

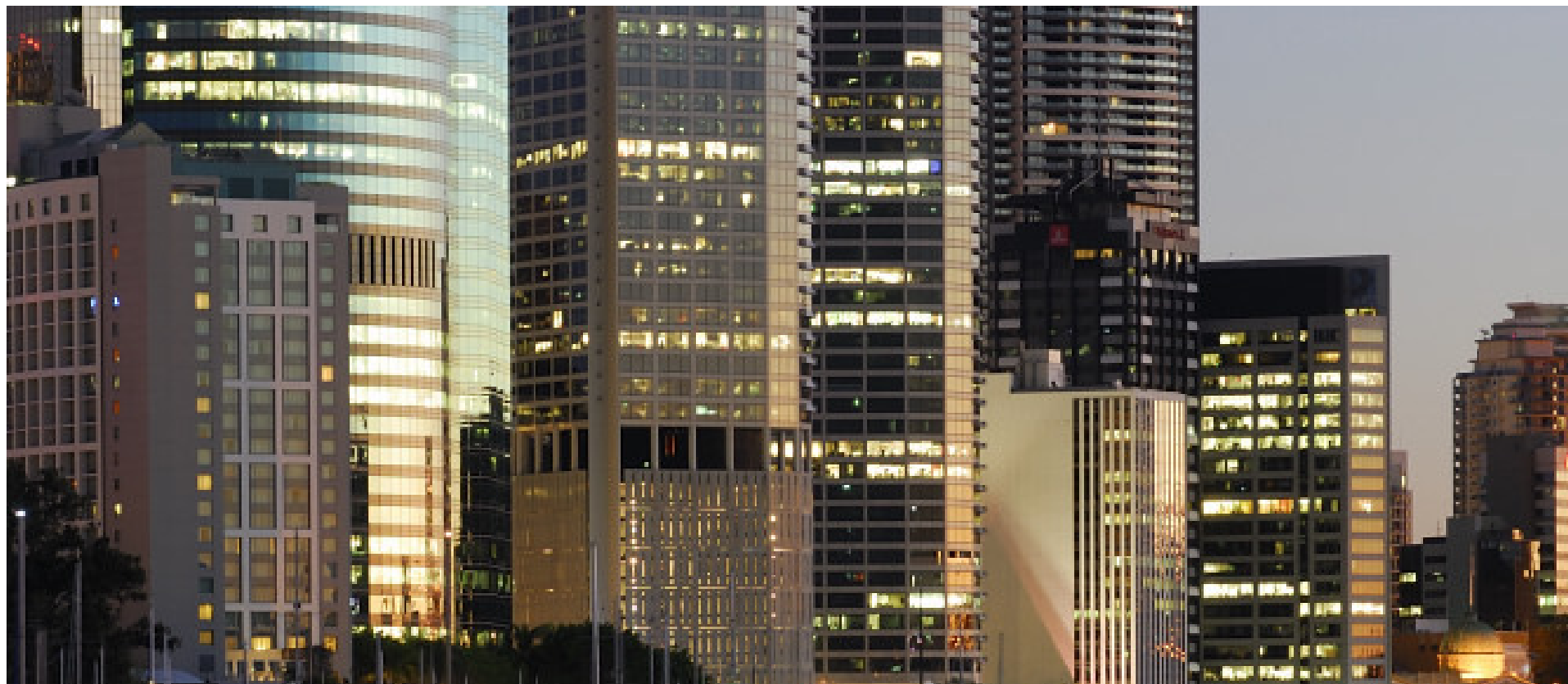


property·investment·knowledge

# Trinity Group

## 2008 Annual General Meeting

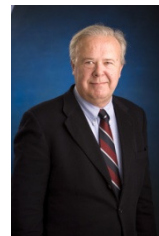
Friday 14 November 2008



# Board of Directors



**Hon Keith De Lacy**  
Chairman



**Peter Lewis**  
Deputy Chairman



**Anthony Hartnell**  
Director



**Robert Lette**  
Director



**Donald O'Rorke**  
Director



**Richard Friend**  
Director

# Presentation Outline

## Keith De Lacy, Chairman

- Corporate Restructure
- Indicative Non-Binding Offer
- Global Economic Conditions
- Share Price
- Distribution & Earnings
- Corporate Governance

