Perennial Unhedged Global Property Trust

Monthly Report as at 31 July 2012

	Month %	3 Months %	1 Year %	2 Years % p.a.	3 Years % p.a.	SI^ % p.a.
Perennial Unhedged Global Property Trust	1.3	2.7	-	-	-	18.4
FTSE EPRA/NAREIT Global Real Estate Dev. TR Index in AUD	0.9	2.1	-	-	-	16.4
Value Added (Detracted)	0.4	0.6	-	-	-	2.0

* Gross Performance.. ^ Since Inception December 2011.

- Global REITs returned 1.3% over the month as we moved into reporting season.
- Europe performed very strongly with the market reacting positively to the comments out of the ECB with the region up 5.5% in local currency terms.
- This was led by stocks listed in the more risky countries such as Finland, Greece and Italy which saw rallies in the range of 7.9% to 10.9%.

Performance

The Perennial Unhedged Global Property Trust (the Trust) finished the month up 1.3%. The FTSE EPRA/NAREIT Global Real Estate Dev. TR Index in AUD (the Index) finished up 0.9%, resulting in outrperformance of 0.4%.

Global REIT's ground up slowly returning 3.4% over the month as we moved into reporting season but were also spurred on by a rally at the end of the month by expectations of further stimulus by the European Central Bank (ECB) and the Federal Reserve. German, UK and US ten year bonds hit historical lows during the month which provided further support for the overall sector. The US ten year hit an intraday low during the month of 1.4%, which supported buying from retail investors looking for yield.

Concerns on the pressure being seen in the Spanish and Italian sovereign bond markets saw the President of the ECB come out with the statement that “the ECB is ready to do whatever it takes to preserve the Euro”. This was enough for equity markets to rally, but given previous inaction by the ECB and the resources available to it, the actual outcome, like a number of other European initiatives, is likely to disappoint.

Europe was the best performing region for the month (up 5.5%), followed by Asia (up 4.3%) with the Americas being the laggard (up 2.0%).

Asia provided a positive contribution to performance by being overweight Australia and Hong Kong and underweight Japan. In Australia, our holdings in Mirvac Group (Mirvac) and Westfield Retail Trust (Westfield) provided a positive contribution to performance with Mirvac rallying after receiving approval to develop its

Perennial 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

Portfolio Manager:
David Kivell

Risk Profile:
High

Trust FUM (as at 31/07/12):
AUD11.9 million

Team FUM (as at 31/07/12):
AUD1.4 billion

Trust Inception date:
December 2011

Harold Park site and Westfield continued to be supported after some recent direct transactions with investors recognising the underlying asset value in this stock.

Our overweight holdings in Hong Kong, namely Hysan Development and Wharf Holdings, performed strongly with the market becoming less pessimistic on Hong Kong luxury residential prices and the commercial market rents not falling as much as expected. In Japan, Aeon Mall was a major contributor with the prospect of a retail J-REIT spinoff driving the stock higher and the market anticipating a positive monetisation of the portfolio.

The Trust was impacted by a number of our US holdings. DuPont Fabros reported but even though it met market guidance, the leasing of its development space is taking longer than expected. Conditions are difficult, but we are comfortable with management’s ability to execute. Our overweight holdings in hotels (Host and LaSalle) underperformed. La Salle results in particular was one off in nature, but the market ignored this. We have subsequently reduced these holdings given the current economic backdrop.

Trust Activity

During the month, our trading was primarily focused on reducing our US exposure to stocks that had a higher exposure to the overall economy given the concerns of a potential US/global economic slowdown. To this end we reduced our hotel exposure in Host Hotels and Resorts and LaSalle Hotel and ProLogis in the industrial sector. In addition, given the strength in the apartment names we reduced our holding in Equity Residential. This money was redeployed into more defensive names such as Riocan, a shopping centre manager in Canada, American Tower who owns communication towers with long dated structured leases and increased our health care exposure in Ventas Inc. We also became more selective in the self storage area, by eliminating our residual position in CubeSmart.

