MPG Bulky Goods Retail Trust

Financial Report 30 June 2023

Responsible Entity
MPG Funds Management Ltd
ACN 102 843 809
ARSN 105947199

Contents

Front cover image: Dubbo Homemaker Centre, NSW

Chirnside Homemaker Centre, Vic

MPG funds management®

Directors' report

The directors present their report, together with the financial statements, on the Registered Scheme for the year ended 30 June 2023.

Principal activities

The Registered Scheme is domiciled in Australia and was formally established on 28 May 2004.

The principal activity of the Registered Scheme is to invest funds in accordance with its investment objectives and guidelines as set out in the product disclosure statement (Product Disclosure Statement) dated 24 May 2005 and in accordance with the provisions of the constitution (Constitution) and compliance plan (Compliance Plan) of the Registered Scheme.

The Constitution authorises investments by the Responsible Entity in property and rights at its absolute discretion. The Registered Scheme had no employees during the year.

Distributions

Distributions were paid and declared at a rate of 18.47 cents per unit (2022: 8.00 cents).

Review of operations

The profit for the Registered Scheme amounted to $1,674,348 (30 June 2022: $23,285,174).

The net assets per unit at 30 June 2023 were $3.34 (2022: $3.43).

The key highlights for the year include:

- Cash distributions were paid at a rate of 18.47 cents per unit.
- Acquisition of investment property located in Dubbo NSW.
- Property valuations decreased by $925,891.
- The Registered Scheme complied with all bank covenant requirements.

The properties contained in the Trust are 100% occupied.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Registered Scheme during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Registered Scheme's operations, the results of those operations, or the Registered Scheme's state of affairs in future financial years.

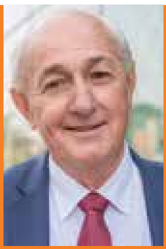
Likely developments and expected results of operations

The Registered Scheme will continue to be managed in accordance with the provisions of the Constitution, Compliance Plan and Product Disclosure Statement. Future results will accordingly depend on the performance of the markets to which the Registered Scheme is exposed.

Environmental regulation

The Registered Scheme complied with all environmental regulations during the course of the financial year.

Directors’ report cont.



Mr Trevor R Gorman

Title: Chairman, Director (Property)

Qualifications: FCA

Experience & expertise: Over 50 years accounting, taxation & property experience

Mr Michiel E Paulsen

Title: Non-Executive Director (Funds Management)

Qualifications: Chartered Institute of Secretaries & Administrators

Experience & expertise: Over 50 years financial services industry experience

Special responsibilities: Chairman of Compliance Committee

Mr Brett A Gorman

Title: Company Secretary/Director (Finance, Administration and Funds Management)

Qualifications: CA, FFin, B.Com, Grad Dip App Fin & Invest

Experience & expertise: Over 30 years accounting, taxation & corporate finance experience

Indemnity and insurance of officers

During the financial year, the Registered Scheme paid a premium in respect of a contract to insure the directors and executives of the Registered Scheme against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the Responsible Entity or of any related body corporate against a liability incurred as such an officer.

Indemnity and insurance of auditor

The Registered Scheme has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Registered Scheme or any related entity against a liability incurred by the auditor.

During the financial year, the Registered Scheme has not paid a premium in respect of a contract to insure the auditor of the Registered Scheme or any related entity.

Proceedings on behalf of the Registered Scheme

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Registered Scheme, or to intervene in any proceedings to which the Registered Scheme is a party for the purpose of taking responsibility on behalf of the Registered Scheme for all or part of those proceedings.

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors’ report.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

T R Gorman
Director

2 October 2023, Melbourne.

Deloitte.

Deloitte Touche Tohmatsu
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Australia

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www.deloitte.com.au

28 September 2023

The Board of Directors
MPG Funds Management Ltd
Level 3, 2-6 Railway Parade
CAMBERWELL VIC 3124

Dear Board Members

Auditor's Independence Declaration to MPG Bulky Goods Retail Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of MPG Bulky Goods Retail Trust.

