

# Resolution Capital Core Plus Property Securities Fund - Series II



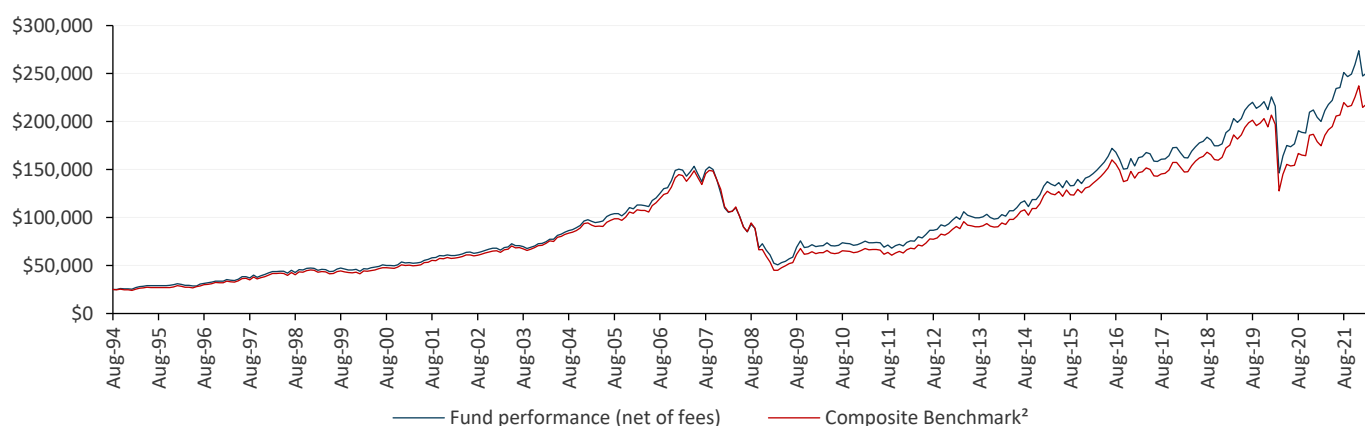
30 April 2022

## 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 (Net Performance) <sup>1</sup>	0.23	2.71	16.74	8.49	8.67	12.25	8.74
Benchmark <sup>2</sup> return	0.69	3.72	16.39	7.02	8.00	12.07	8.22
Value Added (Net Performance)	-0.46	-1.01	0.35	1.47	0.67	0.18	0.52

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\*



<sup>1</sup>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. Past performance is no guarantee of future results.

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

Source: Resolution Capital

## Top 5 Weights

Security Name	%
Goodman Group	26.44
Scentre Group	11.88
Mirvac Group	7.19
Charter Hall Group	6.28
Dexus	6.05

## Top 5 Contributors

Security Name	%
Goodman Group	1.22
Hotel Property Investments	0.18
Shopping Centres Australasia	0.17
Dexus	0.12
Prologis	0.04

## Bottom 5 Contributors

Security Name	%
Charter Hall Group	-0.35
Scentre Group	-0.24
Mirvac Group	-0.21
Ingenia Communities Group	-0.19
National Storage REIT	-0.18

## 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	\$1.70	Investment Manager	Resolution Capital
Minimum Investment	\$25,000	Platform Availability	<a href="https://rescap.com/coreplusfund/seriesii">https://rescap.com/coreplusfund/seriesii</a>
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 0.7% for the month ended 30 April 2022, outperforming the Australian equities market by 1.5% (S&P/ASX 300 Total Return Index).

Globally, bond yields rose in April as higher inflationary pressures persisted, with Australia recording +5.1% headline inflation, the highest in more than 20 years. Consequently, the Reserve Bank of Australia (RBA) is expected to raise interest rates multiple times over 2022.

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

Key news included quarterly updates and transactions.

Diversified REITs Stockland (SGP) and Mirvac (MGR) issued quarterly updates in which they reaffirmed FY22 guidance for ~7% earnings growth. Both highlighted residential lot settlement delays because of supply chain disruptions and bad weather. Due to these same issues land lease community developer Ingenia (INA) downgraded its FY22 earnings growth guidance range to -8-4% from +3-6%, but maintained its medium-term settlement guidance to 2024.

For all these groups residential demand remains elevated but Stockland highlighted that conditions are expected to moderate as interest rates rise. Mirvac noted that its apartment projects will benefit from tight residential vacancy, affordability relative to detached homes, and deliveries coinciding with low competing supply. Mirvac also highlighted construction cost inflation of 2-5% in its commercial development pipeline.

Regarding transactions, office landlord Dexus (DXS) announced the acquisition of Collimate Capital's (formerly AMP Capital) \$28bn domestic real estate and infrastructure funds management platform. Dexus will pay between \$250m to \$550m for the platform, depending on how much funds under management (FUM) remains 9 months after the deal closes. Negotiations with underlying investors are ongoing. Dexus also intends to acquire AMP's co-investment stakes for up to \$450m. The consideration implies a valuation of ~2% of FUM, 12x EBIT and 4% co-investment stake yield. The debt-funded acquisition is expected to be accretive to earnings and Dexus intends to divest assets to help fund the deal, which is expected to complete in the first half of FY23.

Service station landlord Waypoint REIT (WPR) sold a \$142m portfolio comprised of 29 largely regional assets on a 6% cap rate. This constitutes ~5% of the portfolio.

In management changes, the CEO of the HomeCo Daily Needs REIT (HDN) is retiring only months after the merger between HDN and Aventus completed. He will be replaced by HMC Capital's COO. Elsewhere, the CFO's of Waypoint REIT and Abacus (ABP) are also leaving.

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