



# **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 2021**

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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## DIRECTORS' OF RESPONSIBLE ENTITY REPORT FOR THE YEAR ENDED 30 JUNE 2021

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. During the current year the Scheme sold its final property asset and commenced the process of liquidation. The Scheme did not have any employees during the year.

### 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 39 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

Refer above for Andrew Buxton's biography.

### Review of Operations and Results

The Scheme recorded a net profit after tax of \$2.3M for the year ended 30 June 2021 (2020: \$0.6M loss), this was primarily driven by foreign exchange gains of \$3.1M recognised upon liquidation of MAB American Property REIT on 30 June 2021.

In the year ended 30 June 2021, the key portfolio activity included:

- Unitholders approved a related party sale of Eastfield Village, Charlotte, for US\$16.8M at the Extraordinary General Meeting held on 22 December 2020. Unitholders were advised to expect settlement of the sale to occur at around 15 March 2021.
- Following settlement on 19 March 2021 and finalisation of the required US documentation, a distribution of \$0.17 per unit was made to unitholders on 9 April 2021.

### Capital Management

The Scheme repaid its final debt facility in March following the settlement of Eastfield Village and it had no interest bearing debt at 30 June 2021. At 30 June 2020 the scheme had interest bearing debt of \$7.1M (USD\$4.9M)

### Distributions

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

	2021 \$'000	2021 \$ per unit	2020 \$'000	2020 \$ per unit
Interim income distribution paid	-	-	1,467	0.017
Interim capital distribution paid	14,612	0.170	4,279	0.050
Final income distribution payable	-	-	-	-
Final capital distribution payable	-	-	-	-
<b>Total Distribution</b>	<b>14,612</b>	<b>0.170</b>	<b>5,746</b>	<b>0.067</b>

### Units on Issue

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

	2021 000's	2020 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

	2021 \$'000	2020 \$'000
<b>Value of total scheme assets as at 30 June</b>	<b>584</b>	<b>26,095</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 2021 was \$97,261 (2020: \$165,416). Following the payment of all accrued asset management fees to MAB Rosenthal LLC in June 2021 there is no liability recorded on the Financial Statements (2020: \$478,608).

## 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>2021</b>		
Windyvale Pty Ltd	27,900	172
MRB Group No.49 Pty Ltd	28,080	173
Andrea Brisbane	23	-
Shadowfield Pty Ltd	17,642	109
Andrew Buxton & Geraldine Buxton A/C Jero Pty Ltd Superannuation Fund	1,073	7
Buxton Super Pty Ltd A/C A & G Buxton Superannuation Funds	684	4
<b>Related party total</b>	<b>75,402</b>	<b>465</b>
<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>

### 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

During the financial year the scheme settled the final property within the portfolio and started a liquidation process. The Directors are anticipating this process to be completed during the year ending 30 June 2022.

### After Balance Date Events

On 6 July 2021 the Scheme formally notified ASIC and its Unitholders that it had commenced the termination process, with advertising of this process being completed during August 2021.

Other than noted above, there has been no matter or circumstance which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the Scheme, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, of the Scheme.

### Likely Developments

In line with recent investor communications, the Scheme will look to liquidate 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.

## Directors' of Responsible Entity Report (Continued)

### 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.

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.

### 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 2021. 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 2021. 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

23 September 2021

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 2021, 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  
23 September 2021



PITCHER PARTNERS  
Melbourne



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

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
<b>INCOME</b>			
Net rental income	6	521	1,380
Net gain from fair value movements of Investment Properties	12	700	-
Foreign Exchange Gain <sup>1</sup>		3,123	-
Other revenue	7	3	230
<b>TOTAL INCOME</b>		<b>4,347</b>	<b>1,610</b>
<b>EXPENSES</b>			
Audit fees	8	100	150
Bad Debt and Rental Abatements		189	106
Custody, accounting and legal fees		168	139
Finance costs		1,257	479
Asset management fee		98	166
Net loss from fair value movements of Investment Properties	12	-	739
Loss on Sale of Investment Assets		80	289
Other expenses		129	120
<b>TOTAL EXPENSES</b>		<b>2,021</b>	<b>2,188</b>
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		<b>2,326</b>	<b>(578)</b>
Income tax expense	16	-	-
<b>NET PROFIT/(LOSS)</b>		<b>2,326</b>	<b>(578)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified to profit and loss			
Movement in foreign currency translation reserve		(5,302)	340
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(5,302)</b>	<b>340</b>
<b>COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(2,976)</b>	<b>(238)</b>

1 Foreign exchange gain includes realised gains from the liquidation of MAB American Property REIT. These balances were previously recognised through Other Comprehensive Income.

