

Resolution Capital Core Plus Property Securities Fund - Series II



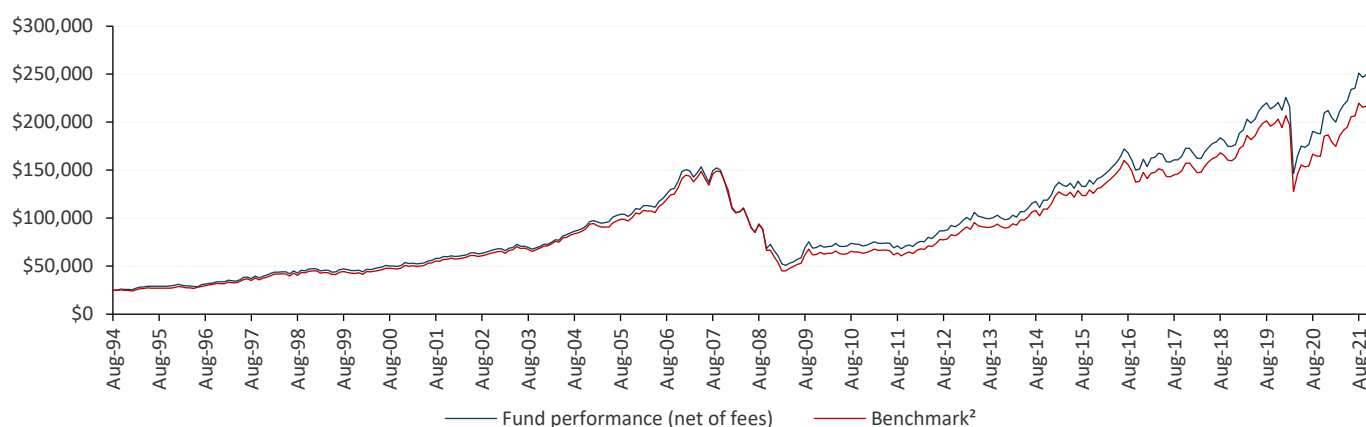
31 December 2021

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	5.54	10.93	29.10	15.68	11.15	14.54	9.14
Benchmark ² return	5.24	10.07	27.03	13.40	9.90	14.14	8.57
Value Added (After Fees)	0.30	0.86	2.07	2.28	1.25	0.40	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	27.13
Scentre Group	12.03
Mirvac Group	7.38
Charter Hall Group	7.06
Stockland	4.87

Top 5 Contributors

Security Name	%
Goodman Group	2.11
Charter Hall Group	0.51
Arena REIT	0.38
Scentre Group	0.29
Mirvac Group	0.29

Bottom 5 Contributors

Security Name	%
Stockland	-0.01
Stride Investment Mgmt	-0.01
Vicinity Centres	0.00
CubeSmart	0.00
RAM Essential Services	0.00

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	\$30.7 Million	No. of Stocks	Generally 20 to 30
NAV per Unit	\$1.84	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 5.2% for the month ended 31 December 2021, outperforming the Australian equities market by 2.6% (S&P/ASX 300 Total Return Index).

Industrial, childcare and storage REITs outperformed whilst retail, office, residential and diversified underperformed.

Key events for the REIT sector during the month included strong property portfolio revaluations, earnings guidance upgrades and in the broader real estate market, meaningful transactional activity.

Starting with AREIT property valuations: Revaluations announced during the month were particularly strong for childcare, industrial, grocery anchored shopping centres, large format retail and self-storage. In these sectors revaluations ranged from high single digit to low double digit growth. Large malls and office buildings were the notable laggards.

With respect to earnings guidance upgrades, the most notable was from property fund manager, Charter Hall Group (CHC). After upgrading 2022 guidance in November, CHC again upgraded in December owing to growth in funds under management and positive revaluations crystallising performance fees. The new guidance represents an extraordinary 72% earnings growth over 2021. Separately, CHC surprised the market by acquiring a 50% interest in Australian based equity fund manager Paradise Investment Management (PIM) for \$207m, equating to a P/E multiple of 10x. The acquisition represents a strategic shift outside CHC's core real estate business. The deal has a positive, but relatively small, financial impact for CHC and the rationale includes cross-selling new and existing products across the platforms.

Other REITs to upgrade guidance included Charter Hall Retail REIT (CQR) due to acquisitions, and diversified landlord Growthpoint (GOZ) due to acquisitions, leasing success and lower debt costs.

Moving to transactions, stakes in several large regional malls traded following elevated activity in recent months. Unlisted AMP managed funds were prominent. AMP Shopping Centre Fund (ASCF) acquired a 25% stake in Macquarie Centre for \$423m and AMP Capital Retail Trust (ACRT) acquired the remaining 20% of Pacific Fair it didn't previously own for \$336m. Both stakes were acquired from Dexus' (DXS) unlisted Wholesale Property Fund at book value and a mid-4% cap rate. ACRT had purchased 80% of Pacific Fair in recent months.

Separately, Dexus announced the sale of several office assets. These include 50% interests in two A-grade Sydney office assets for \$478m representing a 1.5% discount to June 2021 valuations. The third sale, of a North Sydney office building with a short lease, represented a 5% discount.

Dexus also announced that Blackstone had acquired the Government of Singapore Investment Corporation's (GIC) 49% interest in its unlisted Australian Logistics Trust (DALT) for ~\$2.1bn, a significant premium to book value.

Moving to funds management activity, grocery anchored retail landlord Shopping Centres Australasia (SCP) established a \$750m joint venture with GIC. The JV will invest in convenience shopping centres located in metropolitan locations and is split 80% GIC / 20% SCP. SCP will seed the JV with \$285m of assets from its balance sheet.

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