

MA Secured Real Estate Income Fund



MA Asset Management

MA Financial Group

28 February 2023

Trust

MA Secured Real Estate Income Fund ARSN 648 810 904

Responsible Entity

MAAM RE Ltd ACN 135 855 186; AFSL 335 783

Manager

MA Investment Management Pty Ltd ACN 621 552 896
AFSRN 001 258 449

The Manager and Responsible Entity are wholly owned subsidiaries of MA Financial Group Limited (**MA Financial Group**). MA Financial Group is an ASX-listed financial services firm specialising in asset management managing alternative assets, lending, corporate advisory and equities.

Investment Strategy

The MA Secured Real Estate Income Fund (**Fund**) provides investors with exposure to a range of first mortgage loans secured by Australian residential and commercial property by investing directly, or indirectly via third party originated special purpose trusts. The Fund may co-invest in loans with other MA Financial Group related trusts and entities. The Manager seeks investment opportunities that it considers offer an attractive risk adjusted return after application of its investment process. The Manager will seek to construct the portfolio with the following features:

- diversified lending base, with low underlying individual obligor exposure;
- predictable and resilient through the cycle returns;
- bias towards capital preservation and on minimising losses; and
- portfolio driven analysis that supports strong serviceability prospects.

Available Platforms (APIR: MAA6243AU)

Australian Money Market, HUB24, Macquarie Wrap, Mason Stevens, Netwealth.

Research

IIR – ‘Recommended’, SQM (please speak to your financial advisor for more information).

ASIC RG 45 Disclosure Benchmarks

There have been no changes to either the ASIC RG 45 Disclosure Benchmarks or Disclosure Principles subsequent to the issue of the Product Disclosure Statement (**PDS**) dated 1 October 2021.

An update against the Portfolio ‘target’ levels (Disclosure Principle 3) is included in the Appendix to this Report.

Monthly Commentary

- The Fund has 16 investments, 10 of which are co-investments with other funds managed by the Manager.
- Post reporting date, the Reserve Bank of Australia (**RBA**) Cash Rate was increased by 0.25% effective 8 March 2023, from 3.35% to 3.60%.
- Interest rates on the floating rate loan investments are calculated as an interest margin over the RBA Cash Rate (**Base Rate**) and reset on the first day of each month. For the month of February 2023, the loan investments’ interest Base Rate was 3.10%, being the RBA Cash Rate as at 1 February 2023.
- The Fund’s annualised distribution yield for the month of February 2023 was 8.10% p.a., which is 5.00% above the 3.10% RBA Cash Rate applied to the loans during the month.
- The Fund’s return since inception is 6.21% p.a.

FUND OVERVIEW (AS AT 28 FEBRUARY 2023)

Investment type	Unlisted pooled mortgage trust
Fund size (FUM)	\$44.97m
Inception date	May 2021
Fund term	Open-ended
Unit price	\$1.00
Target LVR	60% (max 65% on any asset)
Weighted average LVR	60.6%
Weighted average loan duration	8.3 months
Target return	RBA Cash Rate Target + 5.00% p.a.

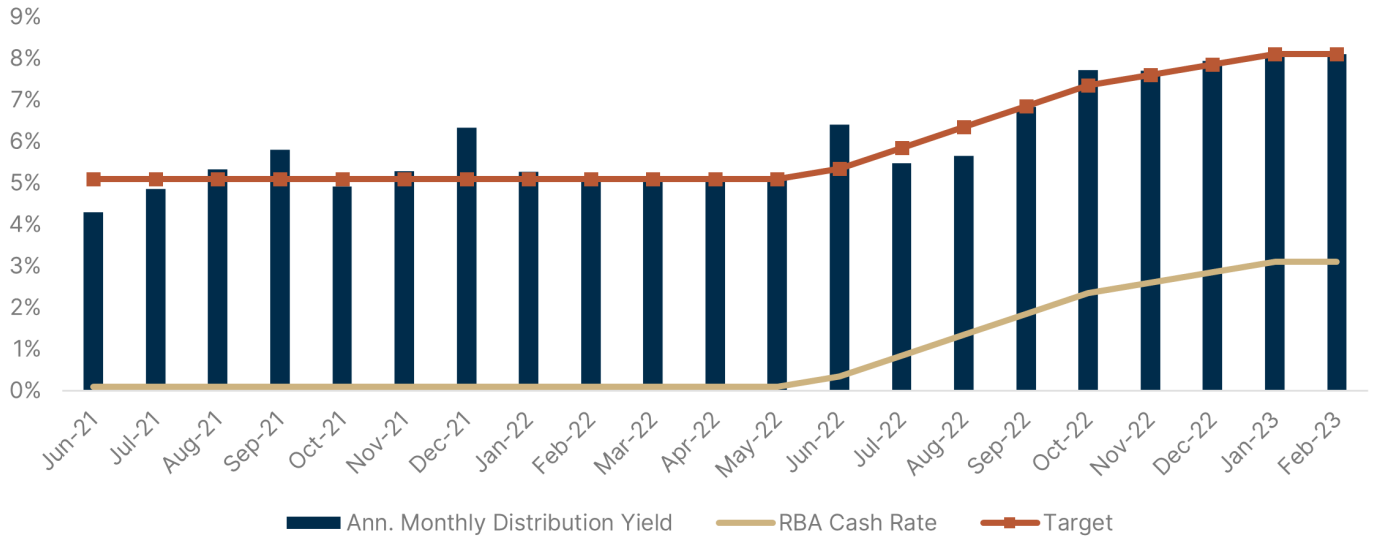
Since 28 February 2023

The Fund issued units on 1 March 2023 taking total FUM to \$46.49m.

