Listed Property
TAMIM Property Fund

At 30 November 2023

The TAMIM Listed Property unit class delivered a 6.10% return for the month of November 2023. For comparison the A-REIT index was 11.00% while the G-REIT index was 5.45%.

Australian Listed REIT Portfolio (AUD)

A great return for REITs in November to see us get back on track! The ASX 200 REIT index delivered its best monthly performance for 2023 with 11.00%, compared to the ASX 200 delivering only 5.03%. On a year-to-date basis this brings the ASX 200 and the ASX 200 REIT Index almost in line with each other for 2023 with the REIT market edging general equities. The GPR 250 REIT World index delivered 5.45% in AUD for November. The portfolio returned 6.10% for November after 2 torrid months for the asset class in general in September and October.

Diversified A-REITs lead the way for the month and provided investors with a return 15.6%, followed by Office REITs with 10.4%, Industrial REITs with 9.5% and Retail REITs coming in with 9.0%.

The top performers in the portfolio for the month was Cromwell Property Group (CMW – Office) with 36.6% and Charter Hall group (CHC – Diversified) with 19.95% but these have been the 2 names with the worst performance in the portfolio on a rolling 12-month basis. The higher geared REITs performed well in November with investors starting to position itself for expected rate cuts. The long-term view of many is however still sceptical and caution should be taken when positioning for rate cuts. For the past 12 month rolling period, GMG (+20.95) and SGP (+16.2%) was the best performing stocks in the portfolio. GMG is our largest holding at 10.31% and SGP our fifth largest with 6.55%.

Eureka Group Holdings (EGH) delivered the only negative return (-4.49%) in the portfolio for the month. We currently hold 1.71% of EGH. It is a senior community living specialist which owns villages where residents can experience quality independent living with no exit or entry fees. The company has steady cash flows and is consistently growing its business as it did in November by acquiring 6 villages in Western Australia for $44m, strengthening its position as a leader in affordable build-torent senior living. The next two companies with the lowest returns in the portfolio was Region Group (RGN – Retail) delivering 5.34% and BWP Trust (BWP – Retail) delivering 5.54% for the month. Both had no major news flows for the month.

The RBA raised the cash rate by 0.25% from 4.10% to 4.35% as expected. The cash rate was kept constant at 4.10% in the previous 4 meetings. Borrowing costs is now at its highest since the beginning of 2011. Service prices was the main driver of sticky inflation numbers over recent months. Although inflation came down from its five-month high of 5.6% in September to 4.9% in October the RBA is still seeing upside risk to inflation. The consensus forecast was 5.2% for October but the rate remains a fair way off the RBA's target of 2% to 3%. It is expected that the top end of this target is only to be hit at the end of 2025.

A-REITs as a sector are still trading at considerable discounts to NAV as are most global REIT markets. Investors are starting to trickle back into REITs with the expectation that interest rates have peaked or is very close to peaking. ***We are definitely seeing a better year for the asset class in 2024 than what we have seen over the past couple of years for REITs mainly driven by significant and sharp increases in interest rates to combat inflation.***

We have positioned the portfolio to have some good defensive characteristics in these uncertain times. Companies with stronger balance sheets and less debt are favourable in our view and quality assets generally attract better tenants which keeps occupancy rates high.

Key Facts

Investment Structure:	Unlisted unit trust
Minimum investment:	A$100,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Quarterly
Management fee:	0.98% p.a.
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.25%

NAV

	Buy Price	Mid Price	Redemption Price
AU$	$0.8408	$0.8387	$0.8366

Portfolio Performance

Inception: 12/7/2021	1 m	6 m	12 m	Since inception (p.a.)
Listed Property	6.10%	-2.23%	-3.20%	-4.19%
A-REIT	11.00%	-0.92%	-3.40%	-5.30%
G-REIT	5.45%	-1.42%	-2.84%	-1.43%
Cash	0.36%	2.05%	3.79%	2.05%

Note: Portfolio returns are quoted net of fees and assume reinvestment of diftributions. Returns shown for longer than 1 year (other than "Since inception (total)") are annualised. The information provided in this factsheet is intended for general use only. The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. Please consider our Information Memorandum and Services Guide before investing in any of our products. Past performance is no guarantee of future returns. Returns displayed in this document are unaudited. For wholesale and sophisticated investors only. Cash refers to the return on the RBA cash rate. A-REIT refers to S&P/ASX200 REIT index. G-REIT refers to GPR 250 REIT World Index.

Listed Property
TAMIM Property Fund

At 30 November 2023

The current Australian portfolio component consists of 23 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
GMG	Goodman Group	Industrial	10.31%
NSR	National Storage REIT	Storage	8.33%
VCX	Vicinity Centres	Retail	7.82%
CIP	Centuria Industrial	Industrial	6.88%
SCG	Scentre Group	Retail	6.55%

Reitway Global Property Portfolio (USD)

November proved to be a rewarding month for real estate investors, with the GPR 250 REIT World Index delivering a substantial return of +10.4% in US dollars. The remarkable performance was fuelled by a confluence of factors that included lower than expected Consumer Price Index (CPI) and Personal Consumption Expenditures (PCE) figures, coupled with unexpectedly robust GDP growth.

