Trilogy Industrial Property Trust

Product Disclosure Statement

11 September 2023

ARSN 623 096 944
APIR code TGY1928AU
Issuer: Trilogy Funds Management Limited
ABN 59 080 383 679
AFSL 261425

Ron Parkinson Crescent, Corbould Park, QLD

Dear Investor,

We are pleased to invite you to invest in the Trilogy Industrial Property Trust (Trust) for investment.

The Trust aims to build a diverse portfolio of industrial assets that deliver competitive income and the opportunity for long-term capital growth. It currently holds 16 assets across Queensland, New South Wales, Victoria, the Northern Territory and South Australia.

Due to investor demand, and the focus of the Trilogy Funds property team on identifying additional acquisitions, we expect the Trust's portfolio will continue to expand. We are therefore currently accepting investment in the Trust under this PDS.

Investors should note that while it is our intention to offer Units on an ongoing basis, Trilogy Funds may determine from time to time that it will cease accepting applications, which it may do at any time, either for a period of time, or until such time as we notify that we will be again accepting applications.

We look forward to welcoming you as an investor in the Trust and to existing investors subscribing for further units.

Before deciding whether to invest, please read this PDS, the TMD and the information provided on the website in full and seek professional financial advice regarding your personal circumstances.

Should you have any questions, please contact our Investor Relations Team on 1800 230 099 or email investorrelations@trilogyfunds.com.au.

Yours faithfully

Rodger Bacon
Non-Executive Deputy Chairman
Trilogy Funds Management Limited

Contents

Important information

The trust offered under this Product Disclosure Statement (PDS) is the Trilogy Industrial Property Trust ARSN 623 096 944 (Trust).

This PDS is dated 11 September 2023. Trilogy Funds Management Limited ABN 59 080 383 679 (Trilogy Funds or the Responsible Entity), Australian Financial Services Licence (AFSL) number 261425, is the issuer of this PDS and the seller of the Units offered under this PDS. Trilogy Funds takes responsibility for this PDS. This PDS contains only general investment advice. It does not take into account your individual objectives, financial situation, or needs. You should take these and your personal circumstances into account when considering whether the information contained in this PDS is appropriate for you. It is important that you read the PDS and the Target Market Determination (TMD) for the Trust before investing in the Trust. You should also seek your own financial advice from a licensed financial adviser.

In this PDS, 'we', 'us' and 'our' refer to Trilogy Funds and 'you' and 'your' refer to individual Investors, both as potential Investors reviewing this PDS and as existing Investors with a holding in the Trust, as the context requires.

No investment in the Trust offered under this PDS, its performance or return is guaranteed by Trilogy Funds, the Property Manager, their related parties, or any of their directors or officers, or any other party associated with the preparation of this PDS. You should consider this when assessing the suitability of the investment and the risks of investing.

This document can only be used by Investors receiving it (electronically or otherwise) in Australia. Units in the Trust may not be offered or issued in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable laws and are not intended to be offered or issued to US Persons as defined under Regulation S of the US federal securities laws.

This PDS is available in electronic format and can be accessed via our website www.trilogyfunds.com.au. If you receive it electronically, then please ensure that you have received the entire PDS and the Application Form as well as the TMD. If you are unsure whether the electronic document you have received is complete, please contact us on 1800 230 099. A printed copy is also available free of charge.

All dollar amounts referred to in this PDS are in Australian dollars. In Section 9 we have included a glossary of terms that are used in this PDS. The information in the PDS and the TMD may change from time to time.

Visit our website www.trilogyfunds.com.au regularly for further information about the Trust, including disclosure against ASIC benchmarks and disclosure principles, continuous disclosure, Trust updates and the latest TMD.

Historical returns are not a reliable guide to future returns. Any returns noted in this PDS represent past performance only and may not reflect the current and future returns of the Trust. You should not base your decision to invest in the Trust on past returns.

This PDS supersedes all previous PDSs issued for the Trust. No investments will be accepted on the basis of this document once it is replaced by a later PDS. Investors who invested in the Trust under a previous PDS should read this PDS and the current TMD in full to ensure that this Trust continues to meet their investment objectives.

The images used in this PDS are illustrative only and do not necessarily form part of the assets of the Trust.

Stuart Highway, Berrimah, NT

Section 1.
Investment overview

The Trust is designed to build a diverse portfolio of industrial properties located in key Australian regional and metropolitan precincts. The Trust targets industrial properties that have the potential to provide long-term cashflows to investors and could offer the opportunity to add value.

Its aim is to provide investors with regular income, the opportunity for capital growth over the long term, and withdrawal offers intended every four years, with more limited offers potentially on an annual basis. As with any other investment there are risks associated with investing in the Trust. Investors should be aware of and carefully consider the risks as referred to in Section 5.

Returns and demand for industrial assets are usually driven by the logistics, manufacturing, consumer goods, resources, and agricultural sectors. Investors are attracted to this style of property as returns are often correlated with economic growth and the provision of infrastructure.

Further, industrial property often features long leases with fixed rental increases providing a level of income certainty over the investment term.

1.1 Key features of the Trust

THE OFFER		SECTIONS/S
Offer	The Offer is for Investors to subscribe for Units. The Offer will remain open unless the Responsible Entity determines from time to time that it will cease accepting applications for Units, which it may do at any time, either for a period of time, or until such time as the Responsible Entity notifies that it will be again accepting applications.	4.2
Purpose of the Offer	Funds raised, combined with existing funds in the Trust, will be used to acquire Property, with the remaining funds raised utilised at a later point in time to acquire further Properties that meet the Trust's investment criteria.	4.4
Minimum investment amount	$20,000	4.6
Withdrawals	Like many unlisted property schemes, the Trust is an illiquid scheme and Investors may only exit upon a Withdrawal Offer from the Responsible Entity. The Responsible Entity intends to make Withdrawal Offers once every four years. At the date of this PDS, the last withdrawal event occurred in March 2022, approximately four years after the inception of the Trust.	4.10
Interim Withdrawals	The Responsible Entity intends to offer Interim Withdrawal Offers on an annual basis, generally commencing on 1 February and closing 28 February each year, unless otherwise advised by the Responsible Entity. Interim Withdrawal Offers act as a secondary and limited mechanism for Investors to withdraw from the Trust. The amount made available for withdrawal during an Interim Withdrawal Offer is at the discretion of the Responsible Entity, but as at the date of this PDS, the intention is that it will not exceed 3% of the Net Asset Value of the Trust at the relevant time.	4.10
Issue Price	Units are issued at the prevailing Unit Price plus any applicable buy spread on the date the Units are issued. The Unit Price is the prevailing Net Asset Value (NAV) of the Trust plus the amortised value of the acquisition costs divided by the number of Units on issue. The Responsible Entity has a Unit Pricing Policy in place in relation to the Trust. Investors may obtain a copy of this policy by contacting the Responsible Entity.	4.3

THE INVESTMENT OPPORTUNITY		SECTION(S)
Trust type	Unlisted unit trust registered with ASIC as a managed investment scheme	4.1
Investment objective	To provide regular monthly income and the opportunity for capital growth over the long term.	3.1 and 3.2
Investment strategy	To build a portfolio of properties located in key Australian regional and metropolitan industrial precincts, by seeking to target industrial properties that have the potential to provide regular, tax-advantaged distributions to investors, or could offer the opportunity to add value.	3.1 and 3.2
Distributions	Paid monthly in arrears at a variable rate, normally on the eighth Business Day following the end of each calendar month.	4.8
Target gearing	Target gearing is Loan-to-Valuation Ratio (LRV) of 50% or below. However, the Trust may borrow over 50% LVR from time to time in order to make further acquisitions.	4.14
Fees and other costs	Fees and other costs are deducted from the Trust and you should read Section 6 for full details. The Responsible Entity is entitled to be paid ongoing management fees as well as certain one-off transactional and performance fees and may also be reimbursed for expenses it incurs in operating the Trust.	6
Duration of the Trust	Open ended, meaning that it has no fixed duration or end date.	4.2
Transfer of Units	Investors may transfer their Units to a third party at any time, subject to the transfer provisions in the Constitution and the consent of the Responsible Entity.	4.9

PROPERTY PORTFOLIO		SECTIONS/S
Property Portfolio	The Property portfolio at the date of this PDS is comprised of 16 assets located in South Australia, Queensland, New South Wales, the Northern Territory and Victoria. Further information regarding the Property portfolio is included in Section 3.4. Acquisition or disposal of Properties may have occurred since the date of this PDS. Please refer to the website www.trilogyfunds.com.au for the current Property portfolio and specific information on each Property.	3.4
Expansion Opportunities	It is also part of the Trust's investment strategy to seek Property assets with the potential to add value such as expansion of lettable area, refurbishment and improvement works. This may either be led by the Responsible Entity or the respective tenant(s).	3.1 and 3.2
Other Investments	At the date of this PDS, the strategy is to invest excess cash held by the Trust in other income earning investments. Investments in the Trilogy Monthly Income Trust ARSN 121 846 722 and Trilogy Enhanced Income Fund ARSN 614 682 469 is currently limited to a maximum aggregate of 20% of the Gross Asset Value (GAV) at the relevant time. Additionally, the Trust may invest in other unlisted managed funds, index funds, income securities and fixed or floating rate debt securities that may be held directly or indirectly. It is important to note that at any time the Trust's investments in any class of investment is approximate only and that there is no obligation on the Responsible Entity to rebalance the portfolio of assets at or within a particular time.	3.1 and 3.2

1.2 ASIC Benchmarks

Disclosure against the ASIC RG 46 benchmarks is as at 30 June 2023, unless otherwise stated, and may change during the currency of this PDS. The Responsible Entity aims to update disclosures on these benchmarks at least twice annually and if there is a significant adverse change. Updated disclosures on the benchmarks will be available on the Responsible Entity's website at www.trilogyfunds.com.au.

ASIC BENCHMARK	DOES THE TRUST MEET THE ASIC BENCHMARK?	SECTIONS/S
Benchmark 1: Gearing	Yes. Trilogy Funds maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.	4.14
Benchmark 2: Interest Cover Policy	Yes. Trilogy Funds maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.	4.15
Benchmark 3: Capitalisation	Yes. The interest expense of the Trust is not capitalised.	4.13
Benchmark 4: Valuation Policy	Yes. Trilogy Funds maintains and complies with a written valuation policy that meets ASIC's requirements.	8.12
Benchmark 5: Related Party Transactions	Yes. Trilogy Funds maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions, and arrangements to manage conflicts of interest.	8.10
Benchmark 6: Distribution Practices	No. The Trust will generally only pay distributions from its cash from operations (excluding borrowings) available for distribution. However, the Responsible Entity will determine the distributions based on the income attributable to investors, and occasionally this may also include income not only from realised gains, but also from unrealised revaluation gains. When unrealised revaluation gains are considered as part of the income distributable to investors, there is a risk that this may reduce investor equity.	4.8

1.3 ASIC Disclosure Principles

Disclosure against the ASIC RG 46 disclosure principles is as at 30 June 2023, unless otherwise stated, and may change during the currency of this PDS. The Responsible Entity aims to update these disclosure at least twice annually and if there is a significant adverse change. Updated disclosures will be available on the Responsible Entity's website, www.trilogyfunds.com.au.

ASIC DISCLOSURE PRINCIPLES	DISCLOSURE	SECTIONS/S
Disclosure Principle 1: Gearing Ratio	The gearing ratio calculated in accordance with the ASIC Disclosure Principle (RG 46.62) is 0.47.	4.14
Disclosure Principle 2: Interest Cover Ratio	The interest cover ratio calculated in accordance with the ASIC Disclosure Principle (RG 46.71) is 2.19 times. This is calculated on the basis of the ASIC Disclosure Principle definition of EBITDA (earnings before interest, tax, depreciation and amortisation).	4.15
Disclosure Principle 3: Scheme Borrowing	As at 30 June 2023, the Trust's total drawn borrowings was $118,168,500. The Finance Facility limit is $118,168,500. The facility is comprised of various loans from Westpac Banking Corporation and Commonwealth Bank of Australia. The weighted average interest rate for the Finance Facility is 5.87%. Hedging is in place for approximately 32% of the total debt held by the Trust.	4.12 and 4.15
Disclosure Principle 4: Portfolio Diversification	As at 30 June 2023, the Trust's portfolio is comprised entirely of direct property investments (16 Property assets) and cash. The Weighted Average Lease Expiry (WALE) is 5.41 years, and the occupancy rate is 100%.	3
Disclosure Principle 5: Related Party Transactions	Related party transactions that occurred between 1 July 2022 and 30 June 2023 amounted to $2,386,451. The transactions relate to fees paid to the Responsible Entity, in accordance with the PDS. Related party transactions and conflicts of interest are addressed by Trilogy Funds in accordance with its Conflicts of Interest Policy and Related Party Transactions Policy.	8.10
Disclosure Principle 6: Distribution Practices	The Responsible Entity anticipates that distributions will be made from the earnings of the Trust which include rental income, income from interest, income from other investments, retained earnings, realised gains and, on occasions, unrealised revaluation gains. Trilogy Funds will determine the appropriate distribution level based on assessment of operational cash flows, allowances for vacancies, capital expenditure, and the like.	4.8
Disclosure Principle 7: Withdrawal Rights	As the Trust invests in real property, it is not a 'liquid' scheme, as defined in the Corporations Act. This means that investors will have no right to withdraw their investment unless the Responsible Entity makes a withdrawal offer pursuant to the Corporations Act. The Responsible Entity intends, subject to its obligations at law (which includes an obligation to act in the best interest of investors), to use its best endeavours to: • make a Withdrawal Offer approximately every four years (with the most recent Withdrawal Offer event having occurred in March 2022); and • make an Interim Withdrawal Offer on an annual basis.	4.10
Disclosure Principle 8: Net Tangible Assets	As at 30 June 2023, the Net Tangible Assets (NTA) of the Trust is $1.02 cents per Unit.	4.16

Colemans Road, Carrum Downs, VIC

Section 2.
About Trilogy Funds (Responsible Entity)

2.1 History of Trilogy Funds

Trilogy Funds' origins can be traced back to 1998 when Philip Ryan, Trilogy Funds' co-founder and current Managing Director, was a partner in a law firm associated with a fund management company managing mortgages and property assets. Philip recognised the potential the sector provided for investment and income and sought opportunities to create a standalone business.

In 2004, Philip met Rodger Bacon and John Barry, who both had decades of success in the financial sector and were instrumental in the growth and subsequent sale of Challenger Limited. Philip, Rodger, and John decided to combine their experience and joint passion for property and managed funds to create what is now Trilogy Funds.

All three co-founders are still active at Trilogy Funds – Philip as Managing Director, Rodger as Non-Executive Deputy Chairman and John as Executive Director.

Today, Trilogy Funds continues to grow its funds under management across a robust portfolio of products aligned with the goal of helping investors live their ideal lifestyle with income from investments.

2.2 What is the role of the Responsible Entity?

The role of Trilogy Funds in acting as the responsible entity and trustee of the Trust is to ensure that Trust assets are managed and dealt with in accordance with the Trust's Constitution, the Corporations Act and this PDS.

2.3 Other governance and committees

Trilogy Funds has established a Property Investment Committee which considers all property acquisitions and monitors the property portfolio on an ongoing basis.

Trilogy Funds has also established a Treasury Committee to monitor the Trust's liquidity, including the inflows, outflows and other investments made to supplement the portfolio's returns.

In addition, a Compliance Committee monitors Trilogy Funds' compliance with the Constitution, the Compliance Plan and the Corporations Act. Under the law, a majority of the members of the Compliance Committee must be, and are, external members.

2.4 Our experience

In the area of mortgage lending, property development and property investment, experience is a key requirement for success. Trilogy Funds is a specialist in property investment, with a long track record, particularly in mortgage and property trusts. Our experience is grounded in the disciplines of accounting, law, financial services, mortgage management, and property lending. In a practical sense it covers all elements of the property development and investment process, from sourcing and negotiating assets, ongoing management of property, property development and construction projects, lending against property, transaction management at all levels, and capital structuring and liquidity management.

Experience in these areas and the networks of contacts developed over many years provide access to specialised information and knowledge.

2.5 Trilogy Funds Board of Directors

Robert Willcocks
BA, LLB, LLM

Independent Non-Executive Chairman

Robert was appointed as the independent Non-Executive Chairman for Trilogy Funds in 2009. He is a corporate adviser with more than 30 years' experience as a professional listed public company director and chairman. A former senior partner of the law firm Mallesons Stephen Jaques (now King & Wood Mallesons), Robert holds a Bachelor of Arts and Bachelor of Laws degrees from the Australian National University and a Master of Laws degree from the University of Sydney.

As an independent non-executive chairman of Trilogy Funds, Robert draws on his extensive experience as a corporate lawyer and combined experience as a public company director and chairman, where he was mostly involved as an independent director with non-executive roles.

Rodger Bacon
BCom (Merit), AAICD, SF Fin

Non-Executive Deputy Chairman

Rodger is an experienced financial services executive with a successful career establishing and growing high-performing businesses spanning more than 40 years.

A founder of Trilogy Funds and a member of the Board's Property Investment, Lending and Treasury Committees, Rodger uses his extensive experience to add value to the Board and Executive in all aspects of Trilogy Funds' investment, financing, property development, marketing and customer focussed initiatives.

