

INSIGHT

Spring 2022 Edition

Welcome

Welcome to the Spring 2022 edition of Insight, the newsletter of MPG Funds Management Ltd ("MPG") that brings you the latest information on our products and achievements.

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

We are excited to celebrate the key milestone of achieving \$1 billion of assets under management and we now manage over 219 individual tenancies across six states of Australia.

The MPG Essential Services Property Trust which now contains over \$213 million of assets, and the MPG Bulky Goods Retail Trust with over \$100 million of assets, continue to grow and are currently both open for investment.

Driven by cashed up private investors, the property investment market has remained relatively strong and we have seen further capital growth in a number of our properties. In particular there has been growth with the Bunnings properties where we are seeing market yields for these flagship properties in the vicinity of 4.00-4.75%.

The average cash income return across the Trusts managed by MPG was 7.48% for the year ending 30 June 2022, which pleased many investors.

We have welcomed a number of new tenants and are pleased to continue our strong relationships with Bunnings, Coles, Woolworths and various Federal and State Government departments.

Our \$1 billion 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 current volatility being experienced in the Australian sharemarket, the more stable nature and income characteristics of unlisted property with cash returns in the vicinity of 6% to 8% may appeal to investors.

In this edition we are pleased to provide an update of our existing property trusts and introduce you to our Head of Property, Samantha Murphy.

We hope that you enjoy reading this issue of Insight.

Yours faithfully,



Trevor Gorman

Chairman
MPG Funds Management Ltd

Our footprint



\$1 billion

Worth of property



219

Individual tenancies



259,639sqm

Net lettable area



FY 2022 Trust Performance

Delivering returns to our unitholders

Trust	NTA 2022	NTA 2021	Cash Return 2022
MPG Bulky Goods Retail Trust	\$3.29	\$1.59	8.00%
MPG Retail Brands Property Trust	\$1.23*	\$1.10	7.25%
MPG Hardware Trust	\$1.50	\$2.19	8.00%
MPG BW Trust	\$3.08	\$1.97	9.25%
MPG BW Trust 2	\$2.86	\$2.08	9.50%
MPG Seaford Meadows Property Trust	\$1.15*	\$1.03	7.00%
MPG Hardware Trust 2	\$2.20	\$1.67	7.35%
MPG KM Trust	\$1.31	\$1.32	8.00%
MPG BW Newstead Trust	\$1.42	\$1.33	6.00%
MPG Essential Services Property Trust	\$1.06	\$0.93	7.05%
MPG BW Rockhampton Trust	\$1.34	\$0.98	6.50%
MPG BW Port Macquarie Trust	\$1.57	\$1.13	6.10%
MPG Tweed Hub Trust	\$1.46	\$1.01	7.25%
Average			7.48%

“The average cash return across the Trusts managed by MPG was 7.48% for the year ending 30 June 2022, which pleased many investors.”

* NTA Withdrawal Price

Disclaimer: These are MPG's historical results. Past performance is no indication of future performance and each Fund managed by MPG will have different characteristics, properties and risks and new investments should be assessed by an investor independently of the performance of previous funds.

MPG Bulky Goods Retail Trust



Browns Plains was settled in May 2022 for \$11.31m



Chirside Homemaker Centre



Mildura Homemaker Centre



The MPG Bulky Goods Retail Trust contains three Homemaker Centres located in Chirside Park (Vic), Mildura (Vic) and Browns Plains (QLD).

We are pleased to confirm that the Browns Plains property was settled in May 2022 for \$11.31m and we welcome new tenants: Petbarn, Greencross Vets and Fernwood Fitness to the Trust.

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

The 17,323 sqm (GLA) Mildura Homemaker Centre consists of 14 tenancies including: Fantastic Furniture,

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

The team at MPG have been busy rolling over leases for The Salvation Army at the Mildura Homemaker Centre and JB Hi-Fi at the Chirside Homemaker Centre for further five year terms.

The Trust has recently reached agreement to acquire a brand new 4,198 sqm large format centre located in Dubbo NSW with tenants including: Total Tools, Fantastic Furniture and OMF with settlement expected in early December 2022.

The Trust was reviewed by Core Property and achieved a "Recommended Rating"

which shows the strong quality of the underlying portfolio and income returns to investors.

The properties contained in the Trust are 100% occupied with a 3.30 year weighted average lease term. The Trust remains open for investment and the current PDS can be downloaded from the MPG website.

