



# **MAB International Retail Trust**

ARSN 121 054 662

## **Responsible Entity**

**MAB Funds Management Limited**

ABN 36 098 846 701

**Financial report  
for the year ended  
30 June 2020**

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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## DIRECTORS' OF RESPONSIBLE ENTITY REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Directors of MAB Funds Management Limited ("the Responsible Entity"), the Responsible Entity of the MAB International Retail Trust ("Scheme") present their report together with the consolidated financial report for the MAB International Retail Trust. The financial report includes financial statements for the MAB International Retail Trust and Controlled Entities ("MAB International Retail Trust Consolidated" or "Group"). This financial report has been prepared in accordance with Australian Accounting Standards.

### Principal Activities

The Scheme is a Managed Investment Scheme domiciled in Australia. The principal activity of the Scheme during the financial year was property investment in the United States of America in accordance with the Scheme's constitution. There has been no significant change in the nature of these activities during the financial year. The Scheme did not have any employees during the year.

The Scheme's investment is carried out via its 100% holding in MAB International Holdings No 1 Trust, which in turn owns 100% of the ordinary shares on issue in MAB American Property REIT Inc. MAB American Property REIT Inc currently has three fully owned subsidiaries which invest directly in US retail property.

### Directors

The Directors of the Responsible Entity during or since the end of the financial year are:

#### Name

**Andrew Buxton** Appointed 22 November 2001

B Sc

#### Experience and special responsibilities

Andrew Buxton began his career in the quarry and asphalt industry. From 1974 to 1988 Andrew was Co-Managing Director of the Associated Quarries and Asphalts Group.

Andrew diversified into property development and in 1995 founded MAB Corporation with Michael Buxton. He has over 30 years' experience in the property industry and is also the Managing Director of MAB Corporation Pty Ltd.

**Michael Buxton** Appointed 22 November 2001

FAPI, MREI

#### Experience and special responsibilities

Michael Buxton has over 40 years of experience in the property industry that commenced with property management and sales in his family's business, JR Buxton Pty Ltd. In 1976 Michael co-founded Becton Corporation and as a Joint Managing Director built the company into one of the most successful property investment and development companies in Melbourne.

At the end of 1994, Michael sold his interest in Becton Corporation and in 1995 founded MAB Corporation with his brother Andrew. Michael is also Executive Director of MAB Corporation Pty Ltd.

**Nicholas Gray** Appointed 22 November 2001

B Sc, AAPI,  
MRICS

#### Experience and special responsibilities

Nicholas Gray has over 40 years' experience in the property industry, the last 38 of which have been in property investment and funds management. He is responsible for the overall management of the Scheme's operations. Nicholas has wide experience in the UK from 1976 to 1985 and in Australia since 1985. He was Head of Property at Norwich Union and Norwich Investment Management Ltd from 1987 to 1998 and during 1996-1997 was also General Manager - Funds Management of GRW Property Ltd, a company controlled by Norwich. In 1998 Nicholas was appointed Fund Manager of the Colonial First State Commercial Property Trust. Nicholas joined MAB Corporation in 2001 to establish its property funds management operation.

Nicholas is also a member of the Compliance Committee.

## Directors' of Responsible Entity Report (Continued)

### Company Secretary

Until 23 March 2020 MAB Funds Management had joint Company Secretaries, Mick Brennan, BCom and Andrew Buxton B.Sc .

Mick Brennan, BCom resigned as Company Secretary on 23 March 2020, Andrew Buxton B.Sc remains as sole Company Secretary from this date.

Refer above for Andrew Buxton's biography.

#### Mick Brennan Experience and special responsibilities

B Com

Mick commenced his career as a Chartered Accountant in Brisbane, then following several years in a London Chartered firm he joined Mobil Oil where he worked as Manager in International Corporate Audit (London), Manager General Accounting (Melbourne), Refinery Accounting Manager (Adelaide) and as CFO and Company Secretary of a road surfacing subsidiary which ultimately merged with CSR Road Surfacing to become the leader in the Australian marketplace.

In 1997 Mick joined Linfox as General Manager of Accounting and Administration. When Linfox acquired Armaguard in 2003 he became CFO and following numerous further acquisitions he became CEO of the Armaguard group in 2007.

Mick is also a member of the Advisory Board and Chief Financial Officer of MAB since his appointment in April 2010. He has extensive experience in mergers and acquisitions, strategy development/execution as well as general management particularly within finance disciplines.

### Review of Operations and Results

The Scheme recorded a net loss after tax of \$0.6M for the year ended 30 June 2020 (2019: \$1.0M loss), this was driven by a loss on sale of investment properties of \$0.3M and a loss on valuation of investment properties of \$0.7M..

The Investment Property portfolio like-for-life net rental income in USD has increased by approximately 18.1% (2019: 34.2% decrease year on year from 2018), primarily due to the supermarket tenancy at Eastfield Village being vacant in 2019, with anchor tenant Food Lion only commencing to trade in May 2019. As a result of the COVID-19 pandemic, several retail tenants have halted trade for a period of time. As a result, the Scheme has recorded a provision of \$126,000 for bad and doubtful debts for 2020 (2019: \$26,000)

No significant leasing activity occurred during the current year.

Cheshire Place was settled during the year, having been placed under contract in the prior period, and \$5.7M (\$0.066 per unit) was returned to unit holders from this sale

#### COVID-19 impact

Since the declaration of COVID-19 as a pandemic by the World Health Organisation on 11 March 2020, there has been a significant impact on the Australian, American and world economy. The pandemic may have an impact on the financial position, and may affect financial performance of the Scheme in the future.

During the current year, a sale campaign was carried out for Eastfield Village, resulting in the contract of sale being entered into. However, the contract did not proceed due to a change in market conditions from the COVID-19 Pandemic.

The remaining property has been valued inline with an independent third party valuation at 30 June 2020. The independent valuer has noted that the market uncertainty surrounding COVID-19 has meant that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case, and that the valuation was based on the information available as at the date of valuation. This warning does not invalidate the valuation, but serves as a precaution for users of these Financial Statements.

During the period, there was also an additional risk relating to recovery of debtors, which is being managed on a case by case basis with appropriate provisions taken up in the Financial Statements

### Property Valuations and Portfolio Metrics

#### Property Valuations

In determining the Property Value the Directors have utilised a valuation report that was prepared by CBRE, Inc. dated 30 June 2020.

The Management Team includes a valuation specialist with over 40 years' experience who is a member of the Australian Property Institute, and the Royal Institution of Chartered Surveyors.

The overall portfolio has been valued at USD\$13.5M (2019: USD\$18.4M), post adjusting by USD\$2.7M for the unamortised value of the fit out incentive for Food Lion at Eastfield.

## Directors' of Responsible Entity Report (Continued)

### Property Valuations and Portfolio Metrics (continued)

A distribution of \$0.066 following the sale of Cheshire Place resulted in a decrease in the NTA to \$0.21 (2019: \$0.28). The NTA does not include any transaction costs or early debt repayments penalties that may be incurred in the sale of the final property. If the debt was to be repaid as at 30 June 2020 the early debt repayments penalties would have been \$1.4M (\$0.02 per unit) (30 June 2019: \$1.5M or \$0.02 per unit).

#### Investment Property Portfolio Metrics

The capitalisation rate for Eastfield Village, the single remaining property in the portfolio, as at 30 June 2020 was 7.50% (2019: 9.11% average for Eastfield Village and Cheshire Place). The tenancy profile reflects 28.3% (June 2019: 20.3%) of income coming from the grocery based anchor tenant. 9.1% (June 2019: 19.1%) of the portfolio income is due to expire within twelve months from 30 June 2020. Vacancy as at 30 June 2020 is 12.4% (June 2019: 10.6%).

