

# MPG Retail Brands Property Trust

1 for 3 Non-Renounceable Rights Issue Offer

An opportunity to invest in a diversified portfolio of quality retail property tenanted by some of Australia's best known retail brands



MPG Retail Brands Property Trust

Issuer: MPG Funds Management Ltd  
ABN 81 102 843 809 AFSL 227114  
ARSN 122 578 741

RIGHTS ISSUE OFFER  
BOOKLET  
DATED 3 JUNE 2019

## WHAT YOU NEED TO DO

### 1. Read

Please read this Rights Issue Offer Booklet (Booklet) carefully and in its entirety.

### 2. Consider

Consider all of the risk factors and other information concerning the Trust in light of your investment objectives and needs. You may also wish to consult with your financial adviser at this point.

### 3. Complete

If paying by direct deposit, you don't need to return the Acceptance Form.

If paying by cheque you will need to complete and return the Acceptance Form with your payment.

### 4. Mail

The completed Acceptance Form and cheque should be mailed to:

MPG Funds Management Ltd  
PO Box 1307, Camberwell, VIC 3124



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**Warning:** While every effort has been made to ensure the information in this Booklet is up to date, if there has been a change to information which is not materially adverse, MPG may not update this information. All such changes will be included on MPG's website located at [www.mpgfm.com.au](http://www.mpgfm.com.au) or can be requested on our toll free number 1300 668 247. A paper copy of any updated information will be given to any person without charge on request.

## CONTACTING US

Client enquiries: 1300 668 247

Email: [info@mpgfm.com.au](mailto:info@mpgfm.com.au)

Website: [www.mpgfm.com.au](http://www.mpgfm.com.au)

This Rights Issue Offer (Offer) relates to the MPG Retail Brands Property Trust (Trust) ARSN 122 578 741 and is dated 3 June 2019. The Offer of Ordinary Units pursuant to the Rights Issue Offer Booklet (Booklet) is made by MPG Funds Management Ltd (MPG) (ACN 102 843 809, AFSL 227114) as Responsible Entity (RE) and Issuer of Units in the Trust.

This Rights Issue Offer is being made pursuant to section 1012DAA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights issues Instrument 2016/84) which allows rights issues to be offered without a Product Disclosure Statement (PDS). The Rights Issue Offer Booklet does not contain all of the information which would be required to be disclosed in a PDS. As a result it is important for you to read and understand this Offer in its entirety along with the information contained on the [www.mpgfm.com.au](http://www.mpgfm.com.au) website prior to deciding to accept your Entitlement for new Units in the Trust.

This Offer closes at 5.00pm (Melbourne Time) on Friday 28th June 2019, unless the RE decides to close the Offer earlier or extend it, which it may do so without notice.

The Information given in this Offer is of a general nature and has been prepared without taking into account of your individual investment objectives, financial situation or particular needs. Before making an investment decision on the basis of this Offer, you should consider the appropriateness of the information, having regard to your objectives, financial situation and needs. We recommend that you consult with a financial adviser, who can help you determine how best to achieve your financial goals and whether investing in the Trust is appropriate for you.

Copies of this Offer can be accessed electronically on the investor portal and MPG will provide a paper copy on request. This Booklet can only be used by investors receiving electronically or otherwise in Australia. This Offer does not constitute an offer in any jurisdiction other than Australia, or to anyone whom it would not be lawful to make such an offer.

ASIC takes no responsibility for the content of this document.

# KEY FEATURES AND BENEFITS OF THE RIGHTS OFFER

## TRUST OBJECTIVE

The objective of the Fund is to provide Investors with regular tax advantaged income and the potential for capital growth through an investment in a portfolio of quality retail properties tenanted by some of Australia's best known retailers.

## Features and Benefits

### **A diversified portfolio of 11 Australian retail focused property investments**

**Attractive regular tax-advantaged returns** – Forecast FY20 yield of 7.25%<sup>1</sup> pa to be paid quarterly. Depreciation and building allowances allow a high proportion of this income to be tax-advantaged. Detailed on page 36.

**Well-known brand name tenants** – The initial portfolio contains brand name tenants that include: Bunnings, Coles, Woolworths, Target & JB Hi-Fi amongst others.

**Potential for capital growth** – Long term population growth for many of the regions augur well for future price appreciation. Detailed on page 9-19.

**Defined Exit Strategy** – The Trust has a defined exit strategy with 3 years remaining on the current term. Detailed on page 22.

**McMullin Group co-investment** – To ensure investor interests are aligned. Detailed on page 24.

**Experienced manager with a proven track record** – The RE, MPG Funds Management Ltd and parent entity McMullin Group have over 40 years of commercial property investment, management and development experience. Detailed on page 26.

**Reduced capital volatility** – Australian direct property has historically experienced lower volatility than listed Australian and international shares and REITs.

## Risks

The risks are typical of those that would apply to investments in real property and in units in property trusts. Key risks are detailed on page 42.

## Target Investors

Investors seeking regular and stable income with tax benefits and the potential for capital growth such as Self Managed Superannuation Funds, Private investors and retirees.

## What else should I know?

1 for 3 Non-Renounceable Rights Offer with units at an application price of \$1 per unit.

The Rights Offer will close on 28 June 2019 which can be changed by the RE without notice. Detailed on page 21.

1. Forecasts are not guaranteed to occur and are subject to the qualifications and assumptions detailed on page 30 of this Booklet.

# CHAIRMAN'S LETTER



MPG is an experienced specialist property funds manager with a highly skilled and motivated team.



**Dear Investor**

## **MPG RETAIL BRANDS PROPERTY TRUST**

On behalf of the Directors of MPG Funds Management Ltd as responsible entity of the MPG Retail Brands Property Trust (Trust), I am pleased to invite you to participate in a 1 for 3 Non-Renounceable Rights Issue Offer.

The proceeds of the equity raising of \$16.855 million will be used to repay loans totalling \$7.32 million drawn to fund the recent acquisition of the Seacrest Shopping Centre as well as provide a further \$9.50 million for future acquisitions that meet the Trust's investment criteria. The Offer is not underwritten however MPG reserves the right to raise funds from other investors for any entitlements not taken up to meet the target equity raising amount.

The Trust is an unlisted unit trust that has the objective of investing in retail property assets that contain well known branded tenants and aims to provide investors with regular tax-deferred income and the prospect of capital growth.

The Trust's portfolio consists of retail properties and units in property trusts which are outlined on page 8 and are anchored by some of Australia's most well know retailers including: Bunnings, Coles, Woolworths, Target and JB Hi-Fi amongst others.

It is the intention of the Trust to invest in further well branded retail properties in the range of \$10 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 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.

MPG intends to pay distributions quarterly in arrears from 30 June 2019 at the forecast rate of 7.25% pa on the issue price of \$1.00 per unit. This forecast return may be considered significantly higher than most cash rates currently on offer. This forecast is subject to the qualifications and assumptions outlined on page 30.

The Trust has approximately three years remaining on the current term from the Closing Date unless the Properties are sold earlier. Where some Investors decide the term of their investment in the Trust is to be extended beyond its current term, the RE intends to extend the term of the Trust for those Investors and implement a liquidity strategy to assist Investors wishing to realise their investment in the Trust at the end of the current term. This liquidity strategy will include a first right of refusal for Investors who wish to extend the term of their investment to purchase the units of those wishing to exit at this point.

MPG is an experienced specialist property funds manager with a highly skilled and motivated team that extends across asset management, property management, property development and property investment.

The Trust's investment strategy, as outlined in this document involves: buying well, using appropriate leverage to maximise returns, mitigating major investment risks and securing quality tenants to long term leases. We believe that this offer achieves all of these aims.

In this document we have provided information about the investment properties and unitholdings, trust structure, investment considerations and risk and proposed gearing finance by the Trust. We encourage you to read the full Rights Issue Offer Booklet to better acquaint yourself with the Trust and carefully weigh the opportunities and risks which affect this investment. Potential investors with questions on how to complete the Acceptance Form or the contents of the Rights Issue Offer Booklet should seek advice from their professional adviser.

**Yours faithfully**

MPG Funds Management Ltd

A handwritten signature in black ink, appearing to read 'T. Gorman'.

**Trevor Gorman**  
Chairman

# INVESTMENT OVERVIEW

KEY DATES	Offer opens 3 June 2019	Offer closes 28 June 2019**
ITEM	SUMMARY	
<b>The investment</b>	An investment in an unlisted unit trust with diversified portfolio of 11 retail properties located in Victoria, NSW, Queensland, Western Australia, South Australia and Tasmania with the provision to add properties that meet the Trust's investment criteria. It is also the intention for the Trust to re-invest in other direct property trusts managed by MPG.	
<b>Units on offer under the 1 for 3 Rights Issue</b>	16,855,000 Ordinary Units in an unlisted property trust which is a registered managed investment scheme, at the initial application price of \$1.00 per unit.	
<b>Expected subscription</b>	The Trust is raising \$16,855,000 which is not underwritten. Should less than this amount be raised, the RE may still issue Units for the amount actually raised and reserves the right to raise funds from other investors for any entitlement not taken up.	
<b>Forecast returns*</b>	Forecast FY20 yield 7.25%* pa pro-rata for the year ended 30 June 2020 based on the application price of \$1.00 per unit with a significant portion of this income being tax-advantaged.	
<b>The Key Tenants</b>	Key tenants include well known retailers such as: Bunnings, Coles, Woolworths, Target, JB Hi-Fi & Chemist Warehouse amongst others.	
<b>Weighted average lease term</b>	4.6 years as at 30 June 2019.	
<b>Term of the Trust and Liquidity of the Units</b>	The current investment term has approximately 3 years remaining from 30 June 2019 as outlined on page 22. In approaching the end of the remaining 3 year investment term, the RE will issue a Term Extension Proposal Letter whereby Unitholders will be given the opportunity to sell their Units or extend the term of their investment for a further 7 years. This exit procedure will include a first right of refusal to existing investors wishing to continue the investment. As a result of this first right of refusal it may take up to 12 months from the date of the Term Extension Proposal Letter to exit the Trust. The RE does not expect the Trust will be liquid during the current term and, other than the Limited Withdrawal Offers described on page 22, it is not expected that Unitholders will be able to exit the investment until the Term Extension Proposal Letter is issued. Unitholders will only have the right to sell any Units they hold subject to approval by the RE. The Units will not be listed on any stock exchange and may be redeemed or repurchased by the RE, at the RE's sole discretion. See page 22 for details on liquidity.	
<b>Distributions</b>	Quarterly in arrears. Investors may reinvest distributions to compound returns as outlined on page 22.	
<b>Issuer/RE (MPG)</b>	MPG Funds Management Ltd (ACN 102 843 809) AFSL 227114.	
<b>Buy/Sell Spread</b>	There is a buy spread for investment in the Trust to meet costs associated with the proposed property acquisition.	
<b>Custodian</b>	The Trust Company Limited (ACN 004 027 749)	
<b>Management Costs</b>	Management costs will be 1.73% of the Net Asset Value of the Trust as described in the Fees and Other Costs section.	
<b>Net Tangible Asset Backing</b>	Estimated to be \$0.92 cents per unit.	
<b>Estimated Total value of Investments</b>	\$115,224,181 based on the most recent independent valuations	

\* Estimate only and not guaranteed to occur. For a full explanation of forecast returns refer to page 30 of this Booklet. All areas are approximates only.

\*\* These dates are indicative only and the RE reserves the right to close the Offer early or extend the Offer.

# ASIC RG 46 BENCHMARKS AND DISCLOSURE PRINCIPLES

In September 2008 and updated in March 2012, the Australian Securities and Investment Commission issued Regulatory Guide 46 “Unlisted property schemes- improving disclosure for retail investors” (RG46). RG 46 sets out six benchmarks and eight disclosure principles which, if followed, ASIC believes will help investors understand, compare and assess risks and returns across investments in unlisted property schemes such as the Fund, specifically in relation to the Trust.

Set out below is a table which lists each benchmark and disclosure principle and where the information addressing that principle is included in this Booklet. The information will be updated whenever there is a material change to the Fund and not less than each half year. Updated information will be available at [www.mpgfm.com.au](http://www.mpgfm.com.au).

Benchmark	Benchmark Met?	Page Ref
<b>1. Gearing Policy</b> MPG maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.	Yes	24
<b>2. Interest Cover Policy</b> MPG maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.	Yes	24
<b>3. Interest Capitalisation</b> Any interest expense of the Trust is not capitalised.	Yes	24
<b>4. Valuation Policy</b> MPG maintains and complies with a written valuation policy in relation to the assets of the Fund, including those of the Trust.	Yes	23
<b>5. Related party transactions</b> 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	24
<b>6. Distribution Practices</b> The Fund will only pay distributions to Investors from its cash from operations (excluding borrowing) available for distribution.	Yes	23
Disclosure Principal		Page Ref
<b>1. Gearing Policy</b> 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 retail investors should weigh up against the Trust’s rate of return.  The gearing ratio of the Trust is 55% based on the latest unaudited financial statements at 31 December 2018 and calculated by dividing total interest bearing liabilities by total assets.		24
<b>2. Interest Cover Ratio</b> 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 of the Trust is 2.03 times based on the latest financial statements at 31 December 2018 and calculated by dividing EBITDA (earnings before interest, tax, depreciation and amortisation) by the interest expense. This ratio does not include any of the proposed financing outlined in this Booklet.		24

<b>Disclosure Principal (continued)</b>	<b>Page Ref</b>
<p><b>3. Scheme Borrowing</b></p> <p>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 time frame 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 interest's in the Trust.</p> <p>The Trust currently has a facility limit of \$55,020,000 which 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 65.00% of the value of the properties and the Interest Cover Ratio covenant is 2 times. MPG confirms that the Trust is within these covenants and no breaches of these covenants have occurred to date. Following a successful capital raising in accordance with this Booklet, MPG intends to apply for additional financing as described on page 24. 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 is not due for repayment until April 2022 with MPG currently in discussions with the financier to extend this term for a further two years. The interest has been fixed at a rate of 4.23% per annum.</p>	24
<p><b>4. Portfolio Diversification</b></p> <p>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 these properties, is a key element in the financial position and performance of the Trust. Generally, the more diversification the portfolio, the lower the risk that an adverse event affecting one property or one lease will put the overall portfolio at risk.</p> <p>The Trust holds properties located in Victoria (41%), New South Wales (19%), Queensland (16%), Western Australia (14%), South Australia (8%) and Tasmania (2%) by value. The Trust also holds \$9.56 million in other unlisted property trusts also managed by MPG. The Properties, which form part of the Assets of the Trust have a weighted average lease expiry of 4.6 years as at 30 June 2019 (excluding the proposed property which has not yet been acquired).</p> <p>The top four tenants of the Trust by Net Lettable Area are: Woolworths (25%), Coles (19%), Bunnings (12%) and Target (8%).</p>	8
<p><b>5. Related Party Transactions</b></p> <p>This disclosure will help Investors understand and assess the approach MPG takes to transactions between MPG and its related parties, including the McMullin Group.</p> <p>Expected Application to the Trust: All related party transactions will be approved by the Board of Directors of MPG and are undertaken on an arm's length basis under normal terms and conditions.</p>	24
<p><b>6. Distribution Practices</b></p> <p>This disclosure will help Investors understand how the Trust will help fund distributions to Trust Unitholders and whether distributions are sustainable.</p> <p>Expected Application to the Trust: MPG will make distributions in relation to Unitholders on a quarterly basis in arrears or such other time as MPG is permitted to do so under the Constitution, unless an Investor requests their distributions to be reinvested under the Distribution Reinvestment Plan. Anticipated distributions for the quarter ending 30 June 2019 and for future periods will be sourced from net Trust income.</p>	23
<p><b>7. Withdrawal Arrangements</b></p> <p>This disclosure gives information on how and when Investors may be able to exit their investment in the Trust.</p> <p>Expected Application to the Trust: The Constitution allows Unitholders to withdraw in limited circumstances. An investment in the Trust is to be considered illiquid. In approaching the end of the current 3 year term of the Trust, the RE intends to issue a Term Extension Proposal Letter whereby Unitholders will be given the opportunity to sell their Units or extend the term of their investment. In addition the RE intends to make Limited Withdrawal Offers to Investors from June 2022.</p>	22
<p><b>8. Net Tangible Assets</b></p> <p>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).</p> <p>Based on the most recent unaudited financial statements as at 31 December 2018, the NTA value of the Trust is 92 cents per Unit.</p>	31

# THE INVESTMENT STRATEGY

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**MPG believes direct investment into commercial property plays an important role in the construction of a balanced investment portfolio, based on attractive income yield and potential for capital growth.**

## Investment Objective

The core investment objective is to generate regular tax-advantaged income returns from a diversified portfolio of well branded retail property and other incidental investments that have the potential for capital growth.

## Investment Approach

Our approach is to actively manage direct property assets that will be held for the medium to long term. Active property management will involve renewing current leases and targeting new tenants for any vacant space. Upgrading and refurbishing specific assets to attract and maintain occupancy and improve asset values may also be undertaken. We will work with building consultants to develop asset management plans and to identify value-add opportunities.

We aim to grow this direct property portfolio by acquiring new property opportunities sourced predominantly by the McMullin Group and the Directors of MPG.

## Direct Property Portfolio

A benchmark allocation of 90-100% of Trust Gross assets will be allocated to Direct Retail Property, which consists of either outright ownership, or investment via property trusts that are predominantly managed by MPG Funds Management.

