

Resolution Capital Global Property Securities Fund – Class A



APIR Code	WHT0015AU
ARSN Code	128 122 118

Month Ending April 2021

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	10 Years p.a. %	Since Inception* p.a. %
Share Class Return (After Fees)	5.36	11.83	22.11	6.45	6.82	9.50	9.51
Benchmark# Return	5.69	13.99	29.12	5.32	4.94	8.00	6.78
Value Added (After Fees)	-0.33	-2.16	-7.01	1.13	1.88	1.50	2.73

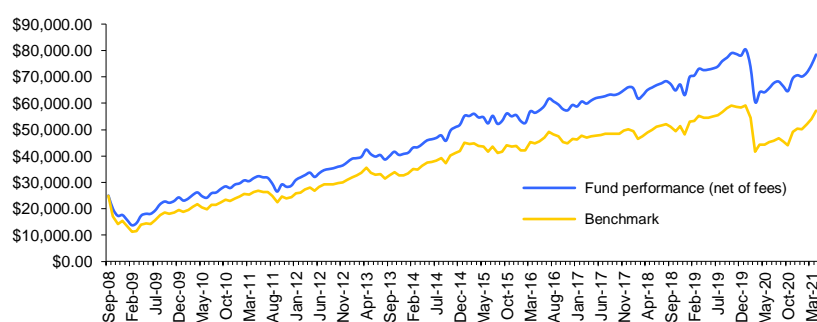
*30 September 2008.

#Benchmark was UBS Global Real Estate Investors Index (AUD Hedged) Net TRI to 31 March 2015. From 1 April 2015 FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI.

Fund Facts

*Inception Date	30 September 2008
Fund Size	\$1,780.8 Million
Management Costs	0.80% p.a. plus 20% of outperformance above the benchmark
Buy/Sell Spread	+0.20%/-0.20%
Minimum Investment	\$25,000
Distribution Frequency	Quarterly

\$25,000 invested Since Inception*



Source: Resolution Capital, as at 30 April 2021

Top 5 Weights	
Security Name	%
1. Prologis	8.04
2. Invitation Homes	5.29
3. Welltower	4.78
4. Sun Hung Kai Properties	4.32
5. Kilroy Realty	3.62

Top 5 Contributors	
Security Name	%
1. Prologis	0.65
2. Invitation Homes	0.41
3. Klepierre	0.29
4. Public Storage	0.27
5. Kimco Realty	0.26

Bottom 5 Contributors	
Security Name	%
1. Mitsubishi Estate	-0.28
2. Scentre Group	-0.12
3. Sun Hung Kai Properties	-0.08
4. Shaftesbury	-0.04
5. Nippon Prologis REIT	-0.03

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI produced a total return of 5.7% for the month ended 30 April 2021. The U.S. was the best performing region, with a total return of 8.2% in local currency terms, reflecting re-opening optimism as Covid-19 infection rates recede, vaccine rollouts accelerate, and consumer spending rebounds. The worst performing region was Japan, with a -0.4% total return in local currency terms, as the market was weighed down by a resurgence in coronavirus cases.

U.S. 1Q21 REIT earnings season is underway. Industrial REITs confirmed strong leasing demand and robust fundamentals, and increased funds from operations (FFO) guidance. Similarly, self-storage REITs upgraded FFO guidance as record high occupancies translated to stronger pricing power. Data centres also revealed robust leasing demand has continued.

Residential REITs reported sequential improvements in rent and occupancy, confirming signs of continued recovery, as the REITs either reaffirmed or raised FFO guidance. Retail REITs, one of the most impacted sectors throughout the pandemic, showed signs of recovery. Occupancy remained resilient and leasing volumes improved, supporting earnings upgrades amongst most shopping centre REITs.

Results for U.S. office REITs continue to be mixed, with slow leasing volumes and occupancy challenges in New York City. Conversely, conditions for other asset types and regions, such as life science and Sunbelt office, are improving with greater optimism around tenant demand and occupancy recovery.

This month saw a revival in REIT M&A activity.

In the U.S., shopping centre REIT, Kimco Realty (KIM), announced a merger with Weingarten (WRI) valuing the enterprise at US\$5.9bn at a high-5% capitalisation rate. This represents a price of \$30.32 per WRI share, or a 11% premium to the pre-announcement closing price. The combined US\$20bn portfolio includes 559 operating properties with ~80% of rent from grocery-anchored centres. The merger is expected to be accretive to KIM's FFO in 2021.

Meanwhile, Realty Income (O), the largest triple net lease REIT, announced a merger with VEREIT (VER) in an all-stock transaction. The exchange ratio implies a value to VER shareholders of US\$48.36 per share or a 17.2% premium to the pre-announcement closing price. The price values VER at ~US\$17bn and a ~6% capitalisation rate. The deal is expected to add ~10% to O's earnings per share over the next two years through cost synergies and debt refinancing. As part of the transaction, O plans to spin off the combined company's portfolio of office assets into a separate listed entity.

Showcasing the strength and demand for self-storage, U.S. based Public Storage (PSA) acquired ezStorage for US\$1.8bn at an initial capitalisation rate of 3.6%. The transaction adds 48 properties (42m square feet) located in submarkets with strong demand and high barriers for new property development across Washington DC, Virginia, and Maryland. The company funded the acquisition by issuing US\$2bn in senior unsecured notes.

Meanwhile, in Continental Europe, the German Federal Constitutional Court overturned the Berlin Rent Freeze Law ('Mietendeckel') that sought to further limit rental increases. As a result of the decision, regions cannot implement rent laws for the private housing market. This decision bodes well for the German residential sector by reducing an overhang from region-specific regulatory risk. Despite the decision, German Residential REIT, Vonovia (VNA), announced that it would waive its right to claw back foregone rents.

In the UK, retail REIT Hammerson (HMSO) announced it had sold all its remaining retail parks by exchanging contracts on the disposal of seven assets to Brookfield Asset Management (BAM) for £330m, which represents an 8% discount to 2020 book value and an 8.6% net initial yield.

In other transaction news, Unibail-Rodamco-Westfield (URW) announced the sale of a 45% stake in Shopping City Süd (Vienna) for €480m at a 3% discount to book value, and the phased disposal of Aupark (Bratislava) for €450m in line with book value. Rent guarantees were provided in both cases. Upon closing, URW will have completed €1.35bn of its planned €4bn European asset disposal programme.

Elsewhere, in Australia, Singapore's sovereign wealth fund GIC (80%) together with logistics company ESR (20%), won a joint bid to buy Blackstone's Australian industrial portfolio, Milestone, for A\$3.8bn at a low 4% cap rate. The portfolio consists of 45 assets set over 3.6m square metres. The strong pricing is supportive of listed Australian REITs with industrial exposures.

Finally, AMP Diversified Property Fund (ADPF) investors approved a merger with Dexus' (DXS) Wholesale Property Fund (DWPF), meaning DXS will replace AMP as fund manager, thereby increasing its external funds under management (FUM) by \$5.4bn to \$21bn. ADPF is a long-standing diversified fund with a sector allocation similar to DWPF (~50% office, 35% retail and 15% industrial). DXS is paying \$50m in transaction costs to acquire the FUM with the transaction expected to increase DXS earnings in FY22.

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 Hedged) 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">AegisAMP NorthAMP PortfolioCareAMP WealthViewANZ WrapAsgardBT PanoramaBT WrapCFS First WrapDPMFNZHUB24IOOF PursuitMacquarie WrapMason StevensMLC NavigatorMLC WrapNetwealthPowerWrapPraemiumPremium ChoiceSimple WrapuXchange

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