

Ironbark Paladin Property Securities Fund

BENCHMARK

 S&P/ASX 300 A-REIT
 Accumulation Index

OBJECTIVE

Seeks to outperform its benchmark, after fees, over rolling three-year periods.

APIR

PAL0002AU

FUND SIZE

\$249.7m

ARSN

087 897 667

EXIT PRICE

\$1.3827

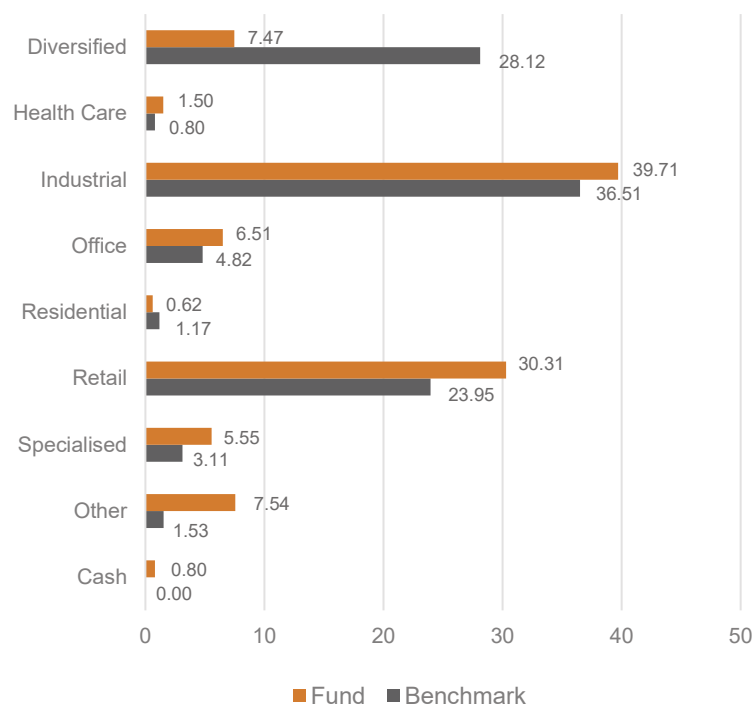
INCEPTION DATE

28 February 1995

Net performance (%)

	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a.
Fund	1.83	-1.92	6.55	13.28	7.47	8.23	8.26	7.89
Benchmark	1.97	-1.22	9.68	14.68	8.90	8.40	8.14	8.22
Active	-0.14	-0.70	-3.13	-1.40	-1.43	-0.17	0.12	-0.33

Sector asset allocation (%)¹



Top 5 holdings (%)¹

Stock	Fund (%)	Benchmark (%)
Goodman Group	39.71	35.16
Scentre Group	18.48	12.16
Vicinity Centres	7.79	5.55
Dexus	6.51	4.14
Mirvac Group	5.41	4.49
Other	21.30	38.50
Cash	0.80	0.00

Past performance is not indicative of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Returns are rounded to two decimal places. Slight variations to actual calculations may occur. Significant investor activity can impact performance returns in a fund or of a class of a fund.

¹Totals may not equal due to rounding.

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Market review

The S&P/ASX 300 Property Accumulation Index returned -1.2% for the quarter (in local currency terms), underperforming the broader equity market (as measured by the S&P ASX 300 Index which returned -0.8%).

After a positive start, Australian equities came under pressure as sticky inflation dampened hopes for rate cuts. Resource and gold-linked shares provided some offset, but overall sentiment remained cautious amid a challenging macro backdrop. The RBA held rates steady during the quarter, while the December minutes signalled a more hawkish tone, signalling vigilance on inflation. Against this backdrop, property struggled as rate cut expectations were wound back, and long bond yields ticked higher. At the sector level, Storage led the way with National Storage the top performer following a takeover offer by Brookfield and GIC. Retail plays also performed relatively well as conditions remain favourable and high-quality assets well bid. Conversely, Industrial, Data Centers, and Residential lagged. Large-cap residential plays were particularly weak in the mid-latter part of the quarter given the higher interest rate outlook.

Performance review

The Ironbark Paladin Property Securities Fund (the 'Fund') returned -1.92% net for the quarter, an underperformance of -0.70% when compared to the S&P/ASX 300 Property Accumulation Index's return of -1.22%.

Holdings that were major contributors to performance include the average overweights to outperforming Gemlife Communities Group, Scentre Group, and National Storage REIT. The major detractors from performance were the average underweight position to outperforming Charter Hall Group, along with the average overweight positions to underperforming Nextdc Limited and Mirvac Group.

Key contributors over the quarter (%)

Stock	ASX code	Index return	Average weight	Attribution impact	Explanation
National Storage REIT	NSR	18.72	4.23	0.43	National Storage provided a positive first quarter of FY26 update at its AGM in October, showing momentum in increasing occupancy, rent and REVPAM growth. First quarter group occupancy improved to 81.5% in September 2025 from 80.8% in June 2025. On 26th November, National Storage receive a bid at \$2.86 from Brookfield and GI together which reflected a 24% premium to last traded price and 9% premium to last stated NTA on 30 June 25 of \$2.58.
Gemlife Communities Group	GLF	10.88	3.64	0.29	A number of institutional brokers published initiations on the stock with BUY recommendation which provided confidence to investors. Gemlife was also added to the MSCI Australia Small Cap Index during the November 2025 rebalance, implemented on 24th November 2025. This inclusion drove significant passive flows and contributed to strong price momentum.
Scentre Group	SCG	2.94	18.08	0.26	Scentre Group announce their third quarter of FY25 results. Portfolio occupancy reached 99.8%, up 0.40% year-on-year and 0.10% quarter-on-quarter, the highest level since 2017. This signals strong tenant demand and minimal vacancy. Specialty sales grew 4.4% year-on-year, marking the fifth consecutive quarter of improvement. They also announced they issues long term debt at lower margins to repay existing debt. Lastly, they announced the sale of a 19.9% interest in Westfield Sydney for \$864 million to Australian Retirement Trust. The price is in line with SCG's Jun-30 book value and on a cap rate of 4.69%. This is the third JV sale this half for SCG, netting a combined ~\$2.2 billion in proceeds to de-gear the balance sheet ~4.5%. Not only does it improve the balance sheet, but the divestments are also earnings accretive.
Stockland	SGP	-4.92	2.35	0.15	Stockland underperform as expectations for further RBA rate hikes in 2026 dampened sentiment for residential developers increasing funding costs and reducing affordability for buyers.

