2024 Responsible Investment and Stewardship Report

February 2025

QUAYglobal INVESTORS

A Bennelong boutique

Introduction

About Quay

Quay Global Investors Pty Ltd (Quay) is an investment manager that employs an active, index-unaware approach to investing in global listed real estate securities. Our objective is to protect our investors' capital and deliver attractive, long-term inflation-protected returns. To us, responsible investing is a key element in achieving this objective. We define responsible investing as favouring listed entities that operate sustainably and consider not only profit-motivated issues, but also non-financial risks.

Responsible Investment Philosophy and Approach

At Quay, we believe supporting responsible investment not only leads to better outcomes for the broader community but can also enhance investment outcomes for investors. We believe consideration of the influence of Environmental, Social and Governance (ESG) factors on the risk, return and longevity of an investment in a listed entity represents a more thorough due diligence process, and should lead to better risk-adjusted returns.

Our approach to responsible investing is to consider the ESG risks of entities that we invest in, which forms part of our overall investment stewardship responsibilities. As part of this due diligence, we also consider the risks of climate change and the transition to a low-carbon economy. In addition to ESG due diligence, we also seek to influence entities to better ESG outcomes through our proxy voting and company engagement initiatives.

Further information about our responsible investment approach can be found in our various ESG-related policies which are available on our company website.

Purpose of this document

This document is our inaugural Responsible Investment and Stewardship Report, where we provide details about Quay's active stewardship activities over calendar year 2024. The report also contains key ESG metrics for our investment portfolio.

In this year's edition of the report, we have chosen to focus on diversity, equity, inclusion and belonging (DEIB), an area of particular importance to us.

All members of Quay's investment team were involved in the production of this report and it has been approved by the principals of Quay. We expect to publish this report on an annual basis.

Diversity, Equity, Inclusion and Belonging

At Quay, we believe one of the key elements of a successful business is to foster a working environment that promotes diversity, equity, inclusion and belonging (DEIB). Driving DEIB within an organisation is likely to lead to stronger teams, improved creativity, and help to attract and retain top talent.

In our view, management teams that focus on improving DEIB in their organisation are also more likely to run the company in a way that aligns with our investment objective of generating long term sustainable returns for investors.

2024 activities

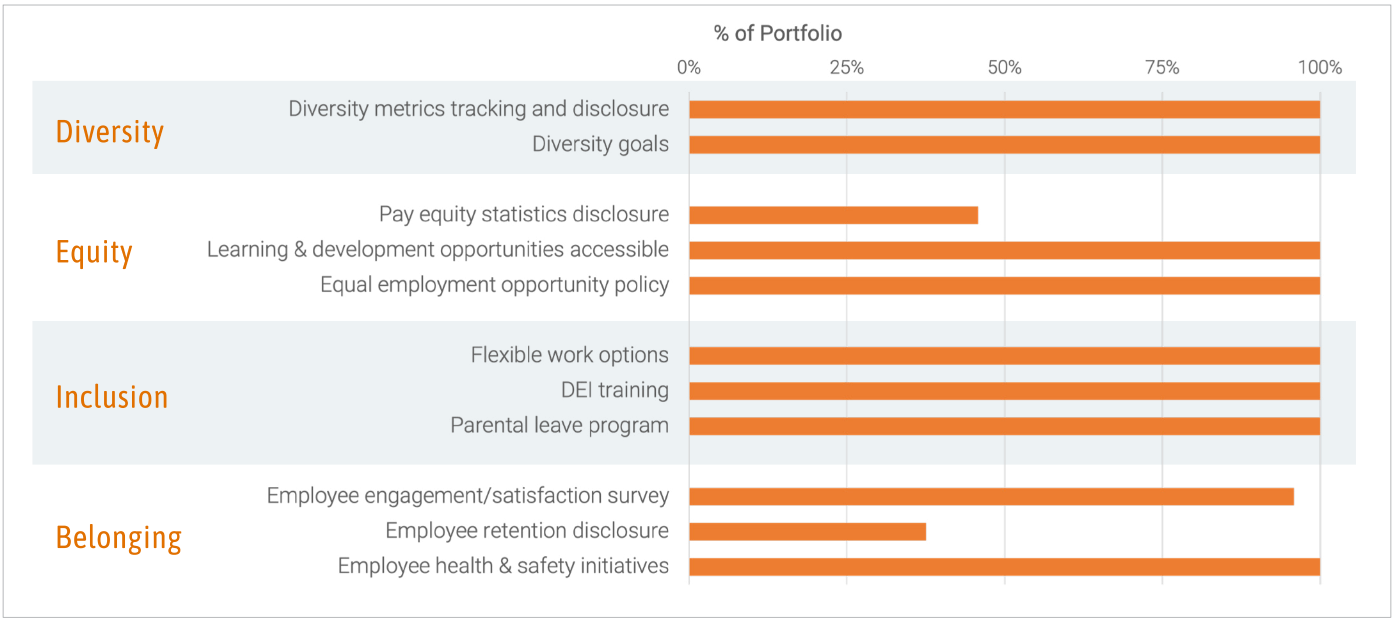
Quay's due diligence and ongoing portfolio management processes include an assessment of certain DEIB factors that we believe are likely to foster a strong and safe working environment for our investees. DEIB assessments are distributed across the Quay team and can lead to deeper DEIB-specific company engagements where deficiencies are identified. Severe deficiencies can impact our investment decisions, including portfolio weighting.

In our company engagements throughout 2024 we sought to encourage enhanced disclosure and focus on DEIB.

A summary of our assessments at an investment portfolio level are highlighted in the chart below.

Key findings

Pleasingly, our portfolio companies performed well in terms of DEIB factors over calendar 2024. Areas of strength include the focus on diversity and staff wellbeing and inclusion. However, there is room to improve in terms of disclosure of pay equity statistics and employee retention statistics.



