

MANAGER PROFILE

RESOLUTION CAPITAL

Background

- > Resolution Capital (Resolution) is an employee controlled boutique investment manager, based in Sydney, which specialises in listed Real Estate Investment Trust (REIT) investing. Resolution has A\$1.8¹ billion in funds under management and manages both an Australian domestic property fund and a global property fund.
- > Resolution was formed through the spin-off of a property investment team at wealth manager MLC, which Andrew Parsons, Resolution's Managing Director and Senior Portfolio Manager, had joined in 1995. Since then the team has been through a number of ownership structures, but since 2007 has been jointly owned by employees and Pinnacle Investment Management, a leading Australian investment boutique incubator.
- > The team has considerable experience in the Australian and global property investment markets, with diverse backgrounds ranging from property development, real estate valuations, capital transactions, investment banking, stock broking and economics. Executives in the investment team have a combined total of 84 years industry experience.
- > Andrew Parsons is held in very high regard in the Australian property market. He has received a number of industry awards from the companies and property trusts he researches, and works hard to keep property trust management accountable to unit holders.

Investment process

- > Resolution seeks to invest in a concentrated portfolio of stocks from around the world that represent their highest conviction ideas. They utilise a number of screens to reduce the investment universe from around 400 stocks to 100 - 150 stocks. Each analyst and portfolio manager is assigned a sector. The responsible analyst will utilise all the resources available to Resolution to research that stock and its competitors.
- > The core of the detailed research is focussed around evaluating the quality and level of sustainable cash earnings generated by the underlying properties across different sectors and regions. Consequently Resolution's overriding bias is towards higher quality properties which are; located in markets with strong underlying fundamentals, owned by entities with appropriate and sustainable capital structures and are run by disciplined management teams.
- > Resolution use a standard set of rules to enable cross comparative analysis. In assessing the sustainability of cash earnings Resolution consider the location and quality of the underlying properties, lease structures, contract versus market rents, tenant credit, occupancy costs and capital expenditure requirements.

Global Property Securities Fund

- > The Resolution Capital Global Property Securities Fund (the Fund) invests in listed global REITS. The Fund size is currently approximately A\$29.4 million² (Resolution also manage A\$450 million in Global REIT mandates).

¹ As at 30 June 2011 (this information is updated quarterly whenever information is available, otherwise the most recent information is used). ² As at 30 April 2011.