Resolution Capital Core Plus Property Securities Fund - Series II

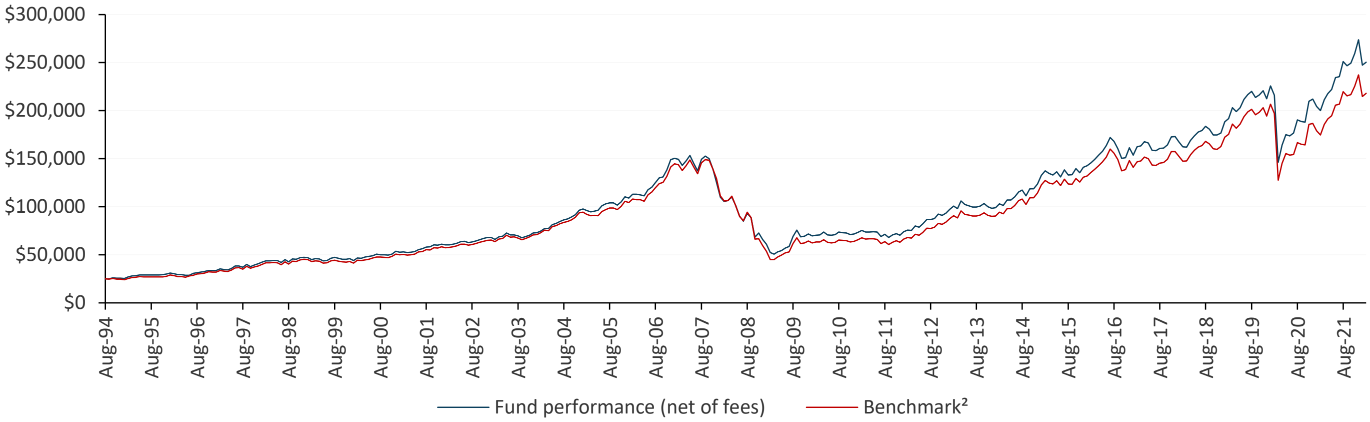
28 February 2022

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 (After Fees)[1]	1.16	-3.46	25.22	9.31	9.05	12.68	8.74
Benchmark[2] return	1.55	-3.23	24.86	7.53	8.24	12.35	8.19
Value Added (After Fees)	-0.39	-0.23	0.36	1.78	0.81	0.33	0.55

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*



[1]Please note this Fund was previously known as the Perennial Australian Property Wholesale Trust. Resolution Capital was appointed the investment manager of the Fund, effective 1 November 2014.
[2]Benchmark is S&P/ASX 300 AREIT Total Return Index.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Goodman Group	25.35
Scentre Group	12.92
Mirvac Group	7.46
Charter Hall Group	6.97
Dexus	4.82

Top 5 Contributors

Security Name	%
Scentre Group	0.93
Vicinity Centres	0.42
Dexus	0.29
National Storage REIT	0.22
Arena REIT	0.19

Bottom 5 Contributors

Security Name	%
Goodman Group	-1.05
Ingenia Communities Group	-0.16
Prologis	-0.15
Mirvac Group	-0.05
Centuria Capital Group	-0.03

Fund Details

APIR code	IOF0044AU	**Management Fee**	0.80% p.a.
ARSN Code	087 719 917	**Buy/Sell Spread**	+0.20%/-0.20%
***Inception Date**	31 August 1994	**Distribution Frequency**	Quarterly
Fund Size	$27.8 Million	**No. of Stocks**	Generally 20 to 30
NAV per Unit	$1.68	**Investment Manager**	Resolution Capital
Minimum Investment	$25,000	**Platform Availability**	https://rescap.com/coreplusfund/seriesii
Benchmark	S&P/ASX 300 AREIT Total Return Index	**Investment Timeframe**	Medium to long term, being 5 or more years

Market Commentary

The S&P/ASX 300 A-REIT Total Return Index produced a total return of 1.5% for the month ended 28 February 2022, underperforming the Australian equities market by 0.6% (S&P/ASX 300 Total Return Index).

Geopolitical tensions between Russia and Ukraine intensified throughout February, raising uncertainty and creating upward pressure on commodity prices such as oil and gold. In Australia bond yields also rose as market expectations for interest rates were brought forward.

Within A-REITs, retail and office outperformed, whilst diversified and industrial lagged.

Key themes to emerge from earnings season include:

- The December 2021 half was impacted by COVID, most notably in retail via lower rent collections.
- **Sector themes**: more office and industrial development, more capital partnering initiatives, rising maintenance capex and tenant incentives, increased focus on interest rate hedging.
- **Retail**: mall occupancy remains resilient, leasing spreads are less negative, shoppers are more purposeful with visitation down but Christmas sales above 2019 levels. CBD retail is lagging. Grocery anchored retail remains resilient. Scentre Group (SCG) issued maiden 2022 dividend growth guidance of 5%.
- **Office**: vacancy and tenant incentives remain elevated though appear to be stabilising, uncertainty remains over tenant space requirements and higher quality buildings are outperforming. Numerous A-REITs intend to develop more supply. Dexus (DXS) reaffirmed 2% dividend growth guidance.
- **Industrial**: operating conditions remain strong with low vacancy and strong tenant demand leading to accelerating rent growth. Development activity remains high but rising land and construction costs are headwinds to returns. Goodman Group (GMG) upgraded earnings guidance to 20% growth.
- **Residential**: sales were strong but the higher interest rate outlook is unsupportive. Bad weather and COVID related supply chain disruptions will delay near term settlements. Embedded development margins are benefitting from higher prices but impacted by higher construction costs. Stockland (SGP) tightened its earnings growth guidance which benefitted from stronger margins offset by settlement delays. Significantly, Stockland announced the divestment of its retirement portfolio for ~$1bn, near book value, and new capital partnerships for its M Park office development and its land lease community business.
- **Fund managers**: sector leading earnings growth in the near term, buoyed by transactional activity and performance fees. Charter Hall (CHC) upgraded earnings guidance for the third time in FY22.
- **Storage:** benefitting from decluttering and renovation activity with strong occupancy and rate growth. National Storage REIT (NSR) upgraded earnings guidance to at least 18% growth.
- **Childcare, pubs and service stations:** continue to generate resilient cashflow growth. Childcare is benefitting from government funding whilst service station REITs are strategically broadening their investment scope.

Contact Us

Investor Contact Details	**Adviser Contact Details**
Pinnacle Investment Management	Pinnacle Investment Management
Email: service@pinnacleinvestment.com	Email: distribution@pinnacleinvestment.com
Phone: 1300 010 311	Phone: 1300 010 311

www.rescap.com