SGHiscock
Investment Management

SGH Property Income Fund

August 2026

Performance[1]	Total Net Return	Income Return	Growth Return	CPI +3%	ASX300 A-REIT Accum.
1 month (%)	-3.71	0.00	-3.71	0.60	-6.58
3 months (%)	1.86	7.82	-5.96	1.80	-5.01
6 months (%)	-6.76	7.69	-14.45	3.60	-5.80
1 year (%)	-10.93	9.10	-20.03	7.20	-15.01
3 years (% p.a.)	8.24	7.59	0.65	6.46	6.76
5 years (% p.a.)	4.69	6.29	-1.60	7.43	2.89
7 years (% p.a.)	3.27	5.72	-2.45	6.66	3.34
10 years (% p.a.)	3.78	7.50	-3.72	6.03	4.99
Inception (% p.a.)	3.25	8.91	-5.66	6.08	4.47

Past performance is not a reliable indicator of future performance.

- We are **index agnostic**, as at times the Index can become heavily concentrated.
- We have an **income bias** aiming to deliver **superior yield** to our investor base vs. the Index.
- We have a bias towards those entities that derive the majority of their earnings from **rent collection.**
- We believe property is **localised** and with the prevalence of both global investors, as well as generalists and passive investing in the AREIT sector, this creates opportunities for experienced, Australian-domiciled managers, with high site visitation and manager engagement.

This Fund has been specifically designed to address these issues and seeks to offer the following:

- Target an income yield in excess of the index yield, but not at the expense of quality.
- Ideally lower volatility.
- A value-oriented portfolio.
- A more diversified exposure to AREITs – the largest holding in this Fund will be no larger than 15%.
- The benchmark return before fees for this fund is to achieve a return in excess of CPI + 3% p.a. over rolling 5-year periods – a timeframe much more in keeping with property investment

Key Facts

Investment manager	SGHiscock Investment Management.
Launch date	30 Nov 2005
Benchmark	CPI+3%
Management fees[2]	0.95%
Fund size	$163M
Number of holdings	21
Distributions	Quarterly
Buy/sell spread	+0.25/ -0.25%
Minimum initial investment	$20,000
Base currency	AUD
APIR	ETL0119AU
Domicile	Australia
	Unit Price
Application	$0.2868
Net Asset Value	$0.2861
Withdrawal	$0.2854
	Distribution CPU
30-Sep-25	0.2021
31-Dec-25	0.5659
31-Mar-26	0.1869
30-Jun-26	2.3916

[1]Distribution Return is the return due to distributions paid by the Fund, Growth Return is the return due to changes in initial capital value of the Fund, Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions. Returns greater than 1 year are annualised.

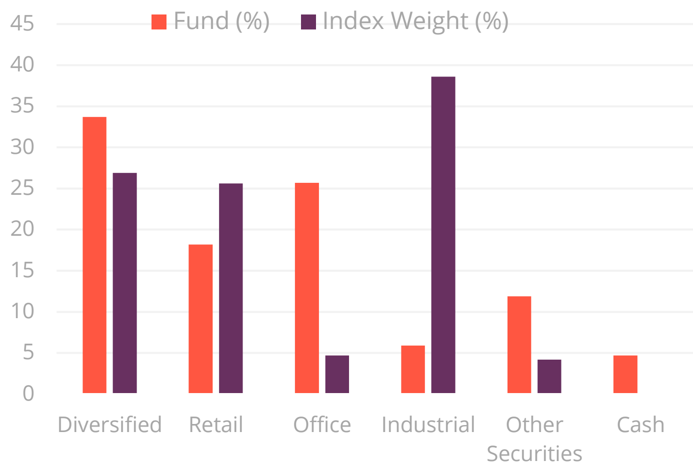
[2]Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

Investment Team

Grant Berry, Portfolio Manager
Malcolm Ellis, Portfolio Manager

Asset Allocation

End of month	Fund %	Sector Weight %
Diversified	33.7	26.9
Retail	18.2	25.6
Office	25.7	4.7
Industrial	5.9	38.6
Other Securities	11.9	4.2
Cash	4.7	
Total	**100**	**100**



Metrics	
PNTA	-21.0%
PNAV (Valuers Cap Rates)	-30.5%
AFFO Yield	7.5%
Distribution Yield	6.7%
Valuer Cap Rate	6.1%
Implied Cap Rate	8.6%
Implied Value Decline	-28.9%
Gearing	29.8%
Number of Holdings	21
% in top 5 holdings	43.6%
% in top 10 Holdings	69.3%
Average Mkt Cap ($m)	3,949
Cash	4.7%
12m Turnover	20.3%
12m Standard Deviation	11.1%

PNTA	End of month
Number of Stocks in the Portfolio	21
Implied Cap Rate	8.6%
Portfolio Value compared to Underlying Net Asset Value	28.9% Discount

Top 5 Holdings
Dexus
GPT Group
Mirvac Group
Region Group
Stockland

Top 5 holdings represent 43.6% of the total Fund.

