



**TRUST⁺
MANAGEMENT**

empowering charities to serve and prosper

**TRUST INVESTMENTS
PROPERTY FUND
PERFORMANCE
& STRATEGY**

MAY 2014

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What Is The Fund?



- Unlisted, CORE¹ Fund.
- Limited to Registered Charities.
- Fund Objectives – stability of income and maintenance of real capital.
- Risk averse – minimal debt (for liquidity purposes only).
- Fund is \$77.2 million, 10 properties, 16 tenants.
- 99.8% occupancy rate.

¹ This is an unleveraged, low-risk/low-potential return strategy with predictable cash flows. The fund will generally invest in stable, fully leased, properties within strong, diversified metropolitan areas.





RESULTS

AS AT 31 DECEMBER 2013

Growth of the Fund

- From \$74.38 million to \$77.2 million in year to 31 Dec 2013.

Returns

- 9.04% total gross return in the year to Dec 2013 with the Fund exhibiting lower volatility than the NZ Listed Property Index over the longer term.

Acquisitions

- 254 Lambton Quay, Wellington¹ acquired August 2013.
- 8 Eagle Way, Hamilton² acquired November 2013.

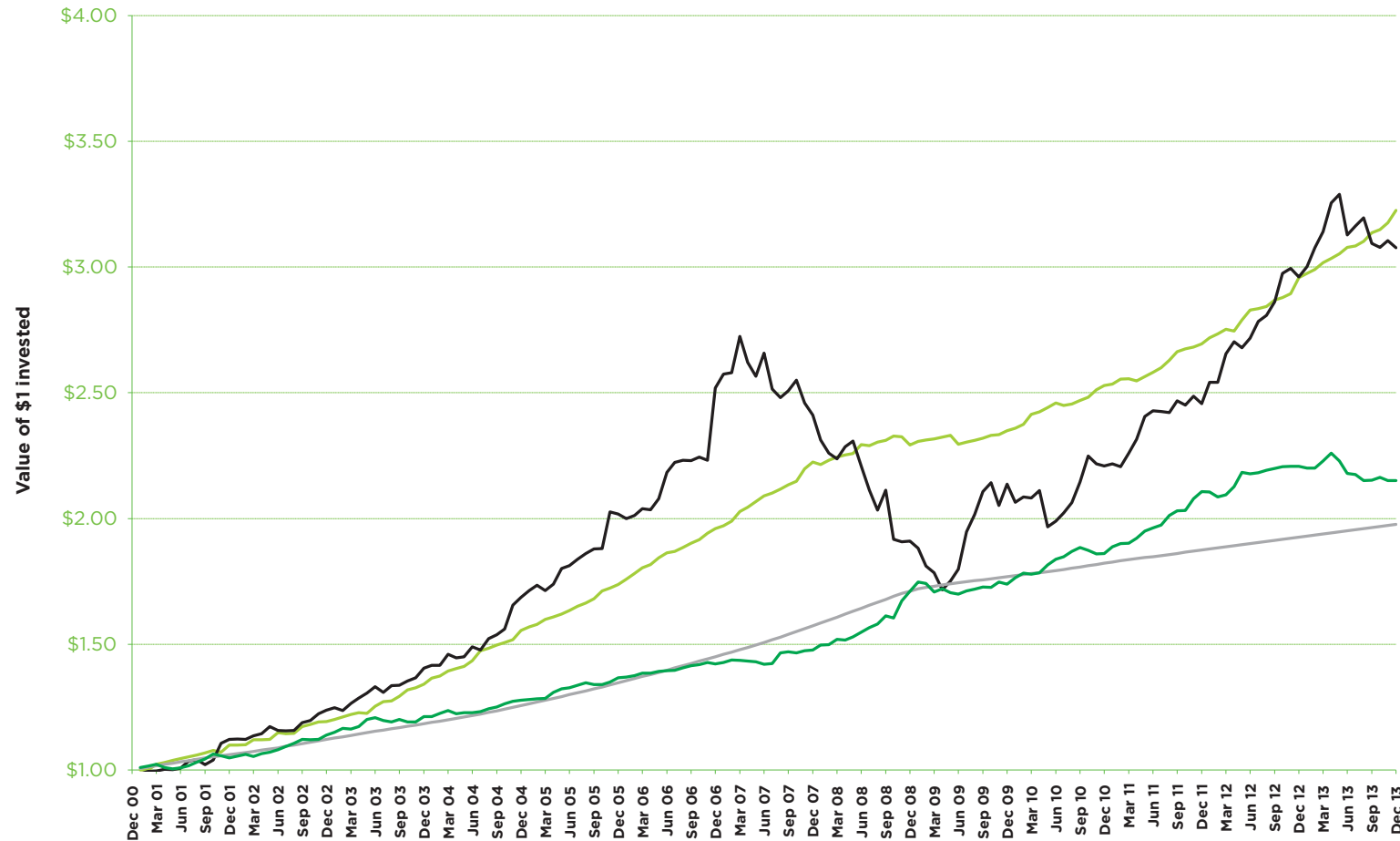
Asset Management

- The Warehouse, Izone Drive, Rolleston roof repairs completed – improvements rent and lease extension achieved from TWL.
- New 6 year lease to Skyrise Hire Limited at Sims Road, Auckland.

1 Further information on page 17

