



MA Financial Group

MA Secured Real Estate Income Fund

ARSN 648 810 904

Annual Report for the period from
1 April 2021 to 30 June 2021

Annual Report for the period ended 30 June 2021

Contents

Directors' report	3
Auditor's independence declaration	6
Directors' declaration	7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Independent auditors' report	28

Directors' report

The Directors of MAAM RE Limited, in its capacity as the Responsible Entity of the MA Secured Real Estate Income Fund (the "Fund") present their report together with the financial statements of the Fund, for the period from 1 April 2021 to 30 June 2021 ("period").

Principal activities

The Fund is a registered managed investment scheme that is an unlisted Australian unit trust. All references to the Fund hereafter are taken to mean the Fund as a whole, which is the MA Secured Real Estate Income Fund.

The Fund was constituted on 9 March 2021 and registered with Australian Securities Investments Commission (ASIC) as a registered managed investment scheme on 1 April 2021. The Fund commenced its operations on 10 May 2021.

The Fund invests in secured first mortgage real estate loans with the objective of providing investors with positive risk-adjusted returns, as set out in the current Product Disclosure Statement, and in accordance with the provisions of the Fund's governing documents.

The Fund did not have any employees during the period.

The various service providers to the Fund are outlined below:

Service Providers

Responsible Entity	- MAAM RE Limited
Investment Manager	- MA Investment Management Pty Limited
Custodian	- Certane CT Pty Limited
Administrator	- Alter Domus Australia Pty Limited
Unit registry	- Boardroom Pty Limited
Auditor	- Deloitte Touche Tohmatsu

Directors

The following persons held office as Directors of the Responsible Entity during the period, or since the end of the financial period and up to the date of this report:

Andrew Martin
Graham Lello
Jannamaria Robertson

This report is made in accordance with a resolution of the directors.

Review and results of operations

During the period, the Fund was managed in accordance with the investment objective and strategy set out in the Fund's Product Disclosure Statement and in accordance with its Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	FOR THE PERIOD FROM 1 APRIL 2021 TO 30 JUNE 2021
	\$
Profit for the period attributable to unitholders	2,966
Distributions paid or payable	3,596
Distribution per unit (in cents)	0.3801

Directors' report (continued)

Significant changes in state of affairs

In the opinion of the Directors, other than as disclosed above, there were no significant changes in the state of affairs of the Fund that occurred during the financial period.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnity of auditor

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in note 8 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the period.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 8 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 6 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the Statement of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Directors' report (continued)

Coronavirus (COVID-19) impact

The novel strain of coronavirus ("COVID-19") has caused, and continues to cause, severe disruptions to global economies. The outbreak of COVID-19 and the actions taken in response have had far reaching impact on global economies, contributing to significant volatility in the financial markets, resulting in increased volatility in equity prices and lower interest rates, and causing furloughs and layoffs in the labour market. Although a number of vaccines for COVID-19 have been developed and are in the process of being deployed in certain countries, the timing for widespread vaccination and immunity is uncertain, and these vaccines may be less effective against any new mutated strains of the virus that have started to spread globally.

Given the ongoing nature of the pandemic, at this time management cannot reasonably predict the magnitude of the ultimate impact that COVID-19 will have on the Fund's business, financial performance and operating results. Management believes COVID-19's adverse impact on the Fund's business, financial performance and operating results will be significantly driven by a number of factors that management is unable to predict or control, including, for example: the severity and duration of the pandemic; the pandemic's impact on global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; the timing and speed of economic recovery, including the availability and distribution of treatments and vaccines for COVID-19; and the negative impact on our fund investors, vendors and other business partners that may indirectly adversely affect the Fund.

Matters subsequent to the end of the financial period

Subsequent to 30 June 2021, the Fund has paid a distribution to unitholders of \$3,337. Western Funds Management Pty Ltd, a related party of the Investment Manager, subscribed for 5,000,000 units in July 2021.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- the operations of the Fund in future financial years, or
- the results of those operations in future financial years, or
- the state of affairs of the Fund in future financial years.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of the Board of Directors of MAAM RE Limited as Responsible Entity of the MA Secured Real Estate Income Fund.



