



MAB Diversified Property Trust

ARSN 103 463 467

Responsible Entity

MAB Funds Management Limited

ABN 36 098 846 701

**Final financial report
for the period ended
31 January 2017**

This report is to be read in conjunction with the financial report for the year ended 30 June 2016

FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2017

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DIRECTORS' OF RESPONSIBLE ENTITY REPORT FOR THE PERIOD ENDED 31 JANUARY 2017

The directors of MAB Funds Management Ltd ("Responsible Entity"), the Responsible Entity of the MAB Diversified Property Trust ("the Scheme") present their report together with the financial report of the Scheme for the period ended 31 January 2017 and the auditors' independent audit report thereon. 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 accordance with the Scheme's constitution.

In accordance with investor communications all remaining distributions were paid to investors on 20 December 2016, termination of the Scheme is expected to be finalised by 8 February 2017.

Directors

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

Name

Andrew Buxton B Sc	<p>Appointed 22 November 2001</p> <p>Experience and special responsibilities</p> <p>Andrew Buxton is the co-founder of MAB Corporation, establishing the organisation with his brother Michael Buxton in 1995.</p> <p>Andrew has a Bachelor of Civil Engineering from the University of Melbourne, and has since gained over 30 years in the property development industry. Before diversifying into property, Andrew headed Associated Quarries and Asphalts Group as co-Managing Director.</p> <p>With Michael, Andrew has led some of Victoria's most visionary projects, including NewQuay at Docklands and University Hill in Bundoora. In 2004 they embarked on their greatest challenge with joint venture partner, Gibson Property Corporation, to develop Victoria's largest fully masterplanned community.</p>
Michael Buxton AAPI, MREI	<p>Appointed 22 November 2001</p> <p>Experience and special responsibilities</p> <p>Michael Buxton has over 43 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 Australia. 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.</p>
Nicholas Gray B Sc, AAPI, MRICS	<p>Appointed 22 November 2001</p> <p>Experience and special responsibilities</p> <p>Nicholas Gray has 41 years of experience in the property industry, the last 35 of which have been in property investment and funds management. He is responsible for the overall management of the Trust'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.</p> <p>Nicholas is also a member of the Compliance Committee.</p>

Directors' of Responsible Entity Report (Continued)

Company Secretary

Mick Brennan

Experience and special responsibilities

B Com

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

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

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

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

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

Paul Wheeler

Mr. Wheeler has more than 41 years' experience of property consultancy, valuations and estate agency in Victoria and the United Kingdom. His contribution to the real estate sector includes ten years on the Victorian Board of the Property Council of Australia and a similar period on the Victorian Committee of the Australian Property Institute. Paul obtained an MA in Land Economy from Cambridge University, is a Fellow of the Royal Institution of Chartered Surveyors and is a Life Fellow of the Australian Property Institute. He has satisfied ASIC PS 146 compliance requirements and has acted as a responsible officer for an ASIC licensed responsible entity.

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

Directors' of Responsible Entity Report (Continued)

Review of Operations & Financial Results

1. Financial Results

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

	Period ended 31 Jan 2017 \$	Half-year ended 31 Dec 2015 \$
<i>Net profit</i>	(117,351)	2,435,518
<i>Distributions paid and payable for the period</i>	(341,143)	(24,633,844)
<i>Changes in equity</i>	(458,494)	(22,198,366)
<i>Distribution – cents per unit</i>	0.52 cpu	37.40 cpu

2. Value of Scheme's Assets

	31 January 2017 \$	30 June 2016 \$
Total equity attributable to unitholders	-	458,494
Net tangible asset backing per unit	-	\$0.007

3. Review of Operations

Business Overview

During the year the Scheme directors continued the process of terminating the Scheme. The following has occurred in the period ended 31 January 2017:

- Advertising of the Scheme termination has been completed; no creditor claims were received from this process.
- Final distribution of 0.52 cents per unit paid to investors on 20 December 2016.

The notice of unit termination is expected on 8 February 2017 following the completion of the final financial statements.

Operational Overview

The Scheme recorded a net loss after tax of \$117,351 for the period ended 31 January 2017 (6 months to December 2015: \$2.4 million profit).

4. Capital Management

As at 31 January 2017, the Scheme had no interest bearing debt.