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MPG Retail Brands Property Trust

This Trust contains a diversified portfolio of nine quality retail properties and associated investments tenanted by some of Australia's best-known retail brands such as: Bunnings, Coles, Woolworths and Kmart.

We are pleased to confirm that the Trust has settled the purchase of a new neighbourhood shopping centre located in Sarina, QLD for \$13 million. This property is leased to brand name tenants that include: Woolworths, Subway, Cellarbrations and Terry White Chemist amongst others.

The team have been working hard on lease renewals and valuations during the June quarter and we are pleased to provide the following updates.

At Beaudesert Central, Star Grill and Kebabs has commenced their seven year lease and is proving very popular with its customers. Subway has also taken up



Sarina Village settled for \$13 million

their option for a further five year lease term. Following this leasing activity, the property was independently revalued to \$20.3 million from \$17.5 million previously.

Expert Cosmetics which provides beauty and cosmetic services has leased

the remaining vacant space at Village Lakeside Pakenham for a three year term and is currently fitting out the new premises.

At Sarina Shopping Centre, the property was recently independently revalued upwards to \$14.3 million from \$13 million previously, which was a strong increase in the short time the property has been held.

At Rocks Central, Blooms the Chemist has doubled its leased space by 159 sqm and has entered into a new 10 year lease.

Nambour was revalued upwards from \$6 million to \$6.4 million during the period, which was a strong improvement.

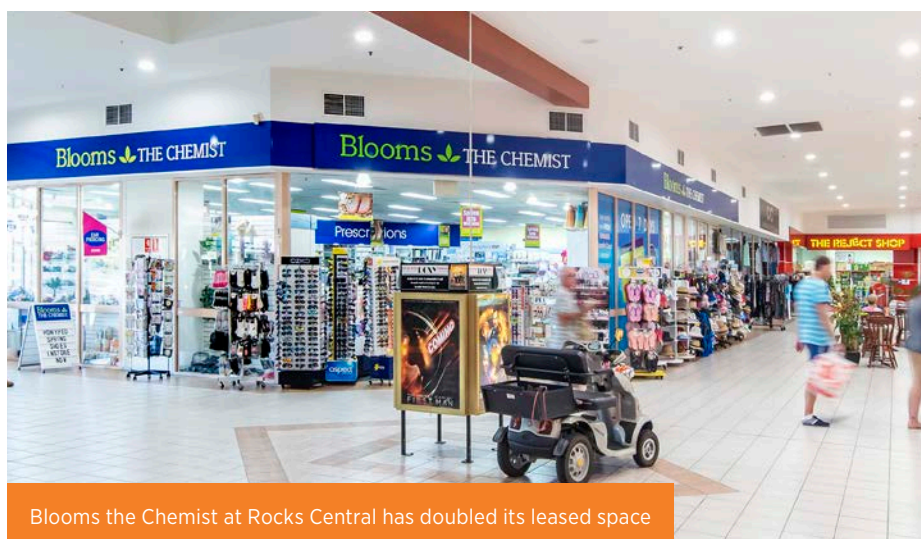
All other properties in the Trust are performing to expectations.

The distribution for the June 2022 quarter was 1.8125 cents per unit, which achieves the forecast distribution of 7.25% for the full financial year.

The Trust rollover nomination process closed on 30 September 2022. For those investors wishing to exit at this point, we are currently determining the exit price which will be based on the 30 June 2022 audited financial statements less anticipated selling costs.



Beaudesert Central Shopping Centre valued at \$20.3 million



Blooms the Chemist at Rocks Central has doubled its leased space

MPG Essential Services Property Trust

The MPG Essential Services Property Trust (formerly the MPG Regional Cities Property Trust) was established during 2018 and has quickly grown to hold over \$213 million of assets.

The team at MPG have been busy rolling over existing leases and integrating new acquisitions into the portfolio.

We are pleased to confirm the settlement of five new properties located in Bendigo (VIC), Ballina (NSW), Seaford Meadows (SA), Yarrowonga (NT) and Tarneit (VIC).

The 1,252 sqm Bendigo property is a modern two story purpose built office that was constructed in 2015 and fully leased to the Victorian State Government (Centre Against Sexual Assault).