As lead audit partner for the audit of the financial report of MPG Bulky Goods Retail Trust for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Robert Collie
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
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Independent Auditor's Report
to the Unitholders of MPG Bulky Goods Retail Trust

Report on the Audit of the Financial Reports

Opinion

We have audited the financial reports of MPG Bulky Goods Retail Trust (the "Registered Scheme") which comprises the Registered Scheme's statements of financial position as at 30 June 2023, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial reports of the Registered Scheme are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Registered Scheme's financial position as at 30 June 2023 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Reports* section of our report. We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Registered Scheme (the "directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Registered Scheme's annual report for the year ended 30 June 2023, but does not include the financial reports and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Reports

The directors are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Registered Scheme to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Registered Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Scheme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Scheme to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Registered Scheme to express an opinion on the Registered Scheme financial report. We are responsible for the direction, supervision and performance of the Registered Scheme's audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Robert Collie
Partner
Chartered Accountants

Melbourne, 28 September 2023

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Registered Scheme's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Registered Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

T R Gorman
Director

2 October 2023, Melbourne.

Browns Plains, QLD

Statement of profit or loss and other comprehensive income

	Note	2023 $	2022 $
Revenue			
Rental income		6,405,135	5,733,524
Interest income		47,385	-
Net fair value gain on investment properties		-	20,165,511
Net fair value gain on derivative financial instruments		135,677	959,351
Total revenue		6,588,197	26,858,386
Expenses			
Finance costs	4	(2,632,233)	(1,079,829)
Administration		(479,684)	(787,153)
Property outgoings		(876,041)	(767,424)
Net fair value loss on investment properties		(925,891)	-
Property acquisition costs		-	(938,806)
Total expenses		(4,913,849)	(3,573,212)
Profit for the year		1,674,348	23,285,174
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,674,348	23,285,174

The above Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	5	418,170	4,704,235
Trade and other receivables	6	69,095	20,883
Total current assets		487,265	4,725,118
Non-current assets			
Derivative financial instruments	7	882,090	746,414
Investment properties	8	109,570,000	96,500,000
Other	9	878,049	887,812
Total non-current assets		111,330,139	98,134,226
Total assets		111,817,404	102,859,344
Liabilities			
Current liabilities			
Trade and other payables	10	980,695	560,033
Borrowings	11	60,016,412	-
Other	12	225,155	94,728
Total current liabilities		61,222,262	654,761
Non-current liabilities			
Borrowings	13	536,652	52,703,103
Total non-current liabilities		536,652	52,703,103
Total liabilities		61,758,914	53,357,864
Net assets		50,058,490	49,501,480
Unitholder funds			
Issued capital	14	14,113,554	12,521,679
Retained profit	15	35,944,936	36,979,801
Total unitholder funds		50,058,490	49,501,480

The above Statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity

	Issued capital $	Retained profits $	Total unitholder funds $
Balance at 1 July 2021	17,904,446	14,996,376	32,900,822
Profit for the year	-	23,285,174	23,285,174
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	23,285,174	23,285,174
Transactions with unitholders in their capacity as unitholders:			
Unit allotments	3,831,676	-	3,831,676
Unit redemptions	(9,137,810)	-	(9,137,810)
Issue costs	(76,633)	-	(76,633)
Distributions paid (note 16)	-	(1,301,749)	(1,301,749)
Balance at 30 June 2022	12,521,679	36,979,801	49,501,480

	Issued capital $	Retained profits $	Total unitholder funds $
Balance at 1 July 2022	12,521,679	36,979,801	49,501,480
Profit for the year	-	1,674,348	1,674,348
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,674,348	1,674,348
Transactions with unitholders in their capacity as unitholders:			
Unit allotments	1,878,995	-	1,878,995
Issue costs	(287,120)	-	(287,120)
Distributions paid (note 16)	-	(2,709,213)	(2,709,213)
Balance at 30 June 2023	14,113,554	35,944,936	50,058,490

The above Statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows

	Note	2023 $	2022 $
Cash flows from operating activities			
Rental receipts (inclusive of GST)		7,150,669	5,519,368
Payments to suppliers (inclusive of GST)		(2,011,773)	(2,019,438)
Interest received		47,385	-
Interest and other finance costs paid		(2,366,363)	(1,064,078)
Net cash from operating activities	23	2,819,918	2,435,852
Cash flows from investing activities			
Payments for property acquisition costs		-	(938,806)
Payments for investment property		(13,995,891)	(11,334,489)
Net cash used in investing activities		(13,995,891)	(12,273,295)
Cash flows from financing activities			
Proceeds from issue of units	14	1,878,995	3,831,676
Proceeds from bank borrowings		7,150,000	21,075,000
Repayment of related party borrowings		536,652	-
Payments for unit redemptions		-	(9,137,810)
Unit issue transaction costs		(287,117)	(76,633)
Distributions paid		(2,388,622)	(1,403,539)
Net cash from financing activities		6,889,908	14,288,694
Net increase/(decrease) in cash and cash equivalents		(4,286,065)	4,451,251
Cash and cash equivalents at the beginning of the financial year		4,704,235	252,984
Cash and cash equivalents at the end of the financial year	5	418,170	4,704,235

The above Statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

Note 1. General information

The financial statements cover MPG Bulky Goods Retail Trust as an individual entity. The financial statements are presented in Australian dollars, which is MPG Bulky Goods Retail Trust's functional and presentation currency.

