Perpetual Private

IMPLEMENTED REAL ESTATE PORTFOLIO

Fund Profile – 31 December 2024

FUND FACTS

APIR code	PER0712AU
Inception Date	9 December 2013
Asset class	Australian & Global Property Securities
Investment style	Multi Manager Blend
Benchmark	Real Estate Composite Benchmark#
Suggested length of investment	5 years or more
Unit pricing frequency	Daily
Distribution frequency	Quarterly
Legal type	Unit Trust
Product type	Wholesale Managed Investment Scheme
Status	Open
Management Fee* (%)	0.70%
Buy/Sell spread	0.24% / 0.00% as at October 2024
Issuer	Perpetual Investment Management Limited

**Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.*

INVESTMENT OBJECTIVE

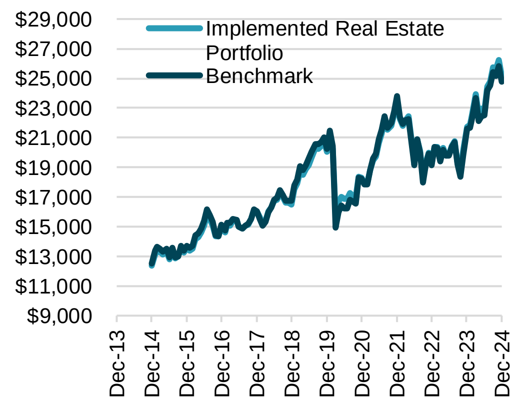
To provide investors with income and long-term capital growth through investment in a diversified portfolio of Australian and international real estate investment trusts. To outperform the stated benchmark over rolling three-year periods.

BENEFITS

Provides investors with the potential for maximising income and capital growth, with broad market exposure.

GROWTH OF $10,000 SINCE INCEPTION (NET OF FEES)

As at December 2024



Source: State Street

NET PERFORMANCE

As at December 2024

RETURNS	1MTH	3MTH	1YR	3YR	5YR	S/I*
Total return	-4.1%	-2.3%	15.8%	2.2%	4.7%	8.9%
Growth return	-4.3%	-2.6%	13.0%	-1.7%	0.1%	5.9%
Distribution return	0.3%	0.3%	2.8%	3.9%	4.6%	3.0%
Benchmark	-4.0%	-2.5%	14.6%	1.4%	4.2%	8.7%
Excess Return	0.0%	0.2%	1.3%	0.9%	0.5%	0.2%

Source: State Street. Past performance is not indicative of future performance.
*Since Inception

TOP 10 STOCK HOLDINGS

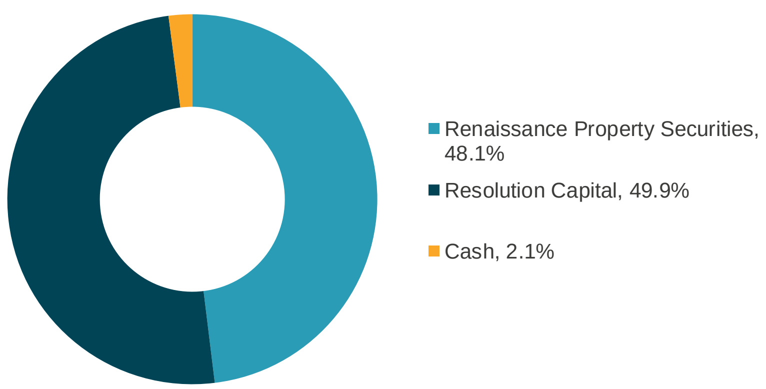
As at December 2024

STOCK	WEIGHT %	COUNTRY
Goodman Group	17.0%	Australia
Scentre Group	7.5%	Australia
Welltower Inc.	4.3%	United States
Equinix	3.6%	United States
Digital Realty Trust, Inc.	3.5%	United States
Stockland	3.5%	Australia
Unibail-Rodamco-Westfield	3.0%	France
Vicinity Centres	2.7%	Australia
Mirvac Group	2.7%	Australia
Dexus Group	2.7%	Australia
Total Top 10 Holdings %	**50.3%**	

