Perennial Hedged Global Property Securities Trust

Quarterly Report as at 31 March 2013

	3 Months %	1 Year %	2 Years % p.a.	3 Years % p.a.	5 Years % p.a.	SI^^ % p.a.
Perennial Hedged Global Property Securities Trust*	6.6	23.6	14.1	14.3	1.4	1.0
FTSE EPRA/NAREIT Global Real Estate Dev. TR Index^^	8.6	26.2	15.6	16.2	4.3	3.4
Value Added (Detracted)	**-2.0**	**-2.6**	**-1.5**	**-1.9**	**-2.9**	**-2.6**
Net Performance	6.3	22.3	12.9	13.1	0.1	-0.2

* Gross Performance. Hedged to AUD. ^^ Since Inception: March 2006. **Past performance is not a reliable indicator of future performance. On 15 September, the name of the Trust was changed from the Perennial Global Property Securities Trust to the Perennial Hedged Global Property Securities Trust.**

- Japan was the best performing region returning 11.3%.
- Australia slightly underperformed for the quarter returning 5.0%.
- We established positions in Brookfield Properties, Highwoods Properties and Penn REIT during the month.

The FTSE EPRA/NAREIT Global Real Estate Developed Total Return Index (the Index) finished up 8.6% for the quarter. The Perennial Hedged Global Property Securities Trust (the Trust) returned 6.6%, underperforming the Index by 2.0%.

Trust Performance

The sector had a very strong quarter. The market was led by Japan which driven by the agenda by the newly elected government having the agenda and commitment to reignite the Japanese economy returned 35.5%. Although Japanese overshadowed the rest of the Asian region, the region was the best performer returning 11.3%.

In terms of stock performance, negative contributions came from being underweight Japan and our stock calls in the US. Japan continued the rally we saw in the December quarter after the new government's preferred candidate was appointed as the replacement Governor of the Bank of Japan (BOJ). This gave the market confidence that the proposed stimulus package (subsequently announced in early April 2013) would be approved. This saw both the developers and the REITs perform strongly over the quarter. Based on our view that developers would be the real beneficiaries of the stimulus package, we had moved overweight the developers and this strategy provided a positive contribution from Mitsubishi Estate, Mitsui Fudosan and Sumitomo Realty. This was however, offset by our underweight position to JREITs including Japan Retail Fund, Japan Real Estate and Nippon Building Fund.

Our overweight position to the large cap names, in particular the malls, caused underperformance given the rally in the small and mid-cap names, coupled with stocks like Simon Property Group and Taubman Centres, reporting solid Q4 numbers but not lifting 2013 guidance which the market took as quasi downgrades. In addition, our overweight holdings in DuPont Fabros and BR Props detracted from performance. DuPont's Q4 result did not any major new leasing announcements and this disappointed the market. In Brazil, inflation concerns saw BR Props sold off with the overall Brazilian market.

Our underweight call on Canada and Europe contributed positively to performance, with Canada returning 2.0% reflecting the general flatness in its equity market with questions over global demand for resources.

Perennial Hedged Global Property Securities 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 hedged measured over a rolling three-year period.

Portfolio Manager: David Kivell	**Risk Profile:** High
Trust FUM (as at 31/03/13): AUD151.3 million **Team FUM (as at 31/03/13):** AUD789 million	**Income Distribution Frequency:** Half yearly **Minimum Initial Investment:** $25,000
Trust Inception date: March 2006	**APIR code:** IOF0081AU

While Europe underperformed, it did finish in positive territory and was up 1.5%. Ongoing downgrades to GDP growth and the issues in Cyprus in the latter part of the quarter continue to hold this market back.

The rest of Asia ex-Japan positions provided a slight positive contribution from being underweight the Singapore residential developers, which was offset by a slight overweight to the Chinese developers. Both regions were impacted by the continued policy changes to slow down price increases. Our underweight positions in City Developments and CapitaLand contributed to performance, while overweights to Agile Property and Yuexiu Property detracted from performance.

Market Summaries

North America

US REITs slightly underperformed, but still returned a creditable 7.9%. The sector is remains in demand, with USD 9.2 billion invested into real estate stocks over the quarter. The March quarter also saw the outperformance of the small and mid-cap stocks versus both the REIT index and the large cap stocks. The returns generated for the three months, small cap stocks 14%, mid cap stocks 12% and large cap stocks 5%, reflect the reallocation of capital.

.

This reallocation has been driven by two factors. Firstly, the large cap names generally exceeded Q4 results but did not upgrade 2013 guidance. This had the effect of being a quasi-downgrade in 2013 and was more reflective of management conservatism around market conditions than an underlying fundamental earnings issue. We expect upgrades through the year. Secondly, with the lower cost of debt and the debt markets opening for smaller lessor quality names, we have seen investors start to chase the small to mid-cap names on potential for M&A or potential earnings growth through acquisition.