2 Further information on page 18

Return Performance



- Since inception, the Fund has consistently exhibited low volatility, and favourable returns compared to Listed Property.

Trust Investments Property Fund (Gross Return)
NZ Listed Property Index
NZSX 90 Day Bank Bill Index
NZSX NZ Gov't Bond Index

Investment Returns



Performance to 31 December 2013

	Income Return	Capital Return	Total Gross Return	Net Income Return	Total Net Return	90 Day Bank Bill Index	PCNZ/IPD Index	NZ Listed Property Index
Quarter	1.66%	1.19%	2.85%	1.48%	2.67%	0.67%	2.31%	-0.53%
1 Year	6.99%	2.05%	9.04%	6.24%	8.29%	2.68%	11.60%	3.92%
2 Years	7.34%	2.05%	9.39%	6.56%	8.61%	2.70%	10.96%	11.92%
3 Years	7.54%	0.89%	8.43%	6.73%	7.62%	2.76%	9.94%	11.67%
5 Years	7.44%	-0.36%	7.07%	6.61%	6.25%	2.93%	6.97%	10.00%
Inception	8.22%	1.18%	9.40%	7.30%	8.47%	5.38%	11.07%	9.03%

Inception date 1 January 2001

- Returns for periods less than 1 year are total returns.
- Returns for periods of one year or longer are annualised.
- Gross returns on the Property Fund exclude Management Fees and Trustee Fees.
- NZ Listed Property Index returns include imputation credits.
- PCNZ Index release data approximately one quarter in arrears.

Investment Returns



	31-Dec-13	31-Dec-12
Units (million)	64.17	63.5
Distribution (Quarter CPU)	1.7	1.7
Unit Price	1.1643	1.1409
Capital return Y-on-Y	2.05%	2.05%
Capital Return Q-on-Q	1.19%	1.43%

