

Important Notice to Members

NOTICE OF PROPOSAL TO AMEND TRUST CONSTITUTION TO PARTICIPATE IN THE NEW TAX REGIME

ABOUT THIS NOTICE

This notice informs investors in the Acacia Ridge Industrial Trust ARSN 612 052 490 (**Trust**) of which Trilogy Funds Management Limited ABN 59 080 383 679, AFSL 261425 (**Trilogy**) is responsible entity that:

- Trilogy will amend the Constitution of the Trust to facilitate its operation under the AMIT regime; and
- subject to trust eligibility, Trilogy has decided that the Trust will opt-in to the AMIT regime.

Trilogy would generally need to hold an investors' meeting in order to make any material change to the Trust's constitution. Given that the in the AMIT regime affects a large number of managed investment trusts, the Australian Securities and Investments Commission (**ASIC**) has granted relief for holding such a meeting, providing notice is given to investors to explain the changes. This relief is granted under *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489*.

What is the AMIT regime?

AMIT is a significant industry-wide reform, which introduces new tax rules for managed investment trusts. The new rules are intended to reduce complexity, provide flexibility, increase certainty and minimise compliance costs for funds and their investors.

It is a new tax regime applying to managed investment schemes enacted on 5 May 2016 under certain acts, including the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016, together with additional supplemental legislation (**AMIT regime**). In order for the AMIT regime to apply, Trilogy must make an election to opt-in to the AMIT regime for the relevant Trust.

Under the current tax regime, the net (tax) income of a Trust is allocated to investors based on the investor's proportionate share of the income of the Trust to which they are 'presently entitled'.

Under the AMIT regime, investors will be assessed on the taxable income (characters) that is 'attributed' to them by a Trust on a 'fair and reasonable' basis, irrespective of the amount distributed.

What are the potential benefits from for the proposed amendments to the Constitution

Trilogy believes that, by allowing the AMIT regime to be adopted for the Trust, the amendments to the Constitution have the following potential benefits for members in the Trust:

- a removal of the potential for adverse taxation that may arise for members where there are mismatches between the amount distributed and the net (tax) income of the Trust. This is achieved through the provision of appropriate tax cost base adjustments where distributions are greater or less than the amount on which the member is assessed for tax purposes; and

- greater certainty regarding the quantum and character of any amounts distributed or otherwise passed through to members and the tax consequences of those amounts; and
- greater certainty regarding certain aspects of the tax treatment of the Trust, such as the Trust being deemed to be a "fixed trust" for income tax purposes.

When is Trilogy electing to opt-in to the AMIT regime?

Trilogy has decided to opt-in to the AMIT regime for the Trust, subject to the relevant qualification conditions being satisfied. In making this decision, Trilogy considered a range of factors, including the benefits discussed above.

Why is Trilogy proposing changes to the Constitution?

To enable the Trust to effectively operate under the AMIT regime, Trilogy is required to make changes to the Constitution. The changes facilitate the administration of the Trust under the AMIT regime in the best interests of investors in the Trust.

For a summary of the effect of the changes to the Constitution, please refer to What are the proposed changes to the Constitution? below.

When will the changes take effect?

Trilogy intends to make the changes to the Constitution shortly after this notice has been advertised to members for at least 7 days (see below).

A number of the amendments only operate for the year in which the Trust is treated as an AMIT for tax purposes.

What do investors need to do?

Trilogy will modify the Trust's Constitution as proposed, unless it receives requests within 7 days from the date of this notice from investors with at least 5% of the votes that may be cast, to call and arrange to hold a meeting of the Trust's investors.

Should Trilogy within 7 days after this notice receive requests to call and arrange a meeting of investors from investors with at least 5% of the votes that may be cast on the resolution of the meeting, it will call a meeting of investors. You will receive notice of a meeting, in writing if this is required.

If you wish to request a meeting of the Trust's investors, your request must:

- be made in writing
- include:
 - your full name
 - the name of the Trust
 - your investor ID
- be sent to info@trilogyfunds.com.au by 5.00pm (Brisbane time) Monday, 21 January 2019.

