ACN: 102 843 809 AFSL:227114

RG46 INVESTMENT UPDATE

MPG Retail Brands Property Trust

ARSN: 122 578 741

The Trust is forecasting distributions for FY22 of **7.25%**[1]

Beaudesert Central welcomes new tenant, Headspace.

We are pleased to provide you with an update to the Product Disclosure Statement (PDS) of the MPG Retail Brands Property Trust (ARSN 122 578 741) (Trust) dated 1 October 2007. This Investment Update is issued by MPG Funds Management Ltd (MPG or RE) (AFSL 227114, ACN 102 843 809) in its capacity as Responsible Entity for the Trust and should be read in conjunction with the PDS.

We are pleased to confirm that the Trust has entered into a Contract of Sale for the purchase of a new Neighbourhood Shopping Centre property located in Sarina, Queensland for $13.0 million with settlement due in September 2021. The property is leased to brand name tenants that include: Woolworths, Subway, Cellarbrations and Terry White Chemist amongst others. We look forward to welcoming these quality tenants to the Trust.

To fund this new acquisition the Trust has released an updated PDS, which is seeking to raise $6.6 million with the balance of the purchase price to be funded from bank debt.

At Beaudesert Central, Stride Mental Health (Headspace) have completed their fitout and commenced operations. Headspace provides a full range of mental health services designed to support those experiencing mental health concerns and we welcome this vital service to the Centre.

Independent Valuations of HomeCentral Warrnambool ($21.75 million from $19.58 million) and the Village Lakeside Pakenham ($23.25 million up from $17.46 million) were conducted during the quarter and the strong uplifts reflect the strength of the current investment market and the successful implementation of value add strategies implemented by MPG.

The distribution for the June 2021 quarter will be 1.5 cents per unit which results in a distribution of 6 cents per unit for the financial year. This is anticipated to be increased to 7.25%[1] for the financial year ending 30 June 2022, which is a great result for investors.

Village Lakeside Shopping Centre had a significant valuation increase to $23.25 million.

Artist impression of conversion to KHub in Kadina, SA.

RG46 Best Practice Disclosure Principles

In September 2008 and updated in March 2012, the Australian Securities and Investment Commission issued Regulatory Guide 46 "Unlisted property schemes- improving disclosure for retail investors" (RG46). RG46 sets out six benchmarks and eight disclosure principles which, if followed, ASIC believes will help investors understand, compare and assess risks and returns across investments in unlisted property schemes.

Set out below is a table which lists each benchmark and disclosure principle. The information will be updated whenever there is a material change to the Trust and not less than each half year. Updated information will be available at **www.mpgfm.com.au.**

Benchmarks		Benchmarks Met?
1. Gearing Policy	MPG maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.	Yes
2. Interest Cover Policy	MPG maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.	Yes
3. Interest Capitalisation	Any interest expense of the Trust is not capitalised.	Yes
4. Valuation Policy	MPG maintains and complies with a written valuation policy in relation to the assets of the Trust.	Yes
5. Related Party Transactions	MPG maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.	Yes
6. Distribution Practices	The Trust will only pay distributions to Investors from its cash from operations (excluding borrowing) available for distribution.	Yes

GEARING RATIO

This indicates the extent to which the Trust's property assets are funded by interest bearing liabilities. It gives an indication of the potential risks the Trust has in terms of its level of borrowings due to, for example, an increase in interest rates or reduction in property values. The gearing ratio is a risk factor that retail investors should weigh up against the Trust's rate of return.

The gearing ratio of the Trust is 47% based on the latest unaudited financial statements at 30 June 2021 and calculated by dividing total interest bearing liabilities by total assets.

INTEREST COVER RATIO

This indicates the Trust's ability to meet its interest payments on borrowings from earnings. Interest cover measures the ability of the Trust to service interest on debt from earnings. It provides an indication of the Trust's financial health and is used to analyse the sustainability and risks associated with the Trust's level of borrowing.

The interest cover of the Trust is 3.78 times based on the latest unaudited financial statements at June 2021 and calculated by dividing EBITDA (earnings before interest, tax, depreciation and amortisation) by the interest expense.

