MA Secured Real Estate Income Fund

30 June 2025

MA Financial Group

Target return[1]

RBA Cash Rate + 4.00% p.a. (net of fees), over a rolling 12-month period.

Monthly commentary

In June, the Fund delivered a monthly annualised return of 8.04%, and 7.66% on a rolling 12-month period. Fund returns have significantly improved since the strategy change on 1 April 2025, with the Fund now predominantly invested in the Underlying Fund resulting in reduced cash drag on returns from previous excess cash in the Fund.

During June, the Manager of the Underlying Fund deployed $160m across drawdowns on existing loans and four new loans in the Underlying Fund. The new loans include two investment loans for residential land, one mixed use property investment loan and one apartment construction loan, all based in Queensland. As expected, during the month $167m in loan repayments were made from borrowers in the Underlying Fund.

The Manager has a strong pipeline of $800m+ of new investment limits approved and in ‘execution’ stage at the strategy level. There is a further $250m+ of potential new investments based on term sheets issued and under preparation and $2.5bn+ in early-stage assessment.

The closing cash position in June for the Underlying Fund was 5.9% of funds under management (FUM). The Underlying Fund has the benefit of a $100m working capital debt facility secured in August 2023 when the FUM of the Underlying Fund was less than $1,400m. Subject to current discussions with the lender of the facility, the manager of the Underlying Fund is considering a potential $100m increase in the facility ($200m facility limit) for working capital purposes, consistent with the growth in FUM.

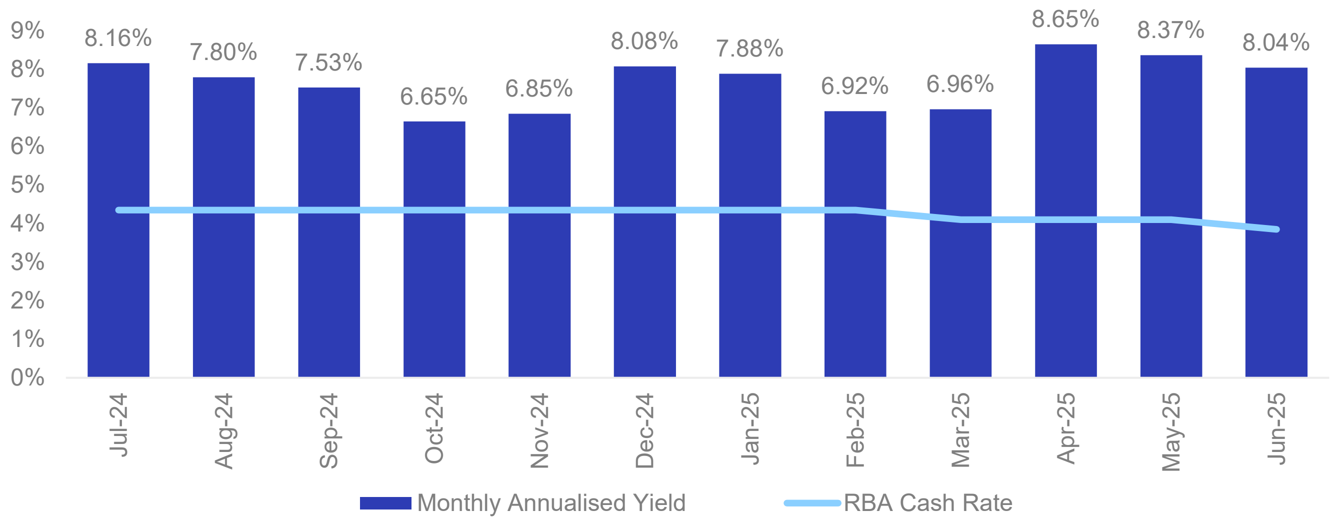
The Fund’s weighted average loan to value ratio (LVR) is currently above target predominantly due to two remaining direct loans in the Fund with LVRs above 60%.[7] The Manager expects these two loans to be repaid in Q1 2026, after which the Manager will invest wholly in the Underlying Fund. Accordingly, references in this report to “investments” or “loans” generally refers to the look through investments or loans of the Underlying Fund, the MA Secured Loan Series – Class A, unless otherwise stated in this report.

