MPG Regional Cities Property Trust

An opportunity to invest in a diversified portfolio of social infrastructure and other assets located in some of Australia's fastest growing regional cities

MPG Regional Cities Property Trust

Issuer: MPG Funds Management Ltd
ABN 81 102 843 809 AFSL 227114
ARSN 160 633 205

PRODUCT
DISCLOSURE STATEMENT
DATED 17 September 2018

WHAT YOU NEED TO DO

1. Read
Please read this Product Disclosure Statement carefully and in its entirety.

2. Consider
Consider all of the risk factors and other information concerning the Trust in light of your investment objectives and needs. You may also wish to consult with your financial adviser at this point.

3. Complete
Complete the Application Form attached to this PDS following the instructions set out on page 53.

4. Mail
The completed Application Form, AML checklist and Accountant's Certificate (where applicable) should be mailed to:

MPG Funds Management Ltd
PO Box 1307, Camberwell, VIC 3124

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Warning: While every effort has been made to ensure the information in this PDS is up to date, if there has been a change to information which is not materially adverse, MPG may not update this information. All such changes will be included on MPG's website located at www.mpgfm.com.au or can be requested on our toll free number 1300 668 247. A paper copy of any updated information will be given to any person without charge on request.

CONTACTING US

Client enquiries: **1300 668 247**
Email: **info@mpgfm.com.au**
Website: **www.mpgfm.com.au**

This Product Disclosure Statement (PDS) relates to the MPG Regional Cities Property Trust (Trust) ARSN 160 633 205 and is dated 17 September 2018. It replaces the previous PDS dated 27 February 2018. The Offer of Units pursuant to this PDS is made by MPG Funds Management Ltd (MPG) (ACN 102 843 809) as Responsible Entity (RE) of the Trust. Please read the whole of this PDS in its entirety and note the investment considerations and risks as set out on page 39.

This Offer closes at 5.00 pm (Melbourne Time) on 31 July 2019, unless the RE decides to close the Offer earlier or extend it, which it may do so without notice.

The PDS has been prepared by MPG Funds Management Ltd. It sets out information about the MPG Regional Cities Property Trust, upon which the recipient can base a decision as to whether to invest in the Trust. For the conditions of issue of the PDS please refer to page 49 of this document.

The information given in this document is of a general nature and has been prepared without taking account of your individual investment objectives, financial situation or particular investment needs. Before making an investment decision on the basis of this PDS, you should consider the appropriateness of the information, having regard to your objectives, financial situation and needs. We recommend you consult with a financial adviser, who can help you determine how best to achieve your financial goals and whether investing in the Trust is appropriate for you.

Copies of the PDS can be accessed electronically at www.mpgfm.com.au and MPG will provide a paper copy on request. This PDS can only be used by investors receiving it electronically or otherwise in Australia and New Zealand. This PDS does not constitute an offer in any jurisdiction other than Australia and New Zealand, or to anyone whom it would not be lawful to make such an offer.

ASIC takes no responsibility for the content of this document.

KEY FEATURES AND BENEFITS OF THE OFFER

TRUST OBJECTIVE

The objective of the Fund is to provide Investors with regular tax-advantaged income and the potential for capital growth through an investment in a portfolio of quality social infrastructure and other properties located in some of Australia's fastest growing regional cities.

Features and Benefits	**An initial portfolio of eight regional properties**
	Attractive regular tax-advantaged returns – Forecast initial yield of 7.00%[1] pa to be paid quarterly. Depreciation and building allowances allow a high proportion of this income to be tax-advantaged. Detailed on **page 36.**
	Social infrastructure (predominantly government) tenants – The initial portfolio contains eight properties predominantly in the social infrastructure sector (82% leased to government tenants by gross income) of Civic (government agencies, training and counselling) and Education (childcare) Detailed on **page 9.**
	Potential for capital growth – Long term population growth for many of the regions augur well for future price appreciation. Detailed on **page 6.**
	Moderate gearing – Anticipated to be 45% of gross assets. Detailed on **page 23.**
	Defined exit strategy – The Trust has a defined exit strategy at 6.5 years from the Closing Date. Detailed on **page 21.**
	Experienced manager with a proven track record – The Reponsible Entity, MPG Funds Management Ltd has significant commercial property investment, management and development experience. Detailed on **page 25**.
	Reduced capital volatility – Australian direct property has historically experienced lower volatility than listed Australian and international shares and REITs.
Risks	**The risks are typical of those that would apply to investments in real property and in units in property trusts. Key risks are detailed on page 39.**
Target Investors	**Investors seeking regular and stable income with tax benefits and the potential for capital growth such as Self Managed Superannuation Funds, private investors and retirees.**
What else should I know?	**Minimum Investment $10,000 with units at an application price of $1 per unit.**
	The Offer will close on the 31 July 2019 which can be changed by the RE without notice. Detailed on **page 20.**

1. Forecasts are not guaranteed to occur and are subject to the qualifications and assumptions detailed on page 30 of this PDS.

CHAIRMAN'S LETTER

MPG funds management

MPG is an experienced specialist property funds manager with a highly skilled and motivated team.

Dear Investor

MPG Regional Cities Property Trust

It gives me great pleasure to present you with this exciting opportunity to invest in the MPG Regional Cities Property Trust (Trust).

The Trust is an unlisted unit trust with the objective of investing in social infrastructure and other property assets. Social infrastructure assets are those that accommodate a social service that maintain and improve the standard of living and quality of life in a community. These are located in growing regional cities and are predominantly leased to government tenants. The Trust aims to provide investors with regular tax-deferred income and the prospect of capital growth.

The Trust currently holds four properties as well as units in property trusts and is looking to raise an additional $25 million for the settlement of a further four properties located in Armidale (NSW), Traralgon (Vic), Hervey Bay (Qld) and Maryborough (Qld) that are detailed on page 9.

It is also the intention of the Trust to invest in further similar properties up to $20 million in value, which we believe to be overlooked by the larger institutional investors. These will be funded with future capital raisings and bank debt. We believe that these properties have the potential to generate strong returns and provide an attractive investment opportunity for a variety of investors.

MPG intends to pay distributions quarterly in arrears from 30 September 2018 at the forecast rate of 7.00% pa on the issue price of $1.00 per unit. This forecast return may be considered significantly higher than most cash rates currently on offer. This forecast is subject to the qualifications and assumptions outlined from page 30.

The Trust has a term of six and a half years from the Closing Date unless the Properties are sold earlier. Where some Investors decide the term of their investment in the Trust is to be extended beyond its current term, the RE intends to extend the term of the Trust for those Investors; and implement a liquidity strategy to assist Investors wishing to realise their investment in the Trust at the end of the current term. This liquidity strategy will include a first right of refusal for Investors who wish to extend the term of their investment to purchase the units of those wishing to exit at this point.

The Trust's investment strategy as outlined in this document involves: buying well, using appropriate leverage to maximise returns, mitigating major investment risks and securing quality tenants to long-term leases. We believe that this offer achieves all of these aims.

MPG is an experienced specialist property funds manager with a highly skilled and motivated team that extends across asset management, property management, property development and property investment.

In this document we have provided information about the investment properties and unitholdings, trust structure, investment considerations, risk and proposed gearing finance by the Trust. We encourage you to read the full PDS to better acquaint yourself with the Trust and carefully weigh the opportunities and risks which affect this investment. Potential Investors with questions on how to complete the Application Form or the contents of the PDS should seek advice from their professional adviser.

On behalf of the Board of Directors, I look forward to welcoming you as a Unitholder in this exciting investment opportunity.

Yours faithfully
MPG Funds Management Ltd

Trevor Gorman
Chairman

INVESTMENT OVERVIEW

KEY DATES	Offer opens 17 September 2018	Offer closes 31 July 2019**

ITEM	SUMMARY
The investment	An investment in an unlisted unit trust with an initial diversified portfolio of eight regional social infrastructure properties, with the provision to add properties that meet the Trust's investment criteria. It is also the intention of the Trust to invest in other direct property trusts managed by MPG until such time that suitable other properties meeting the criteria on page 7 are found.
Units on offer	25,000,000 Ordinary Units in an unlisted property trust which is a registered managed investment scheme, at the initial application price of $1.00 per unit.
Expected subscription	The Trust is raising $25,000,000 which is not underwritten. Should less than this amount be raised, the RE may still issue Units for the amount actually raised at a pro-rata rate to applicants, but may not proceed with the acquisition of one or more of the Properties.
Forecast returns*	Forecast initial yield 7.00%* pa pro-rata for the year ending 30 June 2019 based on the application price of $1.00 per unit, with a significant portion of this income being tax-advantaged.
The Key Tenants	Key tenants include Commonwealth Government of Australia (Centrelink/Medicare/Department of Human Services/ Australian Pesticides and Veterinary Medicines Authority), The State Government of Victoria (Environmental Protection Agency), The Centre for Non-Violence and United Children.
Weighted average lease term	8.50 years as at 17 September 2018
Minimum investment	Minimum Investment $10,000 with upwards multiples of $5,000
Term of the Trust and Liquidity of the Units	The investment term is 6.5 years from the Closing Date of 31 July 2019 as outlined on page 21. When approaching the end of the investment term, the RE will issue a Term Extension Proposal Letter whereby Unitholders will be given the opportunity to sell their Units or extend the term of their investment. This exit procedure will include a first right of refusal to existing investors wishing to continue the investment. As a result of this first right of refusal it may take up to 12 months from the date of the Term Extension Proposal Letter to exit the Trust. The RE does not expect the Trust will be liquid during the current term and, other than the Limited Withdrawal Offers described on page 21, it is not expected that Unitholders will be able to exit the investment until the Term Extension Proposal Letter is issued. Unitholders will only have the right to sell any Units they hold subject to approval by the RE. The Units will not be listed on any stock exchange and may be redeemed or repurchased by the RE, at the RE's sole discretion. See page 21 for details on liquidity.
Distributions	Quarterly in arrears. Investors may reinvest distributions to compound returns as outlined on page 21.
Issuer/RE (MPG)	MPG Funds Management Ltd (ACN 102 843 809) AFSL 227114
Buy/Sell Spread	There is a buy spread for investment in the Trust to meet costs associated with the proposed acquisition of the initial properties.
Custodian	The Trust Company Limited (ACN 004 027 749)
Management Costs	Management costs will be 0.75% of the Gross Asset Value of the Trust as described in the Fees and Other Costs section.
Net Tangible Asset Backing	Estimated to be $0.88 cents per unit on settlement of all properties.
Estimated Total value of Investments	$66.40 million based on the purchase price.

* *Estimate only and not guaranteed to occur. For a full explanation of forecast returns refer to page 28 of this PDS. All areas are approximates only.*

** *These dates are indicative only and the RE reserves the right to close the Offer early or extend the Offer.*

ASIC RG 46 BENCHMARKS AND 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 such as the Fund, specifically in relation to the Trust.

Set out below is a table which lists each benchmark and disclosure principle and where the information addressing that principle is included in this PDS. The information will be updated whenever there is a material change to the Fund and not less than each half year. Updated information will be available at www.mpgfm.com.au.

Benchmark	Benchmark Met?	Page Ref
1. Gearing Policy MPG maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.	Yes	23
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	24
3. Interest Capitalisation Any interest expense of the Trust is not capitalised.	Yes	24
4. Valuation Policy MPG maintains and complies with a written valuation policy in relation to the assets of the Fund, including those of the Trust.	Yes	22
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	24
6. Distribution Practices The Fund will only pay distributions to Investors from its cash from operations (excluding borrowing) available for distribution.	Yes	22

Disclosure Principal	Page Ref
1. Gearing Policy 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 anticipated to be 45%, based on the pro-forma financial statements for 30 June 2019 at settlement of the Properties. It is calculated by dividing total interest bearing liabilities by total assets. This ratio does not include any of the proposed financing outlined in this PDS.	23
2. 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 anticipated to be 2.75 times for the year ending 30 June 2019 and calculated by dividing EBITDA (earnings before interest, tax, depreciation and amortisation) by the interest expense. This ratio does not include any of the proposed financing outlined in this PDS.	24

Disclosure Principal (continued)	Page Ref
3. Scheme Borrowing 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's in the Trust. The Trust currently has a facility limit of $15,100,000 which is secured against the properties held by the Trust as a first ranking charge. Under the proposed loan terms to purchase the further four properties, the Trust will have a combined facility limit of $29,059,000. The amount owing to lenders and other creditors rank before other investors in the Trust. The LVR covenants of the loan are 55.00% of the value of the properties and the Interest Cover Ratio covenant is 2.00 times. MPG confirms that the Trust is within these covenants and no breaches of these covenants have occurred to date. Following a successful capital raising in accordance with this PDS, MPG intends to apply for additional financing on similar terms for any new properties purchased. 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 debt is not due for repayment until June 2021 with MPG currently in discussions with the financier to extend this term for a further two years. A minimum of 50% of the facility will be hedged until the loan expiry.	24
4. Portfolio Diversification This information addresses the Fund's investment practices and portfolio risk. The quality of the properties that will be 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 will initially hold eight properties located in Victoria (48%), New South Wales (38%) and Queensland (14%) (by value). Upon Settlement, the Trust will hold $8.33 million in other unlisted property trusts also managed by MPG until suitable properties for the Trust can be identified. The Properties, which form part of the Assets of the Trust have a weighted average lease expiry of 8.5 years as at 17 September 2018 (including the Properties which have not yet been acquired). The top four tenants of the Trust by Net Lettable Area are: The Commonwealth of Australia (61%), the State Government of Victoria (21%), United Children (9%) and Centre for Non-Violence (6%) .	9
5. Related Party Transactions This disclosure will help Investors understand and assess the approach MPG takes to transactions between MPG and its related parties, including the McMullin Group. Expected Application to the Trust: All related party transactions will be approved by the Board of Directors of MPG and are undertaken on an arm's length basis under normal terms and conditions.	24
6. Distribution Practices This disclosure will help Investors understand how the Trust will help fund distributions to Trust Unitholders and whether distributions are sustainable. Expected Application to the Trust: MPG will make distributions in relation to Unitholders on a quarterly basis in arrears or such other time as MPG is permitted to do so under the Constitution, unless an Investor requests their distributions to be reinvested under the Distribution Reinvestment Plan. Anticipated distributions for the quarter ending 30 September 2018 and for future periods will be sourced from net Trust income.	22
7. Withdrawal Arrangements This disclosure gives information on how and when Investors may be able to exit their investment in the Trust. Expected Application to the Trust: The Constitution allows Unitholders to withdraw in limited circumstances. An investment in the Trust is to be considered illiquid. In approaching the end of the 7 year term of the Trust, the RE intends to issue a Term Extension Proposal Letter whereby Unitholders will be given the opportunity to sell their Units or extend the term of their investment. In addition the RE intends to make Limited Withdrawal Offers to Investors from 2023.	21
8. 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/number of units on issue). Based on the pro-forma financial statements for 30 June 2019 upon settlement of the Properties, the NTA value of the Trust is 88 cents per Unit.	29

THE INVESTMENT STRATEGY

MPG believes direct investment into commercial property plays an important role in the construction of a balanced investment portfolio, based on attractive income yield and potential for capital growth.

Investment Objective

The core investment objective is to generate regular tax-advantaged income returns from a diversified portfolio of social infrastructure and other assets that have the potential for capital growth.

Target Portfolio Weighting

The target portfolio allocations of the Trust are as set out below.

Investment Class	Target Allocation
Social Infrastructure Property	70-80%
Regional Property and other MPG Investments	0-25%
Cash/Listed A-REITSs/Other	5-20%

The RE may change these allocations in the future. While we aim for the Trust to operate within the above target ranges, factors affecting the fund or its underlying portfolio may result in investments moving outside the target allocation ranges from time to time. We intend that the Trust will hold a minimum of 5% of the total assets in cash/fixed interest/listed property securities at all times to facilitate liquidity requirements.

Direct Property Portfolio

A benchmark allocation of 70-80% of Trust gross assets will be allocated to direct social-infrastructure property, and up to a further 25% in other regional assets such as retail or office, which consists of either outright ownership, or investment via property trusts that are predominantly managed by MPG Funds Management.

Cash/Fixed Interest/Listed Property Securities

We intend to have a benchmark incidental investment allocation of up to 5% in cash/fixed interest and listed property securities. By investing in such assets, the Trust can increase its liquidity and offer greater flexibility to investors who may seek access to their capital by means of the Limited Withdrawal Offers made by the RE from time to time.

Investment Approach

The Trust will predominantly target social infrastructure properties with government tenants. These will be located in regional cities on the eastern seaboard of Australia and have a population in excess of 25,000 people, and growing at greater than 1% per annum. The targeted regional cities will ideally have demonstrated government infrastructure spend, higher education facilities, transport and a growing local economy.

The regional cities targeted by the Trust include:

Regional City	Population	1yr Growth[1]
Victoria		
LaTrobe	278,188	1.29%
Geelong	244,798	2.59%
Bendigo	113,617	1.64%
Ballarat	105,328	1.40%
New South Wales		
Central Coast (inc. Newcastle)	337,765	0.73%
Port Macquarie	81,215	1.60%
Armidale	38,306	0.39%
Queensland		
Gold Coast	592,330	2.67%
Sunshine Coast	311,551	2.69%
Toowoomba	155,092	1.23%
Fraser Coast	101,504	2.45%
Tasmania		
Hobart	226,884	1.08%

Social infrastructure properties are those that accommodate a social service which includes the sectors of: Health, Education, Housing, Civic and Utilities, Public Transport and Corrections and Justice.

Our approach is to actively manage direct property assets that will be held for the medium to long term. Active property management will involve renewing current leases and targeting new tenants for any vacant space. Upgrading and refurbishing specific assets to attract and maintain occupancy and improve asset values may also be undertaken. We will work with building consultants to develop asset management plans and to identify value-add opportunities.

