TRILOGY

Milton Office Trust

PRODUCT DISCLOSURE STATEMENT
24 SEPTEMBER 2018

OFFICI

Issuer: Trilogy Funds Management Limited
ABN 59 080 383 679
AFSL 261425

TRILOGYFUNDS.COM.AU/MILTON

Table of Contents

Important information

The investment offered under this Product Disclosure Statement (PDS) is Units in the Milton Office Trust ARSN 628 273 807.

This PDS is dated 24 September 2018. Trilogy Funds Management Limited ABN 59 080 383 679 (Trilogy or the Responsible Entity or we or us), Australian Financial Services Licence (AFSL) number 261425, is the issuer of this PDS and the seller of the Units offered under 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. You should also seek your own financial advice from a licensed financial adviser. No investment in the Trust offered under this PDS, its performance or return, is guaranteed or otherwise supported by Trilogy, 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.

This PDS is available in electronic format and can be accessed via the Trilogy website www.trilogyfunds.com.au. If you receive it electronically, then please ensure that you have received the entire PDS and Application Forms. 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 11 we have included a glossary of terms that are used in this PDS.

No investments will be accepted on the basis of this document once it is replaced by a later PDS.

Visit our website www.trilogyfunds.com.au regularly for further information about the Trust, including:
- continuous disclosure notices;
- updates of ASIC Regulatory Guide (RG) 46 Benchmarks and Disclosure Principles (see Section 1.2); and
- other Trust updates.

Dear Investor

Following the successful completion of the Cannon Hill Office Trust offering last year we have sourced a further attractive commercial property asset in Brisbane and, on behalf of Trilogy, I am pleased to present for your consideration the Milton Office Trust (Trust).

The Trust intends to acquire 16 Marie Street, Milton QLD, a commercial office building at a Purchase Price of $25.5 million. The initial investment term of the Trust is intended to be six years.

The building comprises 3,902 square metres of quality commercial office accommodation over six storeys (plus basement car parking) and generates a diversified income from six tenants. The largest tenant by NLA usage is AMP subsidiary, SMSF Operations Pty Ltd (SuperConcepts), and its lease accounts for 35% approximately of total NLA of the building. The unoccupied space comprising 11% approximately of NLA is supported by a vendor rental guarantee for a two-year period.

The Brisbane near-city suburban commercial office market has received some positive attention of late with Savills reporting $535 million in transactions in the 12 months to June 2018. This interest has been received largely from offshore investors and fund managers. With little new supply projected in the near future, and declining vacancy, we believe demand for property such as 16 Marie Street Milton, and others like it, will strengthen in the medium to longer term.

The Trust aims to provide investors with monthly tax effective income which is further explained in Section 4.15. The forecast distribution yield is expected to be 7.50% per annum (Note 1) until 30 June 2020. The minimum investment is $20,000. We believe this is a compelling investment opportunity for investors seeking reliable income returns, paid monthly and the prospect of capital growth in the long-term.

We look forward to welcoming you as an Investor in this Trust. Before deciding whether to invest, please read this PDS in full and seek professional financial advice regarding your personal circumstances. Should you have any questions, please contact our team on 1800 230 099.

Yours faithfully

Rodger Bacon
Executive Deputy Chairman

Note 1: *Forecast only, net of fees and management costs, and for the periods from the Settlement Date until 30 June 2019 and for the 12-month period that follows, ending 30 June 2020. The basis of forecast calculations and key assumptions are detailed further in the PDS (see Sections 6 and 8.4) but please be aware that circumstances upon which forecasts are based may change and there is no guarantee that the forecast rates of return, or any particular level of return will be achieved*

Steps to invest

STEP 1

Read this document, consider the offer and consult your financial adviser

You should read this PDS in full before deciding whether to invest in the Trust. Pay particular attention to the risks set out in Section 6 and other information concerning Units, the Trust and its assets. These risks need to be considered in light of your investment objectives, financial situation and particular needs. Consider consulting your financial adviser, accountant or other professional adviser before deciding whether to invest.

STEP 2

Complete the Application Form that accompanies this PDS

To make an investment, complete and return the Application Form that accompanies this PDS. Investors may also download the Application Form online at www.trilogyfunds.com.au/Milton. Please take care to ensure that you complete the Application Form completely and correctly (see the form for details). The completed form must be returned in full together with any additional documentation required as set out in the relevant Application Form or this PDS. You will also need to send your Application Money. The minimum application amount is $20,000 and we will **accept payment as set out on the Application Form.**

STEP 3

Send your Application Form

You have two options for sending your application:

Option 1

Free post your application to:

Trilogy Funds Management Limited
Reply Paid 1648
Brisbane QLD 4001

Option 2

Scan and email your application to investorrelations@trilogyfunds.com.au

The application confirmation process

Once your application is received, our Investor Relations team will communicate with you in writing as your application progresses through our processes. They may also be in contact with you if further information is required.

Questions?

For further information on the Trust,
please contact your financial adviser or our team.

Freecall Within Australia 1800 230 099
Phone (07) 3039 2828
Email info@trilogyfunds.com.au
Website www.trilogyfunds.com.au/Milton

The Milton Office Trust, brought to you by Trilogy, is designed to provide investors with consistent income, potential for long term capital growth, and a commercial property investment opportunity without the usual entry costs, to assist in diversifying an investment portfolio.

This unlisted property trust has been established to acquire a modern six-storey commercial office building at 16 Marie Street, Milton, one of Brisbane's near-city commercial office precincts approximately 2km west of the CBD. Marie Street is approximately 150m from Park Road and Coronation Drive providing excellent accessibility to major roads, bike paths, and public transport including bus, ferry and train. Tenant profile in the Milton area typically but not exclusively includes professional service providers to infrastructure projects, building construction and the mining industry.

The Property is approximately 89% occupied (by NLA) and leased to a diversified list of tenants providing quality covenants. The vacant area of approximately 11% (by NLA) is covered under the rental guarantee from the vendor. The building provides 3,902 square metres of flexible, functional accommodation suitable for single and multi-tenanted offices, and 33 on-site car parks.

SECTION

01

Investment Overview

1 Weighted average lease expiry by income as at 10 August 2018.

1.1

Investment overview

THE OFFER		SECTION(S)
Offer	The offer is for Investors to subscribe for Units in the Trust up to the maximum subscription, subject to the minimum subscription being raised.	4.2
Purpose of the offer	The proceeds of this offer will be combined with debt to acquire the proposed Property.	4.2
Unit price	$1.00 per Unit	4.9
Minimum investment amount	$20,000	4.7
Maximum subscription	$15,555,000	4.2
Minimum subscription	$14,280,000. The offer is conditional upon the minimum subscription being raised by 29 November 2018 or such later date as Trilogy determines, at its discretion, as notified on Trilogy's website.	4.2

THE INVESTMENT OPPORTUNITY		SECTION(S)
Trust type	Unlisted unit trust registered with ASIC as a managed investment scheme.	4.1
Responsible Entity	Trilogy Funds Management Limited ABN 59 080 383 679 AFSL 261425	2.1 2.2
Property Manager	SPFM No 2 Pty Ltd a related party of the Responsible Entity	2.3
Investment objective and strategy	The Trust has been established specifically to purchase and hold a Property located at 16 Marie Street, Milton QLD with the objective of providing stable and regular monthly income and the possibility of capital growth over the long-term.	3
Term of the Trust	The expected term of the Trust is six years from the date of settlement of the Property purchase. Unless the term is extended, the Property will be sold, and the Trust wound up. Under the Constitution, Trilogy may extend the term up to a further two years if it believes this is in the interest of the Unit Holders, so that the Trust terminates on the eighth anniversary of the Settlement Date. If the term is so extended, it is the intention of Trilogy to seek to sell the Property prior to the eighth anniversary of the Settlement Date and wind up the Trust. Any extension of the term beyond the eighth anniversary of the Settlement Date will require the approval of Unit Holders by a special resolution. The maximum term of the Trust is the tenth anniversary of the Settlement Date. If a disposal opportunity presents itself before the sixth anniversary of the Settlement Date, Trilogy may consider selling the Property if it believes this is in the interest of Unit Holders.	4.17
Expected distribution rate	Paid monthly in arrears, normally on the eighth business day following the end of each calendar month. Distributions are forecast to be 7.50% p.a. (net of fees and assuming the maximum subscription is raised). This is limited only to the period from the Settlement Date to 30 June 2019 and for the year that follows until 30 June 2020. Forecast distributions may not be achieved; please review the assumptions as circumstances may change. You should limit the reliance you place on the forecasts.	4.5 4.6 4.15 8.1
Redemptions	Like most unlisted single property schemes, the Trust is an illiquid scheme. As such, Unit Holders have no rights to withdraw their investment during the term of the Trust.	4.16

THE INVESTMENT OPPORTUNITY		SECTION(S)
Transfer of Units	Unit Holders may be entitled to 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.	4.16
Finance Facility	Maximum expected debt will be $14,025,000, made up of: 1. the initial facility ($12,750,000 at a fixed rate by way of an interest rate swap), plus 2. the second facility (for an amount of up to $1,275,000 at a variable rate) anticipated to be available to be drawn upon at settlement to complete the acquisition of the Property if required but in any event thereafter intended to be used to fund unbudgeted capital expenditure.	4.10
Maximum subscription LVR	50%	4.10
Minimum subscription LVR	55%	4.10
Fees and other costs	Fees and other costs are deducted from the Trust and you should read Section 7 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.	7
Risks	An investment in the Trust is subject to general investment risks, specific risks of investing in a managed fund, as well as all the risks of investing in commercial property, which Investors should be aware is expected to generate higher returns but also attracts a higher risk than an investment in residential property.	6
Cooling off	No cooling off rights apply to an investment in the Trust.	12

THE PROPERTY		SECTION(S)
Property	The Property is located at 16 Marie Street, Milton QLD 4064	3
Major tenant	The largest tenant at the Property is SMSF Operations Pty Ltd (SuperConcepts) which leases 1,349 square metres over 2 floors.	3.4
Purchase Price	$25,500,000	3.1
Valuation	The valuation of the Property, as assessed by the independent valuer Jones Lang LaSalle dated 10 August 2018, is $25,500,000 (ex GST).	9

KEY DATES		SECTION(S)
Offer opening date	24 September 2018	4.2
Minimum subscription closing date	29 November 2018*	4.2
Settlement Date for the proposed property acquisition	7 December 2018**	3.1
Final Offer closing date	As soon as the maximum subscription is reached	4.2

* *Or extended to such later date as Trilogy determines at its discretion, as notified on Trilogy's website.*

** *This is the anticipated date, but it may change as Trilogy determines.*

1.2

ASIC benchmarks and disclosure principles

ASIC has developed six benchmarks and eight disclosure principles covering information against which responsible entities of unlisted property schemes are required to disclose. These are set out in RG 46 and are designed to assist Investors understand and analyse the risks associated with such schemes. They also allow Investors to compare the relative risk and return of an investment in the Trust.

ASIC Benchmarks

Disclosure against the ASIC RG 46 Benchmarks is as at the date of this PDS, unless otherwise stated, and may change during the currency of this PDS. These benchmarks will be updated at least semi-annually, and if there is a significant adverse change. Updated disclosures on the benchmarks will be available on our website www.trilogyfunds.com.au.

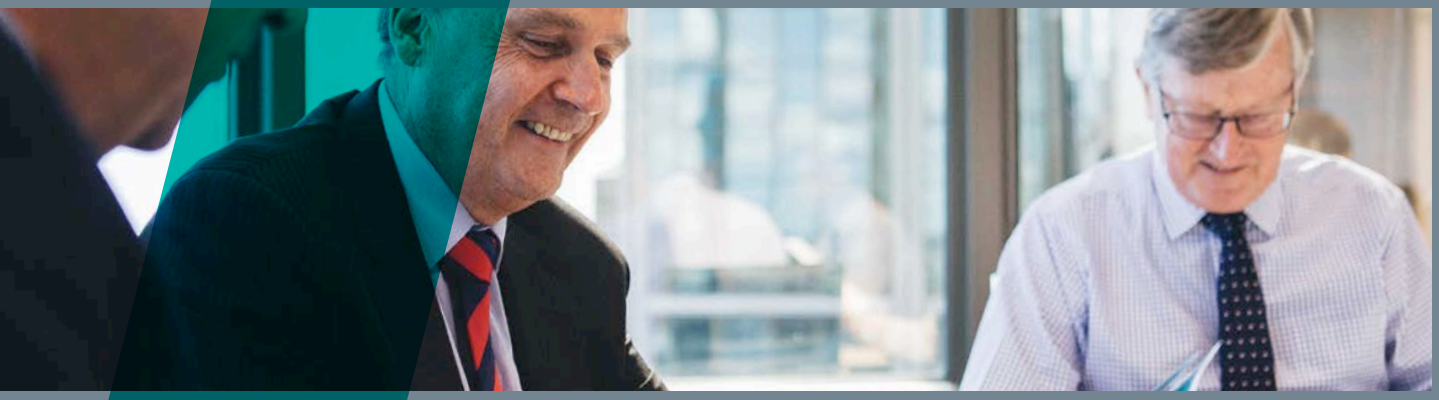
ASIC BENCHMARKS		SECTION(S)
Benchmark 1: Gearing	Trilogy meets the benchmark. Trilogy maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.	4.12
Benchmark 2: Interest Cover Policy	Trilogy meets the benchmark. Trilogy maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.	4.13
Benchmark 3: Interest Capitalisation	Trilogy meets the benchmark. The interest expense of the scheme is not capitalised.	4.11
Benchmark 4: Valuation Policy	Trilogy meets the benchmark. Trilogy maintains and complies with a written valuation policy.	3.6
Benchmark 5: Related Party Transactions	Trilogy meets the benchmark. Trilogy 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.	10.1
Benchmark 6: Distribution Practices	Trilogy meets the benchmark. After the Settlement Date, Trilogy intends to pay distributions to the Unit Holders in the Trust only from cash balances from the Trust's operations (excluding borrowings). For distributions made before that date see Disclosure Principle 6.	4.5 4.6 4.15

Disclosure Principles

Disclosure against the ASIC RG 46 Disclosure Principles is as at the date of this PDS, unless otherwise stated, and may change during the currency of this PDS. These disclosures will be updated at least twice annually, and if there is a significant adverse change. Updates on these disclosure principles will be available on our website www.trilogyfunds.com.au.

