

Property Division ESG Report 2024



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Purpose of this report

This report summaries the Environmental, Social, Governance (ESG) considerations for the unlisted property trusts managed by Trilogy Funds Management Ltd (Trilogy Funds) during the financial year ended 30 June 2024 (FY24).

The following unlisted property trusts were managed by Trilogy Funds during FY24:

- Trilogy Industrial Property Trust (TIPT)
- Milton Office Trust (MOT)
- Cannon Hill Office Trust (CHOT)

Trilogy Funds aims to make property investments that achieve positive ESG outcomes, and considers the ESG impacts across the following stages of the property lifecycle:

- Acquisition
- Development
- Operation and management
- Asset disposal

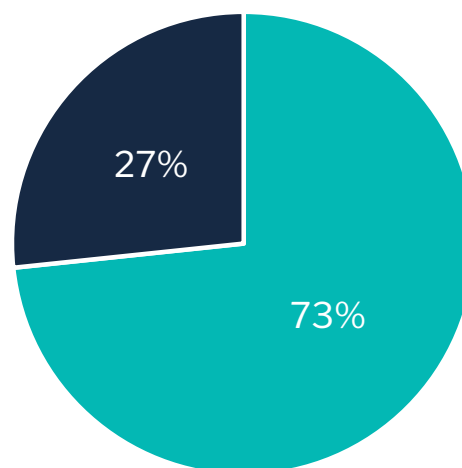
Acquisitions

These methods are based on definitions within the Responsible Investment Association Australasia (RIAA) 2023 Benchmark Report, and which are set out in the Appendix.

Relevant ESG screening considerations are listed on briefing papers prepared by the Trilogy Funds Property Division for consideration by the Property Investment Committee at weekly meetings. The considerations are also listed on acquisition approval forms, which are approved by the Property Investment Committee and ratified by the Trilogy Funds board of directors.

During the FY24, a total of fifteen (15) assets were presented to the Property Investment Committee. Of these, 73% of assets presented no negative screening concerns and 26% were categories as positively screened.

During the reporting period, Trilogy Industrial Property Trust, as part of Trilogy Funds, acquired one (1) industrial asset which enhanced the ESG components of the overall industrial portfolio. The asset is located the suburb of Brendale with the current tenant being Modern Star Pty Ltd. This tenant supplies educational products to the early childhood sector, and therefore generates additional ESG merits to the portfolio in the form of social benefits.



Potential property acquisitions across all funds FY24

- Positively screened
- No ESG component

Development

Service Providers

When undertaking development projects, TrilogY Funds' Property Division may require that contracted service providers, such as design consultants and project managers, consider and address ESG when providing their services. This includes providing ESG-positive design options where possible. The requirement to consider ESG is captured in consultancy services briefs for relevant consultants.

Tender Process

When making a Request for Tender (RFT), TrilogY Funds' property may require development contractors to address ESG issues and opportunities when submitting their tenders. ESG is generally an assessment criterion used by TrilogY Funds when assessing tenders for construction contracts.

Operation & management

Direct Renewable Energy

When capital expenditure on an asset is assessed, TrilogY Funds' Property Division makes considerations as to the improvements in direct renewable energy technology. Additionally, TrilogY Funds' Property Division has assessed which assets source some or all of their energy requirements through direct on-site renewable sources such as solar panels.

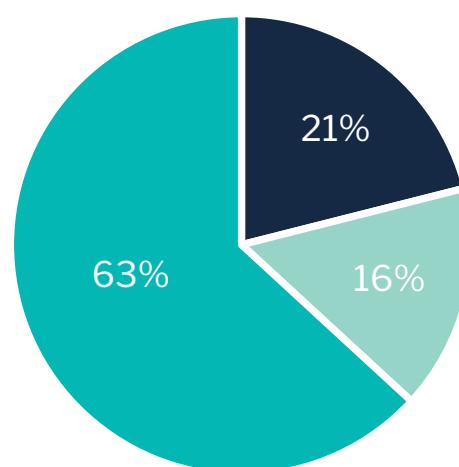
TrilogY Industrial Property Trust

As at the date of this report, 25% of the assets held within the TrilogY Industrial Property Trust have solar panels installed.

TrilogY Funds is in the process of installing solar at three additional assets in the portfolio. TrilogY Funds has negotiated with four (4) of the current tenants of our Berrimah (Darwin) asset to have a 100kW solar system installed, further improving the ESG component of the TrilogY Industrial Property Trust. TrilogY Funds is in discussions with the tenants of two other assets to have solar panels installed at those assets.

Cannon Hill Office Trust and Milton Office Trust

As at the date of this report, neither of the Cannon Hill Office Trust nor the Milton Office Trust have solar panels installed. TrilogY Funds is conducting a solar energy assessment throughout FY25.



Assets offering direct renewable energy across all funds FY24

- Solar panels installed
- Assessing suitability of installing solar panels
- No

Rainwater Collection Methods

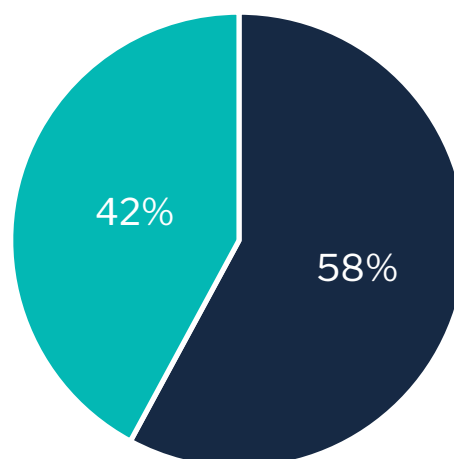
Trilogy Funds' Property Division maintains records of the assets that have rainwater collection systems in place.

