

Trinity Property Trust

Quarterly Report



Performance

Returns to June 2010 - pre fees

RETURNS	QUARTER (%)	FY 2010 (%)	2 YEAR (%)	3 YEAR (%)	5 YEAR (%)	10 YEAR (%)	SINCE INCEPTION (%PA)
Income	1.89	7.03	5.37	6.88	8.57	10.27	10.69
Capital	-1.62	-5.71	-15.05	-9.15	-4.00	-1.08	-0.78
TOTAL RETURN	0.28	1.32	-9.68	-2.27	4.57	9.19	9.91

Returns to June 2010 - post fees

RETURNS	QUARTER (%)	FY 2010 (%)	2 YEAR (%)	3 YEAR (%)	5 YEAR (%)	10 YEAR (%)	SINCE INCEPTION (%PA)
Income	1.62	5.95	4.52	5.91	7.30	8.83	9.23
Capital	-1.62	-5.71	-15.05	-9.15	-4.00	-1.08	-0.78
TOTAL RETURN	0	0.24	-10.54	-3.24	3.30	7.75	8.45

Key Statistics

UNIT PRICE (CAPITAL VALUE) UNAUDITED	\$ 0.9134
DISTRIBUTION ENTITLEMENT UNAUDITED	\$ 0.03 per unit
TOTAL NET ASSETS	\$338,252,614
NUMBER OF TPT ISSUED UNITS	370,309,561
GROSS ASSET VALUE (INCLUDING 75% INTEREST IN AM60)*	\$590,779,555
NUMBER OF PROPERTY ASSETS	22
WEIGHTED AVERAGE LEASE TERM	4.02 years
TOTAL LETTABLE AREA	183,106 m ²
OCCUPANCY	93%
GEARING (DEBT TO TOTAL ASSETS)	32%

*This is the first quarter AM60 has been included in the TPT portfolio statistics (WALE, total lettable area and occupancy)

TPT Fund Objective

The key objective of Trinity Property Trust (TPT) is to consistently deliver institutional investors above benchmark returns by actively managing a diversified portfolio of domestic real estate assets.



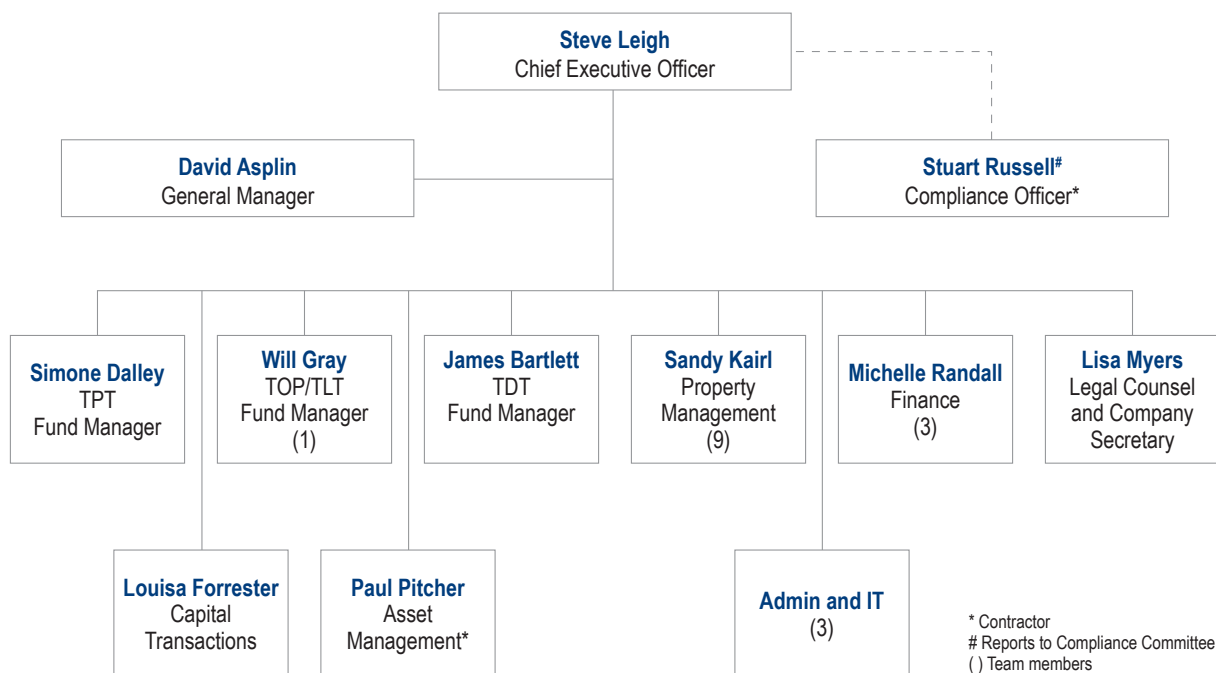
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Trinity Funds Management Corporate Update

