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Nedgroup Investments Global Property Fund

Quarter Three, 2023

Marketing Communication

Nedgroup Investments Global Property Fund

Commentary produced in conjunction with sub-investment manager, Resolution Capital

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

Indicator	3 months	1 year	3 years p.a.	5 years p.a.	Since Inception# p.a.
Portfolio*	-6.30	-1.25	-2.01	-0.49	0.51
Performance indicator+	-5.84	1.64	0.59	-1.24	-0.64
Difference	-0.46	-2.90	-2.60	0.75	1.15

* Net USD return for the Nedgroup Investments Global Property Fund, C class. Source: Morningstar
\# 12 August 2016
\+ FTSE EPRA/NAREIT Developed Index (in USD Net Ret)

Summary points

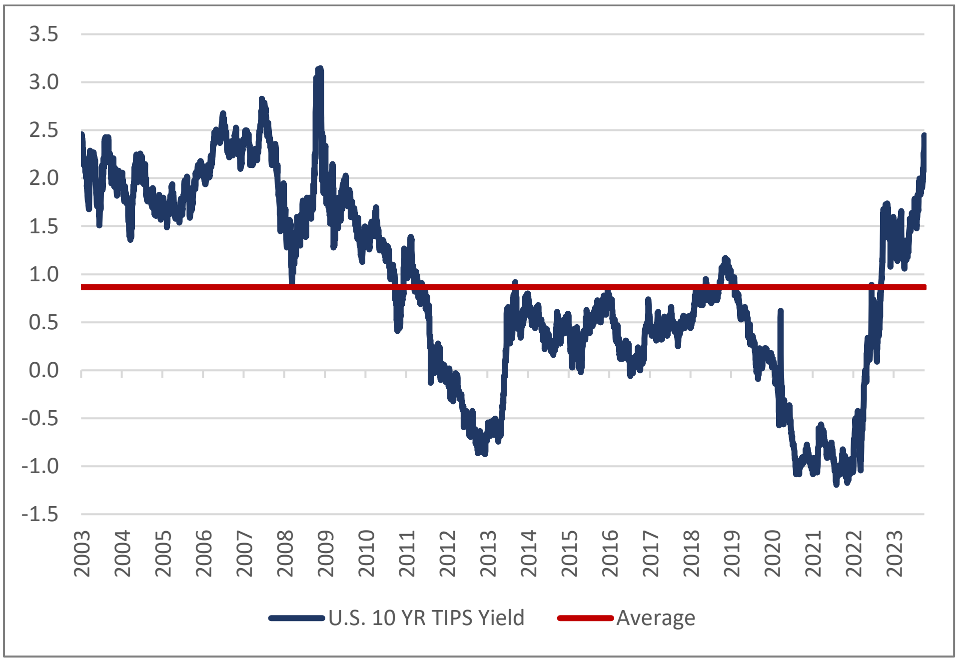
- Interest rates and bonds are normalizing after a decade of stimulus, which creates a gap between property sellers' and buyers' expectations and reduces transaction volumes.
- Direct property funds and Private Equity real estate funds are facing liquidity challenges and investor redemptions, and are turning sellers of their assets.
- Higher interest rates and replacement costs are driving a decline in new commercial property construction starts, which underpins rents for existing landlords as supply diminishes.
- REITs have lower leverage, longer debt term, lower pay-out ratios, lower development exposure, and lower volatile income streams than in previous cycles, which makes them more resilient and able to take advantage of opportunities.
- Rental growth remains healthy for most sectors, supporting earnings and dividend growth despite rising finance costs.
- REITs are now trading below long-term average and median earnings multiples, but not at deep value levels.
- Japan property has been the best performing region this year, due to easy monetary policy, stable cap rates, weak yen, and strong tourism recovery.
- European REITs performed well, led by German residential landlords who refinanced their debt.
- Hong Kong and Australian REITs performed poorly, due to weak growth in China, U.S. monetary policy spillovers, and high exposure to floating interest rate debt.
- San Francisco, Atlanta, and New York office markets face challenges from high vacancy, social issues, and debt finance expirations.
- WeWork solvency issues could add more supply to the already weak office markets
- Data centre REITs are enjoying record demand and revenue growth, driven by increasing workloads and limited supply, which gives them more pricing power.
- Self-storage REITs are stumbling as customer demand is weakening due to lower housing market activity and increased competition from new supply.

Market and portfolio commentary

Whilst persistent weak economic data from China remains a source of concern, and the UK and parts of Europe are exhibiting signs of weakness, recent data from the U.S. continues to exhibit economic resilience. This has contributed to enduring above-target inflation and "higher for longer" interest rates as the market adjusts to a post-QE monetary policy regime, a situation exacerbated by governments facing added costs of financing elevated fiscal deficits. We would summarise this situation as the "old normal" with central banks seeking to curb inflation and provide room to cut rates if the economy displays signs of distress.

Consequently REITs, along with major bond and equity markets, were under renewed pressure particularly late in the quarter as real interest rates reflected that these dynamics may persist (see the following chart). Perhaps this is confirmation that the bond rally, which effectively ran for almost 40 years and peaked with negative nominal yields in several markets, has run its course.

U.S. 10 Yr Treasury inflation protected yields (%)