## Ben McCarthy, CEO

- Property Market Conditions
- Capital Management
- Year in Review
- Outlook



property·investment·knowledge

# Keith De Lacy

## Chairman

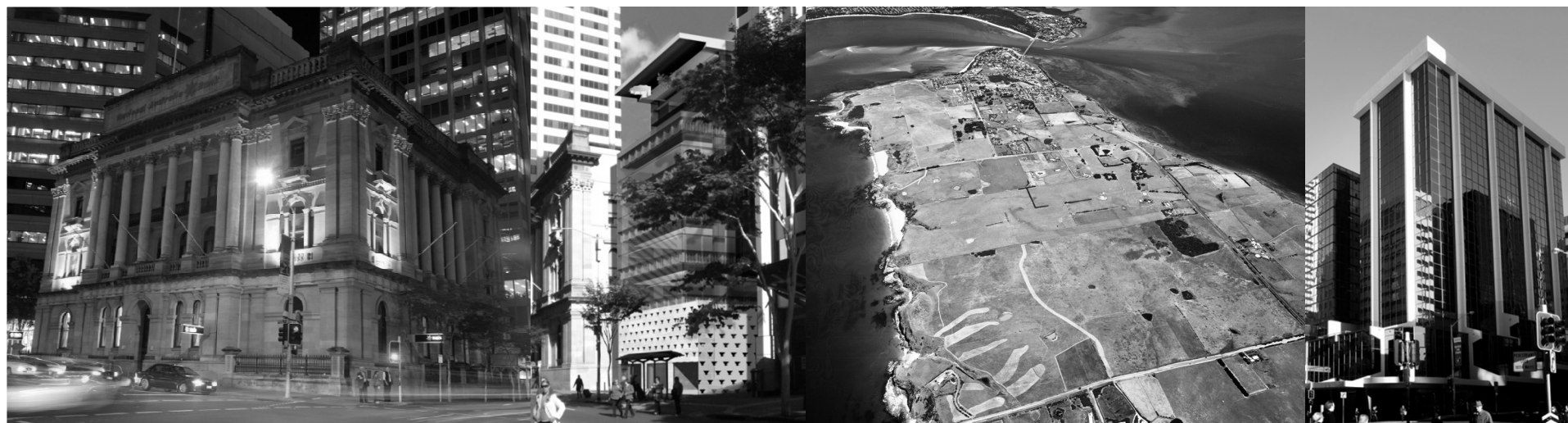




property·investment·knowledge

# Corporate Restructure

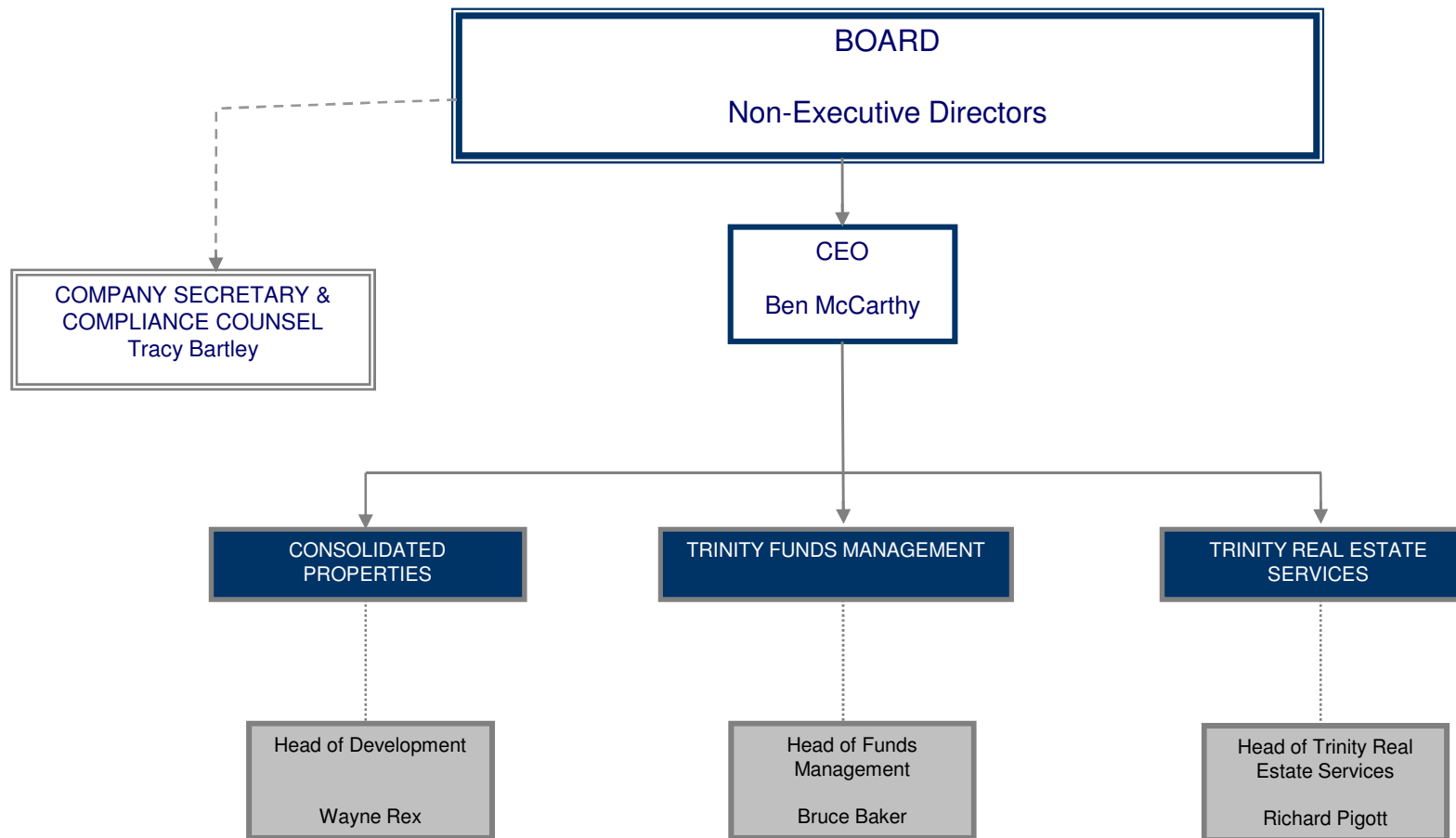
2008 Annual General Meeting



# Corporate Restructure

- Reversion to more conventional corporate structure
- Board will comprise only Non-Executive Directors
- Full management authority will vest in the CEO
- Best meets requirements of the current market
- Appropriate given the maturity of the company – 4 years listed
- Strong Executive Management across the Group
  - Wayne Rex's transition to MD of Consolidated Properties