On 19 May 2010, Trinity Limited (TL) sold a 50% interest in Trinity Funds Management Limited (TFML) and Trinity Funds Management Services Pty Ltd as trustee for the TFMS unit trust (TFMS), the entity contracted to provide services to TFML. The new shareholder is Clarence Property Corporation Limited, an unlisted public company. There is no change to the TFML Board composition, Board Charter or any of the recently introduced governance improvements. All personnel engaged in the delivery of services to the TFML Board remain unchanged. The change in ownership and structure will enable Steve Leigh and his team to have a sole focus on managing TFML funds.



Market Overview

The gradual recovery taking place in Australian property markets has continued as the Australian economy maintains a degree of relative strength in the wake of the Global Financial Crisis. Capital raisings and the easing of credit markets has allowed the direct and indirect Australian property market to slowly start to emerge from the downturn. However, the path of recovery has been threatened in the last few months as questions are raised about the fragility of global economic fundamentals.

A number of property transactions undertaken by both domestic and international institutional and private participants across all sectors have signalled that the bottom of the valuation cycle may have been reached and that the banks are starting to open up and provide finance for the right transaction. Capitalisation rates for core, quality assets continue to slowly improve, whilst for non-core, secondary assets, capitalisation rates remain stable with mild downside risk. It should be noted some of TPT's secondary assets did experience a slight easing of capitalisation rates at the June 2010 revaluation. Key downside risks include the possibility of a substantial Australian economic slowdown on the back of fragile global economic fundamentals and the prospect of European sovereign debt issues affecting the cost and availability of local debt financing.



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Investment Strategy

Simone Dalley, TPT's Fund Manager and Steve Leigh (CEO) have recently reviewed the Fund's Investment Strategy and a detailed document has been approved by the TFML Board. A brief summary of the Investment Strategy follows but if you would like the complete copy of the TPT Investment Strategy please contact David Asplin on david.asplin@trinity.com.au.

TPT is an unlisted fund focused on the needs of long term institutional investors seeking exposure to a diverse portfolio of property assets that can deliver total returns above benchmark.

TPT's total returns include consistent income returns, capital growth and a component from active management and repositioning of property assets.

The Fund differentiates itself from the vast majority of its peers by its higher exposure to smaller and more management intensive assets. TPT's asset class sub sector comprises of well located multi-tenanted B Grade commercial, sub-regional and neighbourhood retail and industrial assets. These assets have the potential to deliver enhanced returns from a higher degree of active management.

The smaller lot size of TPT assets provides demonstrably enhanced liquidity and agility. This enables the Fund to quickly execute geographic and sector tilts to capitalise on market conditions.

In order to deliver consistent peer outperformance the Manager adopts an end-to-end philosophy of managing all facets of a real estate portfolio. The Manager seeks to maximise property performance through pro-active 'hands-on' asset management, development management, property management and leasing.

The Fund adopts a stable capital structure with appropriate use of debt; strict selling discipline, and a stable investor base. In the long term the Fund will aim to develop a strong institutional investor base to enable the Fund to continue to capitalise on opportunities within major domestic property markets.

The Manager manages risk through the implementation of quality systems, processes, documentation and best practice corporate governance.

