



MA Financial Group

MA Secured Real Estate Income Fund

ARSN 648 810 904

Condensed Half-Year Financial Report
31 December 2022

Condensed Half-Year Financial Report for the period ended 31 December 2022

Contents

Directors' report	3
Directors' declaration	5
Auditor's independence declaration	6
Condensed Half-Year Statement of Comprehensive Income	7
Condensed Half-Year Statement of Financial Position	8
Condensed Half-Year Statement of Changes in Equity	9
Condensed Half-Year Statement of Cash Flows	10
Notes to the Condensed Half-Year Financial Report	11
Independent Auditor's Review Report	16

Directors' report

The Directors of MAAM RE Ltd, in its capacity as the Responsible Entity of the MA Secured Real Estate Income Fund (the "Fund") present their report together with the Condensed Half-Year Financial Report of the Fund, for the half-year ended 31 December 2022 and the auditor's report thereon.

Fund structure

The Fund is an Australian unit trust.

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.

Principal activities

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 is a registered managed investment scheme domiciled in Sydney, Australia. MAAM RE Ltd (ABN 34 135 855 186) (the "Responsible Entity") acts as the Responsible Entity of the Fund. The Responsible Entity's address is Level 27, Brookfield Place, 10 Carrington Street, Sydney, NSW 2000. The Investment Manager of the Fund is MA Investment Management Pty Ltd (the "Investment Manager"). Both the Responsible Entity and the Investment Manager are wholly owned subsidiaries of MA Financial Group Limited ("MAFG").

The Fund is an open-ended fund whose investment strategy is to invest in first mortgage real estate loans that are secured by Australian residential and commercial property by investing directly or indirectly via third party originated special purpose trusts, 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.

There were no significant changes in the nature of the Fund's activities during the period.

The various service providers to the Fund are outlined below:

Service Providers

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

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.

Directors' report (continued)

Review and results of operations

The Condensed Half-Year Financial Report for the half-year ended 31 December 2022 and the results herein are prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 (Cth).

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 HALF-YEAR ENDED 31 DECEMBER 2022	FOR THE HALF-YEAR ENDED 31 DECEMBER 2021
Profit for the period attributable to unitholders (\$)	1,272,888	242,102
Distributions paid or payable (\$)	1,299,149	249,601
Distribution per unit for the half-year (in cents)	3.4731	2.7321

**Comparative information has been restated to provide information that is comparable to the current period presentation change.*

Significant changes in state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Fund that occurred during the period.

Matters subsequent to the end of the financial period

No matters or circumstances have arisen since 31 December 2022 that has significantly affected, or may significantly affect:

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

Auditor's independence declaration

The auditor's independence declaration as required under s.307C of the Corporations Act 2001 (Cth) is set out immediately after the Directors' Declaration.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* amounts in the Directors' Report and the Condensed Half-Year Financial Report have been rounded off to the nearest dollar unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors of MAAM RE Ltd as Responsible Entity of the MA Secured Real Estate Income Fund made pursuant to s.306(3) of the Corporations Act 2001 (Cth).

DocuSigned by:

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Graham Lello
 Director
 16 March 2023

Directors' declaration

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

- (a) The Condensed Half-Year Financial Report and notes, set out on pages 8 to 15, are in accordance with the *Corporations Act 2001*, including:
 - (i) Give a true and fair view of the Fund's financial position as at 31 December 2022 and of its performance as represented by the results of the operations and its cash flows, for the period ended on that date;
 - (ii) Comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the *Corporations Regulations 2001*; and
- (b) 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 16 March 2023.

Signed in accordance with a resolution of the Directors of MAAM RE Ltd as Responsible Entity of the MA Secured Real Estate Income Fund made pursuant to s.303(5) of the Corporations Act 2001 (Cth).

