Perennial Unhedged Global Property Trust

Monthly Report as at 31 August 2012

	Month %	3 Months %	1 Year %	2 Years % p.a.	3 Years % p.a.	SI^ % p.a.
Perennial Unhedged Global Property Trust	2.7	5.5	-	-	-	21.6
FTSE EPRA/NAREIT Global Real Estate Dev. TR Index in AUD	2.0	3.6	-	-	-	18.7
Value Added (Detracted)	0.7	1.9	-	-	-	2.9

* Gross Performance.. ^ Since Inception December 2011.

- Global REITs returned 2.0% over the month.
- J-REITs were the best performing sector for the month returning 3.1%.
- We expect further stimulus announcements from the major central banks and believe the stimulus will continue to support real asset pricing.

Perennial Unhedged Global Property 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 31/08/12): AUD11.8 million

Team FUM (as at 31/08/12): AUD1.2 billion

Trust Inception date: December 2011

Performance

The FTSE EPRA/NAREIT Developed Total Return Index (Hedged to AUD) (the Index) finished the month up 2.0%. The Perennial Unhedged Global Property Trust (the Trust) finished the month up 2.7%, outperforming the Index return.

The global REITs sector returned 0.3% for the month. The sector's low return for the month was not surprising given the strength we saw in July, with most of the regions being flat to slightly down, and the sector moving into positive territory primarily due to a weaker Australian dollar. Markets across the board were also fairly lacklustre, with an end to the reporting season and very low market volumes due to the northern hemisphere summer holidays. The market was also in a holding pattern, as investors waited to see follow up action from the European Central Bank (ECB) after the Chairman's comments at the end of July, and news of further quantitative easing measures in the US, post the Federal Reserve meeting in late August.

Given that concerns had been raised around the low level of treasury yields across a number of developed markets concerns about the potential impact on asset pricing in a rising yield market (when it begins) started to emerge. Over August, the US ten year started the month at 1.47%, moved to 1.83% and closed at 1.55% while the Australian ten year was 3.11%, 3.48% and 3.04% respectively. The increase in rates intra month had little impact on pricing which suggests that investors are comfortable with the yield premium the sector offers and reporting season provided confidence in the underlying earnings outlook.

US REITs were slightly positive, up 0.1%. This was reflective of very quiet trading volumes during the month supported by economic data in line with market expectations. Capital flows into the sector moderated, with the Japanese flows turning negative, due to the dividend cuts mentioned previously. However, at this stage the outflows are not significant enough to impact the sector.

Trust Activity

The major transaction for the month in the US was Health Care REIT Inc's equity raising to acquire a USD1.9 billion portfolio of senior housing assets with the potential to acquire another USD2.0 billion over the next few years. The mall space was up 3.0%, with General Growth Properties Inc. (GGP) up 13.6%, after one of its most active investors started pushing the company to potentially sell part, or all, of GGP to unlock more value. Other 'value' mall operators, such as CBL & Associates Properties and Pennsylvania REIT, also ran on this news.

Market Review

The Hong Kong residential developers performed strongly after the Chief Executive of Hong Kong announced some supply side measures for affordable housing. The market's assessment that the measures would have little impact on rising house prices benefited stocks like Henderson Land Development Company Limited, which was up 5.5%. In addition landlords such as The Wharf Holdings Limited (Wharf) and Hysan Development Company Limited (Hysan) delivered interim results that beat estimates. Even with slowing retail sales, Wharf's key shopping malls outperformed the market, while Hysan delivered better than expected positive reversion on its office portfolio.

J-REITs were the best performing sector for the month, returning 3.1%, as a result of some stocks reporting better than expected results. In Singapore, the initial public offering activity continued with the Far East Hospitality Trust reaching the top end of the indicative range post the success of the Ascendas REIT (Ascendas) initial public offering. Ascendas are looking at reviving a China offering from its private fund.

Australia was down 0.1% with a number of stocks going ex their six monthly dividend. During the month, both Mirvac Group and Stockland announced surprising executive changes, with Nicholas Collishaw to be replaced by Susan Lloyd-Hurwitz as Chief Executive Officer at Mirvac Group, while Matthew Quinn's replacement is still being sought by Stockland. In addition, Peter Brown will be leaving FKP Property Group and Gavin Hawkins has moved on from Aspen Group.

In Australia, a couple of stocks were standouts. Goodman announced that the Canada Pension Plan Investment Board (CPPIB) has doubled its equity commitment to the Goodman China Logistics Holding, with an additional AUD500 million in equity. This will take the total equity to AUD1 billion. Thakral Holdings Group (Thakral) up 5.3%, received an increased takeover bid from Brookfield for $0.81 per security, also performed well.

Europe was slightly down for the month. A number of stocks with operations in Southern Europe such as VastNed, Corio and Wereldhave, reported poor cash momentum. Conversely several groups reported good quarterly earnings including PSP Property, Segro and Citycon. The UK student specialist, Unite Group, surprised the market with the strength of its earnings at an operational level driven by higher rents and cost controls as well as lower interest costs.

The market is in an interesting position where good economic news shows the economy is growing and bad economic news is also good news as it further supports stimulus. Given the issues facing the global economy, we remain cautious and more defensively positioned. To this end, in the US we reduced our exposure to economically sensitive stocks such as Host Hotels and Resorts Inc. and ProLogis and acquired stocks with more stable and defensive cashflows such as American Tower Corporation, Ventas Inc. and Kimco Reality.

In addition, we sold down our position in Class A Brazilian mall operator, Iguatemi Empresa de Shopping Centres S.A. (Iguatemi), as it has performed strongly and we felt it was prudent to take profits given the increased global uncertainty. In Asia, we trimmed our exposure to Hong Kong developers to realise some profits after a rebound in private home prices. In addition, we have begun to accumulate quality Chinese residential exposure through Shimao due to its Tier 1 city exposure

Outlook

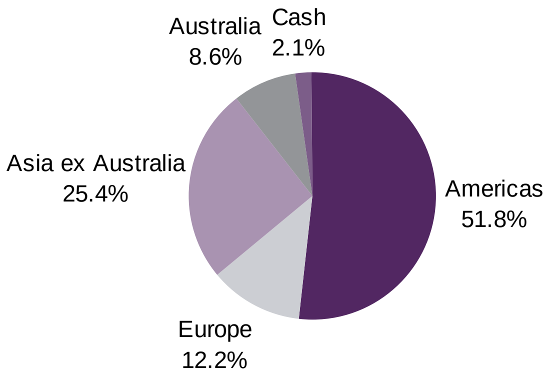
Despite the ongoing uncertainty and the weakness in economic conditions, we maintain our view that the sector is well positioned. Our view is based on the certainty of cash flow evidenced during reporting season and the forecasts for single digit growth. We regard the growth expectations as undemanding given the availability of organic growth and the accretive nature of acquisitions due to the cost of debt and equity relative to acquisition yields. We continue to monitor comments from the Fed, ECB and People's Bank of China as we expect further stimulus to be announced and believe this will continue to support real asset pricing.

Asset Allocation as at 31 August 2012

Sector	% of Trust
Retail	40.2%
Office	16.3%
Industrial	3.0%
Hotel	2.8%
Residential investment	8.0%
Residential development	6.5%
Infrastructure	0.1%
Construction	0.1%
Funds management	1.9%
Other	20.7%
Total	**100.0**

Source: Perennial Investment Partners

Trust Country Allocation as at 31 August 2012



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