Prior to establishing Trilogy Funds, Rodger was an Executive Director at Challenger, where he helped establish multiple ASX listed financial services companies, developed a property portfolio worth more than $2.7 billion, and was instrumental in establishing and growing Challenger Annuities to capture 30% of annuities sales in Australia. He was also Chairman of the Credit Committee at Challenger.

Prior to joining Challenger, Rodger worked at the Schroder Merchant Banking Group for 15 years where he was involved in all aspects of fund management including domestic and foreign fixed interest, direct property portfolios, management of equities, research and analysis and corporate finance.

Philip Ryan
LLB, Grad Dip Leg Prac, F Fin

Managing Director

As co-founder and Managing Director of Trilogy Funds, Philip is responsible for leading a cohesive and high-performing team across Trilogy Funds' three offices, overseeing business compliance, and developing product offerings. He sits on the Board's Property Investment, Lending and Treasury Committees.

Philip has over 30 years of experience in the financial services industry, across financial planning and funds management. He was previously a partner in a Brisbane law firm, having been a solicitor admitted to the Supreme Court of Queensland and High Court of Australia for over 35 years. He is a Fellow of FINSIA, with qualifications at a post graduate level in mortgage lending and financial services.

Philip leveraged his Legal and Financial Services qualifications as a founding director in 1998 of the funds management entity which evolved into Trilogy Funds. He is a key instigator of Trilogy Funds' products, including the Trilogy Monthly Income Trust, Trilogy Enhanced Income Fund, Trilogy Wholesale Income Fund and various property trusts. Philip is passionate about creating financial products within the mortgage and property sectors that generate attractive income returns, as well as assisting younger generations to achieve their financial goals.

John Barry
BA FCA

Executive Director

John has extensive experience guiding the strategic operations of some of Australia's leading financial services companies.

As founder of Trilogy Funds, as a member of the Board's Property Investment and Lending Committees, and as Chairman of the Board's Treasury and Audit and Risk Committees, John is a strategic thinker whose focus on identifying opportunities to add value for consumers and the business has seen him champion transformational change at Trilogy Funds. He is also a valued mentor for the Executive and other Trilogy Funds team members.

Previously, John was involved in the establishment and ultimate growth of Challenger into a broadly based financial services company which included the $3.5 billion Howard Mortgage Trust and a $2.7 billion international property portfolio. John was an Executive Director at Challenger, Head of Property and responsible for the development of the Endowment Warrants-a precursor to Instalment Receipts and the structure and establishment of Challenger's long term annuities. Prior to Challenger John worked in corporate finance at Morgan Grenfell Australia and Rothschilds Australia and was an Executive Director of Rothschilds Australia.

Prior to Trilogy Funds, John established ABN AMRO's reverse mortgage product and headed up its PPP social infrastructure division.

John has also been the independent Non-Executive Chairman of Westpac RE Limited, a wholly owned subsidiary of Westpac Banking Corporation.

Rohan Butcher
BSc Quantity Surveying,
Lic Real Estate, Reg Builder

Non-Executive Director

Rohan is a Non-Executive Director of Trilogy Funds and a member of the Lending Committee. With more than 30 years' experience in construction and property development, Rohan brings to Trilogy Funds his experience working in quantity surveying, estimating, project administration, development management, planning and project management. At Trilogy Funds, Rohan's key area of focus is the management of risk in the delivery of projects.

Rohan has been involved in several major projects within the residential, retail and commercial property sectors while undertaking a variety of senior appointments with major public and private companies. He is also a member of the Urban Development Institute of Australia.

Justin Smart
BA Com, CPA

Executive Director

Chief Operating Officer & Chief Financial Officer

Justin commenced with Trilogy Funds as its Chief Financial Officer in 2007 and was later promoted to Chief Operating Officer in 2011. Justin is a company director of Trilogy Funds' private companies and is the public officer for the Trilogy Funds group. Justin has a comprehensive understanding of Trilogy Funds' systems and processes. His responsibilities include but are not limited to management of the group's operations, with a particular focus on process improvement and automation to provide quality services to stakeholders.

Justin is a Certified Practising Accountant, with extensive experience in financial services, technology, auditing, and strategic planning. Additionally, he retains strong financial knowledge and oversight of the Responsible Entity's AFSL requirements, including Trilogy Funds' managed investment schemes. Utilising his vast knowledge of the statutory financial reporting requirements of the group and its managed investment schemes, Justin has attributed to the ongoing growth and operational success of Trilogy Funds, by implementing critical business systems and improvements. In doing so, he has been instrumental in providing the insights necessary to drive the business forward.

As a long-standing member of the Lending Committee, Workout Committee, and Investment Committee, Justin is passionate about continual improvement, through facilitating a supportive and collaborative company culture and searching for ways to improve how we provide services to our stakeholders. Prior to joining Trilogy Funds, Justin held various senior management roles within the financial services sector.

Clinton Arentz MBA
Executive Director
Head of Lending and Property Assets

Clinton commenced as Head of Lending and Property Assets with Trilogy Funds in 2017. Since embarking on this role, he has been instrumental in pioneering the growth and strategic development of two of our key products, the Trilogy Monthly Income Trust, and the Trilogy Industrial Property Trust.

Clinton is Trilogy Funds' in-house project specialist, with expertise across risk management, structuring and financing, coordination and delivery, as well as work-out projects and disposals. Throughout his time at Trilogy Funds, Clinton has successfully championed many business operations. Specifically, Trilogy Funds' nationwide expansion of its flagship mortgage fund, conducive to the growth and management of a $900 million construction loan book portfolio as well as leading the acquisition strategy of the Trilogy Industrial Property Trust from inception to an AUM of $250 million, across 5 Australian states and territories.

Further to his 30 years of proven experience in property development, project delivery and asset management across residential, commercial, and industrial projects, Clinton upholds a strong track record in team leadership, business development and direct client and media liaison across both lending and property divisions. He holds a Masters in Business Administration from the Australian Institute of Business, in addition to Certificate courses from the Securities Institute of Australia and London School of Economics. Above all, he is passionate about providing exceptional service to our developer clients.

Henry Elgood MAICD
Executive Director
Institutional Capital and Chief Risk Officer

As a key member of Trilogy Funds' respective Treasury and Compliance Committees, Henry holds a wealth of knowledge and experience across governance and risk management. From a client-focused point, Henry has engaged in product creation and innovation for a variety of investors. Further to this, he carries a lengthy, successful track record of originating and executing corporate transactions with onshore and offshore partners, combined with significant experience in fixed income asset management.

Leveraging his experience in driving strategic initiatives across business units within the financial services sector, and separately as a company director of several private companies, his ability to align business risk appetite with strategic growth initiatives across the Trilogy Funds group is unparalleled.

Henry provides oversight of the Responsible Entity's AFSL requirements and engagement with the regulators. This is achieved through the development and implementation of appropriate risk management measures, ensuring there are appropriate controls and governance across our internal business functions.

2.6 Property Manager

SPFM No 2 Pty Ltd (**SPFM**), a related party of Trilogy Funds, is the property manager for the Trust. Its role is to seek property investment opportunities and oversee the day-to-day management of the industrial property assets. This role includes tenant management, maintenance, capital expenditure, development/expansion opportunity assessment and implementation, and leasing.

SPFM's fees for these services are paid by Trilogy Funds from the Trust. In addition, SPFM may be retained to carry out further functions in respect of the Properties, such as lease negotiations, project management, and sales and marketing services, for which it will be remunerated from the Trust assets, in accordance with the fee structure set out in this PDS.

2.7 RELM Australia Pty Ltd

RELM Australia Pty Ltd (**RELM**) provides Trilogy Funds proprietary software that delivers Investor registry and other operational functionality to the Trust. RELM leverages the combined expertise and acumen of a number of industry experts to streamline back office processes and is a related party of Trilogy Funds. RELM's fees are paid by Trilogy Funds from the Trust.

Magnesium Street, Narangba, QLD

Section 3. Investment strategy and criteria

The Trust aims to provide Investors with regular income and the opportunity for capital growth.

To achieve these goals the Responsible Entity has purchased and expects to continue to purchase a variety of industrial properties diversified by industry type and their location in Australian regional and metropolitan industrial precincts. Additionally, the Responsible Entity seeks to target properties that have the potential to provide long-term cashflows to Investors or could offer the opportunity to add value. This may include tenant-led expansion of lettable space, refurbishment and expansion works.

3.1 Investment strategy and criteria

The Responsible Entity aims to make investments that meet the following investment criteria. Further detail is provided in Section 3.2 below.

Investment objectives	The primary objective is to provide regular income, with opportunity for capital growth.
Property type	Industrial assets such as warehouses, showrooms, storage facilities, manufacturing, logistics and distribution centres.
Location	Established Australian industrial precincts in regional cities and metropolitan areas of capital cities.
Leases	Leases expected to provide a consistent income stream, with opportunity for capital growth of the asset.
Tenants	Strength of tenant covenant including size and reputation of the organisation, financial position, and perceived likelihood of lease renewal.
Expansion opportunities	Expansion opportunities will be sought where there is potential to create value for Investors. To minimise risks associated with property construction and development, 'tenant-led' expansion will be prioritised where possible – see further detail below.
Management	An active management style encompassing renegotiation of the current lease terms and facilitating potential tenant-led, value-add opportunities.
Portfolio review	Regular portfolio reviews to identify potential assets for sale that may provide significant returns in order to redeploy the capital elsewhere.
ESG	As part of the due diligence process, the ESG considerations of an acquisition opportunity are reviewed. These may include property attributes such as solar panels and tenant operations.
Other investments	The Responsible Entity aims to maintain a liquidity buffer as a risk mitigant, and to allow for competitive timing around responding to acquisition opportunities. At times, investment in other investment vehicles (such as other funds) will be made in order to limit excess cash causing a drag on Investor returns – see further detail below.

The Responsible Entity may vary these investment criteria from time to time, having regard to what it considers to be in the best interests of Investors. The Responsible Entity may give effect to these investment criteria by taking an interest in other investment vehicles (such as other funds) that may or may not invest in similar assets. Changes to these investment criteria will be communicated to Investors via the Responsible Entity's website or in writing.

3.2 Investment strategy, criteria and process

The Responsible Entity maintains a robust acquisition process designed to verify that acquisition opportunities align with the investment strategy and criteria, and are in the best interests of investors. The Property Investment Committee, a sub-committee of the Board of the Responsible Entity that is comprised of directors of the Responsible Entity and external members, generally meets weekly to discuss the management of the Trust, and to review any potential acquisition opportunities. Throughout the acquisition process, the Property Investment Committee receives regular reports from key stakeholders, including the Responsible Entity's Property Team. The Property Investment Committee is required to approve completion of the due diligence process undertaken for each acquisition and prior to entering into any binding documents, the acquisition must be approved by the Property Investment Committee and ratified by the Board of the Responsible Entity.

When assessing an acquisition opportunity, the Property Investment Committee may consider the following items, in addition to the investment criteria outlined in Section 3.1 above.

Property Type

When assessing the property type of a potential acquisition, the Responsible Entity may consider the following:

- age and quality of the structures;
- site coverage;
- any specialised property plant and/or equipment that may assist with tenant retention; and
- any aspects of the property that may assist or hinder in re-letting the property should it become vacant in the future.

Should the acquisition opportunity proceed into due diligence, an external consultant is generally engaged to complete a technical due diligence report.

Location

When assessing the location of a potential acquisition, the Responsible Entity may consider the following:

- access to transport routes;
- forecast population or economic growth; and
- current or future availability of industrial land which could present a threat of competing stock.

Geographic diversification of assets held within the Trust may also be sought in order to mitigate risks relating to local economies, events and markets.

Leases

When assessing the leases of a potential acquisition, the Responsible Entity may consider the following:

- rental adjustment structure;
- comparison of passing rents to market rents;
- lease option structure including market rent reviews;
- security with a preference for bank guarantees; and
- make-good obligations.

Tenants

When assessing the strength of tenant covenant of a potential acquisition, the Responsible Entity may consider the size and reputation of the organisation, and its financial position.

This may include examining the number of employees, revenue, profit, growth, and revenue concentration. Where appropriate, independent financial checks may be undertaken on tenants.

Expansion Opportunities

The concept of expansion opportunities includes active construction and development of either new or existing assets within the Trust. Expansion opportunities may allow the Responsible Entity to provide Investors with returns that are not necessarily influenced by secondary market bidding.

Examples of expansion opportunities may include:

(a) Tenant-led expansion

Through active management and strong customer relationships, the Responsible Entity may undertake tenant-led expansion that has the potential to add value to Investors. This may be completed on existing sites where space permits or the Responsible Entity may enter into a development agreement to develop a new facility for an existing tenant under an agreement-for-lease structure.

(b) Development of existing Trust assets

The Responsible Entity may acquire sites with future development potential that have the potential to add value to Investors. Generally, such acquisitions will consist of land-rich sites with medium-term holding income, which may be suitable to develop at the end of the lease term. These developments may have a development partner, and may be completed on a speculative or pre-committed basis, as outlined below.

(c) Acquisition of development sites

Acquisition of development sites without holding income is not the primary strategy of the Responsible Entity. As such, acquisition of development sites will generally only be undertaken with a development partner under a fund-through structure. The Responsible Entity could seek to structure the development partnership such that the development partner takes on the construction risks and risks of overruns. As a result, Investors may benefit from newly constructed high-quality industrial assets with long-term leases, whilst minimising exposure to development risk.

The Responsible Entity will generally seek to obtain a pre-commitment from tenants prior to commencing construction of a new industrial facility. However, where deemed appropriate by the Responsible Entity, the Responsible Entity may initiate development of an industrial facility without a pre-committed tenant (speculative development). In these circumstances, the Responsible Entity may undertake a leasing campaign throughout the life of the construction with the aim of securing a tenant by the time of practical completion. Where no tenant has pre-committed, it is intended that the construction and development cost of any project of this nature will not exceed 10% of the Trust's assets under management (AUM) at the time when construction commences.

The Responsible Entity has extensive experience in property acquisition, development, construction and management, and a range of experienced third-party suppliers and property development partners. This combined expertise is leveraged during any expansion opportunities.

Other Investments

At the date of this PDS, the strategy is to invest excess cash held by the Trust in other income earning investments. Investments in the Trilogy Monthly Income Trust ARSN 121 846 722 and Trilogy Enhanced Income Fund ARSN 614 682 469 is currently limited to a maximum aggregate of 20% of the Gross Asset Value (GAV) at the relevant time. Additionally, the Trust may invest in other unlisted managed funds, index funds, income securities and fixed or floating rate debt securities that may be held directly or indirectly.

There are a number of benefits of having additional capital held within the Trust ready to be deployed. These include cashflow risk mitigation, limiting the cost to existing investors of raising additional equity in the future, and holding a potential competitive advantage when bidding for a potential new property for the Trust with capital available for deployment. It is important to note that at any time the Trust's target investment percentage in other income earning investments is approximate only. There is no obligation on the Responsible Entity to rebalance the portfolio of assets at or within a particular time.

Investors should be aware of the risks to the Trust associated with these investments, as referred to in Section 5.

Should a new opportunity present itself in the form of one or more new properties, it is intended this excess equity may be combined with debt to purchase these additional assets. Any acquisition of this nature will be communicated to investors via the Responsible Entity's website or in writing.

(a) Trilogy Enhanced Income Fund (TEIF)

The TEIF is a diversified income fund that invests directly and indirectly in a portfolio of cash, cash-style investments and other financial assets such as a range of short to medium bank term deposits, bills of exchange, promissory notes, bonds, fixed or floating rate debt securities as well as income securities and to enhance returns via exposure to the pooled mortgage portfolio of the Trilogy Monthly Income Trust. Withdrawals from TEIF require a 30 days' notice period but while the fund is liquid, they may be processed and paid in a shorter time at the discretion of Trilogy Funds as the responsible entity of TEIF.

(b) Trilogy Monthly Income Trust (TMIT)

The TMIT is a pooled mortgage fund, of which Trilogy Funds is the responsible entity, that invests in loans secured by registered first mortgages held over property geographically spread across Australia's states and territories. Loans for which the TMIT provides finance may include residential, commercial, retail, development sites and industrial properties.

(c) Other income earning investments

The Trust may also invest in other unlisted managed funds, index funds, income securities and fixed or floating rate debt securities that may be held directly or indirectly. The amounts invested will typically be any excess funds in the Trust at any one time that will be used to acquire future Property.

3.3 Industrial market

The industrial and logistics property sector has emerged as a core component of the Australian property investment market over the past decade. Transaction activity in the industrial sector is now regularly at similar levels to the competing office and retail sectors.

The industrial sector is benefitting from a number of structural tailwinds including growth of the online retail market, technological advancements, and changing supply chain practices. These factors combine to create strong supply-demand metrics, which positively impact leasing activity and market rents. This in turn has resulted in increased levels of investment, both onshore and offshore, in the industrial sector.

Growth of the online retail market

The growth of the Australian online retail market has resulted in a higher demand for warehouse space required to stock, process and dispatch goods. Although the COVID-19 pandemic was seen to be an accelerator of e-commerce growth, consumer behaviour appears to have made a more permanent change, with post-pandemic e-commerce penetration rates continuing to grow.

