

MAB CORPORATION SYNDICATED LOAN FUND
(ABN 58 996 258 010)

MABFunds
Property Funds Management

MAB CORPORATION SYNDICATED LOAN FUND

MAB Funds Management Limited
ABN 36 098 846 701
AFSL 232 747



SPECIAL PURPOSE
FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2017

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2017

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DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2017

The Directors of MAB Funds Management Limited (ABN 36 098 846 701), the Trustee of the MAB Corporation Syndicated Loan Fund ("the Fund") present their report, together with the financial report of the Fund for the period ended 30 June 2017 and the Auditor's Report thereon.

Trustee

The registered office and principal place of business of the Trustee is Level 5, 441 St Kilda Road, Melbourne VIC 3004.

The Directors of MAB Funds Management Limited during or since the end of the financial year are:
Andrew Buxton
Michael Buxton
Nicholas Gray

Principal Activities

The Fund is an unregistered Unit Trust domiciled in Australia that has provided a loan to MAB Corporation Pty Ltd for use as working capital.

Review of Operations

The Fund commenced operations on 8th June 2016, and as at 30 June 2016 \$4.98M of equity had been raised by the Fund. During the year ended 30 June 2017 a further \$2.7M of equity has been raised, bringing the total invested in the Fund to \$7.68M.

Pursuant to the terms of the Facility Agreement, interest accrues from the date funds were drawn down by MAB Corporation Pty Ltd, at a rate of 8% per annum, compounding monthly. Should we say this in a set of accounts?

Auditor Independence and Non-Audit Services

There were no other services received from the auditors in the period ended 30 June 2017.

Signed in accordance with a resolution of the Directors of the Trustee.

On behalf of the Directors



Andrew Raymond Buxton
Director
MAB Funds Management Limited

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

| | 2017 \$ | 2016 \$ |
|--|----------------|---------------|
| Loan interest income | 494,923 | 24,612 |
| Bank interest income | 151 | 1,288 |
| Other income | 188 | 45 |
| Total Income | 495,262 | 25,945 |
| Bank fees and charges | 188 | 45 |
| Total Expenses | 188 | 45 |
| Net Profit | 495,074 | 25,900 |
| Other Comprehensive Income | - | - |
| Total Comprehensive Income For The Period | 495,074 | 25,900 |

The Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the notes to the Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

| | Note | 2017 \$ | 2016 \$ |
|--------------------------------------|------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 4 | 1,206 | 624 |
| Accrued income | 5 | 233 | 45 |
| Loans advanced | 9 | 8,199,535 | - |
| Total current assets | | 8,200,974 | 669 |
| Non-Current assets | | | |
| Receivables | 6 | - | 619 |
| Loans advanced | 9 | - | 5,004,612 |
| Total non-current assets | | - | 5,005,231 |
| Total assets | | 8,200,974 | 5,005,900 |
| Current liabilities | | | |
| Payables | 7 | 48,794 | 2,590 |
| Distribution payable | 8 | 472,180 | - |
| Total current liabilities | | 520,974 | 2,590 |
| Distribution payable | 8 | - | 23,310 |
| Total non-current liabilities | | - | 23,310 |
| Total liabilities | | 520,974 | 25,900 |
| Net assets | | 7,680,000 | 4,980,000 |
| Equity | | | |
| Issued units | | 7,680,000 | 4,980,000 |
| Total equity | | 7,680,000 | 4,980,000 |

The Statement of Financial Position should be read in conjunction with the notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

| 30 June 2017 | Contributed Equity | Total Equity |
|--|--------------------|------------------|
| | \$ | \$ |
| Balance as at 1 July 2016 | 4,980,000 | 4,980,000 |
| Profit for the year | 495,074 | 495,074 |
| Total comprehensive income for the year | 495,074 | 495,074 |
| Transactions with owners in their capacity as owners: | | |
| Proceeds from issue of units | 2,700,000 | 2,700,000 |
| Distributions declared | (495,074) | (495,074) |
| Balance as at 30 June 2017 | 7,680,000 | 7,680,000 |

| 30 June 2016 | Contributed Equity | Total Equity |
|--|--------------------|------------------|
| | \$ | \$ |
| Balance as at 29 March 2016 | | |
| Profit for the year | 25,900 | 25,900 |
| Total comprehensive income for the year | 25,900 | 25,900 |
| Transactions with owners in their capacity as owners: | | |
| Proceeds from issue of units | 4,980,000 | 4,980,000 |
| Distributions declared | (25,900) | (25,900) |
| Balance as at 30 June 2016 | 4,980,000 | 4,980,000 |

