

Resolution Capital Core Plus Property Securities Fund - Series II

RESOLUTION CAPITAL

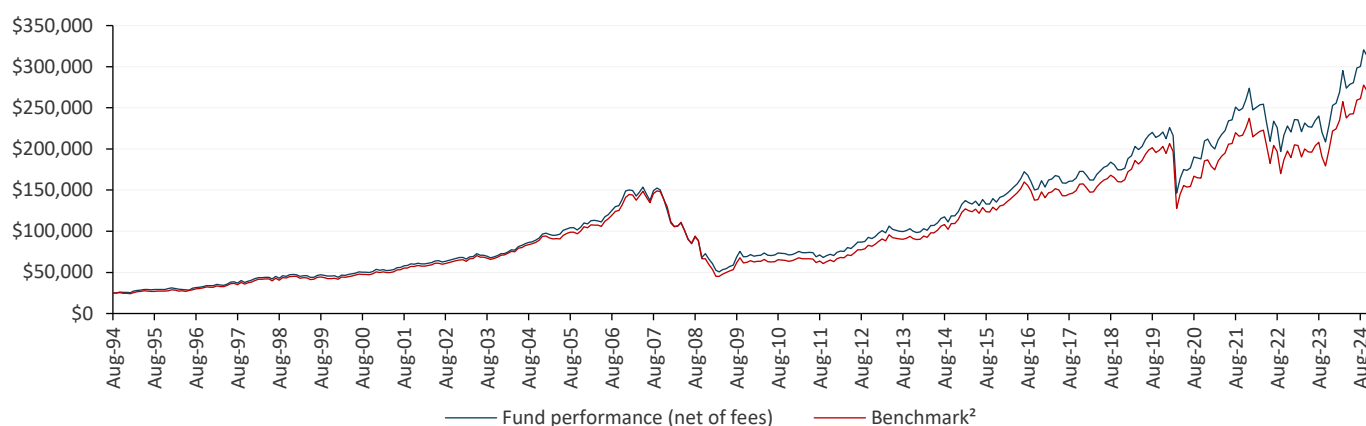
31 December 2024

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	-5.63	-5.33	20.05	3.50	7.38	9.38	8.57
Benchmark ² return	-5.83	-6.09	17.63	3.20	6.04	8.59	8.03
Value Added (Net Performance)	0.20	0.76	2.42	0.30	1.34	0.79	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	36.68
Scentre Group	12.99
Dexus	6.43
Mirvac Group	5.88
Stockland	4.84

Top 5 Contributors

Security Name	%
Hotel Property Investments	0.04
RAM Essential Services	0.02
Equinix	0.01
Klepierre	0.00
Land Securities Group	0.00

Top 5 Detractors

Security Name	%
Goodman Group	-2.04
Scentre Group	-0.91
Mirvac Group	-0.71
Dexus	-0.38
Stockland	-0.33

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	\$12.0 Million	No. of Stocks	Generally 20 to 40
NAV per Unit	\$1.91	Risk/Return Profile	The Fund's risk band is 6-7 (High - Very 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 -5.8% for the month ended 31 December 2024, underperforming the Australian equities market (S&P/ASX 300 Total Return Index).

The Reserve Bank of Australia held rates steady at 4.35% and the labour market remains resilient with the unemployment surprisingly dropping to 3.9% from 4.1%.

Within A-REITs, the retail sector delivered the strongest performance, followed by office and industrial with diversified lagging, particularly interest rate sensitive property fund managers and residential developers.

Positive contributors to the Portfolio's relative performance included overweight positioning in diversified REIT Aspen Group (APZ) and pub landlord Hotel Property Investments (HPI). APZ outperformed on no stock specific news. HPI remains under takeover offer with the Charter Hall consortium lifting its HPI stake to more than 50% and HPI's Board changing their recommendation in favour of accepting the offer.

Performance detractors included overweight positions in diversified REIT Mirvac (MGR) and retail landlord Bunnings Warehouse Property Trust (BWP). Neither company reported significant news. For Mirvac, national house prices declined for the first time in 2024.

Property fund manager HMC Capital (HMC) launched the \$2.7bn initial public offering (IPO) of its externally managed data centre REIT DigiCo (DGT). DGT owns a \$4.2bn portfolio of stabilised, value-add and development assets in Australia and the U.S. DGT performed poorly upon listing, falling 11% over the month. HMC holds an 18% stake in DGT which contributed to HMC falling 20% after a strong run in 2024. The Portfolio did not participate in the IPO.

A large shareholder in industrial landlord Goodman Group (GMG) sold a ~3% stake constituting ~\$2bn. This created intra month price volatility given the stockbroker facilitating the trade bid for the stock at a narrow 1.4% discount but could only find buyers at a larger discount. The Portfolio's underweight position marginally contributed to relative performance.

Several A-REITs reported appraisal valuations for the six months to December 2024. Early indications suggest valuations have bottomed for most sectors barring office. Dexus (DXS) reported office valuations down 3% and industrial up 1% where rent growth offset higher capitalisation rates. Region (RGN) reported its portfolio of largely neighbourhood shopping centres rose 1% whilst Arena REIT (ARF) reported a similar +1% for its childcare assets.

Mall landlord Vicinity Centres (VCX) announced the sale of stakes in three assets totally \$457m, exceeding its FY25 target of \$250m. Pricing was strong at a blended 5% premium to book value. The proceeds will be used to reduce leverage and fund developments and the recent acquisition of the Lakeside Joondalup mall. FY25 earnings guidance was reaffirmed.

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