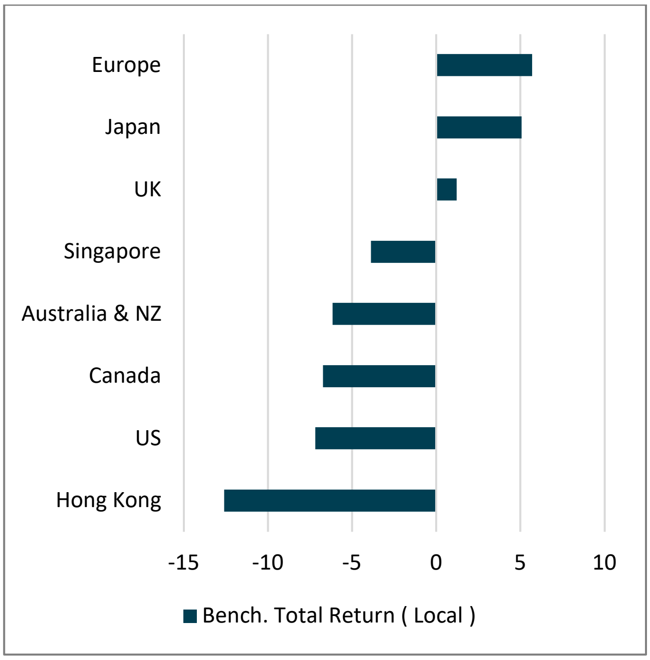


Source: FRED St Louis Fed, ResCap

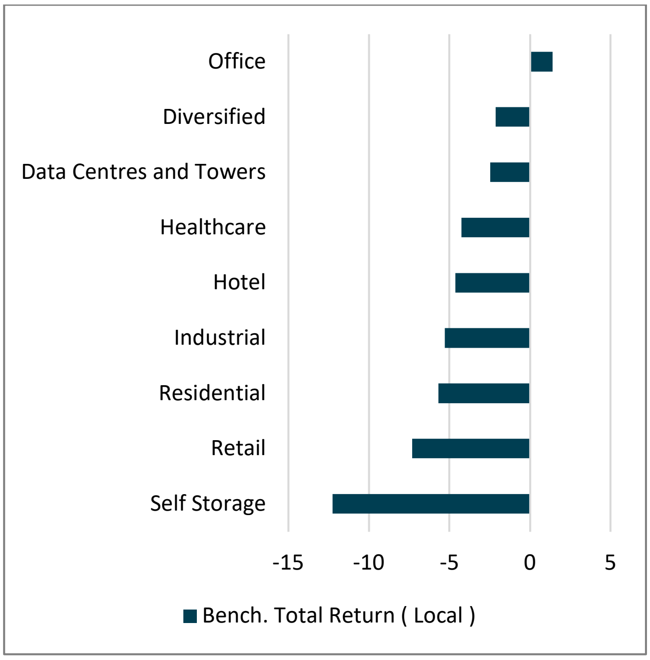
Meanwhile commercial property continues to grapple with the more challenging monetary conditions. In general, real estate cap rates appear to be softening (on average 75bps from peak levels thus far), but seemingly not enough given the material increase in bond yields and official interest rates. However, the meaningful reduction in commercial property transaction activity provides limited evidence on which valuation appraisers place much importance for price discovery.

Against this backdrop, REITs were generally pressured during the quarter, but across the sector return dispersion was substantial.

Quarterly Regional Returns



Quarterly Sector Returns



Source: FTSE EPRA NAREIT Developed, Factset

NEDGROUP INVESTMENTS

European REITs generated the highest returns for the quarter, led by the German residential landlords which enjoyed a relief rally seemingly benefitting from eased investor concerns about their over-levered balance sheets as they have been able to refinance near term debt maturities. We remain circumspect on these companies: while we view the real estate operating fundamentals positively (basic shelter facing supply constraints), implied property cap rates are still closer to peak than trough and debt loads remain excessive with medium term earnings growth dependent upon interest rates moderating (most have slashed or suspended dividends in a period where executing asset sales is problematic). In a replay of last quarter, Japanese property companies generated the strongest returns for the portfolio. The stocks are benefiting from a supportive domestic inflation and interest rate environment, and mounting pressure for improved corporate governance practices among Japanese corporates.

At the other end of the performance spectrum, continuing the recent trend of underperformance, Hong Kong listed real estate again generated the weakest returns. Hong Kong continues to be weighed down by weak growth in mainland China and imported U.S. monetary policy via its currency peg, compounded by solvency challenges facing major listed Chinese property developers, to which we have no exposure. Despite largely stable operating conditions, Australian REITs performed poorly in response to increases in long-term interest rates and what could only be described as one of the more underwhelming reporting seasons since the GFC. Notably, earnings per share declined 3% on average across the sector for the year ending 30 June 2023, with many A-REITs facing material ongoing earnings headwinds in FY 24, with a decline of ~4% (simple average) expected. With tenant demand and occupancy levels generally stable, the culprit is capital management, more specifically high exposure to floating interest rate debt. Leverage is generally at manageable levels (less than 30% Loan to Value) but the REITs continue to pay the price for their shorter-term debt profiles and elevated levels of floating interest rates. UK REIT prices had somewhat of a reprieve as UK inflation data came in below expectations, lowering market pricing of future interest rate increases. With UK benchmark interest rates relatively unchanged for the quarter, performance was largely driven by stock specific factors.

On the road … to redemption

Japan property provides an example of the value of patience and the benefits of including an appropriately scaled exposure to deeper value positions in the portfolio. Having carried several years of underperformance, Japanese real estate companies have been the best performing region this year (in local currency terms), and during the quarter we revisited this market.

In contrast to much of the developed world, Japan's central bank retains a relatively easy monetary policy stance. As a result, the pressures of higher debt financing costs and tighter credit availability are not yet evident in the Japanese property market. Transaction volumes continue to exhibit strength, and capitalisation rates have largely remained stable.

One of the consequences of the BoJ's policy is the significant depreciation of the Japanese Yen, which has tumbled by more than 22% versus the U.S. Dollar since the U.S. Fed began hiking rates in early 2022. This, together with the lifting of Covid travel restrictions has spurred tourism. In July the total number of inbound visitors rebounded to 78% of the same month in 2019. The figure is even higher in Tokyo, with some hotel operators noting Average Daily Rates and occupancy levels that match or exceed 2019 levels. The recovery in the lodging sector is expected to persist, especially with the anticipated further easing of travel restrictions in China affecting tour groups. Chinese visitors to Japan still only account for c.7% of total tourist numbers compared to 30% in 2019.