MPG Bulky Goods Retail Trust is Registered Scheme, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Level 3
2-6 Railway Parade
Camberwell VIC 3124

A description of the nature of the Registered Scheme's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2 October 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New and revised Australian Accounting Standards on issue and effective

The Registered Scheme has adopted all of the new and revised Standards, Interpretations and Amendments issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the accounting period that begins on or after 1 July 2022. This was as follows:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments apply to annual periods beginning on or after 1 July 2022 and the entity has adopted these amendments for the first time in the current financial year.

There was no material impact to the financial statements as a result of the adoption of these amendments.

New and revised Australian Accounting Standards on issue but not yet effective

At the date of authorisation of the financial statements, the Registered Scheme has not applied the following new and revised Australian Accounting Standards, Interpretations and Amendments that have been issued but are not yet effective:

Effective for annual reporting periods beginning on or after 1 **January 2023**

- AASB 17 Insurance Contracts
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts

Effective for annual reporting periods beginning on or after **1 July 2023**

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

Effective for annual reporting periods beginning on or after **1 January 2024**

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

Notes to the financial statements

Note 2. Significant accounting policies (continued)

Effective for annual reporting periods beginning on or after **1 January 2025 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)**

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- AASB 2015-10 Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 and AASB 128.
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations, the Corporations Act 2001 and comply with other requirements of the law. The financial statements comprise standalone financial statements of the Registered Scheme. For the purposes of preparing the financial statements, the Registered Scheme is a for-profit entity. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Basis of preparation

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Registered Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Registered Scheme is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Registered Scheme: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Notes to the financial statements

Note 2. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Current and non-current classification

Assets and liabilities are presented in the Statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Registered Scheme's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Registered Scheme's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 14 days.

The Registered Scheme has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Registered Scheme. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Registered Scheme prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the financial statements

Note 2. Significant accounting policies (continued)

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

The Registered Scheme issues units which have a limited life under the Registered Scheme's constitution are classified as equity in accordance with AASB 9: Financial Instruments.

Should the terms or conditions of the units change such that they no longer comply with the criteria for classification as equity, the units would be reclassified to a financial liability in accordance with AASB 9: Financial Instruments from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

Where the Registered Scheme buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in equity attributable to the Registered Scheme's unitholders.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction from the proceeds.

Distributions

Distributions are recognised when declared during the financial year and no longer at the discretion of the Registered Scheme.

Notes to the financial statements

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

Fair value measurement hierarchy

The Registered Scheme is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Going Concern

As at 30 June 2023 the Registered Scheme had a net current asset deficiency of $60.73 million (2022: nil). This is due to the bank loan falling due on the 28 March 2024, however, the lenders confirmed to the directors that they are not aware of any reason why the loan will not be refinanced when it falls due. Accordingly, the financial statements have been prepared on a going concern basis as the Responsible Entity has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

Note 4. Finance costs

	2023 $	2022 $
Interest expense - bank loan	2,384,766	932,324
Interest expense - related party loan	13,168	-
Amortisation of borrowing costs	234,299	147,505
	2,632,233	1,079,829

Notes to the financial statements

Note 5. Current assets - cash and cash equivalents

	2023 $	2022 $
Cash at bank	418,170	4,704,235

Note 6. Current assets - trade and other receivables

	2023 $	2022 $
Trade receivables	69,095	20,883

All trade receivables are aged 30 days or less as at the balance date.

Note 7. Non-current assets - derivative financial instruments

	2023 $	2022 $
Interest rate swap contracts	882,090	746,414

Refer to note 18 for further information on fair value measurement.

