Andrew Parsons, the Managing Director and Senior Portfolio Manager, is held in very high regard in the Australian property market. He has received a number of industry awards for his knowledge of the market, as rated by the companies and property trusts he researches. Andrew works hard to keep property trust management accountable to unitholders.

Resolution Capital Ltd

- The Investment Management team have been managing **Australian property securities** for MLC, since 1995
- Manages $2 billion, across the company, as at 30 September 2008
- Employs nine investment professionals

Why has MLC chosen Resolution Capital?

MLC uses Resolution Capital because of the team knowledge and experience which results in a deep understanding of all aspects of the property market and the underlying property assets of each trust. They have one of the best resourced Australian property securities teams in Australia.

ANDREW PARSONS
Managing Director and Senior Portfolio Manager

Philosophy on investing

Resolution Capital is a long-term specialist investor in securitised real estate. Fundamentally they believe that listed property provides an excellent means of accessing some of the highest quality real estate assets in the world.

As a long-term investor, Resolution Capital believes that the ultimate drivers of real estate securities are the quality and level of sustainable cash earnings generated by the underlying properties. As such, their process is focussed on evaluating these cash flows across regions and sectors on a consistent basis.

Consequently, their overriding bias is towards higher quality properties which are

- located in markets with strong underlying fundamentals,
- owned by vehicles with appropriate and sustainable capital structures,
- and are run by disciplined management teams.

An important aspect of their investment philosophy has been the adoption of a centralised (i.e. one team, one location) approach to investing. The centralised investment team is responsible for investing in and evaluating both domestic and global property securities. Resolution Capital believes this critical element of their investment philosophy gives them a competitive advantage in understanding and evaluating the management teams of Australian Real Estate Investment Trusts (AREITs) and their increasing number of offshore domiciled assets. While locating the investment team in a centralised office in Sydney, Australia means they we do not hear the same level of 'chatter' or 'noise' that surrounds local markets and often preoccupy many 'on the ground' investors, the sheer distance also acts as a filter to enable a more objective, global perspective to be formed and allows them to concentrate on what we believe are the true long-term drivers of real estate markets.

Reinforcing this global perspective is the division of research responsibilities amongst the investment team by sector, rather than region. The investment team are experts in their respective sectors, having travelled widely and been exposed to world best practice in the retail, office, residential, development and industrial sectors. They are uniquely equipped to evaluate domestic management teams in what is an increasingly global market.

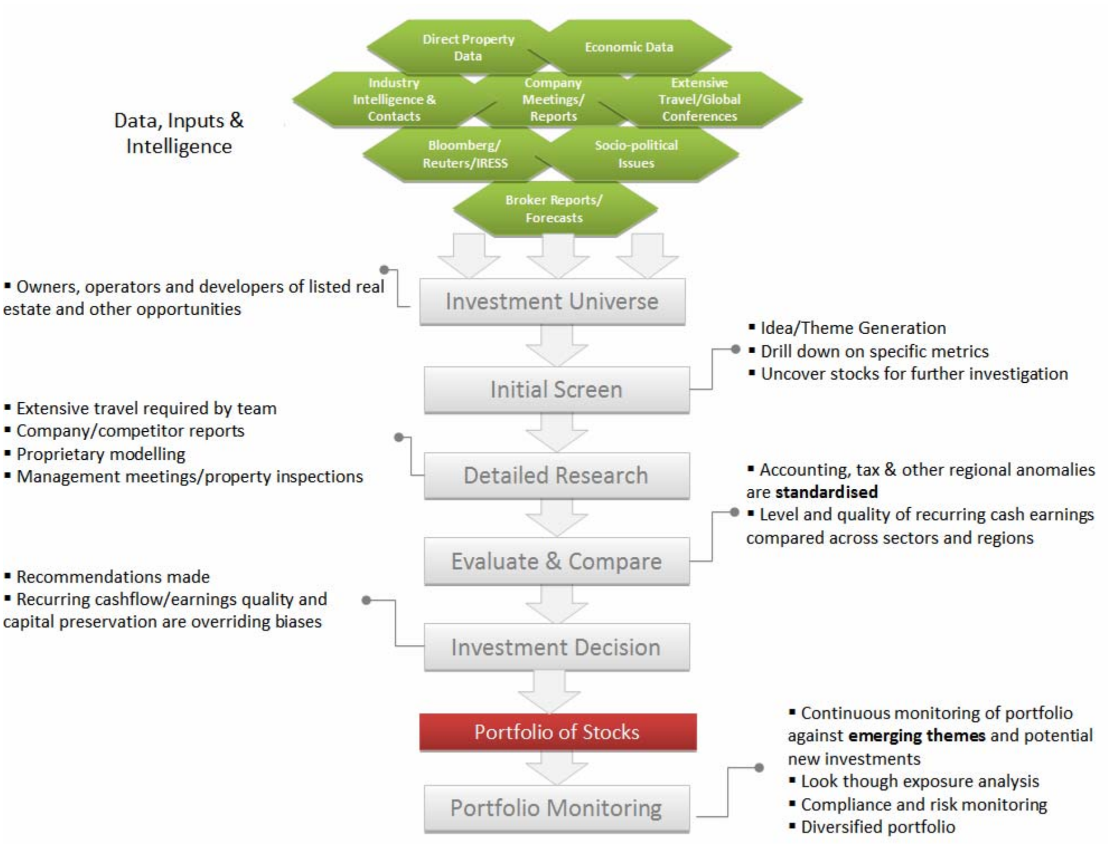
As an active investment manager Resolution Capital is also committed to the principle of holding company management accountable with the objective of contributing to an improved environment for risk-adjusted returns.