Fund overview	
Strategy FUM	$2,172m
Fund size	$125m
NAV per unit	$1.0000
Number of investments	86
Weighted average duration[5]	8.6 months
% portfolio with capitalising interest	86%
Proportion of Portfolio lent to largest 10 borrowers	43%
Undrawn loan commitments	The Underlying Fund currently has undrawn commitments for 20 loans (27% of the Portfolio) to be funded by available liquidity in the Underlying Fund

Compliance	Target	Actual
Max LVR on any individual direct asset at the time of making the loan[7]	<=65% per asset	65%
Max LVR on any individual underlying fund asset at the time of making the loan[6]	<=60% per asset	60%
Weighted average LVR of the portfolio[7,8]	40%–50%	56%
Median loan investment	<5%	0.6%
Largest borrower exposure	<20%	6.0%
Single loan concentration	<20%	6.0%
% portfolio that can be liquidated in 545 days	>80%	94%

Fund performance

Monthly annualised yields [2]



Total return (%)[3]

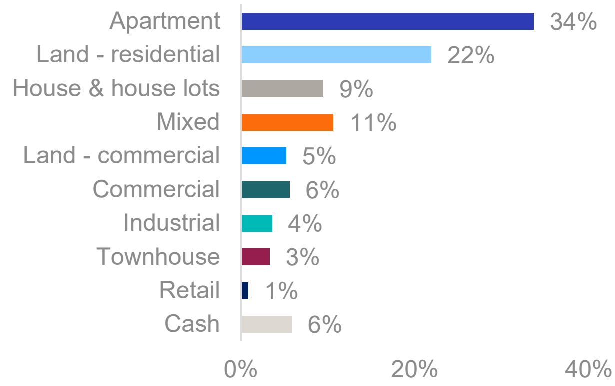
	1 month	3 months	6 months	1 year	2 years	3 years	Inception
Fund	0.66	2.10	3.94	7.94	8.95	8.64	7.75

Monthly total returns (%)

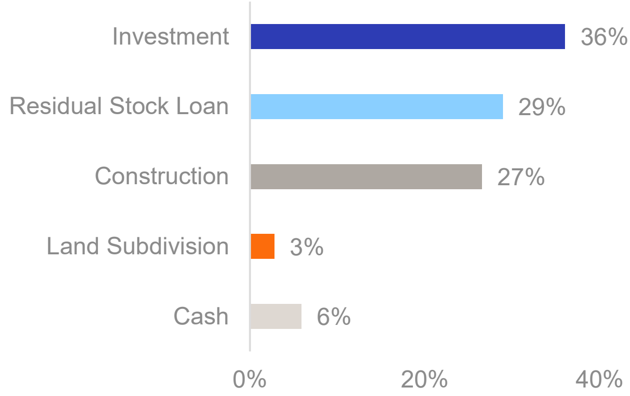
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2025	0.67	0.53	0.59	0.71	0.71	0.66	-	-	-	-	-	-	3.94
2024	0.88	0.79	0.79	0.77	0.79	0.80	0.69	0.66	0.62	0.56	0.56	0.69	8.96
2023	0.69	0.62	0.73	0.73	0.73	0.77	0.79	0.76	0.75	0.84	0.75	0.84	9.38
2022	0.45	0.40	0.43	0.42	0.44	0.53	0.47	0.48	0.56	0.66	0.63	0.68	6.31
2021	-	-	-	-	-	0.35	0.41	0.45	0.48	0.42	0.43	0.54	3.66

Portfolio snapshot[4]