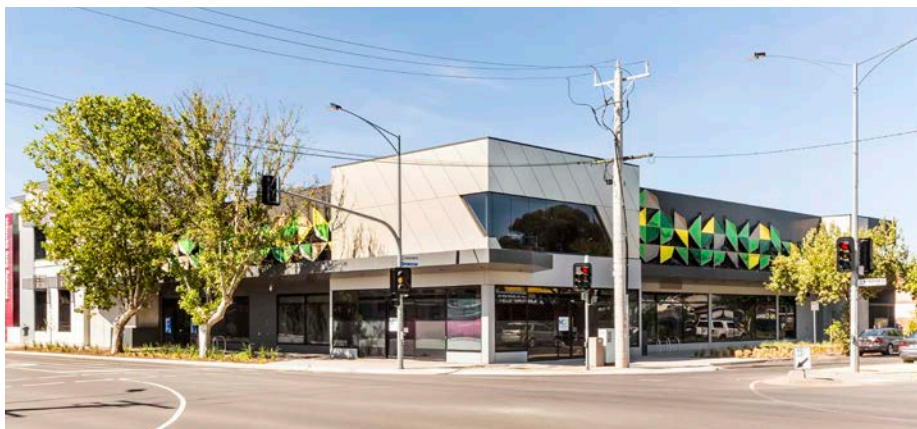
The 1,300 sqm Ballina property is an established single level government office building leased to the Australian Government (Centrelink and Medicare) located in a growing region of coastal NSW.

The 523 sqm Seaford Meadows property is fully leased to Services SA and local MP Chris Picton. Service SA is the South Australian Government's vehicle and recreational boating licensing body.

The 811 sqm Tarneit property is a recently constructed Childcare Centre and is leased to Aspire Early Education for a term of 15 years. It is located in a busy new residential housing estate close to public transport.

The 1,818 sqm Yarrowonga property is a state of the art youth training facility purpose built and leased to the Northern Territory Government for a ten year term. The facility delivers trade industry programs to middle and senior secondary students and consists of administrative offices, hospitality dining room, commercial kitchen, workshops, classrooms, end of trip facility and other amenities.

We are also pleased to announce the acquisition of a new 2,626 sqm Victorian Government property located in Shepparton (Vic) with tenants including the Department of Justice and Court Services Australia. The property is due to settle in December 2022.



New acquisition, Department of Justice (Shepparton, VIC)



New acquisition, Palmerston Youth Training (Yarrowonga, NT)



New acquisition, Aspire Early Education (Tarneit, VIC)

On the leasing front we are pleased to announce that Centrelink (Moree and Wallsend), Tedd Noffs Foundation, Youth Justice, Designer for Life, and The Department of Child Safety have rolled over their leases for further terms.

On the maintenance side we have been busy upgrading the roofs at Woodridge, Hervey Bay and Wallsend and have also installed solar upgrades at Woodridge and Toowoomba.

We are pleased to confirm that the Trust achieved its forecast distribution of 7.05% in FY22.

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MPG Hardware Trust



The MPG Hardware Trust consists of a stand-alone Bunnings Warehouse located in Wonthaggi (VIC).

The Bunnings store continues to trade strongly as people continue to work from home and focus on home improvements.

Bunnings has recently exercised their option to extend the lease for a further five year term. However it also has a right of early termination of the lease with nine months' written notice.

The Trust has achieved its forecast cash return of 8.00% for the year ended 30 June 2022, which is also the targeted cash return to investors for the year ending 30 June 2023.¹

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).

Due to favourable market movements in the sale of comparable properties, the NTA of the Trust has increased from \$1.67 to \$2.20 per unit as at 30 June 2022.

The Trust has achieved a cash return of 7.35% for the year ended 30 June 2022, and is also targeting a cash return to investors of 7.35%¹ for the year ending 30 June 2023.

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 Trust has proven to be a strong performer with an annual average return of 33.7% per annum since inception.

The Bunnings Warehouses at Bundaberg and Blacktown continue to

perform to expectations.

Recent Directors' valuations have increased the value of both properties. Bunnings Blacktown increased from \$55m to \$66.75m and Bunnings Bundaberg increased from \$40.5m to \$59m which has resulted in the net tangible asset backing per unit increasing from \$1.97 to \$3.08 per unit.

The cash distribution return for the year ended 30 June 2022 was 9.25% which

exceeded the forecast of 9.00%. The forecast distribution for the year ending 30 June 2023 is anticipated to increase to 9.50%¹ per annum.