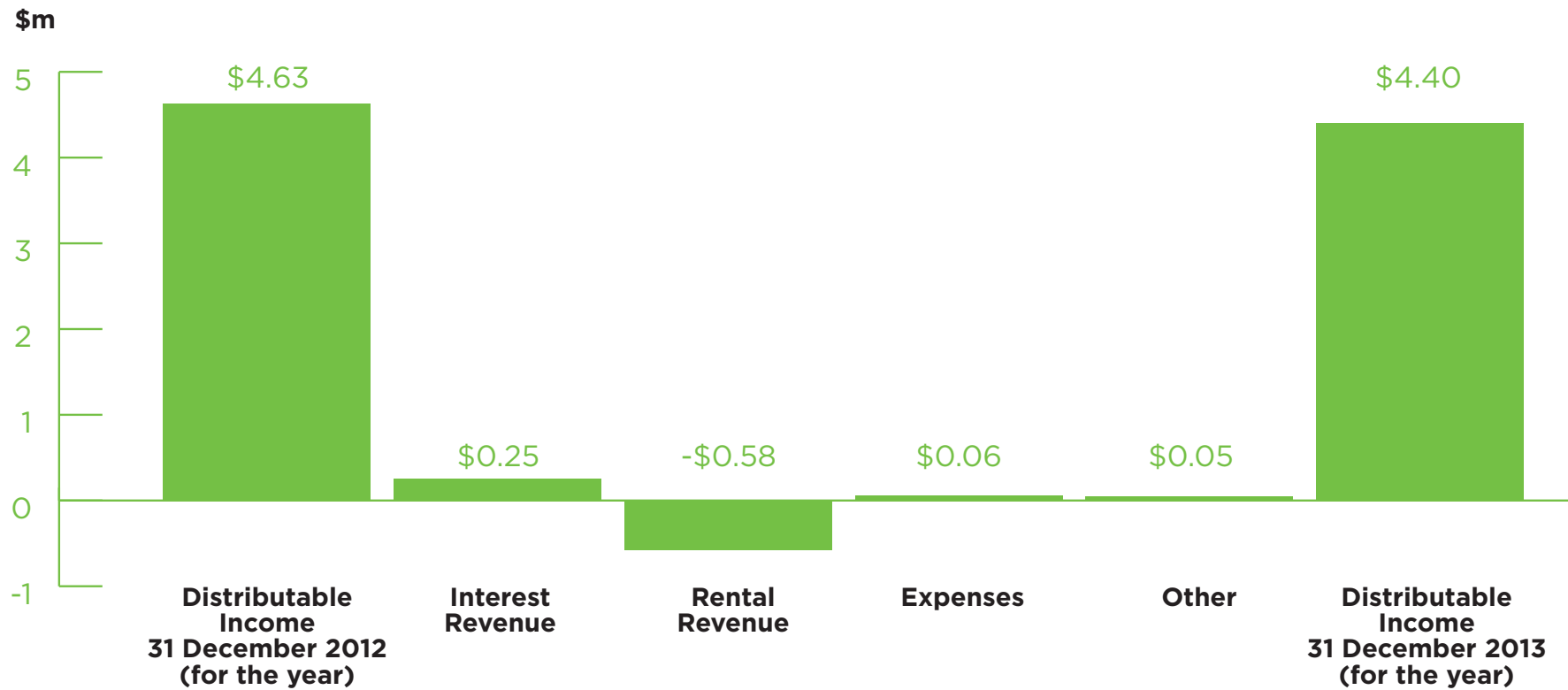
- Solid capital returns and growth in units in the Fund and Unit Price.



