

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



APIR Code IOF0184AU

ARSN Code 118 076 529

## Month Ending October 2018

	1 Month %	3 Months %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Inception* p.a. %
Fund^ Return (After Fees)	-2.02	-0.31	7.65	3.96	11.14	14.17
Benchmark# Return	-1.70	-0.15	8.50	3.16	10.26	13.68
Value Added (After Fees)	-0.32	-0.16	-0.85	0.80	0.88	0.49

\* 30 November 2011.

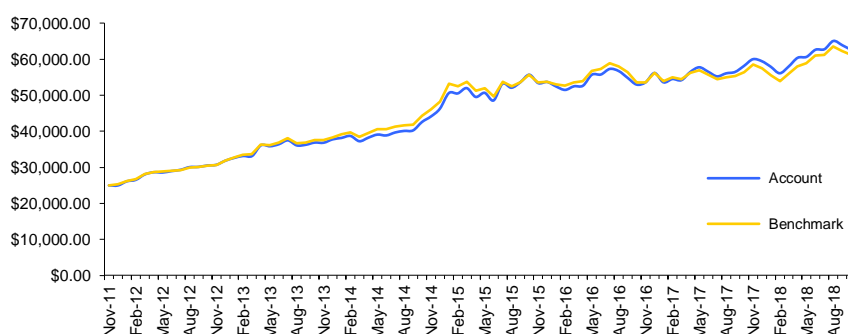
^ Please note this Fund was previously known as the Perennial Unhedged Global Property Trust. Resolution Capital was appointed the investment manager of the Fund, effective 1 November 2014.

# Benchmark is FTSE EPRA/NAREIT Developed Index (AUD) Net TRI.

### Fund Facts

*Inception Date	30 November 2011
Fund Size	\$181.2 Million
Management Costs	1.05 % p.a.
Buy/Sell Spread	+0.30%/-0.30%
Minimum Investment	\$25,000
Distribution Frequency	Half Yearly

### \$25,000 invested Since Inception\*



Top 5 Weights	
Security Name	%
1. ProLogis	5.81
2. Simon Property Group	5.52
3. Equity Residential	4.86
4. Sun Hung Kai Properties	4.15
5. Boston Properties	4.07

Top 5 Contributors	
Security Name	%
1. Simon Property Group	0.30
2. HCP	0.23
3. Essex Property Trust	0.10
4. American Tower	0.08
5. Shurgard Self Storage	0.06

Bottom 5 Contributors	
Security Name	%
1. Sun Hung Kai Properties	-0.43
2. Gecina	-0.33
3. Interxion Holdings	-0.18
4. URW - NL	-0.15
5. ProLogis	-0.15

### Market Commentary

The FTSE EPRA/NAREIT Developed Index (AUD) Net TRI produced a total return of -1.7% for the month ended 31 October 2018. Regionally, the UK was the strongest performer, delivering a total return of -1.6% in local currency terms. The poorest performing region was Hong Kong, delivering -9.4% for the month.

Troubled UK retail REIT Intu Properties (INTU) delivered a total return of 30.6% over the month after it received an indicative takeover proposal by a consortium comprising the Peel Group (27% shareholder), the Olayan Group and Brookfield Property Group (the Consortium). The indicative all-cash offer of £2.15 per share, represents a 39% discount to Net Asset Value of £3.44 per share and a 41% premium to INTU's unaffected closing price of £1.49. The Consortium is not the first to knock on INTU's door, with UK retail REIT Hammerson (HMSO) and US retail REIT Simon Property Group (SPG) having made failed proposals in 2017 and 2010, respectively. The Consortium has until 15 November 2018 to announce its firm intention to make an offer.

Japan based diversified property developer NTT Urban Development (8933 or NTTUE) delivered a total return of 29.0% for the month after it received a takeover proposal by a wholly owned subsidiary of Japan based, Nippon Telegraph and Telephone Corporation (9432 or Nippon). The offer of ¥1,680 per share represents a 30% premium to NTTUE's unaffected closing price of ¥1,680. Nippon currently owns 67% of NTTUE and will therefore invest ¥181bn to acquire the remainder of the company. NTTUE will have until 27 November 2018 to accept the offer.

U.S. Q3 earnings reporting season for the most part has been in line with expectations. The retail property sector has performed well, however bankruptcy driven closures including Sears/Kmart, Toys "R" Us and Mattress Firm are expected to subdue growth going into 2019. Most strip retail

centres reported an improvement in same property occupancy in Q3, however aforementioned bankruptcies will also weigh on performance into 2019. The apartment REITs generally performed well, supported by strong household formation and jobs growth. The industrial sectors supply and demand fundamentals continue to be strong, driving market rent growth.

U.S. industrial REIT Prologis (PLD) completed the sale of a portfolio of logistics properties for US\$1.1bn to Singapore based real estate owner and asset manager, Mapletree Investments. The portfolio comprises 16.5m square feet of buildings and 144 acres of land across Europe and the U.S. The transaction forms part of PLD's portfolio realignment program that began in 2011 and upon completion in Q4 this year, will total ~US\$14bn of sales.

The largest European self-storage real estate company Shurgard (SHUR) successfully completed its Initial Public Offering (IPO) raising €575m, giving SHUR an implied market capitalisation of €2bn. Pre IPO cornerstone shareholders, U.S. self-storage REIT, Public Storage and New York State Common Retirement Fund, retained a 35.2% and 36.6% stake respectively and are subject to a 180 day lock-up period. SHUR made a fast entry into the FTSE EPRA/NAREIT Global Real Estate Index later in the month, debuting at a weight of 0.4bps.

European retail REIT Unibail-Rodamco-Westfield (URW) has been actively working towards its post-merger €3bn non-core asset divestment program this month, with two transactions taking the program to 62% agreed or completed. Early in the month, URW agreed to sell its Tour Ariane office building in France to Singapore's sovereign wealth fund GIC, for €465m representing a premium to book value. Later, URW agreed to sell its Skylight and Lumen office buildings in Poland to Polish REIT, Globalworth, for €190m which also represented a premium to book value.

## Fund details

Investment Manager	Resolution Capital
Objective	<ul style="list-style-type: none"><li>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.</li></ul>
Benchmark	<ul style="list-style-type: none"><li>FTSE EPRA/NAREIT Developed Index (AUD) Net TRI.</li></ul>
Portfolio Allocation	<ul style="list-style-type: none"><li>85-100% invested in global listed REITS and real estate securities.</li><li>0-15% invested in cash and short dated money market securities.</li><li>For reasons of investment efficiency, the Fund may gain its exposure by holding units in other Resolution Capital Funds.</li></ul>
Investment Timeframe	<ul style="list-style-type: none"><li>Medium to long term, being 5 or more years.</li></ul>
Number of Stocks	<ul style="list-style-type: none"><li>Generally 30 to 60.</li></ul>
Minimum Investment	<ul style="list-style-type: none"><li>Indirect investors: refer to the operator of your service.</li><li>Direct investors: minimum initial investment \$30,000.</li></ul>
Platform Availability	<ul style="list-style-type: none"><li>AMP North</li><li>BT WRAP</li><li>HUB24</li><li>IOOF Portfolio Service</li><li>IOOF Pursuit Select</li><li>Macquarie Wrap</li><li>uXchange</li></ul>

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