MA Secured Real Estate Income Fund

31 March 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

The Fund has delivered a 7.94% return over a rolling 12-month period ending 31 March 2025 and is below target due to excess cash in the Fund. The Manager expects this to be addressed with changes to the strategy mentioned below in this report which are effective 1 April 2025.

The Fund's weighted average loan-to-value ratio (LVR) is currently above target predominantly due to one Watchlist loan currently in active management.

Fund Product Disclosure Statement update

As advised in last month's report, 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.

The Product Disclosure Statement for the Fund has been 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 the RBA Cash Rate + 5.00% p.a. to the RBA Cash Rate + 4.00% p.a. over a rolling 12-month period. The Fund will also adopt a lower maximum 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 dated 2 April 2024. An update against the Portfolio 'target' levels (Disclosure Principle 3) is included this Report.

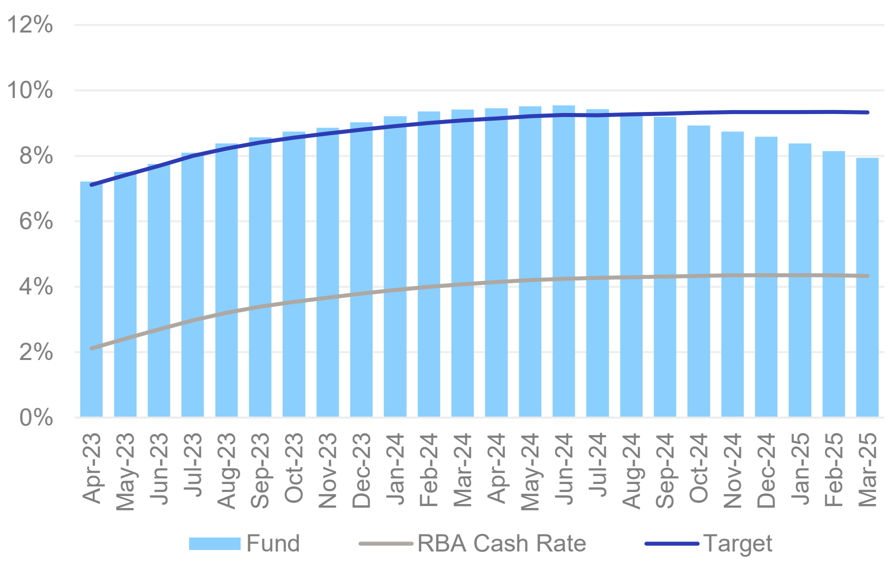
Fund overview	
Fund size	$122m
NAV per unit	$1.0000
Weighted average duration[5]	11.4 months
% portfolio with capitalising interest	50%
Funding of undrawn loan commitments	The Fund currently has sufficient cash to meet one undrawn construction loan facility

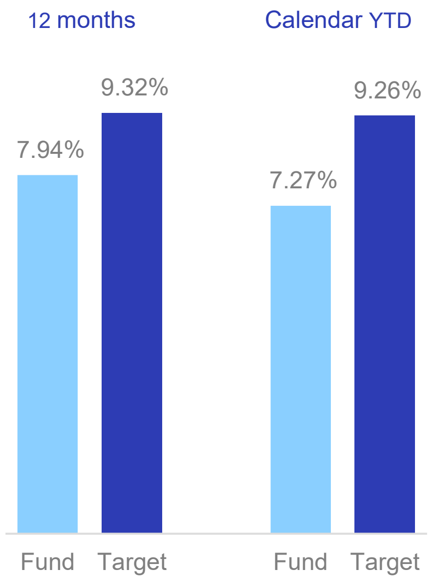
Compliance	Target	Actual
Max LVR on any individual asset at the time of making the loan[7]	<= 65% per asset	65%
Weighted average LVR of the loan portfolio	< 60%	63%
Median loan investment	< 5%	5%
Borrower concentration	< 25%	20%
Single loan concentration	< 25%	20%
% portfolio that can be liquidated in 545 days	> 80%	100%

Note: Parameters applicable prior to implementation of the new strategy on 1-Apr-25

Fund performance

Trailing 12 months distribution yields[1,2]