Income Reconcilliation

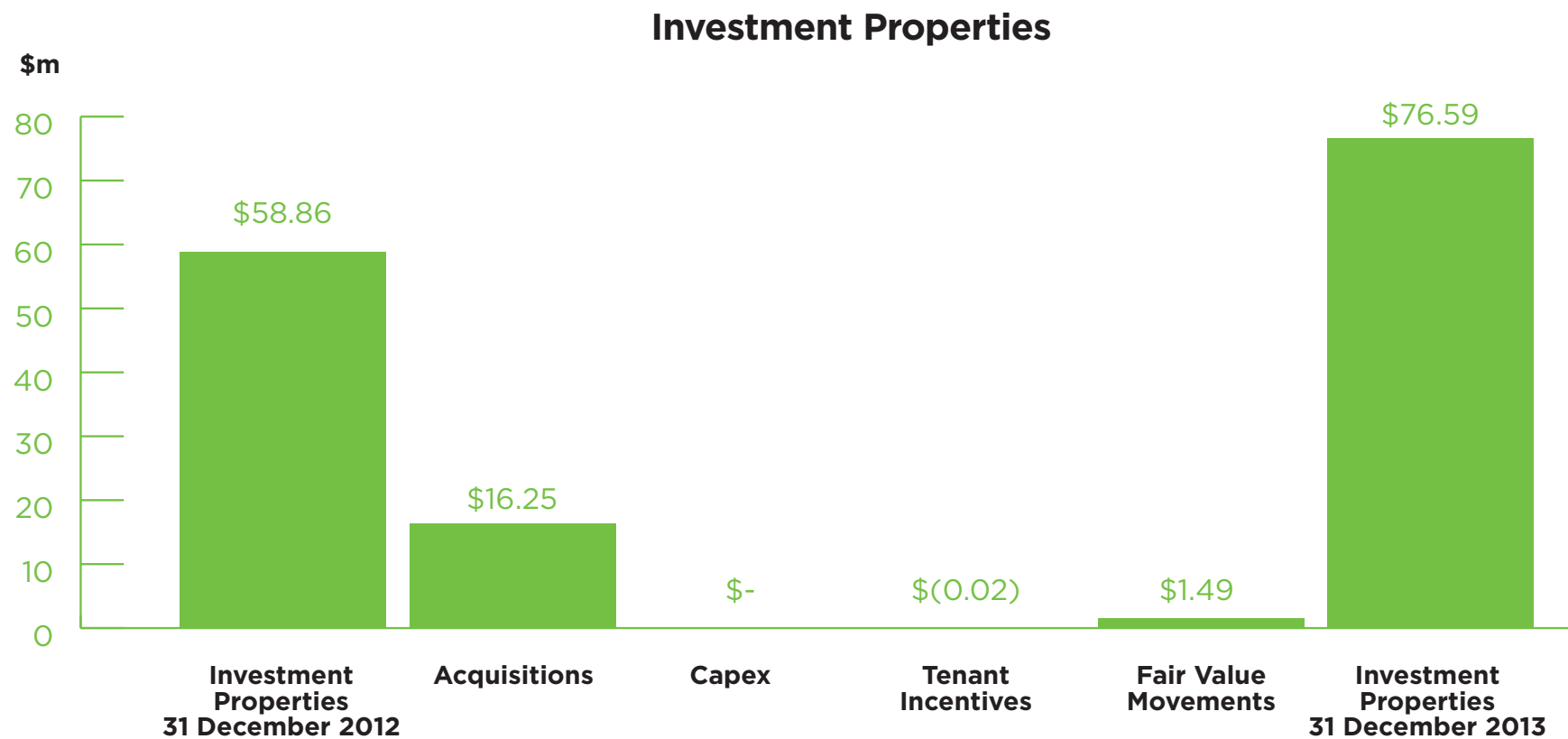


Income Walk



- Delayed acquisitions following sales as well as vacancy impacted income.
- Now fully invested we expect to see a reversal of this impact.

Investment Properties Value Walk

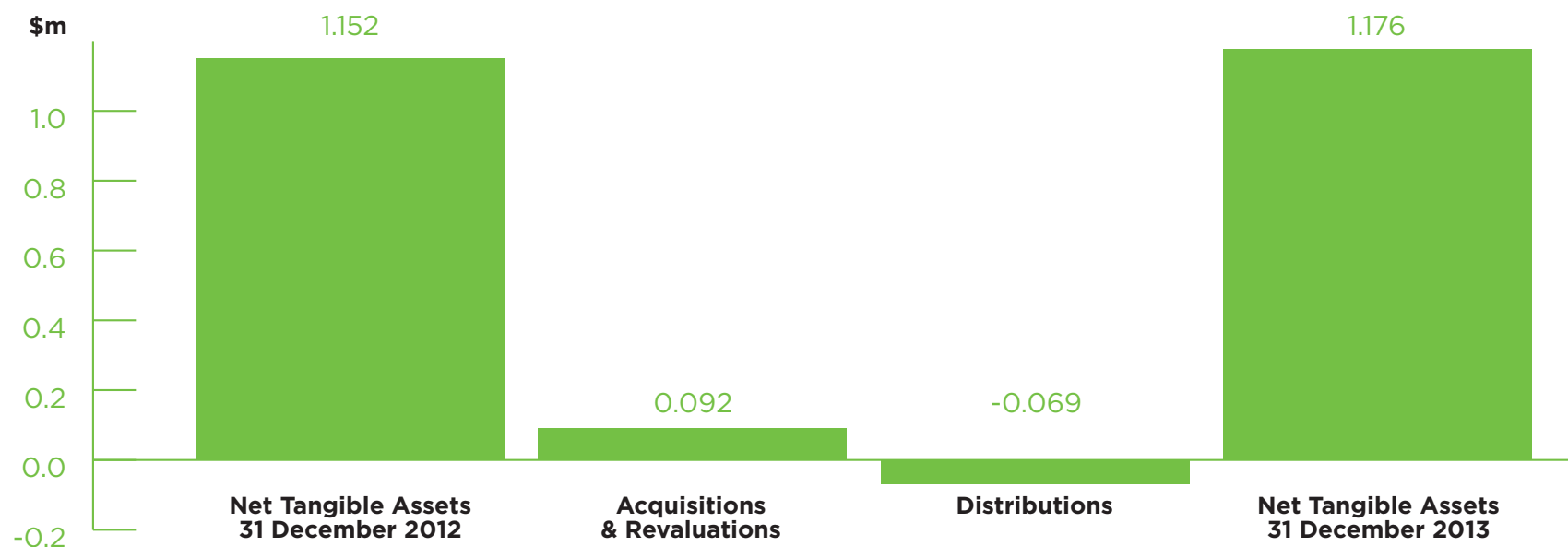


- Acquisitions achieve full investment of the Fund and revaluation gains more than offset incentives.