### Capital Management

As at 30 June 2020, the Scheme had interest bearing debt of \$7.1M (USD \$4.9M), decreased from \$7.6M (USD \$5.3M) as at 30 June 2019. This was primarily due to repayments on the loans of USD\$0.4M, offset by the AUD weakening against the USD from 0.7013 at 30 June 2019 to 0.6863 at 30 June 2020. This decrease has been offset by an AUD\$6.6M decrease in the property value due to property sales and revaluations during the period, resulting in property gearing increasing from 28.9% at June 2019 to 36.2% as at 30 June 2020.

### Distributions

Distribution paid or payable in respect of the financial year were:

	2020 \$'000	2020 \$ per unit	2019 \$'000	2019 \$ per unit
Interim income distribution paid	1,467	0.017	-	-
Interim capital distribution paid	4,279	0.050	6,955	0.081
Final income distribution payable	-	-	-	-
Final capital distribution payable	-	-	-	-
<b>Total Distribution</b>	<b>5,746</b>	<b>0.067</b>	<b>6,955</b>	<b>0.081</b>

### Units on Issue

The movement in units on issue of the Scheme for the year was as follows:

	2020 000's	2019 000's
Units on issue at the beginning of the year	85,951	85,951
Units redeemed	-	-
<b>Units on issue at the end of the year</b>	<b>85,951</b>	<b>85,951</b>

### Scheme Assets

	2020 \$'000	2019 \$'000
<b>Value of total scheme assets as at 30 June</b>	<b>26,095</b>	<b>32,913</b>

The basis for valuation of the assets is disclosed in Note 1.

### Responsible Entity Fees and Other Transactions

There were no Responsible Entity fees charged during the financial year.

MAB Rosenthal LLC is a related party of MAB Funds Management Limited and has provided asset management services for the Scheme's properties. The aggregate amount paid by the Group to MAB Rosenthal LLC for these services during the year ended 30 June 2020 was \$165,416 (2019: \$257,909). Other liabilities include \$478,608 (2019: \$589,535) payable to MAB Rosenthal LLC for asset management fees at 30 June 2020. Under the arrangement with MAB Rosenthal LLC, a portion of the asset management fees is contingent on the profitability of the Scheme.

## Directors' of Responsible Entity Report (Continued)

### Units in the Scheme held by related parties

Details of holdings in the Scheme by the Responsible Entity, directors, director related entities or other Schemes also managed by the Responsible Entity are set out as below:

	Number of units held '000	Value of units held \$'000
<b>2020</b>		
Windyvale Pty Ltd	27,900	5,882
MRB Group No.49 Pty Ltd	28,080	5,919
Andrea Brisbane	23	5
Shadow field Pty Ltd	17,642	3,719
Andrew Buxton & Geraldine Buxton A/C Jero Pty Ltd Superannuation Fund	1,073	226
Buxton Super Pty Ltd A/C A & G Buxton Superannuation Funds	684	144
<b>Related party total</b>	<b>75,402</b>	<b>15,895</b>
<b>2019</b>		
Windyvale Pty Ltd	27,900	7,824
MRB Group No.49 Pty Ltd	28,080	7,874
Andrea Brisbane	23	6
Shadow field Pty Ltd	17,642	4,947
Andrew Buxton & Geraldine Buxton A/C Jero Pty Ltd Superannuation Fund	1,073	301
Buxton Super Pty Ltd A/C A & G Buxton Superannuation Funds	684	192
<b>Related party total</b>	<b>75,402</b>	<b>21,144</b>

### Derivatives and other financial instruments

The Scheme's investments and trading activities expose it to changes in interest rates and equity market variations as well as credit and liquidity risk. The Directors have approved policies and procedures in each of these areas to manage these exposures. The Scheme does not speculatively trade derivatives and only utilises derivatives to manage the risk and return of the Scheme's investments.

### Significant Changes in the State of Affairs

Other than stated within the review of operations there have been no other significant changes in the Scheme's state of affairs during the financial year.

### After Balance Date Events

There has been no matter or circumstance which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the Scheme, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the Scheme.

### Likely Developments

In line with recent investor communications, the Scheme will look to sell all assets and wind down the operations of the Scheme over the next 12 months.

### Environmental Regulation

The Scheme's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

### Compliance Committee

In accordance with the *Corporations Act 2001*, the Responsible Entity has established a Compliance Committee in respect of the Scheme. A majority of the members of the Compliance Committee are independent of the Responsible Entity. The Compliance Committee Charter governs the operation of the Compliance Committee. The general functions of the Compliance Committee under the Compliance Committee Charter include:

## Directors' of Responsible Entity Report (Continued)

### Compliance Committee (Continued)

- monitoring the compliance of the Responsible Entity with the *Corporations Act*, the Compliance Plan, the Constitution and the Responsible Entity's Australian Financial Securities License and reporting any breach to the Board;
- reporting to ASIC if the Compliance Committee is of the view that the Responsible Entity has not taken, or does not propose to take, appropriate action to deal with a matter reported;
- assessing, at regular intervals, whether the Compliance Plan is adequate;
- reporting to the Board on its assessment of the Compliance Plan; and
- making recommendations to the Board about any changes that it considers should be made to the Compliance Plan.

During the current year Phillip Adamcewicz replaced Paul Wheeler as a member of the Compliance Committee.

Independent members of the compliance committee are:

#### *Bleddyn Gambold*

Mr. Gambold has over 30 years' experience of managed investment schemes gained in Australia and overseas.

In London and Hong Kong, he held senior positions within a major international trust bank and a global investment management company. Within Australia, he was a founding director of a company providing independent responsible entity and trustee services to managed investment schemes. In addition, Mr. Gambold sits on a number of Compliance Committees for major fund management/responsible entity companies.

Mr. Gambold has a BA (Hons) degree in Accountancy and is a Fellow of the Institute of Chartered Accountants England and Wales.

#### *Paul Wheeler*

Mr. Wheeler has more than 40 years' experience of property consultancy, valuations and estate agency in Victoria and the United Kingdom. His contribution to the real estate sector includes ten years on the Victorian Board of the Property Council of Australia and a similar period on the Victorian Committee of the Australian Property Institute.

Paul obtained an MA in Land Economy from Cambridge University, is a Fellow of the Royal Institution of Chartered Surveyors and is a Life Fellow of the Australian Property Institute. He has satisfied ASIC PS 146 compliance requirements and has acted as a responsible officer for an ASIC licensed responsible entity.

Paul's last full time position was with Urbis where he undertook a wide variety of valuation and consultancy projects. He retired as Director and Chairman in 2002.

#### *Phillip Adamcewicz*

Mr Adamcewicz is a successful Entrepreneur and a Wealth & Business Advisor. He has over 23 years' experience in the Investment and Financial Industry. He began his professional career working for Royal & Sun Alliance Funds Management in 1995 and since then has worked for other large groups, such as Perpetual & Royal Bank of Canada.

After gaining experience as a Fund Manager and Share Market Trader, Phillip attained his own Australian Financial Services Licence (AFSL) and Australian Credit Licence (ACL). In 2011, he established his own Financial Services Company, the A2Z Financial Group.

Phillip has many qualifications achieving a Bachelor of Commerce majoring in Accounting, Diploma of Business, Diploma of Financial Services and a Diploma of Finance & Mortgages. He is a Tax Agent, Mortgage Adviser, Financial Planner, Corporate Accountant, Business Consultant and Property Developer.

## Indemnification and Insurance of Directors, Officers and Auditors

### Insurance premiums

During the period the Responsible Entity has paid premiums in respect of its officers for liability and legal expenses for the period ended 30 June 2020. The Responsible Entity has paid or agreed to pay in respect of the Scheme, premiums in respect of such insurance contracts for the year ended 30 June 2020. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are, or have been, Directors of the Responsible Entity, or executive officers of the Responsible Entity. Under the terms of the contract with the insurer, disclosure of the premiums and coverage levels is prohibited.