ASIC DISCLOSURE PRINCIPLES		SECTION/S
Disclosure Principle 1: Gearing Ratio	The gearing ratio calculated in accordance with the ASIC Disclosure Principle formula is anticipated to be 0.47 as at the Settlement Date. Trilogy will meet the gearing level outlined in its gearing policy.	4.12
Disclosure Principle 2: Interest Coverage Ratio	The interest cover is expected to be 0.83 times and 2.61 times for the period from the Settlement Date to 30 June 2019 and the financial year ending 30 June 2020 respectively. 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 financier for the proposed Finance Facility, the interest cover level is expected to be 3.35 times and 2.97 times for the period from the Settlement Date to 30 June 2019 and the financial year ending 30 June 2020 respectively. The proposed Finance Facility requires an interest cover ratio of 2.20 times. As a result, there will not be a breach to the Finance Facility's interest cover ratio.	4.13

ASIC DISCLOSURE PRINCIPLES		SECTION/S
Disclosure Principle 3: Scheme Borrowing	The Trust has an indicative offer of a Finance Facility but this has not been finalised and there are no current borrowings.	4.10
Disclosure Principle 4: Portfolio Diversification	In line with the Trust's investment strategy, the portfolio will contain a single property asset, the Property, as well as a minimal cash reserve. There is no intention to invest in any other unlisted property schemes.	3 4.2
Disclosure Principle 5: Related Party Transactions	Trilogy is in compliance with its policies and procedures for entering into related party agreements. The policy is monitored according to the procedures outlined in the policy.	2.3 2.4 10.1
Disclosure Principle 6: Distribution Practices	Before the Settlement Date, Investors will be issued Units in the Trust. Application Money will be deposited in an interest bearing web saver account with the Bank of Queensland pending the settlement of the purchase of the Property. Interest earned on that account will be paid as a distribution to Investors in respect of the number of days the Investors hold Units in the period up until the Settlement Date. That amount will be paid monthly in arrears to the Investor's nominated bank (or other financial institution) account. After the Settlement Date, Trilogy intends to pay distributions only from cash balances generated out of operations during the term of the Trust.	4.2 4.6 4.8 8.1
Disclosure Principle 7: Withdrawal Arrangements	The Trust is an illiquid, single property managed investment scheme. Therefore, there are no withdrawal rights.	4.16
Disclosure Principle 8: Net Tangible Assets	The Net Tangible Assets (NTA) of the Trust on the acquisition of the Property based on the forecasts presented in Section 8 is 94 cents per Unit. Thereafter, the NTA will be calculated in accordance with Trilogy's RG 46.	4.14



Trilogy Funds Management Limited (Trilogy) is the Responsible Entity of the Milton Office Trust.

Trilogy can trace its origins back to 1998 when a law firm, of which Philip Ryan was a partner, commenced an investment company managing income and property funds on behalf of investors. That company grew to become Trilogy Funds Management Limited when the investment company run by Mr Ryan merged with Trilogy, a company co-founded by Rodger Bacon, John Barry and David Hogan, after they exited Challenger Financial Services Limited in 2004. All four founders are currently in management positions within Trilogy.

Today, Trilogy 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 based on properties that yield consistent returns, paid monthly.

The role of Trilogy in acting as the Responsible Entity is to ensure that Trust assets are managed and dealt with in accordance with the Constitution, the Corporations Act and this PDS.

SECTION

02

About Trilogy (Responsible Entity)

2.1

Trilogy Board of Directors

Robert Willcocks *BA, LLB, LLM*
Independent Non-executive Chairman

Robert Willcocks is the Independent Chairman of Trilogy. He was appointed to the Board and as Chairman in October 2009. Mr Willcocks is, and has been, a director of a number of publicly listed companies. He is currently a director of the publicly listed companies Living Cell Technologies Limited and APAC Resources Limited.

He is a former senior partner of the law firm Mallesons Stephen Jaques (now King & Wood Mallesons). Since 1994 he has been a corporate adviser in a range of industry sectors.

Rodger Bacon *BCom (Merit), AAICD, SF Fin*
Executive Deputy Chairman

Rodger Bacon is a founder and the Executive Deputy Chairman of Trilogy. Prior to forming Trilogy, Mr Bacon was an Executive Director of Challenger International Limited. In this role his responsibilities included participation in the establishment of ASX listed financial services companies, the establishment of Challenger Annuities to capture 30% of annuities sales in Australia and the development of a property portfolio worth more than $2.6 billion. He also acted as Chairman of the Credit Committee.

Prior to joining Challenger, Mr Bacon worked with the Schroder Merchant Banking Group for 15 years where he gained experience in all aspects of funds management including domestic and foreign fixed interest and direct property portfolios, management of equities, research and analysis and corporate finance. He is a former member of the Schroder Merchant Bank Board in Australia. Mr Bacon is a Senior Fellow and is a former National Board Member of the Financial Services Institute of Australasia and is an Associate of the Australian Institute of Company Directors.

Philip Ryan *LLB, Grad Dip Leg Prac, F Fin, FTIA*
Managing Director

Philip Ryan is a founder and the Managing Director of Trilogy and was instrumental in the formation of the company. He is also a member of Trilogy's Compliance Committee and Investment Committee and acts as General Counsel for Trilogy. Mr Ryan has been a solicitor of the Supreme Court of Queensland and of the High Court of Australia for 30 years, specialising in corporate and commercial law. Mr Ryan was a partner in a Brisbane law firm for 20 years and was a founding director of the funds management entity which evolved into Trilogy. In addition to qualifications in law he has qualifications in mortgage lending (Diploma of Mortgage Lending) and financial services and investment and is a Fellow of the Financial Services Institute of Australasia.

John Barry *BA FCA*
Executive Director

John Barry is a founder and an Executive Director of Trilogy Funds. He is also Chairman of Westpac RE Limited and spent five years as a senior consultant to ABN AMRO in its infrastructure and funds management area. Prior to joining Trilogy Funds, Mr Barry was an Executive Director and Head of Property at Challenger International Limited, where he was instrumental in its growth as a broad based financial services company. He was actively involved in the establishment of the Endowment Warrants, the acquisition and management of the Howard Mortgage Trust and the structure and establishment of Challenger's long term annuities. Mr Barry is a Chartered Accountant and worked with Coopers & Lybrand both in Australia and the UK. Following this he worked in the corporate advisory area of Morgan Grenfell Australia and was a Director of Rothschild Australia Limited.

Rohan Butcher *BSc Quantity Surveying, Lic Real Estate, Reg Builder*
Non-executive Director

Rohan Butcher is a Non-Executive Director of Trilogy Funds and a member of the Lending Committee. Mr Butcher has more than 20 years' experience in construction and property having worked in quantity surveying, estimating, project administration, development management, planning and project management across both construction and development projects. He has been involved in a number of major projects within the residential, retail and commercial property sectors, while undertaking a variety of senior appointments with major public and private companies. Mr Butcher is a member of Master Builders Queensland.

2.2

Senior executives

Justin Smart *BA Com, CPA*
Chief Operating Officer

Justin Smart has been the Chief Operating Officer for Trilogy and Director of RELM since 2007. He is also a Certified Practising Accountant. Prior to joining Trilogy, Mr Smart held various senior management roles within the financial services sector. He worked with Aussie Home Loans and QBE Insurance. He also acted as the Financial Controller for the Australian Commonwealth Government's HIH Insurance Relief Scheme and was the Financial Controller for Charles Taylor Consulting's (UK listed Mutual Insurance Manager) Australian operations. Mr Smart commenced his career with a multinational Chartered Accounting firm, specialising in audit. He was seconded across various Australian offices as well as their New York office.

Mr Smart's expertise encompasses technology, strategic planning and program delivery, and reviewing existing systems and processes to improve operational efficiencies. This combined with his experience across audit, insurance, home loans and funds management gives him a unique understanding of driving efficiencies within the industry.

David Hogan *AFAIM, A Fin*
Head of Property Assets

David Hogan has substantial property finance industry experience. He was a co-founder of Trilogy in 2004 and applies his experience in property investment performance management, capital structuring, mortgage backed lending and unlisted property trusts to the management of Trilogy' property assets.

Mr Hogan is also the Chairman of the Trilogy Lending Committee and is a member of the Treasury Committee.

Mr Hogan was previously an Executive Director of Challenger and played a significant role in the development of its global commercial property portfolio, which had an estimated value in excess of $2.6 billion.

Clinton Arentz
Head of Lending, Property Acquisition and Development

Clinton Arentz has over 20 years' experience in asset and facilities management, property development, and project delivery. Prior to joining Trilogy, he provided project structuring and development delivery services on commercial, industrial and residential projects in Brisbane and regional Queensland. Many of his previous projects have been recognised by industry groups including Master Builders Queensland and Northern Territory, the Urban Development Institute, the Property Council of Australia and Business Review Weekly.

An experienced company director, Mr Arentz has extensive property background and enjoys a wide industry network and deep market knowledge. In particular, he has start-to-finish project delivery experience in medium density residential, commercial and industrial new development and repositioning, as well as urban renewal and urban infill projects.

2.3

Property Manager (SPFM No. 2 Pty Ltd (SPFM))

SPFM, a related party of Trilogy, is the property manager for the Trust. Its role within the Trilogy group and in respect of the Trust is to seek property investment opportunities and oversee the day to day management of its property assets. This role includes tenant management, maintenance, capital expenditure, development/expansion opportunity assessment and implementation, and leasing.

SPFM is appointed, as a related party service provider to the Trust. Further details are set out in the financial information in Section 8. In addition to the costs of SPFM the Trust will also pay third-party property management fees which are recoverable from the tenants under the terms of the leases and are not an additional cost to the Trust. Under the agreement with SPFM, it may also be retained to carry out further functions in respect of the Trust, such as lease negotiations, project management, and sales and marketing services.

2.4

Registry service provider (RELM Australia Pty Ltd (RELM))

RELM provides Trilogy's 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. RELM is a related party of Trilogy and its fees are paid by the Trust pursuant to a services agreement.

16 Marie Street, Milton is a modern commercial office building that provides 3,902 square metres of quality commercial accommodation over six storeys. The Property's income is derived from a diversified tenant profile with quality lease covenants.

SECTION

03

About the Property


16 MARIE STREET


Hanson

3.1
Summary

Purchase Price	$25,500,000
Settlement Date	7 December 2018 (This is the anticipated Settlement Date, but it may change as Trilogy determines.)
Location	16 Marie Street, Milton, QLD, 4074
Net Lettable Area (NLA)	3,902 square metres
Site area	1,207 square metres with a 28m frontage to Marie Street
Title Details	RP91427/L1 & RP95492/L1
Planning Scheme	Brisbane City Plan 2014
Zoning	MU1 Mixed Use (Inner City), Milton Neighbourhood Plan, Office A Sub-Precinct NPP-003A
Built	2009
Car parking	30 secured basement bays + 3 under croft bays
Occupancy (by NLA)	89% leased. The unoccupied space is supported by a vendor rental guarantee for a two-year period from property settlement.
Major tenant, (% by NLA)	SMSF Operations Pty Ltd (SuperConcepts) (35% approximately)
NABERS energy rating	4 stars

* *Refer to Section 9 Independent valuation of the Property.*

3.2
Near city location

Milton is located less than two radial kilometres from the Brisbane CBD. The Brisbane near-city office market has received some positive attention as of late with Savills reporting $535 million in transactions in the 12 months to June 2018. This interest has been received largely from funds and trusts.

Little new supply in near-city office space is projected over the next two years. Further to the slow development of new supply, a large portion of inner-city suburban office space has been withdrawn from the market for either repositioning or refurbishment. This is expected to maintain demand for near-city suburban stock and maintain rent stability in the medium term.

3.3
Building and Property Information

16 Marie Street is a modern commercial office building that provides 3,902 square metres of quality commercial accommodation over six storeys. The design provides tenants with flexible floor plates suitable for single and multi-tenanted offices. The building has 28 metres (approximately) street frontage along Marie Street and provides tenants with substantial parking with 30 secured basement bays (20 of which are in tandem), 3 under croft bays plus visitor parking at the entryway. In addition, there is a long-term licence for an extra 19 open air parking bays from the adjacent property.

Building Services

16 Marie Street's characteristics include a functional design and favourable sustainability ratings.

Lifts	Two Schindler passenger lifts service all floors with a maximum capacity of 844kg each.
Fire protection	The building is fully fitted with a fire indicator panel (FIP), smoke detectors, brigade alarm signalling equipment, emergency warning system and manual call points. There are also hose reels and extinguishers throughout the building.
Security	Automated building management and security systems that control access to the building, including entry points and elevators.
Air conditioning	Several independent reverse cycle ducted split and condenser units are located on level 5. Ducted air-conditioning is provided throughout the building.
Amenities	Separate male and female amenities are located on each floor. An end-of-trip facility is located in the basement. The facility provides showers, lockers, bicycle racks and storage cages.

Building Improvements

Foundation and structure	Reinforced concrete slab construction.
Flooring	Reinforced concrete covered by tiling in lobby and carpet to common areas.
Ceiling	Suspended panel ceiling with recessed lighting and services.
Roofing	Reinforced concrete slab with waterproof membrane.
Façade	A combination of Alucobond or concrete panels. Testing has confirmed that the aluminium composite panels contain fire retardant core material.

3.4

Tenant information

SMSF Operations Pty Ltd (SuperConcepts)

SuperConcepts Pty Ltd is a market-leading SMSF operator offering administration, education and software services across a suite of brands under the SuperConcepts banner. SuperConcepts is the product of a rebranding exercise undertaken by AMP Capital, with the top-20 ASX listed company retaining 100% ownership of the business and guaranteeing its lease in the building.

