

**Trilogy first Mortgage Income Trust**  
**Benchmark Disclosure as at 28 February 2009<sup>1</sup>**

	<b>Benchmark 1: Liquidity</b>	<b>Trilogy Satisfies the Benchmark</b>
1.1	Does Trilogy have cash flow estimates for the Trust for the next 3 months?	<p>Yes, Trilogy has a 'Liquidity Policy' which requires the tabling of a report to the Treasury Committee on a weekly basis and is presented to both the Executive Committee (weekly) and the Board (monthly).</p> <p>The report uses the following assumptions to monitor liquidity (these assumptions may change from time-to-time as reviewed):</p> <ul style="list-style-type: none"> <li>▪ Forecast investor redemption sensitivity</li> <li>▪ Forecast inflow of funds have been based on Distribution estimates</li> <li>▪ Forecast draw downs have been based on the latest Lending Department individual loan forecasts noting all scheduled inflows and outflows for individual mortgages.</li> </ul> <p>The assumptions used to monitor liquidity are stressed tested on a quarterly basis via sensitivity analysis.</p>
1.2	Does Trilogy ensure that at all times the scheme has cash or cash equivalents sufficient to meet its projected cash needs over the next 3 months?	<p>Trilogy forecasts the cash requirements for the Trust over a 3 month period.</p> <p>Cash is held in the Westpac Bank in the Trilogy Short Term Investment Accounts. The balance of the accounts as at 31 January 2009 is 50.89% of the assets of the Trust. Balances held in the account in excess on \$1m are not covered by the Government Guarantee.</p> <p>In principle the objective of the Trust is to have 5% -20% liquidity, although considering the current economic environment, for the immediate future the Trust has a target liquidity of no less than 20% cash. The Trust's liquidity level is monitored continuously and reviewed regularly</p>

<sup>1</sup> Please note that all financial data is current as of 31 January 2009 (unless stated otherwise).

		(generally weekly) by the Treasury Committee. Trilogy has no reason to believe that it will not have sufficient cash or cash equivalents to meet its projected cash needs over the next 3 months or that it will not continue to satisfy this benchmark going forward.
1.3	Confirm that Trilogy does not take undrawn credit facilities into account when calculating cash flow estimates?	Yes, Trilogy does not take undrawn credit facilities into account when calculating cash flow estimates. There are two reports produced - one with undrawn credit facilities shown and one without. See section 2 for a description of the credit facility held with Westpac.
1.4	Disclose the policy on balancing the maturity of assets and the maturity of liabilities.	The balancing of the maturity of assets and the maturity of liabilities is part of the process of producing 3 month cash flows and is managed and monitored by the Treasury Committee.  Forecast draw downs have been based on the latest Lending Department individual loan forecasts noting all scheduled inflows and outflows (assets and liabilities) for individual mortgages.
	<b>Benchmark 2: Scheme Borrowing</b>	<b>Trilogy Satisfies the Benchmark</b>
2.1	Disclose the amount owing and the maturity profile in increments of not more than 12 months for each debt that will mature in 5 years or less.	The amount owing on the \$2,000,000 Westpac Facility as at 31 January 2009 was Nil.  This facility matures on 31 May 2009.
2.2	Disclose the total amount owing for debts that mature in more than 5 years.	There are no amounts owing for debts that mature in more than 5 years.
2.3	Disclose the undrawn amount and the maturity profile in increments of no more than 12 months for each credit facility.	The undrawn amount on the Westpac facility is \$2,000,000 as at 31 January 2009. The facility matures on 31 May 2009.
2.4	Disclose whether amounts owing to lenders and	The security for the Westpac facility is a fixed and floating charge over the assets of the Trust.

	other creditors of the scheme rank ahead of an investor's interests in the scheme.	The fixed and floating charge of the bank and other creditors rank ahead of investors' interests in the Trust.
2.5	Disclose the purpose for which the funds have or will be borrowed, including whether they will be used to fund distributions or withdrawal amounts.	<p>The Westpac facility for the Trust is in place to assist principally with the liquidity of the Trust (e.g. to meet redemptions) but may also be utilized where it would assist the Trust, with the approval of the board, on a case-by-case basis. These may include the payment of distributions and funding loan advances to borrowers as approved by the board.</p> <p>Borrowings will only be undertaken when, in Trilogy's opinion, it will not adversely affect investors' interest in the Trust.</p>
2.6	Disclose the prospects of refinancing or possible alternative actions (e.g. sale of assets) where debts and credit facilities are due to mature within 12 months.	Trilogy maintains a short Debt/Credit Maturity Profile with the Westpac facility maturing in one year. This matches the maturity profiles of loans with the maximum maturity allowed of 1 year. At present, all loans mature in less than one year. At this stage, Trilogy has no reasonable grounds to believe that the facility will not be renewed at maturity.
2.7	Disclose and explain any risks associated with the borrowing or credit facility maturity profile and whether borrowings have been hedged and if so, to what extent.	<p>As stated in answer to item 2.6 Trilogy expects the facility to be renewed. If the facility is not renewed then there is a risk that the Trust could not meet redemptions, drawdown commitments and distributions from the liquidity levels current at that time in the Trust.</p> <p>Borrowings have not been hedged.</p>
2.8	Disclose any information about breaches or potential breaches of loan covenants.	<p>There are no breaches or potential breaches of loan covenants.</p> <p>A 'Loan Covenants Register' is maintained to monitor loan covenants.</p>
2.9	Update the status of any breaches of loan covenants.	There are no breaches or potential breaches of loan covenants.