Graham Lello
Director

23 September 2021

The Board of Directors
MAAM RE Limited
Level 27, Governor Phillip Tower
SYDNEY NSW 2000

Dear Directors

Auditor's Independence Declaration to MA Secured Real Estate Income Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MAAM RE Limited as Responsible Entity of MA Secured Real Estate Income Fund.

As lead audit partner for the audit of the financial report of MA Secured Real Estate Income Fund for the period 1 April 2021 to 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Nicholas Rozario

Nicholas Rozario
Partner
Chartered Accountants

Directors' declaration

In the opinion of the Directors of MAAM RE Limited as Responsible Entity of the MA Secured Real Estate Income Fund:

- (a) The financial statements and notes, set out on pages 8 to 27;
 - (i) Present fairly the Fund's financial position as at 30 June 2021 and of its performance as represented by the results of the operations and its cash flows, for the period ended on that date in accordance with the accounting policies described in note 2;
 - (ii) Comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in note 2; and
- (a) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Dated in Sydney this 23rd day of September 2021.

Signed in accordance with a resolution of the Directors of MAAM RE Limited as Responsible Entity of the MA Secured Real Estate Income Fund.



Graham Lello
Director

Statement of comprehensive income

For the period from 1 April 2021 to 30 June 2021

	NOTES	30 JUNE 2021 \$
Investment income		
Interest income from financial assets at amortised cost		3,405
Expected credit losses on financial assets at amortised cost	4	(630)
Other income		259
Total investment income		3,034
Expenses		
Management fees	8	44
Other operating expenses		24
Total operating expenses		68
Profit for the period		2,966
Other comprehensive income		-
Total comprehensive income for the period		2,966

All amounts presented are in Australian Dollars.

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2021

	NOTES	30 JUNE 2021 \$
Assets		
Cash and cash equivalents	3	252,481
Financial assets at amortised cost	4	698,734
Total assets		951,215
Liabilities		
Management fees payable	8	-
Other payables		5,845
Total liabilities		5,845
Net assets attributable to unitholders - equity	6	945,370

All amounts presented are in Australian Dollars.

The above Statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the period ended 30 June 2021

	NOTE	30 JUNE 2021 \$
Total equity at the beginning of the period		-
Comprehensive income for the period		
Profit for the period		2,966
Other comprehensive income		-
Total comprehensive income for the period		2,966
Transactions with unitholders		
Applications	6	946,000
Redemptions		-
Units issued upon reinvestment of distributions		-
Distributions paid and payable		(3,596)
Total transactions with unitholders		942,404
Total equity at the end of the financial period		945,370

All amounts presented are in Australian Dollars.

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the period ended 30 June 2021

	NOTE	30 JUNE 2021 \$
Cash flow from operating activities		
Profit for the period		2,966
<i>Adjustment for:</i>		
Expected credit losses on financial assets at amortised cost		630
Adjustments to reconcile net change in net assets resulting from operations to net cash (used in) operating activities:		
Change in operating assets and liabilities:		
Increase in financial assets at amortised cost		(699,364)
Increase in other payables		5,845
Net cash used in operating activities		(689,923)
Cash flows from financing activities		
Distributions paid to unitholders		(3,596)
Net proceeds from subscriptions of units		946,000
Net cash provided by financing activities		942,404
Net increase in cash and cash equivalents		252,481
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of period	3	252,481

All amounts presented are in Australian Dollars.

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the period ended 30 June 2021

1 Corporate information

MA Secured Real Estate Income Fund (the "Fund") (ARSN 648 810 904) is a registered managed investment scheme domiciled in Sydney, Australia. MAAM RE Limited (the "Responsible Entity") acts as Responsible Entity of the Fund. The Responsible Entity's address is Level 27, Governor Phillip Tower, Sydney, NSW 2000. The investment manager of the Fund is MA Investment Management Pty Ltd (the "Investment Manager"). The Fund was constituted on 9 March 2021 and was registered with ASIC on 1 April 2021 and commenced operating on 10 May 2021.

The objective of the Fund is to provide investors with exposure to a range of first mortgage loans secured by Australian residential and commercial property, by investing directly or indirectly via third party originated special purpose trusts.

The Responsible Entity has appointed Alter Domus Australia Pty Limited to act as administrator of the Fund, Certane CT Pty Limited to act as custodian of the Fund, and Boardroom Pty Limited to act as unit registry of the Fund.