Technological advancements

Technological advancements are facilitating a higher level of automation in industrial and logistics facilities. Highly specialised and automated industrial facilities require less manual labour, which is providing businesses with a strong mitigant to rising labour costs.

Technological advancements and increases in automation are also allowing businesses to onshore some manufacturing processes, as the lower cost of offshore labour becomes less relevant. This translates to an additional space requirement from tenants who previously manufactured offshore.

Higher levels of investment in technology has also underpinned longer leases and improves tenant retention.

Supply chain practices

The growth of the online retail market and technological advancements are both influencing supply chain practices in a manner that is beneficial to the industrial and logistics sector.

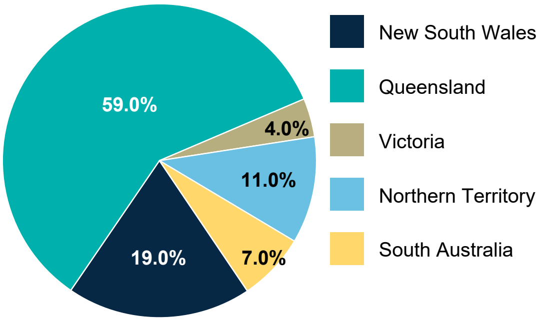
Increased competition between online retailers is influencing consumer behaviour. Consumers no longer consider it reasonable to wait weeks or even months for an online order to arrive. In order to meet consumer demands for fast delivery, retailers are moving from 'just in time' to 'just in case' supply chain practices – a change that was also exacerbated by memories of extensive supply chain delays that continued to linger long after the COVID-19 pandemic.

3.4 Property portfolio

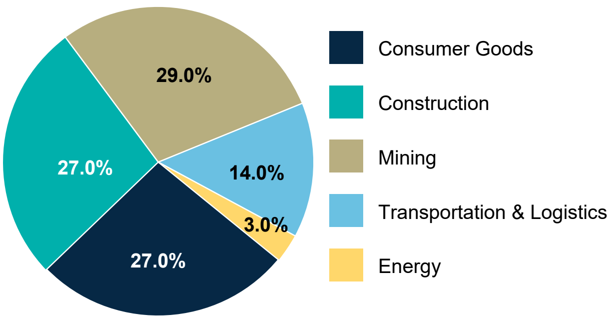
As at the date of this PDS, the Property portfolio is distributed as follows:

STATE	PROPERTY	TENANTS
NSW	Martin Drive, Tomago	Cougar Mining Group Pty Ltd.
	Galleghan Street, Hexham	Bega Dairy & Drinks Pty Ltd, Downer EDI Engineering Power Pty Ltd
Queensland	Ron Parkinson Crescent, Corbould Park	Precast Civil Industries Pty Ltd
	Carrington Road, Torrington	RDO Equipment Pty Ltd
	Magnesium Street, Narangba	Pantex Pty Ltd
	Dacmar Road, Coolum Beach	Weir Minerals Australia Limited
	Moorebank Road, Wellcamp	Australian Coil Services Pty Ltd
	Diesel Drive, Mackay	Independent Mining Solutions Pty Ltd
	Crichtons Road, Mackay	Alfagomma Australia Pty Ltd
	19-29, Bosso Street, Mackay	Komatsu Australia Pty Ltd
	15-17, Bosso Street, Mackay	Komatsu Australia Pty Ltd
	Elysium Road, Carrara	Mineral Technologies Pty Ltd (Downer)
	Gravel Pit Road, Darra	Stoddart Group Pty Ltd
Victoria	Colemans Road, Carrum Downs	Tempur Australia Pty Ltd
South Australia	Bedford Street, Gillman	Tyremax Pty Ltd, Plasdene Glass-Pak Pty Ltd
Northern Territory	Stuart Drive, Berrimah	Bowtime Pty Ltd (BBQs Galore), AMART Furniture Pty Ltd, Lesandau Berrimah (Joyce Mayne), Reece Australia Pty Ltd

Geographic spread (by income)



Income by tenant sector



Acquisition or disposal of properties may have occurred since the date of this PDS. Please refer to the website www.trilogyfunds.com.au for the current Property portfolio and specific information on each Property.

Section 4.
The Offer and the Trust

This section provides information on the Offer and the Trust and should be read in conjunction with the information contained elsewhere in this PDS. Please read the whole PDS, the latest TMD and the Current RG 46 Report and seek any advice you need before deciding to invest.

4.1 Structure of the Trust

The Trust is a managed investment scheme registered under the provisions of the Corporations Act, operated by the Responsible Entity. The rights and obligations of Investors are set out in the Constitution (see Section 8.12 for further details).

4.2 Summary of the Offer

The offer of Units in the Trust is made by the Responsible Entity, the issuer and seller of the Units. The Responsible Entity is seeking to raise equity through this Offer which will be applied, combined with debt funding, to purchase future Property. The Offer will remain open until such time that the Responsible Entity determines from time to time that it will cease accepting applications for Units, which it may do at any time, either for a period of time, or until such time as the Responsible Entity notifies that it will be again accepting applications.

4.3 Unit issue price

Units are issued at the prevailing Unit Price plus any applicable buy spread on the date the Units are issued. The Unit Price is the prevailing Net Asset Value (NAV) of the Trust plus the amortised value of the acquisition costs divided by the number of Units on issue. The Unit Price is calculated monthly. The current Unit Price can be found on the Trust's page of the Trilogy Funds website at www.trilogyfunds.com.au/investing/trilogy-industrial-property-trust/.

The Responsible Entity has a Unit Pricing Policy in place in relation to the Trust. Investors may obtain a copy of this policy from the Responsible Entity's website or by contacting the Responsible Entity.

4.4 Purpose of the Offer

The equity raised from the Offer will be used to facilitate the acquisition of further properties by the Trust.

The Responsible Entity may subscribe for and issue Units to itself in its personal capacity or to a related entity to facilitate equity funding for the Trust (see Section 4.5 below).

4.5 Sale Units

In order to facilitate the provision of equity funding for the Trust, the Responsible Entity, may on one or more occasions during the currency of the Offer, subscribe for and issue Units to itself in its personal capacity or to a related entity.

The Units so issued (Sale Units) will be held by the Responsible Entity in its personal capacity or the related entity, and therefore that Unit holder will be personally subject to the risks and entitled to the benefits of beneficial ownership of the Sale Units.

The Responsible Entity may, at its discretion, treat any one or more applications to acquire Units under this PDS as an application for the Responsible Entity to sell Sale Units held by the Responsible Entity (in its personal capacity) or its related entity to that applicant. If the Responsible Entity elects to sell Sale Units to an applicant, that applicant will not be subject to any additional costs. It is the Responsible Entity's intention to sell all Sale Units issued to it or its related entity during the currency of this PDS, but it may elect not to do so.

4.6 Minimum investment

The minimum investment is $20,000, and thereafter in multiples of $5,000. However, the Responsible Entity has the discretion to accept applications for lesser amounts either generally or on a case-by-case basis.

4.7 Issue of Units

Units in the Trust will be issued upon the acceptance of applications, which includes a correctly completed Application Form, any other documentation required for identification and Application Money in cleared funds. The Responsible Entity reserves the right to reject any application and/or to allocate a lesser number of Units.

Applications will be accepted on the first Business Day of each month. Applications received on or before 4pm on the last Business Day of the prior month will be processed using the Unit Price applicable on the first calendar day of the following month, if a Business Day, and if not, on the next Business Day.

As an Investor, you have a beneficial interest in the assets of the Trust and your returns are dependent on the performance of the Trust. The number of Units issued to each Investor determines their proportional entitlement to participate in distributions from the Trust.

The Responsible Entity will retain, and will be entitled to the benefit of, any interest earnt on Application Money before it is paid into the Trust.

4.8 Distributions

(Refer also to Current RG 46 Report – Benchmark 6 and Disclosure Principle 6 – Distribution practices)

Timing and method of payment

It is intended that the Trust will pay distributions on a monthly basis. Distributions will be paid monthly in arrears by electronic funds transfer to Investors' nominated accounts approximately eight Business Days following the end of the month. The distribution per Unit will be determined by dividing the total amount available for distribution (as determined by the Responsible Entity) for any given period by the total number of Units on issue at that time.

Source of distributions

The Responsible Entity anticipates that distributions will be made from the earnings of the Trust which include rental income, income from interest, income from other investments, retained earnings, realised gains and unrealised revaluation gains. The Responsible Entity will determine the appropriate distribution level based on its assessment of operational cash flows, allowances for vacancies, capital expenditure, and the like. The Responsible Entity has the ability to support distributions by waiving and/or deferring some or all of its management fees from time to time to achieve higher returns to Investors than may otherwise be available from the Trust.

Investors should note that this approach is at the discretion of the Responsible Entity.

Tax-effective distributions

The Responsible Entity anticipates a portion of the distributions to be tax deferred. The tax liability on a tax deferred distribution is generally deferred until units in the fund are disposed, and may allow investors to avail themselves of a 50% discount on capital gains tax. Further information is provided in Section 7.1.

Distribution payment options – reinvestment

Investors, excluding Indirect Investors, may choose to have their distributions paid directly into their nominated financial institution account or reinvested as additional Units in the Trust.

No minimum investment amount applies to any distribution reinvestment.

Your preference for payment into a nominated financial institution account or re-investment may be changed at any time by completing a Change of Details Form as provided on the Responsible Entity's website at www.trilogyfunds.com.au.

As at the date of this PDS, the Trust is open for investment. The Responsible Entity may, at any time in its discretion, opt to close the Trust for investment. Where the Responsible Entity opts to close the Trust for investment, either temporarily or permanently, the Responsible Entity may choose, in its discretion, to continue to facilitate the reinvestment of distributions or opt to cease this feature. If the Responsible Entity opts to cease facilitating the distribution reinvestment, distributions will be paid into the direct Investor's nominated financial institution account.

4.9 Transfers

Investors are able to transfer their Units to a third party at any time, subject to the transfer provisions in the Constitution. For a transfer to occur, an Investor must identify a willing purchaser of their Units and the Responsible Entity must consent to the transfer. Please contact Investor Relations to assist with the relevant documentation or go to www.trilogyfunds,com.au.

4.10 Withdrawals

(Refer also to Current RG 46 Report – Disclosure Principle 7 – Withdrawal rights)

Withdrawal Offers

As the Trust invests in real property, it is not a 'liquid' scheme, as defined in the Corporations Act. This means that Investors will have no right to withdraw their investment unless the Responsible Entity makes a Withdrawal Offer to Investors pursuant to the Corporations Act.

The Responsible Entity intends, subject to its obligations at law (which includes an obligation to act in the best interests of Investors), to use its best endeavours to make a Withdrawal Offer approximately every four years. Each such four year period is referred to in this PDS as a 'Term'. The last Withdrawal Offer occurred in March 2022.

Other Withdrawal Offers may be made during the life of the Trust, for instance, if a Property is sold midway through a Term.

When making a Withdrawal Offer, the Responsible Entity will communicate with Investors, providing an outline of the terms of the Withdrawal Offer proposed (such as the amounts available for withdrawals as well as the price that Investors will receive if they redeem Units). Investors will be provided with a withdrawal form prior to each Withdrawal Offer.

To source funds required for a Withdrawal Offer, the Responsible Entity may:

- sell one or more Properties;
- raise new equity for the Trust;
- make further borrowings on behalf of the Trust; or
- undertake a combination of these measures.

Ultimately, the amount made available for withdrawal, and the ability of the Responsible Entity to provide liquidity to meet Investors' withdrawal requests, during a Withdrawal Offer is dependent on various factors which may be outside of the Responsible Entity's control, including future property market conditions and economic conditions. It is important to note that, while the Responsible Entity intends to make Withdrawal Offers at the end of each Term, there may be circumstances in which it is not possible to offer withdrawals at all, or to only offer limited funds for Withdrawal Offers resulting in pro-rata redemptions. The pro-rating of any redemptions will result in any unmet portion of a withdrawal request being cancelled. In addition, withdrawals may be deferred in some circumstances (if allowed under the Constitution and the Corporations Act), for example, if it is impracticable or not in the best interest of Investors for a Withdrawal Offer to be made at particular times.

Interim Withdrawal Offer

The Responsible Entity intends to facilitate Interim Withdrawal Offers on an annual basis. Interim Withdrawal Offers act as a secondary and limited mechanism for Investors to withdraw from the Trust alongside the scheduled Withdrawal Offers. The amount made available for withdrawal during an Interim Withdrawal Offer is at the discretion of the Responsible Entity, but as at the date of this PDS, the intention is that it will not exceed 3% of the Net Asset Value of the Trust at the relevant time. The amount made available under each Interim Withdrawal Offer will be stated in the offer.

Generally, Interim Withdrawal Offers will commence on 1 February and close 28 February each year, unless otherwise advised by the Responsible Entity. The Responsible Entity will not make an Interim Withdrawal Offer in the same year that a Withdrawal Offer is made. For the avoidance of doubt, the Responsible Entity intends to only make Interim Withdrawal Offers in years that it does not intend to make a Withdrawal Offer.

To participate, Investors are required to complete a withdrawal form which will be made available on the website of the Responsible Entity during this period.

To source funds required for an Interim Withdrawal Offer, the Responsible Entity may:

- sell one or more Properties;
- raise new equity for the Trust;
- make further borrowings on behalf of the Trust; or
- undertake a combination of these measures.

Ultimately, the amount made available for withdrawal, and the ability of the Responsible Entity to provide liquidity to meet Investors' withdrawal requests, during an Interim Withdrawal Offer is dependent on various factors which may be outside of the Responsible Entity's control, including future property market conditions and economic conditions. It is important to note that, while the Responsible Entity intends to make Interim Withdrawal Offers on an annual basis, there may be circumstances in which it is not possible to offer withdrawals at all, or to make available less than the 3% of the Net Asset Value referred to above, or to cancel an Interim Withdrawal Offer that has been made. Further, if the amount made available is insufficient to satisfy all requests for withdrawal, this will result in redemptions being met on a pro-rata basis and any unmet portion of a withdrawal request being cancelled.

4.11 Investment term

There is no minimum term during which Investors must retain their Units in the Trust, nor any maximum term. The Offer is likely to be consistent with the financial situation and needs of a consumer with a minimum investment timeframe of at least five years and who needs limited access to capital. See also Section 4.10 regarding withdrawals and Section 5 as to relevant risks.

4.12 Debt

(Refer also to Current RG 46 Report – Disclosure Principle 3 – Scheme borrowing)

The Trust's current Finance Facility comprises facilities with Westpac Banking Corporation and the Commonwealth Bank of Australia. The facilities are secured by mortgages over the Properties in the current Property portfolio in addition to security held under a general security agreement over the Trust's assets. As at 30 June 2023, the Trust holds $118,168,500 in loans with a weighted average interest rate of 5.87%. Hedging is in place for approximately 32% of the debt held by the Trust.

The Trust's LVR will differ from time to time based on the acquisitions made by the Trust and whether any of the new properties or existing Properties in the Portfolio are used as security for the Finance Facility or for any other borrowings by the Trust.

To acquire further Properties or fund tenant-led expansion, the Responsible Entity anticipates that the Trust will seek additional finance which may be on different terms. In the long term, it is intended that the Trust's gearing ratio or LVR will be below 50%. However, it may borrow to an LVR of 50% or more from time to time, for example, if an acquisition opportunity arises, or if tenant-led expansion or development is proposed. Further information about gearing and the forecast gearing ratio and interest cover ratio is set out in Sections 4.14 and 4.15.

4.13 Interest capitalisation

Interest is not capitalised for the Trust.

4.14 Gearing ratio

(Refer also to Current RG 46 Report – Benchmark 1 Gearing policy and Disclosure Principle 1 – Gearing ratio)

The liabilities and assets used to calculate the gearing ratio are based on the Trust's latest board- reviewed management financial statements as at 30 June 2023. The gearing ratio is calculated using the following formula:

$$\textbf{Gearing ratio} = \frac{\textbf{total interest-bearing liabilities}}{\textbf{total assets}}$$

The Trust's gearing ratio as at 30 June 2023 is 0.47.

4.15 Interest cover

(Refer also to Current RG 46 Report – Benchmark 2 Interest cover policy and Disclosure Principle 2 – Interest cover ratio)

The interest cover ratio for RG 46 purposes is calculated using the following formula:

$$\textbf{Interest cover} = \frac{\textbf{EBITDA} \pm \textbf{unrealised gains/losses}}{\textbf{interest expense}}$$

If the amount of earnings available over a relevant period to meet interest payments falls below the covenant specified in the Finance Facility, the lender may treat this as a breach of an obligation under the Finance Facility and possibly an event of default. If this breach is not rectified the lender may require the outstanding amount under the Finance Facility to be repaid, which in turn may require the sale of one or more of the Properties if the Finance Facility cannot be refinanced with an alternative lender on satisfactory terms.

