



MAB Diversified Property Trust

ARSN 103 463 467

Responsible Entity

MAB Funds Management Limited

ABN 36 098 846 701

**Annual financial report
for the year ended
30 June 2016**

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

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DIRECTORS' OF RESPONSIBLE ENTITY REPORT FOR THE YEAR ENDED 30 JUNE 2016

The Directors of MAB Funds Management Limited ("the 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 year ended 30 June 2016 and the auditors' 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 during the financial year, MAB Diversified Property Trust successfully sold and settled all remaining property assets. The process of terminating the Scheme commenced on 13 May 2016.

Termination is expected to be finalised by 31 December 2016, during which time the Responsible Entity will manage any creditor claims with cash reserves currently on hand. Any funds remaining at the completion of the termination process will be returned to investors.

Directors

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

Name

Andrew Buxton
B Sc

Appointed 22 November 2001

Experience and special responsibilities

Andrew Buxton is the co-founder of MAB Corporation, establishing the organisation with his brother Michael Buxton in 1995.

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.

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.

Michael Buxton
FAPI, MREI

Appointed 22 November 2001

Experience and special responsibilities

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.

Nicholas Gray
B Sc, AAPI,
MRICS

Appointed 22 November 2001

Experience and special responsibilities

Nicholas Gray has 40 years experience in the property industry, the last 34 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.

Nicholas is also a member of the Compliance Committee

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.

1. Review of Operations

Business Overview

As at 30 June 2016, the Scheme had sold all property assets and is in the process of termination.

Operational Overview

The Scheme recorded a net profit after tax of \$2.48M for the year ended 30 June 2016 (2015: \$12.73 million profit).

Total net rental income reduced by 65.9% due to the sale of the remaining properties during the current year.

During the year the Scheme sold and settled the remaining assets, resulting in the following transactions:

- Rising Sun Shopping Centre, Townsville and Town Plaza Shopping Centre, Charters Towers settled on 18 November 2015 for a combined gross value of \$23.64M.
- Cowra Plaza, Cowra settled on 21 October 2015 for a gross value of \$5.9M.
- Village Central, Wyong settled on 30 March 2016 for a gross value of \$17.6M.

Based upon the cash held to meet any potential creditor claims, the Net Tangible Asset backing of the Scheme as at 30 June 2016 is \$0.007 per unit (June 2015 \$0.60).

Directors' of Responsible Entity Report (Continued)

1. Review of Operations (Continued)

Property Valuations and Portfolio Metrics

Property Valuations

Following the sale and settlement of all property assets during the year, no properties are held as at 30 June 2016 (June 2015: \$44.54M).

Investment Property Portfolio Metrics

Following the sale of all properties during the year, there is no average capitalisation rate, tenancy profile or vacancy as at 30 June 2016. At 30 June 2015, the capitalisation and vacancy rates were 8.26% and 5.43% respectively.

Distributions

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

	2016	2016 \$ per unit	2015	2015 \$ per unit
Interim income distribution paid	4,822,827	0.0732	4,216,175	0.0640
Interim capital distribution paid	36,936,217	0.5608	5,070,931	0.0770
Final income distribution payable	-	-	897,058	0.0140
Final capital distribution payable	-	-	1,078,922	0.0160
Total Distribution	41,759,044	0.6340	11,263,086	0.1710

Unit on Issue

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

	2016	2015
Units on issue at the beginning of the year	65,866,000	65,866,000
Units issued	-	-
Units redeemed	-	-
Units on issue at the end of the year	65,866,000	65,866,000

Scheme Assets

	2016	2015
Value of total scheme assets as at 30 June	683,007	47,794,714

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

Responsible Entity Fees and Other Transactions

	2016	2015
Responsible Entity fees paid directly by the Scheme (0.5%p.a of Gross Assets, payable quarterly in arrears)	119,555	279,060
Registry fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	28,790	53,001
Accounting fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	28,790	53,001
Asset management fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	16,238	41,167
Total transactions with responsible entity	193,373	426,229

Directors' of Responsible Entity Report (Continued)