Source: Company reports, Quay Global Investors

Future activities

We recognise DEIB is an ever-evolving area, especially as entities improve their programs and disclosure. We will continue to track investee DEIB progress over time and anticipate including additional DEIB factors in our assessment process.

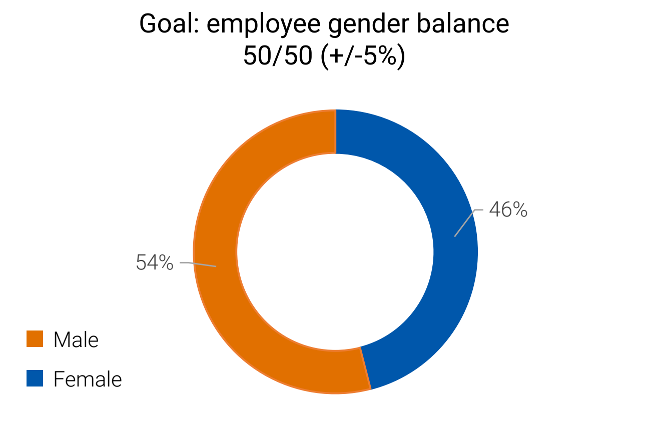
DEIB at Ventas: An investee case study

Ventas (a US Healthcare company) is currently one of the top weighted holdings in our portfolio.

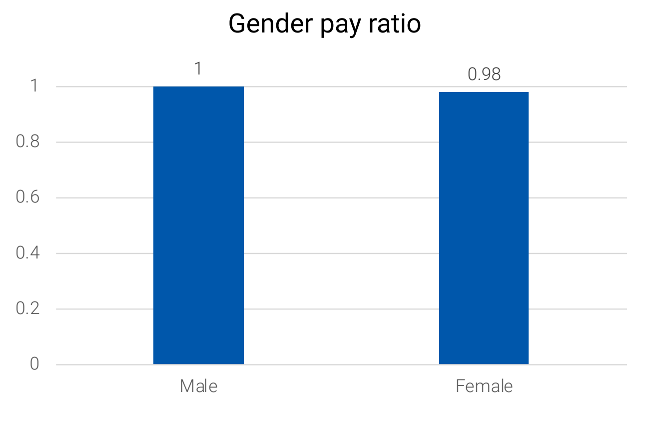
In our view, the company is a DEIB leader, driven by a management team which pays close attention to this area. Ventas is one of the few REITs that is a constituent of the Bloomberg Gender Equality Index and a signatory to the United Nation's Women's Empowerment Principles.

The company has a comprehensive list of ESG goals (including DEIB) and has exceptional disclosure.

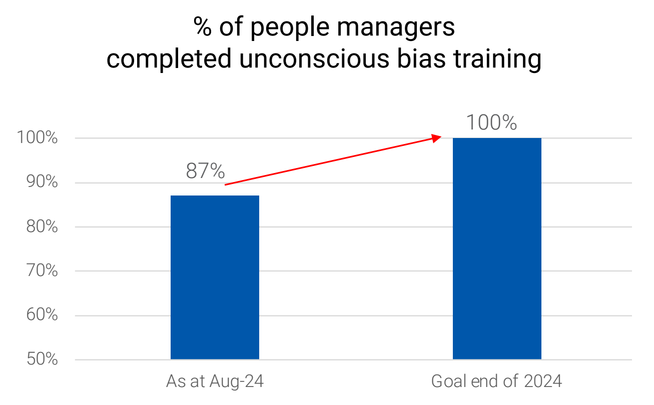
Diversity



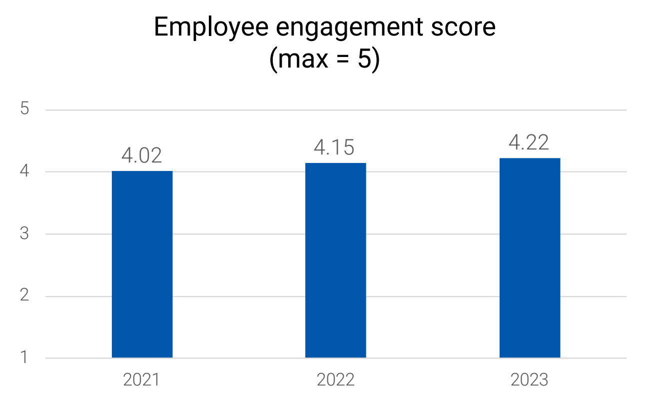
Equity



Inclusion



Belonging



Source: Ventas disclosures, Quay Global Investors

Deeper dive: Gender diversity

We believe gender diversity within organisations can enhance creativity, fosters a safe, non-discriminatory culture and can help businesses attract and retain talent.

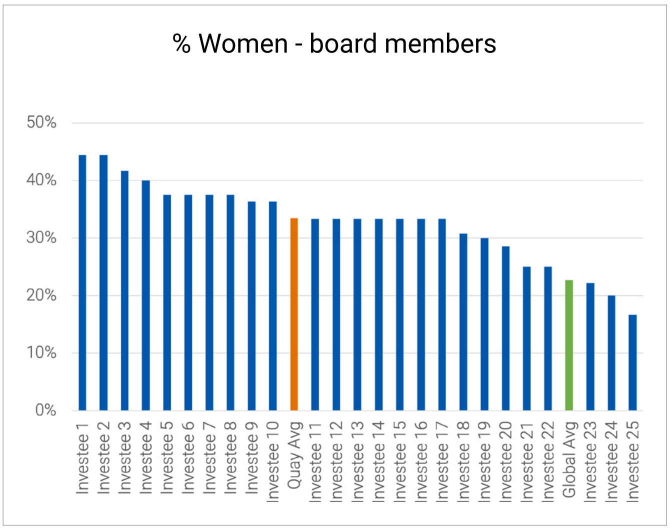
According to a study by McKinsey[1], companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians.

