Trilogy Funds

Cannon Hill Office Trust

INVESTOR UPDATE | **MARCH QUARTER 2025**

NET DISTRIBUTION RATE ANNUALISED[1]

0.50% P.A

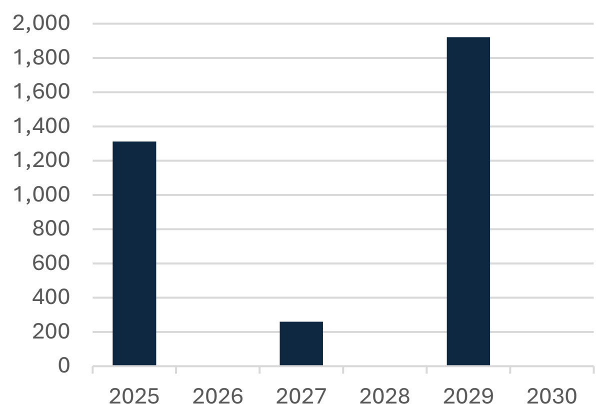
[1] March 2025 net distribution rate annualised. Variable rate. Past performance is not a reliable indicator of future performance.

OVERVIEW

as at 31 March 2025

Weighted Average Lease Expiry (WALE)	3.01 years (based on NLA)

Lease Expiry by Net Lettable Area (NLA)



LESSEE	% of NLA
Compass Group Aus Pty Ltd	55.00%
Orica Australia Pty Ltd	37.56%
Mindray Medical Pty Ltd	7.44%
TOTAL LEASED	**100.00%**

FUND UPDATE

The Trust remains in wind-up phase. The Responsible Entity continues to actively explore options that are in the best interest of unitholders – including the potential sale of the asset.

With Orica Limited’s lease due for expiry on 31 December 2025, we are yet to receive any formal notice of intent to exercise their three-year option.

The Trust's current finance facility expires in January 2026. We remain focused on managing the asset carefully through this period and will keep investors updated as developments occur.

We are in exclusive sale discussions with a potential acquiring party and they are currently undertaking due diligence on the property. We will provide further updates when and if the process progresses.

MARKET UPDATE

Structural changes to the office sector have drawn out the post-COVID-19 recovery – which itself remains uneven. In Brisbane, the recovery has been led by premium-grade CBD stock through the flight to quality. Secondary and fringe stock lags CBD markets due to shifting tenant preferences, higher vacancies and subdued investor appetite. Competition among landlords remains strong across the board, keeping incentives elevated.

This is illustrated through Q4 2024 vacancy figures, as the headline Brisbane CBD rate reduced to 9.8%, while fringe vacancy saw negative net absorption over the quarter to increase the headline rate to 11.0%[1].

Net effective rents in the Brisbane CBD have started to increase, however, incentives remain high. Despite negative net absorption across the Brisbane fringe market in Q4 2024, incentives reduced to 39.6%[2]. These too, however, remain elevated. It is likely that fringe and suburban markets will continue to experience elevated vacancy until CBD net effective rents make up further ground.

In Q4 2024, Brisbane CBD prime yields were 7.1%. Fringe prime yields were higher at 7.84%, signaling lower confidence in non-CBD assets. Investment activity in the quarter saw four Brisbane CBD assets sold for a combined $430 million, but no transactions in fringe or suburban markets. Across all of 2024, transaction volume increased 54% on 2023 to $1.3 billion[1]. Despite this increase, investment activity remains below the long-term average. As the Reserve Bank of Australia has begun an interest rate easing cycle, it is likely transaction volumes will continue to improve over 2025 and into 2026.

1. JLL, Brisbane Office Market Update, February 2025.
2. Colliers, Quarterly Snapshot Australian Office, Q4 2024.