

**MPG**funds  
management

®

ACN: 102 843 809 AFSL:227114

# MPG INVESTMENT UPDATE

## MPG Hardware Trust

Distributions  
will recommence  
after the first  
quarter of FY26

We are pleased to provide you with an update to the Information Memorandum (IM) of the MPG Hardware Trust (Trust) dated 8 August 2011. 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.

The MPG Hardware Trust consists of a stand-alone, large format property located in Wonthaggi (VIC). The site has recently been converted from a Bunnings store to four large format tenancies and has been rebranded Wonthaggi Lifestyle Centre.

We are pleased to announce that Super Cheap Auto, BCF, Forty Winks and Choice The Discount Store have all started trading. The tenants are very happy with their space and business is trading well. Customers are also enjoying the new offerings in town.

The forecast distributions for the financial year ended 30 June 2026 is 6.00<sup>1</sup> cents per unit. We are pleased to inform you that the Trust will commence paying distributions again at the end of the September 2025 quarter.



As part of MPG's best practice policy we have set out six benchmarks and eight disclosure principles which, if followed, we believe 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 once a year. Updated information will be available at [www.mpgfm.com.au](http://www.mpgfm.com.au).

## 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 investors should weigh up against the Trust's rate of return.

The Loan Value Ratio for the Trust for the purposes of Bank Covenant Reporting is 54% based on the unaudited financial statements at 30 June 2025.

## 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 of the Trust is 2.84 times based on the latest unaudited management accounts at 30 June 2025 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 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 \$6,600,000 and 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 covenants of the loan are 60% of the value of the properties and the Interest Cover Ratio covenant is 2.0 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 Trustee this will trigger a default event and the loan may be immediately due and payable to the lender.

## 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 Wonthaggi property was originally completed in June 2012 and underwent a complete redevelopment in 2025. The tenants of the Trust are Super Cheap Auto, BCF, Forty Winks and Choice the Discount Store.

The most recent Independent Valuation of the property is \$12,250,000 dated September 2024. The Directors' Valuation as at 30 June 2025 is \$12,250,000.

## 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 40 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. Distributions in this Trust were suspended until completion of the construction works and commencement of the leases. We will commence paying distributions again at the end of the first quarter for the financial year ended 30 June 2026, The forecast distributions for the financial year ended 30 June 2026 is 6.00' CPU.

## 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 seven years with the exit mechanism as outlined on page 11 of the IM. The MPG Hardware Trust will rollover in the March quarter 2026.

## 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 unaudited financial statements as at 30 June 2025, the provisional NTA of the Trust is at \$0.95 per unit.