LEASE	
NLA	1,349 sqm
% of total NLA	35% approximately
Current office rental	$920,943.00 p.a.
Car parking	12 parking bays
Lease expiry	30 June 2024
Options	1 x 5 year
Bank guarantee	6 months' rent plus GST

Oniqua Pty Ltd (Oniqua)

Headquartered in North America, the Oniqua Intelligent MRO group of which Oniqua is a member, provides IT solutions to the world's largest mining and logistics companies including Rio Tinto and Vale. Operating across an array of industries including oil and gas, petrochemical, manufacturing, mining and utilities, the Oniqua Intelligent MRO group has more than $12 billion of inventory under management across hundreds of sites located in more than 30 countries.

LEASE	
NLA	585 sqm
% of total NLA	15% approximately
Current office rental	$313,204 p.a.
Car parking	4 parking bays
Lease expiry	14 October 2020
Options	Nil
Bank guarantee	4 months' rent plus GST

Katestone Environmental Pty Ltd

Katestone Environmental Pty Ltd (Katestone Environmental) has been a leading provider of expert air quality and meteorology services across Australia for the past three decades, providing high quality consulting services to clients in the mining, energy, government and agricultural sectors.

LEASE	
NLA	539 sqm
% of total NLA	14% approximately
Current office rental	$300,083 p.a.
Car parking	3 parking bays
Lease expiry	14 August 2019
Options	1 x 3 year
Bank guarantee	6 months' rent plus GST

M R Cagney Pty Ltd

Since its inception in 2000, M R Cagney Pty Ltd (MR Cagney) has grown to become one of Australia's leading and most trusted transportation consultancies. With offices in Australia and New Zealand, MR Cagney advises on an array of complex projects within the traffic engineering, urban design, planning and transport strategy spheres.

LEASE	
NLA	441 sqm
% of total NLA	11% approximately
Current office rental	$232,158 p.a.
Car parking	3 parking bays
Lease expiry	30 June 2024
Options	1 x 5 year
Bank guarantee	$40,000 bank guarantee

Atira Pty Ltd

Atira Pty Ltd (Atira) is a specialised provider of student accommodation facilities throughout Australia, having successfully developed sites in Brisbane, Melbourne and Adelaide with over 5,200 beds under management. With Australia's student accommodation industry worth $18 billion, Atira Pty Ltd aims to address the infrastructure required to accommodate the expansion of this sector.

LEASE	
NLA	310 sqm
% of total NLA	8% approximately
Current office rental	$158,100 p.a.
Car parking	2 parking bays
Lease expiry	14 January 2021
Options	1 x 3 year
Bank guarantee	4 months' rent plus GST

Ridegmill Pty Ltd

Ridgemill Pty Ltd (Ridgemill) is a specialist project management firm having provided professional services in the management and control of the development process since 1991. With expertise lying within the Queensland development industry, Ridgemill maintains a national client base across a diverse range of industries including commercial, education, health and aged care as well as community and charity initiatives.

LEASE	
NLA	261 sqm
% of total NLA	7% approximately
Current office rental	$119,605 p.a.
Car parking	2 parking bays
Lease expiry	6 September 2019
Options	Nil
Bank guarantee	3 months' rent plus GST

Vendor Rental Support

The vendor has provided the security of a rental guarantee of $475,000 for a 2 year period covering office and parking rental.

LEASE	
NLA	417 sqm
% of total NLA	11% approximately
Rental guarantee	$216,500 p.a.
Car parking	5 parking bays
Expiry	2 years from Settlement Date, or earlier on leasing.

3.5
Tenancy Schedule

Tenant name	Premises	Tenancy area (sqm)	Annual rental ($/pa)	Rental rate ($/sqm)	Outgoings recoverable ($/pa)	Car park rental ($/pa)	Lease + option term (years)	Lease start
SuperConcepts	Level 3 & 4	1,349	920,943	683	29,293	61,488	15+5	1 July 2009
Oniqua	Level 5	585	313,204	535	8,950	11,681	11	15 October 2009
Katestone Environmental	Ground Level	539	300,083	557	12,404	12,924	7+3	15 August 2012
MR Cagney	Part Level 1	441	232,158	523	9,202	14,740	10+5	1 July 2014
Rental Support	Part Level 2	417	216,500	520	-	21,000	2	From Settlement Date
Atira	Part Level 2	310	158,100	510	4,497	8,400	3+3	15 January 2018
Ridgemill	Part Level 1	261	119,605	458	3,215	6,721	3	7 September 2016

Income Summary

Current rental income	$2,262,640
Car park income	$140,168
Other income	$55,976
Recoverable outgoings 2016/17	$67,561
Current gross income	$2,526,345
Less outgoings	$325,783
Current net annual passing income	$2,200,562

3.6
Valuation Policy

The following rules apply to valuations of the Property for the Trust:

- all external valuations must be performed by panel valuers, who must undergo an accreditation process prior to formal inclusion on the panel;
- the valuer must be registered in the state or territory in which the Property is situated;
- Trilogy should instruct the valuer;
- the panel valuer must be independent of the vendor and Trilogy;
- the panel valuer must be instructed to prepare the valuation report in a format that clearly sets out the primary methodology used and a secondary check valuation methodology, in accordance with the instructions;
- all valuations must state a replacement value for the purpose of allowing Trilogy to determine the amount of insurance required;
- no one individual valuer (as opposed to a valuation firm) should conduct more than one third of the total valuation work undertaken for a specific fund (this is not applicable for a single property asset fund, such as the Trust);
- the valuation report should include a statement that the valuation complies with all relevant industry standards and codes;
- valuations are on an 'as is' basis; and
- any conflicts of interest will be dealt with in accordance with Trilogy's Conflicts of Interest Policy.

In relation to timings for valuations:

- Trilogy must ensure that property assets are independently valued before they are purchased and at least once every three years, and more frequently as may be required by the Constitution; and
- Trilogy should ensure that property assets are independently valued within two months after the directors form a view that it is likely there has been a material change in the value of a property.

A copy of the Trilogy Valuation Policy is available for Unit Holders by contacting Trilogy on 1800 230 099.

This section provides information on the offer and the Trust and should be read in conjunction with the information contained elsewhere in this PDS.

This PDS offers Investors the opportunity to participate in the Trust which, subject to a successful capital raising, will purchase the Property at 16 Marie Street, Milton QLD.

04 The Offer and the Trust

4.1
Structure of the Trust

The Trust is a single asset, fixed term, closed end unit trust. It is structured as a registered managed investment scheme. The Responsible Entity is Trilogy Funds Management Limited, AFSL number 261425.

Units, the subject of this PDS, will be issued as ordinary fully paid Units. They will be issued at $1.00 each. The rights and obligations of the Unit Holders are set out in the Trust's Constitution.

4.2
The Offer

The offer for the acquisition of Units in the Trust is made by Trilogy, the issuer and seller of the Units. Trilogy is seeking to raise maximum equity of $15,555,000 through this offer, plus maximum debt of $14,025,000, so as to acquire the Property at 16 Marie Street, Milton QLD. The offer opens on 24 September 2018 and is intended to close as soon as fully subscribed or on 29 November 2018. Trilogy reserves the right to change the closing date, including to shorten the offer period and the right to extend the latest date for receiving Application Money, subject to the Corporations Act, at any time, at its absolute discretion. If the minimum subscription amount of $14,280,000 is not raised by 29 November 2018 or such later date as Trilogy determines, at its discretion as notified on Trilogy's website, the offer will not proceed.

4.3
Sale PDS

In order to facilitate the provision of equity funding for the Trust, Trilogy, as the Responsible Entity, may on one or more occasions prior to the Trust being fully subscribed, subscribe for and issue Units to itself in its personal capacity. The Units so issued (Sale Units) will be held by Trilogy in its personal capacity and Trilogy will be personally subject to the risks and entitled to the benefits of beneficial ownership of the Sale Units. Trilogy may, at its discretion, treat any one or more applications to acquire Units under this PDS as an application for Trilogy to sell Sale Units held by Trilogy (in its personal capacity) to that applicant. If Trilogy elects to sell Sale Units to an applicant, that applicant will not be subject to any additional costs. It is Trilogy's intention to sell all Sale Units issued to it during the currency of this PDS but may elect not to do so.

4.4
If the offer does not proceed

If Trilogy determines not to proceed with the offer for any reason, including that the minimum subscription amount is not achieved by the closing date (or such other date as Trilogy determines):

1. any Units already issued will be compulsorily redeemed by Trilogy. In these circumstances, each Investor will receive a total redemption amount equal to the number of Units they hold multiplied by the issue price of $1.00, plus an amount representing interest, as noted below, up to the date of the redemption; and
2. any Application Money for which Units have not been allotted will be returned to the Investor, plus interest.

4.5
Distributions before settlement of the Property

Prior to the Settlement Date, Application Money will be deposited in an interest-bearing web saver account with the Bank of Queensland. Units will be issued during the offer period and prior to the Settlement Date as applications are accepted by the Responsible Entity. Bank interest earned during that period will be paid to Unit Holders as a distribution, based on the number of days the Unit Holders hold their Units and the number of Units held, and the interest earned on that account to the Settlement Date. That amount will be paid monthly in arrears to the Investor's nominated account.

4.6
Distributions after settlement of the Property

After the Settlement Date Investors will be entitled to receive distributions per Unit held. Distributions will accrue and be paid monthly, approximately eight business days following the end of the month.

Investors who do not provide a valid Tax File Number (TFN) or exemption will have tax deducted from this distribution (see Section 8.5).

4.7
Minimum investment amount

The minimum investment is $20,000, and thereafter in multiples of $1,000. However, Trilogy has the discretion to accept applications for lesser amounts either generally or on a case-by-case basis.

4.8
Issue of Units

Units in the Trust will be issued upon receipt of Application Money. Trilogy reserves the right to reject any application and/or to allocate a lesser number of Units than applied for.

As a Unit Holder, you have a beneficial interest in the assets of the Trust, including the Property, and your returns are dependent on the performance of the Trust. The number of Units allotted to each Investor determines their proportional entitlement to participate in income and any capital distributions from the Trust.

4.9
Issue Price

All Units under this PDS are issued at $1.00 each.

4.10
Finance Facility

Trilogy has received indicative terms, subject to risk approval from the financier, of a Finance Facility from an Australian bank. The proposed Finance Facility will be comprised of two separate loan facilities. The first is an initial fixed term (Facility 1), fixed rate facility which represents a loan-to-valuation ratio (LVR) of 50.00% to be fully drawn at the Settlement Date. There is an ability to access a second facility (Facility 2) which will be a variable or floating rate facility. Subject to final confirmation of terms this can be drawn down in part or in whole on the Settlement Date so as to provide funds, if needed, for settlement but any drawdown for this purpose may be repaid in full from further subscription of

units. Thereafter it may be drawn down in part or in whole at any time during the term of the loan so as to fund any unbudgeted capital expenditure. Both Facility 1 and Facility 2 (fully drawn) represent an LVR totalling 55.00% based on $25,500,000, being the current independent valuation of the Property. The Finance Facility is available only for three years from the Settlement Date. The indicative terms are further specified below:

Purchase Price of the Property	$25,500,000
Combined Facility Limit	$14,025,000

FACILITY 1	
Drawn amount	$12,750,000
Term	3 years from Settlement Date
Interest rate	4.64% p.a. (fixed rate) (*Note 1*)
Loan-to-valuation ratio (LVR)	50.00% (calculated as the drawn amount of $12,750,000 divided by $25,500,000, being the independent valuer's valuation of the Property, see Section 9)
FACILITY 2	
Funds available	Up to a drawdown limit of $1,275,000
Term	3 years from Settlement Date
Interest rate	4.63% p.a. (variable rate) (*Note 2*)
Loan-to-valuation ratio (LVR)	50.00% initially, possible LVR – 5.00 % (calculated as the available funds under the second loan facility divided by $25,500,000, being the independent valuer's valuation of the Property, see Section 10)
Loan-to-valuation covenant (Note 3)	Up to 5.00% (and when aggregated with Facility 1, LVR of the combined facilities up to 55.00 %) (calculated as the available funds under Facility 2 divided by $25,500,000, being the independent valuer's valuation of the Property, see Section 9)

Note 1: *Facility 1 is a 3 year fixed rate loan with a quoted interest rate of 4.64% p.a. (current as at 11 September 2018).*
Note 2: *Facility 2 is a 3 year variable rate loan with a quoted interest rate of 4.63% p.a. (current as at 11 September 2018), comprised of the financier's Business Variable Rate of 1.85 % p.a., a customer margin of 2.47 % p.a., plus costs of 0.31% p.a. Facility 2 will only be drawn upon as needed to fund:*
(a.) unbudgeted capital expenditure items, i.e., those items that were not identified in the technical due diligence report,
(b.) funding to complete the settlement of the Property purchase.
The interest rates on both facilities however are subject to change at any time prior to settlement of the Property purchase and during the term of the Finance Facility. Refer to Sections 6.6, 6.7, 6.8 and 8.4 for more information on the Finance Facility.
Note 3: *If the combined drawn amount of the two loan facilities exceeds 55.00% of the value of the assets used as security, 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 the Property if the Finance Facility cannot be refinanced with an alternative lender on satisfactory terms.*

4.11 Interest capitalisation

Interest is not capitalised for the Trust.

4.12 Gearing ratio

The liabilities and assets used to calculate the gearing ratio are based on the Trust's financial forecasts outlined in Section 8 of the PDS. Thereafter, the calculation will be made based on the figures in the latest financial statements. The gearing ratio is calculated using the following formula:

$$\text{Gearing ratio} = \frac{\text{total interest-bearing liabilities}}{\text{total asset}} = 0.47 \text{ (assuming maximum subscription)}$$

It gives an indication of the potential risks a scheme faces in terms of its level of debt. The ratio measures the extent to which the acquisition of assets has been financed by creditors. If the ratio is less than 0.50, then the majority of a scheme's assets are financed using Investors' equity. If the ratio is greater than 0.50, the majority of a scheme's assets are financed using debt. As the gearing ratio for the Trust (being 0.47 as at the Settlement Date, assuming maximum subscription if achieved) is less than 0.50, this means that the majority of the Trust's assets are financed using Unit Holder equity. The gearing ratio as at Settlement Date based on minimum subscription will be 0.51.