Movement In Unit Price



Movement In Net Tangible Assets Per Unit



- Acquisitions & Revaluations have a positive impact on Net Tangible Assets

Financial Position



Financial Position	Dec-13	Dec-12
Units on Issue	64.172	63.496
Unitholders Funds	75.475	73.174
Net Tangible asset backing per unit (cents)	1.176	1.152
	Dec-13	Dec-12
Investment Properties	76.588	58.864
Other Assets	2.894	15.767
Total Assets	79.482	74.631
Bank Debt	2.500	0.000
Debt to Total Assets	3.15%	0.000%

- Growth in Investment Properties and Total assets greater than addition of debt.

paperplus

Living Simply

Outdoor clothing & equipment specialists

THE Central Loft



TWO DOUBLE FIVE

OPSW

THE BODY SHOP

THE BODY SHOP

SONY

S

PORTFOLIO

AS AT 31 DECEMBER 2013

Portfolio Summary



Independent Valuation of properties	\$77,210,000
Number of properties	10
Average value of properties	\$7,721,000
Vacancy by rental	0.18%
Vacancy by area	0.18%
Weighted Average Lease Term	7.73 years
Number of tenants	16

As at 31 December 2013



Properties



8 Eagle Way, Hamilton



9-13 Sims Road, Auckland



IZONE Drive, Rolleston



16-18 Parumoana St*, Porirua



255 Broadway, Auckland
(3 properties)



439 East Tamaki Rd**,
Auckland



Countdown, Lynfield**,
Auckland



254 Lambton Quay,
Wellington

N.B. * 50/50 JV with The Canterbury Community Trust

** 50/50 JV with St John's College Trust Board

Asset Level Performance



Performance by Asset to 31 December 2013¹

	Total Return (%)	Income Return (%)	Capital Growth (%)
The Warehouse Distribution Centre, Christchurch	16.6	8.5	7.5
9-13 Sims Road, Penrose	32.1	9.9	20.4
16-18 Parumoana Street, Porirua	13.4	9.5	3.6
1-15 The Avenue, Lynfield	10.8	8.1	2.5
439 East Tamaki Road, East Tamaki	8.1	8.1	0.0
255 Broadway, Newmarket	7.4	6.3	1.0

1 Assets held for full year only

2 Source: IPD

Strategic Acquisitions



254 LAMBTON QUAY, WELLINGTON

Reduces cash holdings and increases retail sector weighting, giving the Fund exposure to the highest pedestrian count in a high street location at an asset size that boosts liquidity and diversification:

Property type	Retail
Net lettable area	256.47m ²
Acquisition date	31-Aug-13
Lease term at acquisition	3.2 years
Initial passing yield	7.10%
Purchase price	\$3,943,000
Major tenant	Just Group T/A Peter Alexander and Precinct Properties Limited



Strategic Acquisitions



8 EAGLE WAY, HAMILTON

Reduces cash weighting from over 12% to less than 1%, adds diversification, boosts Fund WALT to 7.73 years, and aligns to target sector allocations whilst providing core, stable income for the Fund:

