MA Secured Real Estate Income Fund

28 February 2025

MA Financial Group

Target return[1]

RBA Cash Rate + 5.00% p.a. (net of fees), over a rolling 12-month period.

Monthly commentary

Following February, the Fund has delivered an 8.14% return over a rolling 12-month period and is below target due to excess cash in the Fund which is above the optimal level.

The Fund's weighted average LVR is currently marginally above target due to newer loans that are larger in size and over 60% LVR.

The Manager expects this to be addressed with the strategy changes mentioned in this report effective 1 April 2025.

Fund Product Disclosure Statement update

From 1 April 2025 the Fund will change its investment strategy from directly sourcing and holding real estate credit investments to predominantly investing in Class A Units of MA Financial Group's MA Secured Loan Series (the Underlying Fund). This change aims to enhance portfolio diversification with a significantly larger portfolio, improve capital deployment efficiency, and lower the Fund's overall risk profile while continuing to deliver stable returns. Class A Units of the Underlying Fund benefit from a priority claim on returns and recovery proceeds and have demonstrated a strong track record of achieving target returns.

Consequently, the Product Disclosure Statement for the Fund will be updated to reflect key changes, including a reduction in the management fee from 1.025%p.a. to 0.85%p.a. and an adjustment to the target return from RBA Cash Rate + 5.00% p.a. to RBA Cash Rate + 4.00% p.a. over a rolling 12-month period. The Fund will also adopt a lower maximum loan-to-value ratio (LVR) per loan, decreasing from 65% to 60%, with an overall target weighted average LVR of 40-55%. While the maximum exposure to construction loans will increase from 20% to 50%, this exposure will be mitigated by the priority ranking of Class A Units, improved scale, and enhanced liquidity within the Underlying Fund.

To facilitate this transition, the Fund will transfer its existing credit investments (excluding two loans that will be held until repayment) into the Underlying Fund in exchange for Class A Units, valued as at 31 March 2025.

ASIC RG 45 Disclosure Benchmarks

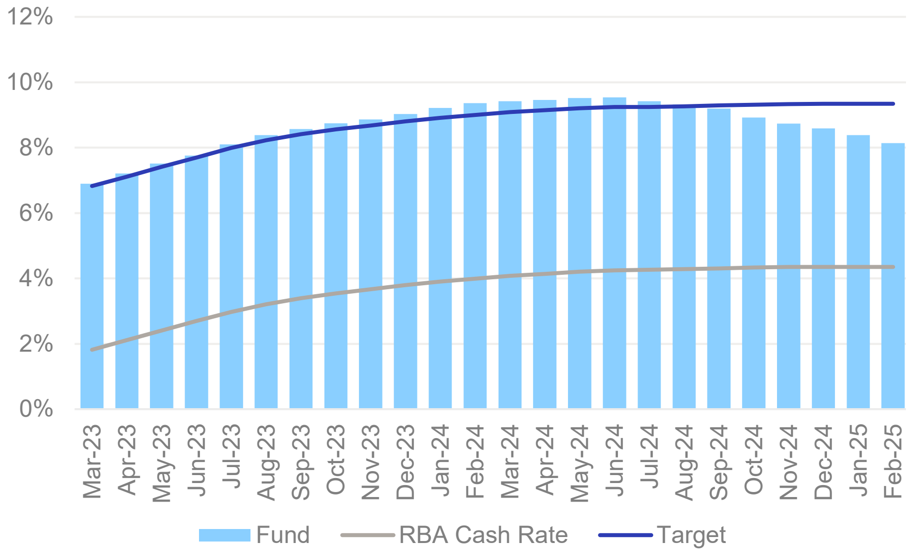
There have been no changes to either the ASIC RG 45 Disclosure Benchmarks or Disclosure Principles subsequent to the issue of the Product Disclosure Statement (PDS) dated 2 April 2024. An update against the Portfolio 'target' levels (Disclosure Principle 3) is included this Report.

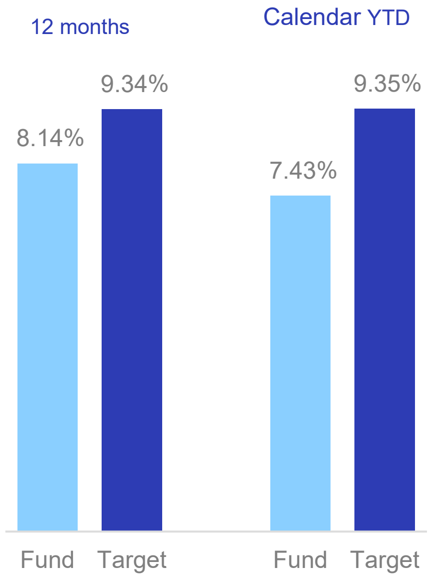
Fund overview	
Fund size	$120m
NAV per unit	$1.0000
Weighted average duration[5]	11.3 months
% portfolio with capitalising interest	52%
Funding of undrawn loan commitments	The Fund currently has sufficient cash to meet one undrawn construction loan facility

