Perpetual Private

Fund Profile - 31 March 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 October 2024
Issuer	Perpetual Investment Management Limited

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

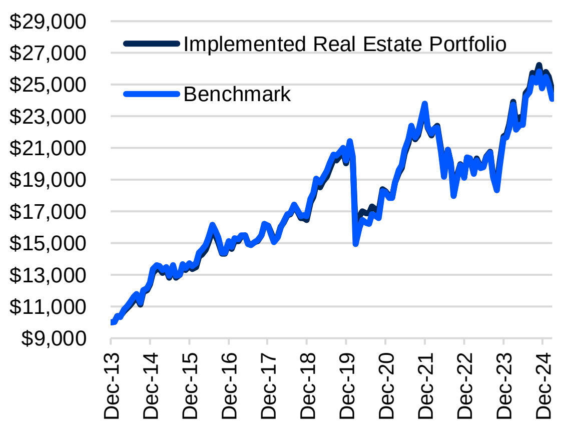
Investment objective

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)



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.

Net performance

As at 31 March 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	-3.3%	-2.1%	3.1%	3.5%	9.3%	8.5%
Growth return	-3.6%	-2.4%	0.7%	-0.3%	4.6%	5.5%
Distribution return	0.3%	0.3%	2.3%	3.8%	4.7%	2.9%
Benchmark	-3.7%	-2.8%	1.7%	2.8%	10.0%	8.3%
Excess Return	0.4%	0.6%	1.4%	0.7%	-0.7%	0.2%

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

Top 10 stock holdings

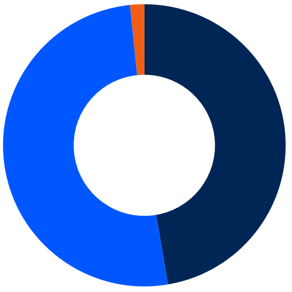
As at 31 March 2025

Stock	Weight %	Country
Goodman Group	15.1%	Australia
Scentre Group	7.3%	Australia
Welltower Inc.	4.6%	United States
Stockland	3.6%	Australia
Ventas, Inc.	3.3%	United States
Unibail-Rodamco-Westfield	3.1%	France
Mirvac Group	3.0%	Australia
Dexus Group	2.9%	Australia
Vicinity Centres	2.8%	Australia
Equinix	2.8%	United States
Total Top 10 Holdings %	**48.6%**	

Source: State Street, FactSet.

Portfolio exposure by manager

As at 31 March 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.

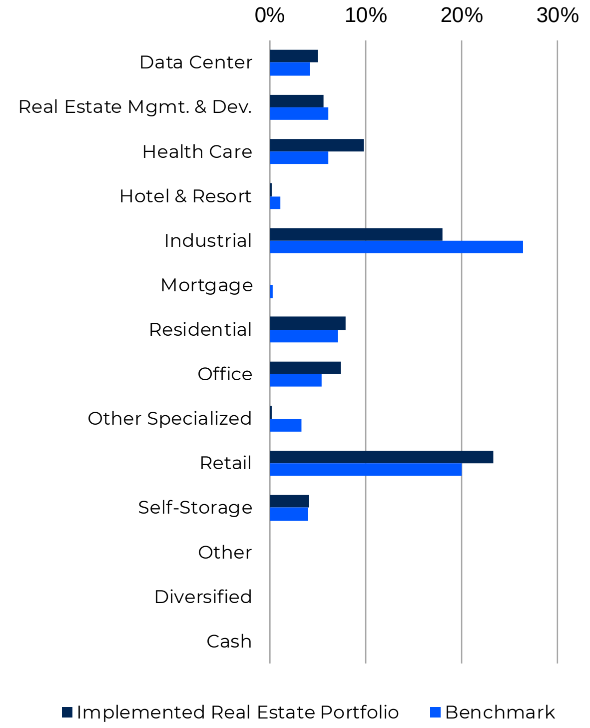
Investment strategy

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.

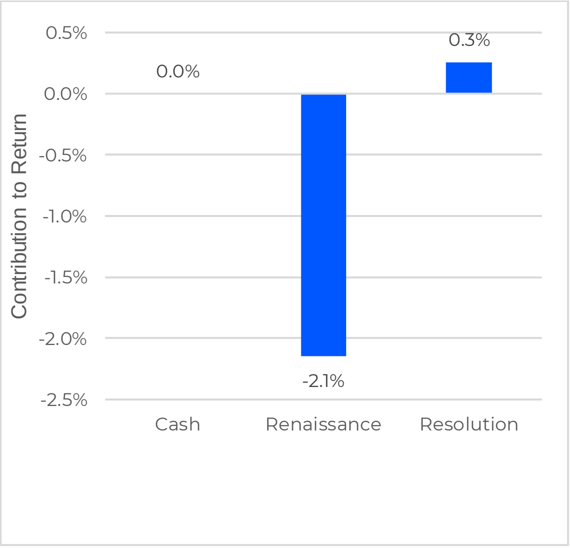
The portfolio managed by the domestic REIT manager will tend to be diversified in nature as it relates to the domestic benchmark and typically hold anywhere between 15-25 Australian REITs. The portfolio managed by the global REIT manager will typically be concentrated in nature as it relates to the global 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 31 March 2025