Note 8. Non-current assets - investment properties

	2023 $	2022 $
Chirnside Homemaker Centre	55,500,000	57,500,000
Mildura Homemaker Centre	29,860,000	27,500,000
Browns Plains	10,850,000	11,500,000
Dubbo Homemaker Centre	13,360,000	-
	109,570,000	96,500,000

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2023 $	2022 $
Opening fair value	96,500,000	65,000,000
Additions	13,995,891	12,273,295
Revaluation increments / (decrements)	(925,891)	20,165,511
Property acquisition costs written-off	-	(938,806)
Closing fair value	109,570,000	96,500,000

Notes to the financial statements

Valuations of investment properties

The basis of the valuation of investment properties is fair value. The carrying value of investment properties is reviewed annually by the Directors. Investment property valuations are also assessed at least once every three years by independent valuers who are members of the Australian Property Institute and have recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. Investment properties have been classified as Level 3 in the fair value hierarchy.

Directors and independent valuations of investment properties are shown below:

Director's valuations

Property	Valuation date	Director's valuation
Chirnside HMC	30/06/2023	55,500,000
Mildura HMC	30/06/2023	29,860,000
Browns Plains	30/06/2023	10,850,000
Dubbo HMC	30/06/2023	13,360,000
		109,570,000

Independent valuations

Property	Valuation date	Independent valuation
Chirnside HMC	22/03/2022	57,500,000
Mildura HMC	31/03/2022	27,500,000
Browns Plains	20/01/2022	11,500,000
Dubbo HMC	28/11/2022	13,360,000
		109,860,000

Capitalisation rates from independent valuations for the above investment properties range between 5.25 and 6.00%.

Lessor commitments

Minimum lease commitments receivable but not recognised in the financial statements:

	2023 $	2022 $
1 year or less	5,544,000	5,922,000
Between 1 and 2 years	4,523,000	4,852,000
Between 2 and 3 years	3,607,000	3,828,000
Between 3 and 4 years	2,546,000	2,900,000
Between 4 and 5 years	1,125,000	1,825,000
Over 5 years	1,469,000	1,355,000
	18,814,000	20,682,000

Notes to the financial statements

Note 8. Non-current assets - investment properties (continued)

(a) Key sources of estimation uncertainty

Estimates of fair value of investment property

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available, the Directors' determine the property's value within a range of reasonable fair value estimates. In making its judgement, the Directors' consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

(iii) capitalised income projections based upon a property's estimated net market income, which is assumed to be a level annuity in perpetuity, and a capitalisation rate derived from analysis of market evidence. Reversions associated with short term leasing risks/costs, incentives and capital expenditure may be deducted from the capitalised net income figure.

Assumptions underlying the Directors' estimate of fair value of investment property

In determining the fair value, the capitalisation of net market income method has been used. This approach requires assumptions and judgements to be made in relation to the future receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. If such prices are not available, then the fair value of investment properties is determined using assumptions that are mainly based on market conditions existing at each balance date.

These valuations are regularly compared to market yield data, and transactions reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Note 9. Non-current assets - other

	2023 $	2022 $
Straight-line rental asset	878,049	887,812

Note 10. Current liabilities - trade and other payables

	2023 $	2022 $
Trade payables	81,416	157,906
Distribution payable	599,301	278,710
Interest payable	172,703	70,142
BAS payable	127,275	53,275
	980,695	560,033

Refer to note 17 for further information on financial instruments.

Notes to the financial statements

Note 11. Current liabilities - borrowings

	2023 $	2022 $
Bank loans	60,225,000	-
Unamortised borrowing costs	(208,588)	-
	60,016,412	-

Assets pledged as security

The bank loan is secured by a first mortgage over the Registered Scheme's land and buildings.

Note 12. Current liabilities - other

	2023 $	2022 $
Revenue received in advance	225,155	94,728

Note 13. Non-current liabilities - borrowings

	2023 $	2022 $
Bank loans	-	53,075,000
Unamortised borrowing costs	-	(371,897)
Related Party Loans	536,652	-
	536,652	52,703,103

The classification of the bank loan has been changed to Non-current as it falls due for repayment on the 28th March 2024.

Note 14. Unitholder funds - issued capital

	2023 Units	2022 Units	2023 $	2022 $
Ordinary units	14,982,628	14,421,734	14,982,628	14,421,734
Reserves	-	-	1,270,232	(47,867)
Issue Costs	-	-	(2,139,306)	(1,852,188)
	14,982,628	14,421,734	14,113,554	12,521,679

The Trust has established a formal process to allow unitholders to exit their investment which is made available at seven year intervals. The next opportunity for unitholders to exit under this process will made available during the quarter ended 30 June 2028.

Capital risk management

The Registered Scheme's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for unitholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the Statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Registered Scheme may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

The Registered Scheme is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged.

