Perpetual Private

PERPETUAL SELECT REAL ESTATE FUND

March 2025

FUND FACTS

Investment objective: Income and long-term capital growth through investment in a diversified portfolio of Australian and international real estate investment trusts and unlisted property trusts.

Suggested length of investment: Five years or longer

BENEFITS

Offers investors a highly liquid access to the potential long-term growth in property markets, without having to hold and manage physical property assets.

RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

INVESTMENT APPROACH

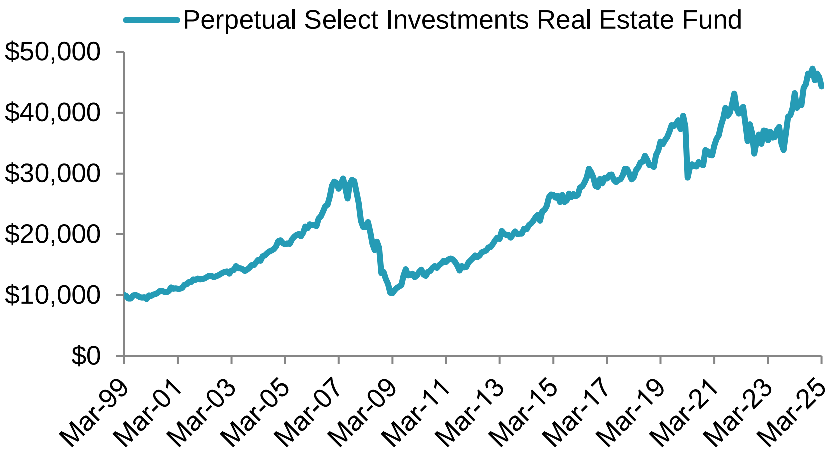
The Fund combines specialist invesment managers with different investment styles and philosophies. This can help reduce the volatility of the Fund by avoiding over exposure to a particular specialist investment manager.
The currency exposure of international assets is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.

TOTAL RETURNS % (AFTER FEES) AS AT 31 MARCH 2025

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Investments Real Estate Fund	PER0254AU	-3.4	-2.3	-4.6	2.5	3.0	8.6
Perpetual Select Real Estate Composite Benchmark		-3.7	-2.8	-5.2	1.7	2.8	10.0

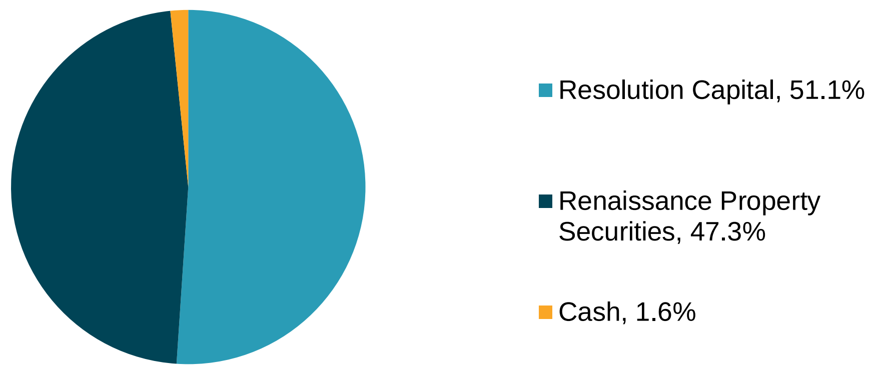
Past performance is not indicative of future performance

GROWTH OF $10,000 SINCE INCEPTION*



*The Growth of $10,000 chart includes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales or redemption charges which would lower these figures.

PORTFOLIO EXPOSURES^



^Portfolio exposures represent the Perpetual Select Investments Real Estate Fund

TOP 10 STOCK HOLDINGS	WEIGHTS (%)
Goodman Group	15.1
Scentre Group Limited	7.3
Welltower Inc.	4.6
Stockland	3.6
Ventas, Inc.	3.3
Unibail-Rodamco-Westfield SE	3.1
Mirvac Group	3.0
Dexus	2.9
Vicinity Centres	2.8
Equinix, Inc.	2.8

MANAGER INVESTMENT APPROACH	
Renaissance Property Securities	Diversified Australian Real Estate Investment Trust portfolio, fundamental bottom-up stock selection
Resolution Capital	Concentrated Global Real Estate Investment Trust 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%, as higher-for-longer rate concerns weighed on valuations despite a relatively resilient domestic economy. Meanwhile, global REITs returned 0.9% on an AUD unhedged basis, reflecting a more stable backdrop across diversified property markets.

Regionally, Hong Kong REITs rebounded strongly (+3.4%), 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%), 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%) 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.

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.

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.

RETURNS BREAKDOWN (INVESTMENTS)

	FY 2024	FY 2023	FY 2022
Growth Return %	12.4%	0.0%	-12.4%
Distribution Return %	2.2%	2.0%	5.5%
Total Return %	14.7%	1.9%	-6.9%

DISTRIBUTION BREAKDOWN

	FY 2024	FY 2023	FY 2022
Cents per unit	2.0110	1.7652	5.7797

PRODUCT FEATURES

	INVEST.
Inception date	Mar 99
Management/Investment Fee (p.a.)*	1.25%
Ongoing fee discount	No
Admin fee	0.00%
Buy spread	0.24%
Sell spread	0.00%
Contribution fee	0.00%
Withdrawal fee	$0
Monthly member fee	$0
Min. initial contribution	$2,000
Min. additional contribution	$0
Savings plan	Yes
Withdrawal plan	Yes
Distribution frequency	Quarterly
Contact information	1800 677 648

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

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.

[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

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