

Perpetual Private

# PERPETUAL SELECT REAL ESTATE FUND

March 2026



## 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

## INVESTMENT APPROACH

The Fund combines specialist investment 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.

## 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

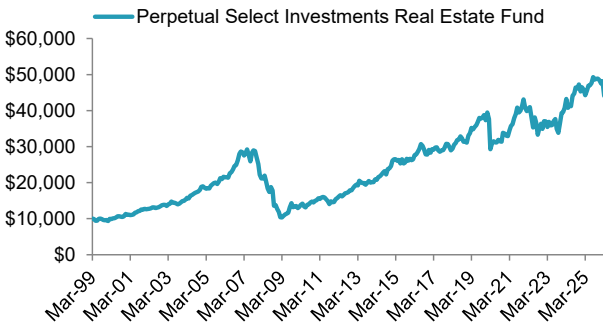
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

## TOTAL RETURNS % (AFTER FEES) AS AT 31 MARCH 2026

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Investments Real Estate Fund	PER0254AU	-8.5	-8.9	-9.3	-0.5	7.5	5.0
Perpetual Select Real Estate Composite Benchmark		-8.2	-9.2	-10.3	-1.1	7.2	4.8

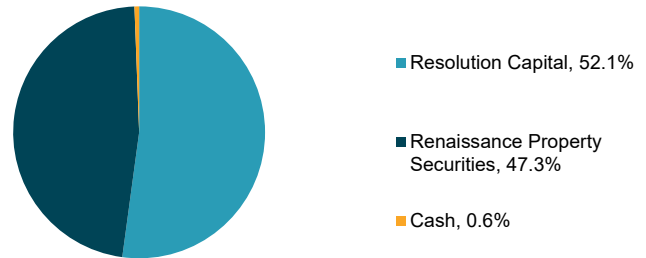
Past performance is not indicative of future performance

## 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<sup>^</sup>



<sup>^</sup>Portfolio exposures represent the Perpetual Select Investments Real Estate Fund

TOP 10 STOCK HOLDINGS	WEIGHTS (%)
Goodman Group	16.6
Scentre Group Limited	5.6
Welltower Inc.	4.9
Equinix, Inc.	4.3
Unibail-Rodamco-Westfield SE	4.1
Stockland	3.6
Charter Hall Group	3.1
Dexus	2.8
Federal Realty Investment Trust	2.7
Simon Property Group, Inc.	2.5

## 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

The first quarter of 2026 proved challenging for listed real estate, as heightened macro uncertainty, persistent interest rate pressures, and sector-specific headwinds weighed on returns across most regions. In Australia, A-REITs endured a particularly difficult period, with the S&P/ASX 300 A-REIT index declining 16.4%<sup>1</sup> for the three months to 31 March 2026. This sharp pullback eroded what had been a strong prior year, bringing the 12-month return to -1.9%. The RBA's hawkish pivot was a key driver of domestic underperformance. Having been one of the first major central banks to move from rate cuts back to rate hikes following the post-COVID inflation spike, the RBA raised the cash rate unanimously in February from 3.60% to 3.85% in response to a pick-up in underlying inflation in the second half of 2025. A second increase followed in March, this time via a narrow 5:4 decision, lifting the cash rate to 4.10%. The Board flagged that the Middle East conflict and rising fuel prices posed additional near-term inflationary risks, prompting futures markets to price in a further two to three rate increases by year end and creating a materially more restrictive backdrop for rate-sensitive property valuations. Index performance was further amplified by the outsized weight of Goodman Group, which represents over 40% of the benchmark and declined 17.6% over the quarter.

Globally, listed real estate fared better in relative terms, with the FTSE EPRA Nareit Global Index declining 2.1%<sup>2</sup> in AUD terms over the quarter, though performance varied sharply by region. Hong Kong was the standout, rising 11.3%<sup>3</sup> over the quarter as improving economic sentiment across both Hong Kong and mainland China drove a meaningful re-rating. Japan declined 5.4%<sup>4</sup> over the period, a modest pullback given supportive domestic policy setting, contained inflation, and a recovering consumer backdrop that continues to underpin Japanese real estate fundamentals. Germany extended its difficult run, falling 14.3%<sup>5</sup> for the quarter as elevated geopolitical uncertainty compounded existing pressures from trade disruption, higher energy costs, and subdued industrial activity. The broader European region was not spared, with the Europe index declining 9.0%<sup>6</sup> over the period as weaker growth expectations and inflation uncertainty weighed on sentiment. In contrast, the US REIT market was a relative bright spot, increasing 1.8%<sup>7</sup> in AUD terms for the quarter. Performance leadership was concentrated in sectors where fundamentals remain resilient or improving, including data centres, senior housing, self-storage, and retail shopping centres. These gains offset continued weakness in apartments, single-family rentals, and office REITs, where investors remained cautious amid supply overhangs, slower rent growth, and longer-term demand uncertainty.

## PORTFOLIO COMMENTARY

The Perpetual Select Real Estate Fund outperformed its benchmark over the March quarter.