Compliance	Target	Actual
Max LVR on any individual asset at the time of making the loan[7]	<= 65% per asset	65%
Weighted average LVR of the loan portfolio	< 60%	63%
Median loan investment	< 5%	5.0%
Borrower concentration	< 25%	19.8%
Single loan concentration	< 25%	19.8%
% portfolio that can be liquidated in 545 days	> 80%	100%

Fund performance

Trailing 12 months distribution yields[1,2]





Total return (%)[3]

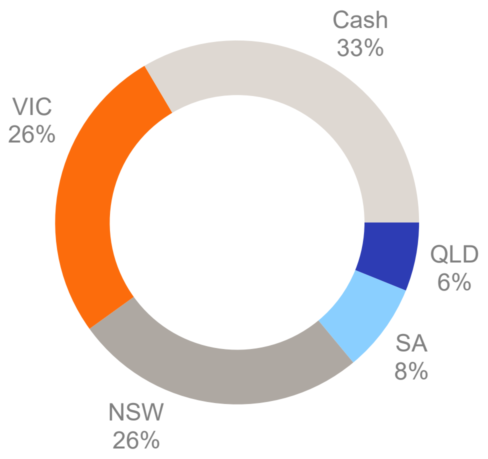
	1 month	3 months	6 months	1 year	2 years	3 years	Inception
Fund	0.53	1.90	3.69	8.45	9.11	8.33	7.71

Monthly total returns (%)

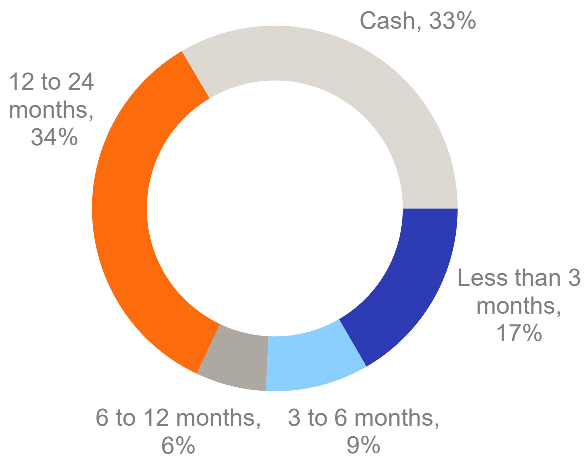
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2025	0.67	0.53	-	-	-	-	-	-	-	-	-	-	1.20
2024	0.88	0.79	0.79	0.77	0.79	0.80	0.69	0.66	0.62	0.56	0.56	0.69	8.96
2023	0.69	0.62	0.73	0.73	0.73	0.77	0.79	0.76	0.75	0.84	0.75	0.84	9.38
2022	0.45	0.40	0.43	0.42	0.44	0.53	0.47	0.48	0.56	0.66	0.63	0.68	6.31
2021	-	-	-	-	-	0.35	0.41	0.45	0.48	0.42	0.43	0.54	3.66

Portfolio snapshot[4]