## Cash/Fixed Interest/Listed Property Securities

We intend to have a benchmark incidental investment allocation of 5-10% in cash/fixed interest and listed property securities. By investing in such assets, the Trust can increase its liquidity and offer greater flexibility to investors who may seek access to their capital by means of the Limited Withdrawal Offers made by the RE from time to time.

## The Four Key Investment Principles

MPG has four key investment principles, which the RE has applied to the properties as follows:

### Buy well

The first principle is to buy or develop the properties with an end value at bank valuation or better, which we have been able to achieve.

We also believe that the best areas to buy property have the following features:

- Growing demographic population and favourable social attitudes;
- New infrastructure to meet growing population demand;
- Low rental vacancy; and
- Quality near new or recently refurbished buildings.

We believe that the current portfolio of assets fits these criteria.

We also believe that a thorough property due diligence should be performed including analysis of financial fundamentals, comparative sales, environmental soil testing, pest and structural inspections, easements and restrictions and so on.

### Use leverage to maximise returns (limited recourse debt)

The second principle is to leverage with conservative debt. By using debt sensibly to buy property, the performance and the return on equity of the Trust is enhanced.

By using limited recourse debt, the banks' security is limited to the property and there is no personal exposure beyond a Trust member's initial cash contribution.

### Find quality tenants

We will seek to secure quality tenants and endeavour to sign them to long-term leases. For those areas of the facilities already pre-leased, we have secured brand name national tenants including: Bunnings, Coles, Woolworths, Target and JB-Hi Fi amongst others with the weighted average lease term is 4.6 years as at 30 June 2019.



## Mitigate major risks

We aim to mitigate all major risks of investment in the Trust including as follows (see page 42 for further details of risks and risk mitigation):

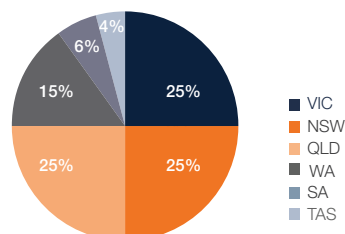
Risk	Mitigation
Interest rate increase	The current debt is \$55.02 million, 94% of this amount has been fixed for a 3 year term. Suitable interest rate strategies will be entered into for future debt to mitigate any interest rate rises.
Structural	The balance of a statutory ten year structural building guarantee & 12 month defects warranty for all buildings under 10 years old.
Bad tenants	Select quality tenants that include national brand name retailers such as: Bunnings, Coles, Woolworths, Target etc.
Vacancy	Select regions with growing demand; purchase quality buildings. MPG also actively manages the properties and fosters good tenant relationships to reduce the livelihood of vacancy.
Downturn	Purchase and develop with a final value at bank valuation or better.
Illiquid Investment	A defined exit strategy with an opportunity to realise the units with 3 years remaining on the current investment term.

## Ongoing Portfolio

The ongoing portfolio will be structured to generate tax-advantaged income and capital growth with the target allocations of the Trust to be as set out below.

Investment Class	Target Allocation
Retail Property	90-100%
Cash/Listed A-REITs	5-10%

### Target Geographical Spread



The RE may change these allocations in the future. While we aim for the Trust to operate within the above target ranges, factors affecting the fund or its underlying portfolio may result in investments moving outside the target allocation ranges from time to time. We intend that the Trust will hold a minimum of 5% of the total assets in cash/fixed interest/listed property securities at all times to facilitate liquidity requirements.

## Future Property Acquisitions

MPG will seek additional properties that fit the investment strategy outlined above, which targets retail properties in the range of \$10 million to \$50 million in value in the retail sector, particularly neighbourhood shopping centres with the following process to be followed.

- Each additional property must be capable of achieving comparable long-term returns to those received by Unitholders immediately prior to the acquisition.
- The purchase price will be supported by a written independent valuation.
- The RE may fund additional properties wholly through debt facilities, with a requirement that such debt is paid down so that the Trust's overall gearing ratio does not exceed 65% for more than a 12-month period. It is envisaged that the long-term average gearing for the Trust will be no more than 65%.
- A satisfactory assessment of the condition of the buildings and services on each additional property.
- A satisfactory legal due diligence on all documents associated with the acquisition.
- Formal approval by the Board of Directors of the RE.

# INVESTMENTS OF THE TRUST

## Portfolio

The Trust generates income from over 80 tenants and holds direct interests in seven properties and interest in three Property Trusts managed by MPG as well as other incidental investments, which is anticipated to have a combined value of \$115.20 million as at 30 June 2019 as outlined below:

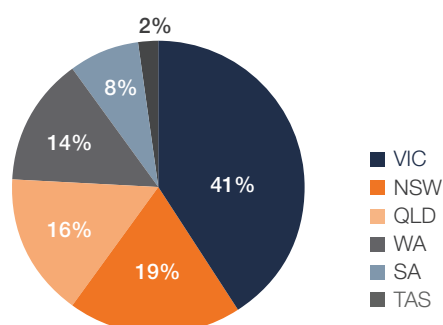
Property Name & Location	NLA (sqm)	Occ %	% Ownership	Investment value \$ mill	Weighting %
<b>Village Lakeside Shopping Centre</b> – Pakenham Vic	3,651	100%	100.0%	\$19.00	16.5%
<b>HomeCentral Warrnambool</b> – Warrnambool Vic	13,355	100%	100.0%	\$18.50	16.0%
<b>Seacrest Shopping Centre</b> – Geraldton WA	4,713	97%	100.0%	\$14.80	12.8%
<b>Beaudesert Central Shopping Centre</b> – Beaudesert QLD	4,453	98.6%	100.0%	\$16.85	14.6%
<b>Rocks Central Shopping Centre</b> – South West Rocks NSW	4,457	100%	100.0%	\$10.55	9.2%
<b>Coles Moss Vale</b> – Moss Vale NSW	2,500	100%	100.0%	\$9.70	8.4%
<b>Target</b> – Kadina SA	3,306	100%	100.0%	\$5.90	5.1%
<b>MPG Bulky Goods Retail Trust<sup>2</sup></b> – Chirnside Homemaker Centre, Chirnside Park Vic – Mildura Homemaker Centre, Mildura Vic	13,752 17,343	100% 82%	21.0% 21.0%	\$4.86	4.2%
<b>MPG Seaford Meadows Property Trust<sup>1</sup></b> – Seaford Meadows Shopping Centre, Seaford Meadows SA	5,305	95%	24.2%	\$2.50	2.2%
<b>MPG Hardware Trust<sup>2</sup></b> – Bunnings, Kingston TAS	9,512	100%	24.0%	\$2.20	2.1%
<b>Proposed Cash/Listed Property/Other</b>	N/A	N/A	N/A	\$10.34	8.9%
<b>Total</b>				\$115.20	100.00%

<sup>1</sup> The Trust holds interests in these properties through unitholdings in various property trusts.

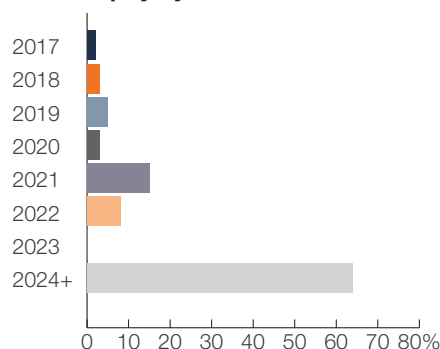
## Weighted Average Lease Term

The weighted average lease term indicates how long income is contractually secured by leases across a property portfolio. Based on tenants of the above properties as at 30 June 2019, the weighted average lease term will be 8.60 years, with over 65% of rent by gross income expiring after 2024.

### Geographical Diversification by State



### Lease Expiry by Gross Income

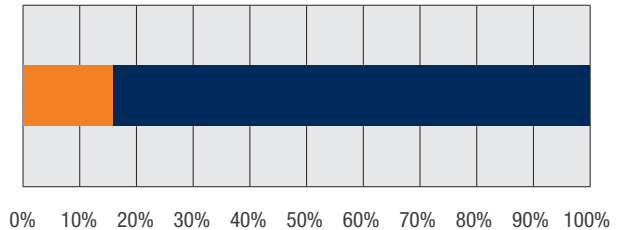


## VILLAGE LAKESIDE SHOPPING CENTRE

Lakeside Boulevard, Pakenham, Victoria



Percentage of Portfolio



### Description

The Village Lakeside Shopping Centre is a neighbourhood shopping centre that is strategically positioned within the Delfin Lakeside urban development in the fast growing south-eastern growth corridor of Pakenham, Victoria. The property, which is approximately 55kms south east from the Melbourne CBD, offers easy access from the Princes Highway and is anchored by a Coles Supermarket and has twelve specialty tenants (including Brumby's Bakeries and Bottle-O). The total land holding is approximately 11,200 sqm, the net lettable area is approximately 3,651 sqm and the Centre has 176 car spaces.

Pakenham has been identified as a Major Activity Centre under the Victorian Government's long term plan, Melbourne 2030 and is one of Australia's fastest growing growth corridors. The Cardinia Shire, which includes Pakenham, has a population of approximately 90,325 people that is forecast to nearly double over the next twenty years to approximately 175,000 people. The number of households are also expected to increase from 26,827 to around 62,795 over this period (source: www.id.com.au/cardinia/forecastid/).

The property is located within a 222-hectare masterplanned community, which will be made up of 2,300 lots. The estate features 33 hectares of open space and that includes: a primary school, child care centre, medical centre, sports and aquatic centre, restaurants, the shire convention centre, law courts and a police station. (source: www.lakesidepakenham.com.au).

### Key Data

<b>Property sector</b>	Neighbourhood Retail	<b>Occupancy</b>	100%
<b>Major tenants</b>	Coles Advantage Pharmacy Brumby's Bakery Bottle-O	<b>Date built</b>	October 2005
		<b>Land area</b>	11,200 sqm
		<b>Net lettable area</b>	3,651 sqm
<b>Car spaces</b>	176	<b>Ownership percentage</b>	100%
<b>Weighted ave lease term</b>	1.8 years	<b>Independent valuation</b>	\$19,000,000 (2018)

### Aerial View



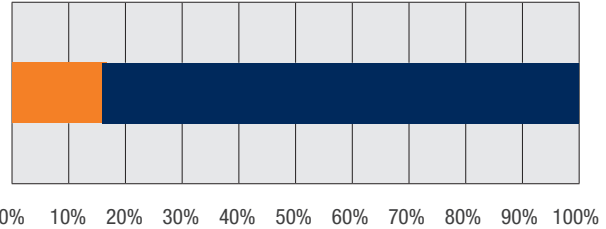
### Site Plan



**HOME CENTRAL WARRNAMBOOL**  
 Corner Horne Road and Raglan Parade, Warrnambool, Victoria



Percentage of Portfolio



**Description**

HomeCentral Warrnambool is a 13,355 sqm bulky goods retail centre that is anchored by Bunnings Warehouse and is located on the Princess Highway in Warrnambool (Victoria).

Warrnambool, which is 260 kms west of Melbourne, was first settled in the 1830’s and has a rich maritime history. It is Victoria’s six largest city and acts as a regional hub for the western quarter of Victoria. Warrnambool has an estimated trade catchment area of 63,350 (Source: Deep End Services- Economic Impact Assessment Feb 2016).

The centre is located within the “Gateway Precinct” which is approximately 4kms east of the Warrnambool CBD and has neighbouring developments which include: the Gateway Plaza sub regional shopping centre, Harvey Norman and Warrnambool Homemaker Centre.

The current tenants of the centre include Bunnings Warehouse (7,569 sqm), Rebel Sport (part of the Super Retail Group) (1,200 sqm), Lincraft (1,086 sqm), Forty Winks, (2,000 sqm) and Petstock (1,000 sqm).

**Key Data**

<b>Property sector</b>	Bulky Goods Retail	<b>Occupancy</b>	100%
<b>Major tenants</b>	Bunnings Rebel Sport Lincraft Forty Winks Petstock	<b>Date built</b>	December 2007
		<b>Land area</b>	4 hectares
		<b>Net lettable area</b>	13,355 sqm
<b>Car spaces</b>	260	<b>Ownership percentage</b>	100%
<b>Weighted ave lease term</b>	3.90 years	<b>Independent valuation</b>	\$18,500,000 (2018)

**Aerial View**



**Site Plan**

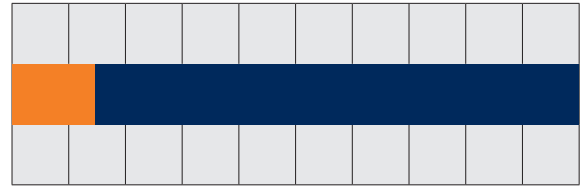


## SEACREST SHOPPING CENTRE

75 Barrett Drive, Geraldton, WA



### Percentage of Portfolio



0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

### Description

The Seacrest Shopping Centre is a 4,713 sqm neighbourhood centre, anchored by Woolworths and BWS. It offers an additional six tenancies plus a standalone medical centre on the site. The total land holding is 14,867 and has 236 carparks, with many of this under shade sails.

The centre was acquired by the MPG Retail Brands Property Trust at the end of 2018 and fitted well into the portfolio. It has a long WALE of 10.3 years (by area) which is underpinned by ASX listed Woolworths. It also adds more geographical diversification.

Geraldton is 400km north of Perth, and a major regional city with strong industry and tourism appeal. The population of Greater Geraldton was 41,430 in 2016 and is forecast to exceed 60,000<sup>1</sup> by 2036. Seacrest is located in a newly-established growth area of Geraldton and is the site of the second Woolworths supermarket in the region.

### Key Data

<b>Property sector</b>	Neighbourhood Retail	<b>Land area</b>	14,867 sqm
<b>Major tenant</b>	Woolworths	<b>Net lettable area</b>	4,713 sqm
<b>Weighted ave lease term</b>	9.5 years		
<b>Occupancy</b>	100%	<b>Ownership percentage</b>	100%
<b>Date built</b>	2017	<b>Independent valuation</b>	\$14,800,000 (2018)

### Aerial View



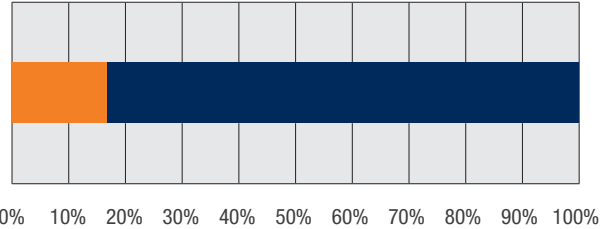
### Site Plan



**BEAUDESERT CENTRAL SHOPPING CENTRE**  
**125 Brisbane Road, Beaudesert, Queensland**



Percentage of Portfolio



**Description**

The Beaudesert Central Shopping Centre is a modern single level shopping centre located in the main street of the town. It is strategically located 70km from Brisbane along the Mount Lindsay Highway and 65 km from the Gold Coast. The Shopping Centre is anchored by a full line Woolworths Supermarket (Woolworths Ltd) and 11 specialty retailers including Subway and QML Pathology amongst others. The total land holding is approximately 14,230 sqm, the net lettable area is 4,452 sqm and the centre has parking for 185 cars.

The Scenic Rim Council<sup>1</sup> are forecasting the town’s population will jump from 13,735 to about 31,000 by 2036, a rate of growth doubling that of the Queensland average. Beaudesert’s location; a one hour drive from Brisbane, Ipswich and the Gold Coast, is likely to see an increasing number of residents relocating in search of larger, affordable properties. The master planned Oakland Estate is anticipated to offer more than 2,000 homes, and the Council has also approved an additional 1500 lots nearby<sup>2</sup> to cater for this future growth. The Queensland Government recently established the Bromelton State Development Area, 6kms from Beaudesert, to promote economic development by providing for the growing demand for greenfield land in South East Queensland which is suitable for medium to large scale industrial activities of regional, State and national significance.

<sup>1</sup> [Thtp://www.scenicrim.qld.gov.au/documents/717563/42623559/Scenic%20Rim%20Economic%20Brief%20January%202017.pdf](http://www.scenicrim.qld.gov.au/documents/717563/42623559/Scenic%20Rim%20Economic%20Brief%20January%202017.pdf)

<sup>2</sup> [Thtp://www.scenicrim.qld.gov.au/news/-/asset\\_publisher/X8lIBylPtOtj/blog/26-may-first-home-sites-approved-for-oakland-estate](http://www.scenicrim.qld.gov.au/news/-/asset_publisher/X8lIBylPtOtj/blog/26-may-first-home-sites-approved-for-oakland-estate)

**Key Data**

<b>Property sector</b>	Neighbourhood Retail	<b>Occupancy</b>	96%
<b>Major tenants</b>	Woolworths Subway QML Pathology Specsavers Amcal Chemist		2007
		<b>Land area</b>	14,230 sqm
		<b>Net lettable area</b>	4,452 sqm
<b>Car spaces</b>	185	<b>Ownership percentage</b>	98%
<b>Weighted ave lease term</b>	xx years	<b>Independent valuation</b>	\$16,850,000 (2017)

**Aerial View**



**Site Plan**

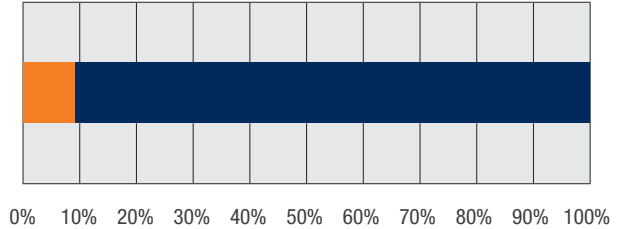


## ROCKS CENTRAL SHOPPING CENTRE

255-279 Gregory Street, South West Rocks, New South Wales



Percentage of Portfolio



### Description

The Rocks Central Shopping Centre is a neighbourhood shopping centre that is strategically positioned on the growing mid-north NSW coast. The property is located approximately 85kms north of Port Macquarie and 35kms north-east of Kempsey of the Pacific Highway.