Notes to the financial statements

Note 15. Unitholder funds - retained profit

	2023 $	2022 $
Retained profit at the beginning of the financial year	36,979,801	14,996,376
Profit for the year	1,674,348	23,285,174
Distributions paid (note 16)	(2,709,213)	(1,301,749)
Retained profit at the end of the financial year	35,944,936	36,979,801

Note 16. Unitholder funds - distributions

Distributions paid during the financial year were as follows:

	2023 $	2022 $
September quarter of 5.24 cents (2021: 2.00 cents) per unit	754,978	380,500
December quarter of 5.24 cents (2021: 2.00 cents) per unit	756,239	332,164
March quarter of 4.00 cents (2022: 2.00 cents) per unit	598,696	310,375
June quarter of 4.00 cents (2022: 2.00 cents) per unit	599,300	278,710
	2,709,213	1,301,749

Note 17. Financial instruments

Financial risk management objectives

The Registered Scheme's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Registered Scheme's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Registered Scheme. The Registered Scheme uses derivative financial instruments to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Registered Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Registered Scheme and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Registered Scheme's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

Based on its activities the Trust has no exposure to currency risk.

Price risk

The Registered Scheme is not exposed to any significant price risk.

Interest rate risk

The Registered Scheme's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Registered Scheme to interest rate risk. Borrowings obtained at fixed rates expose the Registered Scheme to fair value interest rate risk. The policy is to maintain 50%-100% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary.

Notes to the financial statements

Note 17. Financial instruments (continued)

As at the reporting date, the Registered Scheme had the following variable rate borrowings outstanding:

	2023		2022	
	Weighted average interest rate %	**Balance $**	**Weighted average interest rate %**	**Balance $**
Bank loans - unhedged portion	6.13%	4,775,000	3.67%	37,625,000
Net exposure to cash flow interest rate risk		4,775,000		37,625,000

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Registered Scheme the bank loans outstanding, totalling $60,225,000 (2022: $53,075,000), are interest only payment loans. Monthly cash outlays of approximately $308,000 (2022: $162,000) per month are required to service the interest payments. An official increase/ decrease in interest rates of 100 (2022: 100) basis points would have an adverse/ favourable effect on profit before tax of $48,000 (2022: $376,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of $60,225,000 (2022: $53,075,000) are due during the year ending 30 June 2024 (2022: 30 June 2024).

	Basis points increase		Basis points decrease	
2023	**Basis points change**	**Effect on profit before tax**	**Basis points change**	**Effect on profit before tax**
Bank loan - unhedged portion	100	48,000	100	(48,000)

	Basis points increase		Basis points decrease	
2022	**Basis points change**	**Effect on profit before tax**	**Basis points change**	**Effect on profit before tax**
Bank loan - unhedged portion	100	376,000	(100)	(376,000)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Registered Scheme. The Registered Scheme has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Registered Scheme obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and notes to the financial statements. The Registered Scheme obtains collateral or other security where appropriate. The Registered Scheme does not have any significant credit risk exposure to any single counterparty or counterparties having similar characteristics.

The Registered Scheme has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Registered Scheme based on recent sales experience, historical collection rates and forward-looking information that is available.

Notes to the financial statements

Note 17. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The average credit period on rental income and outgoings is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice.

Liquidity risk

Vigilant liquidity risk management requires the Registered Scheme to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Registered Scheme manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As the Registered Scheme is a fixed term trust, unitholders are unable to withdraw their units until either the Scheme's fixed term ends or it is wound up.

Remaining contractual maturities

The following tables detail the Registered Scheme's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Statement of financial position.

2023	Weighted average interest rate %	1 year or less $	Between 1 - 2 years $	Between 2 - 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	381,394	-	-	-	381,394
Distribution payable	-	599,301	-	-	-	599,301
Interest-bearing - variable						
Bank loans (including margin)	6.13%	66,686,000	-	-	-	66,686,000
Total non-derivatives		67,666,695	-	-	-	67,666,695

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Notes to the financial statements

Note 17. Financial instruments (continued)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the Registered Scheme's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment properties	-	-	109,570,000	109,570,000
Derivative financial instruments	-	882,090	-	882,090
Total assets	-	882,090	109,570,000	110,452,090

There were no transfers between levels during the financial year.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Valuations of investment properties:

The basis of the valuation of investment properties is fair value. The carrying value of investment properties is reviewed annually by directors. Investment property valuations are also assessed at least once every three years by independent valuers who are members of the Australian Property Institute and have recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. Investment properties have been classified as Level 3 in the fair value hierarchy.