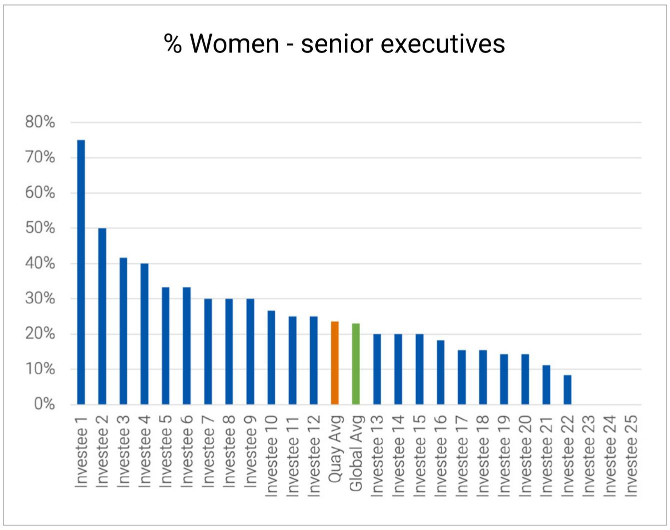
We believe gender diversity is particularly important at the Board of Director and Senior Management levels, who's roles inherently have a stronger influence on the company's direction, decisions and culture.

At Quay, we have collected data on diversity for the past several years and have encouraged companies we meet with to improve representation of women on boards and at executive levels. We recognise this is not an easy task and will take time to increase.

In recent years, there has been a gradual increase in the proportion of women on boards and senior management of companies globally.

The charts below depict the latest data for our current portfolio, as well as a comparison to global averages.





Source: Quay Global Investors, MSCI, World Economic Forum. Investee details for the above charts are available upon request.

- On average, 33% of the board members of Quay's investees are women, compared to the global average of 23% on the board of companies in the Real Estate sector of the MSCI World Index[2].
- On average, 24% of senior executives (C-Suite and SVP) of our investees are women, which is roughly in line with the 23% average across the Real Estate sector globally[3].
- Three of our investees are led by female CEOs – Ventas, Equity Lifestyle Properties and Essex Properties.

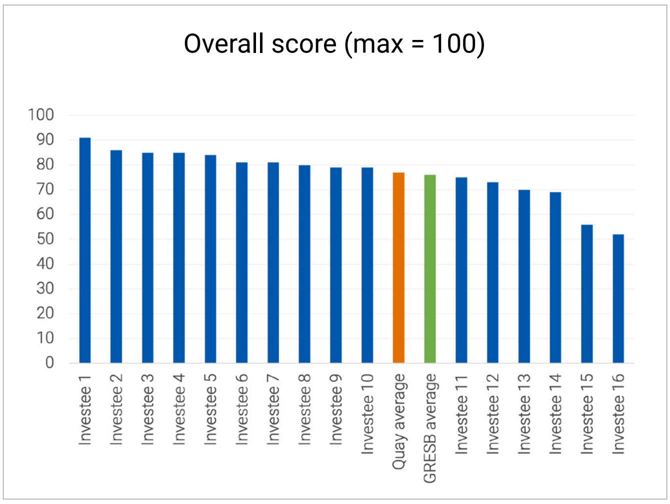
1 https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/why-diversity-matters
2 MSCI - Women on Boards Progress Report
3 World Economic Forum - Global Gender Gap Report

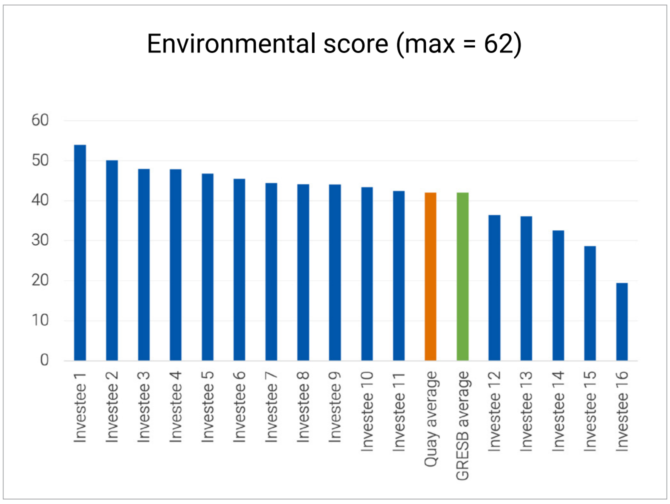
ESG assessment: investee and portfolio GRESB score

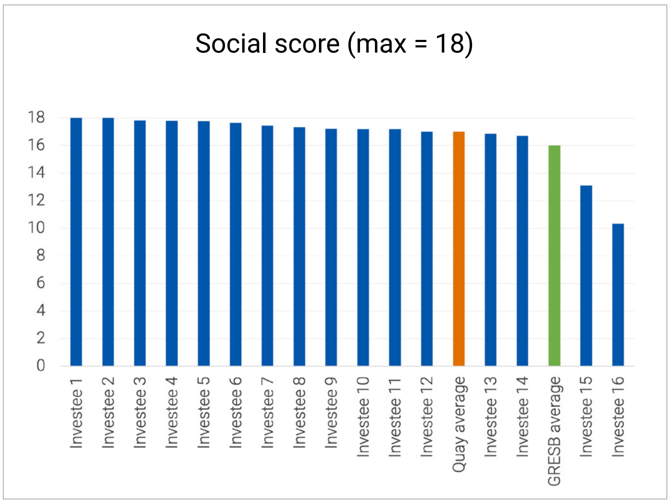
In our opinion, GRESB (Global Real Estate Sustainability Benchmark) is one of the leading third-party providers of ESG research and data for the real-estate sector. Both listed and unlisted real estate entities can sign up to do the GRESB survey annually. The surveys assess these entities on a comprehensive range of over 55 indicators across the ESG spectrum.

