Resolution Capital Global Property Securities Fund – Class A

APIR Code	WHT0015AU
ARSN Code	128 122 118

Month Ending October 2020

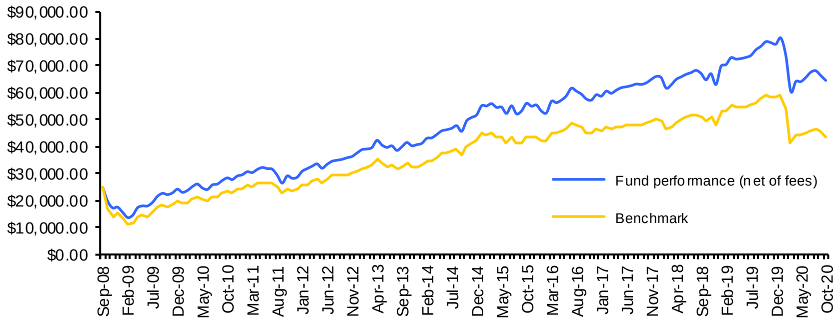
	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	10 Years p.a. %	Since Inception* p.a. %
Share Class Return (After Fees)	-2.74	-4.50	-18.21	0.47	2.85	8.52	8.17
Benchmark# Return	-3.38	-3.97	-25.54	-3.20	0.00	6.50	4.79
Value Added (After Fees)	0.64	-0.53	7.33	3.67	2.85	2.02	3.38

*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	$1,180.0 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	Half Yearly

$25,000 invested Since Inception*



Source: Resolution Capital, as at 31 October 2020

Top 5 Weights		
	Security Name	%
1.	Prologis	9.26
2.	Sun Hung Kai Properties	4.88
3.	Vonovia	4.76
4.	Invitation Homes	4.60
5.	Equinix	3.94

Top 5 Contributors		
	Security Name	%
1.	American Campus	0.21
2.	Cubesmart	0.19
3.	Big Yellow Group	0.13
4.	Sun Hung Kai Properties	0.11
5.	Cyrusone	0.10

Bottom 5 Contributors		
	Security Name	%
1.	Vonovia	-0.25
2.	Canadian Apartment Prop	-0.14
3.	American Tower	-0.11
4.	Scentre Group	-0.11
5.	Link REIT	-0.10

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI produced a total return of -3.4% for the month ended 31 October 2020. The UK, the worst performing region in September, was the best performing region in October, with a total return of -0.95% in local currency terms, reflecting a gradual loosening of restrictions and the progressive reopening of the economy. The worst performing region was Singapore with a -7.6% total return in local currency terms, as the market was weighed down by a number of equity raisings and the top index constituents reported weaker earnings.

The U.S. REIT earnings season is underway. Whilst not all sectors have reported, it's fair to say the results have been mixed. Retail property, hotels and seniors housing remain challenged, while the pandemic beneficiaries, logistics, data centres, cell towers and life science continue to report mostly solid results.

Industrial and logistics REITs confirmed improved leasing demand and more stable fundamentals, along with accelerated development starts and more acquisitions, indicating continued strength for the sector. Generally, data centre REITs reported strong leasing results as remote working, travel restrictions and increased time spent indoors has benefited internet infrastructure, cloud activity and growth in wireless data. Industrial and data centre REITs have either maintained or revised earnings per share guidance upwards.

U.S. apartment REIT results were mixed with bifurcating operating fundamentals evident.

Dense urban coastal markets are suffering greater rent and occupancy pressure than suburban or Sunbelt markets. Results also revealed that while cash rent collections continue to improve, bad debts remain an issue. In contrast, single family REITs are enjoying good leasing conditions, supporting high occupancy levels and rent increases.

Office REITs also reported mixed results, with strength in life science, government, defence, IT and sunbelt markets. NYC conditions remain the most challenging with weak leasing, rent declines and street retail tenant concerns.

Finally, whilst demonstrating improved rent collections, retail landlords continue to face significant headwinds. Grocery-anchored and necessity retail property is faring better with an uptick in leasing volume, higher footfall and tenant sales. Enclosed discretionary focused malls have yet to report but continue to face an uphill battle negotiating with tenants, collecting rent and maintaining occupancy (particularly as the U.S. COVID-19 situation starts to worsen).

After a virtual shutdown in commercial real estate transactions in recent months, there was a plethora of transactions this month.

U.S. based Americold Realty Trust (COLD), the world's largest publicly traded temperature-controlled warehouse REIT, entered into an agreement to acquire AGRO Merchants Group (AGRO) from Oaktree Capital Management for US$1.74bn. With this acquisition, COLD has entered the European market. The transaction was struck at an initial yield on the acquisition of 6.3% but is expected to expand to 7.3-8.3% by the end of year 5. AGRO is the 4th largest cold storage operator globally, the 3rd largest in Europe and 4th in the U.S. AGRO operates 46 facilities (21 are owned and 25 are leased). COLD issued 31.9m shares via a forward equity raise concurrent with its announced acquisition of AGRO, which raised proceeds of US$1.2bn.

