

Forecast distribution range

Retail Property Fund - Retail Securities

31 March 2019

The Fund's forecast distribution range for the year to 31 March 2020 is **4.3%-4.6%**, based on the ex-distribution application price as at 31 March 2019.

This distribution return range forecast is made on the basis of a number of assumptions and estimates, which are detailed below.

The forecast distribution return ranges are not guaranteed and are provided only to indicate current distribution projections for the Fund. We emphasise that investment decisions should not be based on forecast returns, past performance, distribution rate, or the ratings given by a ratings agency for the Fund, since these can vary, and are current only to the date of publication (24 April 2019).

Forecast assumptions

A range of assumptions have been used when calculating the distribution forecasts. Where possible, assumptions have been based on information contained in unaudited management accounts or on existing contracts and agreements. Investors should be aware that actual results may vary significantly from those forecast, as future events may not occur in accordance with the assumptions detailed below.

Further information on this product can be obtained from our website or by calling our Investor Services at 13 29 39.

- **Consumer Price Index (CPI)** – Inflation assumed as per the Deloitte Access Economics national CPI forecast at 2.22% for 12 months.
- **Average forecast interest rates on borrowed funds** – Uses existing average cost of borrowing which has been agreed with our financiers and assumes the facilities are renewed at expiry on existing terms, and that there are no material changes in market interest rates, hedging policy or arrangements.
- **Property sales and acquisitions** – Through active asset management, a program of asset acquisitions and disposals is constantly reviewed by the manager. Whilst commercial negotiations are underway for the sale of the Waurin Ponds Shopping Centre, from a base case perspective no current significant transaction assumptions have been included in the forecast for the next 12-month period.
- **Fees** – No changes assumed. Fees assumed in accordance with the Corporations Act, existing investor disclosure and the Constitution of the Fund at 0.93% p.a. of gross asset value relating to Retail Securities of the Fund. Performance fee has been provided for in line with the Constitution of the Fund.
- **Expenses** – Growth in property related expenses have been assumed to increase by CPI and included in net property income.
- **Income** – The projected rental income and outgoings recoveries have been based on existing rental agreements and management forecasts for existing vacancies and future lease expiries. Assumptions regarding potential vacancies, leasing renewals and fees have been calculated on a lease-by-lease basis, taking into account expected market conditions at the time of expiry.

- **Capital expenditure** – Capital expenditure during the forecast period has been taken into account at the amount included in management forecasts.
- **Applications** – The Fund is closed to applications.
- **Redemptions** – Assumed level of redemptions are based on withdrawals of the maximum total amount of 1.25% of Net Asset Value (NAV) each quarter in aggregate across all classes of Securities.

To assist in assessing the significance of key assumptions used in forecast distributions, the sensitivity to changes in some key assumptions are detailed below. This sensitivity analysis is a forecast only and variations in the actual performance may exceed the ranges shown.

- **Increase in interest rates by 0.5%** – A change in interest rate of 0.5% would not vary forecast distributions for the 12 month period, particularly given the current and forecast interest rate hedge ratios.
- **Development of property** – The planned development at North Blackburn Shopping Centre will not have a material adverse impact on distributions over the 12 month period.
- **Sale of property** – The sale of a property would have an impact on forecast distribution levels.
- **Acquisition of a new property** – The Fund is not contemplating any acquisitions of properties over the next 12 months.
- **Change in level of applications** – An increase or decrease in applications would have an impact on forecast distribution levels, over the next 12 month period.
- **Change in level of redemptions** – A decline in the level of redemptions from the Fund would have no material impact upon the forecast distribution.

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Important Information

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