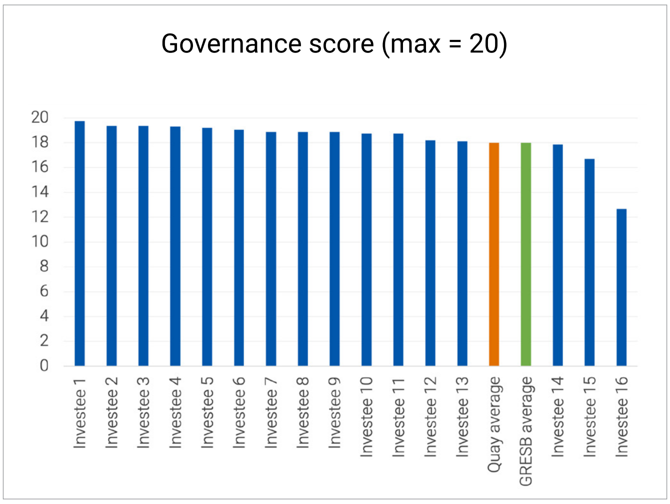
At Quay, we pay close attention to our investees' GRESB survey results and encourage all our investees to participate. We believe entities who participate in the survey are likely to improve their ESG outcomes over time. However, we acknowledge feedback from certain investees that due to the amount of information required by GRESB, participation is no easy task. Often a small team will need to be hired or assigned and trained to answer the GRESB survey, which may pose a resourcing issue for smaller entities.

In our current portfolio, 16 out of the 25 investees participated in the 2024 survey, with results summarised in the charts below. Due to the changes in the number of indicators assessed and changes in weightings, GRESB has advised investors to not compare 2024 results with prior years. However we still can, and do, use these results for ESG due diligence, as well as to identify areas of weakness for the overall portfolio and for each investee. This may lead to engagement points that we will discuss with the relevant companies in future meetings.









Source: Quay Global Investors, GRESB. Investee details for the above chart are available upon request.

Pleasingly, our portfolio average score for the 2024 GRESB survey exceeded the GRESB-wide average on an overall basis, as well as each of the three ESG areas. Additionally, the majority of investees participating in the 2024 GRESB survey outperformed the broader GRESB universe in each ESG area.

Key areas requiring improvement in the portfolio that we have identified by analysing the 2024 GRESB data include:

- green-building certifications at time of design/construction for new builds (16 investees)
- green-building certifications for buildings in operation (13 investees)
- implementing environmental management systems and processes to manage environmental impacts, risks and opportunities (13 investees) and
- undertaking technical building assessments to understand energy, water and waste improvement opportunities (7 investees).

In the coming year we plan to engage with relevant investees on the above areas, to discuss these areas identified and better understand any potential limitations that may hamper improvement. For example, it may not be economical to retrofit the existing portfolio into recognised green-standards with current costs and technology.

Other areas of improvement more specific to individual investees as identified by the 2024 GRESB survey, are also likely to be discussed with management by the responsible analyst at Quay in the coming year.

Engagement

At Quay, we believe engagement is a fundamental component of responsible investing. We define engagement as investor interactions with the management team of potential or current investee companies to promote sustainable practices, improve corporate governance and address ESG risks and opportunities. Engagement can be done both individually and collectively.

In our view, engagement can lead to better outcomes for the company, shareholders and society. Engagement also allows Quay to evaluate management quality and ESG risk as part of our due diligence process. Further details are outlined in our Engagement Policy.

2024 engagements

Quay recognises the value of collective engagement and seeks to join collaborative efforts where possible.

In 2024, Quay participated in investor outreach activities with the organisation GRESB to encourage better reporting and focus on ESG outcomes.

Quay is also a signatory to the UNPRI (United Nations Principles for Responsible Investment) and may join in UNPRI-led collaborative engagement efforts. Over calendar 2024 Quay's investment team conducted over 120 meetings with representatives from real estate entities. These meetings focussed on general investment matters, of which ESG topics also formed a part. ESG-only meetings with management teams are initiated by Quay only in the event of significant controversies.

Over calendar 2024 there were no significant controversies for our portfolio companies. We identify significant controversies by monitoring our subscription to the Morningstar Sustainalytics Controversy Monitor as well as through our own internal due diligence.

ESG topics this year that the Quay team discussed mainly related to:

- carbon emissions, including reduction target setting, and progress towards reduction
- DEIB topics, including encouragement to increase diversity and improve disclosure and
- governance, including CEO pay and enhanced balance sheet disclosure.

Case study

Sub-Sector	Residential
Investees	Interrent, Equity Lifestyle, AMH, Invitation Homes
Issue	No carbon emission reduction targets
Feedback	Targets under development. Scope III net-zero difficult due to scale and diversity of tenants
Quay Action	Monitor future carbon emissions data, continue to encourage reduction targets (Scope 1 & 2)

Six entities in our current portfolio do not have any disclosed carbon reduction targets. Four of these investees operate in the residential sub-sector. The Quay team initiated dialogue with management to better understand the rationale for the absence of reduction targets and with intent to influence management to commit to reduction targets. Dialogue included meeting in-person at investor conferences in the US during the year.

All four investee management teams communicated that carbon reduction targets are currently under development. As an example, Interrent stated they have engaged external consultants and are in the process of finalising a target reduction amount, with the target to be disclosed to shareholders in the near future. Quay's investment team is monitoring this development.

