

MPGfunds
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INSIGHT

Spring 2024 Edition

Aldi, West Melbourne (Vic)

Welcome

Welcome to the EOFY 2024 edition of MPG Funds Management Ltd's ("MPG") newsletter, *Insight* which brings you the latest information on our products and achievements.

With 3 new property acquisitions, 1 property sale, and 3 new projects in the works, the 2023/24 Financial Year has proven to be both a busy and exciting period of growth for MPG.

We also celebrated the appointment of Daniel Miller to Head of Finance, Paul O'Brien's promotion to the newly created position of Property Analyst, along with many new faces in the Finance and Property teams.

MPG hit a few milestones this year, one of which was reaching \$1.1 billion of

assets under management and over 195 individual tenancies across Australia.

We were also excited to launch MPG Property Income Trust (which provides an opportunity to invest in a diversified portfolio of MPG Property Trusts and ASX-listed property securities). This is currently open for investment and targets those wholesale investors seeking regular monthly tax-advantaged income.

The average cash income return across the Trusts managed by MPG was 7.18 cents per unit for the year ending 30 June 2024, which pleased many investors.

We have welcomed a number of new tenants and are pleased to continue our strong relationships with key tenants including: Bunnings, Coles, Woolworths and various Federal and State Government departments.

All this has been achieved with the help of our loyal investors, staff and support team which includes our banking partners, valuers, depreciation consultants, building and environmental experts, legal team, auditors and Custodian. We thank you all for your ongoing support!

We are pleased to provide an update of our existing property trusts and hope that you enjoy reading this issue of *Insight*.

Yours faithfully,

Trevor GormanChairman
MPG Funds Management Ltd

Our footprint

**\$1.1 billion**

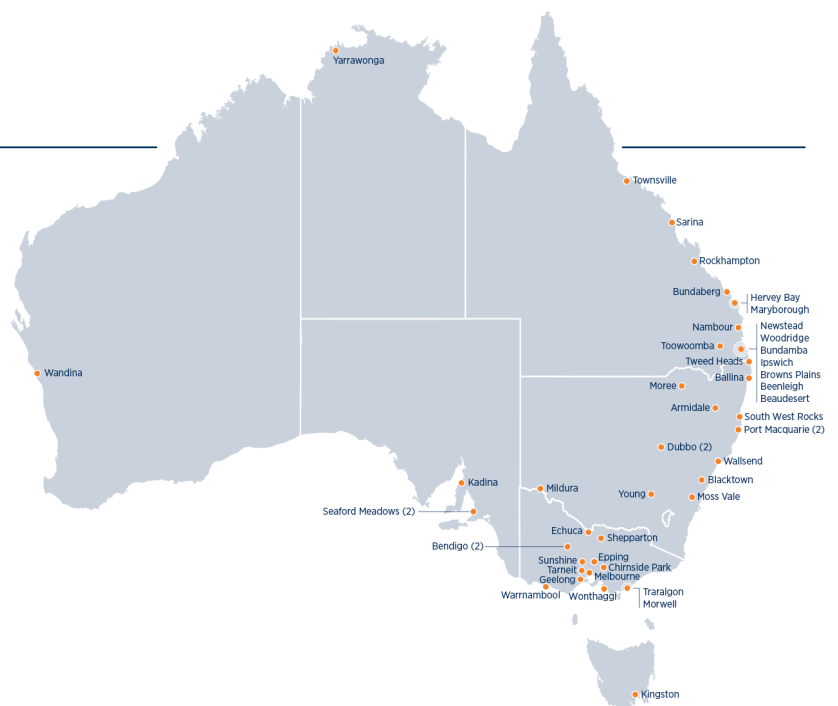
Worth of property

**195**

Individual tenancies

**270,541sqm**

Net lettable area



MPG Bulky Goods Retail Trust



Dubbo Homemaker Centre



RSEA at Chirside Homemaker Centre



Mildura Homemaker Centre



Browns Plains

The MPG Bulky Goods Retail Trust contains four large format retail centres located in Chirside Park (Vic), Mildura (Vic), Browns Plains (Qld) and the latest addition to the Trust, Dubbo Homemaker Centre in Dubbo (NSW).

