Trilogy Funds

Trilogy Essential Retail Fund

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Responsible Entity:
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The retail landscape is shifting. As consumers become more digitally oriented and time-constrained, demand is rising for community retail hubs that provide quick, convenient access to everyday essentials. Simultaneously, categories like furniture, camping, hardware, and pet care are drawing shoppers toward destinations where specialist expertise and product range take centre stage.

Convenience retail and large format retail assets are well positioned to capitalise on these trends. In addition to retail tenants, these centres often include essential services such as medical, childcare, and self-storage – creating complementary foot traffic and resilient occupancy.

These retail subsectors offer both income and long-term growth potential.

These are the assets the Trilogy Essential Retail Fund is built around.

Fund overview

The Fund is designed to deliver regular income with the potential for capital growth by acquiring and actively managing a portfolio of essential retail properties across key locations in Australia. Target assets include neighbourhood shopping centres and large format retail (LFR) assets, often co-located with complementary services such as childcare, medical, and self-storage facilities that support retail trade. With a focus on essential services, the Fund aims to deliver consistent performance across the economic cycle.

Strategy

- **Fund objective** - Provide regular income with the potential for capital growth.
- **Asset focus** - Convenience retail properties, often co-located with essential services such as childcare, medical, and self-storage that support retail trade.
- **Location strategy** - Targeting metropolitan and regional areas.
- **Management style** - Active asset management with a focus on tenant retention and value-add opportunities.

The Fund targets convenience retail assets—such as neighbourhood shopping centres and large format retail (LFR)—in key metropolitan and regional locations across Australia. These properties typically feature long-term leases with key anchor tenants ranging from 10 – 15 years, backed by, strong tenant covenants, and stable cashflows.

To enhance returns, the Fund is actively managed, with value-adding opportunities such as lease renegotiation, tenant-led expansion, and selective development.
In addition to retail, the Fund may also invest in complementary assets like childcare centres, medical facilities, and self-storage, which support retail trade and increase resilience.

The Fund's disciplined acquisition process is backed by over 25 years of industry expertise and overseen by an experienced Property Investment Committee.

Market overview

Why invest in these assets?

The Fund focuses on convenience retail centres, large format retail (LFR), and essential service providers often co-located within these precincts. These assets offer greater potential for income stability and resilience than other parts of the retail property market, driven by a combination of structural market advantages and evolving consumer behaviours, including:

- **Consumer trends** - Demand for accessible, needs-based retail remains strong, supported by work-from-home patterns and urban densification.[1]
- **Supply constraints** - Limited new development due to zoning and planning restrictions enhances the value of existing assets.[1]
- **Tenant stability** - Long-term leases with national brands help to provide income predictability and reduce vacancy risk.

Convenience retail

Convenience retail centres are typically anchored by supermarkets, pharmacies, and food and beverage operators—tenants that provide essential, needs-based services. These centres benefit from high-frequency visitation, long lease terms (often 10–15 years for key anchor tenants), and net lease structures that reduce landlord costs.[2]

Importantly, convenience retail has proven resilient through economic cycles and e-commerce disruption.[2] It aligns with evolving consumer preferences for accessible, localised shopping, driven by trends like remote work, urban densification, and time-poor lifestyles.

With growing populations and limited zoning for new developments, these assets enjoy strong demand and constrained supply—supporting both income stability and capital growth.

Large format retail (LFR)

LFR centres often host national retailers in home improvement, electronics, furniture, and recreational categories. These tenants generally operate under long leases, ranging anywhere from 10 to 15 years for key anchor tenants, invest heavily in fit-outs, and prefer open-air, high-access locations with abundant parking and direct-to-store entry.

The format's role in omnichannel strategies, particularly for click-and-collect and fulfilment, adds further strength. Development supply remains limited due to planning constraints and land requirements, which reinforces the value of well-located LFR assets.[1]

Complementary co-located services

Medical centres, allied health, childcare, and self-storage facilities are increasingly integrated into retail precincts. These uses enhance foot traffic, extend dwell time, and provide additional income streams.

These assets are typically supported by long-term leases – often ranging from 10 to 15 years for key anchor tenants – and benefit from strong demographic tailwinds, including an ageing population, rising dual-income households, and continued demand for accessible services.

An income-focused proposition

Combined, these sectors offer a needs-based investment opportunity which is expected to exhibit lower tenant turnover, predictable rent escalations (typically CPI or 3–5% p.a.), and favourable supply/demand dynamics when compared to other property asset classes.

Outlook

Australia's population is **currently 27.7 million.**[3]

The population is expected to reach **29.9 million by 2030** & **32.0 million by 2035**.[3]

In **2025** alone, Australia's population is expected to **increase by 530,000 people.**[3]

Research by Colliers[1] indicates that, based on 2024 averages, this population growth is expected to translate to an **additional $8.6 billion in retail spending in 2025.** As Australia's population continues to increase, there will be a correlated increase in demand for essential services and non-discretionary goods. In turn, this will increase consumption across the broader economy.[1]

Additionally, CBRE Research reports that **for every one million additional Australians, 800,000 square metres (sqm) of retail space is required** to service this population.[4]

The Reserve Bank of Australia's (RBA) interest rate easing cycle will also benefit the sector. Firstly, **lower interest rates result in a lower cost of debt**. This is advantageous where assets are funded using debt.

Secondly, **capitalisation (cap) rates generally compress as interest rates lower**. This typically leads to higher valuations, thereby boosting the net asset value of a fund.

Seed Asset: Brighton Village, WA

The Fund's first acquisition is Brighton Village, a fully leased neighbourhood shopping centre in Butler, one of Perth's fastest growing northern suburbs.

Location	6 Kingsbridge Blvd, Butler WA –Strategically positioned in a high-growth corridor with strong local demand. 41km from Perth CBD
Major Tenant	Coles supermarket (20-year lease through to 2033)
Other Tenants	Six specialty retailers including a gym, newsagency, multiple food and beverage outlets, and a real estate agency
WALE	7.2 years by income (as at May 2025)
Occupancy	100%
Site Area	12,190 sqm
Net Lettable Area	3,831 sqm
Net Passing Income	~$1.77 million per annum
Investment rationale	The Brighton Village asset exemplifies the Fund's strategy - offering stable income, strong tenant mix, and long-term growth potential.

Brighton Village is strategically positioned at a key intersection in a densely populated, rapidly developing area. The Main Trade Area, as analysed through ABS statistics[5], currently supports a population growth of 62% in Bulter and the adjoining suburbs, with the city of Wanneroo supporting a population growth of 79.8% over the next 20 years[6] indicating steady demographic expansion in the region. The increasing population underscores Brighton Village's appeal as a thriving hub within Perth's northern corridor, driven by its strategic location and accessibility.

Major infrastructure investments—including freeway upgrades and new residential estates—reinforce the long-term appeal and accessibility of the location.

Coles anchors 78% of the centre's GLA, offering lease-backed income security. Specialty tenants operate under fixed annual rent reviews and contribute to the centre's steady trade and tenant diversity.

Why Invest in the Trilogy Essential Retail Fund?

- **Essential service exposure** - Focus on tenants providing everyday goods and services.
- **Income potential** - Long leases from key anchor tenants ranging from 10 to 15 years and net lease structures support consistent cash flow.
- **Active management** - Opportunities for value creation through tenant engagement and asset enhancement.
- **Experienced team** - Backed by Trilogy Funds' 25+ years of property and funds management expertise.

Interested in finding out more?

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