

Resolution Capital Core Plus Property Securities Fund - Series II



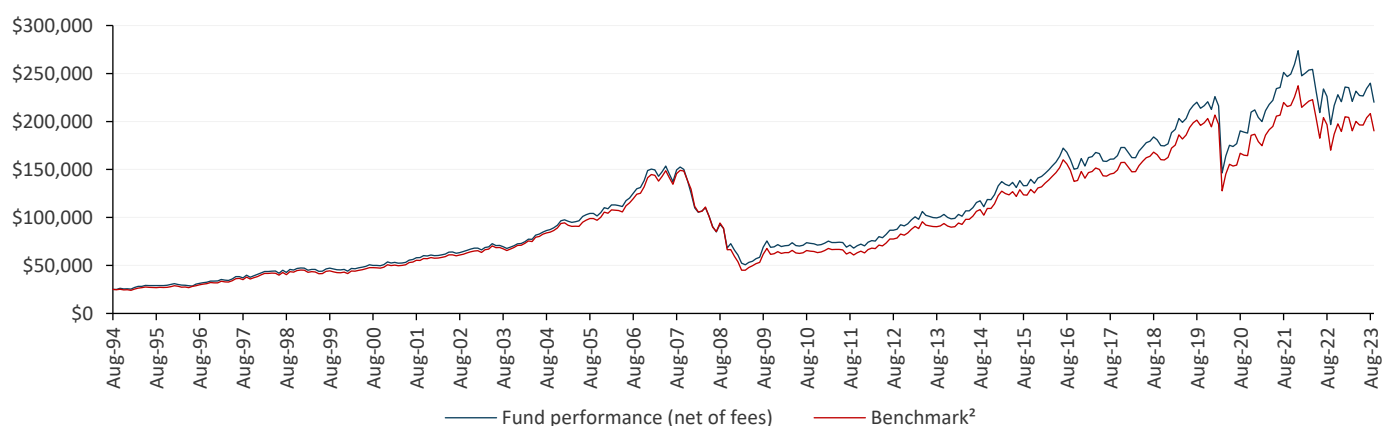
30 September 2023

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 (Net Performance) ¹	-8.32	-2.86	11.82	5.22	4.00	8.13	7.76
Benchmark ² return	-8.67	-3.05	11.93	4.88	2.83	7.62	7.22
Value Added (Net Performance)	0.35	0.19	-0.11	0.33	1.17	0.51	0.54

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. Past performance is no guarantee of future results.

²Benchmark is S&P/ASX 300 AREIT Total Return Index.

Source: Resolution Capital

Top 5 Weights

Security Name	%
Goodman Group	30.12
Scentre Group	12.40
Mirvac Group	7.80
Vicinity Centres	5.38
Stockland	5.06

Top 5 Contributors

Security Name	%
Ingenia Communities Group	0.02
Derwent London	0.00
Welltower	0.00
Carindale Property	-0.01
HealthCo Healthcare & Wellness	-0.01

Bottom 5 Contributors

Security Name	%
Goodman Group	-2.48
Scentre Group	-1.32
Mirvac Group	-0.97
Vicinity Centres	-0.52
Charter Hall Group	-0.45

These are illustrative only and not a recommendation to buy, sell or hold any security.

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	\$21.0 Million	No. of Stocks	Generally 20 to 40
NAV per Unit	\$1.41	Risk/Return Profile	The Fund's risk band is 5 (medium to high)
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 -8.7% for the month ended 30 September 2023, underperforming the Australian equities market (S&P/ASX 300 Total Return Index). A-REITs underperformed as global bond yields rose significantly over the month with fewer 2024 Federal Reserve interest rate cuts now expected in the U.S. The Australian 10-year bond yield is at the highest level in more than a decade.

The Reserve Bank of Australia (RBA) held the cash rate at 4.1% in September in line with expectations but again noted “some further tightening may be required” depending on economic data. August inflation re-accelerated and the unemployment rate held at 3.7%.

Within A-REITs the office and industrial sectors outperformed, whilst retail and property fund managers underperformed.

Outperforming A-REITs included land lease community developer Ingenia Communities (INA) and Centuria Industrial REIT (CIP). Media speculation suggested INA was close to selling some seniors living assets. CIP sold two assets at Jun-23 book values whilst the stock price implies significant property devaluations. The Portfolio’s overweight positions in INA and CIP contributed to relative performance.

Underperforming A-REITs included interest rate sensitive property fund managers Cromwell (CMW), Charter Hall (CHC) and Home Consortium (HMC). High interest rates present headwinds to earnings via downward pressure on asset valuations and therefore management fees, as well as limiting transactional activity and equity inflows. The Portfolio’s underweight positioning in property fund managers contributed to relative performance.

Several A-REITs announced management changes. GPT appointed Charter Hall’s current Chief Financial Officer (CFO) as its new CEO. Soon after Charter Hall announced GPT’s current CFO would replace its outgoing CFO. Elsewhere, neighbourhood shopping centre landlord Region Group (RGN) announced the resignation of its Chief Operating Officer. At the start of October, Cromwell Property Group announced the resignation of its Chief Financial Officer.

Turning to deals, fund manager Centuria Capital (CNI) announced a new \$500m institutional mandate targeting industrial assets.

With respect to transactions, the media reported that a partnership managed by retail landlord Vicinity Centres (VCX) sold Midland Gate, a regional shopping centre in Perth, for ~\$465m representing an almost 15% discount to its pre-pandemic valuation. No yield was disclosed. Elsewhere, a property syndicator acquired a 50% stake in the Stockland Townsville shopping centre at a 12% discount to Jun-23 book value representing a ~8% yield.

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