The 13,753 sqm Chirside Homemaker Centre is home to some of Australia's most well-known brands, including the Trust's newest tenant, RSEA Safety, who began trading at the centre in July 2023.

RSEA Safety is the largest independent safety retailer in Australia and the market leader in all things safety such as workwear and workplace safety items, and we're pleased to welcome them to the Trust.

The Mildura Homemaker Centre consists of 14 tenancies spanning 17,323 sqm and includes many household names

such as Fantastic Furniture, Rebel Sport, Chemist Warehouse, Bev Marks Bedding and United Petroleum amongst other national large format retailers.

The Browns Plains property tenanted by Petbarn, Greencross Vets and Fernwood Fitness, settled in May 2022.

The newly constructed 4,198 sqm Dubbo Homemaker Centre has now officially opened with three new large format tenants: Fantastic Furniture, Total Tools and Original Mattress Factory (OMF).

We are also pleased to confirm that the bank debt facility was rolled over for a new three year term with a major lending institution. We are also currently entering into suitable interest rate hedging arrangements for the Trust to mitigate interest rate risk.

The four bulky goods retail properties contained in the Trust are located in Victoria, Queensland and New South Wales, and have a combined value of \$109.86 million. This is represented by 78% of property value being held in Victoria, 10% in Queensland and 12% in New South Wales.

The properties contained in the Trust are fully let, with a weighted average lease of 2.9 years as at 31 March 2024.

From all reports the tenants continue to trade in accordance with expectations.

MPG Retail Brands Property Trust

This Trust contains a diversified portfolio of nine quality retail properties and associated investments tenanted by some of Australia's best-known retail brands such as: Bunnings, Coles, Woolworths and Kmart.

Following a successful on-market sales campaign that attracted over 200 enquiries, we are pleased to confirm the sale of Village Lakeside in Pakenham. The sale was a strategic divestment and the sale price reflects an excellent outcome for our investors in the current market. Whilst it was sad to say goodbye to one of the Trust's original investments, it was time to convert that capital into some exciting new investment opportunities.

At Beaudesert Central Shopping Centre, Specsavers have taken up their option to renew their lease for a further five years. We've also refreshed the centre pylon signage at the front of the property.



The sale of Village Lakeside Shopping Centre, was settled in October 2023

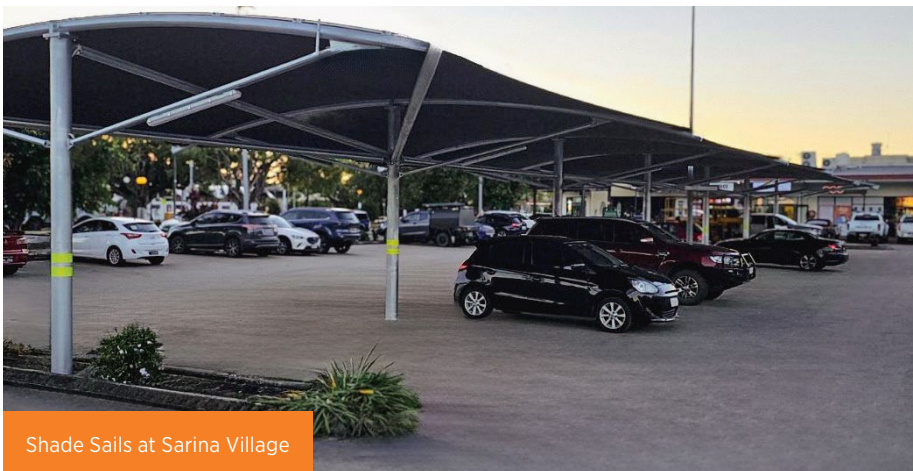
At Sarina Shopping Centre, many improvement works have been underway with the construction of shade sails over the carpark, the installation of roof solar panels, and new 'direct to boot' parking bays for shopper convenience.