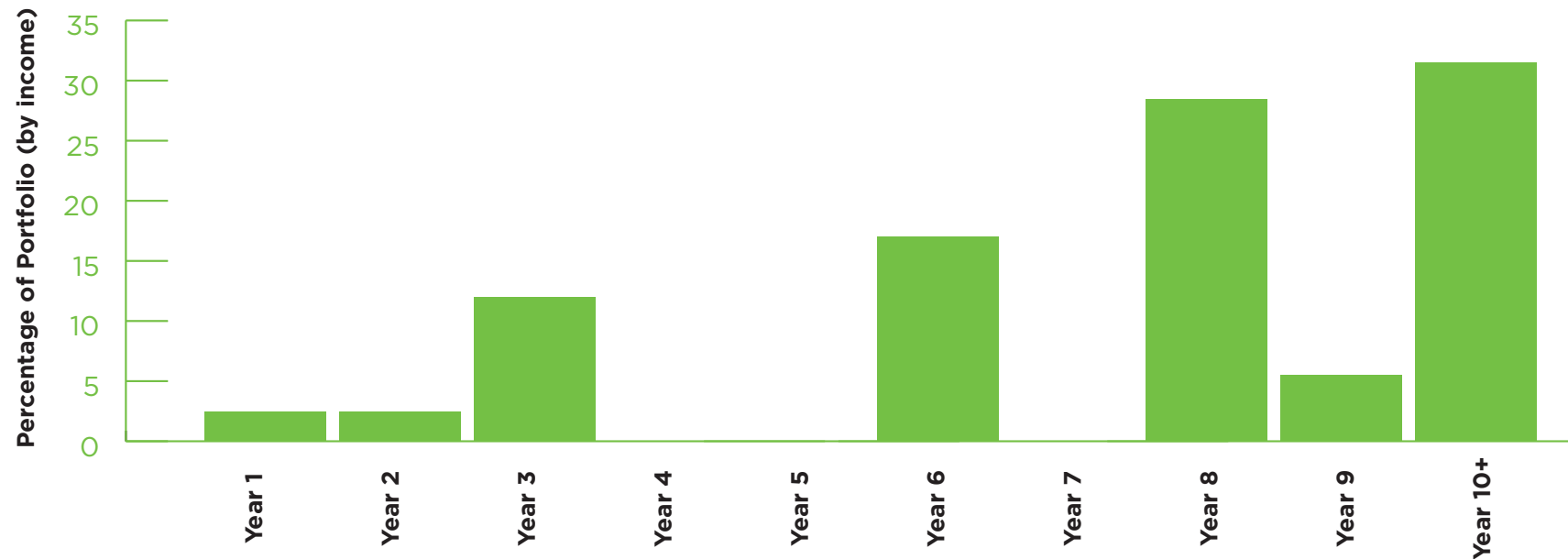
Property type	Ground Lease
Net lettable area	17,425m ²
Acquisition date	29-Nov-13
Lease term at acquisition	6 years
Initial passing yield	5.93%
Purchase price	\$11,490,000
Major tenant	General Distributors Limited



Lease Expiry Profile



Lease Maturity



- Weighted Average Lease Term of portfolio is 7.73 years.
- Active leasing discussions underway for all expiries in years 1-3.

