

Performance report | 31 August 2026

Quay Global Real Estate Strategy (Unhedged)

For Institutional Investors Only

Overview

The Quay Global Real Estate Strategy ('the Strategy') invests in global listed real estate with a focus on rent-based total return opportunities, avoiding developers and emerging markets and seeking robust balance sheets and reliable long-term cash flows. Utilising fundamental analysis in stock selection and concentrated, low-turnover portfolio construction, the management team aims to generate annualised real total returns in excess of CPI +5% over the long term.

The Strategy is managed by Quay Global Investors, a Bennelong boutique. Bennelong is part of the BFM Group, an investment company that partners with boutiques across the globe to deliver actively managed equity funds.

Gross returns (\$AUD)

	1 mth	3 mths	6 mths	1 year	2 years p.a.	3 years p.a.	5 years p.a.	10 years p.a.	Since inception ¹ p.a.
Strategy	-5.30%	+1.78%	-2.07%	-4.88%	-2.59%	+3.87%	+0.86%	+6.36%	+9.37%
Benchmark ²	-5.00%	+0.78%	-2.27%	-0.20%	+2.62%	+5.69%	+0.97%	+3.53%	+5.78%
Value added	-0.30%	+1.00%	+0.20%	-4.68%	-5.21%	-1.82%	-0.11%	+2.83%	+3.59%

Performance figures include dividends and are gross of any earnings tax, but after withholding tax.

¹Value added' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

Strategy managers



Justin Blaess

Co-founder, Principal & Portfolio Manager

Before establishing and co-managing the Quay Global Real Estate Strategy, Justin spent five years at ING Investment Management in Sydney, where he was portfolio manager for all the listed real estate investment strategies with over \$2bn under management. He has also worked in corporate finance at major investment banks, where as part of their real estate investment banking teams he had experience on local and cross border M&A, debt and equity transactions. Justin started his finance career as a research analyst, first at HSBC and then Deutsche Bank, where with Chris he established and managed a REIT research team.



Chris Bedingfield

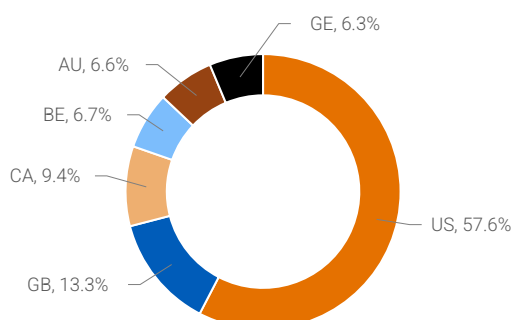
Co-founder, Principal & Portfolio Manager

Chris has nearly 30 years of experience working as a real estate specialist with a background in investment banking, real estate equities research and investment management. Prior to co-founding Quay, Chris was a senior member in the Real Estate Investment Banking group at Credit Suisse in Sydney and previously the Head of Real Estate Investment Banking Asia at Deutsche Bank. Chris started his career in real estate equity research, eventually becoming the head of research.

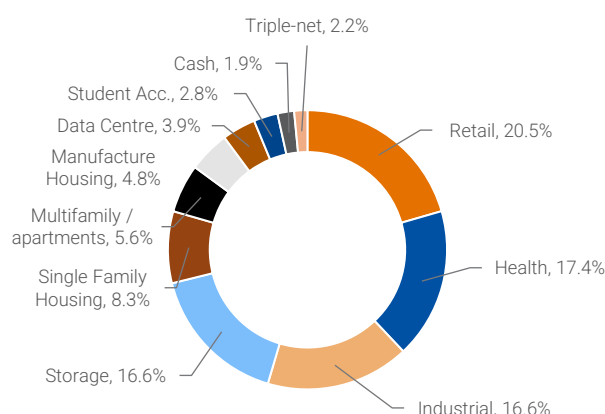
Strategy details

Feature	Information
Strategy	Global listed real estate
Index	FTSE/NAREIT Developed TR AUD Index
Investment vehicles	Separately Managed Accounts; AUD Unit Trust

Geographic weighting



Sector weighting



Commentary

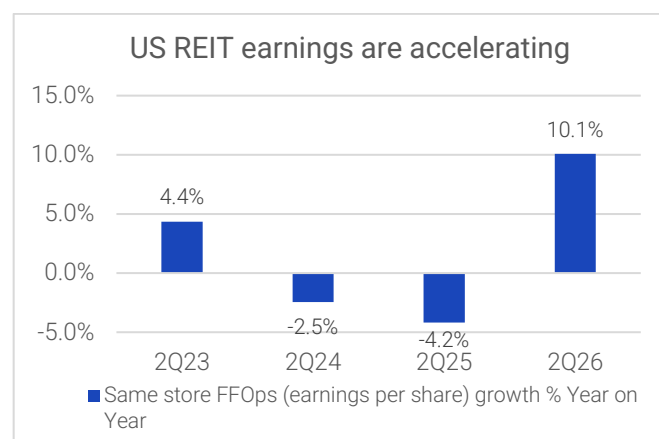
In August, the global listed real estate index returned -5.00% on an Australian dollar ('AUD') basis. Foreign exchange impacts from a stronger AUD provided an approximate -174bps headwind to returns. The Strategy returned -5.30% for the month, underperforming the index by -30bps. Underperformance was primarily driven by the Strategy's higher exposure to Retail REITs, a sector that has historically been more sensitive to macroeconomic concerns. We discuss this in detail in the detractors section below.