Top 5 holdings in alphabetical order

Top 5 Contributors
Dexus Convenience Retail REIT
Peet Limited
Stockland
GDI Property Group
Mirvac Group

Top 5 Detractors
GPT Group
Arena REIT
Ingenia Communities Group
Dexus
Region Group

Monthly absolute contributors and detractors for August 2026

Overall Performance of the AREIT Sector

Accumulation Index	Month %	Quarter %	1 Year %
S&P/ASX 300 A-REIT	-6.6	-5.0	-15.0
Diversified Property	-6.6	1.8	-19.3
Retail Property	-6.0	-1.9	-4.3
Office Property	-4.5	3.3	-18.1
Industrial Property	-6.7	-11.7	-18.2
Residential Property	-15.2	-2.9	-36.5
Specialised Property	-17.0	-13.3	-25.3
Mortgage	-0.9	-0.8	0.4

Source: UBS

Monthly Insight

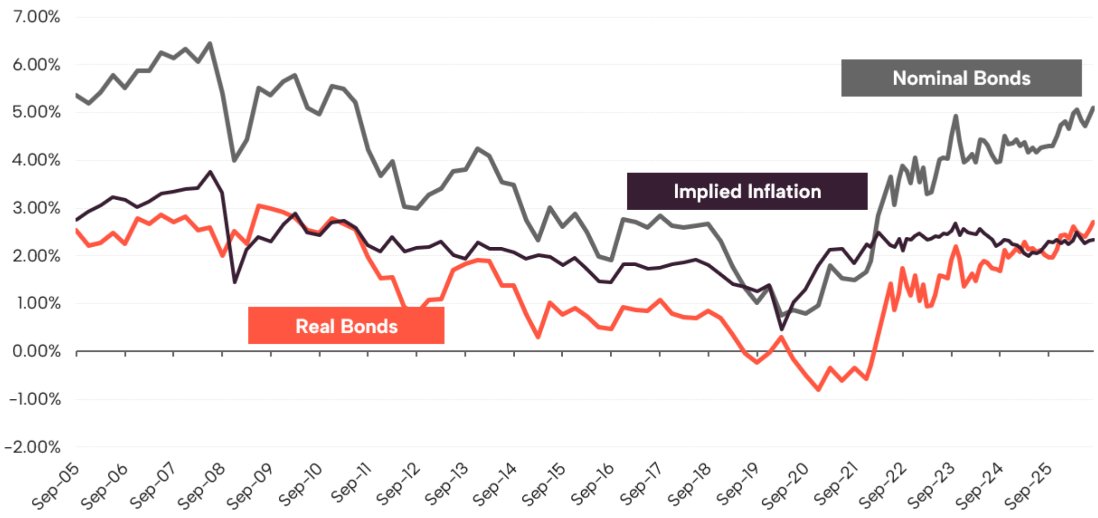
August was dominated by reporting season and renewed uncertainty over the Australian interest rate outlook, with rising real bond yields creating a valuation headwind. The AREIT sector declined sharply over the month, while the portfolio proved considerably more resilient.

The July CPI provided mixed signals. Headline inflation eased to 3.5% from 3.8% year-on-year, broadly in line with our expectations but above consensus of 3.3%. However, trimmed mean inflation held at 3.6% and rose 0.5% month-on-month. The headline improvement was concentrated in housing, where electricity rebate base effects lowered the annual contribution; excluding housing, the inflation picture was less encouraging. Underlying inflation therefore remains sticky, particularly in new dwelling costs, and is still above the RBA's 3.3% trimmed mean forecast for December 2026.

A more hawkish signal came from the ABS Household Spending Indicator. Spending rose 1.1% in July, the third consecutive monthly increase, and was 7.0% higher than a year earlier – the fastest annual growth since June 2023.

The combination of sticky underlying inflation and unexpectedly strong household spending has shifted the debate away from near-term easing and back towards whether policy may need to tighten further.

