



MAB International Retail Trust

ARSN 121 054 662

Responsible Entity

MAB Funds Management Limited

ABN 36 098 846 701

Interim financial report for the half-year ended 31 December 2020

This half-year report is to be read in conjunction with the financial report for the year ended 30 June 2020

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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DIRECTORS' OF RESPONSIBLE ENTITY REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The Directors of MAB Funds Management Ltd "the Responsible Entity", the Responsible Entity of the MAB International Retail Trust present their report together with the financial report for the MAB International Retail Trust and Controlled Entities. The financial report includes financial statements for the MAB International Retail Trust "Scheme" and Controlled Entities "Group". This financial report has been prepared in accordance with AASB 134 – *Interim Financial Reporting*.

Principal Activities

The Scheme is a Managed Investment Scheme domiciled in Australia. The principal activity of the Group during the financial period was property investment in the United States of America in accordance with the Scheme's constitution. At an Extraordinary General Meeting of unitholders, held on 22 December 2020, investors approved a recommendation to sell the remaining asset in the Scheme to a related party of the Responsible Entity. As a result of this the Scheme will proceed with the sale of the asset and winding up during 2021. The Scheme did not have any employees during the period.

The Scheme's investment is held via its 100% ownership of the units on issue 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 two 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 period are:

Name

Andrew Buxton
B Sc

Appointed 22 November 2001

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.

Michael Buxton
AAPI, MREI

Appointed 22 November 2001

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
B Sc, AAPI,
MRICS

Appointed 22 November 2001

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

Andrew Buxton See Bio above

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:

- 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.

The 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.

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.

Review of Operations

1. Financial Results

The result of the Group's operations and its performance were as follows:

	Half-year ended 31 December 2020 \$ '000	Half-year ended 31 December 2019 \$ '000
<i>Net (loss)/profit</i>	834	1,260
<i>Distributions paid and payable for the period</i>	-	5,667
<i>Changes in equity</i>	(1,155)	1,225
<i>Distribution – cents per unit</i>	-	6.60

Directors' of Responsible Entity Report (Continued)

Review of Operations (continued)

2. Value of Group's Assets

	31 December 2020	30 June 2020
	\$'000	\$'000
Total equity attributable to unitholders	16,964	18,119
Net tangible asset backing per unit	\$0.20	\$0.21

In accordance with Accounting Standards, the NTA has not been adjusted for transaction costs, early debt repayment penalties and leasing commissions that are capitalised to the Balance Sheet. Upon completing the sale of the final property asset and repayment of the debt, the items would be adjusted and result in a decrease of the Net Assets by \$1.7M or approximately \$0.02 per unit (30 June 2020: \$2.0M or \$0.023 per unit). The June 2020 adjustment has been increased by \$0.003 per unit to reflect a leasing commission asset recorded in the Balance Sheet that will not be recovered through the sale of the asset.

The decrease in Net Tangible Asset backing is primarily due to the strengthening AUD vs USD from 0.6863 to 0.7702 (approximately 2.0cpu) offset by an increase in the valuation of Eastfield Village by \$0.7M (approximately 1.0cpu).

Review of Operations

Business Overview

As at 31 December 2020, the Group had a total portfolio value of \$18.4M (US\$14.2M) comprising one grocery anchored retail centre in North Carolina.

Operational Overview

The Group recorded a net profit after tax of \$0.8M for the six months ended 31 December 2020 (2019: \$1.3M profit). This was driven by a \$0.7M increase in the valuation of Eastfield Village.

The investment property portfolio net rental income in USD (functional currency) increased by approximately 34% for the period, an AUD increase of 27%. The USD increase was primarily driven by property expenses in the prior half year relating to assets that were sold and which were not incurred in the current year.

When comparing on a like for like basis, the Eastfield Village asset net rental income increased in USD by 3% for the period due to expense reductions. This translated to an AUD decrease of 2% due to the AUD/USD exchange rate deteriorating from \$0.68 to \$0.72 over the period.

In the six months to 31 December 2020, the key portfolio activity included:

- A new lease was signed with Carolina Maes for 130.4m2.
- Lease extensions were signed with Dragon Champion now expiring in July 2025, Chai Bistro now expiring in November 2023, Paw's and Perms now expiring in December 2023.
- Golds Gym commenced trading from its new larger tenancy in August 2020 and at this time it vacated a former old tenancy.
- Unitholders approved a related party sale of Eastfield Village, Charlotte, for US\$16.8M at the Extraordinary General Meeting held on 22 December 2020. Settlement is expected to occur on or around 15 March 2021.