Source: State Street, FactSet

PORTFOLIO EXPOSURE BY MANAGER

As at December 2024



Source: State Street

*The Real Estate Composite benchmark consists of 50% S&P/ASX 300 A-REIT Accumulation Index & 50% FTSE EPRA/NAREIT Developed Index – Net Return (Unhedged in AUD), reflecting the portfolio's investment strategy.

INVESTMENT APPROACH

A multi-manager framework is utilised, where specialist investment managers are selected to form a diverse and complementary mix of investment strategies and styles. This can help reduce volatility by avoiding over exposure to a particular specialist investment manager. Derivatives may be used in managing the portfolio.

INVESTMENT STRATEGY

The strategy is biased towards utilising managers who are fundamental bottom-up stock pickers, have a repeatable investment process, operate within an appropriate risk management framework, and operate in an aligned and stable organisational structure. We believe these factors best deliver a stable outcome of returns within a multi-manager framework.

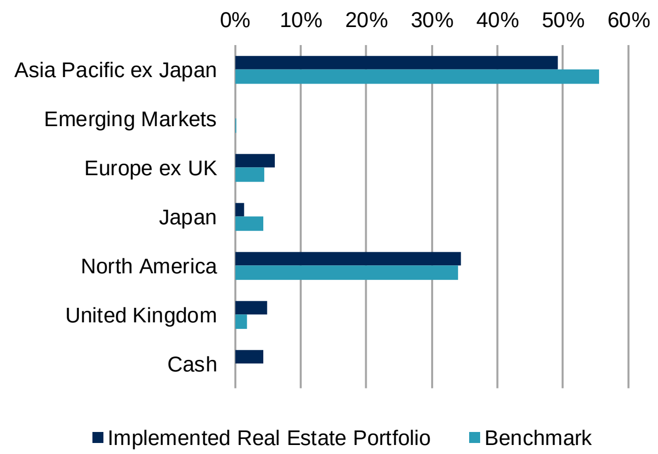
The Implemented Real Estate Portfolio uses two broad market managers that respectively invest across the entire market capitalisation spectrum of the domestic and global Real Estate Investment Trust (REIT) markets. That includes large, mid and small REITs by market capitalisation.

The portfolio managed by the domestic REIT manager will tend to be diversified in nature as it relates to the domestic benchmark and typically hold anywhere between 15-25 Australian REITs. The portfolio managed by the global REIT manager will typically be concentrated in nature as it relates to the global benchmark, holding anywhere between 30-50 global REITs. This allows for the Implemented Real Estate Portfolio to access the managers' high conviction stock picking decisions across what is a broader global REIT universe when compared to the domestic REIT universe.

The portfolio blends the above-mentioned managers, targeting managers who have a long term and consistent track record, are expected to continue to deliver on this track record, and whose investment styles complement each other well. Consistency of return profiles are of paramount importance such that we can comfortably blend managers who we believe will continue to complement each other well. The end result is the creation of a portfolio that aims to have an overall volatility below that of the composite benchmark.