The shopping centre is anchored by a strongly trading Coles Supermarket as well as fourteen specialty tenants, two ATMs and a kiosk. Coles has recently extended their lease by a further 8 years and is supported by other specialty tenants including: Liquorland, The Reject Shop and Blooms the Chemist. The total land holding is approximately 23,674 sqm, allowing for a number of potential future value add opportunities. The net lettable area is approximately 4,547 sqm and the Centre has 308 at grade car spaces.

The centre benefits from limited competition as it is the only full line supermarket in the trade area and supports a growing lifestyle population and a thriving tourist economy servicing other towns to the south including: Arakoon, Kinchela and Hat Head. The main trade area population of 5,900 is supported by a growing tourist population of an estimated 4.9 million international and domestic visitors per year visiting the mid north coast region. (Source: Location IQ Trade area Analysis, Sep 2015)

### Key Data

<b>Property sector</b>	Neighbourhood Retail	<b>Occupancy</b>	96%
<b>Major tenants</b>	Coles Liquorland The Reject Shop Blooms the Chemist	<b>Date Built</b>	October 2002
		<b>Land area</b>	23,674 sqm
		<b>Net lettable area</b>	4,547 sqm
<b>Car spaces</b>	308	<b>Ownership percentage</b>	100%
<b>Weighted ave lease term</b>	2.8 years	<b>Independent valuation</b>	\$10,550,000 (2019)

### Internal View



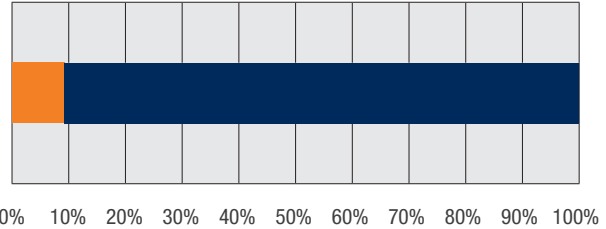
### Site Plan



**COLES MOSS VALE**  
**13-19 Kirkham Street, Moss Vale, New South Wales**



Percentage of Portfolio



**Description**

Coles Moss Vale is a 2,500 sqm\* (NLA) standalone Coles supermarket located in Moss Vale, New South Wales which is strategically located between Sydney and Canberra.

Moss Vale is located in the Wingecarribee Shire of the Southern Highlands and provides a blend of city facilities and a country lifestyle. The Wingecarribee Shire which covers the surrounding areas of: Mittagong, Bowral, Bundanoon, Robertson and Berrima, has a population of over 50,000 people and is visited by over 1.3 million tourists annually. As outlined in The “Wingecarribee Shire Council 2031+ Growth Plan” the population is predicted to reach 57,800 people by 2031 using a growth rate of 2.1% per annum.

The Moss Vale catchment accommodates community facilities such as: Council Offices, Magistrates Courts, community aquatic centre and sporting ovals, post office and 11 private and public schools.

The Coles supermarket that occupies the site is a regular shaped tenancy of 2,500 sqm\*, enjoys efficient rear loading facilities and ample at grade parking for 108 vehicles.

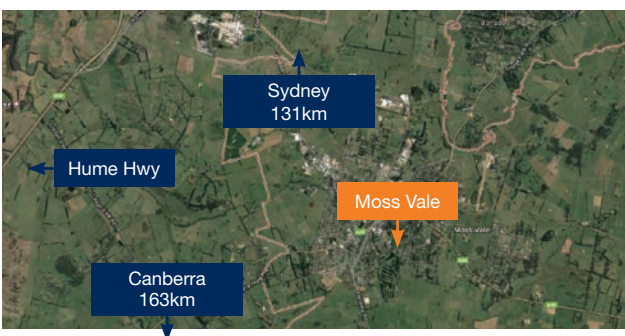
The property is leased to Coles Supermarkets until 2025 with two, five year options remaining on the property. Coles is one of Australia’s most well-known supermarkets with over 775 stores in Australia with over 101,000 team members nationally. Coles is a subsidiary of Wesfarmers Ltd, which is listed on the Australian Stock Exchange and has a market capitalisation of over \$48 billion.

\* Approximate area only.

**Key Data**

<b>Property sector</b>	Supermarket Retail	<b>Date refurbished</b>	Refurbished 2015
<b>Major tenants</b>	Coles	<b>Land area</b>	7,199 sqm
<b>Car spaces</b>	108	<b>Net lettable area</b>	2,500 sqm
<b>Weighted ave lease term</b>	5.7 years	<b>Ownership percentage</b>	100%
<b>Occupancy</b>	100%	<b>Independent valuation</b>	\$9,700,000 (2018)

**Coles Moss Vale Location map**



**Site Plan**



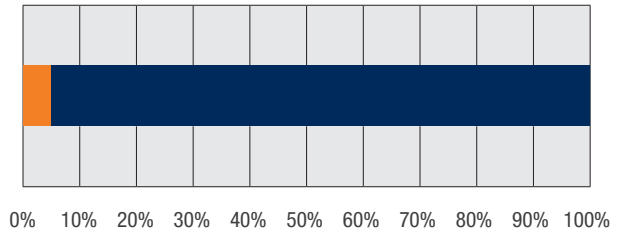


## TARGET

### 6-8 Railway Terrace, Kadina, South Australia



#### Percentage of Portfolio



#### Description

The Target property is a 3,669 sqm purpose built freestanding Target discount department store that is located in Kadina, South Australia. Kadina is 150 kms north-west of the Adelaide CBD and services the surrounding Copper Coast region on the York Peninsula, including Wallaroo, Moonta and Port Broughton. The property enjoys corner exposure with good access and exposure to the passing traffic on the Cooper Coast Highway.

The property is securely leased to Target Australia Pty Ltd ("Target") with approximately six and a half years remaining on the initial lease term. Target also has a further 2 five year options.

Target is a national department store retail chain with over 300 stores throughout Australia and its product ranges includes: fashionable clothing, underwear, footwear and accessories for women, children and men, in addition to homewares, entertainment and general merchandise.

Target is a subsidiary of ASX listed, Wesfarmers Ltd which is a diversified business operating supermarkets, department stores, home improvement and office supplies, insurance, resources, chemicals, energy, fertilisers, industrials and safety products with its leading brands including: Coles, Kmart, Bunnings, Officeworks. It has a market capitalisation of over \$48 billion.

#### Key Data

<b>Property sector</b>	Retail	<b>Occupancy</b>	100%
<b>Major tenants</b>	Target Australia Pty Ltd	<b>Date built</b>	2008
		<b>Land area</b>	8,072 sqm
		<b>Net lettable area</b>	3,306 sqm
<b>Car spaces</b>	150	<b>Ownership percentage</b>	100%
<b>Weighted ave lease term</b>	4.3 years	<b>Independent valuation</b>	\$5,900,000 (2017)

#### Aerial View



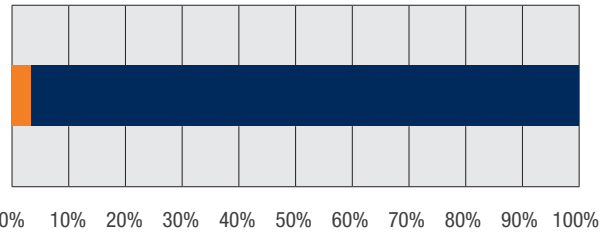
#### Site Plan



**CHIRNSIDE HOMEMAKER CENTRE**  
 282 Maroondah Highway, Chirnside Park, Victoria



Percentage of Portfolio



**Description**

The 13,752 sqm (NLA) Chirnside Homemaker Centre is located in Chirnside Park (Victoria), which is approximately 32kms east of the Melbourne CBD. The investment is held by a 21.02% interest in the MPG Bulky Goods Retail Trust.

The property is located on the busy Maroondah Highway, which is a major arterial road and provides access from the eastern suburbs of Melbourne to the central business district and is also near the Chirnside Park Shopping Centre, local schools and new housing estates.

The Centre is located adjacent to a Bunnings Warehouse, with which it shares a common carpark and has well known national tenants that include: JB Hi-Fi, Nick Scali Furniture, Amart Sports, The Good Guys, Bev Marks Bedding, Clark Rubber and Petbarn.

Chirnside Park has been identified as a “Major Activity Centre” under the Victorian Governments long-term plan for metropolitan Melbourne (Melbourne 2030).

**Key Data**

<b>Property sector</b>	Bulky Goods Retail	<b>Date built</b>	2005
<b>Major tenants</b>	JB Hi-Fi Rebel Sports Nick Scali Furniture Petbarn Forty Winks Clark Rubber	<b>Land area</b>	38,090 sqm
		<b>Net lettable area</b>	13,752 sqm
		<b>Ownership percentage</b>	21.02 % via the MPG Bulky Goods Retail Trust
<b>Car spaces</b>	330	<b>Independent valuation</b>	\$38,500,000 (2018 7.00% Cap Rate)
<b>Weighted ave lease term</b>	3.44 years		
<b>Occupancy</b>	100%	<b>Investment value</b>	\$2,500,000 (21.02% interest)

**Chirnside Homemaker Centre location map**



**Site Plan**

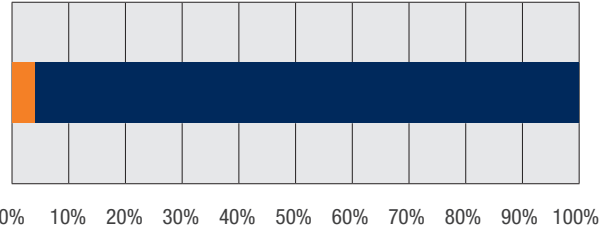


## SEAFORD MEADOWS SHOPPING CENTRE

Cnr Grand Boulevard & Bitts Road, Seaford Meadows, South Australia



### Percentage of Portfolio



### Description

The Seaford Meadows Shopping Centre is a neighbourhood shopping centre located in Seaford Meadows which is approximately 35kms south of Adelaide in South Australia. The Trust holds an investment of 24.2% via the MPG Seaford Meadows Property Trust.

The property is anchored by a Woolworths Supermarket (Woolworths Ltd) and has 14 specialty tenants (including The Reject Shop and Chemist Warehouse). The total land holding is approximately 18,710 sqm, the net lettable area is approximately 5,305 sqm and the Centre has 335 car spaces.

Seaford Meadows is part of the region targeted as a “growth area” and “transit corridor” in the South Australian State Governments “30-Year Plan for Greater Adelaide”. Recent infrastructure improvements in the area include: the \$407.5 million Southern Expressway Duplication (completed August 2014), \$291 million railway line extension and a new train station at Seaford Meadows with a 550 space park and ride facility (completed February 2014) as well as connection to the National Broadband Network for faster internet. This demonstrates the South Australian Government’s commitment to the area.

### Key Data

<b>Property sector</b>	Neighbourhood Retail	<b>Date built</b>	March 2014
<b>Major tenants</b>	Woolworths The Reject Shop Chemist Warehouse	<b>Land area</b>	318,710 sqm
		<b>Net lettable area</b>	5,305 sqm
		<b>Ownership percentage</b>	24.2% via the MPG Seaford Meadows Property Trust
<b>Car spaces</b>	335	<b>Independent valuation</b>	\$20,200,000 (2018) (7.25% Cap Rate)
<b>Weighted ave lease term</b>	10.28 years		
<b>Occupancy</b>	95%	<b>Investment value</b>	\$2,500,000 (24.2% interest)

### Seaford Meadows Shopping Centre location map



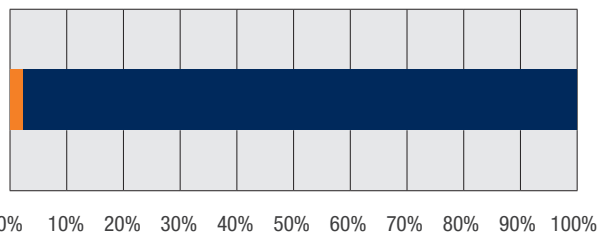
### Site Plan



**BUNNINGS KINGSTON**  
**Cnr Channel Highway and Spring Farm Rd, Kingston Tasmania, 7050**



Percentage of Portfolio



**Description**

Bunnings Kingston was completed in June 2016 and is located in Kingston in Tasmania which is approximately 15kms south west of Hobart. The investment is held by a 24% interest in the MPG Hardware Trust 2.

Kingston is in the Shire of Kingborough which is one of Tasmania’s fastest growing regions.<sup>1</sup>

Bunnings Kingston enjoys sound demographics with circa 12,000 people living within the 10km radius, and with a high household ownership at 73% either owning outright or paying a mortgage.<sup>1</sup>

The Property sits on a parcel of land of approximately 2.42 ha and the Warehouse is approximately 9,512 sqm.

The new Bunnings property is situated near the local Kingston Town shopping centre and Channel Court Shopping Centre, which has tenants including: Big W, Woolworths, Coles and The Reject Shop. It is also near the local Kingston Primary School and popular Kingston Beach.

The new warehouse enjoys extensive street frontage and visibility from the Channel Highway and Spring Farm Road and has multi directional access from a new roundabout. The site has 198 on grade car parks across the car parking area. The total area of the Warehouse is 9,512 sqm is comprised of the main store (5,431 sqm), timber trade (2,289 sqm) and garden centre (1,792 sqm).

<sup>1</sup> Source (ABS Census 2011)

**Key Data**

<b>Property sector</b>	Bulky Goods Retail	<b>Land area</b>	2.42 ha* sqm
<b>Major tenants</b>	Bunnings Group Ltd	<b>Net lettable area</b>	9,512 sqm
<b>Car spaces</b>	198	<b>Ownership percentage</b>	24% via the MPG Hardware Trust 2
<b>Weighted ave lease term</b>	10.30 years	<b>Independent valuation</b>	\$18,983,050 (2016) (6.00% Cap Rate)
<b>Occupancy</b>	100%		
<b>Date built</b>	June 2016	<b>Investment value</b>	\$2,200,000

**Bunnings Kingston location map**



**Site Plan**

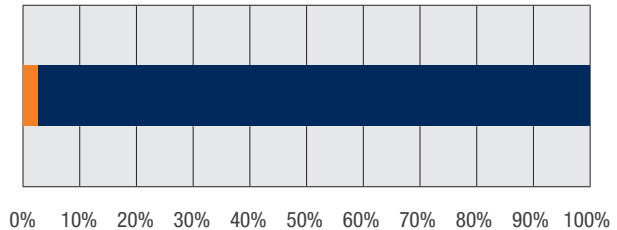


## MILDURA HOMEMAKER CENTRE

Cnr Fifteenth St & Benetook Ave, Mildura, Victoria



### Percentage of Portfolio



### Description

The 17,343 sqm (NLA) Mildura Homemaker Centre is conveniently located on the busy Calder Highway opposite a Bunnings Warehouse in Mildura in Northern Victoria. The investment is held by a 21.02% interest in the MPG Bulky Goods Retail Trust.

Mildura acts as a regional hub and destination shopping centre for the region and the surrounding areas of: Red Cliffs, Wentworth, Merbein, Dareton and Irymple and has a permanent population of over 50,000 people that continues to grow at around 1.5% per annum. The majority of this growth has been driven by younger families entering new housing estates and land subdivisions, as well as retirees migrating to retirement villages and tourist parks. (Source 2011 ABS Census).

Mildura has a strong and diversified economic base with major industries including: wholesale and retail trade, agriculture (mainly grape, wine and citrus fruits), forestry, health, mining and tourism activities. (Source 2011 ABS Census)

The Centre has a well-established stable of national retailers as tenants, which include: Amart Sports, Fantastic Furniture, Chemist Warehouse, United Petroleum, Bev Marks Bedding, Dollar Curtains and Blinds and Lombard the Paper People amongst others.

### Key Data

<b>Property sector</b>	Bulky Goods Retail	<b>Date Built</b>	December 2006
<b>Major tenants</b>	Rebel Sports Harris Scarfe Fantastic Furniture Chemist Warehouse United Petroleum	<b>Land area</b>	33,020 sqm
		<b>Net lettable area</b>	17,343 sqm
		<b>Ownership percentage</b>	21.02% via the MPG Bulky Goods Retail Trust
<b>Car spaces</b>	343	<b>Independent valuation</b>	\$18,500,000 (2018)
<b>Weighted ave lease term</b>	4.27 years		
<b>Occupancy</b>	92%	<b>Investment value</b>	\$2.36 (21.02% interest)

### Mildura Homemaker Centre location map



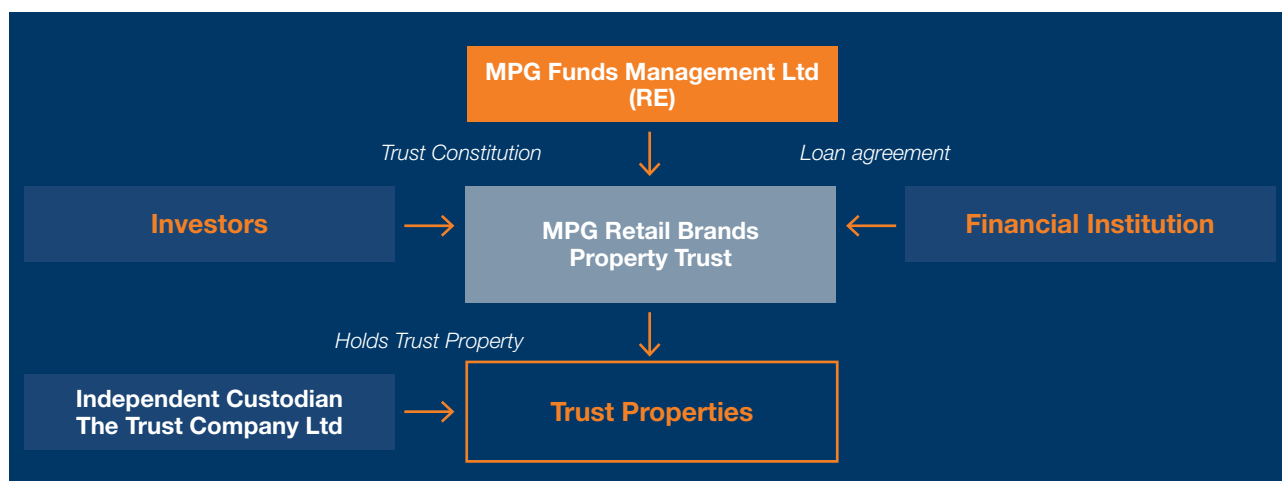
### Site Plan



# STRUCTURE OF THE INVESTMENT

## Overview

The structure of the Trust is shown in the diagram below.