The Quay team has also communicated the importance of net-zero commitments. However, the four investees provided universal feedback that it is inherently more difficult to be net-zero on a Scope III basis for residential REITs compared to other sub-sectors. This is because they deal with a large quantum of tenants and the tenants are individuals who are not incentivised/under no pressure to commit to net zero/ carbon reduction themselves.

The Quay team discussed these findings internally and is sufficiently comfortable with management's reasoning for the extra difficulty regarding Scope III for residential REITs. The current absence of disclosed carbon reduction targets and net zero commitments did not result in any changes to weightings or investment decisions, however the Quay team agreed to monitor whether the four investees will indeed commit to carbon reduction targets and to hold them accountable if not.

Proxy voting

Quay believes proxy voting is an essential part of our active ownership responsibilities. Proxy voting provides us with an opportunity to engage with companies and express our views on important matters. It is also an effective tool to hold companies accountable, as well as to influence their corporate governance practices to drive more ESG-friendly outcomes. In our view, proxy voting can ultimately lead to better outcomes for the company, shareholders and society. Further details are outlined in our Proxy Voting Policy.

Summary of voting

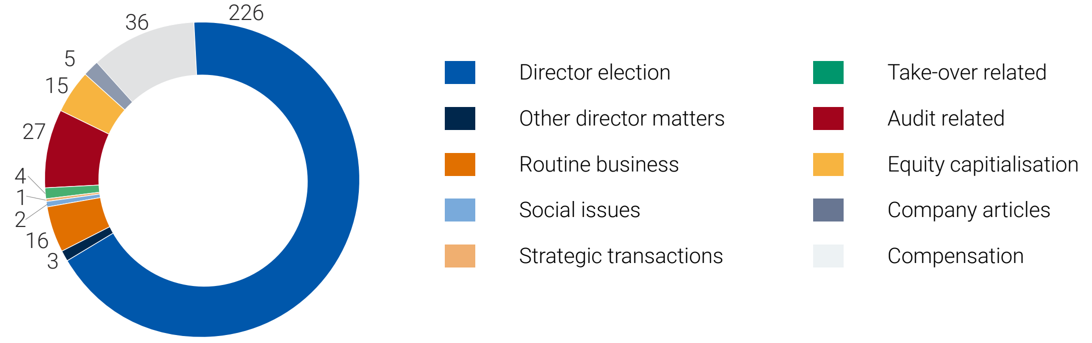
The table below summarises our voting statistics for the 2024 calendar year and prior years. Due to the concentrated nature of Quay's portfolio (lower number of holdings), the absolute total of proposals voted on will generally appear lower than our peers.

Year	# of Proposals Voted	# Voted For	# Voted Against	# Voted with Mgmt.	# Voted against Mgmt.	# Voted with ISS recc.	# Voted against ISS recc.
2024*	335	323	11	325	10	335	0
2023*	312	298	13	298	14	311	1
2022*	356	346	10	348	10	357	1
2021*	318	309	8	312	6	314	4

* vote totals may not sum due to abstain/did not vote

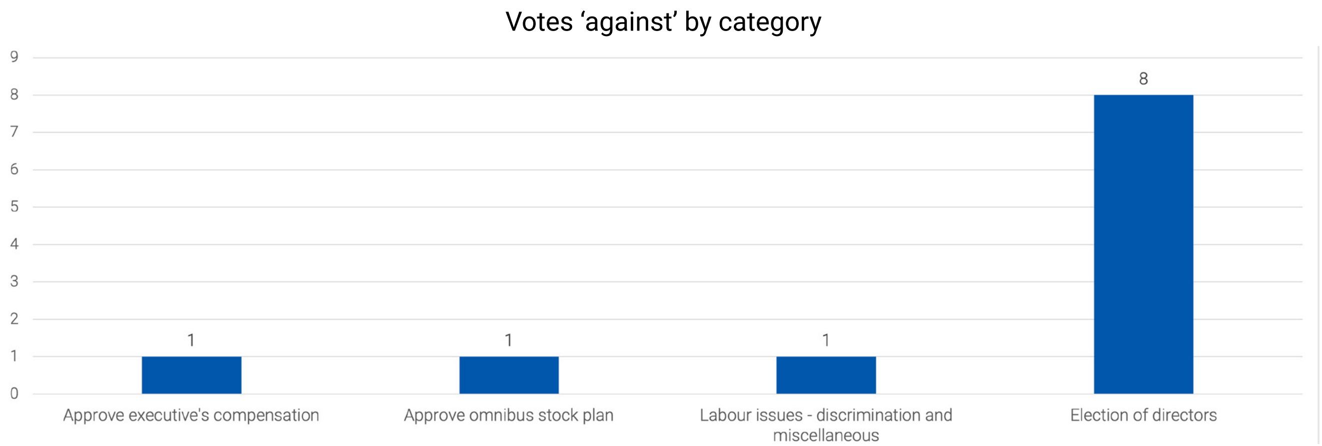
Source: ISS Proxy voting, Quay Global Investors

The 335 proposals voted on over 2024 can be further categorised as set out in the chart below. Of these, only one proposal was a shareholder proposal.



Details of Quay's 'against' votes

In the 2024 calendar year, Quay voted 'Against' for a total of 11 resolutions. Ten of these against votes were against management resolutions, and one was for a shareholder resolutions.



The details and reasoning for Quay's 'Against' votes are outlined below:

Election of directors

SIMON

Simon Property Group (Simon)

We lodged five 'Against' votes for the election of the five directors that sit on the Simon governance committee. This was in line with ISS recommendations but against management recommendations.