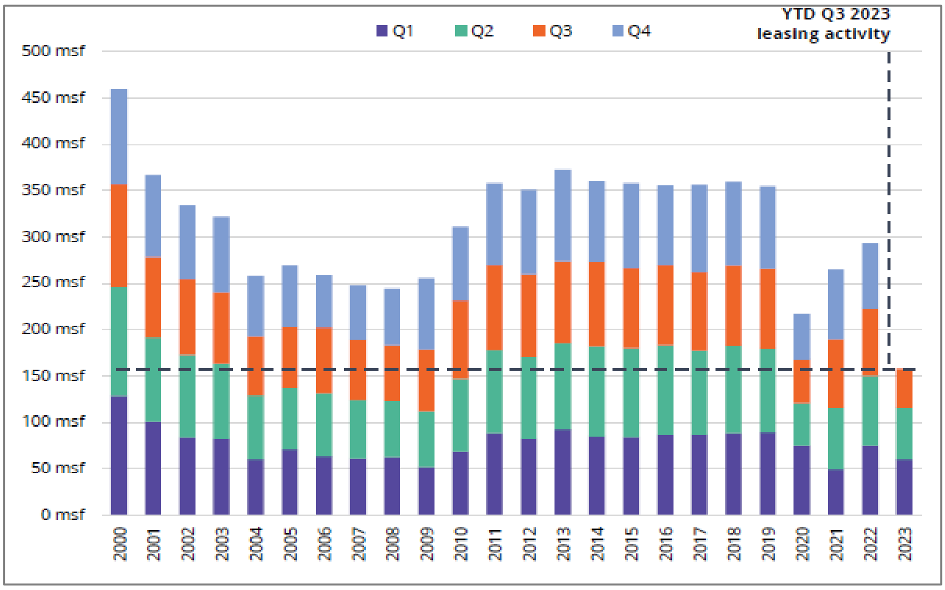
Unlike other global office markets with vacancy rates in the double digits, at 6% the current office market vacancy rate in central Tokyo is proving to be more resilient despite the significant number of new buildings being completed. Cultural differences in the approach to the workplace, smaller housing unit sizes (and often multi-generational households), together with a more efficient public transportation system have contributed to a higher return-to-work rate of >80% in Japan, one of the highest globally.

Office – promises promises

The U.S. office sector enjoyed a consecutive quarter of buoyant returns as enthusiasm following several keenly priced private market transactions continued to drive the stocks higher from materially over-sold conditions.

Unfortunately, little has changed in the operating environment with quarterly leasing statistics highlighting that despite a robust economy and full employment, office demand continues to wane, with YTD leasing volumes the lowest in over 20 years.

U.S. office leasing activity



Source: Avison Young, Costar.

During the quarter we met office landlords and toured buildings in San Francisco, Atlanta and New York. The themes across markets remain relatively consistent albeit more dire in San Francisco given higher office vacancy and more acute social issues. Landlords are seeking to conserve capital and fight for occupancy but are facing a shrinking volume of demand which is increasingly concentrated in the highest quality buildings. Many note the significant volume of debt finance expiring in the next two years as likely to create further negative headlines but also some opportunities as over-levered private landlords seek recapitalisation.

The changing patterns of tenant demand are not only impacting traditional office landlords. Flexible office operator WeWork is teetering, with doubts about its ability to continue as a going concern. Demand for its space has shrunk, lowering revenue while it is locked into long-term fixed lease contracts signed during its heady days of expansion. WeWork leases represent 0.5% of the total U.S. office market, typically 1% in gateway markets, and at its peak up to 2% in New York and San Francisco. WeWork is currently seeking to renegotiate and/or break leases to survive, likely adding more space to office markets already struggling with record vacancy.

Reflecting the disdain for office, diversified net lease REIT WP Carey (WPC) announced it would accelerate the divestment of its office portfolio, largely via an in-specie spin-off of most of its office assets into a separately listed company, Net Lease Office Properties (NLOP). While NLOP will be a relatively small vehicle with lower quality assets than most of its U.S. office peers and a strategy to wind-up over-time, it is nevertheless notable that NLOP has arranged new debt at a marginal cost of 10%, highlighting the acute increase in the cost of debt for landlords of inferior quality office assets. The move has some parallels with previous efforts to spin-off underperforming assets, e.g., Simon Property Group B-grade mall spin-off Washington Prime almost a decade ago, which gradually decayed until its ultimate bankruptcy.

Meanwhile, the few office transactions taking place are providing cause for both optimism and fear.

Last quarter we wrote about the US$1bn sale of a share in 245 Park Avenue in Manhattan's midtown east, valuing the building at almost twice the figure implied by the share price of vendor SL Green (SLG). At the other end of the spectrum, this quarter, reports suggest the owners of 1330 Avenue of the Americas have put the asset up for sale with an asking price of US$350m, a figure 13% lower than the vendor paid in 2010 and 30% lower than the price the building sold for in 2006. Meanwhile in London's Soho district, the Korean owner of 125 Shaftesbury Avenue has accepted a price of £150 million representing a 44% reduction compared to its 2018 purchase price. At the time of the acquisition the building had a 20 year lease to WeWork but the troubled co-working operator terminated its lease last year after reportedly paying a termination fee equivalent to 1.5 years rent.

Our office exposure, which is less than 6% of the portfolio, remains largely focused on those markets where vacancy is moderate, e.g. West End of London and Tokyo, leading to more favourable operating conditions.

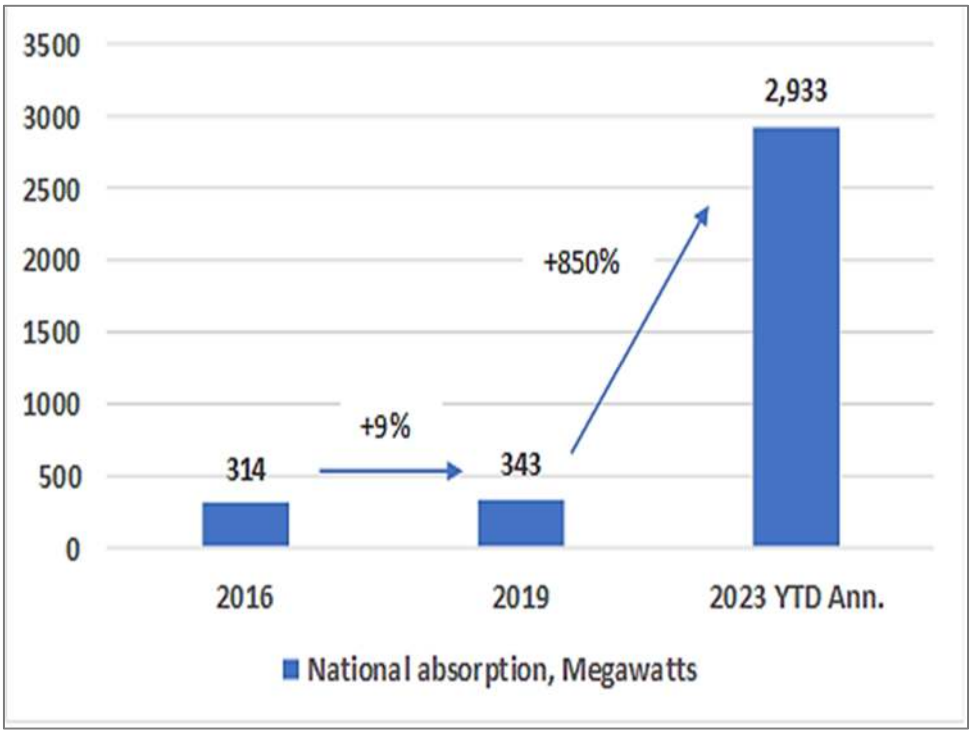
Data Centres

North American data centre markets continue to experience robust demand with 3Q 2023 absorption, a record quarter for U.S. data centres. Absorption can be lumpy so we don't expect a linear trend but looking back at the last 6 years provides a clear picture of the step change in data centre demand (chart below).