No insurance premiums have been paid in respect of auditors of the Scheme.

### Indemnifications

Under the Scheme's constitution the Responsible Entity, including its officers and employees, is indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

### Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

**Directors' of Responsible Entity Report (Continued)**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration in relation to the audit for the period is provided with this report.

Signed in accordance with a resolution of the directors.



Andrew Buxton

Director

MAB Funds Management Limited

4 September 2020

**MAB INTERNATIONAL RETAIL TRUST  
AND CONTROLLED ENTITIES  
ARSN 121 054 662**

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF MAB INTERNATIONAL RETAIL TRUST  
AND CONTROLLED ENTITIES**

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of MAB International Retail Trust and the entities it controlled during the year.



N R BULL  
Partner

4<sup>th</sup> September 2020



PITCHER PARTNERS  
Melbourne

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
<b>INCOME</b>			
Net rental income	6	1,380	1,763
Net gain from fair value movements of Investment Properties	12	-	1,287
Foreign Exchange Gain		-	9
Other revenue	7	230	157
<b>TOTAL INCOME</b>		<b>1,610</b>	<b>3,216</b>
<b>EXPENSES</b>			
Audit fees	8	150	151
Bad and Doubtful Debts		106	12
Custody, registry, accounting and legal fees		139	219
Finance costs		479	2,653
Asset management fee		166	259
Net loss from fair value movements of Investment Properties	12	739	-
Travel Costs		-	7
Loss on Sale of Investment Assets		289	860
Other expenses		120	27
<b>TOTAL EXPENSES</b>		<b>2,188</b>	<b>4,188</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		<b>(578)</b>	<b>(972)</b>
Income tax expense	16	-	-
<b>NET PROFIT/(LOSS)</b>		<b>(578)</b>	<b>(972)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified to profit and loss			
Movement in foreign currency translation reserve		340	1,501
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>340</b>	<b>1,501</b>
<b>COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>(238)</b>	<b>529</b>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,551	1,515
Trade and other receivables	9	320	368
Other current assets	11	4,592	4,752
Investments – Direct property	12	19,632	26,278
<b>TOTAL CURRENT ASSETS</b>		<b>26,095</b>	<b>32,913</b>
<b>TOTAL ASSETS</b>			
		<b>26,095</b>	<b>32,913</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	309	486
Interest bearing liabilities	15	7,099	7,600
Other liabilities	14	568	724
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,976</b>	<b>8,810</b>
<b>TOTAL LIABILITIES</b>			
		<b>7,976</b>	<b>8,810</b>
<b>NET ASSETS</b>			
		<b>18,119</b>	<b>24,103</b>
<b>EQUITY</b>			
Issued Equity	17(d)	21,317	25,596
Accumulated Losses	19	(8,500)	(6,455)
Reserves	18	5,302	4,962
<b>TOTAL EQUITY</b>		<b>18,119</b>	<b>24,103</b>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

### FOR THE YEAR ENDED 30 JUNE 2020

	Issued Equity \$'000	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
<b>OPENING BALANCE 1 JULY 2019</b>	25,596	(6,455)	4,962	24,103
Net Loss for period	-	(578)	-	(578)
Movement in foreign currency translation reserve	-	-	340	340
<b>Total Comprehensive Income for the year</b>	-	(578)	340	(238)
<b>Transactions with owners in their capacity as owners</b>				
Distributions paid and payable	-	(1,467)	-	(1,467)
Capital distributions paid and payable	(4,279)	-	-	(4,279)
<b>CLOSING BALANCE 30 JUNE 2020</b>	<b>21,317</b>	<b>(8,500)</b>	<b>5,302</b>	<b>18,119</b>

	Issued Equity \$'000	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
<b>OPENING BALANCE 1 JULY 2018</b>	32,551	(5,483)	3,461	30,529
Net Loss for period	-	(972)	-	(972)
Movement in foreign currency translation reserve	-	-	1,501	1,501
<b>Total Comprehensive Income for the year</b>	-	(972)	1,501	529
<b>Transactions with owners in their capacity as owners</b>				
Capital distributions paid and payable	(6,955)	-	-	(6,955)
<b>CLOSING BALANCE 30 JUNE 2019</b>	<b>25,596</b>	<b>(6,455)</b>	<b>4,962</b>	<b>24,103</b>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASHFLOWS

### FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$000's	2019 \$000's
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from operations		2,538	3,247
Cash payments from operations		(1,863)	(2,425)
Borrowing costs paid		(483)	(875)
Interest received		4	15
<b>Net cash provided by/(used in) by operating activities</b>	21(a)	<b>196</b>	<b>(38)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for capital improvements to Investment Properties	12	(846)	(144)
Proceeds from escrow		-	594
Payment of Fitout Incentive		-	(4,283)
Selling Costs paid		(289)	(860)
Proceeds from sale of Investment Property	12	7,140	34,163
<b>Net cash provided by investing activities</b>		<b>6,005</b>	<b>29,470</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Distributions paid		(5,327)	(7,148)
Net Withholding Taxes Paid		(249)	(50)
Repayment of borrowings		(682)	(25,219)
Early debt repayment fees paid		-	(1,883)
<b>Net cash used in financing activities</b>		<b>(6,258)</b>	<b>(34,300)</b>
Net decrease in cash and cash equivalents		(57)	(4,868)
Cash and cash equivalents at the beginning of the year		1,515	4,999
Effect of exchange rate changes on cash and cash equivalents		93	1,384
<b>Cash and cash equivalents at the end of the year</b>		<b>1,551</b>	<b>1,515</b>

The accompanying notes form part of these consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

### NOTE 1: STATEMENT OF 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 year.

#### (a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Scheme is a for-profit Scheme for the purpose of preparing the financial statements.

The Responsible Entity of the Scheme is MAB Funds Management Limited (the 'Responsible Entity'). The financial report is presented in the Australian currency.

The Scheme's objective is to provide returns to investors via the management and sale of real estate properties, in accordance with the objectives disclosed in the Product Disclosure Statements dated 17 January 2007 and updated by Investor communication dated 26 August 2020.

The Directors of the Responsible Entity intend to sell and settle the remaining property assets during the 12 months ending 30 June 2021, with the final distribution and termination expected to be completed by 31 December 2021.

Accordingly, the financial report has been prepared on a non-going concern basis.

Under a non-going concern basis of accounting, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations have been applied in the context of the Scheme ceasing to be a going concern. As a consequence of ceasing to be a going concern, the application of these requirements may have resulted in the write-down of assets to their recoverable amounts, and the recognition and/or remeasurement of liabilities for obligations that exist at the reporting date.

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. The Directors of the Responsible Entity, after reviewing the Group's going concern status and management's plans, have concluded that the Group has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

The financial report was authorised for issue by the Directors of the Responsible Entity on 4 September 2020.

#### *Compliance with IFRS*

The financial report of the Scheme also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical Cost Convention*

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

#### *Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Refer to Note 5 for details of critical accounting estimates.

Since the declaration of COVID-19 as a pandemic by the World Health Organisation on 11 March 2020, there has been a significant impact on the Australian and world economy. The pandemic may have an impact on the financial position, and may affect financial performance of the Scheme in the future.

#### (b) Principles of Consolidation

A controlled entity is any entity controlled by MAB International Retail Trust. Control exists where MAB International Retail Trust has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with MAB International Retail Trust to achieve the objectives of the Group.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by MAB International Retail Trust as at 30 June 2020 and the results of all controlled entities for the year ended 30 June 2020. MAB International Retail Trust and its controlled entities together are referred to in this financial report as the consolidated entity.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Where control of an entity is obtained during a financial period, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial period its results are included for that part of the period where control existed.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the parent entity.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Specific revenues are recognised as follows:

#### *Interest income*

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

#### *Net rental income*

Net Rental income is the rental income paid by each tenant less any direct expenses incurred in that tenant being able to operate the business and is brought to account on an accrual basis.