# Board & Executive







property·investment·knowledge

# Indicative Non-Binding Offer

2008 Annual General Meeting





# Indicative Non-Binding Offer

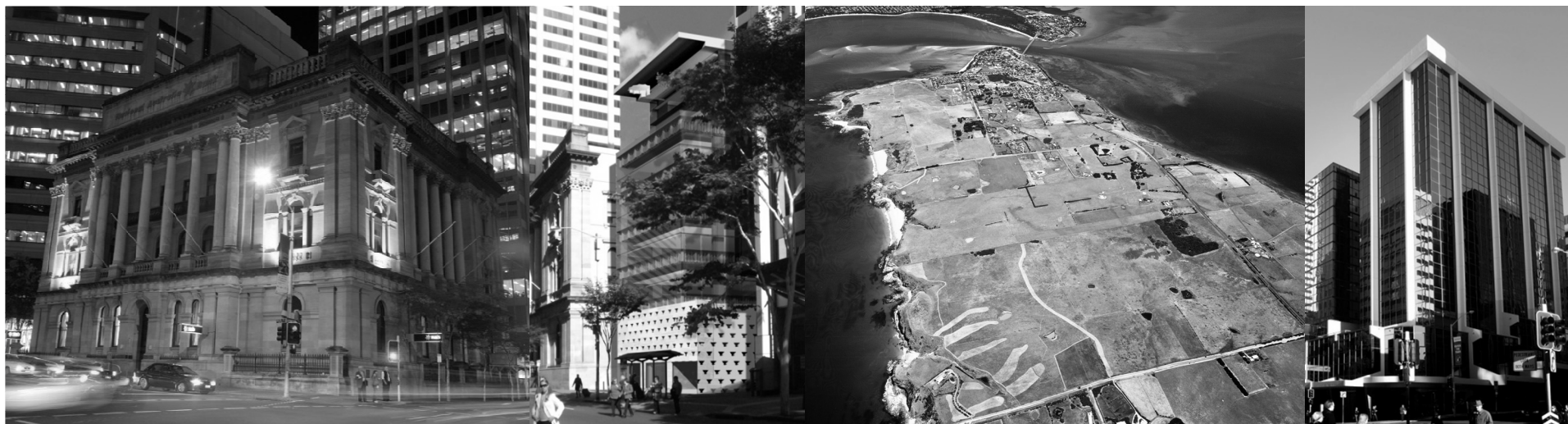
- An unsolicited, non-binding indicative offer from Don O'Rorke on behalf of interests associated with him
- The offer was at 80 cents per security for all securities on issue
- Conditional on acquiring a minimum of 51% of stock
- Conditional on full Board support
- Independent Directors are unanimous in the view that the offer undervalued Trinity - NTA of \$1.15 as at 30 June 2008
- Not in the best interest of the company or its securityholders
- No certainty as to whether any formal binding offer will be made



property·investment·knowledge

# Economic Conditions

2008 Annual General Meeting



# Economic Conditions

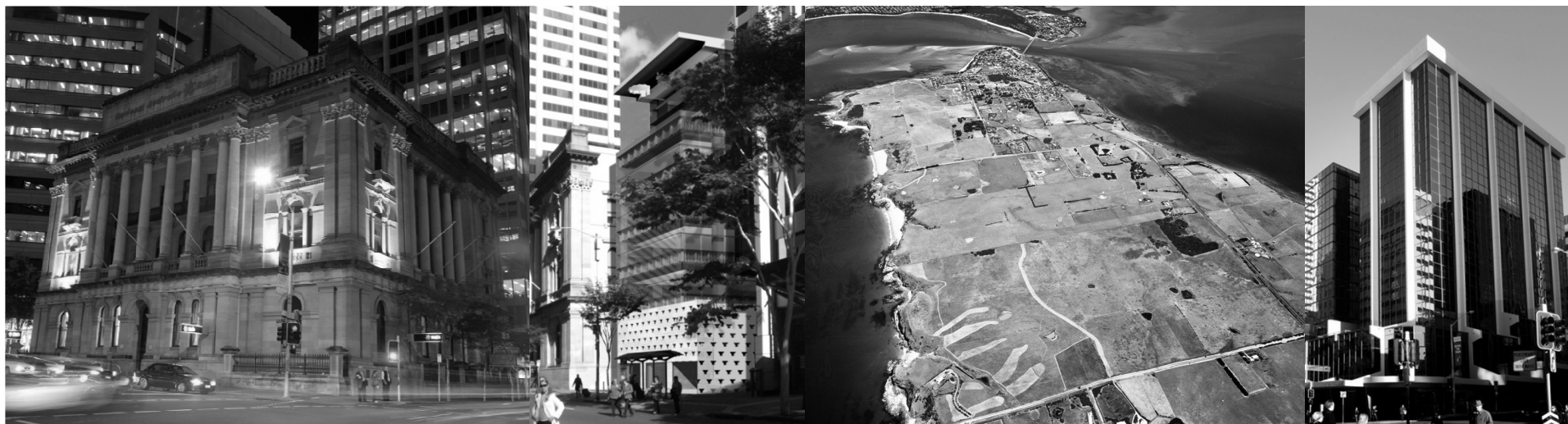
- Market conditions have continued to deteriorate since FY08 results
- Extent of the global financial crisis remains unclear
- Continued uncertainty at an economic, financial and property sector level both of duration of the crisis and the severity of the effects
- Trinity Board adopting a prudent strategy amid the uncertainty to ensure long-term growth and sustainability
- In a global context Australia is strong with falling interest rates and government stimulus and maintain good leverage to Asian growth when it returns