REGION EXPOSURES

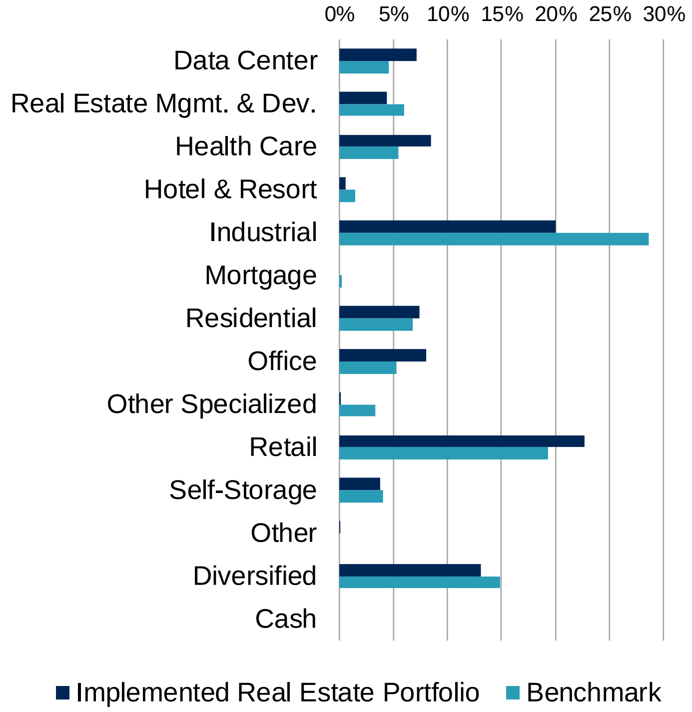
As at December 2024



Source: State Street, Factset

INDUSTRY EXPOSURES

As at December 2024



Source: State Street, Factset

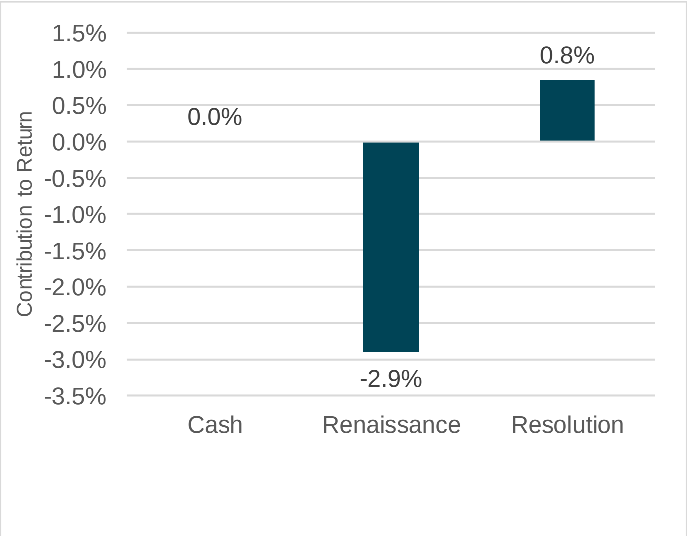
MANAGER LINE-UP AND APPROACH

As at December 2024

MANAGER	APPROACH
Renaissance Property Securities	Diversified A-REIT portfolio, fundamental bottom-up stock selection
Resolution Capital	Concentrated G-REIT portfolio, fundamental bottom-up stock selection

CONTRIBUTION BY MANAGER

Quarter to December 2024



Source: State Street

MARKET COMMENTARY

Real estate assets experienced a challenging quarter, to close out what had been a relatively constructive year. The contrasting combination of soft economic conditions in some regions, and resilient conditions in others, generated negative valuation implications for property investments globally.

Australian and US assets enjoyed the most favourable outcomes, gaining a healthy 17.6%[1] and 6.6%[2] respectively over the year. Whilst both countries experienced drawdowns close to 6.5% in the December quarter, this can almost entirely be attributed to rising expectations for future cash rates, with both arguably facing the 'problem' of too much economic strength and thereby not benefiting from more favourable valuation conditions. Across Europe, tepid growth weighed on asset values, and whilst a comparatively easier monetary environment softened the blow, the drawdown for the quarter was still the worst of the regions we monitor giving up 10.9%[3]. Meanwhile a flailing Chinese property market continues to cast a dark shadow over dollar-based Asia, with both Singapore and Hong Kong experiencing a continued failure for demand to meet supply. Having fallen 10.5%[4] in the period, and 10.8% for the year, Hong Kong real estate has generated negative annualised returns for more than 10 years. Singapore, being one step removed, experienced a drawdown of 8.2%[5] for the year, a slight improvement from Hong Kong's -10.8%[6] return.