Results from chip developer Nvidia also highlights the current demand dynamics with its data centre segment generating record quarterly revenue of US$10.3bn, which was an astonishing +141% growth on the prior quarter and 171% y/y.

This step change in demand is increasingly being reflected in improved pricing power for data centre landlords as tenants compete for space given increasing workloads and insufficient near-term supply.

Step change in U.S. data centre demand



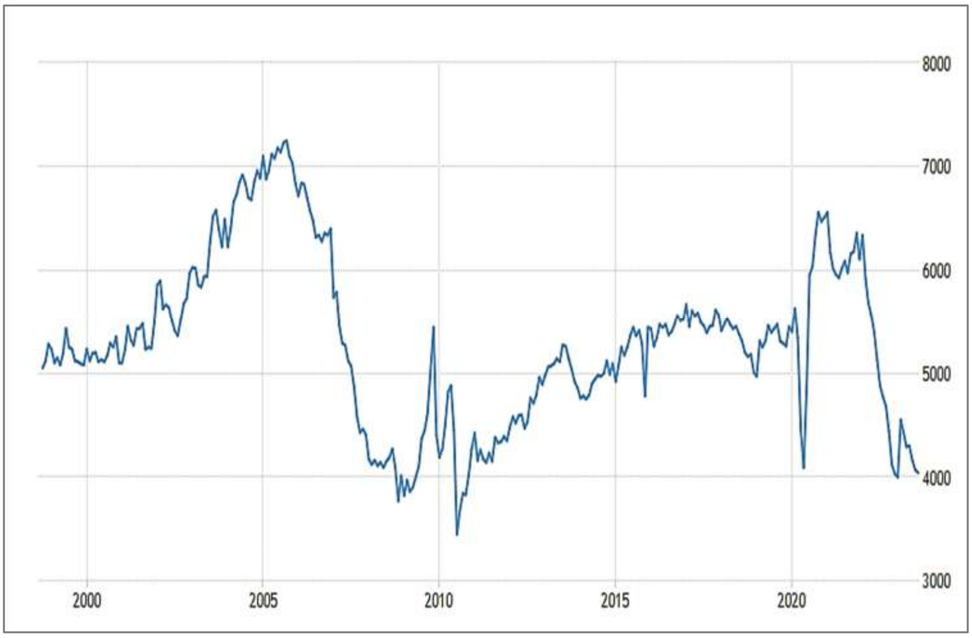
Source: DatacenterHawk, Green Street Research, ResCap

Self-storage

Self-storage REITs stumbled in the quarter as operations decelerated faster than market expectations. In the U.S. operating results continued to moderate from the pandemic induced record growth reported in 2021 and 2022. Customer demand is weakening as for-sale housing market volumes decelerate sharply (moving activity is a key driver of storage demand). This dynamic has not improved in recent months and increasing mortgage rates have led to existing home sales in the U.S. falling to levels not seen since the Global Financial Crisis. With this challenging backdrop, we expect storage demand to remain weak for several quarters at least.

Reflecting the demand moderation, second-quarter earnings results featured guidance cuts from Portfolio holding CubeSmart (CUBE) and peer Extra Space Storage (EXR) due to a disappointing peak leasing season. Management teams have previously indicated the expectation that operating results will trough in late-2023/early-2024, but with high mortgage rates likely to weigh on housing related demand, there is little certainty in this outlook.

U.S. Existing Homes Sales ('000)



Source: Tradingeconomics.com; National Association of Realtors

More positively, self-storage REITs have some of the lowest financial leverage in the U.S. REIT sector. While they may be facing a soft patch in demand, they are well positioned to manage through it and take advantage of investment opportunities as they arise. Our positioning in the U.S. self-storage sector has reflected caution on the moderation in operations, and we increased our underweight position during the quarter which positively impacted relative returns.

In the UK and Continental Europe, operating results are slowing, but not nearly to the same magnitude as observed in the U.S. Occupancy appears to have bottomed in late-2022, and sequential gains throughout 2023 are likely to be supportive of continued operating strength.

There was a small take-private transaction in Europe which provided some value evidence. In September, Nuveen/TIAA offered to buy The Self Storage Company (SSG), an Oslo-listed owner/operator of 142 properties across Norway, Sweden and Denmark. This all-cash offer totals NOK3,787 (A$546m) and estimates suggest a net initial yield of 6.75%, broadly supportive of the value of our portfolio holdings.

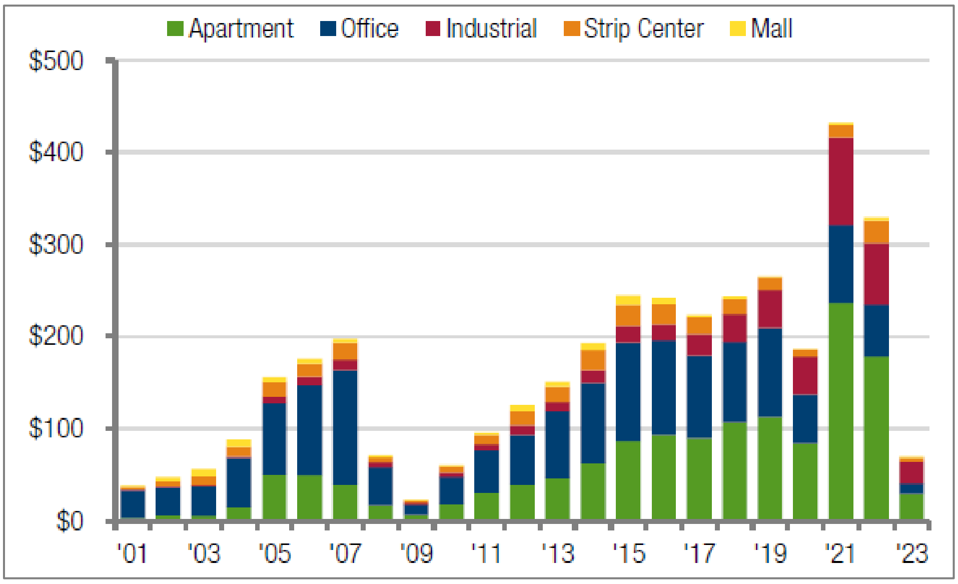
While short-term operations may be choppy, we continue to have a constructive view of UK and European self-storage longer-term. Both markets are relatively supply constrained and under-penetrated offering attractive returns and opportunities for external growth.