	Benchmark 3: Portfolio Diversification	Trilogy satisfies the benchmark
3.1	What is Trilogy's approach to loan diversification?	<p>The following are Trilogy guidelines for the sector spread of the portfolio for each retail fund of which Trilogy in the responsible manager covered by this policy. The guidelines reflect Trilogy's experience and accumulated skills in lending on construction projects predominantly in the residential sector, as well as commercial and industrial sectors. Additionally, Trilogy has experience in lending on land development projects and consequently it is acknowledged that construction and development projects will be featured in the sector spread. These percentages are a guide only and the sector spread will be reviewed by the Lending Committee on an ongoing basis. It is acknowledged that during the establishment of the funds, it may be difficult to achieve the guidelines indicated. Further, a variation from the ranges indicated below may occur as a result of variations made to the Capital Loss Insurance Policy by Lloyd's of London.</p> <p><b>Construction and Development</b></p> <ul style="list-style-type: none"> <li>▪ Residential 40% - 70%</li> <li>▪ Commercial 0% - 30%</li> </ul> <p><b>Land Subdivisions</b> 20% - 50%</p> <p><b>Investment Loans</b></p> <ul style="list-style-type: none"> <li>▪ Residential 0% - 20%</li> <li>▪ Commercial 0% - 20%</li> </ul> <p><b>Cash</b> 5% - 20%</p> <p>Trilogy's policy of geographical distribution is based on the requirements of the capital loss insurance policy underwritten by Certain Underwriters at Lloyd's of London, which states that the secured property be located in Queensland, New South Wales, Victoria or the Australian Capital Territory (unless otherwise approved).</p>
3.2	Disclose by number and value, loans by class of activity (e.g. development projects, industrial, commercial, retail, specialised property, reverse	<p>All 6 loans made by the Trust (drawn to \$4,879,180) as at 31 January 2009 are for development projects.</p> <p>Further breakdown by type of development is as follows:</p>

	mortgages).	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="background-color: #ADD8E6;">Sectoral Spread as at 31 January 2009</th> </tr> </thead> <tbody> <tr> <td colspan="4">Construction / Development</td> </tr> <tr> <td style="padding-left: 20px;">▪ Residential</td> <td style="text-align: right;">\$2,223,500</td> <td style="text-align: right;">2</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">▪ Mixed use</td> <td style="text-align: right;">\$1,614,000</td> <td style="text-align: right;">1</td> <td></td> </tr> <tr> <td>Land Subdivision</td> <td style="text-align: right;">\$1,954,520</td> <td style="text-align: right;">3</td> <td></td> </tr> <tr> <td>Investment Loans</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">0</td> <td></td> </tr> <tr> <td style="text-align: right;"><b>Total</b></td> <td style="text-align: right;"><b>\$5,792,020</b></td> <td style="text-align: right;"><b>6</b></td> <td></td> </tr> </tbody> </table>	Sectoral Spread as at 31 January 2009				Construction / Development				▪ Residential	\$2,223,500	2		▪ Mixed use	\$1,614,000	1		Land Subdivision	\$1,954,520	3		Investment Loans	\$0	0		<b>Total</b>	<b>\$5,792,020</b>	<b>6</b>	
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3.3	Disclose by number and value, loans by geographic region.	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="background-color: #ADD8E6;">Geographic Profile Based on Loan Amount and Number of Loans</th> </tr> </thead> <tbody> <tr> <td>Queensland</td> <td style="text-align: right;">\$4,178,020</td> <td style="text-align: right;">5</td> <td></td> </tr> <tr> <td>Victoria</td> <td style="text-align: right;">\$1,614,000</td> <td style="text-align: right;">1</td> <td></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;"><b>\$5,792,020</b></td> <td style="text-align: right;"><b>6</b></td> <td></td> </tr> </tbody> </table>	Geographic Profile Based on Loan Amount and Number of Loans				Queensland	\$4,178,020	5		Victoria	\$1,614,000	1		Total	<b>\$5,792,020</b>	<b>6</b>													
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3.4	Disclose by number and value, the proportion of loans that are in default or arrears.	<p>Arrears relate to non payment of principal or interest after the due date for payment. Default relates to not adhering to the conditions of the loan agreement, such as the need to have adequate insurance in place.</p> <p>The performance of all loans is carefully monitored by Trilogy with respect to timely payment of interest, adherence to ongoing reporting requirements and specific loan covenants.</p> <p>Trilogy has a commitment to act in the best interests of investors. This commitment includes keeping investors informed as to the performance of its portfolio of loans on a quarterly basis.</p> <p>In the event that a borrower fails to make an interest payment on the due date, the following</p>																												