The Interest cover ratio under the Finance Facility is calculated using the following formula:

$$\textbf{Interest cover} = \frac{\textbf{net passing rent + recoverable outgoings}}{\textbf{gross interest expense}}$$

Interest cover gives a measurement of the number of times a scheme could make its interest payments with its earnings before interest, tax, depreciation and amortisation. A high interest cover ratio means that a scheme is more easily able to meet its interest obligations from profits. Conversely, a low value for the interest cover ratio means that a scheme is potentially in danger of not being able to meet its interest payments from its earnings

The interest cover ratio as at 30 June 2023 is 2.19 times. This is calculated on the basis of the ASIC Disclosure Principle definition of EBITDA (earnings before interest, tax, depreciation and amortisation).

Based on the definition of interest cover ratio adopted by the financiers for the Finance Facility, the interest cover ratio as at 30 June 2023 is 3.03 (Westpac) and 2.17 (Commonwealth).

4.16 Net Tangible Assets

(Refer also to Current RG 46 Report – Disclosure Principle 8 – Net Tangible Assets)

Net Tangible Assets (NTA) represents the value per Unit of a Trust's assets after deducting its liabilities (and other adjustments) calculated at a point in time. The NTA of the Trust can be calculated on a per Unit basis. This amount can be used as an estimated (not guaranteed) measure of what an Investor could expect to receive per Unit if the assets of the Trust were sold at that particular point in time but excluding any allowance for the costs of selling the Properties, performance and disposal fees, and costs associated with winding up the Trust. Therefore, to the extent that the NTA at any time is less than the price paid for a Unit, it is also a reflection of the risk of a possible capital loss as at the relevant point of time.

NTA is calculated in accordance with the following formula:

$$\textbf{NTA} = \frac{\textbf{Net assets – intangible assets +/- any other adjustments}}{\textbf{Number of Units in the scheme on issue}}$$

The NTA for the Trust as at 30 June 2023 is $1.02 per Unit.

4.17 Other assets of the Trust

The Trust may invest in other income earning investments. These investments may include related registered management investment schemes and/or receive investments from other managed investment schemes such as the Trilogy Monthly Income Trust ARSN 121 846 722 and Trilogy Enhanced Income Fund ARSN 614 682 469. The Trust may also invest in other income earning investments such as other unlisted managed funds, index funds, income securities and fixed or floating rate debt securities that may be held directly or indirectly. As at 30 June 2023 the assets of the Trust comprised entirely of direct Property investments, and cash.

Bosso Street, Mackay, QLD

Section 5.
Investment risks

As with all investments, an investment in the Trilogy Industrial Property Trust is subject to risks which can lead to no or lower than expected returns, or loss of part or all of your capital. This section identifies some of the key risks associated with an investment in the Trust, and in property investments generally.

The key risks, in the Responsible Entity's view, include:

- general investment risks;
- property investment risks;
- underlying Trust investment risks; and
- specific Trust risks.

The above risks are detailed further below. These comments are intended as a guide only and are not exhaustive. Investors should read this PDS in full, the latest TMD and the Current RG 46 Report before investing in the Trust to understand more fully the risks of investing in the Trust. The Responsible Entity recommends you seek professional advice from professional adviser prior to investing in the Trust to ensure you understand the risks.

5.1 General investment risks

The risks below are general in nature and relevant to most investments.

Legal and regulatory risk

Changes to the regulatory environment relating to financial services, taxation and other regimes affecting the Trust's operations may affect the portfolio and the Trust's performance.

Economic and market conditions

Changes in the economy and market conditions may affect asset returns and values which, in turn, may result in a decrease in the portfolio's value or the Trust's returns. These changes may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of the economy. Industrial property tenants can be susceptible to such economic and market risks and therefore the Trust may also be more sensitive to these economic conditions.

There can be no guarantee that investor confidence in property, cash-style or mortgage investments will not change in a manner adverse to investors in the Trust. The general economic, health, social and political climates in which the Trust operates or other like events are outside the control of the Responsible Entity.

Counterparties

The Trust may enter into legal agreements regarding aspects of the Trust's operations. For example, a counterparty may be responsible for property management, property development or tenancy arrangements, but may fail to perform adequately.

Litigation

The Trust may be involved in disputes or possible litigation. It is possible that a material dispute could affect the value of the assets or expected income of the Trust.

Taxation

Changes to taxation laws or policies that the Responsible Entity or the Trust is, or later becomes, subject to may impact Investors' returns from the Trust. The Responsible Entity recommends that you seek professional advice prior to investing in the Trust to ensure you understand the risks.

5.2 Property investment risks

Settlement risk

While the Responsible Entity aims to raise sufficient capital to purchase Property, there is a risk that a Property will not be purchased for that or some other reason. Hence, the Trust may not benefit from increased diversification by tenant-type or industry.

Property market risk

The nature of this investment is similar to a direct investment in industrial property. Accordingly, risks commonly associated with investing directly in industrial property apply equally to an investment in the Trust and Investors should be aware these risks are different to those of investing in other types of property such as residential property. For example, property market factors that may affect the returns generated from an industrial property include:

- lack of demand for the type of property including the area in which it is located, which may affect the ability to sell a property, but also may limit the ability to lease a property quickly;
- competition from new developments and refurbishments to other properties that potentially reduce the demand for the property and thus its value;
- tenant vacancy arising on the expiry of a lease or where a tenant fails to perform its obligations under the lease; and
- matters impacting the relevant industry, such as environmental, health and safety, and industrial disputes.

Valuation risk

The value of real property assets can be volatile, for some of the reasons stated above, and there is a risk that values from time to time may fluctuate. Should a lender under a Finance Facility require an updated valuation during the term of the loan, a lower valuation may be ascribed to the value of one or more of the Properties. A significant fall in valuation will mean an increase in gearing ratio and may trigger a breach of loan covenants and may impact the net asset backing of Units and the Unit Price. The Responsible Entity mitigates this risk by seeking independent valuations of Properties in accordance with its valuation policy and disclosing to Investors if it believes there is a material adverse change in the values relied upon.

Leasing risk

While leases impose legally enforceable obligations on tenants, it is possible for tenants to default on their obligations and for associated costs to be incurred in enforcement proceedings and, if necessary, the re-leasing of the tenancy. With a vacancy arising, the Trust could incur costs in re-leasing the premises, such as incentives to an incoming tenant, rent-free periods, or other incentive payments and agents' leasing commissions. These leasing costs could diminish the income available to the Trust.

Capital expenditure risk

While the tenant may pay for outgoings associated with the Property as per the lease agreement, the Trust, as the landlord, may be required to pay for any structural repairs or maintenance work required. If structural maintenance work is greater than the amount available stated in this PDS, it may affect the returns of the Trust. Alternatively, if structural repairs and maintenance work is less than the amount available that has been set aside, surplus funds may be retained in the Trust.

Refinance risk

When interest rates are variable there is a risk that rates may fluctuate and if rates increase, there is a risk that distributions to investors may decrease. There is a risk that when the stipulated term of a Finance Facility expires, finance may not be available on similar terms or as favourable terms (including as to the terms as may be renegotiated). This may result in an impact on the returns from the Trust. Additionally, if the Responsible Entity is unable to refinance a loan from any source, then one or more Properties may need to be sold.

Borrowings and interest rates

Rising interest rates impact the distributable income of the Trust. If interest rates increase, then there is a risk that distributions paid to Investors may be reduced.

Gearing risk

The Trust has utilised the Finance Facility to partly fund the purchase of the Properties, together with equity raised from Investors. For further information see Sections 4.12 and 4.14.

Gearing has the effect of amplifying potential gains and losses. Where there is a fall in the value of any one individual Property, the net asset value of the Trust may fall. Alternatively, where there is a rise in the value of any one individual Property, the net asset value of the Trust may increase. As the Trust has utilised borrowing facilities provided by financiers, the Trust is subject to the terms and conditions, otherwise known as 'covenants', of the borrowing facilities. When these terms and conditions are breached, a financier may have the ability to take action against the Trust. For example, if there are not sufficient funds to meet interest payments on any borrowing facility, the financier may want to enforce its security over the Property in the portfolio.

However, the financier will not require Investors to contribute any more cash than their original total investment.

Because the financier does not participate in capital gains, the effect of this is to increase the potential of capital gain for Investors. However, this also increases any capital loss for Investors if the value of any one of the Properties falls in value, as the financier must be repaid the principal amount outstanding on the loan and outstanding interest or costs before distributions are made to Investors. Any rise or fall in the value of a Property has a corresponding, disproportionate effect on equity held by Investors.

Tenancy risk

Should any tenant within a Property become insolvent, make a late payment of rent or cause damage to the Property, there is a risk this could adversely impact the return of the Trust and result in a lower distribution to Investors. To mitigate tenancy risk, the Responsible Entity performs limited financial due diligence on each tenant and each tenant is required to provide a bank guarantee or security deposit for a specified period, or some other form of guarantee. In addition, industrial property is often unique in nature and in some cases finding a replacement tenant may take some time.

Building and construction risk

Any expansion of current Properties or development of new facilities could lead to adverse effects on the returns of the Trust, or the project costs could be more than the forecast project costs. This expansion risk could impact on the net asset value and the returns of the Trust. Investors should be aware that during the term of their investment in the Trust, there is a risk that unexpected capital expenditure may be incurred, and this may impact returns and further debt or equity may be sought to assist with such costs.

Property insurance risk

Damage to any one of the Properties as a result of fire, storm, flood, cyclone, malicious damage, earthquake etc. will be covered by insurance, where applicable.

The full extent of the insurance coverage available is subject to the specific terms and conditions of the applicable insurance policy. In unusual circumstances, insurance may not cover some or all of a particular loss, thus resulting in a loss to Investors. The Trust holds insurance for events that may impact the value of any Property in the Trust. There may be events for which there is no insurance cover available, the Trust has not taken out insurance cover for this particular event or additional costs apply because of the location or nature of the Property. Should an event occur for which the Trust has no cover, this could impact the net asset value of the Trust and Investors may incur a capital loss. Events that are unaccounted for may be natural disasters, social upheaval, events of terrorism or war involving Australia, or events causing global disruption, or failure of the insurer itself.

Environmental contamination risk

Industrial property can be impact by risks associated with environmental contamination. There is a risk that a Property may be found to contain or produce an environmental contamination. In such a cases, costs including remediation costs and potential increases to insurance premiums may be incurred by the Trust thus impacting Investors' returns. Further, there is the risk that the discovery of environmental contamination may adversely affect the value of the Property. Such risks may occur irrespective of whether the cause of the contamination occurred during the Trust's ownership or not.

5.3 Underlying Trust investment risks

At the date of this PDS, the strategy is to invest excess cash held by the Trust in other income earning investments. Investments in the Trilogy Monthly Income Trust ARSN 121 846 722 and Trilogy Enhanced Income Fund ARSN 614 682 469 is currently limited to a maximum aggregate of 20% of the Gross Asset Value (GAV) at the relevant time. Additionally, the Trust may invest in other unlisted managed funds, index funds, income securities and fixed or floating rate debt securities that may be held directly or indirectly. The other investments that the Trust may invest in from time to time carry additional risks specific to each investment.

(a) Trilogy Enhanced Income Fund

Structure of underlying managed investment scheme, mandate of investment manager or others income earning investments

The Trilogy Enhanced Income Fund (TEIF) is a diversified income fund that invests, in cash, cash style and other financial assets. From time to time, TEIF may also indirectly invest in mortgages via an investment in the Trilogy Monthly Income Trust, which is a pooled mortgage trust. Where TEIF invests in another managed investment scheme, it carries the risk that there could be a change of that fund's responsible entity, or investment manager, loss of key personnel, the responsible entity, or the investment manager may not meet their obligations or perform as expected, assets may be lost, inaccurately recorded or misappropriated, fees and charges may change, systems may fail and insurance may be inadequate or insurers not pay at all.

Where TEIF engages a service provider in relation to specific investment management activities, such as to manage a portfolio of fixed income securities or other agreed cash style investments under an investment mandate, this arrangement carries the same types of investment risk as outlined above. Any changes in the economic or regulatory environment that impacts upon the performance of the scheme's responsible entity or trustee, or the investment manager engaged by the Responsible Entity may have an effect upon the returns obtained from TEIF.

Credit risk – individual investments

This is the risk that the value of an individual investment made by TEIF directly may change or become more volatile, potentially causing a reduction in the value of TEIF and increasing its volatility. This may be because, amongst other things, there are changes in the Government's policies, the Responsible Entity or the investment manager's operations or management, or business environment, or a change in perceptions of the risk of any investment.

Various risks may lead to the issuer of the investment defaulting on its obligations and reducing the value of the investment to which TEIF has an exposure. A reduction in the value of an investment may be from a political, social, economic, or a health event such as COVID-19 during which credit markets experienced and may continue to experience a degree of dislocation.

Operations and investment mandate risk

A managed investment scheme that TEIF invests in will carry the operational risks inherent in that particular scheme. For example, the assets in which the scheme invests in could be assigned credit ratings by independent ratings agencies and in the case where they are downgraded this could significantly reduce the value of an asset in the scheme.

Additionally, it is possible that the investment manager of a scheme that TEIF invests in uses derivatives from time to time to manage risks of that scheme as considered appropriate by the relevant investment manager. These carry risks as well, including that the value of a derivative fails to move in line with the underlying assets, the potential liquidity of an asset, potential leverage resulting from the position and counterparty risk.

A further example concerns borrowing risk. A scheme in which TEIF invests has an ability to borrow indirectly in the short term to manage withdrawals and distributions. The risk with borrowing is that it magnifies both good and bad returns. Further, where the scheme invests in income securities, these will carry the risk of volatility that arises from investment in the share market (including any capital gains or losses that may eventuate), which may have an impact on the returns obtained from TEIF.

Risk of capital loss and compulsory redemption of your units

If the net asset value of a unit in TEIF is less than $1.00 at the end of the month, then the Constitution of TEIF allows, and in certain circumstances requires, the responsible entity to implement a pro rata compulsory redemption and cancellation mechanism to return the net value of each unit on issue to $1.00. This means that some of the units held by the Trust in TEIF may be redeemed for nil value and cancelled to bring the net value of each of TEIF's remaining units on issue to $1.00.

Market risk

Market conditions are influenced by a variety of factors including economic, technological, social, political, taxation, legal or regulatory factors, as well as general changes in market sentiment. These may have a negative impact on the returns obtained from TEIF.

Investment environment risks

Changes to the regulatory environment relating to financial services, taxation and other regimes may adversely affect investors in TEIF, including the Trust.

Government policies can affect TEIF in a number of ways that could be detrimental or beneficial to investors in TEIF. Similarly, changes in the health or social environment can impact the Trust and cause short term or long term market disruption to investments made by TEIF that would be detrimental to investors in TEIF.

(b) Trilogy Monthly Income Trust

Credit risk – Mortgage fund investment

The Trilogy Monthly Income Trust (TMIT) is a pooled mortgage trust and invests primarily in mortgages. Therefore, credit risk is relevant in that the Trust could suffer a loss because of the operations of TMIT. Specifically, a TMIT borrower may default under a loan and the full loan amount may not be recoverable (e.g., if the proceeds of sale of secured property are not sufficient to cover the amount of the loan). Trilogy Funds, in its capacity as the responsible entity of TMIT, minimises mortgage credit risk by applying strict lending criteria, commissioning an independent valuation of the secured assets (TMIT is limited to lending on a loan to a maximum loan to valuation ratio of 70% on an 'as if complete' basis), as well as assessing the borrower's capacity to repay.

TMIT also takes a registered first mortgage as security over all loans.

Decrease in value of property

Risks associated with a decrease in the value of a property offered as security in TMIT, may include:

- investors, including the Trust (directly or through an investment in TEIF), may be charged negative income and may suffer a capital loss;
- a valuation that does not accurately reflect the real value of the property at the time it was valued. If the borrower subsequently defaults on the loan then the capital repaid to investors may be diminished;
- a fall in the value of the security property during the term of the loan which may diminish capital repaid to investors in the event that a borrower defaults; and
- a movement in the property market either nationally or locally which results in a decrease in demand for a proposed development, making it difficult for the borrower to achieve the expected sale value of the property.

All the above may lead to an increase in the LVR, which would then exceed the prudent LVR limits adopted by TMIT.

Diversification risk

Property market risk may also arise in TMIT where the size of loan, number of borrowers, class of borrower activity or geographical region diversification is not high. The more diversified a loan portfolio is, the lower the risk generally that an adverse event affecting one borrower or one type of loan will simultaneously affect the majority of borrowers, and therefore put the overall portfolio at risk. The diversity of the portfolio of the TMIT may change from time to time.

Construction risks

In a construction and development loan, the appointed contractors and trades may fail to complete the project for various reasons including that they may have become insolvent. In this case the TMIT borrower will have to source other contractors or trades to complete works which may result in an increase in costs of the project. Delays incurred by the building contractors and trades or increases in materials and/or labour costs or abnormal weather events, can increase costs beyond the contingency amount normally allowed to meet these factors in a construction agreement. In this case, the borrower may not have adequate funds to complete the project works which may impact the returns obtained from TMIT.

'As if Complete' valuation risk

In some construction and development loans, TMIT may lend on a loan to an LVR of up to 70% of the value of the development as if it is completed. In these circumstances, TMIT will make progress payments to enable the development to be completed.

Risks in this type of lending include the risk that:

- the property will decline in value during the development period;
- the cost of the development will be greater than budgeted;
- delays in the development may add to interest and other costs;
- there may be insufficient materials or expertise available to complete the development; or
- there may be insufficient funds to complete the development.