In Australia, storage operations are also moderating. National Storage REIT (NSR) reported FY23 results that featured strong EPS growth (8.5%), but occupancy has deteriorated, and rental rate growth is slowing. While NSR's leverage is manageable at 20% LTV, over 60% of this debt is floating rate, which will weigh on earnings growth. We exited the small holding in NSR given decelerating operating fundamentals and rising financial expenses.

Searching for equilibrium

With the possible exception of Japan, interest rates and bonds are now "normalising" after a decade of stimulus (were nominal rates really negative or just a dream?). We are now experiencing an unwind. Evidence of the adjustment period can be found in the reduced volume of real estate transactions: vendors have not materially reduced their pre-2022 pricing expectations whereas buyers are facing the immediate reality of higher funding costs and banks requiring more equity from purchasers.

U.S. Commercial Real Estate Transaction Volumes



Source: Green Street Research; NB: Verified Sale Transactions > US$25m

The few transactions that have occurred indicate that cap rates have probably softened 50-100bps over the past 12 months. Appraisal cap rates typically lag the transaction market, and it would therefore seem reasonable to expect at least another 50bps which suggests a further >10% downside for private market real estate appraisals. We believe REITs have already factored this revaluation in, if not more.

Private equity (PE) real estate funds thrived during the extended period of quantitative easing, with the search for yield distorting investor behaviour and relegating exit liquidity considerations. During that time, REITs were less prominent in direct real estate transactions, and many publicly traded REITs were often sidelined and used that period to improve their balance sheets.

With many of the PE sponsored vehicles now becalmed and, in many cases, turned sellers to fund investor redemptions, listed REITs have been amongst the few buyers able to purchase portfolios at relatively attractive prices.

REIT acquisitions from PE sponsors

REIT Buyer	PE Seller	Sector	Price	Date
Prologis (PLD)	Blackstone	Industrial	US$3.1b	Jun-23
Public Storage (PSA)	Blackstone	Storage	US$2.2b	Jul-23
Ryman Hospitality (RYN)	Blackstone	Hotel	US$0.8b	Jun-23
Vici Properties (VICI)	Blackstone	Gaming	US$1.3b	Dec-22
Realty Income (O)	Blackstone	Gaming	US$0.95b*	Aug-23
Invitation Homes (INVH)	Starwood	SF Residential	US$0.7bn	Jul-23

Source: ResCap, Company data. *O transaction was a mix of equity and preferred debt.

Beyond direct market transactions, M&A activity also continues in the U.S. with shopping centre REIT Kimco Realty (KIM) agreeing to acquire peer RPT Realty (RPT) in a ~US$2.3bn leverage neutral scrip-based deal. The transaction reflected a cap rate for RPT of ~8.1% and a 18% premium to RPT's pre-announcement price.

We believe this merger transaction is part of a trend and expect to see more scrip-based M&A in the listed REIT sector given the small-cap nature of many REITs, and the desire for management to scale up and bolster earnings growth (and management compensation potential).

The key point here for both REIT direct and M&A transactions is that REITs have managed their balance sheets in a manner which enables them to take advantage of opportunities. That being, moderate leverage (typically less than 35% LTV) and appropriately structured maturity profiles. While debt is more expensive it remains available for trusted borrowers with the ability to meet more stringent lending criteria. Importantly REITs are not reliant on the banking sector. While bank debt forms part of some capital structures, REITs have access to a diverse range of alternative debt providers including unsecured bond markets, private debt, CMBS, insurance markets and, in the case of residential REITs, debt which is guaranteed by government sponsored entities such as Fannie Mae and Freddie Mac.

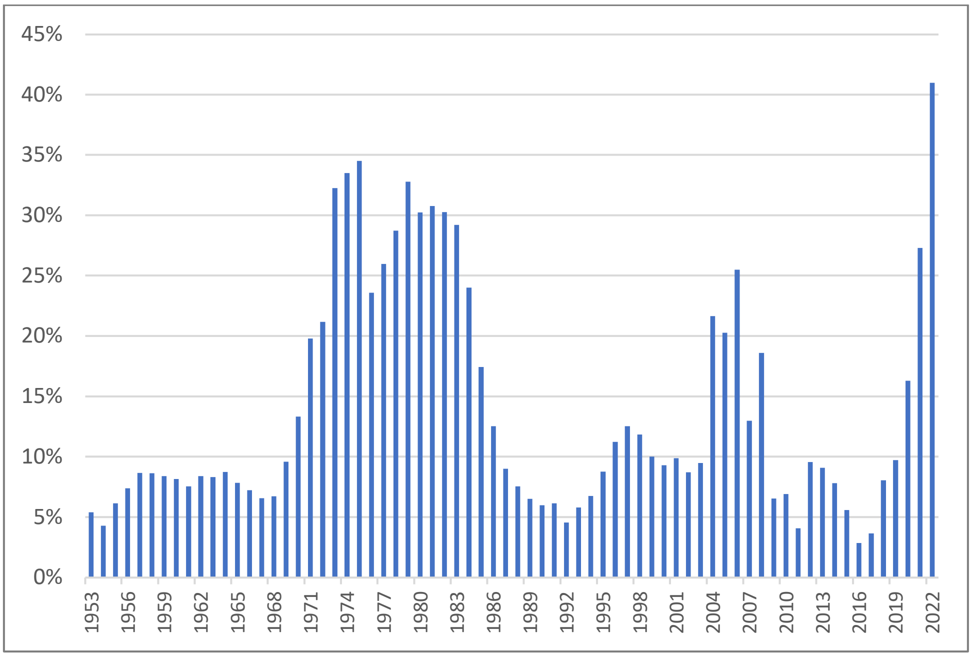
In summary, we believe sound balance sheets and access to capital will prove to be a competitive advantage for many REITs in the years ahead.

Replacement costs and supply – Fundamental Matters

Whilst there are obvious concerns, we also see reason for optimism for real estate fundamentals. Vacancy rates are relatively modest and new construction levels are not excessive.