Sector review

After a strong year to date performance, the sector faced a more challenging month. Already elevated government bond yields moved higher in August, as the market worried about persistent inflation and renewed fighting in the

Middle East. Adding to these pressures, US Federal Reserve Chair Kevin Warsh delivered an unexpectedly hawkish address at the annual Jackson Hole economic symposium, signalling that inflation remains unacceptably high. The 2-year treasury bond yields jumped over 12 basis points in response.

Reporting season also concluded during the month, with results generally proving encouraging. As shown in the following chart, NAREIT data indicates that US REIT earnings growth continues to accelerate. This reflects strong underlying operating performance, with net operating income growth benefiting from a decline in new supply across most property sectors. Importantly, the refinancing headwinds that weighed on earnings in recent years have largely been absorbed, allowing operating fundamentals to translate more directly into earnings growth.



Source: NAREIT, Quay Global Investors

Almost all our investees reported some sort of upgrade either in earnings and/or underlying revenue or net operating income. We expect this trend to continue as future supply (outside of data centres) remains low across the REIT space.

Top 3 contributors to monthly portfolio performance (local currency basis)

Company	Sector	Share Price Change	Portfolio average weight	Contribution to Return (local currency)
National Healthcare Properties	US Healthcare	+5%	2.3%	+0.4%
LXP Industrial	US Industrial	+0%	4.0%	+0.0%
No other positive contributor				

National Healthcare Properties' share price performed strongly this month after reporting a solid set of second quarter results. The stock's valuation discount relative to other senior housing peers, while partly justified, likely

provided support during the broader market sell-off. Given the recent outperformance, we took this opportunity to slightly trim our position in NHP and redeploy the capital into other portfolio holdings.

LXP Industrial was the Fund's other positive contributor during the month. As noted in our previous report, LXP remains subject to a takeover bid by Brookfield and CPP Investments. This meant that the stock effectively acted as a cash position this month amidst the market sell-off. The go-shop period expired at the end of August without any competing offers emerging. We expect to exit this position in the near term at a price broadly in-line with the takeover offer.

Bottom 3 contributors to monthly portfolio performance (local currency basis)

Company	Sector	Share Price Change	Portfolio average weight	CTR (local currency)
Macerich	US Retail	-9%	5.9%	-0.5%
Chartwell	CAN Healthcare	-9%	5.0%	-0.4%
Scentre Group	AUS Retail	-8%	4.9%	-0.3%

Macerich's share price declined in August despite reporting second quarter earnings that exceeded market expectations. We believe this underperformance was primarily driven by broader macroeconomic fears, as retail has been historically more sensitive to flow-on impacts on consumer spending. During the month, Macerich also increased leverage through the issuance of \$675m of exchangeable senior notes to fund its acquisition pipeline which offers attractive high single-digit NOI yields. This additional leverage also likely impacted August performance. We continue to hold the stock as one of the top weights in the Fund, reflecting our confidence in its strong earnings growth prospects, attractive risk-adjusted valuation, and manageable leverage.

Chartwell's share price was also weaker during the month. The company reported second quarter earnings of 27.7c per share, slightly below market expectations of 27.9c, primarily due to higher operating costs. Encouragingly, revenue growth remained strong, supported by strong occupancy gains. We continue to hold this stock as we believe it offers attractive value within a sector that has limited new supply supported by favourable long term demographic trends.

Scentre Group's share price underperformed during the month despite reporting first half earnings ahead of expectations and upgrading full year guidance. Leasing momentum remained strong, with implied leasing spreads accelerating to +4.1% in the second quarter, the highest level since the pandemic. Similar to Macerich, we believe

the share price weakness was primarily driven by macroeconomic concerns and expectations of further RBA rate hikes. Despite this, we continue to hold Scentre Group as one of the portfolio's largest positions, given its attractive earnings profile and nil new supply of quality retail space.

Outlook

We believe our portfolio is well-positioned to generate competitive risk-adjusted returns over the long term. With interest headwinds largely normalised, earnings growth is beginning to accelerate, particularly as new supply continues to wane in many parts of the real estate sector, amidst growing demand. If there is a sustained sell-off of the AI-trade, we believe listed real estate would be a logical beneficiary.

Get in touch



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¹ The above data for the Strategy relates to the performance data for the Quay Global Real Estate Fund (Unhedged) ("the Fund"). The Fund was launched on 30 July 2014 by another trustee. Bennelong assumed responsibility as replacement trustee on 31 January 2016. Please contact the Bennelong Institutional team for performance history relating to this date.

² Benchmark is the FTSE/ EPRA NAREIT Developed Index Net TR AUD. Source: FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. "NAREIT®" is a trade mark of the National Association of Real Estate Investment Trusts and "EPRA®" is a trade mark of European Public Real Estate Association and all are used by FTSE under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent. The index is designed to track the performance of listed real estate companies and REITS worldwide.

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