Stock	ASX code	Index return	Average weight	Attribution impact	Explanation
Charter Hall Long WALE REIT	CLW	-5.83	--	0.07	Further RBA rate hikes in 2026 negatively impact Charter Hall Long WALE as their cost of Debt (at 4.0% is still below market rates (~5.5%). It is expected to rise in FY26, creating a structural earnings headwind. Hedging is at 72%, but higher debt costs remain a concern given their high level of gearing at 39%.

Key detractors over the quarter (%)

Stock	ASX Code	Index return	Average weight	Attribution impact	Explanation
Charter Hall Group	CHC	8.56	--	-0.63	CHC upgraded guidance by 5.5% to 95c, ahead of consensus. CHC upgraded FY26 EPS guidance by 5.5% to 95c, representing ~17% YoY growth. The upgrade was attributed to heightened investment activity, rising transaction volumes, and strong equity inflows.
Nextdc	NXT	-25.96	1.68	-0.46	In the first half of 2026 NXT has contracted circa the same level of megawatts (MW) as the past four years cumulatively, and more than doubled the record FY25 contracted MW (+167MW YTD vs +72MW FY25). While demand for data centres remains strong, material constraints on supply including funding, land, power availability, and supply chain bottlenecks are limiting growth. Financing the massive AI-driven build-out is increasingly challenging, creating investor caution.
Vicinity Centres	VCX	1.59	1.45	-0.40	In early November Vicinity announced its first quarter of FY26 results. They reported a positive rate of change in leasing spreads, reporting an improvement in re-leasing spreads to 2.9% in first quarter of FY26, from +2.5% in FY25. FY26 earnings guidance was also reaffirmed. The stock also benefited from strong transaction evidence and valuation growth expectations over the next 6–12 months.
Mirvac Group	MGR	-7.63	8.40	-0.26	Mirvac underperformed as expectations for further RBA rate hikes in 2026 dampened sentiment for residential developers increasing funding costs and reducing affordability for buyers.
Goodman Group	GMG	-5.03	39.91	-0.10	Goodman Group had no new data centre starts in first quarter of FY26, despite significant preparatory work. This delay reflects the complexity of securing power and partnerships, contributing to weaker near-term sentiment. At the same time sentiment weakened further over AI bubble concerns resulting in US data centres REITs also weakening. However, on 23rd December Goodman announced it had signed a \$14 billion European data centre partnership with CPP Investment Board (CPPIB). This announcement was what the market had been looking for. This will provide Goodman with a significant land sale profit on the four sites which currently sit on Goodman's balance sheet.

Market outlook

2026 is a year to focus on income as valuation multiples in rate-sensitive names could wobble. Many economists see a mixed interest rate outlook with rates expected to rise by 0.50% by August 2026. This will dampen cap rate outlook and financing costs. Whilst AREITs typically have a minimum of 50% hedging reducing impact, refinancing windows bear monitoring, especially when low in place interest rate debt is expiring. The investment manager prefers names with 70–90% hedge ratios and staggered maturities to cushion earnings. Across retail, industrial, and residential, low new supply against population growth remains the engine of rent growth and income resilience.

Retail

Retail remains one of the healthiest subsectors heading into 2026, supported by population growth, increased household wealth following the 2025 rise in house prices, and limited new supply. Operational metrics continue to indicate strong landlord pricing power and persistently low vacancy rates.

Residential

House prices are expected to remain elevated; however, affordability constraints will dampen transaction volumes. The investment manager sees land-lease communities as the most attractive way to capture the current residential upcycle, driven by baby boomer downsizers and tight supply conditions.

Industrial

Industrial values should be underpinned by constrained supply, with rental growth anticipated to resume. In 2025, higher vacancy and a more conservative tenant market weakened effective rents (face rents held while incentives increased). Industrial supply fell by 20% in 2025 and is forecast to decline further in 2026. This tightening pipeline should stabilise prime vacancy and support rental growth. While global trade dynamics remain a risk, domestic-facing logistics demand offers stability.

Office

The office sector continues to face structural challenges. Shifts in work patterns and backfill risk in non-prime assets remain a drag, so the investment manager maintains a focus on core, well-let properties. Recovery is uneven, with Sydney and Brisbane showing firmer trends, while Melbourne remains challenged. The investment manager expects stabilisation rather than a sharp rebound.

Data Centres

Australia's data centre market is entering a transformative phase, characterised by an increase in mega-campus developments and strategic partnerships. The sector is maturing, with global capital inflows and more sophisticated financing structures driving scale. In 2026, the investment manager anticipates consolidation and accelerated growth, underpinned by AI and hyperscale workloads

Whilst macro drivers and sector preferences are a part of the Fund's positioning, the investment manager is mainly driven by stock level relative value and upside opportunities. They are positioned in REITs with high quality balance sheets, experienced management teams and high-quality assets.

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