

Welcome to the Autumn edition of Insight



MPG's latest acquisition of Tweed Hub, in Tweed Heads, is just the latest in a line of new investments that has seen our growth skyrocket. In 2016 I highlighted we had achieved funds under management of \$300 million. The last two years has seen this exceed \$450 million. We manage 136 individual tenancies, in properties with a GLA of more than 136,000 sqm. To give you an idea, that's more than 11 Melbourne Cricket Grounds.

Our growth continues, with an opportunity to invest in a Bunnings in Port Macquarie. MPG has been involved with financing and developing Bunnings Warehouses for well over 10 years. The combination of strong yields and capital growth have made them an attractive asset. The performance of our current Bunnings Trusts are outlined inside, and as they are at different points in the investment cycle, make for interesting

comparisons. In recent years the rest of the investment world has caught on, increasing demand and compressing yields. The MPG BW Port Macquarie Trust is forecasting yields of 6.00%, which while lower than our previous Bunnings investments, are still significantly higher than current cash rates of 1.50%.

If you are interested please contact us as per the details below.

Yours faithfully

Trevor Gorman
Chairman
MPG Funds Management Ltd

Expressions of Interest for the MPG BW Port Macquarie Trust

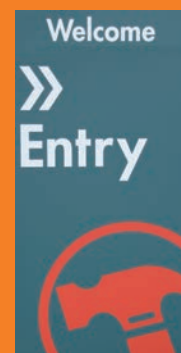
Single asset - Bunnings Warehouse Port Macquarie

- 6.00% per annum cash return paid quarterly from completion (early 2019)¹
- Potential for capital growth over the investment term of 7 years
- Securely leased to Bunnings Group Ltd for 12 years from completion
- New building with strong depreciation and capital allowances
- Located in rapidly growing mid-north coast region of NSW

The MPG BW Port Macquarie Trust is open to wholesale investors with a minimum investment of \$500,000 or \$250,000 for sophisticated investors.

To express interest in this opportunity, email invest@mpgfm.com.au with your contact details and likely investment amount.

¹Forecast returns are not guaranteed to occur.



BUILDING A STRONG TRACK RECORD



MPG BULKY GOODS RETAIL TRUST

This Trust contains two Homemaker Centres, one in Chirnside Park (Vic) and the other in Mildura (Vic).

The 13,753 sqm Chirnside Homemaker Centre is fully let, with prominent tenants including JB Hi-Fi, Rebel Sport, The Good Guys and Pet Barn. The tenancies have remained stable over the last twelve months.

At the 17,323 sqm Mildura Homemaker Centre, FIT Mildura and Lincraft have vacated their tenancies. These have been replaced with other tenants attracted to the new, stronger tenancy mix; Pets Domain, Harris Scarfe Home and Early Settler. There is one remaining vacancy of 1,026 sqm.

These additions have resulted in the properties in the Trust being 96.7% occupied, the highest level in nine years, with a 3.71 year weighted average lease expiry. The net tangible asset backing was \$1.19 as at 31 December 2017.

The Trust is forecast to deliver a quarterly distribution at the pro-rata rate of 8.00 cents per unit pa for the year ending 30 June 2018.



MPG BW TRUST

This Trust was available to wholesale investors and contains a 17,167 sqm Bunnings Warehouse in Blacktown (NSW) and a 18,252 sqm Bunnings Warehouse in Bundaberg (Qld). Leases on both properties are secured until 2026.

Following independent valuations in June 2017, Bunnings Blacktown's value was increased by \$4.8 million to \$44.5 million. Bunnings Bundaberg's value increased \$2.55 million to \$36.2 million. Combined, these have increased the net tangible asset backing of the Trust from \$1.21 to \$1.51 per unit as at 30 June 2017. The Trust is on track for a cash return of 7.60% for the year ending 30 June 2018.



MPG RETAIL BRANDS PROPERTY TRUST

This Trust contains a diversified portfolio of ten quality retail properties tenanted by some of Australia's best known retail brands.

The Trust acquired Beaudesert Shopping Centre (Qld) in June 2017 for \$16.85 million. It is a 4,452 sqm centre anchored by a Woolworths Supermarket, with 12 specialty tenancies.

In April 2018, MPG listed the Edlyn Foods buildings for sale. The directors plan to acquire more retail-focussed property to replace it in the portfolio in line with the investment mandate of the Trust.

The properties in the Trust are 98.5% occupied with a 5.39 year weighted average lease expiry. The net tangible asset backing was \$0.90 as at 31 December 2017.

The Trust is forecast to deliver a quarterly distribution at the pro-rata rate of 7.25 cents per unit pa for the year ending 30 June 2018.



MPG BW TRUST 2

This Trust was available to wholesale investors and contains a 14,228 sqm Bunnings Warehouse property in Bundamba (Qld). The lease is secured until 2028.

Bundamba is a strategic location, at the junction of the Ipswich Motorway, Bremer Highway and the Warrego Highway. Costco are opening their second Queensland store in this area later this year.

