

Resolution Capital Global Property Securities Fund – Series II

RESOLUTION CAPITAL

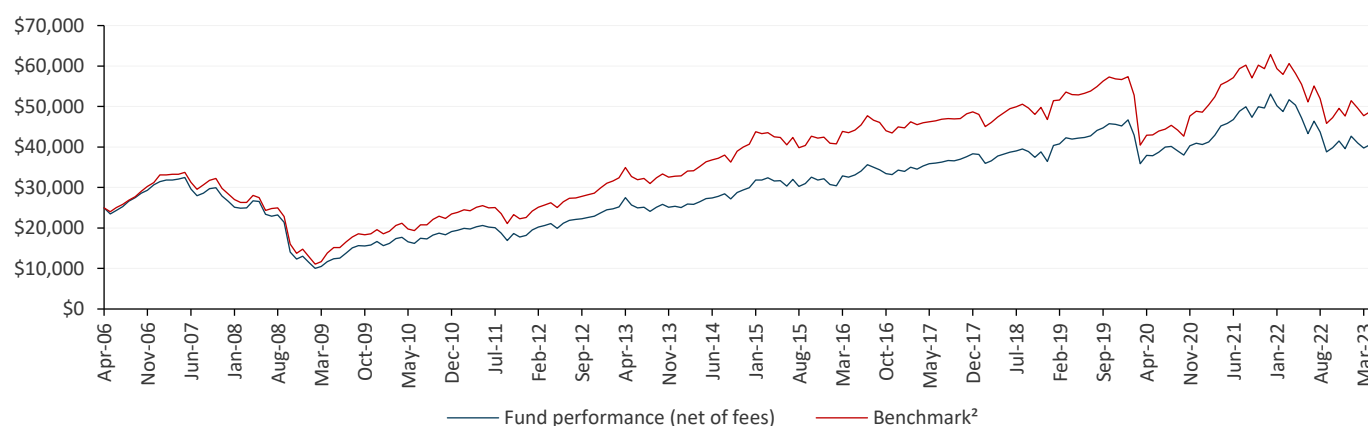
31 May 2023

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	-4.32	-5.33	-17.79	0.85	0.30	4.20	2.60
Benchmark ² return	-3.82	-5.67	-15.66	2.89	-0.70	3.65	3.74
Value Added (Net Performance)	-0.50	0.34	-2.13	-2.04	1.00	0.55	-1.14

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. Past performance is no guarantee of future results.

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	8.29
Invitation Homes	7.52
Equity Residential	6.05
Realty Income	5.31
Equinix	4.93

Top 5 Contributors

Security Name	%
Invitation Homes	0.31
Equinix	0.25
Prologis	0.14
Host Hotels & Resorts	0.12
American Homes 4 Rent	0.05

Bottom 5 Contributors

Security Name	%
Vicinity Centres	-0.38
Federal Realty Investment	-0.31
Link REIT	-0.28
Sun Hung Kai Properties	-0.18
Regency Centers	-0.17

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

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	\$457.4 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.01	Risk/Return Profile	The Fund's risk band is 5 (medium to high)
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 -3.8% 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.

Contact Us

Investor Contact Details

Pinnacle Investment Management

Email: service@pinnacleinvestment.com

Phone: 1300 010 311

Adviser Contact Details

Pinnacle Investment Management

Email: distribution@pinnacleinvestment.com

Phone: 1300 010 311

Disclaimer: This communication is prepared by Resolution Capital Limited ('Resolution Capital') (ABN 50 108 584 167, AFSL 274491) as the investment manager of the Resolution Capital Global Property Securities Fund – Series II (ARSN 118 190 542) ('the Funds'). Pinnacle Fund Services Limited ('PFSL') (ABN 29 082 494 362, AFSL 238371) is the product issuer of the Funds. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') (ABN 22 100 325 184). The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund. Links to the Product Disclosure Statement: [IOF0081AU](#), Links to the Target Market Determination: [IOF0081AU](#). For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com. This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance. Whilst Resolution Capital, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Resolution Capital, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication. Any opinions and forecasts reflect the judgment and assumptions of Resolution Capital and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Resolution Capital. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.