#### *Expenses*

Expenses are brought to account on an accruals basis.

### (d) Distributions and taxation

Under current legislation the Scheme is not subject to Australian income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

Provision is made for the amount of any distribution declared, determined or publicly recommended by the directors on or before the end of the period but not distributed at reporting date.

The Scheme invests in an entity located in the United States of America that may be subject to certain state and local taxes on its income and property, and for federal income and excise taxes on its undistributed income. Consequently, the Scheme recognises deferred tax balances for any tax that may become payable in relation to this subsidiaries income and property.

Deferred tax balances are determined by calculating temporary differences based on the carrying amounts of an entity's assets and liabilities in the balance sheet and their associated tax bases. Specifically, a deferred tax balance is recognised for the capital gains tax payable in overseas jurisdictions on the disposal of foreign investments.

Deferred tax assets are recognised where Management is virtually certain that there will be sufficient future economic benefit generated to utilise the asset balance.

### (e) 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.

### (f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Scheme prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (g) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Responsible Entity by third parties such as audit fees, custodial services, compliance committee fees, legal fees and investment management fees, have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC's) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the Income Statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

### (h) Financial instruments

#### *Classification*

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(h) Financial instruments (continued)

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

*Trade and other receivables*

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

*Impairment of financial assets*

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers and contract assets.

The Scheme applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers. Under the AASB 9 simplified approach, the Scheme determines the allowance for credit losses for receivables from contracts with customers on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Group considers a financial asset to have a low credit risk when the counter party has an external 'investment grade' credit rating (if available) of BBB+ or higher, or otherwise is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the Group.

The measurement of expected credit losses reflects the Group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected Credit Losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Financial instruments (continued)

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

#### *Hedge Accounting*

At the inception of each hedging arrangement, the Group documents the relationship between the hedging instrument and the hedged item, the Group's risk management and its strategy for undertaking hedging transactions. The Group also documents its assessment, both at hedge inception and during the term of the arrangement, of the effectiveness of the hedging instrument in offsetting changes in fair values or cash flows (as applicable) of the hedged risk.

A hedge arrangement is effective when:

- (a) there is an economic relationship between the hedged item and the hedging instrument;
- (b) the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- (c) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge the quantity of the hedged item.

For fair value hedges that qualify for hedge accounting under AASB 9, the Group recognises the:

- (a) gain or loss on the hedging instrument in profit or loss (or other comprehensive income if the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income); and
- (b) gain or loss on the hedged item as an adjustment to the carrying amount of the hedged item (if applicable) and a corresponding gain or loss in profit or loss recognised in the same line item as the gain or loss on the hedging instrument (or other comprehensive income if the hedged instrument is an equity instrument designated at fair value through other comprehensive income).

For cash flow hedges that qualify for hedge accounting under AASB 9, the Group separates the intrinsic value and the time value of the option contract (or the spot element and the forward element of a forward contract) and designates the change in the intrinsic value (or spot element) as the hedging instrument. Changes in the intrinsic value of the option (or spot element) of a hedging instrument that hedges a transaction related hedged item are recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity to the extent that they relate to the hedged item. In addition, changes in the time value of the option (or the forward element) are recognised in other comprehensive income and accumulated in the hedge costs reserve in equity.

If the hedged item subsequently results in the recognition of a non-financial asset or non-financial liability, or a firm commitment for a non-financial asset or non-financial liability, the Group reclassifies any amounts accumulated in equity and includes it directly in the carrying amount of the asset or liability. Otherwise, in respect to non-transaction related hedged items, any amounts accumulated in equity are reclassified to profit or loss in the same period or periods during which the expected future cash flows of the hedged item affect the Group's profit or loss and in the same line item as the hedged item.

When a hedging instrument expires, is sold, terminated or no longer meets the hedge accounting criteria, the Group discontinues hedge accounting and any cumulative gains or losses recognised in equity at that time remains in equity until such time as forecast transaction occurs. If the forecast transaction is no longer expected to occur, any gains or losses accumulated in equity at that time are reclassified to profit or loss immediately.

### (i) Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. The Scheme has an internal valuation process for determining the fair value at each reporting date. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties every two years, subject to Note 5(b), on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with Responsible Entity approved valuation policy. These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Investments in Subsidiaries

The Scheme's investment is carried out via its 100% holding in an Australian unit trust; MAB International Holdings No 1 Trust, which in turn owns 100% of the ordinary shares on issue in MAB American Property REIT Inc. MAB American Property REIT INC is an entity domiciled in the United States which owns 100% of the membership interests in three individual Limited Liability Companies which are also domiciled in the United States. These Limited Liability Companies invest directly in US retail property.

### (k) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the interest bearing liability using the effective interest method.

Interest bearing liabilities are classified as current liabilities unless the Scheme has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest bearing liabilities are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in other income or other expenses.

### (l) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### (m) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of MAB International Retail Trust Consolidated are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars which is the functional and presentation currency of MAB International Retail Trust Consolidated.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, except when deferred in unitholders' funds as qualifying cash flow hedges and qualifying net investment hedges, or are attributable to part of the net investment in a foreign operation.

#### (iii) Consolidated Entities

The results and financial position of foreign subsidiaries which has a functional currency different from the presentation currency is translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses in the income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of unitholders' funds.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments are taken to unitholders' funds. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

### (n) Leases

Each lease is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

#### Operating leases

Underlying assets subject to operating leases are presented in the statement of financial position according to the nature of the underlying asset.

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis (if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished).

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Leases (continued)

#### *Finance leases*

At the commencement date of a finance lease, the group recognises a receivable (for assets held under the finance lease) at an amount equal to the net investment in the lease. The net investment in finance leases is the sum of the lease payments receivable by the group under the finance lease and the estimated unguaranteed residual value of the underlying asset at the end of the lease term, discounted at the interest rate implicit in the lease.

Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in finance leases.

### (o) New and revised accounting standards effective at 30 June 2020

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 Leases.

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
  - investment property, the lessee applies the fair value model in AASB 140 Investment Property to the right-of-use asset; or
  - property, plant or equipment, the lessee applies the revaluation model in AASB 116 Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117. As the Scheme is a Lessor no material impact has been noted from the application of this standard.

### (p) Accounting Standards Issued But Not Yet Effective 30 June 2020

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019.

#### AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends AASB 3: Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- (a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- (b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- (c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- (d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- (e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

AASB 2018-6 mandatorily applies to annual reporting periods commencing on or after 1 January 2020 and will be first applied by the Scheme in the financial year commencing 1 July 2020.

This accounting standard is not expected to have a material impact on the financial statements of the Scheme.

#### AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 principally amends AASB 101: Presentation of Financial Statements and AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(p) Accounting standards issued but not yet effective 30 June 2020**

AASB 2018-7 mandatorily applies to annual reporting periods commencing on or after 1 January 2020 and will be first applied by the Scheme in the financial year commencing 1 July 2020.

This accounting standard is not expected to have a material impact on the financial statements of the Scheme.

**AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework**

AASB 2019-1 amends Australian Accounting Standards (AAS), Interpretations and other pronouncements to reflect the issue of the Conceptual Framework for Financial Reporting (Conceptual Framework). The application of the Conceptual Framework is at present limited to:

- (a) for-profit private sector entities that have public accountability and are required by legislation to comply with AAS; and
- (b) other for-profit entities that voluntarily elect to apply the Conceptual Framework which would permit compliance with AAS (Tier 1) and IFRS.

This Standard makes amendments to AAS, Interpretations and other pronouncements to permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004 (Framework) and Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity to determine whether they are a reporting entity that needs to prepare general purpose financial statements that comply with AAS.