Units in the Scheme held by related parties

	Number of units held	Fair Value of the Units Held
2016		
MAB Funds Management Limited	100,000	700
Andrea Brisbane	150,000	1,050
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336,465	2,355
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336,465	2,355
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336,465	2,355
Andrew Buxton	50,000	350
Raymond Austin Holdings Pty Ltd	50,000	350
Raymond Austin Holdings Pty Ltd – Buxton Group Super Fund	432,000	3,024
Lightborough Pty Ltd ATF The Thomas A Trust	50,000	350
Jero Pty Ltd Superannuation Fund	406,018	2,842
Michael and Andrew Buxton Investments Pty Ltd A/C Michael and Andrew Investments Trust	538,000	3,766
MRB Group No. 49 Pty Ltd	1,500,018	10,500
WindyVale Pty Ltd A/C No.8A Trust	3,264,000	22,848
Thomas Buxton & Alexander Buxton & Christian Buxton & Elizabeth Buxton	632,000	4,424
Brenda Buxton	140,000	980
Susie Buxton	50,000	350
Thomas Buxton	1,000,000	7,000
	Number of units held	Fair Value of the Units Held
2015		
MAB Funds Management Limited	100,000	60,000
Andrea Brisbane	150,000	90,000
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336,465	201,879
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336,465	201,879
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336,465	201,879
Andrew Buxton	50,000	30,000
Raymond Austin Holdings Pty Ltd	50,000	30,000
Raymond Austin Holdings Pty Ltd – Buxton Group Super Fund	432,000	259,200
Lightborough Pty Ltd ATF The Thomas A Trust	50,000	30,000
Jero Pty Ltd Superannuation Fund	406,018	243,611
Michael and Andrew Buxton Investments Pty Ltd A/C Michael and Andrew Investments Trust	538,000	322,800
MRB Group No. 49 Pty Ltd	1,500,018	900,011
WindyVale Pty Ltd A/C No.8A Trust	3,264,000	1,958,400
Thomas Buxton & Alexander Buxton & Christian Buxton & Elizabeth Buxton	632,000	379,200
Brenda Buxton	140,000	84,000
Susie Buxton	50,000	30,000
Ballara Holdings Pty Ltd	1,000,000	600,000

Directors' of Responsible Entity Report (Continued)

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, MAB Diversified Property Trust completed the sale of all property assets in accordance with the strategy of the Scheme. The Responsible Entity has commenced the termination process and expects to complete this by 31 December 2016.

After Balance Date Events

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the Scheme, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the Scheme

Likely Developments

The Scheme will continue to progress its termination, any funds remaining on hand at completion will be returned to investors via a final distribution. The termination process is expected to be completed by 31 December 2016.

Environmental Regulation

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

Compliance Committee

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

- 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 include:

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.

Directors' of Responsible Entity Report (Continued)

Compliance Committee (continued)

Paul Wheeler

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

Paul obtained an MA in Land Economy from Cambridge University, is a Fellow of the Royal Institution of Chartered Surveyors and is a Life Fellow of the Australian Property Institute. He has satisfied ASIC PS 146 compliance requirements and has acted as a responsible officer for an ASIC licensed responsible entity. Paul's last full time position was with Urbis where he undertook a wide variety of valuation and consultancy projects. He retired as Director and Chairman in 2002.

Indemnification and Insurance of Directors, Officers and Auditors

Insurance premiums

During the financial year the Responsible Entity has paid premiums in respect of its officers for liability and legal expenses for the year ended 30 June 2016. 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 2016. 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.

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

Indemnifications

Under the Scheme 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.

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the directors.



Nicholas Gray
Director
MAB Funds Management Limited
16 September 2016.

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 year ended 30 June 2016, 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

21 September 2016



PITCHER PARTNERS
Melbourne

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
INCOME			
Net rental income	5	1,395,957	4,094,681
Interest income		35,151	45,117
Foreign currency gains		-	116
Net gain from fair value movements in investment properties	9	2,553,716	10,206,386
Other income		78	32,315
TOTAL INCOME		3,984,902	14,378,615
EXPENSES			
Audit fees	6	37,648	38,969
Custody, registry and accounting fees		83,637	132,780
Finance costs		90,917	889,185
Responsible entity fees		119,555	279,060
Selling costs		1,124,525	275,085
Other expenses		46,177	39,034
TOTAL EXPENSES		1,502,459	1,654,113
NET PROFIT BEFORE TAX		2,482,443	12,724,502
Income tax expense		-	-
NET PROFIT		2,482,443	12,724,502
OTHER COMPREHENSIVE INCOME			
<i>Items that may be subsequently reclassified to profit and loss</i>			
Changes in the fair value of cash flow hedges		-	13,232
Total comprehensive income for the year		2,482,443	12,737,734