Total return (%)[3]

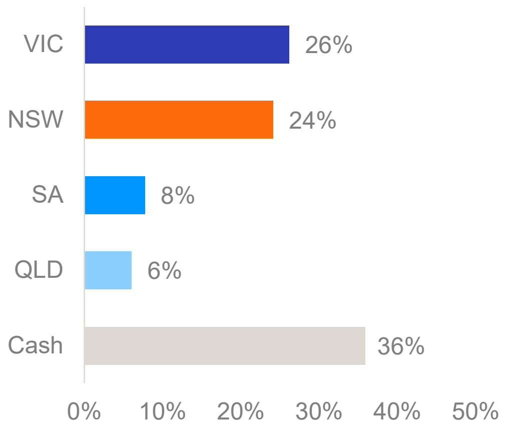
	1 month	3 months	6 months	1 year	2 years	3 years	Inception
Fund	0.59	1.80	3.66	8.23	9.03	8.39	7.69

Monthly total returns (%)

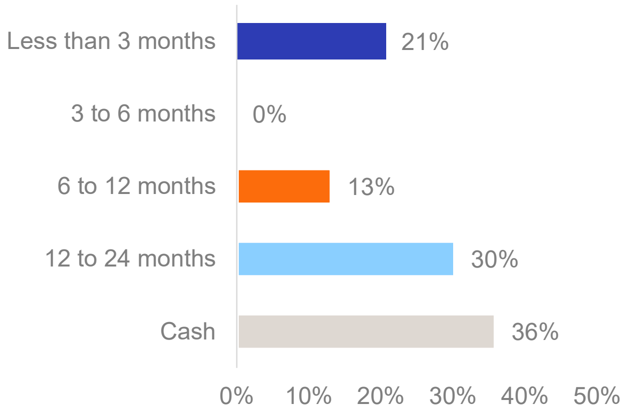
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2025	0.67	0.53	0.59	-	-	-	-	-	-	-	-	-	1.80
2024	0.88	0.79	0.79	0.77	0.79	0.80	0.69	0.66	0.62	0.56	0.56	0.69	8.96
2023	0.69	0.62	0.73	0.73	0.73	0.77	0.79	0.76	0.75	0.84	0.75	0.84	9.38
2022	0.45	0.40	0.43	0.42	0.44	0.53	0.47	0.48	0.56	0.66	0.63	0.68	6.31
2021	-	-	-	-	-	0.35	0.41	0.45	0.48	0.42	0.43	0.54	3.66

Portfolio snapshot[4]

