

MA Secured Real Estate Income Fund

Asset Management

31 March 2024



Fund overview		
Fund size	\$75.7m	
NAV per unit	\$1.0000	
Weighted average duration ⁵	5.1 months	
% portfolio with capitalising interest	57%	
Funding of undrawn loan commitments	The Fund currently has \$14.5m available to meet \$5.3m of an undrawn construction loan facility	
Compliance	Target	Actual
Max LVR (approved limit / valuation)	<=65% per asset	65.0%
Weighted average LVR	<60%	59.9%
Median loan investment	<5%	4.1%
Borrower concentration	<25%	12.5%
Single loan concentration	<25%	12.5%
% portfolio that can be liquidated in 545 days	> 80%	100%

Target return

RBA Cash Rate + 5.00% p.a. (net of fees)

Monthly commentary

The Fund has 16 investments, nine of which are co-investments with other funds managed by the Manager.

The Fund's annualised distribution yield for the month of March 2024 was 9.35% p.a., which is 5.00% above the 4.35% RBA Cash Rate applied to the loans during the month (rate as at 1 March 2024). The Fund's total return since inception is 7.51% p.a.

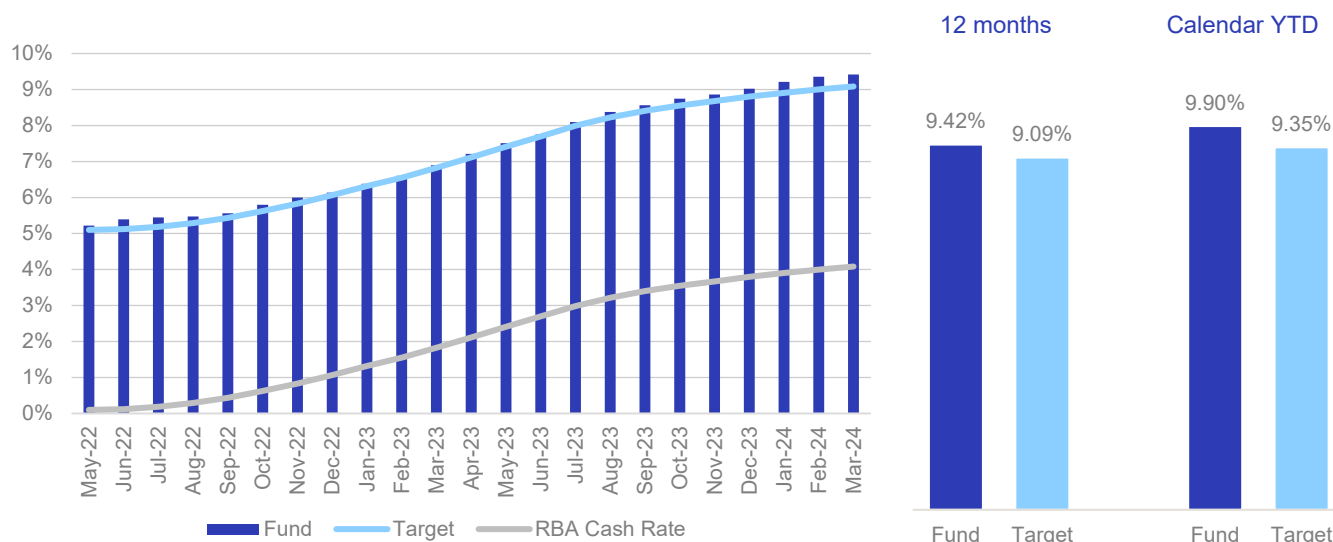
ASIC RG 45 Disclosure Benchmarks

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 this report.