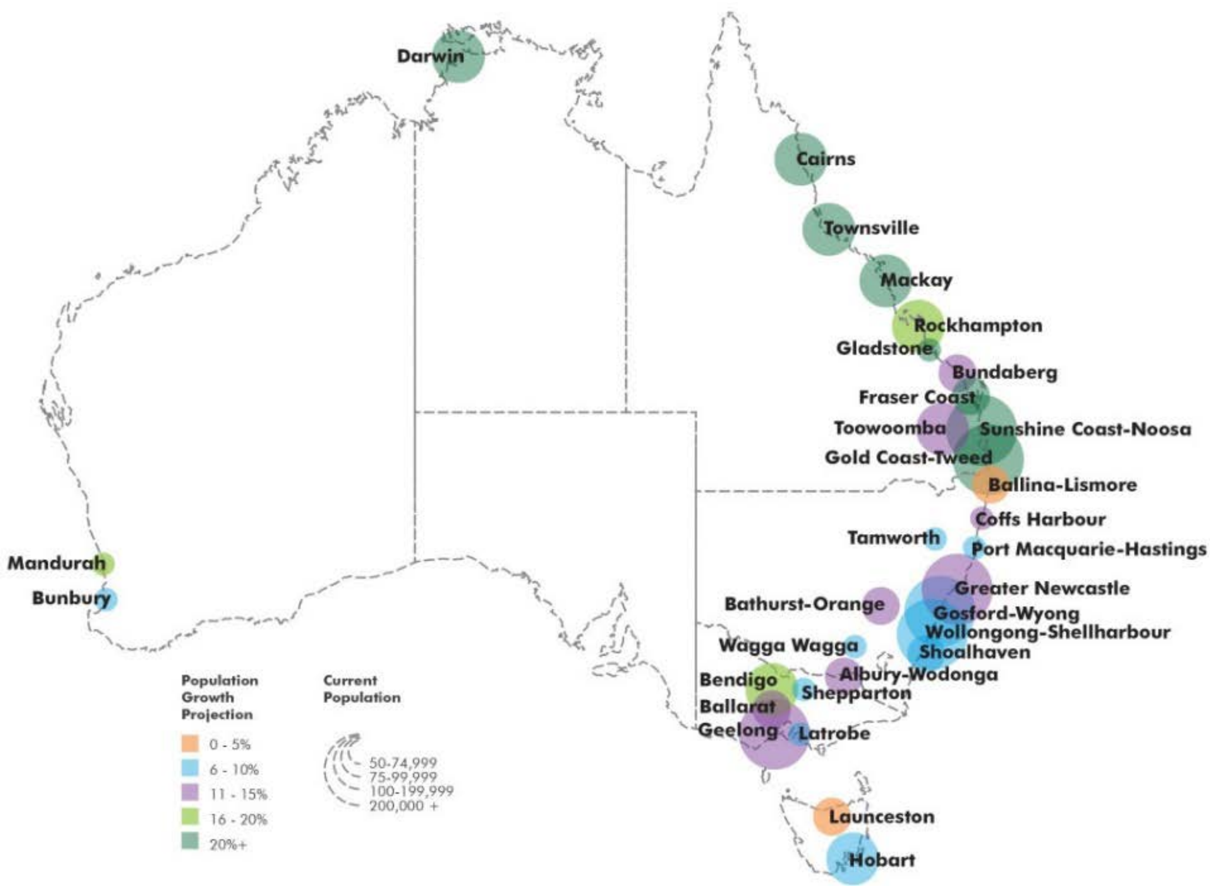
[1] all data from Australian Bureau of Statistics using SA3, SA4 or LGA statistics. 1 year actual growth.

Future Property Acquisitions

MPG will seek additional properties that fit the investment strategy outlined above, which targets social infrastructure properties up to $20 million in value with the following process to be followed.

- Each additional property must be capable of achieving comparable long-term returns to those received by Unitholders immediately prior to the acquisition.
- The purchase price will be supported by a written independent valuation.
- The RE may fund additional properties wholly through debt facilities, with a requirement that such debt is paid down so that the Trust's overall gearing ratio does not exceed 45% for more than a 12-month period. It is envisaged that the long-term average gearing for the Trust will be no more than 45%.
- A satisfactory assessment of the condition of the buildings and services on each additional property.
- A satisfactory legal due diligence on all documents associated with the acquisition.
- Formal approval by the Board of Directors of the RE.

Current (2013) and growth rate (to 2026) populations for Australia's regional cities[1]



[1] Pearson, L.J., Houghton, K., How, G. (2017) Lighting Up our Great Small Cities: Challenging Misconceptions, The Regional Australia Institute.

The Four Key Investment Principles

MPG has four key investment principles, which the RE has applied to the properties as follows:

1. Buy well

The first principle is to buy or develop the properties with an end value at bank valuation or better, which we have been able to achieve.

We also believe that the best areas to buy property have the following features:

- Growing demographic population and favourable social attitudes;
- New infrastructure to meet growing population demand;
- Low rental vacancy; and
- Quality near new or recently refurbished buildings.

We believe that the current portfolio of assets fits these criteria.

We also believe that a thorough property due diligence should be performed including analysis of financial fundamentals, comparative sales, environmental soil testing, pest and structural inspections, easements and restrictions and so on.

2. Use leverage to maximise returns (limited recourse debt)

The second principle is to leverage with conservative debt. By using debt sensibly to buy property, the performance and the return on equity of the Trust is enhanced.

By using limited recourse debt, the banks' security is limited to the property and there is no personal exposure beyond a Trust member's initial cash contribution.

3. Find quality tenants

We seek to secure quality tenants and endeavour to sign them to long-term leases. For those facilities already pre-leased, there are national tenants including: Commonwealth Government of Australia, State Government of Victoria, Centre for Non-Violence, and United Children.

4. Mitigate major risks

We aim to mitigate all major risks of investment in the Trust including as follows (see page 39 for further details of risks and risk mitigation):

Risk	Mitigation
Interest rate increase	The proposed initial debt of $26.15 million will be fixed for a three to five year term as outlined on page 24. Suitable interest rate strategies will be entered into for future debt to mitigate any interest rate rises, with at least 50% being hedged.
Structural	The balance of a statutory ten year structural building guarantee & 12 month defects warranty for all buildings under 10 years old.
Bad tenants	Select quality tenants that include: Commonwealth Government of Australia, State Government of Victoria, Centre for Non-Violence, and United Children.
Vacancy	Select regions with growing demand; purchase quality buildings. MPG also actively manages the properties and fosters good tenant relationships to reduce the likelihood of vacancy.
Downturn	Purchase and develop with a final value at bank valuation or better.
Illiquid Investment	A defined exit strategy with an opportunity to realise the units with an initial investment term of seven years. There may be Limited Withdrawal Offers available to Investors from 2023.

INVESTMENTS OF THE TRUST

Portfolio

The Trust currently holds four properties located in Bendigo, Echuca and Geelong (Vic) and Newcastle (NSW) and an interest in a Property Trust managed by MPG, as well as other incidental investments. Following a successful capital raising campaign, the Trust intents to add a further four properties located in Armidale (NSW), Traralgon (Vic), Hervey Bay and Maryborough (Qld). Upon settlement of the Properties the portfolio will have a combined value of $66.40 million.

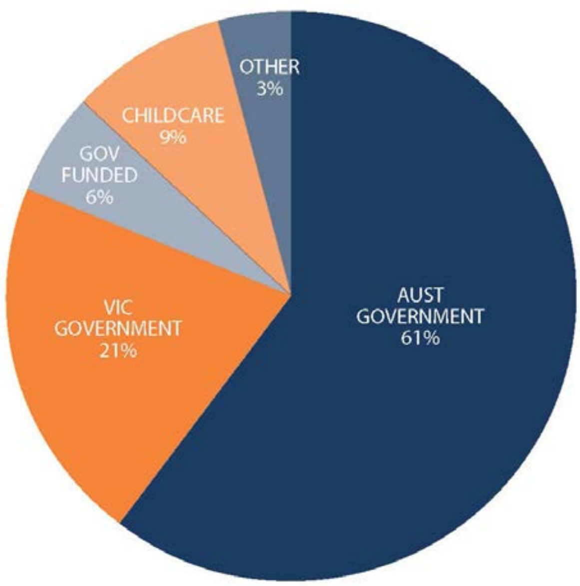
Existing Property Names & Location		NLA (sqm)	Occ %	Investment value $ mill	Weighting %
Centre for Non-Violence Building	Bendigo, Vic	1,448	100%	$ 6.40	10%
United Children Building	Geelong, Vic	713	100%	$ 5.90	9%
Centrelink Building	Newcastle, NSW	1,204	100%	$ 6.00	9%
Centrelink Building	Echuca, Vic	970	100%	$ 3.85	6%
Total existing property		4,335	100%	$22.15	
Proposed Additional Property Names & Location					
AVPMA Building (under construction)	Armidale NSW	2,745	100%	$15.90	24%
EPA Building	Traralgon, Vic	2,619	100%	$11.97	18%
Centrelink Building	Hervey Bay, Qld	1,097	100%	$ 4.20	6%
Centrelink Building	Maryborough, Qld	964	100%	$ 3.85	6%
Total additional property		7,425	100%	$35.92	
Proposed Cash/Listed Property/Other[1]		n/a	n/a	$ 8.33	12%
Total		**11,760**	**100%**	**$66.40**	**100%**

[1] The Trust holds Units in the MPG Retail Brands Property Trust ARSN 122 578 741 which may be sold down in future periods to fund suitable new Trust properties.

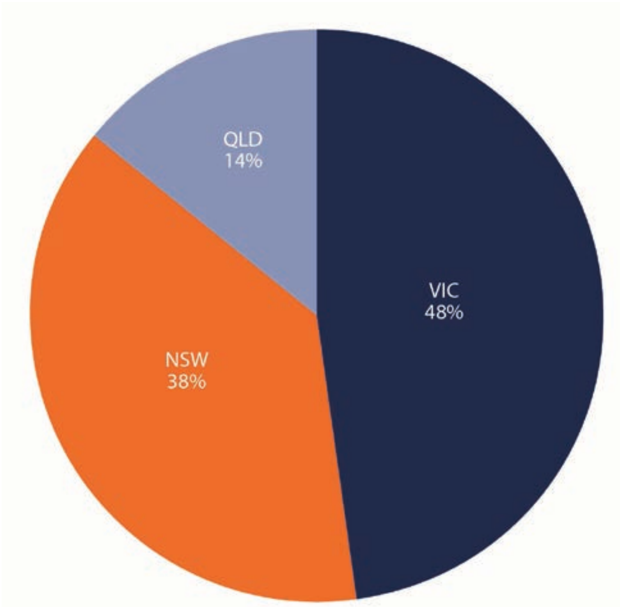
Weighted Average Lease Term

The weighted average lease term indicates how long income is contractually secured by leases across a property portfolio. Assuming the Properties are acquired by the Trust as at 17 September 2018, and based on tenants of the above properties, the weighted average lease term will be 8.5 years as at 17 September 2018, with over 62% of rent by gross income expiring after 30 June 2024. The weighted average occupancy (as a percentage of NLA) will be 100% at 17 September 2018.

Government vs Non Government Tenants



Geographical Diversification by State



PROPERTY LOCATIONS

"...the Trust targets growing regional locations on the eastern seaboard of Australia that have a population in excess of 25,000."


APVMA BUILDING - ARMIDALE


THE EPA OFFICE - TRARALGON


CENTRELINK AND MEDICARE OFFICES, NEWCASTLE


CENTRELINK AND MEDICARE OFFICES, HERVEY BAY


96-98 PALL MALL - BENDIGO


GROVEDALE CHILDCARE CENTRE - GEELONG

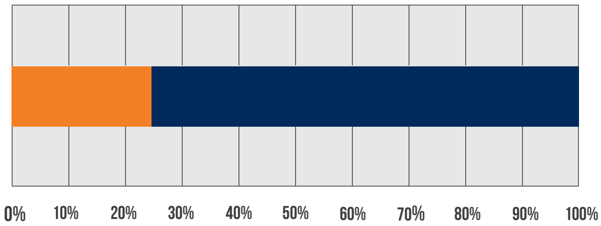

CENTRELINK AND MEDICARE OFFICES, MARYBOROUGH


CENTRELINK AND MEDICARE OFFICES, ECHUCA

APVMA BUILDING

102 Taylor St and 91 Beardy St, Armidale, New South Wales

Percentage of Portfolio



Description

The property is a 3,091 sqm allotment with two street frontages, located in Armidale's city centre just 350m from the Beardy Street Mall. Under construction[1] is a two storey office building, plus basement carpark, with 2,745 sqm of lettable area that is anticipated to be completed in mid 2019.

On completion, the property is being leased by the Commonwealth of Australia for the Australian Pesticides and Veterinary Medicines Authority (APVMA) that is relocating from Canberra on a 15 year lease, as well as the Department of Human Services (DHS) on a 10 year lease. The property has 38 secured basement carparks plus 37 unsecured carparks at grade, and will have a NABERS rating of 4.5.

Armidale is a city in northern New South Wales, with a population of 38,306. It is located on the New England Highway half way between Sydney and Brisbane. The NSW Government recognised Armidale as a regional city in their New England North West Regional Plan[2] that forecast's population growth of 14,000 to 2036. This plan also outlines strategy and budget for infrastructure including $60m to upgrade Armidale Hospital, and greater services and enrolment for the University of New England.

Key Data

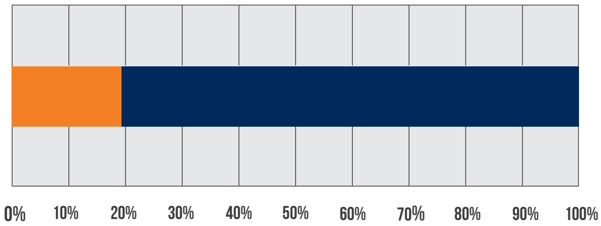
Property sector	Office	**Occupancy**	100%
Major tenant	Commonwealth of Australia (APVMA) (DHS)	**Date built**	under construction
		Land area	3,091 sqm
Car spaces	75	**Net lettable area**	2,745 sqm
Weighted ave lease term	15 years APVMA 10 years DHS at completion	**Independent valuation[3]**	$15,895,000

[1] These images are early artist impressions and may differ from the development at completion.
[2]http://www.planning.nsw.gov.au/~/media/Files/DPE/Plans-and-policies/new-england-north-west-final-regional-plan-2017-09.ashx
[3]Independently valued August 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property.

EPA BUILDING

8-12 Seymour Street, Traralgon, Victoria

Percentage of Portfolio



Description

The Environment Protection Agency buidling (EPA) is a three storey office building, plus undercover carparking, in Traralgon,Victoria. Located in the main business area, it is on a 1,500 sqm block with 2,619 sqm of lettable area. It is a 5-star green rated building.

The EPA has five regional offices around the state, and this is home to the Gippsland office. It also provides office space to the Victorian Department of Health and Human Services. As part of federal and government decentralisation strategies, Traralgon is also home to the ASIC call centre and Australia's largest Centrelink call centre with 600 staff.

Traralgon is in Gippsland, eastern Victoria, 160km from Melbourne with a population of 26,785. Gippsland is one of Victoria's eight key regional growth areas, producing 85 per cent of Victoria's electricity, 97 per cent of Victoria's gas, around 23 per cent of Australia's milk output, and 26 per cent of Victoria's beef production[1].

Key Data

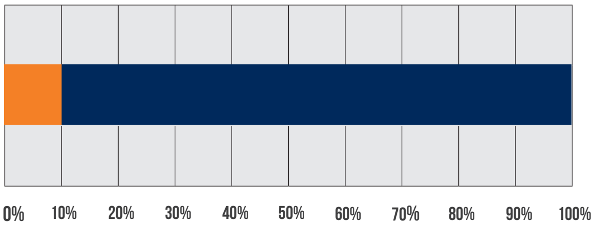
Property sector	Office	**Occupancy**	100%
Major tenant	State Government of Victoria	**Date built**	2015
		Land area	1,500 sqm
Car spaces	31	**Net lettable area**	2,619 sqm
Weighted ave lease term	6.51 years	**Independent valuation**[2]	$11,973,000

[1] Gippsland Regional Plan 2015-2020, Regional Development Australia, Committee for Gippsland, Government of Victoria, Gippsland Local Government Network, Regional Management Forum
[2] Independently valued August 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property

OFFICE/RETAIL BUILDING

96-98 Pall Mall, Bendigo, Victoria

Percentage of Portfolio



Description

The property is a 1,499 sqm two level modern office/retail building located in the heart of Bendigo's central business district.

The first and second floor office space of 985 sqm is securely leased to the Centre for Non-Violence, a not for profit organisation that is government funded, with 7.5 years remaining on their lease with a further two, five year options.

The ground floor retail premises are leased to: Zambrero's (213 sqm) Mexican fast food, and Honeyeater (250 sqm) a hairdresser.

Bendigo is a 1.5 hour drive north west of Melbourne and is Victoria's third largest city with a population of 113,617. According to ID Demographic Resources, the city is forecast to grow to 155,596 by 2036, an increase of 33%. Bendigo is well serviced by road (Calder Highway) and the regional rail link to Melbourne.

Bendigo is a thriving regional city and is the principal service centre for the greater Loddon Mallee South region. It's growth is supported by a number of strong industries including: Healthcare (Bendigo Hospital), Education (LaTrobe University, Bendigo TAFE), Tourism, Financial Services (Bendigo Bank, Rural Finance Corporation) Agriculture, (Hazeldene's Chickens, Parlamat) and Manufacturing (Hofman Engineering, Thales)

Key Data

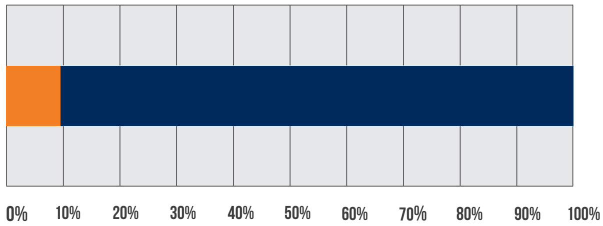
Property sector	Office/Retail	**Occupancy**	100%
Major tenants	Centre for Non-Violence Zambrero's Honeyeater Hair	**Date built**	Original building 1963. Had a $3.5m redevelopment in 2014/15
		Land area	1,499 sqm
Car spaces	13	**Net lettable area**	1,448 sqm
Weighted ave lease term	5.38 years	**Independent valuation**[1]	$6,400,000

[1] Independently valued January 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property.