In tenant news, Cellarbrations has assigned their lease to BWS, expanding their premises from 115 sqm to 143 sqm. Whilst TerryWhite Chemmart have extended their lease by a further seven years and expanded into Tenancy 3, giving them an additional 115 sqm. They have also completed their store fitout, which includes a new and exciting robotic medication dispenser.

At Rocks Central, we welcomed new tenants, Sessions 24.7 Gym who have moved into the previously vacant tenancies 1, 2 and 20, signing a new 10 year lease. Blooms the Chemist have modernised their fitout following their store expansion to 286sqm, which looks fantastic. And Liquorland are finalising the fitout and signage on their new larger space located at the entrance to the centre. They have also commenced a new 10 year lease.

We are pleased to confirm Bunnings have taken up the option to extend their lease by a further five years at HomeCentral in Warrnambool, Victoria. We look forward to continuing this strong relationship with Bunnings as the Centre's anchor tenant.

All other properties in the Trust are performing to expectations.



Shade Sails at Sarina Village



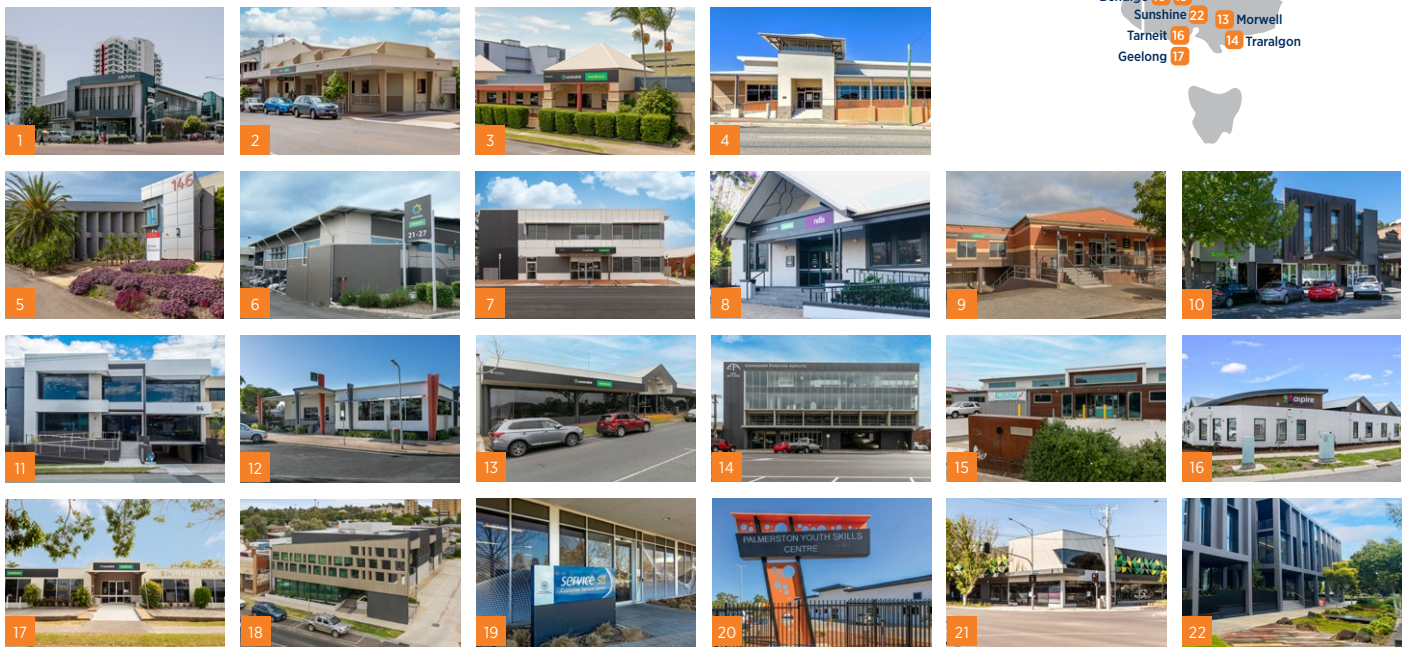
Liquorland's new look at Rocks Central

MPG Essential Services Property Trust

The Essential Services Property Trust now contains 23 Essential Service and Social Infrastructure properties