Property Valuations and Portfolio Metrics

Property Valuations

In determining the property values the Directors have considered a sales process that resulted in an executed contract of sale through an approved related party transaction.

The portfolio has been valued at USD\$14.2M (June 2020: \$13.5M), post adjustment of USD \$2.6M (June 2020: \$2.7M) for the unamortised value of the fit out incentive for Food Lion at Eastfield.

Directors' of Responsible Entity Report (Continued)

Review of Operations (continued)

Property Valuations and Portfolio Metrics (continued)

Investment Property Portfolio Metrics

- The capitalisation rate for the Investment Property portfolio as at 31 December 2020 was 7.23% (June 2020: 7.50%).
- The tenancy profile reflects 28.1% (June 2020: 28.3%) of income coming from the grocery based anchor tenant.
- 3.7% (June 2020: 9.1%) of the portfolio income is due to expire within twelve months from 31 December 2020.
- Vacancy as at 31 December 2020 is 12.3% (June 2020: 12.4%).

3. Capital Management

The property gearing decreased from 36.2% at June 2020 to 32.7% at December 2020, this was due to:

- \$0.7M increase in the property value resulting from an increase in the property value of Eastfield Village, and;
- \$1M decrease in Interest bearing debt following amortising loan repayments during the period and a movement in the foreign exchange rates from 0.6863 at 30 June 2020 to 0.7702 at 31 December 2020.

The Group has a weighted average debt maturity of 4.3 years as at 31 December 2020.

The Group's interest costs are fixed via the use of fixed rate loans.

4. Fund Strategy

Following the approved sale of the final asset, the Scheme will work towards winding up over the next 12 months.

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).

Auditor's Independence Declaration

A copy of the Auditor's independence declaration in relation to the half-year review for the period is provided with this report.

Signed in accordance with a resolution of the Directors.

Andrew Buxton
Director
MAB Funds Management Ltd
11 March 2021



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

In relation to the independent auditor's review for the half-year ended 31 December 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 period.



N R BULL
Partner

11 March 2021



PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 \$'000	31 Dec 2019 \$'000
INCOME			
Net rental income		739	584
Net gain from fair value movements of Investment Properties		679	1,520
Other revenue		3	3
TOTAL INCOME		1,421	2,107
EXPENSES			
Audit fees	3	62	82
Bad and Doubtful Debts		145	49
Custody, registry, accounting and legal fees		56	54
Finance costs		208	240
Asset management fee		70	83
Loss on Sale of Investment Properties		-	288
Other expenses		46	51
TOTAL EXPENSES		587	847
NET PROFIT/(LOSS) BEFORE TAX		834	1,260
Income tax expense		-	-
NET PROFIT/(LOSS)		834	1,260
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit and loss			
Movement in foreign currency translation reserve		(1,989)	(35)
TOTAL OTHER COMPREHENSIVE INCOME		(1,989)	(35)
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(1,155)	1,225

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	968	1,551
Trade and other receivables		266	320
Other current assets		3,993	4,592
Investments – Direct property	6	18,367	19,632
TOTAL CURRENT ASSETS		23,594	26,095
TOTAL ASSETS			
		23,594	26,095
CURRENT LIABILITIES			
Trade and other payables		106	309
Interest bearing liabilities	8	6,015	7,099
Other liabilities		509	568
TOTAL CURRENT LIABILITIES		6,630	7,976
TOTAL LIABILITIES			
		6,630	7,976
NET ASSETS		16,964	18,119
EQUITY			
Issued Equity		21,317	21,317
Accumulated Losses		(7,666)	(8,500)
Reserves		3,313	5,302
TOTAL EQUITY		16,964	18,119

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Equity \$'000	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
OPENING BALANCE 1 JULY 2020	21,317	(8,500)	5,302	18,119
Net Profit for period	-	834	-	834
Movement in foreign currency translation reserve	-	-	(1,989)	(1,989)
Total Comprehensive Income/(Loss) for the year	-	834	(1,989)	(1,155)
Transactions with owners in their capacity as owners				
Capital distributions paid and payable	-	-	-	-
CLOSING BALANCE 31 DECEMBER 2020	21,317	(7,666)	3,313	16,964