UNITED CHILDREN CHILDCARE CENTRE

136-142 Bailey St Grovedale, Geelong, Victoria

Percentage of Portfolio



Description

The United Children childcare centre is in Grovedale, Geelong, Victoria's second largest city. According to ID Demographic Resources, the population of the City of Greater Geelong is 247,068 and is forecast to grow to 325,779 by 2036, an increase of 31%. Childcare is a non-discretionary market, and this strong growth forecasts a solid demand pipeline.

The centre itself is custom built, and opened in 2017. It is located opposite the local primary school and has generous carparking. It is also in close proximity to a train station providing parents with access to an easy commute to Melbourne CBD. The facility features a commercial kitchen, large play areas, as well as a tricycle tracks, sandpit and a herb garden. United Children run a small number of childcare centres in regional Victoria. They have signed an initial lease of 15 years from April 2017 with 15+15 options.

Key Data

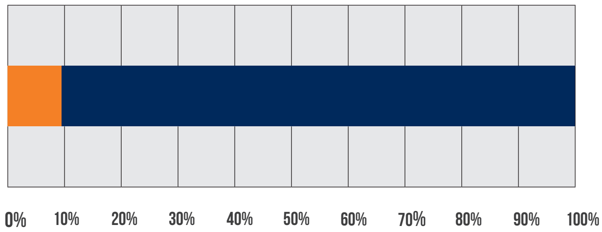
Property sector	Childcare	**Occupancy**	100%
Major tenant	United Childcare	**Date built**	June 2016
		Land area	2,732 sqm
Car spaces	27	**Net lettable area**	713 sqm
Weighted ave lease term	13.60 years	**Independent valuation**[1]	$5,900,000

[1] Independently valued January 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property.

CENTRELINK AND MEDICARE OFFICE

70 Robert St Wallsend, Newcastle, New South Wales

Percentage of Portfolio



Description

The property is a 1,204 sqm allotment with a single-level brick commercial office building which includes basement carparking for 15 vehicles. It is on the corner of the block on the fringe of the Wallsend retail precinct.

The property is securely leased to the Commonwealth of Australia for the Centrelink and Medicare office. There are 3.65 years remaining on the lease with two additional three year options.

Wallsend is an outer suburb of Newcastle, about 11km from the CBD. It adjoins the road linking the CBD to the M1 Motorway. Newcastle is Australia's seventh largest city, with a population of 164,200 and a growth forecast of 0.8% pa according to NSW government projections[1]. The Revitalising Newcastle project sees the NSW government investing more than $650 million in infrastructure including light rail, a new transport interchange, footpath upgrades and improved open spaces.

Key Data

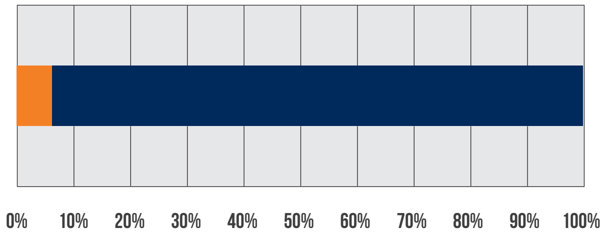
Property sector	Office	**Occupancy**	100%
Major tenants	Commonwealth of Australia (Centrelink & Medicare)	**Date built**	1998 approx
Car spaces	19	**Land area**	1,646 sqm
		Net lettable area	1,204 sqm
Weighted ave lease term	3.65 years	**Independent valuation**[2]	$6,000,000

[1] www.planning.nsw.gov.au/Research-and-Demography/Demography/Population-Projections
[2] Independently valued May 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property.

CENTRELINK AND MEDICARE OFFICE

6-10 Hunter St Pialba, Hervey Bay, Queensland

Percentage of Portfolio



Description

This property is a 3,089 sqm allotment with a single-level freestanding building providing 1,097 sqm of lettable area. It is located in the suburb of Pialba, approximately 2 kilometres north east of Hervey Bay's main retail and commercial precinct. The property is conveniently located adjacent to both Pialba Place Shopping Centre and Bay Plaza.

The property is securely leased to the Commonwealth of Australia for the Centrelink and Medicare offices. There are 4.83 years remaining on the lease with two additional three year options. This is the only Centrelink/Medicare office in Hervey Bay.

Maryborough, along with Hervey Bay are the population centres of the Fraser Coast. Regional Australia Institute[1] has predicted the Fraser Coast's compound annual growth rate between 2013 and 2031 will be 3% - above the predicted 2.7% national average growth rate.

Key Data

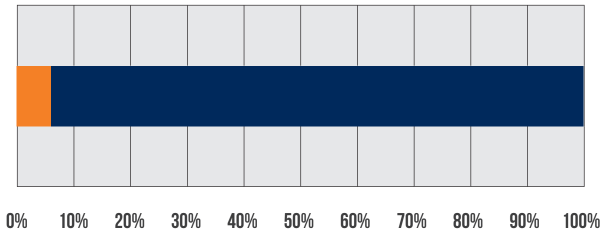
Property sector	Office	**Occupancy**	100%
Major tenants	Commonwealth of Australia (Centrelink & Medicare)	**Date built**	2000 circa
Car spaces	29	**Land area**	3,089 sqm
		Net lettable area	1,097 sqm
Weighted ave lease term	4.83 years	**Independent valuation**[2]	$4,200,000

[1] www.frasercoastchronicle.com.au/news/population-boom-fuelling-fraser-coasts-growth/3195535/
[2] Independently valued May 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property.

CENTRELINK AND MEDICARE OFFICE

207-215 Lennox St, Maryborough, Queensland

Percentage of Portfolio



Description

This property is a 2,020 sqm allotment with a single-level freestanding building providing 964 sqm of lettable area, located in Maryborough's central business district. It is in a strategic location, across the road from Maryborough Railway Station and adjacent to Maryborough City Hall.

The property is securely leased to the Commonwealth of Australia for the Centrelink and Medicare offices. There are 4.6 years remaining on the lease with two additional three year options. It is the only Centrelink/Medicare office in Maryborough.

Maryborough, along with Hervey Bay are the population centres of the Fraser Coast. Regional Australia Institute[1] has predicted the Fraser Coast's compound annual growth rate between 2013 and 2031 will be 3% - above the predicted 2.7% national average growth rate.

Key Data

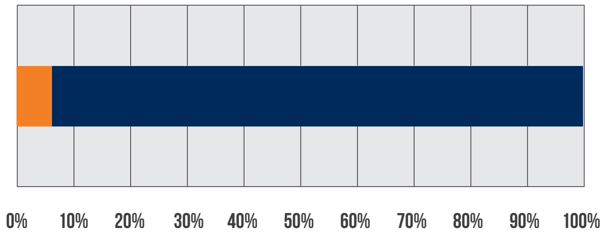
Property sector	Office	**Occupancy**	100%
Major tenants	Commonwealth of Australia (Centrelink & Medicare)	**Date built**	1980s
Car spaces	25	**Land area**	2,020 sqm
		Net lettable area	964 sqm
Weighted ave lease term	4.6 years	**Independent valuation**[2]	$3,850,000

[1] www.frasercoastchronicle.com.au/news/population-boom-fuelling-fraser-coasts-growth/3195535/
[2] Independently valued May 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property.

CENTRELINK AND MEDICARE OFFICE

69 Heygarth St, Echuca, Victoria

Percentage of Portfolio



Description

This property is a 970 sqm single-level modern office property located in Echuca's central business district. The property was refurbished to a six-star NABERS rating in 2016.

The property is securely leased to the Commonwealth of Australia for the Centrelink, Medicare and NDIS office. There are 4.25 years remaining on the lease with an additional three year option.

Echuca is a 2.5 hour drive north of Melbourne and acts as a service centre for the northern Loddon Mallee region. The Campaspe Shire has a population of 37,769 which is forecast to grow to 42,706 by 2036, a change of 13% (ID Demographic Resources).

The Campaspe Shire is supported by a number of strong industries including tourism, retail, dairy farming and other agriculture.

Key Data

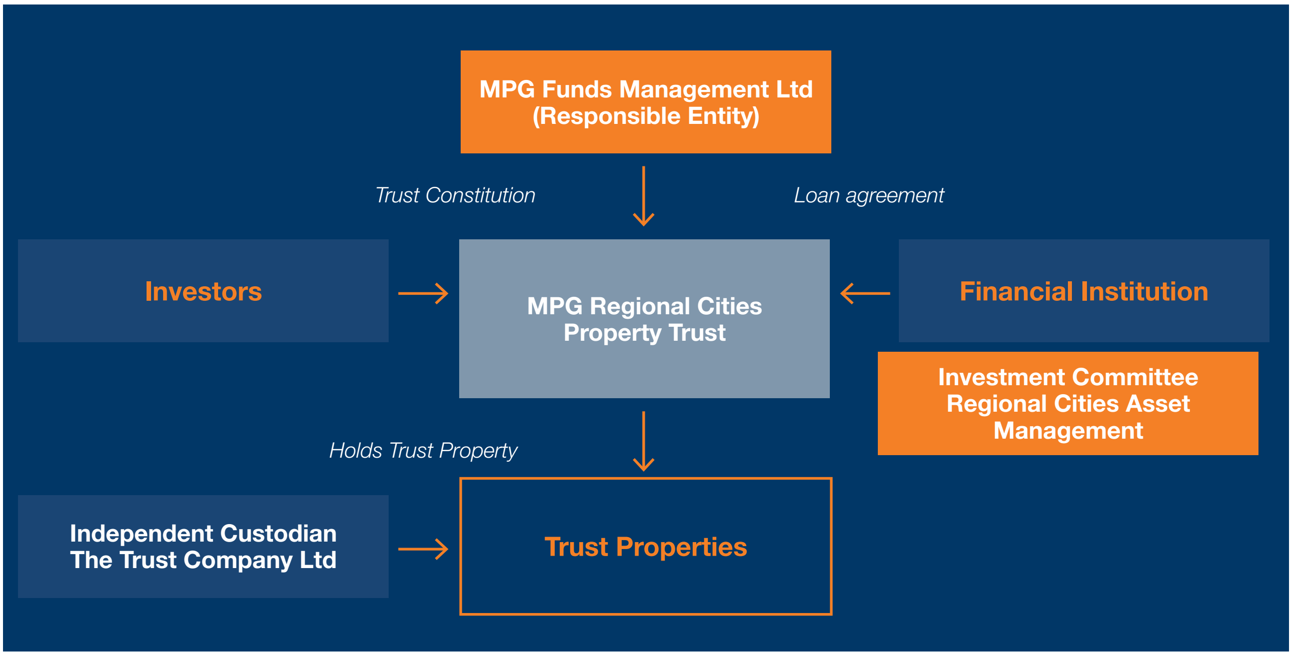
Property sector	Office	**Occupancy**	100%
Major tenants	Commonwealth of Australia (Centrelink & Medicare)	**Date built**	2010 2016 refurbishment
Car spaces	21	**Land area**	1,621 spm
		Net lettable area	970 sqm
Weighted ave lease term	4.25 years	**Independent valuation**[1]	$3,850,000

[1] Independently valued January 2018. Refer to the MPG website www.mpgfm.com.au/project/mpg-regional-cities-property-trust/ for valuation summaries of each property.

STRUCTURE OF THE INVESTMENT

Overview

The structure of the Trust is shown in the diagram below.



Introduction

The Trust is a registered managed investment scheme that has been formed for holding and acquiring investment properties. MPG Funds Management Ltd (MPG) acts as the Responsible Entity (RE) and the Trust Company Limited acts as the Custodian of the Trust. The operation of the Trust and the responsibilities of the RE are governed by the Trust Constitution, the Corporations Act and other relevant laws.

The funds raised under this Offer are intended to be used predominantly to purchase the properties and investments outlined in this PDS. Any additional funds that are raised may be invested in either: additional properties that meet the Trust's investment criteria as outlined on page 6, repaying bank and other debt, or investing into the MPG Retail Brands Property Trust.

The Trust

The Trust is governed by the Trust Constitution which is summarised on page 43 of this document. The Trust has a current term of 6.5 years from the Closing Date. The term of the Trust may be extended as described on page 21.

The Custodian

MPG has engaged The Trust Company Limited (ACN 004 027 749) (Custodian) as the independent Custodian of the Trust. The Custodian holds property as directed by MPG, which is registered in its name on behalf of MPG, and will hold the legal title to the Assets on MPG's behalf. The Custodian will also enter into all contracts relevant to the Trust Assets on behalf of MPG.

It is not the role of the Custodian to protect the rights and interests of the Unitholders.

The Custodian is remunerated by the Trustee, by way of custodian fees stipulated in the Custody Deed. The rights and obligations of the Custodian are set out in the Custody Deed, which includes a clause limiting the liability of the Custodian.

Units in the Trust

You may apply for Ordinary Units in the Trust by completing the Application Form at the back of this PDS and sending it to MPG.

MPG reserves the right to reject your application in whole or in part without giving a reason for doing so. In this instance, MPG will return the application money to the applicant within twenty-one days of issuing the notice of rejection together with any accrued interest, less any taxes and bank fees in connection with the Application.

Application monies will be deposited into an interest bearing account in the name of the Custodian and the Trust. Any interest on Application monies will be invested in the Trust.

If your Application is accepted, in return for your Application Money, you will be allotted Ordinary Units in the Trust at the discretion of the RE, which entitle you to pro-rata distributions of the net property income of the Trust in proportion to your total unitholding.

When an Application is accepted, the number of Units issued will equal the amount received, divided by the Application Price. A fractional unit may be issued and will be rounded to four decimal places. Application monies paid by cheque will not be processed until the cheque is cleared.

If the Application is accepted, the RE will allot Ordinary Units to you within one month of receiving your Application Money, and within 7 days of the Closing Date.

The RE may create and issue different classes of Units at its sole discretion. The RE may issue Liquidity Units to MPG in the future to assist with funding withdrawals in accordance with the Withdrawal Facility as outlined on page 21. Liquidity Units are issued on the same terms as Ordinary Units, except they may be redeemed at any time by the RE at the prevailing Withdrawal Price.

Where you have submitted an Application but have not yet been issued Units, you will have no entitlements to the property of the Trust.

The Offer, Permitted Investors and Minimum Application Amounts

The Offer is raising $25,000,000 and Investors are invited to invest in the Trust by subscribing for a minimum of 10,000 Ordinary Units.

The Application Price for Ordinary Units has been set at $1.00 per unit. If there is demand for more than $25,000,000 then Investors may be scaled back and Applications may be accepted by the RE in part rather than whole at the discretion of the RE. Should less than the $25,000,000 be raised, the RE may issue Units for the amount actually raised at a pro-rata rate to applicants, but may not proceed with the acquisition of all Properties.

The Offer opens on 17 September 2018 and is anticipated to close on 31 July 2019. Units will be allotted to successful investor applications as outlined above. The RE reserves the right to close the Offer early or extend the Offer and there is no cooling off period. You cannot withdraw your Application once it has been received.

Minimum and Maximum Subscriptions and Offer Conditions

The Trust intends to raise $25,000,000 through the expected Subscription. The RE may accept over-subscriptions at its discretion. Application funds will be placed on trust in a cash account while the Offer is open. In the unlikely event less than $25,000,000 is raised by the Closing Date, MPG may still elect to accept Applications and issue Units for the amount actually raised. If MPG elects not to issue Units following close of the Offer, MPG will return the application monies under this Offer within 21 days after the Closing Date. The Offer is not underwritten.

Unit Pricing

The Application Price will be set at $1.00 until the close of the Offer.

Withdrawal Prices are calculated in accordance with the following formula:

Withdrawal Price = (Net Asset Value – estimated selling costs)/Units on Issue

Net Asset Value is represented by the Assets of the Trust (which includes all investments at valuation and financial assets such as debtors and distribution income receivable from all investments) less liabilities of the Trust, which include: borrowings, accrued costs, charges and expenses, contingent liabilities, performance and management fees provisions and unpaid distributions. Estimated selling costs are determined by the RE, and may include agent's commission, advertising etc.

Buy/Sell Spread

A difference may exist between the Application Price and the Withdrawal Price, which is due to transaction costs and is referred to as the Buy/Sell spread. When investors make new investments or withdrawals from the Trust, the Trust may incur some costs in buying new investments or selling investments.

So that existing investors do not continually bear these transaction costs from new investments or withdrawals, all investors pay a set amount when they transact.

The RE may introduce a buy spread for future offers that will apply to Application monies to reflect its estimate of the average cost of acquiring the investment in which it is mandated to invest.

No sell spread is currently applicable on withdrawal from the Trust.

Please note that any buy/sell spread is not paid to the RE and is paid to the Trust to ensure equality to all investors. The RE may review the amount of buy/sell spread from time to time to ensure fair unit pricing.

Limited Withdrawal Facility

Generally speaking a registered managed investment scheme will only be considered liquid under the Corporations Act where liquid assets account for at least 80% of the value of scheme property. As the Trust's assets consist of real property and investments in property trusts, MPG does not expect that the Trust will be liquid.

Accordingly, Investors will only be entitled with withdraw from the Trust in accordance with Part 5C.6 of the Corporations Act. This means that the Trustee must ordinarily make an offer for Investors to withdraw from the Trust and you will generally not be able to apply for withdrawal unless such an offer is made by the Trustee.

Subject to market conditions and at the absolute discretion of the RE, it is the RE's intention to make Limited Withdrawal Offers on an annual basis from 1 July 2023, which is anticipated to be 2.0% of the net asset value of the Trust calculated at the time of the Offer. These Limited Withdrawal Offers will be made available to all Unitholders in the Trust. If the total amount of withdrawal requests under such Limited Withdrawal Offers exceed the amount allocated, each Investor who has applied to withdraw, will enjoy a pro-rata entitlement to redeem their Units according to the number they have asked to redeem.

It is anticipated that these Limited Withdrawal Offers will be funded through the issue of new Units as well as from existing investments that are readily realisable such as cash holdings, fixed interest and listed securities. If the funds raised from these investments are insufficient then the RE may consider increasing bank debt or selling assets.

Term and Opportunity to Sell

This investment in the Trust should be viewed as a medium-term investment with a remaining investment term of 6.5 years from the Closing Date.

Approximately six months prior to the end of the current investment term, all Investors will be given the option (via a Term Extension Proposal Letter) of remaining in the Trust for a further period of seven years or offering to sell their Units at a price determined by the RE in accordance with the Trust Constitution. The RE's determined price per Unit will be based on the Net Asset Value of the Trust at an independent valuation (obtained at the time by an independent valuer engaged at the RE's discretion) less estimated selling costs determined by the RE, which may include agent's commission, advertising etc. The Term Extension Proposal Letter will also contain a copy of the most recent valuation summary and estimated forecasts to allow Investors to make an informed decision.