The financial statements were authorised for issue by the Responsible Entity of the Fund on 23 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

2.1 Basis of Preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the Corporations Act 2001 in Australia. The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statement has been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at amortised cost and net assets attributable to unitholders.

The Fund manages financial assets at amortised cost based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

(i) Compliance with International Financial Reporting Standards

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Notes to the financial statements

For the period ended 30 June 2021

2 Significant accounting policies (continued)

- (ii) New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

2.2 Financial instruments

- (i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on the Fund's business model for managing those financial assets and contractual cash flow characteristics of the financial assets.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified at fair value through profit or loss, these are classified as financial liabilities at amortised cost (management fees payable, administration fees payable, audit fees payable and other payables).

- (ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from that date.

Financial assets (investments) are derecognised when the right to receive cashflows from the investments have expired or have been transferred and the Fund has transferred substantially all of the risks and rewards of ownership.

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the financial statements

For the period ended 30 June 2021

2 Significant accounting policies (continued)

2.2 Financial instruments (continued)

(iii) Measurement

- Financial instruments

Financial assets and liabilities at amortised cost are measured by using the effective interest rate ("EIR") method.

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in the Statement of comprehensive income over the relevant financial period. The EIR is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where applicable, to the net carrying amount of the financial asset or liability. When calculating the EIR, the Fund estimates cash flows considering all contractual terms of financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of EIR, including transaction costs and all other premiums or discounts.

- Impairment

The measurement of Expected Credit Losses ("ECL") is a function of the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"). The approach is to analyse the market available data to determine probability of default and historic track record performance in order to derive the loss given default. The EAD is equated using the entire facility amounts at amortised cost (including undrawn elements and accrued PIK interest).

The ECL drivers of PD, EAD and LGD are modelled which considers vintage, maturity, exogenous and other credit factors and applied across all loans and receivables at initial recognition. The result is therefore an unbiased probability-weighted estimation of credit losses as determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, multiple scenarios are modelled to ensure an unbiased representative sample of the complete distribution when determining the expected loss. Alongside a review of the economic climate, management have considered a variety of weightings in the assessment of the macroeconomic outlook. The weightings address the risk of non-linearity in the relationship between credit losses and economic conditions, with provisions increasing more in unfavourable conditions (particularly severe conditions) than they reduce in favourable conditions. The loan loss provision recognised is therefore the probability-weighted sum of the provisions calculated under a range of economic scenarios. The scenarios and the weightings are derived using external data together with management judgement, to determine scenarios which span an appropriately wide range of plausible economic conditions.

Notes to the financial statements

For the period ended 30 June 2021

2 Significant accounting policies (continued)

2.2 Financial instruments (continued)

(iii) Measurement (continued)

- Impairment (continued)

ECLs are recognised – on an individual or collective basis – in three stages under AASB 9:

- Stage 1 – When a financial asset is purchased, ECLs resulting from default events that are possible within the next 12 months are recognised (12-month ECL) and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing financial asset with no significant increase in credit risk since their initial recognition. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired. Interest revenue is calculated on the financial asset's gross carrying amount (that is, without deduction for ECLs).
- Stage 2 – If a financial asset's credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognised. The calculation of interest revenue is the same as for Stage 1.
- Stage 3 – If the financial asset's credit risk increases to the point where it is considered credit-impaired, interest revenue is calculated based on the gross carrying amount less the loss allowance. Lifetime ECLs continues to be recognised, as in Stage 2.

For additional details on ECL estimated during the period, refer to Note 4.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.3 Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders. The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

Under AASB 132 Financial instruments: Presentation, puttable financial instruments meet the definition of a financial instrument to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Notes to the financial statements

For the period ended 30 June 2021

2 Significant accounting policies (continued)

2.3 Net assets attributable to unitholders (continued)

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The Fund's units have been classified as equity as they satisfied all the above criteria.

2.4 Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand and other short-term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cashflows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

2.5 Interest income

Interest income from a financial asset at amortised cost is recognised when it is probable that the economic benefits will flow to the Fund and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.6 Expenses

All expenses are recognised in the Statement of comprehensive income on an accrual basis.