		<p>actions will be taken:</p> <ul style="list-style-type: none"><li>▪ Where a loan is in arrears more than 7 days, the borrower will be contacted to arrange collection of the arrears.</li><li>▪ Any loan in arrears more than 30 days (unless otherwise determined by the Lending Committee or the Board) will be placed in the hands of Trilogy's solicitors to commence recovery procedures.</li></ul> <p>In addition, Lloyd's of London is notified as set out in the Lloyd's Insurance Policy.</p> <p>Should a default event occur that entitles Trilogy to issue a Statutory Notice of Default (default notice), Trilogy undertakes the following actions:</p> <ul style="list-style-type: none"><li>▪ If the default is not remedied within 30 days, notification is made to Herbert's Insurance - as agent for Lloyd's of London (Insurance Broker) within 60 days of the original default date.</li><li>▪ Herbert's Insurance is advised if the default is subsequently remedied.</li></ul> <p>The notification and disclosure procedures with respect to the Lloyd's Insurance Policy form part of the overall Trilogy default procedures.</p> <p>Any loans in arrears more than 30 days will be referred to the 'Work Out Committee' which has been established by the Board. The composition of the Work Out Committee is as follows:</p> <ul style="list-style-type: none"><li>▪ Head of Property Assets</li><li>▪ Accountant - Lending</li><li>▪ Compliance Manager</li></ul> <p>The 'Work Out Committee' will provide reports to the Board from time to time about the status of such loans in accordance with its Charter.</p>
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		<p>One loan (\$1,614,000 drawn to \$1,060,466 as at 31 January 2009) for a project in Lygon Street Melbourne has experienced delays with construction and as a consequence is in default.</p> <p>The borrower meanwhile has lodged a claim against the builder and has indicated that if successful, proceeds will be contributed to the project.</p> <p>Notwithstanding, the term of the loan expired on 20 January 2009 and was extended for 6 months subject to various conditions including that an agreement with a new joint venture partner be executed. That has not occurred and Trilogy has consulted its lawyers, quantity surveyor, project manager and various sales agents with respect to completing the project. If this advice is satisfactory and in the interest of the investors, The Trust will consider advancing further funds to complete the project. Alternatively if the before mentioned advice is not considered favourable by Trilogy it will consider the alternative of commencing an action against the borrower to realize upon the security.</p>																
3.5	Disclose by number and value of loans, the nature of the security for loans made by the scheme (e.g. first or second ranking).	All of Trilogy's loans are secured by a registered first mortgage.																
3.6	Disclose if any loans are supported by a guarantor and the financial position of any guarantors.	<table border="1" data-bbox="1261 922 1626 1297"> <thead> <tr> <th>Guarantor</th> <th>Approved amount</th> </tr> </thead> <tbody> <tr> <td>No</td> <td>\$345,000</td> </tr> <tr> <td>Yes</td> <td>\$312,000</td> </tr> <tr> <td>No</td> <td>\$292,500</td> </tr> <tr> <td>No</td> <td>\$1,931,000</td> </tr> <tr> <td>Yes</td> <td>\$1,297,520</td> </tr> <tr> <td>No</td> <td>\$1,614,000</td> </tr> <tr> <td></td> <td><b>\$5,792,020</b></td> </tr> </tbody> </table> <p>The guarantors at present are directors or shareholders of borrowers which are corporate entities or major beneficiaries of a trust. All guarantors go through the same process as any</p>	Guarantor	Approved amount	No	\$345,000	Yes	\$312,000	No	\$292,500	No	\$1,931,000	Yes	\$1,297,520	No	\$1,614,000		<b>\$5,792,020</b>
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		<p>other borrower to determine their credit worthiness. The guarantees are unlimited joint and several guarantees. If Trilogy was required to recover from these guarantors, the level sought would be unpaid principal, interest and any costs owing.</p> <p>Those loans that have no guarantors are loans to individuals.</p>																																																
3.7	Disclose if any security rights (e.g. mortgages) held by the Trust have been assigned or transferred to third parties.	There have been no security rights assigned or transferred to third parties.																																																
3.8	Disclose what proportion of the total loan monies have been lent to the largest borrower and the 10 largest borrowers.	<table border="1"> <thead> <tr> <th></th> <th>Value (As if Complete)</th> <th>LVR</th> <th>Interest Rate</th> <th>Approved amount</th> <th>Percentage of Loan Book</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$2,579,500</td> <td>75%</td> <td>11.00%</td> <td>\$1,931,000</td> <td>33.34%</td> </tr> <tr> <td>2</td> <td>\$2,152,000</td> <td>75%</td> <td>9.00%</td> <td>\$1,614,000</td> <td>27.86%</td> </tr> <tr> <td>3</td> <td>\$1,960,000</td> <td>66%</td> <td>9.50%</td> <td>\$1,297,520</td> <td>22.40%</td> </tr> <tr> <td>4</td> <td>\$460,000</td> <td>75%</td> <td>8.75%</td> <td>\$345,000</td> <td>5.96%</td> </tr> <tr> <td>5</td> <td>\$520,000</td> <td>75%</td> <td>9.50%</td> <td>\$312,000</td> <td>5.39%</td> </tr> <tr> <td>6</td> <td>\$390,000</td> <td>75%</td> <td>8.75%</td> <td>\$292,500</td> <td>5.05%</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td><b>\$5,792,020</b></td> <td><b>100.00%</b></td> </tr> </tbody> </table>		Value (As if Complete)	LVR	Interest Rate	Approved amount	Percentage of Loan Book	1	\$2,579,500	75%	11.00%	\$1,931,000	33.34%	2	\$2,152,000	75%	9.00%	\$1,614,000	27.86%	3	\$1,960,000	66%	9.50%	\$1,297,520	22.40%	4	\$460,000	75%	8.75%	\$345,000	5.96%	5	\$520,000	75%	9.50%	\$312,000	5.39%	6	\$390,000	75%	8.75%	\$292,500	5.05%					<b>\$5,792,020</b>	<b>100.00%</b>
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3.9 Disclose by number and value, loans that have been approved but have funds that have yet to be advanced and the funding arrangements in place for any of these undrawn loan commitments.