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30 June 2016	30 June 2015
CURRENT ASSETS			
Cash and cash equivalents	15(b)	577,905	2,726,820
Trade and other receivables	7	105,102	532,894
Investments – Direct property	8(a)	-	44,535,000
TOTAL CURRENT ASSETS		683,007	47,794,714
NON CURRENT ASSETS			
TOTAL NON CURRENT ASSETS		-	-
TOTAL ASSETS		683,007	47,794,714
CURRENT LIABILITIES			
Trade and other payables	10	224,513	415,430
Distribution payable	12	-	1,975,980
Interest bearing liabilities	11	-	5,668,209
TOTAL CURRENT LIABILITIES		224,513	8,059,619
NON CURRENT LIABILITIES			
TOTAL NON CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		224,513	8,059,619
NET ASSETS		458,494	39,735,095
EQUITY			
Issued Equity	14(d)	65,866	43,944,829
Retained profits/(Accumulated losses)	13	392,628	(4,209,734)
TOTAL EQUITY		458,494	39,735,095

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued Equity	Retained Profits/(Accumulated Losses)	Reserves	Total Equity
OPENING BALANCE 1 JULY 2015	43,944,829	(4,209,734)	-	39,735,095
Net profit for period	-	2,482,443	-	2,482,443
Movement in cashflow hedge reserve	-	-	-	-
Total comprehensive income for the year	-	2,482,443	-	2,482,443
Transactions with owners in their capacity as owners:				
Capital distributions paid and payable	(36,936,217)	-	-	(36,936,217)
Income distributions paid and payable	-	(4,822,827)	-	(4,822,827)
Capital reduction offset	(6,942,746)	6,942,746	-	-
CLOSING BALANCE 30 JUNE 2016	65,866	392,628	-	458,494

	Issued Equity	Accumulated Losses	Reserves	Total Equity
OPENING BALANCE 1 JULY 2014	50,094,682	(11,821,003)	(13,232)	38,260,447
Net profit for period	-	12,724,502	-	12,724,502
Movement in cashflow hedge reserve	-	-	13,232	13,232
Total comprehensive income for the year	-	12,724,502	13,232	12,737,734
Transactions with owners in their capacity as owners:				
Capital distributions paid and payable	(6,149,853)	-	-	(6,149,853)
Income distributions paid and payable	-	(5,113,233)	-	(5,113,233)
CLOSING BALANCE 30 JUNE 2015	43,944,829	(4,209,734)	-	39,735,095

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Net rental income received		1,924,611	4,710,750
Interest received		35,151	45,117
Payment to suppliers		(701,923)	(960,768)
Net cash provided by operating activities	15(a)	1,257,839	3,795,099
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on sale of assets		46,162,960	24,790,556
Capital expenditure on investment properties		(46,284)	(53,614)
Property selling costs		-	(65,641)
Net cash provided/(used) by investing activities		46,116,676	24,671,301
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing costs paid		(120,197)	(988,112)
Repayment of borrowings		(5,668,209)	(17,344,627)
Net cash used in financing activities		(5,788,406)	(18,332,739)
CASH FLOW FROM UNITHOLDERS' ACTIVITIES			
Distributions paid		(43,735,024)	(10,143,364)
Net cash used in unitholders' activities		(43,735,024)	(10,143,364)
Net increase/(decrease) in cash and cash equivalents		(2,148,915)	(9,703)
Effects of exchange rate fluctuations on balances of cash held in foreign currency		-	116
Cash and cash equivalents at beginning of financial year		2,726,820	2,736,407
Cash and cash equivalents at end of the financial year	15(b)	577,905	2,726,820

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 financial year.

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared using a liquidation basis of accounting. During the current year, the responsible entity sold the remaining property assets and has commenced termination of the Scheme. The termination is expected to be completed by 31 December 2016.

The liquidation basis of accounting which means the following:

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

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

This financial report has been prepared for MAB Diversified Property Trust (the 'Scheme') as an individual entity. 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 financial report is presented in the Australian currency.