State concentration

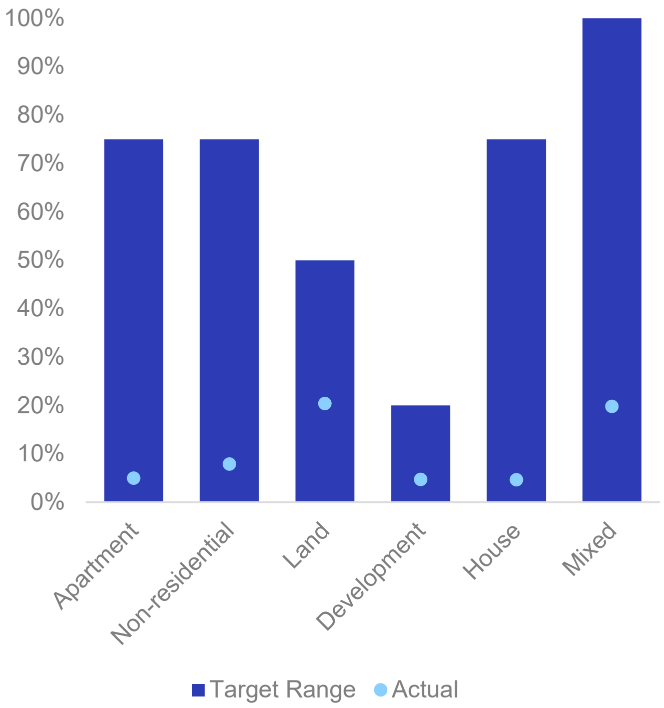


Maturity profile

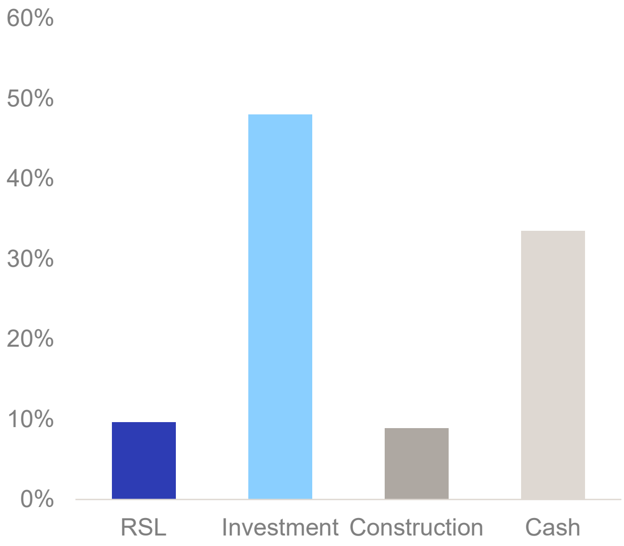


Additional portfolio targets

Collateral type



Loan type



RSL = residual stock loans

Loan book as at 28 February 2025

Location	Total loan limit	Total loan outstanding	Fund investment	% NAV	Maturity	Interest margin	LVR
Apartment							
Illawarra region (NSW)	$21.5m	$17.2m	$6.0m	5.0%	Jun-24	7.50%	78%
Construction							
Central Coast (NSW)*	$155.1m	$151.4m	$5.6m	4.7%	Apr-25	11.00%	70%
Southern Highlands (NSW)	$17.2m	$16.7m	$4.9m	4.2%	Jun-25	7.25%	65%
House or house land lots							
Southern Tablelands (NSW)	$6.8m	$5.5m	$5.5m	4.6%	Apr-25	6.00%	58%
Industrial							
Murray and Mallee Region (SA)	$24.4m	$24.4m	$9.4m	7.9%	Mar-26	6.10%	65%
Land commercial							
Greater Melbourne (VIC)	$5.4m	$5.2m	$1.0m	0.8%	Mar-26	6.10%	62%
Lake Macquarie (NSW)	$2.0m	$1.9m	$1.9m	1.6%	Mar-25	8.15%	49%
Northern Sydney (NSW)	$7.2m	$7.2m	$7.2m	6.0%	Sep-26	5.50%	65%
Land residential							
Northen Melbourne (VIC)	$7.5m	$7.0m	$7.0m	5.8%	May-25	7.00%	53%
Gold Coast (QLD)	$7.5m	$7.3m	$7.3m	6.1%	May-25	6.50%	64%
Mixed							
Southwest Melbourne (VIC)	$55.0m	$52.1m	$23.7m	19.8%	Nov-26	6.50%	62%
Invested Portfolio			$79.6m	67.0%			
Cash			$40.1m	33.0%			
Total			**$119.6m**	**100.0%**			

*variation has been approved and being executed

Investments under watch

- Fund investments are actively managed, which includes close monitoring of progress against initial projections. Given challenges in the construction sector, the Manager has placed some investments on its 'Watch List' to help ensure additional oversight while specific and industry-wide challenges remain.
- Inclusion on the Manager's Watch List does not necessarily mean the Manager believes the particular investment will not recover the invested amount or expected return. Many of the circumstances being addressed in the Watch List were factored into the initial deal assessment and are within risk tolerances.
- The Manager categorises Watch List loans as 1, 2 or 3 depending upon the level of concern and/or further management oversight required. Category 3 loans have the highest level of concern/oversight level or in a formal recovery process.
- No additional investments were added to the watchlist during the month. There is one remaining Category 2 loan.

Summary of Category 2 and 3 loans	Category	Outstanding by the Fund	% FUM
Residual stock loan in Illawarra Region NSW where apartment sales are slower than expected. The financing cost has increased the LVR to over the loan covenant of 65%. The Manager has requested the Borrower to arrange a refinance. Full recovery of the investment and returns is expected.	2	$5.9m	5%

Investment objective

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 in cash or reinvested as part of the Distribution Reinvestment Plan
Management fee	1.025% p.a. of the Net Asset Value
Performance fee	Nil
APIR code	MAA6243AU
Platform availability	Australian Money Market, DASH, 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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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.
6. The rating issued for MAA5944AU 06/2024 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2024 Lonsec. All rights reserved.
7. The amount invested in each new loan is limited to 65% of the valuation at the time of making the loan.