In order to exercise their right to exit the investment, Investors must respond in writing before the date prescribed by the RE in the Term Extension Proposal Letter. If all Investors wish to exit the Trust (ie no Investors accept the Term Extension Proposal Letter), the Trust will be wound up and its Assets realised in accordance with the Trust Constitution.

Investors who do not notify the RE that they wish to exit the investment within the time specified in the Term Extension Proposal Letter being made will be deemed to have elected to remain in the investment for the extended period.

By electing to exit the investment, Investors automatically authorise the RE to dispose of their underlying Units in the Trust.

In the first instance, Units of Investors who have elected to withdraw will be offered to other existing Unitholders in the Trust in proportion to their existing unitholding and Unitholders will have 60 days to respond to this offer. In the event that this offer is not fully subscribed then the remaining Units will be offered as a secondary offer to existing Unitholders to apply for these remaining additional Units within 60 days on a "first come first serve" basis. If the existing Unitholders decline to purchase these additional Units after the expiry of this 60 day period, then the RE may invite applications from other parties. As a result of this process it may take up to 12 months from the date of the Term Extension Proposal Letter to exit the Trust (or longer if the Trust must be wound up as described below).

If any Units remain unpurchased after six months from the date of the secondary offer, then the RE will resolve to wind the Trust up and distribute the proceeds to Unitholders on a proportionate basis. In the event of a resolution to wind up the Trust, the RE has two years to realise the assets of the Trust (or longer if reasonably necessary). There may be up to 12 months from the time of the Term Extension Proposal letter to the decision to wind up the Trust. Accordingly it may take up to 3 years (or longer if necessary) from the date of the Withdrawal Offer contained in the Term Extension Proposal Letter to the realisation of the assets.

This exit process will be repeated at the expiry of each term extension period specified in a Term Extension Proposal Letter. Under the Trust Constitution, the Trust will terminate on the earlier of (a) the date specified in a notice to the Unitholders (ie the date specified in the most recent Term Extension Proposal Letter) and (b) the 80th anniversary of the day before the Trust commenced or in accordance with the Corporations Act or any other law.

Sale or Transfer of Trust Units

The transfer of Units in the Trust must be in writing, signed by both the Transferor and the Transferee and lodged with MPG for registration. The transfer must be approved by the RE and the RE can withhold this approval for transfer at its sole discretion.

Distribution Reinvestment Plan

The Trust currently operates a distribution reinvestment plan (DRP), whereby Unitholders can request to have all or part of their income reinvested in the Trust and will be issued further Units. New Units issued under the DRP will be issued at the greater of the prevailing Withdrawal Price or $1.00 on the distribution payment date.

Unitholders may join, withdraw or change their level of participation in the DRP by notifying the RE accordingly. The RE may withdraw this facility at any time or vary the terms of the DRP, including the effective discount offered to Unitholders subscribing to this DRP.

Distributions and Financial Accounts

It is anticipated that distributions will be made on a quarterly in arrears basis from 30 September 2018 and may be of income and/or capital in nature. The RE intends to distribute available net income, and return capital to investors at the expiry of the Trust term or as Trust assets are realised, however distributions are not promised or guaranteed.

The Trust will pay distributions to Investors from its cash from operations (excluding borrowings) available for distribution. This is to mitigate the risk that distributions received from unrealised gains, capital, borrowings or other support facilities may not be commercially sustainable over the longer term, particularly when property values are not increasing.

All distributions will only be paid directly into an Australian bank account or other account with a financial institution (where there is a branch in Australia). If valid bank details are not provided, the RE may delay processing an Applicant's application and/or an investor's distribution payment. Distributions will not be paid by cheque. The Trust also has a distribution re-investment facility.

The RE anticipates that distribution payments to Unitholders will contain some portion of tax-deferred amounts. Tax-deferred amounts arise through the different treatment of expenses and depreciation allowances on buildings and plant and equipment within a building for accounting and taxation purposes. Changes in the amount of depreciation, interest rates, the level of gearing and other risk factors may influence the actual tax-deferred amounts of a distribution. Refer to page 28 for further information regarding tax-deferred distributions.

Investors will be able to download the annual financial reports of the Trust from the RE's website (www.mpgfm.com.au) in late September of each year. Taxation distribution statements will be emailed to all Unitholders within 90 days of the financial year end (30 June). These are also available on the MPG Investor portal.

Reporting

The MPG Regional Cities Property Trust is a disclosing entity and is required to lodge the following reports with ASIC on an annual basis:

Annual financial statements within 90 days of the financial year ending 30 June; and half-year financial reports for the within 90 days of the half year ending 31 December each year.

MPG also provides RG46 Continuous Disclosure Statements. These are updated on a quarterly basis while the Trust is open, and six monthly when it is closed. These are emailed to investors, and are also available to view on Trust page of the mpgfm.com.au website.

Holding Statements and Registry

MPG will issue to each investor a holding statement, which will state the class and number of units in the Trust, held by the investor. A register of all interests will be held by MPG.

Valuation Policy

MPG maintains and complies with a written valuation policy in relation to the assets of the Trust.

It is the RE's policy to have the Trust's assets valued in accordance with Australian Accounting Standards and as required under the Trust Constitution and the Corporations Act. Independent valuations will be performed before a property is purchased on an "as is" and "as if complete" basis or within two months after the Directors form a view that there is a likelihood that there has been a material change in the value of the property.

Where required valuations of the Assets will be performed on an annual basis and this will include either internal Directors' valuations or external independent valuations. External valuations will be performed by valuers who are registered under a Federal or State registration scheme and valuations will comply with relevant industry codes and standards. Where external valuations are conducted, such valuations will be obtained at intervals of not more than three years. Any conflicts of interest that may arise in relation to a valuation will be referred to MPG's compliance officer. MPG considers such a policy will ensure the reliability of valuations and mitigate the risks that an asset will return the valuation amount when it is sold, or loan covenants may be breached.

The initial value of investments at acquisition is its purchase price plus acquisition costs. Interests in these investments are revalued to their net asset backing (NAB) values upon this information being published by the respective manager. The direct properties of the Trust are independently valued every three years and by the Directors (using recent market transaction multiples for similar properties) on an annual basis in between these independent valuations.

For investments in non-listed assets where the RE is not related to MPG, the RE will have regard to the original acquisition price, the updated NTA or the updated NAB (whichever the case may be) as advised by the relevant manager of such investments.

The RE may have regard to published information, economic data and trends in property value and may adjust the value of the underlying investments accordingly where it believes it would be prudent to do so.

Investments in liquid securities are valued at their closing market price at the day of valuation.

The Compliance Committee

MPG has also established a separate Compliance Committee which has been formed by the RE in respect of the Compliance Plan, the Corporations Act and the Trust's Custodian. The Compliance Plan has been lodged with ASIC and outlines the policies and procedures to be adhered to by the RE in administering the Trust's assets. It covers such areas as engagement of external service providers, safe keeping of Trust assets, valuation practices, borrowings and reporting to Unitholders amongst others. The Compliance Committee meets half yearly and is comprised of three members with significant financial services experience, two of whom are external to the group.

The Investment Committee

MPG has appointed Regional Cities Asset Management Pty Ltd (ACN 624 011 847) to act as the formal Investment Committee for the Trust.

The Investment Committee comprises a minimum of three members with significant property and financial services experience. Its role is to make recommendations to the Board of Directors of the Trustee in relation to the Trust property including: strategic portfolio plans, property investment and divestment decisions, capital expenditure requirements, valuation policies, asset management plans, tenancy mix and lease negotiation strategies.

Gearing Policy

To enhance returns to investors, MPG considers that it is advantageous to purchase the property using some borrowings.

All loan arrangements will be performed pursuant to the Trust Constitution and MPG will carry out all of the obligations of the Trust's investors in connection with the loans.

Additional borrowings are permitted to fund any capital expenditure. MPG may at any time agree with the financier to amend the terms of the loan where it is in the best interests of the Trust to do so. MPG may refinance the loans at or before the repayment date and this may occur through a financier or an alternative debt provider.

MPG as RE, maintains and complies with a written policy that governs the level of gearing at an individual credit facility level. A higher gearing ratio means a higher reliance on external liabilities to fund assets. This may expose the Trust to increasing funding costs, for example, if interest rates rise. A more highly geared Trust has a lower asset buffer to rely on in times of financial stress.

MPG has the power to arrange borrowings for the Trust in accordance with the Trust Constitution and may at any time agree with the financier to amend the terms of a loan where it is in the best interests of the Unitholders to do so. MPG may refinance the loans at or before the repayment date and this may occur through the current financier or alternate debt provider.

Relatively short-term borrowings and credit facilities with short expiry dates are a risk factor if they are used to fund assets intended to be held long term. If a trust has a significant proportion of its borrowings that mature within a short timeframe, it will need to refinance. There is a risk that the refinancing will be on less favourable terms or not available at all. If the Trust cannot refinance, it may have to sell assets on a forced sale basis with the risk that it may realise a capital loss. Breach of loan covenants may result in penalties being applied, or the loan becoming repayable immediately and the Trust may need to refinance on less favourable terms or sell assets. Additional borrowings are permitted under the Trust Constitution to fund any capital expenditure.

MPG intends that the gearing ratio (calculated on the basis of total interest bearing liabilities/total assets) of the Fund will not exceed 45%.

As per the proposed loan terms below, it is expected that on settlement of the property that the gearing ratio of the Trust will be approximately 45% of total assets based on an independent market valuation.

All bank loans will be on a limited recourse basis which means that if default occurs under a loan then recourse will generally be limited to the property to which the loan relates and Unitholders and the RE will have no further liability. In any event, the liability of an Investor is limited to the amount if any which remains unpaid in relation to the Investor's Units (plus tax and any unpaid fees).

Where appropriate the RE may enter into suitable hedging arrangements to protect the Trust's exposure to interest rate movements. The RE intends to enter into a fixed forward rate agreement with the debt financier to hedge at least 50% of the debt of the market base rate of the facility for a period of three years from the date of settlement of the Properties.

Proposed Loan Term

An expression of interest of finance has been received from a major Australian bank to fund the balance payable for the Properties at settlement of up to $29.059 million. The prospective lender's term sheet is subject to due diligence and satisfactory documentation. The RE intends to document and establish the debt facility prior to the amount sought under this Offer being allotted.

The key terms of the expressions of interest of finance that has been offered to MPG as RE of the Trust are set out below. This financing has not yet been approved and finalised and the terms may be subject to change.

Proposed Loan Terms	
Facility Limit	$29,059,000
Maximum LVR	55%
Term	June 2021 with repayment in full. MPG is currently in discussions with the financier to extend this term by a further two years
Interest payment	Interest only
Interest Hedge	At least 50% of the debt to be hedged by means of a forward fixed rate agreement for a period of three years from the date of debt drawdown
Interest Rate	Base rate as quoted on the Reuters "BBSY" plus the bank margin
Security	Guarantee & Indemnity from the RE for the Trust limited to: (i) First registered mortgage over the property contained in the Trust; and (ii) Registered general security agreement over all assets in connection with the property contained in the Trust
Interest Cover Ratio	2.00 times

Interest Cover Policy

MPG maintains and complies with a written policy for the Trust that governs the level of interest cover at an individual credit facility level.

The interest cover ratio (ICR) for a property fund is generally calculated by dividing the Trust's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding any unrealised gains or losses, by the Trust's interest expense for the relevant period. An ICR is a measure of how many times loan interest is covered by the EDITDA. A property trust's ICR is an indicator of financial health. The lower the interest cover, the higher the risk that the Trust will not be able to meet its interest payments.

Typically loan facilities obtained by the Trust will include debt covenants however in some cases loan facilities may include the ability to capitalise interest payments into the loan facility. Proposed interest cover covenants for this facility will be 2.00 times earnings from the asset.

Related Party Transactions Policy

MPG maintains and complies with a written policy for the Trust on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage and monitor the risks of conflicts of interest. MPG's paramount duty is to act in the best interests of Unitholders in the Trust.

In summary, it is MPG's policy that companies associated with MPG that are appointed to perform services for the Trust are engaged on an arm's length basis and on normal commercial terms and conditions. A summary of these engagements are included on page 46.

MPG EXPERIENCE AND CREDENTIALS

MPG Funds Management Ltd was established in 2002 as a specialist property funds manager, originally to leverage off the development expertise of the McMullin Group. Today it has funds under management in excess of $550 million. MPG is an unlisted public company that holds an Australian Financial Services Licence (AFSL 227114) to act as a Responsible Entity (RE) for managed investments schemes.

MPG aims to provide its investors with property investment opportunities that offer the potential for reliable income returns, capital growth and taxation benefits. MPG prides itself on its ability to source high quality properties, its experienced personnel, its innovative strategies and the strength of its developed networks.

MPG is the RE of the MPG Regional Cities Property Trust and governs it in accordance with the Trust Constitution. MPG is responsible for the application and redemption of Units, valuation and management of Trust assets, administration and payment of income distributions from the Trust. MPG has also undertaken preliminary work to set up this trust structure including preparation of this PDS, undertaking acquisition due diligence, organising the preparation of legal documentation, applications for banking finance as well as other administrative tasks.

MPG is the RE for thirteen other direct property funds and has developed an outstanding track record in the business of property trusts and managing property assets.

In 2008 MPG was named as the sixteenth fastest growing Australian company in the BRW Fast 100 Awards. In 2007, MPG was named as the tenth “Fastest of the Fast” growing companies in BRW magazine’s “Fast Starters” edition.

In 2013, MPG was the winner of the IAIR Award for Excellence in Property Investment Management/Boutique in Australia.

The Directors of MPG Funds Management are:

Trevor Gorman	Chairman
	*FCA, Grad Dip Bus Admin* Trevor has significant commercial experience gained over the past 30 years including over 19 years’ experience as a partner of Big 4 accounting firm Deloitte Touche Tohmatsu where he held the position of Managing Partner of the Victorian Growth Solutions Division and had a significant number of property industry clients. He is currently Chief Executive Officer of the McMullin Property Group and manages net assets in excess of over $250 million. He is a Fellow of the Institute of Chartered Accountants.
Eddie Paulsen	Non-Executive Director
	Eddie has held senior executive positions in the financial services and funds management industries for over 30 years. Much of this was with the National Mutual Group (now AMP Ltd), where he held a number of CEO/ Executive Director positions including a funds management company (which included the listed National Mutual Property Trust and a range of other unlisted property and equity trusts), a Public Trustee company and Financial Planning Group.
Brett Gorman	Director/Secretary
	*CA, F.FIN, B.Comm, Grad Dip App Fin & Invest* Brett is a Chartered Accountant and Licensed Real Estate Agent and has significant experience gained in establishing and operating managed investment schemes. Prior to working with MPG, Brett held positions with Deloitte Touche Tohmatsu in the Corporate Finance, Audit and Growth Solutions divisions. He holds a Graduate Diploma in Applied Finance and Investment and a Bachelor of Commerce. He is a Fellow of the Financial Services Institute of Australia, Registered Tax Agent and is a holder of a Public Practice Certificate.

Relevant Commercial Property Experience

MPG Funds Management has gained significant property experience including: property development, property investment and property management.

Year	Description of involvement	Property Development	Property Investment	Property Management
Chirnside Homemaker Centre, VIC				
2005 - present	13,752 sqm NLA & consists of 11 tenancies including: JB Hi Fi, Rebel Sports, The Good Guys	✓	✓	✓
Mildura Homemaker Centre, VIC				
2006 - present	17,343 sqm NLA & consists of 14 tenancies including: Harris Scarfe, Chemist Warehouse, Rebel Sports	✓	✓	✓
HomeCentral Warrnambool, VIC				
2007 - present	13,355 sqm NLA & consists of 5 tenancies including: Bunnings, Rebel Sports, Petstock, Lincraft and Forty Winks	✓	✓	✓
Village Lakeside Shopping Centre, VIC				
2007 - present	3,571 sqm NLA & consists of 12 tenancies including: Coles, Brumby's and Bottle-O		✓	✓
Bunnings Wonthaggi, VIC				
2009 - present	4,983 sqm Bunnings Warehouse facility	✓	✓	✓
Target Kadina, SA				
2010 - present	3,306 sqm NLA Target facility		✓	✓
Village Travel Centre, Chinchilla, QLD				
2014 - present	1,379 sqm NLA with tenants including: Caltex, Coffee Club, Subway, KFC & Bottlemart		✓	✓
Bunnings Bundaberg, QLD				
2014 - present	18,282 sqm Bunnings Warehouse facility	✓	✓	✓
Bunnings Blacktown, NSW				
2014 - present	16,800 sqm Bunnings Warehouse facility	✓	✓	✓
Bunnings Bundamba, Qld				
2015 - present	14,228 sqm Bunnings Warehouse facility	✓	✓	✓

Bunnings Kingston
(not an asset of this Trust)

Year	Description of involvement	Property Development	Property Investment	Property Management
Seaford Meadows Shopping Centre, SA				
2015 - present	5,305 sqm NLA shopping centre with tenants including Woolworths, Chemist Warehouse and The Reject Shop		✓	✓
Kmart Port Macquarie, NSW				
2016 - present	7,037 sqm Kmart with complementary specialties	✓	✓	✓
Bunnings Kingston, TAS				
2016 - present	16,800 sqm Bunnings Warehouse facility	✓	✓	✓
Coles Moss Vale, NSW				
2016 - present	2,500 sqm Coles supermarket		✓	✓
Rocks Central Shopping Centre, NSW				
2016 - present	4,547 sqm NLA shopping centre with tenants including Coles, Liquorland and The Reject Shop		✓	✓
Beaudesert Central Shopping Centre, Qld				
2017 - present	4,474 sqm NLA shopping centre with tenants including Woolworths, Chemist Warehouse and The Reject Shop		✓	✓
Bunnings Newstead, QLD				
2017 - present	18,386 sqm Bunnings Warehouse facility with complimentary specialties	✓	✓	✓
Tweed Hub, NSW				
2018 - present	9,757 sqm convenience retail centre featuring 18 convenience, large format and service based retailers		✓	✓

Tweed Hub
(not an asset of this Trust)

FINANCIAL INFORMATION

1.1 Financial Information

The Forecast Distribution, Tax-Advantaged Calculation, Pro-Forma Statement of Financial Position and Sources and Application of Funds are provided below and should be read in conjunction with the notes and assumptions in Section 1.5.

