

Resolution Capital Core Plus Property Securities Fund Series II



APIR Code	IOF0044AU
ARSN Code	087 719 917

Month Ending February 2019

	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)	1.70	9.76	18.09	9.53	13.18	13.85	8.67
Benchmark# Return	1.80	9.73	18.88	8.94	13.22	14.54	8.27
Value Added (After Fees)	-0.10	0.03	-0.79	0.59	-0.04	-0.69	0.40

*31 August 1994.

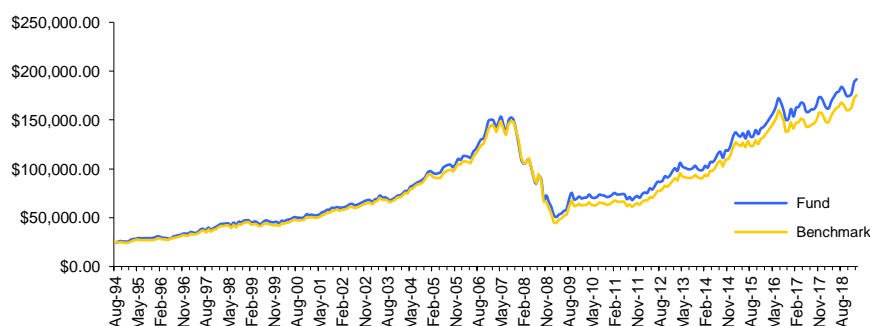
#Benchmark is S&P/ASX 300 AREIT Accumulation Index.

*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	\$32.7 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*



Source: Resolution Capital, as at 28 February 2019

Top 5 Weights	
Security Name	%
1. Scentre Group	19.03
2. Goodman Group	13.26
3. Dexus	12.09
4. GPT Group	7.43
5. Mirvac Group	6.98

Market Commentary

The S&P/ASX 300 A-REIT Accumulation Index produced a total return of 1.8% for the month ended 28 February 2019, underperforming the Australian equities market (S&P/ASX 300 Accumulation Index) by 4.2%.

Top 5 Contributors	
Security Name	%
1. Goodman Group	1.17
2. Dexus	0.57
3. Mirvac Group	0.46
4. Charter Hall Group	0.32
5. Charter Hall Education Trust	0.12

Industrial was the best performing sector over the month, generating a total return of 9.3%, driven by Goodman Group (GMG) delivering a return of 9.8%. The retail sector was the weakest performer with a total return of -2.0%.

Bottom 5 Contributors	
Security Name	%
1. URW-NL	-0.51
2. Stockland	-0.42
3. Vicinity Limited	-0.25
4. Arena REIT	-0.04
5. Abacus Property Group	-0.02

News flow in February was dominated by earnings results, which in broad terms confirmed a deterioration in retail and residential fundamentals, whilst the fundamentals for logistics, office, and funds management businesses remain constructive.

Key thematic to re-emerge from earnings results included moderate tenant sales growth and deceleration in net operating income for retail landlords. Moreover, retail landlords such as Stockland (SGP), Vicinity Centres (VCX), and reportedly Scentre Group (SCG) remain focused on non-core assets sales, in a market in which a number of unlisted wholesale groups also attempt to divest retail assets.

SCG reported 3.9% FFO (Funds From Operations) growth for FY2018 and guided to ~3% growth in 2019, underpinned by net operating income growth of 2.5%. VCX reported -0.9% FFO growth and reaffirmed FY2019 guidance, however this now

assumes no further asset sales in FY2019 implying a deterioration in underlying growth. Unibail-Rodamco-Westfield (URW) provided FY2019 earnings guidance ~8% below FY2018, highlighting a challenging retail environment in the US and UK, and increased its asset sale target from €3bn to €6bn.

The outlook for the residential market in terms of price declines and moderating sales volumes continues to be negative, weighing on sentiment towards Stockland (SGP) and to a much lesser extent Mirvac (MGR), given its better performing investment portfolio. Positively, MGR tightened full year operating earnings growth guidance to 3-4% from 2-4% and its office portfolio delivered 5% like-for-like net operating income growth, helping to underpin a 6% lift in net tangible assets.

East coast office markets continue to exhibit high occupancy levels, net effective rental growth and strong transactional markets. These trends were evident in Dexus' (DXS) earnings result. DXS reported underlying FFO growth of 3.6% in the first half of FY2019 and reaffirmed full year guidance of distribution growth of ~5%.

Logistics landlord Goodman Group (GMG) lifted FY2019 earnings per share growth guidance from 7% to 9.5%. GMG reported development revenue up 12% and development work in progress up 3% to \$3.6bn. Third party management revenue was up 15% and external assets under management increased by 27% to \$39.6bn.

Viva Energy REIT (VVR) also announced a \$110m equity raising to partly finance eight acquisitions totalling \$47m completed in the second half of FY2018 and to provide headroom for future growth.

Fund Details

Investment Manager	Resolution Capital
Objective	<ul style="list-style-type: none">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.
Benchmark	<ul style="list-style-type: none">S&P/ASX 300 AREIT Accumulation Index.
Portfolio Allocation	<ul style="list-style-type: none">65-100% invested in ASX listed REITs.0-20% invested in global listed REITs and real estate securities.0-15% invested in cash and short dated money market securities.For reasons of investment efficiency, the Fund may gain its exposure by holding units in other Resolution Capital Funds.
Investment Timeframe	<ul style="list-style-type: none">Medium to long term, being 5 or more years.
Number of Stocks	<ul style="list-style-type: none">Generally 20 to 30.
Minimum Investment	<ul style="list-style-type: none">Indirect investors: refer to the operator of your service.Direct investors: minimum initial investment \$25,000.
Platform Availability	<ul style="list-style-type: none">BT WrapHUB24IOOF Portfolio ServiceIOOF Pursuit SelectMacquarie WrapMLC NavigatorMLC WrapPremium Choice

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