

# Resolution Capital Core Plus Property Securities Fund – Series II



APIR Code	IOF0044AU
ARSN Code	087 719 917

## Month Ending October 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)	-3.30	-2.54	6.30	7.73	11.11	9.85	8.38
Benchmark# Return	-3.12	-2.13	7.31	7.42	11.33	9.20	7.99
Value Added (After Fees)	-0.18	-0.41	-1.09	0.31	-0.22	0.65	0.39

\* 31 August 1994.

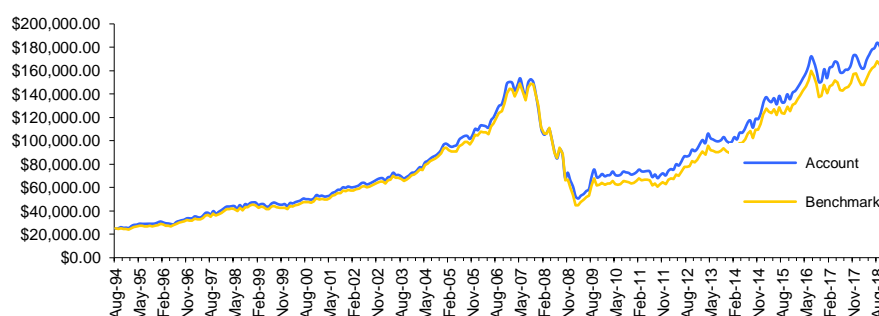
# Benchmark is S&P/ASX 300 AREIT Accumulation Index.

^ 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		21.51
2. Goodman Group		13.17
3. Dexus		11.94
4. URW - AU		8.53
5. GPT Group		6.78

Top 5 Contributors		
Security Name		%
1. Scentre Group		0.08
2. Vicinity		0.06
3. American Tower Corp		0.05
4. BWP Trust		0.04
5. Goodman Group		0.04

Bottom 5 Contributors		
Security Name		%
1. Sun Hung Kai Properties		-0.43
2. Gecina		-0.34
3. Interxion Holdings		-0.19
4. ProLogis		-0.16
5. URW - AU		-0.15

### Market Commentary

The S&P/ASX 300 A-REIT Accumulation Index delivered a total return of -3.1% for the month ending 31<sup>st</sup> October 2018, outperforming the Australian equities market (S&P/ASX 300 Accumulation Index), which produced a total return of -6.2%.

Industrial was the best performing sector over the month, generating a total return of 0.1%. The diversified sector was the weakest performer with a total return of -7.3%, affected by Stockland Group (SGP) and Mirvac Group (MGR) performance on the back of softening residential conditions.

As part of its non-core divestment program, retail REIT Vicinity Centres (VCX) sold a portfolio of ten sub regional and neighborhood centres to SCA Property Group (SCP) and one property to a private investor for combined \$631m. The sale price reflects a 5.1% discount to 30 June 2018 book value and a weighted average capitalization rate of 6.9%. SCP raised \$262.4m through an institutional placement to partially fund the transaction.

Office REIT Dexus Property Group (DXS) expanded its presence in the healthcare sector. It will take a 10% cornerstone investment in the upcoming Heathley Healthcare REIT initial public offering for \$37.2m. Dexus also acquired a 28.5% stake in Heathley (investment manager of the REIT) for \$11.3m (with an option to acquire further 21.5% in the future).

Charter Hall Long WALE REIT (CLW) acquired an industrial asset in Sydney and a 50% stake in a Perth office property for a combined \$117.8m at a weighted average 6.9% initial passing yield. CLW raised \$60m through an institutional placement to partially fund the acquisitions. CLW is also undertaking a Security Purchase Plan to raise up to \$20m.

Australian Unity Office Fund (AOF) received an indicative cash takeover proposal from Starwood Capital Group at \$2.95 per share, reflecting a 9.7% premium to AOF's last price and 10.5% premium to AOF's last reported net tangible assets per unit.

Oxford Properties Group's \$3.4bn all-cash offer to takeover Investa Office Fund (IOF) has been deemed the superior proposal by the IOF board. The proposal of \$5.60 per share represents a 23.1% premium to IOF's unaffected share price of \$4.55 on 25 May 2018. Blackstone Group (BX) was given the opportunity to step up and provide a matching or superior proposal, and instead bowed out of the race. A meeting of IOF shareholders to consider Oxford's proposal is expected to be held in early December.

Office REIT Centuria Metropolitan (CMA) acquired a portfolio of four offices for \$500.9m from a subsidiary of Hines Global REIT. The sale price reflects a capitalization rate of 5.8%. CMA raised \$276m through an institutional placement to partially fund the acquisition.

Propertylink Group (PLG) directors intend to accept ESR Real Estate's (ESR) revised all-cash proposal to acquire all PLG securities that it does not already own for \$1.20 per share. The revised offer represents a 14.3% premium to PLG's unaffected share price.

## 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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