Notes to the financial statements

For the period ended 30 June 2021

2 Significant accounting policies (continued)

2.7 Income Taxation

Under current legislation, the Fund is not subject to income tax as income of the Fund is attributed to the unitholders.

Realised capital losses are not attributed to unitholders but are retained within the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and tax paid are generally passed on to unitholders.

2.8 Distributions

In accordance with the Constitution, the Fund attributes its taxable income, and any other amounts determined by the Responsible Entity to unitholders by cash or reinvestment. Distributions are recognised in the Statement of changes in equity as distributions paid and payable.

2.9 Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equity, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

2.10 Foreign currency transactions

- (i) **Functional and presentation currency**
The financial statements of the Fund are presented in the currency of the primary economic environment in which the Fund operates (its functional currency). The results and financial position are expressed in Australian dollars ("\$", "AUD"), which is the functional currency of the Fund and the presentation currency for the financial statements.
- (ii) **Transactions and balances**
All foreign currency transactions during the period are recognised at the exchange rate prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for certain exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Notes to the financial statements

For the period ended 30 June 2021

2 Significant accounting policies (continued)

2.11 Receivables

Receivables may include amounts for interest. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

Receivables are recognised at amortised cost using the effective interest method, less any allowance for ECL. The Fund has applied a simplified approach to measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, receivables have been grouped based on days overdue. All of the Fund's receivables are neither past due nor impaired and are assessed to be fully recoverable. Our assessment is based upon historical information about counterparty default risks.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

2.12 Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

The amount of distribution payable to unitholders as at the reporting date is recognised separately in the Statement of financial position.

2.13 Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2.14 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Key estimates and assumptions relate to the impairment of the financial assets. Management assesses impairment of financial assets at each reporting date by evaluating conditions specific to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

Management has taken into consideration the impacts of COVID-19 to make estimates and assumptions that affect the reported amounts in the financial statements. These estimates and associated assumptions are reviewed regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Notes to the financial statements

For the period ended 30 June 2021

3 Cash and cash equivalents

	30 JUNE 2021
Cash at bank	23,047
Amounts on deposit	229,434
Total	252,481

Amounts on deposit relate to monies held in a trust account following loan approval and prior to settlement of the loan.

4 Financial assets at amortised cost

The following table presents the Fund's financial assets held at amortised cost as at 30 June 2021.

	AS AT 30 JUNE 2021		
	GROSS EXPOSURE	ECL LOAN PROVISION	NET EXPOSURE
Credit facilities	699,364	(630)	698,734
Total financial assets	699,364	(630)	698,734

Expected credit losses on financial assets

Under AASB 9, the expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of discounted estimated future cash flows. As a result of the COVID-19 pandemic on the Fund's investments, estimates of future cash flows from underlying assets involve significant management judgement.

The Fund performed a detailed review of its investments held at amortised cost, focusing on each individual investment position along with the industry and macroeconomic environment in which the investments operate and factored the increased risk due to the pandemic.

As detailed at Note 2, the Fund's measurement of ECL reflected an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The Fund has also considered reasonable and supportable information from past events, current conditions and reasonable and supportable forecasts for future economic conditions when measuring ECL.

Management continues to monitor the situation and the impact on the valuation of the underlying investments, including the impact COVID-19 on the Fund's portfolio of investments.

Notes to the financial statements

For the period ended 30 June 2021

4 Financial assets at amortised cost (continued)

The table below summarises the Fund's allowance for expected credit losses on financial assets at amortised cost.

	PERIOD ENDED AS AT 30 JUNE 2021
Expected credit losses on financial assets at amortised cost - Stage 1	630
Expected credit losses on financial assets at amortised cost	630

The following table shows a reconciliation of the opening to the closing balance of the loss allowance based on the expected credit losses.

	STAGE 1 (12-MONTH ECL)	STAGE 2 (LIFETIME ECL NOT CREDIT IMPAIRED)	STAGE 3 (LIFETIME ECL CREDIT IMPAIRED)
Loss allowance - balance as at 1 April 2021	-	-	-
Loss allowance - recognised during the period	630	-	-
Loss allowance - balance as at 30 June 2021	630	-	-

5 Financial risk management

The Fund is exposed to a number of risks due to the nature of its activities and as further set out in its offer document. These risks include market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

The management of these risks is carried out by the Investment Manager on behalf of the Fund, who manages the Fund's assets in accordance with its investment objective. This involves an ongoing process of identification, measurement, monitoring and controlling of risks. The Investment Manager is aware of the risks associated with the business of investment management.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due, causing a financial loss to the Fund.

