

Resolution Capital Core Plus Property Securities Fund - Series II



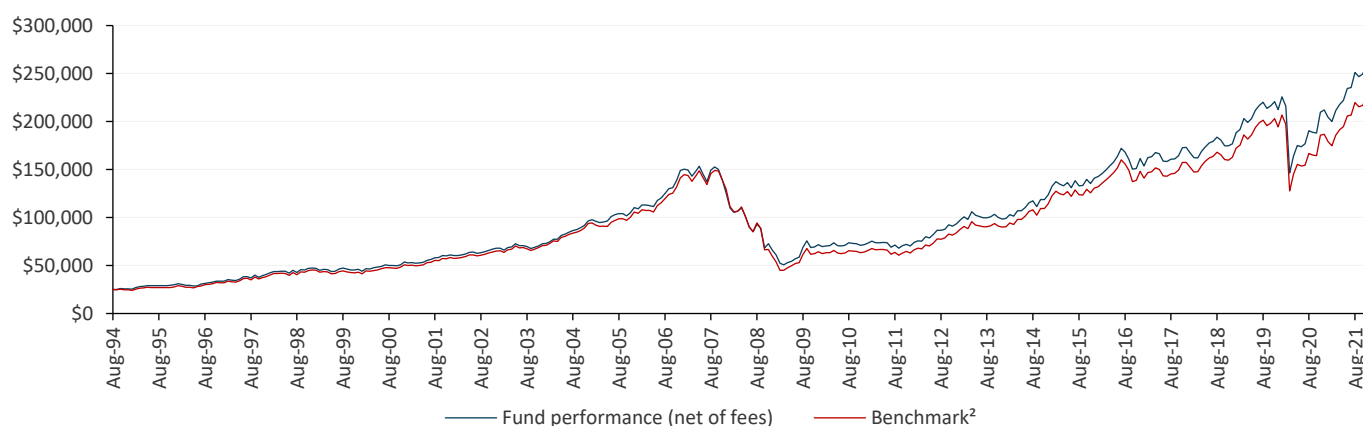
31 January 2022

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	-9.58	-0.76	21.17	9.50	10.01	12.80	8.72
Benchmark ² return	-9.45	-0.93	19.91	7.62	8.78	12.42	8.15
Value Added (After Fees)	-0.13	0.17	1.26	1.88	1.23	0.38	0.57

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 Australian Property Wholesale Trust. Resolution Capital was appointed the investment manager of the Fund, effective 1 November 2014.

²Benchmark is S&P/ASX 300 AREIT Total Return Index.
Source: Resolution Capital

Top 5 Weights

Security Name	%
Goodman Group	26.56
Scentre Group	12.34
Mirvac Group	7.35
Charter Hall Group	6.59
Stockland	4.56

Top 5 Contributors

Security Name	%
Irongate Group	0.02
Charter Hall Long WALE REIT	0.00
Carindale Property	0.00
Vital Healthcare	0.00
Brandywine Realty	-0.01

Bottom 5 Contributors

Security Name	%
Goodman Group	-3.17
Charter Hall Group	-1.32
Scentre Group	-0.96
Mirvac Group	-0.82
Ingenia Communities Group	-0.34

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	\$27.7 Million	No. of Stocks	Generally 20 to 30
NAV per Unit	\$1.66	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 AREIT Total Return Index produced a total return of -9.4% for the month ended 31 January 2022, underperforming the Australian equities market by 2.9% (S&P/ASX 300 Total Return Index).

Global equity markets came under pressure as the U.S. Federal Reserve messaged it would increase interest rates in response to elevated inflation and favourable economic data. Bond yields rose and higher multiple growth-oriented companies underperformed. Within real estate, property fund managers and industrial REITs underperformed, whilst retail and office outperformed.

Key events during the month included merger and acquisition (M&A) activity, property transactions, management changes and company updates.

Starting with M&A, property fund manager Charter Hall (CHC) partnered with Dutch pension fund PGGM to bid to acquire ASX-listed office and industrial REIT Irongate (IAP). The bid implies a ~5.0% cap rate and represents a 21% premium to the close price and 23% premium to Net Tangible Assets. The partnership has agreed to a call option to acquire major shareholder 360 Capital's 19.9% stake in IAP. The agreement enables 360 Capital to acquire certain IAP properties.

Meanwhile, shareholders of large format retail landlord Aventus (AVN) voted in favour of the proposed merger with the HomeCo Daily Needs REIT (HDN).

Moving to transactions, Dexus (DXS) agreed to sell a 33% interest in the recently acquired \$1.3bn Jandakot airport and industrial precinct in West Australia to superannuation fund, CBUS. Dexus and its managed Dexus Industria REIT (DXI) each retain 33% stakes.

The strong property revaluations witnessed in December continued as pub landlord Hotel Property Investments (HPI) announced a 9.5% uplift, whilst petrol station landlord Waypoint REIT (WPR) announced a 4% uplift. In both instances capitalisation rate compression was the predominant driver of the positive revaluation.

A number of management changes were announced. Firstly, diversified landlord GPT announced several changes to its senior leadership team. Management will be restructured along sector lines, resulting in separate heads for the respective retail, office and industrial divisions. Consequently, the funds management division will be merged into the three sectors. Secondly, Charter Hall Retail REIT (CQR) announced the departure of its Fund Manager who will be replaced via an internal promotion.

Moving to earnings, property fund manager Centuria Capital (CNI) announced an FY22 earnings guidance upgrade to 21% growth, driven by transactional activity and performance fees.

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