

# MDC Trilogy Wholesale Yield Fund I

INVESTMENT REPORT | MARCH 2025



## NET DISTRIBUTION RATE<sup>1</sup>

10.00% P.A. PAID QUARTERLY

<sup>1</sup>March 2025 net distribution rate annualised. Past performance is not a reliable indicator of future performance. Rates are variable.

## HISTORICAL PERFORMANCE<sup>7</sup>

1 QUARTER	2 QUARTERS	3 QUARTERS	PAST YEAR	INCEPTION
2.5%	5.0%	7.5%	10.0%	10.0%

## Fund Overview

The **investment strategy** of the Fund will subscribe for Secured Loan Notes issued by MDC Trilogy Holdings I Pty Ltd (MDC Trilogy Holdings). MDC Trilogy Holdings will in turn use that money to acquire property management assets through subsidiaries, predominantly consisting of residential management assets (e.g., tenancy management agreements, rent-rolls) (Assets) in Australia.

### FUND DETAILS<sup>2</sup>

Investment Type	Wholesale Unit Trust
APIR	APIR SPC8913AU
Launch	Sept 2022
Distribution Frequency <sup>3</sup>	Quarterly - See Information Memorandum (IM) for details
Minimum Initial Investment	\$250,000
Unit Price <sup>4</sup>	\$1.00
Withdrawals	See IM for details
Management Fee	Nil. Additional fees are charged to the Trust relating to the assets; see IM for details
Performance Fee	Nil
Entry and Exit Fees	Ordinary Units - Nil. Other fees and costs apply and you should read the IM for details
Risks	This product carries capital, distribution and other risks

### PORTFOLIO OWNER DETAILS

Portfolio Owner	MDC Trilogy Property Management I Pty Ltd
Properties Under Management (PUM) <sup>5</sup>	~6,000 (as at 31 March 25)
Geographical Spread NSW	Inner West Sydney Northern Beaches Sydney
Geographical Spread QLD	Rockhampton Toowoomba
Investment Manager	MDC Trilogy Investment Management I Pty Ltd

### PLATFORM AVAILABILITY

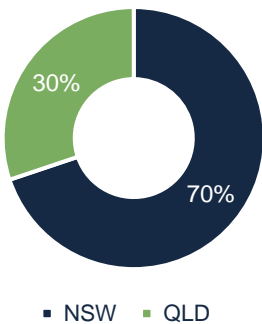
Netwealth Premium  
Wholesale Menu

### INDEPENDENT RESEARCH RATINGS<sup>6</sup>

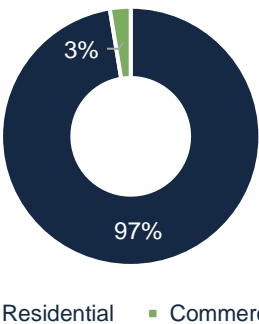


### UNDERLYING PORTFOLIO SNAPSHOT

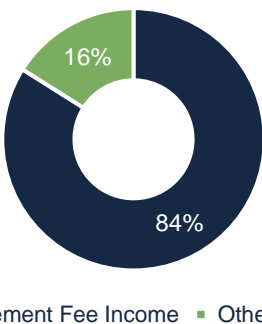
Geographic Spread



Loan Maturity - Raw data



Income Source



2. This summary has been provided for illustrative purposes only. All terms and conditions contained herein are subject to the MDC Trilogy Wholesale Yield Fund I's (Fund) Information Memorandum which should be referred to for further details. This summary is not an offer or solicitation to purchase interests in the Fund. Such interests are only offered to investors who meet the definition of a wholesale investor as defined in the Corporations Act 2001 (Cth), pursuant to the terms of the Information Memorandum, which should be reviewed carefully prior to investing.

3. See IM for details. Whilst distributions are intended to be quarterly, neither the amount or timing is guaranteed by the Portfolio Owner or Investment Manager.

4. While the unit price is expected to remain unchanged, capital losses can occur in circumstances where an asset of the Fund incurs a capital loss. Past performance is not a reliable indicator of future performance.

5. These properties are managed by MDC Trilogy Property Management I Pty Ltd and do not comprise assets of the Fund. There is an interposed entity between the Fund and MDC Trilogy Property Management I Pty Ltd, MDC Trilogy Holdings I Pty Ltd, who is the equity note issuer.

6. The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Investment Manager for the research and rating of the managed investment scheme.

7. Historical performance reflects most recent periods stated. Past performance is not a reliable indicator of future performance.

FUND COMMENTARY

In April, the Fund paid the March quarter distribution of 2.5 cents per unit which is consistent with all quarterly distributions since inception\*. Following the recent rent-roll asset acquisitions by the Portfolio Owner in New South Wales and Queensland, the Fund has raised further capital with intention to deploy against additional assets where scale and accretive returns for the broader portfolio can be achieved.