Property Type	Value of Mortgage Loans	Undrawn Commitment
Construction /Development		
▪ Residential	\$4,178,020	\$359,303
▪ Commercial	\$1,614,000	\$553,534
Land Subdivision	\$0	\$0
Investment Loans	\$0	\$0
<b>Total</b>	<b>\$5,792,020</b>	<b>\$912,837</b>

Undrawn loan commitments are met progressively during the course of a loan upon sign-off by a quantity surveyor, a project manager or registered valuer typically on a monthly basis. The lending department is responsible for preparing a liquidity report to the Treasury Committee to monitor funding commitment and this is sourced from a number of areas including loan repayments (upon sale or refinance), application monies or through the Westpac Credit facility if all of the above are insufficient. The Westpac Credit facility is undrawn as at 31 January 2009.

3.10 Disclose by number and value, the maturity profile of all loans in increments of not more than 12 months.

Maturity Profile Based on Loan Amount and Number of Borrowers		
Less than 3 months	\$5,792,020	6
More than 3 months and less than 6 months	\$0	0
More than 6 months but less than 9 months	\$0	0
<b>Total</b>	<b>\$5,792,020</b>	<b>6</b>

3.11	Disclose by number and value of loans, loan-to-valuation ratios for loans, in percentage ranges.	<table border="1" data-bbox="1153 153 1733 517"> <thead> <tr> <th colspan="3" data-bbox="1153 153 1733 272">Loan to Valuation Profile Based on Loan Amount and Number of Loans</th> </tr> </thead> <tbody> <tr> <td data-bbox="1153 272 1525 341">&lt; 60%</td> <td data-bbox="1525 272 1733 341">\$0</td> <td data-bbox="1733 272 2033 341">0</td> </tr> <tr> <td data-bbox="1153 341 1525 376">60% - 70%</td> <td data-bbox="1525 341 1733 376">\$1,297,520</td> <td data-bbox="1733 341 2033 376">1</td> </tr> <tr> <td data-bbox="1153 376 1525 445">&gt;70% - 75%</td> <td data-bbox="1525 376 1733 445">\$4,494,500</td> <td data-bbox="1733 376 2033 445">5</td> </tr> <tr> <td data-bbox="1153 445 1525 517">Total</td> <td data-bbox="1525 445 1733 517"><b>\$5,792,020</b></td> <td data-bbox="1733 445 2033 517"><b>6</b></td> </tr> </tbody> </table>	Loan to Valuation Profile Based on Loan Amount and Number of Loans			< 60%	\$0	0	60% - 70%	\$1,297,520	1	>70% - 75%	\$4,494,500	5	Total	<b>\$5,792,020</b>	<b>6</b>			
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3.12	Disclose by number and value of loans, interest rates on loans, in percentage ranges.	<table border="1" data-bbox="1153 560 1733 991"> <thead> <tr> <th colspan="3" data-bbox="1153 560 1733 679">Interest Rate Profile Based on Loan Amount and Number of Loans</th> </tr> </thead> <tbody> <tr> <td data-bbox="1153 679 1525 748">8.75%</td> <td data-bbox="1525 679 1733 748">\$637,500</td> <td data-bbox="1733 679 2033 748">2</td> </tr> <tr> <td data-bbox="1153 748 1525 783">9.00%</td> <td data-bbox="1525 748 1733 783">\$1,614,000</td> <td data-bbox="1733 748 2033 783">1</td> </tr> <tr> <td data-bbox="1153 783 1525 818">9.50%</td> <td data-bbox="1525 783 1733 818">\$1,609,520</td> <td data-bbox="1733 783 2033 818">2</td> </tr> <tr> <td data-bbox="1153 818 1525 887">11.00%</td> <td data-bbox="1525 818 1733 887">\$1,931,000</td> <td data-bbox="1733 818 2033 887">1</td> </tr> <tr> <td data-bbox="1153 887 1525 991">Total</td> <td data-bbox="1525 887 1733 991"><b>\$5,792,020</b></td> <td data-bbox="1733 887 2033 991"><b>6</b></td> </tr> </tbody> </table>	Interest Rate Profile Based on Loan Amount and Number of Loans			8.75%	\$637,500	2	9.00%	\$1,614,000	1	9.50%	\$1,609,520	2	11.00%	\$1,931,000	1	Total	<b>\$5,792,020</b>	<b>6</b>
