

# Performance report | 31 December 2025

## Quay Global Real Estate Strategy (Unhedged)

### 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. Utilizing fundamental analysis in stock selection and concentrated, low-turnover portfolio construction, the management team aims to generate annualized 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 (\$USD)<sup>1</sup>

	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 <sup>3</sup> p.a.
Strategy <sup>1</sup>	-0.94%	-2.30%	-3.43%	+5.96%	+2.31%	+7.61%	+4.35%	+6.45%	+6.89%
Benchmark <sup>2</sup>	-1.18%	-0.73%	+3.30%	+9.58%	+5.16%	+6.64%	+2.76%	+3.25%	+2.93%
Value added	+0.24%	-1.57%	-6.74%	-3.61%	-2.85%	+0.97%	+1.59%	+3.20%	+3.96%

Past performance does not guarantee future results - investing involves risks, including the possible loss of principal. Performance represents the gross performance of the Strategy, which is currently only offered to non-US persons, and the performance of the index. Gross performance excludes fees and expenses. Performance has been converted from Australian dollars (the base currency of the Strategy) to US dollars. Investment returns may vary depending on currency exchange rates, expenses and other fees. See "Important Legal Information" at the end of this document.

### 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

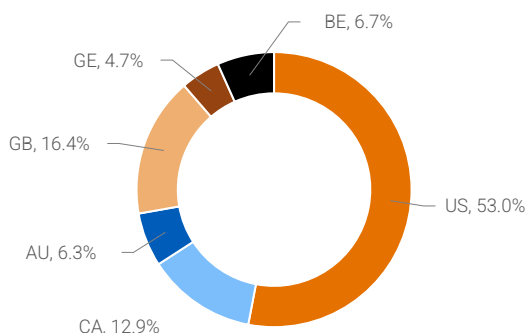
Co-founder, Principal & Portfolio Manager

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.

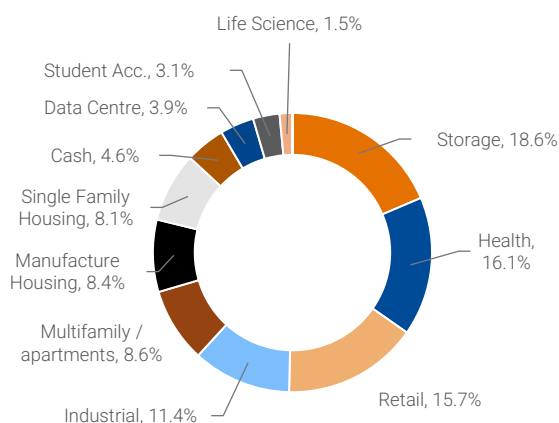
## Strategy details

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

## Geographic weighting



## Sector weighting



## Commentary

In December the global listed real estate index (USD) returned -1.18%. The Fund returned net -0.94% for the month, outperforming the index by 24bps.

The performance was again disappointing, however part of this was explained by the cessation of discussions between one of our investees, Big Yellow Group (BYG, UK self-storage), and Blackstone for the potential take private. Unable to agree on price, Blackstone and BYG ended discussions, with BYG's share price falling significantly on the news. Peer holdings in the fund also sold off in sympathy.

We were not that disappointed with the outcome – In our view BYG's ask (circa £13.50-14.00 per share) was not excessive and mirrored a similar multiple to the current local storage take private National Storage. Ultimately, we believe the returns will come for patient BYG shareholders.

As it was a relatively quiet month for listed company reporting, the dynamics in global bond market's likely weighed on REIT performance. While listed real estate performance can track bond prices in the short term, long-term returns show no meaningful correlation.

This month, senior investment team members travelled overseas to meet with REIT executives and conduct on the ground research. One clear takeaway was that while investor sentiment has weakened at the asset-class level, select companies are excelling at the operational level.

Drawing on key insights from the research trip, the fund initiated a new position in a European industrial landlord, Warehouses De Pauw (WDP).

The team are confident that WDP will exceed Quay's real total return target as a result of the accelerating demand dynamics, line of sight to earnings growth, land scarcity in key markets, robust balance sheet, and most importantly the attractive valuation entry point - both on a replacement cost and earnings yield basis. Thematically, the re-arming of Europe is likely to create incremental logistics demand across the continent which further strengthens the investment case.

Top contributors to returns for the month came from positions in US Retail and UK Student Accommodation. The top detractors for the month were our positions in UK and European Storage, largely a result of the abovementioned abandoned BYG bid.

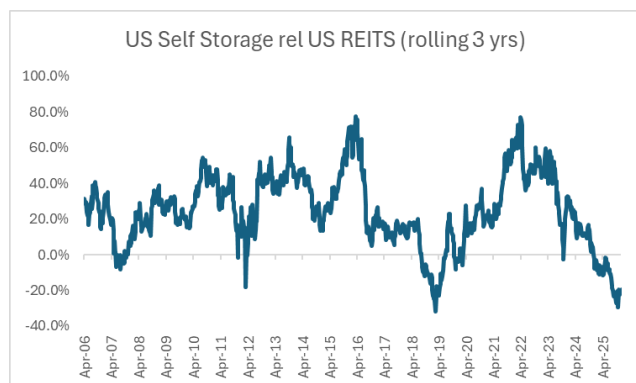
## 2025 Review

The fund's calendar year total return in 2025 has underperformed Quay's investment objective of CPI + 5%. At the sub-sector level, key drivers of underperformance were the weightings in US single family housing (-1.1% contribution) and US storage (-1.0% contribution).