DocuSigned by:

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Graham Lello
Director
16 March 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of MAAM RE Limited as the Responsible Entity of MA Secured Real Estate Income Fund

I declare that, to the best of my knowledge and belief, in relation to the review of MA Secured Real Estate Income Fund for the half-year ended 31 December 2022 there have been:

- iii. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- iv. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Shaun Kendrigan
Partner
Sydney
16 March 2023

Condensed Half-Year Statement of Comprehensive Income

For the half-year ended 31 December 2022

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2022 \$	HALF-YEAR ENDED 31 DECEMBER 2021 \$
Investment income			
Interest income from financial assets at amortised cost		1,410,872	274,609
Expected credit losses on financial assets at amortised cost	3	(26,261)	(7,499)
Other income		111,602	23,414
Total investment income		1,496,213	290,524
Expenses			
Management fees		190,601	40,691
Other operating expenses		32,724	7,731
Total operating expenses		223,325	48,422
Profit for the period		1,272,888	242,102
Other comprehensive income		-	-
Total comprehensive income for the period		1,272,888	242,102

All amounts presented are in Australian Dollars.

The above Condensed Half-Year Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Half-Year Statement of Financial Position

For the half-year ended 31 December 2022

	NOTES	31 DECEMBER 2022 \$	30 JUNE 2022 \$
Current Assets			
Cash and cash equivalents		6,107,442	5,180,204
Financial assets at amortised cost	3	26,745,151	17,111,832
Other receivables		86,492	115,192
Total Current Assets		32,939,085	22,407,228
Non-Current Assets			
Financial assets at amortised cost	3	9,774,649	9,229,491
Total assets		42,713,734	31,636,719
Liabilities			
Management fees payable		39,566	28,387
Distribution payable	5	285,918	165,529
Other payables		90,397	70,892
Total liabilities		415,881	264,808
Net assets attributable to unitholders - equity	4	42,297,853	31,371,911

All amounts presented are in Australian Dollars.

The above Condensed Half-Year Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Half-Year Statement of Changes in Equity

For the half-year ended 31 December 2022

	NOTES	31 DECEMBER 2022 \$	31 DECEMBER 2021 \$
Total equity at the beginning of the period	4	31,371,911	945,370
Comprehensive income for the period			
Profit for the period		1,272,888	242,102
Other comprehensive income		-	-
Total comprehensive income for the period		1,272,888	242,102
Transactions with unitholders			
Applications	4	11,903,188	11,733,232
Redemptions	4	(978,955)	(1,870,000)
Units issued upon reinvestment of distributions	4	27,970	-
Distributions paid and payable	4, 5	(1,299,149)	(249,601)
Total transactions with unitholders		9,653,054	9,613,631
Total equity at the end of the financial period	4	42,297,853	10,801,103

All amounts presented are in Australian Dollars.

The above Condensed Half-Year Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Half-Year Statement of Cash Flows

For the half-year ended 31 December 2022

	HALF-YEAR ENDED 31 DECEMBER 2022 \$	HALF-YEAR ENDED 31 DECEMBER 2021 \$
Cash flow from operating activities		
Profit for the period	1,272,888	242,102
<i>Adjustment for:</i>		
Expected credit losses on financial assets at amortised cost	26,260	7,499
Total adjustments for non-cash operations	1,299,148	249,601
Adjustments to reconcile net change in net assets resulting from operations to net cash from operating activities:		
Change in operating assets and liabilities:		
Increase in other payables*	30,684	91,291
Decrease/(Increase) in other receivables	28,700	(3,399)
Net cash from operating activities	1,358,532	337,493
Cash flows used in investing activities		
Acquisition of financial assets at amortised cost*	(30,365,146)	(9,144,075)
Repayment of by financial assets at amortised cost*	20,160,409	699,904
Net cash used in investing activities	(10,204,737)	(8,444,171)
Cash flows from financing activities		
Distributions paid to unitholders	(1,178,760)	(249,601)
Net proceeds from applications of units*	11,931,158	11,733,232
Payments for redemption of units*	(978,955)	(1,870,000)
Net cash from financing activities	9,773,443	9,613,631
Net increase in cash and cash equivalents	927,238	1,506,953
Cash and cash equivalents at the beginning of the period	5,180,204	252,481
Cash and cash equivalents at the end of period	6,107,442	1,759,434
Non-cash investing activities – Capitalised interest	(931,877)	(206,659)
Non-cash financing activities – Reinvestment of distributions	27,970	-

**Comparative information has been restated to provide information that is comparable to the current period presentation change.*

All amounts presented are in Australian Dollars.