## Introduction

The Trust is a registered managed investment scheme that has been formed for holding and acquiring investment properties. MPG Funds Management Ltd (MPG) acts as the Responsible Entity (RE) and the Trust Company Limited acts as the Custodian of the Trust. The operation of the Trust and the responsibilities of the RE are governed by the Trust Constitution, the Corporations Act and other relevant laws.

The funds raised under this Offer are intended to be used predominantly to purchase the proposed property. Any additional funds that are raised may be invested in either: additional properties that meet the Trust's investment criteria as outlined on page 6, repaying bank and other debt, repurchasing Liquidity Units previously issued or purchasing A-REITs listed on the ASX.

## The Trust

The Trust is governed by the Trust Constitution which is summarised on page 46 of this document. The Trust has a current term of 3 years from 30 June 2019. The term of the Trust may be extended as described on page 22.

## The Custodian

MPG has engaged The Trust Company Limited (ACN 004 027 749) (Custodian) as the independent Custodian of the Trust. The Custodian holds property as directed by MPG, which is registered in its name on behalf of MPG, and will hold the legal title to the Assets on MPG's behalf. The Custodian will also enter into all contracts relevant to the

Trust Assets on behalf of MPG.

It is not the role of the Custodian to protect the rights and interests of the Unitholders.

The Custodian is remunerated by the Trustee, by way of custodian fees stipulated in the Custody Deed. The rights and obligations of the Custodian are set out in the Custody Deed, which includes a clause limiting the liability of the Custodian.

## Units in the Trust

You may apply for Ordinary Units in the Trust by completing the Entitlement and Acceptance Form accompanying this Offer and sending it to MPG.

MPG reserves the right to reject your application in whole or in part without giving a reason for doing so. In this instance, MPG will return the application money to the applicant within twenty-one days of issuing the notice of rejection together with any accrued interest, less any taxes and bank fees in connection with the Application.

Application monies will be deposited into an interest bearing account in the name of the Custodian and the Trust. Any interest on Application monies will be invested in the Trust.

If your Application is accepted, in return for your Application Money, you will be allotted Ordinary Units in the Trust at the discretion of the RE, which entitle you to pro-rata distributions of the net property income of the Trust in proportion to your total unitholding.

When an Entitlement and Acceptance Application is accepted, the number of Units issued will equal the amount received, divided by the Application Price. A fractional unit may be issued and will be rounded to four decimal places. Application monies paid by cheque will not be processed until the cheque is cleared

If the Application is accepted, the RE will allot Ordinary Units to you within one month of receiving your Application Money, and within 7 days of the Closing Date.

Where you have submitted an Entitlement and Acceptance form but have not yet been issued Units, you will have no entitlements to the property of the Trust.

### **The Rights Issue Offer, Permitted Investors and Minimum Application Amounts**

Under the Non-Renounceable Rights Issue Offer, eligible Unitholders on the Unitholder Register of the Trust on the Record Date (3 June 2018) have the opportunity to subscribe for one new Ordinary Unit for every three Ordinary Units that they hold.

The Offer is Non-Renounceable, which means that the Rights Issue Entitlement cannot be traded or otherwise sold to another party. If you do not participate in the Rights Issue Offer, you forfeit your right to participate and will not receive any value for your Entitlement. You should also note that if you do not take up all or part of your Entitlement, then your percentage holding in the Trust will be diluted to the extent that New Units are issued to other Unitholders.

Eligible Unitholders may do any one of the following:

1. Take up all of their Entitlement;
2. Take up part of their Entitlement; and
3. Do nothing and allow their Entitlement to lapse.

The Offer opens on 3 June 2019 and is anticipated to close on 28 June 2019. Units will be allotted to successful investor applications as outlined above. The RE reserves the right to close the Offer early or extend the Offer and there are cooling off rights for Investors as outlined on page 50. Subject to those cooling off rights, you cannot withdraw your Application once it has been received.

### **Minimum and Maximum Subscriptions and Offer Conditions**

The Trust intends to raise \$16,855,000 through the Expected Subscription. The RE may accept oversubscriptions at its discretion. Application funds will be placed on trust in a cash account while the Offer is open. In the unlikely event less than \$16,855,000 is raised by the Closing Date MPG reserves its rights to raise funds from

other investors for any entitlements not taken up. If MPG elects not to issue Units following close of the Offer, MPG will return the application monies under this Offer within 21 days after the Closing Date. The Offer is not underwritten.

### **Unit Pricing**

The Application Price will be set at \$1.00 until the close of the Offer.

Withdrawal Prices are calculated in accordance with the following formula:

$$\text{Withdrawal Price} = (\text{Net Asset Value} - \text{estimated selling costs}) / \text{Units on Issue}$$

Net Asset Value is represented by the Assets of the Trust (which includes all investments at valuation and financial assets such as debtors and distribution income receivable from all investments) less liabilities of the Trust, which include: borrowings, accrued costs, charges and expenses, contingent liabilities, performance and management fees provisions and unpaid distributions. Estimated selling costs are determined by the RE, and may include agent's commission, advertising etc.

### **Buy/Sell Spread**

A difference may exist between the Application Price and the Withdrawal Price, which is due to transaction costs and is referred to as the Buy/Sell spread. When investors make new investments or withdrawals from the Trust, the Trust may incur some costs in buying new investments or selling investments.

So that existing investors do not continually bear these transaction costs from new investments or withdrawals, all investors pay a set amount when they transact.

The RE may introduce a buy spread for future offers that will apply to Application monies to reflect its estimate of the average cost of acquiring the investment in which it is mandated to invest.

No sell spread is currently applicable on withdrawal from the Trust.

Please note that any buy/sell spread is not paid to the RE and is paid to the Trust to ensure equality to all investors. The RE may review the amount of buy/sell spread from time to time to ensure fair unit pricing.

## STRUCTURE OF THE INVESTMENT

### Liquidity

Generally speaking a registered managed investment scheme will only be considered liquid under the Corporations Act where liquid assets account for at least 80% of the value of scheme property. As the Trust's assets consist of real property and investments in property trusts, MPG does not expect that the Trust will be liquid.

Accordingly, Investors will only be entitled with withdraw from the Trust in accordance with Part 5C.6 of the Corporations Act. This means that the Trustee must ordinarily make an offer for Investors to withdraw from the Trust and you will generally not be able to apply for withdrawal unless such an offer is made by the Trustee.

It is anticipated that these Limited Withdrawal Offers will be funded through the issue of new Units as well as from existing investments that are readily realisable such as cash holdings, fixed interest and listed securities. If the funds raised from these investments are insufficient then the RE may consider increasing bank debt or selling assets.

### Term and Opportunity to Sell

This investment in the Trust should be viewed as a medium-term investment with a remaining investment term of three years from 30 June 2019.

Approximately six months prior to the end of the current investment term, all Investors will be given the option (via a Term Extension Proposal Letter) of remaining in the Trust for a further period of seven years or offering to sell their Units at a price determined by the RE in accordance with the Trust Constitution. The RE's determined price per Unit will be based on the Net Asset Value of the Trust at an independent valuation (obtained at the time by an independent valuer engaged at the RE's discretion) less estimated selling costs determined by the RE, which may include agent's commission, advertising etc. The Term Extension Proposal Letter will also contain a copy of the most recent valuation summary and estimated forecasts to allow Investors to make an informed decision.

In order to exercise their right to exit the investment, Investors must respond in writing before the date prescribed by the RE in the Term Extension Proposal Letter. If all Investors wish to exit the Trust (ie no Investors accept the Term Extension Proposal Letter), the Trust will be wound up and its Assets realised in accordance with the Trust Constitution.

Investors who do not notify the RE that they wish to exit the investment within the time specified in the Term Extension Proposal Letter being made will be deemed to have elected to remain in the investment for the extended period.

By electing to exit the investment, Investors automatically authorise the RE to dispose of their underlying Units in the Trust.

In the first instance, Units of Investors who have elected to withdraw will be offered to other existing Unitholders in the Trust in proportion to their existing unitholding and Unitholders will have 60 days to respond to this offer. In the event that this offer is not fully subscribed then the remaining Units will be offered as a secondary offer to existing Unitholders to apply for these remaining additional Units within 60 days on a "first come first serve" basis. If the existing Unitholders decline to purchase these additional Units after the expiry of this 60 day period, then the RE may invite applications from other parties. As a result of this process it may take up to 12 months from the date of the Term Extension Proposal Letter to exit the Trust (or longer if the Trust must be wound up as described below).

If any Units remain unpurchased after six months from the date of the secondary offer, then the RE will resolve to wind the Trust up and distribute the proceeds to Unitholders on a proportionate basis. In the event of a resolution to wind up the Trust, the RE has two years to realise the assets of the Trust (or longer if reasonably necessary). There may be up to 12 months from the time of the Term Extension Proposal letter to the decision to wind up the Trust. Accordingly it may take up to 3 years (or longer if necessary) from the date of the Withdrawal Offer contained in the Term Extension Proposal Letter to the realisation of the assets.

This exit process will be repeated at the expiry of each term extension period specified in a Term Extension Proposal Letter. Under the Trust Constitution, the Trust will terminate on the earlier of (a) the date specified in a notice to the Unitholders (ie the date specified in the most recent Term Extension Proposal Letter) and (b) the 80th anniversary of the day before the Trust commenced or in accordance with the Corporations Act or any other law.

### Distribution Reinvestment Plan

The Trust currently operates a distribution reinvestment plan (DRP), whereby Unitholders can request to have all or part of their income reinvested in the Trust and will be issued further Units. New Units issued under the DRP will be issued at the prevailing Withdrawal Price on the distribution payment date, effectively offering participating Unitholders a discount equivalent to the buy spread for participating in the DRP.

Unitholders may join, withdraw or change their level of participation in the DRP by notifying the RE accordingly. The RE may withdraw this facility at any time or vary the terms of the DRP, including the effective discount offered to Unitholders subscribing to this DRP.



## Sale or Transfer of Trust Units

The transfer of Units in the Trust must be in writing, signed by both the Transferor and the Transferee and lodged with MPG for registration. The transfer must be approved by the RE and the RE can withhold this approval for transfer at its sole discretion.

## Distributions and Financial Accounts

It is anticipated that distributions will be made on a quarterly in arrears basis from 30 June 2019 and may be of income and/or capital in nature. The RE intends to distribute available net income, and return capital to investors at the expiry of the Trust term or as Trust assets are realised, however distributions are not promised or guaranteed.

The Trust will pay distributions to Investors from its cash from operations (excluding borrowings) available for distribution. This is to mitigate the risk that distributions received from unrealised gains, capital, borrowings or other support facilities may not be commercially sustainable over the longer term, particularly when property values are not increasing.

All distributions will only be paid directly into an Australian bank account or other account with a financial institution (where there is a branch in Australia). If valid bank details are not provided, the RE may delay processing an Applicant's application and/or an investor's distribution payment. Distributions will not be paid by cheque. The Trust also has a distribution re-investment facility.

The RE anticipates that distribution payments to Unitholders will contain some portion of tax-deferred amounts. Tax-deferred amounts arise through the different treatment of expenses and depreciation allowances on buildings and plant and equipment within a building for accounting and taxation purposes. Changes in the amount of depreciation, interest rates, the level of gearing and other risk factors may influence the actual tax-deferred amounts of a distribution. Refer to page 36 for further information regarding tax-deferred distributions.

Investors will be able to download the annual financial reports of the Trust from the RE's website ([www.mpgfm.com.au](http://www.mpgfm.com.au)) in late September of each year. Taxation distribution statements will be posted to all Unitholders within 90 days of the financial year end (30 June).

## Holding Statements and Registry

MPG will issue to each investor a holding statement, which will state the class and number of units in the Trust, held by the investor. A register of all interests will be held by MPG.

## McMullin Group's Interest

McMullin Nominees Pty Ltd, an associated entity of the RE and MPG have previously subscribed for 21,454,171 Ordinary Units as outlined on page 49 of this document.

These Unitholdings may be sold in future years. It is McMullin Nominee's intention (either in its own name or that of an associated entity) to hold a minimum interest of at least 5.0% of the equity of the Trust.

## Valuation Policy

MPG maintains and complies with a written valuation policy in relation to the assets of the Trust.

It is the RE's policy to have the Trust's assets valued in accordance with Australian Accounting Standards and as required under the Trust Constitution and the Corporations Act. Independent valuations will be performed before a property is purchased or sold on an "as is" and "as if complete" basis or within two months after the Directors form a view that there is a likelihood that there has been a material change in the value of the property.

Where required valuations of the Assets will be performed on an annual basis and this will include either internal Directors' valuations or external independent valuations. External valuations will be performed by valuers who are registered under a Federal or State registration scheme and valuations will comply with relevant industry codes and standards. Where external valuations are conducted, such valuations will be obtained at intervals of not more than three years. Any conflicts of interest that may arise in relation to a valuation will be referred to MPG's compliance officer. MPG considers such a policy will ensure the reliability of valuations and mitigate the risks that an asset will return the valuation amount when it is sold, or loan covenants may be breached.

The initial value of investments at acquisition is its purchase price plus acquisition costs. Interests in these investments are revalued to their net asset backing (NAB) values upon this information being published by the respective manager. The direct properties of the Trust are independently valued every three years and by the Directors (using recent market transaction multiples for similar properties) on an annual basis in between these independent valuations.

For investments in non-listed assets where the RE is not related to MPG, the RE will have regard to the original acquisition price, the updated NTA or the updated NAB (whichever the case may be) as advised by the relevant manager of such investments.

The RE may have regard to published information, economic data and trends in property value and may adjust the value of the underlying investments accordingly where it believes it would be prudent to do so. Investments in liquid securities are valued at their closing market price at the day of valuation.

## STRUCTURE OF THE INVESTMENT

### Gearing Policy

To enhance returns to investors, MPG considers that it is advantageous to purchase the property using some borrowings.

All loan arrangements will be performed pursuant to the Trust Constitution and MPG will carry out all of the obligations of the Trust's investors in connection with the loans.

Additional borrowings are permitted to fund any capital expenditure. MPG may at any time agree with the financier to amend the terms of the loan where it is in the best interests of the Trust to do so. MPG may refinance the loans at or before the repayment date and this may occur through a financier or an alternative debt provider.

MPG as RE, maintains and complies with a written policy that governs the level of gearing at an individual credit facility level. A higher gearing ratio means a higher reliance on external liabilities to fund assets. This may expose the Trust to increasing funding costs, for example, if interest rates rise. A more highly geared Trust has a lower asset buffer to rely on in times of financial stress.

MPG has the power to arrange borrowings for the Trust in accordance with the Trust Constitution and may at any time agree with the financier to amend the terms of a loan where it is in the best interests of the Unitholders to do so. MPG may refinance the loans at or before the repayment date and this may occur through the current financier or alternate debt provider.

Relatively short-term borrowings and credit facilities with short expiry dates are a risk factor if they are used to fund assets intended to be held long term. If a trust has a significant proportion of its borrowings that mature within a short timeframe, it will need to refinance. There is a risk that the refinancing will be on less favourable terms or not available at all. If the Trust cannot refinance, it may have to sell assets on a forced sale basis with the risk that it may realise a capital loss. Breach of loan covenants may result in penalties being applied, or the loan becoming repayable immediately and the Trust may need to refinance on less favourable terms or sell assets. Additional borrowings are permitted under the Trust Constitution to fund any capital expenditure.

MPG intends that the gearing ratio (calculated on the basis of total interest bearing liabilities/total assets) of the Fund will not exceed 65%.

The gearing ratio of the Trust is currently 55% of total assets based on an independent market valuation. MPG aims to reduce this gearing ratio to below 50% over the next two years.

All bank loans will be on a limited recourse basis which means that if default occurs under a loan then recourse will generally be limited to the property to which the loan relates and Unitholders and the RE will have no further liability. In any event, the liability of an Investor is limited to the amount if any which remains unpaid in relation to the Investor's Units (plus tax and any unpaid fees).

Where appropriate the RE may enter into suitable hedging arrangements to protect the Trust's exposure to interest rate movements. The RE intends to enter into a fixed forward rate agreement with the debt financier to fully hedge the market base rate of the facility for a period of five years from the date of settlement of the property.