The above risks may impact the returns obtained from TMIT.

Interest capitalisation risk

Loans from the TMIT may require the interest to be paid periodically during the term of the loan or in the case of a construction and development loan a provision for interest may be built into the facility within the approved LVR. As a risk management measure, this provision for interest is generally built into the loan facility along with the contingency. This enables Trilogy Funds, as responsible entity of TMIT, to control the interest payments and assists to ensure that they are within the approved LVR limit.

Illiquid nature of the underlying asset

As the underlying asset within TMIT is predominantly real property, which is relatively illiquid, delays could occur between a loan going into default and sale of the property. These delays could affect interest accruing, but not paid. In these circumstances, interest accruing would not be available for distribution to Investors, including the Trust, and the amount owing plus accrued interest and costs may exceed the amount realised from the sale of the property.

Repayment delays

Repayment of loans may be delayed beyond the agreed maturity date. This can occur for a wide variety of reasons including the risk that construction or development does not proceed on schedule.

Litigation risk

This is the risk that any lender, including TMIT, faces when it takes legal action to enforce the mortgage by the sale of the security property.

Borrowers may defend the enforcement proceedings successfully in whole or in part, in light of judicial interpretation of the borrowing and enforcement arrangements, which may vary over time. In addition, courts are vested with wide discretionary powers, and these may be exercised in favour of the borrower. It should be noted that the Trilogy Funds, as responsible entity of TMIT, is under no obligation to pursue further recovery action after the security is sold.

National Consumer Credit Protection Act (NCCP Act) – Regulated loans

Trilogy Funds is not, and has no present intention to be in the future, licensed to make loans that are regulated under the NCCP Act. Nevertheless, a court may for some reason hold that a loan is so regulated. In general terms, there are limits on the amount of default interest that may be charged and the actions that the Trilogy Funds, as responsible entity of TMIT, may have to take in enforcing a mortgage regulated by the NCCP Act are more demanding and may take longer to implement. In addition, the terms of the loan may be changed if the borrower is having or will have trouble making payments by reason of financial hardship caused by illness, unemployment or other reasonable cause.

Documentation risk

There is a risk of deficiency in the accuracy of documentation, including the mortgage documentation entered into for TMIT that could, in certain circumstances, adversely affect the recoverability of monies invested by TMIT and reduce the value of the Trust's investment.

External dispute resolution risk

Trilogy Funds is a member of the Australian Financial Complaints Authority (AFCA), in accordance with its obligations in respect of the Investors. AFCA may form the view that it is entitled to consider any complaint that is lodged by a borrower from TMIT, even if the borrower does not have a NCCP Act regulated loan. There is now the additional risk that either during the course of a loan, or more typically when Trilogy Funds, as responsible entity of TMIT, seeks to enforce the loan, the borrower lodges a complaint with AFCA that has the effect of 'freezing' any enforcement action that is being taken or delaying any enforcement action that may be taken, while the AFCA considers the complaint.

Insurance risk

There is a risk that a borrower from TMIT may fail to effect property insurance over a secured property, or indeed may cancel such a policy once obtained, without prior notification to the Trilogy Funds, as responsible entity of TMIT. Additionally, property insurance obtained may be inadequate or could be denied due to a number of circumstances, including the failure of the borrower to make proper disclosure to its insurer. There is also a risk that the insurer may not be able to meet its financial obligations under the insurance policy.

Risk of capital loss and compulsory redemption of your units

If the net asset value of a unit in TMIT is less than $1.00 at the end of the month, then the Constitution of TMIT allows, and in certain circumstances requires, Trilogy Funds, as responsible entity of TMIT, to implement a pro-rata compulsory redemption and cancellation mechanism to return the net value of each unit on issue to $1.00. This means that some of the units held by the Trust in TMIT may be redeemed for nil value and cancelled to bring the net value of each of TMIT's remaining units on issue to $1.00.

(c) Other investments

In addition to investing in TEIF and/or TMIT, the Responsible Entity may invest cash in the Trust in other income earning investments such as other unlisted managed funds, index funds, income securities and fixed or floating rate debt securities that may be held directly or indirectly. The risks associated with such investments will primarily be the same as those described in Section 5.1 and in paragraphs (a) and (b) of this Section 5.3.

5.4 Specific Trust risks

There are also other risks that are specific to the Trust and its structure. For example, investments in the Trust are not capital guaranteed. Investors may not receive any return on their investment and may lose some or all of the capital invested.

Expansion risk

When procuring construction and development borrowings, the Trust is exposed to risks relating to building construction and property development. This may include risks of increases in costs of materials and/or labour during the life of the project, supply chain issues, and delays such as those caused by building contractors and trades, council development and town planning approvals, costs associated with latent conditions underlying or adjacent to the development site or abnormal weather events. These factors can increase costs beyond the contingency amount normally allowed in a construction agreement. Additionally, the risk of failure to complete a project may arise because the appointed contractors and trades may become insolvent. In this case the development partner and the Trust will have to source other contractors or trades to complete works which may result in an increase in costs of the project.

Risks in this type of project include the risk that:

- the value of the asset will decline in value during the development period;
- the cost of the development will be greater than budgeted;
- delays in the development may add to interest and other costs that the Trust may or may not have to bear.

The Responsible Entity will work together with any development partner it engages, including any project manager, to ensure risks above are mitigated in this expanded investment strategy and construction and development works are delivered within the agreed timeframe. There will be a development management agreement that articulates the details of the development delivery including which responsibilities and risks are borne by each party.

Liquidity of the Trust may also be adversely affected in the case of any construction or development borrowings where there may be insufficient funds available to meet the ongoing development and construction costs. The Responsible Entity will mitigate this by continuing to monitor the ongoing cashflow requirements of the Trust and where necessary make adjustments at the portfolio level either by selling one or more properties, selling underlying income earning investments it holds or using existing cash to meet the cashflow requirements of the Trust.

The Responsible Entity will update Investors on any development works that are undertaken by the Trust from time to time and the details of any such development works.

With any construction or development borrowing, the Trust's level of gearing may change from time to time given any development funding will be a combination of equity and debt. For further information, please refer to Sections 4.12 and 4.14.

Liquidity and withdrawals

The Trust is an illiquid investment, and the Trust's life is ongoing. As stated in Section 4.10, the Responsible Entity intends, subject to its obligations at law (which includes an obligation to act in the best interests of Investors), to use its best endeavours to make a Withdrawal Offer approximately every four years. In addition, the Responsible Entity intends to offer Interim Withdrawal Offers as a secondary, limited withdrawal mechanism on an annual basis, subject to the terms of this PDS and the Corporations Act requirements.

Ultimately, the amount made available for withdrawal, and the ability of the Responsible Entity to provide liquidity to meet Investors' withdrawal requests, during either a Withdrawal Offer or an Interim Withdrawal Offer is dependent on various factors which may be outside of the Responsible Entity's control, including future property market conditions and economic conditions. It is important to note that, while the Responsible Entity intends to make Withdrawal Offers and Interim Withdrawal Offers, there may be circumstances in which it is not possible to offer withdrawals at all or to only offer limited funds for withdrawals resulting in pro-rata redemptions.

There is no established external secondary market for the sale of Units in the Trust outside of the Withdrawal Offers and Interim Withdrawal Offers the Responsible Entity intends to make. An Investor may arrange for a private sale with the approval of the Responsible Entity at any time, including when there is no current Withdrawal Offer or Interim Withdrawal. There is no right for an Investor to require their Units to be purchased either by the Responsible Entity or by any other person or to have their Units redeemed.

Unit pricing

The Responsible Entity may apply a spread to the Unit price if it considers it is in the best interests of Investors to do so at the time it issues new Units or makes a Withdrawal Offer, Interim Withdrawal Offer or a further new investment. A variation between the net asset value and the Unit price may appear due to transaction costs that could be incurred when investing newly acquired equity or realising an investment to meet a withdrawal request. As such there is a risk that Investors will not be able to redeem their Units at the Trust's NAV per Unit.

Consultancy services

Trilogy Funds, as responsible entity of the Trust and other registered managed investment schemes which the Trust may invest in such as TMIT or TEIF, is dependent upon its consultants (e.g., an independent qualified valuer, technical due diligence, and a technical legal review) to provide quality and timely consultancy services. The ability of the consultants to do this and the accuracy of their advice cannot be guaranteed by Trilogy Funds and may be affected by factors completely outside its control.

Operational Risk

Operational risk relevant to the Trust and the Responsible Entity includes system failures, the risk of errors, fraud or other criminal activity, and events that might disrupt the normal course of operating the Trust. These events may lead to delays, or at worst, failures in respect of functions on which Investors rely. This includes any such failures by the Responsible Entity in its capacity as the responsible entity, its related service providers and third parties. Operational risk extends to the risk associated with the Responsible Entity reliance on the effective operation and security of some computing and systems processes. It manages these risks by having appropriate systems and controls in place and by utilising experienced external service providers.

Responsible Entity and related party risk

Trilogy Funds is the Responsible Entity of the Trust. In this capacity, there is the risk that Trilogy Funds may be removed as the responsible entity of the Trust or that a change of key personnel or key service providers, such as the Property Manager, may adversely affect the way in which the Trust is managed. Related parties and conflicts of interest risk are addressed by Trilogy Funds in accordance with its conflicts of interest policy and related party policies.

Diversification risk

While the Trust is still in a growth stage, the Responsible Entity expects the Trust to continue to be exposed to diversification risk in the medium term as there will be fewer asset holdings than when the Trust achieves greater scale. Diversification risk can lead to exposure to geographical risk, losses or lower returns because of an investment portfolio lacking diversity.

Additionally, there is uncertainty around further acquisitions and capital inflows. The investment objective of the Trust is to provide Investors with a regular income stream with the potential for capital growth through building an investment in a diverse industrial property portfolio which has the opportunity to value-add. The Property Manager will continue to actively seek opportunities to further diversify and grow the Trust however this is also dependent on raising additional equity and/ or borrowings to fund such acquisitions.

5.5 Conclusion

The preceding list of risk factors is not to be taken as being comprehensive or inclusive of all the risks that may be attributable to an investment in the Trust.

These risks, as well as other risks which have not been specifically identified, may in the future affect the financial performance of the Trust.

Investors should note that, while the general economic and political climate in which the Trust operates or other like events are outside the control of the Responsible Entity, it will use best endeavours to mitigate risk wherever possible.

Section 6.
Fees and other costs

6.1 Consumer advisory warning

DID YOU KNOW

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services, justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

The above warning is prescribed for inclusion in product disclosure statements and aims to alert investors to the importance of value for money; and the compounding value of fees and costs as well as their impact over time on ultimate benefits. The example given is not intended to represent an investment in this Trust. For a description of the fees and other costs charged by this Trust, please read this section in full.

6.2 Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Information about taxes is set out in Section 7.1 Taxation.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs summary

TRILOGY INDUSTRIAL PROPERTY TRUST		
TYPE OF FEE OR COST (Note 1):	**AMOUNT**	**HOW AND WHEN PAID**
ONGOING ANNUAL FEES AND COSTS		
Management Fees and Costs The fees and costs for managing your investment **(Note 2)**	**0.77% p.a. of GAV** for the period 1 July 2022 to 30 June 2023 . **(Notes 3-4)**	Management fees and costs for the period 1 July 2022 to 30 June 2023 comprise the following: Management fees of 0.50% p.a. of GAV are calculated and accrued daily and are paid to the Responsible Entity monthly in arrears. Management fees are deducted directly from the assets of the Trust. **(Note 5)** Management costs for the period of 1 July 2022 to 30 June 2023 were 0.27% p.a. of GAV. Management costs are deducted directly from the assets of the Trust as and when they are incurred.
Performance Fee Amounts deducted from your investment in relation to the performance of the product	**0.16% p.a. of GAV** based on the average performance fee paid over the five years to 30 June 2023 **(Note 6)**	Payable to the Responsible Entity from the assets of the Trust at the earliest possible time after the occurrence of a performance fee calculation date (as set out in the Constitution). The Responsible Entity will be entitled to a performance fee of 15.00% of the portion of the outperformance of the Trust over an IRR of 9.00% p.a. Please refer to Section 6.4 for further information on the Performance Fee, including how it is calculated.
Transaction Costs The costs incurred by the Trust when buying or selling assets **(Note 7)**	**1.63% p.a. of GAV** for the period 1 July 2022 to 30 June 2023 **(Notes 8-9)**	Transaction costs are deducted directly from the assets of the Trust as and when they are incurred.

MEMBER ACTIVITY RELATED FEES AND COSTS (FEES FOR SERVICE OR WHEN YOUR MONEY MOVES IN OR OUT OF THE TRUST)		
Establishment Fee The fee to open your investment	Nil	Not applicable
Contribution Fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-Sell Spread An amount deducted from your investment representing costs incurred in transactions by the scheme.	0.00% of GAV	The Buy Spread and Sell Spread are paid into the Trust when an Investor buys or sells Units and are reflected in the Entry Price and Exit Price respectively. **(Notes 8-9)**
Withdrawal Fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit Fee The fee to close your investment	Nil	Not applicable
Switching Fee The fee for changing investment options	Nil	Not applicable

Note 1: All figures have been rounded to the nearest two decimal places where appropriate.

Note 2: Management fees and costs include the Responsible Entity's management fee and other costs and expenses referred to in the "Additional explanation of fees and costs". The management fee component of the Management fees and costs is described in "Additional explanation of fees and costs" and may be waived or deferred in part or in full.

Note 3: No service fees are payable by Investors to the Responsible Entity. This fee may include an amount payable to an adviser, investment referrer or other professional services as described in "Additional explanation of fees and costs".

Note 4: Investors should note that in the preparation of this Section 6.2 Fees and costs summary table, fees are represented as a percentage of GAV, as this is how management fees are calculated in accordance with the Trust Constitution. This is not the same as percentage of NAV, as used in Section 6.3 Example of annual fees and costs table.

Note 5: Wholesale investors may negotiate lower fees by way of a rebate from the Responsible Entity. For further information, refer to "Additional explanation of fees and costs".

Note 6: For further information as to the basis of the calculation of the performance fee, refer to "Additional explanation of fees and costs".

Note 7: The components of the "Transaction costs" are discussed in more detail in "Additional explanation of fees and costs". "Transaction costs" expenses will vary from time to time in both their frequency and amount.

Note 8: Of the total "Transaction costs" displayed in this figure, 1.39% relates to stamp duty and state government charges on properties acquired by the Trust in the year ended 30 June 2023.

Note 9: The prevailing Buy Spread and Sell Spread will be published on the Trust website and in the disclosure documentation during a Withdrawal Offer.

6.3 Example of annual fees and costs

This table gives an example of how the annual ongoing fees and costs in the Trust can affect your investment over a 1-year period. You should use this table to compare this product with other offered by managed investment schemes.

EXAMPLE: TRILOGY INDUSTRIAL PROPERTY TRUST	AMOUNT	BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR (NOTE 1)
ONGOING ANNUAL FEES AND COSTS		
Contribution fees	0% p.a. of NAV **(Note 1)**	For every additional $5,000 you put in, you will be charged $0.
PLUS Management fees and costs	1.56% p.a. of NAV based on the period 1 July 2022 to 30 June 2023 **(Notes 2-3)**	**And**, for every $50,000 you have in the Trust you will be charged or have deducted from your investment $780 each year.
PLUS Performance fees	0.29% p.a. of NAV based on the average performance fee paid over the five years to 30 June 2023	**And**, you will be charged or have deducted from your investment $144 in performance fees each year.
PLUS Transaction costs	3.31% p.a. of NAV based on the period 1 July 2022 to 30 June 2023 **(Note 4)**	**And**, you will be charged or have deducted from your investment $1,654 in transaction costs.
EQUALS Cost of the Trust	5.16% p.a. of NAV **(Note 5)**	If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of approximately $2,578*

The fees you pay depend on your investor type and, for certain investors, any rebates that might apply.

Note 1: This example is based on an investment of $50,000 and assumes a further contribution of $5,000 was put in on the last day of the year. These figures have been rounded to two decimal places where appropriate.

Note 2: This has been calculated based on the actual fees and costs that will be payable by Investors as set out in the table in Section 6.2. The Responsible Entity may reduce or waive management fees at its discretion and therefore this amount may vary. A negotiated fee may also apply. See Differential fees in paragraph 5(a) in Section 6.4.

Note 3: Investors should note that in the preparation of this table Section 6.3 Example of annual fees and costs table, fees are represented as percentage of NAV, as a $50,000 balance indicates investor equity – i.e. NAV. This is different to Section 6.2 Fees and Costs Summary table, which is represented as percentage of GAV.

Note 4: “Transaction costs” of 3.31% includes 2.81% attributable to stamp duty and state government charges on Properties acquired by the Trust in the year ended 30 June 2023.

Note 5: The total cost of the Trust in the financial year ending 30 June 2023 was 5.16% on a $50,000 investment. This calculation does not include any sell spread as no Withdrawal Offer occurred in the financial year ending 30 June 2023. It remains at the discretion of the Responsible Entity whether to apply a sell spread at any future Withdrawal Offer or Interim Withdrawal Offer. A sell spread of 2.5% was applied to the exit price at the last Withdrawal Offer event that occurred in March 2022. Investors should note that the fees and costs in other years may differ.