AASB 2019-1 mandatorily applies to annual reporting periods commencing on or after 1 January 2020 and will be first applied by the Scheme in the financial year commencing 1 July 2020.

This accounting standard is not expected to have a material impact on the financial statements of the Scheme.

**AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia**

AASB 2019-5 mandatorily applies to annual reporting periods commencing on or after 1 January 2020 and will be first applied by the Group in the financial year commencing 1 July 2020.

AASB 2019-5 makes amendments to AASB 1054 Australian Additional Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information required by paragraph 30 of AASB 108 (regarding disclosing the effect of new standards not yet issued) to IFRS Standards that have not yet been issued by the Australian Accounting Standards Board.

This accounting standard is not expected to have a material impact on the financial statements of the Scheme.

**AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

AASB 2020-1 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Scheme in the financial year commencing 1 July 2022.

This accounting standard is not expected to have a material impact on the financial statements of the Scheme.

**AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments**

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture as a consequence of the recent issuance by IASB of the following IFRS: Annual Improvements to IFRS Standards 2018-2020, Reference to the Conceptual Framework, Property, Plant and Equipment: Proceeds before Intended Use and Onerous Contracts – Cost of Fulfilling a Contract.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Scheme in the financial year commencing 1 July 2022.

This accounting standard is not expected to have a material impact on the financial statements of the Scheme.

**(q) Rounding of Amounts**

The Parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the Directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(r) **Borrowing Costs**

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(s) **Comparative Information**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosure.

**NOTE 2: PARENT ENTITY INFORMATION**

(a) **Parent entity**

The parent entity of the Group is MAB International Retail Trust. Refer to Note 1(j) for the composition of the Group.

(b) **Financial information**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><i>Income Statement information</i></b>		
Net profit attributable to members of the parent entity	(241)	530
<b><i>Comprehensive income information</i></b>		
Total comprehensive income attributable to members of the parent entity	(241)	530
<b><i>Balance Sheet information</i></b>		
Current assets	18,163	24,276
Total assets	18,163	24,276
Current liabilities	44	173
Total liabilities	44	173
<b>Net Assets</b>	<b>18,119</b>	<b>24,103</b>
Equity attributable to members of the parent entity		
Contributed equity	21,358	25,634
Accumulated losses	(3,239)	(1,531)
<b>Total Equity</b>	<b>18,119</b>	<b>24,103</b>

(c) **Guarantees**

MAB International Retail Trust has not entered into any guarantees in the current or previous financial year.

(d) **Contingent liabilities**

MAB International Retail Trust has no contingent liabilities at 30 June 2020.

(e) **Contractual capital commitments**

MAB International Retail Trust does not have any contractual capital commitments as at 30 June 2020.

### NOTE 3: FINANCIAL RISK MANAGEMENT

The MAB International Retail Trust's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management program focuses on the unpredictability of financial markets and seeks to manage potential adverse financial exposure within its risk appetite. The Scheme uses derivative financial instruments such as interest rate and foreign exchange swaps to hedge certain risk exposures. The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

Risk management is carried out by the finance department. The department identifies, evaluates and hedges financial risks in close co-operation with the Scheme's operating units. Written principles for risk management covering specific areas, such as interest rate risk and use of derivative financial instruments have been developed and are regularly monitored.

All Financial Assets and Liabilities are measured at Amortised Cost.

#### (a) Market Risk

##### (i) Price Risk

The Scheme is exposed to property market price risk. This arises from investments held by the Group of properties held in the United States of America. To manage its price risk arising from investments in property, the Scheme monitors closely the market fundamentals including market rents, supply and demand characteristics of the various retail and office markets and capital expenditure requirements.

##### (ii) Cash flow and fair value interest rate risk

All of The Scheme's borrowings carry fixed interest rates.

Financial Instruments	Weighted average effective interest rate		Non-interest bearing		Fixed interest rate		Floating interest rate		Total carrying amount as per the Balance Sheet	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(i) Financial assets</b>										
Cash and Cash equivalents	0.20	0.20	-	-	-	-	1,551	1,515	1,551	1,515
Receivables			320	368	-	-	-	-	320	368
<b>Total Financial Assets</b>			<b>320</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>1,551</b>	<b>4,999</b>	<b>1,871</b>	<b>1,883</b>
<b>(i) Financial liabilities</b>										
Payables			309	486	-	-	-	-	309	486
Borrowings	6.18	6.18	-	-	7,099	7,600	-	-	7,099	7,600
<b>Total Financial Liabilities</b>			<b>309</b>	<b>979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,600</b>	<b>7,408</b>	<b>8,086</b>

##### (iii) Currency Risk

Management will continue to monitor the foreign exchange risk and weigh up this risk against the additional collateral required to support such contracts. Management will re-enter foreign exchange risk protection on the capital invested when it is deemed in the best interest of the Scheme.

The Scheme's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as per Note 3(a)(iv).

##### (iv) Summarised sensitivity analysis

Interest rate risk represents the effect of a change in interest rates applied to the interest rate risk exposures at reporting date, including the estimated change in the value of financial instruments that are carried at fair value. Cash and floating rate debt at reporting date are multiplied by the reasonably possible change in interest rates to determine the effect on profit for the year. The Scheme's financial instruments whose carrying values are affected by changes in interest rates are interest rate swaps carried at fair value. In calculating the change in value of interest rate swaps, a change in interest rates at reporting date is assumed to result in a parallel shift in the forward yield curve. A change in interest rates of up to 50 basis points (0.5%) is considered to be reasonably possible in the current economic environment.

The following table summarises the impact on Scheme's profit and equity of a reasonably possible upwards or downwards movement in each of the risk variables below, assuming that all other variables remain constant. These movements are based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates and volatility in asset prices. Due to unexpected market conditions, actual movements may be greater than anticipated, and therefore these ranges should not be used as a definitive indicator of future movements in the stated risk variables.

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

Financial Instruments	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Investment price risk			
		-0.2%		0.5%		-10%		10%		-10%		10%	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Assets</b>													
Cash and cash equivalents	1,551	(3)	-	8	-	172	-	(141)	-	-	-	-	-
Trade and other receivables	320	-	-	-	-	36	-	(29)	-	-	-	-	-
Other current assets	4,592	-	-	-	-	510	-	(417)	-	-	-	-	-
Investments – Direct property	19,632	-	-	-	-	2,181	-	(1,785)	-	(2,360)	-	2,360	-
<b>Liabilities</b>													
Interest bearing liabilities	(7,099)	-	-	-	-	(789)	-	645	-	-	-	-	-
Other Liabilities	(568)	-	-	-	-	(63)	-	52	-	-	-	-	-
Trade and other payables	(309)	-	-	-	-	(34)	-	28	-	-	-	-	-
<b>Total increase / (decrease) June 2020</b>		<b>(3)</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>2,013</b>	<b>-</b>	<b>(1,647)</b>	<b>-</b>	<b>(2,360)</b>	<b>-</b>	<b>2,360</b>	<b>-</b>

Financial Instruments	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Investment price risk			
		-0.2%		1.0%		-10%		10%		-10%		10%	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Assets</b>													
Cash and cash equivalents	1,515	(3)	-	15	-	168	-	(138)	-	-	-	-	-
Trade and other receivables	368	-	-	-	-	41	-	(33)	-	-	-	-	-
Other current assets	4,752	-	-	-	-	528	-	(432)	-	-	-	-	-
Investments – Direct property	26,278	-	-	-	-	2,920	-	(2,389)	-	(3,009)	-	3,009	-
<b>Liabilities</b>													
Interest bearing liabilities	(7,600)	-	-	-	-	(844)	-	691	-	-	-	-	-
Other Liabilities	(724)	-	-	-	-	(80)	-	66	-	-	-	-	-
Trade and other payables	(486)	-	-	-	-	(54)	-	44	-	-	-	-	-
<b>Total increase / (decrease) June 2019</b>		<b>(3)</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>2,679</b>	<b>-</b>	<b>(2,191)</b>	<b>-</b>	<b>(3,009)</b>	<b>-</b>	<b>3,009</b>	<b>-</b>

Negative bank interest sensitivity has been completed on a decrease of 0.2% as the Weighted Average bank interest for the year ending 30 June 2020 is at 0.2% (2019: 0.2%).