Fund Performance

Income

- The distribution for the second half of FY10 will be 3.00 cents (subject to audit).
- The full year distribution is approximately 5.7662 cents.
- The annual income return is 5.95% (post fees) on the opening unit value of \$0.9687.
- In FY09 TPT paid a full year distribution of 6.04 cents, a full year income return of 4.62% (post fees).

Capital

- The closing unit price for FY10 is \$0.9134 (unaudited).
- The opening unit price for TPT for FY10 is \$0.9687.
- The TPT capital return for FY10 is -5.71% compared to a capital return for FY09 of -25.87%.

Total Return

- The full year return is approximately 0.24% (post fees).

Fund activity

Debt facility expiry

TPT's debt facility expires at the end of July and TFM has undertaken an expression of interest exercise to deliver the Fund the optimal facility. The level of interest from multiple debt providers has been high due to TFM's new governance model, TPT's conservative loan to valuation ratio (LVR), weighted average lease expiry (WALE) and cash holdings. At the time of writing, the fund has a letter of offer from the existing financier and is in the process of documenting agreed improved terms that will be advised in next quarter's report.

Constitution Review

The TFML Board has approved for consultation purposes a draft trust deed for the Constitution for TPT. Management will commence a period of investor consultation in late July prior to a unitholder meeting to consider the new Constitution.

Dividend Reinvestment Plan

In June 2010 the Trinity Funds Management Limited Board resolved that no discount will apply to units issued under the Dividend Reinvestment Plan (DRP) effective from December 2010. A 4% discount will apply to units issued under the DRP in June 2010.

Transactions

Acquisitions

AM60

In April 2010 Trinity Property Trust increased its investment in AM60 to 75%. The property is co-owned with AustSafe Super holding the balance 25%.

This property was valued at June 2010 at \$150.5 million reflecting a capitalisation rate of 7.75%. This is an increase of 0.5% on the previous valuation.

Since April 2010 TPT has received a positive capital return on its investment. AM60 will pay a distribution of \$0.0042 for FY10 reflecting a return of 1.20%. This income return is not indicative of anticipated annual returns as it reflects the completion of the building in September 2009 and the capital restructure of the property in April 2010. The FY11 income return is expected to be approximately 6.5%.

AM60 is now incorporated into all of the portfolio analysis for TPT including occupancy, lease expiry profile and weighted average lease term (WALT). Furthermore the 75% ownership of AM60 is reflected in the calculation of Gross Asset Value.



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Divestments

Mulgrave Business Park, Mulgrave VIC

In the March report TFML advised that a conditional contract of sale had been executed. The conditions included TFML Board approval, due diligence and purchaser Board approval. These conditions were all met and the sale of the property settled on 30 June 2010.

383 King Street, Melbourne VIC

In the March report TFML advised that an unconditional contract of sale had been entered into for the sale of 383 King Street, Melbourne, and this settled on 27 April 2010.

28-36 Summit Rd, Noble Park VIC

In May 2010 the TFML Board approved the sale of 28-36 Summit Rd, Noble Park. This property is a small non-core industrial property with a pending lease expiry. The property was marketed for sale by auction on 7 July 2010. The reserve price was not achieved and negotiations have commenced with the highest bidder.

145 Northcorp Boulevard, Broadmeadows VIC

In April 2010 TFML entered into an unconditional contract of sale to an owner occupier for \$2.4 million. The purchaser has entered into a 12 month lease. Settlement of this property is due to occur on 28 February 2011.

Valuations

June Quarter Valuations

Independent valuations were carried out for all properties as at 30 June 2010

- 8 properties (approximately 44% of the portfolio) reduced in value;
- 7 properties (24% by value) remained steady; and,
- 6 properties (32%) increased in value.

The material **reductions** in value are listed below:

- Forest Lake Village Shopping Centre decreased by \$4.88 million (-8%). This reduction was largely due to a 50 bps increase in the capitalisation rate to 8.25%.
- Citylink Plaza, Queanbeyan, decreased in value by \$1 million (-5.26%), following an increase in the capitalisation rate of 50 bps to 10%.
- Chandos St, St Leonards, decreased in value by \$0.8 million (-3.4%). The capitalisation rate held steady at 9.25%, the reduced valuation reflects the high level of lease expiry in FY11 and a reduction in net income.
- Wentworth St, Parramatta, decreased in value by \$0.25 million (-1.4%) due to a 25 bps increase in the capitalisation rate to 10%.