These forecasts have been prepared based on best estimate assumptions and statement of significant accounting policies in this section. Investors should appreciate that many factors that affect results may be outside the control of the RE or may not be capable of being foreseen or accurately predicted. Accordingly, actual results may differ from the forecasts and returns in the Trust and are not guaranteed. The investment considerations and risks are outlined on page 39.

The financial information has been prepared in accordance with applicable Australian Accounting Standards. It has been presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

1.2 Forecast Distribution and Tax-Advantaged Calculation

Table 1.2.1 Forecast distribution and tax-advantaged calculation

	Note	9 months ending 30 June 2019	Year ending 30 June 2020
Revenue			
Net Property Income	1.5.3	2,240,905	4,147,140
Distributions from Trusts	1.5.4	1,039,055	624,160
Straight-lining of rent[4]	1.5.3	525,610	939,836
Total Revenue		**3,805,570**	**5,711,136**
Expenses			
Finance costs	1.5.5	631,690	1,090,584
Base Management fees[2]	1.5.6	119,170	319,650
Ongoing expenses[3]	1.5.7	103,750	127,800
Amortisation of borrowing costs	1.5.5	120,315	120,315
Fair value adjustment of property	1.5.11	2,413,280	-
Total Expenses		**3,388,205**	**1,658,349**
Net Profit		**417,365**	**4,052,787**
Non Cash Adjustments			
Straight-lining of rent[4]	1.5.3	(525,610)	(939,836)
Amortisation of borrowing costs	1.5.5	120,315	120,315
Fair value adjustment of property	1.5.11	2,413,280	-
Distribution to Unitholders		**2,425,350**	**3,233,266**
% Cash distribution yield[1]		7.0%	7.0%
% Tax-Advantaged (Estimated)	1.5.9	73%	100%

All figures quoted above are GST inclusive, net any reduced input tax credits.

1 *The distribution yield has been based on the initial issue price of $1.00 per unit ie: 46,175,500 Units @ $1.00 = $46,175,500 of Equity and has been annualised for the 9 months ending 30 June 2019.*

2 *These fees are paid to the RE being 0.55% per annum of Trust Assets and calculated on the basis set out on pages 36-38. For the 9 months ending 30 June 2019 $55,000 of the base management fee has been deferred and may be recouped in future periods.*

3 *Ongoing expenses are calculated at a rate of 0.20% of the GAV, and include: audit, accounting, postage, annual report costs, registry fees and other administration expenses.*

4 *Straight-lining of rent represents the impact of bringing fixed rent review increases to account evenly over the life of the leases. This amount is a non-cash item included in the net profits amounts, not available for distribution, and therefore not taken into consideration when calculating the forecast amount available for distribution.*

1.3 Pro-Forma Statement of Financial Position

The following table sets out the pro-forma estimated Statement of Financial Position on expected settlement of the Properties by 30 June 2019 and needs to be read in conjunction with the assumptions and significant accounting policies set out below.

Table 1.3.1 Pro-forma Statement of Financial Position

	17 September 2018	New acquisitions	On settlement 30 June 2019
Assets			
Cash	2,682,220	(2,682,220)	-
Other Assets	164,300	(164,300)	-
Investment Properties[1]	22,150,000	35,968,000	58,118,000
Other Investments	5,168,500	3,109,100	8,277,600
Total Assets	**30,165,020**	**36,230,580**	**66,395,600**
Liabilities			
Bank Borrowings[2]	10,852,900	14,939,250	25,792,150
Other Liabilities	468,500	(468,500)	-
Total Liabilities	**11,321,400**	**14,470,750**	**25,792,150**
Net Assets	**18,843,620**	**21,759,830**	**40,603,450**
Gearing[3]	35.98%		38.85%
NTA per Unit[4]	**$0.89**		**$0.88**

1 *Based on the independent valulation price. Acquisition and other incidental costs of $2,413,280 have been written off.*

2 *Based on the Lender's expression of interest of finance as outlined on page 24 and shown net of borrowing costs $26,153,100 and $360,953)*

3 *This has been calculated as the ratio of borrowings to total assets. This calculation differs from that of the loan-to-value ratio debt facility covenant.*

4 *The issue price of the Ordinary Units at the date of this PDS is $1.00 and the NTA is $0.88 reflecting the impact of stamp duty on the property, manager's fees and other issue costs written off.*

1.4 Sources and Application of Funds

If the RE receives the Expected Subscription under the Offer, the proceeds will be applied as follows:

Sources	Total $
Cash held	2,378,020
Equity raised[1]	25,000,000
Bank financing[2]	15,122,900
Total	**42,500,920**
Application	
Cost of Properties[3]	35,968,000
Acquisition costs[4]	2,413,280
Borrowing costs	183,650
Investment – Property Securities & Other Investments	3,109,100
Issue Costs[5]	826,890
Total	**42,500,920**

1 *Based on 25,000,000 new Ordinary Units issued at $1.00 as outlined on page 19.*

2 *Based on the Lender's expression of interest of finance as outlined on page 24.*

3 *Based on the proposed Contracts of Sale of the Properties.*

4 *Includes stamp duty, legal fees, independent expert reports, due diligence costs etc.*

5 *The issue costs include costs of professional advisers, PDS preparation, printing production and an establishment fee of $725,360 payable to the RE as outlined on pages 36-38.*

1.5 Financial Forecast Assumptions

Basic Approach and Assumption used

The following assumptions and procedures have been used to construct the forecast distribution referred to in this PDS and tax-advantaged calculation. Applicants are advised to review the assumptions and financial information and make their own assessment.

1.5.1 Forecast Period

- The forecast period is one year and nine months from 1 October 2018 to 30 June 2020.
- All forecasts are GST exclusive. GST results in an increase in some of the expenses of the Trust however these should be offset against GST collected on rental paid by the tenants, which should result in negligible impact on the forecast return to Investors.
- We have assumed that there will be no acquisitions or disposals during the forecast period other than those referred to in this document.
- We have assumed that there will be no equity raised or withdrawals made during the forecast period other than that referred to in this document.
- We have assumed this Offer will be fully subscribed for the Expected Subscription and will raise $25,000,000 in cash for the Trust.

1.5.2 Economic Assumptions

- After an assessment of independent economic forecasts, the RE has allowed an inflation rate of 2.5% per annum for expenses.

1.5.3 Net Property Income

- The forecast assumes the Properties will be acquired on the terms in the Contracts of Sale and Settlement will occur for the Traralgon, Hervey Bay and Maryborough properties by 31 December 2018 and the Armidale property by 30 June 2019.
- The forecast assumes the Assets will retain the tenants of the various properties which were tenants of those properties as at the date of this PDS.
- Net rental revenue represents the gross rental less non-recoverable outgoings that will be received as specified in the various lease agreements in relation to each of the Trust's directly held Properties. With the exception of outgoings specifically excluded in the lease agreements and under relevant legislation, all outgoings including rates, taxes, repairs and maintenance, body corporate, insurance premiums etc are expected to be recoverable from the tenant where the lease is classified as a "net" lease. Where the lease is classified as a "Gross Lease" such outgoings are specifically not recoverable. Rental income has not been recognised on a straight line basis.
- After assessing the quality of the underlying lease covenants, and the length of the leases current for the properties as at the date of this PDS, no vacancy allowance has been assumed in the forecasts.
- It has been assumed that on Settlement the Trust will be entitled to all rental income under the various lease agreements with the tenants.
- The increases in the gross rent received in future years determined in accordance with each relevant lease document. It has been assumed that each lease document will be largely on the same terms as were current at the date of this PDS and that outgoings will grow at the estimated inflation rate of 2.5% p.a.
- The net rental income does not include future gains or losses on revaluations of the property as the RE does not believe there is any reasonable basis to make valuation predictions in respect of the property.

1.5.4 Distributions

- This represents distributions from units held in other property trusts owned by the Trust. The Trust will initially hold up to 8,609,100 Ordinary units in the MPG Retail Brands Property Trust which has forecast returns of 7.25% per annum. This may be sold down as additional new properties are identified for the Trust.

1.5.5 Finance Costs

- Finance costs include interest and other costs incurred in connection with the establishment of the Trust's debt facility. This forecast is based on loan terms which have been proposed by a major Australian Bank but have not yet been finalised. Changes to the terms of the loan may affect debt calculations and projected outcomes. The debt facility in the proposed agreement specifies that interest is made up of two components, being market base rate (BBSY) and the bank margin, which comprises a line fee and a bank margin. The line fee is payable on the facility limit and the margin is payable on the drawn debt balance.
- The current debt facility is drawn to $11,030,200.
- It has been assumed that further bank debt of $9,167,850 will be drawn down for the settlement of the Traralgon, Hervey Bay and Maryborough properties by 31 December 2018.
- A further $5,955,050 of bank debt is anticipated to be drawn down for the settlement of the Armidale property by 30 June 2019.
- As a measure to hedge the interest rate risk, it is intended that at least 50% of the debt facility will be subject to a fixed forward rate interest swap arrangement for three years. The interest rates used in the forecasts have been based on indicative rates provided by the proposed lender, being a major Australian bank. A summary of the proposed loan facility is included on page 24.
- Costs associated with the establishment of the bank loan are amortised over the period of the loan being three years. As this amount is a non-cash item it is added back for the purposes of determining the cash distribution to Investors.
- As a result of changing market conditions, it is difficult to reliably forecast the movement in the fair value of the Trust's assets over the forecast period. On this basis, for the purpose of calculating this forecast we have assumed that there will be no movement in the value of financial assets during the forecast period.

1.5.6 Management fees

- For the day-to-day administration of the Trust, a management fee 0.55% pa of the gross assets of the Trust is charged in accordance with the Trust Constitution as outlined on page 43. For the forecast period, the RE has assumed that the value of the property does not change from the current independent valuation.

1.5.7 Ongoing expenses

- The RE is entitled to be reimbursed for all reasonable outgoings and disbursements in connection with the proper performance of its duties and obligations in operating the Trust.
- Expenses recovered may, for example, include those relating to: annual report costs, unit registry fees, postage, printing, auditing, compliance committee, custodian, accounting, taxation, legal, valuation, reporting and other administration expenses.
- These costs have been calculated at a rate of 0.20% of the GAV and increased by the estimated inflation rate of 2.5% per annum.

1.5.8 Interest Revenue

- It has been assumed in the forecast period that interest income will be not be earned on the Trust's cash balances and this provides potential upside to the figures above.

1.5.9 Tax-advantaged component

- The tax-advantaged component has been calculated by deducting: depreciation and tax allowances and amortised issue costs. The depreciation and tax allowance component has been estimated based on amounts determined by an Independent Quantity Surveyor. The tax-advantaged component increases from 73% to 100% due to the settlement of the new Armidale building in June 2019 attributable to building and other special depreciation allowances.

1.5.10 Capital expenditure

- It is anticipated that no capital expenditure will be required in the forecast period. If capital expenditure is required this may impact potential profits and cash distributions to investors.

1.5.11 Fair value adjustments

- The forecast period does not include future revaluations or changes in fair value of the property or movements in the market rates of derivatives as required by Australian Accounting Standards as it is believed that there is not any reasonable basis to make forecasts as it is not possible to accurately quantify the impact of such changes.

1.5.12 Transaction Costs

- The RE has estimated stamp duty and other duties and transaction costs on the purchase of the property based on current duty rates as advised by the relevant government state revenue office. Legal and other costs relating to the transaction have been estimated based on similar prior transactions and quotes received from service providers.

1.5.13 Capital raising amount

- The financial information assumes that the total Offer amount of $25,000,000 is raised by 31 July 2019.

1.5.14 Legislation and Accounting Standards

- It has been assumed that there will be no changes in the applicable Accounting Standards, Taxation Legislation, Corporation Act, other legislation or other financial reporting requirements that may have a material effect on the financial forecasts.

Significant Accounting Policies

General

Set out below are the accounting policies that have been adopted in the preparation and presentation of the financial information included in this PDS.

Basis of Preparation

The forecasts have been prepared based on the information known as at the date of this report and as if the following committed transactions are completed as anticipated.

The financial information has been prepared on a going concern basis in accordance with the recognition and measurement principles specified by all Accounting Standards (Australian Equivalents to International Financial Reporting Standards) and AASB interpretations. The financial statements are presented in an abbreviated form insofar as they do not comply with all the disclosures required by Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act. Different approaches to accounting policies may result in different valuations and forecasted outcomes.

Summary of Significant Accounting Policies

(a) Rental Income

Rental income from operating leases is recognised on the basis of the relevant lease.

(b) Investment properties

The Investment property comprises of investment interests in land and buildings (including integral plant and equipment) held for the purpose of producing rental income. The Investment property is initially measured at cost, being the purchase consideration determined as at the date of acquisition plus expenditure, which is directly attributable to the acquisition of the item, being the fair value of the consideration provided.

Investment properties are measured at their fair value at the end of each reporting date. Gains or losses arising from changes in the fair value of investment property are included in the Income Statements in the period in which they arise.

(c) Depreciation

Investment properties are not depreciated. The property is subject to continued maintenance and regularly revalued on the basis set out above.

(d) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Transaction costs are recognised as an expense in profit and loss over the period in which the associated borrowings are held.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(f) Financial instruments issued by the Trust

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cashflows are included in the cashflow statement on a gross basis. The GST component of cashflows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cashflows.

(h) Impairment of assets

At each reporting date, the RE reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the RE estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Payables

Trade payables and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services.

(j) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

TAXATION CONSIDERATIONS

The following summary of taxation matters is a general guide that outlines the key taxation implications applicable to the Trust and resident Investors who are not considered to be trading in investments for tax purposes. The summary is based on the taxation laws as at the date of this PDS. The tax laws are subject to continual change, and as the tax treatment applicable to particular Investors may differ, it is recommended that all Investors seek their own professional advice on the taxation implications before investing in the Trust.

The tax laws have recently been amended that will allow certain types of trusts that meet certain criteria (known as "attribution managed investment trusts" or "AMIT") to opt in to a new system of taxation of trusts. It is not known as at the date of this PDS whether the Trust will satisfy the criteria and therefore whether or not the Trustee will opt in to the new system. As a matter of practice the ultimate tax treatment in the hands of the Members should not differ greatly. However if the Trust satisfies the requirements to be an AMIT and the Trustee opts in to the new system, the basic effect will be that:

- the Trust will be a fixed trust;
- the Members will have a vested and indefeasible interest in a share of the income and capital of the Trust proportionate to their holding in the Trust;
- Amounts related to income and tax offsets of the Trust determined by the Trustee to be of a particular tax character (e.g. assessable income, exempt income, non-assessable non-exempt income, tax losses, capital gains, net capital losses, tax offsets, discount capital gains, gross up for franking credits), are attributed to the Members and generally retain that tax character in the hands of the Members;
- Each member is treated as if the above amounts had been derived, received, made by or paid to them directly, rather than through the Trust, and in the same circumstances as the Trustee to the extent those circumstances gave rise to the particular tax character;
- As a result, the Member will be taxable in respect of the attributed amounts in the Member's own right, rather than as a Member of the Trust; and
- Underestimates and overestimates of amounts at the trust level (called "unders" and "overs" are carried forward and dealt with in later years. Members will be notified if the Trustee proposes to opt into this new taxation system. If the Trustee does so, Members will be provided with an annual member statement which will set out information that will enable the Member to include the attributable amounts with the relevant tax characters in their own income return.

Applicable Taxation Law

The forecasts are based on existing Australian Taxation laws and announcements as at the date of the PDS.

Taxation of the Trust

The Trust should be treated as an Australian Resident for taxation purposes, therefore, the Trust is required to determine its net income (taxable income) for the year of income. On the basis that Investors are presently entitled (as required under the Trust Constitution) to the net income of the Trust, pursuant to the existing income tax legislation, the Trust should not be subject to Australian income tax in its own right. It is the RE's opinion that the Trust is not a "Public Trading Trust" as it carries on an eligible investment business of investing in land for the primary purpose of deriving rental income.

Taxation of Distributions

Investors should have a present entitlement to all of the distributable income of the Trust. Distributions received by Investors representing the Investor's share of taxable income of the Trust, including amounts that are received in a subsequent year of income or which are reinvested, will be taxable in the hands of each Investor. The portion of distribution that is tax-advantaged generally does not attract income tax in the year in which the distribution is made. Examples of tax-advantaged amounts include distributions comprising amounts attributable to deductions for capital allowances. Although the receipt of tax-advantaged amounts is generally not subject to tax, the receipt of these amounts may have capital gains tax consequences.

Broadly, the receipt of tax-advantaged distributions may reduce the cost base of the Investor's investment in the Trust. The impact of the reduction to the cost base and reduced cost base may result in either an increased capital gain or a reduced capital loss on the subsequent disposal of the investment in the Trust.

Capital Allowances

Taxation allowances for depreciation of plant and equipment and capital allowances on buildings are based on reports prepared by Independent Depreciation Consultants.
If the Trust disposes of an item of plant and equipment and the deemed disposal proceed exceeds its written down value, then the excess (known as a balancing adjustment) will be included in the calculation of taxable income of the Trust. Conversely, where the amount received is less than the written down value, the Trust will be able to offset this balancing adjustment against other assessable income of the Trust.

Close of the Trust

It is the view of the RE that the market value of the depreciable items of plant and equipment at the time of the sale will be equivalent to the written down value in the book of the Trust and on this basis there will be no balancing adjustment for the purposes of Income Tax. Capital Gains Tax will apply to the sale of the property and the close of the Trust.

Capital Gains Tax

If an investor's share of the net income of the Trust includes an amount that consists of discount capital gains derived by the Trust, the Investor needs to first "gross up" the discount capital gain (by the amount of any reduction in the capital gain that the Trust obtained). However, individual, trust and complying superannuation fund Investors may then be entitled, in determining the net capital gain that is to be included in their assessable income, to the discount capital gain concessions. Furthermore, Investors may be able to offset certain other capital losses they may have against their share of the capital gains included in the net income of the Trust (after grossing up any discount capital gains).

