

30 June 2022

Dear Investor,

**MPG Retail Brands Property Trust (“RBPT”/“Trust”)  
Personal Letter of Offer - Opportunity to Hold, Sell or Increase your interest in the Trust**

As outlined in the Product Disclosure Statement for the RBPT, the investment has a term of seven years. As the Trust is now nearing the end of the term, all investors are given the option to:

1. Remain in the RBPT for a further seven-year term;
2. Remain in the RBPT for a further seven-year term and increase your stake; or
3. Elect to sell your unitholding in the RBPT at a price per Unit determined by the Trustee, being MPG Funds Management Ltd.

You can make your election by completing the enclosed Rollover Letter of Offer - Nomination Form. To assist you in making your decision we are pleased to provide the following information.

**Property Description**

The RBPT is an investment diversified portfolio of 9 retail properties and other property unit Trusts that are leased to brand name tenants including: Bunnings, Coles, Woolworths, and Kmart, amongst others.

The properties contained in the Trust are summarised in the Property Portfolio Appendix of this Letter.



Seacrest Shopping Centre

## Recent Independent Valuation

The most recent Independent Valuations of the properties were recently undertaken which valued the portfolio properties at circa \$134.1 million. Based on this valuation the indicative Net Tangible Asset Value (“NTA”) less estimated selling costs of the Trust is anticipated to be in the vicinity of **\$1.10 - \$1.15** per unit.

## Bank Refinance and Hedging Strategy

The \$67.485 million lending facility with a major Australian Bank expires in March 2023 and assuming successful rollover of the Trust we intend to commence negotiations to roll this debt facility over for a further three-year term. It is our intention to keep the Lending to Valuation Ratio (“LVR”) below 55% of the value of the properties.

In accordance with our Hedging Policy it is our intention to hedge at least 50% of this debt on a rolling three-year basis with 42% currently hedged until June 2024.

## Distributions

We are pleased to confirm that the RBPT is on track to achieve its forecast distribution rate of \$0.0725<sup>1</sup> per unit for the year ending 30 June 2022.

Investors who purchase additional units from those wishing to exit at this point are expected to enjoy a cash distribution yield of 7.25%<sup>1</sup> for the year ending 30 June 2023, assuming that forecasts are achieved.

## Performance History

Over the duration of its investment term, which has included the recent COVID-19 Pandemic, the RBPT has performed steadily. Distributions have been paid quarterly over this period and we have seen the Total Assets of the Trust grow from \$59.7 million to \$152.5 million since inception.

The Trust currently has 1,064 sqm of vacant space representing 2.5% of the total lettable area and we are actively engaged with our leasing agents to find suitable new tenants.

The supermarket turnover (Coles and Woolworths) at the Neighbourhood Shopping Centres continues to increase due to population growth and changing consumer habits. With the additional foot traffic, we are confident that the remaining specialty tenant vacancies will be filled shortly. This may potentially lead to increased distributions and valuation upside in future periods.

We are proud of the performance of the RBPT over the past seven-year Trust term as outlined in the table below with the NTA increasing from \$0.70 to \$1.10-\$1.15 per unit.

Year ended	NTA Value	Tax-Deferred Portion	Cash distribution cents per unit
30 June 2022*	\$1.10-\$1.15	TBA	7.25c*
30 June 2021	\$1.10	74.3%	6.00c
30 June 2020	\$0.92	81.4%	6.33c
30 June 2019	\$0.93	79.6%	7.25c
30 June 2018	\$0.94	75.23%	7.25c
30 June 2017	\$0.90	70.15%	6.65c
30 June 2016	\$0.77	63.8%	6.00c
30 June 2015	\$0.70	78.0%	6.00c
<b>TOTAL</b>			<b>52.73C</b>

\*Forecast and estimate only for the period to 30 June 2022 and not guaranteed to occur

For those investors choosing to exit at this point, over the past seven years they will have received approximately **\$1.56<sup>1</sup> to \$1.67<sup>1</sup>** for their starting NTA of \$0.70 per unit in 2015. This consists of the total distribution of \$0.5273 over the seven-year term and the payout of approximately \$1.10 to \$1.15 per unit based on the anticipated Net Tangible Asset Value of the RBPT as at 30 June 2022. The cash distribution has also been significantly tax-deferred over the seven-year term of the Trust offering further tax savings to investors.

