

## ASX Announcement

**DATE: 26 November 2014**

### **TRINITY CONTRACTS TO ACQUIRE 16 MARIE STREET, MILTON, QUEENSLAND FOR WHOLESALE PROPERTY TRUST**

Trinity Group (ASX: TCQ) has entered into a put and call option deed to purchase a 5 year old office building located at 16 Marie Street, Milton, for \$20.425 million.

The property is being acquired on behalf of a new wholesale property trust. The Marie Street Trust will be launched in early December 2014 and will be open to subscriptions from qualifying wholesale and sophisticated investors e.g. self-managed super funds (SMSF).

16 Marie Street is located within the heart of the Brisbane fringe suburb of Milton, approximately 2.4 kilometres west of the CBD. The property is located 100 metres from the Brisbane River and has easy access to Coronation Drive, a key western artery to the Brisbane CBD.

The building was completed in 2009 and comprises a ground floor and five upper floors of office accommodation as well as secure basement parking and facilities for cyclists. The property has a net lettable area (NLA) of 3,937m<sup>2</sup> on a site area of 1,206m<sup>2</sup>. The flexible design of the office floors lends itself to single or multi-tenanted layouts. The property was flood free during both recent 2011 and 2013 Brisbane floods.

The property has a weighted average lease expiry (WALE) of 5.4 years by income with only 6.6% vacant by area which vacancy is subject to rental support from the vendor under the contractual arrangements.

Supercorp Pty Ltd is the major tenant in the building occupying 53.7% of the NLA. Supercorp Technology is a subsidiary company of Supercorp Pty Ltd and is a leading supplier of SMSF administration and superannuation software solutions to the Australian financial services market. Supercorp Pty Ltd is 50% owned by AMP and Washington H. Soul Pattison and Company Limited.

The property will be purchased on an initial yield of 9.9%.

Trinity's CEO, Mr Chris Morton said, "16 Marie Street, Milton is the first property acquisition by Trinity for some years. The property is being acquired on behalf a new property trust and is the first step in the rebuilding of Trinity's property funds management business. We are looking forward to launching the Marie Street Trust, for investment in early December."

"Trinity is looking to create a suite of property investment products for wholesale and retail investors. The wholesale trust structure has been created in response to an expressed demand from the financial services intermediary market."

"Wholesale and professional investors are seeking commercial property exposure but individually are generally not able to purchase properties in the \$20 million plus property price range. There is excess competing capital from private investors in the less than \$15 million market and similarly from institutional and offshore capital in the \$50 million plus market."

“The Marie Street Trust will be a registered scheme which will provide a regulated, corporate governance layer to the product which is not common within the wholesale high net worth investor market.”

“We have purchased the property at a favourable purchase price and below the property’s independent current valuation. We believe this property will be attractive to wholesale investors seeking a sound attractive distribution yield (in the 9% range) in today’s low interest rate environment,” said Mr Morton.

“The property is well located. Milton is a popular location for many major companies from sectors such as engineering, information technology, mining and communications. The property benefits from its close proximity to public transport and the retail amenity offered by the nearby Park Road retail and restaurant precinct.”

“Whilst the Brisbane CBD and some fringe office markets (including Milton) are currently experiencing historically high vacancy rates, we believe that there are some good counter-cyclical buying opportunities in that market which will deliver high yields and in the end good total returns.”

The acquisition of the property is intended to be 40% geared. The acquiring trust has an offer of limited recourse finance from one of the major banks.

Trinity Group will subscribe for any shortfall in the equity raising for The Marie Street Trust as a demonstration of its belief in the value of the property being acquired. If a minimum subscription level is not met, Trinity Group will still complete the acquisition and settle the property through a subsidiary of the Group.

Trinity will receive establishment fees, ongoing management fees and the potential of performance fees from the fund that is to be established.

The property is due to settle at the latest in mid-March 2015.

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More information on Trinity can be found on our website [www.trinity.com.au](http://www.trinity.com.au)

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