Global Property Fund

► Focused. Transparent. Quality.

NEDGROUP INVESTMENTS

April 2025 update | ISIN for Class C USD: IE00BD9Y5201

MARKETING COMMUNICATION

Our investment approach

- We allocate capital actively across countries, sectors and companies.
- We conduct intense scrutiny of the underlying real estate held by each company.
- We recognise that real estate is cyclical and capital intensive and believe that management skill is critical.
- The portfolio is constructed in an approach that is high conviction and agnostic.

Portfolio management team

Andrew Parsons

30+ years experience

Marco Colantonio

30+ years experience

Robert Promisel

30+ years experience

Julian Campbell-Wood

21 years experience

In this monthly note, we share the Fund's return drivers over recent periods, current portfolio positioning and put the spotlight on a stock in the portfolio.

Performance and markets

The FTSE EPRA/NAREIT Developed Index (USD) produced a total return of 1.0% for the month ended 30 April 2025. Performance was mixed across regions, as the world digested the "Liberation Day" tariffs announced by the Trump Administration.

The U.S. market returned -2.7% in local currency terms, which underperformed the global REIT benchmark. U.S. returns faced headwinds from global capital flows as tariff announcements are likely to pressure economic growth and corporate profitability in the U.S. These macroeconomic issues outweighed generally positive Q1 earnings results by the REIT sector.

Europe was the best performing market, returning 6.9% in local currency terms. The region benefited from capital flight away from the U.S. and relative stability. Real estate values were also supported by the seventh consecutive interest rate cut from the European Central Bank. Weak economic growth has been a headwind for the region, but more predictable economic policy supported performance in April.

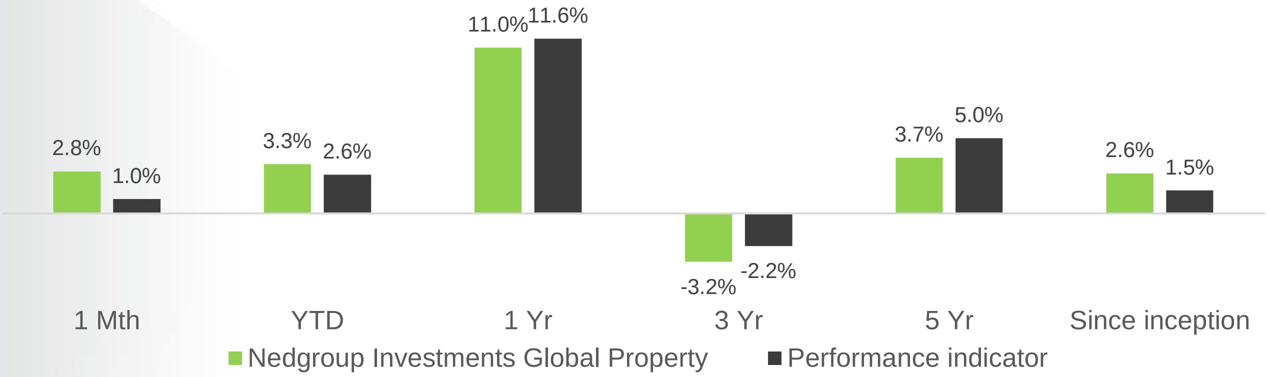
Most property sectors posted negative returns in April.

Industrial was the weakest performing sector, returning -4.9% in local currency terms, with the U.S. as the primary driver. Tariffs are viewed as having an outsized impact on the industrial sector given its ties to global trade and tenant demand that is economically sensitive. U.S. industrial REIT behemoth Prologis (PLD), as well as peers, left FY25 guidance metrics unchanged despite negative headlines. The Portfolio's underweight exposure to industrial benefited relative returns.

Data Centres was the strongest performing sector, returning 7.6% in local currency terms. The sector has been challenged by negative headlines in 2025, which include potential AI-training efficiencies and news that Microsoft, a key hyperscale data centre tenant, has walked away from a handful of deals. Despite negative headlines, Digital Realty (DLR) and Equinix (EQIX) both reported first quarter earnings results that featured strong leasing demand across tenant categories and geographies. The Portfolio's overweight exposure to data centres benefited relative returns.

Fund performance

Past performance is not indicative of future performance and does not predict future returns



Fund returns are US$ based on Class C (accumulation) since August 2016.
Performance indicator: FTSE EPRA Nareit Developed NR USD.
Source: Morningstar, Nedgroup Investments.

Key return drivers

Month to date

The fund outperformed the Index by 183 basis points for the month ending 30 April 2025.