While short term interest rate expectations have some impact on short term earnings, they are not a primary input into valuations. Real bond yields (inflation linked bonds) and longer-term rate expectations are more important to valuation.



Australian 10-year nominal bonds yields increased from 4.93% to 5.09% over the month. While 10-year Inflation Linked (real) bond yields also increased 2.70% vs 2.55% prior. The result was implied inflation remained stable at 2.3%.   This would imply that the market is expecting the short-term levels of inflation to moderate over the longer-term.

The current inflation linked bond yield of circa 2.7% is very elevated in a post GFC context limiting the case for further capitalisation rate compression and suggesting some potential for expansion. In this context, valuation discipline remains paramount. We continue to focus on acquiring quality assets at discounts to NTA, prioritising balance sheet strength and capital management, and leaning toward value rather than growth, consistent with our positioning.

Reporting Season:

August reporting season was operationally solid, but price reactions were driven as much by positioning and starting valuation as by the earnings outcomes. Average FY27 guidance across the major results was a negligible 0.5% below consensus masking large moves in individual securities (source: UBS Research).

SGHiscock
Investment Management

Key Outcomes

- **Earnings and positioning**: Stockland and Mirvac outperformed after entering reporting season with low residential expectations and elevated short interest, while Charter Hall and Goodman underperformed despite guiding to strong growth.
- **Sector trends**:
    - **Office** conditions are directionally improving but remain mixed. Dexus and Mirvac reported better occupancy, while Mirvac and GPT generated solid comparable income growth. Incentives remain elevated and Dexus and GPT have meaningful expiries to address, although listed office pricing remains well below replacement cost.
    - **Retail** remains resilient, with high occupancy and solid sales and leasing metrics. Vicinity's softer fourth-quarter spreads appeared partly timing-related, with August reportedly improving. In our view operating metrics are historically high with less scope for upside surprise.
    - **Residential and land lease** results exceeded subdued expectations. Mirvac's FY27 settlement guidance and Stockland's FY26 settlements were ahead of market assumptions, while Halcyon is now a meaningful contributor to Stockland's development earnings.
    - **Data centres and industrial** offer growth but also execution and funding risk. Stockland's earlier-than-expected data-centre contribution supported FY27 guidance. Goodman's $19.7 billion development work in progress is now 78% data centres, increasing the importance of leasing and capital rotation.

Outlook

Reporting season reinforced our preference for securities where operating improvement is not fully reflected in the price. With the macro backdrop again raising the risk of an RBA increase, we remain selective and valuation-led, favouring balance-sheet resilience, sustainable cash flows and discounts to assessed value.

Portfolio Commentary & Strategy

The price to NTA premium of the A-REIT sector is currently approximately 58%, although this headline is heavily influenced by the fund managers. Excluding Goodman, Charter Hall and Centuria Capital, the sector trades at a modest discount to NTA. The portfolio continues to trade at a substantial discount to both the sector price to NAV and NTA, based on our analysis using through-the-cycle capitalisation rates and corporate multiples.

Source: SGHiscock

We target AREITs providing solid fundamentals over the medium-to-long-term that trade attractively relative to other AREITs. Overall, we aim to invest in entities that offer a combination of:

- A Net Present Value ("NPV") Discount;
- An Internal Rate of Return ("IRR") Premium;
- Ideally a real (not manufactured) Free Cashflow Yield Premium; and
- A Lower Price to Net Asset Value ("NAV").

We have been selectively repositioning the portfolio as recent volatility has created attractive opportunities. We currently favour selected smaller REITs and other property securities offering compelling value, while remaining cautious towards the property fund management cohort given valuations and embedded business risks.

Our portfolio is trading at a discount to both NTA and NAV (highlighted in the metrics), which contrasts with the sector premium.

SGHiscock
Investment Management

Distribution Team

		
Anthony Cochran Head of Distribution acochran@sghiscock.com.au 0410 332 870	**Alastair McKibbin** Head of Research and Consultants amckibbin@sghiscock.com.au 0448 809 646	**Matthew Potter** Senior Investment Specialist mpotter@sghiscock.com.au 0404 884 399
		
Nick Simpson Business Intelligence & Data Manager nsimpson@sghiscock.com.au 0448 336 317	**Jason Smit** Investment Specialist jsmit@sghiscock.com.au 0434 305 655	**Fiona Lamb** Business Development Executive flamb@sghiscock.com.au 0421 332 422