MPG funds management®

ACN: 102 843 809 AFSL:227114

MPG INVESTMENT UPDATE

MPG BW Trust

The Trust is targeting an **8.75 CPU[1] forecast cash return for the year ending 30 June 2025**

Aldi, West Melbourne, Vic.

We are pleased to provide you with an update to the Information Memorandum (IM) of the MPG BW Trust (Trust) dated 6 November 2020. 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.

In additon to the two Bunnings Warehouse properties in Bundaberg (QLD) and Blacktown (NSW), the MPG BW Trust has welcomed two new properties to the Trust.

During the year the Trust has purchased a Bunnings Warehouse in Young (NSW) for $10.5m and Aldi in West Melbourne (Vic) for $14.415m.

Bunnings Warehouse in Blacktown, NSW.

Bunnings Warehouse in Bundaberg, Qld.

Both were purchased at attractive yields and on long term leases. All of the properties in the Trust are fully let and continue to perform to expectations.

Currently there is significant volatility across all property markets placing significant downward pressure on the property values and this has effected the properties in the Trust.

The independent valuations of the Bundaberg and Blacktown properties at 30 June 2024 resulted in a reduction in book values of $10.7 million.

Consequently the NTA has decreased from $2.7887 at June 2023 to $2.3260 at June 2024.

The cash distribution return for the year ended 30 June 2024 was 9.5 cents per unit as previously forecast. Due to higher interest rates the forecast distribution for the year ending 30 June 2025 is anticipated to be reduced to 8.75[1] cents per unit.

Bunnings Warehouse in Young, NSW.

Investment Update Best Practice Disclosure Principles

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.**

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

The gearing ratio is currently 47.5% 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 is 2.13 times 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 $62,300,000 and this loan is secured against the properties 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 1.75 times. MPG confirms that 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 has been rolled over for a further three year term until June 2026 and 67% of the current debt is hedged under a swap agreement.

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 Trust is 100% occupied and has a weighted average lease expiry of 3.4 years. The properties are located in Blacktown NSW (46%), Bundaberg Qld (37%), Young NSW (7%) and West Melbourne VIC (10%) by value.

The properties contained in the Trust have a combined value of $131.115 million. Bunnings Blacktown was recently Independently Valued in June 2024 for $60.2 million, and Bunnings Bundaberg was most recently Independently Valued at $46.0 million in June 2024. The new assets of the Trust were purchased with a value of $10.5 million for Bunnings Young and $14.415 million for Aldi, West Melbourne.

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 51 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 quarter ending 30 June 2024 will be 2.375 cents per unit representing a total distribution of 9.5 CPU for the financial year. The forecast distribution for the year ended 30 June 2025 is 8.75 CPU[1].

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 medium term investment with a remaining term of 6 months and a Liquidity Review Event as outlined on page 8 of the IM. However as referred to earlier in this update, currently there is significant volatility across Australian property markets and property pricing, the Trustee will update investors on the Liquidity Review Event in the quarter ending 31 December 2024..

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 30 June 2024, the provisional NTA is $2.3260 per unit subject to audit adjustments.

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1300 668 247 | info@mpgfm.com.au | www.mpgfm.com.au

[1] Forecasts are estimates only and are not guaranteed to occur