Resolution Capital, the portfolio's sole exposure to Global REITs, outperformed its benchmark over the quarter, net of fees. From a regional perspective, being overweight the UK and underweight the US was a detractor, whereas sector allocation and stock selection were both positive contributors. Key stock contributors were their data centre exposure via Equinix (+28%), and some of their Asian property development companies, with Hong Kong based Sun Hung Kai Properties (+37%) and Japan based Sumitomo Realty & Development (+12%).

Renaissance Asset Management, the portfolio's sole exposure to Australian REITs, marginally underperformed its benchmark over the quarter, net of fees. While their sector positioning was additive to returns, this was offset by stock selection to deliver a broadly neutral return relative to benchmark. It was a tougher period for the fund manager exposures within the Diversified REITs segment, with Renaissance holding marginal overweights to Stockland, Charter Hall, Centuria and Aspen, which were all down over 20%. Another key detractor was their position in DigiCo Infrastructure REIT, which fell 37% following an earnings miss and some leadership concerns.

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

Heading into the March quarter, we were already conscious that REIT markets had become increasingly volatile, driven by unstable and generally higher interest rate expectations. While underlying real estate fundamentals remained broadly supportive, our positioning was deliberately risk-aware, reflecting concerns around further monetary tightening, potential slowing in economic momentum, and a fragile geopolitical backdrop. Over the quarter, events unfolded largely as anticipated but were materially amplified by the US-Israeli strikes on Iran and the subsequent closure of the Strait of Hormuz. Developments that reignited inflation concerns and placed renewed upward pressure on global interest rate expectations. This broadly validated our more cautious stance entering the period.

## RETURNS BREAKDOWN (INVESTMENTS)

	FY 2025	FY 2024	FY 2023
Growth Return %	5.4%	12.4%	0.0%
Distribution Return %	8.5%	2.2%	2.0%
Total Return %	13.9%	14.7%	1.9%

## DISTRIBUTION BREAKDOWN

	FY 2025	FY 2024	FY 2023
Cents per unit	8.6416	2.0110	1.7652

## PRODUCT FEATURES

	INVEST.
Inception date	Mar 99
Management/Investment Fee (p.a.)*	0.97%
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.

Locally, the sharp tightening in domestic monetary policy weighed heavily on A-REIT valuations and sentiment, with the RBA's cumulative 50 basis points of hikes across February and March - and markets pricing further increases - creating a materially more restrictive backdrop for rate-sensitive property assets. Performance was further dragged by weakness in Goodman Group, which despite solid underlying fundamentals de-rated as sentiment toward AI-exposed and data centre-related earnings softened. Against this backdrop, our A-REITs manager took a disciplined approach to capitalising on market dislocations, selectively adding to higher-quality exposures at improved valuations, including reducing an underweight in Goodman as multiples compressed versus historical levels, and initiating a position in DigiCo Infrastructure REIT following what was assessed as an indiscriminate sell-off rather than a fundamental deterioration. Global REITs proved more resilient, as discounted starting valuations and demand for stable, cash-generative assets drove resilience amid broader equity volatility. Our G-REITs manager faced a headwind from being underweight the stronger-performing US region. Despite this drag, strong stock selection more than offset the regional positioning. Our aggregate portfolio held a modestly higher allocation to G-REITs and residual cash holdings, which was additive. G-REITs contributed the majority of alpha and were the primary driver of overall portfolio outperformance for the quarter.

Looking ahead, the outlook for both A-REITs and G-REITs appears more balanced. While elevated interest rates and geopolitical uncertainty remain near-term headwinds, fundamentals are increasingly supportive of medium-term return potential. For A-REITs, key themes will centre on the peak in domestic rate expectations, the timing of an RBA policy pivot and ongoing valuation recovery as borrowing costs stabilise, alongside continued divergence between structurally supported sectors, such as industrial, infrastructure and selected retail, and more cyclical exposures like office. Globally, G-REITs appear better positioned, underpinned by attractive starting valuations, constrained supply pipelines and ongoing rental growth across data centres, logistics, senior housing and residential assets. Across both markets, returns are likely to be increasingly selective, with balance-sheet strength, cashflow durability and exposure to structural demand drivers shaping outcomes as volatility gives way to a more earnings-driven phase for listed real estate.

<sup>1</sup>As measured by the S&P/ASX 300 A-REIT index

<sup>2</sup>As measured by the FTSE EPRA Nareit Global index in AUD hedged terms

<sup>3</sup>As measured by the FTSE EPRA Nareit Hong Kong index in AUD unhedged terms

<sup>4</sup>As measured by the FTSE EPRA Nareit Japan index in AUD unhedged terms

<sup>5</sup>As measured by the FTSE EPRA Nareit Germany index in AUD unheeded terms

<sup>6</sup>As measured by the FTSE EPRA Nareit Europe index in AUD unhedged terms

<sup>7</sup>As measured by the FTSE EPRA Nareit USA index in AUD unhedged terms

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#### MORE INFORMATION

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