

PROPERTY INVESTMENT FACTSHEET - JUNE 2017

Unlisted Funds

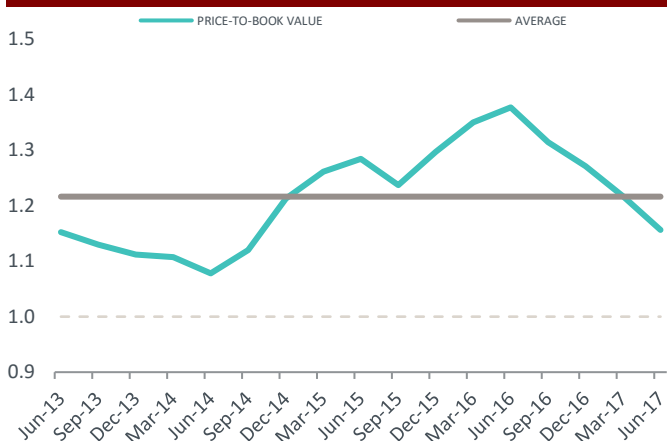
UNLISTED PROPERTY VS. EQUITIES PERIODS TO JUNE 2017



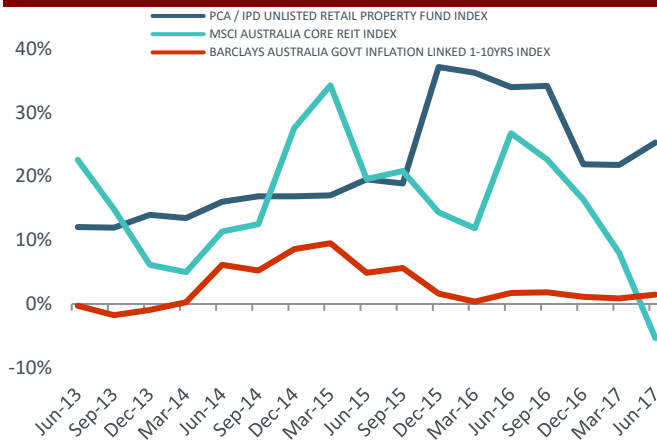
COMMENTARY

The 12 months to 30 June 2017 have been quieter for Australian equity markets, which are on track to deliver another year of solid gains. After three years of strong performance driven by investors seeking yield assets, A-REITs fell back materially. Price-to-Book ratios declined off cyclical highs in the face of converging market headwinds. Australian unlisted property funds continued to perform strongly, delivering a total return of 25.3% for the year. If robust demand continues, the ongoing low cash rate environment is expected to provide momentum to the weight of capital seeking assets with attractive spreads.

LISTED PROPERTY: PRICE TO BOOK VALUE JUNE 2013 TO JUNE 2017



FIXED INCOME, UNLISTED & LISTED PROPERTY JUNE 2013 TO JUNE 2017



DETAILED INVESTMENT TYPE COMPARISON

DATE (12 MONTHS TO)	Unlisted Property	Listed Property	Australian Equities	Global Equities	Fixed income	Cash
	PCA / IPD UNLISTED RETAIL PROPERTY FUND INDEX	MSCI AUSTRALIA CORE REIT INDEX	MSCI AUSTRALIA 200 INDEX	MSCI WORLD ex AUSTRALIA INDEX	BARCLAYS AUSTRALIA GOVT INFLATION LINKED 1-10YRS INDEX	AUSTRALIAN BANKS' TERM DEPOSITS AVERAGE RATE
Jun-13	12.1%	22.6%	22.5%	22.7%	-0.3%	3.5%
Jun-14	16.0%	11.3%	17.2%	23.0%	6.2%	3.0%
Jun-15	19.5%	19.6%	5.8%	9.1%	4.9%	2.6%
Jun-16	33.9%	26.7%	0.3%	-2.4%	1.7%	2.2%
Jun-17	25.3%	-5.3%	13.9%	20.0%	1.5%	2.1%
5 year annualised	21.1%	14.4%	11.7%	14.0%	2.8%	2.7%
Standard deviation	8.4%	9.1%	10.2%	7.9%	3.0%	0.3%