	Issued Equity \$'000	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
OPENING BALANCE 1 JULY 2019	25,596	(6,455)	4,962	24,103
Net Profit for period	-	1,260	-	1,260
Movement in foreign currency translation reserve	-	-	(35)	(35)
Total Comprehensive Income/(Loss) for the year	-	1,260	(35)	1,225
Transactions with owners in their capacity as owners				
Capital distributions paid and payable	(5,667)	-	-	(5,667)
CLOSING BALANCE 31 DECEMBER 2019	19,929	(5,195)	4,927	19,661

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 \$000's	31 Dec 2019 \$000's
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from operations		1,223	1,116
Cash payments from operations		(932)	(1,250)
Borrowing costs paid		(209)	(242)
Interest received		-	2
Net cash used in operating activities		82	(374)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for capital improvements to Investment Properties	6	(195)	(195)
Selling Costs paid		-	(288)
Proceeds from sale of Investment Property		-	6,987
Net cash provided by investing activities		(195)	6,504
CASH FLOW FROM FINANCING ACTIVITIES			
Distributions paid		-	(5,667)
Net Withholding Tax Refund/Payments		-	116
Repayment of borrowings		(332)	(332)
Net cash used in financing activities		(332)	(5,883)
Net increase/(decrease) in cash and cash equivalents		(445)	247
Cash and cash equivalents at the beginning of the year		1,551	1,515
Effect of exchange rate changes on cash and cash equivalents		(138)	200
Cash and cash equivalents at the end of the period		968	1,962

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

MAB International Retail Trust "the Scheme" and its Controlled Entities "Group" is a registered managed investment scheme under the *Corporations Act 2001*. The condensed interim financial report of the Group is for the half-year ended 31 December 2020.

The condensed interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Group as at and for the year ended 30 June 2020.

The half year report was authorised for issue by the Directors on 11 March 2021.

(a) Basis of preparation of the financial report

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, as appropriate regarding for-profit entities, and the *Corporations Act 2001*.

Compliance with *AASB 134*, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

The half-year 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.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2020 and the corresponding half-year.

The Directors of the Responsible Entity intend to settle the sale of the remaining property during March 2021, and distribute funds in excess of paying third party suppliers, and holding back sufficient funds to wind up the fund shortly thereafter. Once the fund has completed all required wind up procedures (including expiry of guarantees and warranties on the sale, for which the exposure is limited to USD\$350k), any funds remaining will be distributed to unitholders.

The sale of the final asset is to a related party of the Responsible Entity. The related party is controlled by two of the three Directors of the Responsible Entity. An Explanatory Memorandum setting out details of the proposed transaction and a recommendation was sent to investors on 30 November 2020. The recommendation was approved by unitholders at an Extraordinary General Meeting held on 22 December 2020.

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.

(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 power to influence the decision making of the entity, has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by MAB International Retail Trust as at 31 December 2020 and the results of all controlled entities for the period then ended. MAB International Retail Trust and its controlled entities together are referred to in this financial report as the consolidated entity.

Transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation.

Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of comprehensive income 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 consolidated entity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investments in Subsidiaries

The Scheme's investment is held via its 100% ownership of the units on issue 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 is an entity domiciled in the United States which owns 100% of the membership interests in two individual Limited Liability Companies which are also domiciled in the United States and invest directly in US retail property.

(d) Rounding of Amounts

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).

NOTE 2: ACCOUNTING STANDARDS NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, none of which are relevant to the Group.

NOTE 3: AUDITOR'S REMUNERATION

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Remuneration of the auditor of the Scheme for:		
- Auditing the financial report	11	17
Remuneration of the auditor of foreign subsidiaries:		
- Auditing the financial report	51	65
Total auditors remuneration	62	82

Costs associated with auditing the Group's financial statements were paid for by the Group for the half year ended 31 December 2020. The above audit and related service fees are for the entire Group.

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 provides the fair value classification of those assets and liabilities held by the Group that are measured either on a recurring or non-recurring basis at fair value.

Recurring fair value measurements

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
December 2020				
Assets				
Investment Property	-	18,367	-	18,367
June 2020				
Assets				
Investment Property	-	19,632	-	19,632

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

(a) Fair value hierarchy (Continued)

Non-Recurring fair value measurements

There are no non-recurring fair value assets or liabilities as at 31 December 2020 (2019: Nil).

(b) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value hierarchy during the period.