Investment process

Resolution Capital's consistent and rigorous investment process has been a key contributor to the team's success for or over 14 years. The Portfolio Managers and Analysts have experienced the highs and lows of many property investment cycles, as well the evolution and globalisation of the Australian listed property market. Over this time, the team's overriding focus has remained on maintaining and developing the quality and integrity of their analysis and research. The Portfolio Managers and Analysts each bring a diverse range of experience and skills to the team, and they pride themselves on a collaborative approach.

Research responsibilities amongst the investment team are divided up by sector – office, retail, industrial, residential etc– rather than by region – Asia, Europe etc. This reinforces the focus on identifying and evaluating stocks globally rather than on a purely regional basis.

The diagram below illustrates Resolution Capital's investment process.



The research process begins with the distillation of data and information from numerous external sources including an extensive network of industry contacts and regular travel. Resolution Capital employs a variety of measures to screen the investment universe, including financial metrics, economic forecasts, qualitative criteria and direct property data. The specific criteria sought and the weight assigned to those criteria will vary and is largely dependent upon investment ‘themes’ that are generated and debated internally. Detailed research is then focused on those stocks that pass the initial screen.

Bottom-up View of Relative Value

Central to the bottom-up analysis of relative value between the various trusts is the manager’s proprietary research program. The key elements in the trust evaluation process are:

- assessment of the quality of a trust’s income stream;
- evaluation of the physical aspects of the underlying property portfolio;
- evaluation of the competence of trust management via frequent meetings;
- balance sheet and income statement analysis;
- recognition of unique or strategic asset exposures; and
- assessment of the market liquidity of the trust.

The results of this research program comprise the input for in-house financial models designed to specifically identify relative value with respect to the nature and sustainability of underlying cash flows.

Throughout the investment process the team constantly assesses the risks associated with each potential and current investment. The focus is on ensuring appropriate compensation for risk. Key areas of risk including development exposure, leverage, tenant credit, transparency and governance are debated and compared against global peers.

While the process has been refined and adapted to suit changing market conditions, the long-term focus remains on investing in quality assets with sustainable earnings.

Investment people

Andrew Parsons B Ec, F. Fin, FAPI
Andrew has 21 years experience in financial markets, previously working for the Australian Stock Exchange, CS First Boston and Lend Lease. Andrew is a past Chairman of the Property Council of Australia’s Capital Markets Committee and currently is a serving member of European Public Real Estate Association's Asian Index Committee. He was ranked Australia’s number one fund manager in the 1999 and 2001 Reuters Surveys and is a Fellow of the Australian Property Institute.

