

Chairman's Address

Annual General Meeting of Trinity Limited ACN 110 831 288 and a Meeting of Members of the Trinity Stapled Trust ARSN 111 389 596

Thursday 27 November 2013 at 10.00am
Heritage Boardroom on Level 1, 308 Queen Street, Brisbane

My name is Brett Heading and I am Chairman of Trinity Limited and Trinity Investment Management Limited, the responsible entity for the Trinity Stapled Trust (ASX : TCQ).

Introduction

On behalf of the Board, I am pleased to welcome you to our 2014 Annual General Meeting.

Today, is an opportunity to present to you our achievements over the past year, restate our objectives and our vision for the future of Trinity or Unity Pacific as we will soon be known (assuming member approval is given today).

My focus today is to present Trinity's 2014 business highlights and activities for the rebuilding of our funds management operations. Chris Morton, Trinity's Deputy Chairman and CEO will detail the Group's financial results including an update on the property portfolio and other key initiatives including the forthcoming launch of a wholesale property trust.

Following the conclusion of Chris Morton's presentation we will move to the Items of Business including:

1. receiving the financial statements and report;
2. adoption of the Remuneration Report;
3. election of Bevan Towing as a director;
4. my re-election as a director;
5. approving the change of company name; and
6. approving the consolidation of the Company shares.

Key Business Highlights for 2014

Priorities for the 2014 financial year included the finalisation of capital management initiatives to return capital to securityholders, the continued sale of non-core property assets to complete Trinity's rationalisation phase and the commencement of the implementation of Trinity's growth phase.

The last of Trinity's capital management initiatives was an on-market buyback which was completed in November 2013. Since 2011, Trinity's capital management program has resulted in \$23.3 million being returned to securityholders and Trinity's issued capital reducing by approximately 32%.

The sale of properties during the period included:-

- a) 13 Compark Circuit which settled in March 2014 for \$6.825 million. Half the proceeds of that sale were used for debt reduction with the balance of the proceeds retained for business activities e.g. funds management activities.
- b) 8 apartments were sold at Cumberland Lorne Resort, leaving 5 apartments remaining for sale. We expect to sell the balance of the apartments individually by the end of the 2014/2015

financial year (based on an expectation of good sales prospects over the forthcoming summer period).

Late yesterday we announced the exchange of an unconditional contract for the sale of 69 Rivergate Place, Murarrie, Queensland for \$27 million.

The Board's decision to sell the property, was motivated by the recent strengthening of capitalisation rates due to strong investor demand for quality industrial properties in Brisbane and the receipt of an offer which would result in a material profit relative to book value for securityholders. The Board also considered that whilst the property has provided stable net income for Trinity over the last few years, the loss of that stable underpinning income may be more than compensated by the extent of the profit taken on the sale in the short term.

The sale price for the property is \$27 million, which is a premium of 11.6% to the book value as at 30 June 2014 of \$24.2 million.

Trinity intends to apply a substantial portion of the proceeds from the sale to debt reduction which will reduce the Group's balance sheet gearing from 21.3% as at 30 June 2014 to less than 5% upon settlement of the property. This low gearing level will give Trinity capacity to increase its gearing level in the future for growth opportunities including funds management business acquisitions, the acquisition of a replacement property asset or if required, subscribe for any shortfall in the equity raising for funds managed by Trinity, all of which would be accretive to Group earnings.

The profit generated by the sale of the property may also underpin a distribution which the Board is committed to delivering in September 2015.

Settlement is expected to occur by 18 December 2014.

Following the sale of this property, Trinity's own property portfolio will be vastly different, particularly when I reflect on the size of the portfolio when Chris Morton and I joined the Trinity Board in the second half of 2009.

I am also pleased to confirm that late yesterday we announced that we have contracted to acquire a property at Milton for a new wholesale property fund. Our Deputy Chairman and CEO, Chris Morton, will provide details about the property and the fund later in the meeting.

Trinity Business Model

With the announcement of the sale of the Rivergate property, it is appropriate to take this opportunity to briefly restate the Trinity business model and objectives.

Trinity has moved away from the more traditional AREIT model which holds a sizeable and diverse property portfolio. It is intended that Trinity will continue to own a small commercial property portfolio on its own balance sheet. At this time, it is not intended to grow that portfolio.

The small property portfolio, which may ultimately only comprise one commercial property assets, will provide a sustainable income base for Trinity's core operating overheads as well as underpinning Trinity's NTA and security value. It will also give Trinity the capacity to subscribe for any shortfall in the equity raising for funds managed by Trinity as may be required from time to time to support the development of the Group's funds management business activities.