23 - The new RSEA Safety property in Dubbo, NSW



The MPG Essential Services Property Trust (formerly the MPG Regional Cities Property Trust) was established during 2018 and has steadily grown to hold over \$215.5 million of assets, it has proven to be popular with investors drawn to the high proportion of government tenants and strong cash returns which is currently forecast at 7.05%¹ per annum.

We are pleased to confirm the purchase of a newly constructed 850sqm property, tenanted by RSEA Safety who have signed a 12-year lease. The new property is located in Dubbo, NSW and is adjacent to the Dubbo Homemaker Centre, which forms part of the MPG Bulky Goods Retail Trust.

RSEA is a provider of essential safety products and services and is part of a national retail chain that has over 85

stores. The long term lease adds to the weighted average leasing profile of the Trust.

At the end of 2023 we welcomed Wellways, who have leased the previously vacant space in the EPA Traralgon building, for a three year term.

A number of tenants have taken up their options to renew their leases including: three Centrelink properties located at Echuca, Hervey Bay and Maryborough, The Ted Noffs Foundation, Court Services Victoria, and the Queensland Government Child Safety Service Centre at Ipswich. We look forward to continuing our strong relationships with these tenants.

We continue to actively seek new acquisitions by targeting government

and social infrastructure properties in the range of \$5-\$35 million with the aim of growing the portfolio.

We believe that these type of properties have the potential to generate strong returns and provide an attractive investment opportunity for a variety of investors.

The Trust continues to perform to expectations and contains 23 properties that are 97% occupied and predominately leased to government tenants.



MPG Hardware Trust



Artist Impression - Proposed Perspective

The MPG Hardware Trust consists of a stand-alone, large format property located in Wonthaggi (VIC).

Bunnings have now vacated the property and have moved to a larger store in the Wonthaggi area.

In anticipation of this event, we have received Council approval to divide the premises into four smaller large format tenancies and have been busy finding replacement tenants.

We are pleased to confirm that we have been successful in fully leasing the property and have now entered into Agreements to Lease with the following quality large format retailers:

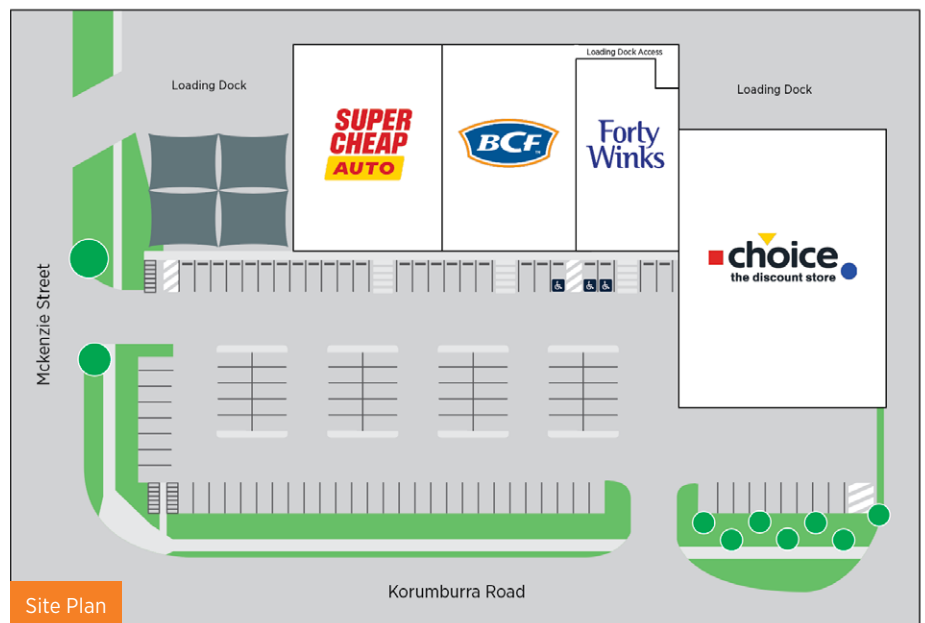
- Super Cheap Auto (800sqm)
7 year lease
- BCF (767 sqm)
7 year lease
- Forty Winks (504 sqm)
6 year lease
- Choice Discount Variety (1,526 sqm)
10 year lease.