The RBPT has been shown to be a relatively sound investment compared to cash rates, similar property trusts and the share market over the seven-year investment term.

### Strategy Going Forward

Assuming the Rollover of the Trust is completed, it is the intention of the Trust to continue to grow the Trust by acquiring further well branded retail properties in the range of \$5 million to \$50 million, which we believe to be overlooked by the larger institutional investors and are out of reach to most individual property investors.

These new properties will be funded with future capital raisings and bank debt. We believe that these properties have the potential to generate strong returns and provide an attractive investment opportunity for a variety of investors. The McMullin Group will continue to co-invest in the Trust to ensure that investor interests are aligned.

We will continue to actively manage the existing properties in the Trust to ensure that the tenancy mix is optimised and will seek to identify future value add property improvements to maximise value to investors.

### Exit Process

If you choose to exit at this point, MPG Funds Management Ltd will be appointed for the disposal of your underlying units in the RBPT. MPG Funds Management Ltd will then determine a unit sales price for those investors wishing to exit by calculating that unitholder's proportion of net assets of the RBPT.

The net assets of the Trust as at 30 June 2022 is calculated as the total assets of the RBPT (which may include cash, trade debtors and the property at the independent valuation price) less all liabilities (which may include bank borrowings, accrued costs and creditors) as well as deducting estimated selling costs such as agent's commission and advertising and the manager's end fee.

If you wish to sell any of your investment in the RBPT at this point, we recommend that you consult with your taxation adviser to determine any tax liabilities that may result from any sale of your investment.

In the first instance, your units will be offered to other existing RBPT unitholders. If the existing unitholders decline to purchase the units, then MPG Funds Management Ltd may invite applications from other parties. If these units remain unpurchased after six months from 30 September 2022, then a decision may be made by MPG Funds Management Ltd to sell assets.

Once the unit sales price has been finalised, MPG Funds Management Ltd will write to you to seek your acceptance of the price and provide documentation to facilitate the sale of your units.

## Maintaining or Increasing Your Unitholding

You can elect to maintain your current unitholding in the RBPT at this time. If you do so, you will hold your units for a further seven year term.

If you wish to retain your current units and are interested in increasing the number of units you hold, you will hold your existing units plus any additional units for a further seven year period. The price of additional units will be determined by MPG Funds Management Ltd as at 30 June 2022.

If we do not receive a response from you by the due date of **30 September 2022**, it will be assumed that you wish to hold your current RBPT unitholding for a further term.

## Final Thoughts

Given the quality of the properties, the focused investment strategy, strong distribution of \$0.0725<sup>1</sup> per unit from 1 July 2022 and the relative low rate of return currently offered on bank deposit products, you may decide it appropriate to remain in the RBPT and to top up your existing holding.

In addition we believe that the assets hold potential for capital appreciation over the coming years given the following factors:

1. Infrastructure developments and housing subdivisions in the areas surrounding many of the properties;
2. Likely increases in rental rates and comparable selling yields in similar properties; and
3. Improving leasing conditions to remove the factor of vacancy and potentially increase distributions.

**On the basis of the above factors we urge you to strongly consider remaining in the RBPT for a further term to maximise the potential value of your investment.**

MPG Funds Management Ltd is not licensed to provide you with advice about the Trust. There is no cooling-off period in relation to units in the RBPT.

Please complete the attached "Rollover Letter of Offer - Nomination Form" and return to us by 5pm Friday, 30th September 2022 to confirm your intention.

We thank you for your investment to date and please contact MPG Funds Management Ltd via email at [invest@mpgfm.com.au](mailto:invest@mpgfm.com.au) or by phone 1300 668 247 if you have any further queries.

Yours sincerely  
MPG Funds Management Ltd



Brett Gorman  
Director

**Disclaimer:** This information is general advice only, and has been prepared without taking into account your personal circumstances, objectives or needs. Please consult with your investment adviser before making any investment decision. MPG Funds Management Ltd (AFSL 227114) is the issuer of units in the MPG Retail Brands Property Trust. <sup>1</sup> The returns stated in this letter are forecast returns only and are not guaranteed to occur. Please refer to the most recent PDS for details of investment risks that should be considered.