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3.13	Disclose by number and value, loans where interest has been capitalised.	All of the loans in Trilogy's loan portfolio have capitalised interest. Capitalised interest means that for construction and development loans a provision for interest is built into the facility within the approved LVR.																		
3.14	Provide a clear description of the non-loan assets of the scheme including the value of such assets.	<p>The only non-loan assets of the Trust are cash.</p> <p>Cash is held in the Westpac Bank in the Trilogy Short Term Investment Accounts. The balance of the accounts as at 31 January 2009 is 50.89% of the assets of the Trust. Please note that balances held in the account within excess of \$1m are not covered by the Government</p>																		

		<p>Guarantee.</p> <p>In principle the objective of the Trust is to have 5 - 20% liquidity, although considering the current economic environment, for the immediate future the fund has a target liquidity of not less than 20% cash. The Trust's liquidity level is monitored continuously and reviewed weekly by the Treasury Committee.</p>
3.15	Disclose the maximum loan amount for any one borrower.	\$5,000,000
3.16	Disclose the method of assessing a borrower's capacity to service loans.	<p>A strict process is used by Trilogy to evaluate each loan proposal that is submitted to us by applicant borrowers and for monitoring any loan that is subsequently made. This process reflects the requirements contained within Trilogy's Lending Policy.</p> <p>A standard loan application form is completed and signed by an applicant borrower. A credit check is carried out in all cases. Additionally, the borrower or a director of the borrower entity is interviewed by Trilogy.</p> <p>In the case where interest is capitalised in respect of a development or construction loan, Trilogy will assess the feasibility of the project. In doing so, Trilogy relies upon an independent valuer's assessment of the property on an 'as if complete' basis and a 'as is' basis and has a quantity surveyor (or similar) examine the costs to complete the project and monthly draws required. As part of its loan assessment process, Trilogy will consider an appropriate amount to be reserved for capitalised interest before determining the loan advance and ultimate LVR.</p>
3.17	Disclose the policy on revaluing security properties when a loan is rolled over.	<p>In the event that an existing loan is due to expire, the borrower may seek an extension of the loan for up to 6 months. Applications for a loan extension should be made no later than one month prior to maturity, for reasons that may include (but not be limited to);</p> <ul style="list-style-type: none"> <li>▪ Completion of the construction of the project or development;</li> <li>▪ Completion of the settlement of the property to see repayment of the loan; and</li> <li>▪ Completion of the refinance of the loan facility.</li> </ul>

Any request to extend a loan facility will be subject to the approval of the Trilogy Loan Extension Committee. This committee comprises of persons as nominated by the Board or the Chairman from time to time and may consider the borrower's written request for any extension and be satisfied that it will not impact adversely on the overall loan and security position. The committee may take into account the reason for the extension, the conduct of the existing loan, proposed repayment scenarios, security position, current market conditions, quantity surveyors reports regarding completion timeframes and the sales and marketing position amongst other information when considering the extension.

