Perennial Hedged Global Property Securities Trust

Monthly Report as at 31 December 2012

	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*	3.7	6.7	31.6	12.4	13.6	-1.2	0.0
FTSE EPRA/NAREIT Developed TR Index (Hedged to AUD)	4.4	7.4	32.0	12.8	15.1	1.0	2.3
Value Added (Detracted)	**-0.7**	**-0.6**	**-0.4**	**-0.4**	**-1.5**	**-2.2**	**-2.3**
Net Performance	3.6	6.6	30.3	11.2	12.4	-2.3	-1.1

* 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.**

- The Global REIT sector had very strong performance for the month.
- Japan was up strongly after the election of the new LDP party with the expectation of further major stimulus in that economy.
- The sector outlook is still positive as we enter 2013. The ongoing expectation of lower interest rates coupled with a more sustainable growth outlook is supportive for the real estate sector.

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 31/12/12): AUD151.6 million	**Income Distribution Frequency:** Half yearly
Team FUM (as at 31/12/12): AUD807 million	**Minimum Initial Investment:** $25,000
Trust Inception date: March 2006	**APIR code:** IOF0115AU

Performance

The Global REITs sector posted a strong result for the month of December, with the FTSE EPRA/NAREIT Developed Total Return Index (Hedged to AUD) (the Index) finishing up 4.4%. The Perennial Hedged Global Property Securities Trust (the Trust) returned 3.7%, underperforming the Index by 0.7%. The sector continued to be pushed up off the back of macroeconomic issues, particularly the spectre of the fiscal cliff in the US; with most investors believing the 31 December deadline would be missed but a negotiated outcome in early January 2013 providing market certainty.

Led by Japan, up 17.1% on expectations of potential stimulus, Asia Pacific was the best performing region returning 6.1%. Japan was also up strongly after the election of the new LDP party and the expectation of further major stimulus in that economy. As a result, Japanese developers were the best performing sector, up strongly on the likelihood of new major public works and an expanded construction spending program. J-REITs performed in-line with the market given they had already seen solid buying support from the Bank of Japan as part of its existing asset purchase program.

Our underweight positions in Sumitomo Realty (up 26.9%) and Mitsubishi Estate (up 28.9%) detracted from performance, as both stocks rallied on stimulus speculation. Our overweight position in Mitsui Fudosan (up 21.6%) slightly offset this.

Australia (up 2.4%) marginally underperformed. Our overweight positions in Goodman (down 4.2%) and Westfield Retail (up 1.0%), both detracted from performance. Goodman was weaker following China Investment Corporation's block trade of 6.9% of the securities on issue at a 3.0% discount. Westfield Retail was a laggard during the month, as the risk-on attitude of investors saw defensive stocks generally underperform the market.

Europe (up 1.1%) was the weakest region for the month. The market sat on the sidelines while watching the fiscal cliff debate. EU ministers reaching an agreement on the creation of a single banking supervisor to monitor banks with balance sheets over EUR30 billion covering over 200 banks in all 27 European Union countries was the major regional news. This agreement represents the first step towards an European banking union and will terminate the relationship between individual countries and banks. The European Parliament still needs to approve the proposal and it is still not clear who funds a 'failed' bank. Our underweight position to Europe contributed to performance.

Market Review

Hong Kong (up 1.1%) was slightly positive, with our underweight position in Link REIT (down 8.0%) contributing to performance. The stock which was bought extensively when the market was in the risk-off mode, has subsequently sold off as investors in Hong Kong became more positive and looked to add growth stocks to their portfolios.

US REITs slightly underperformed due to the debate over the fiscal cliff during December. Given the US economic data had been quite positive, especially the recovery in the housing market and the renewed US consumer confidence, the fiscal cliff uncertainty was all that held the US market back.

While US REITs marginally underperformed the Index, the sector still returned 3.8%. This underperformance was largely due to the debate over the fiscal cliff during December. Given the US economic data had been quite positive, especially the recovery in the housing market and the renewed US consumer confidence, the fiscal cliff uncertainty was all that held the US market back.

Given the market believed the fiscal cliff would be resolved in early January this optimism saw stocks rally over December coupled with a more positive outlook for 2013. This shift in risk saw our overweight positions in ProLogis (up 8.4%) and Coresite Realty (up 9.1%) contribute slightly to performance with our overweight position offsetting this gain.

Outlook

The sector outlook remained positive as we enter 2013. The ongoing expectation of lower interest rates coupled with a more sustainable growth outlook, is supportive for the real estate sector. We remain positive on the US market given we are going into Q4 2012 reporting season which we expect solid to better than expected results for much of the REIT sector as well as providing solid earnings guidance for 2013.

This view is however tempered by the upcoming US debt ceiling negotiations, which are likely to come to a head in late February. While we do not expect the US to default on its debt obligations, we are concerned that increasing political acrimony may dent market optimism with the market remembering the events of 2011 when we last visited the debt ceiling. We will therefore continue to closely monitor our US overweight position over the coming weeks.

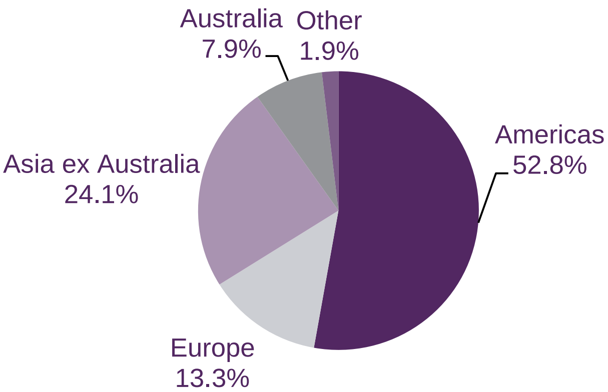
While we missed the reaction to potential stimulus in Japan, we are not chasing these stocks as we believe they have run far ahead of any potential benefit the stimulus may deliver. There have been questions raised around Japan adding to its current debt levels and we believe the Japanese developers will give up some of the gains made in December.

Asset Allocation as at 31 December 2012

Sector	% of Trust
Retail	40.3
Office	16.3
Industrial	5.6
Hotel	2.9
Residential investment	8.5
Residential development	7.0
Infrastructure	0.1
Construction	0.1
Funds management	2.0
Other	16.0
Total	**100.0**

Source: Perennial Investment Partners

Trust Country Allocation as at 31 December 2012



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