State concentration

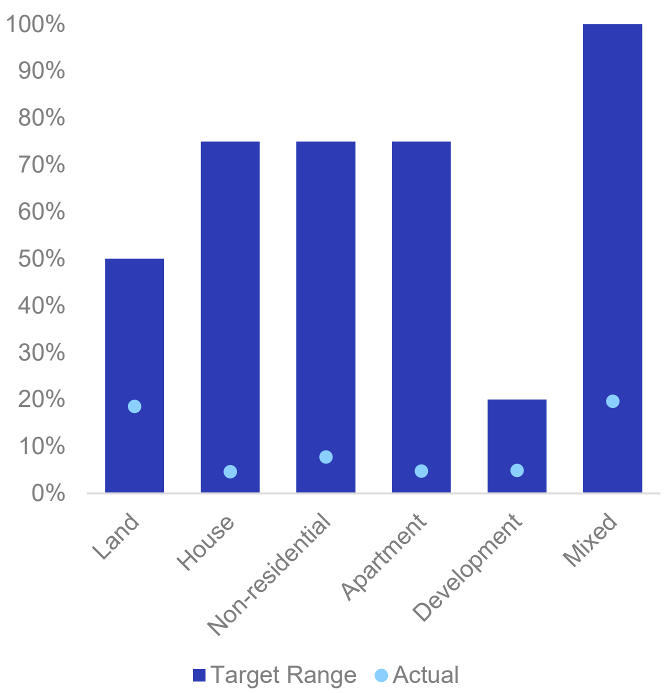


Maturity profile

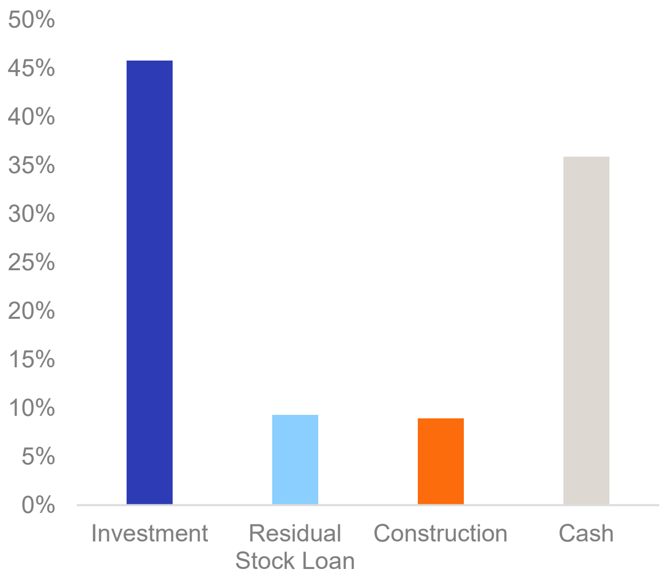


Additional portfolio targets

Collateral type



Loan type



Loan book as at 31 March 2025

Location	Total loan limit	Total loan outstanding	Fund investment	% NAV	Maturity	Interest margin	LVR
Apartment							
Illawarra region (NSW)	$20.7m	$16.7m	$5.8m	4.7%	Jun-24	7.50%	78%
Construction							
Shoalhaven region (NSW)	$37.2m	$30.6m	$5.9m	4.8%	Jun-25	6.75%	65%
Southern Highlands (NSW)	$17.2m	$16.9m	$5.0m	4.1%	Jun-25	7.25%	65%
House or house land lots							
Southern Tablelands (NSW)	$6.8m	$5.6m	$5.6m	4.6%	Apr-25	6.00%	59%
Industrial							
Murray and Mallee Region (SA)	$24.4m	$24.4m	$9.4m	7.7%	Mar-26	6.10%	65%
Land commercial							
Greater Melbourne (VIC)	$5.4m	$5.3m	$1.0m	0.8%	Mar-26	6.10%	62%
Northern Sydney (NSW)	$7.2m	$7.2m	$7.2m	5.9%	Sep-26	5.50%	65%
Land residential							
Northern Melbourne (VIC)	$7.5m	$7.0m	$7.0m	5.8%	May-25	7.00%	54%
Gold Coast (QLD)	$7.5m	$7.4m	$7.4m	6.0%	May-25	6.50%	64%
Mixed							
Southwest Melbourne (VIC)	$55.0m	$52.5m	$23.9m	19.6%	Nov-26	6.50%	62%
Invested Portfolio			$78.1m	64.0%			
Cash			$43.8m	36.0%			
Total			**$121.9m**	**100.0%**			

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 ‘Watchlist’ to help ensure additional oversight while specific and industry-wide challenges remain.

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.

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 additional provision 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.

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	<$10m	<5%

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 65%, 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.

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 manager portfolios.

As we have done since launching the Fund in May 2021, 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.

The Fund has not realised any principal losses since commencing in May 2021.

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

Development loans	
Southern Highlands NSW Residential Land Subdivision Development	65% LVR covenant based on Facility Limit as a percentage of the On Completion Valuation. 75% Loan-to-Cost (LTC), based on Facility Limit as a percentage of total development costs including finance costs. The construction of the subdivision was successfully completed in December 2024, achieving practical completion approximately 25% under budget. The project is expected to be finalised in June 2025.
Shoalhaven Region Industrial Construction	65% LVR based on Facility Limit as a percentage of the On Completion Valuation. Residual LVR (after contracted sales) is 61%. 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%, given the onsite progress with 90% of the project completed to date. Completion is anticipated in early June 2025. The Fund has an interest in the drawn investment with no obligations for the undrawn amount under the Facility.

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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T: +61 2 8288 5594
mafinancial.com

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.

IMPORTANT INFORMATION

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