

FINAL RAISING - TWO NEW ASSETS

MAIR

PROPERTY FUNDS

MPS DIVERSIFIED PROPERTY TRUST | ARSN 144 797 026



**Opportunity
to invest in a high
performance
multi-asset trust.**

\$43 million trust with properties in three states.

Responsible Entity Mair Property Securities Ltd
ACN 091 623 862 AFS Licence No. 238386

Manager Mair Property Funds Ltd ACN 151 957 676

8%pa[^]

Distributions
plus capital
growth

Invest from
\$50K



The MPS Diversified Property Trust has been established to offer retail investors a sustainable income with the potential for future capital growth. The Trust has targeted purchases in commercial properties in high profile locations with strong lease covenants thus providing a reliable income stream and opportunities for growth.

We are pleased to have secured two new high returning assets through off market transactions for the trust and are inviting investors to purchase units in the trust. Following purchase of these two new additions the trust will be closed from further investment.

All assets in the trust are 100% leased and provide a strong income stream offering a WALE of 7.2 years from 17 tenants.

Key Terms of the Trust

Retail Trust Term	Commenced 10 August 2015 for 7 years (with an investor option to extend for a further 5 years)
Total Asset Value	\$43,185,000 (includes purchase of fifth and sixth asset)
Minimum Investment	\$50,000 with additional increments of \$10,000
Projected Distributions	8 cents per annum/unit (paid quarterly)
Gearing	Target 50%
Issue Price	\$1.02 per unit
Interest cover ratio	Net rental is 3.45 times annual interest payments
Occupancy and WALE	A WALE by income of 7.2 years as at 27 July 2017
Valuation	The fifth asset has been independently valued by Urbis at \$8,860,000 The sixth asset has been independently valued by Savills at \$11,500,000
Fees and Costs	Annual Trust Fee: 0.5% Gross Asset Value Acquisition fee: 4% of the property value (new assets) Performance fee: 20% of the portion of the outperformance of the trust over an IRR of 11% per annum payable on the wind up or sale of the properties.
Investor Fee Rebate	2% of investments over \$200,000 rebated to investors (after settlement)
Investment Payment	The full investment amount is requested at time of application
Trust Exit Strategy	All assets must be sold by September 2022 unless 75% of investors vote to extend the trust.

The capital raising for previous acquisitions was strongly supported by investors and closed oversubscribed. The trust has now entered into conditional contracts to acquire a modern industrial facility located at 2-14 Independent Way, Ravenhall, VIC (fifth asset) and a high clearance industrial warehouse located at 22-24 Salta Drive, Altona North, VIC (sixth asset).

[^] Net of fees and management costs. The rate of return is not guaranteed. All investments carry risks. A detailed explanation of the risk involved when investing in the MPS Diversified Trust is contained in the PDS.

Assets of the Trust



No.	Property Valuation	Sector	Occupancy	Major Tenants	Valuation
1	42 Northey Road, Lynbrook, VIC	Retail Industrial	100%	Austral Bricks One Steel	6.00M
2	923 Cockburn Road, Henderson, WA	Industrial	100%	Enermech	4.05M
3	69 Maud Street, Maroochydore, QLD	Retail	100%	IGA Pizza Hut	4.675M
4	150 Coolamon Boulevard, Ellenbrook, WA	Medical	100%	Broadway Medical Insight Clinical Labs	8.10M
5	2-14 Independent Way, Ravenhall, VIC	Industrial	100%	Australian Pipe and Tubing (APT)	8.86M
6	22-24 Salta Drive, Altona North, VIC	Industrial	100%	Grace Records Management (Grace)	11.50M

Features of the Trust

Following acquisition of these two assets, the trust will hold six recently built quality properties and provide investors with:

- A diverse geographic asset mix across three states
- Consistent income returns and tax advantaged distributions
- Strong tenants with multi sector allocation
- Modern buildings with minimal capital exposure
- Future capital growth
- All values supported by independent valuation

The trust will have a weighted average lease expiry of 7.2 years spread over 17 tenants, across six assets totaling \$43.2 million. The trust projects that cash distributions will be maintained at 8 cents per unit per annum which is expected to grow in future years.

New Assets

MPF has been able to secure two new high quality assets to further increase the revenue security and income diversity of the trust. Offering income from diversely different industries and combined WALE of more than 10 years, these properties will allow us to close out purchases for this trust and focus on adding value through rent growth and strategic tenancy management.

The new properties are located in Melbourne, which is experiencing a very positive business environment for well-located modern industrial assets. This is being driven by strong tenant demand, falling vacancies and reduced land supply. With prime yields trading in the range 6 - 7% we have been able to secure these properties at an average yield of 7.35%. Located to the west of Melbourne CBD the properties will benefit from recent initiatives such as the West Gate Tunnel Project, privatisation of the port, low cost housing development in surrounding suburbs and other infrastructure projects. The industrial sector and logistics is a major success in Melbourne backed up by the Port of Melbourne which receives 35% of all incoming containers to Australia.



Fifth Asset – Ravenhall, VIC

This modern high specification warehouse, was constructed in 2010 and offers exceptional layout and accommodation. The warehouse features internal clearance levels of circa 9 metres with heavy loading reinforced concrete slabs. The warehouse incorporates two full length crane rails, the western bay facilitating 2 x 10 tonne cranes and 1 x 20 tonne crane whilst the eastern bay has a further 1 x 20 tonne crane. The two level office has steel framework to accommodate a future expansion.

