

Model Portfolio Update

BlackRock Property Securities Index (BR0007)

Market Overview

- ▶ The Australian Real Estate Investment Trust (A-REIT) sector had a total return of -8.1% for the quarter, out-performing the S&P ASX 300 Accumulation Index (-11.6%). This was the worst quarterly market performance since December 2008, and was largely a reflection of the increased uncertainty over the global economic outlook. Macro concerns dominated, with ongoing European sovereign debt and banking problems, the S&P downgrading of US debt, bearish comments from the Federal Reserve, and fears of slower growth in China weighing heavily on sentiment. Intervention by authorities, including various measures in Europe and the launch of "Operation Twist" by the Federal Reserve, did little to restore confidence. In the US, the S&P 500 total return fell heavily, down 13.9%, on fears over public debt levels and the deteriorating global outlook. Other offshore markets also fell, with the MSCI World Index total return down 16.5% (in USD terms).
- ▶ The A-REITs sector had a volatile quarter in the face of macro concerns, particularly in August when it experienced a ~12% intra-month swing. However, it out-performed the broader market due to its defensive characteristics. Annual results were generally positive, and various A-REITs addressed their discounted valuations by announcing share buybacks or special distributions. All the sub-sectors fell over the quarter, with Office the best performer, followed by Retail and Diversified. The Industrial sub-sector fell considerably over the quarter, with GMG in particular suffering from global risks given its business mix and earnings exposure to Europe.
- ▶ The best performing A-REIT for the quarter was GPT Group (GPT), up 0.7%. GPT was regarded as one of the most defensive large cap REITs, given its domestic focus on quality assets across office, retail and industrial. The REIT also had an active share buyback in place during the quarter. Also performing well was Charter Hall Office REIT (CQO), up 0.6% for the quarter, following the \$2.39 cash offer from a Macquarie Capital-led consortium in late August. CQO also announced the sale of its US portfolio for US\$1.7 bn in early August, and refinanced its A\$365m CMBS in September.
- ▶ The worst performing A-REIT was Astro Japan Property Group (AJA), down 26.9%. The REIT fell appreciably following the announcement of its FY11 result, with NPAT down 8.3% on pcp due to a decline in net property income and exchange rate movements. Management also flagged the possibility of defaulting on 2 loans in the next year, and would not provide dividend guidance for FY12. Charter Hall Group (CHC) also performed poorly, down 21.9%, reflecting its higher beta as economic uncertainty prevailed. Investors were concerned about its development and funds management businesses, which would be hampered by a continuation of the existing macro conditions.

Performance as at 30/9/2011

	Gross [†]	Benchmark [*]	Out-performance [^]
1 Month	-4.42%	-4.58%	0.16%
3 Months	-7.94%	-8.15%	0.21%
6 Months	-8.38%	-8.59%	0.21%
1 Year	-6.19%	-6.29%	0.10%
2 Years (pa)	-5.02%	-5.41%	0.39%
3 Years (pa)	-9.45%	-11.68%	2.23%
Since inception (pa) [#]	-10.55%	-12.61%	2.06%

[†] Gross Returns incorporate a 2% cash holding.

^{*} S&P/ASX 300 A-REIT Accumulation Index.

[^] Shows the difference between Portfolio Gross Return and Benchmark Return.

[#] Model performance inception date: 16/8/2006.

Past performance is no indicator of future performance. Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility Model and the value of an investment may fall suddenly and substantially. Model portfolio composition and performance have been based on theoretical tracking of the model portfolio and are gross of fees and do not take tax positions into account. Please note, actual portfolios may not perform in the same manner as the model depicted in this document, depending on the nature of your personal Portfolio and any customisations. Rounding used in the presentation of data may result in minor variations.

Top 10 Stocks as at 30/9/2011

CFS Retail Property Trust	Investa Office Fund
Commonwealth Property Office Fund	Mirvac Group
Dexus Property Group	Stockland
Goodman Group	Westfield Group
GPT Group	Westfield Retail Trust

About the Model Portfolio

Investment objective

The BlackRock Property Securities Index Model Portfolio (the "Model") seeks to match the total return of the S&P/ASX 300 A-REIT Accumulation Index, before taking into account Model fees and expenses.

Investment strategy

The investment objective of this Model is pursued by investing in a representative sample of securities held in the S&P/ASX 300 A-REIT Accumulation Index.

The index is comprised of listed vehicles classified as Property Trusts, in the Australian stock market. The Model may invest in securities that have been or are expected to be included in the index.

Designed for investors who...

- ▶ Seek exposure to listed property trusts
- ▶ Are happy to receive index returns without any active investment management
- ▶ Accept risks consistent with listed property trusts

Summary	
Model Portfolio name	BlackRock Property Securities Index
Model Code	BR0007
Model inception date	24/07/2006
Principal investment objective	Match total return (income and growth) of the S&P/ASX 300 A-REIT Accumulation Index
Can derivatives be used?	No
Indicative number of stocks	Up to 30
Minimum Model investment	No fixed minimum*
Model Provider's Fees*	
Investment Fee	Nil
Performance Fee applicable?	No
Benchmark Index	S&P/ASX 300 A-REIT Accumulation Index

* Please refer to the Product Disclosure Statement for further details.

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