Investors should note that the gearing ratio calculation under RG 46 in Section 1.2 and this Section 4.12 does not represent the 'LVR' or the loan-to-valuation ratio of the Trust's Finance Facility, which is calculated as the total value of interest-bearing liabilities divided by the independent valuation of the Property.

4.13 Interest cover

The interest cover ratio for RG 46 purposes in Section 1.2 is calculated using the following formula:

$$\text{Interest cover} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{interest expense}}$$

Period Ending	30 June 2019*	30 June 2020
Interest cover (forecast) (*Notes 1 and 2*)	0.83	2.61
EBITDA (forecast) (*Notes 1 and 2*)	$310,996	$1,669,126

* *from the Settlement Date to 30 June 2019*

Note 1: *The calculation of interest cover in accordance with ASIC's policy in RG 46 Disclosure Principle 2 in Section 1.2 and this Section 4.13 includes all costs including upfront cost to acquire the Property and to establish the Trust. This differs to the definition in the proposed financier's interest cover policy, in which interest cover is to be calculated as net passing rental income as a percentage of interest on the Finance Facility for the period 1 July to 30 June annually.*
Note 2: *The interest cover ratio calculated in accordance with the proposed financier's policy is expected to be 3.35 and 2.97 for the period from the Settlement Date to 30 June 2019 and the year to 30 June 2020, respectively. The Finance Facility requires an interest cover ratio of 2.20 times. As a result, there will not be a breach to the Finance Facility's interest cover ratio.*

If the amount available over a relevant period to meet interest payments falls below 2.20 times the amount of the interest payments over that period 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 the Property if the Finance Facility cannot be refinanced with an alternative lender on satisfactory terms.

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. Similarly, 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.

4.14 Net Tangible Assets

Net Tangible Assets (NTA) is calculated using information from the Source and Application of Funds table in Section 8.2 of the PDS and in accordance with RG 46 as:

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

Using this definition from RG 46, the NTA for the Trust as at the completion of the offer and the settlement of the purchase of the Property is forecast to be 94 cents per Unit. Refer to Section 8.3 for more information.

What does NTA mean?

NTA represents the residual value per Unit of a Trust's assets calculated at a point in time. Trilogy's policy is to exclude accumulated depreciation, derivative financial instruments, and straight line rental asset/liability from the calculation of NTA in the period from acquisition until an external valuation is commissioned, at which time the carrying value of the investment property (it is a requirement to obtain an external valuation within 3 years from the date of acquisition) will be deducted from the Net asset value per unit calculation, and the value ascribed by the external valuer will be included in the calculation. Should Trilogy seek to sell the investment property and wind-up the Trust, the net assets of the Trust will be adjusted to account for estimated selling and disposal costs, and performance fees (if applicable). Therefore, to the extent that the NTA at any time is less than the price paid for a Unit, it is also an approximate measure of the risk of a capital loss as at the relevant point of time.

4.15 Forecast Distributions

	JUNE 2019*	JUNE 2020
Distribution (*Note 1*)	7.50% p.a.	7.50% p.a.
Estimated non-assessable ("tax deferred") distribution percentage (*Note 2*)	58.13%	77.71%
Estimated gross tax effective income return (*Note 3*)	11.37% p.a.	12.67% p.a.

* from the Settlement Date to 30 June 2019

Note 1: *Annualised return based on the issue price of $1.00 per Unit. Refer to Section 8 of this PDS for further information, including the assumptions on which the forecasts are based.*
Note 2: *Formerly 'tax deferred'. Please note that non-assessable distributions should reduce an Investor's cost base of their Units for capital gains tax purposes. This estimate is indicative only and will be finalised following settlement of the Property. Further details on non-assessable distributions can be found in Section 8 of this PDS.*
Note 3: *Gross tax effective income return is the return an Investor receives, assuming the highest marginal rate, including the Medicare levy is applied to the entire distribution. This estimate is indicative only.*

Distributions will be paid by electronic funds transfer to each Unit Holder's nominated bank account. Distributions will normally be paid monthly in arrears. Unit Holders will participate in distributions on a pro-rata basis.

The distribution per Unit will be determined by dividing the total amount available for distribution (as determined by Trilogy and in accordance with the Constitution) for any given period by the total number of Units on issue at that time.

4.16 Withdrawals and transfers

As the Trust will be investing in real property, it will not be a 'liquid' scheme, as defined in the Corporations Act. This means that Unit Holders will have no right to withdraw their investment during the term of the Trust. As such, Investors should consider this offer as a long-term (at least six years) and an illiquid investment.

Unit Holders are entitled to 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. For a transfer to occur, a Unit Holder must identify a willing purchaser of their Units and the Responsible Entity must consent to the transfer. You should contact the Responsible Entity before you transfer your Units.

4.17
Term of the Trust

The expected investment term of the Trust is six years from the Settlement Date. Trilogy is permitted under the Constitution to extend the term for a further two years. It will notify Unit Holders if it does so. After the sixth anniversary of the Settlement Date (but in any event prior to the eighth anniversary), Trilogy will seek to sell the Property and wind up the Trust. Any extension beyond the eighth anniversary will require approval of Unit Holders by a special resolution (that is, one that is passed by at least 75% of the votes cast by Unit Holders entitled to vote on the resolution). However, the term of the Trust may not exceed 10 years from the Settlement Date. The completion of the sale of the Property may not occur until after the date of termination of the Trust.

At its absolute discretion, the Responsible Entity may sell the Property at any time during the term of the Trust, including before the sixth anniversary of the Settlement Date, if it believes it is in the interest of Unit Holders. The extension of the term of the Trust, or its early termination, may be for a number of reasons, including the overall state of the property market, or sale conditions applicable to the Property specifically at the relevant time. See also Sections 6.2 and 6.9 as to the risks relating to the term of the Trust.

4.18
Investor communications

Unit Holders will be kept informed of the status of their investment with monthly distribution statements, periodic statements, Attribution Managed Investment Trust Member Annual (AMMA) statement (i.e. annual statement of taxable income), RG 46 updates and annual financial reports. These reports will contain current information about the Trust, including Trust performance, the debt position, and Property-specific matters. Trilogy's Unit Holders in the Trust have a choice as to how they wish to receive communications from Trilogy. Please make your selection on the Application Form. If you take no action, then please note that the default position is that all Investor communications will be emailed to the email address you provide, and the annual reports will be posted on the Trilogy website www.trilogyfunds.com.au. You may change your selection at any time by notifying us in writing by the Change of Details Form on the Trilogy website www.trilogyfunds.com.au

4.19
Wholesale Investors and investing through investment platforms

Trilogy will waive or reduce fees for wholesale investors or investment platforms, in its discretion. 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 Corporations Act requirements and the legislative instrument (*ASIC Corporations (Registered Schemes – Differential Fees) Instrument 2017/40*) relating to differential fees. Investors may obtain further details by contacting Trilogy on 1800 230 099.

Wholesale Investors

Who is a wholesale investor?

Product value test

Where the initial amount paid by the Investor at the time of investment in the Trust is at least $500,000. The person will remain a wholesale investor even if the value of their investment subsequently falls below $500,000.

For investments less than $500,000, the following tests apply:

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;
- trustees of superannuation funds, approved deposit funds, pooled superannuation trusts and public sector superannuation schemes under the Superannuation Industry (Supervision) Act 1993 with net assets of at least $10 million; and
- a person who controls at least $10 million.

Investment platforms

You may invest in the Trust through an investment platform, also referred to as wraps and investor directed portfolio services (IDPS). Trilogy authorises the use of this PDS as disclosure to Investors who wish to access the Trust through investment platforms (Indirect Investors).

Indirect Investors who gain exposure to this Trust through a master trust, wrap account or IDPS do not:

- become Unit Holders in the Trust, nor do they acquire the rights of a Unit Holder in the Trust. The operator of the master trust, wrap account or IDPS 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 Trilogy, nor do they directly participate in Investor meetings or the winding up of the Trust.

Indirect Investors in master trusts, wrap accounts or IDPS should consult their operator to obtain information on how their operator deals with applications, transfers, interest distributions and timing, fees and expenses and monitoring of their investments. Such Indirect Investors should also read the disclosure document issued by the operator of the relevant master trust, wrap account or IDPS. Indirect Investors who are retail clients are able to access Trilogy's internal dispute resolution procedures in some cases. For further details about complaints handling see Section 10.1 of this PDS.

05 GENERAL MARKET OUTLOOK

According to many market commentators, the Queensland economy is in the midst of a strong recovery. This is further supported by a number of investments outlined in the latest Queensland Budget (2018-19) which demonstrates a significant investment in key areas for Brisbane, in particular.[2]

HEALTH
$6 BILLION

INFRASTRUCTURE
$2.72 BILLION

EDUCATION
$183.5 MILLION

Queensland economic growth is consistent with that of the greater nation at almost 3% per annum. Unemployment is slightly higher than the national average. At the end of the December quarter 2017, the State was reported as home to 4.96 million people.[3] This represents an increase of 1.7% on the previous year, above the national average. Many commentators are saying that the Queensland economy is benefiting from those in flight from property prices in the southern states relative to those in the State.

Key economic performance indicators for Queensland are positive.

	PERIOD	AUSTRALIA	QUEENSLAND
Economic growth (YoY %)	March 2018	3.1%	2.9%
CPI (YoY %)	December 2017	1.9%	1.7%
Retail turnover (YoY %)	May 2018	2.8%	1.4%
Unemployment rate (%)	March 2018	5.4%	6.0%
Population (% p.a.)	December 2017	1.6%	1.7%
Official Cash Rate (% p.a.)	September 2018	1.5%	N/A

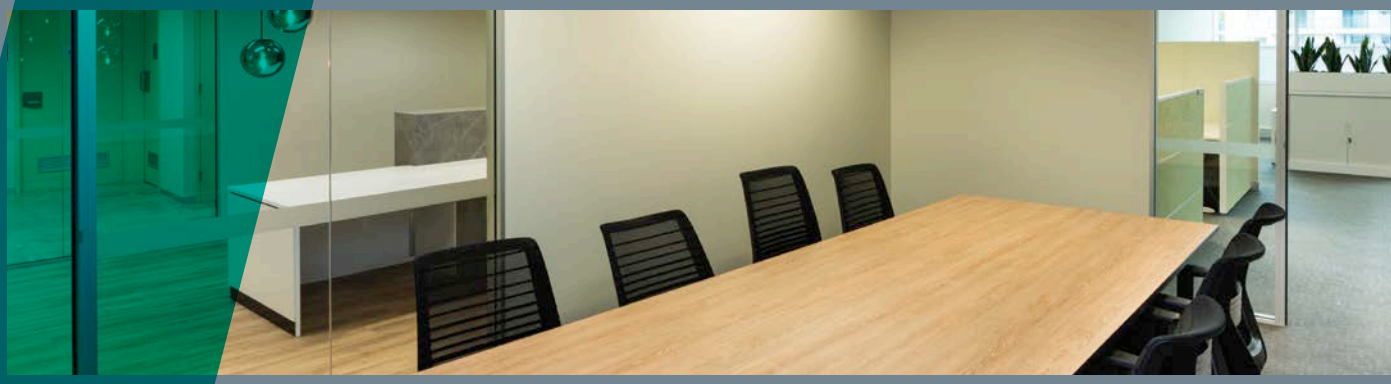
In 2017, over 27,000 square metres of near-city commercial office space was withdrawn from the market, either permanently, for change of use, or for refurbishment.[4] There are only two new commercial office properties to provide additional supply to the inner-city suburban market in 2018. The larger of the two developments has already been 100% pre-committed by Aurion (some space available for sub-lease) and the second is 43% pre-committed to Aurecon. Knight Frank reports that many projects being proposed however, will not move to construction.

Vacancy in Milton has been largely spread across three properties. Two of these properties, in particular, became vacant after Origin Energy consolidated premises into a single location in the CBD. The July Property Council of Australia (PCA) vacancy statistics take this large vacancy in these two buildings into account. The property with this large and statistically distorting vacancy has now been leased by several major occupiers and is now 100% occupied. Two of the three tenants accounting for approximately 8,500 square metres of space are new to Milton, having vacated other near-city locations. We are advised that this reduces the overall Milton vacancy by approximately 4% and it follows that this should therefore reflect in a more favourable statistic in the January 2019 PCA figures. It also provides confirmation that Milton continues to appeal to major users for its amenity, access to public transport and cost effectiveness. Other B Grade buildings have, over the past nine months experienced improved leasing activity.

Other vacancy is also showing positive signs for improvement in the midst of much-needed upgrades and re-positioning of a number of office buildings to a higher standard. As tenants are looking to upgrade their premises, consistently seeking higher quality accommodation, A-grade office vacancy is below secondary space. Savills reports that the vacancy for inner-city suburbs, grouped as a whole, is below that of the CBD at 14.5%.[5] Leasing activity is dominated by Government and community tenants, followed by mining, and IT and communications related industries.

Interest in commercial office property remains strong from foreign investors, and domestic funds and trusts. Increased investor interest in 2017 delivered record transaction levels for the year.

2 Queensland Budget 2018-19 Regional Action Plan
3 http://www.qgso.qld.gov.au/products/reports/pop-growth-qld/qld-pop-counter.php
4 Knight Frank Brisbane Fringe Office Market Overview May 2018
5 Savills Research Briefing **Brisbane Fringe Office** August 2018



All potential Investors should be aware that subscribing for an investment in the Trust involves various risks.

This section identifies some of the major risks associated with an investment in the Trust, and thus in property investments generally. Prospective Investors should read the whole of this PDS in order to fully understand such matters. Trilogy actively manages risk under its risk management program, and those risk mitigation measures are incorporated in the Compliance Plan for the Trust. In the case of an investment in the Trust, the following considerations generally apply to most Investors.

These comments are intended as a guide only and are not an exhaustive list. Trilogy recommends that Investors seek professional financial advice before making a decision about investing.

06 Investment Risks

Risks to consider before investing in the Trust

6.1 Capital risk

Unit Holders' 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.

