

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



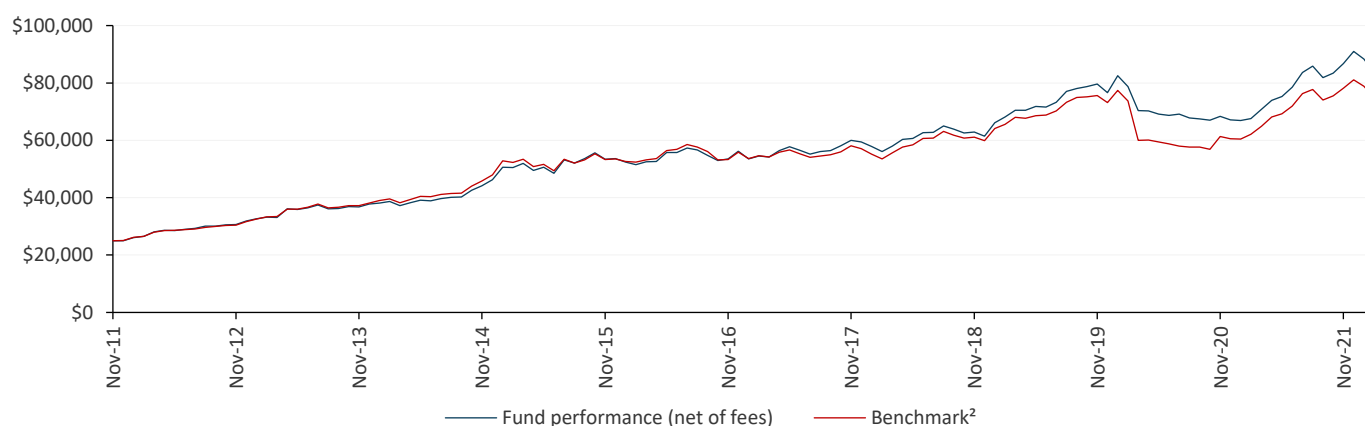
28 February 2022

Performance Summary

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	10 Years p.a. %	Since Inception* p.a. %
Fund Return (After Fees) ¹	-5.57	-3.90	23.49	6.98	8.88	12.13	12.47
Benchmark ² return	-5.30	-4.49	20.23	4.41	6.47	10.88	11.26
Value Added (After Fees)	-0.27	0.59	3.26	2.57	2.41	1.25	1.21

Performance numbers less than one year are cumulative while numbers greater than one year are annualised.
Past performance is no guarantee of future results.

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.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Prologis	8.21
Welltower	5.26
Kimco Realty Corporation	5.00
Invitation Homes	4.27
Essex Property Trust	4.03

Top 5 Contributors

Security Name	%
Kilroy Realty Corporation	0.22
Scentre Group	0.17
Mitsubishi Estate Company	0.09
Klepierre	0.07
Rayonier	0.06

Bottom 5 Contributors

Security Name	%
Prologis	-0.83
Invitation Homes	-0.67
Healthpeak Properties	-0.31
Essex Property Trust	-0.30
Kimco Realty Corporation	-0.29

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	\$932.4 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.53	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 -5.3% for the month ended 28 February 2022. Australia and Singapore were the best performing regions, both with a total return of 3.4% in local currency terms. The worst performing region was Hong Kong with a -4.0% total return in local currency terms.

February proved to be a volatile month, as persistent inflation, the timing and magnitude of expected rate hikes and the turmoil between Russia and Ukraine weighed on markets. The sell-off was broad based across real estate sub-sectors despite earnings season broadly confirming solid operating performance from self-storage, logistics, data centres, and life science REITs.

Hotels and office were the only sectors to see positive returns, as the improving pandemic outlook suggests a return to travel and to the office is on the horizon.

It was a busy period for M&A activity during the month. In the U.S., two medical office building (MOB) REITs, Healthcare Realty Trust (HR) and Healthcare Trust of America, Inc. (HTA) agreed to merge, creating the largest MOB portfolio in the U.S. with an enterprise value of approximately US\$17.6bn. The market was unimpressed, with HR's share price down 11% on the day the deal was announced.

Alternative asset manager, Monarch Alternative Capital, announced an unsolicited bid to acquire office REIT Paramount Group (PGRE) valuing the assets at US\$6b. PGRE owns Class A office properties in New York City and San Francisco. The \$12/share all-cash offer represents a 22% premium to PGRE's stock price and an implied cap rate of 6.4%.

Blackstone's (BX) unlisted BREIT fund acquired Preferred Apartments (APTS) – owner of ~12k apartments located across sunbelt markets in the US. The deal price was a 39% premium to the unaffected share price and values the company at US\$5.8bn. This comes on the heels of BREIT's US\$3.7bn acquisition in January of the non-traded Resource REIT which is also focused on sunbelt apartments.

In European M&A activity, a private real estate fund managed by Brookfield Asset Management (BAM), offered €47.50/share to acquire Brussels-focused office REIT, Befimmo (BEFB). The all-cash deal values the equity at €1.3b, which represents a 52% premium to the BEFB's stock close prior to the announcement, and a 21% discount to the appraised book value.

In other transaction news, Unibail-Rodamco-Westfield (URW) sold a 45% stake in the Westfield Carré Sénart shopping centre in Paris to two French institutional investors. The €450m price was in line with the last appraisal value and brings URW's cumulative sales to €2.5b of its planned €4b European disposal program.

Blackstone recapitalised its Mileway (unlisted) portfolio of European logistic properties into a Blackstone Core+ fund at a €21bn valuation. The majority of capital is expected to come from existing investors rolling into the Core+ fund, while Singaporean sovereign wealth fund, GIC, is reportedly acquiring up to 20% for approximately €4bn.

Realty Income (O), a U.S. net-lease retail REIT, announced an agreement to acquire the gaming resort Encore Boston Harbor Resort and Casino from Wynn Resorts (WYNN) via a sale leaseback. The deal valued the asset at US\$1.7bn and an implied 5.9% cap rate.

In Australia, Hong Kong's Link REIT (823) finalised an agreement to acquire a 49.9% stake in Oxford Properties' Investa Gateway Office portfolio. The deal values the portfolio of office towers in Sydney and Melbourne at A\$2.3bn and a 4.4% cap rate.

Meanwhile at Scentre Group (SCG), owner of premier retail locations in Australia and New Zealand, current CEO Peter Allen will retire later this year and be succeeded by current CFO, Elliot Rusanow. SCG's earnings release noted improving operating conditions but did not include specific earnings guidance in the face of ongoing economic and geopolitical uncertainties.

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