### Interest Cover Policy

MPG maintains and complies with a written policy for the Trust that governs the level of interest cover at an individual credit facility level.

The interest cover ratio (ICR) for a property fund is generally calculated by dividing the Trust's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding any unrealised gains or losses, by the Trust's interest expense for the relevant period. An ICR is a measure of how many times loan interest is covered by the EDITDA. A property trust's ICR is an indicator of financial health. The lower the interest cover, the higher the risk that the Trust will not be able to meet its interest payments.

Typically loan facilities obtained by the Trust will include debt covenants however in some cases loan facilities may include the ability to capitalise interest payments into the loan facility. Proposed interest cover covenants for this facility will be 1.75 times earnings from the asset.

### Related Party Transactions Policy

MPG maintains and complies with a written policy for the Trust on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage and monitor the risks of conflicts of interest. MPG's paramount duty is to act in the best interests of Unitholders in the Trust.

In summary, it is MPG's policy that companies associated with MPG that are appointed to perform services for the Trust are engaged on an arm's length basis and on normal commercial terms and conditions. A summary of these engagements are included on page 46.

## The Compliance Committee

MPG has also established a separate Compliance Committee which has been formed by the RE in respect of the Compliance Plan, the Corporations Act and the Trust's Custodian. The Compliance Plan has been lodged with ASIC and outlines the policies and procedures to be adhered to by the RE in administering the Trust's assets. It covers such areas as engagement of external service providers, safe keeping of Trust assets, valuation practices, borrowings and reporting to Unitholders amongst others. The Compliance Committee meets half yearly and is comprised of three members with significant financial services experience, two of which are external to the group.



# MPG AND MCMULLIN GROUP

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## **McMullin Property Group**

The McMullin Property Group was founded by the late Ian McMullin (founder of Spotless Group Ltd and a BRW Rich 200 Hall of Fame member) and is a fully integrated property developer, funds manager, property manager and investor that has been involved in property development activities for over forty years and during this time have built an impressive track record.

The Group, which specialises in the niche development areas of: Bulky Goods Retail, Industrial, Aged Care, Medical Centres and Self Storage properties, has been responsible for the completion of over \$1.5 billion of notable property developments over the past 40 years.

To leverage off the development expertise of the McMullin Group, MPG Funds Management Ltd (ACN 102 843 809) (MPG) was established in December 2002 as a specialist property funds manager and currently has funds under management in excess of \$600 million.

## **MPG Funds Management**

MPG is an unlisted public company that holds an Australian Financial Services Licence (AFSL 227114) to act as a RE for managed investments schemes and is owned by interests associated with the McMullin Group.

MPG aims to provide its investors with property investment opportunities that offer the potential for reliable income returns, capital growth and taxation benefits. MPG prides itself on its ability to source high quality properties, its experienced personnel, its innovative strategies and the strength of its developed networks.

MPG is the RE of the Trust and governs it in accordance with the Trust Constitution. MPG is responsible for the application and redemption of Units, valuation and management of Trust assets, administration and payment of income distributions from the Trust. MPG has also undertaken preliminary work to set up this trust structure including preparation of this Booklet, undertaking acquisition due diligence, organising the preparation of legal documentation, applications for banking finance as well as other administrative tasks.

MPG currently is the RE for thirteen other direct property funds and has developed an outstanding track record in the business of property trusts and managing property assets.




In 2008 MPG was named as the sixteenth fastest growing Australian company in the BRW Fast 100 Awards. In 2007, MPG was named as the tenth “Fastest of the Fast” growing companies in BRW magazine’s “Fast Starters” edition.

In 2013, MPG was the winner of the IAIR Award for Excellence in Property Investment Management/Boutique in Australia.

MPG prides itself on its ability to source high quality properties, its experienced personnel, its innovative strategies and the strength of its developed networks.

## Directors and Key Personnel

The Directors of MPG Funds Management include:

<b>Trevor Gorman</b>	Chairman
	<p><i>FCA, Grad Dip Bus Admin</i></p> <p>Trevor has significant commercial experience gained over the past 30 years including over 19 years' experience as a partner of Big 4 accounting firm Deloitte Touche Tohmatsu where he held the position of Managing Partner of the Victorian Growth Solutions Division and had a significant number of property industry clients. He is currently Chief Executive Officer of the McMullin Property Group and manages net assets in excess of \$250 million. He is a Fellow of the Institute of Chartered Accountants, holds a Public Practice Certificate and is a Registered Tax Agent.</p>
<b>Eddie Paulsen</b>	Non-Executive Director
	<p>Eddie has held senior executive positions in the financial services and funds management industries for over 30 years. Much of this was with the National Mutual Group (now AMP Ltd), where he held a number of CEO/ Executive Director positions including a funds management company (which included the listed National Mutual Property Trust and a range of other unlisted property and equity trusts), a Public Trustee company and Financial Planning Group.</p>
<b>Brett Gorman</b>	Director/Secretary
	<p><i>CA, F.FIN, B.Comm, Grad Dip App Fin &amp; Invest</i></p> <p>Brett is a Chartered Accountant and Licensed Real Estate Agent and has significant experience gained in establishing and operating managed investment schemes. Prior to working with MPG, Brett held positions with Deloitte Touche Tohmatsu in the Corporate Finance, Audit and Growth Solutions divisions. He holds a Graduate Diploma in Applied Finance and Investment and Bachelor of Commerce. He is a Fellow of the Financial Services Institute of Australia, Registered Tax Agent and is a holder of a Public Practice Certificate.</p>



## PROPERTY EXPERIENCE

MPG has have gained significant property experience over the past 40 years including: property development, property investment and property management.

Year	Description of involvement	Property Development	Property Investment	Property Management
<b>Bunnings Corio, VIC</b>				
1993 - 2011	Ownership, property management and extensions of the property until sold in 2011.	✓	✓	✓
<b>Chirside Homemaker Centre, VIC</b>				
2005 - present	13,752 sqm NLA & consists of 11 tenancies including: JB Hi-Fi, Rebel Sports, The Good Guys	✓	✓	✓
<b>Mildura Homemaker Centre, VIC</b>				
2006 - present	17,343 sqm NLA & consists of 14 tenancies including: Harris Scarfe, Chemist Warehouse, Rebel Sports	✓	✓	✓
<b>HomeCentral Warrnambool, VIC</b>				
2007 - present	13,355 sqm NLA & consists of 5 tenancies including: Bunnings, Rebel Sports, Petstock, Lincraft and Forty Winks	✓	✓	✓
<b>Village Lakeside Shopping Centre Pakenham, VIC</b>				
2004 - present	3,571 sqm NLA & consists of 12 tenancies including: Coles, Brumby's and The Bottle O		✓	✓
<b>Bunnings Trade Centre Pakenham, VIC</b>				
2007 - 2009	Development, ownership and property management until sold in 2009	✓	✓	✓
<b>Bunnings Wonthaggi, VIC</b>				
2009 - present	4,983 sqm Bunnings Warehouse facility	✓	✓	✓
<b>Target Kadina, SA</b>				
2006 - present	3,306 sqm NLA Target store		✓	✓
<b>Bunnings Mt Gambier, SA</b>				
2009 - 2013	Ownership and property management until sold in 2013		✓	✓
<b>Village Travel Centre, Chinchilla, QLD</b>				
2014 - present	1,379 sqm NLA with tenants including: Caltex, Coffee Club, Subway, KFC & Bottlemart		✓	✓
<b>Bunnings Bundaberg, QLD</b>				
2014 - present	18,282 sqm Bunnings Warehouse facility	✓	✓	✓
<b>Bunnings Blacktown, NSW</b>				
2014 - present	16,800 sqm Bunnings Warehouse facility	✓	✓	✓

Year	Description of involvement	Property Development	Property Investment	Property Management
<b>Bunnings Bundamba, QLD</b>				
2015 - present	14,228 sqm Bunnings Warehouse facility	✓	✓	✓
<b>Seaford Meadows Shopping Centre, SA</b>				
2015 - present	5,305 sqm NLA shopping centre with tenants including Woolworths, Chemist Warehouse and The Reject Shop		✓	✓
<b>Kmart Port Macquarie, NSW</b>				
2016 - present	7,037 sqm Kmart with complementary specialties	✓	✓	✓
<b>Bunnings Kingston, TAS</b>				
2016 - present	16,800 sqm Bunnings Warehouse facility	✓	✓	✓
<b>Coles Moss Vale, NSW</b>				
2016 - present	2,500 sqm Coles supermarket		✓	✓
<b>Rocks Central Shopping Centre, NSW</b>				
2016 - present	4,547 sqm NLA shopping centre with tenants including Coles, Liquorland and The Reject Shop		✓	✓
<b>Beaudesert Central Shopping Centre, QLD</b>				
2017 - present	4,474 sqm NLA shopping centre with tenants including Woolworths, Chemist Warehouse and The Reject Shop		✓	✓
<b>Bunnings Newstead, QLD</b>				
2017 - present	18,386 sqm Bunnings Warehouse facility with complementary specialties	✓	✓	✓
<b>Tweed Hub, NSW</b>				
2018 - present	9,757 sqm convenience retail centre featuring 18 convenience, large format and service based retailers		✓	✓
<b>Bunnings Port Macquarie, NSW</b>				
2018-present	18,400 sqm Bunnings Warehouse plus 2,400 in additional large format tenancies	✓	✓	✓
<b>Seacrest Shopping Centre, WA</b>				
2018 - present	4,640 sqm NLA neighbourhood shopping centre with tenants including Woolworths and 8 specialty tenants		✓	✓
<b>Regional Cities Property Portfolio</b>				
2018 - present	Centrelinks in Echuca, Maryborough and Newcastle. Childcare Centre Geelong, Office buildings Traralgon and Bendigo		✓	✓

# FINANCIAL INFORMATION

## 1.1 Financial Information

The Forecast Distribution, Tax-Advantaged Calculation, Pro-Forma Statement of Financial Position and Sources and Application of Funds are provided below and should be read in conjunction with the notes and assumptions in Section 1.5.

These forecasts have been prepared based on best estimate assumptions and statement of significant accounting policies in this section. Investors should appreciate that many factors that affect results may be outside the control of the RE or may not be capable of being foreseen or accurately predicted. Accordingly, actual results may differ from the forecasts and returns in the Trust and are not guaranteed. The investment considerations and risks are outlined on page 42.

The financial information has been prepared in accordance with applicable Australian Accounting Standards. It has been presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

## 1.2 Forecast Distribution and Tax-Advantaged Calculation

Table 1.2.1 Forecast distribution and tax-advantaged calculation

	Note	Year Ending 30 June 2020	Year Ending 30 June 2021
% Cash distribution yield		7.25%	7.25%
<b>% Tax Advantaged (Estimated)</b>	<b>1.5.9</b>	<b>67%</b>	<b>67%</b>





### 1.3 Pro-Forma Statement of Financial Position

The following table sets out the pro-forma Statement of Financial Position on expected completion of the Rights Issue Offer in June 2019 and needs to be read in conjunction with the assumptions and significant accounting policies set out below.

**Table 1.3.1 Pro-forma Statement of Financial Position**

	31 May 2019 \$	Capital Raising	30 June 2019 Completion of the Rights Issue Offer
<b>Assets</b>			
Cash	578,017	-	578,017
Other Assets	276,715	-	276,715
Investment Property <sup>1</sup>	95,300,000	-	95,300,000
Other Investments	9,569,449	9,500,000	19,069,449
<b>Total Assets</b>	<b>105,724,181</b>	<b>9,500,000</b>	<b>115,224,181</b>
<b>Liabilities</b>			
Bank Borrowings	54,732,057	(5,520,000)	49,212,051
Related Party Loans <sup>2</sup>	1,800,000	(1,800,000)	-
Derivatives at Fair Value	421,455	-	421,455
Trade Creditors and Accruals	2,126,084	-	2,126,084
<b>Total Liabilities</b>	<b>59,079,590</b>	<b>(7,320,000)</b>	<b>51,759,590</b>
<b>Net Assets</b>	<b>46,644,591</b>	<b>16,820,000</b>	<b>63,464,591</b>
Gearing <sup>3</sup>	53%		43%
<b>NTA per Unit<sup>4</sup></b>			<b>\$0.92</b>

<sup>1</sup> Based on the Independent Valuation of the Properties. Acquisition and other incidental costs have been capitalised to this amount.

<sup>2</sup> Loan from MPG Funds Management Ltd to enable the purchase of Seacrest Shopping Centre.

<sup>3</sup> This has been calculated as the ratio of borrowings to total assets. This calculation differs from that of the loan-to-value ratio debt facility covenant.

<sup>4</sup> The issue price of the Ordinary Units at the date of this Booklet is \$1.00 and the NTA is \$0.92 reflecting the impact of stamp duty on the property, manager's fees and other issue costs written off.

### 1.4 Sources and Application of Funds

If the RE receives the Expected Subscription under the Offer, the proceeds will be applied as follows:

Sources	Total \$
Equity raised <sup>1</sup>	16,855,000
<b>Total</b>	<b>16,855,000</b>
Application	
Bank borrowing reduction	5,520,000
Related party loan repayment	1,800,000
Investment – Property Securities & Other Investments	9,500,000
Issue Costs <sup>3</sup>	35,000
<b>Total</b>	<b>16,855,000</b>

<sup>1</sup> Based on 16,855,000 Ordinary Units issued at \$1.00 as outlined on page 20.

<sup>2</sup> Repayment of loan from MPG Funds Management Ltd for the settlement of Seacrest Shopping Centre.

<sup>3</sup> The issue costs include costs of professional advisers, Booklet preparation, printing production and an establishment fee of \$35,000 payable to the RE as outlined on page 38.

### 1.5 Financial Forecast Assumptions

#### Basic Approach and Assumption used

The following assumptions and procedures have been used to construct the forecast distribution referred to in this Booklet and tax-advantaged calculation. Applicants are advised to review the assumptions and financial information and make their own assessment.

#### 1.5.1 Forecast Period

- The forecast period is two years from 1 July 2019 to 30 June 2021.
- All forecasts are GST exclusive. GST results in an increase in some of the expenses of the Trust however these should be offset against GST collected on rental paid by the tenants, which should result in negligible impact on the forecast return to Investors.
- We have assumed that there will be no acquisitions or disposals during the forecast period other than those referred to in this document.
- We have assumed that there will be no equity raised or withdrawals made during the forecast period other than that referred to in this document.
- We have assumed this Offer will be fully subscribed for the Expected Subscription and will raise \$16,855,000 in cash for the Trust.

#### 1.5.2 Economic Assumptions

- After an assessment of independent economic forecasts, the RE has allowed an inflation rate of 2.5% per annum for expenses.

#### 1.5.3 Net Property Income

- The forecast assumes the Assets will retain the tenants of the various properties which were tenants of those properties as at the date of this Booklet.
- Net rental revenue represents the gross rental less non-recoverable outgoings that will be received as specified in the various lease agreements in relation to each of the Trust's directly held Properties. With the exception of outgoings specifically excluded in the lease agreements and under relevant legislation, all outgoings including rates, taxes, repairs and maintenance, body corporate, insurance premiums etc are expected to be recoverable from the tenant where the lease is classified as a "net" lease. Where the lease is classified as a "Gross Lease" such outgoings are specifically not recoverable. Rental income has not been recognised on a straight line basis.
- After assessing the quality of the underlying lease covenants, and the length of the leases current for the properties as at the date of this Booklet, a 2.5% vacancy allowance has been assumed in the forecasts. If the properties experiences higher than 2.5% vacancy this will affect projected income and returns.
- It has been assumed that on Settlement the Trust will be entitled to all rental income under the various lease agreements with the tenants.
- The increases in the gross rent received in future years determined in accordance with each relevant lease document. It has been assumed that each lease document will be largely on the same terms as were current at the date of this Booklet and that outgoings will grow at the estimated inflation rate of 2.5% p.a.
- The net rental income does not include future gains or losses on revaluations of the property as the RE does not believe there is any reasonable basis to make valuation predictions in respect of the property.

#### 1.5.4 Distributions

- This represents distributions from units held in other property trusts owned by the Trust. The Trust holds 4,000,000 ordinary units in the MPG Bulky Goods Retail Trust which has forecast returns of 8% per annum, 2,500,000 ordinary units in the MPG Seaford Meadows Property Trust which has forecast returns of 8% per annum and 2,000,000 ordinary units in the MPG Hardware Trust 2 which has forecast returns of 7.00% per annum. Distributions from property securities have been assumed at the rate of 4.5% per annum.

### 1.5.5 Finance Costs

- Finance costs include interest and other costs incurred in connection with the establishment of the Trust's debt facility. This forecast is based on loan terms by a major Australian Bank. Changes to the terms of the loan may affect debt calculations and projected outcomes. The debt facility in the proposed agreement specifies that interest is made up of two components, being market base rate (BBSY) and the bank margin, which comprises a line fee and a bank margin. The line fee is payable on the facility limit and the margin is payable on the drawn debt balance.
- As a measure to hedge the interest rate risk, it is intended that the full amount of the debt facility will be subject to a fixed forward rate interest swap arrangement for three years. The interest rates used in the forecasts have been based on indicative rates provided by the proposed lender, being a major Australian bank.
- Costs associated with the establishment of the bank loan are amortised over the period of the loan being three years. As this amount is a non-cash item it is added back for the purposes of determining the cash distribution to Investors.
- As a result of changing market conditions, it is difficult to reliably forecast the movement in the fair value of the Trust's assets over the forecast period. On this basis, for the purpose of calculating this forecast we have assumed that there will be no movement in the value of financial assets during the forecast period.