We believe our 'Against' vote was warranted as Simon maintains a multi-class capital structure in which each share class has different voting rights with respect to director elections. Class B common stock, held by founder David Simon and his family, represent less than 0.01% of total common shares outstanding, but have the exclusive right to elect up to four directors.

At Quay, we prefer entities that have capital structures with equal voting rights.

All five proposals passed (i.e. all five directors were elected) with the supporting vote excluding abstains, ranging from 66% to 70%.

Despite the outcome of these director elections, we do not currently view this as significant enough an issue to warrant a divestment of our holding in Simon Property Group, however it does influence portfolio weighting. However, we will continue to communicate to Simon's management and board our preference for a one share one vote structure.

ALEXANDRIA

Alexandria Real Estate (Alexandria)

We lodged three 'Against' votes for the election of the three directors that sit on the Alexandria governance committee. This was in line with ISS recommendations but against management recommendations.

We believe our 'Against' vote was warranted as Alexandria governing documents prohibit shareholders' ability to amend the bylaws. Currently, only Alexandria's board of directors have the right to amend the bylaws.

At Quay, we believe shareholders should have the ability to submit bylaw amendment proposals. In fact only in a limited number of US states are companies permitted to prohibit shareholders this right.

All three proposals passed (i.e. all three directors were elected) with the supporting vote excluding abstains, ranging from 57% to 70%.

Despite the outcome of these director elections, we do not currently view this as significant enough an issue to warrant a divestment of our holding in Alexandria Real Estate. However, we will continue to communicate to Alexandria's management and board, our preference for shareholder bylaw amendments.

Approval of omnibus stock plan

EMPIRE STATE REALTY TRUST

Empire State Realty

We lodged an 'Against' vote for the proposed Omnibus Stock Plan (equity incentive plan) for directors, senior management and other select employees. This was in line with ISS recommendations but against management reccommendations.

We believe our 'Against' vote was warranted as we agreed with ISS' view that the cost of the plan is excessive. ISS estimate of the potential total shareholder value transfer from this plan including new, available and outstanding grants will be circa 7.94% of the company's equity value, exceeding the ISS benchmark of 5.67%.

Additionally, the estimated duration of the plan of 6.3 years exceeded ISS benchmark of six years.

The equity incentive plan was approved with the supporting vote excluding abstains of 83.1%.

We divested our entire holding in Empire State Realty shortly after the record date and prior to the meeting, due to valuation reasons not related to this issue.

Approval of executive compensation

Safehold

Safehold

We lodged an 'Against' vote for the approval of executive compensation of Safehold's CEO. This was in line with ISS recommendations but against management recommendations.

We believe our 'Against' vote was warranted as we agreed with ISS' view that the pay-for-performance misalignment is not mitigated at this time. Safehold's CEO pay primarily consisted of his annual equity awards which were entirely time-vesting and the company did not disclose any commitment to grant performance-based equity awards in the near future.

At Quay, we believe long-term incentives should have performance criteria. Some mitigating factors in this instance was that Safehold's bonus pool under the short-term incentive program is primarily performance based. Additionally the CEO has waived his bonuses for in recent years.

The executive compensation proposal was approved with the supporting vote excluding abstains of 70.9%.

Despite the outcome of this vote, we do not currently view this issue as significant enough to warrant a divestment of our holding in Safehold. However, we will to keep a close watch on executive compensation and communicate to management and the board of Safehold about our concerns.

Labour issues

Chartwell Retirement Residences (Chartwell)

We lodged an 'Against' vote for a shareholder proposal requiring increased human capital disclosure. This shareholder proposal was submitted by the British Columbia General Employee's Union.

The Union wanted Chartwell to disclose the following: "Direct care ratios, annual staff turnover rates, use of staffing agencies and cost differentials for staffing agency usage and total number of days in the reporting period that staff positions remained vacant."

Our 'Against' vote was in line with ISS and management recommendations.

While Quay generally supports resolutions that enhance disclosure around ESG, we are of the view that in this instance the shareholders request appears to be overly prescriptive. Chartwell already discloses various workforce metrics including staff engagement scores, total number of employees, average length of tenure and work hours by full, part and casual employees. It also already reports on staffing agency costs and direct staffing costs. However, we do encourage the company to disclose staff turnover rates.

This shareholder proposal was not passed, with 'Against' votes excluding abstains of 81.7%.

Climate change

Quay believes climate change assessment is an integral part of our responsible investment process. Climate change can have a significant impact on the wellbeing of businesses, economies and societies. In our view, investing in entities that ignore climate change risk in their operations can impact on the ability for us to achieve our investment objective for our clients.

Additionally, the transition to low/net-zero carbon economies as part of global decarbonisation, will present both opportunities to real estate entities that can take part in this transition, as well as risks to entities that cannot. Therefore, Quay considers the assessment of transition risks and opportunities to also be an important component of our responsible investment process.

As a general statement, as our investment universe explicitly screens out property developers and their associated use of carbon intensive materials such as steel and concrete, climate change impact from our investments is already mitigated by our process.

Further details are outlined in our Climate Change Policy.

2024 activities

Quay's due diligence and ongoing portfolio management processes includes an assessment of climate change risk, as well as lower carbon transition risks and opportunities.

We prefer to see our investees reporting on sustainability in line with recommended frameworks, and encourage those that do not, to do so. We also encourage/prefer to see our investees consider climate change risks as well as consider the impact of carbon transition.