Peter Hartigan B.E. FAPI
Peter graduated in Civil Engineering in 1975. His diverse property experience includes project management and property development in Australia and Asia on a variety of industrial, residential and commercial projects from 1976 until 1994. He has been in his current role as a portfolio manager in the Real Estate Securities team for more than ten years, specialising in coverage of the retail sector.

Rachel Weld B.B.S (Hons)
Rachel has 14 years industry experience in broking, funds management and financial markets, previously working for Mobil Oil as Assistant Treasurer and BT Securities in New Zealand. In 1998 Rachel joined the Investment Management team as a Portfolio Manager. Specialising in the analysis of Diversified and Hotel property trusts, her role also covers portfolio construction and analysis, performance attribution and product development.

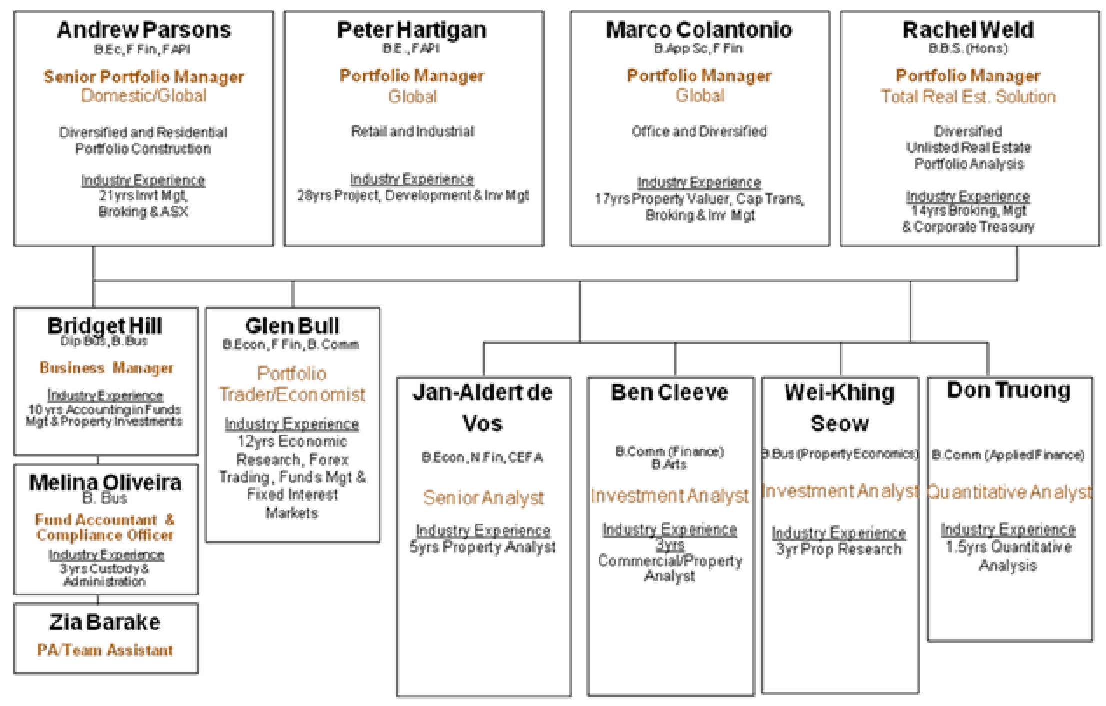
Marco Colantonio B. AppSc (Land Econ) A.S.I.A.
Marco Colantonio has over 17 years experience in commercial real estate, with roles in valuation at Jones Lang LaSalle, broking at BBY and capital transactions at Lend Lease. As part of his previous role Marco also gained experience working on real estate projects in Singapore and Japan. He joined the Investment Management team in September 2002 specialising in the office sector. His role also includes portfolio analysis and performance attribution.