The net tangible asset backing increased \$1.22 to \$1.36 per unit as at 30 June 2017.

The trust is on track to deliver a return of 7.55% for the year ending 30 June 2018.



MPG TWEED HUB TRUST

The MPG Tweed Hub Trust launched in December 2017, and was available to wholesale investors.

The trust has a single asset, the Tweed Hub Homemaker Centre in Tweed Heads, NSW, which was purchased for \$40.075 million, with settlement occurring at the end of February 2018.

The 9,757 sqm mixed homemaker centre is located on an arterial road and features a number of fast food outlets as well as a medical centre, gyms, 1st Choice Liquor, The Good Guys, Pet Kingdom and Rugs a Million.

The property is 100% occupied with a 4.30 year weighted average lease expiry.

The Trust is forecast to deliver a quarterly distribution at the pro-rata rate of 7.25 cents per unit pa for the year ending 30 June 2018.



MPG HARDWARE TRUST

This Trust was available to wholesale investors and contains a 4,983 sqm Bunnings Warehouse in Wonthaggi (Vic).

This is currently MPG's longest-held Bunnings warehouse, which was settled in June 2012 for \$5.4 million. An independent valuation in June 2017 valued the property at \$8 million, which takes the net tangible asset value to \$1.83 per unit.

VicRoads acquired a small portion of land in December 2017 for the addition of Wonthaggi's first set of traffic lights at the intersection of McKenzie Street. Passing traffic at this busy junction has increased to 11,000 motorists daily.

The forecast distribution Trust is on track for a return of 8.00% for the year ending 30 June 2018.



MPG BW NEWSTEAD TRUST

This Trust was available to wholesale investors and contains a 16,704 sqm Bunnings Warehouse plus an adjoining 1,682 sqm in additional specialist tenancies in Newstead (Qld).

At the completion of construction Bunnings will have a 12 year lease, and they are supporting the additional tenancies with a three year rental guarantee.

Ground floor slabs, columns and precast panels have been completed. The concrete slabs, reinforcement, columns and precast panels for the first level are in progress, and the formwork for the second level has commenced.

The forecast return for the year ending 30 June 2018 is anticipated to be 5% as per the Information Memorandum.



MPG HARDWARE TRUST 2

This Trust was available to wholesale investors and contains a 9,512 sqm Bunnings Warehouse property in Kingston (Tas).

The store was completed in June 2016 and is leased until 2028.

As with all our new buildings, we have worked closely with the builder, who have advised all defects have been attended to. The final inspection will take place shortly.

The Trust is on track to deliver on the forecast return of 7.25% for the year ending 30 June 2018.

BUILDING A STRONG TRACK RECORD



MPG KM TRUST

This Trust was available to wholesale investors and contains a 7,037sqm Kmart and an adjoining 1,089 sqm in complementary retail space in Port Macquarie (NSW).

The property opened in March 2017. A recent inspection, to finalise the defect liability period, identified no items of significance.

The weighted average lease expiry is 11 years.

The net tangible asset backing was \$1.10 per unit as at 30 June 2017.

The trust is set to deliver on the forecast return of 8.00% for the year ending 30 June 2018.



MPG SEAFORD MEADOWS PROPERTY TRUST

This Trust was available to wholesale investors and contains a 5,307 sqm neighbourhood shopping centre in Seaford Meadows (SA). The centre is anchored by Woolworths and has 14 speciality tenants.

Allure Hair and Beauty have doubled the footprint of their salon, expanding into the adjoining tenancy. A proactive campaign to fill the remaining vacancies is underway. The catchment looks set to grow, with the SA Government appointing a developer to build 750 homes on the neighbouring 2 hectare site.

The property is 93.6% occupied with a 9.78 year weighted average lease expiry. The net tangible asset backing was \$1.01 per unit as at 30 June 2017.

The trust is on track to deliver a return of 7.6% for the year ending 30 June 2018.



KATE CALLIL ROBERTS

Kate Callil Roberts has been General Counsel at MPG since August 2017.

With MPG's expansion, and the subsequent increase in work in acquisitions and leases, the part time role of General Counsel was created.

This role will expedite not only the acquisition process, but also new leases and renewals. Kate has years of property law experience from working at Logie Smith Lanyon.

Kate has been a member of the Leases Committee at the Law Institute of Victoria for over a decade. Her expertise in being at the forefront of leasing issues and developments, is invaluable to MPG and our clients.



VILLAGE TRAVEL CENTRE TRUST

This Trust was available to wholesale investors and contains a 2,033 sqm petrol and fast food convenience service centre in Chinchilla (Qld).

The centre has nine tenancies anchored by Caltex, KFC and Subway. The properties in the Trust are 91.6% occupied with a 4.95 year weighted average lease expiry.

The net tangible asset backing was \$1.11 per unit as at 30 June 2017.

The Trust is on track for a distribution of 8.00% for the year ending 30 June 2018.

MPG funds management

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