The focus now is to build and/or acquire a property funds management business which primarily manages external property investment vehicles and funds. It is through this operating segment that Trinity will derive revenue from funds management fees and build asset value from the funds management rights for the operation of those investment vehicles.

In order to achieve our goals, ideally Trinity should generally maintain a low level of gearing and build sufficient business scale to provide ongoing sustainable distributions to securityholders.

Growth Activities

Following Trinity's announcement to rebuild its property funds management operations, extensive work has been undertaken by the Trinity team on either the acquisition of the whole or part of an existing funds management business or securing a larger property portfolio for the creation of a property investment vehicle.

The rationale for focussing efforts on this approach was that this approach was deemed to be the most direct path for Trinity to successfully and promptly create a business/funds management platform of scale and thus generate sustainable distributions for securityholders more readily.

Unfortunately, with an improving property capital market there was increasing confidence amongst the owners of our targeted businesses. This has made it difficult to agree acceptable terms for Trinity to acquire a suitable funds management business. In the last few months, we have accordingly focussed more on establishing new vehicles that Trinity would manage in its own right and under its own name, rather than through a joint venture partner or an existing business.

We are and will continue to negotiate with various parties for new opportunities including business acquisitions, joint ventures and other opportunities e.g. SIV investor services for inbound investment. We are also concurrently sourcing properties for new property trusts for which Trinity will be the responsible entity and manager. As mentioned earlier, Chris Morton will today present to you details of a new wholesale property trust to be launched in coming weeks.

Security Price

The ASX trading price of Trinity's securities has not altered with the opening and closing price for the financial year being \$0.25 cents per security. The security price did however reach a high for the year of \$0.28 cents.

The security price does not of course currently reflect the underlying net tangible assets (NTA) per security being \$0.359 cents and is therefore disappointing.

We acknowledge our market performance has lagged behind our peers over this past year. Australian Real Estate Investment Trusts (A-REIT) have performed well with the majority of stapled REITs providing total annual return for FY14 in excess of 15% and in many cases trading at premiums to their net tangible assets (NTA). In some cases those premiums are significant with the market continuing to ascribe value to those businesses who have funds management or other business operations on the basis that the income generated from those business activities, and in particular funds management, present strong growth opportunities under current market conditions.

The Board accepts that the security trading price being at a material discount to NTA is not acceptable, particularly, given the strong performance of the broader AREIT sector.

The Board attributes the Trinity security price and the size of the discount to its NTA per security as being primarily due to:

- the inability to pay distributions to securityholders since 2008;
- the small market capitalisation of Trinity;
- lack of liquidity; and
- the uncertainty that has surrounded the future direction of Trinity.

The Board now considers that Trinity is now making real steps towards giving effect to the determined growth path and is now starting to have a story to tell other than that of a “work out” NTA play.

At the commencement of the 2015 calendar year, we expect that you will see a more actively promoted company under the name of “Unity Pacific” (assuming member approval today) with the hope that this will flow through to increased security price and liquidity.

The Trinity Board is still aiming to commence sustainable income distributions to securityholders from and including the 2015 financial year.

Board of Directors

On 22 October 2014, we announced the retirement of our long-standing Executive Director, Mr Richard Friend after 7 years of service from the Trinity Board and its sub-committees.

Richard made a significant contribution to the Board during some very difficult years for Trinity. I publicly, and in his absence, thank Richard sincerely from the Board and management for his contributions. We appreciate and will miss his many attributes including his intellect, courage, judgement, friendship and good humour.

Richard has been replaced on the Trinity Investment Management Limited (TIML) Compliance Committee by Valda Wheeler who brings extensive compliance experience to the committee.

Upon Richard’s retirement, we welcomed Mr Bevan Towning, Trinity’s Chief Investment Officer, to the Board as an executive director.

Bevan is a highly experienced senior executive with over 30 years’ experience in both the listed and unlisted real estate investment trust sector and provides a leadership role for the delivery and execution of Trinity’s growth.

Trinity intends to appoint another non-executive director in due course.

Conclusion

Finally, I take this opportunity to publicly thank my fellow directors, Deputy Chairman and CEO, Chris Morton, Richard Friend, Bevan Towning, our Company Secretaries and CFOs during the period Laura Fanning and Janita Robba, Trinity staff and our securityholders for their continued support.

Thank you.

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