

Resolution Capital Global Property Securities Fund (Unhedged) Series II – Class A

RESOLUTION CAPITAL

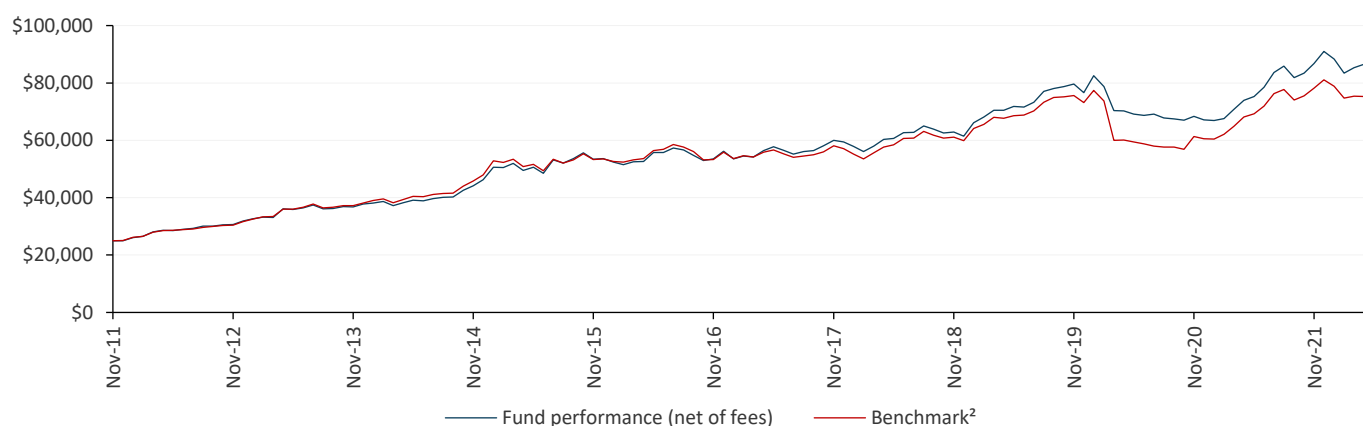
31 May 2022

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 (Net Performance) ¹	-6.58	-3.04	7.50	4.05	6.97	10.96	11.82
Benchmark ² return	-5.24	-4.44	3.10	1.32	4.75	9.56	10.50
Value Added (Net Performance)	-1.34	1.40	4.40	2.73	2.22	1.40	1.32

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 Unhedged Global Property 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) Net TRI.

Source: Resolution Capital

Top 5 Weights

Security Name	%
Prologis	6.54
Welltower	6.04
Kimco Realty Corporation	4.99
Invitation Homes	4.96
Equinix	4.39

Top 5 Contributors

Security Name	%
Switch	0.17
Assura	0.09
Sun Hung Kai Properties	0.07
Mitsubishi Estate Company	0.06
Link REIT	0.05

Bottom 5 Contributors

Security Name	%
Prologis	-1.78
Essex Property Trust	-0.68
Rexford Industrial Realty	-0.61
Public Storage	-0.43
Kimco Realty Corporation	-0.41

Fund Details

APIR code	IOF0184AU	Management Fee	1.05% p.a.
ARSN Code	118 076 529	Buy/Sell Spread	+0.20%/-0.20%
*Inception Date	30 November 2011	Distribution Frequency	Quarterly
Fund Size	\$670.0 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.39	Investment Manager	Resolution Capital
Minimum Investment	\$25,000	Platform Availability	https://rescap.com/globalfundunhedged/seriesii
Benchmark	FTSE EPRA/NAREIT Developed Index (AUD) Net TRI	Investment Timeframe	Medium to long term, being 5 or more years

Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD) produced a total return of -5.2% for the month ended 31 May 2022. Hong Kong was the best performing region, with a total return of 2.6% in local currency terms. The U.S. was the worst performer with a -6.3% total return in local currency terms.

In APAC, the performance of China and Hong Kong diverged as the former felt the impact of restrictive Covid lockdowns. Hong Kong had less onerous restrictions and has recovered more quickly. In Hong Kong, retail occupancy and sales are once again improving.

On a sectoral basis, all but one sector posted negative returns in May as central banks continued to raise interest rates and the likelihood of a global economic slowdown grew. Healthcare was the notable exception with a positive return for the month. We attribute this to the expectation that healthcare related real estate is viewed as defensive and less sensitive to an economic slow-down.

Energy prices and supply uncertainties dominate the headlines as the Russia-Ukraine conflict entered a fourth month. Industrial REITs underperformed which was largely attributed to Amazon's decision to sublet excess warehouse space after the ecommerce behemoth acknowledged that it had excess capacity after rapidly expanding its footprint over the past two years. Hotel REITs performed better than other sectors with several hotel REITs reporting improved trading conditions.

Public markets real estate merger and acquisition activity remained active during the month including:

- In the data centre sector, DigitalBridge Group (DBRG) agreed to acquire portfolio holding Switch (SWCH) for \$34.25 per share, an 11% premium to SWCH's unaffected share price.
- Leading logistics REIT Prologis (PLD) made public its unsolicited offer to acquire smaller rival Duke Realty (DRE) in an all-stock deal that valued DRE at ~\$24bn. The proposed deal price represents a 29% premium to DRE's stock price. DRE's board rejected the proposal as being insufficient.
- Deutsche-Euroshop (DEQ) agreed to be acquired by Oaktree and Alexander Otto, DEQ's largest shareholder, for circa €4bn, cash. DEQ is a German-listed shopping centre landlord and the deal price represents a 44% premium to DEQ's share price, and a 42% discount to reported NAV.
- Capital & Counties (CAPC) and Shaftesbury (SHB) announced discussions for an all-script merger that will create a £6.5bn Central London, predominantly retail company. CAPC already owns 25% of SHB. The negotiations have not concluded yet.
- LXI REIT PLC (LXI), a UK based diversified REIT, made a cash + stock offer to merge with Secure Income REIT (SIR) for £2.3bn. Secure Income is also a UK based diversified REIT. The proposed deal price represents a ~13% premium to SIR's unaffected share price. The combination would create a £3.9bn portfolio comprised of 346 assets across the UK.

Notable real estate transaction included:

- Office REIT Boston Properties (BXP) continued its expansion in Seattle with the \$730m acquisition of Madison Centre. The 37 storey asset, 760k sq. ft. of Class A office space is currently 93% leased.
- Cofinimmo (COFB), a healthcare REIT, announced the sale of three office assets in Brussels for €52m, with closings expected in 2023 and 2024. These transactions continue the company's strategy of divesting office assets and focusing on healthcare.
- In the UK, Student Roost, a £3.3bn student housing portfolio was sold by Brookfield (BAM) to GIC, a sovereign wealth fund, and Greystar. The portfolio includes 21k beds with an imputed value of ~£155k/bed.
- Also in student housing, Xior Student Housing (XIOR), a Belgium based REIT, agreed to acquire a €939m portfolio that consists of 5,000 units across Europe.

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