Performance report | 31 January 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. 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 ($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	-1.41%	-2.76%	-4.16%	-1.84%	+3.15%	+5.11%	+7.24%	+7.19%	+9.86%
Benchmark[2]	-1.24%	-2.26%	-0.33%	-0.51%	+6.21%	+5.11%	+5.59%	+4.18%	+5.83%
Value added	-0.17%	-0.50%	-3.83%	-1.33%	-3.05%	+0.00%	+1.65%	+3.01%	+4.03%

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

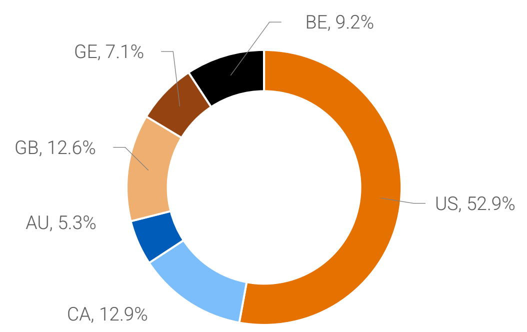
Co-founder, Principal & Portfolio Manager

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.

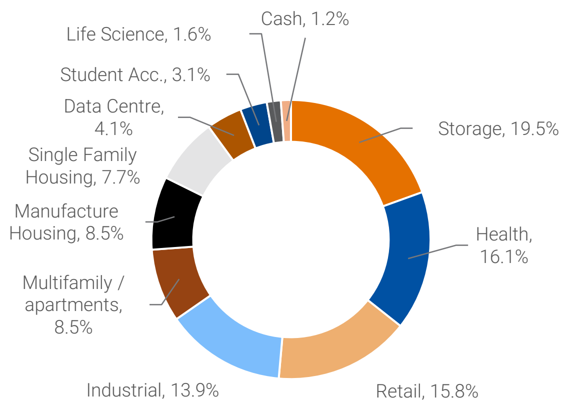
Strategy details

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 January, the global listed real estate index returned -1.24% on an Australian dollar ('AUD') basis. The Strategy returned -1.41% for the month, underperforming the index by 17bps. Underperformance was mainly driven by our larger weighting to the US single family homes sector – which faced share price pressure after Trump announced his intention to ban institutional investors from acquiring single family homes. We discuss this in more detail in the detractors section below.

Currency impacts

At a local currency level, the Strategy and index generated a positive return of +2.6% and +2.8% respectively. This is despite the intra-month market impact of tariff threats that Trump directed against Europe in relation to Greenland.

However the positive returns at a local currency level were more than offset as the AUD appreciated sharply over the month, rising +3.7% against a trade-weighted currency basket and +4.3% against the US dollar. The key reason for this strength was market expectations that the RBA will increase the cash rate at their next decision meeting in February – on the back of higher than expected jobs data and CPI data released in January.

Sector review

In our view, the sector's performance this month (and relative to other asset classes) may reflect increased market attention to how relatively attractive the sector is in general, after underperforming in recent years. At the time of writing, we have already seen three public to private takeover bids announced in our universe since the start of the year: Minto Apartments (Canadian apartments), Peakstone (US Industrial), Sankei Real Estate (Japanese Office/Hotel). While valuations in many sub-sectors of listed real estate screen cheap, underlying earnings and outlooks continue to be robust – a trend we are seeing as fourth quarter / full year reporting for North American and European companies kicked off in late-January.

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

Company	Sector	Share Price Change	Portfolio average weight	Contribution to Return (local currency)
Safestore	UK Storage	+12.4%	5.4%	+0.6%
Warehouses De Pauw	BEL Industrial	+8.1%	4.6%	+0.3%
Digital Realty	US Data Centre	+7.3%	4.0%	+0.3%

- Safestore reported strong full year 2025 results in January. Like-for-like revenue growth in their UK portfolio increased through FY25, and this trend is "continuing in 1Q26." Additionally, management indicated they are now "at an inflection point" and are "cautiously optimistic" for FY26.
- Warehouses De Pauw (a new portfolio addition in December) also reported a good set of FY25 results during the month. Management is seeing increased demand in their markets, amidst a backdrop of lower supply. Importantly, management also disclosed an earnings per share target of at least EUR2.00 in 2030 (equivalent to a 6% p.a. growth over the next 5 years).
- Digital Realty's share price was strong in January as their biggest tenants, Meta and Microsoft, both reporting significant increases in AI Capex spending in their latest reporting period. Meta also announced 2026 capex guidance of US$115-135b, ahead of street

expectations of $110b and a +73% increase on 2025's figure.

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

Company	Sector	Share Price Change	Portfolio average weight	Contribution to Return (local currency)
Invitation Homes	US Single Family Homes	-3.8%	4.9%	-0.2%
Scentre Group	AUS Retail	-3.8%	5.2%	-0.2%
Essex Property	US Apartments	-2.9%	4.0%	-0.1%

- Invitation Homes' share price, along with peer AMH (also a portfolio holding), declined in January following Trump's announcement of his intention to prohibit institutional investors from acquiring single family homes. In our view, the practical impact is likely to be minimal. Neither company has been meaningfully acquisitive in recent years given current valuations, as both continue to trade at substantial discounts to private market values on an implied value per home basis. Notably, the executive order also includes a carve-out permitting the purchase of build to rent communities. We have not adjusted our weightings in our single-family rental holdings as a result of this development. We remain constructive on the sector due to favourable demographic trends, persistent supply-demand imbalances, and current valuations that remain more than 40% below estimated replacement cost.
- There was nothing stock specific driving Scentre Group's share price performance in January. Macroeconomic data and the flow-on impact on RBA's rate path was the likely driver. Scentre's share price (and the broader A-REIT sector) fell on the release of stronger than expected jobs growth as well as higher than expected CPI data. Fluctuations in near term interest rate expectations do not drive our investment approach.
- Essex Property's share price underperformed in January amid general weakness in the share performance of US residential sector, across single family (discussed above) and multifamily/apartments. Potentially, the market is pricing in a slower than expected recovery in US multifamily fundamentals in 2026. We are well-aware of the weakness facing multifamily operators in the sunbelt states, and hence are only invested in west-coast owner Essex who is more insulated from oversupply and trading at a significant discount to replacement cost.

Outlook

The global listed real estate sector is currently trading at relatively cheap levels. Importantly, new development starts in many sub-sectors have fallen off significantly, which is bullish for medium-to-long term rent growth for existing operators.

A number of recent public to private bids of listed real estate companies to start 2026, supports our view that more investors are gaining confidence that listed valuations are at an unreasonable discount to intrinsic value – particularly after considering the robust outlook for the sector.

Quay's investment process is focused on identifying the best rent based total return opportunities while minimising investment risks. We believe our portfolio is best positioned to capture the return potential that global listed real estate offers. Despite recent performance, Quay is confident that with time, the value within the portfolio will be recognised and will deliver superior total returns.

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.