The financial report was authorised for issue by the directors of the Responsible Entity on 16 September 2016.

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 on assets as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the Scheme's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 4.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) 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.

(c) 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.

In accordance with the Product Disclosure Statement and Constitution, the Scheme fully distributes its distributable income to unitholders by cash.

(d) 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.

(e) Trade and other receivables

Trade receivables are recognised initially at fair value, and subsequently measured at fair value less a provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is raised when objective evidence of impairment in relation to collection exists on a case by case basis.

The provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. Cash flows for short term receivables are not discounted if the effect of discounting is immaterial.

(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 both 55% and 75% depending on the type of expenditure;

Accounts receivable and 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

The Scheme classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and Receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (continued)

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Hedge Accounting

Certain derivatives may be designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction the Scheme documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The Scheme also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in net assets attributable to unitholders in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any foreign exchange and interest rate fluctuations that would have transpired in the absence of the hedge.

(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 the Responsible Entity's approved valuation policy. These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) 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.

(l) Provisions

A provision is recognised in the balance sheet when the Scheme 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) Comparatives

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

(n) New accounting standards and interpretations

The Scheme has applied a number of amendments to Australian Accounting Standards that are mandatorily effective for the first time in the current financial year, however, the application of these amendments has not impacted the amounts recognised or disclosures made in this financial report.

At the date of this financial report, there are a number of Australian Accounting Standards in issue and not yet effective, including AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. It is expected that the Scheme will be terminated prior to the effective date of these Accounting Standards and, accordingly, no further details of these Accounting Standards have been provided in this financial report.

NOTE 2: FINANCIAL RISK MANAGEMENT

The MAB Diversified Property Trust's previous activities exposed 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 Responsible Entity is currently in the process of terminating the Scheme, as a result the Scheme is no longer exposed to the risks noted above.

As a result of the sale of all property assets during the current year, the Scheme no longer had income producing assets or interest bearing debt at 30 June 2016. As a result, no foreign exchange or interest rate hedging was in place.

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

(a) Market Risk

(i) Price Risk

The Scheme is not exposed to property market price risk as all property assets have been sold and settled during the current year.

(ii) Cash flow and fair value interest rate risk

The Schemes main exposure to cash flow risk relates to potential creditor claims during the termination process. Management have assessed the risks and withheld what they believed to be an appropriate cash balance to meet the requirements of the termination process. Upon completion any money remaining in the scheme will be distributed to investors.

The Scheme's has no material interest rate risk as all long-term borrowings were repaid during the current year.

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 follows:

Financial Instruments	Weighted average effective interest rate		Non-interest bearing		Floating interest rate		Total carrying amount as per Balance Sheet	
	2016	2015	2016	2015	2016	2015	2016	2015
	%	%						
<i>(i) Financial assets</i>								
Cash and cash equivalents	0.80	1.53	-	-	577,905	2,726,820	577,905	2,726,820
Receivables			105,102	532,894	-	-	105,102	532,894
Total financial assets			105,102	532,894	577,905	2,726,820	683,007	3,259,714
<i>(ii) Financial liabilities</i>								
Payables			224,513	415,430	-	-	224,513	415,430
Provision for distribution			-	1,975,980	-	-	-	1,975,980
Borrowings	-	5.54	-	-	-	5,668,209	-	5,668,209
Total financial liabilities			224,513	2,391,410	-	5,668,209	224,513	8,059,619

(iii) Currency Risk

The Scheme is not exposed to currency risk following the closure of all foreign bank accounts in December 2014.

(iv) Summarised sensitivity analysis

The following table summarises the impact on the Scheme's profit and equity of a 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 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 2: FINANCIAL RISK MANAGEMENT (Continued)

(iv) Summarised sensitivity analysis (continued)

Interest rate risk represents the effect of a change in interest rates applied to the interest rate risk exposures at reporting date, including the estimated change in the value of financial instruments that are carried at fair value. Cash and floating rate debt at reporting date are multiplied by the reasonably possible change in interest rates to determine the effect on profit for the year. The Scheme's financial instruments whose carrying values are affected by changes in interest rates are interest rate swaps carried at fair value. In calculating the change in value of interest rate swaps, a change in interest rates at reporting date is assumed to result in a parallel shift in the forward yield curve. A change in interest rates of up to 100 basis points (1%) is considered to be reasonably possible in the current economic environment.