Investment price risk sensitivity is calculated on the market valuation of the property USD\$16.2M, (AUD\$23.6M).

Foreign exchange risk sensitivity is calculated on the carrying value of each item in the Statement of Financial Position. Refer Note 12 for discussion on Investments – Direct property.

**(b) Credit Risk**

Credit risk represents the loss that would arise if a counterparty to a financial asset fails to discharge an obligation or commitment that they have entered into with the consolidated entity. The consolidated entity has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The financial assets exposed to credit risk are cash and cash equivalents, financial derivatives and trade and other receivables. At 30 June 2020 the maximum credit risk was \$1,871,501.

The exposure to credit risk in respect to trade and other receivables totalled \$320,024 and is minimised by the diverse number, and quality of tenants. Risk is also mitigated by obtaining bank guarantees and other security arrangements. Trade receivables are monitored closely to ensure any tenant defaults are recognised at an early stage and appropriate action taken (during the COVID-19 pandemic there is an additional risk relating to recovery of debtors, this is being managed on a case by case basis with appropriate provisions taken up in the Financial Statements).

Cash and cash equivalents are also exposed to credit risk totalling \$1,551,477. Risk is minimised by cash deposits in Australia being held with major Australian banks or their subsidiaries. Cash deposits in America are held over multiple banks, limiting the exposure to credit risk to any one financial institution.

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

(c) Liquidity Risk

Prudent liquidity risk management is carried out by maintaining sufficient access to cash including maintaining working capital and access to other banking facilities. The consolidated entity does not currently have access to any further debt facilities. The Scheme has an average debt maturity of 4.76 years.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for interest bearing liabilities:

Year ended 30 June 2020	< 6 Months	6-12 Months	1-5 years	> 5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing liabilities	349	360	6,390	-	7,099	7,099
Trade and other payables	309	-	-	-	309	309
<b>Net maturities</b>	<b>658</b>	<b>360</b>	<b>6,390</b>	<b>-</b>	<b>7,408</b>	<b>7,408</b>

Year ended 30 June 2019	< 6 Months	6-12 Months	1-5 years	> 5 years	Total contractual cash flows	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing liabilities	321	331	3,224	3,724	7,600	7,600
Trade and other payables	486	-	-	-	486	486
<b>Net maturities</b>	<b>807</b>	<b>331</b>	<b>3,224</b>	<b>3,724</b>	<b>8,086</b>	<b>8,086</b>

Although the Scheme is anticipating selling all property assets and expects to repay all debt prior to 30 June 2021, the contractual obligations of the debt remain as the property has not settled.

All liabilities have been disclosed in the Statement of Financial Position as current, this is due to the Responsible Entity having an intention to sell all remaining assets and repay all debt prior to 30 June 2021.

(d) Fair value compared with carrying amounts

The carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value as at the reporting date.

**NOTE 4: FAIR VALUE MEASUREMENTS**

(a) Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Input other than quoted prices included within level 1 that are observed for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the financial instruments carried at fair value as of June 30, 2020 and 2019:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>June 2020</b>				
<b>Assets</b>				
Investment Property	-	19,632	-	19,632
<b>June 2019</b>				
<b>Assets</b>				
Investment Property	-	6,987	19,291	26,278

Movement in the level 3 valuations has been due to;

- \$19.2M decrease resulting from a transfer to Level 2 classification of Eastfield Village which is now valued in line with an external valuation.

**NOTE 4: FAIR VALUE MEASUREMENTS (CONTINUED)**

(b) Transfers between level 1 and level 2

No transfers have occurred between level 1 and level 2 during the current year.

(c) Valuation techniques and inputs used in level 2 fair value measurements

All level 2 fair value assets have been based on an external valuation in the current year (2019: executed unconditional sales contracts).

(d) Valuation techniques and significant unobservable inputs used in level 3 fair value measurements

There are no level 3 fair value assets in the current year (30 June 2019: \$19.2M, been based on a Directors Valuation).

(e) Sensitivity analysis for recurring level 3 fair value measurements

	June 30, 2020		June 30, 2019	
	Increase/(Decrease) on profit after tax	Increase/(Decrease) on equity	Increase/(Decrease) on profit after tax	Increase/(Decrease) on equity
	\$'000	\$'000	\$'000	\$'000
Capitalisation Rate Increase (0.5%)	-	-	(1,235)	(1,235)
Capitalisation Rate Decrease (0.5%)	-	-	1,381	1,381
Foreign Exchange Rate Decrease (10%)	-	-	2,598	2,598
Foreign Exchange Rate Increase (10%)	-	-	(2,126)	(2,126)

**NOTE 5: SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Scheme makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. No estimates or assumptions are believed to have a significant risk of causing a material misstatement. These estimates and assumptions include assessment of fair value of investment properties and the use of exchange rates. Further information as to how the estimates and assumptions are made is discussed below:

(a) Income tax

Under current legislation, the Scheme is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

In accordance with the Product Disclosure Statement and Constitution, the Scheme fully distributes its taxable income to unitholders by cash. This assumes the continued consistent treatment of this matter by the Australian Taxation Office.

The Scheme has carried forward tax losses of approximately USD\$0.9M within the US REIT relating to both trading and capital value movements of the property assets. As there is no certainty that these losses will be able to be utilised in the future they have not been recognised as a deferred tax asset.

(b) Property valuations

Critical judgements are made by the Responsible Entity in respect of the fair values of investment properties. The fair values of these investments are reviewed regularly by the Responsible Entity with reference to external independent property valuations, recent offers and market conditions existing at reporting date. The Scheme ordinarily obtains independent valuations of properties at least once every two years.

The critical assumptions underlying the Responsible Entity's estimates of fair values relate to the receipt of contractual rents, expected future market rentals, maintenance requirements and discount rates that reflect current market uncertainties. If there is any change in these assumptions or regional or national economic conditions, the fair value of investment properties may differ.

**NOTE 6: NET RENTAL INCOME**

	2020 \$'000	2019 \$'000
Property Rental Income	2,204	3,127
<i>less</i>		
Property Expenses	(824)	(1,364)
<b>Net property income</b>	<b>1,380</b>	<b>1,763</b>

The investment properties are leased to tenants under operating leases. No contingent rents are charged.

**NOTE 7: OTHER INCOME**

	2020	2019
	\$'000	\$'000
Interest Income	4	14
Other Income	226	143
<b>Total other income</b>	<b>230</b>	<b>157</b>

**NOTE 8: AUDITOR'S REMUNERATION**

	2020	2019
	\$'000	\$'000
<b>Remuneration of the auditor of the Scheme for:</b>		
- Auditing the financial report	27	30
- Other regulatory audit services	17	15
<b>Remuneration of the auditor of foreign subsidiaries:</b>		
- Auditing the financial report	106	106
<b>Total auditors remuneration</b>	<b>150</b>	<b>151</b>

Costs associated with auditing the Scheme's financial statements were paid for by the Scheme for the year ended 30 June 2020. The above audit and related service fees are for the entire Scheme.