### 1.5.6 Management fees

- For the day-to-day administration of the Trust, a management fee 0.55% pa of the gross assets of the Trust is charged in accordance with the Trust Constitution as outlined on page 46. For the forecast period, the RE has assumed that the value of the property does not change from the current independent valuation.

### 1.5.7 Ongoing expenses

- The RE is entitled to be reimbursed for all reasonable outgoings and disbursements in connection with the proper performance of its duties and obligations in operating the Trust.
- Expenses recovered may, for example, include those relating to: annual report costs, unit registry fees, postage, printing, auditing, compliance committee, custodian, accounting, taxation, legal, valuation, reporting and other administration expenses.
- These costs have been calculated at a rate of 0.20% of the GAV and increased by the estimated inflation rate of 2.5% per annum.

### 1.5.8 Interest Revenue

- It has been assumed in the forecast period that interest income will not be earned on the Trust's cash balances and this provides potential upside to the figures above.

### 1.5.9 Tax-advantaged component

- The tax-advantaged component has been calculated by deducting: depreciation and tax allowances and amortised issue costs. The depreciation and tax allowance component has been estimated based on amounts determined by an Independent Quantity Surveyor.

### 1.5.10 Capital expenditure

- It is anticipated that no capital expenditure will be required in the forecast period. If capital expenditure is required this may impact potential profits and cash distributions to investors.

### 1.5.11 Fair value adjustments

- The forecast period does not include future revaluations or changes in fair value of the property or movements in the market rates of derivatives as required by Australian Accounting Standards as it is believed that there is not any reasonable basis to make forecasts as it is not possible to accurately quantify the impact of such changes.

### 1.5.12 Transaction Costs

- The RE has estimated stamp duty and other duties and transaction costs on the purchase of the property based on current duty rates as advised by the relevant government state revenue office. Legal and other costs relating to the transaction have been estimated based on similar prior transactions and quotes received from service providers.

### 1.5.13 Capital raising amount

- The financial information assumes that the total Offer amount of \$16,855,000 is raised by 28 June 2019.

### 1.5.14 Legislation and Accounting Standards

- It has been assumed that there will be no changes in the applicable Accounting Standards, Taxation Legislation, Corporation Act, other legislation or other financial reporting requirements that may have a material effect on the financial forecasts.

## FINANCIAL INFORMATION

### Significant Accounting Policies

#### General

Set out below are the accounting policies that have been adopted in the preparation and presentation of the financial information included in this Booklet.

#### Basis of Preparation

The forecasts have been prepared based on the information known as at the date of this report and as if the following committed transactions are completed as anticipated.

The financial information has been prepared on a going concern basis in accordance with the recognition and measurement principles specified by all Accounting Standards (Australian Equivalents to International Financial Reporting Standards) and AASB Interpretations. The financial statements are presented in an abbreviated form insofar as they do not comply with all the disclosures required by Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act. Different approaches to accounting policies may result in different valuations and forecasted outcomes.

#### Summary of Significant Accounting Policies

##### (a) Rental Income

Rental income from operating leases is recognised on the basis of the relevant lease.

##### (b) Investment property

The Investment property comprises of investment interests in land and buildings (including integral plant and equipment) held for the purpose of producing rental income. The Investment property is initially measured at cost, being the purchase consideration determined as at the date of acquisition plus expenditure, which is directly attributable to the acquisition of the item, being the fair value of the consideration provided.

Investment properties are measured at their fair value at the end of each reporting date. Gains or losses arising from changes in the fair value of investment property are included in the Income Statements in the period in which they arise.

##### (c) Depreciation

Investment properties are not depreciated. The property is subject to continued maintenance and regularly revalued on the basis set out above.

##### (d) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Transaction costs are recognised as an expense in profit and loss over the period in which the associated borrowings are held.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

##### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

##### (f) Financial instruments issued by the Trust

###### Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

###### Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

###### Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

##### (g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cashflows are included in the cashflow statement on a gross basis. The GST component of cashflows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cashflows.

## (h) Impairment of assets

At each reporting date, the RE reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the RE estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

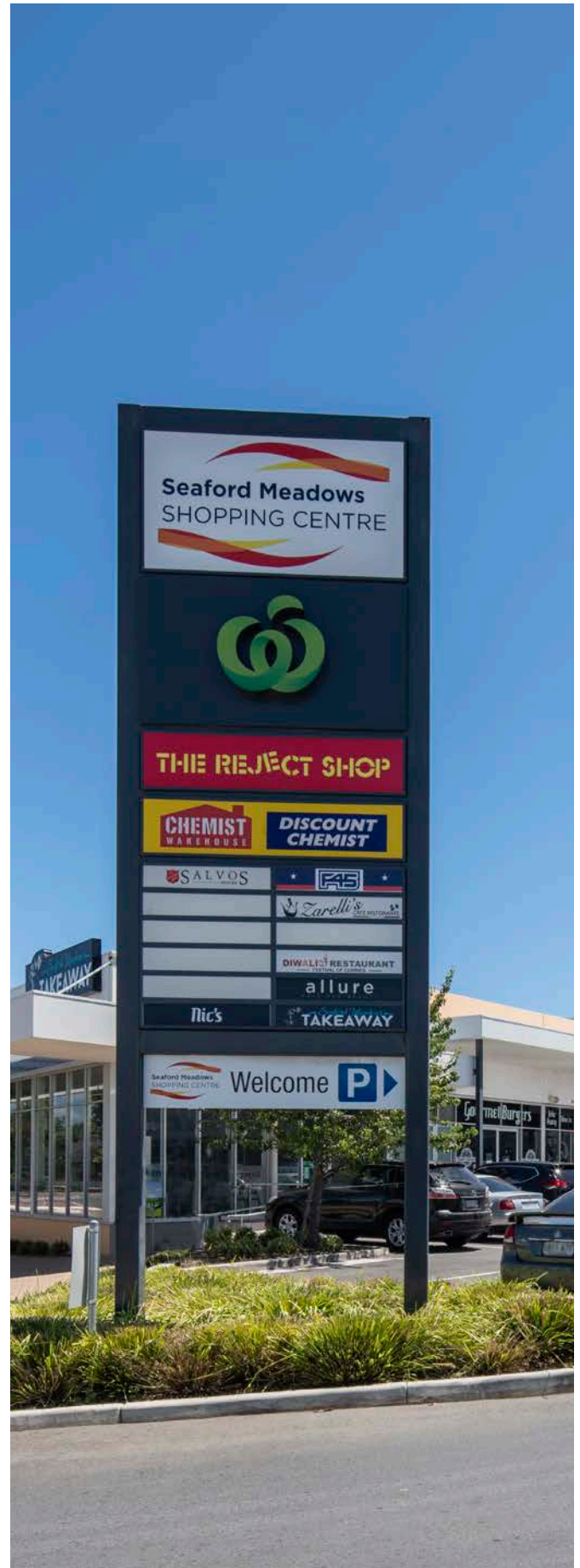
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## (i) Payables

Trade payables and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services.

## (j) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.



# TAXATION CONSIDERATIONS

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The following summary of taxation matters is a general guide that outlines the key taxation implications applicable to the Trust and resident Investors who are not considered to be trading in investments for tax purposes. The summary is based on the taxation laws as at the date of this Booklet. The tax laws are subject to continual change, and as the tax treatment applicable to particular Investors may differ, it is recommended that all Investors seek their own professional advice on the taxation implications before investing in the Trust.

The tax laws have recently been amended that will allow certain types of trusts that meet certain criteria (known as “attribution managed investment trusts” or “AMIT” to opt in to a new system of taxation of trusts. It is not known as at the date of this IM whether the Trust will satisfy the criteria and therefore whether or not the Trustee will opt in to the new system. As a matter of practice the ultimate tax treatment in the hands of the Members should not differ greatly. However if the Trust satisfies the requirements to be an AMIT and the Trustee opts in to the new system, the basic effect will be that:

- the Trust will be a fixed trust;
- the Members will have a vested and indefeasible interest in a share of the income and capital of the Trust proportionate to their holding in the Trust;
- Amounts related to income and tax offsets of the Trust determined by the Trustee to be of a particular tax character (e.g. assessable income, exempt income, non-assessable non-exempt income, tax losses, capital gains, net capital losses, tax offsets, discount capital gains, gross up for franking credits), are attributed to the Members and generally retain that tax character in the hands of the Members;
- Each member is treated as if the above amounts had been derived, received, made by or paid to them directly, rather than through the Trust, and in the same circumstances as the Trustee to the extent those circumstances gave rise to the particular tax character;
- As a result, the Member will be taxable in respect of the attributed amounts in the Member’s own right, rather than as a Member of the Trust; and
- Underestimates and overestimates of amounts at the trust level (called “unders” and “overs” are carried forward and dealt with in later years. Members will be notified if the Trustee proposes to opt into this new taxation system. If the Trustee does so, Members will be provided with an annual member statement which will set out information that will enable the Member to include the attributable amounts with the relevant tax characters in their own income return.

## Applicable Taxation Law

The forecasts are based on existing Australian Taxation laws and announcements as at the date of the Booklet.

## Taxation of the Trust

The Trust should be treated as an Australian Resident for taxation purposes, therefore, the Trust is required to determine its net income (taxable income) for the year of income. On the basis that Investors are presently entitled (as required under the Trust Constitution) to the net income of the Trust, pursuant to the existing income tax legislation, the Trust should not be subject to Australian income tax in its own right. It is the RE’s opinion that the Trust is not a “public Trading Trust” as it carries on an eligible investment business of investing in land for the primary purpose of deriving rental income.

## Taxation of Distributions

Investors should have a present entitlement to all of the distributable income of the Trust. Distributions received by Investors representing the Investor’s share of taxable income of the Trust, including amounts that are received in a subsequent year of income or which are reinvested, will be taxable in the hands of each Investor. The portion of distribution that is tax-advantaged generally does not attract income tax in the year in which the distribution is made. Examples of tax-advantaged amounts include distributions comprising amounts attributable to deductions for capital allowances. Although the receipt of tax-advantaged amounts is generally not subject to tax, the receipt of these amounts may have capital gains tax consequences.

Broadly, the receipt of tax-advantaged distributions may reduce the cost base and reduced cost base of the Investor’s investment in the Trust. The impact of the reduction to the cost base and reduced cost base may result in either an increased capital gain or a reduced capital loss on the subsequent disposal of the investment in the Trust.

## Capital Allowances

Taxation allowances for depreciation of plant and equipment and capital allowances on buildings are based on reports prepared by Independent Depreciation Consultants. If the Trust disposes of an item of plant and equipment and the deemed disposal proceed exceeds its written down value, then the excess (known as a balancing adjustment) will be included in the calculation of taxable income of the Trust. Conversely, where the amount received is less than the written down value, the Trust will be able to offset this balancing adjustment against other assessable income of the Trust.

## Close of the Trust

It is the view of the RE that the market value of the depreciable items of plant and equipment at the time of the sale will be equivalent to the written down value in the book of the Trust and on this basis there will be no balancing adjustment for the purposes of Income Tax. Capital Gains Tax will apply to the sale of the property and the close of the Trust.

## Capital Gains Tax

If an investor's share of the net income of the Trust includes an amount that consists of discount capital gains derived by the Trust, the Investor needs to first "gross up" the discount capital gain (by the amount of any reduction in the capital gain that the Trust obtained). However, individual, trust and complying superannuation fund Investors may then be entitled, in determining the net capital gain that is to be included in their assessable income, to the discount capital gain concessions. Furthermore, Investors may be able to offset certain other capital losses they may have against their share of the capital gains included in the net income of the Trust (after grossing up any discount capital gains).

Investors may also be liable to Capital Gains Tax on the disposal of their Units in the Trust. A capital gain will arise if the amount received by the Investor exceeds the Investor's cost base. Investors who have held their Units for at least 12 months will be entitled to reduce the taxable gain (i.e. the amount of the gain reduced by any capital losses available to the investor) by: 50% for Investors who are individuals and 33.33% for Investors who are complying superannuation funds. No CGT discount is currently available to companies.

## Goods and Services Tax Implications for Investors

The issue of Units by the Trust is a financial supply and is not subject to GST. GST may be levied on supplies to the Trust and the Trust may be entitled to reduced input tax credits in respect of GST paid. Additionally, the acquisition of the Units by you may give rise to a deemed financial supply by you. This may impact on your own recovery of GST on costs. You should therefore seek independent advice on this matter. Distributions are not regarded as consideration for supplies by Investors for GST purposes and are therefore not subject to GST.

## Trust Loss Provisions

In the event that the Trust incurs a loss of a revenue nature, these losses will remain in the Trust and cannot be allocated to Investors. The Trust may however take these losses into account when determining net income of future years, provided that the trust loss provisions are satisfied. The relevant trust loss rules for carrying forward revenue losses include a continuity of more than 50% of the ownership

interest in the Trust. The RE notes that the financial forecasts assume that the Trust will not incur tax losses.

## Pay As You Go Withholding

The collection of investor's Tax File Numbers is authorised and their use is strictly regulated by Law. Where an Investor does not quote their Tax File Number or claim an exemption, the RE is required to deduct tax from their distribution at the highest marginal rate (currently 45%) plus the Medicare levy (2.0%).

## Withholding from "closely held trust" distributions

If the Trust is characterised as a "closely held trust", the RE will be required to comply with special reporting requirements imposed under Australian Taxation Laws. An Investor that is a RE of a trust, must disclose this information to the RE so that it the top marginal tax rate plus Medicare levy. A trust will be "closely held" where an individual has, or up to 20 individuals have between them, directly or indirectly, and for their own benefit, fixed entitlements to 75% or greater share of the income or capital of the Trust. The RE expects the Trust will not be "closely held".

## Non-resident Investors

An Investor that quotes an overseas address will be treated by the Trust as a non-resident for Australian Taxation purposes. Trust distributions made to non-resident Investors may be subject to withholding tax and non-resident income tax deductions. Non-resident investors should seek their own independent taxation advice.

## Information for your Income Tax Return

The RE will provide each Investor with a tax statement containing information required to complete the Investor's tax return within three months of year end.

## FEES AND OTHER COSTS

### Did you know?

Small differences in both investment performance and fees and costs have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of an investment in a fund, rather than 1%, could reduce that investment's final return by up to 20% over a 30 year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the RE or your financial adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your circumstances, the Australian Securities and Investment Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

The table below shows fees and other costs that you may be charged as a Unitholder in the Trust. All fees and costs are deducted from the Trust's funds prior to distribution to Unitholders or from the fund assets as a whole. Fees are shown inclusive of GST less reduced input tax credits (if applicable). You should read all of the information about fees and charges, as it is important to understand their impact on your investment in this Trust.

Type of fee or cost	Amount	How and when paid
<b>Fees</b> when your money moves in or out of the fund		
<b>Entry fee:</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee:</b> The fee on each amount contributed to your investment	3.55%	This fee is deducted from amounts contributed. This fee represents the estimated impact of the Establishment Fee and Debt Arrangement Fee payable in respect of the acquisition of the proposed Property
<b>Withdrawal fee:</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee:</b> The fee to close your investment	Nil	Not applicable
<b>Management costs</b> The fees and costs for managing your investment		



Type of fee or cost	Amount	How and when paid
<b>Management fee<sup>1</sup></b>	<p>1.73% of Net Asset Value, comprising:</p> <ul style="list-style-type: none"> <li>• Base management fee<sup>2</sup> of 0.55% per annum of the Gross Asset Value (“GAV”) of the Trust, assuming a 55% gearing ratio;</li> <li>• indirect costs associated with investment in property trusts managed by MPG;</li> <li>• other costs and expenses<sup>3</sup>, estimated to be 0.20% per annum of the GAV of the Trust.</li> </ul>	<p>The base management fee is accrued and payable monthly in arrears and is deducted directly from the Trust’s assets as incurred.</p> <p>The indirect costs are met out of the underlying property trusts managed by MPG and are not an additional cost to the Trust.</p> <p>The other costs are deducted directly from the Trust’s assets as incurred.</p>
<b>Service fees</b>		
<b>Switching fee:</b> The fee for changing investment options	Nil	Not applicable

<sup>1</sup> This fee may include an amount payable to an adviser (see Additional Explanation of Fees and Costs), which is paid by MPG and is not an additional amount paid by you.

<sup>2</sup> This management fee is charged as set out in the Trust Constitution and may be up to 0.80% of the GAV per annum. This fee is not charged for amounts invested via property trusts managed by MPG. The RE (or an associate of it) may carry out functions and roles that may be carried out by external parties (e.g. leasing, property management, development management, capital raising, underwriting, accounting, registry, finance procurement etc). If this occurs, the RE (or any associate of it) is entitled to charge fees in respect of such services and work of this nature at the rate normally charged. This fee may be deferred and recouped in future periods.

<sup>3</sup> Costs and expenses include: accounting, valuation, audit, administration, reporting, printing, and compliance and other costs.



## FEES AND OTHER COSTS

### Example of Annual Fees and Costs

The table below gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this to compare the Trust with other managed investment products.

Example	Fee basis	Balance of \$50,000 with a contribution of \$5,000 under this Booklet
<b>Contribution fees</b>	3.55%	You will be charged a contribution fee of \$178 <sup>1</sup> .
<b>PLUS Management costs</b>	1.73%	For every \$50,000 you have in the Trust, you will be charged \$865 each year.
<b>EQUALS cost of fund</b>		If you have an investment of \$50,000 currently and you put in an additional \$5,000 under this Booklet, you would be charged fees of from: \$1,043 to \$1,130. <sup>2,3,4</sup>

<sup>1</sup> A spread between the Application Price and Withdrawal Price will also apply, as discussed in the Additional explanation of fees and costs section below.