30 June 2016:

Financial Instruments	Carrying amount	Interest rate risk				Foreign exchange risk				Investment price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Assets													
Cash and cash equivalent	577,905	(2,913)	-	2,913	-	-	-	-	-	-	-	-	
Trade and other receivables	105,102	-	-	-	-	-	-	-	-	-	-	-	
Total increase / (decrease)		(2,913)	-	2,913	-	-	-	-	-	-	-	-	

30 June 2015:

Financial Instruments	Carrying amount	Interest rate risk				Foreign exchange risk				Investment price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
Assets													
Cash and cash equivalent	2,726,820	(9,089)	-	9,089	-	-	-	-	-	-	-	-	
Trade and other receivables	532,894	-	-	-	-	2,256	-	(2,050)	-	-	-	-	
Investments – Direct property	44,535,000	-	-	-	-	-	-	-	-	(1,500,000)	-	1,500,000	
Liabilities													
Interest bearing liabilities	(5,668,209)	18,894	-	(18,894)	-	-	-	-	-	-	-	-	
Total increase / (decrease)		9,805	-	(9,805)	-	2,256	-	(2,050)	-	(1,500,000)	-	1,500,000	

(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 Scheme. The Scheme implements procedures to reduce credit risk and the Scheme's exposure to credit risk is monitored on an ongoing basis.

The primary financial asset exposed to credit risk is rent receivable currently outstanding from sold properties. At 30 June 2016 the maximum credit risk for rent receivable totalled \$105,102 (2015: \$532,894).

Cash and cash equivalents are also exposed to credit risk. Risk is minimised by all cash being held with Australian banks or their subsidiaries which have a credit rating of AA (S&P) or higher.

NOTE 2: FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Prudent liquidity risk management has been carried out in relation to the termination of the trust. Management have reviewed the forecasted cash flows to ensure an appropriate balance is maintained for any potential creditor claims. Any funds remaining at the completion of the termination process will be returned to investors.

Maturity Analysis

All financing facilities have been repaid at 30 June 2016.

NOTE 3: 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

No Assets or Liabilities are held at fair value at 30 June 2016. The table below summarises the Assets held at 30 June 2015.

	Level 1	Level 2	Level 3	Total
June 2015				
<i>Assets:</i>				
Investment Property	29,535,000	-	15,000,000	44,535,000

Movement in Level 3 valuations from \$15 million to \$0 is due to the sale of all remaining properties during the year.

(b) Transfers between level 1 and level 2

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

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

There were no level 2 fair value assets at 30 June 2016 (2015: nil).

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

Fair valuation techniques and observable inputs for Investment Property relate to use of documented lease terms, occupancy rates, market rental rate yields and tenant creditworthiness in order to develop an appropriate capitalisation rate to value each property.

NOTE 4: SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The MAB Diversified Property Trust 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, assessment of fair value of derivatives 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 Australian 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 4: SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

(b) Valuations

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

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

NOTE 5: NET RENTAL INCOME

	2016	2015
Property rental income	3,196,331	7,075,591
Less		
Property expenses	(1,800,374)	(2,980,910)
Net property income	1,395,957	4,094,681

NOTE 6: AUDITOR'S REMUNERATION

	2016	2015
Remuneration of the auditor of the Scheme for:		
Auditing the financial report	25,500	25,500
Compliance plan audit	12,148	13,469
Total auditor's remuneration	37,648	38,969

Costs associated with auditing the Scheme's financial statements were paid for by the Scheme for the year ended 30 June 2016. The above audit and related service fees are for the entire scheme.

NOTE 7: TRADE AND OTHER RECEIVABLES

	2016	2015
Rent receivable	139,298	617,140
Other receivable	9,554	-
Total trade and other receivables (pre provision for impairment)	148,852	617,140
Balance 1 July	(84,246)	(164,145)
Amounts written off	217,182	53,753
(Impairment recognised)/Impairment reversal	(176,686)	26,146
Provision for impairment	(43,750)	(84,246)
Total trade and other receivables	105,102	532,894

Trade and other receivables at 30 June 2016 consist of a small number of outstanding rent receivable balances following the settlement of all properties. Ongoing credit evaluation is performed on the likelihood of receiving the balances, where appropriate, a provision for impairment of receivables is raised.