6.2 Term

This is a long-term investment and should be treated as such. While the proposed life of the Trust is six years from the Property purchase Settlement Date, ultimately this depends on the future property market conditions and Trilogy's ability to sell the Property in accordance with the planned strategy.

6.3 Property market risk

The nature of this investment is fundamentally equivalent to a direct property investment. Accordingly, risks commonly associated with investing in commercial property apply equally to this investment. These potential risks include forecast assumptions not eventuating. The factors that may affect the value of the Property, its ultimate sale and time taken to sell the Property include:

- general economic conditions such as inflation, inflationary expectations, unemployment, and general movements in wages and salaries, which result in a general downturn in the property market;
- movements in interest rates which may have a negative impact on the attractiveness of property compared to other investment opportunities and may adversely impact on the capitalisation rate that may apply to a valuation of the Property;
- lack of demand for the type of property or the area in which it is located;
- competition from new developments and/or 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;
- natural disasters, social upheaval, events of terrorism or war involving Australia, or events causing global disruption;
- industrial disputes; and
- changes in the law or government policy that may affect the investment and the attractiveness of an investment in the Trust.

6.4 Insurance risk

Damage to the Property 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 insurance policy entered into. It may be that in unusual circumstances insurance may not cover some or all of a particular loss, thus resulting in a loss to Investors.

6.5 Leasing risk

As disclosed in Section 3.4, two leases will expire in 2019 and the rental guarantee over the space vacant at the date of this PDS will end two years from the Settlement Date. There are no guarantees that the current tenants of the Property will renew their leases when they expire or that the current vacant area will be leased. Any vacancy will diminish the income available to the Trust and, if persisting at the time of the sale of the Property, it may negatively impact the value of the Property and thus the capital return to Unit Holders.

While leases impose legally-enforceable obligations on tenants, it is possible for tenants to default on their obligations and thus for costs to be incurred in enforcement proceedings and, if necessary, the re-leasing of the tenancy. With respect to any vacancy arising in the premises, 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. This could diminish the income available to the Trust.

6.6 Refinancing risk

As disclosed in Section 4.10, the initial finance term is three years. On expiry of the finance term, if Trilogy and the lender agree, the loan facility may be extended or refinanced. If there is no such agreement, it will constitute a default under the loan facility terms. Where the loan facility is extended or refinanced, interest rate exposure for any such period may be different from that during the forecast period and will be subject to any proposed interest rate hedging to be undertaken by Trilogy. The refinancing may be on terms more or less favourable than the terms of the initial loan. If Trilogy is unable to refinance the loan from any source, the Property will be sold and the Trust will be terminated.

6.7 Interest rate risk

As the interest rate of the first finance facility will not be fixed until drawdown of the Finance Facility upon settlement of the purchase of the Property, and given the second finance facility is a variable rate loan, there is a risk that the actual interest rates incurred will differ from those indicated in the financial forecasts in this PDS. In the event interest rates exceed those contained within the forecast, distributions paid to Investors may be reduced.

6.8 Gearing risk

The Trust will use a Finance Facility to partly fund the purchase of the Property, together with funds raised from Investors. Because the lender does not participate in capital gains, the effect of this is to increase the potential of capital gain for Investors, but this also increases any capital loss for Investors if the value of the Property falls, as the financier must be repaid

the principal amount outstanding on the loan and outstanding interest or costs before distributions are made to the Investors.

Any rise or fall in the value of the Property therefore has a corresponding disproportionate effect on equity held by Investors.

Investors are referred to Sections 4.10 and 4.13 concerning borrowings used to acquire the Property. If there are not sufficient funds to meet interest payments on the Finance Facility, the lender may want to enforce its security over the Property. However, the lender will not require Investors to contribute any more cash than their original total investment.

6.9
Liquidity risk

There is no established external secondary market for the sale of Units in the Trust. Investors may arrange for their own private sale with the approval of Trilogy. There is no right for Investors to require these Units to be purchased either by Trilogy or by any other person, or to have their Units redeemed.

6.10
Foreign exchange risk

Where an Australian Investor invests using funds converted from a currency other than the Australian dollar without a hedge, they will carry a risk of an increase or decrease in the Australian dollars against the currency they converted from, which may lead to an increase or decrease in distributions and eventually on the capital return they receive.

Specific Trust risks

6.11
Consultancy services

Trilogy, as responsible entity of the Trust, 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 and may be affected by factors completely outside its control.

6.12
Unexpected capital expenditure

Trilogy has sourced a technical due diligence review of the building. A ten year forecast of capital expenditure and repairs and maintenance has been prepared based on the findings of the technical due diligence review. Refer to Section 8 for more information as to what has been provided for in the financial forecast for 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. A cash reserve will be held to be put towards this unexpected capital expenditure. The cash reserve needed cannot be forecast and may prove inadequate.

6.13
Operations risk

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

6.14
Assumption risk

There is a risk that one or more, or even all of the assumptions listed in Section 8.4 used to determine the financial information may be incorrect, may not eventuate, or may produce a different outcome. This in turn may affect the return on investment forecast in Section 8.

6.15
General investment risks

Changes to the regulatory environment relating to financial services, taxation and other regimes may adversely affect Unit Holders in the Trust. Government policies may affect the Trust in a number of ways that could be detrimental or beneficial to Unit Holders. There can be no guarantee that investor confidence in property investment will not change in a manner adverse to the Unit Holders in the Trust. The general economic and political climate in which the Trust operates, or other like events, are outside the control of Trilogy.

6.16
Responsible Entity and related party risk

Trilogy is the Responsible Entity of the Trust. In this capacity, there is the risk that Trilogy may be removed as the Responsible Entity of the Trust or that a change of key personnel or key service providers, such as SPFM, may adversely affect the way in which the Trust is managed. Related parties and conflicts of interest risk are addressed by Trilogy in accordance with its *Related Party Transactions and Conflicts of Interest Policy*.

6.17
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.

07 FEES AND OTHER COSTS

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 contribution fees and management costs where applicable. 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)** website (www.moneysmart.asic.gov.au) has a managed funds fee calculator to help you check out different fee options.

The warning above 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 end benefits. The example given is not intended to represent an investment in the Trust. For an additional description of the fees and costs charged by the Trust, please read this section in full.

7.1

Fees and costs

The following table shows fees and other costs that may be charged in respect of an investment in the Trust. These fees and costs may be deducted from the Investor's money or from the returns on the Investor's investment or from the Trust assets as a whole. Taxes are set out in another part of the PDS (see Section 8.5).

Investors should read all of the information about fees and costs, as it is important to understand their impact on the investment. All fees and costs set out in this section include GST less any applicable RITCs, unless otherwise stated. The fees and costs throughout this section are estimated at maximum subscription and refer to the 7 month time period from the Settlement Date until 30 June 2019, known as "Period 1". Investors should be aware that if there is a delayed settlement of the Property Purchase for any reason, Period 1 may be less than 7 months.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees 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
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

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Management Costs (*Note 1*) **The fees and costs for managing your investment**		
Ongoing management fee	Management fee of up to 0.50% p.a. (***Note 2***) of the Trust's gross asset value (GAV)	Payable to Trilogy monthly in arrears from the assets of the Trust
Expenses	Estimated at 0.18% p.a. of the Trust's GAV for Period 1 (Estimated at 0.31%p.a. for Period 2)	Payable to Trilogy as and when incurred from the assets of the Trust
Asset Origination Fee	2.00% of the Property purchase price	Payable to Trilogy Funds upon completion of the purchase of the Property from the assets of the Trust
Disposal and Administration Fee	A fee equal to either 1.25% of the Disposal Price, or the Surplus Funds, whichever is the lesser	Payable to Trilogy from the assets of the Trust as soon as possible after the receipt of the proceeds of the sale of the Property
Performance Fee	A performance fee is payable when the Disposal Margin exceeds 10.00%. See Section 7.4 for further details about the performance fee, which is calculated as follows: • 1.00% of the Disposal Price; plus • 20.00% of the portion of Surplus Funds that exceeds the amount of Surplus Funds required to achieve a Disposal Margin of 10.00%	Payable to Trilogy from the assets of the Trust soon as possible after the receipt of the proceeds of the sale of the Property
Service Fees		
Switching fee The fee for changing investment options.	Nil	Not applicable

Note 1: *The components of the ongoing management costs are discussed in more detail in Section 7.4 entitled 'Additional explanation of fees and costs'.*

7.2

Example of annual fees and costs – Period 1

This section requires the Responsible Entity to provide an example of how the fees and costs of the Trust can affect an investment during a period of one year.

This example is a reasonable estimate only for the Trust's first period of operation (which is anticipated to be only 7 months). Investors should use this table to compare an investment in the Trust with other managed investment products.

Example for Period 1		Balance of $50,000[1] in "Period 1"
Contribution Fee	Nil	You will not be charged a contribution fee.
PLUS Management Costs	0.82%[1,2]	For every $50,000 you have in the Trust, you will be charged approximately $410 in Period 1.[3]
PLUS Asset Origination Fee in Period 1	3.28%[4]	For every $50,000 you have invested in the Trust, you will be charged approximately $1,640 in Period 1.[5]
EQUALS total cost of Trust in Period 1 only	4.10%	If you had an investment of $50,000 at the beginning of Year 1, including the upfront Asset Origination Fee, you would be charged approximately $2,050 in Period 1.[6]

Note 1: *This example is based on an investment of $50,000 and does not take into account any further contribution of $5,000 as the Trust will be closed to new investments in Period 1.*
Note 2: *When taking into account the gearing within the Trust, management costs are estimated to be 0.87% p.a. of the Trust's GAV.*
Note 3: *This amount does not include any Asset Origination Fee, Disposal Fee or Administration and Performance fees. Refer to Section 7.4 for further explanation of these fees.*
Note 4: *Based on the upfront Asset Origination Fee charged to the Trust at the Settlement Date equal to 2.00% of the Purchase Price of the Property multiplied by a proportionate Unit Holding of 50,000 Units out of expected total Trust Units of 15,555,000.*
Note 5: *This amount will only be incurred in Period 1 and has been apportioned to reflect the first 7 months. Refer to Section 7.4 for further explanation of the Asset Origination Fee.*
Note 6: *Including the upfront Asset Origination Fee, the total cost of the Trust in Period 1 is 4.10% of a $50,000 investment. This amount reflects the cost of the Trust in Period 1, being the 7 month period anticipated from the Settlement Date to 30 June 2019 only, and Investors should note that the fees and costs in other years may differ.*

7.3

Example of annual fees and costs – Period 2

The table below gives an example of how the fees and costs of the Trust can affect an investment during the Trust's second year of operation, referred to in the example below as Period 2. This example is a reasonable estimate only for Investors to use to compare an investment in the Trust with other managed investment products. This example is for the 12 months from 1 July 2019 to 30 June 2020.

Example for Period 2		Balance of $50,000[1] in Period 2
Contribution fee	Nil	You will not be charged a contribution fee.
PLUS Management Costs	1.39%[2,3]	For every $50,000 you have in the Trust, you will be charged approximately $695 in Period 2.[4]
EQUALS Total cost of Trust in Period 2 only	1.39%	If you had an investment of $50,000 at the beginning of Period 2, you would be charged approximately $695 in Period 2.[4]

Note 1: *This example is based on an investment of $50,000 and does not take into account any further contributions of $5,000 as the Trust will be closed to new investments during Period 2.*
Note 2: *The management costs in Period 2 include the Responsible Entity's management fee of 0.50% p.a. of the Trust's GAV and estimated expenses of 0.31% p.a. of the Trust's GAV.*
Note 3: *When taking into account the gearing within the Trust, including the Responsible Entity's management fee of 0.50% p.a. of the Trust's GAV, management costs are estimated to be 1.47% p.a. of the Trust's net assets.*
Note 4: *This amount does not include any Disposal and Administration Fees or Performance Fees. Refer to Section 7.4 below for a further explanation of these fees.*

7.4

Additional explanation of fees and costs

Under the Constitution, the Responsible Entity and/or SPFM are entitled to all of the fees and reimbursement of expenses described in the tables in this section. All fees and costs include GST, less any applicable RITCs.

Ongoing management costs

Management fees

Trilogy 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 Trilogy defers payment of all or part of its base management fee for any period, the fees will accrue until paid. Trilogy will pay a portion of the management fee to SPFM as remuneration for its property management services.

Expenses

These are the out-of-pocket expenses and other costs that Trilogy 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, amending the Constitution of the Trust and establishing and maintaining registers and accounting records.

This also includes expenses incurred by Trilogy in respect of related party service providers, external service providers and advisers, including compliance costs and audit, accounting and legal fees. Trilogy is entitled to be reimbursed from the assets of the Trust as and when Trilogy incurs the relevant expense. An estimate of Trilogy's recoverable expenses for the period from Settlement Date to 30 June 2019 is 0.18% p.a. of the Trust's gross assets (and for Period 2 it will be 0.31%).

Asset origination fee

This fee is payable to Trilogy for its efforts involved in locating the Property, negotiating its purchase and undertaking the due diligence in respect of the Property and is calculated as 2.00% of the Property purchase price. This fee is payable upon completion of the purchase of the Property and is not charged against individual Unit Holders. As an example, based on the Purchase Price of the Property of $25,500,000, the fee payable to Trilogy will be $561,000 (including GST).

Disposal and administration fee

This fee is payable to Trilogy as an incentive to maximise the sale proceeds of the Property and is equal to either 1.25% 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.

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 in relation to the Property asset, the total cost of it to the Trust including Purchase Price, commission, stamp duties, valuation fees 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:

- Trilogy sold the Property for $27,500,000. After deducting $580,000 of selling and legal fees, the net sales proceeds figure of $26,920,000 represents the Disposal Price.

- The Acquisition Cost of the Property was $24,034,331, comprised as follows:

Purchase Price	$22,650,000
Stamp duty	$1,282,900
Titles office transfer fee	$78,832
Legal fees	$22,599
Acquisition Cost	$24,034,331

- The Disposal Price ($26,920,000) exceeds the Acquisition Cost ($24,034,331) by $2,885,669 (Surplus Funds).
- Surplus Funds expressed as a percentage of the Acquisition Cost = $\frac{\$2,885,669}{\$24,034,331}$ = 12.01% (Disposal Margin).