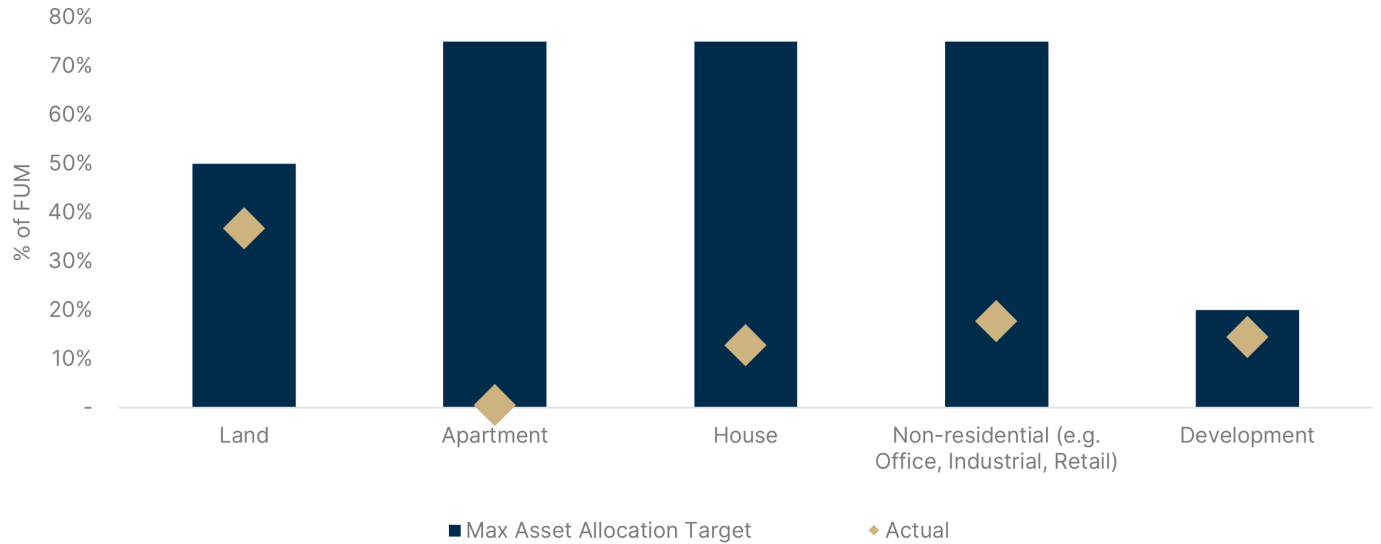
FUND PERFORMANCE¹

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	SINCE INCEPTION ²
Total Return to investor	0.62%	2.00%	3.90%	6.81%	6.21%

DISTRIBUTION HISTORY³



COLLATERAL TYPE OF DRAWN INVESTMENT



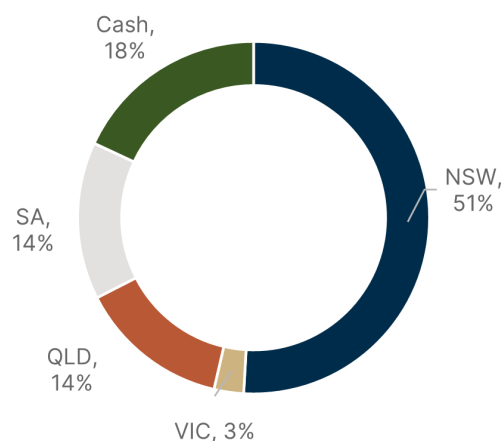
¹ Returns reflect the value of a continuing investor's investment assuming the reinvestment of all distributions.

² Annualised from the inception date on 1 May 2021, with first distribution paid in June 2021.

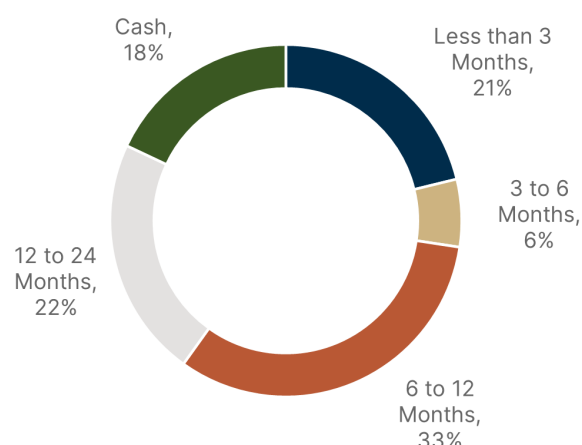
Please refer to the PDS for details on the valuation methodology.