**NOTE 9: CURRENT TRADE & OTHER RECEIVABLES**

	2020	2019
	\$'000	\$'000
Rent receivables	230	76
Other receivables	216	318
<b>Total trade and other receivables (pre provision for impairment)</b>	<b>446</b>	<b>394</b>
Balance 1 July	(26)	(14)
Amounts written off	(106)	(11)
Impairment recognised	6	(2)
<b>Provision for impairment</b>	<b>(126)</b>	<b>(26)</b>
<b>Total trade and other receivables</b>	<b>320</b>	<b>368</b>

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, a provision for impairment of receivables is raised. The Scheme holds collateral in certain circumstances which takes the form of bank guarantees, security deposits, personal guarantee or a mortgage over property until completion.

During the COVID-19 pandemic there is an additional risk relating to recovery of debtors, this is being managed on a case by case basis with appropriate provisions taken up in the Financial Statements

**Rent receivables ageing analysis at 30 June is:**

	Gross	Impairment	Gross	Impairment
	2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000
Not past due	63	15	37	-
Past due 31-60 days	59	29	5	-
Past due 61-90 days	20	6	5	-
Past due more than 91 days	88	76	29	26
<b>Total</b>	<b>230</b>	<b>126</b>	<b>76</b>	<b>26</b>

**NOTE 10: LEASING ACTIVITIES**

Each lease, under which the group is the lessor, is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

(a) Finance lease arrangements (30 June 2020)

The scheme currently has no Finance Leases.

(b) Operating lease arrangements (30 June 2020)

The following information relates to operating lease arrangements of the current reporting period only, and is presented in accordance with AASB 16 Leases (which was applied by the group for the first time in the current reporting period).

Current and Prior Year Income is disclosed in Note 6, with no Contingent rent recognised as income in the period.

The undiscounted contractual lease payments to be received by the Scheme in relation to operating leases are as follows:

	2020	2019
	\$'000	\$'000
Within 1 year	2,316	3,126
1 - 2 years	2,072	2,389
2 - 3 years	1,674	2,088
3 - 4 years	1,414	1,728
4 - 5 years	1,300	1,326
Later than 5 years	12,562	12,193
<b>Total non-cancellable future rents</b>	<b>21,339</b>	<b>22,850</b>

**NOTE 11: OTHER CURRENT ASSETS**

	2020	2019
	\$'000	\$'000
Withholding Tax Receivable from IRS	13	178
Prepaid expenses	604	476
Other Assets	3,975	4,098
<b>Total other current assets</b>	<b>4,592</b>	<b>4,752</b>

Other Assets relate to a Fitout Incentive provided to Food Lion at Eastfield Village. This asset is being amortised over the life of the lease.

**NOTE 12: INVESTMENT PROPERTIES**

	2020	2019
	\$'000	\$'000
<b>(a) Investment in properties - Freehold properties</b>		
<b>Carrying Value of investment properties</b>	<b>19,632</b>	<b>26,278</b>

The basis of the valuation for the investment property is fair value, being the amounts for which the property could be exchanged between willing parties, in an arm's length transaction. The property has been valued in line with an independent third party valuation completed at 30 June 2020.

The independent valuer has noted that the market uncertainty surrounding COVID-19 has meant that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case, and that the valuation was based on the information available as at the date of valuation. This warning does not invalidate the valuation, but serves as a precaution for users of these Financial Statements.

Post adjusting for a USD\$2.7M amortising fit out incentive for Food Lion at Eastfield, the overall portfolio has been valued at USD\$13.5M (2019: USD\$18.4M).

Current valuations represent a weighted average capitalisation rate of 7.5% (2019: 9.11%).

Movements in carrying amount of property investments

Opening Balance at 1 July	26,278	57,705
Capital Improvements	846	144
Asset Sales	(7,140)	(34,163)
Foreign exchange movements	387	1,305
Fair value adjustment to investment properties	(739)	1,287
<b>Closing balance at 30 June</b>	<b>19,632</b>	<b>26,278</b>

**NOTE 12: INVESTMENT PROPERTIES (continued)**

The Scheme leases out its investment property under operating leases. As at the end of the financial year the property was earning rental income. The investment property is provided as security against the interest bearing liabilities listed at Note 15.

(b) Amount recognised in profit and loss for investment properties

Refer to Note 6 for information on property revenue and expenses recognised for investment properties.

**NOTE 13: TRADE & OTHER PAYABLES (CURRENT)**

	2020	2019
	\$'000	\$'000
Amounts payable to others	20	66
Accrued Expenses	289	420
<b>Total trade and other payables</b>	<b>309</b>	<b>486</b>

**NOTE 14: OTHER LIABILITIES (CURRENT)**

	2020	2019
	\$'000	\$'000
Security Liabilities	88	134
Other Liabilities - Related party	480	590
<b>Total other payables</b>	<b>568</b>	<b>724</b>

**NOTE 15: INTEREST BEARING LIABILITIES**

	2020	2019
	\$'000	\$'000
<b>Current interest bearing liabilities</b>		
Interest bearing senior debt	7,099	7,600
<b>Total current interest bearing liabilities</b>	<b>7,099</b>	<b>7,600</b>
<b>Total interest bearing liabilities</b>	<b>7,099</b>	<b>7,600</b>

All interest bearing senior debt is secured via first mortgage over Investment Properties.

All interest bearing debt has been disclosed in the Statement of Financial Position as current. This is due to the Responsible Entity having an intention to sell all remaining assets and repay all debt prior to 30 June 2021.

**NOTE 16: INCOME TAX EXPENSE AND DEFERRED TAX LIABILITY**

	2020	2019
	\$'000	\$'000
<b>Reconciliation of income tax expenses to prima facie tax payable</b>		
Profit/(loss) from operations before income tax expense	(578)	(972)
Income tax calculated at 30%	(173)	(292)
Tax effect of amounts which are not deductible (taxable) in calculating taxable (loss)/profit		
Unrealised movements on fair value movements of investment property	222	-
Unrealised foreign exchange movements	-	(3)
Recognition/(Utilisation) of carried forward losses not eligible to be classified as deferred tax assets	(49)	295
<b>Income Tax Expense</b>	<b>-</b>	<b>-</b>

The Scheme has carried forward tax losses of approximately USD\$0.9M (2019: USD\$1.0M) within the US REIT relating to both trading and capital value movements of the property assets. As there is no certainty that these losses will be able to be utilised in the future they have not been recognised as a deferred tax asset.

**NOTE 17: NET ASSET BACKING PER UNIT**

	2020	2019
	\$'000	\$'000
<b>(a) Changes in equity during the year</b>		
Net assets attributable to unitholders at the beginning of the year	24,103	30,529
Changes in net assets attributable to unitholders	(1,705)	529
Capital distributions paid and payable	(4,279)	(6,955)
<b>Equity as at the end of the year</b>	<b>18,119</b>	<b>24,103</b>
	2020	2019
<b>(b) Units on issue</b>	<b>000</b>	<b>000</b>
Units on issue at the beginning of the year	85,951	85,951
Units issued	-	-
Units redeemed	-	-
<b>Units on issue at the end of the year</b>	<b>85,951</b>	<b>85,951</b>

The rights associated with the units are as follows:

- Units are of equal value;
- Units are entitled to a proportional share in the income of MAB International Retail Trust;
- Unitholders' liability is limited to equity invested;
- Unitholders participate in distribution and the proceeds on winding up of MAB International Retail Trust group in proportion to the number of units held;
- Unitholders are entitled to vote at meetings.

	\$	\$
<b>(c) Net assets attributable to unitholders per unit</b>	<b>0.21</b>	<b>0.28</b>
	\$'000	\$'000
<b>(d) Issue Equity</b>		
<b>Issued Equity at the end of the year</b>	<b>21,317</b>	<b>25,596</b>

When managing capital, management's objective is to ensure the Scheme provides unitholders with optimal returns through the effective management of the underlying assets of the Scheme.