The Disposal and Administration Fee is calculated as the lower of 1.25% of the Disposal Price ($26,920,000 x 1.25% = $336,500) or the Surplus Funds ($2,885,669). Based on the example above, the Disposal and Administration Fee would be $336,500.

Performance fee

This fee is payable to Trilogy upon disposal of the Property, if certain benchmarks are met, as an incentive for Trilogy to maximise returns on behalf of Investors in the Trust. If payable, this fee is in addition to the Disposal and Administration Fee described above.

A performance fee is payable when the Disposal Margin exceeds 10.00%. In accordance with the defined terms used in the paragraph above to describe the Disposal and Administration Fee, 'Disposal Margin' means Surplus Funds expressed as a percentage of the Acquisition Cost.

This is calculated as:

a) 1.00% of the Disposal Price; plus

b) 20.00% of the portion of Surplus Funds that exceeds the amount of Surplus Funds required to achieve a Disposal Margin of 10.00%.

This fee is payable to Trilogy from the Trust assets as soon as possible after the receipt of the proceeds of the sale of the Property.

Example of calculation of Performance Fee

The following example set out below is provided for information purposes only to illustrate the calculation of a Performance Fee, if applicable. Actual results may vary significantly from those in this example.

Following on from the example calculation of the Disposal and Administration Fee above, as the Disposal Margin is greater than 10%, a Performance Fee will also be payable.

- 1.00% of the Disposal Price equals $269,200 ($26,920,000 x 1.00%).
- To achieve a Disposal Margin of 10.00% the Disposal Price must be equal to $26,437,764 (being an Acquisition Cost of $24,034,331 x 1.10). This would give Surplus Funds of $2,403,433 (Disposal Price $26,437,764 less Acquisition Cost $24,034,331).
- The excess of actual Surplus Funds over the amount required to achieve a Disposal Margin of 10.00% equals $482,236 ($2,885,669 – $2,403,433).
- 20.00% of the portion of Surplus Funds that exceeds the amount of Surplus Funds required to achieve a Disposal Margin of 10.00% equals $96,447 ($482,236 x 20.00%). Based on the example above, the Performance Fee would be $365,647 ($269,200 + $96,447).

Adviser service 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 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 Trilogy may arrange to pay amounts from your Application Money to your financial adviser as an adviser fee if you direct us to do so.

Professional services fees

Trilogy 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.

Differential fees

Trilogy 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. As set out in Section 4.19 the waiver or reduction of fees will be on an individual basis, and only in accordance with the Corporations Act requirements and the legislative instrument (ASIC Corporations (Registered Schemes – Differential Fees) Instrument 2017/40) relating to differential fees, and Trilogy's retains its discretion. Investors may obtain further details by contacting Trilogy on 1800 230 099.

Transaction costs

Transaction costs are costs incurred by the Trust in relation to the acquisition and sale of the Property. They include brokerage, stamp duty, legal and tax advice and property settlement costs. The Trust will incur approximately $1,579,769 of stamp duty, transfer fees, and legal fees on acquisition of the Property. This equates to upfront costs of approximately 5.77% of the Trust's gross assets, or $4,996 for a $50,000 investment in the Trust.

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. Trilogy reserves the right to waive, reduce or defer any of the fees and expenses described in this PDS without notice.

Variation and waiver of fees

Trilogy 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 Unit Holders will increase.

Except as referred to below, Trilogy may cease its waiver or deferral of fees to which it is entitled at any time.

As at the date of this PDS Trilogy has waived the transfer fee, which is a maximum of 5.00% (plus GST) of the value of the Units transferred. Administration costs incurred by Trilogy may also be charged. It may cease waiving all or some of the transfer fee but will only do so after giving at least 30 days' notice to Investors on its website.

08 FINANCIAL INFORMATION

The information in this Section 8 contains forecasts as to the returns from the Trust, the anticipated Source and Application of Funds, and the resulting Pro Forma Balance Sheet. It also sets out the key assumptions on which these forecasts are made, and financial information is provided. All figures set out in this section are net of GST, unless otherwise stated.

It is essential that Investors understand that:

- the financial material in this Section 8 has been prepared in accordance with Australian Accounting Standards unless otherwise stated; and
- the financial material in this Section 8 is based on the key assumptions in Section 8.4. While Trilogy has reasonable grounds to believe that the key assumptions are reasonable, they must be treated as assumptions only. Any one or more of them may not eventuate and the outcome may therefore be different from that which has been forecast. Without limitation, this applies to the forecast returns in Section 8.1. You should consider this as a risk which may affect the return to you on your cash contribution to the Trust together with the other risks set out in Section 6 of this PDS.

In relation to the forecast returns in Section 8.1:

- there is no guarantee that the forecast return on your cash contribution will be achieved. Forecasts are estimates only and may not reflect actual future performance. They are therefore not indicative of future performance;
- the forecast returns are for the limited periods indicated and do not go beyond 30 June 2020. No forecast is given and cannot be implied as to the performance of the Trust after that date. Investors should understand that past performance is also not indicative of future performance; and
- Trilogy is unable to make forecasts for periods greater than two years according to ASIC RG 170.39 – 170.41.

8.1

Forecast returns

FUND INCOME	PERIOD FROM SETTLEMENT DATE TO 30 JUNE 2019 (NOTE 1)	YEAR ENDED 30 JUNE 2020
Net Property income	$1,330,268	$1,885,237
Total income	$1,330,268	$1,885,237
Fund Expenses (*Note 2*)		
Responsible Entity management fees	$79,289	$131,898
Audit and taxation fees	$16,660	$29,274
Expense recoverables – Other (*Note 3*)	$3,208	$5,638
Expense recoverables – Registry (RELM)	$18,724	$32,901
Expense recoverables – Property costs (SPFM)	$583	$1,025
Custodian fees	$8,750	$15,375
Total expenses	**$127,215**	**$216,111**
Net operating income	$1,203,054	$1,669,126
Interest on Finance Facility	$373,042	$639,500
Net Income after Interest Expense	$830,012	$1,029,626
Net distributions received by Investors (*Note 4*)	$680,531	$1,166,625
Contribution towards/(from) cash reserve	$149,481	($136,999)
Contribution towards cash reserve carried forward		$149,481
Net contribution towards cash reserve		$12,482
Return on cash contributions (*Note 5*)	7.50%	7.50%
% Return which is non-assessable	**58.13%**	**77.71%**

You must read the further information in Section 4.15 and the associated risks in Section 6, including in Sections 6.3, 6.7, 6.8, 6.11 and 6.12, as well as the Key assumptions in Section 8.4.

Note 1: *The forecast relates to the time period from Settlement Date to 30 June 2019.*

Note 2: *With the exception of the Responsible Entity management fee, all Trust expenses for the year commencing 1 July 2019 will increase by CPI, which is estimated to be 2.50% p.a.*

Note 3: *Other expenses include Professional fees, ASIC and bank fees.*

Note 4: *These returns are calculated on the cash subscribed by Investors excluding funds provided under the Finance Facility, but after payment of interest on the Finance Facility.*

Note 5: *Annualised return based on the Unit price of $1.00 per Unit.*

8.2

Source and Application of Funds

The following table sets out the cash flows associated with the acquisition of the Property and the establishment of the Trust, based on the maximum subscription amount. All figures set out in Table 8.2 include GST (where applicable).

SOURCE OF FUNDS	AMOUNT
Total cash subscribed by Investors	$15,555,000
Finance Facility from financier (initial draw)	$12,750,000
TOTAL OF FUNDS RAISED	**$28,305,000**

APPLICATION OF FUNDS	AMOUNT
Purchase of Property	$25,500,000
Stamp duty	$1,446,775
Titles Office – Transfer Fee	$88,994
Loan establishment fee	$17,000
Legal fees (debt)	$12,000
Legal fees (property settlement)	$44,000
Legal and accounting fees (PDS)	$30,525
Due diligence report	$18,200
Valuation	$16,707
PDS preparation and marketing costs	$300,000
Research report	$19,800
Asset origination fee	$561,000
Cash reserve	$250,000
TOTAL	**$28,305,000**

8.3

Forecast Pro Forma Balance Sheet

The following table sets out the Forecast Balance Sheet of the Trust at the Settlement Date. All figures set out in Table 8.3 include GST less any RITCs.

ASSETS	AMOUNT
Cash at bank	$250,000
Other receivables (Note 1)	$58,173
Investment property (at cost) (Note 2)	$27,075,769
TOTAL OF FUNDS RAISED	**$27,383,942**

LIABILITIES	AMOUNT
Borrowings	$12,750,000 (Note 3)
Capitalised borrowing costs	($29,000)
TOTAL LIABILITIES	**$12,721,000**
NET ASSETS ATTRIBUTABLE TO INVESTORS	**$14,662,942**

Units on issue	15,555,000
NTA PER UNIT	**$0.94**
GEARING RATIO	**0.47[3]**
Gearing ratio	0.47

Note 1: *Represents the GST receivable on acquisition costs.*
Note 2: *Investment property (at cost) includes stamp duty and legal fees associated with the acquisition of the Property.*
Note 3: *The gearing ratio assuming maximum subscription is 0.47 based on the target gearing of 50% LVR which may be increased to 55%. At this higher LVR and the minimum subscription, the gearing ratio is 0.51.*
Table 8.1 Forecast returns and Table 8.3 Forecast Pro Forma Balance Sheet have been prepared in accordance with Australian Accounting Standards and Australian Income Tax Law with the exception of the following:

- *Table 8.1 has not been prepared in accordance with AASB 117 Leases. This Accounting Standard states that rental income due on a lease that contains fixed annual review charges must be recognised on a straight line basis over the entire term of the lease.*
- *Net Property Income as shown in Table 8.1 represents the actual rental income due from the tenant for each relevant financial year, which is in alignment with the assessment of taxable income for income tax purposes.*
- *Table 8.1 has been prepared on the basis that the current year loss provisions in Schedule 2F of the Income Tax Assessment Act 1936 are not applicable. In this respect, if there is a 50% or greater change in the Investors that are entitled to the income or capital distributions from the Trust in a year of income, then the current year loss provisions in Schedule 2F may be applicable. These provisions require the Trust to divide its income year into separate periods with each period ending when there is a 50% or greater change in the Investors that are entitled to income or capital distributions from the Trust. The Trust is then required to determine the notional income or notional loss for each separate period, with income and expenses being apportioned to the period to which they relate in accordance with the prescribed methodology. The sum of the notional income amounts will result in the net (tax) income of the Trust for the year. The application of these provisions may impact the taxable components of distributions to investors and in particular reduce the percentage of distributions that are not assessable.*
- *Table 8.3 has not been prepared in accordance with AASB 117 Leases. Under this Accounting Standard the difference between the straight line rental income recognised in each financial year and the actual rental income due from the tenant for the same period is to be recognised as an asset/ liability of the Trust. The figures contained within Table 8.3 do not contain this asset/liability as Trilogy believes it will distort the value assigned to the total assets of the Trust.*
- *The NTA has been determined based on the financial position of the Trust immediately after settlement of the Property, and does not incorporate revenues and expenses of the Trust post acquisition of the Property.*

8.4
Key Assumptions

Investors should appreciate that many factors which affect actual results may be outside the control of Trilogy or may not be capable of being foreseen or accurately predicted. As such actual results may differ from the forecasts.

Settlement Date and Purchase Price	The acquisition of the Property is assumed to be completed in accordance with a proposed Settlement Date of 7 December 2018 at a Purchase Price of $25,500,000.
Net property income	The forecast includes rental income from tenant leases and outgoings collected less outgoings expenditure as well as well as some lease incentives, vacancy allowence, and letting fees as set out below.
Rental income	Rental income is assumed to increase at annual intervals throughout each year at either CPI, 3.2% p.a. or 4% p.a., specific to the terms of each tenant's lease.
Lease incentive, vacancy allowance, and letting fees	No provision for lease incentives, vacancy allowances or letting fees in the forecast period up to 30 June 2019. For leases that expire during the financial year ended 30 June 2020, an amount has been included for lease incentives of $47,523, vacancy allowances of $69,546 and letting fees of $38,827. Letting fees may range from 7.00% p.a. to 12.00% p.a. (plus $5,000 for legal fees) of the first year's rent.
Make good allowance	No provision for make good allowance has been provided for in the forecast for the period from the Settlement Date to 30 June 2019 or the period to 30 June 2020 respectively.
Outgoings expenditure	Under the terms of the current leases, outgoings expenditure includes items such as statutory rates, building insurance, property management fees, and building maintenance costs. All tenants contribute towards outgoings expenditure, however SMSF Operations (SuperConcepts) does not contribute to Land Tax. Outgoings recovery is calculated from a base year with each tenant contributing a proportion of costs above the base year amount (measured by area of occupation). Base year is defined as the total outgoings (in the year that the lease commenced).

Repairs and maintenance and capital expenditure

The vendor engaged building consultants Napier Blakeley Pty Ltd, to prepare a Technical Due Diligence Report (TDD Report, assigned to Trilogy) which recommended capital expenditure allowances. Additional provision has been made for unpredicted capital expenditure requirements.

	Year 1	Years 2 to 5	Years 6 to 10	Total
Napier & Blakeley	$0	$24,000	$396,000	$420,000
Forecast in model	**$0**	**$163,636**	**$418,182**	**$581,818**

The value of capital expenditure will be capitalised in the Trust's balance sheet in accordance with AASB 116 Property, Plant and Equipment.

Where possible, repairs and maintenance will be borne by the tenants which is in accordance with their respective leases.

Expense recoverables

Expense recoverables include the costs of service providers (including related party service providers) which are deducted directly from the Trust assets, including for registry fees, printing and postage expenses, travel inspection costs, and compliance fees.

Cash reserve

A cash reserve allowance of $250,000 has been included in the Source and Application of Funds to assist the Trust in meeting its financial obligations, including but not limited to unbudgeted repairs and capital expenditure.

Refer to assumption above, Repairs and maintenance and capital expenditure, for further details.

Interest costs

The proposed Finance Facility will be split into two separate facilities, both of which will be available for an initial three year term.

