

INSIGHT

Summer 2019 Edition

Welcome

Welcome to the Summer edition of Insight, the newsletter of MPG Funds Management Ltd ("MPG") that brings you the latest information on our products and achievements.

With fourteen new property acquisitions and settlements over the past eighteen months it has been both a busy and exciting period for the growth of MPG.

We are excited to celebrate the key milestone of achieving \$705 million of assets under management and we now manage over 201 individual tenancies across all six States of Australia.

Our most recent offering to wholesale investors, the MPG BW Rockhampton Trust closed two times oversubscribed and we are pleased to have established the MPG Regional Cities Property Trust

which now contains \$70 million of assets and with upcoming property settlements this is likely to increase to \$100m just after Christmas.

We are also very proud of our newly constructed flagship Bunnings store in Newstead, QLD which opened during the year.

We welcome all new tenants and are pleased to continue to build our strong relationships with Bunnings, Coles, Woolworths and various Federal and State government departments.

This milestone has been achieved with the help of our loyal investors, staff and support team which includes: our banking partners, valuers, depreciation consultants, building and environmental experts, legal team, auditors and Custodian. We thank you all for your ongoing support!

With the Australian sharemarket at

record highs and with RBA cash rates at historical lows at 0.75% pa, the income characteristics of property with cash returns in the vicinity of 6.0% to 8.00% are looking very attractive to investors compared to most cash and fixed interest investments.

In this edition we are pleased to provide an update for our existing property trusts and introduce you to the latest addition to our compliance team, Veronica Galea.

We hope that you enjoy reading this issue of Insight.

Yours faithfully,



Trevor Gorman

Chairman
MPG Funds Management Ltd

Our footprint



\$705M

Worth of property



201

Individual tenancies



237,000sqm

Net lettable area



MPG Bulky Goods Retail Trust



Chirside Homemaker Centre

This Trust contains two Homemaker Centres located in Chirside Park (Vic) and Mildura (Vic).

The 13,753 sqm (GLA) Chirside Homemaker Centre consists of 11 tenancies including: JB Hi Fi, Rebel Sport, Nick Scali, Forty Winks and Petbarn amongst others.

We are pleased to confirm that Rebel

Sport, Forty Winks and Horseland have all exercised their options to renew their leases for further five year terms at the Chirside Homemaker Centre, which remains fully occupied.

The 17,323 sqm (GLA) Mildura Homemaker Centre consists of 14 tenancies including: Fantastic Furniture, Nick Scali, Rebel Sport, Harris Scarfe,

Chemist Warehouse, Bev Marks Bedding and United Petroleum amongst others.

At the Mildura Homemaker Centre we are pleased to welcome furniture and homewares retailer, Provincial Living (1,026 sqm) as well as party supply retailer, I Love This Shop (1,502 sqm) who have both entered into new seven year leases. We are also pleased to confirm that Dollar Curtains and Blinds has renewed their lease for a further five year term. A marketing program is underway to fill the remaining single 639 sqm of vacant space at the Centre.

The properties contained in the Trust are 98% occupied with a 2.95 year weighted average lease term. We are also pleased to announce that the Trust is on track to deliver a forecast distribution at the pro-rata rate of 8.00% per annum for the year ended 30 June 2020.

MPG Retail Brands Property Trust

This Trust contains a diversified portfolio of eight quantity retail properties and associated investments tenanted by some of Australia's best known retail brands such as: Bunnings, Coles, Woolworths, JB Hi-Fi and Target.

The Trust has purchased the 4,585 sqm Seacrest Shopping Centre located in Geraldton WA for \$14.8 million. The property is anchored by a Woolworths supermarket and also includes 9 additional specialty tenants which include: BWS Liquor, a medical centre, pharmacy, newsagent, café and fast food operators. The team at MPG have been busy integrating the property and getting to know our new tenants.

Rocks Central has successfully been rebranded and we are pleased to confirm that: The Reject Shop, Happy Smiles Dentist, the Bakery and hairdresser have all taken up their options to renew their leases. A Tomra recycling depot has also been added as a new tenant.

At Beaudesert Central we welcomed new café operator Diva's Delishus and are pleased to confirm that Specsavers



Seacrest Shopping Centre

and Video Ezy have taken up their options to renew their leases. A local leasing agent has been engaged to pursue leasing opportunities for the 172 sqm of vacant space.

The Village Lakeside Shopping Centre continues to be fully let and we are pleased to confirm that the fresh fruit shop took up their option to extend their lease during the year.

Coles Moss Vale, HomeCentral Warrnambool and Target Kadina continue to be fully let.

The properties contained in the Trust are 98% occupied and is expected to meet its 7.25 cent per annum per unit distribution target for the financial year ending 30 June 2020.

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MPG Regional Cities Property Trust



Qld), Centre for Non-Violence (\$6.5 Bendigo, Vic), Think Childcare (\$6m Grovedale, Vic) and five Centrelink properties (\$3.85m Echuca, Vic), (\$6.3m Wallsend, NSW), (\$4.05m Maryborough, QLD), (\$4.0m Hervey Bay) and (\$6.5m Morwell, Vic).

