

Resolution Capital Global Property Securities Fund – Series II

RESOLUTION CAPITAL

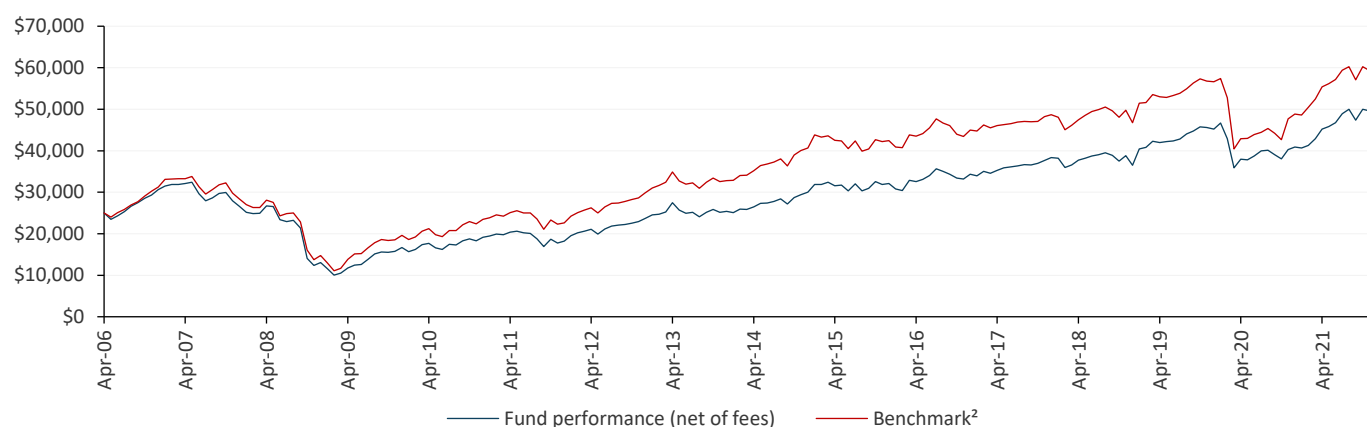
31 December 2021

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	7.03	12.19	29.77	13.33	9.12	11.29	4.92
Benchmark ² return	5.89	10.17	28.60	10.35	6.91	10.75	6.06
Value Added (After Fees)	1.14	2.02	1.17	2.98	2.21	0.54	-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.

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	8.86
Invitation Homes	5.69
Kimco Realty Corporation	4.72
Welltower	4.68
Essex Property Trust	4.28

Top 5 Contributors

Security Name	%
Prologis	0.85
Invitation Homes	0.54
Rexford Industrial Realty	0.43
Kimco Realty Corporation	0.38
Welltower	0.24

Bottom 5 Contributors

Security Name	%
Vonovia	-0.05
Mitsubishi Estate Company	-0.05
Sun Hung Kai Properties	-0.05
Link REIT	-0.02
Hufvudstaden	-0.01

Fund Details

APIR code	I0F0081AU	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	\$382.6 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.43	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 5.9% for the month ended 31 December 2021. North America produced the best total returns, the U.S. producing 8.6% and Canada 7.3% in local currency terms. The worst performing region was Europe with a 0.6% total return in local currency terms.

The market digested news emerging toward the tail end of November about the Covid-19 Omicron variant, which, whilst more contagious, appears to be less severe in terms of health impacts.

There were several notable real estate transactions during the month, including several relating directly to REITs.

In the U.S., Bluerock Residential Growth REIT (BRG) announced that it has entered into an agreement with Blackstone to sell its multifamily property assets in a US\$3.6bn all-cash transaction. The portfolio is concentrated in major Southeast and Southwest markets in the U.S. and encompasses approximately 11,000 apartments as well as a loan book secured by 24 multifamily assets. The transaction price values the assets at a 4% cap rate or approximately US\$260k per apartment. Cousins (CUZ), a U.S. sunbelt-oriented office REIT, announced several transactions over the month, selling an older vintage Austin CBD office asset for US\$175m, and acquiring the remaining 50% interest in a recently completed Austin CBD office development for US\$145m, equating to approximately US\$795 per sq ft. Similarly, Host Hotels (HST) announced the sale of the underperforming W Hollywood hotel for US\$197m (US\$645k per key), simultaneously announcing the acquisition of an almost new hotel in Savannah for US\$103m (US\$595k per key). HST had originally acquired the W Hollywood in 2017 for US\$220m.