Fund performance

Trailing 12 months distribution yields



Total return (%)

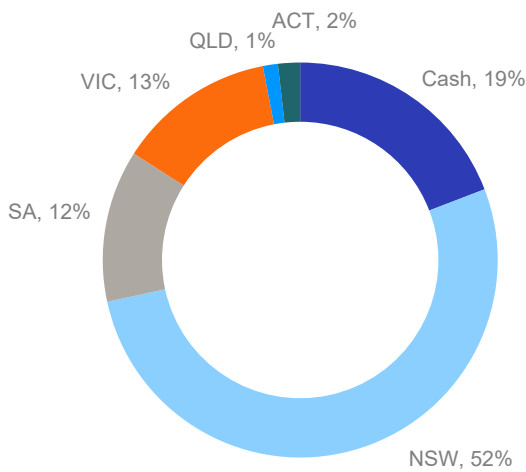
	1 month	3 months	6 months	1 year	2 years	3 years	Inception
Fund	0.79	2.48	4.98	9.84	8.47	-	7.51

Monthly total returns (%)

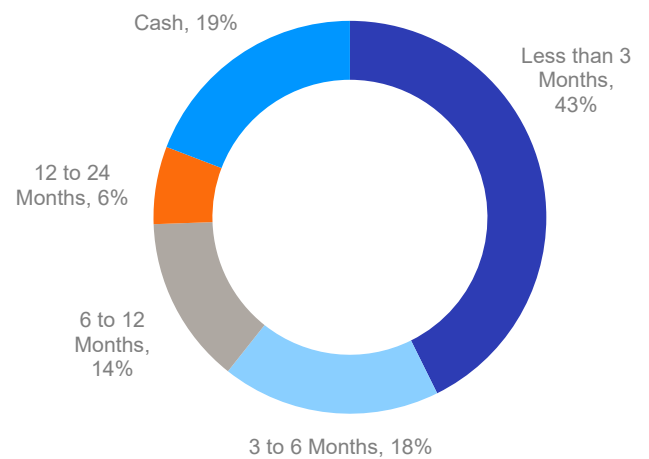
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2024	0.88	0.79	0.79	-	-	-	-	-	-	-	-	-	2.48
2023	0.69	0.62	0.73	0.73	0.73	0.77	0.79	0.76	0.75	0.84	0.75	0.84	9.38
2022	0.45	0.40	0.43	0.42	0.44	0.53	0.47	0.48	0.56	0.66	0.63	0.68	6.31
2021	-	-	-	-	0.52	0.35	0.41	0.45	0.48	0.42	0.43	0.54	3.66