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2021

	Note	2021 \$'000	2020 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		562	1,551
Trade and other receivables	9	-	320
Other current assets	11	22	4,592
Investments – Direct property	12	-	19,632
<b>TOTAL CURRENT ASSETS</b>		<b>584</b>	<b>26,095</b>
<b>TOTAL ASSETS</b>			
		<b>584</b>	<b>26,095</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	53	309
Interest bearing liabilities	15	-	7,099
Other liabilities	14	-	568
<b>TOTAL CURRENT LIABILITIES</b>		<b>53</b>	<b>7,976</b>
<b>TOTAL LIABILITIES</b>			
		<b>53</b>	<b>7,976</b>
<b>NET ASSETS</b>			
		<b>531</b>	<b>18,119</b>
<b>EQUITY</b>			
Issued Equity	17(d)	6,705	21,317
Accumulated Losses	19	(6,174)	(8,500)
Reserves	18	-	5,302
<b>TOTAL EQUITY</b>		<b>531</b>	<b>18,119</b>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued Equity \$'000	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
<b>OPENING BALANCE 1 JULY 2020</b>	21,317	(8,500)	5,302	18,119
Net Profit for period	-	2,326	-	2,326
Movement in foreign currency translation reserve	-	-	(5,302)	(5,302)
<b>Total Comprehensive Income for the year</b>	-	2,326	(5,302)	(2,976)
<b>Transactions with owners in their capacity as owners</b>				
Capital distributions paid and payable	(14,612)	-	-	(14,612)
<b>CLOSING BALANCE 30 JUNE 2021</b>	<b>6,705</b>	<b>(6,174)</b>	<b>-</b>	<b>531</b>

	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>

The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASHFLOWS

### FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$000's	2020 \$000's
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from operations		1,335	2,538
Cash payments from operations		(1,374)	(1,863)
Borrowing costs paid		(303)	(483)
Interest received		3	4
<b>Net cash provided by/(used in) by operating activities</b>	21(a)	<b>(339)</b>	<b>196</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for capital improvements to Investment Properties	12	(199)	(846)
Selling Costs paid		(80)	(289)
Proceeds from sale of Investment Property	12	21,669	7,140
<b>Net cash provided by investing activities</b>		<b>21,390</b>	<b>6,005</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Distributions paid		(14,612)	(5,327)
Net Withholding Taxes Paid		-	(249)
Repayment of borrowings		(6,249)	(682)
Early debt repayment fees paid		(987)	-
<b>Net cash used in financing activities</b>		<b>(21,848)</b>	<b>(6,258)</b>
Net decrease in cash and cash equivalents		(797)	(57)
Cash and cash equivalents at the beginning of the year		1,551	1,515
Effect of exchange rate changes on cash and cash equivalents		(192)	93
<b>Cash and cash equivalents at the end of the year</b>		<b>562</b>	<b>1,551</b>

The accompanying notes form part of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 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 6 July 2021.

The Directors of the Responsible Entity have sold and settled the last remaining property assets during the 12 months ending 30 June 2021, with the termination of the scheme 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 23 September 2021.

##### *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.

##### (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 2021 and the results of all controlled entities for the year ended 30 June 2021. 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 invested in an entity located in the United States of America that may be subject to certain state, federal and local taxes on its income and property. 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.

(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, 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.

(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 owned 100% of the ordinary shares on issue in MAB American Property REIT Inc until it was liquidated on 30 June 2021. MAB American Property REIT Inc. was an entity domiciled in the United States which owned Limited Liability Companies investing 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.



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

### (m) Foreign currency translation (continued)

#### (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).

#### 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 2021

No new or revised accounting standards are expected to have a material impact on the financial statements of the Scheme as it is forecast for liquidation by 30 June 2022.