Fortunately, Australian investors benefited from a significant improvement in market function in our domestic "A-REIT" market, whilst currency effects (primarily AUD weakness) meaningfully altered investment outcomes, with US dollar-based returns being enhanced by close to 10% over both the final quarter of 2024 and the 2024 calendar year.

PORTFOLIO COMMENTARY

The Perpetual Implemented Real Estate Portfolio under-performed its benchmark over the December quarter.

Resolution Capital, the portfolio's sole exposure to Global REITs outperformed its benchmark over the quarter, net of fees. Relative outperformance over the quarter came from overweight exposure to data centres, (Digital Realty and Equinix), and healthcare, (Welltower), and underweight industrial, (Prologis and Goodman). Self-storage and multi-family detracted. This impact was concentrated in the UK (Big Yellow) and Europe (Shurgard Self Storage). Derwent London (office) also detracted but the office sector in total was broadly neutral.

Renaissance Asset Management, the portfolio's sole exposure to Australian REITs, outperformed its benchmark over the quarter, net of fees. Retail was the largest contributor, with overweight Carindale the only positive amongst the retail cohort. Office detracted, driven by the GDI overweight while Aspen Group provided a positive contribution from the living sector.

There were no manager additions or terminations to the Perpetual Select Real Estate Fund/Implemented Real Estate Portfolio during the quarter. We remain comfortable with our manager selection.

OUTLOOK

As we entered the final quarter of 2024, we pointed to the level of returns generated in the sector as being surprising and unlikely to be repeated despite being in the midst of a broadly positive environment. The volatility that occurred over the quarter may be recognition that markets had moved too far and too fast in pricing the more positive macro environment, which partially unwound, as perceptions of the direction of interest rates changed. While prices declined, we didn't see anything to change our view of the trajectory of the various sectors, nor evidence of individual corporate distress that would suggest that this would become a significant event.

No sector demonstrated this volatility more than self-storage. What would generally be considered a less-cyclical asset, was the worst performed among key sub-sectors of the REIT universe. The prevailing narrative suggests that higher rates leads to less housing transactions and hence less demand for storage. This played out similarly across regions although UK and European companies fared worst. To a lesser extent, this dynamic also showed up with declines in industrial names including Prologis (US) and Segro (Europe/UK) through the presumed impact of rates on retail spending. We do see the industrial sector as slowing after a period of rapid, and unsustainable, rent growth so there may be more reasons for their weakness. Data centres continued to perform well, beneficiaries of the ongoing spending on Artificial Intelligence.

We continue to view the economic environment as positive for REITs but recognise that the sector has had strong price appreciation of a magnitude that is unlikely to be repeated in 2025. REIT prices will remain sensitive to interest rates but for now we do not see this macro-driven shift in pricing as a cause for concern. We continue to monitor our managers as they seek to exploit supply and demand imbalances and manage sector exposures through this period of adjustment. In order to capture some of these medium-term opportunities as the real estate cycle evolves, we expect more emphasis on office, healthcare, seniors living and data centres with less industrial and retail as the new year progresses. For our managers, the focus remains on identifying high-quality companies that are exposed to rising rents and growing demand for their properties.

[1] As measured by the S&P/ASX 300 A-REIT – Total Return index
[2] As measured by the FTSE EPRA Nareit USA Net Return index in USD terms
[3] As measured by the FTSE EPRA Nareit Europe – Net Return index in EUR terms
[4] As measured by the FTSE EPRA Nareit Hong Kong - Net Return index in HKD terms
[5] As measured by the FTSE EPRA Nareit Singapore Net Return index in SGD terms
[6] As measured by the FTSE EPRA Nareit Hong Kong - Net Return index HKD terms

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