*Additional fees may apply, for example, Investors may choose to pay their advisers an adviser service fee in some circumstances.

6.4 Additional explanation of fees and costs

The following additional information applies to the fees and other costs relating to an investment in the Trust. All fees and costs stated are inclusive of GST and less any available RITCs.

1. Management Fees and Costs

Management fees and costs of the Trust comprise:

- Management fees - 0.50% of GAV for the financial year ending 30 June 2023; and
- Indirect costs and expenses – an aggregate of 0.27% of GAV.

(a) Management Fee

The Responsible Entity is entitled to a base management fee of 0.50% per annum of the Trust's GAV, accrued daily and paid monthly in arrears from the assets of the Trust.

If the Responsible Entity defers payment of all or part of its base management fee for any period, the fees will accrue until paid. If the Responsible Entity waives all or part of its base management fee for any period, it will not seek payment of the waived fee at a later date. For the financial year ending 30 June 2023 the management fee charged was equivalent to 0.50% of average Trust's GAV.

(b) Indirect Costs

In addition, the Trust has certain indirect costs which it is required to disclose to you. Under the legislation, 'indirect costs' are defined to include amounts that reduce the amount or value of income attributable to an investor's investment.

(i) Property Management Fee

The Responsible Entity is entitled to a property management fee, should the management be undertaken by the Responsible Entity itself and not a person engaged by the Responsible Entity as the property manager, equal to the greater of 8.00% of the gross annual rental income received from the tenants of the Properties and 4.00% of the gross annual market rent of that Property if it were fully leased.

(ii) Project Management Fee

The Responsible Entity is entitled to a development management fee if it arranges works to be carried out on a Property. The fee is payable from the assets of the Trust at the time each progress payment, including consultant progress claims, for the refurbishment, building and construction works is made and can be up to 10.00% of the value of each progress payment for the refurbishment, building and construction work.

(iii) Leasing Fee

The Responsible Entity is entitled to be paid a leasing fee for its work in arranging for a Property to be leased. This fee is payable to the Responsible Entity within 3 Business Days after the entering into of the lease or licence for the relevant tenancy and can be up to 15.00% of the first year's rental income payable by the tenant or occupier of a Property.

(iv) Termination Fee

In certain circumstances, if the Responsible Entity ceases to be responsible entity, then it may be entitled to a fee in accordance with the Constitution.

(c) Expenses

These are the day-to-day operational expenses of the Trust and the out-of-pocket expenses and other costs that the Responsible Entity is entitled to recover from the Trust, including but not limited to, expenses incurred in acquiring, valuing, holding or disposing of investments, issuing Units, convening and holding Investors' meetings, custodian fees, amending the Constitution of the Trust and establishing and maintaining registers and accounting records.

This also includes expenses incurred by the Responsible Entity in respect of external service providers and advisers, including, compliance costs and audit, accounting and legal fees. The Responsible Entity is entitled to be reimbursed from the assets of the Trust as and when the Responsible Entity incurs the relevant expense. For example, the Responsible Entity is entitled to pay or agree to pay to any person (including any third party or related parties) property management fees, facilities management fees, managing agent's fees, and leasing and selling fees relating to the Property. All such fees will be on normal commercial rates.

In circumstances where property management fees form part of the outgoings of the Property, the fees may be recoverable, in full or in part, from tenants under the terms of their leases and to the extent this occurs there will be no net cost to the Trust.

2. Performance Fees

This fee is payable to the Responsible Entity in certain circumstances including disposal of a Property, revaluation of a Property, and on every fourth anniversary of the Settlement Date, provided certain benchmarks are met, as an incentive for the Responsible Entity to maximise returns on behalf of Investors in the Trust. If payable, this fee is in addition to the Disposal and Administration Fee described below. The Responsible Entity will be entitled to a performance fee of 15.00% of the portion of the outperformance of the Trust over an IRR of 9.00% p.a.

The performance fee will be payable based on the Unit Price at the performance fee calculation date and will be calculated based on the assumption that an amount equal to the NAV was paid to Investors. The IRR calculation period will be from the end of the previous calculation period. During the financial year ending 30 June 2023, a performance fee of $208,087 was paid to the Responsible Entity This performance fee, averaged over the preceding five financial years, is equivalent to 0.16% of the Trust's average GAV across the financial year ended 30 June 2023.

The performance fee will also be calculated, payable and reset in certain circumstances including if:

- Trilogy Funds is removed as the Responsible Entity of the Trust;
- the Trust is admitted to the ASX or the Units of the Trust are quoted on the ASX;
- the Trust is stapled to or merged with another entity;
- a scheme or other arrangement affects the Trust whereby Investors holding greater than 60.00% of the Units on issue dispose of those Units; or
- the performance fee provisions in the Constitution are amended without the consent of the Responsible Entity.

Example of calculation of Performance Fee

This example is provided for information purposes only to illustrate the calculation of the performance fee over a four-year calculation period. Actual results may vary significantly from those in this example.

For example, if the Trust:

- raised $11.555 million at $1.00 per Unit at the beginning of the calculation period;
- paid a distribution of 8.50 cents p.a. per Unit for the performance fee period (representing total distributions to Investors of $982,175 p.a.); and
- returned $1.20 per Unit at the end of the performance fee period (representing $13.866 million),

then the Trust equity IRR based on this series of cash flows is calculated to be 12.65% p.a. The outperformance amount above the hurdle IRR of 9.00% p.a. would be $2.047 million, being the amount that, if included in the Trust IRR cash flows as an outflow at the wind-up of the Trust, reduces the Trust IRR to 9.00% p.a.

Therefore, the Performance Fee payable would be $307,050 (being 15% of $2.047 million for the Trust, or $0.0266 per Unit).

Applying this example to an Investor with an initial $50,000 investment, they would have received aggregate distributions of $17,000 for the four years and a capital return of $58,670 after deducting $1,330 for their share of the Performance Fee.

3. Transaction and Operational Costs

Transaction costs are costs incurred by the Trust in relation to the acquisition and sale of a Property. They include brokerage, stamp duty, legal and tax advice and property settlement costs. As such, transaction costs can vary from year to year depending on factors including the activity of the Trust. Transaction costs provided in the Fees and Costs Summary are net of any Buy-Sell Spread recovered.

Transaction costs are to be distinguished from 'operational' costs which relate to maintenance of the Property and include property management fees, rates, land tax, other statutory outgoings, maintenanceexpenses and other general outgoings. These operational costs are generally passed on to tenants as outgoings, thereby reducing the impact on the assets of the Trust.

(a) Asset Origination Fee

This fee is payable to the Responsible Entity for its efforts involved in locating a Property, negotiating its purchase, undertaking the due diligence and raising the required equity in respect of the Property and is calculated as 2.00% (plus GST) of the Property's purchase price. This fee is payable upon completion of the purchase of the Property from the assets of the Trust.

(b) Disposal and Administration Fee

This fee is payable to the Responsible Entity as an incentive to maximise the sale proceeds of the Property and is equal to either 1.00% (plus GST) of the Disposal Price (Note 1), or the Surplus Funds (being the amount, if any, by which the Disposal Price exceeds the Acquisition Cost) (Note 2), whichever is the lesser. This fee will be applied, deferred or waived, at the discretion of the Responsible Entity from time to time.

Note 1: Disposal Price means the net proceeds of the sale of the Property asset (being the gross proceeds of sale less the costs and disbursements incurred in the sale, including agent's commission, legal fees, advertising and auction expenses).

Note 2: Acquisition Cost means the total cost of the Property asset to the Trust, including purchase price, commission, stamp duties and borrowing and financial costs in relation to the acquisition, and other costs and disbursements and expenses incurred or to be paid by the Responsible Entity in connection with the acquisition of that asset for the Trust.

Example of calculation of Disposal and Administration Fee

The following example set out below is provided for information purposes only to illustrate the calculation of the Disposal and Administration Fee. Actual results may vary significantly from those in this example.

For example:

- The Responsible Entity sells a Property for $15,000,000. After deducting $330,000 of selling and legal fees, the net sales proceeds figure of $14,670,000 represents the Disposal Price.
- The Acquisition Cost of the Property was $11,930,000, comprised as follows:
  - purchase price $11,250,000;
  - stamp duty $627,400;
  - titles office transfer fee $37,750; and
  - legal fees $14,850.
- The Disposal Price ($14,670,000) exceeds the Acquisition Cost ($11,930,000) by $2,740,000 (Surplus Funds).
- Surplus Funds expressed as a percentage of the Acquisition Cost = $2,740,000 / $11,930,000 = 22.97% (Disposal Margin).
- The Disposal and Administration Fee is calculated as the lower of 1.00% of the Disposal Price

($14,670,000 * 1.00% = $146,700) or the Surplus Funds ($2,740,000). Based on the example above, the Disposal and Administration Fee would be $146,700.

(c) Buy – Sell Spread

A buy-sell spread is an additional cost to your investment that recovers transaction costs incurred by the Trust in relation to the sale and purchase of assets in the Trust.

The buy-sell spread represents an apportionment of the actual or estimated transaction costs incurred by the Trust in relation to the issuing or redeeming of units in the Trust. As the buy-sell spread recovers the transactions costs incurred by the Trust, it is retained by the Trust and the Responsible Entity has no entitlement.

The Responsible Entity may apply a spread to the Unit Price if it considers it is in the best interests of Investors to do so at the time it makes a Withdrawal Offer, Interim Withdrawal Offer or new investment. The Buy Spread and Sell Spread will be disclosed to Investors in the relevant disclosure documentation during a Withdrawal Offer and Interim Withdrawal Offer.

4. Other fees you may be charged

(a) Adviser fees

Under the Corporations Act, certain commissions and other similar payments are prohibited in the Australian financial services industry. In particular, payments that could influence financial product advice to Retail clients may be prohibited. Certain payments remain permitted, including payments to or from financial services licensees and representatives under ongoing arrangements that were in place before the Future of Financial Advice reforms were made, commission payments that are fully rebated to clients, or payments made by a client to their financial adviser (or dealer group) for advice or the sale of a financial product.

The Responsible Entity will not make payments to a financial adviser or dealer group where it is prohibited from doing so.

If your financial adviser charges you a fee in connection with the advice they may provide to you about an investment in the Trust, your financial adviser must tell you about this fee, including the amount as well as how and when it is payable in accordance with your financial adviser's fee disclosure obligations under the Corporations Act. In certain circumstances, the Responsible Entity may arrange to pay amounts from your Application Money to your financial adviser as an adviser fee if you direct us to do so.

(b) Investment Referrer fees

You can instruct Trilogy Funds to pay an Investment Referrer an upfront fee in certain circumstances.

The upfront fee payable to your Investment Referrer can be paid upon your investment from your application money. When we make these payments, we may provide information about your investments in the Trust to your Investment Referrer.

Please contact Trilogy Funds to instruct us to direct any fee to the Investment Referrer.

5. Additional information

(a) Differential fees

The Responsible Entity may negotiate special fee arrangements with Investors who are wholesale clients pursuant to the Corporations Act under which it reduces or rebates fees to those Investors. Such special fee arrangements will not adversely impact upon the fees that are paid by other Investors as set out in this section. See Section 8.6 as to what criteria an Investor must satisfy to be considered a wholesale client.

(b) Change of fees and other costs

Fees can change for a variety of reasons, including changes in costs and changes in the economic, regulatory and competitive environment. The maximum fees which may be charged to the Trust are set out in the Constitution. You will be given at least 30 days' written notice if, within the limits imposed by the Constitution, the fees are to increase. The Responsible Entity reserves the right to waive, reduce or defer any of the fees and expenses described in this PDS without notice.

(c) Variation and waiver of fees

The Responsible Entity may waive or defer payment of its fees and costs in whole or in part. If it waives any fees and costs payable from the Trust, the amount available for distribution to Investors will increase. Except as referred to below, the Responsible Entity may cease its waiver or deferral of fees to which it is entitled at any time.

As at the date of this PDS the Responsible Entity has waived the following fees (stated below exclusive of GST):

- a transfer fee of up to 5.00% of the value of the Units transferred;
- an application fee of up to 2.00% of the application amount in respect of any application;
- a redemption fee of up to 5.00% of the redemption price of the Unit unless the Responsible Entity determines;
- a switching fee payable to the Trust by the Unit holder not exceeding 5.00% of the redemption price of the Unit unless the Responsible Entity determines otherwise;
- a finance origination fee of up to 1.50% of the amount of any borrowing;
- an annual management fee of up to 1.50% of the GAV of the Trust (the Responsible Entity will only charge a portion of this fee, as set out above);
- an asset origination fee of up to 2.50% of the purchase price (the Responsible Entity will only charge 2.00% of the purchase price); and
- an investment disposal fee equal to 1.00% of the Disposal Price, which in certain circumstances is waived in part by applying the methodology described in the section entitled "Disposal and Administration Fee".

Colemans Road, Carrum Downs, VIC

Section 7.
Taxation

7.1 Taxation

Investing in a managed fund such as the Trust is likely to have taxation consequences. Australian tax laws are complex and subject to change. The tax comments in this section are only relevant for Australian resident Investors that hold their Units in the Trust on capital account for Australian income tax purposes.

Further, the information may not be relevant for Investors that are subject to special tax rules such as banks, insurance companies, tax exempt organisations and dealers in securities.

The information in this section is in relation to the Australian income tax and capital gains tax implications of holding Units in the Trust. The stamp duty implications relevant to holding Units in the Trust are not outlined.

The information in this section of the PDS is based on the law and announcements current in Australia as at the date of this PDS. It does not account for any changes in the tax law or future judicial interpretations of the law after this time. Moreover, the following information does not consider the specific circumstances of any Investor. It is therefore important that Investors obtain independent professional advice as to the specific taxation requirements for their own circumstances.

The Responsible Entity does not purport to offer any taxation advice.

The Trust

The Trust is an open-ended unlisted unit trust that invests directly in real property for the purposes of deriving rental income. The Trust or the trustee of the Trust should not be subject to tax on the net (tax) income of the Trust for the relevant year. Rather, the Investors should be assessed on their share of the net (tax) income of the Trust for the relevant year.

The share is determined based on the attribution of the different income characters by the Trust to the Investors. This is the case even where cash distributions are reinvested into the Trust, where no cash distributions are made by the Trust to Investors, or where the cash distributions differ to the aggregate attribution of the different characters from the Trust.

Where the Trust makes a net tax loss or a net capital loss, such losses cannot be distributed to Investors. Rather, the net tax losses and net capital losses are carried forward and may be utilised by the Trust against its assessable income and/or capital gains respectively in future income years, subject to satisfying any loss utilisation rules that may be applicable for the relevant period.

The Trust currently qualifies as a Managed Investment Trust (**MIT**) as defined in the income tax law and a choice has been made by the Trust to elect into the Attribution Managed Investment Trust (**AMIT**) taxation regime. The AMIT regime will apply to you as an Investor in the Trust for a particular income year if the Trust satisfies the requirements to qualify as an AMIT for that year. It is intended for the Trust to continue to qualify as a MIT and an AMIT each year.

If the AMIT regime applies to the Trust for an income year, then the tax outcomes for Investors should be as follows:

- The net (tax) income of the Trust for an income year will be attributed to the Investors in the Trust on a fair and reasonable basis each year and this attribution will be based on the Trust's Constitution and this PDS.
- The amounts attributed to Investors from the Trust each year will be disclosed in an AMIT Member Annual Statement (AMMA Statement). This statement will be provided to Investors no later than three months after the end of the relevant income year.
- The amounts attributed to Investors from the Trust as disclosed in the AMMA Statement should be taken into account in their taxable income calculation for the relevant year of income.
- The amounts attributed to Investors from the Trust should retain the character they had in the Trust for income tax purposes.
- Subject to certain limitations, the Investors and the Trust can rely on specific legislative provisions that allow for an adjustment in calculating the net (tax) income of the Trust for a previous income year to be carried forward and dealt with in the year that the adjustment is discovered.
- Investors will be subject to a tax cost base

adjustment mechanism, which may result in increases or decreases to the tax cost base of their Units in the Trust, broadly where there is a difference between the cash amount distributed by the Trust and the taxable amounts attributed to Investors for an income year. Details of these tax cost base adjustments will be shown in the AMMA Statement.
- Taxable amounts may be attributed to Investors by the Trust at the time of any redemption or cancellation of Units in the Trust on a fair and reasonable basis.

If the AMIT regime is not applicable to the Trust for a particular income year (because the qualification requirements for that year were not satisfied) then Investors should be subject to tax on their proportionate share of the net (tax) income of the Trust for that year, based on their present entitlement to the income of the Trust for that year.

It is recommended that Investors obtain independent tax advice on the application of the AMIT regime to them in respect of their investment in the Trust.

Distributions

Distributions from the Trust may include assessable components (e.g., net rental income) and non-assessable components. Investors should be able to identify the assessable and non-assessable components of distributions from the AMMA Statement or annual tax statement, which will be issued by the Responsible Entity each year to assist Investors in preparing their annual income tax returns.