Both Super Cheap Auto and BCF are part of the ASX listed Super Retail Group, which has a market capitalisation of over \$2.86 billion.

Supercheap Auto provides a wide range of specialty automotive tools, parts and accessories tools as well as products for travel, touring, outdoors, the garage and shed with over 330 stores in Australia and New Zealand.

BCF is a leading outdoor retailer of boating, camping and fishing adventure goods and has over 150 stores nationally.

Forty Winks is a retailer of mattresses, bedroom furniture and top of bed



Site Plan

accessories with over 100 stores in Australia.

Choice Discount Variety is a discount variety store offering food and confectionery, craft and hobbies, health and beauty, party, pet accessories, home and living and seasonal items with over 25 stores in Australia.

We look forward to welcoming these new tenants on completion of the internal site and fitout works later this year.

Following a successful tender process, we have appointed Insitu Group to complete the internal tenancy works. Construction works have commenced with tenants anticipated to commence their lease terms in the first quarter of 2025.

To fund these internal construction works, we will raise funds from existing investors via a rights issue, with any rights not taken up being offered to new

external investors. We have recently released the Information Memorandum containing all of the key terms of the development and the \$3.5 million capital raising from wholesale investors.

Terms have been agreed with our current bank lender to provide a construction finance facility to fund the balance of the costs for the internal works as well as a 3-year term loan upon completion of the works and commencement of the leases.

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

MPG Hardware Trust 2

The MPG Hardware Trust 2 consists of a stand-alone Bunnings Warehouse located in Kingston (TAS).

The property remains fully let and from all reports Bunnings Kingston continues to trade in accordance with expectations.

Based on current market conditions, the Directors have decided to slightly reduce the market valuation of the property as at 30 June 2024 to \$26.5 million from \$26.6 million previously. This has resulted in a reduction in the NTA at 30 June 2024 to \$1.79 from \$1.82 previously.

The rollover process for the Trust has been completed after withdrawal proceeds for accepted offers were paid during September and October 2023. The Trust has been rolled over for a further seven year term ending 31 March 2030.



Bunnings Kingston

The Trust has achieved a cash return of 6.5% for the year ended 30 June 2024, and is targeting a cash return to

Investors of 6.0%¹ for the year ending 30 June 2025 due to the impact of higher interest rates.

MPG BW Trust



Aldi, West Melbourne (Vic)



Bunnings, Young (NSW)

In addition 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.

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 8.75¹ cents per unit.

MPG KM Trust



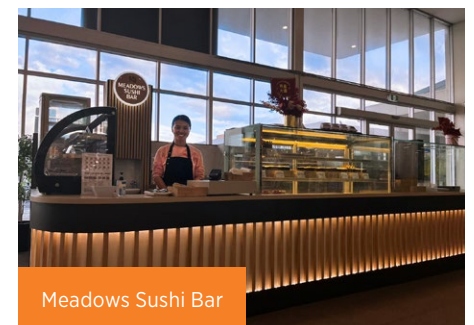
We are pleased to advise that Kmart at Marina Shopping Centre, Port Macquarie (NSW) has extended their lease for an additional ten years from October 2024. Under the new lease agreement, MPG Property Management will be taking over the responsibility for managing the additional 12 specialty tenancies at Marina Shopping Centre.

Based on the recent Directors' Valuation of the property, the value increased to \$38.13 million from \$37.25 million previously.

We are also pleased to confirm the forecast distribution of 8% was achieved for the year ended 30 June 2024. Due to the impact of higher interest rates, the forecast distribution for financial year ended 30 June 2025 has been reduced to 7.25%¹.