Replacement costs, as assessed in North America by the insurer Zurich (replacement costs in their assessment includes materials and labour costs but excludes land and finance costs to construct a new building) are increasing at levels not experienced since the 1970s. Add to that the higher cost and lower availability of construction finance and the hurdles for new supply have increased substantially for those property sectors where values have not kept pace.

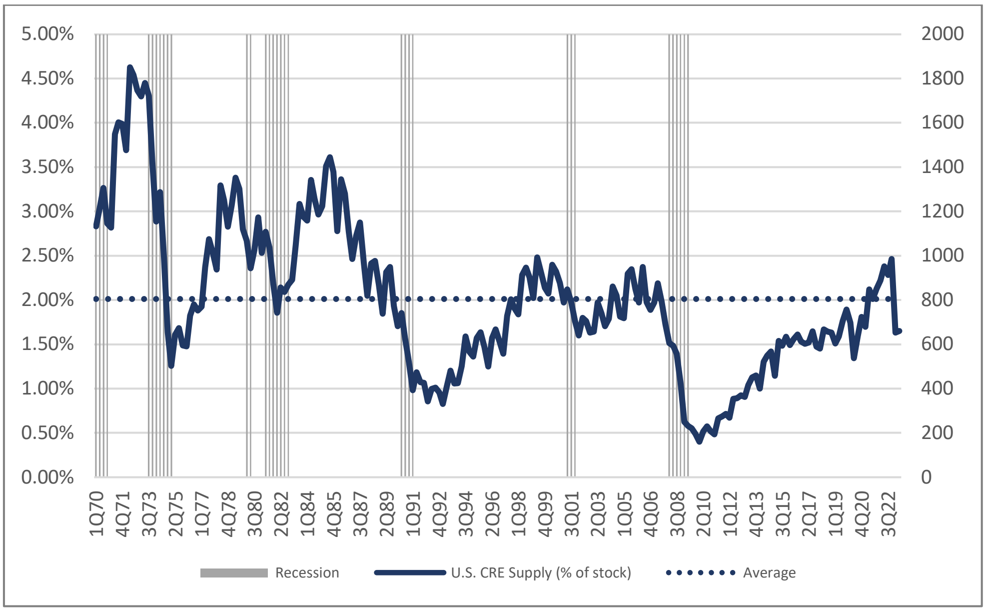
Rolling 3 yr replacement cost trend



Source: ResCap, Zurich Real Property Replacement Cost Trend. 01/2023.

Consequently, new commercial property construction starts are currently in decline, as the following chart highlights. We anticipate the volume of new construction will continue to slow in the months ahead. Over-time this will underpin rents for existing landlords as supply diminishes, until values ultimately revert toward replacement costs.

U.S. Aggregate construction starts % stock



Source: Citi, FW Dodge

ESG – Legislation and insurance

UK Government alters Residential EPC Targets

Last quarter we wrote about the Minimum Energy Efficiency Standards (MEES) legislation that was introduced in the UK to improve the energy performance of buildings, requiring a property to obtain a given level of Energy Performance Certificate (EPC) to be leased or sold. The MEES legislation required minimum EPC ratings that increased in 2028 and then again in 2030, requiring significant increases in energy efficiency performance at both stages.

On 20th September the UK Prime Minister, Rishi Sunak, announced several changes to the country's pathway to net zero emissions by 2050. One target that was rescinded related to the minimum EPC target and phase out of gas boilers for private residential landlords. PM Sunak stated that this was done to ease the upfront cost burden of private landlords, who were facing significant costs to retrofit their properties. However, the UK Labour party has stated that they would reinstate this target if they were to be elected next year which appears a distinct possibility based on current polls. More relevant for the listed REIT sector, the minimum EPC targets for commercial properties remain unchanged for now.

As the final deadlines and targets have not yet been legislated they remain subject to possible changes in government. That said, tenants of commercial real estate continue to seek properties that will help them to achieve their own net zero targets so even without legislated EPC targets and deadlines, there is still likely to be significant tenant demand for properties that are sustainable and have high levels of energy efficiency performance. This continues to be born out by the data particularly in the office market where tenant demand is increasingly targeted at the highest quality and typically more energy efficient buildings.

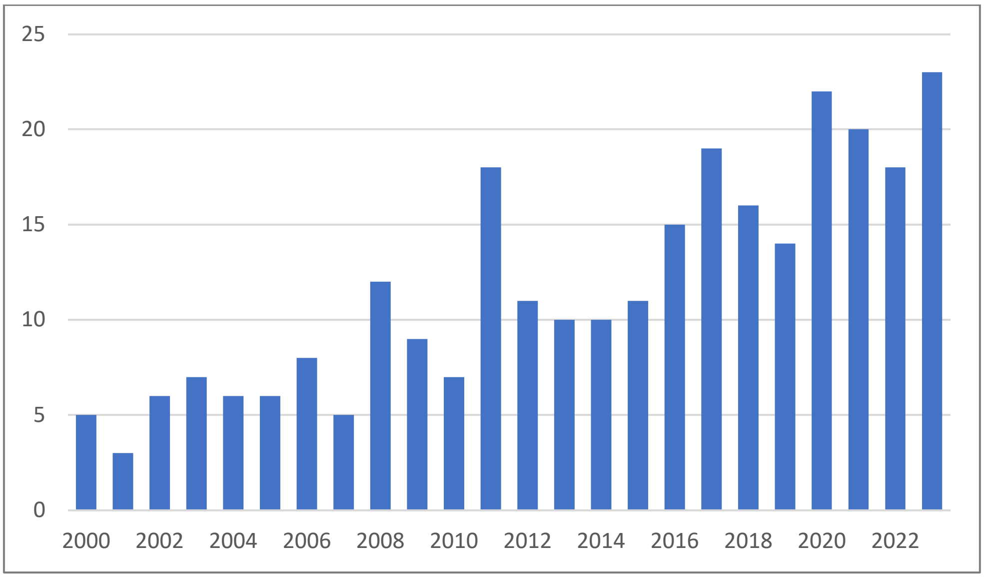
US property insurance issues intensify

This year has seen an increasingly tough environment for property insurance, both from the perspective of insurers and their customers. The increasing frequency and impact from climate events, such as hurricanes or wildfires, combined with increasing reconstruction costs due to inflation in the construction supply chains have impacted the ability of insurance companies to provide profitable policies for properties in several US states. Hurricane Ian in Florida in 2022 and regular wildfires in California have made insurance policies covering these climate risks increasingly unprofitable in these states, even with significant increases in premiums, making properties in some areas uninsurable.