Non-assessable distributions broadly arise where the aggregate of the assessable components of the Trust are lower than the cash distribution amount (e.g., due to tax timing differences or tax deductions for capital allowances on assets). Non-assessable distributions are not immediately assessable to Investors when received but are applied to reduce the tax cost base of each Unit on which the distribution is made. This should impact on the calculation of any capital gain or capital loss made on the disposal or redemption of the relevant Unit. Further, where the non-assessable distribution received on a Unit in the Trust is greater than the tax cost base of that Unit, the tax cost base of the Unit is reduced to nil and the amount by which the non- assessable distribution exceeds the tax cost base of the Unit should be regarded as a discountable capital gain made by the holder of that Unit.

Note, the non-assessable distributions referred to above do not include a distribution of an amount that relates to the CGT discount on a capital gain. Such CGT discount amounts should also not be assessable to Investors when received, and should not reduce the tax cost base of the Unit on which the distribution is made.

Taxation of capital gains

If the Trust disposes of the Property, it may make a capital gain or capital loss. This capital gain or capital loss should be taken into account when determining the net capital gain made by the Trust for the relevant income year.

In this respect, a distribution from the Trust may include capital gains and a CGT discount amount. Broadly, where the Trust disposes of an asset it has held for at least 12 months, it is currently eligible for the 50% capital gains tax discount, after the application of any capital losses. The net capital gain will form part of the net (tax) income of the Trust and the CGT discount amount is regarded as a separate non-assessable amount. The capital gains and CGT discount amounts will be identified in the AMMA Statement or annual tax statement to assist Investors to calculate their net capital gain for the relevant income year.

MITs and AMITs are no longer eligible for the CGT concession, however, the CGT concession is still available to eligible investors in a MIT or AMIT.

Tax deferred amounts

The regular income distributions from the Trust are predominantly comprised of the rental income from tenants after deducting cash expenses of the property and the Trust. Distributions from the Trust may include assessable components (e.g. net rental income) and non-assessable components (e.g. tax deferred amounts). Tax deferred amounts generally arise due to tax timing differences or non-cash expenses, such as depreciation.

Tax deferred amounts are distributions from a trust, that are received by an investor but are not assessable immediately for income tax purposes (rather the assessability of these amounts is deferred). The tax liability on a tax deferred distribution is generally deferred until the asset (i.e. unit in the Trust) is disposed. A tax deferred distribution reduces the cost base of the Unit on which the distribution is made. Broadly, the cost base of a Unit includes the initial amount invested into the Trust (adjusted for any additional investments or redemptions, and any tax deferred distributions). Note, if a tax deferred distribution on a Unit exceeds the cost base of that Unit, then the excess amount is regarded as a discountable capital gain for the Investor.

The following example set out below is provided for information purposes only to illustrate how tax deferred amounts may operate. Actual results may vary significantly from those in this example. Trilogy Funds is not able to provide you with tax or financial advice and we recommend you seek independent professional consultation about the taxation treatment of your investment prior to investing in the Trust and when completing your tax return.

Example:

Investor A invests $100,000 in the 'Example Property Fund (Fund)'. During the year, Investor A has received 12 monthly distributions from the Fund at 8% per annum. The monthly distributions included both an assessable and non-assessable component (tax deferred). As Investor A has received tax deferred distributions, these will reduce the investor's cost base.

Over the year, 40% of the Fund's distributions were tax deferred.

Original purchase of units:	$100,000
Distributions received (8% p.a.) over 12 months:	$8,000
Tax deferred amount (40% of 8%):	$3,200
Assessable income (60% of 8%):	$4,800

As Investor A has received a tax deferred distribution of $3,200, this amount will reduce the Investor's cost base and will generally not be included in the assessable income of the investor for the income year in which the distribution was received. The cost base of Investor A's initial $100,000 investment is reduced by the $3,200 tax deferred distribution for capital gains tax purposes.

Original cost base:	$100,000
Tax deferred amount (40% of 8%):	$3,200
New cost base:	$96,800

Investor A's new cost base for capital gains tax purposes is $96,800. On redemption of Investor A's units in the Fund, the updated cost base is used to determine if Investor A has made a capital gain or capital loss on the units. If Investor A redeems all of their units for $100,000, then a discountable capital gain of $3,200 should be made by the investor. This capital gain should be taken into account in determining the investor's net capital gain for the income year in which the redemption occurs. Investors may be eligible to apply the CGT discount to any capital gain made on redemption of the units held for at least 12 months.

Disposal/Redemption of Units

For an Australian resident Investor, the redemption, disposal or cancellation of any Unit in the Trust may give rise to a capital gain or capital loss that should be included in the Investor's net capital gain calculation for the relevant income year.

A capital gain is made where the capital proceeds from the redemption, disposal or cancellation exceed the cost base of the relevant Unit. A capital loss is made from the redemption, disposal or cancellation where the capital proceeds from the redemption, disposal or cancellation of the Unit are less than the reduced cost base of the Unit at the time of the redemption, disposal or cancellation. In order to determine their capital gain or capital loss position from the redemption, disposal or cancellation of any Unit, Investors will need to adjust the tax cost base of each Unit in the Trust for any non-assessable distributions or distribution shortfall amounts in respect of that Unit. Certain Investors, including individuals, trusts and superannuation funds, may be entitled to a discount on any capital gain (after the application of any capital losses) made on the Units where the Units in the Trust have been held for at least 12 months. In this regard, the discount is 50.00% for Australian resident individuals and trusts, and 33.33% for complying superannuation funds.

Social security

Investing in the Trust may affect an Investor's entitlement to social security benefits as their investment may be included in the income and assets tests of Centrelink and the Department of Veterans' Affairs. Investors should obtain professional advice concerning the particular social security implications for their circumstances.

GST

In accordance with the GST Act the Trust is defined in the GST Act as a financial supply provider (FSP) as it makes input taxed financial supplies in carrying out its operations. This affects the Trust's ability to claim input tax credits on its acquisitions (an FSP may be entitled to a RITC on its acquisitions in limited circumstances).

Neither applications to, nor withdrawals from, the Trust should be subject to GST. Certain expenses incurred by the Trust may be subject to GST at the prevailing rate (currently 10%). The Trust may be able to claim a reduced input tax credit (RITC) in relation to some or all of those expenses.

Tax File Numbers and Australian Business Numbers

Investors are not required to quote their tax file number (**TFN**) or, if they have one, an Australian Business Number (**ABN**) or claim an exemption from providing a TFN. However, for an Australian resident Investor, if a TFN or ABN is not provided or an exemption is not claimed, the Responsible Entity is required by law to deduct tax from the taxable component of any distributions at the highest marginal tax rate plus the Medicare Levy (currently 47%). If an Investor is making this investment on behalf of a business or enterprise they carry on, they may quote their ABN instead of a TFN.

FATCA and CRS

The Trust should not be a Reporting Financial Institution under the Inter-Governmental Agreement between the Australian and US governments in relation to the *Foreign Account Tax Compliance Act* (**FATCA**), a law which imposes certain due diligence and reporting obligations on non-US financial institutions and other financial intermediaries to prevent tax evasions by US citizens and US tax residents through the use of non-US domiciled investments or accounts.

The Trust may be a Reporting Financial Institution under the *Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016* (Cth) which implemented the OECD Common Reporting Standard (**CRS**) in Australia. This standard requires Reporting Financial Institutions in Australia to report to the Australian Taxation Office (**ATO**) details of their foreign investors from 1 July 2017. However, the Trust should not have any reportable accounts for CRS purposes.

Note, if the Trust is required to comply with either the FATCA or CRS requirements, the Responsible Entity will conduct due diligence on prospective Investors in the Trust and will require certain information and documentation at the time of an Investor's application for Units. Where required, the Responsible Entity will report information in respect of certain Investors and their Units in the Trust to the ATO. The ATO will share information reported to it by the Reporting Financial Institutions with the U.S. Internal Revenue Service for FATCA purposes, or with tax authorities of jurisdictions that have signed the CRS Competent Authority Agreement for CRS purposes.

If you are a new Investor and you do not provide us with the required information and/or documentation on request, we may not issue Units to you. Alternatively, we may report information in respect of you and your Units in the Trust to the ATO, or any distributions made to you on your Units in the Trust.

For further information in relation to how our due diligence and reporting obligations may affect you, please consult your tax adviser and see our website at www.trilogyfunds.com.au/forms.

Galleghan Street, Hexham, NSW

Magnesium Street, Narangba, QLD

Section 8.
Additional information

This section does not purport to be an exhaustive statement of additional information relating to the operation of the Trust, or all of the provisions contained in the documents described. In particular, the provisions of the Corporations Act can affect the construction and operation of the Trust and Trilogy Funds' obligations. Please contact Investor Relations for further information.

8.1 Continuous disclosure and other updates

The Trust is a disclosing entity pursuant to the Corporations Act. As such, the Responsible Entity must lodge half-yearly as well as annual financial reports of the Trust with ASIC, and notices of material information and events as they happen. All of this information may be inspected at or obtained from ASIC or the registered office of the Responsible Entity. If you wish to receive a copy of the latest audited accounts of the Trust, then please contact the Responsible Entity on 1800 230 099.

The Responsible Entity intends to follow ASIC good practice guidance contained in Regulatory Guide 198 – Unlisted disclosing entities: Continuous disclosure obligations to meet its continuous disclosure obligations. This means Trilogy Funds has elected, as a disclosing entity, to update Investors by posting continuous disclosure notices on its website at www.trilogyfunds.com.au/investing/trilogy-industrial-property-trust/#trust-updates. This information is likely to be:

- information that Investors and their professional advisers reasonably require to make an informed investment decision; and
- information that might reasonably be expected to have a material influence on the investment decision of a reasonable person, as a retail client.

Any updated information about the Trust that is considered not materially adverse to investors will also be made available at www.trilogyfunds.com.au/investing/trilogy-industrial-property-trust/ and a hard copy will be sent to you free of charge on request.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement or amend any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

8.2 Investor reporting

Upon becoming a member of the Trust, you will be provided with an acknowledgement letter confirming receipt of Application Money and the number of Units issued. Other reporting, including continuous disclosure reporting obligations as set out in the previous Section 8.1, will generally be made available on the website, or by email regarding Investor statements, and will include the following:

- monthly distribution statements;
- an annual statement of taxable income, providing a summary of distributions earned for inclusion in the Investor's income tax return (AMIT Member Annual Statement);
- annual periodic statement, which details all transactions on each Investor's account, together with balances on the number of Units held in the Trust;
- annual financial report of the Trust in accordance with regulatory requirements, if requested; and
- bi-annual RG 46 updates on the website.

If you do not have an email address or access to the internet to receive this information, then please contact Investor Relations to update your communication preferences.

8.3 Target Market Determination

The current Target Market Determination (TMD) for the Trust is available on the Responsible Entity's website at www.trilogyfunds.com.au/investing/trilogy-industrial-property-trust/#important-information and a hard copy will be sent to you free of charge on request.

8.4 Cooling off

There are no cooling off rights in relation to an investment in the Trust as the Trust is illiquid. By submitting an application, applicants will be deemed to have applied for the number of Units for which payment is made. Once an application has been lodged, it cannot be withdrawn.

8.5 Complaints

The Responsible Entity's complaints handling process is based on the Australian Standard AS ISO 10002-2014 'Customer Satisfaction – Guideline for Complaints Handling in Organisations'. The Trust's Constitution and Compliance Plan also contain provisions governing how complaints must be dealt with. A copy of our Complaints Handling Policy is on the Responsible Entity's website at www.trilogyfunds.com.au/policies and a hard copy will be sent to you free of charge on request.

Indirect Investors who are retail clients may lodge complaints in relation to the Trust or the complaints handling process by contacting the Responsible Entity. Contact details are shown in the corporate directory.

Upon receipt of a complaint, the Responsible Entity acknowledges the complaint by the close of the next business day or as soon as practicable.

The Responsible Entity aims to resolve a complaint as quickly as possible and, unless it has been resolved within 5 business days, will provide you with a written "IDR response" setting out the final outcome. Other than in limited circumstances, including where the complaint is particularly complex, the Responsible Entity will provide the IDR response within 30 calendar days after receipt of the complaint. If there is to be a delay, the Responsible Entity will advise you of the reasons for the delay and your further rights.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website:	www.afca.org.au
Email:	info@afca.org.au
Telephone:	1800 931 678 (free call)
In writing to:	Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001.

8.6 Wholesale investors

The Responsible Entity has the discretion to waive or reduce fees for wholesale investors. Any waiver or reduction is available only to persons who are 'wholesale' investors within the meaning of the Corporations Act on an individual basis, and only in accordance with the legislative requirements relating to differential fees.

Generally, the Responsible Entity applies the following tests for applicants to qualify as wholesale investors:

- **Product value test** –The initial amount paid at the time of investment in the Trust is at least $500,000 (note if the value of the investment subsequently falls below $500,000 the person may still be regarded a wholesale investor).
- **Individual wealth test** – The person has provided a certificate by a qualified accountant stating that the person has net assets of at least $2.5 million or gross income for each of the last two years of at least $250,000. A company or trust will also be a wholesale investor if controlled by a person who is certified as meeting the wealth test. The certificate can be no more than two years old.
- **Professional investor test** – The financial product is provided to a 'professional investor' which includes:
  - an Australian financial services licensee;
  - a body regulated by APRA outside of superannuation;
  - a body registered under the *Financial Corporations Act 1974* (Cth);
  - trustees of superannuation funds, approved deposit funds, pooled superannuation trusts and public sector superannuation schemes under the *Superannuation Industry (Supervision) Act 1993* (Cth) with net assets of at least $10 million; and
  - a person who controls at least $10 million.

8.7 Investment via investment platforms

You may invest in the Trust indirectly, through an investment platform (also referred to as master trusts, wraps and investor directed portfolio services (IDPS). The Responsible Entity authorises the use of this PDS as disclosure to Indirect Investors. Indirect Investors who gain exposure to this Trust through platforms do not:

- become Investors in the Trust, nor do they acquire the rights of an Investor in the Trust. The operator of the platform has those rights and can exercise, or decline to exercise, them on behalf of the Indirect Investors; and
- receive interest distributions or reports directly from the Responsible Entity, nor do they directly participate in Investor meetings or the winding up of the Trust.

Indirect Investors should consult their platform operator to obtain information on how their platform operator deals with applications, transfers, interest distributions and timing, fees and expenses and monitoring of their investments. Indirect Investors should also read the disclosure document of the relevant platform. Indirect Investors who are Retail clients may access the Responsible Entity's internal dispute resolution procedures in some cases.

8.8 Privacy

The Responsible Entity is committed to protecting the privacy of its Investors. We are bound by the *Privacy Act 1988* (Cth) (**Privacy Act**), as amended from time to time, and the principles and procedures to be adopted under that legislation. The Privacy Act regulates, among other things, the collection, storage and security, quality, management, correction, use and disclosure of and access to personal information. By applying to invest in the Trust, applicants consent to personal information being used by the Responsible Entity for the purposes for which it was provided and for other purposes permitted under the Privacy Act.

The Application Form accompanying this PDS requires personal information to be provided. The Responsible Entity, and any service providers to the Responsible Entity or to the Trust (including the Custodian) may collect, hold and use your personal information in order to assess your application, service your needs as an Investor, provide facilities and services to you, to the Responsible Entity and to the Trust and for other purposes permitted under the Privacy Act and other legislation, such as the Anti-Money Laundering and Counter Terrorism Financing (**AML/CTF**) laws.

Taxation, AML/CTF and other laws (such as CRS and FATCA) also require some of the information to be collected in connection with your application. If you do not provide the information requested or provide us with incomplete or inaccurate information, your application may not be able to be processed efficiently, or at all. The Responsible Entity may disclose your information (or parts of it) as follows:

- to government agencies who may lawfully request it, but only when it is required by law to do so;
- to external parties on your behalf, such as your financial adviser (if the adviser's name appears on the Application Form), unless you have instructed the Responsible Entity in writing to do otherwise;
- to service providers (mailing houses, auditors, etc.) to enable the administration and operation of your investment and the Trust; and
- to assist you with any queries.

You are entitled to access, correct and update all personal information which the Responsible Entity holds about you. The information held may be obtained by contacting the Responsible Entity. You should contact us if you have concerns about the completeness or accuracy of the information, we have about you or if you would like to access or amend your personal information held by us or our service providers. Please advise the Responsible Entity of any changes to information you have provided to us using the Change of Details Form as provided on the Responsible Entity's website at www.trilogyfunds.com.au. Any complaint you have as to how we have handled your personal information will be dealt with in accordance with our Privacy Policy.

A copy of our current Privacy Policy is available on our website and a paper copy will be sent to you free of charge on request.

8.9 Anti-money laundering

The Responsible Entity is required to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Law**). This means that the Responsible Entity will require you to provide personal information and documentation in relation to your identity and that of any beneficial owners when you invest in the Trust. The Responsible Entity may need to obtain additional information and documentation from you to process your application or subsequent transactions or at other times during your investment. The obtaining of information will be pursuant to the AML/CTF program that has been adopted by the Responsible Entity. The Responsible Entity may need to identify:

- an Investor and each beneficial owner (including all investor types noted on the Application Form) prior to purchasing Units in the Trust. The Responsible Entity will not issue Units to you until all relevant information has been received and your identity and that of any beneficial owner has been satisfactorily verified;
- transferees of Units in the Trust. The Responsible Entity will not register a transfer until all relevant information has been received and you or your transferee's identity or that of its beneficial owners has been satisfactorily verified;
- your estate. If you die while you are the owner of a Unit in the Trust, the Responsible Entity may need to identify your legal personal representative prior to transferring ownership or making any payments; and
- anyone acting on your behalf, including under your power of attorney.