The first facility is a fixed rate loan and the total interest charge on the facility has been assumed at 5.00%p.a., which is 0.36% p.a. (5.00% p.a. less 4.64% p.a.) higher than the indicative offer (refer to Section 4.10), which provides a buffer in the event that the final interest rate applying to the facility is higher than the indicative offer.

The second facility is a variable rate loan comprised of a Business Variable Rate and a customer margin set by the proposed financier. The total interest charge on the facility has been assumed at 5.00% p.a., which is 0.37% p.a. (5.00% p.a. less 4.63% p.a.) higher than the indicative offer (refer to Section 4.10) which provides a buffer for interest rate fluctuations up to this percentage throughout the term of the loan.

LVR

The Finance Facility is expected to have a maximum Loan-to-valuation Ratio covenant of 55.00% on the combined drawn borrowings of the two finance facilities if both are fully drawn.

Interest Cover Ratio

The Finance Facility is expected to have an Interest Cover Ratio covenant of not less than 2.20 times. The Interest Cover Ratio calculated in accordance with ASIC's RG 46 Disclosure Principle 2 (refer Section 4.13) is expected to be 0.83 times and 2.61 times from the Settlement Date to 30 June 2019 and the year to 30 June 2020, respectively. The Interest Cover Ratio calculated in accordance with the financier's definition for the Finance Facility is expected to be 3.35 times and 2.97 times for the period from the Settlement Date to 30 June 2019 and the year to 30 June 2020, respectively. Therefore, the Trust by following this policy will not be in breach of its Finance Facility covenants.

Taxation allowances

Trilogy has adopted the estimated Division 40 (plant and equipment depreciation) and Division 43 (building allowance) taxation allowances as set out in the Indicative Depreciation Schedules prepared by Napier & Blakeley Pty Ltd. This estimate is indicative only.

GST

The Trust is registered for GST. As such, the impact of GST payments and recoveries should be neutral to the extent the Trust's supplies are not financial supplies. The forecast has been adjusted to include the cost of GST on any financial supplies.

Financial supplies

Some of the Trust's acquisition transactions are deemed to be financial supplies which can affect the Trust's entitlement to recover input tax credits where the financial acquisitions threshold has been exceeded. Financial supplies that fall into this category include independent research costs, legal and accounting fees (for the PDS), and PDS preparation and marketing costs. The forecast includes the non-recovery of GST on these items.

8.5
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 take into account any changes in the tax law or future judicial interpretations of the law after this time. Moreover, the following information does not take into account 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. Trilogy does not purport to offer any taxation advice.

The Trust

The Trust is a closed 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 distribution or 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 income distributions differ to the net (tax) income of the Trust.

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

It is intended for the Trust to qualify as a Managed Investment Trust (MIT) as defined in the income tax law. Assuming the Trust qualifies as a MIT, a choice will be made by the Trust to elect into the Attribution Managed Investment Trust (AMIT) taxation regime. The tax outcomes for Investors from election into this AMIT regime should not materially differ to these outcomes noted above, though there should be greater certainty of the taxation position. In particular, it is noted that:

- 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 and 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 your 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 new tax cost base adjustment mechanism, which may result in increases or decreases to the tax cost base of their Units in the Trust, 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 and in accordance with the Trust's Constitution and this PDS.

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 Trilogy 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 ultimate 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, non-assessable distributions referred to above do not include a distribution of the CGT concession amount. Such CGT concession 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 concession 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 concession, 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 concession amount is regarded as a separate non-assessable amount. The capital gains and CGT concession amount 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.

It is noted that an announcement was made in the 2018 Federal Budget that a MIT will no longer be eligible for the CGT concession from 1 July 2019. However, the CGT concession should still continue to be available to eligible Investors in a MIT. This announcement has not been legislated as at the date of this PDS.

Disposal / Redemption of Units

For an Australian resident Investor, the redemption or disposal 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. Australian income tax may be payable on any net capital gain that is made for the relevant income year.

A capital gain is made where the capital proceeds from the disposal or redemption exceeds the cost base of the relevant Unit. A capital loss is made from the disposal or redemption where the capital proceeds from the disposal or redemption of the Unit are less than the reduced cost base of the Unit. In order to determine their capital gain or capital loss position from the disposal or redemption 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. Further, certain Investors may be eligible for the capital gains tax concession (after the application of any capital losses) where the Units in the Trust have been held for at least 12 months. In this regard, the discount is 50% for Australian resident individuals and trusts, and 33.33% for complying superannuation funds.

GST

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 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, if a TFN or ABN is not provided or an exemption is not claimed, Trilogy 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.

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.

FATCA and CRS

The Trust should not be a Reporting Financial Institution under the intergovernmental agreement between the Australian and US governments in relation to the Foreign Account Tax Compliance Act (FATCA), a United States tax law which imposes certain due diligence and reporting obligations on foreign (non-US) financial institutions and other financial intermediaries, including the Trust, to prevent tax evasion 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 which implemented the OECD Common Reporting Standard (CRS) in Australia, requiring 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, Trilogy 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, Trilogy 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 Reporting Financial Institutions with the U.S. Internal Revenue Service for FATCA purposes, or 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.

09 INDEPENDENT VALUATION OF THE PROPERTY

JLL

6 September 2018

Mr David Hogan
Head of Property Funds
Trilogy Funds Management Limited
Level 13, 56 Pitt Street
Sydney NSW 2000

VALUATION SUMMARY FOR 16 MARIE STREET, MILTON QLD 4064

The Property comprises the amalgamation of two allotments that collectively provide a 1,207m² regular-shaped parcel situated to the eastern alignment of Marie Street, Milton approximately two radial kilometres west of Brisbane's General Post Office (GPO). The site is classified as Mixed Use (Inner City) Zone under the Brisbane City Plan 2014.

Improvements to the Property comprise a modern office building providing 3,902m² of Net Lettable Area (NLA) over a ground floor and five upper levels. The Property has basement car parking for 33 vehicles and achieved a 4 Star NABERS Energy rating.

The Property is fully leased to six tenants on terms ranging from three to 11 years with the primary tenants being Superconcepts (1,349m²) expiring June 2024 and Oniqua (585m²) expiring October 2020. Additionally, the vendor is providing a two year rental guarantee over 417m² of vacant accommodation on level 2.

Summary

Property	16 Marie Street, Milton Qld 4064
Prepared for	Trilogy Funds Management
Valuation Purpose	Acquisition Purposes
Dates of Valuation	10 August 2018
Interest Valued	100% freehold interest.
Valuation Approaches	Capitalisation of Net Income and Discounted Cash Flow Approaches
Adopted Value	**$25,500,000** **(Twenty-Five Million, Five Hundred Thousand Dollars)**
Capitalisation Rate	**6.75%**
Discount Rate	**7.00%**

Jones Lang LaSalle Advisory Services Pty Ltd

Aaron Timmins AAPI
Certified Practicing Valuer
Associate Director
Valuations and Advisory – Qld

Mark Cappellone AAPI
Certified Practising Valuer
Valuer,
Valuations and Advisory - Qld

Anthony Simpson AAPI
Certified Practising Valuer
National Director
Head of Valuations & Advisory QLD

This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity. It is an abstract of the contents of the valuation report dated 10 August 2018. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

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1. Introduction

Instructions

We refer to your instructions dated 16 July 2018 received from **Suzanne Barber from Trilogy Funds Management** requesting that we undertake a market valuation of the **100% interest** in 16 Marie Street, Milton Queensland 4064 (*The Property/Subject*) to be relied upon by **an APRA regulated financier to be approved in writing by Jones Lang LaSalle Advisory Services Pty Ltd** and by **Trilogy Funds Management** for acquisition purposes only.

This is a summary of the Property based on information provided to our office by the instructing party. We note that we have not been provided with an executed Contract of Sale and should the terms of sale vary from those outlined to us in the Heads of Agreement, we reserve the right to review and amend our Valuation accordingly.

This Summary Letter is a summary of the valuation report only and is not intended as an assessment of the Property for investment purposes.

Valuation Reconciliation & Key Assumptions

The results and key assumptions of our valuation methods are:

Property	Passing Gross Rental (p.a.)	Market Rental (AUD p.a.)	Adopted Capitalisation Rate	Adopted Discount Rate	IRR	Adopted Value	NLA	$/m² NLA
16 Marie Street, Milton	$2,526,345	$2,184,238	6.75%	7.00%	6.87%	$25,500,000	3,902	$6,535

Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value of other advantages or benefits additional to market value, to the buyer incidental to ownership of the Property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

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Valuation Methodologies

In arriving at our opinion of market value for each asset, we have adopted the **capitalisation of net income** and **discounted cash flow (DCF) approaches** as our primary methodologies. The direct comparison approach is used as a support methodology, where the value is analysed on a rate per square metre of NLA or rate per square metre of land area.

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

Capitalisation Approach

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property, and the deduction of outgoings in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

Adjustments (for rental reversions, letting up allowances and capital expenditure) have been made where appropriate in order to derive the resultant value.

Discounted Cash Flow Approach

The discounted cash flow analysis is undertaken over a 10 year investment horizon to derive a net present value for the Property. We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

Our revenue projections commence with the passing rent for the Property and, where relevant, include structured annual and market rent reviews together, as provided for under the respective leases.

The property's anticipated terminal sale price at the end of the 10 year cash flow period is also discounted to its present value at a market derived discount rate and added to the discounted income stream (i.e. 10 years) to arrive at the total present market value of the property.

We have applied a terminal yield to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes rental reversions if appropriate.

In estimating the terminal value we have had regard to assumed stable market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Given the difficulty in projecting long range forecasts, we have assumed stable market conditions would be prevalent. Long term cyclical factors will undoubtedly influence and govern the actual market conditions and appropriate terminal sale capitalisation rate that should be applied.

Direct Comparison Approach

The direct comparison approach to valuation compares the Property to sales of similar properties within the surrounding locality and analyses these on a rate per square metre of NLA basis.

When analysing the sales evidence, we have taken into consideration the location attributes, building improvements, lease terms and conditions, access, zoning, date of purchase etc. of the sales and we have compared them to the Subject.

JLL

2. Qualification

We consent to the inclusion of this summary letter in the PDS on the following conditions:

- This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity.
- JLL has not been involved in the preparation of the PDS nor have we had regard to any material contained in the PDS. This letter does not take into account any matters concerning the investment opportunity contained in the PDS.
- JLL has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the PDS.
- The formal valuations and this summary letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the PDS. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this summary letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of JLL.
- JLL has prepared this summary letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- This summary letter is to be read in conjunction with our formal valuation report and is subject to the assumptions, limitations and disclaimers contained therein.
- JLL has received a fee from Trilogy Funds Management for the preparation of the valuation reports and this summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

JLL

3. Valuer's Experience and Interest

The valuers who prepared the valuation report are Mr Aaron Timmins and Mr Mark Cappellone. The Valuers have valuation experience in a range of property types and all are authorised under the requirements of the Australian Property Institute to practise as valuers in the State of Queensland.

None of the above mentioned Valuers have a pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property.

4. Liability Disclaimer

This summary letter and the valuation report has been prepared for Trilogy Funds Management and is subject to the conditions referred to in Section 1, 2 and 3 of this summary letter. Neither JLL nor any of its directors make any representation in relation to the PDS nor accept responsibility for any information or representation made in the PDS, other than this summary letter.

JLL was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the PDS.

This summary letter (which is subject to the conditions referred to in Section 1, 2 and 3 above) and the valuation report may not be relied on by any other party other than Trilogy Funds Management. Responsibility is disclaimed for any loss or damage suffered by any person (including but not limited to any potential investors or shareholders) for any reason.

No liability for negligence or otherwise is assumed by JLL for the material contained in this summary letter or the valuation report. Any liability on the part of the JLL group, its employees, officers, servants and its agents for any claim arising out of or in connection with this summary letter or the valuation report, other than liability which is totally excluded by this clause and summary letter, shall not (whether or not such liability results from or involves negligence) exceeds $1,000.

Yours faithfully
Jones Lang LaSalle Advisory Services Pty Ltd

Aaron Timmins AAPI Certified Practicing Valuer Associate Director Valuations and Advisory - Qld	**Mark Cappellone AAPI** Certified Practising Valuer Valuer, Valuations and Advisory – Qld	**Anthony Simpson AAPI** Certified Practising Valuer National Director Head of Valuations & Advisory QLD

This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity. It is an abstract of the contents of the valuation report dated 10 August 2018. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

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10 ADDITIONAL INFORMATION

10.1

General information

This section does not purport to be an exhaustive statement of any 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's obligations.

Reporting

Investors in the Trust will be provided with the following:

- an investment confirmation statement following the issue of Units in the Trust;
- a monthly distribution statement, providing details of amounts paid to each Unit Holder's account;
- Attribution Managed Investment Trust Member Annual statement of taxable income, providing a summary of distributions earned for inclusion in Unit Holders' income tax returns;
- annual periodic statement which details all transactions on each Unit Holder's account, together with balances of the number of Units held in the Trust;
- annual financial report of the Trust in accordance with regulatory requirements; and
- semi-annual RG 46 updates on the website.

Privacy

Trilogy is committed to protecting the privacy of its Investors. It is bound by the Privacy Act 1998 as amended from time to time (Privacy Act) 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 the applicant consents to personal information being used by us for the purposes for which it was provided, being the provision of 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.

The Application Form accompanying this PDS requires Investors to provide personal information. Trilogy, and any service providers to Trilogy 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.

Taxation, AML/CTF and other laws 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. Trilogy may disclose your information (or parts of it) to government agencies who may lawfully request it, but only when it is required by law to do so. Information may also be disclosed 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 Trilogy in writing to do otherwise. Trilogy may also disclose your personal information to its service providers (mailing houses, lawyers and others) to enable the printing, distribution and administration of documents relevant to your investment.

Your personal information may also be used by Trilogy to administer, monitor and evaluate products and services, gather, aggregate and report statistical information, assist you with any queries and take measures to detect and prevent fraud and other illegal activity. Trilogy may also be allowed or obliged to disclose information by law and to report on risk management matters.

