MPG funds management

ACN : 102 843 809 AFSL: 227114

INVESTMENT UPDATE

July 2019

The Trust is targeting a **8.00%[1] pa forecast cash return** for the next financial year ending 30 June 2020

VILLAGE TRAVEL CENTRE TRUST

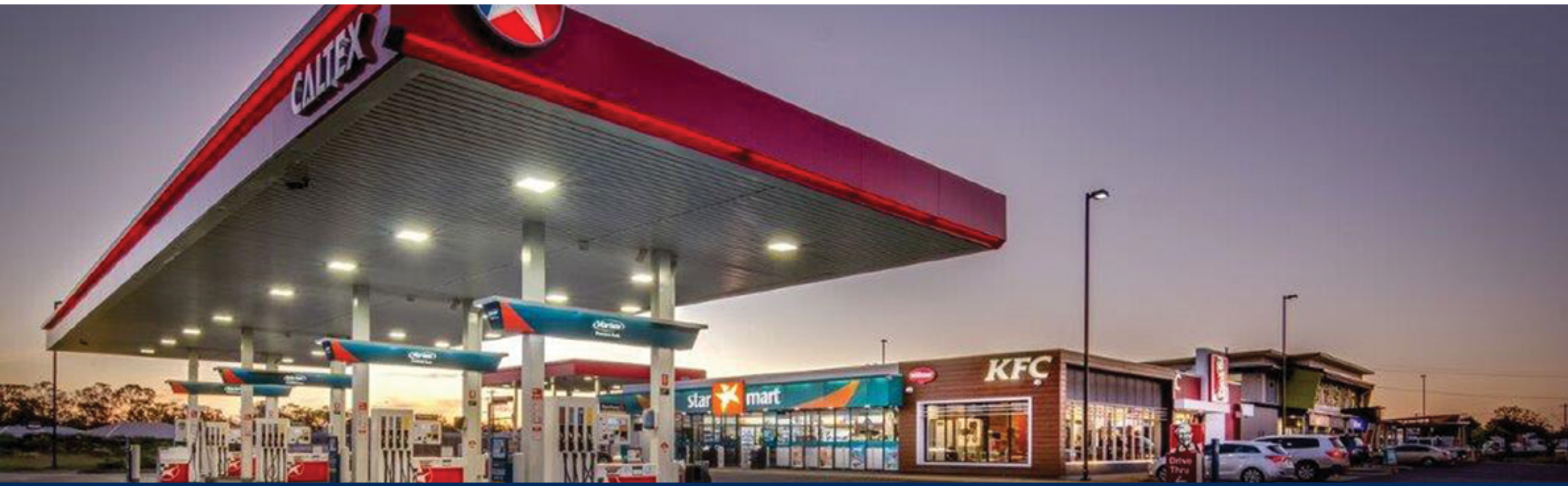
We are pleased to provide you with an update to the Information Memorandum (IM) of the Village Travel Centre Trust (Trust) dated 25 June 2014. This Investment Update is issued by MPG Funds Management Ltd (MPG) (AFSL 227114, ACN 102 843 809) in its capacity as Trustee for the Trust and should be read in conjunction with the IM.

THE VILLAGE TRAVEL CENTRE 30-50 WARREGO HWY, CHINCHILLA, QUEENSLAND

Key tenants Caltex, Coffee Club, Bottle Mart and KFC have reported a steady trade and we are working with leasing agents FAL Property to actively pursue tenants for the upstairs office space vacancies.

The debt was successfully rolled over for a further three year term until August 2021.

The distribution for the year ended 30 June 2019 was 8.00%. The Trust is targeting a 8.00%[1] pa forecast cash return for the next financial year ending 30 June 2020.



BEST PRACTICE DISCLOSURE PRINCIPLES

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

Whilst not required for this Trust, but following our principles of best practice; set out below is a table which lists each benchmark and disclosure principle. The information will be updated whenever there is a material change to the Trust and not less than each year. Updated information will be available at **www.mpgfm.com.au**.

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

1. GEARING RATIO

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

The gearing ratio is 55% calculated by dividing total interest bearing liabilities by total assets.

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 ratio is 2.64 times calculated by dividing EBITDA (earnings before interest, tax, depreciation and amortisation) by the interest expense.

3. SCHEME BORROWING

This disclosure helps investors understand the significant risks associated with the Fund and 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 draw downs 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 has bank borrowings of $6,285,000 which is secured against the property held by the Trust as a first ranking charge. The amount owing to lenders and other creditors rank before other investors in the Trust.

The LVR covenants of the loan are 65% of the value of the property and the Interest Cover Ratio covenant is 2.0 times. MPG confirms that the Trust is within these covenants and no breaches of these covenants have occurred to date. In the event that MPG is replaced as Trustee this will trigger a default event and the loan may be immediately due and payable to the lender.

The debt was rolled over until August 2021 with 64% of the debt hedged for this term..

4. PORTFOLIO DIVERSIFICATION

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

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

The property contained in the Trust is located in Chinchilla, Qld and is 83% occupied by net lettable area. The Trust has a weighted average lease expiry of 3.39 years. The property was most recently independently valued at $11.19 million in March 2018.

5. RELATED PARTY TRANSACTIONS

This will help Investors understand and assess the approach MPG takes to transactions between MPG and its related parties, including the McMullin Group.

All related party transactions have been approved by the Board of Directors of MPG and are undertaken on an arm's length basis under normal terms and conditions. All related party transactions are outlined on page 38 of the IM.

MPG is in compliance with its stated policies and procedures for related party activities.

6. DISTRIBUTION PRACTICES

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

MPG will make distributions to Unitholders on a quarterly basis in arrears or such other time as MPG is permitted to do so under the Trust Deed. Anticipated distributions for future periods will be sourced from net Trust income. The distribution for the quarter ending 30 June 2019 is be at the pro rata rate of 8.00% per annum.

7. WITHDRAWAL ARRANGEMENTS

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

The Trust Deed allows Unitholders to withdraw in limited circumstances. An investment in the Trust is to be considered illiquid. The Trust is to be considered a long term investment with an initial term of six years with the exit mechanism as outlined on page 13 of the IM. The Village Travel Trust will rollover in the March quarter 2021.

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 +- other adjustments) divided by the number of units on issue.

Based on the most recent valuations the NTA of the Trust is $1.02 per unit as at 30 June 2019.

FURTHER INFO

MPG FUNDS MANAGEMENT

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Web www.mpgfm.com.au

1 Forecasts are estimates only and are not guaranteed to occur