MPG funds management®

ACN: 102 843 809 AFSL:227114

New tenants announced and construction has commenced

MPG INVESTMENT UPDATE

MPG Hardware Trust

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).

As advised in our previous update in May 2024, we are pleased to confirm that we have been successful in fully leasing the former Bunnings space and have now entered into Agreements to Lease with the following quality large format retailers:

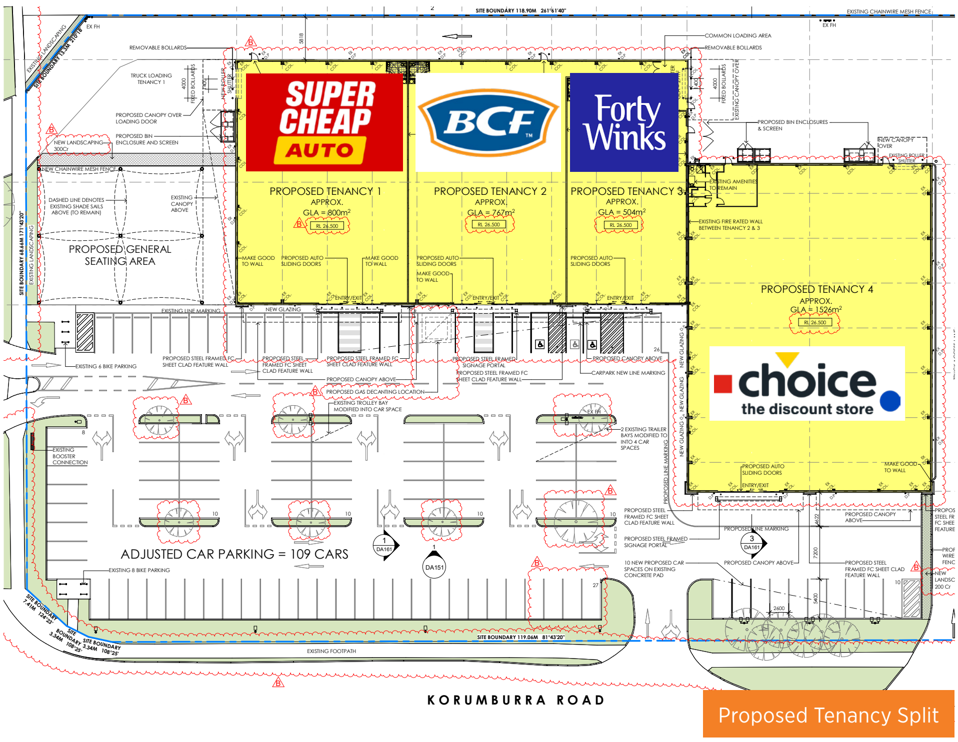
- Super Cheap Auto - 800sqm (7 year lease)
- BCF - 767 sqm (7 year lease)
- Forty Winks - 504 sqm (6 year lease)
- Choice Discount Variety - 1,526 sqm (10 year lease)

Following a successful tender process, we have appointed Insitu Group to complete the internal tenancy works and internal construction works commenced in July. It is anticipated tenants are to commence their lease terms in the first quarter of 2025.

We will keep you updated with construction progress over the coming months.

During this construction period, we have suspended distributions from the Trust from the March 24 quarter and we will look to recommence distributions for the March quarter 2025, following completion of the works and commencement of the leases.

We are currently preparing an Information Memorandum and will be conducting a non-renounceable rights issue to raise funds to complete the construction works for the property. This will be available to existing investors in early September 2024.



Proposed Tenancy Split

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 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 being renegotiated as we finalise a construction loan facility.

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 $3,800,000 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 Trust will obtain a construction loan with revised covenants to fund the internal construction works. 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.

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 completed in June 2012. We have entered into leases with four quality large format retailers to commence in the first quarter of 2025.

The most recent Independent Valuation of the property is $5.9 million dated May 2024.

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 have been suspended until completion of the construction works and commencement of the leases. We will look to recommence distributions in the third quarter of the financial year ending 30 June 2025.

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.

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