

MA Secured Real Estate Income Fund

ARSN 648 810 904

Condensed Half-Year Financial Report for the period ended
31 December 2023



Contents

Directors' report	2
Auditor's independence declaration	5
Directors' 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 financial statements	11
Independent auditor's report	25

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 2023 ("period") and the auditor's report thereon.

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.

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 Sydney

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:

Alice Tang
Andrew Martin
Giles Boddy
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 period ended 31 December 2023 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 for the period, was as follows:

	FOR THE HALF-YEAR ENDED 31 DECEMBER 2023	FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
Profit for the period (\$'000)	2,499	1,273
Distributions paid or payable (\$'000)	2,900	1,299
Distribution per unit (in cents)	4.7201	3.4731

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.

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 Fund's Product Disclosure Statement 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 regarding 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 9 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 9 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in note 8 to the financial statements.

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

Directors' report (continued)

Environmental regulation

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

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2023 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.

Auditors Independence declaration

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

Rounding of amounts

In accordance with *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, amounts in the Directors' report and the financial report have been rounded to the nearest thousand Australian dollars, 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).



Alice Tang
Director
15 March 2024



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

To the Directors of MAAM RE Ltd 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 2023 there have been:

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

KPMG

KPMG

Shaun Kendrigan
Partner
Sydney
15 March 2024

Directors' declaration

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

- a) The financial statements and notes, set out on pages 8 to 24, 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 2023 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 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 15 March 2024.

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



Alice Tang
Director

Condensed half-year statement of comprehensive income

For the half-year ended 31 December 2023

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2023 (\$'000)	HALF-YEAR ENDED 31 DECEMBER 2022 (\$'000)
Investment income			
Interest income from financial assets at amortised cost		2,883	1,411
Expected credit losses on financial assets at amortised cost	6	(401)	(26)
Other income		454	112
Total investment income		2,936	1,497
Expenses			
Management fees	9	316	191
Other operating expenses		121	33
Total expenses		437	224
Profit for the period		2,499	1,273
Other comprehensive income		-	-
Total comprehensive income for the period		2,499	1,273

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

As at 31 December 2023

	NOTES	31 DECEMBER 2023 (\$'000)	30 JUNE 2023 (\$'000)
Current Assets			
Cash and cash equivalents	4	5,092	5,631
Financial assets at amortised cost	6	57,818	42,184
Other receivables		96	70
Prepaid fees		-	13
Total Current Assets		63,006	47,898
Non-Current Assets			
Financial assets at amortised cost	6	4,632	4,379
Total assets		67,638	52,277
Current liabilities			
Accrued expenses and other payables		109	83
Management fees payable	9	57	47
Distribution payable	7	563	399
Unearned revenue		19	67
Total current liabilities		748	596
Total liabilities		748	596
Net assets attributable to unitholders – equity	8	66,890	51,681

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 2023

	NOTES	31 DECEMBER 2023 (\$'000)	31 DECEMBER 2022 (\$'000)
Comprehensive income for the period			
Profit for the period		2,499	1,273
Other comprehensive income		-	-
Total comprehensive income for the period			
Transactions with unitholders			
Applications	8	21,566	11,903
Redemptions	8	(6,090)	(979)
Units issued upon reinvestment of distributions	8	134	28
Distributions paid and payable	7	(2,900)	(1,299)
Total transactions with unitholders			
Net change in net assets for the period			
Total equity at the start of the financial period			
Total equity at the end of the financial period			

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 2023

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2023 (\$'000)	HALF-YEAR ENDED 31 DECEMBER 2022 (\$'000)
Cash flows from operating activities			
Other income received		448	112
Interest received		4,854	972
Funding of financial assets at amortised cost		(24,851)	(16,908)
Repayment of financial assets at amortised cost		6,592	7,142
Payment of fees		(300)	(180)
Payment of other expenses		(156)	16
Net cash (outflow) from operating activities	5	(13,413)	(8,846)
Net cash inflow/ (outflow) from investing activities			
		-	-
Cash flows from financing activities			
Proceeds from applications by unitholders		21,566	11,931
Payments for redemptions by unitholders		(6,090)	(979)
Distributions paid to unitholders		(2,602)	(1,179)
Net cash inflow from financing activities		12,874	9,773
Net cash increase / (decrease) in cash and cash equivalents			
		(539)	927
Cash and cash equivalents at the beginning of the period		5,631	5,180
Cash and cash equivalents at the end of period	4	5,092	6,107

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 financial statements

For the half-year ended 31 December 2023

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 Ltd (the “Responsible Entity”) acts as 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”).