What are the proposed changes to the Constitution?

Trilogy will amend the Constitution to allow the Trust to be operated in a manner permitted under the AMIT regime. Trilogy will make these amendments effective from the date that it lodges the changes to the Constitution with ASIC (anticipated to be 22 January 2019 if no meeting needs to be called).

The purpose and effect of the amendments are summarised below:

AMENDMENT

SUMMARY OF THE AMENDMENT

New provisions in the body of the Constitution that relate to when the Trust is an AMIT for the relevant financial year

CLAUSE HEADING

EFFECT

Definitions

The Constitution contains new definitions of words relating to the AMIT regime that are used in the new clauses.

Application of income and Distribution provisions

A new clause in the Constitution provides for the AMIT rules to be applied to the Trust Distributions in instances where Trilogy has elected to apply the AMIT regime. The AMIT rules will not impact on the quantum or frequency of Trust Distributions that will be made.

Election by Trilogy

A new clause in the Constitution provides Trilogy with a discretion to elect into the provisions of the amended Constitution which facilitate the application of the AMIT Regime to the Trust. This is an empowering clause only; there is no obligation on Trilogy to make the election or to facilitate the Trust to qualify as an AMIT.

Impact of Schedule 3 if Trust is not an AMIT

A new clause clarifies that the exercise of powers by Trilogy will not be invalidated if Trilogy mistakenly regards the Trust to be an AMIT for a particular year.

Schedule 3 - Provisions that apply generally

General Powers

Schedule 3 contains the operative provisions in relation to the AMIT regime. These provisions will apply where Trilogy has elected for the Trust to operate as an AMIT under the regime. There are general powers conferred on Trilogy to comply with the requirements of the AMIT regime and enable the Trust to be properly administered and operated under the regime, as well as maintaining equity among the members.

AMENDMENT

SUMMARY OF THE AMENDMENT

Specific Powers

In particular, Schedule 3 specifically permits Trilogy to:

- determine the net (tax) income of the Trust and attribute the net (tax) income to members on a fair and reasonable basis;
- make amended attributions of taxable and non-taxable characters to Members; and
- issue AMIT Member Annual (**AMMA**) Statements to Members or amended AMMA Statements and determine their contents.

“Fair and reasonable” attribution

Schedule 3 expressly imposes the obligation on Trilogy to make the attribution of taxable and non-taxable characters on a fair and reasonable basis, as required by the AMIT regime. This includes that Trilogy must not make an attribution because of the tax characteristics of the member. Any attribution must also reflect the member’s present entitlement to the distributable income for the relevant period.

Member objection right

A new provision imposes certain procedural requirements for a member to exercise their right to object to an attribution of tax components to it under the AMIT regime and provides Trilogy with certain rights and powers in dealing with such objections. This includes, for example, the right to require the member to indemnify Trilogy for costs incurred in dealing with the objection.

Limitation of liability

A new provision is inserted that limits Trilogy’s liability with respect to the exercise of powers under the AMIT regime or under the Constitution in respect of the administration of the AMIT regime.

Indemnities for tax liabilities

A new provision is inserted that requires a member to indemnify Trilogy for any AMIT-related tax liabilities. It is not expected for the Trust to have any AMIT-related tax liabilities on the basis that all taxable and non-taxable characters will be attributed to members in accordance with the above “fair and reasonable” attribution requirement.

If you have any questions, or if you would like a copy of the proposed changes to the Constitution for the Trust please contact Trilogy Investor Relations:

Free call (within Australia)

1800 230 099

Between 8:30am and 5:00pm weekdays
(Australian Eastern Standard Time)

Trilogy Funds Management Limited ABN 59 080 383 679, AFSL 261425 is the product issuer. We have not taken your circumstances into account when preparing the above information so it may not be applicable to your circumstances. You should consider your circumstances and our Product Disclosure Statement (PDS) for the Acacia Ridge Industrial Trust ARSN 612 052 490 dated 23 May 2016 before making any investment decision. You can access our PDS on our website or by calling us. This information was prepared in good faith and we accept no liability for any errors or omissions.