The above Condensed Half-Year Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Half-Year Financial Report

For the half-year ended 31 December 2022

1 Corporate information

MA Secured Real Estate Income Fund (the "Fund") (ARSN 648 810 904) 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 is a registered managed investment scheme domiciled in Sydney, Australia. MAAM RE Ltd (ABN 34 135 855 186) (the "Responsible Entity") acts as the Responsible Entity of the Fund. The Responsible Entity's address is Level 27, Brookfield Place, 10 Carrington Street, Sydney, NSW 2000. The Investment Manager of the Fund is MA Investment Management Pty Ltd (the "Investment Manager"). Both the Responsible Entity and the Investment Manager are wholly owned subsidiaries of MA Financial Group Limited ("MAFG").

The Fund is an open-ended fund whose investment strategy is to invest in first mortgage real estate loans that are secured by Australian residential and commercial property by investing directly or indirectly via third party originated special purpose trusts, 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 has appointed Alter Domus Australia Pty Ltd to act as Administrator of the Fund, Certane CT Pty Ltd to act as Custodian of the Fund, and Boardroom Pty Limited to act as Unit Registry of the Fund.

The Condensed Half-Year Financial Report for the period ended 31 December 2022 was authorised for issue by the Responsible Entity of the Fund on 16 March 2023. The Directors of the Responsible Entity have the power to amend and reissue the Condensed Half-Year Financial Report.

2 Basis of Preparation

The Condensed Half-Year Financial Report is a general-purpose interim condensed financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Condensed Half-Year Financial Report does not include notes of the type normally included in an Annual Financial Report and should be read in conjunction with the most recent Annual Financial Report and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The Fund is a for-profit entity for the purpose of preparing the Condensed Half-Year Financial Report. The principal accounting policies adopted in the preparation of this Condensed Half-Year Financial Report are consistent with those adopted and disclosed in the Fund's 2022 Annual Financial Report for the financial year ended 30 June 2022. The accounting policies are consistent with Australian Accounting Standards.

Functional and presentation currency

The Condensed Half-Year Financial Report is presented in Australian dollars, which is the Fund's functional currency.

Use of estimates

Management makes estimates and assumptions that affect the reported amounts in the Condensed Half-Year Financial Report. Estimates and associated assumptions are reviewed regularly and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The use of estimates and critical judgements in fair value measurement that can have significant effect on the amounts recognised in the Condensed Half-Year Financial Report is described in note 3.

New accounting standards and interpretations

There are no new accounting standards, amendments and interpretations effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the Fund.

Notes to the Condensed Half-Year Financial Report

For the half-year ended 31 December 2022

3 Financial assets at amortised cost

The following table presents the Fund's financial assets held at amortised cost as at 31 December 2022 and 30 June 2022.

	AS AT 31 DECEMBER 2022		
	GROSS EXPOSURE	ECL LOAN PROVISION	NET EXPOSURE
Credit facilities - Current	26,782,284	(37,133)	26,745,151
Credit facilities - Non-Current	9,789,943	(15,294)	9,774,649
Total financial assets	36,572,227	(52,427)	36,519,800

	AS AT 30 JUNE 2022		
	GROSS EXPOSURE	ECL LOAN PROVISION	NET EXPOSURE
Credit facilities - Current	17,137,999	(26,166)	17,111,832
Credit facilities - Non-Current	9,229,491	-	9,229,491
Total financial assets	26,367,490	(26,166)	26,341,323

Expected credit losses (ECL) on financial assets

The Fund periodically assesses exposures to determine whether the credit risk of a loan receivable has increased significantly since initial recognition. The assessment, which requires judgement, considers both quantitative and qualitative information that is based on the Fund's historical experience and informed credit assessment including forward-looking information, such as economic forecast and outlook, GDP growth, unemployment rates and interest rates.

