

MPGfunds
management

®

ACN: 102 843 809 AFSL:227114

The MPG BW Trust was successfully rolled over in February 2020.

MPG INVESTMENT UPDATE

MPG BW Trust 2



Bunnings Warehouse at Bundamba, QLD.

We are pleased to provide you with an update to the Information Memorandum (IM) of the MPG BW Trust 2 (Trust) dated 28 November 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.

Bunnings Bundamba

Cnr Agnes and Mining Streets, Bundamba, Ipswich, QLD.

We are pleased to confirm that the MPG BW Trust 2 was successfully rolled over in February 2021.

We welcome new investors to the Trust and thank those investors who have increased their holdings. We would also like to wish those investors who have exited the Trust at this point all the best with their future investment journey.

For those Unitholders that invested at inception and chose to exit at the rollover, they have enjoyed a six-year total return of \$2.34 for their initial \$1.00 invested constituting of a total distribution of \$0.46 and the final Withdrawal Price of \$1.88 per unit. This is an outstanding total return for investors and compares favorably to similar property Trusts over the same period.

The Withdrawal Price of \$1.88 was determined based on the Net Tangible Asset Backing of the Trust at 31 December less anticipated selling costs.

The Net Tangible Asset Backing of the Trust was based on the Independent Valuations of the properties undertaken in the final quarter of 2020. Bunnings Bundamba was independently valued at \$47,500,000 using a capitalisation rate of 5.29%

This shows a significant increase on the Independent Values at inception being originally \$37,250,000 representing a \$10,250,000 increase in Independent Value.

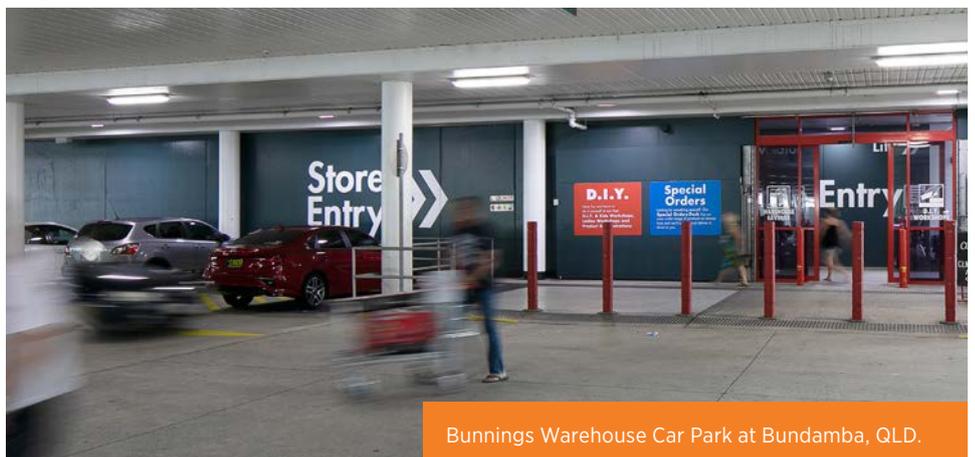
An interim distribution was also paid to Investors from 1 January 2021 to the

date of rollover representing the pro-rata distribution of profits for the period.

We are pleased to report that the Bunnings Bundamba property continues to trade successfully since opening in 2016, is 100% leased and is in good repair.

The distribution for the year ending 30 June 2021 is forecast to increase slightly to \$0.0825 cents per unit.

Thanks for your investment in the MPG BW Trust 2.



Bunnings Warehouse Car Park at Bundamba, QLD.

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 is currently 40% 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 Ratio for the period to 31 December 2020 was 3.21 times calculated by dividing EBITDA (earnings before interest, tax, depreciation and amortisation) by the interest expense for the half-year ended 31 December 2020.

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 timeframe 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 interests in the Trust.

The Trust currently has borrowings of \$19,400,000. This loan 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 covenant of the loan is 65% of the value of the property and the Interest Cover Ratio covenant is 2.0 times. MPG confirms that the current borrowings of the Trust are 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 debt is not due for repayment until January 2022 with 100% of the debt hedged under a swap arrangement that expires in June 2022.

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 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 Bundamba property was completed in April 2016. The property in this Trust is 100% occupied and has a weighted average lease expiry of 7.23 years. The property is located in Bundamba Queensland.

The recent independent valuation, prices Bunnings Bundamba at \$47.50 million.

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 50 of the IM.

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 Trust Deed. Anticipated distributions for future periods will be sourced from net Trust income. The distribution for the year ending 30 June 2021 is anticipated to be \$0.0825 cents per unit.

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 11 of the IM. The MPG BW Trust 2 will rollover in the December quarter 2020.

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) / number of Units on issue.

Based on the most recent unaudited financial statements as at 31 December 2020, the NTA is \$1.95 cents per unit.