ASX Announcement

26.09.2013

TRINITY GROUP ANNOUNCES FUTURE DIRECTION

Further to our market announcement of 26 August 2013, we now lodge for the market's information, the attached letter to Securityholders in relation to Trinity Group's future direction.

The attached letter is in the process of being distributed to Securityholders.

ENDS

For further information, contact:

Brett Heading
Chairman

T +61 7 3233 8903

TRINITY
property·investment·knowledge

26 September 2013

Dear Securityholder

TRINITY'S FUTURE DIRECTION

The Boards of Trinity Limited (TL) and Trinity Investment Management Limited (TIML) as responsible entity of the Trinity Stapled Trust (TST) (jointly referred to as "the Board") have undertaken a review to determine the future direction of the Trinity Group (Trinity). The Board advises that now the capital management initiatives are close to completion, it has completed its review and made a final determination on Trinity's future direction.

1. Executive summary

This letter should be read in full to understand the background and qualifications relevant to this executive summary.

- The Board has considered, in detail, two options, being growth and orderly realisation. The Board has unanimously determined that the growth option is the better option to maximise Securityholder returns.
- One of the key considerations in determining the chosen strategy is the resulting impact on total return for Securityholders of the growth option in the medium to long term, compared to an orderly realisation, having regard to issues such as the time value of money and risk.
- The Board believes that implementation of the growth option should, in due course, result in an increase in Trinity's security price from current levels. The Board also believes that it should reduce or remove the discount that currently exists between Trinity's security price and its net tangible assets (NTA) per security.
- Trinity will start pursuing the growth option within a variety of possible scenarios. These scenarios may include:
  - the purchase of the whole or part of an existing funds management business (utilising current funds and possibly the proceeds from the future sale of surplus assets);
  - the gradual building of a new funds management business or funds; or
  - a combination of both of the above.
- The Board's focus will be on achieving a financial position for Trinity that should result in sustainable income distributions to Securityholders from and including the 2015 financial year.

2. Overview of Trinity

Trinity today is a considerably downsized and less complicated business than it was before 2009. As at 30 June 2013, Trinity predominately comprises 5 real estate assets, cash of approximately $15 million and a loan to value ratio of approximately 50%. Trinity's responsible entity TIML continues to hold an Australia Financial Services Licence as required for its role as the responsible entity of TST. It is relevant to note that Trinity has been in the business of property funds management since Trinity's inception and has continued in that business to the present time.

The real estate assets owned by Trinity vary in terms of sector, quality, income yield, value enhancement potential and location. Each of these assets has been considered by the Board in determining the future direction for Trinity and in identifying a course of action to maximise value for all Securityholders.

Set out below is an overview of Trinity's real estate assets as at 30 June 2013.

PROPERTY	LOCATION	SECTOR	NLA* (m²)	WALE# (YEARS)	BOOK VALUE ($M)	CAPITALISATION RATE
308 Queen Street / 88 Creek Street, Brisbane	QLD	Commercial	4,554	2.71	33.2**	9.0%
Yamaha Centre, Rivergate Place, Murrarie	QLD	Industrial	11,558	9.87	24.5	7.75%
13 Compark Circuit, Mulgrave	VIC	Commercial	2,956	nil	6.9	9.25%
Cumberland Lorne Resort, Lorne	VIC	Tourism	n/a	nil	5.2	n/a
San Remo Site, San Remo	VIC	Rural/Future Residential	n/a	nil	4.8	n/a

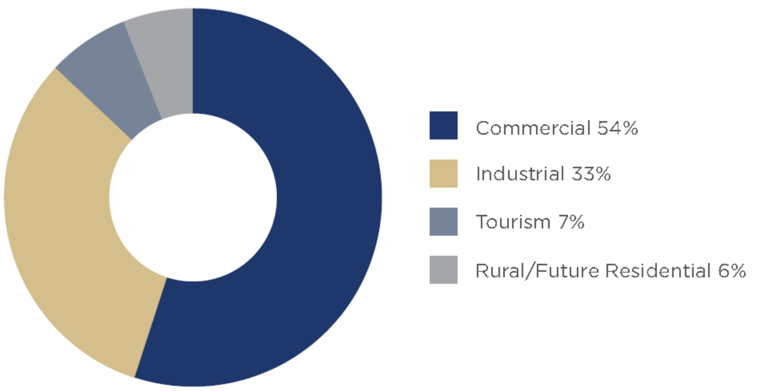
* Net lettable area

\# Weighted average lease expiry

** Excludes the value of Transferrable Site Areas (TSA's) held for sale

15 Compark Circuit, Mulgrave and Cumberland Lorne Resort assets are held for sale.

DIVERSIFICATION BY SECTOR



3. Background

Since the current Board of Directors was formed in August 2009, Trinity has been faced with considerable challenges which have now been effectively resolved.