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 Fund is an open-ended fund whose investment strategy is to invest in a diversified portfolio providing unitholders 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 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 2023 was authorised for issue by the Responsible Entity of the Fund on 15 March 2024. The Directors of the Responsible Entity have the power to amend and reissue the Condensed Half-Year Financial Report.

2 Summary of material accounting policies

The principal 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

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 2023 Annual Financial Report for the financial year ended 30 June 2023. The accounting policies are consistent with Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected assets and liabilities as described in these policies.

The functional currency of the Fund is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars which is the entity’s functional and presentation currency and is rounded to the nearest thousand dollar.

(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 half-year ended 31 December 2023

2 Summary of material accounting policies (continued)

2.1 Basis of Preparation (continued)

(ii) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(iii) New standards, amendments and interpretations effective after 1 January 2024 and have not been early adopted

A number of new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 and have not been early adopted in preparing these financial statements. These standards, amendments or interpretations are not expected to have a material impact on the financial statements of the Fund.

2.2 Going concern

The financial report for the period ended 31 December 2023 has been prepared on a going concern basis, which assumes continuity in the ordinary course of business for the next 12 months.

2.3 Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions 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.

The Statement of Cash Flows has been prepared using the direct method. 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.

For the purposes of the presentation of the statement of cash flow presentation of acquisition of financial assets at amortised cost of (\$'000) 30,365 and disposal of financial assets at amortised cost of (\$'000) 20,160 has been reclassified from investing to operating activities due to the incorrect presentation in the comparative period to align with above accounting policy of the fund. This resulted in the following changes in the statement of cashflows for the comparative period in (\$'000):

- Net cash used in operating activities decreased by \$10,205; and
- Net cash used in investing activities increased by \$10,205.

There is no material impact on the Fund's financial performance, changes in equity, net assets or any other quantitative metric of the Trust.

2.4 Prior period comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements. Where the presentation or classification of items in the financial statements is amended, the comparative amounts have been reclassified to conform with current period presentation.

Notes to the financial statements

For the half-year ended 31 December 2023

2 Summary of material accounting policies (continued)

2.5 Rounding of amounts

In accordance with Australian Securities and Investments Commission *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, amounts in the Directors' report and the financial report have been rounded to the nearest thousand Australian dollars, unless otherwise indicated.

2.6 Significant accounting judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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. The key area involving significant estimates or judgments are ECL provisioning (refer to Note 6).

3 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 recognise 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) 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 Fund maintains sufficient cash at bank to meet normal operating requirements.

The Fund is exposed to cash redemptions of its units. Investors may request to redeem part of all of their investment by providing 30 days' notice to the Manager.

In order to manage the Fund's overall liquidity, subject to the Corporations Act, 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 periods ended 31 December 2023 and 30 June 2023.

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

Notes to the financial statements

For the half-year ended 31 December 2023

3 Financial risk management (continued)

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 balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	< 1 MONTH (\$'000)	< 1 YEAR (\$'000)	1 – 2 YEARS (\$'000)	> 2 YEARS (\$'000)	TOTAL (\$'000)
31 DECEMBER 2023 (\$'000)					
Accrued expenses and other payables	109	-	-	-	109
Management fees Payable	57	-	-	-	57
Distribution payable	563	-	-	-	563
Unearned revenue	19	-	-	-	19
Contractual cash flows	748	-	-	-	748
30 JUNE 2023 (\$'000)					
Accrued expenses and other payables	83	-	-	-	83
Management fees payable	47	-	-	-	47
Distribution payable	399	-	-	-	399
Unearned revenue	67	-	-	-	67
Contractual cash flows	596	-	-	-	596

Notes to the financial statements

For the half-year ended 31 December 2023

3 Financial risk management (continued)

(b) Market risk

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. The Fund has no exposure to foreign exchange (currency 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 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's individual investors may hold assets denominated in currencies other than the Australian dollar, the functional currency. They are therefore exposed to foreign exchange risk, as the value of the future cash flows of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

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

iii) Interest rate risk

Interest rate risk is the risk of changes in the value of the Fund's financial instruments from changes in market interest rates. The Fund is not subject to significant amounts of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

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

Notes to the financial statements

For the half-year ended 31 December 2023

3 Financial risk management (continued)

(b) Market risk (continued)

iii) Interest rate risk (continued)

