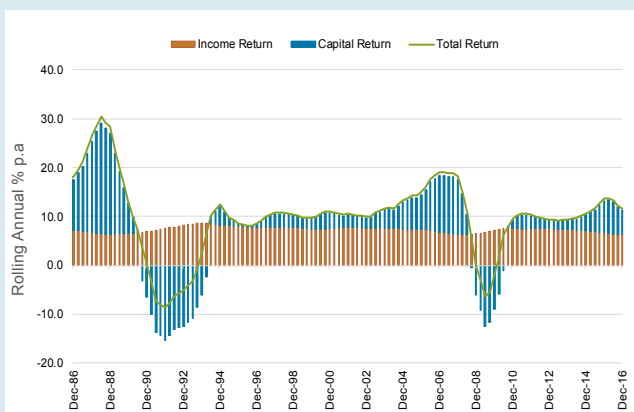




PROPERTY COUNCIL/IPD AUSTRALIA PROPERTY INDEX QUARTERLY UPDATE - DECEMBER 2016

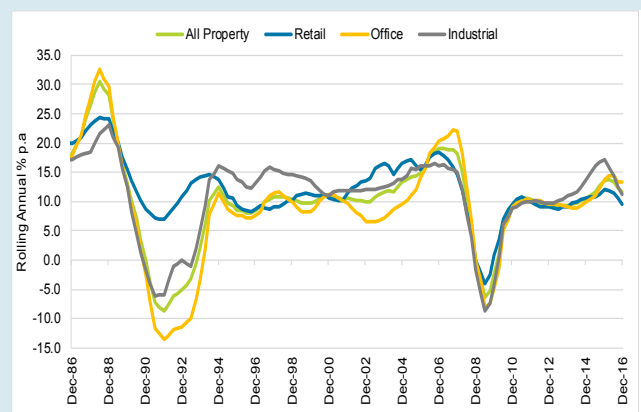
- Non-residential property delivered a total return of 11.7% for the year ending December 2016;
- the capital return of 5.1% was the lowest rate of growth since mid 2015;
- other property (Hotels, Healthcare etc) was the best performing sector with an annual total return of 17.5%;
- non-residential property marginally underperformed equities¹ (11.8%) and outperformed bonds² (2.9%) for the year ending December 2016; and
- cap rates (yields) across office, retail and industrial property are at record low levels.

NON-RESIDENTIAL DIRECT PROPERTY RETURNS: 1986 - 2016



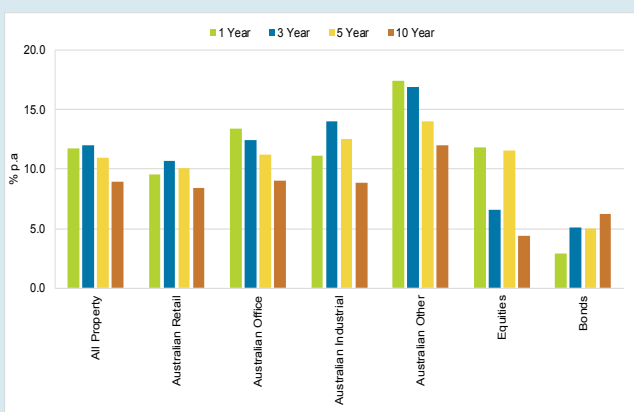
Source: MSCI / IPD

NON-RESIDENTIAL DIRECT PROPERTY SECTORS – TOTAL RETURNS: 1986 - 2016



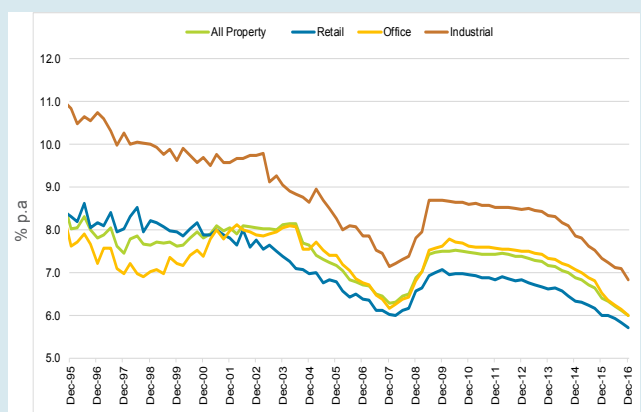
Source: MSCI / IPD

NON-RESIDENTIAL DIRECT PROPERTY VS EQUITIES AND BONDS – TOTAL RETURNS: TO DECEMBER 2016



Source: MSCI / IPD / UBS

NON-RESIDENTIAL DIRECT PROPERTY SECTORS – WEIGHTED AVERAGE CAP RATES: 1995 - 2016



Source: MSCI / IPD

¹ S&P/ASX 300 Accumulation Index

² UBS Composite Bond Index

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