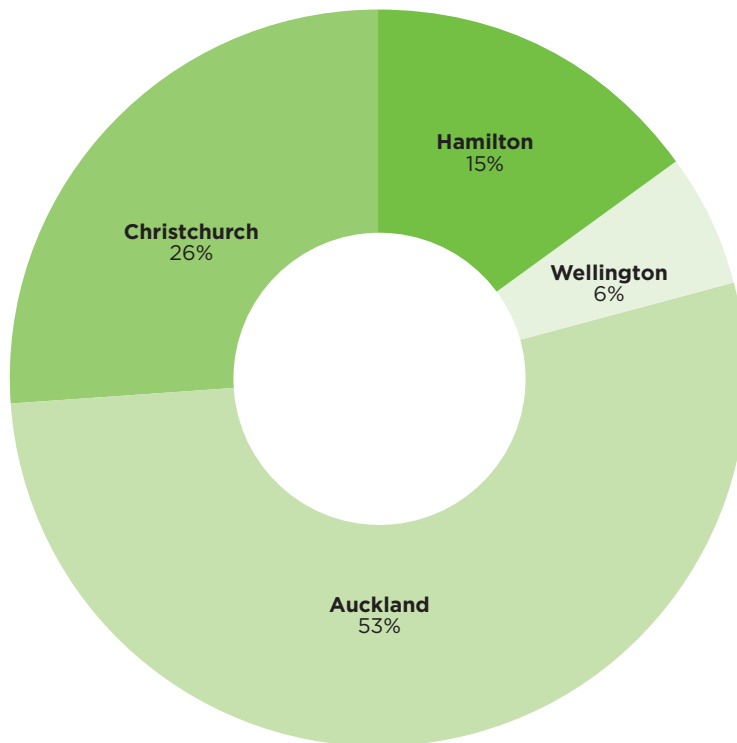
■ Lease Maturity as at 31 December

Portfolio Mix



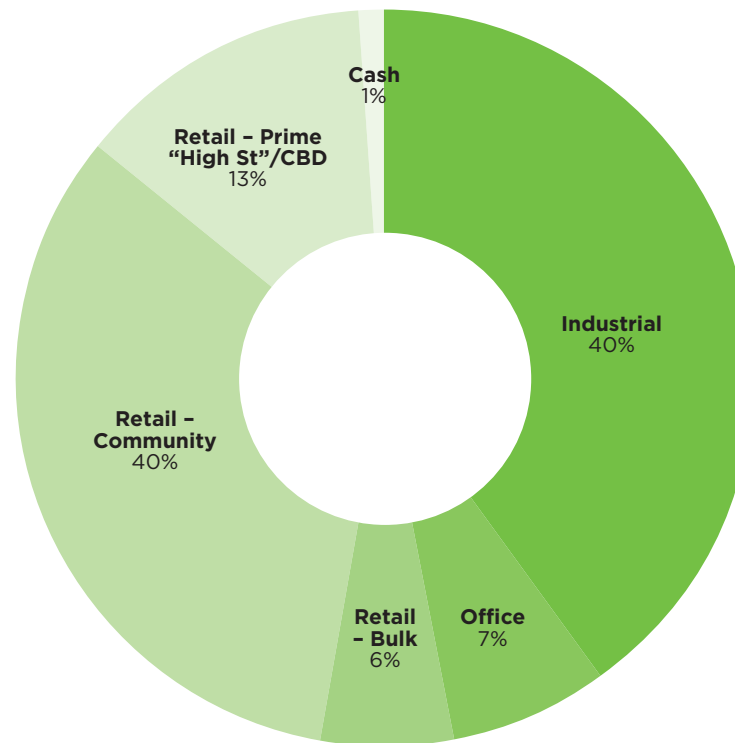
Total Portfolio Value

By Region



Total Portfolio Value

By Sector



As at 31 December 2013



STRATEGY

Stability of Income and protection of real capital

Consistent Fund Growth

- Ensure net funds inflow.
- Grow capital of the Fund in line with inflation.