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

31 DECEMBER 2023 (\$'000)	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL
Assets				
Cash and cash equivalents	5,092	-	-	5,092
Financial assets at amortised cost	62,903	-	-	62,903
Prepaid fees	-	-	-	-
Other receivables	-	-	96	96
Total assets	67,995	-	96	68,091
Liabilities				
Accrued expenses and other payables	-	-	109	108
Management fees payable	-	-	57	57
Distribution payable	-	-	563	563
Unearned revenue	-	-	19	19
Total liabilities	-	-	748	748
Net Exposure	67,995	-	(652)	67,343

Notes to the financial statements

For the half-year ended 31 December 2023

3 Financial risk management (continued)

(b) Market risk (continued)

iii) Interest rate risk (continued)

30 JUNE 2023 (\$'000)	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL
Assets				
Cash and cash equivalents	5,631	-	-	5,631
Financial assets at amortised cost	46,615	-	-	46,615
Prepaid fees	-	-	13	13
Other receivables	-	-	70	70
Total assets	52,246	-	83	52,329
Liabilities				
Accrued expenses and other payables	-	-	47	47
Management fees payable	-	-	399	399
Distribution payable	-	-	67	67
Unearned revenue	-	-	83	83
Total liabilities	-	-	596	596
Net Exposure	52,246	-	(513)	51,733

The table below summarises the Fund's sensitivity to interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical level of changes in interest rates. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correction between the performances of the economies, markets and underlying investments. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	31 DECEMBER 2023 (\$'000)	30 JUNE 2023 (\$'000)
+/- 100bps	+/- 680	+/- 522

Notes to the financial statements

For the half-year ended 31 December 2023

3 Financial risk management (continued)

(c) 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.

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 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 issuer and the sector within which it operates and present a detailed investment proposal to the Portfolio Manager. Alongside this proposal, the investment team will perform multiple downside scenario analyses. The investment team will be challenged by the Portfolio Manager and, if required, further research will be undertaken. The outcome of the 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. 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 of investee companies and other market participants (e.g. advisers, debt brokers);
- Monthly or quarterly review of individual investment performance; and
- Each quarter, the Investment Committee reviews the portfolio. The review includes an assessment of credit risk, valuations, future realisations and repayment dates

The Investment Manager believes that close monitoring of the investee companies and regular 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's executives and senior management continuously share information about market conditions and industry wide issues to enhance risk management and improve monitoring across the business.

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.

4 Cash and cash equivalents

	31 DECEMBER 2023 (\$'000)	30 JUNE 2023 (\$'000)
Cash at bank	5,092	5,631
Total	5,092	5,631

Notes to the financial statements

For the half-year ended 31 December 2023

5 Reconciliation of profit for the year to net cash flows from operating activities

	31 DECEMBER 2023 (\$'000)	31 DECEMBER 2022 (\$'000)
Profit/(loss) for the period	2,499	1,273
Less: non-cash items included in profit/(loss) for the period	2,526	(413)
Funding of financial assets at amortised cost	(25,006)	(16,861)
Repayment of financial assets at amortised cost	6,592	7,142
Net change in receivables and other assets	(13)	29
Net change in payables and other liabilities	(11)	(17)
Net cash inflow (outflow) from operating activities	(13,413)	(8,846)

6 Financial assets at amortised cost

The following table presents the Fund's financial assets held at amortised cost as at 31 December 2023 and 30 June 2023.

	AS AT 31 DECEMBER 2023		
	GROSS EXPOSURE (\$'000)	ECL PROVISION (\$'000)	NET EXPOSURE (\$'000)
Financial assets at amortised cost – current	58,177	(359)	57,818
Financial assets at amortised cost – non-current	4,726	(94)	4,632
Total financial assets at amortised cost	62,903	(453)	62,450
	AS AT 30 JUNE 2023		
	GROSS EXPOSURE (\$'000)	ECL PROVISION (\$'000)	NET EXPOSURE (\$'000)
Financial assets at amortised cost – current	42,233	(49)	42,184
Financial assets at amortised cost – non-current	4,382	(3)	4,379
Total financial assets at amortised cost	46,615	(52)	46,563

Judgement is required with respect to the Solely Payment of Principal and Interest (“SPPI”) test and the business model test in determining the classification of financial assets. The Responsible Entity has determined that classification as amortised cost is appropriate as the SPPI test is met and the business model is ‘hold-to-collect’.