While guiding Trinity through these issues, the Board has continued pursuing improved performance and value enhancement, whilst rationalising non-core assets. During this period, approximately $21.6 million of surplus capital has been returned to Securityholders by way of capital distribution and also through buybacks for those Securityholders who wished to exit their investment in Trinity. As a consequence, Trinity has strengthened its balance sheet over the last 3 years and materially increased its NTA per security. Trinity and the Board have now reached the final phase of the journey as represented on page 3.

The Journey

STABILISE → RESOLVE → SECURE → RATIONALISE → FUTURE DETERMINATION

STABILISE
- People
- Securityholders
- Wholesale investors
- Banking relationships

RESOLVE
- Legacy issues
- Project partner litigation
- Recover outstanding debts

SECURE
- Wholesale funds management rights
- Corporate governance

RATIONALISE
- Trinity Land Group restructure
- Sale of wholesale funds management business
- Sale of non-core real estate
- Debt reduction
- San Remo mezzanine debt facility release

FUTURE DETERMINATION
- Analyse alternatives
- Determine direction
- Execute strategy

Recent profitability, security price and NTA per security movements of Trinity are shown in the table below:

Financial Year Ending 30 June	2009	2010	2011	2012	2013
Profit/(Loss) ($'000)	(225,891)	(50,332)	14,889	18,725	(4,432)
Security Price ($) at 30 June	0.18	0.06	0.18	0.255	0.25
NTA (cents per security) at 30 June	38.0	19.6	28.6	38.4	35.0*

* The NTA decrease to 35 cents was the result of the recent capital distribution of 3 cents per security and the write down/losses associated with the sale of Trinity's interest in the Cumberland Lorne Resort.

Unfortunately, the ASX trading price of Trinity's securities does not currently reflect the underlying NTA. However the extent of the security trading price discount to NTA has reduced over time. During the last 12 months a large number of A-REITS have materially reduced their discount to their underlying NTA and a number (particularly those which have stapled business activity) have achieved an ASX trading price which is at a premium to their NTA.

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

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

The timing of the completion of this review and the making of this announcement has been influenced by two factors:

- the capital management initiatives (which were initially announced on 30 March 2012) are close to completion; and
- the market conditions that now exist for a variety of property funds management operations have substantially improved since the first quarter of 2012.

4. The decision process and the options

The Board analysed a number of options and considered matters such as implementation risk, timeframe, total return and forecast Securityholder value.

The principal strategic options currently and realistically faced by Trinity are either:

- Growth; or
- Orderly realisation.

Maintaining the status quo was not considered a viable option by the Board as:

- Trinity still holds assets which are either non or low income yielding at rates which are less than the cost of Trinity debt; and
- due to Trinity's current structure, the revenue base must grow to provide sufficient cover over and above the basic overhead costs so as to be able to produce sufficient sustainable earnings to cause the security price to trade closer to or above the current NTA.

The key features of these options, particularly the chosen option, are discussed below.

4.1 Growth

4.1.1. Considerations

The growth option has been examined by way of a number of different funds management related scenarios. Factors considered by the Board included:

- ability to sustain a distribution level for Trinity Securityholders in the short to medium term;
- growth of the security trading price as a result of maintainable profit and steady growth of earnings per security;
- the implementation and execution risk associated with the various scenarios; and
- assessing whether the net present value of total Securityholder returns from growth scenarios would exceed those from an orderly realisation program.

4.1.2 Market overview

The Board monitors the commercial property sector and all aspects of its associated capital markets. The Board's view is that investor sentiment and business confidence within the property capital markets is far more positive than that which existed 18 months earlier when the Board last formally considered the growth option. At that time, the Board observed the difficulties experienced by some property fund managers to raise equity particularly from retail investors. However, with the current low interest rate environment and the margin that exists between bond rates and commercial property yields, the Board now believes that it is an appropriate time for Trinity to pursue a growth option.

The Board holds the view that it is now appropriate to redirect some of Trinity's capital from non or low yielding real estate assets, as well as current surplus cash, to business investments which can generate a strong return on equity. This should materially increase the ability of Trinity to pay future distributions to its Securityholders and should assist in security price growth. The Board has considered recent examples of redirection of capital by other property fund managers to business investments which the Board believes resulted in security price growth for those entities.