Trilogy Industrial Property Trust

As at the date of this report, eleven (11) of the sixteen (16) assets held within the Trilogy Industrial Property Trust have rainwater collection systems enabling water to be collected from the asset's roof and used accordingly on site.

Cannon Hill Office Trust and Milton Office Trust

As at the date of this report, neither of the Cannon Hill Office Trust nor the Milton Office Trust have rainwater collection systems installed.



Assets offering water management solutions across all funds FY24

■ Rain water collection tank
■ No

Procurement of Green Energy

Trilogy Funds does not always retain control over energy procurement. However, where Trilogy Funds does retain control, none of the current energy contracts in place offer a green energy provision.

Cannon Hill Office Trust and Milton Office Trust

As at the date of this report, the Cannon Hill Office Trust and the Milton Office Trust have both achieved a NABERS Renewable Energy Indicator rating of 19% renewable energy.

Building energy ratings

Trilogy Funds currently measures and records the NABERS Energy Rating given to office buildings owned by the Cannon Hill Office Trust and Milton Office Trust, respectively. Results are summarised below as at 30 June 2024.

Asset Name	NABERS Energy Rating
Cannon Hill Office Trust	★ ★ ★ ★ ★
Milton Office Trust	★ ★ ★ ★

A large portion of the assets under management held within Trilogy Funds' range of unlisted property trusts fall under an industrial classification and have not been rated. However, following NABERS releasing their ratings systems for Industrial and Cold Storage, Trilogy Funds intends to investigate the benefits of utilising the new tool for such assets within the Trilogy Industrial Property Trust.



Electrical vehicle chargers

One of the assets held within the Trilogy Industrial Property Trust has recently installed an electric vehicle charger to the asset. Trilogy Funds is exploring EV chargers in their end of trip facilities.

Waste

Where Trilogy Funds has control over waste management contracts (commercial offices such as the Cannon Hill Office Trust and Milton Office Trust), Trilogy Funds verifies that best-practice waste recycling facilities are available to tenants.

Cannon Hill Office Trust

The single asset owned by the Cannon Hill Office Trust has a recycling plan in place whereby the current tenants use a co-mingled recycling plan. However, there is no organic waste management plan in place. General waste and co-mingled recycling is collected by the building base.

Milton Office Trust

The current tenants in Milton Office Trust have an intra-tenancy cardboard recycling plan in place. However, the tenants do not have an organic waste option or a co-mingled recycling plan to include plastics and other recyclables. Cardboard recycling and general waste is collected by the building base.

Tenant screening

When assessing potential tenants for assets held by Trilogy Funds' unlisted property trusts, Trilogy Funds screens those tenants using the same RIAA methodology as outlined in the Acquisitions section of this report.

Relevant ESG screening considerations are listed on leasing deal approval forms which are prepared by Trilogy Funds' Property Division and reviewed and approved by the Property Investment Committee.

Trilogy Industrial Property Trust

In FY24, all industrial assets held by the Trilogy Industrial Property Trust retained the current tenants and no tenant screening was required.

Cannon Hill Office Trust

In FY24, a vacant space was leased to a tenant who specialises in the manufacturing and distribution of medical equipment which meets the positive screening benchmark of the RIAA as the tenant operates in the health and medical products space.

Milton Office Trust

In FY24, a vacant space was leased to a project management company. This tenant was screened through the negative and positive screening criteria and presented no negative flags and no positive ESG indicators.

Disposal of assets

Upon disposal of an asset, Trilogy Funds' Property Division seeks to confirm that the purchasing entity does not breach Trilogy Funds' negative screening policy.

Trilogy Industrial Property Trust

During FY24, Trilogy Funds disposed of one asset from the Trilogy Industrial Property Trust. The purchasing entity did not present any negative screening flags or any positive ESG indicators.

Cannon Hill Office Trust and Milton Office Trust

Neither of the single assets owned by the Cannon Hill Office Trust and Milton Office Trust, respectively, were disposed of during FY24.

Appendix

Adopted definitions

Sustainably themed investing

Sustainability themed investing refers to investment in assets that specifically aim to improve social or environmental sustainability, alongside financial returns.

Examples of sustainably themed property investments may include renewable energy, healthcare, green property, aged care, indigenous inclusion, education.

Impact investing

Impact investing refers to investment in assets that are developed with the explicit intention of generating a positive social and/or environmental impact; in addition to a financial return. A high importance is placed on measuring the positive impacts these properties have on the community or the environment, for example “the homeless shelter prevents 300 persons from sleeping on the streets each year”.

Examples of impact investments in the property sector include disability housing, domestic violence shelters, buildings for charities, homeless shelters and mental health centres.

Positive or negative screening

Positive screening refers to the inclusion of certain sectors, companies, assets or activities, based on certain ESG criteria or ethical considerations. Negative screening refers to the exclusion of certain sectors, companies, assets or activities based on certain ESG criteria or ethical considerations. Positive and negative screening is used to identify which investments are favourable and which are not, according to Trilogis Funds’ values.

The factors that are considered across positive and negative screenings are as follows:

⊖ Negative

- Weapons
- Tobacco
- Gambling
- Adult Entertainment / Pornography
- Nuclear Power
- Genetic Engineering
- Animal Testing

⊕ Positive

- Renewable Energy
- Sustainable Water Management
- Environmentally Focused
- Circular Economy
- Sustainable Land & Agriculture Management
- Rated Green Property
- Biodiversity Preservation and Conservation
- Health and Medical related Facilities and Products
- Education
- Social and Community Infrastructure
- Sustainable Transport and Infrastructure
- Arts, Culture and Sport
- Gender Diversity



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