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Village Travel Centre Trust



Village Travel Centre

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

The Centre consisted of nine tenancies and was anchored by a Caltex petrol

station and other retail and fast food tenants such as: KFC, Subway, The Coffee Club and Bottlemart amongst others.

The Trust reached the end of its seven year fixed term and a decision was made to sell the asset.

After a successful on market sales campaign conducted by our independent sales agent, the property was successfully sold during the period with settlement occurring in August 2021.

The Trust was successfully woundup in October 2021.

MPG KM Trust



Kmart Port Macquarie

This Trust, which was available to Wholesale investors 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 has continued to trade strongly since opening in 2017. In accordance with the Lease, Kmart is responsible for the entire

Centre and coordinate the leasing of the specialty stores.

Based on the recent Independent Valuation of the property the value increased to \$36.2 million from \$35 million previously.

The forecast distribution of 8% was achieved for the year ended 30 June 2022 and we are pleased to confirm that

the forecast distribution for FY23 has been increased to 8.25%¹.

The increase in the NTA and increased distributions are a great result for all investors.

MPG Seaford Meadows Property Trust

This Trust which was available to Wholesale investors contains a 5,307 (GLA) sqm neighbourhood shopping centre located in Seaford Meadows in South Australia. The Centre consists of a full line Woolworths supermarket and 11 specialty tenants.

The surrounding residential community estate continues to grow with new housing developments and with the suburb welcoming hundreds of new residents. The resident population in the surrounding City of Onkaparinga increased by over 18% between 2016 and 2020.

We have seen this growth reflected in the increased Woolworths supermarket sales turnover and foot traffic counts at the Centre.

The team at MPG have been busy rolling over leases for Chemist Warehouse and Winter's Burgers for further five year terms.



We are also pleased to announce that the remaining vacant space of 141 sqm has been leased to dentist, Incredible Smiles for a seven year term. The centre is now fully let which is an important milestone.

The Trust rollover process was finalised in September 2022.

The cash return to investors for the year ended 30 June 2022 was in accordance with the previous guidance at 7%.

The property was recently independently valued at \$26.2 million which improved the NTA after estimated selling costs to \$1.15, which is a great result for investors.

MPG Tweed Hub Trust



Tweed Hub valued at \$54 million

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.

We are pleased to confirm that the centre is now fully let with Koan Lane Hair Studio (103 sqm) and Cyrus Rugs

(280 sqm) leasing the remaining vacant spaces at the centre.

We also successfully negotiated with gym operator, Club Active to renew their lease for a further five year term.

As a result of this leasing activity and the strong investment market the property was recently revalued upwards to \$54 million, which was a strong result.

The valuation increase, has resulted in the NTA of the Trust increasing to \$1.46 per unit from \$1.01 previously.

The Trust achieved its forecast return of 7.25% for the year ended 30 June 2022.

The forecast cash return to investors for the year ending 30 June 2023 is anticipated to be 7.25%¹.

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MPG BW Newstead Trust



This Trust which was available to Wholesale investors contains a two level 16,704 sqm Bunnings Warehouse facility with 1,682 sqm of additional specialty tenancies located in 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 has been trading strongly since opening in March 2019.

Due to strong investment markets, the NTA of the Trust increased to \$1.42 from

\$1.33 previously. This is a great result for all investors.

We are pleased to confirm that we have signed a Heads of Agreement for the 466 sqm vacancy previously covered by rental guarantee, the details of which we will announce once the lease has been signed and the fitout has commenced.

The cash distribution for the year ended 30 June 2022 met the forecast return of 6.00%. Due to the expiration of the rental guarantee at 30 June 2022 and lease incentives provided for the new tenant, it is likely that the forecast distribution for the year ended 30 June 2023 will be temporarily reduced until the new lessee on the previous vacant space commences paying rent.



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MPG BW Port Macquarie Trust



Bunnings at Oxley Corner

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.

We are pleased to confirm that Beacon Lighting commenced trading at the

centre during the year and continues to perform above expectations.

Due to a strong investment market for Bunnings anchored stores, the Directors' valuation of the property increased from \$50.3 million to \$59.2 million and the NTA backing increased from \$1.13 to \$1.57 per unit. This is a great result for all

investors.

The Trust has achieved its forecast cash return of 6.10% for the year ended 30 June 2022. The targeted cash return to investors for the year ending 30 June 2023 is 6.10%¹.