### (p) Accounting Standards Issued But Not Yet Effective 30 June 2021

No Accounting Standard Issued but Not Yet Effective is expected to have a material impact on the financial statements of the Scheme as it is forecast for liquidation by 30 June 2022.

### (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).

### (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

	2021	2020
	\$'000	\$'000
<b><i>Income Statement information</i></b>		
Net loss attributable to members of the parent entity	(2,976)	(241)
<b><i>Comprehensive loss information</i></b>		
Total comprehensive loss attributable to members of the parent entity	(2,976)	(241)
<b><i>Balance Sheet information</i></b>		
Current assets	564	18,163
Total assets	564	18,163
Current liabilities	33	44
Total liabilities	33	44
<b>Net Assets</b>	<b>531</b>	<b>18,119</b>
Equity attributable to members of the parent entity		
Contributed equity	6,746	21,358
Accumulated losses	(6,215)	(3,239)
<b>Total Equity</b>	<b>531</b>	<b>18,119</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 2021.

### (e) Contractual capital commitments

MAB International Retail Trust does not have any contractual capital commitments as at 30 June 2021.

### 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

During the current year the Scheme sold its final property asset and is no longer subject to Market Price Risk.

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

All of The Scheme's cash and cash equivalents are at variable 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(i) Financial assets</b>										
Cash and Cash equivalents	0.10	0.20	-	-	-	-	562	1,551	562	1,551
Receivables			-	320	-	-	-	-	-	320
<b>Total Financial Assets</b>			-	320	-	-	562	1,551	562	1,871
<b>(ii) Financial liabilities</b>										
Payables			53	309	-	-	-	-	53	309
Borrowings	-	6.18	-	-	-	7,099	-	-	-	7,099
<b>Total Financial Liabilities</b>			53	309	-	-	-	-	53	7,408

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).

##### (iii) Currency Risk

Following the liquidation of the Schemes foreign subsidiary it is no longer subject to Currency Risk.

##### (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. 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			
		-0.1%		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	562	(1)	-	3	-	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	22	-	-	-	-	-	-	-	-	-	-	-	-
Investments – Direct property	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>													
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables	(53)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total increase / (decrease) June 2020</b>		<b>(1)</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 2019</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>

Negative bank interest sensitivity has been completed on a decrease of 0.1% as the Weighted Average bank interest for the year ending 30 June 2021 is at 0.1% (2020: 0.2%).

There is no Investment price risk sensitivity as all assets have been sold (2020: calculated on the market valuation of the property USD\$16.2M, (AUD\$23.6M)).

There is no Foreign exchange risk sensitivity, as no Foreign denominated assets exist following the liquidation of MAB American Property REIT Inc on 30 June 2021 (2020: 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 2021 the maximum credit risk was \$562,124.

No exposure to credit risk in respect to trade and other receivables exists at 30 June 2021.

Cash and cash equivalents are also exposed to credit risk totalling \$562,124. Risk is minimised by cash deposits in Australia being held with major Australian banks or their subsidiaries. No cash deposits are held in America as at 30 June 2021.

**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 require any debt facilities following repayment of the final facility on 19 March 2021.

Maturity analysis

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

Year ended 30 June 2021	< 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	-	-	-	-	-	-
Trade and other payables	53	-	-	-	53	53
Net maturities	53	-	-	-	53	53

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
Net maturities	658	360	6,390	-	7,408	7,408

(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, 2021 and 2020:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>June 2021</b>				
<b>Assets</b>				
Investment Property	-	-	-	-
<b>June 2020</b>				
<b>Assets</b>				
Investment Property	-	19,632	-	19,632

(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

There are no level two assets as at 30 June 2021 (2020: valuation 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.

**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.

**NOTE 6: NET RENTAL INCOME**

	2021	2020
	\$'000	\$'000
Property Rental Income	1,019	2,204
<i>less</i>		
Property Expenses	(498)	(824)
<b>Net property income</b>	<b>521</b>	<b>1,380</b>

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

**NOTE 7: OTHER INCOME**

	2021	2020
	\$'000	\$'000
Interest Income	3	4
Other Income	-	226
<b>Total other income</b>	<b>3</b>	<b>230</b>

**NOTE 8: AUDITOR'S REMUNERATION**

	2021	2020
	\$'000	\$'000
<b>Remuneration of the auditor of the Scheme for:</b>		
- Auditing the financial report	23	27
- Other regulatory audit services	17	17
<b>Remuneration of the auditor of foreign subsidiaries:</b>		
- Auditing the financial report	60	106
<b>Total auditors remuneration</b>	<b>100</b>	<b>150</b>

Costs associated with auditing the Scheme's financial statements were paid for by the Scheme for the year ended 30 June 2021. The above audit and related service fees are for the entire Scheme.