Rexford Industrial (REXR) announced it was in the process of acquiring a 990,000 square foot, Class A Industrial park in Los Angeles County for $297m, or nearly $300/sqft. The initial capitalisation rate is rumoured to be in the low 3% range for the 100% occupied park.

Meanwhile, European industrial REIT, SEGRO PLC (SEGRO) acquired Electra Park, a 13 acre urban warehouse estate, from Schroders for £133m. The estate is in a prime location, close to Canary Wharf, boasting 21,200 square metres of lettable space across 10 units, of which nine are let. The transaction reflects a net initial yield upon acquisition of 2.3%.

U.S. self-storage REIT, CubeSmart (CUBE), struck a US$540m deal to acquire eight properties in NYC, adding nearly 800k square feet to its self-storage platform in Queens, Brooklyn and the Bronx. The transaction is rumoured to have been struck at a low to mid 4% capitalisation rate, highlighting the strength of the self-storage sector during Covid. Meanwhile, Blackstone (BX) struck a deal to buy the 8 million square-foot Simply Self Storage portfolio from Brookfield Asset Management Inc. (BAM) for US$1.2bn. Simply's portfolio includes 120 locations across 23 states. The capitalisation rate is rumoured to be mid 4% range.

Highlighting the demand for the life science sector, Blackstone (BX) announced it was re-capitalising BioMed Realty, with its BREPVIII opportunistic fund selling the portfolio for $US14.6bn to a new Blackstone managed Core Plus perpetual life fund. The agreed price equates to approximately $1,150psft, which is a premium to listed peers reflecting the strength and demand for life science assets.

Meanwhile, U.S. healthcare REIT, Ventas (VTR), acquired a US$1bn life science portfolio in South San Francisco through its Life Science and Health Real Estate Fund, highlighting again the demand for life-science assets.

In other Healthcare news, Healthpeak (PEAK) has expressed a desire to exit its challenged Senior Housing business segment worth ~US$4bn and focus its investment activity on Life Science and Medical Office.

Rival U.S. healthcare REIT WellTower (WELL) announced senior housing dispositions of US$1.3bn at a blended capitalisation rate of 5.3%.

Major Healthcare real estate transaction activity was not confined to North America. Dexus, together with its Healthcare Wholesale Property Fund (in a 50/50 co-ownership) exchanged contracts to acquire the Australian Bragg Centre in Adelaide, South Australia from Commercial & General. The asset was acquired for a development completion price of A$446.2m, making the transaction one of the largest single-asset private healthcare transactions in Australia. The building, which is currently under development, is 77% pre-leased to customers or backed by the South Australian Government, with a weighted average lease expiry of 21.9 years from competition in August 2023.

Unibail-Rodamco-Westfield (URW) entered into an agreement with a consortium of French institutional investors (Primonial REIM, La Française and EDF Invest) to sell the SHiFT office building for €620m.The SHiFT building is located in the business district of Paris and is currently fully let to Nestlé for its new French headquarters on a 12-year lease. The transaction is part of URW's +€9bn RESET plan to recapitalise the company, which includes €4bn of disposals to be completed by year-end 2021.

Across the channel in the UK, Singapore listed Suntec REIT (T82U) has entered into a sale agreement to purchase a 50% interest in two Grade A office buildings with ancillary retail, Nova Properties, in Victoria, London for S$767m, reflecting a net initial yield of 4.6%. There is a two year income guarantee on the retail income.

Finally, in Australia, Dexus (DXS) announced the sale of its 60 Miller Street, North Sydney office building for A$273m, representing a ~3% premium to the property's book value as at 30 June 2020. 60 Miller Street is a 17-level, A-grade office tower with ground floor retail across 19,350 square metres. Off the back of its recent disposals, DXS has now commenced share buy back activity.

Elsewhere, in capital markets news, UK listed Shaftesbury plc (SHB) issued a total of 74.3m new shares at an offer price of 400 pence each, raising gross proceeds of £297m. The offer price represented a ~20% discount to the previous closing price. SHB raised capital via the issue of new shares to ensure the financial flexibility to navigate the "unprecedented" challenges created by the Covid pandemic.

Fund Details

Investment Manager	Resolution Capital
Objective	• 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	• FTSE EPRA/NAREIT Developed Index (AUD Hedged) Net TRI.
Portfolio Allocation	• 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	• Medium to long term, being 5 or more years.
Number of Stocks	• Generally 30 to 60.
Minimum Investment	• Indirect investors: refer to the operator of your service. • Direct investors: minimum initial investment $25,000.
Platform Availability	• Aegis • AMP North • AMP PortfolioCare • AMP WealthView • ANZ Wrap • Asgard • BT Panorama • BT Wrap • CFS First Wrap • DPM • FNZ • HUB24 • IOOF Pursuit • Macquarie Wrap • Mason Stevens • MLC Navigator • MLC Wrap • Netwealth • PowerWrap • Praemium • Premium Choice • Simple Wrap • uXchange

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