Rent receivables ageing analysis at 30 June is:

	Gross 2016	Impairment 2016	Gross 2015	Impairment 2015
Not past due	40,229	-	383,635	4,445
Past due 31-60 days	-	-	31,618	12,243
Past due 61-90 days	-	-	18,820	7,905
Past due more than 91 days	99,069	43,750	183,067	59,653
	139,298	43,750	617,140	84,246

NOTE 8: INVESTMENT PROPERTY

	2016	2015
(a) Investment in properties – Freehold properties		
Current Assets		
Carrying value of investment properties	-	44,535,000
No property assets are held at 30 June 2016.		
	2016	2015
Movements in carrying amount of property investments:		
Opening balance at 1 July	44,535,000	59,275,000
Capital expenditure	46,284	53,614
Fair value adjustment to investment properties	2,553,716	10,206,386
Disposal of asset	(47,135,000)	(25,000,000)
Closing balance at 30 June	-	44,535,000

The scheme has no property assets or interest bearing debt at 30 June 2016.

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

Refer to note 5 for information on property revenue and expenses recognised for investment properties.

NOTE 9: NET GAIN FROM FAIR VALUE MOVEMENT OF PROPERTIES

	2016	2015
Fair value movement on investment properties	2,553,716	10,206,386
Net gain from fair value movement of properties	2,553,716	10,206,386

NOTE 10: TRADE AND OTHER PAYABLES

	2016	2015
Accrued operating expenses	207,732	126,900
Interest payable	-	29,279
Other payables	16,781	259,251
Total trade and other payables	224,513	415,430

NOTE 11: INTEREST BEARING LIABILITIES

	2016	2015
Current Liabilities		
Interest bearing senior debt	-	5,668,209
Total interest bearing liabilities	-	5,668,209

All interest bearing senior debt was repaid on 25 October 2015.

NOTE 12: DISTRIBUTIONS

	2016	2015
Interim distributions paid		
September	461,062	461,062
December	24,172,822	461,062
March	-	8,364,982
April	17,125,160	-
Total interim distributions paid	41,759,044	9,287,106
Provision for distribution payable at 30 June	-	1,975,980
Total provision for distribution payable	-	1,975,980

NOTE 13: ACCUMULATED LOSSES

	2016	2015
Opening balance	(4,209,734)	(11,821,003)
Net profit	2,482,443	12,724,502
Income distributions paid and payable	(4,822,827)	(5,113,233)
Capital reduction offset	6,942,746	-
Closing balance	392,628	(4,209,734)

NOTE 14: ASSET BACKING PER UNIT

	2016	2015
(a) Changes In Equity During the Year		
Net assets attributable to unitholders at beginning of the year	39,735,095	38,260,447
Hedging reserve	-	13,232
Changes in net assets attributable to unitholders	(2,340,384)	7,611,269
Capital distributions paid and payable	(36,936,217)	(6,149,853)
Equity as at the end of year	458,494	39,735,095

	2016	2015
(b) Units on issue		
Units on issue as at beginning of the year	65,866,000	65,866,000
Units issued as cash application	-	-
Units redeemed	-	-
Units on issue as at the end of the year	65,866,000	65,866,000

	\$	\$
(c) Net assets attributable to unitholders per unit	0.007	0.60

	2016	2015
(d) Issued Equity		
Issued equity at the end of the year	65,866	43,944,829

NOTE 15: NOTES TO THE STATEMENT OF CASH FLOWS

	2016	2015
(a) Reconciliation of net cash provided by operating activities to net profit/(loss)		
Net profit/(loss)	2,482,443	12,724,502
<i>Adjustments for:</i>		
Revaluation (increment)/decrement	(2,553,716)	(10,206,386)
Finance costs	90,917	889,185
Selling costs	1,124,525	275,085
Foreign exchange gain	-	116
Changes in assets and liabilities during the financial year:		
Decrease in payables and provisions	(314,123)	(66,957)
Decrease/(Increase) in receivables and other assets	427,793	179,554
Net cash provided by operating activities	1,257,839	3,795,099