property·investment·knowledge

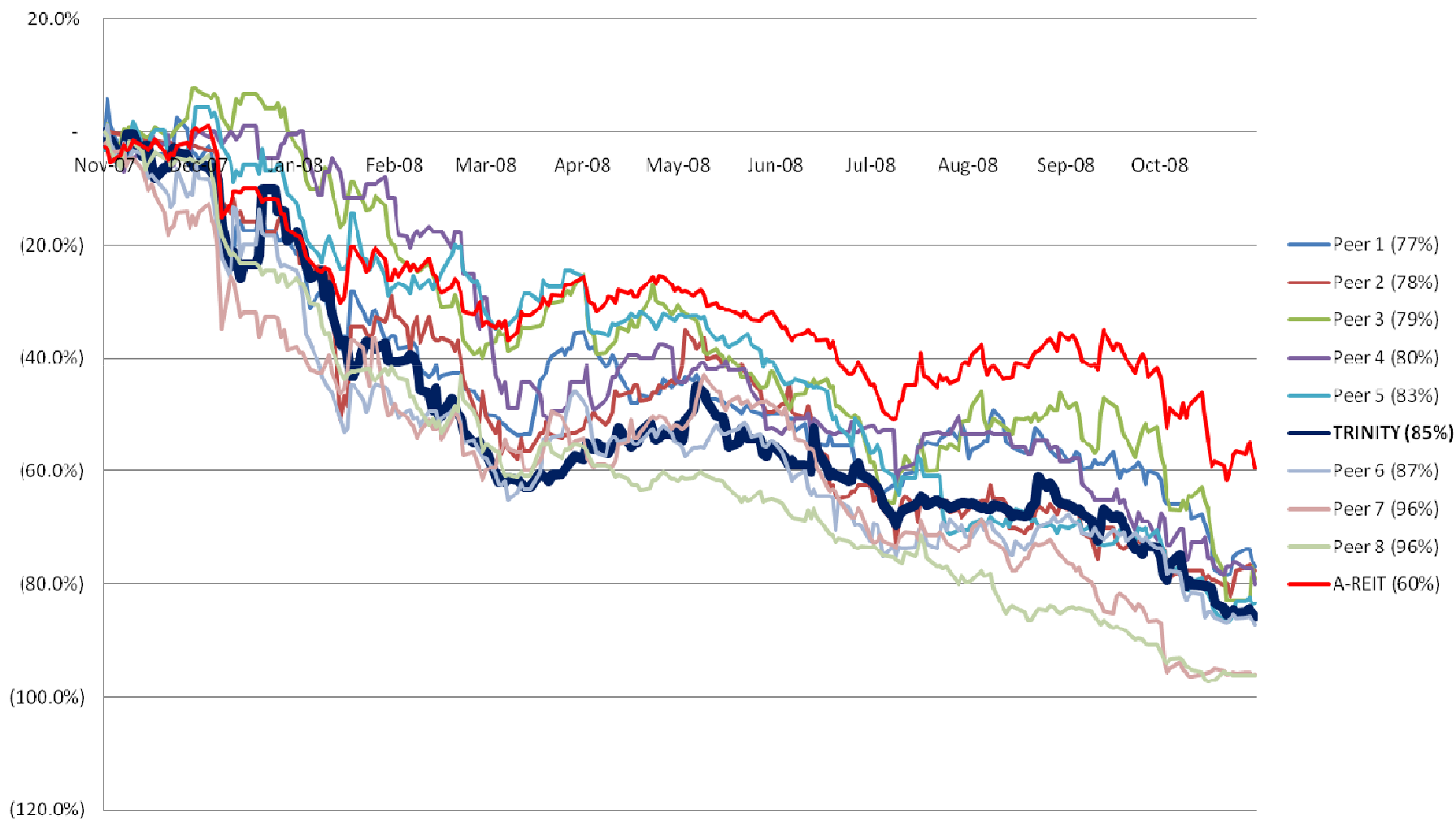
# Share Price

2008 Annual General Meeting



# Share Price: Peer Comparison

## Accumulated Returns





# Share Price

## Negative sector sentiment

- Global economic and sector specific sentiment placing downward pressure on A-REIT share prices
- Price performance is reflective of the negative sentiment towards property sector, not Trinity's company-specific actions
- 12 month return analysis shows Trinity's share price trend is consistent with peers
- The Board believe the stock is oversold but expects the price to remain somewhat depressed until some confidence returns to investors



# Share Price

## Market Value

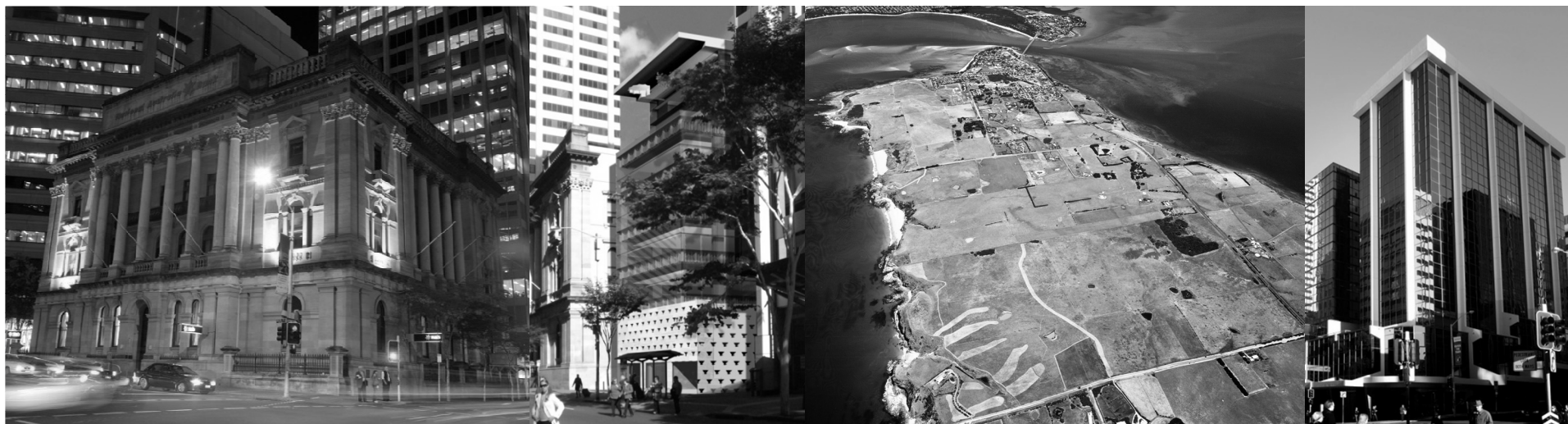
- Undiscriminating market – no recognition of Trinity's lower risk profile and core business settings of:
  - high recurrent income levels
  - off-balance sheet risk-managed development
  - conservative gearing
- Expert management – our Board and management have worked through many cycles
- Board believes Trinity is being judged as having potentially the same issues as some of the peer group and until we are differentiated we will suffer in line with the peers
- Once volatility abates, Trinity's sound business model will be recognised and market value should reflect the Group's strong fundamentals and inherent value
- Trinity currently trading at a discount to NTA of 68%



property·investment·knowledge

# Distribution & Earnings

2008 Annual General Meeting



# Distribution & Earnings

- FY08 NPAT of \$34.5 million – up 43% from FY07
- Board undertaking prudent & conservative strategy due to continuing uncertainty from financial crisis and further deterioration of market conditions
- **Distribution guidance for FY09: Reduced DPS to 4 cents for 1H FY09**
- Reflective of the sustainable, recurrent income of the Group after the effects of the prudent and conservative assumptions are taken into account
- Trinity has no intention of undertaking an equity raising in the current market – dilutive to earnings
- Board remains confident of Trinity's future earnings and ability to deliver long term growth for securityholders
- Board maintains belief in Trinity's potential for earnings to grow to in excess of 20 cents per security after market conditions normalise



property·investment·knowledge

# Corporate Governance

2008 Annual General Meeting



# Corporate Governance

- Board adopts Industry Best Practice in employing the highest standards of corporate behaviour and accountability
- Strong level of property, financial and legal expertise and experience not only in property but across the business spectrum
- Focus always remains on preservation and enhancement of long term security holder value, which is especially relevant in today's environment.
- With continued market volatility and uncertainty, the Board will continue to adopt the most prudent strategy in the best long term interests of securityholders
- Enhanced governance initiatives over FY08 through the establishment of a new Board committee – the Investors Advisory Board (IAB), that provides a direct voice to the Board from the investors in our unlisted funds.



