

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

APIR Code	IOF0184AU
ARSN Code	118 076 529



Month Ending January 2021

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	7 Years p.a. %	Since Inception* p.a. %
Share Class Return (After Fees) ^	-0.29	-0.08	-18.86	4.97	5.01	8.35	11.33
Benchmark# Return	-0.24	6.37	-21.93	3.09	2.80	6.47	10.10
Value Added (After Fees)	-0.05	-6.45	3.07	1.88	2.21	1.88	1.23

*30 November 2011.

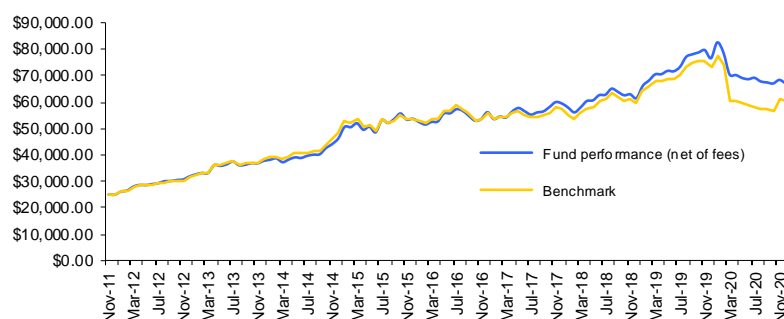
^Please note this Fund was previously known as the Perennial Unhedged Global Property Trust. Resolution Capital was appointed the investment manager of the Fund, effective 1 November 2014.

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

Fund Facts

*Inception Date	30 November 2011
Fund Size	\$505.3 Million
NAV per Unit	\$1.25
Management Costs	1.05% p.a.
Buy/Sell Spread	+0.20%/-0.20%
Minimum Investment	\$25,000
Distribution Frequency	Quarterly

\$25,000 invested Since Inception*



Source: Resolution Capital, as at 31 January 2021

Top 5 Weights	
Security Name	%
1. Prologis	7.81
2. Invitation Homes	5.02
3. Sun Hung Kai Properties	4.76
4. Vonovia	3.98
5. Realty Income	3.88

Top 5 Contributors	
Security Name	%
1. Sun Hung Kai Properties	0.31
2. Prologis	0.31
3. Klepierre	0.17
4. Equinix	0.15
5. Urban Edge Properties	0.15

Bottom 5 Contributors	
Security Name	%
1. Vonovia	-0.37
2. Mirvac Group	-0.22
3. Alexandria Real Estate Equities	-0.14
4. Realty Income	-0.13
5. Americold Realty Trust	-0.12

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD) Net TRI produced a total return of -0.2% for the month ended 31 January 2021. Japan was the best performing region, with a total return of 2.5% in local currency terms, reflecting optimism of a return to normality as Covid-19 infection rates recede. The worst performing region was Continental Europe, with a -3.4% total return in local currency terms, as the market was weighed down by elevated Covid outbreaks and renewed restrictions.

In the U.S., 4Q20 REIT earnings season is underway. Industrial REITs Prologis (PLD) and Duke Realty (DRE) confirmed strong leasing demand and robust fundamentals, along with accelerated development starts, indicating continued strength for the sector. Manufactured housing REIT, Equity Lifestyle Properties, Inc (ELS), reported a solid outlook for 2021, with the sector benefiting from the resilience of low-income housing, an increase in demand for domestic travel supporting the RV parks and minimal new competing supply.

Results for office REITs thus far, including Boston Properties (BXP) and SL Green Realty (SLG), highlight continued challenges as tenants delay the return to the office. New York City and San Francisco remain the most challenged with weaker leasing, rent declines and street retail tenant concerns.

Meanwhile, Brookfield Asset Management Inc. (BAM) along with institutional partners, announced a privatisation proposal to acquire the remaining limited partnership units of Brookfield Property Partners L.P. (BPY) that BAM does

not own at US\$16.50 per BPY unit, or US\$5.9bn in total. The price represents a 14% premium to the closing price on December 31, 2020 but a 38% discount to reported Net Asset Value. BPY's assets are predominantly office and regional malls which are facing challenging operating conditions.

The new year also started with a number of REIT capital markets activity, including:

- Simon Property Group (SPG) issued a series of two debt tranches, US\$800m in 1.75% senior notes and US\$700m in 2.20% senior notes maturing in 2028 and 2031 respectively. The proceeds will be used to redeem its existing US\$550m in 2.50% notes maturing in July 2021 and the remainder for general corporate purposes.
- Realty Income (O) raised US\$689m in equity capital, at US\$57.05/share, a 4% discount to last close, to fund acquisitions in the U.S. and UK.
- Alexandria Real Estate Equities, Inc. (ARE) raised US\$1.13bn in equity capital (at \$164/share, a 3.9% discount to last close) to fund pending acquisitions of 401 Park Drive, 201 Brookline Ave, and the company's future developments.
- Nippon Prologis REIT, Inc (3283) raised net proceeds of ¥37.3bn (¥332,962/unit, including the overallotment option) to buy three class A properties, comprising a net rentable area of 263,876 square meters, from Prologis' 100%-owned Japan portfolio for ¥62.2 billion.

