

The December Qtr distribution confirmed at **1.75 CPU**

RG46 INVESTMENT UPDATE

MPG Retail Brands Property Trust
ARSN: 122 578 741



Seacrest News extends lease for a further five years

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

The Trust was successfully rolled over for a further seven year term in the December quarter, and we are pleased to provide the following update.

At Beaudesert Central, Teaspoons & Aprons Cafe has commenced their five year lease and is proving very popular with customers.

At Rocks Central, Signal have leased 107 sqm for a five year term, and Blooms the Chemist have modernised their fitout following their store expansion to 286 sqm, which looks fantastic.

At Woolworths Seacrest, Seacrest News has exercised their option for a further five year term. All other properties in the Trust are performing to expectations.

The distribution for the December 2022 quarter will be 1.75 cents per unit.



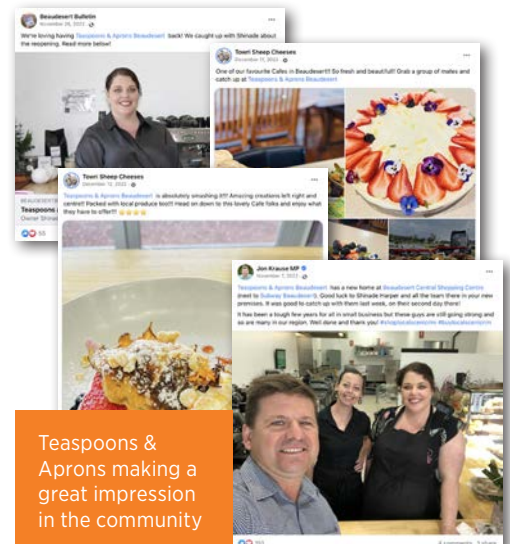
Blooms the Chemist at Rocks Central expands to 286sqm



Blooms' new fitout



Blooms the Chemist



Teaspoons & Aprons making a great impression in the community

RG46 Best Practice Disclosure Principles

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

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

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

GEARING RATIO

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

The gearing ratio of the Trust is 43% based on the latest unaudited financial statements at 31 December 2022 and calculated by dividing total interest bearing liabilities by total assets.

INTEREST COVER RATIO

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

The interest cover of the Trust is 2.64 times based on the latest unaudited financial statements at December 2022 and calculated by dividing EBITDA (earnings before interest, tax, depreciation and amortisation) by the interest expense.

SCHEME BORROWINGS

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

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

The Trust has bank borrowings of \$67,485,000 which is secured against the properties held by the Trust as a first ranking charge. The amount owing to lenders and other creditors rank before an investor's interest in the Trust.

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

The Bank borrowings are currently 42% hedged and mature in March 2023.

PORTFOLIO DIVERSIFICATION

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

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

The Trust also holds investments valued at \$22.62 million with independent valuations of properties conducted in other unlisted property trusts also managed by MPG. The investment strategy of the Trust is explained on page 6 of the PDS.

The properties contained in the Trust have a combined Directors' valuation of \$133.8 million at 31 December 2022 comprising Village Lakeside Pakenham \$23.5 million, HomeCentral Warrnambool \$23 million, Kadina K-Hub \$5.9 million, Rocks Central Shopping Centre \$12.6 million, Coles Moss Vale \$11.2 million, Beadesert Central Shopping Centre \$20.4 million, Seacrest Shopping Centre \$16.5 million, Nambour \$6.4 million and Sarina Village Shopping Centre \$14.3 million.

Occupancy across the Trust is 97%. The properties have a weighted average lease expiry of 3.31 years as at December 2022. The top five tenants of the Trust by Net Lettable Area are: Woolworths (23%), Bunnings (19%), Coles (17%), Kmart (8%) and Forty Winks (5%).

RELATED PARTY TRANSACTIONS

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

DISTRIBUTION PRACTICES

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

MPG will make distributions to Unitholders on a quarterly basis in arrears or such other time as MPG is permitted to do so under the Constitution. Anticipated distributions for future periods will be sourced from net Trust income. The distribution for the quarter ended December 2022 will be paid at a rate of 1.75 cents per unit.

WITHDRAWAL ARRANGEMENTS

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

The Constitution allows Unitholders to withdraw in limited circumstances. An investment in the Trust is to be considered illiquid. The Trust is to be considered a long term investment of seven years with the exit mechanism as outlined on page 22 of the PDS. The next MPG Retail Brands Property Trust term rollover date is 30 June 2029.

NET TANGIBLE ASSETS

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

Based on the most recent unaudited financial statements as at December 2022, the NTA of the Trust is \$1.33.