<sup>2</sup> The minimum investment for the Trust is \$10,000. Additional fees may apply in a given year including, transaction fees and disposal fees.

<sup>3</sup> This calculation assumes the Trust has a 60% gearing ratio.

<sup>4</sup> This does not include any additional fees or expenses your adviser may charge you.

In addition to the above standard fees annual fees, fees will apply on the happening of certain events as described below.

### Additional explanation of fees and costs

Under the Trust Constitution, the RE is entitled to the base management fee above as well as the following additional fees as outlined in the table below.

Additional Service Fees	Amount (No contribution fees are payable)	How and when paid
<b>Establishment Fee:</b>	Up to 5% of the initial purchase price of the relevant Assets. This fee is for setting up the Trust, negotiating and purchasing the Assets.	Payable out of the assets of the Trust to the RE and payable upon settlement of the purchase of the Assets. The RE intends to only charge a fee of up to 2.00% of the initial purchase price of any new assets. The Establishment Fee in connection with the proposed acquisition of the Beaudesert Property will be recovered through the Contribution Fee (described above).
<b>Replacement Fee:</b> In the event that the RE is replaced as the RE of the Trust.	A fee of 2.00% of the value of the Gross Assets of the Trust is payable to the RE.	Payable in the event that the RE is replaced as RE of the Trust.
<b>Debt arrangement Fee:</b>	Up to 1.00% of any new debt (facility limit including interest and fees) arranged for the Trust and its investee entities.	Payable out of the assets of the Trust to the RE or its associates on completion of arranging and refinancing each new debt facility. The Debt arrangement Fee in connection with the acquisition of the proposed Property will be recovered through the Contribution Fee (described above).
<b>End Fee:</b>	A fee of 2.00% plus GST of the net sale proceeds of any Asset.	Payable in the event that the net sales proceeds exceed the purchase price on the sale of each individual Asset sold, and payable out of the assets of the Trust to the RE on sale of the relevant Asset.

Additional Service Fees	Amount (No contribution fees are payable)	How and when paid
<b>Other expenses:</b> The fees incurred for the operating expenses and reimbursements.	Expenses relating to the proper performance of the RE's duties for the Trust.	Reimbursable and payable to the RE when incurred.

- <sup>1</sup> The RE may waive or accept lower fees than it is entitled to receive under this Trust Constitution, or may defer payment for any period. Where payment is deferred, the fee accrues daily until paid.
- <sup>2</sup> The RE may elect to be issued Units in any Class at the Application Price of Units in that Class in lieu of some or all of any fee to which it is entitled under this Trust Constitution.
- <sup>3</sup> The RE may also seek services for the Trust from service providers which may be related parties. The fees for these services will be charged on normal terms and conditions in accordance with the related party policy of MPG.

In addition to the above fees and costs, the Trust incurs transactional and operational costs from time to time. These costs include stamp duty on property acquisitions, buy-sell spreads on underlying assets (if any) and settlement costs.



# INVESTMENT CONSIDERATIONS AND RISKS

As with all investments, an investment in the Trust will be subject to risks, some of which are outside the control of the RE. Before deciding to invest in the Trust, you should consider your attitude towards the following key potential risks.

Asset Risks	Potential Consequences	Active Risk Management Measure
All Trust Assets are held by the Custodian. The Custodian does not owe any duties to Investors.	If the Custodian defaults under its obligations, or an Investor has concerns about the conduct of the Custodian, the Investors will have no direct recourse against the Custodian.	The Trustee has entered in to a Custody Deed with the Custodian which is of industry standard including warranties and indemnities from the Custodian as to proper conduct. The Trustee will have recourse against the Custodian on behalf of the Trust under this deed.
Risks associated with property investment include the following: <ul style="list-style-type: none"> <li>• Tenant vacancy</li> <li>• Operating expense increases</li> <li>• Tenant performance of default</li> <li>• Unforeseen repairs or capital expenditure requirements</li> </ul>	Investor returns may be adversely impacted by any of these property investment risks. If there is significant vacancies or defaults, the income may not be sufficient to meet interest payments under the loan conditions. If the Trust is in default under the loan, the financier may be entitled to enforce its security against the property.	The anchor tenants of the Trust include: Bunnings, Coles, Woolworths and Target and many others with are subsidiaries of ASX listed companies, which are considered to be quality stable tenants.  MPG has also reviewed the lease agreements and considers the tenants are reputable and the terms of the lease likely to ensure occupancy for the term of the Trust.
The value of investment property is to a large extent dependent on the leases in place. Trust income is wholly dependent upon the tenants of the property abiding by the terms and conditions of the leases.	If a tenant fails to pay rent due under a lease, there may be decreased rental income, or in the case of significant failures to pay rent, the income may not be sufficient to meet interest payments under the loan conditions. If there is default in such payment, the financier may be entitled to enforce its security against the property.	MPG considers the abovenamed anchor tenants to be a quality tenant and is unlikely to default on its lease obligations.  MPG has also reviewed the other tenants and considers they are reputable and unlikely to default on lease obligations.
Investments in properties are by their nature a speculative investment and no guarantee is or can be given that there will be a capital gain arising out of the investment in the Trust.	Due to the speculative nature of property investment, there is no guarantee of any future capital gain on the sale of the property.	MPG has chosen a select properties in location with growing demand and with a quality tenant to improve the potential for capital gain.
Contamination or other environmental issues that have not been previously identified may affect this property.	This may result in additional cost to the Fund and reduce investment returns.	The Trust itself will not be undertaking any activities likely to cause contamination.  An independent expert provided by the Vendor has concluded that all sites are likely to be free from contamination.
The property may incur unforeseen capital expenditure, or repairs and maintenance.	Unforeseen capital expenditure may result in increased costs and liabilities for the Trust and reduced returns for investors.	Such capital expenditure or maintenance should be covered by building warranties and defects liabilities. If such liabilities fall outside these warranties than works may be funded from bank borrowing or additional capital raisings from Investors.
There is no certainty that proper insurance for the risks associated with ownership of the property will continue to be available or such premiums may rise significantly which may affect the forecasts.	In the unlikely event that property insurance is not able to be arranged by MPG, then Investors may be exposed to additional property ownership risks.	MPG will endeavour to ensure that the Trust maintains adequate insurance for public risk, loss of profits and building insurance.

<b>Asset Risks</b>	<b>Potential Consequences</b>	<b>Active Risk Management Measure</b>
Up to 20% of the Trust's Assets may be in units in underlying property funds. Those funds are illiquid and the Trust may not be able to realise its assets in those funds quickly.	In the event that the Trust is required to sell its Assets, including where the Trust is wound up in accordance with its liquidity strategy, it may not be able to sell the Assets in the underlying funds quickly. In this circumstance it may take some time for Unitholders to receive their proceeds from the sale of any Assets in underlying funds.	Underlying property funds are capped at 20% of the total assets of the Trust to reduce the potential for investment in illiquid assets. In the event of wind up of the Trust, MPG will use best endeavors to seek buyer's for these units.

<b>Financial Risks</b>	<b>Potential Consequences</b>	
Leverage Risk - Borrowings of the Trust increase the potential for reward, but also increases the risk attributable to Investors.	Any rise or fall in property values has a corresponding disproportionate effect on that equity.	The initial secured gearing ratio of the Trust Assets has been set by MPG at a level of 55% that we believe balances the appropriate level of risk and return. MPG aims to reduce this gearing ratio to 50% over the next two years.
Valuation Risk - The valuation obtained may not represent the price that could be achieved if the assets were sold. There is also a risk that property values decline.	Property values decline which reduces the NTA backing as well as a potential decrease in Trust income.	An independent valuer has been appointed with significant market experience in similar transactions.
There is no guarantee that MPG will be able to obtain or refinance the loans. Furthermore if the loan is refinanced the applicable interest rate base may be higher than anticipated resulting in reduced returns to Investors.  Non-compliance with covenants under the loan agreements may result in penalty interest or the premature call in of the loan.	Any interest rate increase is likely to reduce the rate of return on your investment. Any significant interest rate fluctuation on the unhedged portion of the loan may adversely affect returns to Investors. Additional costs may be payable by the Trust, penalty interest or premature call up of the loan. Returns on cash amounts held by the Trust are exposed to fluctuations in short term interest rates.  If the Trust is unable to obtain or refinance its loans, the assets may need to be realised to pay debts due and the Trust may be wound up.	MPG aims to monitor all banking covenants on a periodic basis to ensure compliance with the loan terms.  MPG also reviews interest rates on the loans on a periodic basis and will look to enter into suitable hedging arrangements to mitigate the impact of interest rate changes. MPG also aims to maintain a good relationship with the lending institution.
Generally, the more diversified a portfolio, the lower the impact that an adverse event affecting one property or lease will have.	If there is a significant downturn in Australia's property market, adverse changes to retail tenancies regulations or adverse market conditions for key tenants this will impact returns on the Trust.	The Trust has exposure to 11 properties and 80 specialty tenants that are located in Victoria, Queensland, New South Wales, Tasmania and South Australia. This provides a strong degree of diversification. Going forward the Trust hopes to acquire further properties to improve the balance geographical spread of properties.

General and Economic Risks	Potential Consequences	Active Risk Management Measures
<p>It is possible that the value of the Fund's investments would be adversely influenced by the following factors:</p> <ul style="list-style-type: none"> <li>• A downturn in the Australian property market;</li> <li>• Interest rate fluctuations beyond the interest rates contained in the forecasts;</li> <li>• The passing of statutes, regulations and government policy adversely affecting the value of the property or the taxation or structure of Fund;</li> <li>• Economic downturn;</li> <li>• Social and technological change; or</li> <li>• Force Majeure e.g. Natural disasters.</li> </ul>	<p>The value of the assets of the Trust (and your investment) may be detrimentally affected by any of these factors.</p>	<p>Such events are outside the control of MPG however the impact of such factors may be mitigated by the Trust's investment strategy of selecting quality property and holding these investments over the longer term to smooth the impact of such events. All property is also insured for replacement cost in the event of structural damage.</p>
<p><b>Limited Liquidity</b></p> <p>The investment in Ordinary Units under this Booklet should be considered as long term. The Ordinary Units offered under this Booklet are likely to be illiquid investments with a remaining current term of 3 years and there may not be a secondary market. There is no obligation on MPG to purchase or redeem the Ordinary Units and there is no cooling-off period.</p>	<p>Due to the illiquid nature of the investment in Ordinary Units you may not be able to exit the Trust until expiry of the term.</p>	<p>The Trust has a defined exit strategy for Investors at the end of the Trust term (approximately 3 years remaining). If an investor wishes to exit before this time, MPG will endeavour to find buyers on your behalf should you wish to sell your interest, however, it is under no obligation to do so. There will also be Limited Withdrawal Offers available to Unitholders from 2020. However, the investment opportunity should only be considered by investors that are comfortable with this lack of liquidity.</p>
<p>The effects of taxation on Investors can be complex and may change over time.</p>	<p>Investors should seek professional tax advice in relation to their own position.</p>	<p>We suggest that you seek the advice of your tax adviser on a periodic basis to stay abreast of the effects of taxation.</p>
<p>Investors' interest in the Trust may be diluted by future capital raisings by MPG on behalf of the Fund. MPG may issue Units to finance future acquisitions or may receive Units in lieu of a management fee, which may dilute the value of a Unitholder's interest in the Trust.</p>	<p>Potential for dilution of equity stake in the Trust upon the issue of new Units.</p>	<p>It is MPG's intention to treat all investors equally and in the event that a future capital raising is required, all investors will be invited to participate on a pro-rata basis in proportion to their unitholding to minimise the impact of dilution.</p> <p>MPG intend to raise additional capital during the next 3 years of the Trust term.</p>
<p>In the ordinary course of operations, the Trust may be involved in disputes and possible litigation such as tenancy disputes, native title claims, environmental, occupational health and safety or third party losses etc.</p>	<p>It is possible that a material or costly dispute or litigation could affect the value of the assets or expected income of the Trust.</p>	<p>It is MPG's policy to actively manage any disputes to endeavour to ensure that there will be no material loss to the assets of the Trust.</p>

General and Economic Risks	Potential Consequences	Active Risk Management Measures
A service provider, including any related party of MPG, may default in the performance of its services to the Trust.	Enforcement of the contractual arrangements with the service provider and replacement of services may result in additional cost to the Trust and reduce investment returns.	As part of its due diligence process, MPG will make sufficient enquiries as to the suitability of a service provider, including any related party of MPG, and enter into a formal contract with them.



# CONTRACT SUMMARIES & OTHER INFORMATION

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## Trust Constitution

The Trust is governed by a Trust Constitution and the statements in this Booklet only provide a summary of some of the provisions of the Trust Constitution.

Investors may inspect a copy of the Trust Constitution at our Registered Office at any time between 9.00 am and 5.00 pm (EST) Monday to Friday (excluding public holidays). The RE may change the Trust Constitution in accordance with the Corporations Act however the consent of Investors must be gained if the RE believes that such a change will materially affect investor rights.

## Management

MPG is expressly appointed RE of the Trust. The RE has the powers and duties set out in the Trust Constitution (summarised below).

The RE has the exclusive control and supervision of the property unless otherwise expressly provided in this agreement or the Trust Constitution, and for that purpose has possession but not ownership of the property and assets of the Trust. The RE must act in accordance with the Corporations Act 2001 and the Trust Constitution at all times.

The RE is authorised to transact on behalf of the Trust in relation to completing and maintaining, (or refinancing), a loan facility or any other type of financing facility and giving a first ranking mortgage over the property and the rental income from the property. The RE has no authority to put Trust members at risk for any more than the monies that they have subscribed. The RE may appoint agents and delegate some of its functions.

## Units

The RE may create and issue different classes of units at its sole discretion. For example in addition to the Ordinary Units, the RE may also elect to issue Liquidity Units to assist in funding withdrawals. Liquidity Units may be issued on the same terms as Ordinary Units and rank *pari passu* therewith except that they are able to be redeemed at any time by the RE at the then prevailing Withdrawal Price. The RE may also decide to issue partly paid units.

Members may transfer units in the form approved by the RE with the transfer not effective until registered by the RE who may refuse to transfer any interest without giving any reason for the refusal.

## Unitholder Restrictions

A unitholder and its associates are not entitled to hold more than 20% of the Trust at any time without the prior written approval of the RE. The RE in its absolute discretion and without liability may decline to issue, or to register any transfer of Units, if in the opinion of the RE this would cause a Unitholder to hold or control more than 20% of the Trust.

Investors (other than associates of the McMullin Group) who acquire, or may have acquired an interest in excess of 20% of the Trust must immediately inform the RE. If acquired without written approval of the RE, the RE by written notice may suspend the voting rights attaching to all or any of the Investors Units. The RE may in such event also direct a Unitholder to divest some or all of its Units, and if the Unitholder fails to comply with its direction, the RE may dispose or cancel some or all of the Units of that Unitholder to reduce that Unitholder's holdings or control below 20%. In the event that Units are forfeited, the RE must pay to the Unitholder the amount derived by dividing the Net Asset Value minus the RE's estimate of total costs the Trust would incur to sell the Trust's assets by the number of units on the forfeiture date. The McMullin Group and MPG currently own 19,972,348 Ordinary units.

## Applications

The Application Price per Unit is the greater of the net asset value plus transaction costs divided by the number of Units or \$1.00 per unit. Each application must be made in the form approved by the RE and the RE may reject an application without giving a reason for doing so and has the power to set minimum application amounts.

## Redemption

A unit carries no right of redemption unless the RE in its absolute discretion notifies the Unitholders in writing that they may redeem their Units. A member may not withdraw a redemption request unless the RE agrees and the RE is under no obligation to make a withdrawal offer. The RE may deduct sums owed by the Unitholder prior to paying redemption money.



## Valuation

The RE may cause an asset to be revalued at any time and must do so as required under the Corporations Act. The RE is required to value the assets by a Certified Practising Valuer at least once every three years and such valuer cannot be used for more than two consecutive valuations.

## Income and Distributions

The RE will determine the distributable income for the Trust and set aside the net income of the Trust for the benefit of members registered at the calculation date (being 30 June, 30 September, 31 December and 31 March each year) in proportion to their unitholding. Income distributions will be paid to members within three months after the distribution calculation date. The RE may also elect to distribute capital from the Trust at its sole discretion.

At the discretion of the RE, distributions may be reinvested to acquire additional units in the Trust on terms and conditions set by the RE.

## Powers of the RE

Subject to the Constitution of the Trust, the RE has all powers in respect of the Trust that is possible under the law as though it was the owner of the assets and acting in its personal capacity. Such powers include borrowing powers that allow the RE to borrow, raise money, grant security and incur liabilities provided such borrowing does not exceed 70% of the Net Asset Value of the Trust. It also has investment powers that allow it to dispose with property and rights in its absolute discretion. The RE also has the power of delegation, which may include an associate. The RE may seek directions from members from time to time.

## Retirement of the RE

The RE may retire on one month's notice to members and may appoint another person to be the RE. At the time of retirement it is released from all obligations of the Trust. The RE, subject to approval required by law, is entitled to receive a benefit of up to 2% of the value of the assets of the Trust and is not required to account to members for such benefit.