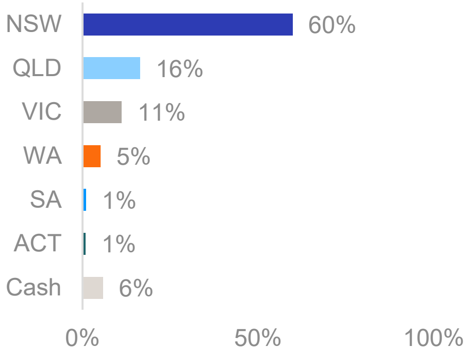
Portfolio – by type of security



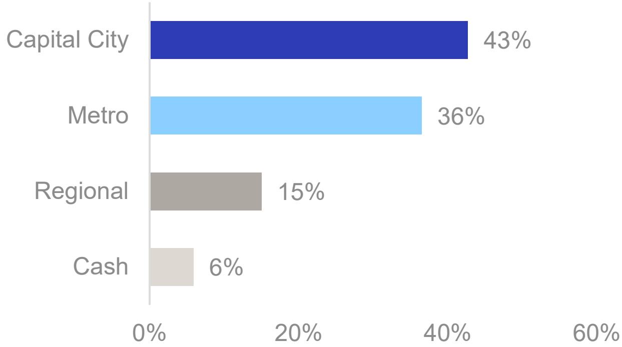
Portfolio Composition



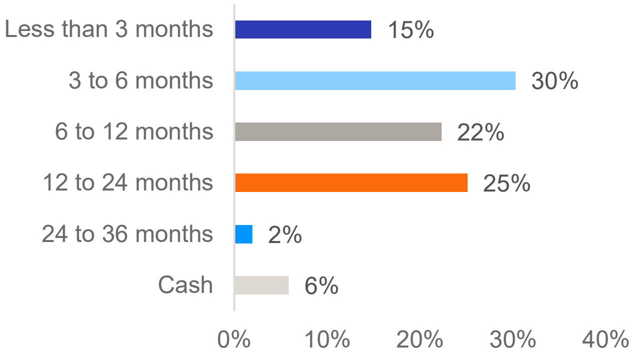
Portfolio – by state



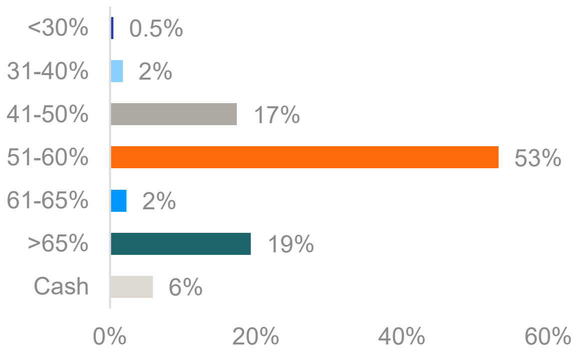
Portfolio – by region



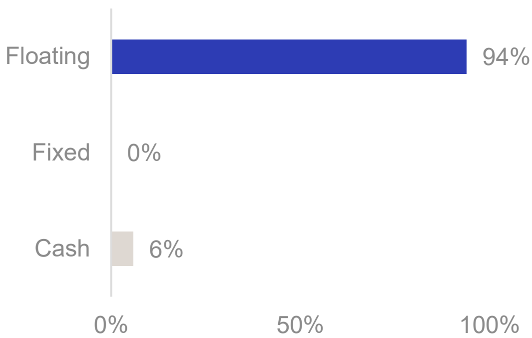
Portfolio – by maturity of loans[5]



Portfolio – by LVR for loans



Portfolio – by type of interest on loans



Quarterly Market overview

Any impact of changes to the global trade environment is yet to filter through to underlying assets or markets. With a weighted average LVR of less than 60% in Class A and 70% in Class B, and a weighted term to maturity of under 12 months in the portfolio, the Fund is well positioned against potential market-wide declines.

The residential market is performing well in most locations and the Manager is seeing a good velocity of sales across our development portfolio. The changing outlook for interest rates is beneficial to all real estate and most notably to the residential sector.

The Manager maintains a very small exposure to the office market and is satisfied LVRs are sufficiently conservative, and the underlying valuation assessment reflect the current state of the market.

There remains a lot of capital chasing opportunities, so competition remains strong.

Private credit market – in the news

We are aware of the increased media focus on private credit markets with commentary particularly around transparency, governance and losses within some managers' portfolios.

As we have done since launching the Underlying Fund in April 2018, we continue to report on our Watchlist, providing unitholders with information to understand the performance of the underlying assets and to be well informed for their continuing investment decisions.

Both the Fund and the Underlying Fund have not realised any principal losses since commencing in April 2018. The Underlying Fund is however forecasting a first principal loss of <$0.1m with one particular asset out of a total of $5.0bn+ (335+ investments) originated since inception of the Underlying Fund in April 2018.