SCHEME BORROWINGS

This disclosure helps investors understand the significant risks associated with the Trust as a result of borrowing as well as the maturity dates of borrowings.

Borrowing maturity and credit facility expiry profiles are important information where a Trust borrows to invest. Credit facilities that are due to expire within a relatively short time frame can be a significant risk factor, especially in periods where credit is more difficult and expensive to obtain. A failure to renew borrowing or credit facilities can adversely affect the Trust's viability. Breaches of a loan covenant may result in the lender being able to require immediate repayment of the loan or impose a freeze on further drawdowns on the credit facility. Amounts owing to lenders and other creditors of the Trust rank before an investor's interest in the Trust.

The Trust has borrowings of $57,685,000 which is secured against the properties held by the Trust as a first ranking charge. The amount owing to lenders and other creditors rank before an investor's interest in the Trust.

The LVR covenants of the loan are 60% of the value of the properties and the Interest Cover Ratio covenant is 2 times. MPG confirms that the Trust is within these covenants and no breaches of these covenants have occurred to date. In the event that MPG is replaced as RE this will trigger a default event and the loan may be immediately due and payable to the lender.

The Bank borrowings are currently 49% hedged and mature in March 2023.

PORTFOLIO DIVERSIFICATION

This information addresses the Fund's investment practices and portfolio risk.

The quality of the properties held by the Trust, including the quality of leases entered into over these properties, is a key element in the financial position and performance of the Trust. Generally, the more diversification in the portfolio, the lower the risk that an adverse event affecting one property or one lease will put the overall portfolio at risk.

The Trust also holds investments valued at $12.6 million with independent valuations conducted in other unlisted property trusts also managed by MPG. The investment strategy of the Trust is explained on page 6 of the PDS.

The properties contained in the Trust have a combined value of $108 million at 30 June 2021 comprising Village Lakeside Pakenham $23.25 million, HomeCentral Warrnambool $21.75 million, Target Kadina $5.5 million, Rocks Central Shopping Centre $9.75 million, Coles Moss Vale $9.8 million, Beaudesert Central Shopping Centre $17.5 million, Seacrest Shopping Centre $14.8 million and Nambour $6 million.

Occupancy across the Trust is 96%. The properties have a weighted average lease expiry of 3.6 years as at June 2021. The top five tenants of the Trust by Net Lettable Area are: Bunnings (20%), Coles (19%), Woolworths (18%), Target (9%) and Forty Winks (5%). The investment strategy is explained on page 6 of the PDS.

RELATED PARTY TRANSACTIONS

This will help Investors understand and assess the approach MPG takes to transactions between MPG and its related parties. All related party transactions have been approved by the Board of Directors of MPG and are undertaken on an arm's length basis under normal terms and conditions. All related party transactions are outlined on page 53 of the PDS.

DISTRIBUTION PRACTICES

This will help Investors understand how the Trust will help fund distributions to Unitholders and whether distributions are sustainable.

MPG will make distributions to Unitholders on a quarterly basis in arrears or such other time as MPG is permitted to do so under the Constitution. Anticipated distributions for future periods will be sourced from net Trust income. The distribution for the quarter ended June 2021 will be paid at a rate of 1.5 cents per unit which results in a distribution for the financial year of 6 cents per unit.

WITHDRAWAL ARRANGEMENTS

Information on how and when Investors may be able to exit their investment in the Trust.

The Constitution allows Unitholders to withdraw in limited circumstances. An investment in the Trust is to be considered illiquid. The Trust is to be considered a long term investment of seven years with the exit mechanism as outlined on page 22 of the PDS. The MPG Retail Brands Property Trust is due to rollover in the June 2022 quarter.

NET TANGIBLE ASSETS

The net tangible assets (NTA) value disclosure gives Investors information about the value of the tangible or physical assets of the Trust and is calculated as (Net Assets-Intangible Assets+-other adjustments) divided by number of units on issue.

Based on the most recent unaudited financial statements as at June 2021, the NTA of the Trust is $1.06.

MPG funds management®

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[1] Forecasts are estimates only and are not guaranteed to occur

Please consider this information in conjunction with the PDS and note that the information contained in this update is of a general nature and has been prepared without taking into account your individual investment needs or objectives. Please consult with your investment adviser before making any investment decision.