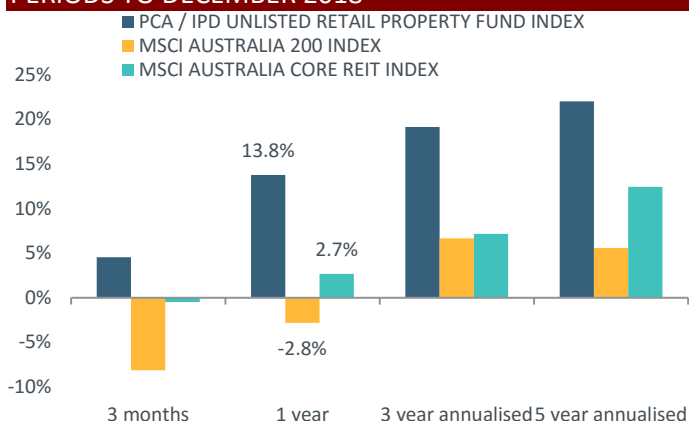


PROPERTY INVESTMENT FACTSHEET - DECEMBER 2018

Unlisted Funds

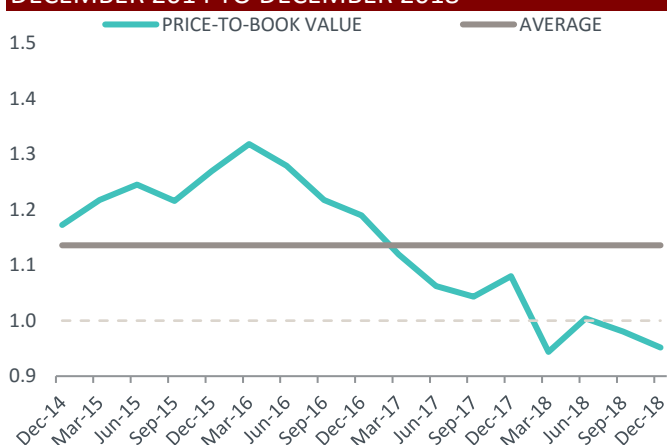
UNLISTED PROPERTY VS. EQUITIES RETURNS PERIODS TO DECEMBER 2018



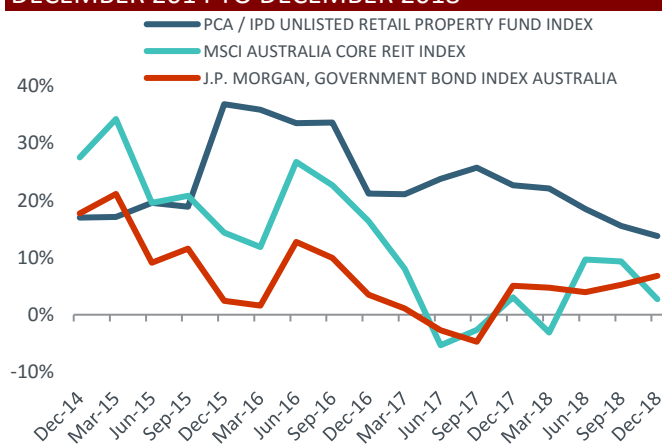
COMMENTARY

The 12 months to 31 December 2018 ended on a weak note for Australian equity markets (-2.8%), although A-REITs were positive (+2.7%). Despite a continuing backdrop of local and global headwinds, attractive dividend yields, controlled debt levels and stable earnings continue to be broadly supportive for REITs, although A-REIT Price-to-Book ratios have continued to range lower from the highs reached in 2016. Australian unlisted property funds continued to perform strongly, with a total return of 13.8% for the year. The low cash rate environment continues to underpin momentum for capital seeking assets with attractive yield spreads. However, growth in effective rents is likely to be the key driver of capital growth going forward.

LISTED PROPERTY: PRICE TO BOOK VALUE DECEMBER 2014 TO DECEMBER 2018



FIXED INCOME, UNLISTED & LISTED PROPERTY DECEMBER 2014 TO DECEMBER 2018



DETAILED INVESTMENT TYPE COMPARISON

DATE (12 MONTHS TO)	Unlisted Property PCA / IPD UNLISTED RETAIL PROPERTY FUND INDEX	Listed Property MSCI AUSTRALIA CORE REIT INDEX	Australian Equities MSCI AUSTRALIA 200 INDEX	Global Equities MSCI WORLD ex AUSTRALIA INDEX	Fixed income J.P. MORGAN, GOVERNMENT BOND INDEX AUSTRALIA	Cash AUSTRALIAN BANKS' TERM DEPOSITS AVERAGE RATE
Dec-14	17.0%	27.5%	5.8%	10.1%	17.7%	2.9%
Dec-15	36.8%	14.4%	2.2%	2.7%	2.4%	2.2%
Dec-16	21.2%	16.4%	12.0%	10.2%	3.5%	2.1%
Dec-17	22.6%	3.0%	11.5%	19.3%	5.1%	2.0%
Dec-18	13.8%	2.7%	-2.8%	-7.7%	6.8%	2.0%
5 year annualised	22.0%	12.4%	5.6%	6.5%	7.0%	2.2%
Standard deviation	8.1%	10.3%	10.5%	10.0%	6.9%	0.3%