Noting that there are a multitude of products and structures within the private credit market, we stress that this Fund only invests in senior secured mortgages against real estate in Australia. Currently 79% of investor capital is secured against the residential sector. In order to maintain full control in an enforcement situation and to maximise recovery of its investment, the Fund does not invest in subordinated loans, such as mezzanine debt, nor take any equity positions.

In relation to transparency and governance, as an ASX300 listed group, MA Financial operates under the ASX's regime of disclosure obligations.

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 April 2025. An update against the Portfolio 'target' levels (Disclosure Principle 3) is included this Report.

Related party arrangements

The Fund did not have any related party arrangements during the month.

Other

The Fund does not use derivatives or other hedging techniques and has not engaged in any derivative transactions during the reporting period.

The Fund did not hold any non-mortgage assets during the reporting period (excluding cash).

Investments under watch

Fund investments are actively managed, which includes close monitoring of progress against initial projections. Unless otherwise stated, references to "Fund investments" in this section refer to the investments of the Underlying Fund on a look through basis.

The Manager categorises Watchlist loans as 1, 2 or 3 based on the risk of loan value deterioration (or risk of loss), as follows:

- Category 1 loans have a low credit concern, but there may be a breach of the loan terms (e.g. upcoming maturity or past expiry, where a loan extension would operate within lending guidelines and full repayment is expected).
- Category 2 loans are in active management with moderate concerns (e.g. construction or selling performance slower than forecast) and there is very low probability of a deterioration in the value of the loan. For a loan with no existing specific provision, full recovery of investment and documented return is expected (95% likelihood). For a loan with an existing specific provision or write-off, no further reduction in the value of the loan is expected to be required (95% likelihood).
- Category 3 loans have the highest level of concern / oversight level (typically loans are in active recovery phase, including mortgagee sale, receivership for example). Deteriorations in the value of the loan have a greater than 5% likelihood.

Inclusion on the Manager's Watchlist 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 Watchlist were factored into the initial deal assessment and are within risk tolerances.

As at 30 June 2025, the Underlying Fund had four loans in category 3 and ten loans in category 2. The Manager expects to full recovery on principal investments for all loans except one where a provision for a modest shortfall (<$0.1m) in recovery of principal has been taken. This loss is not expected to affect Class A or Class B capital of the Underlying Fund, and is expected to have an immaterial effect on Class B returns only. The Manager also expects a lower than forecast return on four of these loans (three in Category 3 and one in Category 2) and continues to apply income provisioning only across these loans.

As at 30 June 2025, the portion of loans that are in default for more than 30 days is:

- Two loans in Category 1 representing 3.0% of the Portfolio that are in default and are being actively managed. These loans are fully performing assets where the Manager is in the process of facilitating an extension or refinance of the loans.
- 10 loans in Category 2 representing 26.7% of the Portfolio that are in default, where the Manager is confident of achieving full return on the investments.
- Four loans in Category 3 representing 3.8% of the Portfolio that are in default and are being actively managed, where there is a concern that returns may be lower than originally forecast.

As at 30 June 2025, the Underlying Fund had two loans that are in arrears for more than 30 days.