³ Actual distributions paid in that month assuming they were annualised. Past performance is not a reliable indicator of future performance.

BORROWER STATE CONCENTRATION⁴



MATURITY PROFILE OF LOANS



ADDITIONAL PORTFOLIO TARGETS

PORTFOLIO TARGETS AS PERCENTAGE OF FUM	TARGET MET	RESULT
Land <50%	Y	36.7%
Apartment <75%	Y	0.4%
House <75%	Y	12.7%
Non-residential (e.g. Office, Industrial, Retail) <75%	Y	17.6%
Development <20%	Y	14.5%
VIC <50%	Y	2.7%
NSW <75%	Y	50.9%
QLD <50%	Y	13.9%
Other <25%	Y	14.5%
Regional <25%	Y	21.4%
Median Loan Investment <5%	Y	2.9%
Borrower Concentration <25%	Y	14.5%
Single Loan Concentration <25%	Y	14.5%y
OTHER PORTFOLIO METRICS	TARGET MET	RESULT
Max LVR<=65% per asset	N	66.1%
Weighted Average Loan to Value Ratio <60%	N	60.6%
Funding of Undrawn loan commitments	Y	\$1.5m undrawn is less than cash of \$8m
% of the portfolio that can be liquidated in 545 days > 80%	Y	91% of the portfolio matures within 545 days.
% of invested portfolio with capitalising interest	n/a	62.7%

⁴ Shown as % of FUM.

APPENDIX: LOAN BOOK AS AT 28 FEBRUARY 2023

Location	Total Loan Limit	Total Loan Outstanding	Fund Investment	% FUM	Maturity	Interest Margin over RBA Cash Bands	LVR
Apartments							
1 North Melbourne	\$0.22m	\$0.20m	\$0.20m	0.4%	Nov-23	8–9%	52%
Land Residential							
2 Southern NSW	\$2.41m	\$2.41m	\$0.19m	0.4%	Jul-23	6–7%	65%
3 Mornington Peninsula	\$11.35m	\$11.35m	\$0.03m	0.1%	Oct-23	6–7%	48%
4 Southern NSW	\$14.06m	\$9.83m	\$3.12m	6.9%	Apr-23	7-8%	66%
Land Commercial							
5 Western Sydney	\$9.49m	\$9.10m	\$1.14m	2.5%	May-23	7–8%	59%
6 Western Brisbane	\$5.26m	\$5.31m	\$5.31m	11.8%	Dec-22	7–8%	66%
7 Western Sydney	\$7.80m	\$7.68m	\$5.71m	12.7%	May-24	7–8%	64%
8 South Eastern Sydney	\$5.10m	\$5.10m	\$1.00m	2.2%	Dec-23	6–7%	55%
House							
9 South West Sydney	\$0.64m	\$0.54m	\$0.54m	1.2%	Oct-23	6–7%	55%
10 Eastern Sydney	\$4.90m	\$4.24m	\$4.24m	9.4%	Sep-24	6–7%	42%
11 South of Brisbane	\$0.93m	\$0.93m	\$0.93m	2.1%	Sep-23	7–8%	60%
Non-Residential							
12 South Australia	\$21.79m	\$21.79m	\$6.50m	14.5%	Nov-23	7–8%	65%
13 Lake Macquarie NSW	\$1.43m	\$1.42m	\$1.42m	3.2%	Sep-23	8–9%	43%
Development							
14 East Sydney	\$8.31m	\$1.49m	\$0.30m	0.7%	Nov-23	7–8%	44%
15 Western Sydney	\$37.68m	\$19.15m	\$3.64m	8.1%	Sep-23	8–9%	63%
16 Lake Macquarie NSW	\$23.23m	\$15.96m	\$2.59m	5.8%	Jun-23	7–8%	65%
Invested Portfolio			\$36.86m	82.0%			
Cash			\$8.11m	18.0%			
Total Funds Under Management (FUM)			\$4.97m	100.0%			

Investments under Watch

Loan 4 – Higher than originally forecast interest rates exhausted the interest reserve. Approval in process to accept a new valuation and extend the facility that will cure the current limit breach due to interest cost.

Loan 6 – There has been a delay in the extension document being executed. The Manager has no concerns with respect to the recovery value of this investment.

MORE INFORMATION

The Target Market Determination for Units in the Fund is available free of charge on the Fund webpage: [MAfinancial.com/asset-management/retail-funds/ma-secured-real-estate-income-fund/](https://www.mafinancial.com/asset-management/retail-funds/ma-secured-real-estate-income-fund/)

For more information, please speak to your financial adviser or the MA Client Services team at MAclientservices@MAFinancial.com, or on +61 2 8288 5594. Otherwise visit [MAFinancial.com/asset-management](https://www.mafinancial.com/asset-management).

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