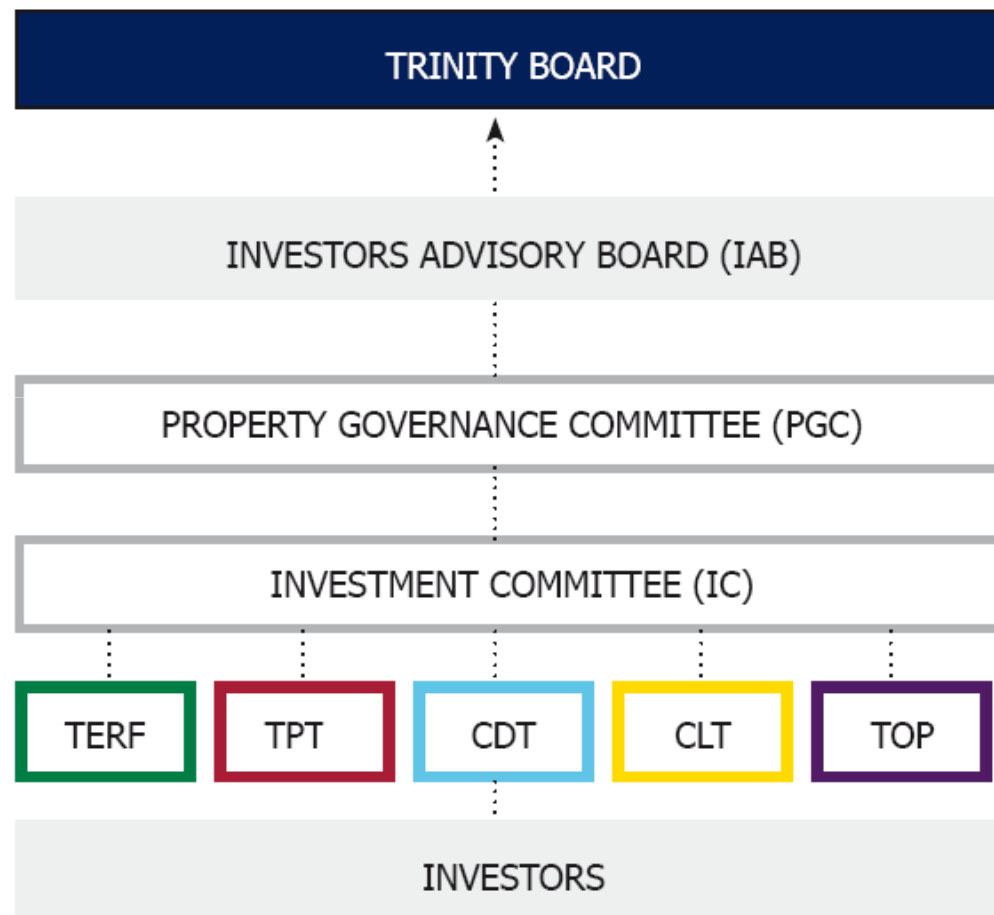
# Corporate Governance: Investor Advisory Board

- Established June 2008
- An official sub-committee of the Trinity Board comprising external investors representative of the funds' investor client base
- Chaired by Peter Lewis, Deputy Chairman of Trinity and includes 4 independent members representing our unlisted investors
- Reviews and makes recommendations on Trinity's entity allocation process, fund mandate, investor reporting & communication
- Makes recommendations to the Responsible Entity in connection with any conflicts of interest involving transactions and other dealings between related parties



# Corporate Governance: Investor Advisory Board

4 layers of governance:





