

Trilogy Funds Management Limited
ABN 59 080 383 679
AFSL 261425

**Trilogy HealthCare REIT
ARSN 127 026 251
Second Supplementary Product Disclosure Statement (SSPDS)**

This second Supplementary Product Disclosure Statement is dated 16 July 2008 and is supplementary to and must be read together with the Supplementary Product Disclosure Statement (SPDS) dated 19 December 2007 and the Product Disclosure Statement (PDS) dated 21 November 2007 issued by Trilogy Funds Management Limited (Manager) with respect to the Trilogy HealthCare Real Estate Investment Trust ARSN 127 026 251 (Trust). ASIC takes no responsibility for the contents of this SSPDS. As the Trust is not fully subscribed, the Manager wishes to update information for investors. The Manager has considered it prudent to enter into a hedging facility to fix the interest rate applicable to a portion of the senior debt and to defer a portion of its fundraising fee so as to maintain an income distribution to investors during the Planning Phase. Since the issue of the PDS and SPDS the Manager has been exploring a number of additional options with architects and the council for the potential optimal development of the car park property and as a result of the additional options considered now believes it appropriate that the Planning and Construction Phases be redefined to provide further flexibility. The information below is to supplement and amend the information currently contained in the PDS and SPDS.

Trilogy Funds Management Limited advises the following amendments to the Trilogy HealthCare Real Estate Investment Trust Product Disclosure Statement:

1. Glossary of Terms - amend the following in Section 13 (at pages 66 and 67):

Construction Phase	Change the phrase to “Design and Construction Phase” in the Glossary of Terms and wherever it appears in the PDS and SPDS. Insert the words “design and” before the word “construction” in the definition of Design and Construction Phase.
Planning Phase	Delete the definition and replace with the following: “is the period of time prior to the commencement of the Design and Construction Phase during which a building project is conceived and planned following negotiations with existing and prospective tenants, local government and government authorities, architects, engineers, quantity surveyors and valuers and other relevant consultants but before the formal design is finalised and approvals from local government and government authorities obtained”.

2. Taxation Matters, Financial Information, Forecasts and Assumptions - amend the following in Section 8 by deleting the second paragraph on page 29 and replacing it with the following:

“There are three distinct phases for the development. The first is the Planning Phase being the initial planning stage during which a building project is conceived and planned. The second phase comprises the Design and Construction phase during which the building will be designed, approvals sought from relevant local government and government authorities and then built and fitted out. The third and final phase follows completion and occupation of the new building and represents the on-going management of the original building in conjunction with the new building.”

3. Senior Debt Hedging Facility

Insert the following at:

- a) Page 7 under 'Interest Rate Exposure' (after first paragraph).
- b) Page 25 under 'Senior Debt Facility' (at end of paragraph).
- c) Page 31 under dot point 7 in 'General Assumptions' (at end of sentence).
- d) Page 60 under the fourth paragraph in 'Financing' (at end of paragraph):

"Notwithstanding the above, the interest rate on \$4 million of the outstanding senior debt has now been capped through a hedging facility commencing 1st July 2008 for a period of six months. If the applicable interest rate is above the cap, the Trust will be paid the cash difference between the applicable rate and the cap. This provides protection of the total hedge period, and the ability to liquidate the hedge at any time with no break costs. The cost of the hedging facility is not considered material to the operations of the Trust. Further facilities may be put in place after that time and information concerning this will be available at www.trilogyfunds.com.au."

4. Fees and Other Costs - amend the following in Section 10:

Insert the following on page 48 under the table 'How and When' in respect of fees payable for 'Fundraising':

"The Manager has agreed to defer so much of any fundraising fee payable that it considers sufficient to maintain an income distribution to investors during the Planning Phase. Any deferred portion of the fundraising fee shall become payable during the Design and Construction Phase and will be met out of the debt facilities or other resources of the Trust available at that time".

5. Income Distributions

Insert the following at:

- a) Page 6 under 'Income Distributions'.
- b) Page 31 under 'General Assumptions':

"The Manager has agreed to defer so much of any fundraising fee that it considers sufficient to maintain an income distribution to investors during the Planning Phase. Any deferred portion of the fundraising fee shall become payable during the Design and Construction Phase and will be met out of the debt facilities or other resources of the Trust available at that time."

6. Risks - insert the following in Section 7 (page 27) after 'Operations':

"Income Distributions

The ability of the Manager to defer sufficient fundraising fees to meet distributions to investors during the Planning Phase will be contingent on the level of fundraising achieved by the Manager from time to time. Distributions may diminish if fundraising into the Trust, and thus the amount of the deferred fundraising fee, is insufficient."

This SSPDS dated 16 July 2008 has been issued by TrilogY Funds Management Limited
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