

# Trilogy Industrial Property Trust



Investment report: *January 2024*

APIR: TGY1928AU

Monthly distribution, annualised<sup>1,3</sup>

**8.00 CPU, PA**

Current yield, annualised<sup>2</sup>

**7.07 % PA**

<sup>1</sup> January 2024 monthly distribution, annualised. Distributions are variable.

<sup>2</sup> January 2024 monthly distribution yield, annualised. Based on 1 January 2024 unit price. Distributions are variable.

<sup>3</sup> Past performance is not a reliable indicator of future performance.

12 month total return<sup>4,5</sup>

**8.14%**

12 month income returns<sup>4</sup> **7.14%**

12 month growth returns<sup>4</sup> **1.00%**

<sup>4</sup> Actual returns over the 12 months to January 2024. See footnote 6 for calculation methodology. Past performance is not a reliable indicator of future performance.

## Investment at a glance

**Unit Price<sup>3</sup>:** \$1.1319

**Minimum initial investment:** \$20,000

**Minimum additional investment:** \$5,000

**Distribution frequency:** Monthly

**Automatic reinvestment:** Available

**Preferred method of payment:**

Direct debit, BPAY. (Contact us for other options).

**Withdrawal notice period:**

Target offer date: Four years from most recent offer. See PDS.

Most recent offer: March 2022.

**Interim withdrawal offers:**

Target offer date: Annually commencing 1 February and closing 28 February. See PDS for details.

**Responsible entity management fee:**

0.50% p.a. (including GST) of gross asset value. Additional fees are charged to the Trust relating to the assets. See PDS for details.

**Entry & exit fees:**

Nil - but other fees and costs apply, see PDS.

**Risks:**

All investments in unlisted property trusts carry risk. As this product invests in industrial property, it carries the market, property, and leasing risks associated with investing in property. Please refer to section 5 of the PDS before making an investment decision.



## Historical performance<sup>5</sup> (Inception May 2017)

	1 Month %	3 Month %	6 Month %	1 Year %	3 Year %PA	5 Year %PA	Since Launch %PA
Income	0.59	1.79	3.57	7.14	7.16	7.52	7.64
Growth	(0.22)	1.95	0.66	1.00	3.73	2.52	2.19
Total	0.37	3.74	4.23	8.14	10.89	10.04	9.83

## Commentary

### Fund update

The Trilogy Industrial Property Trust (The Trust) delivered a total return of 8.14% over the 12 months to 31 January 2024.

The Interim Withdrawal Offer opened 1 February 2024 and will close 28 February 2024. Details are available on the Trilogy website.

During January, works commenced on capital upgrades at the Trust's 16 Galleghan Street, Hexham, NSW asset. The project includes upgrades to loading docks and refrigeration equipment in the cold storage tenancy leased by Bega Dairy and Drinks Pty Ltd. The project value is approximately \$1m and the resulting works will improve Bega's operational efficiency at the site, thus making it a more attractive long term tenancy. As such, the project is partially funded by the Trust as a lease incentive as part of the recent 9-year lease renewal, and partially funded by Bega.

### Market update

The leasing market continued its strong performance over the quarter, with rents for prime and secondary assets increasing 2.4% q.o.q. and 16%-18% y.o.y. according to the Q4 CBRE Industrial & Logistics Report<sup>10</sup>. A key positive driver is the national e-commerce penetration rate, which appears to have stabilised post COVID at 12% - 13%. This impacts leasing of transport, postal and warehousing assets, which accounted for 42% of leasing in Q4 2023, according to CBRE.

<sup>5</sup> Past performance is not a reliable indicator of future performance. Total returns measured from first distribution payment - May 2018. Unit price displayed from 1 July 2021. Prior to July 2021, the fund was only open intermittently for capital raises, and unit prices were calculated on a non-regular basis, making historical data prior to this point less meaningful.

<sup>6</sup> Returns calculated in accordance with MSCI unitised total returns formula for open ended funds:  $\text{Total Return} = \frac{\text{Unit Price}_t + \text{Unit Price}_{t-1} + \text{Distribution Per Unit}_t}{\text{Unit Price}_{t-1}}$



## Commentary (continued)

CBRE reported that transaction yields softened an average of 28bps across the country, although rental increases protected asset values from decline. Over the December – January period, several industrial assets in Queensland (Pinkemba, Meadowbrook, Springfield) transacted in the \$8m - \$15m range, with passing yields between 6.00% and 6.50%, reflecting ongoing strength of the industrial market in Queensland.

### Market Outlook

The spread between industrial yields and the cash rate remains lower than historical averages, indicating that further yield softening may occur. However, if the market anticipates rate cuts on the horizon, this may mitigate yield softening. CBRE is forecasting a further 25bps – 50 bps in yield softening over the next six months, but that they also anticipate that asset values will be shielded by further increases in market rents, which are driven by consistently low vacancy rates.