Klepierre (LI), a French-listed European shopping centre owner, announced the disposal of two assets for €345m, for a combined yield of 5.1% and 3% above June 2021 appraisal values. The assets include a mall in Berlin Germany, and a retail park in Bordeaux, France. In Germany, listed residential owner LEG Immobilien (LEG) announced the acquisition of approximately 15,400 apartments from Adler Group (ADJ) for €1.3bn. The deal will be funded by debt, hence is accretive to FFO (Funds From Operations) and NAV per share. LEG also acquired 31% and the option for another 63% of Brack Capital Properties (BCP), which could add an additional 12,100 units next year.

A JV between Hammerson (HMSO) and CPPIB sold the Silverburn Shopping Centre in suburban Glasgow to Henderson Park and Eurofund for €140m, or €130 per sq ft. The sale represents a 9.3% yield and a 4% discount to June 2021 book values. It is also 53% below what was paid for the asset when it last traded in 2009. Landsec (LAND) announced it had completed the acquisition of Lendlease's 25% share in Bluewater, one of the UK's largest out of town shopping centres, for £172m, generating a reported income yield of 8.1%. In a separate transaction, LAND will sell 25% of this stake to its co-owner M&G. Once the transactions are settled, LAND's ownership of Bluewater will equate to 48.75%. The transaction price represents a 70% discount to LAND's initial investment in the property in 2014. SEGRO (SEGRO), a pan-European industrial REIT, acquired a portfolio of offices in Slough, UK for £425m, equating to a 4.6% cap rate. Adjacent to its Slough Estate, SEGRO is buying back properties which it previously sold 6 years ago at a price 30% higher than the price they sold them for.

In Australia, Charter Hall Group (CHC) announced it had made a 50% investment in Paradise Investment Management (PIM) for A\$207m. PIM is a fund manager invested in Australian and global equities, therefore the investment represents a significant strategic shift for the company. Dexus (DXS) announced that it has exchanged contracts to sell its 50% interest in two A-grade Sydney office assets for A\$478m. The assets were sold at a slight (1.5%) discount to June 2021 valuations. In addition, there were several Australian mall transactions over the month. AMP Shopping Centre fund (ASCF) acquired a 25% stake in Macquarie Centre for A\$423m. AMP Capital Retail Trust (ACRT) acquired the remaining 20% of Pacific Fair that it didn't previously own for A\$336m. Both stakes were acquired from Dexus's Wholesale Property Fund (DWPF) at book value.

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

www.rescap.com

Disclaimer: Interests in the Resolution Capital Global Property Securities Fund – Series II ('Fund') (ARSN 118 190 542) are issued by Pinnacle Fund Services Limited, ABN 29 082 494 362, AFSL 238371, as responsible entity of the Fund. Pinnacle Fund Services Limited is not licensed to provide financial product advice. You should consider the Product Disclosure Statement (PDS) and Target Market Determination (TMD) of the Fund available at www.rescap.com/funds in its entirety before making an investment decision. Resolution Capital Limited ('Resolution Capital') (ABN 50 108 584 167 AFSL 274491) is the investment manager of the Fund. Pinnacle Fund Services Limited and Resolution Capital believe the information contained in this communication is reliable, however its accuracy, reliability or completeness is not guaranteed. Any opinions or forecasts reflect the judgment and assumptions of Resolution Capital and its representatives on the basis of information at the date of publication and may later change without notice. The information in this communication 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. This communication is for general information only. 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 not a reliable indicator of future performance.