

# Target Market Determination – For MPG Essential Services Property Trust (formerly the MPG Regional Cities Property Trust)

## About this document

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of the design and distribution arrangements of MPG Funds Management Ltd (**MPG**) for the product.

This document is **not** a product disclosure statement and is **not** a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (**PDS**) for the MPG Essential Services Property Trust (**Trust**) before making a decision whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions, which supplement this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained at [www.mpgfm.com.au](http://www.mpgfm.com.au).

## Target Market Summary

The Trust is likely to be appropriate to retail investors (such as Self-Managed Superannuation Funds, Private Investors and Retirees) seeking regular and stable income distributions with tax benefits and the potential for capital growth from commercial property investments within a portfolio who can tolerate certain risks of uncertain or irregular income distribution from the Trust as disclosed in this TMD. Further, the Trust is likely to be appropriate where the investor has a medium or long-term investment timeframe, medium risk/return profile and is aware that they are unable to access capital until at least 1 January 2026.

## Trust and Issuer identifiers

Issuer or MPG	MPG Funds Management Ltd
Issuer ABN	81 102 843 809
Issuer AFSL	227114
Trust	<b>MPG Essential Services Property Trust (formerly the MPG Regional Cities Property Trust)</b>
ARSN	160 633 205
APIR Code	MFM5247AU
ISIN Code	AU60MFM52478
Date TMD approved	1/1/2024
TMD Version	Version 1.02
TMD Status	Current

The Trust is governed by a Trust Constitution as summarised on pages 59-61 of the PDS and assets in the Trust are held by an Independent Custodian as described on page 34 of the PDS.

## Description of Target Market

This part is required under section 994B(5)(b) of the Act.

### TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market	Potentially in target market	Not considered in target market
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### Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

### Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High* or *Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes	TMD Indicator	Product description including key attributes
<b>Consumer's investment objective</b>		
Capital Growth	In target market	The Trust aims to provide investors with income distributions and potential capital growth through its investment portfolio of well-branded retail and commercial property and other incidental investments.
Capital Preservation	Potentially in target market	

Consumer Attributes	TMD Indicator	Product description including key attributes
Capital Guaranteed	Not considered in target market	
Income Distribution	Potentially in target market (provided that the Investor can tolerate the specific risks of uncertain or irregular income distributions).	<p>Investors may apply for Ordinary Units in the Trust by completing the Application Form at the back of the PDS. If an Investor's Application is accepted, in return for their Application Money, they will be allotted Ordinary Units in the Trust at the discretion of the Responsible Entity, which entitle them to pro-rata distributions of the net property income of the Trust in proportion to their total unitholding. Distributions are intended to be paid to investors by the Trust on a quarterly basis.</p> <p>MPG intends to make distributions to Unitholders on a quarterly basis in arrears or such other time as MPG is permitted to do so under the Constitution.</p> <p>The Trust is designed for retail investors seeking regular and stable income returns with tax benefits and the potential for capital growth who are able to tolerate the specific risks of uncertain or irregular income distributions from the Trust. Such risks include:</p> <ul style="list-style-type: none"> <li>- If there are significant tenant vacancies or defaults, this may adversely impact distributions from the Trust;</li> <li>- Where there are significant failures by tenants to pay rent, this may adversely impact distributions from the Trust;</li> <li>- If there are any interest rate increases, then this is likely to reduce the rate of distributions from the Trust; and</li> <li>- If there is a significant downturn in Australia's property market, adverse changes to retail tenancies regulations or adverse market conditions for key tenants, then this may decrease the income of the Trust.</li> </ul> <p>Further, MPG's focus on acquiring commercial properties in areas with long-term population growth presents the potential for future asset price appreciation and</p>

