

# Resolution Capital Core Plus Property Securities Fund - Series II



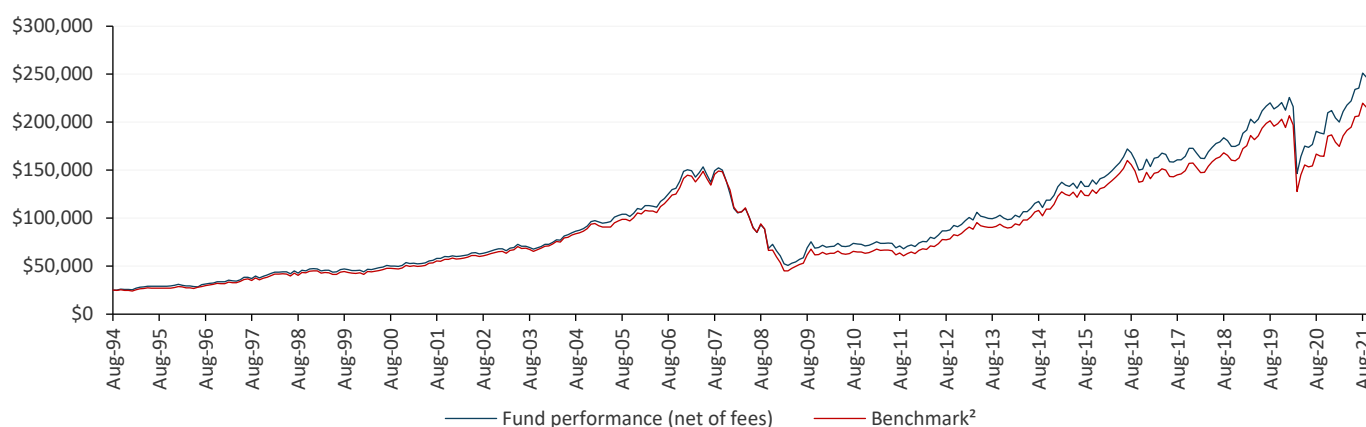
30 November 2021

## 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) <sup>1</sup>	3.99	3.31	23.69	14.08	11.40	13.63	8.96
Benchmark <sup>2</sup> return	3.96	2.55	21.43	12.12	10.21	13.26	8.40
Value Added (After Fees)	0.03	0.76	2.26	1.96	1.19	0.37	0.56

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.

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

Source: Resolution Capital

## Top 5 Weights

Security Name	%
Goodman Group	26.32
Scentre Group	12.32
Mirvac Group	7.83
Charter Hall Group	6.84
Stockland	5.18

## Top 5 Contributors

Security Name	%
Goodman Group	3.12
Charter Hall Group	0.74
Scentre Group	0.25
National Storage REIT	0.23
Prologis	0.19

## Bottom 5 Contributors

Security Name	%
Stockland	-0.24
Ingenia Communities Group	-0.15
Hotel Property Investments	-0.10
Cedar Woods Properties	-0.07
Waypoint REIT	-0.07

## 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	\$29.9 Million	No. of Stocks	Generally 20 to 30
NAV per Unit	\$1.75	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 Accumulation 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 4.0% for the month ended 30 November 2021, outperforming the Australian equities market by 4.5% (S&P/ASX 300 Total Return Index).

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

Residential exposed REITs were impacted by various banks raising fixed rate home loans and expectations that the Reserve Bank might start tightening monetary policy as soon as next year which might adversely impact house prices.

Starting with quarterly updates, retail landlords Scentre Group (SCG) and Vicinity Centres (VCX) noted that occupancy held broadly flat and whilst rent collection had been negatively impacted by lockdowns, visitation rebounded strongly as restrictions lifted. VCX noted that leasing spreads were still -7% but significantly improved from FY21. SCG also reaffirmed its dividend guidance.

In its update diversified group GPT noted that office vacancy remains elevated, but improved over the quarter with leasing success. Industrial occupancy improved and this part of the portfolio continues to grow via acquisitions and developments. Earnings guidance remains withdrawn as uncertainty regarding retail rent collection persists.

Diversified group Stockland's (SGP) strategy day with its new CEO contained few surprises. Key strategic pillars include reshaping capital allocation to reduce retail and retirement exposure whilst upweighting residential, land lease, industrial and office. Further diversification into apartments for sale and potentially multi-family was signalled. Increasing capital partnering to generate recurring management income streams is also a focus.

Numerous Annual General Meetings took place this month. Industrial landlord Goodman (GMG) copped its first strike to its proposed remuneration report plus indicated opposition against Greg Goodman's performance rights issue. In our opinion, both were excessively generous. Meanwhile, fund manager Charter Hall's (CHC) remuneration plan, which included a somewhat contentious retention bonus, was approved.

Elevated retail investment activity continued this month. Vicinity Centres (VCX) divested a 50% interest in Runaway Bay in QLD for \$132m representing an 18% premium to book value and roughly in line with pre-Covid values. This followed its recent acquisition of a 50% stake in the nearby Harbour Town outlet centre. Meanwhile, a Dexus managed fund acquired a 25% stake in Sydney's Warringah mall for \$410m, representing a ~2% discount to the value at which Scentre holds its 50% stake.

Moving to equity raisings, NZ-listed landlord and fund manager Stride (SPG NZ) raised \$120m of equity to bolster its balance sheet after it recently aborted the listing of an office fund.

Lastly, Cromwell (CMW) signalled it was exploring spinning off its office assets into a new managed REIT.

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