## Portfolio information

### Gross asset value (GAV)<sup>8</sup>

\$254,994,122

### Net asset value (NAV)<sup>8</sup>

\$1.1319

### Occupancy rate<sup>8</sup>

100.0%

### Trust Loan to valuation ratio (LVR)<sup>8</sup>

44.8%

### Weighted average lease expiry (WALE)<sup>9</sup>

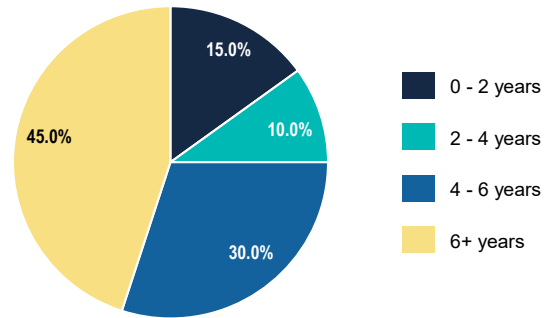
5.87 years (by income)

### Number of properties<sup>8</sup>

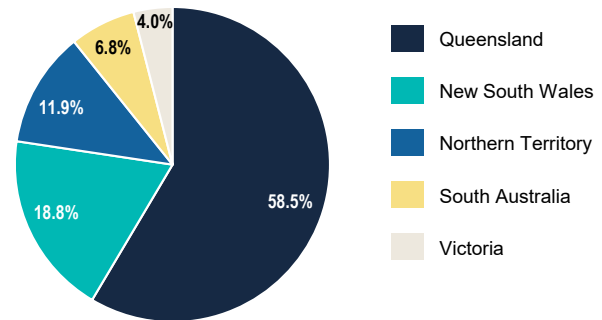
15

## Portfolio diversification

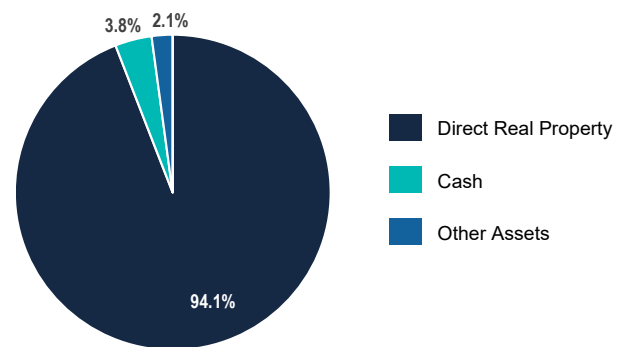
### Lease expiry<sup>8</sup>



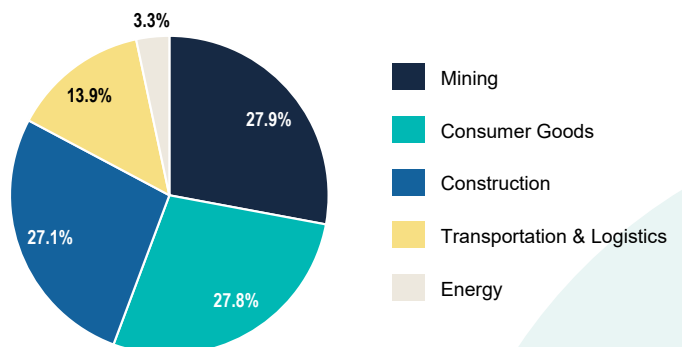
### Geographic spread<sup>8</sup>



### Trust asset exposure<sup>8</sup>



### Income by tenant sector<sup>8</sup>



<sup>8</sup> As at 31 January 2024

<sup>9</sup> Weighted average lease expiry (WALE) is calculated based on income of the properties as at 31 January 2024

<sup>10</sup> <https://www.cbre.com.au/insights/figures/industrial-logistics-australia-figures-4q23>

Investments in the Trilogy Industrial Property Trust ARSN 623 096 944 can only be made on the application form accompanying the Product Disclosure Statement (PDS) dated 11 September 2023 issued by Trilogy Funds Management Limited (Trilogy Funds) ABN 59 080 383 679 AFSL 261425 and available from [www.trilogyfunds.com.au](http://www.trilogyfunds.com.au). Please also consider the Target Market Determination (TMD) dated 11 September 2023 which is available at [www.trilogyfunds.com.au](http://www.trilogyfunds.com.au). Information included in this communication about investment yield and returns should be considered only as part of a balanced review of all the features, benefits and risks associated with the product. Please read the PDS and the TMD in full. All investments, including those with Trilogy Funds, involve risk which can lead to no or lower than expected returns, or a loss of part or all of your capital. Investments in Trilogy Funds products are not bank deposits and are not government guaranteed. Past performance is not a reliable indicator of future performance.