This situation has been particularly acute in Florida and California, with several insurers declaring bankruptcy or publicly ceasing to offer new policies or renew existing ones. In California, the increasing impact of wildfires have meant that large insurers State Farm and Allstate have ceased offering new homeowner insurance policies in the last 12 months due to increasing construction costs and rapidly growing exposure to extreme weather events, particularly wildfires.

The cost of natural disasters has been increasing as there are more frequent climate events, as well as an increase in the value of properties/ population in disaster hit areas. The number of natural disasters in the U.S. that cause at least $1bn damage has been increasing since 2000, as shown in the chart below.

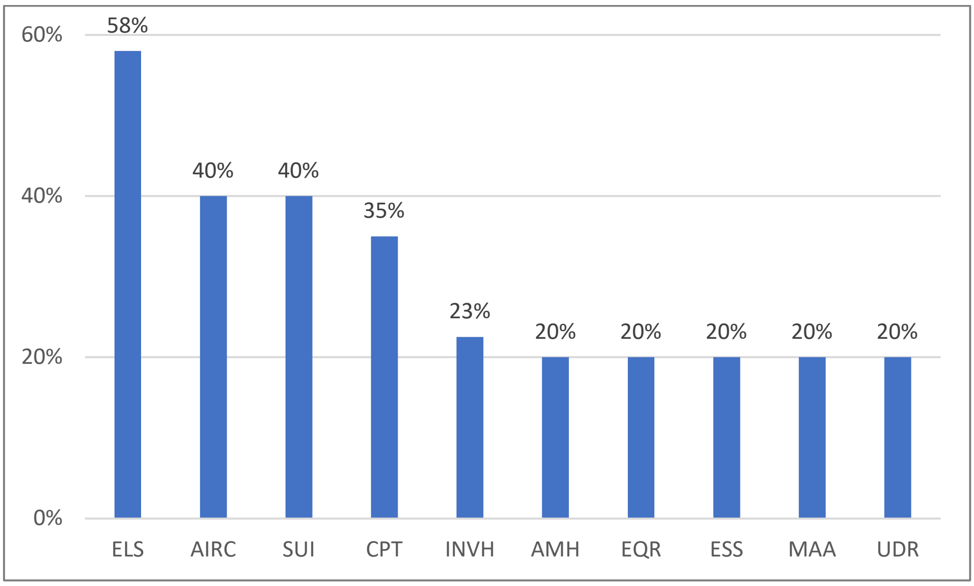
Number of climate events causing more than $1 billion USD damage per year in the United States



Source: National Oceanic Atmospheric Administration, October, 2023

While these increasing insurance costs are expected to impact all property types, residential landlords are less likely to be able to pass these costs on to their tenants compared to other property types. Multifamily REITs, manufactured housing and single-family REITs in particular are facing increasing costs that they might not be able to continue passing through to tenants. The chart below shows the most recent insurance renewal increases, as disclosed by these companies in annual earnings calls during 2023.

FY23 insurance renewal cost increases for select Residential REITs



Source: Morgan Stanley, company disclosure, 2023

There are several options open to REITs to mitigate these costs and supplement their insurance coverage in the short term. Morgan Stanley analysis in September 2023 outlined two additional insurance options to supplement the use of a 3rd party insurer that U.S. based REITs are exploring: self-insurance or creating their own insurance company, called a "captive insurer ". These options can work in the short term and go some way to providing additional coverage for rapidly rising insurance costs.

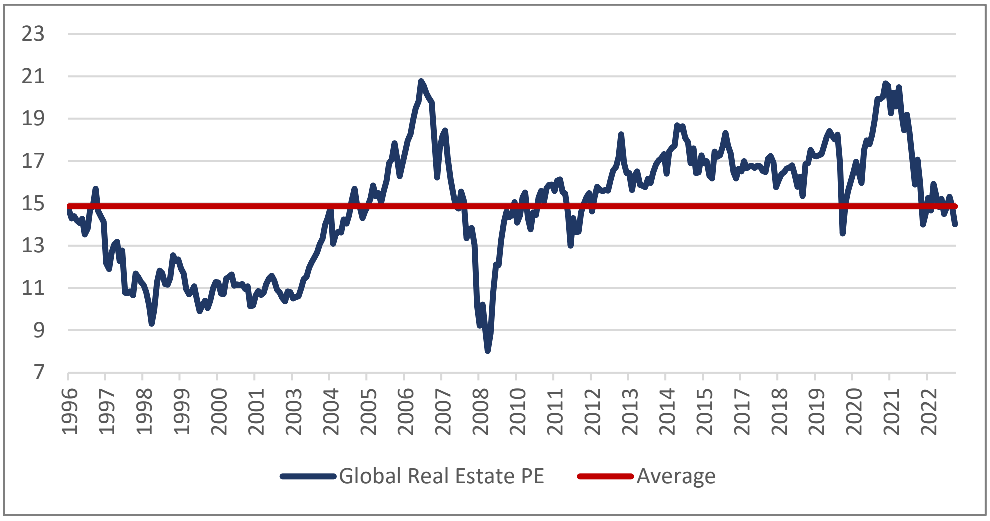
Conclusion and Outlook

In an environment where sharply higher interest rates have reduced investor and lender appetite for commercial property, we would expect asset values to come under pressure. In our view, listed REIT prices reflect the value reset which is yet to be acknowledged in the direct real estate market.

Prices in the listed REIT sector have declined circa 30% from their late 2021 highs and a similar rate from pre-COVID levels. Remarkably and disappointingly, on a point-in-time basis, the sector has generated little in the way of capital growth for at least a decade. We are certainly not fashionable.

The chart below provides perspective on where global REITs are in the valuation cycle in terms of earnings multiples.

Global listed Real Estate PE multiple (x)



Source: UBS, ResCap

On the positive side, at 14x earnings the REIT sector is now below long term (almost 30 year) average (15x) and median (15.3x). Unfortunately, the history also suggests REITs aren't deep value, and the de-rating could still have further to go albeit probably in the event we see exogenous shocks.

Notably, the sector rarely trades at the average and is still on higher multiples than the deep value lows of 9-12x. That said, these trough multiples were experienced during heightened duress of (a) the dotcom bubble when real estate was considered old-world if not irrelevant, and (b) the GFC when real estate was severely impacted by frozen capital markets.

