

Resolution Capital Global Property Securities Fund (Unhedged) Series II – Class A

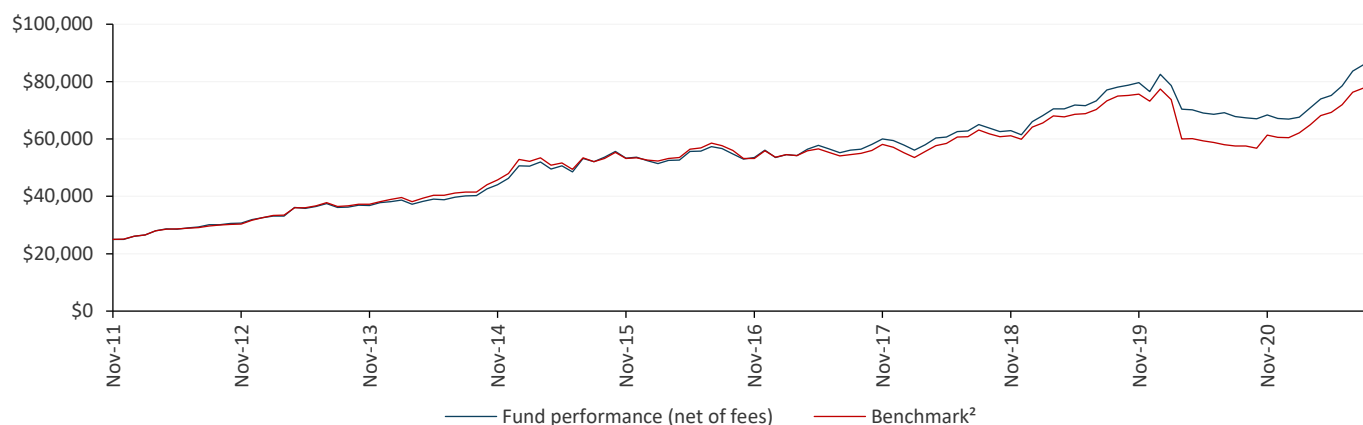


30 September 2021

Performance Summary

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Inception* p.a. %
Fund Return (After Fees) ¹	-4.67	4.24	21.39	8.62	8.35	12.81
Benchmark ² return	-4.69	2.99	28.63	6.23	5.74	11.67
Value Added (After Fees)	0.02	1.25	-7.24	2.39	2.61	1.14

Growth of \$25,000 invested Since Inception*



¹Please note this Fund was previously known as the Perennial Unhedged Global Property Trust. Resolution Capital was appointed the investment manager of the Fund, effective 1 November 2014.

²Benchmark is FTSE EPRA/NAREIT Developed Index (AUD) Net TRI.

Top 5 Weights

Security Name	%
Prologis	7.58
Invitation Homes	6.29
Welltower	4.64
Kimco Realty Corporation	4.22
Essex Property Trust	3.95

Top 5 Contributors

Security Name	%
Mitsubishi Estate Company	0.11
Scentre Group	0.08
Kilroy Realty Corporation	0.07
CyrusOne	0.02
Switch	0.01

Bottom 5 Contributors

Security Name	%
Prologis	-0.43
Invitation Homes	-0.37
Sun Hung Kai Properties	-0.25
CubeSmart	-0.22
Welltower	-0.22

Fund Details

APIR code	IOF0184AU	Management Fee	1.05% p.a.
ARSN Code	118 076 529	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 November 2011	Distribution Frequency	Quarterly
Fund Size	\$886.1 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.51	Investment Manager	Resolution Capital
Minimum Investment	\$25,000	Platform Availability	https://rescap.com/globalfundunhedged/seriesii
Benchmark	FTSE EPRA/NAREIT Developed Index (AUD) Net TRI	Investment Timeframe	Medium to long term, being 5 or more years

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD) produced a total return of -4.7% for the month ended 30 September 2021. Singapore was the best performing region with a total return of 1.0% in local currency terms. The worst performing region was Europe, with a -9.0% total return in local currency terms.

Whilst all major property sectors produced negative total returns over the month, value sectors exposed to the pandemic reopening thematic, such as hotels and office, outperformed growth sectors.

The failing financial position of China Evergrande Group (3333), one of China's largest residential property developers, dominated global headlines as fears of a broader economic and social fall-out intensified. The extent to which the Chinese Government will intervene to stabilise the situation is thus far uncertain given the need to instil greater economic discipline and mitigate concerns to national interests.

In the UK, Boris Johnson announced plans to raise taxes on company dividend payments by 1.25% from next year. The tax increase is intended to help rescue the National Health Service from backlogs that built up during the Covid-19 pandemic.

In Europe, German government elections dominated news flow. Whilst coalition talks are ongoing, the prospect of draconian residential rent regulation has faded as the SPD, the Greens, and The Left party failed to garner a majority of the votes. In Berlin, the referendum to expropriate landlords who own more than 3,000 units was successful, though not legally binding.

Vonovia (VNA), a German listed residential landlord announced that it has agreed to sell approximately 15,000 apartments to the state of Berlin for €2.5bn (US\$2.9bn). The deal helps fund its takeover of Berlin focused peer, Deutsche Wohnen (DWNI), as well as appease government authorities by contributing to the expansion of the municipal housing stock in Berlin.

In the U.S., Condor Hospitality (CDOR) announced an agreement to sell its entire portfolio of hotels to Blackstone (BX) for US\$305m in an all-cash transaction. Condor owns a portfolio of 15 properties; largely select service hotels in suburban locations. The price paid translates into a 11.5x multiple on 2019 EBITDA and US\$160k per room.

PIMCO announced it was acquiring Columbia Property Trust (CXP), for US\$2.2bn in an all-cash deal that values the office REIT at \$3.9bn. The transaction price values CXP's assets at approximately \$700 per sq.ft or a 5.7% cap rate.

Medical Properties Trust (MPW) announced that it has reached an agreement to sell a 50% stake in a U.S. hospital portfolio to an infrastructure fund managed by Macquarie Asset Management. The transaction values the portfolio at US\$1.8bn, representing a 5.6% cap rate on 2021 cash rents.

In Australia, a Charter Hall managed consortium announced the acquisition of listed pub landlord, ALE Property Group (LEP), in a cash & scrip deal. The acquisition price represents a cap rate of 3.5% or 4.8% after adjusting for the under-renting in the portfolio.

Several global listed property companies raised equity capital over the month, principally to expediate growth plans:

- Hulic (3003), a Japanese commercial property owner and developer, announced a circa US\$1bn equity raising, equating to a 14% increase in the company's share count.
- Data centre REIT, Digital Realty Trust (DLR) completed its US\$1bn forward equity raising.
- U.S. single family REIT, Invitation Homes (INVH) raised US\$500m.
- UK apartment landlord, Grainger PLC (GRI) raised £209m (US\$284m).
- Self-storage operator, Life Storage (LSI) raised US\$352m.
- Centuria Industrial REIT (CIP) raised A\$325m.
- APN Industria REIT (ADI) raised A\$350m.

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