**NOTE 18: RESERVES**

	2020	2019
	\$'000	\$'000
Foreign currency translation reserve	5,302	4,962
<b>Total reserves</b>	<b>5,302</b>	<b>4,962</b>

Foreign currency translation reserve relates to recording differences between the USD functional currency for operations of the Investment Assets, against the AUD presentational currency of the Scheme.

**NOTE 19: ACCUMULATED LOSSES**

	2020	2019
	\$'000	\$'000
Opening Balance	(6,455)	(5,483)
Net (Loss)/Profit	(578)	(972)
Distributions Paid/Payable	(1,467)	-
<b>Closing balance</b>	<b>(8,500)</b>	<b>(6,455)</b>

**NOTE 20: DISTRIBUTIONS**

	2020	2019
	\$'000	\$'000
<b>Interim distributions paid</b>		
August	5,673	-
February	-	6,876
Withholding Taxes paid in the United States	73	79
<b>Total interim distributions paid</b>	<b>5,746</b>	<b>6,955</b>
Provision for distribution payable June	-	-
<b>Total provision for distribution payable</b>	<b>-</b>	<b>-</b>

**NOTE 21: NOTES TO THE STATEMENT OF CASH FLOWS**

	2020	2019
	\$'000	\$'000
<b>(a) Reconciliation of net cash provided by operating activities to net profit</b>		
Net (Loss)/Profit	(578)	(972)
<i>Adjustments for;</i>		
Fair value movement on investment properties	739	(1,287)
Net foreign exchange gain/(loss)	-	9
Early Debt Repayment Costs classified as expenses	-	1,883
Net unrealised foreign exchange gain/(loss)	84	370
 Changes in assets and liabilities during the financial year		
(Decrease)/Increase in other payables	(46)	(185)
(Decrease)/Increase in other liabilities	(156)	(46)
(Decrease)/Increase in accrued expenses	(131)	(308)
Decrease/(Increase) in other current assets	236	516
Decrease/(Increase) in trade and other receivables	48	(18)
<b>Net cash (used in)/provided by operating activities</b>	<b>196</b>	<b>(38)</b>
 <b>(b) Reconciliation of cash</b>		
Cash Balance comprises		
<b>Closing cash balance</b>	<b>1,551</b>	<b>1,515</b>

The consolidated entity does not currently have access to any further debt facilities.

## NOTE 22: RELATED PARTIES

### Responsible Entity

The Responsible Entity of MAB International Retail Trust is MAB Funds Management Limited (ABN 36 098 846 701) whose immediate and ultimate holding company is MAB Corporation Pty Ltd (ABN 78 917 019 883).

#### (a) Responsible Entity Fees and Other Transactions

There were no Responsible Entity fees or other related party charges during the financial year.

#### (b) Related party investment held by the Scheme

The Scheme has no investment in the Responsible Entity at year end.

The Scheme has no investment in other schemes of which the MAB Funds Management Limited is also the Responsible Entity.

#### (c) Payables to Responsible Entity

As at 30 June 2020 the Scheme has no outstanding payables to the Responsible Entity (30 June 2019: \$8,530).

#### (d) Units in the Scheme held by related parties

Details of holdings in the Scheme by the Responsible Entity, directors, director related entities or other Schemes also managed by the Responsible Entity are set out as below:

	Number of units held '000	Fair Value of units held \$'000
<b>2020</b>		
Windyvale Pty Ltd	27,900	5,882
MRB Group No.49 Pty Ltd	28,080	5,919
Andrea Brisbane	23	5
Shadowfield Pty Ltd	17,642	3,719
Andrew Buxton & Geraldine Buxton A/C Jero Pty Ltd Superannuation Fund	1,073	226
Buxton Super Pty Ltd A/C A & G Buxton Superannuation Funds	684	144
<b>Related party total</b>	<b>75,402</b>	<b>15,895</b>
<b>2019</b>		
Windyvale Pty Ltd	27,900	7,824
MRB Group No.49 Pty Ltd	28,080	7,874
Andrea Brisbane	23	6
Shadowfield Pty Ltd	17,642	4,947
Andrew Buxton & Geraldine Buxton A/C Jero Pty Ltd Superannuation Fund	1,073	301
Buxton Super Pty Ltd A/C A & G Buxton Superannuation Funds	684	192
<b>Related party total</b>	<b>75,402</b>	<b>21,144</b>

### Other related party transactions

MAB Rosenthal LLC is a related party of MAB Funds Management Limited and has provided asset management services for the Company's properties. The aggregate amount paid by the Group to MAB Rosenthal LLC for these services during the year ended 30 June 2020 was \$165,416 (2019: \$257,909). Other liabilities include \$478,608 (2019: \$589,535) payable to MAB Rosenthal LLC for asset management fees at 30 June 2020. Under the arrangement with MAB Rosenthal LLC, a portion of the asset management fees is contingent on the profitability of the Company.

## NOTE 23: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities as at 30 June 2020 (30 June 2019: Nil)

**NOTE 24: SUBSEQUENT EVENTS**

There has been no matter or circumstance which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the Scheme, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the Scheme.

**NOTE 25: RESPONSIBLE ENTITY DETAILS**

The registered office of the Responsible Entity is:

Level 5

441 St Kilda Road

Melbourne VIC 3004

The principal place of business is:

Level 5

441 St Kilda Road

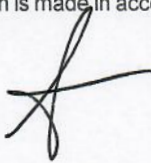
Melbourne VIC 3004

## DIRECTORS' OF RESPONSIBILITY ENTITY DECLARATION FOR THE YEAR ENDED 30 JUNE 2020

In the opinion of the directors of MAB Funds Management Limited, the Responsible Entity of the Scheme:

1. The financial statements and notes set out on pages 8 to 30 in accordance with the *Corporations Act 2001* and;
  - (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and
  - (b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
  - (c) Give a true and fair view of the financial position of the Scheme as at 30 June 2020 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date.
2. There are reasonable grounds to believe that the Scheme 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 Directors of the Responsible Entity, MAB Funds Management Limited.



Andrew Buxton  
Director  
MAB Funds Management Limited  
4 September 2020

MAB INTERNATIONAL RETAIL TRUST AND CONTROLLED ENTITIES  
ARSN 121 054 662

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
MAB INTERNATIONAL RETAIL TRUST AND CONTROLLED ENTITIES

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of MAB International Retail Trust and controlled entities, “the Scheme”, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ of the Responsible Entity declaration.

In our opinion, the accompanying financial report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Scheme’s financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*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 Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Professional Standards)* “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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Responsible Entity would be in the same terms if given to the directors as at the time of this auditor’s report.

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 (Non-going concern)*

We draw attention to the matters described in Note 1 in the Financial Report, which indicates that the non-going concern basis of accounting has been applied in the preparation of the financial report. The Directors of the Responsible Entity intend to sell and settle the remaining property assets before 30 June 2021, with final distribution and termination expected to be completed by 31 December 2021.

**MAB INTERNATIONAL RETAIL TRUST AND CONTROLLED ENTITIES  
ARSN 121 054 662**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
MAB INTERNATIONAL RETAIL TRUST AND CONTROLLED ENTITIES**

*Other Information*

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Directors' of the Responsible Entity report for the year ended 30 June 2020, 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.

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 the Directors of the Responsible Entity for the Financial Report*

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Responsible Entity are responsible for assessing the ability of the Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity either intend to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

*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.

**MAB INTERNATIONAL RETAIL TRUST AND CONTROLLED ENTITIES  
ARSN 121 054 662**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
MAB INTERNATIONAL RETAIL TRUST AND CONTROLLED ENTITIES**

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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.
- 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.
- Conclude on the appropriateness of the Directors' of the Responsible Entity use of the non-going concern basis of accounting, based on the audit evidence obtained.
- 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 the Directors of the Responsible Entity 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.

We also provide the Directors of the Responsible Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**N R BULL**  
Partner



**PITCHER PARTNERS**  
Melbourne

4<sup>th</sup> September 2020