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

	2021	2020
	\$'000	\$'000
Rent receivables	-	230
Other receivables	-	216
<b>Total trade and other receivables (pre provision for impairment)</b>	<b>-</b>	<b>446</b>
Balance 1 July	(126)	(26)
Amounts written off	(189)	(106)
Impairment recognised	315	6
<b>Provision for impairment</b>	<b>-</b>	<b>(126)</b>
<b>Total trade and other receivables</b>	<b>-</b>	<b>320</b>

Rent receivables ageing analysis at 30 June is:

	Gross 2021 \$'000	Impairment 2021 \$'000	Gross 2020 \$'000	Impairment 2020 \$'000
Not past due	-	-	63	15
Past due 31-60 days	-	-	59	29
Past due 61-90 days	-	-	20	6
Past due more than 91 days	-	-	88	76
<b>Total</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>126</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

The scheme currently has no Finance Leases (30 June 2020: Scheme had no Finance Leases).

(b) Operating lease arrangements

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

	2021 \$'000	2020 \$'000
Within 1 year	-	2,316
1 - 2 years	-	2,072
2 - 3 years	-	1,674
3 - 4 years	-	1,414
4 - 5 years	-	1,300
Later than 5 years	-	12,562
<b>Total non-cancellable future rents</b>	<b>-</b>	<b>21,338</b>

**NOTE 11: OTHER CURRENT ASSETS**

	2021 \$'000	2020 \$'000
Withholding Tax Receivable from IRS	5	13
Prepaid expenses	17	604
Other Assets	-	3,975
<b>Total other current assets</b>	<b>22</b>	<b>4,592</b>

**NOTE 12: INVESTMENT PROPERTIES**

	2021	2020
	\$'000	\$'000
(a) Investment in properties - Freehold properties		
Carrying Value of investment properties	-	19,632

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 final property was sold during the year ending 30 June 2021 (30 June 2020: valuation was based on an independent third party valuation).

<u>Movements in carrying amount of property investments</u>		
Opening Balance at 1 July	19,632	26,278
Capital Improvements	199	846
Reclassification of Other Assets to Property Assets	3,975	-
Asset Sales	(21,669)	(7,140)
Foreign exchange movements	(2,837)	387
Fair value adjustment to investment properties	700	(739)
<b>Closing balance at 30 June</b>	<b>-</b>	<b>19,632</b>

(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)**

	2021	2020
	\$'000	\$'000
Amounts payable to others	-	20
Accrued Expenses	53	289
<b>Total trade and other payables</b>	<b>53</b>	<b>309</b>

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

	2021	2020
	\$'000	\$'000
Security Liabilities	-	88
Other Liabilities - Related party	-	480
<b>Total other payables</b>	<b>-</b>	<b>568</b>

**NOTE 15: INTEREST BEARING LIABILITIES**

	2021	2020
	\$'000	\$'000
<b>Current interest bearing liabilities</b>		
Interest bearing senior debt	-	7,099
<b>Total current interest bearing liabilities</b>	<b>-</b>	<b>7,099</b>
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>7,099</b>



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

	2021	2020
	\$'000	\$'000
<i>Reconciliation of income tax expenses to prima facie tax payable</i>		
Profit/(loss) from operations before income tax expense	2,326	(578)
Income tax calculated at 30%	698	(173)
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	(937)	-
Recognition/(Utilisation) of carried forward losses not eligible to be classified as deferred tax assets	239	(49)
<b>Income Tax Expense</b>	<b>-</b>	<b>-</b>

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

	2021	2020
	\$'000	\$'000
<i>(a) Changes in equity during the year</i>		
Net assets attributable to unitholders at the beginning of the year	18,119	24,103
Changes in net assets attributable to unitholders	(2,976)	(1,705)
Capital distributions paid and payable	(14,612)	(4,279)
<b>Equity as at the end of the year</b>	<b>531</b>	<b>18,119</b>
<i>(b) Units on issue</i>		
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.