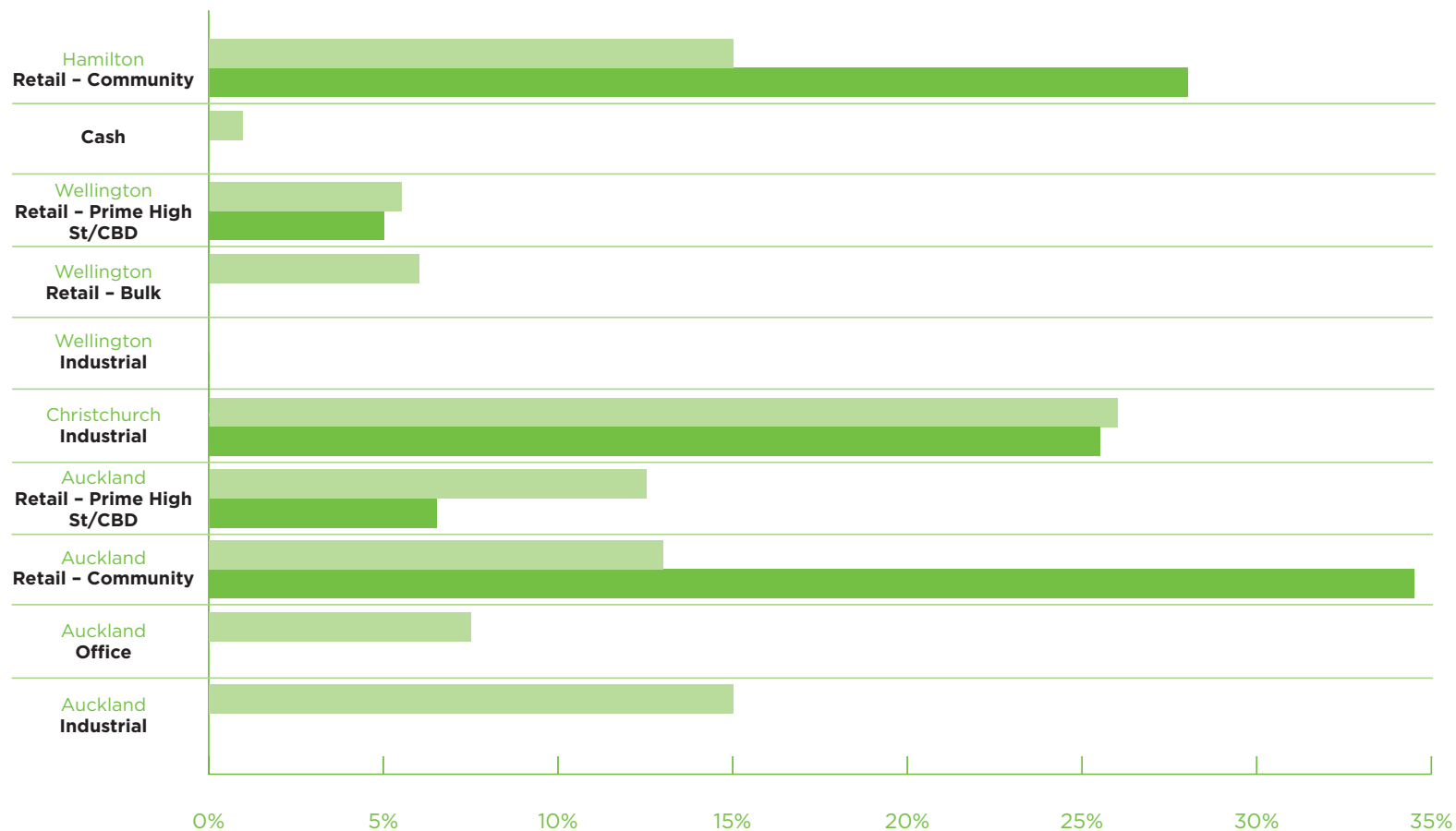
Strategic Asset Sales and Reinvestment

- Sell matured assets.
- Focus on wholly owned assets.
- Invest in assets with strong income growth potential that meet investment criteria.

Active Asset Management

- Prior to sales: to ensure presented to market in best possible way.
- For held assets: to improve value or mitigate risks.

Current v Target Weightings



- Exiting mature assets and perceived peaking markets of Auckland Industrial and Office to buy Auckland and Hamilton Retail - Community.

■ Current weighting
■ 2014 YE Target Weighting



MARKET INDICATORS

Market Indicators



Indicators	Period	Auckland	Wellington	Christchurch
Prime Office Rentals (% change)	12 months to Dec 2013	2.10%	-0.30%	-
	12 Months Forecast	4.80%	2.00%	-
Prime Office Capital values (% change)	12 months to Dec 2013	5.30%	0.90%	-
	12 Months Forecast	6.70%	0.90%	-
Prime Industrial Rentals (% change)	12 months to Dec 2013	1.60%	0.00%	2.80%
	12 Months Forecast	1.60%	1.00%	2.70%
Prime Industrial Capital values (% change)	12 months to Dec 2013	4.10%	2.10%	9.10%
	12 Months Forecast	1.20%	0.00%	8.70%
Prime Retail Rentals (% change)	12 months to Dec 2013	6.40%	-0.60%	-
	12 Months Forecast	3.00%	0.00%	-
Prime Retail Capital values (% change)	12 months to Dec 2013	8.50%	-4.30%	-
	12 Months Forecast	3.00%	0.00%	-

- Highest rental growth forecast to be in Auckland Prime Office at 4.8%.
- Highest capital growth forecast to be in Christchurch Industrial at 8.7%.
(Whilst the Fund exposure is 25% in this sector, the Fund impact may be less than market growth due to the CPI restriction on rental growth under the existing lease).
- Highest historic rental growth was Auckland Prime Retail at 6.4% (13% of the Fund).

Source: Colliers International Research

Stability of Income and protection of real capital

Fund Performance

- Continued controlled growth.
- Fully invested following acquisitions.
- 9.04% total gross return in the year to Dec 2013 with the Fund exhibiting lower volatility than the NZ Listed Property Index over the longer term.

Looking Ahead – Strategic Priorities:

- Grow the Fund.
- Strategic Asset sales and reinvestment.
- Active Asset Management.





THANK YOU

Disclaimer



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May 2014