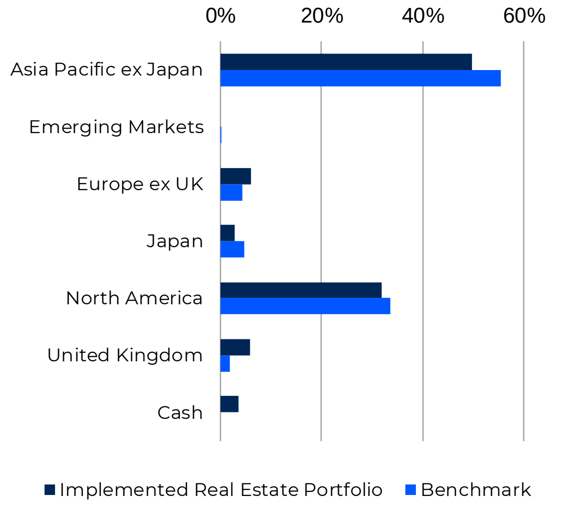
Source: State Street, FactSet

Contribution by manager
Quarter to 31 March 2025



Source: State Street, FactSet

Region Exposures
As at 31 March 2025



Source: State Street, FactSet

Manager line-up and approach
As at 31 March 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

Real Estate Investment Trusts (REITs) delivered mixed results in Q1 2025, as shifting interest rate expectations and sector-specific drivers influenced performance. The S&P/ASX 300 A-REIT Index struggled, declining 6.6%[1], as higher-for-longer rate concerns weighed on valuations despite a relatively resilient domestic economy. Meanwhile, global REITs returned 0.9%[2] on an AUD unhedged basis, reflecting a more stable backdrop across diversified property markets.

Regionally, Hong Kong REITs rebounded strongly (+3.4%[3]), benefiting from fiscal stimulus measures and a shift in sentiment following years of underperformance tied to China's real estate struggles. German REITs stood as the outlier (-15.2%[4]), as rising local bond yields weighed on the interest rate-sensitive sector. This was driven by Germany's announcement of a new €500B infrastructure fund and increased defence spending, which, while exempt from the country's debt-brake rules, added pressure to government bond yields. In the US, REITs (+0.7%[5]) saw muted performance, with investors reassessing the sector's positioning in a higher-rate environment.

On a sector level, data centres were the largest detractors, as concerns emerged over the pace of investment in AI infrastructure following cost-efficient breakthroughs from DeepSeek. Defensive healthcare and telecom REITs outperformed, while cyclical office and lodging sectors suffered large declines, reflecting ongoing structural headwinds and shifting work patterns.

Portfolio Commentary

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

Resolution Capital, the portfolio's sole exposure to Global REITs underperformed its benchmark over the quarter, net of fees. Relative outperformance continued to come from healthcare, (Welltower and Ventas) and underweight exposure to industrial (Goodman and Prologis). Data centres were the largest detractor with key positions in Digital Realty and Equinix both suffering significant falls after the DeepSeek release.

Renaissance Asset Management, the portfolio's sole exposure to Australian REITs, outperformed its benchmark over the quarter, net of fees. An underweight to Goodman Group was the key contributor in a market that was otherwise generally positive. This has been a longer-term position for Renaissance that has recently added value.

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.

Manager Insights And Outlook

In recent quarters, we highlighted signs of slowing momentum in the industrial sector, even as Goodman Group (GMG) surged ahead on AI-related optimism. However, the narrative shifted sharply in Q1. After peaking in late January, GMG's share price declined following the DeepSeek announcement, which raised questions about future data centre demand. This was compounded by a $4 billion capital raising in February, launched without forward guidance. While this raise was directed at expanding data centre capacity, the timing and lack of clarity weighed on sentiment. With GMG comprising nearly 40% of the A-REIT index, its underperformance alone contributed -8% to the sector's -6.6% decline — meaning the rest of the market actually delivered positive returns.

---

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

Weakness in data centres was also a global theme. Major players Equinix and Digital Realty fell 13% and 18.5% respectively. DeepSeek's breakthrough introduced new uncertainty around energy requirements, location strategies, and design standards. Microsoft's abrupt lease cancellations and project suspensions added to the disruption. While we believe long-term growth in data centres remains intact, the pace is likely to moderate, with energy access becoming an increasingly binding constraint.

Looking forward, the sector faces short-term challenges stemming from the new tariff regime, despite a broadly constructive long-term backdrop. Slower US growth may pressure consumer-linked sectors, notably retail and industrial, while office continues to face cyclical and structural challenges. That said, the extent of the office sector's devaluation may provide a buffer. We also see opportunities in alternatives, such as residential, where higher construction costs tied to tariffs may support rental growth in an already undersupplied market.

While volatility across markets may lead to short-term drawdowns, we believe fundamentals remain supportive. Rent growth is still positive, new construction activity remains low, and demand remains healthy outside of office. As such, we expect any weakness to present our managers with opportunities to invest in quality real estate businesses at more attractive valuations.

More information

1800 631 381
pcresearch@perpetual.com.au
perpetual.com.au/managed-accounts

Perpetual