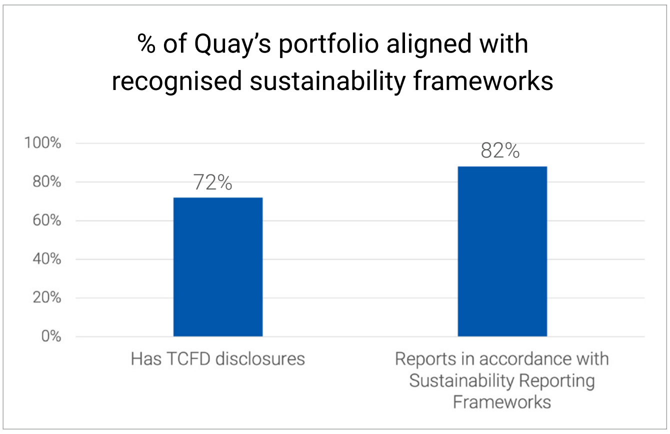
We also prefer investees to commit to carbon reduction targets and report carbon emissions. Quay's investment team tracks investees carbon targets and disclosures on an ongoing basis.

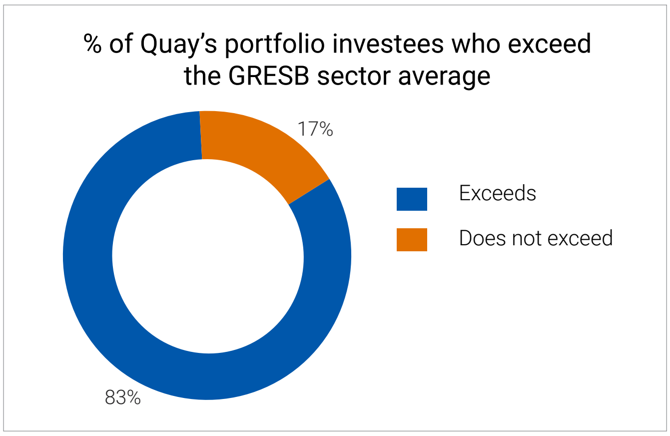
Quay's climate change due diligence process is being continually refined as the industry as a whole enhances its processes, as new tools and frameworks are developed.

Key findings

A summary of our findings for calendar 2024 at an investment portfolio level are highlighted in the charts below.

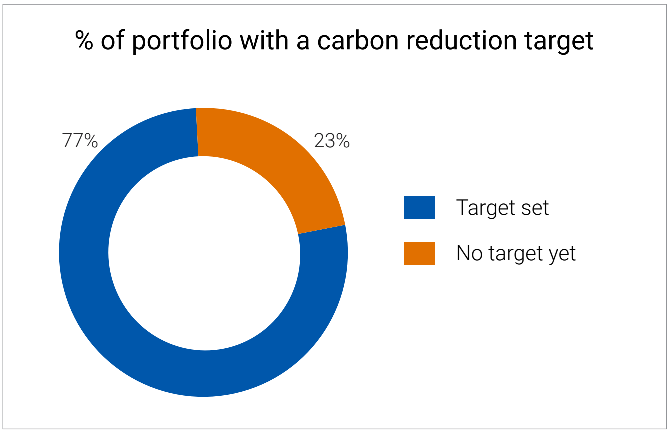
- Almost three quarters of our portfolio (by number of investee companies) assess climate risk and report according to the TCFD (the Task Force on Climate-related Financial Disclosure) recommendations. Almost 90% report sustainability according to recognised frameworks.
- 83% of our portfolio investees exceed the GRESB (external ESG data assessor) sector average in terms of their climate strategy and the identification and assessment of transition and physical risks.

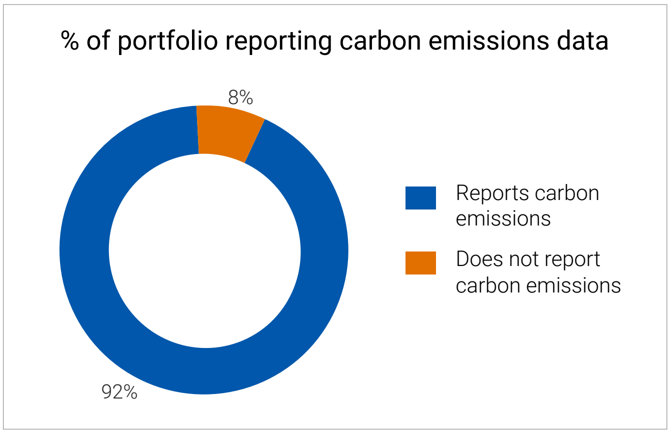




Source: Quay Global Investors

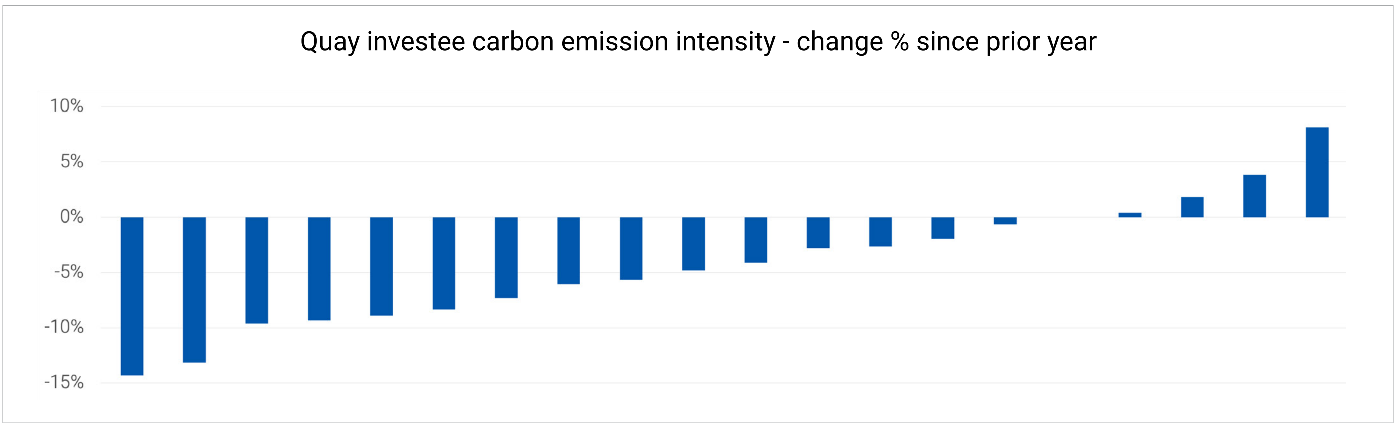
- Over three quarters of our portfolio (by number of investee companies) have a carbon reduction target and over 90% report carbon emissions on an annual basis.