## Removal of RE

Subject to the Corporations Act, the RE may be removed if a resolution is approved by Unitholders entitled to vote and together hold more than 75% of all Units on issue of the Trust.

## Notices

Notices to members are required to be in writing. Notices by members to the RE must also be in writing which is effective from the time of receipt.

## Meetings

The RE may at any time convene a meeting of members and must do so if required under the Corporations Act by giving at least ten days notice. A member or members with at least 20% of the votes that may be cast on the Resolution may request that the RE call and arrange a meeting, and if such a request is made the RE must call and arrange a meeting. The quorum for a meeting is two members or by proxy together holding at least 10% of all units. The RE may appoint a Chairman and decide on the location and manner under which the meeting is conducted. Voting is by show of hands and on a poll one vote per registered unit held by the member. A member may be represented at a meeting by a proxy.

## Rights and Liabilities of the RE

The RE may hold units in the Trust and deal with itself in any capacity subject to Corporations Act requirements. The RE may rely on the advice of experts. The RE is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Trust.

## Liability of Members

The liability of a member is limited to the amount, which remains unpaid in relation to the member's subscription for their units. The recourse of the RE and any creditor is limited to its assets. A member must not interfere with any rights or powers of the RE under the Trust Constitution.

## Remuneration of the RE

The RE is entitled to the following fees:

- 1) An establishment fee of up to 5.00% of the initial purchase price of the Trust Assets
- 2) A management fee of up to 0.80% per annum of the assets of the Trust payable monthly in arrears
- 3) Debt arrangement fee of up to 1.00% of the total debt arranged payable upon drawdown of debt
- 4) An end fee of 2.00% of the net sale proceeds if the net sale price exceeds the total purchase price
- 5) Reimbursement of expenses incurred in connection with the Trust

The RE may defer the payment of any fees for recoupment in future periods or elect to be issued units in lieu of cash payment.

## Duration of the Trust

The Trust Terminates on the earliest of:

- a) the date specified by the RE as the date of termination of the Trust in a notice given to members; or
- b) the date on which the Trust terminates in accordance with another provision of the Constitution or by law.

Currently the Trust will terminate on 1 July 2022 in accordance with the most recent Term Extension Proposal Letter, which was issued to Investors in 2015. It is intended that a further Term Extension Proposal Letter will be issued in January 2022 extending the period of the Trust for further 7 years.

No Units may be issued or redeemed after the 80th anniversary of the Trust commencement date unless that issue or redemption would not offend the rule against perpetuities, or any other rule of law or equity.

## Procedure on Termination

Following termination the RE must realise the assets within two years of the termination date if practical. The net proceeds after making allowance for all liabilities and meeting all expenses must be distributed pro-rata to members according to the number of units they hold.

## Complaints

If a member has a complaint they must in the first instance contact the Complaints Officer at MPG Funds Management Ltd in writing. If the member is not satisfied with the response from the RE the member can then make a complaint to the Financial Industry Complaints Service Ltd.

## Custodial Agreement

MPG and the Custodian have entered into a Custody Deed. The Custodian holds Trust assets in compliance with the Corporations Act and relevant ASIC policy. MPG indemnifies the Custodian for any loss, expenses or damage incurred or suffered by the Custodian relating to holding the Trust assets, except where that loss, expense or damage arises as a direct result of the Custodian negligence or breach of the Custody Deed.

The Custodian holds the assets of the Trust on behalf of MPG and its duties include the opening and maintaining bank accounts to hold application monies, rent and other income of the Trust, maintaining proper records and providing reports to MPG. If instructed to do so by MPG, the Custodian may enter into contracts relating to the assets of the Trust.

The Custodian is not responsible for the operation of the Trust and has no liability or responsibility for protecting the interests of investors. The Custody Deed continues until terminated with either party being able to terminate the

agreement on 90 days written notice, unless otherwise agreed between the parties. The Custody Deed will terminate immediately in certain circumstances including in the event of an unremedied breach of the Custody Deed.

## Experts and consents

All parties listed in this Booklet have given and have not, before the release of the Booklet, withdrawn their consent to be named in this Booklet with the information and references to their names included in the form and context in which they appear. The parties listed below have relied upon MPG for, and make no representation to the truth and accuracy of the contents of this Booklet. No person named in this Booklet who has performed the work of a professional, advisory or other capacity in connection with the preparation of this Booklet, nor any firm of which such person is a partner or director, has or has had at any time during the two year period prior to the date of this Booklet, had an interest in the formation or promotion of the Trust.

## Related Party Transactions

Companies associated with MPG may be engaged to perform services for the Trust on an arm's length basis and on normal commercial terms.

MPG, as the RE 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. A copy of the policy is available free of charge on request. A conflict of interest may arise when a fund invests in, or makes loans to or provides guarantees to, related parties.

In summary all related party transactions are required to be undertaken on "normal terms and conditions" and in the best interests of investors. All related party transactions are required to be approved by the Board of Directors of MPG before proceeding and external legal advice is sought if best interests of investors cannot be determined. All related party transactions are reported to the Compliance Officer who records these transactions in a register which reported to the Compliance Committee on a quarterly basis and is subject to external audit on an annual basis.

## Disclosure of Interests of MPG and Directors

No director of MPG, or a firm of which a director is a partner or director, has an interest in the formation or promotion of the Trust or in any property acquired or proposed to be acquired by the Trust in connection with its formation or promotion at the date of this Booklet or within 2 years before that date, except the interest held directly or indirectly as set out below:

- MPG is entitled to the fees and other amounts detailed on page 38.
- The directors of MPG are entitled to be paid directors' fees by MPG.
- The property management, accounting administration and registry services roles of the Trust may be outsourced to associated entities of MPG on normal commercial terms.
- The directors, shareholders and related parties of MPG may subscribe to units.
- McMullin Nominees Pty Ltd and MPG are the current owners of 21,454,171 Ordinary Units in the Trust.
- MPG provided \$1,800,000 in loans to the Trust for the settlement of Seacrest Shopping Centre which will be repaid from the part proceeds of this Offer. This loan is provided to the Trust under "normal terms and conditions".

Other than disclosed above, no benefits or amounts have been paid or agreed to be paid in cash or shares or otherwise:

- to any director or proposed director or firm of which the director is a partner or director to induce them to become or to qualify as a director or otherwise for services rendered by the director or proposed director or the firm in connection with the formation or promotion of the Trust; or
- to any person named in this Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Booklet or for services rendered in connection with the formation or promotion of the Trust.

## Copies of consents and material contracts

Copies of the above consents and legal documents referred to in this Booklet are available for inspection without charge at the Registered Office of MPG until 13 months after the date of this Booklet.

## Dispute resolution

If you have a complaint about the performance of the RE, then you are entitled to have your complaint dealt with in a proper and efficient manner. The Trust Constitution details how complaints can be made and how the RE must deal with them.

If you have a complaint, then you should notify the Complaints Officer of MPG Funds Management Ltd in writing. Once a complaint is made, the Complaints Officer must write to you within 7 days to acknowledge receipt of the complaint and respond fully to the complaint in writing within one month of the acknowledgement in an attempt to resolve the issue. In the event that you have invested less than \$500,000, if a satisfactory resolution cannot be reached, then you may lodge your complaint with the Australian Financial Complaints Authority (details below) which is an external complaints resolution service. The RE is a member of the Australian Financial Complaints Authority.

Toll Free: 1800 931 678

Online complaint form: [afca.org.au](http://afca.org.au)

## Anti-Money Laundering and Counter Terrorism Financing Laws

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act) and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to MPG as the RE (AML Requirements), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre (AUSTRAC).

In order to comply with the AML Requirements, MPG is required to, amongst other things:

- verify your identity before providing services to you, and to re-identify you if they consider it necessary to do so; and
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

MPG reserves the right to request such information as is necessary to verify the identity of an applicant for Units in the Fund (Applicant) and the source of the payment.

In the event of delay or failure by the Applicant to produce this information, MPG may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither MPG, nor its delegates shall be liable to the Applicant for any loss suffered by the Applicant as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

MPG has implemented a number of measures and controls to ensure it complies with its obligations under the AML Requirements, including carefully identifying and monitoring Investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where MPG has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused MPG is not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by it as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- MPG may from time to time require additional information from you to assist it in this process.

MPG has certain reporting obligations under the AML Requirements and is prevented from informing you that any such reporting has taken place. Where required by law, MPG may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC.

MPG is not liable for any loss you may suffer as a result of its compliance with the AML Requirements.

### Privacy provisions

The Privacy Act 1988 Cth (as amended by the Privacy Amendment (Enhancing Privacy Protection) Act 2012 (Cth)), which governs the use of a person's personal information, came into effect on 21 December 2001. The Act sets out principles detailing how organisations should collect, use, disclose and store personal information, as well as the right of individuals to access and correct the information. MPG Funds Management Ltd will comply with the provisions of the Act at all times.

The personal information we collect from you on the Application Form is used to evaluate your application for Units in this Trust as well as to issue Units and maintain your interest in the Trust. We will keep the personal information you provide for record keeping purposes. Once personal information is no longer needed for our records, we will destroy it.

MPG will take all reasonable steps to ensure that your personal information is accurate, complete and up-to-date. To ensure your details remain current, please advise us of any information that appears incorrect. Please contact our Investor Relations Officer on 03 9831 8960 or write to us at the address listed on the back cover of this IM to access the information we hold about you.

As well as reporting to you on your investment, we may use your contact details to keep you informed of upcoming investment opportunities. If you do not wish to receive these updates, please contact us. If we are obliged to do so by law, we will pass on your personal information to other parties strictly in accordance with our legal requirements.

### Socially responsible investment disclosure

MPG has no predetermined view about taking into account labour standards, environmental, social, ethical issues in selecting, retaining and realising any investment in the initial property by the Trust. MPG may take into account any one or a combination of these issues of which it becomes aware if that issue or those issues may financially affect the investment.

### Cooling Off Period

Investors should note that the investment in the Trust is an Illiquid Investment.

A retail investor (as defined in the Corporations Act), who invests directly in the Trust, will be entitled to a 14 day cooling-off period during which the Investor may change its mind about the investment. During that time, you may exercise your cooling-off rights by requesting your money be returned. The cooling-off period begins when your transaction confirmation is received by you or, if earlier, 5 Business Days after your units are issued. The RE is allowed to (and generally does) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. This may result in you receiving back less than you originally invested. You may have capital gain/loss tax implications if you happen to receive more or less back than you originally invested.

If you wish to cancel your investment during the cooling-off period, you need to inform the RE in writing of your intention to exercise this right before the end of the cooling-off period (and before exercising any rights or powers you have in respect of your investment in the Trust).

No cooling off period applies for wholesale investors.

## CONDITIONS OF ISSUE

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This Booklet is supplied on the following conditions, which are expressly accepted and agreed to by the recipient, in part consideration of the supply of the Booklet, as evidenced by the retention by the recipient of this document. If these conditions are not acceptable, the Booklet is to be returned immediately.

- To the greatest extent permitted by law, none of the directors of MPG makes any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this Booklet or subsequently provided to the recipient by any of the Directors including, without limitation, any financial information, the estimates and projections and any other financial information derived from them. Nothing contained in this Booklet is, or shall be relied upon as, a promise or representation, whether as to the past or the future.
- Except insofar as liability under any law cannot be excluded, the directors shall have no responsibility arising in respect of the information contained in this Booklet or in any other way for errors or omissions (including responsibility to any person by reason of negligence).
- The estimates and forecasts contained in this Booklet involve significant elements of subjective judgement and analysis, which may or may not be correct. There are usually differences between forecast and actual results because events and circumstances frequently do not occur as forecast and these differences may be material. The recipient, any intending investors and their respective advisors should make their own independent review and analysis of the relevant assumptions, calculations and accounting policies upon which the estimates and projections are based.
- The RE may in its absolute discretion, but without being under any obligation to do so, update or supplement this Booklet. Any further information will be provided subject to these terms and conditions.
- MPG reserves the right to evaluate any investment offers and to reject any and all investment offers submitted, without giving reasons for rejection. The RE shall not be liable to compensate the recipient or any intending investor for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Trust.
- The information in this Booklet is provided to the recipient only as a matter of interest. It does not amount to a recommendation either expressly or by implication with respect to the Investment in the Trust.
- The information in this Booklet may not be appropriate for all persons and it is not possible for the Directors to have regard to the investment objectives, financial situation and particular needs of each person who reads or uses the information in this Booklet. Before acting in reliance on the information in this Booklet the recipient should check its accuracy, reliability and completeness and obtain independent and specific advice from appropriate experts.
- The taxation and stamp duty information contained in this Booklet is current as at the date of the Booklet and we urge investors to seek an independent advice prior to completing the Acceptance Form. The RE is unable to guarantee that its interpretation will be sustained in the event of challenge by the Australian Taxation Office.
- The Information contained in the Booklet that is not materially adverse information is subject to change from time to time and may be updated. All such updates will be included on MPG's website located at [www.mpgfm.com.au](http://www.mpgfm.com.au) or can be requested on our toll free number 1300 668 247. A paper copy of any updated information will be given to any person without charge on request.

The recipient acknowledges the foregoing and it hereby agrees to these conditions.

# GLOSSARY

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**ABN** Australian Business Number as defined in the Corporations Act

**ABS** Australian Bureau of Statistics

**ACN** Australian Company Number as defined in the Corporations Act

**AFSL** Australian Financial Services Licence

**Application** means application for Units in the Trust

**Acceptance Form** The Acceptance Form which applicants are required to complete and lodge to subscribe for an interest in the property trust

**Assets** means the assets of the Trust, including the Properties and the units held in underlying property trusts

**ASIC** Australian Securities and Investment Commission

**ASX** Australian Securities Exchange

**Associates** directors, employees or any related party as defined by the Corporations Act

**ATF** As Trustee For

**Closing date** The end of the offer period which is 28 June 2019

**Corporations Act** Corporations Act 2001 (Commonwealth)

**Custodian** The Trust Company Limited (ACN 004 027 749)

**Date of issue of this Offer** 3 June 2019

**Directors** The Directors of MPG who is the RE of the Trust

**EBITDA** Earnings before interest, taxes, depreciation and amortisation

**Eligible Unitholders** means the Unitholders listing on the Unitholder register on the Record Date.

**Expected Subscription** a subscription of at least 16,855,000 Units in the Trust

**Financier** The proposed financier who will provide the

proposed loans

**GAV** Gross asset value of the Trust

**GST** Goods and Services Tax

**GLA** Gross lettable area

**Investor(s)** any person or group that has a unitholding in the Trust

**Liquidity Units** Liquidity units as described on page 22 of this document

**Loan** A loan from the financier arranged by MPG

**MER** Management Expense Ratio calculated as Trust Expenses (management fees, custodian, legal and administration etc) divided by Gross Assets

**McMullin Nominees Pty Ltd** related party to MPG and the McMullin Group

**MPG, RE** MPG Funds Management Ltd (ACN 102 843 809)

**Maximum Investment** an investment in the Trust which does not exceed 20% of the Units issued

**NLA** Net Lettable Area

**Non-renounceable rights** the right is non transferable and therefore cannot be bought or sold.

**NTA** Net Tangible Assets calculated as Net Tangible Assets expressed as a percentage of Total Equity

**Offer** means the offer of units in the Trust as described on page 21 of this document

**Ordinary Units** Ordinary units as described on page 20 of this document

**Pro-forma Statement of Financial Performance** The projected balance sheet for the Trust as at the date of purchase of the property

**Properties** means the properties currently 100% owned by the Custodian on behalf of the Trust as described in this Booklet

**Record Date** means the 3rd June 2019

**Responsible Entity, RE** MPG Funds Management Ltd  
ABN 81 102 843 809, AFSL 227114

**Rights Issue Offer** refers to this Rights Issue Offer dated 3 June 2019

**Special Resolution** as defined in section 9 the Corporations Act as one that is passed by at least 75% of the votes cast by Unitholders on a poll being in favour of the resolution

**Subscription Period** being the period between the opening of the Offer (3 June 2019) and the close of the Offer (28 June 2019) or earlier or later at the discretion of the RE

**SQM** Square metres

**TFN** Tax File Number

**Term Extension Proposal Letter** A letter provided to all Unitholders at the expiry of each Trust term outlining the Unitholders rights of remaining in the Trust for a further seven year term or electing to sell their Units

**Trust** The MPG Retail Brands Property Trust as governed by the Trust Constitution

**Trust Constitution** Dated 28 May 2004, and amended by the Supplemental Deed Poll dated 15 November 2006, which outlines the operation of the Trust

**Unitholder(s), Member** A holder of Units in the Trust

**Units** units issued in the Trust

**Wholesale Investor** An investor as defined in s708 of the Corporations Act

**Weighted Average Lease Term or WALE** The sum of the lease term multiplied by the net lettable area of each tenancy divided by the total net lettable area and expressed in years

**Withdrawal Offer** an offer by the RE to investors to redeem their Unit while the Trust is illiquid

**Withdrawal Facility** Withdrawal Facility as described on page 22 of this document

**Withdrawal Price** (Net Asset Value – estimated selling costs)/ Units on Issue

# DIRECTORY

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## **Responsible Entity and Registered Office**

### **MPG Funds Management Limited**

ABN 81 102 843 809

Level 3  
2-6 Railway Parade  
Camberwell, VIC 3124

PO Box 1307  
Camberwell, VIC 3124

Ph: 1300 668 247  
Email: [info@mpgfm.com.au](mailto:info@mpgfm.com.au)  
Website: [www.mpgfm.com.au](http://www.mpgfm.com.au)





**MPG**

funds  
management