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

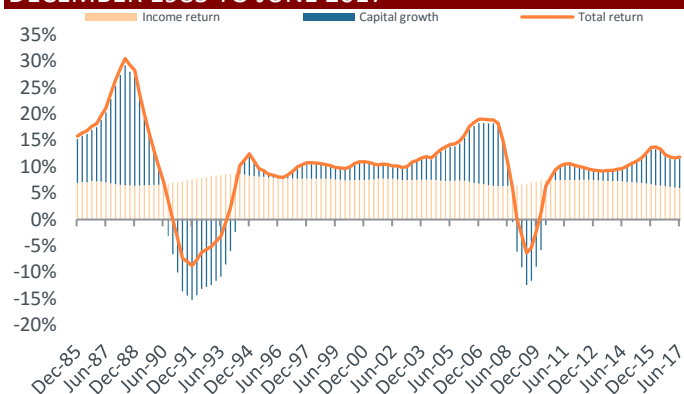
PARTNERS



PROPERTY INVESTMENT FACTSHEET - JUNE 2017

Direct Property

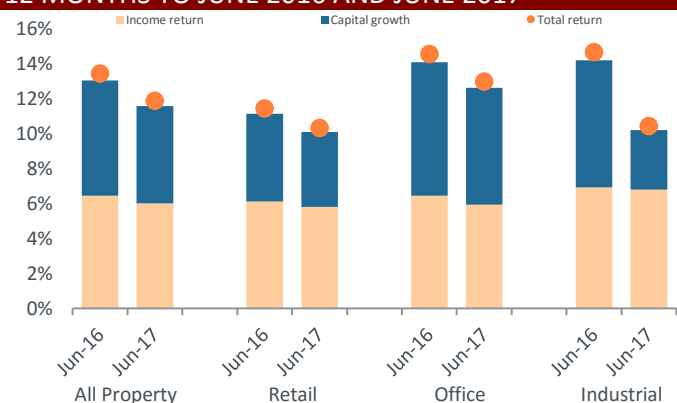
DIRECT PROPERTY INVESTMENT RETURNS DECEMBER 1985 TO JUNE 2017



COMMENTARY

Australian direct property markets continue to perform strongly, delivering a total return of 11.9% for the 12 months to 30 June 2017. Income returns continue to be stable at 6.0% for the period, although we note that yields continue to compress in the wake of strong investor demand. The structural nature of real estate as a strong generator of low volatility income continues to attract strong capital flows as low bond yields have kept spreads attractive.

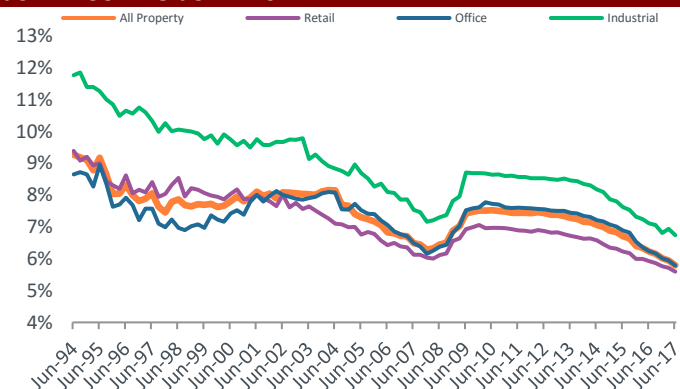
INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO JUNE 2016 AND JUNE 2017



COMMENTARY

Following a period of exceptional growth in the year to 30 June 2016, the performance of industrial assets cooled materially in the following 12 months. All sectors continued their strong momentum with office achieving the highest return of 13.0%. While momentum in capital growth slowed across all sectors, current growth rates remain strongly positive and well in excess of long-term trends.

DIRECT PROPERTY CAP RATES PER SECTOR JUNE 1994 TO JUNE 2017



COMMENTARY

Compression in capitalisation rates (resulting in higher property values), continues to be a feature as investor demand continues to remain strong. Despite reaching new cyclical lows, with borrowing costs remaining low and spreads between the official cash rate and property yields remaining robust, further compression of capitalisation rates cannot be ruled out. Office capitalisation rates experienced the most compression over the last 12 months (-0.45%) with retail the lowest (-0.33%).

DATA SOURCES -All results shown are accumulation indexes-

- UNLISTED PROPERTY The Property Council/IPD Australian Unlisted Retail 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 Barclays Australia Government Inflation Linked 1-10 years Index, 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/IPD Australian All Property Index, Total income and capital return & Valuer capitalisation rate
- COMMENTARY Provided by Zenith Investment Partners

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