Our US single family investees increased profit guidance during the year and yet are now trading at +30% unlevered discounts to both replacement cost and transaction values.

Similarly, US storage is performing well at an operational level given the tepid US housing sales market. Earnings forecasts have been met or upgraded, and as discussed above, private capital is seeking to take advantage of the inherent value of the sector in the UK and Australia.

It is rare for the US storage REITs to underperform for extended periods, and we expect our investees to generate returns above market expectations over the next few years.

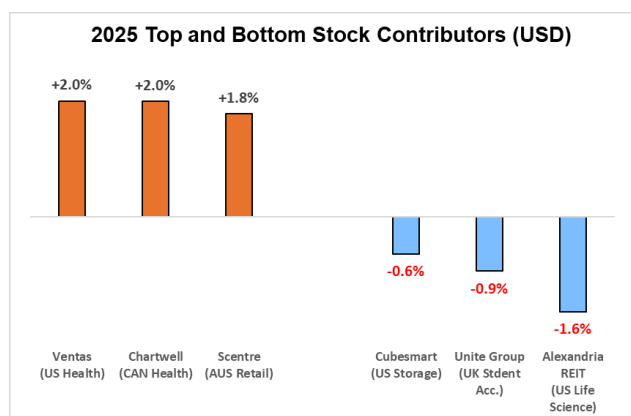


(Source – Quay Global Investors)

Not all of the underperformances can be attributed to sentiment changes - earnings downgrades due to unforeseen factors also played a role.

One example was in the Life Science space (labs), where the gutting of the FDA following the change in US political administration impacted our holding in Alexandria REIT - who downgraded earnings by 28% due to deteriorating tenant demand and higher funding costs.

The contribution from Alexandria REIT to the funds' performance in 2025 is depicted in the chart below.



(Source – Quay Global Investors)

'While the fund is highly index unaware, it was also disappointing to have underperformed the benchmark in 2025.

From a relative standpoint, the fund was meaningfully disadvantaged by the nil holdings of companies that either exist outside of Quay's investible universe (property developers) or that contradict the team's valuation philosophy (mega-cap REITs trading at premiums).

In this respect, we feel ok about missing the gains that fall outside of our investment mandate and believe that when

momentum falls away our nil holdings in the mega caps will be a source of future outperformance.

### 2026 Outlook

While it is difficult looking backwards at the total return of the fund over the past two years, it is highly encouraging looking forward.

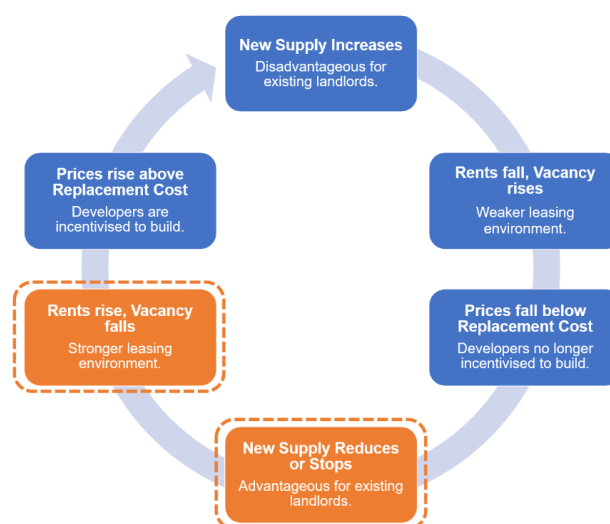
What is becoming clear is the continued emergence of private capital to take advantage of the substantial disconnect between intrinsic value and market prices.

While we benefited from this 'take-private' trend last year via one of our Canadian holdings, the theme appears to have accelerated across the storage and residential REIT spaces – two areas where the fund has the highest weighting.

While 2026 is sure to have a number of unpredictable geopolitical and macroeconomic headlines, there are some slow-moving certainties to expect for sure:

- The delivery of new competitive real estate supply will continue to fall away in most sectors.
- The ability to underwrite the 'starts' of new real estate supply will continue to be stifled by the heightened cost to build, cost of finance, and return requirements relative to economic rents.

It is the current stage of the real estate cycle (denoted in orange below) on which Quay's approach to investing has been premised.



(Source – Quay Global Investors)

This year we have seen once again the ability of landlords with a demand / supply imbalance to generate double digit earnings growth, namely in the US and Canadian senior housing markets. Due to their advancement in the supply

cycle, we believe this sub-sector is a bellwether for REITs at large.

Finally, we would like to thank our investors for the continued support and trust placed in the investment team. We remain committed to delivering superior long-term real total returns through investing in global listed real estate.

## Get in touch



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<sup>1</sup> Returns have been converted to USD for the purpose of this report. Returns are calculated daily by Citigroup Pty Limited using the exchange rate available at the time of the calculation or end of day.

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<sup>3</sup> The securities listed do not represent all of the securities purchased, sold, or recommended. A complete description of the performance calculation methodology, including further details of securities that contributed to performance, is available upon request. Please contact us for additional information.

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### Risk factors:

The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. A derivative may not perform as expected, and may create losses greater than the cost of the derivative. If a fund uses derivatives for leverage, it makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss. Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. The fund may take positions that seek to profit if the price of a security falls. A large rise in price of the security may cause large losses. Failures at service providers could lead to disruptions of fund operations or losses.