The Statement of Changes in Equity should be read in conjunction with the notes to the Financial Statements.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

| | 2017 \$ | 2016 \$ |
|--|--------------|-------------|
| Cash flows from operating activities | | |
| Bank interest received | 770 | 669 |
| Bank fees and charges | (188) | (45) |
| Net Cash inflows from operating activities | 582 | 624 |
| Cash flows from financing activities | | |
| Loans advanced | (2,700,000) | (4,980,000) |
| Proceeds from issue of units | 2,700,000 | 4,980,000 |
| Net Cash inflows from financing activities | - | - |
| Net cash inflow from financing activities | | |
| Cash at the beginning of the period | 624 | - |
| Change in cash balance during the period | 582 | 624 |
| Cash at the end of the financial period | 1,206 | 624 |

The Statement of Cash Flows should be read in conjunction with the notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

1. Fund Description

The Fund is a Unit Trust domiciled in Australia that has provided a loan to MAB Corporation Pty Ltd ("Borrower") for use as working capital.

2. Basis of Preparation

(a) Statement of Compliance

The directors of the Trustee have determined that the Fund is not a reporting entity on the basis that, in the opinion of the Trustee, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared in order to satisfy the financial report preparation requirements of the Trust Deed.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and does not comply with the disclosure requirements of these standards.

(b) Functional and Presentation Currency

The Financial Report is presented in Australian dollars, which is the Fund's functional and presentation currency.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied throughout the period.

(a) Basis of preparation

This financial report is a special purpose financial report that has been prepared in accordance with Australian Accounting Standards.

The financial report has been prepared using a liquidation basis of accounting. The Fund is expecting to settle the loan with the Borrower within the coming 12 months, this is the only asset held.

The liquidation basis of accounting which means the following:

- Liabilities are re-measured based on best estimates of the expected future cash outflow.
- Assets assessed for impairment.
- Provisions should not be made in respect of executory contracts (unless onerous) or restructuring costs that do not qualify as obligations under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

All balance sheet items are being represented as current due to the expected realisation of the asset and liabilities presented within 12 months of the date of this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(a) Basis of preparation (continued)

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

Critical accounting estimates

The preparation of financial statements in conformity with Australian equivalents to International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

(d) Revenue

Revenue for the Fund comprises of transaction and interest income all of which is recognised in the income statement on an accruals basis. Transaction fees are recorded on the basis of the various agreements to which the Fund is a part to.

(e) Distributions

A provision is made for the amount of any distribution declared by the Trustee on or before the end of the reporting period but not distributed at the end of the reporting period.

(f) Comparatives

The trust deed for the Fund was signed on 29 March 2016, as a result the comparative period is from 29 March 2016 to 30 June 2016.

4. Cash and cash equivalents

| | 2017 | 2016 |
|--|-------|------|
| | \$ | \$ |
| Deposits at call with financial institutions | 1,206 | 624 |
| | 1,206 | 624 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

5. Accrued income

| | 2017 | 2016 |
|-------------------------|------|------|
| | \$ | \$ |
| Accrued cost recoveries | 233 | 45 |
| | 233 | 45 |

Under the Information Memorandum, all fund administration costs are paid directly by the Borrower, in the case of direct charges to the Fund.

6. Receivables

| | 2017 | 2016 |
|--------------------------|------|------|
| | \$ | \$ |
| Bank interest receivable | - | 619 |
| | - | 619 |

7. Payables

| | 2017 | 2016 |
|---|--------|-------|
| | \$ | \$ |
| MAB Corporation – Withholding taxes payable | 48,794 | 2,590 |
| | 48,794 | 2,590 |

8. Distribution payable

| | 2017 | 2016 |
|---|---------|--------|
| | \$ | \$ |
| Current | | |
| Distribution payable – MAB Corporation loan | 470,741 | - |
| Distribution payable – Bank Interest | 1,439 | - |
| | 472,180 | - |
| Non-Current | | |
| Distribution payable – MAB Corporation loan | - | 22,021 |
| Distribution payable – Bank Interest | - | 1,289 |
| | - | 23,310 |

Distribution payable – MAB Corporation loan comprises \$519,535 relating to distributable income generated by interest bearing debt (2016: \$24,611), offset by \$48,794 non-interest bearing receivable (2016: \$2,590). The receivable relates to withholding taxes payable on behalf of the investors for the period from 8 June 2016 to 30 June 2017.

