Perennial Unhedged Global Property Trust

Monthly Report as at 31 October 2012

	Month %	3 Months %	1 Year %	2 Years % p.a.	3 Years % p.a.	SI^ % p.a.
Perennial Unhedged Global Property Trust	1.4	4.5	-	-	-	23.7
FTSE EPRA/NAREIT Global Real Estate Dev. TR Index in AUD	1.1	4.1	-	-	-	21.1
Value Added (Detracted)	0.3	0.4	-	-	-	2.6

* Gross Performance.. ^ Since Inception December 2011.

- The Trust returned 1.4% for the month.
- Europe performed strongly for the month with the impact of the policy moves continuing to drive stock prices.
- Japanese REITs and developers had a strong month.

Performance

FTSE EPRA/NAREIT Developed Total Return Index (Hedged to AUD) (the Index) finished up 1.1% for the month of October, with the Perennial Unhedged Global Property Trust (the Trust) returning 1.4%, in line with the Index. After a burst of global policy action in September, October was more about consolidation, particularly in Europe. While the US election debate was a key focus, with the two parties being very close, late in the month Hurricane Sandy added to the uncertainty with the New York Stock Exchange shut for two days.

Those in the market looking for signs of recovery from the US Q3 reporting season were disappointed as corporates reported mediocre third quarter sales and earnings results. US economic data was also mixed, with the housing market showing some signs of recovery amidst record low interest rates.

Europe performed strongly for the month, with the impact of the policy moves announced in September continuing to drive stock prices. This was against a backdrop of Eurozone unemployment reaching a historic high of 11.6%, up from 10.3% a year ago. Not surprisingly, Spain and Greece were the highest at 25.8% and 25.1%, respectively. Asset sales have continued with companies tidying up their balance sheets. For example, Wereld sold a number of non-core assets as they changed strategy, while Great Portland sold a London city development.

There was very little new issuance over the month in the Euro region however, a number of strategic stakes were sold. Simon Property Group sold its 5.2% holding in CapCo and 4.1% of Capital Shopping Centres, while Hertz, the main shareholder of PSP, sold 3.1% of its 15% holding. Unibail provided a positive contribution, with our overweight holding rallying 12.1% after weakness last month due to hedge fund activity around bond activity.

Perennial Unhedged Global Property Trust Facts:

The Trust aims to grow the value of your investment over the long term through a combination of capital growth and income by investing in a broad selection of international property securities. The Trust aims to provide a total return (after fees) that exceeds the FTSE EPRA/NAREIT Global Real Estate Total Return Index

Portfolio Manager: David Kivell	**Risk Profile:** High
Trust FUM (as at 31/10/12): AUD11.6 million	**Team FUM (as at 31/10/12):** AUD1.0 billion
Trust Inception date: December 2011	

Australia also performed strongly as a result of the Reserve Bank of Australia's decision to cut interest rates by 25 basis points and a number of direct market transactions, which supported current valuations. There were a number of quarterly updates, with Stockland reducing guidance for FY13 by 10% to 15%. Goodman Group continued its capital raising efforts, looking for AUD400 million for its Australian fund. This saw Goodman rally 11.9%, reflecting the market's positive sentiment towards its continued execution and positive contribution. Our overweight positions in Westfield Retail and Mirvac benefited from the overall demand for Australian names.

Trust Activity

Our overweight positions in DuPont and Coresite Realty caused underperformance, with these stocks off 14.5% and 15.7%, respectively, after DuPont's earnings call saw the sector sell off as a whole. DuPont announced it had signed lease extensions with super wholesale tenants for expiries up until 2017, at a negative 18% spread. The market reacted badly to this news, an overreaction in our view, as the leases only apply to the super wholesale tenants, were signed at the peak of the market and have annual escalators.

Market Review

Japanese developers and REITs had a strong month, with REITs well supported by the Bank of Japan (BOJ). While BOJ announced further buying, having reached its 5% hurdle in a number of stocks, BOJ is somewhat restricted. Tokyo office vacancy slightly improved over the month. Despite reaching its bottom, sluggish demand has dampened a near term recovery in rents and incentive levels for the sector.

Mitsui Fudosan and Mitsubishi Estate both reported their Q2 earnings with no surprises. The outlook commentaries were generally more upbeat than previous quarters, signalling the end of negative reversion in asset values.

The Hong Kong residential developers were weaker after the Hong Kong government introduced new measures to curb the hike in prices, which having risen 17% YTD are now at a record high. Transactions in both the primary and secondary segments slowed post the announcement, however this was after strong month-on-month growth in the first few weeks. This saw names such as Henderson Land and Sun Hung Kai sell off 3.8% and 5.0%, respectively.

In Singapore, the IPO activity continued with Croesus REIT investing in Japanese retail, while the planned Dynasty REIT, a Japanese diversified play, was withdrawn. Our take on this, is that IPOs need more asset specific focus to be successful. The Singaporean government remained concerned about residential price increases, which led to the introduction of measures to curb maximum loan tenure to less than 30 years, with little impact.

Even though the US REIT's released solid Q3 results, the weakness in the overall market saw the sector weaker as well as uncertainty around the election outcome. The sector continues to attract flows with USD1.7 billion invested including USD500 million from Japanese investors. This was seen as a positive given the slowdown in flows from Japan with the market concerned the flows could have turned negative.

Outlook

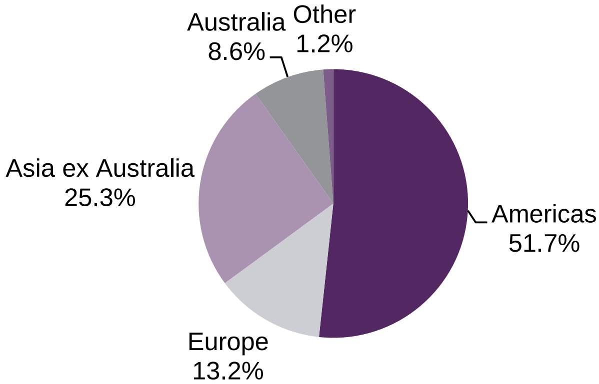
The outlook for the sector remains robust, especially with several of the larger groups releasing 2013 guidance. Aside from the US election, there are a number of issues which are keeping US investors on the sideline including the looming "fiscal cliff", the debt ceiling and general concerns on Europe.

Asset Allocation as at 31 October 2012

Sector	% of Trust
Retail	41.5
Office	17.6
Industrial	2.4
Hotel	2.6
Residential investment	7.8
Residential development	6.2
Infrastructure	0.1
Construction	0.1
Funds management	2.0
Other	19.1
Total	**100.0**

Source: Perennial Investment Partners

Trust Country Allocation as at 31 October 2012



Source: Perennial Investment Partners
Refers to location of underlying gross property assets, not listing domicile.