Notes to the financial statements

For the period ended 30 June 2021

5 Financial risk management (continued)

(a) Credit risk (continued)

The Investment Manager intends that each new investment opportunity will be subject to the Investment Manager's established and rigorous evaluation and approval process, which is focused on in-depth credit analysis with the key emphasis on capital preservation. Once a potential investment opportunity is identified, the Investment Manager follows a defined screening, due diligence, and approval process.

The investment team will undertake a detailed review of the borrower and the sector within which it operates and present a detailed investment proposal to the Investment Committee. Alongside this proposal, the investment team will also build a financial model to forecast credit risk and perform multiple downside scenario analyses. At the committee meeting the investment team will be challenged and, if required, further research will be undertaken. The outcome of the Investment Committee process is a decision on the approved holding limits of an investment if the transaction is approved.

Comprehensive due diligence will be undertaken as part of each new transaction in which the Fund is involved. The scope of the due diligence undertaken will include all areas of potential risk in the transaction.

Once a deal is completed there is regular and active post-investment monitoring which is designed to identify risks within the portfolio. The Investment Manager will be responsible for the execution and monitoring of the investment, all the way through to exit. Monitoring of investments is a continuous process and the key components of the Investment Manager's post investment risk management are as follows:

- Regular interaction with management teams and shareholders of borrowers;
- Monthly or quarterly review of individual investment performance;
- The Investment Manager uses a reporting system, Axxess, to assist in monitoring and evaluating the on-going performance of each asset; and
- Each quarter, the Investment Committee reviews each investment in the portfolio. Risk ratings are assigned to each investment to enable the Investment Manager to monitor both the operating performance of the business and the absolute credit risk compared with original expectations. The review also includes an assessment of valuations, future realisations and repayment dates.

The Investment Manager believes that close contact with the investee companies and the monthly and quarterly reviews are essential to ensure effective monitoring of its investments. It also helps to provide an early indication of changes in the performance and credit risk of an investee company. The Investment Manager executives and senior management continuously share information about market conditions and industry wide issues in order to enhance risk management and improve monitoring across the business.

Refer to note 4 for the staging of the Fund's loans receivable balance as at 30 June 2021. There was no migration between stages for the Fund's loan exposures during the period. The inputs, assumptions and techniques used for estimating ECL are disclosed in note 2.2 and note 4. The Funds loans had an internal credit rating of B+ as at 30 June 2021. As at 30 June 2021, none of the Fund's loans are past due or impaired.

The Fund holds collateral in the form of property against all its credit exposures. The loan to value ratio of collateral held against the Fund's loan exposures ranges from 40 to 63%. The approximate value of collateral held against Stage 1 loan exposures is \$1.3 million.

The Fund is solely invested in secured first mortgage real estate loans.

The Fund is also exposed to counterparty credit risk on cash and cash equivalents and other receivables. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets.

Notes to the financial statements

For the period ended 30 June 2021

5 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The risk is controlled by investing in a diversified portfolio of corporate loans that are diversified by industry, counterparty, credit rating, maturity and loan market. In addition, the Fund maintains sufficient cash at bank to meet normal operating requirements.

The Fund is exposed to monthly cash redemptions of its units.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemptions during the period ended 30 June 2021.

Compliance with the Fund's policy is reported to the Board on a quarterly basis.