These reductions were offset by **increases** in values; a summary of the material increases is set out below.

- 275 George St, Sydney, increased in value by \$1.5 million (3.6%) on the last independent valuation in December. This increase was offset by capital expenditure including the refurbishment of level 5 and several lease incentive payments. The increase is the result of a 50 bps reduction in the capitalisation rate to 7.5%.
- 92 Pitt St, Sydney, increased in value by \$1 million (4.3%). This increase was offset by capital expenditure, primarily incentive payments. The increase is the result of a 50 bps reduction in the capitalisation rate to 7.75%.
- Cascom, Scaturchio St, Casuarina, NT, increased in value by \$1 million (4%). This increase was offset by capex over the half year including recarpeting and make good of premises recently leased. The capitalisation rate has reduced by 25 bps to 9.75%. The increase was also the result of several new leasing deals and market rental reviews.
- AM60 Albert St, Brisbane, increased in value by \$0.8 million (0.5%). The capitalisation rate remained steady at 7.75%. TPT's proportionate share of this increase is \$0.6 million.

All of the above valuation commentary relates to valuations only and ignores any impact from capital expenditure.

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Assets Under Management

	MARCH QTR 2010 (\$M)	JUNE QTR 2010 (\$M)
TPT TOTAL TANGIBLE ASSETS	525.20	531.27
ALLOCATION OF FUNDS		
DIRECT REAL PROPERTY	401.89	368.60
INDIRECT PROPERTY – TERF	9.60	60.71
CASH & OTHER	113.71	101.96
TOTAL	525.20	531.27

Gross Asset Value

	JUNE QTR 2010 (\$M)
TPT TOTAL TANGIBLE ASSETS	531.27
LESS AM60 EQUITY	60.71
PLUS 75% AM60 TOTAL TANGIBLE ASSETS	120.22
TOTAL	590.78

Net Assets

	MARCH QTR 2010 (\$M)	JUNE QTR 2010 (\$M)
TPT TOTAL TANGIBLE ASSETS	525.20	531.27
LESS		
BORROWINGS (INCL. SWAPS)	173.38	173.90
OTHER LIABILITIES	3.23	8.01
PROVISION FOR DISTRIBUTION	4.82	11.11
TOTAL	343.77	338.25
NO OF TPT UNITS ON ISSUE	370.31	370.31
TPT UNIT CAPITAL VALUE	\$0.9284	\$0.9134

TPT Property Portfolio

	MARCH QTR 2010 (\$M)	JUNE QTR 2010 (\$M)
DIRECT PROPERTY (100% OWNED)	372.66	368.60
DIRECT PROPERTY (JOINTLY OWNED WITH TST)	29.23	0
TOTAL VALUE	401.89	368.60
TOTAL ANNUAL GROSS INCOME (FULLY LET)	48.2	44.5

Vacancy

	MARCH QTR 2010 (\$M)	JUNE QTR 2010 (\$M)
TOTAL % OF ANNUAL RENTAL INCOME (FULLY LET)	7.8	7.3

Arrears

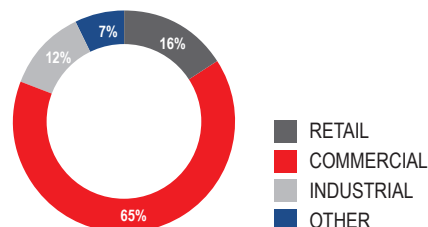
	MARCH QTR 2010 (\$M)	JUNE QTR 2010 (\$M)
ARREARS (>30 DAYS) % OF TOTAL	7.8	7.3
ANNUAL RENTAL INCOME (FULLY LET)	0.78	0.61

Lease Profile

	MARCH QTR 2010 (\$M)	JUNE QTR 2010 (\$M)
SECURE AS AT JUNE 10	90	93
SECURE AS AT JUNE 11	77	81
SECURE AS AT JUNE 12	65	70
SECURE AS AT JUNE 13	43	54