property-investment-knowledge

# Ben McCarthy

## Chief Executive Officer

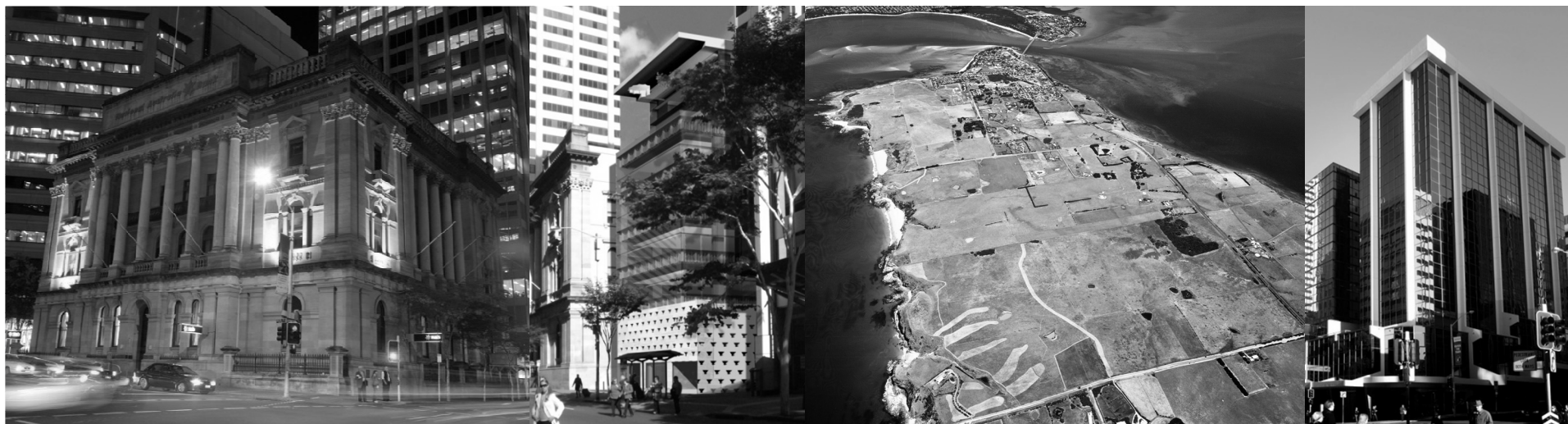




property·investment·knowledge

# Year in Review

2008 Annual General Meeting



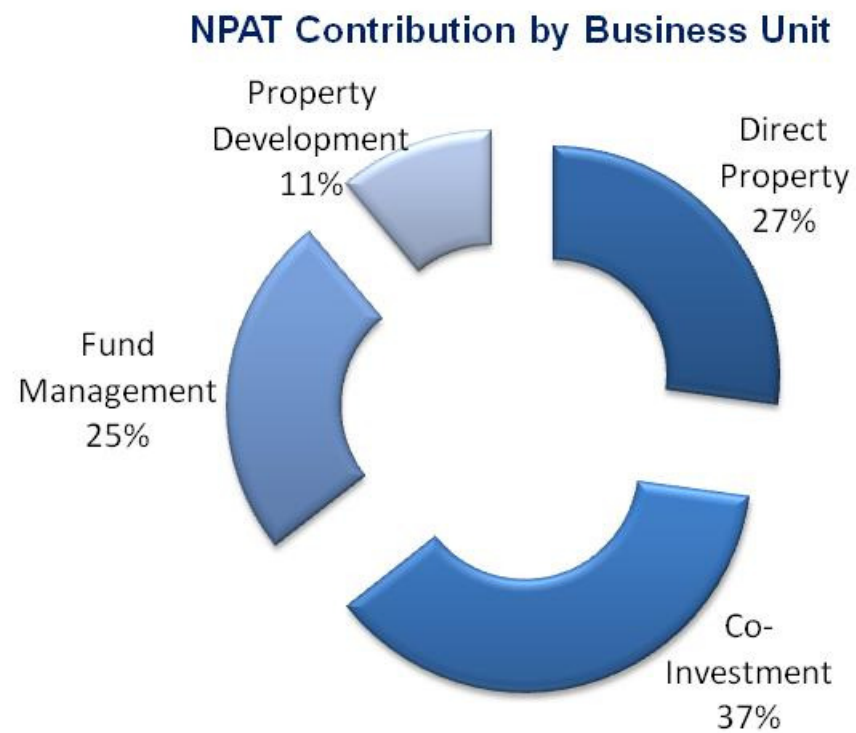
# Year in Review: FY08 Results

TCQ		FY08	FY07	Change
<b>NPAT</b>	\$m	34.5	24.1	+43%
<b>Underlying NPAT <sup>1</sup></b>	\$m	27.3	21.9	+25%
<b>Basic EPS</b>	Cents	15.2	13.1	+15%
<b>Basic EPS on Underlying NPAT</b>	Cents	12.0	11.9	+1%
<b>DPS</b>	Cents	11.7	11.0	+6%
<b>AUM <sup>2</sup></b>	\$m	1,380	994	+39%
<b>NTA</b>	\$	1.15	0.99	+16%

<sup>1</sup> Excluding fair value adjustments and straight line adjustments of rental income

<sup>2</sup> Total gross tangible assets less co-investments.

# Contribution to NPAT



# Year in Review: FY08 Highlights

- Over-benchmark performance of all managed funds
- Strong returns from co-investment
- Successful capital raisings in TPT of \$100 million and CLT of \$40 million
- Achieved above book value sales of Brisbane commercial assets despite market conditions – 82 Eagle Street & 388 Queen Street
- Completion of assets:
  - 308 Queen Street, Brisbane
  - Yamaha Distribution Centre, Brisbane
  - Doncaster Retail/Office, Melbourne
- Continued progression of the development workbook
  - AM60 82% leased during 2008
  - San Remo and Gatton land parcel Town Planning approvals
  - Leasing at 501 Ann



# Year in Review: Performance of Managed Funds

	<b>FY08<sup>2</sup></b> <b>(%)</b>	<b>Benchmark/Target</b> <b>Return</b>	<b>Since Inception</b> <b>(%)</b>
<b>Core Funds</b>			
Trinity Enhanced Return Fund (TERF)	22.90	11% +	20.98
Trinity Property Trust (TPT)	13.39	12% +	14.52
<b>Development Funds</b>			
Consolidated Development Trust (CDT)	13.76	15 - 18% +	13.62
Consolidated Land Trust (CLT) <sup>1</sup>	-	18% +	12.0 <sup>4</sup>
<b>Opportunistic Fund</b>			
Trinity Opportunistic Property Fund (TOP)	23.5 <sup>3</sup>	20% +	21.28

<sup>1</sup> CLT was launched on 30 June 2008

<sup>2</sup> Returns before tax and fees

<sup>3</sup> Based on actual results for the year and the pro rata realisation of projects on a time adjusted basis.