Source: Company disclosures, Quay Global Investors

- A significant majority of our investees (who disclose data) have decreased their carbon emission intensity versus the prior year.



Source: Company disclosures, Quay Global Investors. Investee details for the above chart are available upon request.

Future activities

In the coming year, Quay's investment team will continue to encourage investees to further progress towards carbon reduction and address climate change risk, including enhanced disclosures. Additionally, we are likely to engage with investees whose carbon emission intensity increased year over year, to understand why and clarify whether progress against goals is on target. We also will engage with investees who currently do not report in line with sustainability frameworks, to encourage them to do so.

Climate transition at Safestore: An investee case study

Safestore (European Storage) is currently one of the top weightings in our portfolio.

Safestore reports its climate-related transition/physicals risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The table below is a summary of Safestore's most recent reporting.

Governance	• CEO, Sustainability Group (3 key management personnel) and board all involved in climate risk assessment and management • Climate-related risk performance is linked to executive remuneration
Risk management	• Climate-related risk register is maintained by the Sustainability Group, with assistance with the Property function and overseen by the board • Risk register is reviewed and approved by the audit committee each financial year • Details, strategic response, cost of response and key risks are developed in response to items identified in register
Physical risks	• Physical risk: Flooding risk caused by increased frequency rainfall events triggered by climate warming scenarios • Potential impact and timeframe: Medium; Medium-Long • Mitigation/resilience measures: Avoid high risk areas. Where a store is exposed, use mitigation solutions such as enhanced drainage, flood barriers, water pumps
Transition risk	• Transition risk: Increased stringency of building and planning requirements • Potential impact and timeframe: Medium; Short • Mitigation/resilience measures: Engage planning authorities to ensure specifications for new stores are proportionate; identify existing locations exposed to regulatory changes (relocate or change use if improvements unviable

Source: Safestore, Quay Global Investors

Pleasingly, Quay's due diligence recognises climate risk as something Safestore actively considers in its operations. It is particularly good in our view that Safestore has designated the CEO, Board and a dedicated Sustainability group to all be involved in climate risk assessment and management, and there is a link to executive remuneration. Safestore has identified flooding risk to a be a key physical risk and has developed plans around this.

Modern slavery survey

Quay believes modern slavery assessment is also an integral part of our responsible investment process. Modern slavery is a serious isolation of human rights and a significant global problem. Quay is covered under the scope of, and is committed to, Bennelong Fund Management's Modern Slavery Statement.

As a general statement, as our investment universe explicitly screens out emerging markets and property developers, modern slavery risk is decreased. However, due to its importance, the Quay investment team still carries out due diligence on all current and potential investees, which involves identifying, preventing, mitigating and accounting for how companies address their adverse human rights impacts.

Quay has undertaken annual surveys across the portfolio to assess and review modern slavery risk. This is shown in the table below. We have seen a notable improvement in labor rights processes and disclosures over this time. Management's focus and organisational processes to ensure modern slavery is not occurring in their operations or supply chain has improved remarkably.

As of December 2024, all our investees have a supplier code of conduct, and/or a modern slavery statement, labor policies and/or a human rights statement. The organisations and their suppliers are expected to understand the position on labor rights. Training is provided, and a whistleblower system exists, with an investigations process, audit checks and reporting.

Company	2019 Disclosure	2020 Disclosure	2021 Disclosure	2022 Disclosure	2023/24 Disclosure
Investee 1	✗	✓	✓	✓	✓
Investee 2	✗	✓	✓	✓	✓
Investee 3	✓	✓	✓	✓	✓
Investee 4	✗	✗	✓	✓	✓
Investee 5	✗	✓	✓	✓	✓
Investee 6	✓	✓	✓	✓	✓
Investee 7	✓	✓	✓	✓	✓
Investee 8	✗	✓	✓	✓	✓
Investee 9	✓	✓	✓	✓	✓
Investee 10	✓	✓	✓	✓	✓
Investee 11	✗	✓	✓	✓	✓
Investee 12	✗	✓	✓	✓	✓
Investee 13	✓	✓	✓	✓	✓
Investee 14	✗	✓	✓	✓	✓
Investee 15	✗	✓	✓	✓	✓
Investee 16	✗	✓	✓	✓	✓
Investee 17	Did not own	Did not own	✓	✓	✓
Investee 18	Did not own	Did not own	✓	✓	✓
Investee 19	Did not own	Did not own	✓	✓	✓
Investee 20	Did not own	Did not own	✓	✓	✓
Investee 21	Did not own	Did not own	Did not own	Did not own	✓
Investee 22	Did not own	Did not own	Did not own	Did not own	✓
Investee 23	Did not own	Did not own	Did not own	Did not own	✓
Investee 24	Did not own	Did not own	Did not own	Did not own	✓
Investee 25	Did not own	Did not own	Did not own	Did not own	Did not own

Source: Quay Global Investors. Investee details for the above table are available upon request.

For more information, visit quaygi.com or
call 1800 895 388 (AU) or 0800 442 304 (NZ).

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