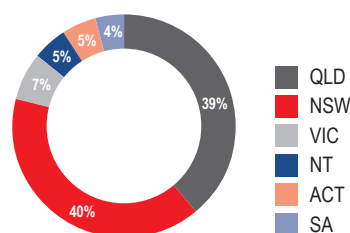
Sector Profile

SECTOR	PERCENTAGE
RETAIL	16%
COMMERCIAL	65%
INDUSTRIAL	12%
OTHER	7%



Geographic Profile

SECTOR	PERCENTAGE
QLD	39%
NSW	40%
VIC	7%
NT	5%
ACT	5%
SA	4%



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Property	December 2009 Valuation		June 2010 Valuation		Valuation Movement		% of portfolio	Current book value at 30/06/2010 (\$M)
	Valuation (\$M)	Core Cap Rate (%)	Valuation (\$M)	Core Cap Rate (%)	(\$M)	%		

Commercial Property

275 George St, Sydney NSW	41.50	8.09	43.00	7.50	1.50	3.61	8.9	43.00
1-3 Fitzwilliam St, Parramatta NSW	27.80	9.50	27.80	9.75	0.00	0.01	5.8	27.80
13-17 Scaturchio St, Darwin NT	24.50	10.00	25.50	9.75	1.00	4.08	5.3	25.50
92 Pitt St, Sydney NSW	23.00	8.25	24.00	7.75	1.00	4.35	5.0	24.00
1 Chandos St, St Leonards NSW	23.30	9.25	22.50	9.25	-0.80	-3.43	4.7	22.50
Northbourne Hse, Northbourne Avenue, Turner ACT	19.00	9.50	19.00	9.50	0.00	0.00	3.9	19.00
16-18 Wentworth St, Parramatta NSW	17.50	9.75	17.25	10.00	-0.25	-1.43	3.6	17.25
151 Oakden St, Greenway ACT	5.70	9.25	5.60	9.25	-0.10	-1.75	1.2	5.60

Industrial Property

301 Grand Junction Rd, Ottoway SA	20.50	9.50	20.50	9.50	0.00	0.00	4.3	20.50
3 Distillers Pl, Huntingwood NSW	10.50	9.25	10.30	8.50	-0.20	-1.90	2.1	10.30
45 Gosport St, Hemmant QLD	10.20	10.25	10.30	9.75	0.10	0.98	2.1	10.30
28-36 Summit Rd, Noble Park, Melbourne VIC	5.90	9.25	5.90	9.00	0.00	0.00	1.2	5.90
2 Barrow Pl, Queanbeyan NSW	5.70	9.50	5.50	9.75	-0.20	-3.51	1.1	5.50
125 Northcorp Blvd, Broadmeadows VIC	2.80	9.00	3.05	8.75	0.25	8.93	0.6	3.05
145 Northcorp Blvd, Broadmeadows VIC	2.20	9.00	2.40	8.75	0.20	9.09	0.5	2.40

Retail and Other Property

Forest Lake Village Shopping Centre, Forest Lake QLD	58.26	7.75	53.50	8.25	-4.76	-8.17	11.1	53.50
28 LaTrobe St, Melbourne VIC	21.70	8.50	21.00	8.75	-0.70	-3.23	4.4	21.00
CityLink Plaza, Queanbeyan NSW	19.00	9.50	18.00	10.00	-1.00	-5.26	3.7	18.00
350 Eastern Valley Wy, Chatswood NSW	13.00	8.25	13.00	8.25	0.00	0.00	2.7	13.00
Forest Lake Blvd, Forest Lake QLD	12.00	8.50	12.50	8.50	0.50	4.17	2.6	12.50
67-71 King St, Warramong NSW	8.00	10.00	8.00	10.00	0.00	0.00	1.7	8.00
Total 100% Owned	372.06		368.60	6.81	-3.46	-0.93	77	368.60

Jointly Held Property

								Equity \$M
AM60 (75% holding)	112.28	7.75	112.88	7.75	0.600	0.53	23	112.875

Property Assets Under Management	484.34		481.48		-2.86		100	481.48
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