Table 1: Watchlist Summary – Category 2 and 3

Summary	Category	Exposure	% FUM
The borrower for this construction loan to build residential apartments North of Sydney NSW is in liquidation. The construction is at lockup stage for all apartments. The Manager is working with the Liquidator to obtain updated cost to completes, following a successful review of the project that was presented to the NSW Office of the Building Commissioner. The Manager expects to fully recover the investment but the returns will be lower than forecast on loan investment. The loan return is impaired with a specific provision, based on accounting standards that require the consideration of a variety of outcomes or scenarios.	3	<$3.5m	<3.0%
Retail investment loan in Sydney CBD that has passed maturity. The Personal Guarantor is seeking to refinance all property assets at a higher leverage to enable a settlement of our loan. Regular updates on the refinance strategy are being provided by the Personal Guarantor. The Manager expects to fully recover the investment but the returns will be lower than forecast on loan investment. Full recovery of principal is expected however the returns will be lower than forecasted. Income provisions have been made.	3	<$0.5m	<0.5%
Investment loan initially secured against seven townhouses in regional VIC (with five now sold and settled) is past maturity. The Manager has engaged external consultants to facilitate the sale of the remaining two properties. The Manager expects a slightly lower recovery. Specific provisions have been taken to reflect the expected realisation on this loan.	3	<$0.1m	<0.1%
Construction loan for nine townhouses in ACT has run over budget, prompting a reassessment of the project. An initial investment assessment was conducted, and Receiver/Manager appointed on 4 March 2025. Builder options are now being evaluated. The project is 55% complete. The Manager expects to fully recover the investment but the returns will be lower than forecast. Income provisions have been made.	3	<$1.5m	<1.0%
Due to slowing sales in the market, a recent sale was approved below valuation to maintain sales momentum and minimize accruing interest. The sale was strategically approved, and full principal recovery and returns is expected.	2	<$2m	<1.5%
Land subdivision investment loan in Northern NSW. A receiver has been appointed and has signed sale contract that fully repays investment and most of the return. It will remain on the Watch List until discharged. The Manager expects to fully recover the investment but the returns will be lower than forecast. Income provisions have been made.	2	<$1m	<1.0%
Residential construction project in NSW. Delays associated with authority approvals have extended the construction timeline and increased costs. We are working towards refinance in Q3 2025. Full recovery of principal and returns expected.	2	<$3m	<2.5%

Summary	Category	Exposure	% FUM
A Residual Stock Loan for a mixed-use property in VIC where sales of the development including apartments, commercial and retail units have been slower than expected. Full recovery of principal and returns is expected	2	<$7m	<6.0%
Office building located on the Melbourne city fringe (2.5km south of CBD). A recent sale of similar property raised concerns on the realisation value. Agent engaged to undertake a sales process. Full recovery of principal and returns is expected.	2	<$1.5m	<1.5%
The NSW land subdivision facility is past maturity, with the Borrower actively progressing a refinance. Full recovery of principal and returns expected.	2	<$1m	<1.0%
The NSW construction facility, secured against a luxury apartment redevelopment, has experienced cost overruns and delays. Presales have been achieved. The facility has been extended, with repayment expected by mid to late 2025. Full recovery of principal and returns expected.	2	<$7m	<6.0%
Land subdivision in WA having issues with the Builder. A loan variation in July approved the engagement of a new builder, removing this from watchlist. Full recovery of principal and returns expected.	2	<$0.3m	<0.3%
Residual stock loan in NSW where apartment sales are slower than expected. The financing cost has increased the LVR to over covenant 65% to c.85%. Full recovery of principal and returns is expected.	2	<$6m	<5.0%
Land facility on the Gold Coast has passed its maturity date. A variation for a loan extension and an increase in the facility limit has been approved. Full recovery and returns is expected.	2	<$8m	<7.0%

Construction update

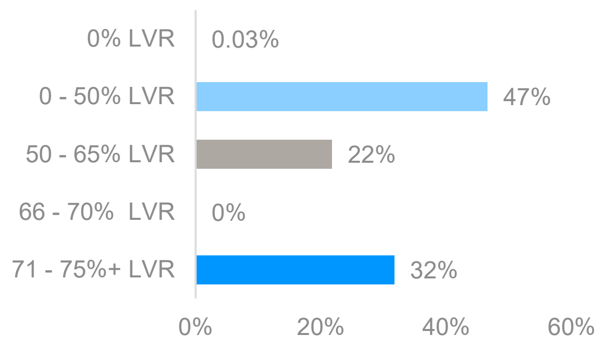
The Fund's construction loan exposure (via its investment in the Underlying Fund) is 27% as at 30 June 2025.

The risks associated with builder and developer solvency are taken into account during the Manager's standard investment review process and are appropriately structured. While the likelihood of additional builder insolvencies remains high, the moderating of cost increases has reduced stress in the sector.

