COVID19 FUND COMMENTARY

DATA UPDATED TO END OF MARCH 2020

The ongoing global outbreak of the Coronavirus (COVID-19) pandemic has seen an extensive sell off permeate financial markets as investors grapple with concerns around how the drastic government and central bank responses to the outbreak will augur for global economic growth. The dramatic sell off in equities across the board has included property securities markets.

Global REITs, as measured by the FTSE EPRA/NAREIT Developed Index, have fallen -26.7% in USD terms in the March quarter. In terms of key regional markets, in the year to date US REITs fell -29.0% (USD), Developed European Property Securities (EUR) fell -25.8%, Australian (AUD) fell -34.4%, Hong Kong Property Securities (USD) fell -19.5% and Japanese REITs (YEN) fell -25.3%.

While there is a high degree of uncertainty around how COVID-19 will impact the real economy over the medium to long term, the virus outbreak has material near term implications for real estate markets.

The tourism industry has been significantly impacted by the outbreak, with both international and domestic travel being severely depressed due to widespread travel restrictions put in place by governments. As a result of these measures, Hotels are likely to incur operating losses until the tourism industry picks up again.

Property sectors that are exposed to large congregations of visitors - such as retail - are also exposed to material near-term risks, due to reduced visitation and expenditure driven by government enforced ‘lock-downs' and social distancing measures.

Social real estate sectors including childcare, aged care facilities and student housing, are also at risk of rising vacancies due to the outbreak.

While office buildings, self-storage facilities and residential apartments are not immune to the impacts of COVID-19, these sectors are likely to be very resilient.

Hospitals, data centres and logistical warehouses are all expected to be material beneficiaries of the pandemic.

Whilst the situation of the outbreak is continually evolving, we believe that many securities in the listed property sector have been materially oversold, as the extent of the re-pricing does not currently consider the long economic lives of many of these assets.

The major focus of the team has been to position the Fund with the greatest emphasis being on balance sheet strength and refinancing risk over the next 3 years. On a look-through basis, the Fund has a debt to total assets ratio of 29%, an interest coverage ratio of 7x and minimal refinancing risk over the next 3 years.

The Fund is well positioned, with key sector exposures being to Apartments and Single Family Housing (33.4%), Logistical Warehousing (21.3%), Urban Office (18.5%), Data Centres (6.6%) and Self-Storage (5.3%). The Fund has selective exposures to Shopping Centres (2.6%) and Hotels (1.1%).

Discrete 1 Year Returns	12 mths to 31/03/2020	12 mths to 31/03/2019	12 mths to 31/03/2018	12 mths to 31/03/2017	12 mths to 31/03/2016
First State Global Property Securities Fund B GBP Net of fees	-6.20%	16.51%	-5.70%	14.78%	-0.66%
FTSE EPRA/NAREIT Developed*	-20.10%	21.94%	-7.99%	16.34%	4.59%
Excess (a)	13.89%	-5.43%	2.29%	-1.56%	-5.26%

These figures refer to the past. Past performance is not a reliable indicator of future results. For investors based in countries with currencies other than the share class currency, the return may increase or decrease as a result of currency fluctuations.

Performance figures have been calculated since the launch date. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management and administration fee) and other costs charged to the fund (e.g. transaction and custody costs), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source: Lipper IM / First State Investments (UK) Limited.

*The benchmark changed from UBS Global Real Estate Investors on 20/05/2013

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