In some circumstances, the Responsible Entity may need to re-verify this information and may request additional information. By applying to invest in the Trust, you also acknowledge that the Responsible Entity may decide to delay or refuse any request or transaction if it is concerned that the request or transaction may breach any obligation of, or cause the Responsible Entity to commit or participate in an offence under, any AML/CTF Law, and neither the Responsible Entity nor any of its related bodies corporate, affiliates, associates or officers will incur any liability to you if it does so.

8.10 Related party disclosure

(Please refer to Current RG 46 Report – Benchmark 5 and Disclosure Principle 5 – Related party transactions)

Various related parties provide services to the Responsible Entity including in respect of the Trust. The Responsible Entity maintains a policy on related party transactions.

The policy requires any transaction involving a related party to be on terms and conditions no more favourable to the related party than those that it is reasonably expected would be the case if the benefit directly or indirectly was paid to a third party dealing at arm's-length in the same circumstances and on commercial terms. Additionally, before any related party transaction is entered into, the Responsible Entity will satisfy itself that the fees to be paid to the related party are approximately equivalent to what would be paid to a third party at arm's-length for the same goods or services; and the Responsible Entity will also satisfy itself, and obtain legal advice if there is any doubt, that all the relevant factors in determining whether the proposed related party transaction falls within the 'arm's length' exception in the Corporations Act, have been taken into account.

8.11 Services provided by related parties

Certain entities in the Trilogy Funds group provide services to the Responsible Entity for which those entities receive fees. For example, entities within the Trilogy Funds group provide in-house fund accounting, compliance, risk management, information technology, human resources, communications, marketing and distribution advice.

The Responsible Entity has engaged SPFM to provide property management services and RELM to provide registry and investor relations services to the Trust. SPFM's role is to seek property investment opportunities and oversee the day-to-day management of the industrial property assets. This role includes tenant management, maintenance, capital expenditure, development/expansion opportunity assessment and implementation, and leasing. In addition, SPFM may be retained to carry out further functions in respect of the Properties, such as lease negotiations, project management, and sales and marketing services, for which it will be remunerated from the Trust assets in accordance with the fee structure set out in this PDS.

There is no fixed term to these arrangements. The Responsible Entity is satisfied that these fees are on normal commercial terms (i.e., arm's length).

The Directors and certain executives of entities in the Trilogy Funds group may hold interests in the entities that earn fees directly or indirectly from the Trust and therefore may be said to benefit from any fees derived by it. These interests are governed in accordance with the Responsible Entity's conflict of interests and related party transaction policies.

Directors, employees and related parties of entities in the Trilogy Funds group may hold Units in the Trust. These Units will be acquired and held on the same terms as any other Investor in the Trust.

8.12 Summaries of material documents

The Constitution for the Trust

The Constitution is the primary document that establishes the structure of the Trust and the rights of Investors. Some of the provisions of the Trust's Constitution are summarised below, with other provisions outlined elsewhere in the PDS. A copy of the Constitution is available for inspection at the office of the Responsible Entity and may also be obtained from ASIC. The Responsible Entity strongly recommends you read the Constitution and seek independent advice as necessary. The following is a summary of some key provisions:

- The Constitution provides that the beneficial interest in the Trust is divided into Units.
- The Responsible Entity may issue further Units, and Units in other classes including those with different rights.
- Subject to rights attached to a particular class of Unit, Investors have a right to participate in any withdrawal opportunity on a pro rata basis with all other Investors.
- Investors are not liable to the Responsible Entity or any creditor of the Responsible Entity in excess of the amounts subscribed or to be subscribed for units. However, the question of the ultimate liability of a beneficiary for claims against a responsible entity or other trustee in

an arrangement such as this has not been finally determined by a court.

- Trilogy Funds is the Responsible Entity and is responsible for operating the Trust. It may only deal with the Trust assets in accordance with the Trust's Constitution, the PDS, and the Corporations Act. It may appoint agents or other parties to do anything that it is authorised to do in connection with the Trust.
- Trilogy Funds may retire as responsible entity of the Trust by calling a meeting of Investors in the Trust explaining the reason it wants to retire, therefore enabling Investors to vote for a new responsible entity. Investors may remove Trilogy Funds as responsible entity of the Trust at a meeting of Investors of the Trust where Investors holding more than 50% of the Units in the Trust vote for the removal. Trilogy Funds is entitled to be reimbursed for all expenses relating to the termination of the Trust and its retirement or removal as the responsible entity and the appointment of a replacement. In certain circumstances, if Trilogy Funds ceases to be responsible entity, then it may be entitled to a fee in accordance with the Constitution.
- Subject to the law, the Responsible Entity has a right of indemnity out of the Trust assets for all expenses and costs incurred in the proper performance of its duties under the Trust's Constitution, other than where expenses were not incurred in the proper performance of its duties.
- The Responsible Entity is not liable for any loss to any person (including an Investor) arising out of any matter unless it failed to exercise due care and diligence. In particular it will not be liable where:
  - in good faith it relied on advice from a professionally qualified consultant;
  - it is hindered, prevented or forbidden to do an act or thing by any law; or
  - in respect of any Application Form or notice it relied in good faith on a forged signature or inaccurate details.
- The Responsible Entity or its appointed agent will keep and maintain a register of Investors of the Trust and any other register required by the Corporations Act. Trilogy Funds must cause the register to be altered when informed by an Investor of any change of name or address.
- The Responsible Entity may exercise its right to terminate the Trust in accordance with the Constitution and the Corporations Act provided it gives the Investors adequate notice as required by the Corporations Act. This includes the right to terminate the Trust at any time on giving not less than 60 days' notice, or if it considers that the purpose of the Trust has been accomplished or cannot be accomplished, or if instructed via a court order at a date that the court so determines. Investors have the right to require the termination of the Trust by passing an extraordinary resolution (that is, one that is passed by the Investors holding more than 50.00% of the Units in the Trust).
- The Responsible Entity may convene a meeting of Investors in the Trust at any time and when required to do so by the Corporations Act. The Responsible Entity must convene a meeting of Investors in the Trust if requisitioned by the lesser of at least 100 Investors and those Investors who hold at least 5.00% of the Units in the Trust. Each Investor is entitled to attend and vote at meetings of Investors. Meetings must be conducted in accordance with the Trust's Constitution and Part 2G.4 of the Corporations Act.
- The Responsible Entity must keep accounts of the Trust and report to Investors concerning its affairs according to the Australian equivalent of the International Financial Reporting Standards and the provisions of the Corporations Act. The Responsible Entity must appoint an auditor to audit the accounts and the Compliance Plan for the Trust. The audits must be prepared in accordance with the provisions of the Corporations Act.
- The Constitution may be amended only by a special resolution of the Investors in the Trust or the Responsible Entity, if it reasonably believes the change will not adversely affect Investors' rights.

Compliance Plan for the Trust

The Responsible Entity has adopted a Compliance Plan for the Trust. The Compliance Plan addresses issues such as compliance with laws and the Responsible Entity's ethical standards and comprises structural and operational maintenance elements. The Compliance Plan includes provisions that set out the procedures to be adopted for:

- appointment of agents;
- management of the Trust;
- custody of the Trust assets;
- valuations;
- methods for the handling of Application Money, income and payments;
- complaints handling and dispute resolution;
- audits;
- conflicts of interest;
- monitoring, resolving and reporting suspected breaches of the Corporations Act; and
- formation and operation of the Compliance Committee.

Custody Deed

The Responsible Entity and the Custodian have entered a Custody Deed. Under the Deed, the Custodian will hold the assets of the Trust in compliance with the Corporations Act, regulatory requirements, and ASIC policy. The responsibilities of the Custodian include acquiring and disposing of assets of the Trust, and dispensing money on behalf of the Responsible Entity. The liability of the Custodian is limited. The Custodian acts on instruction from the Responsible Entity. The Deed may be terminated by either party giving not less than 90 days' written notice to the other.

Valuation Policy

(Refer also to Current RG 46 Report – Benchmark 4 – Valuation policy)

The Responsible Entity has adopted the following rules for valuations of a Property:

- all properties are initially valued at cost including Acquisition Costs amortised over five years;
- all external valuations must be performed by panel valuers, who must undergo an accreditation process before formal inclusion on the panel;
- the valuer must be registered in the state or territory in which the property is situated;
- the panel valuer must be independent of the vendor and the Responsible Entity;
- the panel valuer must be instructed to prepare the valuation report in a format that sets out the primary methodology used and a secondary check valuation methodology, in accordance with the instructions;
- all valuations must state a replacement value to allow the Responsible Entity to determine the amount of insurance required;
- the valuation report should include a statement that the valuation complies with all relevant industry standards and codes;
- valuations for development assets are on an 'as is' and an 'as if complete' basis, while all others are on an 'as is' basis; and
- any conflicts of interest will be dealt with in accordance with the Responsible Entity's Conflicts of Interest Policy.

The Responsible Entity must ensure that property assets are independently valued before they are purchased and at least once every two years (except where the property asset is being held for sale or lease negotiations are underway that the Responsible Entity reasonably believes may have a material impact on the outcome of the revaluation of the property asset) or more frequently, including within 2 months after the directors form a view that there may have been a material change in the value of a Property. To obtain a full copy of the Responsible Entity's Valuation Policy, please contact Investor Relations at investorrelations@trilogyfunds.com.au.

Unit Pricing Policy

The Unit Price will be determined monthly. The Responsible Entity may apply a buy or sell spread to the Unit Price if it considers it is in the best interests of Investors to do so at the time it makes a Withdrawal Offer, Interim Withdrawal Offer or new investment. This will result in a variation between the entry price and the exit price due to transaction costs incurred from investing new equity or realising an investment to meet a withdrawal request. The value of your Units during the Offer under this PDS will be determined based on the Constitution and Unit Pricing Policy of Trilogy Funds and will generally reflect the net asset backing per Unit.

8.13 Labour, environmental, social and ethical considerations

While the Responsible Entity intends to conduct its affairs in an ethical and sound manner, its investment criteria do not give weight to labour standards, environmental, social, or ethical considerations when making, retaining or realising an investment of the Trust.

From 2023, Trilogy Funds intends to prepare an annual ESG Report that will be available on the Trilogy Funds website at www.trilogyfunds.com.au.

8.14 Consents

The Trust Company Limited ACN 004 027 749, named in this PDS as the Custodian, is the Custodian for the Trust. The role of the Custodian is to hold the assets of the Trust and title documents as the agent for the Responsible Entity in relation to the conduct of the Trust. It is not the role of the Custodian to protect the rights and interests of the Investors. The Trust Company Limited has given and has not withdrawn its consent to be named in this PDS as the Custodian to the Trust in the form and context in which it is named. No person other than the Responsible Entity has authorised or caused the issue of this PDS and the Custodian takes no responsibility for any part of the PDS other than the references to its name. The Custodian has relied upon Trilogy Funds and its advisers for the truth and accuracy of the contents, and is not to be taken to have authorised, or caused the issue, of this PDS. The Custodian does not guarantee the return of any investment, any tax deduction availability, or the performance of the Trust. The Custodian has no interest in relation to the Trust other than the remuneration it is entitled to receive under the custody deed by way of custodian fees.

Bedford Street, Gillman, SA

Section 9.
Glossary of terms

'Acquisition Cost' means in relation to a Property asset, the total cost of it to the Trust including the purchase price, commission, stamp duties, borrowing and financial accommodation costs in relation to the acquisition, and other costs and disbursements and expenses incurred or to be paid by the Responsible Entity in connection with the acquisition of that investment for the Trust.

'Admitted to the ASX' means the price of a product where the value of a product is directly dependent upon the performance of the issuer of the product.

'AMIT' means a trust that, for a given financial year, is an attribution managed investment scheme for the purpose of section 276-10 of the *Income Tax Assessment Act 1997* (Cth).

'AMMA Statement' means AMIT Member Annual Statement to be provided to you no later than three months after the end of the relevant income year, disclosing the amounts attributed to you from the Trust each year.

'Application Form' means the application form included in or accompanying the PDS, to be used by persons wishing to acquire Units in, and become a member of, the Trust.

'Application Money' means the money paid by an Investor pursuant to the PDS.

'ASIC' means the Australian Securities and Investments Commission.

'ASX' means ASX Limited ACN 008 624 691.

'Business Day' means a day that is not a Saturday, a Sunday or a public holiday in Brisbane, Australia.

'CGT' means capital gains tax as determined under the *Income Tax Assessment Act 1997* (Cth).

'Compliance Committee' means the compliance committee established by Trilogy Funds Management Limited under the Compliance Plan for the Trust.

'Compliance Plan' means the compliance plan for the Trust, as amended from time to time.

'Constitution' means the constitution of the Trust, as amended from time to time.

'Corporations Act' means the *Corporations Act 2001* (Cth).

'Current RG 46 Report' means the RG 46 Report or the current update of that report on the website at www. trilogyfunds.com.au/investing/trilogy-industrial-property-trust/#important-information at the applicable time.

'Custodian' means The Trust Company Limited ACN 004 027 749.

'Disposal Price' means the net proceeds of the sale of the Property asset (being the gross proceeds of sale less the costs and disbursements incurred in the sale, including agent's commission, legal fees, advertising and auction expenses).

'Finance Facility' means the borrowing facilities currently with Westpac Banking Corporation and Commonwealth Bank of Australia.

'Gross asset value' (or **'GAV'**) means the total assets of the Trust as disclosed in the balance sheet of the Trust.

'GST' means Goods and Services Tax within the meaning of the GST Act.

'GST Act' means the *New Tax System (Goods and Services Tax Act)* 1999.

'Indirect Investor' means an Investor who subscribes for Units under the Offer via an investment platform or investor directed portfolio service (IDPS).

'Interim Withdrawal Offer' means a withdrawal offer that the Responsible Entity intends to make on an annual basis, as a secondary and limited exit mechanism for Investors to withdraw from the Trust alongside the scheduled Withdrawal Offers. The amount made available for withdrawal during an Interim Withdrawal Offer is at the discretion of the Responsible Entity, but as at the date of this PDS, the intention is that it and will not exceed 3% of the Net Asset Value of the Trust at the relevant time as set out in Section 4.10.

'Internal Rate of Return' or **'IRR'** means the return earned from the cash flows of a project over the period of investment.

'Investor' or **'you'** or **'your'** means the registered owner of Units in the Trust, and may include a proposed Investor in the Trust if the case requires.

'Investment Referrer' means an individual who is acknowledged, via the appropriate form submitted by the Investor or proposed Investor, as having introduced the Investor or proposed Investor to the Trust.

'LVR' means the Loan-to-valuation Ratio being the loan amount divided by the value of the Properties, as required by the Responsible Entity's valuation policy from time to time. Note that this differs from the gearing ratio required to be calculated in accordance with ASIC's RG 46.

'MIT' means Managed Investment Trust.

'Net Asset Value' or **'NAV'** of the Trust means the amount determined by the Responsible Entity from time to time as the value of the assets of the Trust (the GAV) less the liabilities, as adjusted in accordance with the Trust's constituent documents and policies from time to time.

'Net Tangible Assets' or **'NTA'** means the net assets of the Trust as calculated by the Responsible Entity.

'Offer' means the offer of Units through this PDS.

'PDS' means this Product Disclosure Statement.

'Property' or **'Properties'** means any one property or all real property the Trust currently holds or may hold in the future.

'Property Manager' or **'SPFM'** means SPFM No 2 Pty Ltd ACN 612 360 933, a party related to the Responsible Entity.

'Quoted on the ASX' means the price of a product where the value of a product is dependent on the performance of the underlying assets held.

'RELM' means RELM Australia Pty Ltd ACN 168 934 987, a party related to the Responsible Entity.

'Responsible entity' means the party responsible for the management of a registered managed investment scheme in accordance with the Corporations Act and in the case of the Trust, refers to Trilogy Funds Management Limited.

'RITC' means reduced input tax credit.

'Retail client' has the meaning given in the Corporations Act.

'RG' means a Regulatory Guide issued by ASIC.

'Trilogy Funds' or **'Responsible Entity'** or **'we'** or **'us'** or **'our'** means Trilogy Funds Management Limited ACN 080 383 679.

'Trust' means the Trilogy Industrial Property Trust ARSN 623 096 944.

'Trust assets' means the Properties and all other assets of the Trust.

'Unit' means a unit in the Trust.

'Withdrawal Offer' means an offer that the Responsible Entity intends to make from time to time, at approximately four-year intervals from the date of settlement of the purchase of the initial Property portfolio, being 12 April 2018, in accordance with the Constitution and Corporations Act to provide an exit mechanism for Investors who wish to redeem Units, as set out in Section 4.10.

Find out more.

Start a conversation with us today.

Call 1800 230 099 or
email investorrelations@trilogyfunds.com.au

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AUDITOR OF THE COMPLIANCE PLAN
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TAXATION AGENT OF THE TRUST
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