The increase in the NTA to \$1.55 per unit from \$1.48 previously is a great result for Investors.

MPG Seaford Meadows Property Trust



The MPG Seaford Meadows Property Trust consists of a 5,275 sqm neighbourhood shopping centre comprising a full line Woolworths supermarket and 11 specialty tenants located in an expanding housing estate in Seaford Meadows (SA).

The property remains fully let and from all reports the tenants continue to trade in accordance with expectations.

We are pleased to welcome new tenant, Meadows Sushi Bar to the centre, and are also pleased that both F45 and Karon Barber have taken up their options to extend their leases for a further five years.

Based on the Directors' Valuation conducted in June 2024, and due to current market conditions, the valuation of the property has been reduced

to \$24.72 million from \$24.85 million previously.

This has resulted in a reduction in the NTA at 30 June 2024 to \$1.10 from \$1.12 previously.

The cash return to Investors for the quarter ended 30 June 2024 was 6% and this is anticipated to remain at 6%¹ for the year ending 30 June 2025.

MPG Tweed Hub Trust

The MPG Tweed Hub Trust consists of a 9,652 sqm mixed use convenience retail centre encompassing large format and everyday retail, fast food, healthcare and leisure.

The property is located in Tweed Heads (NSW) and remains fully let.

From all reports the tenants continue to trade in accordance with expectations.

Based on the Directors' Valuation conducted in June 2024 and due to changed market conditions, the market valuation of the property has been reduced to \$51.70 million from \$52.25 million previously.

This has resulted in a reduction in the NTA at 30 June 2024 to \$1.33 from \$1.37 previously.

The forecast cash return to investors for the year ending 30 June 2025 is anticipated to be 6.0%¹.



MPG BW Newstead Trust



The New @ Newstead is a flagship property, consisting of a two-level, 16,704sqm Bunnings Warehouse, and seven specialty tenants located in Newstead, Brisbane (QLD).

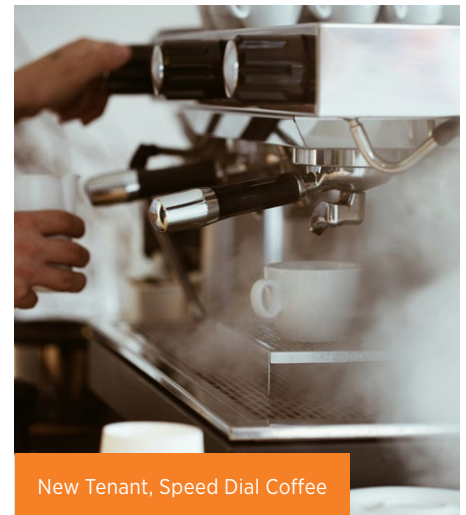
There were a number of highlights throughout the 2023/24 Financial Year, including the installation of a CCTV system and refreshing the line-marking.

We also welcomed new tenant, Speed Dial Coffee who commenced their 5 year lease in February 2024. This tenancy

is located in the previously unused shipping containers, which is a novel use of the remaining space at the Property.

Based on a recent Independent Valuation of the property and due to increased interest rates and to current market conditions, the market value of the property has been reduced to \$92.65 million from \$101.43 million previously.

This has resulted in a reduction in the NTA at 30 June 2024 to \$1.03 from \$1.27 previously.



The cash distribution for the year ended 30 June 2024 met the forecast return of 5.0% and the forecast yield for the year ending 30 June 2025 is anticipated to remain at 5.0%¹ p.a.

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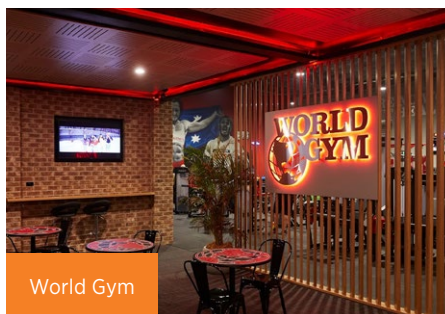
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MPG BW Port Macquarie Trust



Hastings Physio and Health



World Gym



Beacon Lighting

The MPG BW Port Macquarie Trust consists of an 18,407 sqm Bunnings Warehouse with 2,400 sqm of additional specialty tenancies.