5. Fund Strategy

The Scheme is expected to be terminated by 8 February 2017.

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the directors.



Andrew Buxton
Director
MAB Funds Management Ltd
8 February 2017

MAB DIVERSIFIED PROPERTY TRUST
ARSN 103 463 467

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MAB DIVERSIFIED PROPERTY TRUST

In relation to the independent audit for the period ended 31 January 2017, 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 any applicable code of professional conduct.



N R BULL
Partner

9 February 2017



PITCHER PARTNERS
Melbourne

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JANUARY 2017

	Note	31 January 2017 \$	31 December 2015 \$
INCOME			
Property rental revenue		-	2,528,233
Interest income		22,514	23,241
Net gain from fair value movements in investment properties		-	2,553,716
TOTAL INCOME		22,514	5,105,190
EXPENSES			
Direct property expenses		102,882	1,455,737
Audit fees	3	13,937	12,148
Custody, registry and accounting fees		8,546	64,078
Finance costs		-	90,499
Responsible entity fees		1,157	94,570
Loss on disposal		-	873,199
Other expenses		13,343	79,441
TOTAL EXPENSES		139,865	2,669,672
NET OPERATING PROFIT/(LOSS) BEFORE TAX		(117,351)	2,435,518
Income tax expense		-	-
NET PROFIT/(LOSS)		(117,351)	2,435,518
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to Profit and Loss</i>			
Changes in the fair value of cash flow hedges		-	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		(117,351)	2,435,518

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2017

	Note	31 January 2017 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		-	577,905
Trade and other receivables		-	105,102
Investments – Direct property	5	-	-
TOTAL CURRENT ASSETS		-	683,007
TOTAL ASSETS		-	683,007
CURRENT LIABILITIES			
Trade and other payables		-	224,513
TOTAL CURRENT LIABILITIES		-	224,513
TOTAL LIABILITIES		-	224,513
NET ASSETS		-	458,494
EQUITY			
Issued equity		-	65,866
Accumulated losses		-	392,628
TOTAL EQUITY		-	458,494

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2017

	Issued Equity	Retained Earnings	Total Equity
	\$	\$	\$
OPENING BALANCE 1 JULY 2016	65,866	392,628	458,494
Net loss for period	-	(117,351)	(117,351)
Total comprehensive loss for the year	-	(117,351)	(117,351)
Transactions with owners in their capacity as owners:			
Distributions paid / payable	(65,866)	(275,277)	(341,143)
CLOSING BALANCE 31 JANUARY 2017	-	-	-

	Issued Equity	Retained Earnings	Total Equity
	\$	\$	\$
OPENING BALANCE 1 JULY 2015	43,944,830	(4,209,734)	39,735,096
Net profit for period	-	2,435,518	2,435,518
Total comprehensive income for the year	-	2,435,518	2,435,518
Transactions with owners in their capacity as owners:			
Distributions paid / payable	-	(24,633,884)	(24,633,884)
CLOSING BALANCE 31 DECEMBER 2015	43,944,830	(26,408,100)	17,536,730

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 31 JANUARY 2017

	31 January 2017 \$	31 December 2015 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Net rental income received	91,054	1,562,831
Interest received	22,513	23,241
Other expenses	(350,329)	(497,637)
Net cash provided by operating activities	(236,762)	1,088,435
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds on sale of properties	-	28,884,979
Property marketing costs	-	(54,484)
Capital expenditure on investment properties	-	(46,000)
Net cash used in investing activities	-	28,784,495
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing costs paid	-	(119,778)
Repayment of borrowings	-	(5,668,209)
Net cash used in financing activities	-	(5,787,987)
CASH FLOW FROM UNITHOLDER ACTIVITIES		
Distribution paid	(341,143)	(26,148,802)
Net cash used in unitholder activities	(341,143)	(26,148,802)
Net decrease in cash and cash equivalents	(577,905)	(2,063,859)
Cash and cash equivalents at beginning of period year	577,905	2,726,820
Cash and cash equivalents at end of the period year	-	662,961

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

MAB Diversified Property Trust ("the Scheme") is a registered managed investment Scheme under the *Corporations Act 2001*. The condensed final financial report of the Scheme is for the period ended 31 January 2017.