Consumer Attributes	TMD Indicator	Product description including key attributes
		may result in the capital growth of the Trust's NTA and an investor's investment in the Trust.
<b>Consumer's intended product use (% of Investable Assets)</b>		
Solution/Standalone (50-100%)	Not in target market	The Trust intends to invest 90% -100% in a diversified portfolio of Essential Government Services and Social Infrastructure Properties with up to 10% of the Trust invested in incidental investments, which may include: cash, fixed interest or listed property securities.  Investors should use the Trust as a Satellite / small allocation to spread risk across a broad portfolio of investments up to a Core Component allocation.  An investment in the Trust is not appropriate for Investors looking to invest anything more than a Core Component of their portfolio in the Trust.
Core Component (25-50%)	Potentially in target market	
Satellite/small allocation (<25%)	In target market	
<b>Consumer's investment timeframe</b>		
Short	Not considered in target market	The Trust has fixed investment terms.
Medium	In target market	This investment in the Trust should be viewed as a Medium to Long term investment with a remaining investment term of two years from 30 June 2023 (i.e. 1 July 2025) at which time Investors will be provided with an opportunity to hold, sell or rollover their Ordinary Units in the Trust for a further seven-year term as outlined on page 36 of the PDS.  Based on the above, the Trust is appropriate for an Investor who has an investment timeframe of at least two years or longer.
Long	In target market	
<b>Consumer's Risk (ability to bear loss) and Return profile</b>		
Low	Not considered in target market	The Trust is appropriate for investors who may tolerate Medium risk (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5) and

Consumer Attributes	TMD Indicator	Product description including key attributes
Medium	In target market	<p>can tolerate specific risks of uncertain or irregular income distributions from the Trust. Such risks include:</p> <ul style="list-style-type: none"> <li>- If there are significant tenant vacancies or defaults, this may adversely impact distributions from the Trust;</li> <li>- Where there are significant failures by tenants to pay rent, this may adversely impact distributions from the Trust;</li> <li>- If there are any interest rate increases, then this is likely to reduce the rate of distributions from the Trust; and</li> <li>- If there is a significant downturn in Australia's property market, adverse changes to retail tenancies regulations or adverse market conditions for key tenants, then this may decrease the income of the Trust.</li> </ul> <p>However, the forecast returns, as outlined on page 44 of the PDS, are estimates only based on the assumptions contained on pages 46-49 and are not guaranteed to occur. In particular, there are certain risks that may impact the ability of the Trust to provide stable and regular income and capital growth which include:</p> <ul style="list-style-type: none"> <li>- the Trust's use of leverage in purchasing commercial property; and/ or</li> <li>- the Trust's investment in a single asset class (commercial properties) that may decline in value.</li> </ul> <p>These specific risks, and how MPG manages such risks, are disclosed on pages 55-58 of the PDS.</p>
High	In target market	
Very High	In target market	
<b>Consumer's need to withdraw money</b>		
Daily	Not considered in target market	The Trust has a remaining investment term of two years from 30 June 2023.

Consumer Attributes	TMD Indicator	Product description including key attributes
Weekly	Not considered in target market	It is not likely that investors will be able to redeem their interests prior to the expiry of the term.  Investors will be notified of their opportunity to redeem their interests in the Trust approximately six months before the end of the investment term (being 1 January 2025). It may take a further 12 months from the date of notification for an investor to exit the Trust.  Based on the above, the target market for the Trust is limited to investors who are unable to withdraw from the Trust until 1 January 2026.
Monthly	Not considered in target market	
Quarterly	Not considered in target market	
Annually	Not considered in target market	
On or after 1 January 2026	In target market	

## Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

## Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act.

The units in the Trust are designed to be distributed by MPG directly or through authorised third party distributors who are authorised representatives of licensed financial planning and/or accounting groups or those investors known directly by MPG.

MPG distributes the PDS for the Trust electronically through its own website [www.mpgfm.com.au](http://www.mpgfm.com.au), or in hard copy in response to requests made directly to MPG. MPG will ask potential investors to go through a series of questions, either on the phone or online. These questions include seeking information in respect of the potential investor's investment objectives, risk profile, investment timeframe and withdrawal needs. Using this information, MPG provides informed and investor specific feedback as to whether the potential investor may be within the target market. Further, the responses to the questions enable MPG to filter out those potential investors who are outside the target market and the Trust will not be made available to those investors excluded through this process.