In somewhat less conventional market activity, certain segments of the equity market experienced unusual volatility as an army of retail traders, coordinating moves on messaging platform Reddit, pressured stocks with high short interest. Ground-zero for the movement was GameStop (GME), a struggling U.S. video game retailer whose share price was sent rocketing 1,625% in January, squeezing Hedge Funds that sold long positions to cover their short exposures.

The short squeeze also appeared to include the REIT market, including retail REITs such as Macerich (MAC) and Tanger (SKT) in the U.S., which rallied 47% and 56% respectively in January, and Unibail-Rodamco-Westfield (URW) and Klepierre (LI) in Europe, which both rallied ~8% in January. Notably MAC's largest investors, Ontario Teachers, took advantage of the price and liquidity to exit its *entire* 15% position in MAC in a single trading day.

Meanwhile, the largest U.S. self-storage REIT, Public Storage (PSA), reached an agreement with activist Hedge Fund, Elliot Management, to add two board members and institute other changes in order to avoid a proxy fight. PSA named two new independent trustees to its Board: Michelle Millstone-Shroff, who formerly served as chief customer experience officer at Bed Bath & Beyond (BBBY), and Rebecca Owen, who served as the chairwoman of Battery Reef, a commercial real estate investment company. In addition, PSA's Board agreed to form a long-term planning committee, of which Millstone-Shroff and Owen will be members. PSA also entered into an information-sharing agreement with Elliott Management, allowing the two parties to collaborate on PSA's investor day in May 2021.

Following engagement with activist investor, Land & Buildings, student housing REIT American Campus Communities (ACC), announced a Board refreshment, welcoming three new members: Herman Bulls, Vice Chairman, Americas, at JLL; Allison Hill, Managing Director, Strategic Capital at Prologis; and Craig Leupold, currently serving as Chief Executive Officer of GSI Capital Advisors.

Elsewhere, reflecting the impact of Covid on university campuses, Unite Group (UTG), the leading provider of student accommodation in the UK, has reportedly offered students a rent discount as universities pause in-person tuition. UTG said that students who checked-in but did not live in their accommodation between January and mid-February 2021 would be able to apply for a 50 per cent discount for four weeks. The offer is expected to cost UTG up to £8m.

In Japan, GLP, a leading logistics real estate investor, developer and operators, has held a second close for its GLP Japan Income Fund (GLP JIF), reaching US\$5.4bn. GLP JIF, Japan's largest private open-ended logistics real estate income fund, attracted more than 20 international and domestic limited partners. GLP JIF was seeded with 11 assets in Greater Tokyo and Osaka. Funds from the second close will be used to acquire three additional assets. The combined 14 assets, which are 100% leased, total over 1.3 million sqm of gross floor area.

In Australia, mall REIT Vicinity Centres (VCX) announced a net valuation decline of 4% or AU\$570m for the six-month period ending 31 December 2020 for its 60 directly owned retail properties. This follows an 11% devaluation in the previous six-month period. Income degradation and assumptions including probable higher incentives drove the bulk of the devaluation, along with minimal tourism and low office occupancy.

Fund Details

Investment Manager	Resolution Capital
Objective	<ul style="list-style-type: none">The Fund aims to achieve an annual total return that exceeds the total return of the Benchmark after fees on a rolling 3 year basis.
Benchmark	<ul style="list-style-type: none">FTSE EPRA/NAREIT Developed Index (AUD) Net TRI.
Portfolio Allocation	<ul style="list-style-type: none">85-100% invested in global listed REITS and real estate securities.0-15% invested in cash and short dated money market securities.For reasons of investment efficiency, the Fund may gain its exposure by holding units in other Resolution Capital Funds.
Investment Timeframe	<ul style="list-style-type: none">Medium to long term, being 5 or more years.
Number of Stocks	<ul style="list-style-type: none">Generally 30 to 60.
Minimum Investment	<ul style="list-style-type: none">Indirect investors: refer to the operator of your service.Direct investors: minimum initial investment \$25,000.
Platform Availability	<ul style="list-style-type: none">AMP NorthBT PanoramaBT WrapFNZHUB24IOOF Portfolio ServiceIOOF PursuitMacquarie WrapPowerWrapPraemiumuXchange

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