Contributors	Detractors
• OW TAG Immobilien – European residential	• Nil Vonovia – European residential
• OW Scentre Group – Australian retail	• OW Kimco Realty – US retail
• OW Mitsui Fudosan – Japan diversified	• OW Essex Property – US residential
• UW Prologis – US industrial	• Nil Goodman Group – Australian industrial
• OW Big Yellow Group – UK self-storage	• OW Federal Realty – US retail

OW – Overweight; UW – Underweight; Nil – zero exposure

Portfolio comments

There were several notable REIT announcements during the month.

U.S. data centre REIT Digital Realty (DLR) announced the establishment of an investment fund targeting US$2.5B of equity commitments and with long-term ambitions to grow the fund to US$10B. DLR has raised US$1.7B of commitments through the first closing and will retain a 20% ownership interest. The fund will focus on hyperscale investment across top U.S. markets, and it was seeded with five operating properties and four future development sites. The five operating properties were contributed at high-5% cap rates. The fund provides DLR an opportunity to diversify its capital sources, benefit from fee income, and to unlock additional development capacity.

Australian storage REIT Abacus Storage King (ASK) received an offer in early-April from majority shareholder Ki Corporation Limited and U.S. storage REIT Public Storage (PSA) for A$1.47/sh (A$1.9B). The offer price represents a 27% premium over the unaffected share price, but an 8% discount to ASK's reported NTA of A$1.60/sh. The pricing implies a high-5% cap rate, a positive readthrough for ASK's Australian storage peer National Storage REIT (NSR), a portfolio holding. This deal would mark PSA's strategic entry into Australia following an unsuccessful 2020 bid for National Storage REIT due to Covid-related market conditions.

In early-April, the board of UK healthcare REIT Assura (AGR) accepted the £1.6B cash offer from KKR for 49.4p/sh. This decision followed the rejection of a cash and scrip offer from UK healthcare REIT peer Primary Health Properties (PHP) for 46.2p/sh. This privatisation demonstrates that there is opportunity for potential suitors to capitalize on price dislocation between the public and private market. We will likely see further consolidation if discounts to NAV persist in the UK and Europe.

Portfolio positioning

Sector breakdown	Weight
Retail	20.8%
Healthcare	16.2%
Residential	16.0%
Diversified	15.8%
Data Centres	11.1%
Self Storage	8.4%
Industrial	4.4%
Office	4.1%
Cash	2.9%
Hotel	0.3%
Other	0.0%

Regional breakdown	Weight
US	56.0%
UK	13.8%
Europe	9.9%
Australia & NZ	7.3%
Japan	6.1%
Cash	2.9%
Hong Kong	2.3%
Singapore	1.6%
Other	0.0%
Canada	0.0%

Top Holdings	Sector	Weight
Welltower Inc	Healthcare	8.3%
Ventas Inc	Healthcare	6.5%
Digital Realty Trust Inc	Data Centres	5.1%
Equinix Inc	Data Centres	5.0%
Mitsui Fudosan	Diversified	4.9%
Scentre Group	Retail	4.5%
Equity Residential	Residential	4.1%
Federal Realty	Retail	3.9%
Kimco Realty Corp	Retail	3.4%
Simon Property Group Inc	Retail	2.9%
Total		**48.6%**

Portfolio attributes	
Number of Securities	44
Implied Cap Rate	6.0%
Portfolio Occupancy	92.4%
Dividend Yield	3.8%
Forward FFO Multiple	18.8x
Net Debt/EBITDA Multiple	6.2x
Rental Income as a % of EBITDA	93.2%

As at 30th April 2025. Source: Resolution Capital, Nedgroup Investments.

Stock spotlight: Mitsui Fudosan (8801)

- Founded in 1941, Mitsui Fudosan is Japan's largest listed real estate developer. It owns and manages a diversified portfolio exceeding ¥9 trillion in value, including over 100 high-grade office buildings in Tokyo's CBD, retail complexes, logistics hubs, housing and hotels/resorts.
- Mitsui Fudosan played a pivotal role in post-war urban development in Japan and has since expanded internationally, especially in the U.S., U.K., and Southeast Asia.
- Indicative of its innovative nature, Mitsui Fudosan is involved in the development of Kashiwa-no-ha Smart City. A partnership between the public, private and academic sectors, the development is based on three themes; new industry creation, health and longevity, and environmental harmony.
- In Q1 2025, Mitsui Fudosan announced a £1.1bn commitment to a new office-driven development as part of the regeneration of a site associated with the British Library's St Pancras site.
- Subsequently in March they established a new branch office in Dallas, Texas, as part of its strategic expansion into the U.S. Sun Belt region. This move supports the Group's "& INNOVATION 2030" long-term vision and adds to its existing U.S. presence in New York, San Francisco, and Los Angeles.

Performance, contribution data and positioning information as of 30 April 2025. Some differences may exist due to rounding. Source: Resolution Capital, Nedgroup Investments.

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