

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

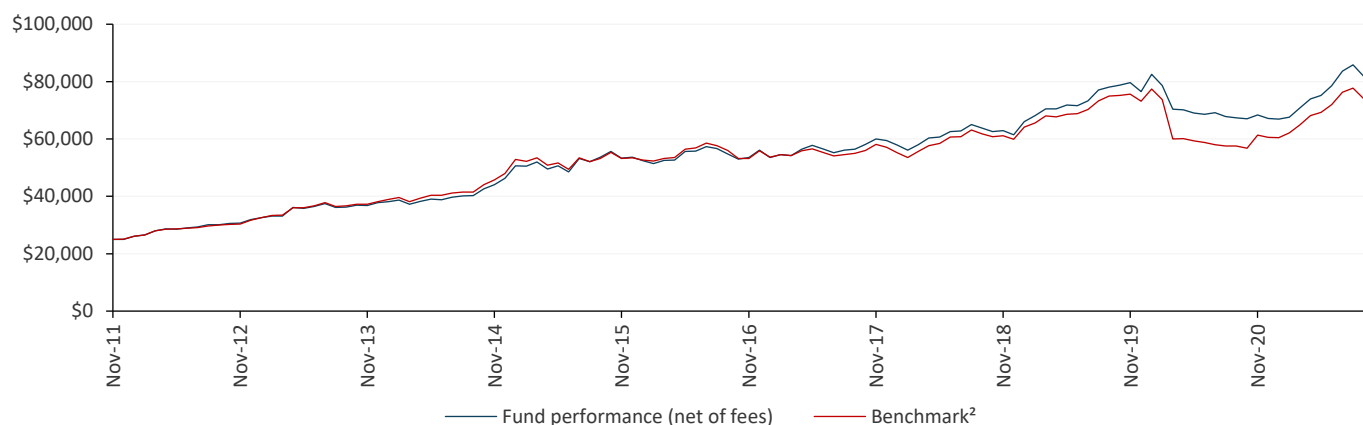


31 October 2021

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	1.97	-0.22	24.54	10.07	9.52	12.91
Benchmark ² return	1.92	-1.02	32.88	7.52	7.27	11.78
Value Added (After Fees)	0.05	0.80	-8.34	2.55	2.25	1.13

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	8.69
Invitation Homes	6.41
Essex Property Trust	4.62
Kimco Realty Corporation	4.37
Welltower	3.81

Top 5 Contributors

Security Name	%
Prologis	0.88
Rexford Industrial Realty	0.33
CubeSmart	0.26
Invitation Homes	0.22
Kimco Realty Corporation	0.21

Bottom 5 Contributors

Security Name	%
Mitsubishi Estate Company	-0.31
Welltower	-0.26
Urban Edge Properties	-0.16
Mirvac Group	-0.08
Kilroy Realty Corporation	-0.07

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	\$879.0 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.54	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 1.9% for the month ended 31 October 2021. The U.S. was the best performing region with a total return of 7.8% in local currency terms, reflecting re-opening and an improved economic outlook. The worst performing region was Japan with a -0.3% total return in local currency terms.

All sectors produced positive total returns, led by self-storage, industrial and technology REITs which continue to enjoy robust fundamentals. Healthcare and hotels were the weakest due to fears around the spread of the Covid-19 delta variant and labour cost pressures.

U.S. REIT third quarter earnings season is underway. Industrial REITs confirmed unprecedented pricing power with strong tenant demand and rent growth driving another quarter of earnings guidance upgrades for 2021. Similarly, U.S. self-storage REITs delivered impressive results and upgraded earnings guidance as record high occupancy translated to record pricing power.

Sector fundamentals for residential REITs remain robust with strong demand for apartments, record low vacancies, increasing retention rates, and accelerating rental growth.

Turning to retail property, operating fundamentals for U.S. shopping centre REITs continue to improve, with continued strength in leasing volume and improvements in occupancy. European retail REITs Unibail-Rodamco-Westfield (URW) and Klepierre's (LI) 3Q21 results revealed some encouraging data, pointing to a recovery in retail sales post-lockdowns and better leasing volume resulting in LI upgrading earnings guidance and URW reinstating guidance for 2021.

Results for U.S. office REITs reveal an acceleration in leasing volume from pandemic lows but pricing power remains absent. Return to office delays and an enduring hybrid work model continues to cloud the outlook for many office markets.

In transaction news, U.S. retail REIT Kimco Realty Corp. (KIM) announced the acquisition of the remaining 70% interest in a portfolio of six grocery-anchored, shopping centres from an existing joint venture partner for US\$425.8m. Subsequently, KIM formed a 50:50 joint venture with Blackstone Real Estate Income Trust, Inc (BREIT) to co-own the assets which KIM will continue to manage.

Meanwhile, KKR & Co bought a majority stake (75%) in "The Edge", the observatory deck on the 100th floor of 30 Hudson Yards, overlooking Manhattan, for US\$509m.

Elsewhere, Easterly Government Properties (DEA) formed a 53%/47% joint venture with an institutional partner to acquire a portfolio of 10 new build-to-suit veteran affairs facilities for US\$635.6m at a ~5.25% capitalisation rate. Nine of the facilities are under 20-year leases and one has a 15-year lease.

Leading European logistics REIT SEGRO completed an asset swap with Schrodgers, with SEGRO acquiring a £140m urban warehouse in West London while disposing of a portfolio of UK big box and urban assets representing 880,000 sq ft for £205m.

German Residential REIT Vonovia (VNA) struck a deal with Aggregate Holdings SA to acquire 18-month call options for a 13% stake in Adler Group (ADJ). The strike price of €14/sh, equates to ~50% discount to ADJ's 1H21 net tangible asset value.

French diversified REIT Icade postponed the IPO of its healthcare subsidiary, Icade Sante due to market volatility. It may return when market conditions become more favourable.

Finally, in Australia, UniSuper and Cbus Property have acquired majority ownership (80%) of Pacific Fair, QLD and 50% stake in Macquarie Centre, NSW for A\$2.2bn. While specific asset pricing was not provided, according to news reports, the 50% stake in Macquarie Centre was acquired on a yield of ~4.5%, while the 80% stake in Pacific Fair was on a yield of ~4.75%. The two mall investments will be held in the AMP Capital Retail Trust and be managed by AMP.

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