Portfolio snapshot⁴

State concentration

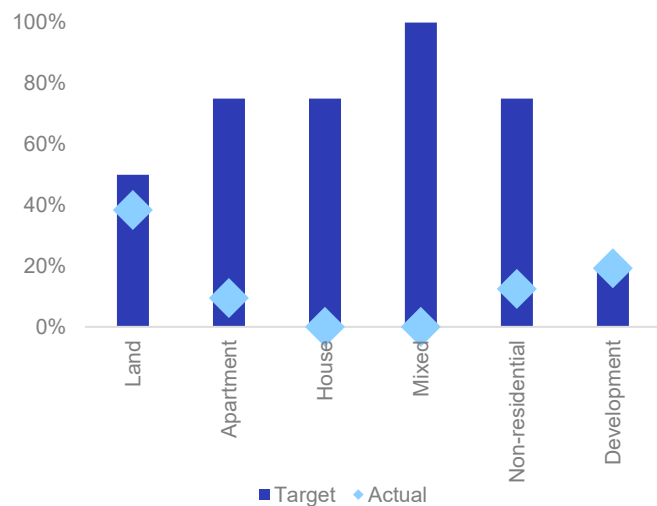


Legal maturity profile



Additional portfolio targets

Collateral type



Geography



Appendix: Loan book as at 31 March 2024

Location	Total loan limit	Total loan outstanding	Fund investment	% NAV	Maturity	Interest margin over RBA Cash bands	LVR	
Land residential								
1	Exeter (NSW)	\$12.77 m	\$12.85 m	\$3.26 m	4.3%	Jul-24	7–9%	60%
2	Campbell (ACT)	\$1.37 m	\$1.37 m	\$1.37 m	1.8%	Sep-24	6–8%	65%
3	Box Hill (NSW)	\$2.17 m	\$1.31 m	\$1.31 m	1.7%	Sep-24	7–9%	63%
4	New Lambton (NSW)	\$1.14 m	\$1.12 m	\$1.12 m	1.5%	Apr-24	8–9%	59%
5	Sunbury (VIC)	\$9.26 m	\$8.77 m	\$8.77 m	11.6%	Jun-24	6–8%	62%
6	Orange (NSW)	\$16.06 m	\$15.24 m	\$3.80 m	5.0%	Aug-24	7–9%	62%
Land commercial								
7	Box Hill (NSW)	\$9.95 m	\$9.95 m	\$1.22 m	1.6%	Dec-23	7–9%	65%
8	Rouse Hill (NSW)	\$7.80 m	\$7.80 m	\$5.80 m	7.7%	May-24	6–8%	65%
9	Kensington (VIC)	\$5.10 m	\$5.10 m	\$1.0 m	1.3%	Dec-24	6–8%	60%
10	Rathmines (NSW)	\$1.43 m	\$1.43 m	\$1.43 m	1.9%	Mar-24	7–9%	44%
House or house land lots								
11	Browns Plains (QLD)	\$0.93 m	\$0.93 m	\$0.93 m	1.2%	Sep-24	6–8%	60%
Non-residential								
12	Monarto South (SA)	\$24.70 m	\$24.70 m	\$9.43 m	12.5%	Nov-24	6–8%	65%
Development								
13	Wamboin (NSW)	\$5.65 m	\$2.96 m	\$2.95 m	3.9%	Sep-24	5–6%	54%
14	Surry Hills (NSW)	\$8.90 m	\$6.81 m	\$6.79 m	9.0%	Jun-24	7–9%	41%
15	Gosford (NSW)	\$138.0 m	\$80.12 m	\$4.84 m	6.4%	Apr-25	7–9%	64%
Apartment								
16	Shellharbour City Centre (NSW)	\$21.51 m	\$19.68 m	\$7.16 m	9.5%	Jun-24	7–9%	64%
Invested Portfolio			\$61.17m	80.8%				
Cash			\$14.51m	19.2%				
Total			\$75.68m	100.0%				

Investments under watch

Loan investments #7 and #12 are past Maturity Date and on Watch.

- Loan #7 – a Receiver has been appointed and is progressing towards sale of the asset.
- Loan #10 – extension has been approved post reporting for a further 12 months.

Manager's quarterly commentary

There continues to be a large pipeline of opportunities across sectors. However, many sectors are behaving quite differently from each other.

The residential sector for instance remains very undersupplied, which is well documented by media reports and Government initiatives to address it. This undersupply has had a meaningful impact on residential vacancy rates which are at historical lows, increasing rental cost rates across many markets and a recovery of values to near pre-inflation rates. New supply to meet demand is curtailed by lengthy approval processes and challenges in the builder sector, mainly due to labour shortages, increased costs and failures of many building companies. Revised pricing and programming together with the strong demand for activity should lower the rate, although not eliminate the risk of builder failures over the next 12–24 months.

The commercial market by comparison has very low activity as buyers wait for signs of the market having bottomed out. The relativity of property yields versus interest costs and

alternative investments is weighing on demand. With these factors considered, the first mortgage credit position secured by these assets is often regarded as providing a better risk adjusted return, particularly until the relative equity yield can improve substantially. Purchasers, particularly in the larger commercial assets are also factoring in the ongoing impact of working from home and whether assets are well positioned for environmental, social and governance considerations.

The low vacancy rates in the industrial sector have proven attractive to property investors, particularly for those assets with short lease maturities given the enhanced capacity to increase rental rates in the short term. If the broader economy slows, an increased level of tenancy insolvencies may soften demand for the sector.

Other assets such as the hospitality sector continue to present sound opportunities given the higher yields being generated compared to other commercial real estate asset classes and these will continue to be selectively considered.