These positive economic indicators not only contributed to the REIT sector's impressive gains but also stirred speculation about the potential for earlier-than-expected reductions in interest rates, adding a compelling dimension to the landscape for investors in the real estate market.

All sectors within the GPR 250 REIT World showed positive growth in US dollar terms, with Self Storage (+15.0%) being the standout performer, experiencing a rebound in prices. This came after a prolonged period of underperformance, particularly in the US. Diversified (+13.6%) secured the second position, receiving help from a widespread increase in European, UK, and Australian stocks. Regional Malls (+13.3%) claimed the third spot, fuelled by a robust performance from UnibailRodamco-Westfield (URW), which delivered a remarkable +29.2% for the month. Conversely, the sectors with the least impressive results, although still delivering absolute returns that would satisfy most investors in a single month, included Multifamily (+6.2%), Lodging (+6.9%), and Healthcare (+7.2%).

Regarding geographical performance in November, the leading regions comprised Spain (+22.0%), UK (+18.0%), and France (+17.0%), benefiting significantly from retail and diversified stocks. Conversely, the less favourable regions encompassed Japan (+4.2%), anchored by its low correlation with the rest of the world as interest rates appear to have reached their peak. South Africa (+7.2%) and Mexico (+8.3%) underperformed compared to other regions, following their leading positions in the previous month.

Realty Income's entry into the data centre sector through a joint venture with Digital Realty reflects a strategic move to capitalise on the growing demand for data infrastructure. By investing $200 million for an 80% equity stake in two pre-leased data centres in Northern Virginia, Realty Income diversifies its portfolio and taps into the lucrative data centre market. Partnering with Digital Realty, a major player in cloud- and carrier-neutral data centres, enhances Realty Income's position. The joint venture's flexibility to expand capacity up to 48 MW caters to potential future demands, highlighting a forward-looking approach to the evolving landscape.

In November, the Nareit REITWorld conference convened in Los Angeles, and delivered the following key takeaways across industrial, retail and office sectors.

Industrial

In the industrial sector, the overarching trend indicates a divergence in market rent growth between non-coastal and coastal regions, notably pronounced in the Sun Belt markets. This year, non-coastal markets are expected to outpace their coastal counterparts, reflecting shifting preferences towards onshoring and nearshoring trends. Southern California, particularly in the Inland Empire, faces a moderate decline of 5% to 10% in rents, with slight decreases observed in Los Angeles and Orange County. Despite these recent challenges, Southern California maintains the largest lease mark to market across REIT portfolios, underscoring its resilience.

Retail

The strip centre sector appears to have benefitted from a unique advantage stemming from a lack of new supply, positioning it favourably amid near all-time low vacancy rates and high tenant retention rates across the country. According to REIT management, the scarcity of construction loans and elevated construction costs contribute to a deterrent for new projects, potentially creating a substantial tailwind for existing strip centres. The confluence of these factors implies that strip centre rents may need to surge significantly—potentially by 50-100% in many markets—to justify new construction investments.

Office

Despite optimistic sentiments from office REITs regarding leasing pipelines surpassing early 2023 levels, the industry faces prolonged timeframes for lease execution. This extended process has translated into signed leasing volumes falling below 2022 levels. Notably, the dynamics of leasing activity reveal a trend where small and medium-sized tenants are the primary drivers, showcasing more agility in their decision-making.

In contrast, larger tenants exhibit a slower transaction pace, necessitating additional internal approvals and contributing to a reduction in space requirements. The complexities surrounding lease execution and shifting tenant behaviours underscore the continued turbulence in the office sector, requiring adaptive strategies to navigate the evolving landscape.

In Summary

November's substantial returns in the GPR 250 REIT World Index, propelled by positive economic indicators and speculation around interest rate reductions, signal a potential positive turn for the real estate sector. The unique advantages seen in the industrial and strip centre sectors, coupled with industry participants' optimism at the Nareit REITWorld conference, collectively suggest a resilient and evolving real estate landscape. While challenges persist, the potential for sustained growth underscore a positive trajectory for the global real estate industry.

The TAMIM global property portion invested in the Reitway Global Property Portfolio currently consists of 52 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
PLD	Prologis	Industrial	6.96%
CLNX	Cellnex Telecoms	Towers	3.22%
WELL	Welltower Inc	Healthcare	3.11%
1476.T	iShares Japan REIT ETF	Diversified	2.84%
DLR	Digital Realty	Data Centres	2.75%

We believe real estate fundamentals remain sound and remain steadfast in our belief that the asset class can post meaningful returns relative to stocks and bonds, even against a slower-growth, higher inflation backdrop, particularly as valuations remain attractive.