RESOLUTION CAPITAL

CERTIFIED BY RIAA

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

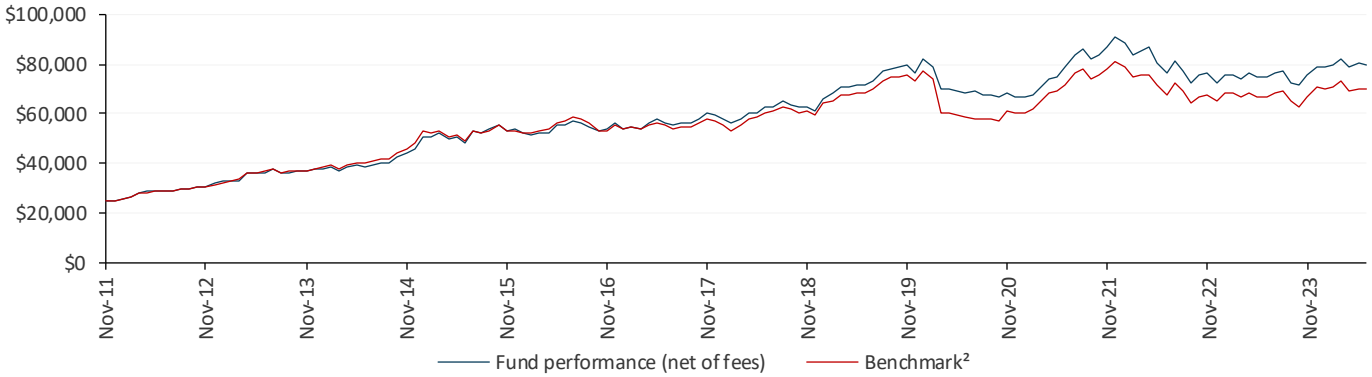
Monthly Report - 30 June 2024

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]	-0.90	-3.30	6.35	0.53	2.17	7.45	9.65
Benchmark[2] return	-0.08	-4.69	4.20	-0.98	0.30	5.63	8.50
Value Added (Net Performance)	-0.82	1.39	2.15	1.51	1.87	1.82	1.15

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*



[1]Please 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.
[2]Benchmark is FTSE EPRA/NAREIT Developed Index (AUD Unhedged) Net TRI.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Welltower	8.57
Equinix	6.80
Equity Residential	6.48
Digital Realty	5.24
Invitation Homes	4.58

Top 5 Contributors

Security Name	%
Equity Residential	0.37
Digital Realty	0.23
Invitation Homes	0.16
CubeSmart	0.14
Essex Property Trust	0.13

Top 5 Detractors

Security Name	%
Unibail-Rodamco-Westfield	-0.52
Shurgard Self Storage	-0.23
Big Yellow Group	-0.21
Sun Hung Kai Properties	-0.16
Prologis Property Mexico	-0.15

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

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	$571.5 Million	**No. of Stocks**	Generally 30 to 60
NAV per Unit	$1.20	**Risk/Return Profile**	The Fund's risk band is 6-7 (High - Very high)
Minimum Investment	$25,000	**Platform Availability**	https://rescap.com/globalfundunhedged/seriesii
Benchmark	FTSE EPRA/NAREIT Developed Index (AUD Unhedged) Net TRI	**Investment Timeframe**	Medium to long term, being 5 or more years

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Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD Unhedged) produced a total return of -0.1% for the month ended 30 June 2024. All regions, except the U.S. and Australia, posted negative returns over the month. The U.S. was the strongest region returning 2.5% in local currency terms. Hong Kong and Europe were the weakest regions returning -7.2% and -4.3% in local currency terms respectively.

Hong Kong's property market faces persistent headwinds across multiple sectors. Notably during the month, retail REITs reported an impact from sales diversion to China's Greater Bay Area, as improved retail offerings and more competitive pricing are attracting Hong Kong consumers. This leakage, among other trends, is putting pressure on domestic retail leasing and earnings. The office market continues to weaken with market rents declining, vacancy high and tenant demand moribund. The portfolio's underweight position to Hong Kong benefitted relative returns.

