

Fund Profile - 30 June 2025

Implemented Real Estate Portfolio

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 April 2025
Issuer	Perpetual Investment Management Limited

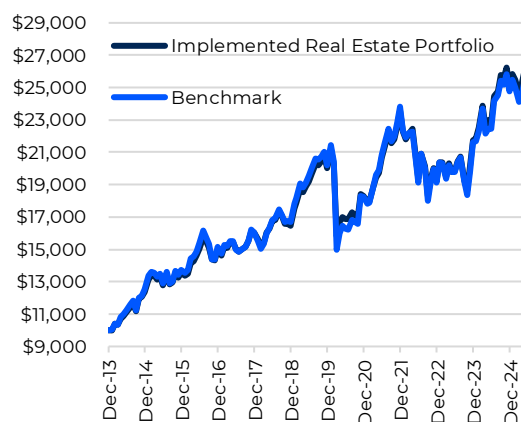
Investment objective

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)



Source: State Street.

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

[#]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.

Net performance

As at June 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	0.2%	6.2%	14.5%	10.6%	9.2%	8.9%
Growth return	-7.0%	-1.4%	5.4%	5.9%	4.6%	5.3%
Distribution return	7.2%	7.6%	9.1%	4.7%	4.6%	3.6%
Benchmark	0.4%	6.2%	13.9%	10.1%	9.5%	8.6%
Excess Return	-0.2%	0.0%	0.7%	0.5%	-0.3%	0.2%

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

Top 10 stock holdings

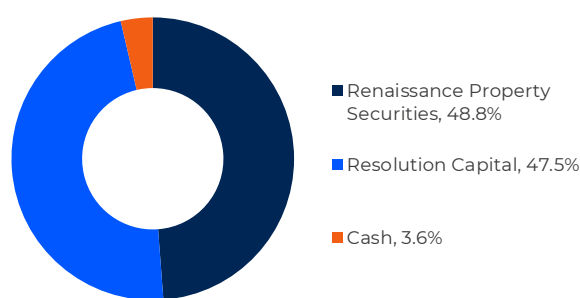
As at June 2025

Stock	Weight %	Country
Goodman Group	16.8%	Australia
Scentre Group	6.4%	Australia
Unibail-Rodamco-Westfield	4.0%	France
Welltower Inc.	3.9%	United States
Stockland	3.7%	Australia
Mirvac Group	3.0%	Australia
Charter Hall Group	2.9%	Australia
Digital Realty Trust, Inc.	2.6%	United States
Dexus Group	2.6%	Australia
Vicinity Centres	2.5%	Australia
Total Top 10 Holdings %	48.5%	

Source: State Street, FactSet.

Portfolio exposure by manager

As at June 2025



Source: State Street, FactSet

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

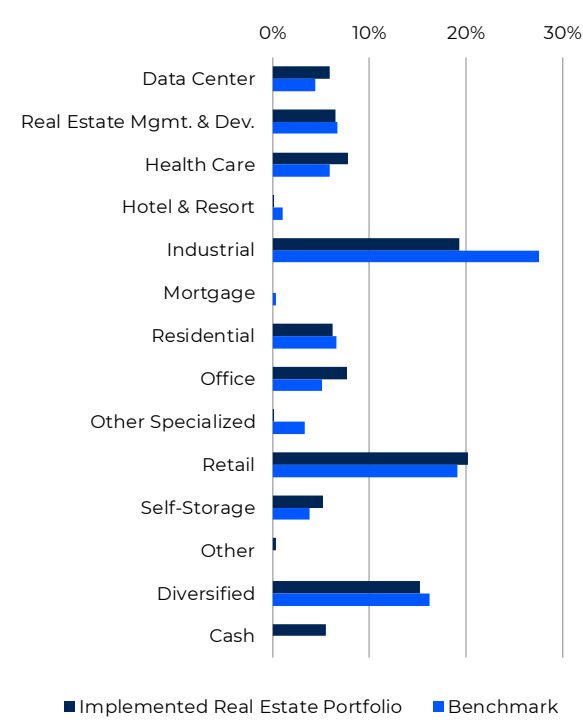
The strategy is biased towards utilising managers who are fundamental bottom-up stock pickers, have a repeatable investment process, operate within an appropriate risk management framework, and operate in an aligned and stable organisational structure. We believe these factors best deliver a stable outcome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

