PERENNIAL REAL ESTATE INVESTMENTS

Perennial Hedged Global Property Wholesale Trust

Quarterly Report as at 30 September 2012

	3 Months %	FYTD^ %	1 Year %	3 Years % p.a.	5 Years % p.a.	SI^^ % p.a.
Perennial Hedged Global Property Wholesale Trust*	5.5	5.5	32.9	13.8	-4.5	-0.8
FTSE EPRA/NAREIT Global Real Estate Dev. TR Index^^	5.2	5.2	31.8	14.4	-2.6	1.7
Value Added (Detracted)	**0.3**	**0.3**	**1.1**	**-0.6**	**-1.9**	**-2.5**
Capital Growth	5.3	5.3	30.7	11.1	-8.1	-5.4
Income Distribution	0.0	0.0	0.7	1.5	2.5	3.6
Net Performance	5.3	5.3	31.4	12.6	-5.6	-1.8

* Gross Performance. ^Financial Year to Date. ^^ Since Inception: April 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 Wholesale Trust to the Perennial Hedged Global Property Wholesale Trust.**

- The Index finished the quarter up 5.2%.
- The market had a solid quarter, with the prospect of continued stimulus driving it upward.
- The Trust's overweight to Hong Kong and quality UK stocks provided positive contributions.

The FTSE EPRA/NAREIT Global Real Estate Developed Total Return Index (the Index) finished up 5.2% for the quarter. The Perennial Hedged Global Property Wholesale Trust (the Trust) finished up 5.5%, outperforming the Index return by 0.3%.

Trust Performance

Notwithstanding the low volumes, the market had a solid quarter with the prospect of continued stimulus, including the bold announcement mid quarter announcement from the Head of the ECB that he would do whatever it took to save the Euro, driving it upward. The combination of investors sitting on the sidelines waiting for the expected policy interventions and a number of players away for the northern hemisphere summer led to low volumes during the quarter.

In terms of stock performance, positive contributions came from our overweight to Hong Kong. Residential developers in Hong Kong performed strongly, with demand and pricing for new releases stronger than the market expected. As a result, our overweight positions in Henderson Land Development Company Limited (Henderson Land) and Sun Hung Kai Properties generated positive contributions returning 31.7% and 24.6%, respectively. While retail sales have slowed Wharf Holdings Limited (Wharf) continued to show strong sales and was up 27.7% for the quarter. In Australia, our overweight positions in Goodman Group (up 7.9%) and Mirvac Group (up 12.1%) both received market support from the success they had in securing commitments from capital partners.

Perennial Hedged Global Property Wholesale 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 30/09/12): AUD118.9 million

Income Distribution Frequency: Half yearly

Team FUM (as at 30/09/12): AUD1.1 billion

Minimum Initial Investment: $25,000

Trust Inception date: April 2006

APIR code: IOF0081AU

Europe also provided a positive contribution, with our overweight positions in quality UK stocks Derwent London plc and Unite Group (Unite) returning 6.1% and 36.6%, respectively. Unite in particular, had a positive earnings surprise from a good operating outcome including higher rents as well as lower interest, general and administration costs.

Our Brazilian positions, BR Properties S.A. and Iguatemi Empresa de Shopping Centers S.A. (Iguatemi), both contributed positively to performance, with Brazil a beneficiary of the overall central bank activity. Our underweight position to Canada also contributed to the results for the quarter.

North America was a drag on performance, with our overweight positions in DuPont Fabros Technology Inc. (down 11.1%) and Digital Realty Trust Inc. (Digital Reality) (down 6.0%) both underperforming. Data centres as a sector sold off after comments by the management of Digital Reality that corporate decision makers were lengthening the time to make a leasing decision due to economic uncertainty.

Market Summaries

North America

US REITs were slightly positive, returning 0.1% for the September quarter, with the market taking a breather after the sector rallied 14.9% for the six months to June. Canada was slightly stronger returning 2.6% for the quarter. The sector was relatively quiet as volumes were impacted by the summer break, with the market then looking for a lead from the economic data which continues to face several headwinds. Money continues to flow into the sector, with around USD 4.7 billion coming in over the quarter.

The Q2 reporting season reflected the stability of cashflow within the REIT space and highlighted areas of growth The shopping centre and industrial sectors were the best performing, with both sectors enjoying a dialling up of risk within the REIT space. The shopping centre sector reacted positively to activist investor, Perishing Square in General Growth Properties, calling for the company to unlock more value for shareholders through a potential sale of part or all of the company. This saw the shopping centres rally given the yields the sector trades on.

Apartment REITs were lower, down 4.7%, despite strong second quarter earnings. The improving outlook for the single family housing market as well as a slowing rate of rental growth seemed to weigh on the sector over the quarter. As highlighted, data centre stocks struggled after Digital Realty's management update on the leasing market. We are confident however, that Q3 reporting will be stronger than market expectations

During the quarter, we took profits on some of our stronger positions including selling down Iguatemi and ProLogis Inc. We also took some profits on General Growth Properties after it rallied post the push by Perishing Square. We reduced our apartment holdings taking Equity Residential underweight and selling our Camden Holdings Inc. given our concerns about the apartment sector. We bought into healthcare names increasing MCP Inc and acquiring a stake in Ventas REIT Inc., as we expect these names to have good internal growth and the capacity to drive earnings through accretive acquisitions.

