

Resolution Capital Global Property Securities Fund – Series II

RESOLUTION CAPITAL

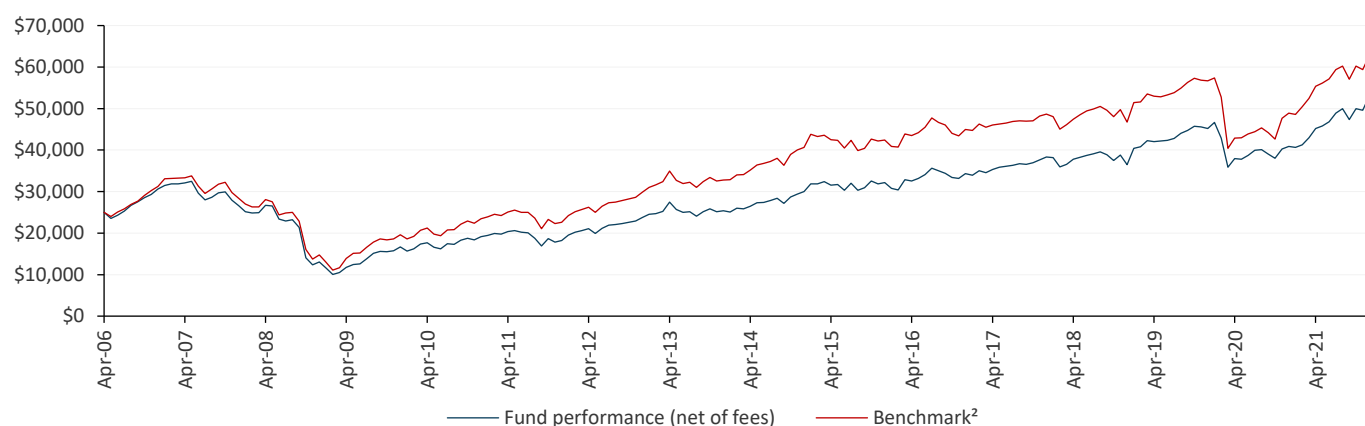
31 January 2022

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	-5.43	0.47	23.61	7.50	8.13	9.90	4.52
Benchmark ² return	-5.51	-1.40	22.16	4.91	5.81	9.37	5.64
Value Added (After Fees)	0.08	1.87	1.45	2.59	2.32	0.53	-1.12

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 Hedged Global Property Wholesale Trust. Resolution Capital was appointed the investment manager of the Fund effective 1 November 2014.

²Benchmark is FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI. Prior to 1 April 2015 the benchmark was UBS Global Real Estate Investors Index (AUD Hedged) Net TRI and prior to 1 November 2014 the FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI.

Source: Resolution Capital

Top 5 Weights

Security Name	%
Prologis	8.79
Invitation Homes	5.61
Welltower	4.98
Kimco Realty Corporation	4.97
Essex Property Trust	4.48

Top 5 Contributors

Security Name	%
Mitsubishi Estate Company	0.21
Klepierre	0.20
Welltower	0.19
Vonovia	0.14
Kimco Realty Corporation	0.07

Bottom 5 Contributors

Security Name	%
Equinix	-0.44
Prologis	-0.29
Alexandria Real Estate Equities	-0.27
Invitation Homes	-0.24
Rexford Industrial Realty	-0.21

Fund Details

APIR code	IOF0081AU	Management Fee	1.05% p.a.
ARSN Code	118 190 542	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 April 2006	Distribution Frequency	Quarterly
Fund Size	\$369.2 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.35	Investment Manager	Resolution Capital
Minimum Investment	\$25,000	Platform Availability	https://rescap.com/globalfund/series-ii
Benchmark	FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI	Investment Timeframe	Medium to long term, being 5 or more years

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD Hedged) produced a total return of -5.5% for the month ended 31 January 2022. Hong Kong produced the best total return of 0.7%, followed by Continental Europe with a total return of -2.3%, all in local currency terms. The worst performing region was Australia with a total return of -7.3% in local currency terms.

Equity markets commenced the year in volatile fashion as the U.S. Federal Reserve, amongst other central banks, brought forward the timing of interest rate increases to tame elevated inflation. As a result, 10 yr bond yields rose sharply leading to underperformance of higher multiple growth-oriented companies. In the listed REIT sector this translated into relative underperformance of tech, logistics and self-storage REITs, while recent underperforming sectors, hotels, office and diversified REITs were less impacted.

There were several notable real estate transactions during the month.

In the U.S., Blackstone's private REIT (BREIT) agreed to buy private apartment company, Resource REIT, in a US\$3.7bn all-cash transaction. The portfolio of ~12,600 apartments, is in suburban submarkets across 13 states in the U.S. The transaction price reflects a ~3.75% cap rate or approximately US\$285k per apartment. The transaction is Blackstone's second major multifamily investment in the last two months, after its acquisition of Bluerock Residential Growth in December 2021.

American Campus Communities (ACC), a U.S. student housing REIT, announced a joint venture (JV) with Harrison Street's Social Infrastructure Fund. ACC is selling a 45% stake in a portfolio of 8,187 beds located at the Arizona State University for US\$551m. The transaction price values the assets at a ~3.75% cap rate or ~US\$150k per bed.

Diamond Rock (DRH), a U.S. lodging REIT, announced the acquisition of 2 resorts for US\$175m, equating to 5% of its existing portfolio value. The first asset, Henderson Beach Resort in Destin, Florida, was acquired for US\$112m reflecting a 6.4% cap rate or ~US\$660k per room. The second asset, a share of Tranquillity Bay Beachfront Resort in Florida was acquired for US\$63m reflecting a ~11.5% cap rate.

Digital Bridge (DBRG), a global digital infrastructure owner, announced the acquisition of 4 co-location data centres in Houston, Texas from CyrusOne (CONE) for \$670m, through its portfolio company DataBank. The transaction price reflects a 5.2% cap rate.

Also in the data centre sector, Digital Realty (DLR), a global data centre REIT, announced the acquisition of a 55% stake in Teraco for US\$1.93 billion from a consortium of investors including Berkshire Partners and Permira. Teraco is South Africa's leading carrier-neutral co-location data centre owner, with a portfolio of 7 assets located across Cape Town, Durban and Johannesburg. The transaction price reflects a 3.5% cap rate.

In the UK, Google bet on the return to office, spending US\$1bn to acquire its current HQ building, Central St Giles in London's West End. The transaction price values the asset at £1,870 per sq ft. The acquisition expands Google's footprint in London which includes its new HQ building currently under construction in Kings Cross.

In Spain, Merlin Properties (MRL), a Spanish diversified REIT, finalised the sale of a portfolio of 30 supermarket assets to Realty Income (O), a global net lease REIT. The €110m transaction price represented a 5.7% premium to book value.

In Germany, Alder Group (ADJ) continued to dispose of assets in its German residential portfolio, announcing the sale of a portfolio of ~14,400 residential and commercial units to a leading global private equity firm, KKR. The €1.05bn transaction price represented a premium to book value.

In Australia, Centuria Industrial REIT (CIP) acquired a portfolio of 6 urban logistics assets for A\$132m reflecting a combined cap rate of 4.21%. The assets are located across Victoria, New South Wales and Queensland and have a weighted average lease expiry of 4.7 years.

In Singapore, Frasers Logistics Commercial Trust (BUOU) sold the remaining leasehold interest in its mixed-use commercial property at Cross Street Exchange for S\$811m. The transaction price reflects a 2.5% cap rate and a 28% premium to book value.

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