The \$15.9 million APVMA building located in Armidale (NSW) is expected to settle prior to Christmas and the \$14.8 million Centrelink and Queensland government building located in Logan City (QLD) is expected to settle in the first quarter 2020.

The MPG Regional Cities Property Trust was established during the year and has quickly grown to \$70 million of assets with settlements over the coming months likely to take the Trust close to \$100 million of assets.

The Trust has a focus on government and social infrastructure properties located in

fast growing regional cities and has been well received from investors looking for defensive income streams.

So far nine properties have been settled which include: Environmental Protection Authority building (\$12m Traralgon, Vic), National Disability and Insurance Scheme building (\$7.5m Toowoomba,

The properties contained in the Trust are 100% occupied and is expected to meet its 7.05% per annum per unit distribution target for the financial year ending 30 June 2020.

MPG Hardware Trust



This Trust which was available to Wholesale investors, contains a 4,984 sqm Bunnings warehouse property located in Wonthaggi (Vic).

The trust was successfully rolled over for a further term in June 2019 and the bank debt was also extended for a further three years at that time. Those investors exiting the Trust at rollover were very pleased with their \$1.97 per unit return from their original \$1.00 invested at commencement.

With strong capital growth of 97% and average income returns of 8% pa over the term of the trust, this trust has been a very strong performer.

The property was also independently valued at \$8.3 million in June 2019.

The Trust is on track to deliver on the forecast return on 8.00% for the year ending 30 June 2020.

MPG Hardware Trust 2



This Trust which was available to Wholesale investors contains a 9,512 sqm (GLA) Bunnings Warehouse property located in Kingston (TAS).

We are pleased to report that the Bunnings Warehouse Kingston continues to trade strongly. There are no material changes to report on the Trust.

The Trust is on track to deliver on the forecast return on 7.25% for the year ending 30 June 2020.

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MPG BW Trust



This Trust which was available to Wholesale investors contains two Bunnings Warehouse properties located in Huntingwood, (Blacktown, NSW) (17,167 sqm) and Kensington (Bundaberg, QLD) (18,252 sqm).

The Bunnings Warehouses at Bundaberg and Blacktown continue to perform to expectations.

Recent director's valuations have increased the value of both properties, Bunnings Blacktown increased from \$45.8m to \$47.2m and Bunnings Bundaberg increased from \$37.2m to \$38.36m.

As a result of these increases the net tangible asset backing per unit increased to \$1.60 per unit. This represents a significant uplift from the original issue price of \$1.00 per unit, which has pleased many investors.

The Trust is on track to deliver on the forecast return on 7.70% for the year ending 30 June 2020.

MPG BW Trust 2



This Trust which was available to Wholesale investors contains a two level 14,228 sqm (GLA) Bunnings Warehouse property located in Bundamba (QLD).

We are pleased to report that the Bunnings Bundamba property continues to trade successfully since opening in 2016.

Given the yield compression based on sales of recent Bunnings properties, we are pleased to report that a recent independent valuation increases the value of the property to \$43.0 million.

Following this revaluation the Net Tangible Asset backing per unit has been increased to \$1.64 per unit. This also represents a significant uplift from the original issue price of \$1.00 per unit, which has pleased many investors.

The Trust is on track to deliver on the forecast return on 8.15% for the year ending 30 June 2020.

Village Travel Centre Trust



This Trust which was available to Wholesale investors contains a 1,691 sqm petrol and fast food convenience service centre located in Chinchilla, Queensland.

The Centre consists of nine tenancies and is anchored by a Caltex petrol station and other retail and fast food tenants such as: KFC, Subway, The Coffee Club and

Bottlemart amongst others.

Key tenants Caltex, Coffee Club, Bottlemart and KFC have reported a steady trade and we are working with the leasing agents 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 properties contained in the Trust are 78% occupied with a 4.08 year weighted average lease expiry and is expected to meet its 8.00% pa distribution target for the year ending 30 June 2020.



Kmart Port Macquarie

This Trust which was available to Wholesale investors and contains a 7,037 sqm (GLA) Kmart store and 1,089 sqm of complimentary retail space, located in Port Macquarie, NSW.

We are pleased to advise Kmart continues to trade strongly since

opening in 2017. In accordance with the Lease, Kmart is responsible for the entire centre and are coordinating the leasing of the specialty stores.

In recent months we have welcomed Crust Gourmet Pizza, Laser Lounge and the Mercury Cafe to the Centre.

The property contained in the Trust has a 9.50 year weighted average lease expiry and is expected to meet its 8.00% pa distribution target for the year ending 30 June 2020.

MPG Seaford Meadows Property Trust



Seaford Meadows Shopping Centre

This Trust which was available to Wholesale investors contains a 5,307 (GLA) sqm neighborhood shopping centre located in Seaford Meadows in South Australia. The Centre consists of a full line Woolworths supermarket and 12 specialty tenants.

MPG has welcomed new tenants including: fitness franchise F45, Karon Barber Shop and Seaford Meadows Nail & Beauty Salon during the year. Additionally, Zarelli's Cafe renewed their lease for a further 3 year term.