The Fund is to make final distributions in line with repayment of the loan from the Borrower, expected in November 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

9. Loans advanced

| | 2017 | 2016 |
|-----------------------------|-----------|-----------|
| | \$ | \$ |
| Current | | |
| Loan - principal | 7,680,000 | - |
| Loan - capitalised interest | 519,535 | - |
| | 8,199,535 | - |
| Non-Current | | |
| Loan - principal | - | 4,980,000 |
| Loan - capitalised interest | - | 24,612 |
| | - | 5,004,612 |

The loan is to be repaid at the earlier of June 2020 and practical completion of the Banksia development in Docklands. Practical completion is expected in November 2017 and therefore the loan balances have been classified as current.

10. Contingent Assets and Liabilities

There are no contingent assets or liabilities as at 30 June 2017.

11. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

12. Related Parties

Trustee

The Trustee of MAB Corporation Syndicated Loan Fund is MAB Funds Management Ltd (ABN 36 098 846 701) whose immediate and ultimate holding company is MAB Corporation Pty Ltd (ABN 78 917 019 883).

Directors of the Trustee

(a) Details of Key Management Personnel of the Trustee

Directors

| | |
|----------------|----------------------------|
| Andrew Buxton | Chairman |
| Michael Buxton | Director |
| Nicholas Gray | Director & General Manager |

(b) Compensation of Key Management Personnel of the Trustee

Directors are not directly compensated by the Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

12. Related Parties (continued)

Directors of the Trustee (continued)

(c) *Loans to key management personnel of the Trustee*

The Fund has not made, guaranteed or secured any loans to the Directors at any time during the reporting period.

The Loan Facility is being provided to a related party of two of the Directors.

(d) *Trustee Fees*

The Trustee is not entitled to any fees from the Fund.

(e) *Related party investment held by the Fund*

The Fund has no investment in the Trustee at year end.

The Fund has no investment in other funds of which the MAB Funds Management Ltd is also the Trustee.

(f) *Payables to Trustee*

There are no payables to the Trustee.

TRUSTEES' DECLARATION FOR THE PERIOD ENDED 30 JUNE 2017

The trustees have determined that the Fund is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 & Note 3 to the financial statements.

The trustees of the Fund declare that:

1. The financial statements and notes, as set out on pages 2 – 11 presents fairly the Fund's financial position as at 30 June 2017 and performance for the period ended on that date of the Fund in accordance with the accounting policies outlined in Note 3 to the financial statements.
2. In the trustees' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the trustees.



Andrew Raymond Buxton
Director

Melbourne
24 October 2017

MAB CORPORATION SYNDICATED LOAN FUND
ABN 58 996 258 010

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF
MAB CORPORATION SYDNICATED LOAN FUND

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MAB Corporation Syndicated Loan Fund "the Fund", which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Fund as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with accounting policies described in Note 3 to the financial report and the trust deed.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 and 3 to the financial report, which describes the basis of accounting and preparation. The financial report has been prepared to assist MAB Corporation Syndicated Loan Fund to meet the requirements of the applicable legislation. As a result, the financial report may not be suitable for another purpose. The report has been prepared on a liquidation basis as it is expected that the loan provided to MAB Corporation Pty Ltd is to be repaid within the next 12 months resulting in the liquidation of the Fund. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Director's report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



MAB CORPORATION SYNDICATED LOAN FUND
ABN 58 996 258 010

INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF
MAB CORPORATION SYDNICATED LOAN FUND

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Trustee and Those Charged with Governance for the Financial Report

MAB Funds Management Limited, "the Trustee", is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as the Trustee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

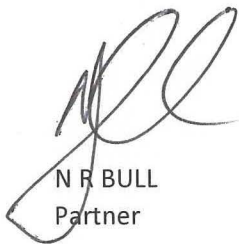


**MAB CORPORATION SYNDICATED LOAN FUND
ABN 58 996 258 010**

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF
MAB CORPORATION SYDNICATED LOAN FUND**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Trustee's use of the liquidation basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



N R BULL
Partner

25 October 2017



PITCHER PARTNERS
Melbourne