Asia Pacific

The Asian Pacific property index was a major outperformer, returning 10.9% for the quarter.

Hong Kong was the strongest performer, returning 17.6%. The new government took the reins on 1 July and immediately put in place a string of supply side measures the market had been waiting for. As the policy announcements were not as severe as anticipated, the developer stocks all rebounding strongly. This was coupled with both the developers and landlords in general delivering interim results that beat market estimates.

Prime office rent in Central was flat quarter on quarter, with the continued decentralisation from Central taking place due to the high rental differential. Rental levels in Central have not deteriorated as much as the market had forecast and appear to have hit a floor due to little new supply and Chinese financial institutions backfilling the space vacated due to the decentralisation trend. Relative to the high base set last year, retail sales growth slowed on less mainlander and local spending, particularly in the high end categories. Prime retail rents continued to show solid growth due to the lack of supply.

Chinese residential developers reported disappointing interim results, underpinned by a squeeze on margins, increased balance sheet gearing as well as sluggish presales and sales. The outlook for the residential sector remains challenged, with policy makers looking to stabilise economic growth but remaining committed to the maintenance of tight property measures. There is now a real divergence in the developers that have been able to adjust their product mix to meet current demand.

Singapore had a strong quarter, returning 13.3%. The performance was driven by the general euphoria in the region, with investors chasing the yield on offer. This was a good result given retail sales declined over the quarter amid the global economic slowdown and a drop in visitor arrivals. Office rental continues to be under pressure, especially due to weakness in demand from financial institutions. Demand from small tenants on the other hand saw leasing given the moderation in rents.

Australia outperformed for the quarter, returning 6.7%. This was driven by the residential names, primarily Mirvac and Stockland, following a rate cut in June with the market expecting further cuts in the near future (post this reporting period, the RBA cut 25 basis points in October) which is expected to drive demand for residential property. Mirvac and Goodman also rallied after both groups successfully continued to raise equity from various capital partners.

In Asia, we took some profits on Henderson Land and Wharf after their recent rally, while buying back into Sun Hung Kai after there was more clarity around the leadership change. In Singapore, we switched out of CapitaMalls Asia Limited and into Suntec REIT to capture the higher yield on offer.

Europe
The European region again slightly underperformed the Index, up 4.9%. Market activity in the region was also impacted by the northern hemisphere summer. The various austerity measures by the peripheral countries was a key, with investors looking for signs of the support the ECB would provide to protect the Euro. This was against a backdrop which has economic forecasts for a deeper economic contraction for 2012 which was lower than was predicted at June.

Europe found some renewed confidence after the ECB's bond buying plan announcement. The conditions attached to it, including compliance with a strict financial reform program, are unlikely to see governments agreeing and surrender their sovereignty. This saw countries like Spain introduce austerity measures as the Spanish government does not want to accept the ECB's conditions and led to protests in Spain as the population resists the new measures.

Q2 results were somewhat of a mixed bag. However, it was no surprise that companies with quality assets in good markets performed well. The majority of most operators with sizeable operations in southern Europe, including VastNed, Corio N.V., Wereldhave N.V. and Eurocommercial Properties N.V., tended to have weaker cashflows.

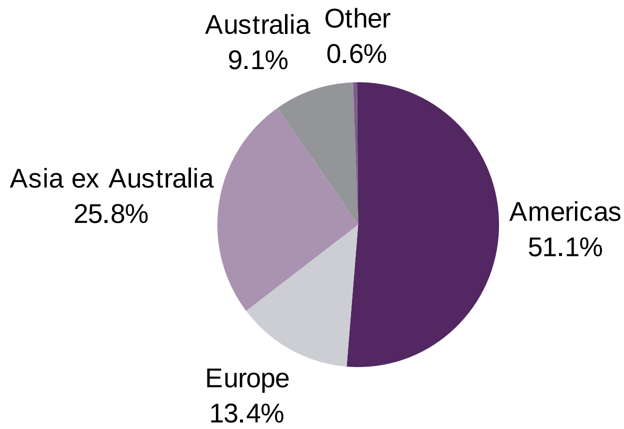
ESG issues encountered during the quarter
Environmental, Social and Governance (ESG) factors have become increasingly relevant for companies when making decisions. This comes as the investment industry recognises that these factors can have an impact upon financial performance. Within a global real estate 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 30 September 2012

Sector	% of Trust
Retail	40.7
Office	17.8
Industrial	2.4
Hotel	2.8
Residential investment	7.8
Residential development	6.5
Infrastructure	0.1
Construction	0.1
Funds management	2.0
Other	19.4
Total	**100.0**

Source: Perennial Investment Partners

Trust Country Allocation as at 30 September 2012



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

Signatory of:
PRI Principles for Responsible Investment