During the period, the Fund undertook a review of its loans receivable portfolio and expected credit losses. The review considered the macroeconomic outlook, counterparty credit quality, the type of collateral held and exposure at default as at the reporting date. While the model inputs and forward-looking information were revised, the accounting policies of the Fund remained consistent with prior periods. The Fund's loss allowance provisions are a determination of probabilities of default and a determination of losses that may be incurred should a default occur.

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

	31 DECEMBER 2022	30 JUNE 2022
Expected credit losses on financial assets at amortised cost - Stage 1	52,427	26,166
Expected credit losses on financial assets at amortised cost	52,427	26,166

Notes to the Condensed Half-Year Financial Report

For the half-year ended 31 December 2022

4 Net assets attributable to unitholders

As stipulated within the Fund's 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.

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

	HALF-YEAR ENDED		YEAR ENDED	
	31 DECEMBER 2022 \$	31 DECEMBER 2022 UNITS	30 JUNE 2022 \$	30 JUNE 2022 UNITS
Opening balance	31,371,911	31,398,077	945,370	946,000
Applications	11,903,188	11,903,188	34,113,119	34,113,119
Redemptions	(978,955)	(978,955)	(3,665,000)	(3,665,000)
Distributions reinvested	27,970	27,970	3,958	3,958
Decrease in net assets attributable to unitholders	(26,261)	-	(25,536)	-
Closing balance	42,297,853	42,350,280	31,371,911	31,398,077

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.

Notes to the Condensed Half-Year Financial Report

For the half-year ended 31 December 2022

5 Distribution to unitholders

	31 DECEMBER 2022 \$	31 DECEMBER 2022 CPU	31 DECEMBER 2021 \$	31 DECEMBER 2021 CPU
Distributions paid - July	148,063	0.4654	29,127	0.4127
Distributions paid - August	158,332	0.4808	36,993	0.4524
Distributions paid - September	204,248	0.5623	41,419	0.4767
Distributions paid - October	248,917	0.6554	39,714	0.4174
Distributions paid - November	253,671	0.6341	44,180	0.4348
Distribution payable - December	285,918	0.6751	58,168	0.5381
Total	1,299,149	3.4731	249,601	2.7321

Distribution is expressed as cents per unit in Australian Dollars.

**Some distributions were satisfied by the issue of units (reinvestment). See Note 4*

6 Related party disclosures

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time, parties related to the Fund (including MAAM RE Ltd, its related entities and other Funds managed by MAAM RE Ltd) may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other unitholders of the Fund.

There have been no significant changes to the related party transactions disclosed in the previous Annual Financial Report.

7 Remuneration of Auditor

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

	31 DECEMBER 2022 \$	31 DECEMBER 2021 \$
KPMG (Comparatives Deloitte Touche Tohmatsu)		
Review of the Condensed Half-Year Financial Report	8,500	8,000
Total	8,500	8,000

The remuneration of auditor was borne by the responsible entity in the previous period.

Notes to the Condensed Half-Year Financial Report

For the half-year ended 31 December 2022

8 Events occurring after the reporting period

No matters or circumstances have arisen since 31 December 2022 that has significantly affected, or may significantly affect:

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



Independent Auditor's Review Report

To the unitholders of MA Secured Real Estate Income Fund

Conclusion

We have reviewed the accompanying **Condensed Half-year Financial Report** of MA Secured Real Estate Income Fund (the Scheme).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Half-year Financial Report of MA Secured Real Estate Income Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Half-year Financial Report** comprises:

- Condensed half-year balance sheet as at 31 December 2022;
- Condensed half-year statement of comprehensive income for the half-year ended on that date;
- Condensed half-year statement of changes in equity and Condensed half-year statement of cash flows for the half-year ended on that date;
- Notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **half-year** is the 6 months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Condensed Half-year Financial Report

The Directors of MAAM RE Limited (the Responsible Entity) are responsible for:

- the preparation of the Condensed Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*^{Error! Bookmark not defined.}; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Condensed Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Half-year Financial Report

Our responsibility is to express a conclusion on the Condensed Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Shaun Kendrigan
Partner
Sydney
16 March 2023