Whilst these were extremes, investors should always factor shocks into their thinking, the question is how REITs are placed to cope with extraordinary shocks?

If we look back to when bonds were last at these levels in say 2005-06, REIT multiples were at similar levels. This comparison is helpful but may not be appropriate – clearly back then, the impending GFC proved we were living in more dangerous times than most believed. So that said, whilst we are concerned about heightened refinance risk and opacity in private real estate in 2024, we don't see the extremes in terms of supply or leverage of the late 1980s (commercial) and GFC (residential) property crashes. Importantly the listed REIT sector is better placed:

- Leverage is lower, with better diversification of funding sources and debt maturities are well laddered;
- Dividend pay-out ratios are lower (thus day to day operations are self-funding);
- Development exposure is lower;
- Other more volatile income streams are lower (funds management fees, transactional income and currency hedges); and
- Construction volumes are declining, which bodes well for existing landlord pricing power.

However, finance costs are a key difference. Indeed, one of the biggest challenges for REIT earnings is the prospect of higher finance costs over the next 5-7 years which creates an environment for more muted earnings growth. Low leverage and longer term, fixed / hedged debt will literally pay dividends as the sector seeks to outgrow rising finance costs. Our portfolio is reasonably well positioned on this front with ~7 year debt term, 88% fixed hedged debt and an LTV <30%.

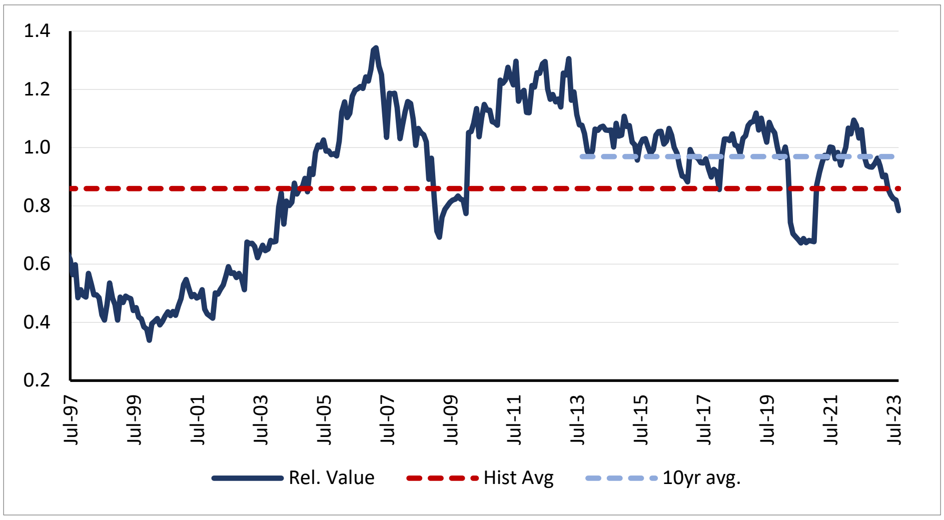
The offset of higher interest rates is that there are now higher hurdles for new construction, particularly rents, which will curb new supply. We've already seen a meaningful decline in commercial property construction starts. Given already modest levels of supply and low vacancy rates, this provides the grounds for a strong medium-term outlook.

That's not to say current real estate operating fundamentals are weak. On the contrary, while rental growth is moderating for those sectors which enjoyed above average growth in the pandemic years, rental growth generally continues at healthy levels for the majority of property sectors, supporting earnings and dividend growth despite increasing finance costs.

On the balance of probability, investment markets are in for a prolonged adjustment period as investors return to a world of scarce capital and more demanding hurdle rates. Given the REIT sector has de-rated, REITs should at least produce competitive returns versus other sectors given relative multiples are approaching the lows of the GFC and pandemic experience, albeit not yet the lows of the late 90s when the tech bubble was in full swing and the U.S. real estate market was still digesting excessive supply from the 80s construction boom.

In terms of "competitive returns" we can definitively say the listed sector provides superior prospects to the majority of unlisted real estate alternatives where values are yet to reflect reality.

Global Listed Real Estate PE (x) relative to Equities



Source: UBS, ResCap

Bottom line, we have experienced a range of challenging economic conditions over the past 5 years, and whilst we cannot rule out more to come, we are optimistic that the listed REIT industry's outstanding operating platforms and sound balance sheets represent the means to take advantage of the opportunities that may arise during the great unwind.

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The sub-funds of the Fund (the **Sub-Funds**) are generally medium to long-term investments and the Investment Manager does not guarantee the performance of an investor's investment and even if forecasts about the expected future performance are included the investor will carry the investment and market risk, which includes the possibility of losing capital.

The views expressed herein are those of the Investment Manager / Sub-Investment Manager at the time and are subject to change. The price of shares may go down as well as up and the price will depend on fluctuations in financial markets outside of the control of the Investment Manager. Costs may increase or decrease as a result of currency and exchange rate fluctuations. If the currency of a Sub-Fund is different to the currency of the country in which the investor is resident, the return may increase or decrease as a result of currency fluctuations. Income may fluctuate in accordance with market conditions and taxation arrangements. As a result an investor may not get back the amount invested. Past performance is not indicative of future performance and does not predict future returns. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.
Fees are outlined in the relevant Sub-Fund supplement available from the Investment Manager's website.
The Sub-Funds are valued using the prices of underlying securities prevailing at 11pm Irish time the business day before the dealing date. Prices are published on the Investment Manager's website. A summary of investor rights can be obtained, free of charge at www.nedgroupinvestments.com.

Distribution : The prospectus, the supplements, the KIIDs/PRIIPS KIDS, constitution, country specific appendix as well as the annual and semi-annual reports may be obtained free of charge from the country representative and the Investment Manager.

Switzerland: the Representative is Acolin Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying agent is Banque Heritage SA, Route de Chêne 61, CH-1211 Geneva 6. Nedgroup Investments (IOM) Limited is affiliated to the Swiss ombudsman: Verein Ombudsstelle Finanzdienstleister (OFD), Bleicherweg 10, CH-8002 Zurich.
U.K: Nedgroup Investment Advisors (UK) Limited (reg no 2627187), authorised and regulated by the Financial Conduct Authority, is the facilities agent. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000.
Isle of Man: The Fund has been recognised under para 1 sch 4 of the Collective Investments Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.

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Issue Date
30 September 2023