Sector exposures

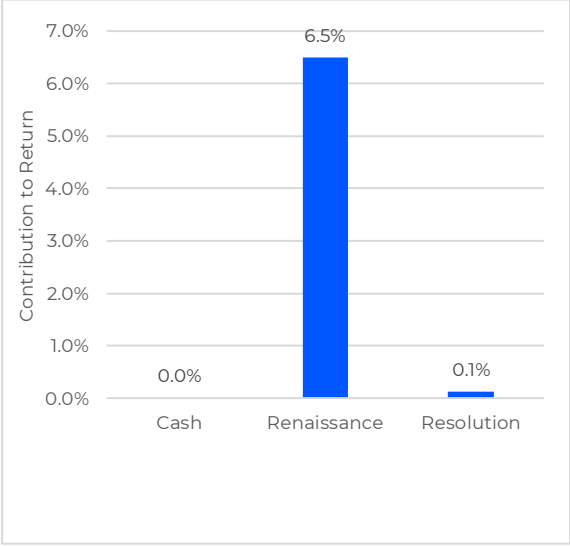
As at June 2025



Source: State Street, FactSet

Contribution by manager

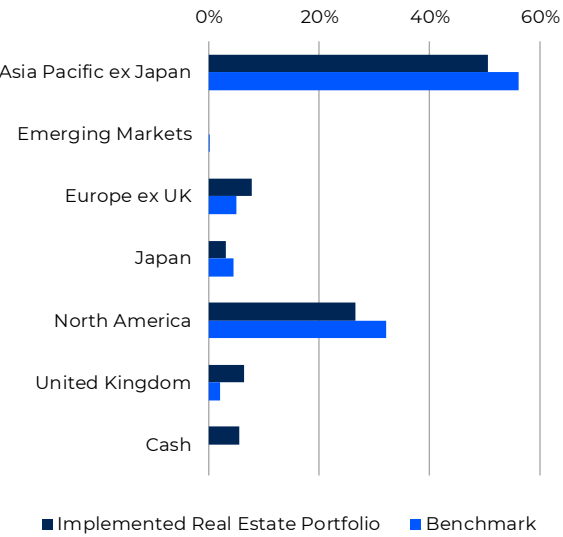
Quarter to June 2025



Source: State Street, FactSet

Region Exposures

As at June 2025



Source: State Street, FactSet

Manager line-up and approach

As at June 2025

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

Market Commentary

REITs (Real Estate Investment Trusts) experienced differing outcomes over the quarter, with meaningful rebounds continuing for European and Asian securities, whilst US assets lagged with heightened borrowing costs and a weakening US dollar weighing on outcomes. Locally, A-REITs delivered a respectable return over the period, delivering 13.4%¹ for the three months – significantly below Germany's 26.6%² but comfortably above the -6.4%³ generated by the US.

Digging deeper into regional returns, we note that when removing the currency effect, US returns improve to -1.6%, with the US dollar weakening over 5% in the period. Conversely, given the strengthening of the Euro, Germany's outcome in Australian dollar terms was flattened, generating only 21.9% in local currency terms.

On a sector level, residential developers (particularly German and Asian) performed strongly as residential shortages became evident across Developed markets. Data centres continue to be an area of strength due to their proximity to the AI trend, meanwhile Healthcare experienced softer outcomes, whilst Industrial's performance was varied across regions.

Portfolio Commentary

The Perpetual Implemented Real Estate Portfolio outperformed its benchmark over the June quarter.

Resolution Capital, the portfolio's sole exposure to Global REITs, outperformed its benchmark over the quarter, net of fees. Relative outperformance came from Asian developers Sun Hung Kai and Sumitomo Realty & Development and German Residential developer, Tag Immobilien AG. Key detractors included Ventas (healthcare), Goodman Group (Industrial) and Equity Residential (multi-family).

Renaissance Asset Management, the portfolio's sole exposure to Australian REITs, underperformed its benchmark over the quarter, net of fees. An underweight to Goodman Group was the key detractor as the stock bounced heavily after a prolonged period of underperformance. An overweight to office detracted with key positions in Dexus and GDI both lagging. Aspen Group, a provider of affordable living, was a major contributor.

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

¹ As measured by S&P / ASX 300 A-REIT (Sector) – Total Return index

² As measured by FTSE EPRA Nareit Germany Net Return (AUD) index

³ As measured by FTSE EPRA Nareit USA Net Return (AUD) index.

*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.

Manager Insights and Outlook

Last quarter, we raised the threat that tariffs may have on the residential sector despite our view that this is an attractive place to invest for the future due to the widespread imbalance, between demand and supply (primarily a supply shortage). US-based companies within the sector sold off heavily on 2nd April as the US Government announced a suite of global tariffs. Many of these companies have partially rebounded but few were able to recoup all of their losses from that day. This impacted key US businesses including; Essex Property Trust, Avalon Bay, Equity Residential and Invitation Homes, all declining between 9-12% over the quarter in AUD terms. On a more positive note, last quarter we referenced the probable trough in Office as a buffer against losses, and the sector outperformed during the quarter. The Office sector is down to around 5% of the index so its influence is greatly diminished but many of these are very credible businesses with high quality assets and gradually improving prospects.

The second quarter was also notable for a reversal in what had been some of the best performing sectors. Healthcare still represents the best performing sector over the last twelve months but joined the Residential sector in large declines. Ventas and Welltower are the largest listed healthcare companies, with the drawdown over the quarter coming in large part from Ventas. In late April, it announced solid financial results but gave weak forward guidance. The quarter also saw weakness in life sciences with a sell-off in Alexandria Real Estate and Healthpeak Properties. HealthCo Healthcare & Wellness REIT in Australia similarly fell after providing rent relief to Healthscope (hospital operator), which subsequently went into receivership.

The regional disparity in global REIT performance over the quarter has alleviated some of the discount that had been apparent in UK and European companies. It suggests that overall, REIT's are trading around fair value and the future direction for markets will be dependent on the pace of rental growth. We reiterate our comment from last quarter that fundamentals remain supportive. The lack of new supply evident across sectors, excluding data centres which are expanding quickly, and likely to be in effect for at least the next year or longer, will support rent growth for existing landlords. Construction and developers are facing much more challenging conditions including elevated construction costs, higher borrowing costs and less liquid markets. In this environment, we still believe our managers can take advantage of any large shifts in prices or regional dislocations.

More information

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