In Europe, the snap election in France sparked investor concerns, given potential negative economic and geopolitical repercussions. As a result, long-term French government bond yields increased, and REIT share prices declined. The portfolio's overweight position to Europe detracted from relative returns.

Most property sectors posted positive returns in June except for retail, office, and the diversified sector.

Self-storage was the strongest performing sector for the month, returning 6.5% in local currency terms. Returns were bifurcated by region, with notably strong performance in the U.S., while the UK and Europe were weak. Regarding the U.S., sentiment improved as mortgage rates edged slightly lower, which is supportive for customer moving related demand, a key driver for the sector. NAREIT's conference further stoked confidence with U.S. management teams signalling operating metrics are bottoming out. The portfolio's underweight position to U.S. self-storage detracted from relative returns.

Notable REIT equity raisings and increased volume of transactions during the month are summarised below.

Canadian senior housing landlord and operator, Chartwell Retirement Residences (CSH) raised C$345m via an equity offering comprising c. 11% of units outstanding, priced at a 3.25% discount to unaffected close. The proceeds partially funded two portfolio deals for an aggregate purchase price of C$763m (C$237k per room). The portfolio participated in the raise given highly desirable senior housing fundamentals in Canada.

Japan Hotel REIT (8985) raised ¥36bn (US$225m) via an equity offering comprising c. 10% of shares outstanding, priced at a 2% discount to unaffected close. The proceeds partially funded the c. ¥56bn acquisition of four hotels in multiple cities across Japan.

Australian REITs Mirvac (MGR) and Dexus (DXS) divested office properties, providing crucial market insights: the transactions suggest that private market valuations for prime office assets remain far from a cyclical low:

- DXS sold three assets for A$383m, notably including Dexus Office Partnership's 50% interest in premium grade 5 Martin Place, Sydney for A$296m (A$17,700sqm) which reflected a 6.1% cap rate and a 15% discount to its reported value.
- MGR wrapped up its A$1bn disposal program. Notable disposals included 367 Collins Street, Melbourne to HK private equity group, PAG for A$340m (A$9,000sqm), which reflected a 6.5% cap rate and was broadly in-line with reported valuation, but before adjusting for other pricing considerations. MGR also derisked its development pipeline, following the eagerly awaited sale of a 66% interest in 55 Pitt Steet, Sydney to Japanese developer Mitsui Fudosan (8801) for an undisclosed sum. The project end value is ~A$2bn.

Singapore sovereign wealth fund GIC, continued rotating capital into alternative sectors in Australia, which involved joint ventures (JV) with retail REIT Scentre Group (SCG), and self-storage REIT National Storage (NSR). GIC sold its 50% stake in Westfield Whitford for A$200m (A$4,500sqm), reflecting a cap rate of 8.1% and a -17% to SCG's latest reported value. GIC also entered a 75/25 JV with NSR, marking NSR's entry into funds management. The fund was seeded with ten non-stabilised assets valued at A$160m (at 100% share), reflecting a stabilised yield of 7.8% for GIC and 15.4% for NSR (including management fees).

Private equity behemoth, Blackstone (BX), continues to assert its real estate market dominance with a formidable war chest of $64bn of dry powder poised for real estate investment opportunities. The firm's recent manoeuvres include a competitive bid for Terrafina (TERRA13), a Mexican industrial REIT, making an all-cash offer of MX$40.5, which reflects a 27% premium over the stocks unaffected share price. BX also executed several acquisitions in the UK and Europe, notably acquiring the Village Hotels chain from KSL Capital Partners for an estimated £780 million (£177k per room). The portfolio comprises 33 hotels and 4,400 rooms located in regional cities across the UK.

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