In the event an existing loan with Trilogy is due to expire and the borrower seeks to rollover/renew the facility for a period exceeding 6 months, a full credit assessment is undertaken as if for a new loan. The standard format for assessing the loan is undertaken and, on satisfactory completion, a recommendation will be made to the Lending Committee. The request for the rollover/renewal is treated in the same manner as a new loan application

The following material maybe requested from the borrower to enable the rollover request:

- Current signed and dated statements of assets and liabilities of borrower/s and guarantor/s;
- Consent of all guarantors to the proposed extension or rollover;
- A new valuation of the security property(s);
- Advice as to the reason for the rollover;
- If the loan is being increased, an explanation advising the proposed application of the funds;
- Updated taxation returns for borrower(s), guarantor(s) and director(s) as considered appropriate.
- Updated profit and loss accounts ; and
- New cash flow and feasibility study to reflect market conditions and economic climate at the date of application.

A major consideration in Trilogy's deliberations as to whether a loan should be rolled over will be the performance of the maturing loan. Performance criteria in assessing the request will

		<p>include the borrower's interest payment record and general adherence to loan conditions.</p> <p>A full submission together with certification of the conduct of the previous loan and all relevant credit related information and reports will be made available to the Lending Committee for their consideration and approval.</p> <p>Following approval by the Lending Committee, Trilogy's solicitors are instructed to prepare securities or variations, as appropriate, to be executed by the borrower and guarantor if legally necessary, prior to any extension.</p>
3.18	Disclose the approach to taking security in relation to lending by the scheme (e.g. what types of security it takes and in what circumstances and whether the security must be income producing).	<p>The primary security for each Mortgage Investment held by the Trust is a registered first mortgage over real estate situated within specified states and territories in Australia. Additional types of security may be taken including company charges and personal guarantees to support the first mortgage security.</p> <p>The security does not need to be income producing.</p> <p>Loans are not assigned, in part, on terms which effectively subordinate the rights of the Trust to the rights of the assignee.</p>
3.19	Disclose the policy on investing in unlisted mortgage schemes, including the extent to which Trilogy requires those schemes to satisfy the benchmarks in this section.	Trilogy has a policy of not making a Mortgage Investment on behalf of the Trust in any other trust, unlisted or listed, whether or not it is an entity associated with Trilogy.
3.20	Disclose the use of derivatives.	Derivatives are not used in the Trust.
	<b>Benchmark 4: Related Party Transactions</b>	<b>Trilogy satisfies the benchmark</b>
4.1	Disclose detail of loans, investments and transactions have been made to or with any related party and the value of those loans, investments	As at 28 February 2009, there have been no related party loans or investments in the Trust. There are various regular related party transactions such as re-imbursments for management and other fees and expenses as set out in the PDS.

	and transactions.	The Trilogy Wholesale first Mortgage Income Trust may invest in the Trilogy first Mortgage Income Trust.
4.2	Disclose the policy on related party transactions, including the assessment and approval process for related party lending and arrangements to manage conflicts of interest.	<p>Trilogy has a policy of not making a Mortgage Investment on behalf of the Trust in any other fund, whether or not it is an entity associated with Trilogy. Trilogy will allow investments into the Trust via the Trilogy Wholesale first Mortgage Income Trust. Directors and staff may invest in the Trust on the same terms and conditions as other investors.</p> <p>New related party investments require board approval and ongoing monitoring and review by both the Compliance Committee and the board.</p>
4.3	Disclose how the processes and arrangements are monitored to ensure related party policy is followed.	<p>All related party investment in the Trust is on the same terms and conditions as any other investor. Trilogy has adopted a Management of Conflict of Interest Policy, and monitors the compliance with the policy in accordance with its terms.</p> <p>There is no related party lending or borrowing in relation to the Trust.</p>
<b>Benchmark 5: Valuation Policy</b>		<b>Trilogy satisfies the benchmark</b>
5.1	Disclose if properties (i.e. real estate) are valued on an 'as is' and (for development property) also on an 'as if complete' basis.	<p>Where a loan is for development or construction purposes, the valuer assesses the property on both an 'as is' and 'as if complete' basis.</p> <p>All other property loans are valued on an 'as is' basis.</p>
5.2	Disclose the policy on how often valuations are obtained, including how recent a valuation has to be when making a new loan.	<p>The following are the rules that apply to valuations:</p> <ol style="list-style-type: none"> <li>a. All external valuations must be performed by panel valuers who must undergo an accreditation process prior to formal inclusion on the panel.</li> <li>b. It is preferred that Trilogy instruct the valuer, however if not, the valuation must be</li> </ol>

