

Resolution Capital Global Property Securities Fund - Series II

Monthly Report - 29 February 2024

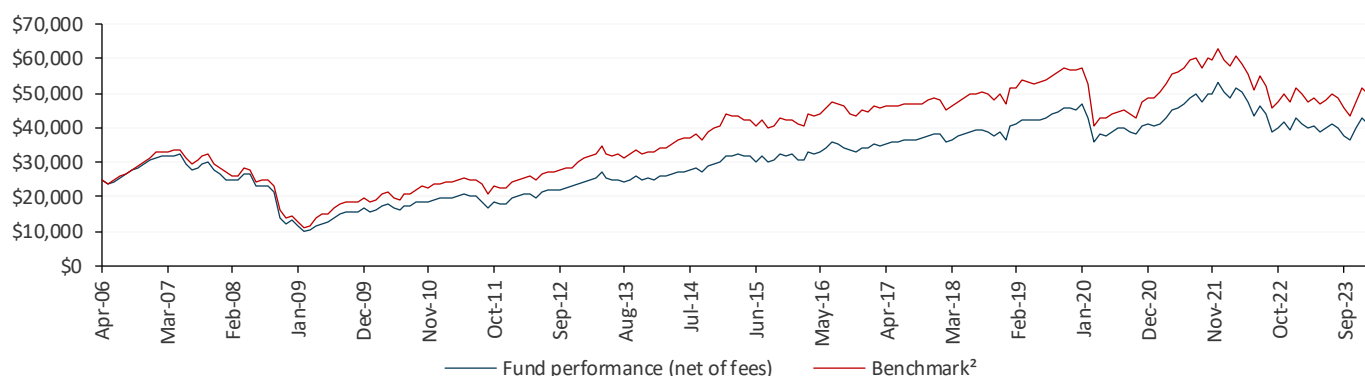
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Performance Summary

	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	0.65	4.01	1.30	0.21	0.35	4.80	2.88
Benchmark ² return	-0.19	4.34	-0.11	-0.58	-0.80	3.83	3.91
Value Added (Net Performance)	0.84	-0.33	1.41	0.79	1.15	0.97	-1.03

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	%
Equinix	7.93
Welltower	7.00
Prologis	6.87
Equity Residential	4.98
Realty Income	4.43

Top 5 Contributors

Security Name	%
Equinix	0.67
Welltower	0.58
Prologis	0.41
Mitsui Fudosan	0.29
Host Hotels & Resorts	0.23

Bottom 5 Contributors

Security Name	%
Big Yellow Group	-0.26
Ventas	-0.21
TAG Immobilien	-0.19
British Land Company	-0.19
Derwent London	-0.17

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	\$526.4 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.06	Risk/Return Profile	The Fund's risk band is 6-7 (High - Very 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

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Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD Hedged) produced a total return of -0.2% for the month ended February 2024. All regions posted negative returns in the month except for the U.S. and Hong Kong as multiple markets digested a mixture of concerning economic data points. UK, Europe, and Japan reported economic data signalling slower economic growth, and the term “technical recession” picked up steam. In addition, rhetoric from central banks remains hawkish, providing little encouragement for growth prospects in the near-term.

Hong Kong was the top performing market in the global index, returning 4.7% in local currency terms, and the Portfolio's underweight position detracted slightly from relative returns. The region has been a weak relative performer in recent quarters but benefited in February from the Hong Kong government lifting certain stamp duty measures in an attempt to increase real estate transaction volumes.

The U.S. returned 1.7% in local currency terms, outperforming the global index. Year-end earnings results in the U.S. pointed to solid operations even as rent growth continues to slow from elevated levels in most sectors. U.S. office remains pressured by weak demand. Meanwhile, economic data suggests the U.S. economy remains resilient, which is supportive of the growth prospects for property sectors correlated with productivity and job growth. Portfolio exposure to the U.S. contributed positively to relative returns due to stock selection.

Continental Europe was the weakest region, returning -7.4% in local currency terms, and the Portfolio's underweight position contributed modestly to relative returns.

Several property sectors posted negative returns in February, but data centres stood out and exhibited strength.

Data Centres, the strongest performing sector, returned 6.5% in local currency terms. Robust data centre demand is poised to be amplified by growth in artificial intelligence (AI) over the coming quarters. The portfolio's overweight position to data centres benefitted relative returns.

Office was a weak performing sector, returning -1.5% in local currency terms, with the sector underperforming in multiple regions. In the U.S., earnings results featured FY24 guidance that contemplates declining occupancy levels and deteriorating leasing economics. Meanwhile, in UK/Europe, a deteriorating economic backdrop drove a recalibration of prospective job growth and office demand. The portfolio's underweight exposure to office contributed positively to relative returns.

There were several notable REIT announcements during the month impacting a number of portfolio holdings.

February featured the first U.S. REIT IPO since 2021. American Healthcare REIT (AHR), a US\$4.5B diversified healthcare REIT raised \$770m in an IPO in early-February. While it was somewhat encouraging to see a new REIT IPO in the region, pricing on the offering was materially below consensus NAV per share estimates.

Welltower (WELL), a U.S. diversified healthcare REIT with primarily seniors housing exposure, announced a US\$1B acquisition and strategic partnership with Affinity Living Communities in which WELL would acquire 25 wellness housing properties (amenity rich age-restricted residential) in the Pacific Northwest for \$970m, or about \$250k per unit.

Belgian listed storage REIT Shurgard (SHUR) announced a €130m acquisition of Pickens Self-storage in Germany. The portfolio consists of six properties that amount to ~30k sqm, suggesting pricing of ~€4k per sqm. SHUR expects to stabilize the portfolio at a 7% yield.

U.S. net lease REIT, Realty Income (O), announced a €527m sale-leaseback transaction for 82 properties in Europe. These properties are leased to affiliates of Decathlon SE, one of the world's leading sporting goods retailers with an investment-grade rated balance sheet. The portfolio includes properties located in Germany, France, Spain, Italy, and Portugal.

Unibail-Rodamco-Westfield (URW) announced it would reinstate a cash dividend for the first time since 2019. The €3.5/share dividend represents a 26% FFO payout ratio and a 3.7% dividend yield. While URW still has work to do in reducing leverage, in part, the cash dividend signals management's optimism regarding asset sale progress and moderating pressure on asset values.

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Links to the Product Disclosure Statement: [IOF0081AU](#), Links to the Target Market Determination: [IOF0081AU](#).

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com.

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