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

CONTENT PROVIDERS

BROUGHT TO YOU BY



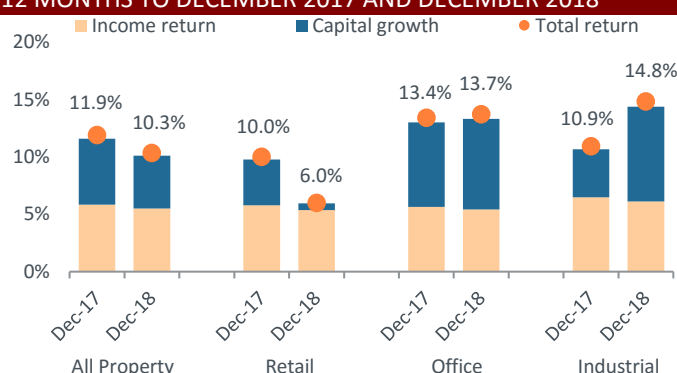
PROPERTY INVESTMENT FACTSHEET - DECEMBER 2018

Direct Property

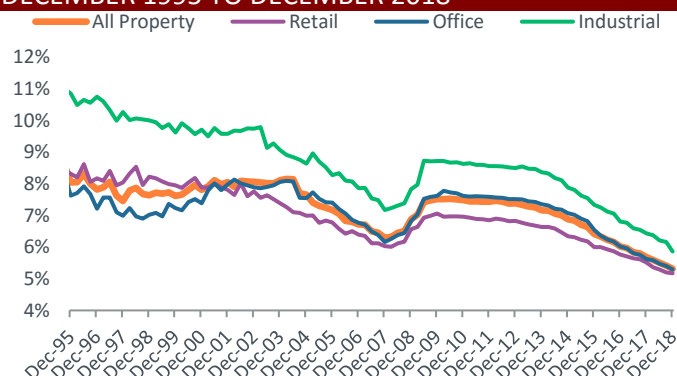
DIRECT PROPERTY INVESTMENT RETURNS DECEMBER 1986 TO DECEMBER 2018



INCOME & CAPITAL RETURN FOR DIRECT PROPERTY 12 MONTHS TO DECEMBER 2017 AND DECEMBER 2018



DIRECT PROPERTY CAP RATES PER SECTOR DECEMBER 1995 TO DECEMBER 2018



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 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/IPD Australian All Property Index, Total income and capital return & Valuer capitalisation rate
 COMMENTARY Provided by Zenith Investment Partners

DISCLAIMER

The information contained in this factsheet is general in nature and does not take into account your personal situation. You should consider whether the information is appropriate to your needs, and where appropriate, seek professional advice from a financial adviser. While care has been taken in the preparation of this factsheet none of the parties mentioned below accept any liability for its content.

CONTENT PROVIDERS



COMMENTARY

Australian direct property markets continue to perform strongly, delivering a total return of 10.3% for the 12 months to 31 December 2018. Income returns continue to be stable at 5.5% for the period, although investor demand continues to compress yields to historic lows. The structural nature of real estate as a strong generator of low volatility income continues to attract capital flows in an environment where low bond yields have kept yield spreads attractive. Increased globalisation of capital flows has also made cross border transactions an increasingly important driver of markets in the current property cycle.

COMMENTARY

Office markets continued their strong performance, delivering capital growth of 7.9% and total returns of 13.7% for the 12 months to 31 December 2018. Overall, while capital growth has remained positive and in-excess of long-term trends, momentum is mixed. Office markets continue to benefit from strong rental growth in key markets 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 triple threat of nimble international retailers, competition from online retailers and high rental costs.

COMMENTARY

Strong demand continues to drive capitalisation rates to historic lows. Although spreads between the official cash rate and property yields remain elevated, room for further material compression may be limited in the absence of strong rental growth. Cap rate compression has slowed for office and retail. Capitalisation rates for industrial experienced the most compression over the last 12 months (-0.57%). Strong demand, coupled with the limited supply of stock have translated to strong appreciation in capital values, and downward pressure on transaction yields, particularly for logistics.

BROUGHT TO YOU BY