The property remains fully let and from all reports all tenancies are trading in accordance with expectations.

During the period, capital works have been completed, being the resurfacing of the Bunnings carpark.

Due to current market conditions and current interest rate levels, the Directors have reduced the market valuation of the



Bunnings at Oxley Corner

property to \$54.0 million from \$55.25 million previously. This has resulted in a reduction in the NTA at 30 June 2024 to \$1.30 from \$1.35 previously.

The targeted cash return to investors for the year ending 30 June 2025 is 5.0%!

MPG BW Trust 2



Bunnings Bundamba

The property remains fully let and from all reports Bunnings Bundamba continues to trade in accordance with expectations.

As outlined in a letter to investors dated 24 June 2024, the Trustee successfully completed negotiations for the extension of the lease to April 2030 and in that letter the Trustee outlined the selling campaign for the property, which was unsuccessful.

The further review in relation to the realisation of the property, as outlined in the letter dated 24th June 2024 is

ongoing and will be communicated to investors in the quarter ending 30th September 2024.

The book value of the property at 30 June 2024 is \$54,436,000. Added to the previous book value at 30 June 2023 of \$54,000,000 is the purchase of solar infrastructure assets totaling \$436,000 and the rental on the property has increased with a rental on the solar infrastructure assets.

The NTA for the Trust at 30 June 2024 is \$2.4484 per unit compared to \$2.4735 previously.

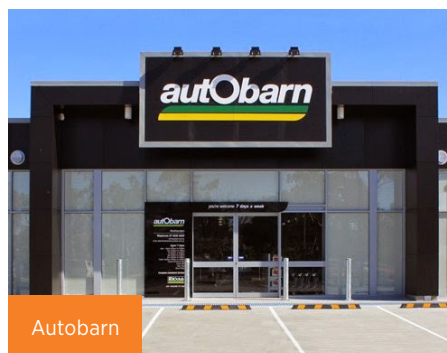
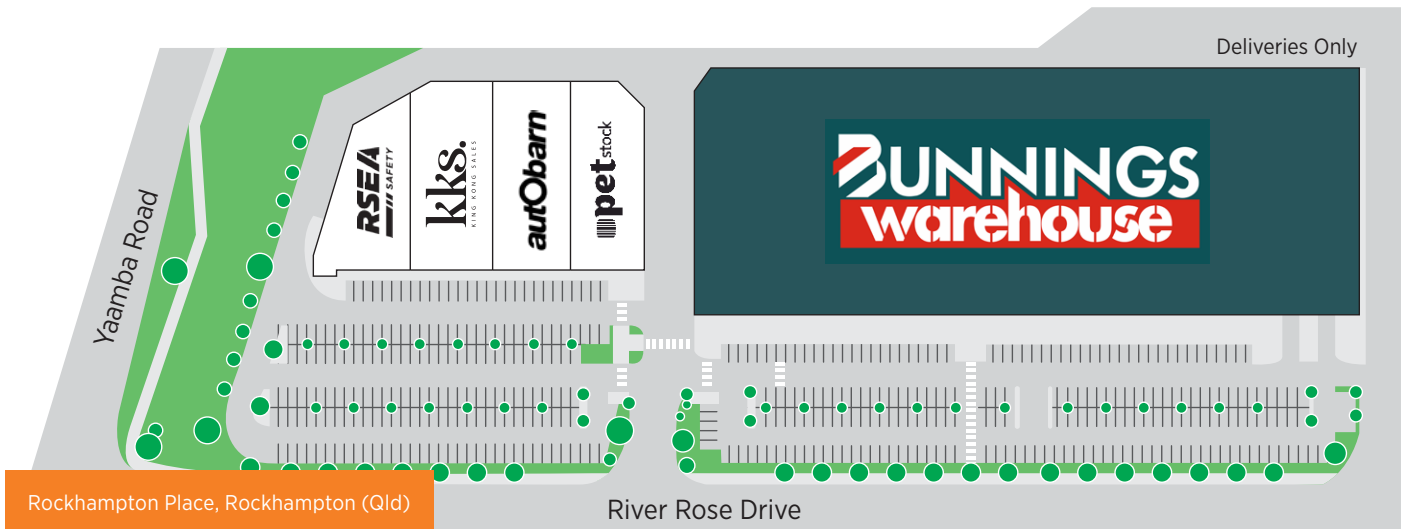
The Trust continues to be a strong performer, with the cash distribution for the year ended 30 June 2024 being 9.03 CPU. Due to the impact of higher interest rates, the forecast distribution for the year ending 30 June 2025 is 8.0 CPU!