MPG BW Trust 2



Bunnings Bundamba

This Trust which was available to Wholesale investors contains a Bunnings Warehouse property located in Bundamba, (Ipswich, QLD).

As a result of a recent valuation the NTA of the Trust has increased from \$2.08 to \$2.86 per unit.

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

The Trust continues to be a strong performer. The cash distribution for the year ended 30 June 2022 was 9.50%. The distribution for the year ending 30 June 2023 is forecast to be 9.50%¹ which is a great outcome for all investors.

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MPG BW Rockhampton Trust



Bunnings at Rockhampton Place



Rockhampton Place welcomes King Kong Sales

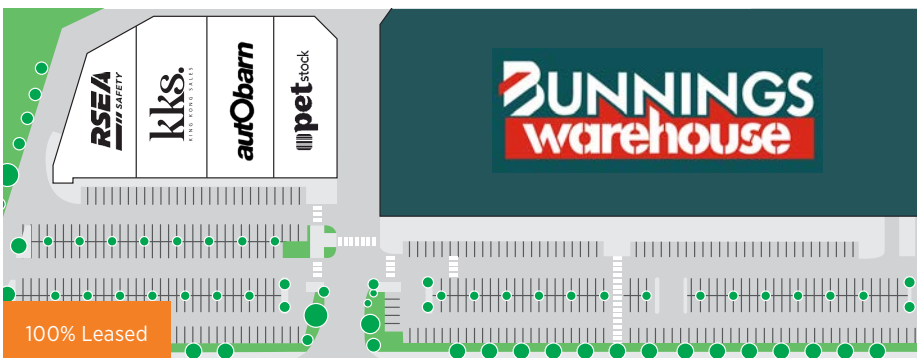
This Trust which was available to Wholesale investors contains a 13,242 sqm Bunnings warehouse facility, with 4,268 sqm of large format tenancies. The property is located in the growing region of Rockhampton in Queensland.

We are pleased to welcome King Kong Sales who have leased the remaining 1,192 sqm space that was vacated by Freddy's Fishing in February 2022.

King Kong Sales is a Discount Variety Store that provides an extensive range of homewares, gift and lifestyle products at affordable prices. They have seven stores in Queensland and we welcome them to Rockhampton Place. The property is again fully let.

The property was revalued to \$57.4 million during the period which has seen the NTA increase to \$1.34 per unit, which is a great result for investors.

The Trust has achieved its forecast cash return of 6.50% for the year ending 30 June 2022. Due to leasing incentives for the new tenant the targeted cash return to investors for the year ending 30 June 2023 will be temporarily reduced to 6.10%¹.



100% Leased



Rockhampton Place

Looking for Investment Opportunities?



MPG Essential Services Property Trust

Diversified portfolio of Essential Service Government and Social Infrastructure properties

- Predominantly government tenants (currently 88%)
- 6.75%¹ pa forecast cash return paid quarterly
- Potential for capital growth over the investment term
- 21 properties
- Highly tax-deferred income with strong depreciation and capital allowances



MPG Bulky Goods Retail Trust

- Diversified portfolio of 3 Large Format Retail properties
- Anchor tenants include well known brand names JB Hi-Fi, Anaconda, Rebel Sport, Nick Scali, Fantastic Furniture and Chemist Warehouse amongst others
- Forecast cash return 6.25% pa¹ paid quarterly
- High levels of tax-deferred income

Both trusts are open to retail investors with a minimum investment of only \$10,000.

For further information please download and consider the Target Market Determination and the PDS from www.mpgfm.com.au or email us at invest@mpgfm.com.au to request a copy.



Staff Profile: Samantha Murphy

We are delighted to welcome Samantha as our Head of Property.

Samantha is responsible for leading the MPG property team and overseeing our extensive property portfolio, which now consists of over 219 individual tenancies.

Having previously worked at a number of well known agencies, Samantha brings a wealth of experience and we are excited to add Samantha's personal touch to the MPG portfolio of properties.

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The information contained in this update is general financial advice only and has been prepared without taking into account your investment needs or objectives. Before making any investment decision you should consult your financial adviser and read the Product Disclosure Statement or Information Memorandum and Target Market Determination in its entirety. Should you no longer wish to receive information from us, please call us on 1300 668 247 or write to us at the above. 1. Forecasts contained in this update are estimates only and are not guaranteed to occur. Please refer to the PDS or IM for the relevant Trust for assumptions relating to the forecasts.

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