

Resolution Capital Global Property Securities Fund – Series II

RESOLUTION CAPITAL

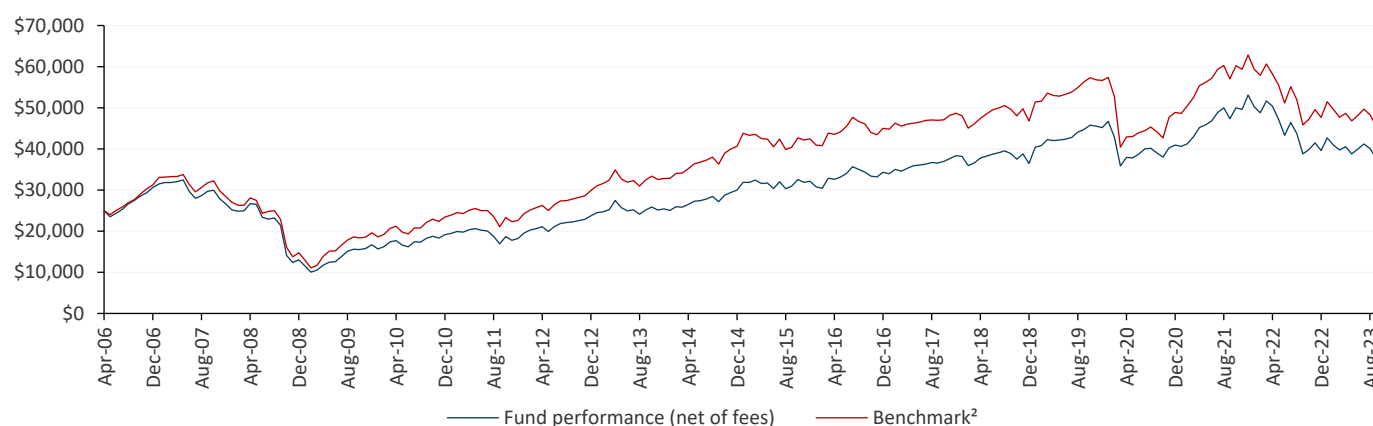
30 September 2023

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	-5.95	-5.54	-2.78	-1.13	-0.60	4.14	2.39
Benchmark ² return	-5.57	-5.18	-0.39	1.09	-1.66	3.47	3.51
Value Added (Net Performance)	-0.38	-0.36	-2.39	-2.22	1.06	0.67	-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. 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	%
Equity Residential	6.53
Equinix	6.27
Prologis	6.16
Welltower	5.91
Invitation Homes	4.32

Top 5 Contributors

Security Name	%
Mitsui Fudosan	0.06
Mitsubishi Estate Company	0.06
Host Hotels & Resorts	0.05
Derwent London	0.02
Hang Lung Properties	0.00

Bottom 5 Contributors

Security Name	%
Prologis	-0.56
Equity Residential	-0.54
Equinix	-0.41
Realty Income	-0.35
Healthpeak Properties	-0.31

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	\$437.2 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$0.97	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 -5.6% for the month ended 30 September 2023. Negative total returns were posted in all regions except Japan.

Japan was the best performing market in the global real estate index, returning 0.6% in local currency terms. Japan continues to benefit from rising expectations for inflation and wage growth, as well as governance reforms.

Although the US Federal Reserve held interest rates steady during the month, the dot plot, which charts FOMC projections for the federal funds rate over time, indicated that interest rates have higher to go. As a result, the 10-year yield surged to the highest seen in 16 years, resulting in a broad-based equities sell-off. REIT sectors with high earnings multiples, e.g., industrial and datacentres, were most impacted.

W. P. Carey (WPC), a net lease REIT, announced its intention to spin-off the majority of its office exposure into a new publicly listed entity, Net Lease Office Properties (NLOP). As a result of the transaction, WPC expect to improve their cost of capital, investment spreads, and increase the quality and stability of its cash flow.

Portfolio holding, Kimco Realty (KIM) announced the acquisition of smaller listed rival RPT Realty (RPT) in an all-stock transaction which values the portfolio at US\$2bn. RPT owns a national portfolio of grocery anchored open air shopping centres. KIM expect modest funds from operations (FFO) and net asset value (NAV) per share accretion from the deal.

In a positive sign for the New York office sector, Wells Fargo paid US\$500m, or US\$1,375 per sq. ft. for Neiman Marcus' empty space at 20 Hudson Yards. Wells Fargo intend to convert the space to office use to accommodate its own expansion.

There were three notable dividend cuts and/or suspensions over the month.

1. Hudson Pacific Properties (HPP), a west coast office REIT, suspended their quarterly dividend citing prudence amid challenging market conditions, including the Hollywood strikes.
2. Brandywine (BDN), a Philadelphia-focused office REIT, announced that it would reduce its dividend by 20%.
3. In the face of earnings headwinds and challenging conditions in China, Sun Hung Kai (16-HK), a Hong Kong property developer, reduced their dividend payout ratio from 60% to 40-50% of earnings.

Highlighting investor appetite for the data centre sector, Australia's largest pension fund, AustralianSuper, signed a A\$2.5bn deal with DigitalBridge, a global alternative investment manager, to acquire a significant minority stake in Vantage Data Centres Europe, Middle East, and Africa (Vantage EMEA). Vantage EMEA is a developer and owner of hyperscale data centres.

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