		<p>addressed or assigned to Trilogy for mortgage purposes under standard instructions. Trilogy will provide its standard instructions to the valuer that the valuation should be addressed or assigned to Trilogy Funds Management Limited.</p> <p>c. The panel valuer must be independent of the borrower and Trilogy.</p> <p>d. The valuer must be instructed to prepare the valuation report in a format which clearly sets out the primary methodology used and, if so requested, a secondary check valuation methodology, and in accordance with the instructions.</p> <p>e. The report must comment as to whether the mortgaged property represents satisfactory security for mortgage purposes as appropriate.</p> <p>f. All valuations must be addressed to Trilogy and be able to be relied upon by Trilogy.</p> <p>g. All valuations must be not more than 4 months old as at the date of approval of the loan.</p> <p>h. Valuations for construction projects should state a replacement value in the valuation for the purpose of Trilogy determining the amount of insurance required.</p>
5.3	Disclose whether a panel of valuers has been established and ensure that no one valuer conducts more than 1/3 of Trilogy's valuation work for the scheme.	Trilogy maintains a panel of valuers and ensures that no one valuer conducts more than one-third of the valuation work. A 'Valuation Register' is maintained to monitor the valuations conducted. The panel of valuers is reviewed annually.
5.4	Disclose information about the valuation of a particular property for a mortgage scheme where a loan secured against the property accounts for 5% or more of the total value of scheme's loan book.	As there are 6 loans in the portfolio as at 28 February 2009, each loan accounts for more than 5% of the total value of the Trust's loan book. Refer to the table in item 3.8. The valuations for each of these were obtained and given in accordance with Trilogy's valuation requirements. All valuers were registered under the state registration regime of the place at which the security properties are located.
5.5	<p>Disclose whether expert valuers who accept an appointment to provide valuations for a mortgage scheme:</p> <p>a. Are where possible, registered under one of</p>	<p>Yes, valuers who accept an appointment:</p> <p>a. Are where possible, registered under one of the state/territory valuer registration regimes; and</p>

	<p>the state/territory valuer registration regimes; and</p> <p>b. include a statement in their valuation reports as to whether the valuation complies with all relevant industry standards and codes.</p>	<p>b. include a statement in their valuation reports as to whether the valuation complies with all relevant industry standards and codes.</p>
	<b>Benchmark 6: Lending Principles—Loan-to-Valuation Ratios</b>	<p><b>Trilogy does not satisfy this benchmark</b></p> <p><b>Trilogy will meet this benchmark going forward</b></p>
6.1	<p>Where a loan relates to property development, disclose whether the LVR is no greater than 70% on the basis of the latest 'as if complete' valuation.</p>	<p>The LVR on certain existing loans in the mortgage pool are at a maximum rate of 75%. Given the LVR profile of the existing 6 loans as shown in item 3.11 and the fact that with the performance to date the directors are satisfied that these current loans do not subject investors to risks that have not been disclosed in the PDS.</p> <p>The board of Trilogy has resolved that all future loans in the Trust must satisfy the benchmark and be at a maximum LVR of 70% of the latest 'as if complete' valuation when the loan relates to a property development. Once existing loans are repaid, Trilogy will fully meet this benchmark.</p>
6.2	<p>In all other cases—disclose whether the LVR is no greater than 80% on the basis of the latest market valuation.</p>	<p>Yes, in no case is an LVR greater than 80%.</p>
6.3	<p>Where the loan relates to property development, disclose the process whereby Trilogy ensures that the Trust only provides funds to the developer in stages, based on external evidence of the progress of the development.</p>	<p>Development loans relate to where a borrower utilises the loan monies to construct buildings (e.g. units, houses, commercial or retail property) or to undertake land development. On the sale of a unit, house, commercial or retail building, or part of the land, all or part of the proceeds are utilised to reduce the borrower's debt.</p> <p>Development loans will involve close supervision by Trilogy. To this end, Trilogy will appoint an external quantity surveyor, engineer, project manager or valuer to advise and monitor as to:</p>

		<ul style="list-style-type: none"> <li>▪ the amount of all draw downs by a borrower and all payments which are to be made to contractors in stages based on the progress of development; and</li> <li>▪ the costs to complete the project.</li> </ul>
	<b>Benchmark 7: Distribution Practices</b>	<b>Trilogy satisfies the benchmark</b>
7.1	Disclose the source of the current distributions (e.g. from income earned in the relevant distribution period, financing facility, application monies).	The amount of the distribution is calculated on the income earned in the relevant distribution period. Current distribution may be sourced from application monies, repayments of loans by borrowers, the credit facility provided by Westpac or from interest paid by borrowers.
7.2	Disclose the source of any forecast distribution.	Not applicable. Trilogy does not forecast distributions. The distribution is calculated on the actual income earned in the relevant distribution period.
7.3	Disclose if the current or forecast distribution is not solely sourced from income received in the relevant distribution period, the reasons for making those distributions.	As stated in item 7.1, the amount of the distribution is calculated on the income earned in the relevant distribution period. As the interest on all mortgage loans is typically capitalized, the current distribution is sourced from other sources. It is Trilogy's practice to pay monthly distributions based on the income earned in the relevant period but potentially not as yet paid by the borrower.
7.4	If the current distribution or forecast distribution is sourced other than from income, disclose whether this is sustainable over the next 12 months.	All loans in the current portfolio expire at varying times over the next 12 months. With Trilogy's Liquidity Policy and active review by the Treasury Committee and the board, the directors have a reasonable basis to state that distribution practices are sustainable over the next 12 months. This will be assisted, on an as required basis, by the credit facility which is limited to \$2 Million or 20% of the assets of the Trust (whichever is the lower). This view may change in future if there is an increased risk that there could be an influx of redemptions that could not be met by the liquidity levels of the Trust.
7.5	Disclose if the scheme promotes a particular return on investments. If yes, disclose details of the circumstances in which a lower return may be	The Trust does not promote a particular return on investment although the Trust is benchmarked to be at least 1% above the UBS Australian Bank Bill rate.

