

# Resolution Capital Core Plus Property Securities Fund – Series II



|           |             |
|-----------|-------------|
| APIR Code | IOF0044AU   |
| ARSN Code | 087 719 917 |

## Month Ending December 2018

|                           | 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) | 1.24      | -2.22      | 2.24     | 7.81           | 12.40          | 10.35           | 8.37                    |
| Benchmark# Return         | 1.73      | -1.71      | 3.27     | 7.55           | 12.58          | 10.55           | 7.99                    |
| Value Added (After Fees)  | -0.49     | -0.51      | -1.03    | 0.26           | -0.18          | -0.20           | 0.38                    |

\*31 August 1994.

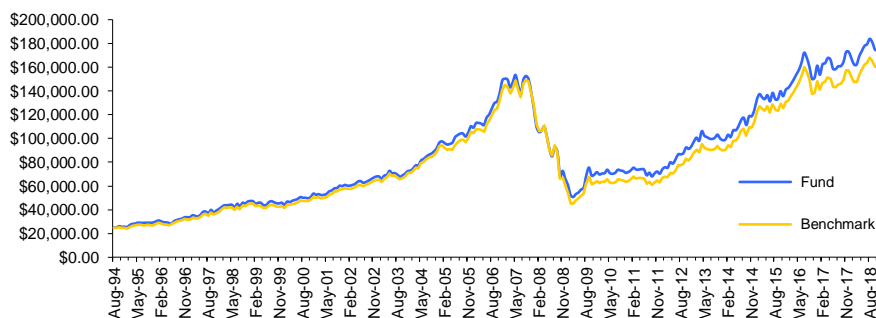
#Benchmark is S&P/ASX 300 AREIT Accumulation Index.

\*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.

### Fund Facts

|                        |                |
|------------------------|----------------|
| *Inception Date        | 31 August 1994 |
| Fund Size              | \$30.9 Million |
| Management Costs       | 0.92% p.a.     |
| Buy/Sell Spread        | +0.20%/-0.20%  |
| Minimum Investment     | \$25,000       |
| Distribution Frequency | Half Yearly    |

### \$25,000 invested Since Inception\*



| Top 5 Weights |               |       |
|---------------|---------------|-------|
|               | Security Name | %     |
| 1.            | Scentre Group | 20.33 |
| 2.            | Goodman Group | 13.36 |
| 3.            | Dexus         | 11.79 |
| 4.            | GPT Group     | 7.15  |
| 5.            | Stockland     | 6.06  |

| Top 5 Contributors |                    |      |
|--------------------|--------------------|------|
|                    | Security Name      | %    |
| 1.                 | Goodman Group      | 0.65 |
| 2.                 | Dexus              | 0.51 |
| 3.                 | Charter Hall Group | 0.35 |
| 4.                 | Mirvac Group       | 0.26 |
| 5.                 | GPT Group          | 0.25 |

| Bottom 5 Contributors |                           |       |
|-----------------------|---------------------------|-------|
|                       | Security Name             | %     |
| 1.                    | URW-AU                    | -0.73 |
| 2.                    | ProLogis                  | -0.13 |
| 3.                    | Empire State Realty Trust | -0.03 |
| 4.                    | Boston Properties         | -0.02 |
| 5.                    | Equity Residential        | -0.02 |

### Market Commentary

The S&P/ASX 300 A-REIT Accumulation Index produced a total return of 1.7% for the month ended 31 December 2018, outperforming the Australian equities market (S&P/ASX 300 Accumulation Index), which declined -0.2%.

Industrial was the best performing sector over the month, generating a total return of 4.8%, driven by Goodman Group (GMG). The retail sector was the weakest performer with a total return of -1.4%, largely impacted by Unibail-Rodmaco Westfield (URW). At least part of URW's weakness (-9.9% total return) was influenced by its down weight in the ASX index during the month.

There were a number of equity offerings during the month.

- Charter Hall Long WALE REIT (CLW) raised c.A\$125m thru a non-renounceable entitlement offer to partially fund the acquisition of 27 agri-logistics properties for A\$207m at a 7.35% weighted average yield on a 15.8 year lease term.
- Office A-REIT Cromwell Property Group (CMW) announced a non-renounceable entitlement offer, raising c.A\$228m. The proceeds are expected to be deployed in future acquisitions.
- Diversified A-REIT Growthpoint Properties (GOZ) raised \$135m in a rights offering with proceeds used to finance the acquisition of 100 Skyring Terrace, Newstead QLD for A\$250m.

Office A-REIT Dexus (DXS) announced that 108 of its 112 assets have been externally valued as at 31 December 2018, resulting in a total estimated A\$405m or c.3.1% increase on prior book values for the six months to 31 December 2018. The valuation uplift was due to a combination of market rent growth and capitalization rate compression. As a result of these valuations Dexus's net tangible asset backing (NTA) per security is expected to increase 40c to \$10.04 per share.

Meanwhile, Charter Hall Funds Management (CHC) changed its distribution payout ratio policy from 85-95% of Operating Earnings per Security post-tax to 70-95% post tax in order to further reinvest in growing its portfolio.

Finally, Charter Hall Retail REIT (CQQ) acquired Campbellfield Plaza in Melbourne for A\$74m at a 6.5% yield.

## Fund Details

| Investment Manager    | Resolution Capital   |
|-----------------------|--|
| Objective             | <ul style="list-style-type: none"><li>The Fund aims to achieve an annual total return that exceeds the total return of the Benchmark after fees on a rolling 3 year basis.</li></ul>   |
| Benchmark             | <ul style="list-style-type: none"><li>S&amp;P/ASX 300 AREIT Accumulation Index.</li></ul>  |
| Portfolio Allocation  | <ul style="list-style-type: none"><li>65-100% invested in ASX listed REITs.</li><li>0-20% invested in global listed REITs and real estate securities.</li><li>0-15% invested in cash and short dated money market securities.</li><li>For reasons of investment efficiency, the Fund may gain its exposure by holding units in other Resolution Capital Funds.</li></ul> |
| Investment Timeframe  | <ul style="list-style-type: none"><li>Medium to long term, being 5 or more years.</li></ul>  |
| Number of Stocks      | <ul style="list-style-type: none"><li>Generally 20 to 30.</li></ul>  |
| Minimum Investment    | <ul style="list-style-type: none"><li>Indirect investors: refer to the operator of your service.</li><li>Direct investors: minimum initial investment \$25,000.</li></ul>  |
| Platform Availability | <ul style="list-style-type: none"><li>BT Wrap</li><li>HUB24</li><li>IOOF Portfolio Service</li><li>IOOF Pursuit Select</li><li>Macquarie Wrap</li><li>MLC Navigator</li><li>MLC Wrap</li><li>Premium Choice</li></ul>  |

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