Development loans	
Eastern Sydney Commercial Office Development	<ul style="list-style-type: none"> • 45% LVR covenant / 40% LVR based on Facility Limit as a percentage of exchanged contract sale price • 55% Loan to Cost (LTC), based on Facility Limit as a percentage of total development costs including finance costs • 84% complete – Facade in place and fitout being completed • The Fund has a 100% interest in the Facility including both the drawn and undrawn components.
Southern NSW Residential Land Subdivision Development	<ul style="list-style-type: none"> • 61% LVR covenant based on Facility Limit as a percentage of the On Completion Valuation of remaining lots • 82% LTC, based on Facility Limit as a percentage of total development costs including finance costs • The Manager is comfortable with this LTC exceeding 75%, as this is the second stage, and the product has been proven from sales and settlements on Stage 1. • Stage 2 is 25% complete. • The Fund has a 100% interest in the Facility including both the drawn and undrawn components.
Central Coast Residential Apartment Construction	<ul style="list-style-type: none"> • 65% LVR based on Facility Limit as a percentage of the On Completion Valuation • Residual LVR (after contracted sales) is 58% • 83% LTC, based on Facility Limit as a percentage of total development costs including finance costs • The Manager is comfortable with this LTC exceeding 75%, as at the time of investment the bulk excavation was complete, reducing the latent underground risk and mitigating the risk of cost overruns • 65% complete – Concrete structure is complete, with internal walls being erected. • The Fund has an interest in the drawn investment with no obligations for the undrawn amount under the Facility.

Investment objective

The MA Secured Real Estate Income Fund (the Fund) provides investors regular monthly cash distributions and a strong risk adjusted return through exposure to a range of first mortgage loans secured by Australian residential and commercial property.

Investment strategy

The 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 seeks 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.

Fund information	
Inception date	May 2021
Structure	Australian Unit Trust
Fund term	Open-ended fund
Fund currency	AUD
Minimum initial investment	\$10,000
Applications	Monthly
Redemptions	Monthly
Distributions	Monthly
Management fee	1.03% p.a. of the Net Asset Value
Performance fee	Nil
APIR code	MAA6243AU
Platform availability	Australian Money Market, HUB24, Macquarie Wrap, Mason Stevens, Netwealth, Powerwrap, Praemium

About MA Financial Group

We invest. We lend. We advise.

We are a global alternative asset manager specialising in private credit, core and operating real estate, hospitality, private equity and venture capital as well as traditional asset classes. We lend to property, corporate and specialty finance sectors and provide corporate advice.

Our investment teams have diverse skill sets and experience across a range of strategies and market conditions and are focused on delivering long-term growth. Our conviction runs deep and as testament to this we co-invest in many of our strategies alongside our clients, aligning our interests with theirs.

More information

The Target Market Determination for Units in the Fund is available free of charge on the Fund webpage: mafinancial.com/au/invest/private-credit/masecured-real-estate-income-fund

For more information, please speak to your financial adviser or the MA Client Services team at:
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T: +61 2 8288 5594
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ENDNOTES

1. RBA Cash Rate is reset and fixed on the first calendar day of the month.
2. Distribution yield is calculated at a point in time by annualising the sum of distributions over the period and dividing it by the ending NAV price. Distribution yield will fluctuate when the distribution amount or the unit price changes.
3. Past performance is not a reliable indicator of future performance. Performance returns are net of fees and expenses and assume tax is not deducted. It is calculated using Net Asset Value (NAV) prices assuming the reinvestment of all distributions. Performance returns for periods greater than 1 year are annualised. Performance inception date 1 May 2021.
4. Values may not add up due to rounding.
5. Duration is calculated using expected repayment date.

IMPORTANT INFORMATION

MAAM RE Ltd (ACN 135 855 186) (AFSL 335783) is the responsible entity (Responsible Entity) of the MA Secured Real Estate Income Fund ARSN 648 810 904 (Fund) and the issuer of the units in the Fund. The information contained in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making any investment decision you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current Product Disclosure Statement (PDS) of the Fund. The PDS for the Fund is available at www.mafinancial.com/asset-management/retail-funds/ma-secured-real-estate-income-fund/product-disclosure-statement/. Neither the Responsible Entity nor any member of the MA Financial Group Limited guarantees repayment of capital or any particular rate of return from the Fund. All opinions and estimates included in this document constitute judgments of the Responsible Entity as at the date of this document and are subject to change without notice.

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