The condensed financial report is a general purpose financial report which has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed final 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 Scheme as at and for the year ended 30 June 2016.

The final financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2016.

The final report was authorised for issue by the directors on 8 February 2017.

(a) Basis of preparation of the financial report

This condensed consolidated final financial report has been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting*, as appropriate for 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 final 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 final financial report are consistent with those of the annual financial report for the year ended 30 June 2016 and the corresponding period.

(b) Going Concern

The financial report has been prepared using a liquidation basis of accounting, all unitholder distributions have been paid and termination of the Scheme is expected to occur by 8 February 2017.

The liquidation basis of accounting which means the following:

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

(c) Comparatives

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

(d) Unsettled Funds

As at 31 January 2017 some unitholder distributions remain unpaid due to the unitholder being uncontactable at the time of the distribution. A Deed Poll has been executed transferring this liability and the associated funds to MAB Funds Management Limited.

NOTE 2: ACCOUNTING STANDARDS NOT YET EFFECTIVE

It is not expected that any Standards that are not yet effective will significantly impact the Scheme's financial statements.

NOTE 3: AUDITOR'S REMUNERATION

	31 January 2017 \$	31 December 2015 \$
Remuneration of the auditor of the Scheme for:		
Auditing the financial report	13,000	11,000
Other services	937	1,148
Total auditor's remuneration	13,937	12,148

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.

There were no assets or liabilities carried at fair value as of January 31, 2017 or June 30, 2016:

NOTE 5: INVESTMENT PROPERTY

All investment properties were sold prior to 30 June 2016, as a result no investment property was held by the Scheme as at 31 January 2017 or 30 June 2016.

NOTE 6: DISTRIBUTIONS

	31 January 2017 \$	31 December 2015 \$
Income distributions paid		
September	-	461,062
December (final distribution in period ended 31 January 2017)	341,143	23,711,760
Total interim income distributions paid	341,143	24,172,822
Provision for final income distribution payable - December	-	461,062
Total provision for distributions payable	341,143	461,062
Total distribution for the period	341,143	24,633,844

NOTE 7: NET ASSETS BACKING PER UNIT

	31 January 2017 \$	30 June 2016 \$
Total equity at the end of the period	-	458,494
Units on issue		
Units on issue as at beginning of the period	65,866,000	65,866,000
Units on issue as at the end of the period	65,866,000	65,866,000
Net assets attributable to unitholders per unit	-	0.007

NOTE 8: SEGMENT INFORMATION

The Scheme's operation consists of direct investments in Australian property.

NOTE 9: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 31 January 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 January 2017, of the Scheme, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 January 2017, of the Scheme.

DIRECTORS' OF THE RESPONSIBILITY ENTITY DECLARATION FOR THE PERIOD ENDED 31 JANUARY 2017

The directors declare that the financial statements and notes set out on pages 5 to 11, 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 Scheme as at 31 January 2017 and of its performance as represented by the results of its operations and its cash flows, for the period ended on that date.

In the directors' opinion there are reasonable grounds to believe that MAB Diversified Property Trust 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.



Andrew Buxton
Director
MAB Funds Management Ltd
8 February 2017

MAB DIVERSIFIED PROPERTY TRUST
ARSN 103 463 467

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MAB DIVERSIFIED PROPERTY TRUST

We have audited the accompanying financial report of MAB Diversified Property Trust “the Trust”, which comprises the statement of financial position as at 31 January 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ of the responsible entity’s declaration.

Directors’ of the Responsible Entity’s Responsibility for the Financial Report

The directors of the responsible entity “the directors” 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 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 Note 1, the directors also state, that the financial statements comply with *International Financial Reporting Standards*.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust’s preparation of the financial report that gives a true and fair view 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 Trust’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

MAB DIVERSIFIED PROPERTY TRUST
ARSN 103 463 467

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MAB DIVERSIFIED PROPERTY TRUST

Opinion

In our opinion:

- (a) the financial report of MAB Diversified Property Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's financial position as at 31 January 2017 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the liquidation basis of accounting has been applied in the preparation of the financial report. The directors of the Trust have commenced the process of terminating the Trust. All properties have been sold and it is expected that the termination of Trust will be finalised by 15 February 2017.



N R BULL
Partner

9 February 2017



PITCHER PARTNERS
Melbourne