Listed Property
TAMIM Property Fund

At 30 June 2023

The TAMIM Listed Property unit class delivered a -0.47% return for the month of June 2023. For comparison the A-REIT sector was down -1.64% while the G-REIT sector was up +0.31%%.

Australian Listed REIT Portfolio (AUD)

The Australian portfolio ended -0.39% down for the month after recovering from a negative position of roughly -4% a week before the end of June. The A-REIT market finished -1.64% down. The portfolio is up on a year-to-date basis at 0.51%. The ASX 200 was up 1.76% for the month, outperforming the A-REIT market. The portfolio provided 2.93% for the last 3 months. Global REITs have delivered almost the same return as the A-REIT market year-to-date, providing a return of 3.82%.

Abacus Property group (+15.91%) and Home Consortium Ltd (+15.00%) were the two outstanding performers in the portfolio. Abacus finalised a AUD3bn Storage King demerger, raising AUD225m equity at a AUD1.14 floor price. The plan is to create self-storage giant anchored by the Storage King brand. Home Consortium did a first close capital raise for AUD800m (50/50 equity/debt) for its Last Mile Logistics Fund 1, marking the first time for them to raise wholesale capital. Region Group (-6.49%) was the worst performing stock in the portfolio for the month. Region announced a decline in the total value of its investment properties of 1.7% in 2H23. The business seems to be less resilient in an inflationary environment than expected.

The industrial sector in the A-REIT market was the best performing sector, delivering 2.8%. Office is still a global laggard and the sector for A-REITs delivered -1.8% for June. There are still some headwinds expected in the second half of 2023 which could impact REITs and growth will be muted for the asset class. Rental growth in the Australian logistics space is healthy, especially in core capital cities, driven by vacancy rates of less than 1%. Property valuations in the office market are following global trends to some extent with few properties trading at large discounts to book values.

The Reserve Bank of Australia increased its cash rate again by 0.25% to 4.10% in June. That provided a total increase of 4% from May 2022. The market consensus was for a pause, but the RBA has made it clear that their view is to have possible further increases if required. Policymakers see upside risk to the Australian inflation outlook having increased, mainly due to service price inflation. The inflation target is 2-3% and is currently sitting at 5.6% for May, coming down from 6.8% for April. It is noteworthy to highlight (again) that borrowing costs are now the highest they have been in the past decade.

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$	$0.8658	$0.8636	$0.8614

Portfolio Performance

Inception: 12/7/2021	1 m	6 m	12 m	Since inception (p.a.)
Listed Property	-0.47%	0.94%	1.17%	-4.20%
A-REIT	-1.64%	0.07%	1.55%	-7.46%
G-REIT	0.31%	3.45%	-0.55%	-0.86%
Cash	0.34%	1.78%	2.97%	1.61%

The current Australian portfolio component consists of 22 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
NSR	National Storage REIT	Storage	9.25%
GMG	Goodman Group	Industrial	8.72%
VCX	Vicinity Centres	Retail	7.74%
CIP	Centuria Industrial	Industrial	6.87%
SCG	Scentre Group	Retail	6.43%

Note: Portfolio returns are quoted net of fees and assume reinvestment of distributions. 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.

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Reitway Global Property Portfolio (USD)

During June equity markets threw a party as the Nikkei 225 boasted the highest returns at +7.5%, the S&P 500 grew +6.5%, the Euro Stoxx 50 grew +4.3% and the Hang Seng grew +3.7% with all returns in local currencies. Strength for the month was driven by a range of factors including the Fed pausing its rate hikes at the latest meeting, a rally in Japanese tech stocks and lower headline inflation in Europe. Fortunately, real estate cracked an invite but was not quite the life of the party as the GPR 250 REIT World Index (USD) delivered on the lower end of the spectrum at +3.3%.

In the GPR 250 REIT World Index, the outperforming sectors for the month were regional malls as they contributed +7.7% in gains with specialty (+6.8%) and healthcare (+6.4%) receiving silver and bronze medals. Lodging and Resorts (-3.2%) continue to disappoint and the investor-favoured, industrial sector had a month to forget returning -1.5% as a result of a broad-based decline across the US, Europe and Asia.

France had their month in the sun as the top performing geography with a +8.2% return. Mall giants Unibail-Rodamco-Westfield (URW) and Klepierre (LI) delivered +15.1% and +9.8% respectively after a few sell-side analysts upgraded their recommendations on URW during June.

URW walked away from their Westfield San Francisco Centre, handing the shopping centre over to lenders. The mall had been struggling to recover as foot traffic, retail sales and occupancies remained at ~43% below their pre-pandemic levels while the rest of the US portfolio had seen strong recoveries across these metrics in 2022 and into 2023. Although this appears to add to the CRE concerns, San Francisco in particular has struggled to bring back workers and tourists since the pandemic.

Across the Atlantic, the UK did not celebrate with their neighbours as the market was heavily weighed down by a surprise hike of 50bps which led to a return of -4.8%.

Prologis (PLD) entered into a purchase agreement with Blackstone over a portfolio of 14 million square feet portfolio for $3.1bn. The portfolio expands their presence across several markets including California, Dallas, New York, and South Florida and presents potential upside to investors as existing leases rollover into higher market rentals. The deal bolsters relationships with existing customers and presents opportunities to develop relationships with acquired customers.

The US office sector knocked it out of the park in June. The largest performance contributors in the US were Vornado (VNO), SL Green (SLG), Empire State (ESRT) and Boston Properties (BXP) delivering monthly returns of +33.8%, +31.1%, 22.0% and +20.4% respectively. A large component of this growth across the sector was driven by a sales transaction executed by SLG where they sold their 50% stake in 245 Park Avenue for $2bn. The sale showed slight optimism in values for quality office assets in great locations especially in a market such as New York and led to a rally in peer share prices.

The Fed has chosen to keep interest rates unchanged but indicated that borrowing costs may still need to rise by 50bps by the end of the year. The decision to hold rates steady was intended to mitigate the pace of price increases while minimizing harm to the job market. Fed Chair Jerome Powell expressed optimism about the economy's resilience and job market performance while emphasising the process to lower inflation will take time.

China experienced another disappointing month. Both industrial output and retail sales data for May missed their targets. Retail sales were forecasted to come in at +13.6% but only reached +12.7% while industrial output grew +3.5% falling just short of expectations of +3.6%. Weak data and the loss of momentum seen at the start of Q2 led to the PBOC cutting key interest rates in an attempt to revive demand. In spite of this it is suspected that more stimulus will be provided by the government to combat the deflationary risks, record youth unemployment and weakening global demand in the country.

Real estate fundamentals continue to hold strong, however balance sheets will continue to be tested as interest rates are expected to edge higher until the end of the year. However, listed REITs are better positioned than the private market. Stock selection is important especially to weather the next 6 months when interest rates are expected to hit their peak. Beyond this point, history reveals that real estate performs well when interest rates hold.

The TAMIM global property portion invested in the Reitway Global Property Portfolio currently consists of 48 stocks. Below are the top 5 holdings:

Symbol	Company	Sector	Current Weight
PLD	Prologis	Industrial	8.94%
WELL	Welltower Inc	Healthcare	4.10%
VICI	Vici Properties	Gaming	3.60%
PSA	Public Storage	Storage	3.59%
VTR	Ventas	Healthcare	3.23%

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.