	payable, together with details of how that lower return will be determined.	
	<b>Benchmark 8: Withdrawal Arrangements</b>	<b>Trilogy satisfies the benchmark</b>
8.1	Disclose the maximum withdrawal period allowed under the constitution for the scheme. This disclosure should be at least as prominent as any shorter withdrawal period promoted to investors.	Within a reasonable period, having regard to the nature of the assets, the withdrawal period as stated in the Trust's constitution will not exceed 500 days. Trilogy is not under any obligation to satisfy withdrawal requests within the shorter period.
8.2	Disclose any significant risk factors or limitations that may impact on the ability of investors to withdraw from the scheme (including risk factors that may impact on the ability of Trilogy to meet a promoted withdrawal period).	<p>Withdrawals may affect the Trust's liquidity and therefore the Trust's Constitution permits Trilogy, in certain circumstances, to suspend (meaning defer or postpone) the payment of withdrawals for such a period of time that is reasonable in a particular circumstance. An example of this may occur when there is an influx of redemptions with the Trust not having sufficient funds at that particular time to meet redemptions although the funds may be available in the future.</p> <p>In addition, Investors should note that if the Trust is not 'liquid' at any time, an Investor may only make a withdrawal in accordance with the provisions of the <i>Corporations Act</i>. These prevent Trilogy from redeeming units (i.e. by allowing withdrawals by Investors) other than in accordance with a pro rata offer made to all Investors in the Trust.</p> <p>It is anticipated that the Trust will always be a 'liquid' fund. To be a 'liquid' fund, not less than 80% of the assets of the Trust must be able to be realised within the period specified in the Constitution for satisfying withdrawal requests. That period is stated to be 500 days.</p> <p>A delay in processing an Investor's withdrawal request is possible where there are a significant number of withdrawals at the same time, which absorb the cash reserves of the Trust or if assets of the Trust are not sufficiently liquid. Trilogy is required by the Trust's Constitution to satisfy redemption requests with 500 days. In certain circumstances Trilogy may be entitled to suspend redemptions.</p>

		Liquidity may also be adversely affected in the case of construction or development loans and in that case there may be insufficient funds available to meet draw down requests when they are made. This could have the effect that the Trust is in breach of its lending terms to the borrower and in turn could delay construction or development or cause the borrower to be in breach of its agreements with contractors engaged to perform works.
8.3	Disclose the approach to rollovers, including whether the 'default' is that investment in the scheme are automatically rolled-over.	Not applicable as there is no fixed term or rollover for each investment.
8.4	Disclose if the scheme promotes a fixed redemption unit price for investments (e.g. \$1 per unit) and clearly disclose details of the circumstances in which a lower amount may be payable, together with details of how that amount will be determined.	Yes, the Trust does adopt a fixed redemption price of \$1.00. There may be situations where negative interest may occur. This fact is disclosed in the 'Risk' section of the PDS and states:  'The income entitlement for an investment in the Trust could be negative should a significant loan loss occur or be provided for by the Trust and the amount was not met by the capital loss insurance, or where expenses of the Trust exceed the income generated. If this was to occur, in accordance with the Constitution, Trilogy would redeem enough Allocated Units based on \$1.00 per unit that represent the negative income entitlement of that investment and there would be no income distribution related to that period.' This situation would result in a loss of capital to unitholders.
8.5	If withdrawals from the scheme are to be funded from an external liquidity facility, the material terms of this facility, including any rights the provider has to suspend or cancel the facility.	Normally redemptions are funded by cash reserves. If these are insufficient, then redemptions may be funded by the Westpac facility. The facility provides that all drawdowns be repaid within 60 days, that current loan book details be satisfactory to the bank and that annual audited accounts for the Trust be provided within 120 days of the end of each financial year. The facility expires on 31 May 2009 and has a variable interest rate.  The Westpac facility may be immediately reviewed or withdrawn if in the opinion of the bank, an event has occurred that may have a materially adverse effect on the borrower.  Please note that no such event has occurred.