(b) Reconciliation of cash

Cash balance comprises:

Cash at bank	577,905	2,726,820
Closing cash balance	577,905	2,726,820

NOTE 16: RELATED PARTIES

Responsible Entity

The Responsible entity of MAB Diversified Property 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

	2016	2015
Responsible Entity fees paid directly by the Scheme (0.5%p.a of Gross Asset, payable quarterly in arrears)	119,555	279,060
Registry fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	28,790	53,001
Accounting fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	28,790	53,001
Asset management fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	16,238	41,167
Total transactions with responsible entity	193,373	426,229

(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

The Scheme has no outstanding payable to the Responsible Entity at year end.

NOTE 16: RELATED PARTIES (CONTINUED)

(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	Fair Value of the Units Held
2016		
MAB Funds Management Limited	100,000	700
Andrea Brisbane	150,000	1,050
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336,465	2,355
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336,465	2,355
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336,465	2,355
Andrew Buxton	50,000	350
Raymond Austin Holdings Pty Ltd	50,000	350
Raymond Austin Holdings Pty Ltd – Buxton Group Super Fund	432,000	3,024
Lightborough Pty Ltd ATF The Thomas A Trust	50,000	350
Jero Pty Ltd Superannuation Fund	406,018	2,842
Michael and Andrew Buxton Investments Pty Ltd A/C Michael and Andrew Investments Trust	538,000	3,766
MRB Group No. 49 Pty Ltd	1,500,018	10,500
WindyVale Pty Ltd A/C No.8A Trust	3,264,000	22,848
Thomas Buxton & Alexander Buxton & Christian Buxton & Elizabeth Buxton	632,000	4,424
Brenda Buxton	140,000	980
Susie Buxton	50,000	350
Thomas Buxton	1,000,000	7,000
2015		
MAB Funds Management Limited	100,000	60,000
Andrea Brisbane	150,000	90,000
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336,465	201,879
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336,465	201,879
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336,465	201,879
Andrew Buxton	50,000	30,000
Raymond Austin Holdings Pty Ltd	50,000	30,000
Raymond Austin Holdings Pty Ltd – Buxton Group Super Fund	432,000	259,200
Lightborough Pty Ltd ATF The Thomas A Trust	50,000	30,000
Jero Pty Ltd Superannuation Fund	406,018	243,611
Michael and Andrew Buxton Investments Pty Ltd A/C Michael and Andrew Investments Trust	538,000	322,800
MRB Group No. 49 Pty Ltd	1,500,018	900,011
WindyVale Pty Ltd A/C No.8A Trust	3,264,000	1,958,400
Thomas Buxton & Alexander Buxton & Christian Buxton & Elizabeth Buxton	632,000	379,200
Brenda Buxton	140,000	84,000
Susie Buxton	50,000	30,000
Ballara Holdings Pty Ltd	1,000,000	600,000

NOTE 17: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2016 and have been no changes in contingent liabilities since 30 June 2015.

NOTE 18: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the Scheme, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the Scheme.

NOTE 19: RESPONSIBLE ENTITY DETAILS

The registered office and principal place of business of the Responsible Entity is:

Level 5
441 St Kilda Road
Melbourne VIC 3004


DIRECTORS' OF RESPONSIBILITY ENTITY DECLARATION FOR THE YEAR ENDED 30 JUNE 2016

In the opinion of the directors of MAB Funds Management Limited, the Responsible Entity of the MAB Diversified Property Trust:

1. The financial statements and notes as set out on pages 12 to 24, are in accordance with the Corporations Act 2001 and:
 - (a) Comply with Accounting Standards in Australia and the Corporations Regulations 2001;
 - (b) As stated in Note 1(a) the 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 2016 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 has been made in accordance with a Resolution of the Directors of the Responsible Entity, MAB Funds Management Limited.



Nicholas Gray
Director
MAB Funds Management Limited
16 September 2016

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, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company 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, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, 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 company'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 company'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 company's financial position as at 30 June 2016 and of its performance for the year 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 responsible entity for the scheme has commenced the process of terminating the Scheme. All properties have been sold and it is expected that the termination of scheme will be finalised within the next 12 months.



N R BULL
Partner
21 September 2016



PITCHER PARTNERS
Melbourne