MPG maintains a register of authorised third party distributors to distribute the product.

Each of the authorised third party distributors have undergone training in respect of the Trust and the Trust's target market and who have demonstrated knowledge, competence and experience in respect of the Trust and the Trust's target market are able to promote and distribute this product. Further, each of the authorised third party distributors is required to confirm and acknowledge, in writing, that they have reviewed and considered this TMD against each potential investor's needs, objectives and financial situation when distributing this product to that investor. MPG retains each of these written acknowledgements prior to accepting the subscriptions from those investors.

## Review of TMD

<p><b>Review triggers</b></p> <p>This part is required under section 994B(5)(d) of the Act.</p> <p><i>Where a review trigger has occurred, this target market determination will be reviewed within 10 business days of becoming aware of any such trigger or event.</i></p>
Material change to key attributes, fund investment objective and/or fees.
Any distribution conditions are found to be inadequate
External events such as adverse media coverage or regulatory attention
Material deviation from benchmark / metrics/ objective over sustained period.
Key attributes have not performed as disclosed by a material degree and for a material period.
Determination by the issuer of an ASIC reportable Significant Dealing.
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
The use of Product Intervention Powers, regulator orders or directions that affects the product.

<p><b>Mandatory review periods</b></p> <p>This part is required under section 994B(5)(e) and (f) of the Act.</p>	
<b>Review period</b>	<b>Maximum period for review</b>
Initial review	Within 12 months of the effective date.
Subsequent review	Within 12 months from the initial review.



<b>Distributor reporting requirements</b>		
This part is required under section 994B(5)(g) and (h) of the Act.		
<b>Reporting requirement</b>	<b>Reporting period</b>	<b>Which distributors this requirement applies to</b>
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following end of calendar quarter.	All distributors
Significant dealing outside of target market, under s994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All distributors

Distributors must report to the Issuer via [invest@mpgfm.com.au](mailto:invest@mpgfm.com.au).

# Definitions

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The consumer seeks to invest in a product to reduce volatility and minimise loss in a market downturn. The consumer prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products.
Income Distribution	The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
<b>Consumer's intended product use (% of Investable Assets)</b>	
Solution/Standalone (50-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below).
Core Component (25-50%)	The consumer intends to hold the investment as a major component of up to 50%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least Medium <i>portfolio diversification</i> (see definitions below).
Satellite (<25%)	The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.

Term	Definition
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
Low	Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).
<b>Consumer's intended investment timeframe</b>	
Short	The consumer has a short investment timeframe and intends to redeem prior to the date six months after the end of the remaining investment term (i.e. prior to 1 January 2026).
Medium	The consumer has a medium investment timeframe and intends to redeem six months after the end of the remaining investment term (i.e. 1 January 2026)
Long	The consumer has a long investment timeframe and intends to redeem six months after the end of the remaining investment term (i.e. 1 January 2026).
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
Low	The consumer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile. Consumer typically prefers defensive assets such as cash and fixed income.
Medium	The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile. Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
High	The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile. Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.

Term	Definition
Very high	<p>The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
<b>Consumer's need to withdraw money</b>	
Daily/Weekly/Monthly/Quarterly/Annually, on or after 1 January 2026	The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.
<b>Distributor Reporting</b>	
Significant dealings	<p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p> <p>The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes),</li> <li>• the actual or potential harm to a consumer (which may be indicated by the value of the consumer's investment, their intended product use or their ability to bear loss), and</li> <li>• the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the consumer).</li> </ul> <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p>

Term	Definition
	<ul style="list-style-type: none"><li>• it constitutes more than half of the distributor's total retail product distribution conduct in relation to the product over the reporting period,</li><li>• the consumer's intended product use is <i>Solution / Standalone</i>, or</li><li>• the consumer's intended product use is <i>Core component</i> and the consumer's risk (ability to bear loss) and return profile is <i>Low</i>.</li></ul>