The first of these transactions took place in February through the potential privatisation of Commonwealth REIT, which saw a bid of over 50% above the previous close. This is reflective of the availability of cheap long term financing that can be used to acquire higher yielding inflation hedged assets and given the recent FED statements reiterating lower rates for longer, this will only continue to spur demand.

During the quarter, we looked to de-risk the higher growth names in the Trust given the deliberations around the fiscal cliff and the debt ceiling. As a result, we sold ProLogis, Host Hotels and LaSalle Hotel to zero weight. We also sold down two of the datacenter names, with Coresite having performed strongly we locked in profits and DuPont Fabros, which had underperformed but we did not see any near term catalyst to turn this name around. Based on our analysis of our underweight position to the small and mid-cap names, we believe that the valuation gap between quality and secondary assets is too tight and decided not to aggressively move into these names. We did establish positions in Brookfield Properties, Highwoods Properties and Penn REIT on a valuation basis rather than chasing the smaller names.

Asia Pacific

Australia slightly underperformed for the quarter returning 5.0%. The Reserve Bank of Australia (RBA) kept rates on hold. While the data for the quarter supported this decision, the RBA has reiterated its easing bias based on a more favourable inflation outlook. The major transaction for the quarter was in Westfield Retail Trust, where the Lowy family sold down its 7% stake late in March. Given the transaction happened at a 10% discount to underlying value, the Lowy's motivation to sell was questioned by the market.

In Asia, we bought a significant amount of in the Japanese developers and REITs sectors. We are now overweight the developers, focusing on the three key names - Mitsubishi Estate, Mitsui Fudosan and Sumitomo Realty. In addition, closed down our JREIT underweight buying Japan Real Estate, Nippon Building Fund and Industrial and Infrastructure. Post this reporting period, following the April stimulus announcement and the BOJ announcing further JREIT purchases, we have bought GLP J-REIT and closed the underweight.

In Honk Kong, we sold down the development exposure through Hysan Development, Henderson Land and Sun Hung Kai. This funded some of the Japan buying as well as the switch into the landlord through Link REIT. We consolidated our Chinese developer names into two quality operators, China Resources and Shimao Property and sold out of KWG and Yuexiu Property.

Europe

Europe continues to look like it is struggling to make any real progress in resolving the underlying issues. Growth for the region continued to be pulled back, with 2014 assumptions also being downgraded. In our view, given current activity levels growth assumptions will come under continued pressure, especially given Japan is doing everything it can to lift its global competitiveness. The inconclusive Italian election result showed little domestic support for the austerity measures the ECB is trying to force onto distressed countries in the Eurozone.

The bailout that finally happened in Cyprus also has raised concerns. Even though Cyprus is very small in the scheme of the European economy and it could be argued that it is not reflective of other European countries, the bailout was perceived to be the template for other countries. Unfortunately, the various proposals and the final deal did little to provide confidence to either debt or equity markets.

In Europe, we closed out our small residual position in Tornular and trimmed Land Securities post recent strong performance. Post results and some capital raising activity, we established positions in Vastned and Citycon. These were funded through the sale of Unibail and Mercialys, which in our view were fully valued.

ESG issues encountered during the quarter

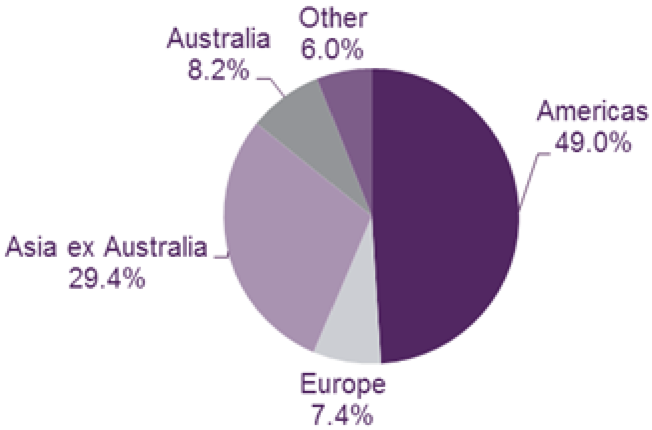
Environmental, social and governance (ESG) factors have become increasingly relevant for companies when making decisions. This comes as the investment industry recognises that these factors can have an impact upon financial performance. Within a global real estate context, sustainable property practices are becoming increasingly prevalent and this is set to continue, as more investment managers engage REITs on specific ESG matters.

Asset Allocation as at 31 March 2013

Sector	% of Trust
Retail	36.2
Office	19.0
Industrial	4.6
Hotel	0.5
Residential investment	8.6
Residential development	7.1
Infrastructure	0.0
Construction	0.4
Funds management	2.7
Other	20.9
Total	**100.0**

Source: Perennial Investment Partners

Trust Country Allocation as at 31 March 2013



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

Signatory of:

PRI Principles for Responsible Investment