PORFOLIO OWNER COMMENTARY

In late 2024, the Portfolio Owner acquired over 2,000 rent-roll assets across New South Wales and Queensland, materially growing the market share of the businesses in these geographies. The MDC Trilogy investment team (investment team) and business partners have been integrating the assets into the broader existing portfolio, involving office relocations, information technology simplification and rebranding. The asset acquisitions also included the transition of support staff, including over 10 experienced property management staff and 3 sales agents who continue to service the rent-roll and provide continuity of service to renters and landlords.

The Portfolio Owner believes that these acquisitions will further drive economies of scale in their respective geographies as the result of cost efficiencies from shared overheads, such as occupancy and management resources. The Portfolio Owner further anticipates that growing market share in these geographies will strengthen referral networks to organically acquire new rent-roll assets, and create further property sales opportunities.

The total portfolio now includes approximately 6,000 rent-roll assets and has an average management fee, represented as the percentage of rent charged as a fee for managing the property, of c.6.1% p.a.

VACANCY TRENDS

CoreLogic<sup>1</sup> has reported that the national vacancy rate continues to remain relative tight at 1.5%, less than half the decade average of 3.3% pre-COVID, and tighter than the national average of 1.9% reported in December 2024. For context, the most recent national vacancy rate low was reported by CoreLogic as being 1.4% in November 2023.

Commentary from CoreLogic more recently has cited that in the post-COVID environment there has been a slight easing of vacancy rates as a result of overseas migration having now past the peak in 2023, and the trend towards an increase in household sizes as a result of rental affordability.

The easing of rents has in part been offset by sustained investor appetite for rental properties that continues to elevate the portion of rental stock on the market. At the end of 2024 investor lending made up 37.2% of all lending nationally, having most recently peaked at a seven year high of 38.8% in September 2024.

GOVERNMENT POLICY UPDATES

In the context of the pending election, the major parties are campaigning a number of policies to address housing affordability and accessibility. Several key policies are as follows:

**Labor Party<sup>2</sup>:** Has released a number of initiatives to increase overall housing supply to ease the burden associated with high rents and property prices. Notably, it is proposed that zoning and planning rules would change to allow for the building of 1.2 million homes over the next 5 years.

**Liberal Party<sup>3</sup>:** Has proposed several initiatives focused on providing financial accessibility to housing, initiatives including early access to superannuation to contribute to the purchase of property and funding towards housing infrastructure, such as water, power and sewerage, to development sites.

**The Coalition<sup>4</sup>:** Has outlined its intention to free up more housing by reducing immigration, by as much as 25%, and to cap the number of international students to reduce overall property demand.

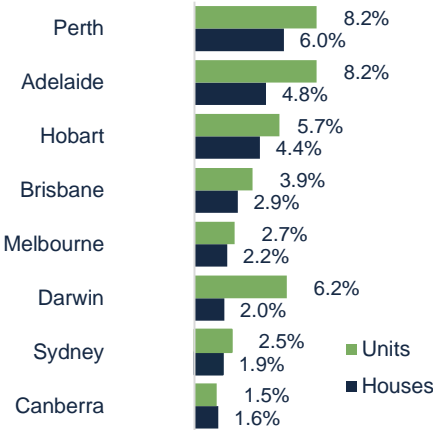
RENTAL RATES

In March, data released by CoreLogic<sup>5</sup> showed that while all capital cities experienced rental increased in March, the pace of rental growth rates suggests a continued slowdown. The average growth rate reported for March being was reported as being 0.6%, down from the 1.0% reported in March 2024.

Across the capital cities, the annual rental growth rates for units generally out paced that of houses, the exception being Canberra where rental growth rates were the lowest nationally and rents for units and houses were largely aligned at 1.5% and 1.6% respectively. Rental growth continues to be strongest in Perth, Adelaide and Hobart, notably for units, while the east cost capitals of Brisbane, Sydney and Melbourne have eased to a range of 2.5-3.9% for units and 1.9-2.9% for houses.

Contextually, rents nationally have risen 38.4% over the past five years since the start of COVID, this equates to a rental increase of over \$170 per week<sup>6</sup>. Rental increase have more than doubled the 15.4% rise seen in wages over the same period.

Annual change in rent for houses and units, by capital city



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1. CoreLogic HVI April 2025  
2. <https://alp.org.au/homes-for-australia/>  
3. <https://www.liberal.org.au/our-plan/affordable-housing>  
4. <https://www.abc.net.au/news/2025-03-23/coalition-public-service-migration-cuts/105085682>  
5. Hedonic Home Value Index  
6. <https://www.abc.net.au/news/2025-02-24/solutions-to-rental-affordability/104910672>

\* Past performance is not a reliable indicator of future performance.