

Perennial Unhedged Global Property Securities Trust



**PERENNIAL
INVESTMENT
PARTNERS**

PERENNIAL REAL ESTATE
WAS FORMED JANUARY 2006

A TEAM OF 11 INVESTMENT
PROFESSIONALS, HEADED
BY STEPHEN HAYES

CORE INVESTMENT STYLE

“Perennial Real Estate aims to buy global listed, or soon to be listed, property securities that offer good cashflow growth and consistent income characteristics. Perennial Real Estate has the underlying belief that these entities will offer investors the best long-term property investment outcomes.” Stephen Hayes

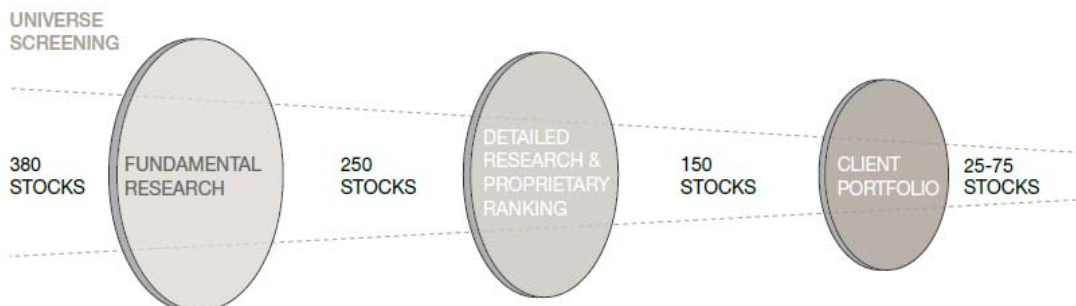
Stock Selection Process

Perennial Real Estate is an active manager of globally listed property securities. Perennial Real Estate applies a combination of top-down macro analysis and forecasting, and bottom-up stock picking. Perennial Real Estate’s investment process begins with the screening of approximately 380 property securities. Securities are eliminated based on risk analysis and property fundamentals to form a portfolio of securities that offer high quality real estate and a higher than index absolute return.

Perennial Value
Australian
Shares

Perennial Growth
Australian
Shares

Perennial Investment Process



Perennial
International
Shares

Perennial
Australian
Fixed Interest

Perennial
Real Estate
Investments



Perennial Real Estate is a specialist, active property securities manager that aims to provide clients with a portfolio of global listed property securities offering a consistent level of income, whilst also providing capital returns.

INVESTMENT PHILOSOPHY

Through the use of a detailed proprietary investment process, Perennial Real Estate seeks to identify and capitalise on opportunities presented in the market in order to produce a quality total return outcome for investors.

Perennial Real Estate believes that investments that offer investors the best return are mis-priced by the market, possess good real estate fundamentals and offer consistent dividends. The Trust is biased towards securities that hold quality property assets and offer strong recurring cash flows. Perennial Real Estate's added value generated from the portfolio stems from its bottom-up stock selection.

Perennial Real Estate aims to outperform the FTSE EPRA/NAREIT Total Return Index (unhedged in AUD) over rolling three year periods. For more information on this Index, please contact Perennial on 1300 730 032.

STOCK SELECTION PROCESS

A substantial amount of research is carried out during the stock selection process. Both internal and external sources are used to generate top-down and bottom-up research. Perennial Real Estate has full access to research from DTZ Research, one of the world's leading real estate advisory firms. DTZ has offices in 40 countries, with approximately 9000 staff. Perennial Real Estate is able to benefit from DTZ's detailed global property research, which provides Perennial Real Estate with forecast data on key property fundamentals and specific regional and property information, as well as access to its local staff across the globe.

Perennial Real Estate's investment universe totals approximately 380 stocks. These stocks are those included in the Index, as well as property-related securities which are not included in the Index, as these are also eligible for inclusion in the portfolio. Securities are initially screened for risk, liquidity, debt levels and cash flow earnings growth.

Perennial Real Estate then models approximately 150 securities. These models incorporate all data from a variety of research sources, as well as our internal research. The Perennial Real Estate Team places a great emphasis on internal research, conducting approximately 200 direct company visits each year.

The detailed proprietary models forecast profits, cash flows and balance sheets. This process ensures that stocks which qualify for inclusion in the global property Trust have sustainable businesses, with consistent and growing cash earnings.

The individual stock forecasts feed into Perennial Real Estate's proprietary "Relative Valuation Table". The Relative Valuation Table ranks each stock according to a variety of valuation metrics, such as

forecast one year total return, three year internal rate of return (IRR), un-gearred portfolio yields, and premium/discounts to underlying asset values. The portfolio stocks are selected from this list, with priority going to the higher ranking stocks.

The Portfolio Management Team undertakes a risk screen during the portfolio construction process, to eliminate any perceived market, country or sector risk. The Trust will generally hold between 40 and 50 securities. The outcome of this process ensures that the portfolio will consist of global property securities that offer investors the following characteristics:

- High quality real estate;
- Strong balance sheet;
- Good earnings growth;
- High credit quality; and
- Weighted towards the strongest property markets.

The portfolio will generally be unhedged.

RISK MANAGEMENT

The portfolio is managed within the following stringent risk management controls:

- No individual security will represent more than 10% of the Trust;
- The Trust will not hold more than 10% of the issued capital of any security;
- Non-index stocks must not exceed 20% of the Trust at any time;
- Each security must have a minimum free float market capitalisation of USD25 million;
- The Trust will be subject to a maximum 10% in cash; and
- The Trust must hold securities in at least three countries.

INVESTMENT TEAM

Perennial Real Estate was founded in January 2006 and is headed by Stephen Hayes. Stephen has been involved in the investment industry for over 16 years and has over ten years of portfolio management experience. Stephen's industry experience reflects a strong background in portfolio management and analysis in property securities. His most recent role was as Head of Property Securities at Colonial First State Investments.

Stuart Pearce, Senior Portfolio Manager, has over 13 years of investment experience and specialises in UK and European property securities. Andrew Calderwood, Senior Portfolio Manager, has 19 years investment experience. Andrew specialises in the US property market and is based in US.

Stephen, Stuart and Andrew are supported by a number of Portfolio Managers and analysts that cover the Australian, NZ, US, UK, European and Asian property securities markets.



FOR MORE INFORMATION
contact 1300 730 032
www.perennial.net.au