Glen Bull B.Com, B.Econ, F. Fin
Glen Bull has over 12 years experience in the financial markets in trading and analytical/economist roles at Suncorp Insurance and Finance, Citibank and Standard & Poor's IMS. He holds a Bachelor of Commerce and Economics degrees from the University of Queensland and has completed the Graduate Diploma in Applied Finance from the Securities Institute of Australia. In 2004 Glen joined the Investment Management team as Portfolio Trader with focus also on the economic outlook and the impact of foreign exchange and interest rates on trust earnings.

Jan-Aldert de Vos, B.Economics, M.Finance
Jan has 6 years experience working as an analyst, with the last 4 years being with La Salle Investment management in Amsterdam. Jan brings a wide range of knowledge to Resolution Capital, in particular knowledge of the European market.

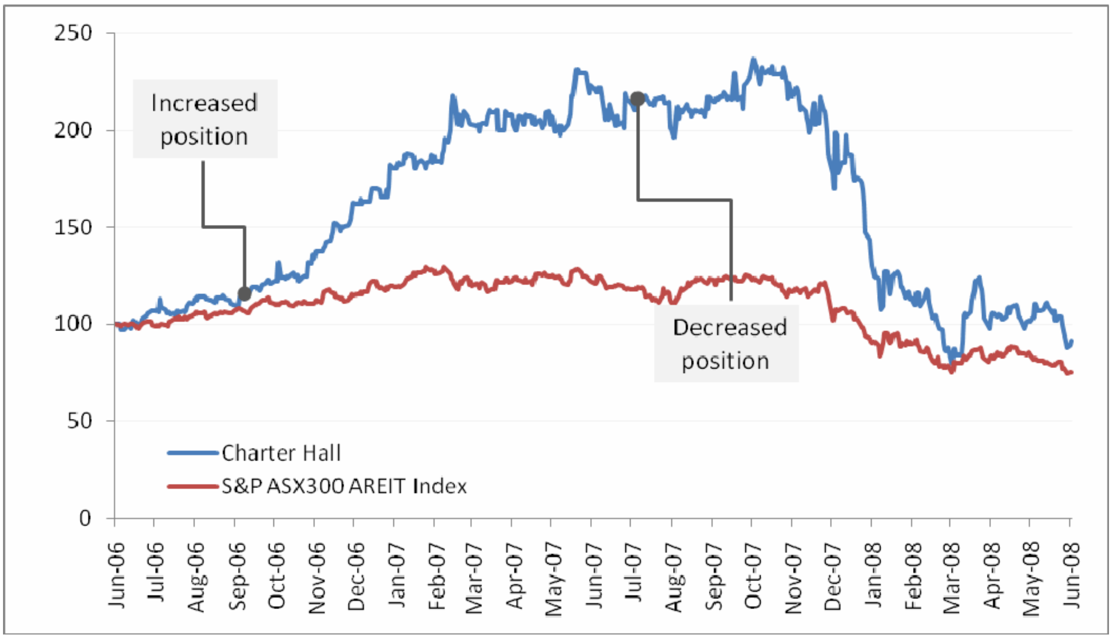
Ben Cleeve, B.Economics, B.Arts
Ben has 3 years experience in property. Ben joins Resolution from Lonsec in Melbourne where he gained valuable securitised real estate exposure.

Wei-Khing Seow B.Bus (Prop Econ), D.Fin Markets
Wei-Khing started with Resolution Capital in January 2005 working part-time whilst completing his university degree. In 2006, Wei-Khing moved into a full-time analyst role where he is responsible for analysing global REITs and general market research. He has previous direct property experience working with a boutique project management company specialising in medium-high density projects from 2003-04.



Stock story

Charter Hall Group (CHC) is an internally managed AREIT with a diversified portfolio of properties and a well established track record of managing unlisted value-add property funds. Resolution Capital recognised the strength of the Group's funds management platform, its deal sourcing and development capability and the growing demand for unlisted products. Resolution Capital first invested in CHC at its IPO in June 2005 and subsequently increased exposure as the Group accelerated its co-investment and capital recycling model, providing a risk managed exposure to office developments in the improving markets of Brisbane, Perth and Sydney.



Source: IRESS