These retailers have increased foot traffic to the centre and have generated further leasing enquiry.

The property contained in the Trust is 95% occupied with an 8.67 year weighted average lease expiry and is expected to meet its 6.75% pa distribution target for the year ending 30 June 2020.

MPG Tweed Hub Trust

This Trust which was available to Wholesale investors contains an established 9,757 (GLA) sqm mixed use retail hub located in Tweed Heads in Queensland.

The Centre consists of brand name anchor and mini-major tenants including: 1st Choice Liquor (owned by ASX-listed Wesfarmers Ltd), The Good Guys (owned by ASX listed JB Hi-Fi Limited) Hungry Jacks, KFC, 7-Eleven Service Station, Tweed Banora medical centre, Movement gym and QML Pathology.

The Trust continues to perform to expectations and we are pleased to confirm that the Tweed Banora Medical centre recently renewed their lease for a further five year term. We are working



with our leasing agents to fill the vacant areas at 881 sqm with negotiations continuing with potential tenants.

The property contained in the Trust is

91% occupied with a 2.87 year weighted average lease expiry and is expected to meet its 7.50% pa distribution target for the year ending 30 June 2020.

MPG BW Newstead Trust



This Trust which was available to Wholesale investors contains a new two level 16,704 sqm Bunnings Warehouse facility with 1,682 sqm of additional specialty tenancies located Newstead, Qld, which is approximately 3.5 kilometres from the Brisbane CBD.

This asset is a flagship property and we are pleased to report that Bunnings Newstead is trading strongly since

opening in March 2019. Petbarn have finished their fitout and have recently opened for trading. The remaining tenancies, which are covered by a rental guarantee for the next three years, have attracted strong leasing enquiries since the Bunnings opening.

The debt has been fully hedged until September 2023.

The property contained in the Trust is 95% occupied (vacancy supported by a rent guarantee) with a 11.71 year weighted average lease expiry and is expected to meet its 6.00% pa distribution target for the year ending 30 June 2020.

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MPG BW Port Macquarie Trust



Bunnings Port Macquarie

This Trust which was available to Wholesale investors contains a new 18,407 sqm Bunnings warehouse facility, with 2,400 sqm of additional specialty tenancies, located in the growing region of Port Macquarie in New South Wales

After the official opening in March, practical completion was achieved in May 2019. Bunnings began trading in March and have reported a positive response to their bigger floorplan and expanded product offerings.

World Gym as well as Hastings Physio and Health both finished their fitout at the end of June and have commenced trading a steady flow of new customers and members.

During the recent bushfires in the region, World Gym opened their showers and change room facilities to allow firefighters to freshen up. Bunnings are also working with the local community to provide support to help rebuild some of the areas lost through the fires.

The property contained in the Trust is currently 95% occupied (vacancy supported with a 3 year rental guarantee from the Vendor) with a 11.52 year weighted average lease expiry and is expected to meet its 6.10% pa distribution target for the year ending 30 June 2020.

MPG BW Rockhampton Trust



Bunnings Rockhampton

This Trust which was available to Wholesale investors contains a 13,242 sqm Bunnings warehouse facility, with 4,268 sqm of large format tenancies settled in October 2019 after a heavily oversubscribed capital raising. The property is located in the growing region of Rockhampton in Queensland.

Apart from Bunnings the specialty tenancies include Autobarn, Petstock, Freddy's Fishing and Outdoors and 1060 sqm of vacant space supported by a three year rental guarantee.

The property contained in the Trust is 94% occupied with an 8.5 year weighted average lease expiry and is expected

to meet its 6.50% pa (pro rata) distribution target for the year ending 30 June 2020.

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Looking for Investment Opportunities?



MPG Regional Cities Property Trust

Diversified portfolio of Government and Social Infrastructure properties

- Predominantly government tenants (currently 88%)
- 7.05%¹ pa forecast cash return paid quarterly
- Potential for capital growth over the investment term
- 11 properties that are 100% leased
- Highly tax deferred income with strong depreciation and capital allowances



MPG Retail Brands Property Trust

Diversified portfolio of quality retail property containing strong retail brands

- Anchor tenants include: Woolworths, Coles, Bunnings, Target
- 7.25%¹ pa forecast cash return paid quarterly
- Potential for capital growth over the investment term
- Highly tax-deferred income with strong depreciation and capital allowances

Both trusts are open to retail investors with a minimum investment of only \$10,000. For further information please download the PDS from www.mpgfm.com.au or email us at invest@mpgfm.com.au to request a copy.

Staff Profile: Veronica Galea



We are pleased to introduce you to a member of our Compliance Team, Veronica Galea.

Veronica is responsible for the administration of MPG's relevant compliance plans and checklists to ensure compliance with relevant statutory law's and best practice procedures.

Veronica has completed relevant training in various statutory laws including: Anti Money Laundering, Privacy Act, Corporations Act and the Australian/New Zealand Standard 3806 (ISO 19600) for Compliance. Veronica is also currently studying towards her Certificate in Governance and Risk Management. Veronica has previously acted as a practice and compliance manager for a number of Australian and UK based legal firms.

We welcome Veronica to the team.

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