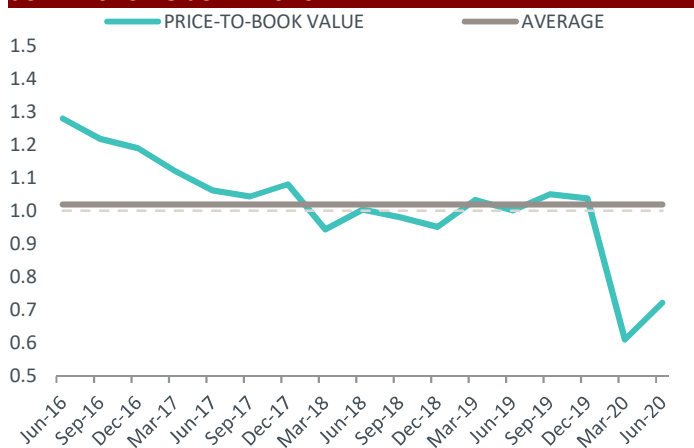
### UNLISTED PROPERTY VS. EQUITIES RETURNS PERIODS TO JUNE 2020



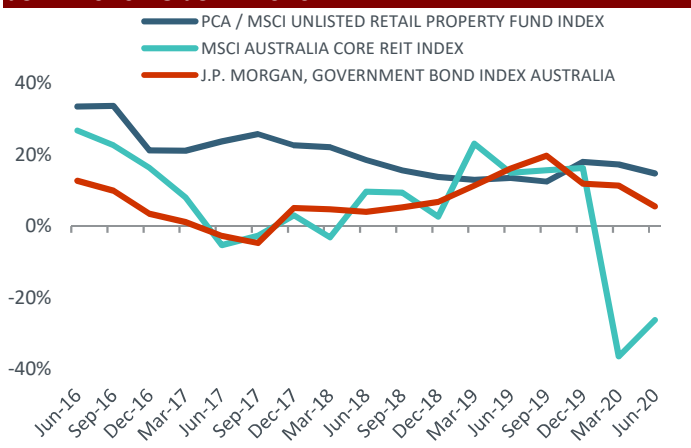
### COMMENTARY

Having been rocked by the impact of the global pandemic in Q1, Q2 2020 saw global equities markets rebound as central banks continued accommodative monetary policies and unprecedented government assistance programs were rolled out. The 12 months to 30 June 2020 saw Australian equities return -8.7% however A-REITs remained challenged, returning -26.3% as earnings forecasts remain opaque. Australian unlisted property funds, with their slower appraisal based valuation cycle, showed positive performance with a total return of 14.7%. However, as more assets are progressively revalued, returns are expected to soften further as revisions to assumptions around vacancy rates, effective rents and capitalisation rates flow through.

### LISTED PROPERTY: PRICE TO BOOK VALUE JUNE 2016 TO JUNE 2020



### FIXED INCOME, UNLISTED & LISTED PROPERTY JUNE 2016 TO JUNE 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
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	13.5%	14.9%	11.9%	5.9%	16.1%	1.9%
Jun-20	14.7%	-26.3%	-8.7%	3.1%	5.5%	1.0%
5 year annualised	20.6%	2.2%	5.7%	7.4%	6.9%	1.8%
Standard deviation	8.9%	22.3%	17.0%	17.4%	6.3%	0.2%

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

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# PROPERTY INVESTMENT FACTSHEET - JUN 2020

## Direct Property

### DIRECT PROPERTY INVESTMENT RETURNS JUN 1988 TO JUN 2020



### COMMENTARY

Direct property markets narrowly held on to positive performance, delivering a total return of 1.4% for the 12 months to 30 June 2020. While yield spreads remain attractive with income returns of 4.9% for the year, material uncertainty exists for the remainder of 2020 for many sectors. As the economic downturn deepens and confidence levels remain weak, over-hanging supply has emerged in most sectors, excepting Industrial. As such, prospects for a reset in rents and higher vacancy rates are challenging assumptions to cashflows and valuations.

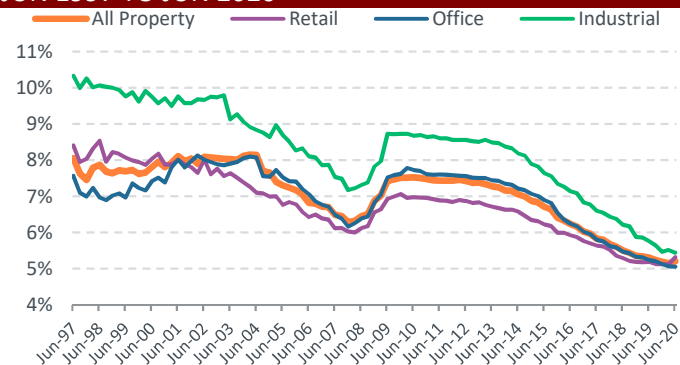
### INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO JUN 2019 AND JUN 2020



### COMMENTARY

Sector outlooks have sharply bifurcated. Total returns for retail has continued into negative territory as negative capital growth accelerated. Office has experienced the greatest reversal, having gone from a position of strong fundamentals to one of material uncertainty in occupier outlook at a time when increased supply looms. Sentiment within the industrial and logistics market generally remains strongly positive as the sector continues to benefit from elevating demand as online sales penetration continues to grow. However, the major factor for all sectors going forward relates to the extent of the economic slowdown.

### DIRECT PROPERTY CAP RATES PER SECTOR JUN 1997 TO JUN 2020



### COMMENTARY

Elevated yield spreads and lower transaction volumes have largely held capitalisation rates at historic lows for most markets. Rates for industrial and logistics again experienced the most compression over the 12 months to 30 June 2020 (-0.32%) on the back of strong demand and limited supply. Similarly, office capitalisation rates have also remained compressed. Retail, however, experienced its first bout of decompression since the GFC (+0.13%). Looking forward, expectations of lower rental growth reduced utilisation will be challenging in many sectors. Market impact will vary across sectors according to quality and demand.

### 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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