	\$	\$
<i>(c) Net assets attributable to unitholders per unit</i>	0.006	0.211
<i>(d) Issued Equity</i>		
<b>Issued Equity at the end of the year</b>	<b>6,705</b>	<b>21,317</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**

	2021	2020
	\$'000	\$'000
Foreign currency translation reserve	-	5,302
<b>Total reserves</b>	<b>-</b>	<b>5,302</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. No assets are denominated in foreign currency at 30 June 2021.

Following the liquidation of MAB American Property REIT, all US denominated assets were realised by 30 June 2021. As a result the above reserve was fully realised and written off as at this date through Other Comprehensive Income.

**NOTE 19: ACCUMULATED LOSSES**

	2021	2020
	\$'000	\$'000
Opening Balance	(8,500)	(6,455)
Net (Loss)/Profit	2,326	(578)
Distributions Paid/Payable	-	(1,467)
<b>Closing balance</b>	<b>(6,174)</b>	<b>(8,500)</b>

**NOTE 20: DISTRIBUTIONS**

	2021	2020
	\$'000	\$'000
<b>Interim distributions paid</b>		
August		5,673
April	14,612	-
Withholding Taxes paid in the United States	-	73
<b>Total interim distributions paid</b>	<b>14,612</b>	<b>5,746</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**

	2021	2020
	\$'000	\$'000
<b>(a) Reconciliation of net cash provided by operating activities to net profit</b>		
Net Profit/(Loss)	2,326	(578)
<i>Adjustments for:</i>		
Fair value movement on investment properties	(700)	739
Net unrealised foreign exchange gain	-	84
Net foreign exchange gain	(3,123)	-
Financing Costs classified as an expense	987	-
Investing Costs classified as an expense	80	-
Changes in assets and liabilities during the financial year		
(Decrease)/Increase in other payables	(20)	(46)
(Decrease)/Increase in other liabilities	(568)	(156)
(Decrease)/Increase in accrued expenses	(236)	(131)
Decrease/(Increase) in other current assets	595	236
Decrease/(Increase) in trade and other receivables	320	48
Borrowing costs capitalised in interest bearing liabilities	-	-
<b>Net cash (used in)/provided by operating activities</b>	<b>(339)</b>	<b>196</b>
<b>(b) Reconciliation of cash</b>		
Cash Balance comprises		
Cash at bank	562	1,551
<b>Closing cash balance</b>	<b>562</b>	<b>1,551</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

During the financial year, there were no Responsible Entity fees and other related party charges were paid to MAB Rosenthal as noted below.

#### (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 2021 the Scheme has no outstanding payables to the Responsible Entity (30 June 2020: Nil).

#### (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>2021</b>		
Windyvale Pty Ltd	27,900	172
MRB Group No.49 Pty Ltd	28,080	173
Andrea Brisbane	23	-
Shadowfield Pty Ltd	17,642	109
Andrew Buxton & Geraldine Buxton A/C Jero Pty Ltd Superannuation Fund	1,073	7
Buxton Super Pty Ltd A/C A & G Buxton Superannuation Funds	684	4
<b>Related party total</b>	<b>75,402</b>	<b>465</b>
<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>

### Other related party transactions

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 2021 was \$97,261 (2020: \$165,416). Following the payment of all accrued asset management fees to MAB Rosenthal LLC in June 2021 there is no liability recorded on the Financial Statements (2020: \$478,608).

## NOTE 23: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities as at 30 June 2021 (30 June 2020: Nil)

**NOTE 24: SUBSEQUENT EVENTS**

On 6 July 2021 the Scheme formally notified ASIC and its Unitholders that it had commenced the termination process, with advertising of this process being completed during August 2021.

Other than noted above, there has been no matter or circumstance which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the Scheme, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, 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 2021

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 7 to 26 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 2021 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  
23 September 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**

**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 2021, 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 2021 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 sold and settled the remaining property assets during the 12 months ending 30 June 2021, with the termination of the scheme 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 2021, 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

23 September 2021