You are entitled to access, correct and update all personal information which Trilogy holds about you. The information held may be obtained by contacting Trilogy. 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 Trilogy of any changes to information you have provided to us using the Change of Details form as provided on Trilogy's website 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. Changes will be made to our Privacy Policy from time to time to reflect changes in the law, including the Privacy Act. If you have any questions relating to our Privacy Policy please contact Trilogy by email, facsimile or telephone during normal business hours. The contact details are set out in the corporate directory.

Complaints

Trilogy's complaints handling process is based on the Australian Standard AS ISO 10002-2006 '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.

Unit Holders who are Indirect Investors who are Retail Clients, may lodge complaints in relation to the Trust or the complaints handling process by contacting Trilogy. Contact details are shown in the corporate directory. On receipt of a complaint, Trilogy shall acknowledge the complaint immediately and investigate the complaint. Trilogy shall, within 45 business days of receipt of the complaint, finalise its investigation and report in writing to the complainant regarding the result of the investigation.

If the complainant, who is a Retail Client, is dissatisfied with the outcome of the complaints-handling process, then the complainant may refer the complaint to the external dispute resolution service. In Trilogy's case this is the Financial

Ombudsman Service and from 1 November 2018 this is Australian Financial Complaints Authority (AFCA). The dispute resolution service is an external complaints resolution scheme that ASIC has approved.

The address for the external dispute resolution services are noted in the corporate directory.

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 Trilogy has adopted.

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 your transferee's identity and that of its beneficial owners has been satisfactorily verified;
- your estate. If you die while you are the owner of Units in the Trust, the Responsible Entity may need to identify your legal personal representative prior to transferring ownership; 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, including the issue or redemption of Units in the Trust, 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. The Responsible Entity or any of its related bodies corporate, affiliates, associates or officers will incur no liability to you if it does so.

Inspection of documents

The Constitution may be inspected at the office of Trilogy Funds Management Limited at Level 23, 10 Eagle Street, Brisbane, Queensland during usual business hours. In addition, copies of the Constitution and Compliance Plan for the Trust are available from ASIC.

Related party disclosure

Various related parties provide services to Trilogy including in respect of the Trust. Trilogy maintains a policy on related party transactions, including the assessment and approval processes for such transactions, and arrangements to manage conflicts of interest. The key points of the related party transactions policy are as follows:

- any transaction involving a related party shall 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;
- before any related party transaction is entered into, Trilogy 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;
- Trilogy 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;
- if the related party transaction does not fall within an exemption in the Corporations Act, including that there were no members of the Trust at the time it was entered into, it was entered into, member approval must be obtained; and
- even if a related party transaction falls within an exception in the Corporations Act, the existence of the transaction is to be disclosed in the PDS (and where relevant, in the RG 46 disclosures).

Investors may obtain more details as to the policy and procedures adopted by Trilogy by contacting Trilogy on 1800 230 099.

Services provided by related parties

Certain entities in the Trilogy group provide services to the Responsible Entity for which those entities receive fees which may be paid by Trilogy from the fees it earns as responsible entity. For example these entities may provide services including fund accounting, compliance, risk management, information technology, human resources, communications, marketing and distribution advice.

Additionally, Trilogy has engaged SPFM to provide property management services and RELM to provide registry and investor relations services to the Trust. SPFM and RELM are paid directly from the Trust under the services agreements in place (see Section 8.1 for the quantum during the forecast period). SPFM and RELM were appointed prior to Investors subscribing for Units under this PDS and therefore no member approval was required for their appointment.

The Directors and certain executives of entities in the Trilogy 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. Directors, employees and related parties of entities in the Trilogy 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.

10.2

Summaries of material documents

The Constitution for the Trust

The Constitution is the primary document that establishes the structure of the Trust. Some of the provisions of the Trust's Constitution are summarised below. Other provisions of the Trust's Constitution are outlined in other sections of the PDS and are consequently not included here.

If necessary, Investors should seek independent professional advice in relation to the terms of the Constitution.

Trilogy strongly recommends you read the Constitution and seek independent advice as necessary.

Units in the Trust

The beneficial interest in the Trust is divided into Units.

The role of Trilogy

Trilogy 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.

Termination of the Trust

The Responsible Entity may exercise its right to terminate the Trust in accordance with the Constitution and 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. Unit Holders have the right to require the termination of the Trust by passing an extraordinary resolution (that is, one that is passed by the Unit Holders holding more than 50.00% of the Units in the Trust).

The Trust will terminate at the end of six years unless extended. See Section 4.17.

Retirement or removal of Trilogy

Trilogy may retire as Responsible Entity of the Trust by calling a meeting of Unit Holders in the Trust explaining the reason it wants to retire, therefore enabling Unit Holders to vote for a new responsible entity.

Unit Holders may remove Trilogy as Responsible Entity of the Trust at a meeting of Unit Holders of the Trust where Unit Holders holding more than 50.00% of the Units in the Trust vote for the removal.

Trilogy is entitled to be reimbursed for all expenses relating to the termination of the Trust and the retirement or removal of the Responsible Entity and the appointment of a replacement.

Liabilities of Unit Holders

Unit Holders are not liable to Trilogy or any creditor of Trilogy in excess of the amounts subscribed, or to be subscribed, by way of Application Money. 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's right of indemnity and limitation of liability

Trilogy 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. This indemnity does not apply to those expenses incurred by Trilogy where it does not incur the expenses in the proper performance of its duties.

Trilogy is not liable for any loss to any person (including a Unit Holder) arising out of any matter unless it failed to exercise due care and diligence. In particular it is not liable where:

- in good faith it relied on advice from a professionally qualified consultant; or
- it is hindered, prevented, or forbidden to do an act or thing by any law; or
- in respect of any Application Form, request, notice, or other communication, it relied in good faith on a forged signature or inaccurate details.

Registers

Trilogy or its appointed agent will keep and maintain a register of Unit Holders of the Trust and any other register required by the Corporations Act. Trilogy must cause the register to be altered when informed by a Unit Holder of any change of name or address.

Changing the Constitution

The Constitution may be amended by:

- a special resolution of the Unit Holders in the Trust; or
- Trilogy, if it reasonably believes the change will not adversely affect Unit Holders' rights.

Meetings of Unit Holders

Trilogy may convene a meeting of Unit Holders in the Trust at any time and when required to do so by the Corporations Act. Trilogy must convene a meeting of Unit Holders in the Trust if requisitioned by the lesser of at least 100 Unit Holders or those Unit Holders who hold at least 5.00% of the Units in the Trust. Each Unit Holder is entitled to attend and vote at meetings of Unit Holders. Meetings must be conducted in accordance with the Trust's Constitution and Part 2G.4 of the Corporations Act.

Accounts, audit and compliance

Trilogy must keep accounts of the Trust and report to Unit Holders concerning its affairs according to the Australian equivalent of the International Financial Reporting Standards and the provisions of the Corporations Act. Trilogy 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.

Compliance Plan for the Trust

Trilogy has adopted a Compliance Plan for the Trust. The Compliance Plan addresses issues such as compliance with laws and Trilogy'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

Trilogy and the Custodian have entered into a custody deed. Under the deed, the Custodian will hold the assets of the Trust acquired after the date of this PDS 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 Trilogy. The liability of the Custodian is limited. The

Custodian acts on instruction from Trilogy. The deed may be terminated by either party giving not less than 90 days' written notice to the other.

10.3

Environmental and ethical considerations

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

10.4

Continuous disclosure

As at the date of this PDS, the Trust is not a disclosing entity. As and when it becomes a disclosing entity Trilogy 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 Trilogy. If you wish to receive a copy of the latest audited accounts of the Trust in which you are a Unit Holder, please contact Trilogy on 1800 230 099.

Trilogy intends to follow the ASIC good practice guidance contained in *Regulatory Guide 198 – "Unlisted disclosing entities: Continuous disclosure obligations"* to meet its continuous disclosure obligations as a disclosing entity. This means that Trilogy has elected to update Unit Holders by posting continuous disclosure notices on its website, www.trilogyfunds.com.au.

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.

10.5

Consents

Jones Lang LaSalle Advisory Services Pty Ltd and Napier Blakeley Pty Ltd has each given and has not withdrawn its written consent toall statements by it or said to be based on statements by it in the form and context in which they are included in this PDS and has not withdrawn its consent before the issue of this PDS. The Trust Company Limited has given its written consent to be named in this this PDS. No person other than the Responsible Entity has authorised or caused the issue of this PDS and takes no responsibility for any part of the PDS other than the references to its statements or name. The persons referred to have relied upon Trilogy 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 persons do not guarantee the return of any investment, any tax deduction availability, or the performance of the Trust.

11 GLOSSARY OF TERMS

'Acquisition Cost' means in relation to the Property asset, the total cost of it to the Trust including the Purchase Price, commission, stamp duties, valuation fees, 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.

'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.

'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 dated 20 August 2018.

'Constitution' means the Constitution of the Trust dated 20 August 2018, as amended from time to time.

'Corporations Act' means the Corporations Act 2001.

'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).

'Facility Limit' means the maximum amount that the Trust may borrow from its financier.

'Final offer closing date' means the date when the maximum subscription is reached. Trilogy will extend the closing date at its discretion.

'Finance Facility' means the borrowing arrangement that Trilogy has with its financier to provide finance, and specifically includes both Facility 1 and Facility 2, as described in Section 4.10.

'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*.

'Investor' or **'you'** means an investor or a proposed investor in the Trust.

'LVR' means the Loan-to-valuation Ratio being the loan amount divided by the value of the Property, 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; see Sections 1.2 and 4.12 for details.

'Minimum subscription closing date' means 29 November 2018 or sooner if the minimum subscription is reached before that date. Investors should note Trilogy reserves the right to extend the Minimum subscription closing date at its discretion.

'MIT' means Managed Investment Trust.

'NABERS' means National Australian Built Environment Rating System, and is a national rating system that measures the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment, and is managed by the NSW Office of Environment and Heritage, on behalf of Commonwealth, state and territory governments.

'Net asset value' of the Trust means the amount determined by the Responsible Entity from time to time as the value of the assets of the Trust less the liabilities.

'NLA' means Net Lettable Area.

'NTA' means the net assets of the Trust, less any intangible assets plus or minus any other adjustments divided by the number of Units in the Trust on issue.

'PDS' means this Product Disclosure Statement.

'Property' means the land and building located at 16 Marie Street, Milton QLD 4064.

'Purchase Price' means the amount for which the Property is to be purchased, being $25,500,000.

'Responsible Entity' means the party responsible for the management of a trust in accordance with the Corporations Act and in the case of the Trust is Trilogy Funds Management Limited.

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

'RG' means a Regulatory Guide issued by ASIC.

'RG 46' means ASIC's *Regulatory Guide 46 – Unlisted property schemes: Improving disclosure for retail investors.*

'RITC' means reduced input tax credit.

'Settlement Date' means the date of settlement of the purchase of the Property, expected to be 7 December 2018, but may change at Trilogy discretion.

'Trilogy' or **'Responsible Entity'** or **'we'** or **'us'** means Trilogy Funds Management Limited ABN 59 080 383 679.

'Trust' means the Milton Office Trust ARSN 628 273 807.

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

'TFN' means Tax File Number.

'Units' means Units in the Trust.

'Unit Holder' means the registered owner of Units in the Trust.

12 HOW TO APPLY

To become a Unit Holder in the Trust, an Investor must initially complete either:

- the Application Form in this PDS
- the Application Form accompanying the electronic copy of this PDS which is available on the Trilogy website at www.trilogyfunds.com.au/Milton.

Investors should fill out the form as relevant to the entity that they are investing through and provide the required identification documents noted on the Application Form itself.

A minimum investment amount of $20,000 is required unless Trilogy agrees in its discretion to waive the minimum and accept another amount. The Application Money will be held in an account with the Bank of Queensland in the name of the Custodian prior to the allotment of Units. Please contact Trilogy on 1800 230 099 to discuss.

Details about how to provide the form to us are contained on the form itself, but the completed Application Form is to be returned to Trilogy together with the selected method of payment and identification documents. This may also include the Self-Declaration Certification form if required.

The address for Trilogy is as follows:

Trilogy Funds Management Limited
REPLY PAID 1648
Brisbane QLD 4001

Email investorrelations@trilogyfunds.com.au
Facsimile 07 3039 2829

Investors are urged to consult their professional advisers as to matters concerning the suitability of this investment for their particular requirements.

Please note there are no cooling off rights in relation to an investment in the Trust.

Please see the Application Forms for further details about the application process.

TRILOGY

For more information, please visit our website

TRILOGYFUNDS.COM.AU

Milton Office Trust

ARSN 628 273 807
APIR CODE TGY8645AU

Responsible Entity

Trilogy Funds Management Limited
ACN 080 383 679
AFSL 261425

Registered Office

Level 23, 10 Eagle Street,
Brisbane QLD 4000

Telephone (07) 3039 2828
Facsimile (07) 3039 2829
Free call number 1800 230 099

Email info@trilogyfunds.com.au
Website www.trilogyfunds.com.au

Sydney Office

Level 13, Royal Exchange Building
56 Pitt Street
Sydney NSW 2000

Telephone (02) 8028 2828
Facsimile (02) 8028 2829

Investor Relations

Free call (within Australia) 1800 230 099
Free call (within New Zealand) +800 5510 1230

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

Property Manager

SPFM No 2 Pty Ltd
Level 23, 10 Eagle Street
Brisbane QLD 4000

Telephone (07) 3039 2828
Facsimile (07) 3039 2829

Legal Adviser

Wily Legal and Consulting Pty Limited
Level 6, Suite 608
109 Pitt Street
Sydney NSW 2000

Taxation Agent of the Trust

PricewaterhouseCoopers
Level 23, 480 Queen Street
Brisbane QLD 4000

Custodian for the Trust

The Trust Company Limited
Level 18, Angel Place, 123 Pitt Street
Sydney NSW 2001

Complaints Resolution Scheme

Financial Ombudsman Service
GPO Box 3 Melbourne VIC 3001

Facsimile (03) 9613 6399
Toll Free 1300 78 08 08
Email info@fos.org.au

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Free call 1800 931 678
Email info@afca.org.au