Maturity analysis for financial assets

The table below analyses the Fund's financial assets into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

2021	ON DEMAND	< 1 YEAR	1-2 YEARS	> 2 YEARS	TOTAL
Financial assets at amortised cost	-	699,364	-	-	699,364
Contractual cash flows	-	699,364	-	-	699,364

Maturity analysis for financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

2021	ON DEMAND	< 1 YEAR	1-2 YEARS	> 2 YEARS	TOTAL
Payables	5,845	-	-	-	5,845
Contractual cash flows	5,845	-	-	-	5,845

Notes to the financial statements

For the period ended 30 June 2021

5 Financial risk management (continued)

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Fund manages this risk via outsourcing its investment management; the Investment Manager manages the financial risks relating to the operations of the Fund in accordance with an investment objective set out in accordance with the Constitution and Product Disclosure Statement. There has been no change to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

(i) Market price risk

Market price risk is the risk that the fair value of investment decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual assets or factors affecting all instruments in the market. The majority of the Fund's directly held financial assets and liabilities are interest bearing securities. These have exposure primarily to interest rate movement and credit risk. The Fund monitors its market price risk exposure to ensure concentrations of risk remain within acceptable levels.

(ii) Foreign currency risk

Foreign currency risk includes the risk that the future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Fund does not hold any monetary assets and liabilities denominated in foreign currencies.

(iii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments.

The table below summarises the Fund's exposure to interest rate risk.

30 JUNE 2021	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON- INTEREST BEARING	TOTAL
Assets				
Cash and cash equivalents	252,481	-	-	252,481
Financial assets at amortised cost	-	699,364	-	699,364
Total assets	252,481	699,364	-	951,845
Liabilities				
Management fees payable	-	-	-	-
Other payables	-	-	5,845	5,845
Total liabilities	-	-	5,845	5,845
Net Exposure	252,481	699,364	(5,845)	946,000

Notes to the financial statements

For the period ended 30 June 2021

5 Financial risk management (continued)

(d) Fair value measurement

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy;

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

The Fund does not hold any financial instruments at fair value through profit and loss. The fair value of the Fund's financial assets at amortised cost approximates their carrying values.

6 Net assets attributable to unitholders

Subscriptions

Applications to invest in the Fund are made by way of the Subscription Agreement provided by the Investment Manager. To invest in the Fund, completed Subscription Agreements and associated documents (such as proof of identity documents) must be received by the Responsible Entity and/or the transfer agent. Applications may be refused in full or in part by the Responsible Entity in its absolute discretion.

Units issued will be issued at the Unit Price as determined in accordance with the Responsible Entity's Unit Pricing Policy (rounded to the nearest four decimal places) and adjusted for any transaction costs. The number of units ultimately issued to a unitholder is determined by dividing the amount a unitholder agrees to invest by the relevant issue price (rounded to the nearest four decimal places).

Where the Fund is not liquid, withdrawals from the Fund may only be effected pursuant to a regulated withdrawal offer issued by Responsible Entity in accordance with the Corporations Act. Under normal market conditions, the Responsible Entity expects that the Fund will be liquid. Where the Fund is liquid, Investors may request to redeem all or a portion of their Units with a 30-day notice period, or a lesser period as determined by the Responsible Entity.

The movements in number of units and net assets attributable to unitholders during the financial period were as follows:

	PERIOD ENDED	
	30 JUNE 2021	30 JUNE 2021
	\$	UNITS
Opening balance	-	-
Subscriptions	946,000	946,000
Redemptions	-	-
Distributions reinvested	-	-
Decrease in net assets attributable to unitholders	(630)	-
Closing balance	945,370	946,000

Notes to the financial statements

For the period ended 30 June 2021

6 Net assets attributable to unitholders (continued)

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In terms of satisfying the widely held test and closely held test, the Fund is relying on the start-up concession under section 275-10(6) for the 2021 income year. The Fund also meets the Attributed Managed Investment Trust (AMIT) requirements. The Responsible Entity confirms that the clearly defined rights requirement is met. The Fund will elect into the AMIT regime in the 2021 income year through the lodgement of an AMIT tax return. As noted by the ATO, this is sufficient evidence that the choice to become an AMIT has been made. The Responsible Entity is not contractually obligated to pay distributions. This has been considered in the classification of the Fund's units as equity.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption. Monthly applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a periodic basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

7 Distributions to unitholders

	30 JUNE 2021	30 JUNE 2021
	\$	CPU*
Distributions paid	3,596	0.3801
Distribution payable	-	-
	<u>3,596</u>	

* Distribution is expressed as cents per unit in Australian Dollars.