Notes to the financial statements

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Registered Scheme is set out below:

	2023 $	2022 $
Short-term employee benefits	183,921	183,921
Post-employment benefits	54,183	54,183
	238,104	238,104

Key management personnel and related entity equity holdings

	2023 $	2022 $
McMullin Nominees Pty Ltd (i)	2,092,341	2,092,341
MPG Retail Brands Property Trust (ii)	4,001,538	4,001,538
Gorman Capital Pty Ltd (iii)	50,000	50,000
Terlaw Investments Pty Ltd (iv)	50,000	50,000
MPG Essential Services Property Trust(v)	380,597	-
	6,574,296	6,193,879

(i) Shareholder of Responsible Entity
(ii) MPG Funds Management Ltd acting as Responsible Entity Trustee
(iii) Director-related entity of Brett Gorman.
(iv) Director-related entity of Trevor Gorman.
(v) MPG Funds Management Ltd acting as Responsible Entity Trustee

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Registered Scheme:

	2023 $	2022 $
Audit services - Deloitte Touche Tohmatsu Audit or review of the financial statements	21,400	20,000
Other services - Deloitte Touche Tohmatsu Compliance plan audit	11,235	10,500
	32,635	30,500

Notes to the financial statements

Note 21. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties

The following transactions occurred with related parties:

	2023 $	2022 $
Payment for goods and services:		
Investment Management fees paid to the Responsible Entity (i)	284,616	609,450
Administration fees paid to the Responsible Entity (ii)	12,092	16,735
Debt Arrangement fees paid to the Responsible Entity (ii)	29,792	102,160
Administration fees paid to Boland Services Trust (iii)	124,326	97,746
Management fees paid to MPG Property Unit Trust (iii)	218,118	185,299
Establishment fees paid to the Responsible Entity (ii)	267,200	229,198
Distributions payments:		
McMullin Nominees Pty Ltd (vi)	386,455	167,387
MPG Retail Brands Property Trust (v)	739,084	320,123
Gorman Capital Pty Ltd (iii)	9,235	4,000
Terlaw Investments Pty Ltd (iv)	9,235	4,000
MPG Essential Services Property Trust (v)	70,296	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $	2022 $
Current payables:		
Trade payables to the Responsible Entity	-	73,717
Trade payables to the Boland Services Trust (iv)	-	192
Trade payables to MPG Property Management (iii)	-	1,067
Distributions payable:		
McMullin Nominees Pty Ltd	83,694	41,847
MPG Retail Brands Property Trust	160,062	80,031
Gorman Capital Pty Ltd (iv)	2,000	1,000
Terlaw Investments Pty Ltd (v)	2,000	1,000
MPG Essential Services Property Trust	15,224	-

Notes to the financial statements

Note 21. Related party transactions (continued)

(i) The Responsible Entity is entitled to an annual management fee as outlined in the Product Disclosure Statement dated 11 April 2022 and the Registered Scheme's Constitution which is considered to be on normal terms and conditions.

The Responsible Entity has the ability to charge up to 0.85% annual management fees to the Registered Scheme. The Responsible Entity has not invoiced or recognised management fees of $578,730 (2022: $404,647) in current and prior periods as their payment has been waived.

(ii) These fees are payable as outlined in the Product Disclosure Statement dated 11 April 2022 and the Registered Scheme's Constitution and are considered to be on normal terms and conditions.

(iii) Director-related entity of Brett Gorman.

(iv) Director-related entity of Trevor Gorman.

(v) Fund Controlled by MPG Funds Management Ltd

(vi) Shareholder of the Responsible Entity

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Registered Scheme's operations, the results of those operations, or the Registered Scheme's state of affairs in future financial years.

Note 23. Reconciliation of profit to net cash from operating activities

	2023 $	2022 $
Profit for the year	1,674,348	23,285,174
Adjustments for:		
Net fair value loss/ (gain) on investment properties	925,891	(20,165,511)
Net fair value loss/ (gain) on derivative financial instruments	(135,677)	(959,351)
Amortisation	234,299	147,505
Straight line rental income	9,763	(887,812)
Property acquisition costs	-	938,805
Change in operating assets and liabilities:		
Decrease / (Increase) in trade and other receivables	(48,214)	89,535
Decrease in trade and other payables	100,071	135,290
Increase in income received in advance	130,427	9,790
Increase in finance borrowing costs	(70,990)	(157,573)
Net cash from operating activities	2,819,918	2,435,852

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