PERENNIAL REAL ESTATE INVESTMENTS

Perennial Hedged Global Property Securities Trust

Monthly Report as at 31 January 2013

	Month %	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*	3.4	8.7	26.8	13.3	17.2	0.6	0.5
FTSE EPRA/NAREIT Developed TR Index (Hedged to AUD)	3.9	10.0	28.1	14.0	18.6	2.8	2.9
Value Added (Detracted)	**-0.5**	**-1.3**	**-1.3**	**-0.7**	**-1.4**	**-2.2**	**-2.4**
Net Performance	3.3	8.6	25.5	12.1	15.9	-0.6	-0.6

* Gross Performance. Hedged to AUD. ^^ Since Inception: March 2006. **Past performance is not a reliable indicator of future performance. On 15 September 2011, the name of the Trust was changed from the Perennial Global Property Securities Trust to the Perennial Hedged Global Property Securities Trust.**

- Asia Pacific was the best performing region led by the Japanese sector which returned 5.6%.
- Our overweight position to Hong Kong Land contributed positively to performance.
- Europe was the weakest region for the month.

Performance

The global REIT sector continued its solid performance returning 3.9% for the month of January with the Perennial Global Property Securities Trust (the Trust) returning 3.4%, underperforming the FTSE EPRA/NAREIT Developed TR Index (Hedged to AUD) (the Index) by 0.5%. The market continued to be led by Japan with the new government announcing USD 117 billion in spending focused on public works, disaster recovery and provide aid to small business. While in the US, the debt ceiling issue was avoided by Congress granting an extension until mid-May.

Market Review

Asia Pacific was the best performing region led by the Japanese sector which returned 5.6% driven by the J-REITs rallying on the stimulus package that was announced rather than an improvement in the underlying real estate fundamentals. There is the expectation that the 600,000 jobs forecast to be created should increase office demand in the medium term and absorb existing vacancies. Our underweight position in the J-REITs detracted from performance during the month. The strength in Japan lifted the developers with our underweight position in Mitsubishi Estate also detracting from performance

Hong Kong was stronger with home sales and prices rebounding after the Chief Executive's policy speech that emphasised increasing land supply rather than introducing tighter administrative measures to accommodate housing needs. This was coupled with Chinese developers rallying with an improvement in the physical market with transaction volume and prices in first and top second tier cities both up strongly. Our overweight positions with exposure to the Hong Kong and Chinese residential developers contributed to performance and included Wharf Holdings, Sun Hung Kai and Shimao Property. This was slightly offset by our underweight position in New World Development.

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 Developed Total Return Index hedged to AUD measured over a rolling three-year period.

Portfolio Manager: David Kivell	**Risk Profile:** High
Trust FUM (as at 31/01/13): AUD153.8 million	**Income Distribution Frequency:** Half yearly
Team FUM (as at 31/01/13): AUD810.8 million	**Minimum Initial Investment:** $25,000
Trust Inception date: March 2006	**APIR code:** IOF0115AU

In addition, our overweight position to Hong Kong Land contributed positively to performance with vacancies in Central, where this stock is invested, not increasing as much as expected and a number of recent deals suggesting rents in Central may have found a base.

Australia had a slightly stronger performance returning 4.5% even though the Reserve Bank of Australia (RBA) kept rates on hold there is certainly scope for future rate cuts. Inflation is oscillating in the lower range of the RBA's target coupled with job approvals dropping by 4.4% and job advertisements falling by 0.9%. Our overweight holdings in Mirvac Group and Westfield Retail contributed to performance. Mirvac Group continued to increase its capital partnership platform with the sale of a 50% share in its Perth development while Westfield Retail continues to rally on the quality of its underlying portfolio.

US REITs returned 3.7% for the month which was a good performance given the back up in the Ten Year Treasury Rate ~ 30 basis points over this period. The sector saw solid inflows over the month of USD530 million versus USD1360 million of outflows in December. With the debt ceiling being deferred until May at the start of the month, we saw the small cap and lower multiple stocks, for example suburban office, Class B retail and class B health care, all being rerated to reflect the lower cost of debt and equity capital.

Given the defensive and overweight position we have in the US, which we have previously highlighted, our overweight positions in this environment not surprisingly underperformed. Our positions in Simon Property Group and American Tower underperformed as a result of this rotation. Investors also switched to the homebuilders with the housing recovery at the expense of the apartment sector which saw our overweight position in AvalonBay underperform.

Europe was the weakest region for the month. There was little new economic data for the month to spur the market on. News that was out did little to bolster confidence with 2013 growth expectations for Germany being revised downwards and while the UK supports active European Union membership it wants a more 'flexible' relationship which left more questions asked than answered.

Our underweight position to Europe contributed slightly to performance while our overweight positions in Land Securities, Mercialys and Unibail Rodamco detracted from performance. Land Securities are delivering on its developments but its existing retail portfolio showed weaker leasing results. Mercialys delivered at an operational level but disappointed on the asset disposition program and have only replaced the departing CEO on an interim basis which has created uncertainty while Unibail had had a strong run into the end of 2012 with January showing some relative weakness.

Outlook

The overall sector continues to be well supported by the continued quantitative easing and stimulus packages that are being put in place. We believe that the benefit these measures provide have started to lose their effectiveness and expect a return to real estate fundamentals.

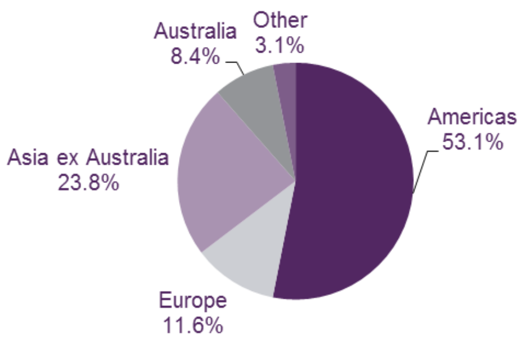
At this stage we have maintained our core positioning. In the US, the market has entered the Q4 reporting season with the lower quality end of the market yet to demonstrate any improvement in underlying fundamentals. As we saw the rotation into lower quality names over January we expect this to revert as the market recognises the recovery in the US is focused into the better markets and better quality assets and managers.

Asset Allocation as at 31 January 2013

Sector	% of Trust
Retail	40.9
Office	15.4
Industrial	3.1
Hotel	3.0
Residential investment	8.5
Residential development	7.5
Infrastructure	0.1
Construction	0.1
Funds management	2.1
Other	19.3
Total	**100.0**

Source: Perennial Investment Partners

Trust Country Allocation as at 31 January 2013



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