

Resolution Capital Global Property Securities Fund - Series II

Monthly Report - 31 March 2024

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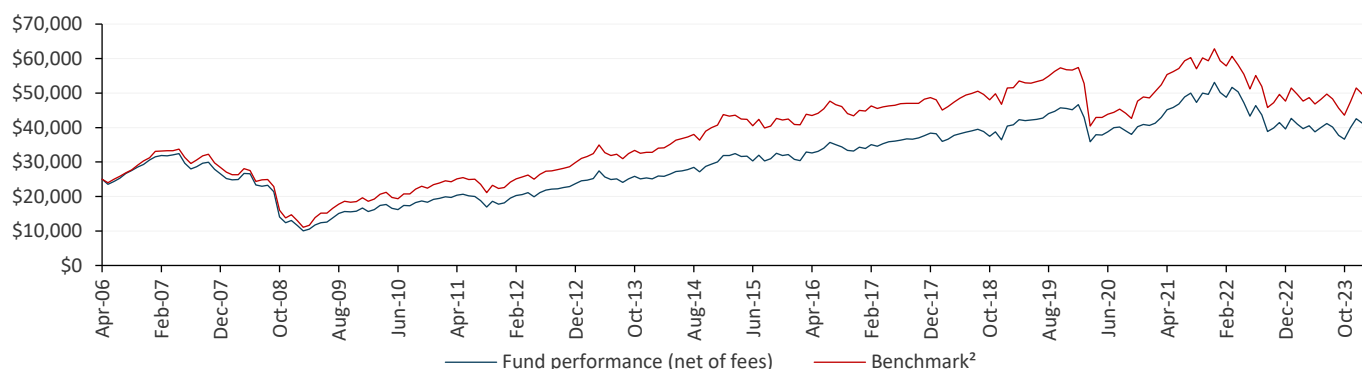
Performance Summary

	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	3.24	0.77	7.91	-0.05	0.28	5.19	3.05
Benchmark ² return	3.64	-0.10	7.69	-0.67	-0.82	4.17	4.10
Value Added (Net Performance)	-0.40	0.87	0.22	0.62	1.10	1.02	-1.05

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	%
Welltower	7.30
Equinix	7.00
Prologis	6.37
Equity Residential	5.46
Invitation Homes	4.25

Top 5 Contributors

Security Name	%
Mitsui Fudosan	0.73
Mitsubishi Estate Company	0.42
Unibail-Rodamco-Westfield	0.33
Scentre Group	0.30
Equity Residential	0.29

Bottom 5 Contributors

Security Name	%
Equinix	-0.59
Link REIT	-0.21
Prologis	-0.14
Equity LifeStyle Properties	-0.08
Digital Realty	-0.06

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	\$554.7 Million	No. of Stocks	Generally 30 to 60
NAV per Unit	\$1.09	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 3.6% for the month ended 31 March 2024. All regions posted positive returns for the month except for Hong Kong. Similarly, with the exception of Data Centres, all property sectors posted positive returns in March.

Japan was the top performing market in the global index, returning 12.6% in local currency terms. The Bank of Japan (BOJ) ended most of its longstanding unconventional monetary stimulus program: its target policy rate increased for the first time in nearly 17 years from -0.1% to a 0% to 0.1% band and ended the yield curve control program. Additionally, the BOJ indicated it will discontinue purchasing J-REITs and equity ETFs. The Portfolio's underweight position detracted from relative returns.

Hong Kong was the weakest region, returning -7.0% in local currency terms. The Portfolio's underweight position contributed positively to relative returns. There were several notable drivers of weakness in the region, including an unexpected dividend cut by Chueng Kong (113) amid difficult operating conditions, consumer spending weakness, the potential reversal of residential stamp duty relief, and ongoing weak sentiment in China as major property developers flounder.

Data Centres was the weakest performing sector, returning -4.9% in local currency terms. Short seller Hindenburg Research issued a negative report on the leading data centre platform Equinix (EQIX), which included claims the REIT overstates its capex adjusted free cash flow (or AFFO) and oversells electricity to its customers. EQIX will formally respond to the claims following an ongoing audit committee investigation. The Portfolio's overweight exposure to data centres detracted from relative returns.

There were several notable REIT announcements during the month impacting Portfolio holdings.

U.S. Industrial REIT, Terreno Realty (TRNO) exploited its favourable cost of capital, raising \$392m of equity to fund two portfolio acquisitions. This included a \$365m portfolio of twenty-eight properties which reflected a 4.8% stabilised cap rate. The other portfolio, with a \$84m price tag, is subject to a non-binding letter of intent.

TRNO's listed peer, Rexford Industrial (REXR) also tapped capital markets to fund \$1.3bn of acquisitions. The new capital comprised \$841m equity issued to an existing long-only investor, as well as exchangeable notes comprising \$500m due 2027 at a coupon of 4.375% and \$500m due 2029 for 4.125%. The exchange price of \$63.64 reflects a 30% premium to REXR's reference price. The acquisitions include a \$1bn (\$332sqft) portfolio acquired from Blackstone for an initial cash yield of 4.7%, or stabilised cash yield of 5.6%.

Meanwhile, U.S. apartment REIT, Essex (ESS) acquired its JV partner's interest in a portfolio of four properties for US\$505m which reflected a value of US\$341k per home and a cap rate of 5.25% or 5.9% post cost synergies. The transaction was not open to external bids, which means limited read-through to broader West Coast valuations.

Canadian residential REIT, Canadian Apartment Properties (CAR) acquired two newly constructed apartment properties for C\$130m which reflected a value of C\$447k per home and a mid-4% cap rate. CAR also disposed of four non-core assets for C\$83.5m and is reportedly pursuing a sale of its Manufactured Housing Unit (MHU) as it streamlines its overall portfolio.

U.K. diversified REIT, British Land (BLND) sold a 50% interest in its 1 Triton Square office building for £192.5m or 9% above its reported value, to Royal London Asset Management. The joint venture will redevelop the asset which includes converting lower floors to lab space.

The FTSE EPRA Global Developed Index announced the re-admission of Goodman Group (GMG) to the benchmark effective 15 March 2024. With a benchmark weight of circa 248bps, GMG is the 8th largest index constituent.

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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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