Investors may also be liable to Capital Gains Tax on the disposal of their Units in the Trust. A capital gain will arise if the amount received by the Investor exceeds the Investor's cost base. Investors who have held their Units for at least 12 months will be entitled to reduce the taxable gain (i.e. the amount of the gain reduced by any capital losses available to the investor) by: 50% for Investors who are individuals and 33.33% for Investors who are complying superannuation funds. No CGT discount is currently available to companies.

Goods and Services Tax Implications for Investors

The issue of Units by the Trust is a financial supply and is not subject to GST. GST may be levied on supplies to the Trust and the Trust may be entitled to reduced input tax credits in respect of GST paid. Additionally, the acquisition of the Units by you may give rise to a deemed financial supply by you. This may impact on your own recovery of GST on costs. You should therefore seek independent advice on this matter. Distributions are not regarded as consideration for supplies by Investors for GST purposes and are therefore not subject to GST.

Trust Loss Provisions

In the event that the Trust incurs a loss of a revenue nature, these losses will remain in the Trust and cannot be allocated to Investors. The Trust may however take these losses into account when determining net income of future years, provided that the trust loss provisions are satisfied.

The relevant trust loss rules for carrying forward revenue losses include a continuity of more than 50% of the ownership interest in the Trust. The RE notes that the financial forecasts assume that the Trust will not incur tax losses.

Queensland Acquisition Duty

In Queensland there may be stamp duty payable by the acquirer on the purchase of a secondary sale of units in the Trust unless an exemption applies such as the Trust being widely held or classified as a wholesale unit trust. It is unlikely that the Trust will be widely held or classified as a wholesale trust however this may change at a future date.

Pay As You Go Withholding

The collection of Investors' Tax File Numbers is authorised and their use is strictly regulated by Law. Where an Investor does not quote their Tax File Number or claim an exemption, the RE is required to deduct tax from their distribution at the highest marginal rate (currently 45%) plus the Medicare levy (2%).

Withholding from "closely held trust" distributions

If the Trust is characterised as a "closely held trust", the RE will be required to comply with special reporting requirements imposed under Australian Taxation Laws. An Investor that is a RE of a trust, must disclose this information to the RE so that it can meet these reporting requirements. If this information is not provided, distributions to the particular Investor will be taxed at the top marginal tax rate plus Medicare levy. A trust will be "closely held" where an individual has, or up to 20 individuals have between them, directly or indirectly, and for their own benefit, fixed entitlements to 75% or greater share of the income or capital of the Trust. The RE expects the Trust will not be "closely held".

Non-resident Investors

An Investor that quotes an overseas address will be treated by the Trust as a non-resident for Australian Taxation purposes. Trust distributions made to non-resident Investors may be subject to withholding tax and non-resident income tax deductions. Non-resident investors should seek their own independent taxation advice.

Information for your Income Tax Return

The RE will provide each Investor with a tax statement containing information required to complete the Investor's tax return within three months of year end.

FEES AND OTHER COSTS

Did you know?

Small differences in both investment performance and fees and costs have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of an investment in a fund, rather than 1%, could reduce that investment's final return by up to 20% over a 30 year period (for example reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the RE or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your circumstances, the Australian Securities and Investment Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

Example of Annual Fees and Costs

The table below gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this to compare the Trust with other managed investment products.

Example	Fee basis	Balance of $50,000 with a contribution of $5,000 under this PDS
Contribution fees	2.00% of contribution	For every additional $5,000 you put in, you will be charged a contribution fee of $100[1].
PLUS **Management costs**	1.73% of Net Asset Value	For every $50,000 you have in the Trust, you will be charged $865 each year.
EQUALS cost of fund		If you have an investment of $50,000 currently and you put in an additional $5,000 under this PDS, you would be charged fees of $965.[2, 3, 4]

1 *A spread between the Application Price and Withdrawal Price will also apply, as discussed in the Additional explanation of fees and costs section below.*

2 *The minimum investment for the Trust is $10,000. Additional fees may apply in a given year including, transaction fees and disposal fees.*

3 *This calculation assumes the Trust has a 45% gearing ratio.*

4 *This does not include any additional fees or expenses your adviser may charge you.*

In addition to the above standard fees and annual fees, fees will apply on the happening of certain events as described below.

The table below shows fees and other costs that you may be charged as a Unitholder in the Trust. All fees and costs are deducted from the Trust's funds prior to distribution to Unitholders or from the fund assets as a whole. Fees are shown inclusive of GST less reduced input tax credits (if applicable). You should read all of the information about fees and charges, as it is important to understand their impact on your investment in this Trust.

Type of fee or cost	Amount (No contribution fees are payable)	How and when paid
Fees when your money moves in or out of the fund		
Entry fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	2.00% of contribution	This fee is deducted from amounts contributed. This fee represents the estimated impact of the Establishment Fee and Debt Arrangement Fee payable in respect of the proposed acquisition of the Properties.
Withdrawal fee: The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs The fees and costs for managing your investment		
Management fee[1]	0.75% of Gross Asset Value, comprising: • Base management fee[2] of 0.55% per annum of the Gross Asset Value ("GAV") of the Trust, • indirect costs associated with investment in property trusts managed by MPG to 0.55%; • other costs and expenses[3], estimated to be 0.20% per annum of the GAV of the Trust.	The base management fee is accrued and payable monthly in arrears and is deducted directly from the Trust's assets as incurred. It is not charged on property trusts managed by MPG held as investments. The indirect costs are met out of the underlying property trusts managed by MPG and are not an additional cost to the Trust. The other costs are deducted directly from the Trust's assets as incurred.
Service fees		
Switching fee: The fee for changing investment options	Nil	Not applicable

1 *This fee may include an amount payable to an adviser (see Additional Explanation of Fees and Costs), which is paid by MPG and is not an additional amount paid by you.*

2 *This management fee is charged as set out in the Trust Constitution and may be up to 0.80% of the GAV per annum. This fee is not charged for amounts invested via property trusts managed by MPG. The RE (or an associate of it) may carry out functions and roles that may be carried out by external parties (e.g. leasing, property management, development management, capital raising, underwriting, accounting, registry, finance procuration etc). If this occurs, the RE (or any associate of it) is entitled to charge fees in respect of such services and work of this nature at the rate normally charged. This fee may be deferred and recouped in future periods.*

3 *Costs and expenses include: accounting, valuation, audit, administration, reporting, printing, and compliance and other costs.*

Additional explanation of fees and costs

Under the Trust Constitution, the RE is entitled to the base management fee above as well as the following additional fees as outlined in the table below.

Additional Service Fees	Amount (No contribution fees are payable)	How and when paid
Establishment Fee:	Up to 5% of the initial purchase price of the relevant Assets. This fee is for setting up the Trust, negotiating and purchasing the Assets.	Payable out of the assets of the Trust to the RE and payable upon settlement of the purchase of the Assets. The RE intends to only charge a fee of up to 2.00% of the initial purchase price of any new assets.
Replacement Fee: In the event that the RE is replaced as the RE of the Trust.	A fee of 2.00% of the value of the Gross Assets of the Trust is payable to the RE.	Payable in the event that the RE is replaced as RE of the Trust.
Debt arrangement Fee:	Up to 1.00% of any new debt (facility limit including interest and fees) arranged for the Trust and its investee entities.	Payable out of the assets of the Trust to the RE or its associates on completion of arranging and refinancing each new debt facility.
End Fee:	A fee of 2.00% plus GST of the net sale proceeds of any Asset.	Payable in the event that the net sales proceeds exceed the purchase price on the sale of each individual Asset sold and payable out of the assets of the Trust to the RE on sale of the relevant Asset.
Performance Fee:	A fee of 15% of the outperformance over a 10% internal rate of return at the expiry of each term.	Payable at the expiry of each term and payable out of the assets of the Trust to the RE in the event of outperformance.
Other expenses: The fees incurred for the operating expenses and reimbursements.	Expenses relating to the proper performance of the RE's duties for the Trust.	Reimbursable and payable to the RE when incurred.

1 *The RE may waive or accept lower fees than it is entitled to receive under this Trust Constitution, or may defer payment for any period. Where payment is deferred, the fee accrues daily until paid.*

2 *The RE may elect to be issued Units in any Class at the Application Price of Units in that Class in lieu of some or all of any fee to which it is entitled under this Trust Constitution.*

3 *The RE may also seek services for the Trust from service providers which may be related parties. The fees for these services will be charged on normal terms and conditions in accordance with the related party policy of MPG.*

INVESTMENT CONSIDERATIONS AND RISKS

As with all investments, an investment in the Trust will be subject to risks, some of which are outside the control of the RE. Before deciding to invest in the Trust, you should consider your attitude towards the following key potential risks.

Asset Risks	Potential Consequences	Active Risk Management Measure
All Trust Assets are held by the Custodian. The Custodian does not owe any duties to Investors.	If the Custodian defaults under its obligations, or an Investor has concerns about the conduct of the Custodian, the Investors will have no direct recourse against the Custodian.	The Trustee has entered in to a Custody Deed with the Custodian which is of industry standard including warranties and indemnities from the Custodian as to proper conduct. The Trustee will have recourse against the Custodian on behalf of the Trust under this deed.
Risks associated with property investment include the following: • Tenant vacancy • Operating expense increases • Tenant performance or default • Unforeseen repairs or capital expenditure requirements	Investor returns may be adversely impacted by any of these property investment risks. If there is significant vacancies or defaults, the income may not be sufficient to meet interest payments under the loan conditions. If the Trust is in default under the loan, the financier may be entitled to enforce its security against the property.	The anchor tenants of the Trust include: Centre for Non-Violence, Commonwealth Government of Australia and others which are either government or government funded which are considered to be quality stable tenants. MPG has also reviewed the lease agreements and considers the tenants are reputable and the terms of the lease likely to ensure occupancy for the term of the Trust.
The value of investment property is to a large extent dependent on the leases in place. Trust income is wholly dependent upon the tenants of the property abiding by the terms and conditions of the leases.	If a tenant fails to pay rent due under a lease, there may be decreased rental income, or in the case of significant failures to pay rent, the income may not be sufficient to meet interest payments under the loan conditions. If there is default in such payment, the financier may be entitled to enforce its security against the property.	MPG considers the abovenamed anchor tenants to be quality tenants and unlikely to default on their lease obligations. MPG has also reviewed the other tenants and considers they are reputable and unlikely to default on lease obligations.
Investments in properties are by their nature a speculative investment and no guarantee is or can be given that there will be a capital gain arising out of the investment in the Trust.	Due to the speculative nature of property investment, there is no guarantee of any future capital gain on the sale of the property.	MPG has chosen select properties in locations with growing demand and with quality tenants to improve the potential for capital gain.
Contamination or other environmental issues that have not been previously identified may affect this property.	This may result in additional cost to the Trust and reduce investment returns.	The Trust itself will not be undertaking any activities likely to cause contamination. An independent expert provided by the Vendor has concluded that all sites are likely to be free from contamination.
The property may incur unforeseen capital expenditure, or repairs and maintenance.	Unforeseen capital expenditure may result in increased costs and liabilities for the Trust and reduced returns for investors.	Such capital expenditure or maintenance should be covered by building warranties and defects liabilities. If such liabilities fall outside these warranties than works may be funded from bank borrowing or additional capital raisings from Investors.

Asset Risks	Potential Consequences	Active Risk Management Measure
There is no certainty that proper insurance for the risks associated with ownership of the property will continue to be available or such premiums may rise significantly which may affect the forecasts.	In the unlikely event that property insurance is not able to be arranged by MPG, then Investors may be exposed to additional property ownership risks.	MPG will endeavour to ensure that the Trust maintains adequate insurance for public risk, loss of profits and building insurance.
The properties have not yet been acquired by MPG.	If insufficient capital is raised, or the Contract of Sale is not finalised the purchase of the property will not proceed.	MPG has entered into Heads of Agreement with reputable vendors and is confident that sufficient capital will be raised to finalise the Contract of Sale.
Up to 25% of the Trust's Assets may be in units in underlying property funds. Those funds are illiquid and the Trust may not be able to realise its assets in those funds quickly.	In the event that the Trust is required to sell its Assets, including where the Trust is wound up in accordance with its liquidity strategy, it may not be able to sell the Assets in the underlying funds quickly. In this circumstance it may take some time for Unitholders to receive their proceeds from the sale of any Assets in underlying funds.	Underlying property funds are capped at 25% of the total assets of the Trust to reduce the potential for investment in illiquid assets. In the event of wind up of the Trust, MPG will use best endeavours to seek buyers for these units.

Financial Risks	Potential Consequences	
Leverage Risk - Borrowings of the Trust increase the potential for reward, but also increases the risk attributable to Investors.	Any rise or fall in property values has a corresponding disproportionate effect on that equity.	The initial secured gearing ratio of the Trust Assets has been set by MPG at a level of 45% that we believe balances the appropriate level of risk and return.
Valuation Risk - The valuation obtained may not represent the price that could be achieved if the assets were sold. There is also a risk that property values decline.	Property values decline which reduces the NTA backing as well as a potential decrease in Trust income.	An independent valuer has been appointed with significant market experience in similar transactions.
There is no guarantee that MPG will be able to obtain or refinance the loans. Furthermore if the loan is refinanced the applicable interest rate base may be higher than anticipated resulting in reduced returns to Investors. Non-compliance with covenants under the loan agreements may result in penalty interest or the premature call in of the loan.	Any interest rate increase is likely to reduce the rate of return on your investment. Any significant interest rate fluctuation on the unhedged portion of the loan may adversely affect returns to Investors. Additional costs may be payable by the Trust, penalty interest or premature call up of the loan. Returns on cash amounts held by the Trust are exposed to fluctuations in short term interest rates. If the Trust is unable to obtain or refinance its loans, the assets may need to be realised to pay debts due and the Trust may be wound up.	MPG aims to monitor all banking covenants on a periodic basis to ensure compliance with the loan terms. MPG also reviews interest rates on the loans on a periodic basis and will look to enter into suitable hedging arrangements to mitigate the impact of interest rate changes. MPG also aims to maintain a good relationship with the lending institution.
Generally, the more diversified a portfolio, the lower the impact that an adverse event affecting one property or lease will have.	If there is a significant downturn in Australia's property market, adverse changes to retail tenancies regulations or adverse market conditions for key tenants this will impact returns on the Trust.	The Trust has exposure to eight properties and mulitple tenants that are located in regional cities near the eastern seaboard of Australia. This provides a good level of diversification.

General and Economic Risks	Potential Consequences	Active Risk Management Measures
It is possible that the value of the Fund's investments would be adversely influenced by the following factors: • A downturn in the Australian property market; • Interest rate fluctuations beyond the interest rates contained in the forecasts; • The passing of statutes, regulations and government policy adversely affecting the value of the property or the taxation or structure of Fund; • Economic downturn; • Social and technological change; or • Force Majeure e.g. Natural disasters.	The value of the assets of the Trust (and your investment) may be detrimentally affected by any of these factors.	Such events are outside the control of MPG however the impact of such factors may be mitigated by the Trust's investment strategy of selecting quality property and holding these investments over the longer term to smooth the impact of such events. All property is also insured for replacement cost in the event of structural damage. The borrowing will be subject to an interest rate swap for a three to five year term to mitigate the impact of interest rate increases.
The investment in Ordinary Units under this PDS should be considered as long term. The Ordinary Units offered under this PDS are likely to be illiquid investments with a remaining current term of 6.5 years from the Closing Date and there may not be a secondary market. There is no obligation on MPG to purchase or redeem the Ordinary Units and there is no cooling-off period.	Due to the illiquid nature of the investment in Ordinary Units you may not be able to exit the Trust until expiry of the term.	The Trust has a defined exit strategy for Investors at the end of the Trust term. If an investor wishes to exit before this time, MPG will endeavour to find buyers on your behalf should you wish to sell your interest, however, it is under no obligation to do so. There will also be Limited Withdrawal Offers available to Unitholders from 2023. However, the investment opportunity should only be considered by Investors comfortable with this lack of liquidity.
The effects of taxation on Investors can be complex and may change over time.	Investors should seek professional tax advice in relation to their own position.	We suggest that you seek the advice of your tax adviser on a periodic basis to stay abreast of the effects of taxation.
Investors' interest in the Trust may be diluted by future capital raisings by MPG on behalf of the Fund. MPG may issue Units to finance future acquisitions or may receive Units in lieu of a management fee, which may dilute the value of a Unitholder's interest in the Trust.	Potential for dilution of equity stake in the Trust upon the issue of new Units.	It is MPG's intention to treat all investors equally and in the event that a future capital raising is required, all investors will be invited to participate on a pro-rata basis in proportion to their unitholding to minimise the impact of dilution. MPG intend to raise additional capital during the next 5 years of the Trust term.
In the ordinary course of operations, the Trust may be involved in disputes and possible litigation such as tenancy disputes, native title claims, environmental, occupational health and safety or third party losses etc.	It is possible that a material or costly dispute or litigation could affect the value of the assets or expected income of the Trust.	It is MPG's policy to actively manage any disputes to endeavour to ensure that there will be no material loss to the assets of the Trust.

General and Economic Risks	Potential Consequences	Active Risk Management Measures
A service provider, including any related party of MPG, may default in the performance of its services to the Trust.	Enforcement of the contractual arrangements with the service provider and replacement of services may result in additional cost to the Trust and reduce investment returns.	As part of its due diligence process, MPG will make sufficient enquiries as to the suitability of a service provider, including any related party of MPG, and enter into a formal contract with them.

NEW ZEALAND INVESTORS

If you are a New Zealand investor, the Responsible Entity is required to provide the following additional information to you under New Zealand law.

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Currency exchange

1. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

2. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Australian taxation of New Zealand residents

Distributions – managed investment trust withholding tax regime and AMIT regime

Refer to page 34 for more information relating to the AMIT regime. In the event that the Fund does opt in, pursuant to the managed investment trust withholding tax regime, the Responsible Entity is required to withhold tax at a rate of 15% from distributions of net taxable income (including rent and capital gains, but excluding amounts of interest which are subject to 10% interest withholding tax) made to New Zealand resident Investors. The Fund is also required to provide a payment summary to such Investors which sets out the total of the withholding payments that the payment summary covers and the total of the amounts withheld by the Fund from those withholding payments. If the Fund does not qualify as a managed investment trust, the tax treatment of your investment will differ. We recommend that you seek independent taxation advice in this regard.