8 Related party disclosures

(a) Responsible Entity

As disclosed in Note 1 of this financial report, the Responsible Entity of the Fund is MAAM RE Limited and it is managed by MA Investment Management Pty Ltd ("MAIM" or the "Manager"). The ultimate holding company of the Responsible Entity and the Manager is MA Financial Group Limited. All entities are incorporated in Australia.

(b) Key management personnel

Key management personnel of the Fund include the directors of the Responsible Entity, and members on the Investment Committee. No members of the Investment Committee, nor the board of the Responsible Entity hold investments in the Fund.

Notes to the financial statements

For the period ended 30 June 2021

8 Related party disclosures (continued)

(c) Transactions with key management personnel

Key management personnel services are provided by MAAM RE Limited and included in the management fees disclosed in note (e) below. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

(d) Key management personnel unitholdings

No key management personnel have entered into any transactions with the Fund during the period and there were no material balances involving key management personnel's interests outstanding at period end.

(e) Investment manager's fees and other transactions

As disclosed in Note 1 of this financial report, the Fund is managed by MA Investment Management Pty Ltd. Transactions between related parties are disclosed as per below.

- (i) Investment management fees of \$44 for the period ending 30 June 2021
- (ii) Investment management fees payable of \$nil as at 30 June 2021

The professional fees relating to the audit, administration, custody and unit registry services provided to the Fund during the period were borne by the Responsible Entity.

(f) Related party unitholdings

Parties related to the Fund (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity), held no units in the Fund as at 30 June 2021.

(g) Investments

The Fund did not hold any investments in the Responsible Entity or its related parties during the period.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. This includes the purchase of investments in loans from other funds managed by the Manager, which were purchased at par value. This is consistent with the method of portfolio construction described in the Product Disclosure Statement.

Notes to the financial statements

For the period ended 30 June 2021

9 Remuneration of Auditor

During the period the following fees were paid or payable for services provided by the auditor of the Fund:

	30 JUNE 2021
Deloitte Touche Tohmatsu	
Audit of the financial statements	15,000
Statutory assurance services required by legislation to be provided by the auditor	10,000
Total	25,000

The professional fees relating to the audit, administration, custody and unit registry services provided to the Fund during the period were borne by the Responsible Entity.

10 Events occurring after the reporting period

Subsequent to 30 June 2021 the Fund has paid a distribution to unitholders of \$3,337. Western Funds Management Pty Ltd, a related party of the Manager, subscribed for 5,000,000 units in July 2021.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations or the state of affairs of the entity in subsequent financial periods.

11 Impact of COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2021 have caused disruption to businesses and economic activity and could continue to extents that cannot necessarily be foreseen.

The Responsible Entity has assessed the impact of COVID-19 in preparing the financial statements. As at the reporting date, the carrying value of financial assets and liabilities have an appropriate consideration of market conditions as at reporting date on the inputs to measurement, credit and liquidity concerns. COVID-19 had limited impact on Fund's NAV through the loan portfolio held by the Fund.

In response to COVID-19, each of the loans held through by the Fund was monitored closely for any changes in credit risk. COVID-19 had limited impact on Fund's NAV through the loan portfolio held by the Fund. There has been no impact on other assets and liabilities nor on the going concern ability of the Fund.

The Responsible Entity and senior management will continue to monitor the development of the COVID-19 outbreak and evaluate its impact on the investment portfolio.

12 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2021.

13 Approval of financial statements

The financial statements of the Fund for the period ended 30 June 2021 were approved and authorised for issue by the Responsible Entity effective on 23 September 2021.

Independent Auditor's Report to the Unitholders of MA Secured Real Estate Income Fund

Opinion

We have audited the financial report of MA Secured Real Estate Income Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 1 April 2021 to 30 June 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2021 and of its financial performance for the period 1 April 2021 to 30 June 2021; and
- (ii) 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 Fund in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the "Code") that are relevant to our audit of the 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 MAAM RE Limited (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.

Other Information

The directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the Directors' Report, 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 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 for the Financial Report

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 preparing the financial report, the directors are responsible for assessing the ability of the Fund 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 either intend to liquidate the Fund or to cease operations, or have 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.

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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- 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 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Nicholas Rozario

Nicholas Rozario

Partner

Chartered Accountants, Sydney, 23 September 2021



MA Financial Group