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

All level 2 fair value assets have been based on executed contracts of sale (June 2020: based on external valuation).

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

There are no level 3 fair value assets.

(f) Valuation processes used for level 3 fair value measurement

Following a contract of sale being entered into for Eastfield Village, no assets have been classified as level 3 fair value assets at 31 December 2020 (June 2020: Nil).

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

There are no level 3 fair value assets.

NOTE 5: CASH AND CASH EQUIVALENTS

	31 Dec 2020	30 Jun 2020
Cash at Bank	968	1,551
Closing Cash Balance	968	1,551

NOTE 6: INVESTMENT PROPERTIES

	31 Dec 2020	30 Jun 2020
(a) Investment in properties - Freehold properties	<u>\$'000</u>	<u>\$'000</u>
Carrying Value of investment properties	18,367	19,632
Movements in carrying amount of investment properties		
Opening Balance at 1 July	19,632	26,278
Capital Improvements	195	846
Sale of Properties	-	(7,140)
Foreign exchange movements	(2,139)	387
Fair value adjustment to investment properties	679	(739)
Closing balance at 31 December	18,367	19,632

The Group leases its investment property under operating leases. As at the end of the period the property was earning rental income. The investment property portfolio is provided as security against the interest bearing liabilities listed at Note 8.

NOTE 7: DISTRIBUTION PAYABLE

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Interim distributions paid		
October	-	5,667
Total interim distributions paid	-	5,667
Provision for distributions payable at 31 December	-	-
Total provision for distribution payable	-	-
Total distribution for the period	-	5,667

NOTE 8: INTEREST BEARING LIABILITIES

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Current interest bearing liabilities		
Interest bearing senior debt	6,015	7,099
Total current interest bearing liabilities	6,015	7,099
Total interest bearing liabilities	6,015	7,099

All interest bearing senior debt is secured via first mortgage over the remaining investment property.

NOTE 9: NET TANGIBLE ASSET BACKING PER UNIT

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Total equity at the end of the period	16,964	18,119
Units on issue	'000	'000
Units on issue as at beginning of the year	85,951	85,951
Units on issue as at the end of the year	85,951	85,951
	\$	\$
Net assets attributable to unitholders per unit	0.20	0.21

In accordance with Accounting Standards, the NTA has not been adjusted for transaction costs, early debt repayment penalties and leasing commissions that are capitalised to the Balance Sheet. Upon completing the sale of the final property asset and repayment of the debt, the items would be adjusted and result in a decrease of the Net Assets by \$1.7M or approximately \$0.02 per unit (30 June 2020: \$2.0M or \$0.023 per unit). The June 2020 adjustment has been increased by \$0.003 per unit to reflect a leasing commission asset recorded in the Balance Sheet that will not be recovered through the sale of the asset.

NOTE 10: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities as at 31 December 2020 (June 2020: nil).

NOTE 11: SEGMENT INFORMATION

The Group's operation consists of direct investments in United States of America property.

NOTE 12: SUBSEQUENT EVENTS

On 8th February 2021 the Scheme entered into a contract of sale for the final property, Eastfield Village Shopping Centre. The sale is for a price of USD\$16.8M, on terms consistent with the explanatory memorandum distributed to investors on 30 November 2020.

A payment of USD\$121k was made on 5 March 2021, to extinguish the interests of US based shareholders in MAB American Property REIT Inc. that were initially required to meet one of the qualification requirements of electing to be a US REIT and as was disclosed in the Product Disclosure Statement dated 17 January 2007.

There has been no other matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme.

DIRECTORS' OF RESPONSIBILITY ENTITY DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors declare that the financial statements and notes set out on pages 6 to 13, are in accordance with the *Corporations Act 2001* and;

- (a) Comply with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*, and
- (b) Give a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance as represented by the results of its operations and its cash flows for the financial period ended on that date.

There are reasonable grounds to believe that the Group 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
11 March 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MAB International Retail Trust "the Scheme" and its controlled entities, "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit and loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

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 half-year financial report. The Directors of the Responsible Entity for the Scheme intend to settle the remaining property during the 12 months ended 31 December 2021 and make the final distributions before this date, with final termination expected to be completed by 31 December 2021, pending expiry of all guarantees and warranties associated with the sale of the properties. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year 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 determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



N R BULL
Partner



PITCHER PARTNERS
Melbourne

11 March 2021