Taxation of capital gains

The redemption or transfer of any Units may give rise to a taxable capital gain. For example, this will be the case in circumstances where a New Zealand resident Investor has, at the time of redemption or transfer, or throughout a 12 month period that began no earlier than 24 months before that time, an interest in the Fund (including any interests held by associates) of 10% or more. Nonresidents are not entitled to discount capital gains treatment.

CONTRACT SUMMARIES & OTHER INFORMATION

Trust Constitution

The Trust is governed by a Trust Constitution and the statements in this PDS only provide a summary of some of the provisions of the Trust Constitution.

Investors may inspect a copy of the Trust Constitution at our Registered Office at any time between 9.00 am and 5.00 pm (EST) Monday to Friday (excluding public holidays). The RE may change the Trust Constitution in accordance with the Corporations Act however the consent of Investors must be gained if the RE believes that such a change will materially affect investor rights.

Management

MPG is expressly appointed RE of the Trust. The RE has the powers and duties set out in the Trust Constitution (summarised below).

The RE has the exclusive control and supervision of the property unless otherwise expressly provided in this agreement or the Trust Constitution, and for that purpose has possession but not ownership of the property and assets of the Trust. The RE must act in accordance with the Corporations Act 2001 and the Trust Constitution at all times.

The RE is authorised to transact on behalf of the Trust in relation to completing and maintaining, (or refinancing), a loan facility or any other type of financing facility and giving a first ranking mortgage over the property and the rental income from the property. The RE has no authority to put Trust members at risk for any more than the monies that they have subscribed. The RE may appoint agents and delegate some of its functions.

Units

The RE may create and issue different classes of units at its sole discretion. For example in addition to the Ordinary Units, the RE may also elect to issue Liquidity Units to assist in funding withdrawals. Liquidity Units may be issued on the same terms as Ordinary Units and rank pari passu therewith except that they are able to be redeemed at any time by the RE at the then prevailing Withdrawal Price. The RE may also decide to issue partly paid units.

Members may transfer units in the form approved by the RE with the transfer not effective until registered by the RE who may refuse to transfer any interest without giving any reason for the refusal.

Unitholder Restrictions

A Unitholder and its associates are not entitled to hold more than 20% of the Trust at any time without the prior written approval of the RE. The RE in its absolute discretion and without liability may decline to issue, or to register any transfer of Units, if in the opinion of the RE this would cause a Unitholder to hold or control more than 20% of the Trust.

Investors (other than associates of the McMullin Group) who acquire, or may have acquired an interest in excess of 20% of the Trust must immediately inform the RE. If acquired without written approval of the RE, the RE by written notice may suspend the voting rights attaching to all or any of the Investors Units. The RE may in such event also direct a Unitholder to divest some or all of its Units, and if the Unitholder fails to comply with its direction, the RE may dispose or cancel some or all of the Units of that Unitholder to reduce that Unitholder's holdings or control below 20%. In the event that Units are forfeited, the RE must pay to the Unitholder the amount derived by dividing the Net Asset Value minus the RE's estimate of total costs the Trust would incur to sell the Trust's assets by the number of units on the forfeiture date.

Applications

The Application Price per Unit is the greater of the net asset value plus transaction costs divided by the number of Units or $1.00 per unit. Each application must be made in the form approved by the RE and the RE may reject an application without giving a reason for doing so and has the power to set minimum application amounts.

Redemption

A unit carries no right of redemption unless the RE in its absolute discretion notifies the Unitholders in writing that they may redeem their Units. A member may not withdraw a redemption request unless the RE agrees and the RE is under no obligation to make a withdrawal offer. The RE may deduct sums owed by the Unitholder prior to paying redemption money.

Valuation

The RE may cause an asset to be revalued at any time and must do so as required under the Corporations Act. The RE is required to value the assets by a Certified Practising Valuer at least once every three years and such valuer cannot be used for more than two consecutive valuations.

Income and Distributions

The RE will determine the distributable income for the Trust and set aside the net income of the Trust for the benefit of members registered at the calculation date (being 30 June, 30 September, 31 December and 31 March each year) in proportion to their unitholding. Income distributions will be paid to members within three months after the distribution calculation date. The RE may also elect to distribute capital from the Trust at its sole discretion.

At the discretion of the RE, distributions may be reinvested to acquire additional units in the Trust on terms and conditions set by the RE.

Powers of the RE

Subject to the Constitution of the Trust, the RE has all powers in respect of the Trust that is possible under the law as though it was the owner of the assets and acting in its personal capacity. Such powers include borrowing powers that allow the RE to borrow, raise money, grant security and incur liabilities provided such borrowing does not exceed 70% of the Net Asset Value of the Trust. It also has investment powers that allow it to dispose with property and rights in its absolute discretion. The RE also has the power of delegation, which may include an associate. The RE may seek directions from members from time to time.

Retirement of the RE

The RE may retire on one month's notice to members and may appoint another person to be the RE. At the time of retirement it is released from all obligations of the Trust. The RE, subject to approval required by law, is entitled to receive a benefit of up to 2% of the value of the assets of the Trust and is not required to account to members for such benefit.

Removal of RE

Subject to the Corporations Act, the RE may be removed if a resolution is approved by Unitholders entitled to vote and together hold more than 75% of all Units on issue of the Trust.

Notices

Notices to members are required to be in writing. Notices by members to the RE must also be in writing which is effective from the time of receipt.

Meetings

The RE may at any time convene a meeting of members and must do so if required under the Corporations Act by giving at least ten days notice. A member or members with at least 20% of the votes that may be cast on the Resolution may request that the RE call and arrange a meeting, and if such a request is made the RE must call and arrange a meeting. The quorum for a meeting is two members or by proxy together holding at least 10% of all units. The RE may appoint a Chairman and decide on the location and manner under which the meeting is conducted. Voting is by show of hands and on a poll one vote per registered unit held by the member. A member may be represented at a meeting by a proxy.

Rights and Liabilities of the RE

The RE may hold units in the Trust and deal with itself in any capacity subject to Corporations Act requirements. The RE may rely on the advice of experts. The RE is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Trust.

Liability of Members

The liability of a member is limited to the amount, which remains unpaid in relation to the member's subscription for their units. The recourse of the RE and any creditor is limited to its assets. A member must not interfere with any rights or powers of the RE under the Trust Constitution.

Remuneration of the RE

The RE is entitled to the following fees:

1) An establishment fee of up to 5.00% of the initial purchase price of the Trust Assets
2) A management fee of up to 0.80% per annum of the assets of the Trust payable monthly in arrears
3) Debt arrangement fee of up to 1.00% of the total debt arranged payable upon drawdown of debt
4) An end fee of 2.00% of the net sale proceeds if the net sale price exceeds the total purchase price
5) Performance fee of 15% of the outperformance over a 10% IRR at the expiry of each term
6) Reimbursement of expenses incurred in connection with the Trust.

The RE may defer the payment of any fees for recoupment in future periods or elect to be issued units in lieu of cash payment.

Duration of the Trust

The Trust Terminates on the earliest of:

a) the date specified by the RE as the date of termination of the Trust in a notice given to members; or

b) the date on which the Trust terminates in accordance with another provision of the Constitution or by law.

Currently the Trust will terminate on 1 July 2025. It is intended that a Term Extension Proposal Letter will be issued in January 2025 extending the period of the Trust for further 7 years.

No Units may be issued or redeemed after the 80th anniversary of the Trust commencement date unless that issue or redemption would not offend the rule against perpetuities, or any other rule of law or equity.

Procedure on Termination

Following termination the RE must realise the assets within two years of the termination date if practical. The net proceeds after making allowance for all liabilities and meeting all expenses must be distributed pro-rata to members according to the number of units they hold.

Complaints

If a member has a complaint they must in the first instance contact the Complaints Officer at MPG Funds Management Ltd in writing. It the member is not satisfied with the response from the RE the member can then make a complaint to the Financial Ombudsman Service.

Custodial Agreement

MPG and the Custodian have entered into a Custody Deed. The Custodian holds Trust assets in compliance with the Corporations Act and relevant ASIC policy. MPG indemnifies the Custodian for any loss, expenses or damage incurred or suffered by the Custodian relating to holding the Trust assets, except where that loss, expense or damage arises as a direct result of the Custodian negligence or breach of the Custody Deed.

The Custodian holds the assets of the Trust on behalf of MPG and its duties include the opening and maintaining bank accounts to hold application monies, rent and other income of the Trust, maintaining proper records and providing reports to MPG. If instructed to do so by MPG, the Custodian may enter into contracts relating to the assets of the Trust.

The Custodian is not responsible for the operation of the Trust and has no liability or responsibility for protecting the interests of investors. The Custody Deed continues until terminated with either party being able to terminate the agreement on 90 days written notice, unless otherwise agreed between the parties. The Custody Deed will terminate immediately in certain circumstances including in the event of an unremedied breach of the Custody Deed.

Contract of Sale

Following successful capital raising under this PDS, the RE proposes to enter into a Contract of Sale with the Vendors for the land of the property on the following terms:

Items	Details
Purchaser	The Trust Company Limited (ACN 004 027 749) as ACF for MPG Regional Cities Property Trust
Vendors	Various
Purchase Price	Armidale - $15,895,000 Traralgon - $11,972,789 Hervey Bay - $4,400,000 Maryborough - $4,000,000
Deposit	Refundable deposits of Armidale - $794,750 Traralgon - $ 50,000 Hervey Bay - $ 50,000 Maryborough - $ 50,000 payable upon signing the Contract of Sale. This amount is to be held in the Vendor's Solicitors Trust account until settlement.
Settlement Date	All except Armidale - within 7 days of a successful capital raising anticipated to be by 31 July 2019 or earlier by agreement. Armidale - within 14 days after Practical Completion of the Property and commencement of the Lease.
Encumbrances	The property is purchased subject to all easements and covenants, any body corporate rules, the lot liability of the property and any restriction disclosed in the Vendors Statement and Agreement to Lease.
Environment	The contract provides that the Vendor makes no warranties as to the land being free from contamination, although the Vendor states in answers to requisitions that it is not aware of any notice requiring pollution or contamination to be cleaned up on the property. However the risk of any required remediation works lies with the Purchaser. The Trust will not be undertaking any activities that would likely to cause contamination.
Nomination	The parties agree that the Purchaser is not permitted to nominate a substitute or additional purchaser under the contract or assign or transfer the benefit of the contract without the prior written consent of the Vendor.

Experts and consents

All parties listed in this PDS have given and have not, before the release of the PDS, withdrawn their consent to be named in this PDS with the information and references to their names included in the form and context in which they appear. The parties listed below have relied upon MPG for, and make no representation to the truth and accuracy of the contents of this PDS. No person named in this PDS who has performed the work of a professional, advisery or other capacity in connection with the preparation of this PDS, nor any firm of which such person is a partner or director, has or has had at any time during the two year period prior to the date of this PDS, had an interest in the formation or promotion of the Trust.

Related Party Transactions

Companies associated with MPG may be engaged to perform services for the Trust on an arm's length basis and on normal commercial terms.

MPG, as the RE 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. A copy of the policy is available free of charge on request. A conflict of interest may arise when a fund invests in, or makes loans to or provides guarantees to, related parties.

In summary all related party transactions are required to be undertaken on "normal terms and conditions" and in the best interests of investors. All related party transactions are required to be approved by the Board of Directors of MPG before proceeding and external legal advice is sought if best interests of investors cannot be determined. All related party transactions are reported to the Compliance Officer who records these transactions in a register which reported to the Compliance Committee on a quarterly basis and is subject to external audit on an annual basis.

Disclosure of Interests of MPG and Directors

No director of MPG, or a firm of which a director is a partner or director, has an interest in the formation or promotion of the Trust or in any property acquired or proposed to be acquired by the Trust in connection with its formation or promotion at the date of this PDS or within 2 years before that date, except the interest held directly or indirectly as set out below:

- MPG is entitled to the fees and other amounts detailed on pages 36-38.
- The directors of MPG are entitled to be paid directors' fees by MPG.
- The property management, accounting, administration and registry services roles of the Trust may be outsourced to associated entities of MPG on normal commercial terms.
- The directors, shareholders and related parties of MPG may subscribe to units.

Other than disclosed above, no benefits or amounts have been paid or agreed to be paid in cash or shares or otherwise:

- to any director or proposed director or firm of which the director is a partner or director to induce them to become or to qualify as a director or otherwise for services rendered by the director or proposed director or the firm in connection with the formation or promotion of the Trust; or
- to any person named in this PDS as performing a function in a professional, advisery or other capacity in connection with the preparation or distribution of the PDS or for services rendered in connection with the formation or promotion of the Trust.

Copies of consents and material contracts

Copies of the above consents and legal documents referred to in this PDS are available for inspection without charge at the Registered Office of MPG until 13 months after the date of this PDS.

Dispute resolution

If you have a complaint about the performance of the RE, then you are entitled to have your complaint dealt with in a proper and efficient manner. The Trust Constitution details how complaints can be made and how the RE must deal with them.

If you have a complaint, then you should notify the Complaints Officer of MPG Funds Management Ltd in writing. Once a complaint is made, the Complaints Officer must write to you within 7 days to acknowledge receipt of the complaint and respond fully to the complaint in writing within one month of the acknowledgement in an attempt to resolve the issue. In the event that you have invested less than $500,000, if a satisfactory resolution cannot be reached, then you may lodge your complaint with the Financial Ombudsman Service (details below) or the Australian Financial Complaints Authority after 1 November 2018 which are external complaints resolution services. The RE is a member of the Financial Ombudsman Service.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Toll Free: 1300 780 808
Email: info@fos.org.au

Anti-Money Laundering and Counter Terrorism Financing Laws

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act) and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to MPG as the RE (AML Requirements), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre (AUSTRAC).

In order to comply with the AML Requirements, MPG is required to, amongst other things:

- verify your identity before providing services to you, and to re-identify you if they consider it necessary to do so; and
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for the life of the relationship plus seven years.

MPG reserves the right to request such information as is necessary to verify the identity of an applicant for Units in the Fund (Applicant) and the source of the payment.

In the event of delay or failure by the Applicant to produce this information, MPG may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither MPG, nor its delegates shall be liable to the Applicant for any loss suffered by the Applicant as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

MPG has implemented a number of measures and controls to ensure it complies with its obligations under the AML Requirements, including carefully identifying and monitoring Investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where MPG has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused MPG is not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by it as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- MPG may from time to time require additional information from you to assist it in this process.

MPG has certain reporting obligations under the AML Requirements and is prevented from informing you that any such reporting has taken place. Where required by law, MPG may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC.

MPG is not liable for any loss you may suffer as a result of its compliance with the AML Requirements.

Privacy provisions

The *Privacy Act 1988* Cth (as amended by the *Privacy Amendment (Enhancing Privacy Protection) Act 2012 (Cth)*), which governs the use of a person's personal information, came into effect on 21 December 2001. The Act sets out principles detailing how organisations should collect, use, disclose and store personal information, as well as the right of individuals to access and correct the information. MPG Funds Management Ltd will comply with the provisions of the Act at all times.

By completing and signing the Application Form, you acknowledge and agree that your personal information may be handled by the responsible entity and its service providers in the manner set out below.

Your completed application form will provide personal information about you to the RE. The RE collects your personal information to evaluate your application for Units in this Trust as well as to issue Units and maintain your interest in the Trust and to provide you with information about your investment in the Trust. Some of this information is required by the Anti-Money Laundering and Counter-Terrorism Financing laws and may be required to be kept on a register in accordance with the Corporations Act. If you do not complete the application form in full, the RE may not accept your Application Form.

The RE may disclose your personal information for purposes related to your investment and the publication of unitholder reports, to responsible entity's agents, service providers and government agencies. In order to use and disclose your personal information for the purposes stated above MPG may be required to transfer your personal information to entities or government agencies located outside Australia, including the United States of America, where it may not receive the level of protection afforded under Australian law. By signing the Application Form, you consent to your personal information being transferred overseas for these purposes.

MPG's privacy policy contains information about how you can access the personal information or complain about a breach of the Australian Privacy Principles and how we will deal with such a complaint.

We will keep the personal information you provide for record keeping purposes. Once personal information is no longer needed for our records, we will destroy it.

MPG will take all reasonable steps to ensure that your personal information is accurate, complete and up-to-date. To ensure your details remain current, please advise us of any information that appears incorrect. Please contact our Investor Relations Officer on 03 9831 8960 or write to us at the address listed on the back cover of this PDS to access the information we hold about you.

As well as reporting to you on your investment, we may use your contact details to keep you informed of upcoming investment opportunities. If you do not wish to receive these updates, please contact us. If we are obliged to do so by law, we will pass on your personal information to other parties strictly in accordance with our legal requirements.

Additional Application Form Information

The primary purpose for the collection of information is for the purposes identify the investor and providing a means to make distributions and send update correspondence to the investor.

The secondary purpose is to provide a means for direct marketing of future MPG offers to investors, which the investor may opt out if they do not wish to receive.

Information provided on the Application Form will not be used or distributed to any other party without the prior consent of the investor.

Socially responsible investment disclosure

MPG has no predetermined view about taking into account labour standards, environmental, social, ethical issues in selecting, retaining and realising any investment in the initial property by the Trust. MPG may take into account any one or a combination of these issues of which it becomes aware if that issue or those issues may financially affect the investment.

Cooling Off Period

Investors should note that the investment in the Trust is an Illiquid Investment and there is no cooling off period.

Indirect investors – Investment through an IDPS or IDPS like scheme

Where you invest in the Trust through an IDPS or IDPS like scheme (commonly known as a master trust or wrap account), your IDPS Operator will facilitate an investment in the Trust on your behalf. You will need to obtain and complete the relevant application forms from your IDPS Operator.

Indirect Investors do not directly hold Units or acquire the rights of an investor. The IDPS Operator acquires these rights and can exercise or decline to exercise them according to the arrangements governing the IDPS. It is your IDPS Operator that holds Units and who therefore has a direct relationship with MPG. This means that all income, notices, confirmations and regular reports are sent directly to your IDPS Operator. Your rights are governed by your agreement with your IDPS Operator.