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MPG BW Rockhampton Trust



The MPG BW Rockhampton Trust consists of a 14,051 sqm Bunnings Warehouse with 4,268 sqm of additional specialty tenancies.

The property remains fully let and from all reports all tenancies are trading in accordance with expectations.

The Directors resolved to maintain the market valuation as at 30 June 2024 at \$53 million. The NTA of the Trust as at 30 June 2024 remains at \$1.16.

We are pleased to confirm the Trust has achieved its forecast cash return of 6.1% for the year ending 30 June 2024. Due to the impact of interest rate increases, the targeted cash return to Investors for the year ending 30 June 2025 is 5.0%.

Looking for a new Investment Opportunity?



MPG Property Income Trust

- The MPG Property Income Trust provides an opportunity to invest in a diversified portfolio of MPG Property Trusts and ASX-listed property securities that targets regular monthly tax-advantaged income.
- Open to Wholesale Investors. Minimum investment of \$500,000 or \$50,000 for Professional and Sophisticated Investors with an approved Accountant's Certificate with units at an initial application price of \$1.00 per unit.
- Attractive regular tax-advantaged returns. Targeted cash yield of 6¹ cents per unit pa (6.0%¹ pa for initial \$1.00 investors) to be paid monthly. Depreciation and building allowances mean a proportion of this income will be tax-advantaged.

MPG Property Income Trust Disclaimer: An investment in the MPG Property Income Trust (the Trust) may only proceed on an application form attached to Information Memorandum (IM) dated 1 September 2023 issued by MPG Funds Management Ltd (MPG) AFSL No 227 114. This information is general product advice only and has been prepared without taking into account your personal circumstances, objectives, financial situation or needs. In deciding whether to invest in the Trust you should consider and carefully read the Information Memorandum, which is available on our website www.mpgfm.com.au. Please also consider seeking the advice of a licensed financial adviser before making an investment decision. Your investment may be subject to investment risk. Neither MPG nor any member of the MPG Group guarantees the return on your investment, or the gain or repayment of capital. Your investment does not represent deposits or other liabilities of the MPG Group. Please see the Information Memorandum for important information on all financial forecasts (which are not guaranteed to occur)



Staff Profile: Daniel Miller

We are delighted to welcome Daniel Miller to MPG's Senior Leadership Team.

As Head of Finance, Daniel is responsible for managing the finance team and integrating MPG's financial operations with the wider business. This means further capitalising on MPG's strength & capability in financial service delivery to our property business, and also our compliance and governance platform, serving our wider investor base.

Daniel has over 15 years' experience within the finance arena, heading up finance teams both here and in the UK across the Banking, Retail, Sports Technology, Accommodation and Property sectors.

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The information contained in this update is general financial advice only and has been prepared without taking into account your investment needs or objectives. Before making any investment decision you should consult your financial adviser and read the Product Disclosure Statement or Information Memorandum and Target Market Determination in its entirety. Should you no longer wish to receive information from us, please call us on 1300 668 247 or write to us at the above.

1. Forecasts contained in this update are estimates only and are not guaranteed to occur. Please refer to the PDS or IM for the relevant Trust for assumptions relating to the forecasts.