The building is occupied by Australian Pipe and Tubing (APT) who have been in occupation since construction and have 14 years remaining on its lease. However its wide frontage, dual access could also be adapted to many other uses. Future expansion is possible on 774sqm of vacant land located at the southern end.

Property Summary

Address	2-14 Independent Way, Ravenhall, Victoria
Acquisition Price	\$8,860,000
Land Area	13,930 sqm
Building Area	6,888 sqm
Passing net Income	\$714,150 pa
Tenant	Australian Pipe and Tubing (APT) - 15 year lease until 2031
Vacancy	The building is 100% occupied
Zoned	Commercial 2 (Business 3)

Location	<p>The premises form part of the Orbis Business Park, which was established in 2010 and is a 30 hectare master planned business community. Featuring wide internal roads, cafes, child care and high speed internet.</p> <p>The Business Park has easy access to the Western Freeway on/off ramps located within 2km giving heavy vehicles north/south access and links to the Western Ring Road.</p> <p>Ravenhall is a rapidly growing outer suburb in Melbourne's north western corridor. Located 19km from the CBD it is expected to rapidly expand as part of the West Growth Corridor Plan which is anticipated to accommodate in excess of 377,000 people (As of 2016 the population is 210,000).</p>
Tenant – Australian Pipe and Tubing (APT)	<p>Australian Pipe and Tubing ("APT") specialises in the manufacture of high quality tubular steel products. Currently noted as the 5th largest producer of tubular steel in Australia this private business has attracted the interest of major corporations.</p> <p>APT operates a state of the art manufacturing facility able to produce a quality wholesale product for the South East Australian market. The business is recognised as an independent, competitive and reliable alternative supplier of tubular steel products with an ability to deliver direct to its customers.</p> <p>The highly efficient production plant was especially designed for the building. APT commenced operation from the premises six years ago and meetings with senior managers have advised a significant ability to increase future output. It currently produces 27,000 tonne pa.</p>

Sixth Asset – Altona, VIC

Specifically built as a high volume capacity storage warehouse in 2008, this impressive building has internal clearance levels of circa 13 metres and heavy loading reinforced concrete slabs to support high level racking throughout. The warehouse is situated on 1.84 hectares with additional expansion land at the rear. The facility is fully fire sprinklered with a large all weather canopy.



Property Summary

Address	22-24 Salta Drive, Altona North, Victoria
Acquisition Price	\$11,500,000
Land Area	18,410 sqm
Building Area	10,056 sqm
Passing net Income	\$779,340
Tenant	Grace Records Management – New 8 year lease until 2025
Vacancy	The building is 100% occupied
Location	<p>Located in Salta Drive, Altona the tenant has direct access to the Princess Freeway (M1) and the Western Ring Road.</p> <p>The site is part of the inner Melbourne transport hub of Altona North. As businesses are forced out of Port Melbourne due to zoning changes, Altona has become more important in logistics movement, due to its proximity to the port and road network. Altona is located 13km south-west of Melbourne’s CBD.</p>
Tenant – Grace Records Management (Australia) (Grace)	<p>Grace is a leading service company in Australasia, with 60 branches throughout Australia and New Zealand, and an extensive partner network around the globe.</p> <p>Established in 1911, as a small household removals business in Sydney, Grace has grown into an Australasian market leader offering a broad range of speciality services. Grace is internationally recognised as an expert in household removals, commercial relocations, information management solutions, fine art services and storage solutions.</p> <p>Grace has grown to more than seven times its size since 1994, when it was acquired by Crown Worldwide Group. Crown has information centres in over 100 locations worldwide.</p>
Lease Term	The property was initially offered with a short term lease expiring in September 2018. However, with our network of contacts we have been able to negotiate a new 8 year lease term with the tenant until September 2025. This significantly improves the rent security and value of the asset. Our contract with the vendor is subject to the new lease being completed before purchase.

Financial Summary

The trust purchased its first property in late 2015 and has regularly made 8 cents per annum/unit distributions to investors plus built a \$212,000 contingency fund. Some key financial details are provided below.

Cashflow Summary (Full Trust Annualised)

	Existing Assets	Ravenhall (5th)	Altona (6th)	Combined
Land and Buildings	\$22,825,000	\$8,860,000	\$11,500,000	\$43,185,000
Total Debt facility	-\$9,270,000	-\$4,430,000	-\$5,750,000	-\$21,517,000
Undrawn debt facility (i)		-\$2,067,000		
Cash in Hand	\$212,000			\$212,000
Total Net Tangible Assets	\$13,767,000	\$2,363,000	\$ 5,750,000	\$21,880,000
Transaction costs	\$2,351,421	\$935,990	\$1,172,750	\$4,460,161
Units on Issue	15,882,156	3,234,304	6,787,010	25,903,470
Funds available for distribution p.a.	\$1,263,428	\$362,125	\$468,942	\$2,094,495
Return (per unit)	\$0.080	\$0.112	\$0.069	\$0.081

(i) The trust currently has a LVR of 40.6%. It is our intention to increase the LVR to 50% accross all assets.

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A wide-angle photograph of a large, modern warehouse interior. The space is filled with tall stacks of cardboard boxes on blue pallets, organized into long aisles. The ceiling is high, with exposed steel trusses and a network of red fire suppression pipes. Industrial lighting fixtures are mounted on the ceiling, illuminating the space. The floor is a smooth, polished concrete. In the background, a large roll-up door is visible. The overall atmosphere is one of a well-maintained, functional industrial facility.

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Register your interest today

If this investment opportunity is of interest to you, please lodge your expression of interest by contacting Mair Property Funds Ltd today. To make an application you are required to complete the application form in the Product Disclosure Statement which is available upon request.

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