If you invest through an IDPS:

- your primary point of contact for information or resolution of complaints is your IDPS Operator;
- you should ignore information in this PDS that is relevant to only direct investors;
- your IDPS Operator will set the minimum transactions and balance requirements;
- fees and expenses applicable to the IDPS (and set out in the IDPS offer documents) are payable in addition to the fees and expenses stated in this PDS.
- Your IDPS Operator will be responsible for collection, storage, use and disclosure of personal information. We do not collect or hold personal information about you in connection with your investment in the Trust. As a consequence, it will be your IDPS Operator's obligation to inform you about its privacy policy, its obligations to protect any personal information and your rights under the Corporations Act; and
- You should contact your IDPS Operator for specific details of the Trust, including information on the progress of the Trust, unit pricing, distribution payments, confirmation of your investment, additional investments, queries with respect to annual tax statements, complaints and any applicable cut off times for applications.

Authority for IDPS Operators to use this PDS

The RE consents to the use of this PDS by IDPS Operators that include the Trust on their investment menus.

CONDITIONS OF ISSUE

This PDS is supplied on the following conditions, which are expressly accepted and agreed to by the recipient, in part consideration of the supply of the PDS, as evidenced by the retention by the recipient of this document. If these conditions are not acceptable, the PDS is to be returned immediately.

- To the greatest extent permitted by law, none of the directors of MPG makes any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this PDS or subsequently provided to the recipient by any of the Directors including, without limitation, any financial information, the estimates and projections and any other financial information derived from them. Nothing contained in this PDS is, or shall be relied upon as, a promise or representation, whether as to the past or the future.
- Except insofar as liability under any law cannot be excluded, the directors shall have no responsibility arising in respect of the information contained in this PDS or in any other way for errors or omissions (including responsibility to any person by reason of negligence).
- The estimates and forecasts contained in this PDS involve significant elements of subjective judgement and analysis, which may or may not be correct. There are usually differences between forecast and actual results because events and circumstances frequently do not occur as forecast and these differences may be material. The recipient, any intending investors and their respective advisers should make their own independent review and analysis of the relevant assumptions, calculations and accounting policies upon which the estimates and projections are based.
- The RE may in its absolute discretion, but without being under any obligation to do so, update or supplement this PDS. Any further information will be provided subject to these terms and conditions.
- MPG reserves the right to evaluate any investment offers and to reject any and all investment offers submitted, without giving reasons for rejection. The RE shall not be liable to compensate the recipient or any intending investor for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Trust.
- The information in this PDS is provided to the recipient only as a matter of interest. It does not amount to a recommendation either expressly or by implication with respect to the Investment in the Trust.
- The information in this PDS may not be appropriate for all persons and it is not possible for the Directors to have regard to the investment objectives, financial situation and particular needs of each person who reads or uses the information in this PDS. Before acting in reliance on the information in this PDS the recipient should check its accuracy, reliability and completeness and obtain independent and specific advice from appropriate experts.
- The taxation and stamp duty information contained in this PDS is current as at the date of the PDS and we urge investors to seek an independent advice prior to completing the Application Form. The RE is unable to guarantee that its interpretation will be sustained in the event of challenge by the Australian Taxation Office.
- The Information contained in the PDS that is not materially adverse information is subject to change from time to time and may be updated. All such updates will be included on MPG's website located at www.mpgfm.com.au or can be requested on our toll free number 1300 668 247. A paper copy of any updated information will be given to any person without charge on request.

The recipient acknowledges the foregoing and it hereby agrees to these conditions.

GLOSSARY

ABN Australian Business Number as defined in the Corporations Act

ABS Australian Bureau of Statistics

ACF As Custodian For

ACN Australian Company Number as defined in the Corporations Act

AFSL Australian Financial Services Licence

Application means application for Units in the Trust

Application Form The Application Form which applicants are required to complete and lodge to subscribe for an interest in the property trust

Assets means the assets of the Trust, including the Properties and the units held in underlying property trusts

ASIC Australian Securities and Investment Commission

ASX Australian Securities Exchange

Associates directors, employees or any related party as defined by the Corporations Act

Closing date The end of the offer period which is 31 July 2019

Contract of Sale The contract of sale for the Properties as outlined on page 45

Corporations Act Corporations Act 2001 (Commonwealth)

Custodian The Trust Company Limited (ACN 004 027 749)

Date of issue of this Offer 17 September 2018

Directors The Directors of MPG who is the RE of the Trust

EBITDA Earnings before interest, taxes, depreciation and amortisation

Expected Subscription a subscription of at least 25,000,000 Units in the Trust

Financier The proposed financier who will provide the proposed loans

GAV Gross asset value of the Trust

GST Goods and Services Tax

GLA Gross lettable area

Investment Committee Regional Cities Asset Management Pty Ltd (ACN 624 011 827) as outlined on page 23

Investor(s) any person or group that has a unitholding in the Trust

Limited Withdrawal Offer means an offer to withdraw from the Trust made by the RE to the Unitholders.

Loan A loan from the financier arranged by MPG

MER Management Expense Ratio calculated as Trust Expenses (management fees, custodian, legal and administration etc) divided by Gross Assets

MPG, RE MPG Funds Management Ltd (ACN 102 843 809)

Maximum Investment an investment in the Trust which does not exceed 20% of the Units issued

Minimum Investment $10,000

NLA Net Lettable Area

NTA Net Tangible Assets calculated as Net Tangible Assets expressed as a percentage of Total Equity

Offer means the offer of units in the Trust as described on page 20 of this document

Ordinary Units Ordinary units as described on page 20 of this document

Product Disclosure Statement, PDS Refers to this PDS dated 17 September 2018

Pro-forma Statement of Financial Performance The projected balance sheet for the Trust as at the date of purchase of the property

Properties means the properties currently 100% owned by the Custodian on behalf of the Trust as described in this PDS

Responsible Entity, RE MPG Funds Management Ltd ABN 81 102 843 809, AFSL 227114

Settlement means the date on which the sale of the Properties settle

Special Resolution as defined in section 9 the Corporations Act as one that is passed by at least 75% of the votes cast by Unitholders on a poll being in favour of the resolution

Subscription Period being the period between the opening of the Offer (17 September 2018) and the close of the Offer (31 July 2019) or earlier or later at the discretion of the RE

SQM Square metres

TFN Tax File Number

Term Extension Proposal Letter A letter provided to all Unitholders at the expiry of each Trust term outlining the Unitholders rights of remaining in the Trust for a further seven year term or electing to sell their Units

Trust The MPG Regional Cities Property Trust as governed by the Trust Constitution

Trust Constitution Dated 17 September 2012, and amended by the Supplemental Deed Poll dated 30 January 2018, which outlines the operation of the Trust

Unitholder(s), Member A holder of Units in the Trust

Units units issued in the Trust

Wholesale Investor An investor as defined in s708 of the Corporations Act

Weighted Average Lease Term or WALE The sum of the lease term multiplied by the net lettable area of each tenancy divided by the total net lettable area and expressed in years

Withdrawal Offer an offer by the RE to investors to redeem their Unit while the Trust is illiquid

Withdrawal Facility Withdrawal Facility as described on page 21 of this document

Withdrawal Price (Net Asset Value – estimated selling costs)/ Units on Issue

Pall Mall, Bendigo

GUIDE TO COMPLETING THE APPLICATION FORM

An online application form is also available at www.mpgfm.com.au/regionalcities

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

A	Insert the number of units you wish to apply for. The Application must be a minimum of 10,000 Ordinary Units ($10,000) followed by increments of 5,000 units ($5,000).
B	Insert the relevant amount of Application monies. To calculate your application monies, multiply the number of units applied for by the offer price.
C	Write the full name you wish to appear on the statement of unitholding. This must either be your own name or the name of a company, superannuation fund, trust or partnership. Joint applications are permitted. This Application is suitable for investment by Superannuation Funds.
D	Enter your Tax File Number or Exemption Category. Where applicable, please enter the TFN for each joint applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of your TFN is not compulsory but if you do not, tax may be taken out of your distributions at the highest marginal tax rate (plus Medicare Levy).
E	Please enter your residential address for compliance purposes; For joint Applicants, only one address can be entered. All correspondence will be emailed to the listed email address. Please enter your telephone number(s), including area code in case we need to contact you in relation to your Application.
F	Please advise of payment details as requested: • EFT Funds to MPG Regional Cities Property Trust, BSB 332127 Account Number 554994457 • or make your cheque payable to: '**Trust Company Ltd <MPG Regional Cities Property Trust>**' in Australian currency and cross it 'Not Negotiable'. • The amount of the cheque should agree with the amount shown in Section B.
G	To receive distributions you must provide us with details of your account with an Australian Bank, Credit Union or Building Society.
H	Before completing the Application Form, the applicant should read the PDS to which the Application relates. For individual applications, the Application Form should be signed personally. For companies, trust and superannuation funds, the Application Form must be signed by the directors or Trustee's in accordance with the relevant constitution of the entity or other method allowed under the Corporations Act. Please send your completed, signed Application Form together with • your cheque (if using) • the completed AML/CTF checklist on page 55 to: The Applications Manager MPG Funds Management Ltd PO Box 1307 Camberwell VIC 3124

Applications must be received no later than 5 pm (local time) on the Closing Date.

MPG REGIONAL CITIES PROPERTY TRUST

Responsible Entity: MPG Funds Management Ltd (ACN 102 843 809) (AFS Licence No 227114)

MPG funds management

APPLICATION FORM

PLEASE USE BLOCK LETTERS TO COMPLETE THIS FORM

Advisor's Stamp

Office Use Only

A APPLICATION FOR UNITS

X A$1.00 =

Applications to be a minimum of 10,000 units ($10,000) followed by increments of 5,000 units ($5,000).You may be allocated all of the Units above or a lesser number

B INVESTMENT AMOUNT

Please make sure that the amount of your payment equals this amount.

C INVESTOR DETAILS

Investor 1

Title, Given Name(s), Surname

Date of Birth (dd/mm/yyyy)

Investor 2

Title, Given Name(s), Surname

Date of Birth (dd/mm/yyyy)

Or

Company – Entity Name

Super Fund / Partnership / Trust – Contact Name

ABN

D TAX FILE NUMBER Investor 1/Company

TAX FILE NUMBER Investor 2

E CONTACT DETAILS

Residential Address

Number, Street

PO Box

Suburb

State

Postcode

Telephone

Business Hours

After Hours

Mobile

Email Address

PAYMENT METHOD Please tick one

F

- [ ] EFT - please pay funds to MPG Regional Cities Property Trust BSB 332127 Account 554994457 ref: Entity Name or Surname of Investor 1
- [ ] Cheque - please make payable to Trust Company Ltd <MPG Regional Cities Property Trust>

G INCOME DISTRIBUTION DETAILS

Name of Account

BSB

Account Number

OR

please send me details regarding the Distribution Reinvestment Plan [ ]

MPG funds management

H DECLARATION AND CONDITIONS

By completing this Application Form you will be taken to have declared that:

- This Application was attached to or accompanied by either a printed copy of the Product Disclosure Statement ("PDS") or an electronic version of the PDS (or a print out or download copy of it).
- You have read the PDS which was attached to or which accompanied this Application.
- All details and statements made by you are complete and accurate and this Application is made upon and subject to the terms and conditions of the PDS.
- You authorise the Trustee to complete or amend this Application where necessary to correct any error or omission.
- If signed under a company's common seal or other permitted manner, the signatories attest that the common seal was affixed in accordance with the company's Trust Deed and the law.
- If signed by a power of attorney, no notice of revocation of the power of attorney has been received.
- If investing as Trustee, on behalf of a superannuation fund or trust I/we confirm that I/we are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.
- I declare that I/we are over 18 years of age.
- You are not, as a result of the law of any place, a person to whom this PDS should not be given.

I/We understand that MPG Funds Management Ltd (ACN 102 843 809) is authorised under the Trust Deed to act:

- On the Unitholder's behalf to complete and sign all documents necessary to arrange, complete and sign all documents necessary to arrange, complete and maintain a loan facility or any other type of financing facility in relation to the Trust, with the financier including to act generally in relation to the loan in such form and substance as MPG in its absolute discretion approves.
- To authorise MPG to give a first ranking mortgage over the property and the rental income from the properties and charge the Trust assets and property as security for the loan.
- If a loan or replacement loan falls due prior to the sale of the properties, to roll it over or discharge it and enter into a new loan.
- To make such amendments to a loan or replacement loan as MPG in its absolute discretion approves, whether or not involving changes to the parties.
- Generally do all other acts or things on my behalf which MPG may consider advisable, desirable or necessary in connection with or in relation to a loan and any of the transactions contemplated by the loan including arranging for refinancing even if the loan still has a period to run.

I/We acknowledge that:

- Investments in the Trust are subject to investment and other risks, including possible delays in repayment and the loss of income and principal invested.
- MPG does not guarantee the repayment of capital or the performance of the Trust or any particular rate of return from the Trust.
- By lodging the Application Form, I/we agree to take any number of units equal to or less that the number of units indicated in Section A that may be allotted to the applicant(s) pursuant to the PDS.

I/WE MAKE THE DECLARATION AND, GIVE THE REPRESENTATIONS SET OUT ABOVE AND AGREE TO BE BOUND BY THE TRUST CONSTITUTION.

Signature of Investor 1 / Director 1	Signature of Investor 2 / Director 2	Company Seal (if required)

Date (dd/mm/yyyy)

Date (dd/mm/yyyy)

Please refer to page 47 for details of our privacy policy.

AML/CTF Checklist

The introduction of the Anti-Money Laundering and Counter-Terrorist Financing Act 2006 (AML/CTF) requires additional identification information from investors. This is to be provided by you or your adviser.

Please note that processing your application may be delayed where you, or your adviser do not provide adequate identification documents.

Investor Name (Please note that there is to be one checklist for each investing person/entity)

Date of Birth (dd/mm/yyyy)

DIRECT INVESTORS (i.e. you are not investing through a dealer, IDPS or other financial adviser).
Complete Part One - please provide us with requested identification information and your completed application form.

FINANCIAL ADVISERS (i.e. you are a financial adviser, dealer, IDPS or a person making arrangements for a designated service).
Complete Part One - please check appropriate boxes to indicate the documents you have either collected and verified for this investor, or have attached to the application form.

Complete Part Two - you may either:

- confirm the satisfactory collection and verification of the investor's identification documents; or
- include certified copies of the investor's identification documents with the application form.

PART ONE

Individual	
Please complete: full name, date of birth and residential address on application form and provide verification documents from either A or B	
A	A current or a certified copy of one of the following: ☐ an Australian driver's licence containing a photograph of the person, or ☐ an Australian passport, or ☐ an identification card issued by a state or territory that contains the date of birth and a photograph of the card holder, or ☐ a foreign government, United Nations or United Nations agency issued passport or similar travel document containing a photograph and signature of the person. Where the document is not in English, it must be accompanied by an English translation prepared by an accredited translator.
B	A current or a certified copy of one of the following: ☐ an Australian birth certificate, or ☐ an Australian citizenship certificate, or ☐ a pension card issued by Centrelink, or ☐ a foreign driver's licence that contains a photograph of the person. Where the document is not in English, it must be accompanied by an English translation prepared by an accredited translator, or ☐ a citizenship certificate issued by a foreign government. Where the document is not in English, it must be accompanied by an English translation prepared by an accredited translator, or ☐ a birth certificate issued by a foreign government, United Nations or United Nations agency. Where the document is not in English, it must be accompanied by an English translation prepared by an accredited translator. PLUS one of the following An original notice that contains the name and residential address of the person, and is: ☐ issued by the Commonwealth or a state or territory within the preceding 12 months that records the provision of financial benefits, or ☐ issued by the Australian Taxation Office within the preceding 12 months; and records a debt payable to or by the person by or to the Commonwealth, or ☐ issued by a local government body or utilities provider within the preceding 3 months that records the provision of services to that address or to that person.

Individual acting in the capacity of a sole trader
Please complete: full name, date of birth, residential address, full business name (if any) and principle place of business (if any) on the application form and provide:
☐ a current or certified copy of a business name search, **and** ☐ verification documents required for an individual (above)

Partnership

Please complete: full partnership name, business name (if any) and one partners name on the application form and provide:

A certified copy or certified extract of one of the following
- ☐ a current partnership agreement; or
- ☐ minutes of a partnership meeting.

Either copy must include:
- the full name of the partnership;
- the full business name (if any) of the partnership, as registered under any state or territory business name legislation;
- the country in which the partnership was established; and
- the full name and residential address of each partner.

Please also provide verification documents required for individuals (listed on page 30) for one partner.

Company

Please complete: full company name, ACN and address of registered office on application form and provide:

☐ A current or a certified copy of a search of ASIC databases showing:
- the full name of the company;
- the ACN;
- the registered office address;
- the principle place of business;
- the names of each director (only provide if a proprietary company); and
- the names and addresses of each shareholder (only provide if a proprietary company that is not licensed and is not subject to regulation).

Trustee

Please complete: full name of trust, country of establishment and full business name of trustee (if any) on application form and provide:

1. For all trusts (including self-managed super funds/wrap trusts/master trusts/IDPS) please provide the **original trust deed or a certified copy or certified extract** of the trust deed confirming:
- ☐ full name of the trust;
- ☐ type of trust;
- ☐ country where the trust was established; and
- ☐ name of each beneficiary or class of beneficiary. If the trust is a unit trust you will need to provide a certified extract of the trust register to confirm the name of each beneficiary.

If the trustee is an individual, please also provide documentation required for individuals (listed on page 1).
If the trustee is a company, please also provide documentation required for companies (listed above).

2. For a registered managed investment scheme or a government superannuation fund:
- ☐ an ASIC search confirming the registration of the managed investment scheme, or
- ☐ an extract from relevant legislation confirming registration of the government superannuation fund.

3. For an unregistered managed investment scheme that only has wholesale clients and does not make small scale offerings under section 1012E of the Corporations Act, a declaration is provided to this effect is required.

PART TWO

Name of Financial Adviser

AFSL Name/Dealer Group Name

AFSL Number

Date verified (dd/mm/yyyy)

Signature

- I confirm I have completed AML/CTF identification requirements for this investor, or
- I have included the investor's identification documents for your verification.

DIRECTORY

Trustee and Registered Office

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MPG funds management

MPG Regional Cities Property Trust PRODUCT DISCLOSURE STATEMENT