Key observations are:

- Sensitivity analysis performed during due diligence for all loans invested in by the Fund includes stress analysis for builder default, time delays (due to weather, low workforce, replacing builders), cost increases, value declines and pre-sale/pre-commitment defaults.
- The average construction contract size at the Underlying Fund level is $36m. Contracts smaller in size typically have a greater availability of replacement builders compared to the larger construction contracts.
- 51% of construction loans in the Underlying Fund are in the final stage of construction.
- The construction loan portfolio of the Underlying Fund is diversified by builder, with the maximum concentration to any one builder of 20% (6% by Underlying Fund exposure).
- The construction loans cover a range of property types, with the largest concentration being to apartments at 61% of construction loans in the Underlying Fund (18% by Underlying Fund exposure). The Manager is comfortable with this level of exposure given the tight residential market.
- The residual LVR (after presales) are substantially lower than covenant LVR (what the Manager reports on in construction facilities). One project (0.03% of construction loans balances) show nil residual LVR (i.e. loan is fully covered by presales) and 56% residual LVR on average across the strategy. Below is a chart of residual LVR showing 68% of the construction loans have a residual LVR of less than 65% across the portfolio.

Residual LVR of construction loans in the Underlying Fund



Investment objective

The MA Secured Real Estate Income Fund (Fund), predominantly through its investment in Class A of MA Secured Loan Series (Underlying Fund), aims to provide investors with an attractive monthly income focused on capital preservation via exposure to a diversified portfolio of real estate credit investments secured by registered first lien mortgages. These mortgages target secured loans over Australian real estate that vary in size, type, and location.

The Fund's target return is the RBA Cash Rate plus 4.00% per annum (net of fees and costs) over a rolling 12-month period, payable monthly (Target Return). The Target Return is calculated based on the RBA Cash Rate as observed on the first day of each month. Movement in the RBA Cash Rate in a month will be applied from the first day of the following month.

Investment strategy

The portfolio of the Underlying Fund is constructed based on the following parameters:

- Diversified by sector – exposure to loans secured by Australian property predominantly in the residential, commercial, hospitality, retail and industrial sectors.
- Limited concentration – No single loan or counterparty representing more than 20% of the portfolio, and target median loan size not exceeding 5% of the portfolio.
- Up to 50% of the Fund inclusive of the Underlying Fund, may be in construction loans (excluding land subdivision projects) or in loans where the ability to sell or realise full value is contingent on the completion of substantial construction works.
- Short loan duration – loans are intended for a maximum committed period of 36 months, with the target portfolio having a weighted average duration not exceeding 12 months.
- Strong credit position – all loans are secured by a registered first mortgage.

The Fund will invest in Class A of the Underlying Fund that has a target range for the weighted average LVR of 40%–55% and a maximum LVR of 60% first mortgage.

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	0.85% p.a. of the Net Asset Value on direct assets
Performance fee	Nil
APIR code	MAA6243AU
Platform availability	Australian Money Market, DASH, HUB24, Macquarie Wrap, Mason Stevens, Netwealth, Powerwrap, Praemium
Research Ratings[9]	Lonsec – 'Recommended'

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:

E: clientservices@mafinancial.com
T: +61 2 8288 5594
mafinancial.com

ENDNOTES

1. Target Return has changed over time. The stated Target Return is current and was from 1 April 2025. RBA Cash is reset and fixed on the first calendar day of the month.
2. Monthly Annualised Distribution Yield is calculated at a point in time by annualising the distribution made during the month and dividing it by the ending NAV price for that period. This yield represents an annualised return based on the relevant month's distribution and assumes that this level of distribution continues for a full year. The monthly annualised distribution yield will fluctuate with changes in the distribution amount or the unit price.
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 amount invested in each new loan is limited to 60% of the valuation at the time of making the loan.
7. As at the date of the PDS, in relation the direct credit investments of the Fund, the Manager applies a target weighted average LVR of under 60% and a maximum LVR of 65% as at the time of investment.
8. Class A and Class B will have exposure to all loan investments of the Underlying Fund proportionally based on the AUM of each class relative to the Underlying Fund's total AUM. The proportion will be reviewed at least quarterly by the Manager.
9. **Lonsec Disclaimer**: The rating issued for MAA6243AU 11/2024 is issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec Research). Ratings are general advice only and have been prepared without taking account of investors' 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 Research assumes no obligation to update. Lonsec Research uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2025 Lonsec. All rights reserved.

IMPORTANT INFORMATION