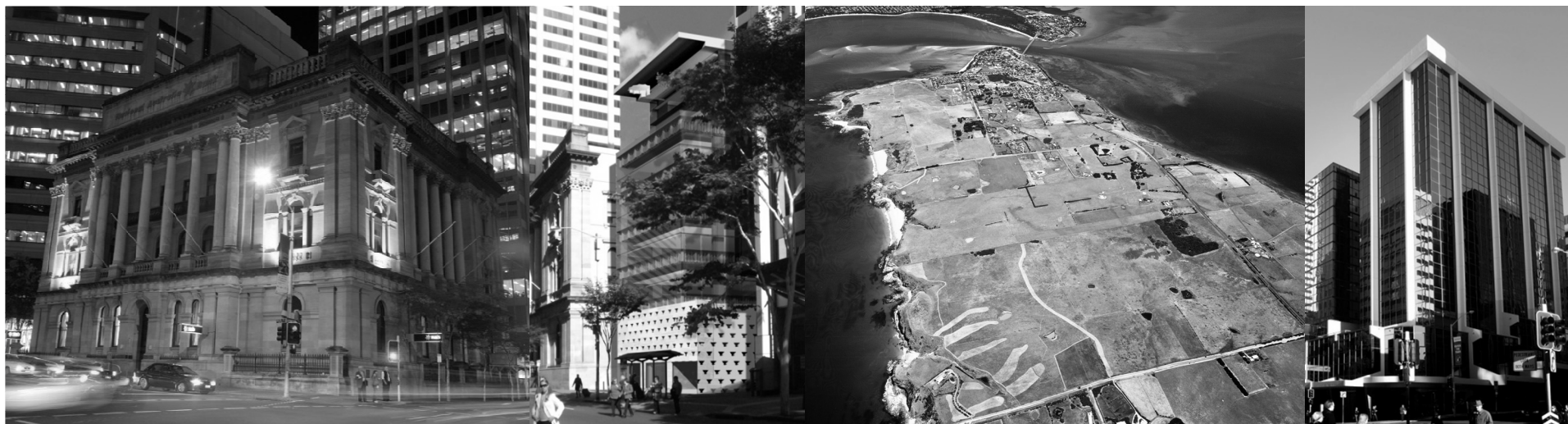
<sup>4</sup> Annualised



property·investment·knowledge

# Property Market Conditions

2008 Annual General Meeting



# Property Market Conditions

- Property market is witnessing sharply falling values despite the underlying fundamentals of:
  - Low vacancy (94% ex-development assets)
  - No over-building (e.g. 3 large buildings cancelled/postponed in BNE)
  - Minimal tenant default (3 tenants out of >500; arrears 3.8% of rent-roll)
- Despite this, there will be falling asset values – this will impact headline NPAT
  - Directly as changes in value are accounted in NPAT
  - Indirectly through reduction in development profit and management fees
- However, Underlying Earnings are more resilient as they are recurrent rent (WALE 9 years) and long term management agreements
- Current capital management initiatives are designed to ensure a strong balance sheet and avoid any prospect of breaching bank LVR covenants



property·investment·knowledge

# Capital Management

2008 Annual General Meeting



# Capital Management

## No Core Debt refinancing events until FY12:

- Bank covenants are not currently under stress
- Capital management initiatives in FY09 to ensure continued resilience if valuation decreases are larger than forecasts
- TCQ net debt <\$200m – a manageable amount with Interest Cover of 2.6 times

Debt facilities			Notes
Weighted average cost of debt	%	6.97	Including margins and lines fees.
Core debt facility expiry		Oct-11	36 months from 31 October 2008.
Weighted average debt expiry		May-11	30 months from 31 October 2008.
Gearing	%	42	Total debt net of cash over total tangible assets less cash.
Hedged portion of core debt	%	96	Fixed debt over total draw n core debt facilities.
Hedged portion of total debt	%	61	Fixed debt over total draw n facilities.



# Capital Management

## Progressive look through gearing analysis<sup>1</sup>

	Ownership						
Trinity Group	100%	42					
+ Trinity Enhanced Return Fund	48%		47				
+ Trinity Property Trust	17%			47			
+ Consolidated Development Trust	23%				49		
+ Consolidated Land Trust	34%					49	
+ Trinity Opportunity Property Fund No.1	2%						49

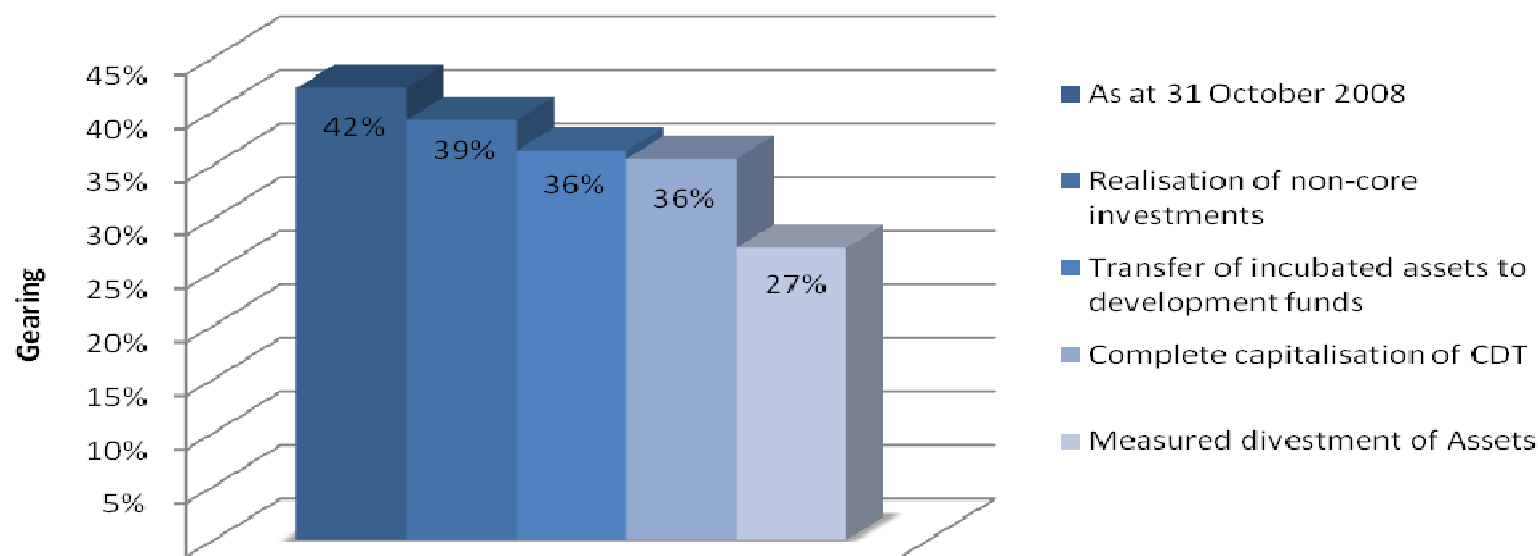
<sup>1</sup>Calculated as Total Interest Bearing Liabilities net of Cash plus proportionate share of Trinity managed funds Interest Bearing Liabilities net of Cash over Total Tangible Assets less Co-investments less Cash plus a proportionate share of Trinity managed funds Total Tangible Assets.