To support the review and decision-making process, research has been carried out to ascertain the opportunity to acquire, either partly or wholly, property funds management businesses and also the pricing for these businesses. Discussions have also been held with property capital markets specialists to determine whether the current environment is appropriate for raising capital for new property fund vehicles and the form that those funds should take.

4.1.3 Funds management capabilities

The Board believes that the executive and staff of Trinity have the necessary skills and experience to acquire a property funds management business and establish new property investment vehicles and successfully execute the growth option. All of Trinity's existing staff have worked for one or more property fund managers with most staff having in excess of 10 years experience in this industry.

In particular, Trinity's Chief Executive Officer Chris Morton founded and grew a property funds management business to approximately $750 million of assets under management at its peak. This business was sold to Mirvac Limited in 2007. Mr Morton has strong Australia-wide relationships within the property funds management industry, which assist in acquiring commercial real estate and raising equity and debt. He is a past president of the Property Council of Australia (Queensland division) and a past national president of ADPIA (now known as the Property Funds Association).

4.1.4 Determination

Based on the Board's assessment of the above considerations, the market review and Trinity's funds management capabilities, the Board's intentions are that Trinity should now seek to:

- purchase an existing funds management business utilising existing surplus funds and if required, proceeds from the sale of assets which are determined to be non-core or non-income producing; or
- establish and gradually build a new funds management business and externally managed investment funds. These funds could be within a variety of different categories including but not limited to retail and/or wholesale funds, listed and unlisted property trusts or syndicates and property securities funds; or
- a combination of the above.

Timing and selection of acquisitions and investments will be a function of how quickly opportunities are identified, analysed and executed.

Securityholders should be aware that it will be necessary for Trinity to spend monies in the areas of due diligence, option fees, engagement of appropriate consultants, agency commissions, advertising and staff to be able to actively and professionally pursue the chosen growth option in a timely manner.

Ultimately, one of the key considerations in determining the chosen strategy was the resulting impact on total return for Securityholders of the growth option in the medium to long term, as compared to an orderly realisation and having regard to issues such as the time value of money and risk.

4.2 Orderly realisation

An orderly realisation contemplates the sale of all assets, and most likely the eventual winding up, of Trinity over a 1 to 2 year period. Capital would be progressively returned to Securityholders as a result of that process.

In considering the merits of this option the Board assessed whether its successful implementation could provide a return to Securityholders close to the current underlying NTA per security.

The Board determined that an orderly realisation would unacceptably and materially erode NTA per security. The basis for this, together with other relevant considerations for this option, is as follows:

- independent expert advice and market evidence suggests that announcing an orderly realisation program would result in asset sales being generally achieved at discounts to current market value (the valuation assumption which forms the basis of Trinity's reported NTA);

- the quality and nature of some of Trinity's assets, and particularly the lack of liquidity in some of the markets of which those assets are part, could also significantly impact the realisation value achieved in a short term sale;
- an inability to realise potential value upside achievable upon rezoning of the San Remo land in Victoria (should that process be successful);
- the diverse nature of the real estate assets of Trinity and the varying yields and cashflows generated by them would mean that any orderly realisation would need to be carefully managed to ensure appropriate debt reduction is achieved and ongoing compliance with banking covenants. As a consequence, it may not be possible to return capital to Securityholders in an economically efficient timeframe; and
- other factors outlined in the first strategic review announcement by the Board on 30 March 2012 which continue to be relevant to this particular option.

Importantly, the Board also considered the total Securityholder returns achievable in light of the issues outlined above, and the impact of the time value of money. This analysis supported the conclusion that the growth option should be a more beneficial outcome to Securityholders.

5. The new Trinity

The Board anticipates that the revitalised Trinity will have the following features:

- owns a small income producing commercial property portfolio on its own balance sheet so as to underpin the value of Trinity securities;
- owns a property funds management business which primarily manages external property investment vehicles and funds;
- does not carry out property development activities on its own balance sheet;
- has a financial position that should result in sustainable income distributions to Securityholders from and including the 2015 financial year; and
- may possibly operate under a different name from that of Trinity, in which case, Securityholders would be asked to vote on a change of name resolution.

The Board has sought at all times to deliver the best outcome for Securityholders regardless of the size of their interest, timing of their investment and their ability or desire to express their view on the future direction of the business.

The Board invites Securityholders to attend the upcoming Annual General Meeting on 21 November 2013 which will be an opportunity for Securityholders to discuss the determined direction with the Board.

Yours sincerely

Brett Heading
Chairman
Trinity Limited and
Trinity Investment Management Limited

Chris Morton
Chief Executive Officer
Trinity Limited and
Trinity Investment Management Limited