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

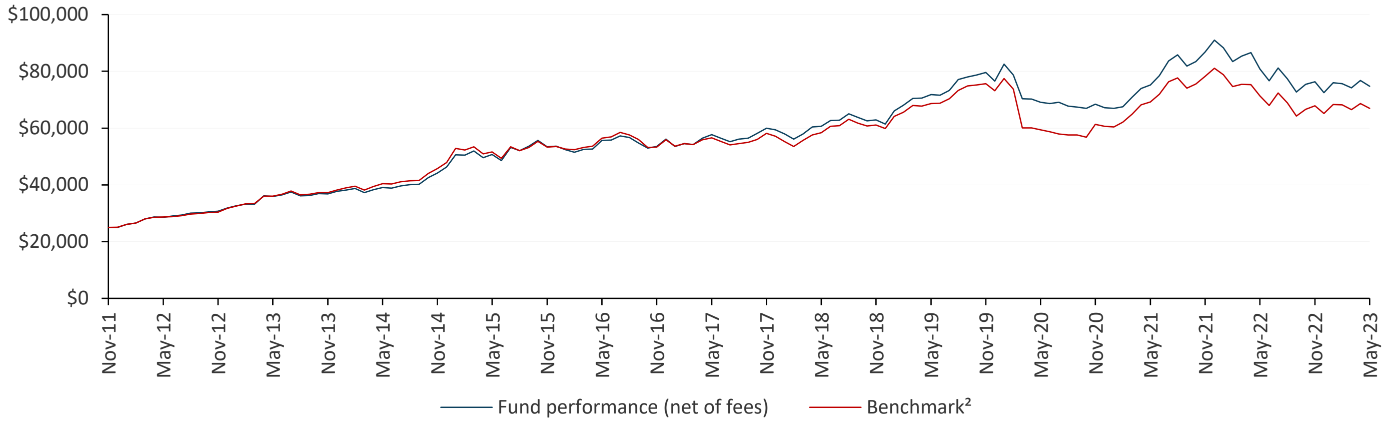
31 May 2023

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 (Net Performance)[1]	-2.71	-1.21	-7.64	2.64	4.26	7.61	9.98
Benchmark[2] return	-2.45	-1.89	-6.21	4.07	2.75	6.40	8.94
Value Added (Net Performance)	-0.26	0.68	-1.43	-1.43	1.51	1.21	1.04

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*



[1]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. Past performance is no guarantee of future results.
[2]Benchmark is FTSE EPRA/NAREIT Developed Index (AUD) Net TRI.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Prologis	8.16
Invitation Homes	7.30
Equity Residential	5.95
Realty Income	5.19
Equinix	4.81

Top 5 Contributors

Security Name	%
Invitation Homes	0.31
Equinix	0.24
Prologis	0.13
Host Hotels & Resorts	0.12
American Homes 4 Rent	0.05

Bottom 5 Contributors

Security Name	%
Vicinity Centres	-0.39
Federal Realty Investment	-0.32
Link REIT	-0.29
Shurgard Self Storage	-0.20
Sun Hung Kai Properties	-0.19

These are illustrative only and not a recommendation to buy, sell or hold any security.

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	$556.7 Million	**No. of Stocks**	Generally 30 to 60
NAV per Unit	$1.15	**Risk/Return Profile**	The Fund's risk band is 5 (medium to high)
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 -2.5% for the month ended 31 May 2023. All regions posted negative returns over the month, except for Japan, as the takeout of First Republic Bank by JP Morgan Chase at least temporarily resolved the U.S. banking crisis, with focus shifting toward U.S. government debt ceiling negotiations in Washington.

U.S. REITs modestly outperformed the global index, returning -3.2% in local currency terms as the market digested persistent inflation and another 0.25% interest rate hike by the Fed, coupled with commentary hinting at the potential conclusion of the end of the hiking cycle. Overweight portfolio exposure to the U.S. contributed positively to relative returns.

Japan was the top performing market in the global index, returning 0.1% in local currency terms, and the portfolio's underweight position detracted from relative returns. Logistics REITs Nippon Prologis REIT (3283) and GLP J-REIT (3281) raised ~$200m & ~$240m of equity in May to acquire logistics facilities.

Hong Kong was the weakest region, returning -8.9% in local currency terms, and the portfolio's overweight position to the region detracted from relative returns. REITs in the region were affected by multiple factors in China, including a softening Chinese property market and declining manufacturing production.

Continental Europe returned -8.9% in local currency terms, and the underweight position contributed positively to relative returns. The European Central Bank (ECB) raised its marginal lending rate and signalled for additional raises after headline Eurozone inflation accelerated through April, increasing pressure on troubled REIT balance sheets in Europe. Several highly levered European REITs made progress on balance sheet remediation in May through equity raises, asset sales or a combination of both. Castellum (CAST) launched their previously announced SEK 10bn (~US$920m) rights issue which aims to lower net debt/EBITDA to ~11x from 13x and reduce LTV from 44% to 38%. CAST also reported the disposal of 20 properties for the year to date, for SEK 2.3bn (~US$210m) in line with book values.

Meanwhile, German landlords Vonovia (VNA) and Aroundtown SA (AT1) disclosed asset sales for the purpose of deleveraging, with VNA disposing of five newly built assets to CBRE for €560m and AT1 reporting €320m of disposals YTD at close to book value.

Unibail-Rodamco-Westfield (URW) completed two sale transactions during the period, including the disposal of Westfield Brandon, a U.S. shopping centre in Florida for $220m representing a 10% net initial yield and a 4% discount to the most recent valuation. Proceeds from the asset sales will be used to reduce debt.

All property sectors posted negative returns in May, except for data centres.

Data centre REITs was the strongest performing sector returning 3.3% in local currency terms as investors were buoyed by signs of ongoing, robust secular tenant demand. Chipmaker NVIDIA Corporation (NVDA) reported strong first quarter earnings with bullish AI growth projections which have positive implications for future total data centre demand. The portfolio's underweight position to data centres detracted from relative returns.

Retail was the weakest performing REIT sector, returning -5.8% in local currency terms. The sector was negatively impacted by concerns over tenant credit and a slowdown in retail sales.

Overall, real estate transaction activity remains meagre providing limited evidence for valuers, lenders and investors on which to rely.

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