# Capital Management Initiatives

## To ensure Trinity withstands further market deterioration:

- Realisation of non-core investments (Jindalee & Japan)
- Transfer of incubated assets to development funds once approved (San Remo)
- Complete the capitalisation of the Consolidated Development Trust
- Measured divestment of core TST assets to target lower gearing below 30%

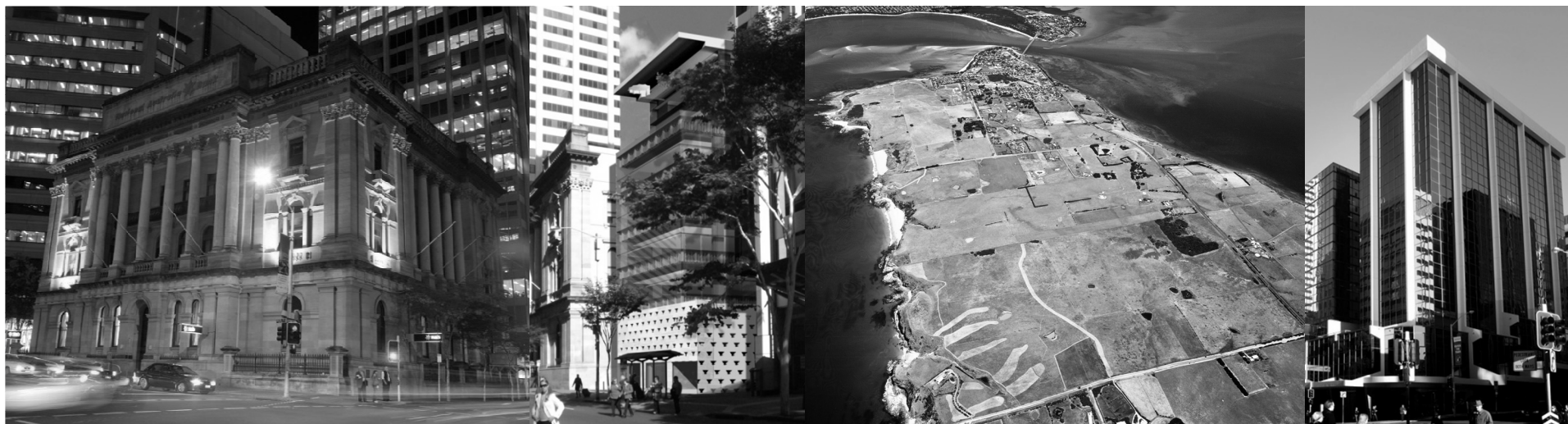




property·investment·knowledge

# Outlook

2008 Annual General Meeting



# Outlook: Capacity

Good capacity within the Group to take advantage of opportunistic buying

- **Trinity Property Trust (TPT)**
  - \$100 million equity injection by Sunsuper in October 2008
  - Current Gearing 17%
  - Targeting core plus style assets e.g. Energex
- **Consolidated Land Trust (CLT)**
  - \$40 million capital raising in June 2008
  - Residential land fund with 5 projects and current capacity for more
  - Portfolio designed to have stock availability from 2010 onwards
- **Trinity Opportunistic Property Fund (TOP)**
  - Currently undertaking a rights issue to double the fund size to \$100 million
  - 2009 - a strategic time for Opportunistic funds

# Outlook

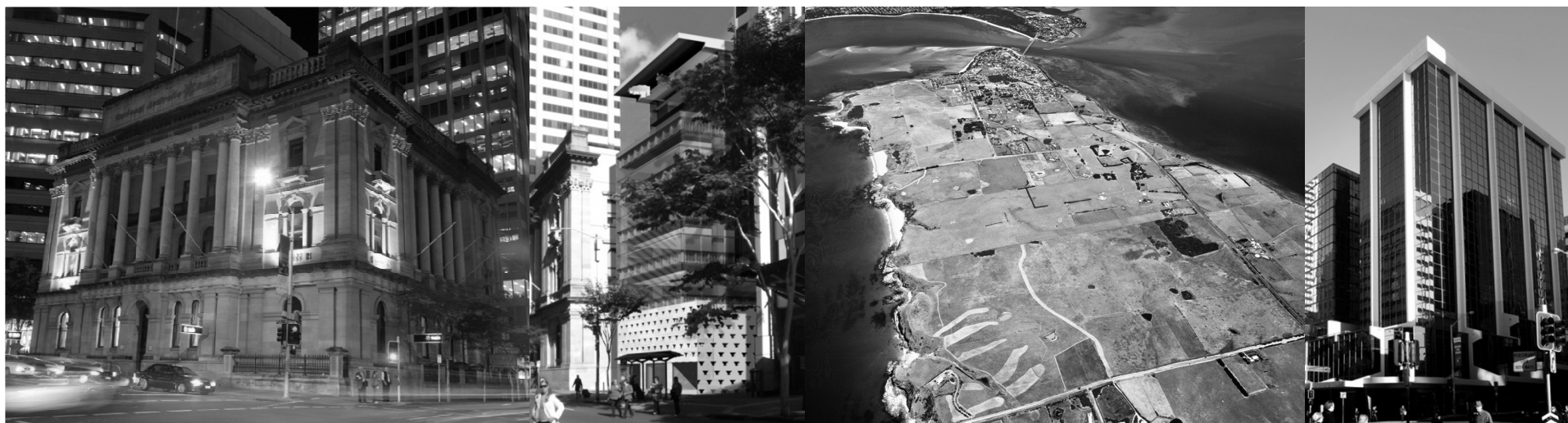
- A very difficult 2009 but we expect the market will begin to present strong counter-cyclical opportunity next calendar year
- Sustainable business model underpinned by conservative business settings – settings we had BEFORE the credit crisis
- Strong executive management team with core property expertise and broad market knowledge
- Australian property will be well placed to attract offshore capital – attractive yields, low interest rates & low AUD – providing opportunity for Trinity to divest assets and partner with offshore investors seeking local property expertise
- Focused on capital management initiatives to reduce gearing



property·investment·knowledge

# Voting

2008 Annual General Meeting





# Resolutions

The Chairman has voted all open proxies in favour of the resolutions

## **Proxies in favour of the resolutions:**

- |  |     |
|--|-----|
| 1. Remuneration Report                 | 97% |
| 2. Election of Director: Keith De Lacy | 98% |
| 3. Election of Director: Bob Lette     | 97% |