Market Review

US REITs rose 2.0% in July 2012 driven by the lower interest rate environment plus the reporting season to date being positive with the majority of companies guiding higher for the full year. Inflows into the sector were up USD1.4 billion for the month despite some withdrawals from Japanese mutual funds following recent cuts in those funds distributions.

The Class A malls continue to perform strongly despite concerns over a weakening consumer sentiment, with Simon Property Group (Simon) and Taubman Centres (Taubman) delivering 9.9% and 8.4% year on year sales growth, respectively. While the apartment names reported solid numbers there was some initial pullback with the forward outlook statements not strong enough to offset investors concerns on job growth.
We continue to focus on the better quality names with more defensive characteristics and have been rewarded with overweight positions in stocks like Simon and Taubman. The hotel names came under pressure, in particular those with offshore earnings impacted by weaker demand.

Europe performed very strongly with the market reacting positively to the comments out of the ECB with the region up 5.7% in local currency terms. This was led by stocks listed in the more risky countries such as Finland, Greece and Italy which saw rallies in the range of 8% to 11%. A number of companies released their half year results, particularly some of the French and UK listed stocks, which helped the rally as there do not appear to be any major negative surprises.

The Asian region was led by Australia, Hong Kong and Singapore, while Japan and the Chinese developers were weaker. The reporting season in Hong Kong started with Hong Kong Land delivering an interim result in-line with the market. Although office leasing in Hong Kong has slowed since the fourth quarter last year and decentralisation has continued, the biggest landlord in Central still managed to deliver above average occupancy at its core office buildings. Positive rental reversion, as leases rolling over were struck at below current continues. This was attributed to its quality assets and management team.

Australia and Singapore were both stronger during the month with the higher relative yields on offer seeing increased investor demand. There have been a number of planned IPOs out of Singapore, two in hospitality and a Japanese retail mall portfolio, but none of these have seen wide demand from investors due to pricing and structural issues.

China saw another rate cut of 25 basis points earlier in the month. The government foresees a challenging business environment ahead, impacted by a weaker external economic outlook. While stabilising growth is the top priority in the second half of 2012, government officials on various occasions have reiterated the implementation of tightening property policies as necessary. A few mainland developers issued profit warnings for the interim on the back of sluggish demand for the first six months which put downward pressure on the sector. It is anticipated that the gearing level of some developers will be higher in this interim as credit tightening and slow sales in the earlier period has negatively impacted their cash flow.

After surging in June the J-REITs were down 1.0% for the month coupled with some secondary issuance which saw the market struggle to move into positive territory. The Japanese Developers were stronger led by Aeon Mall which rallied on the prospect of listing a number of their assets in a new IPO.

Outlook

The outlook for the Global REIT sector is still positive as we expect to see investor demand continue to chase the yield on offer. The reporting season to date has shown the underlying cash flows are intact with the possibility of reasonable growth in some markets. The backdrop of continued quantitative easing by both the Federal Reserve and the ECB is likely to also support ongoing buying support for the overall sector. Direct market transactions have reflected upward pressure on pricing which in turn underpins the stated valuations of the listed sector.

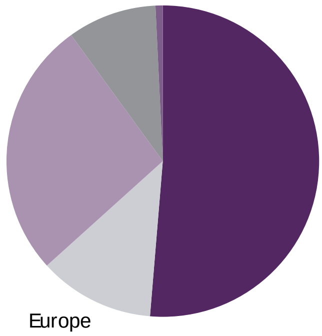
We continue to remain overweight the Asian region. in particular Hong Kong. The reporting season to date has supported this position with the company results reflecting the market has priced in a much more negative scenario than is playing out.

Asset Allocation as at 31 July 2012

Sector	% of Trust
Retail	41.2
Office	15.8
Industrial	4.1
Hotel	3.2
Residential investment	8.3
Residential development	6.6
Infrastructure	0.2
Construction	0.1
Funds management	2.0
Other	18.5
Total	**100.0**

Source: Perennial Investment Partners

Trust Country Allocation as at 31 July 2012



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