Notes to the financial statements

For the half-year ended 31 December 2023

6 Financial assets at amortised cost (continued)

Expected credit losses on financial assets

Under AASB 9, the expected credit losses are measured as described in note 2.3.

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.

As detailed at note 2.3, 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.

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

	AS AT 31 DECEMBER 2023 (\$'000)	AS AT 30 JUNE 2023 (\$'000)
Expected credit losses on financial assets at amortised cost	453	52
Expected credit losses on financial assets at amortised cost	453	52

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

	AS AT 31 DECEMBER 2023 (\$'000)		
	STAGE 1 (12-MONTH ECL)	STAGE 2 (LIFETIME ECL NOT CREDIT IMPAIRED)	STAGE 3 (LIFETIME ECL CREDIT IMPAIRED)
Loss allowance – balance as at 30 June 2023	52	-	-
Loss allowance – recognised during the period	401	-	-
Loss allowance – balance as at 31 December 2023	453	-	-
	AS AT 30 JUNE 2023 (\$'000)		
	STAGE 1 (12-MONTH ECL)	STAGE 2 (LIFETIME ECL NOT CREDIT IMPAIRED)	STAGE 3 (LIFETIME ECL CREDIT IMPAIRED)
Loss allowance – balance as at 31 December 2022	26	-	-
Loss allowance – recognised during the period	26	-	-
Loss allowance – balance as at 30 June 2023	52	-	-

Notes to the financial statements

For the half-year ended 31 December 2023

7 Distributions to unitholders

	31 DECEMBER 2023 (\$'000)	31 December 2022 (\$'000)
Distributions paid*	2,337	1,013
Distribution payable	563	286
Total	2,900	1,299

* Some distributions were satisfied by the issue of units (reinvestment). See note 8.

8 Net assets attributable to unitholders

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 affected 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.

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

	31 DECEMBER 2023 AUD (\$'000)	31 DECEMBER 2023 UNITS ('000)	31 DECEMBER 2022 AUD (\$'000)	31 DECEMBER 2022 UNITS ('000)
Opening balance	51,681	51,733	31,372	31,398
Applications	21,566	21,566	11,903	11,903
Redemptions	(6,090)	(6,090)	(979)	(979)
Distributions reinvested	134	134	28	28
Decrease in net assets attributable to unitholders	-	-	(26)	-
Closing balance	67,291	67,343	42,298	42,350

As stipulated within the 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.

Notes to the financial statements

For the half-year ended 31 December 2023

8 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital. 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 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.

9 Related party disclosures

(a) Responsible Entity

As disclosed in Note 1 of this financial report, the Responsible Entity of the Fund is MAAM RE Ltd 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.

The key management personnel of the Responsible Entity held units in the Fund as follows:

	31 DECEMBER 2023	31 DECEMBER 2022	31 DECEMBER 2023 UNITS	31 DECEMBER 2022 UNITS
Christopher Wyke	60,000	60,000	60,000	60,000

No other members of the Investment Committee, nor the Board of the Responsible Entity hold investments in the Fund except for the above.

(c) Transactions with key management personnel

Key management personnel services are provided by the Responsible Entity and included in the management fees disclosed in note (d) 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.

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.

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.

Notes to the financial statements

For the half-year ended 31 December 2023

9 Related party disclosures (continued)

(d) 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 and the responsible entity is MAAM RE Ltd.

Transactions between related parties are disclosed as per below.

- (i) Investment Management fees paid of \$259,532 for the period ending 31 December 2023 (31 December 2022: \$190,601)
- (ii) Investment Management fees payable of \$56,631 as at 31 December 2023 (30 June 2023: \$46,773)

A portion of 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.

(e) Related party unitholding

The only related party to the Fund as defined by AASB 124 *Related Party Disclosures* is the Responsible Entity which has no unit holdings in the Fund. MA Credit Investments Pty Ltd, a wholly owned subsidiary of MA Financial Group, held units in the Fund as follows:

	NO. OF UNITS HELD OPENING ('000)	NO. OF UNITS HELD CLOSING ('000)	FAIR VALUE OF INVESTMENT (\$'000)	INTERES T HELD (%)	NO. OF UNITS ACQUIRED ('000)	NO. OF UNITS DISPOSED ('000)	DISTRIBUTIONS PAID/ PAYABLE BY THE FUND (\$'000)
31 DECEMBER 2023							
MA Credit Investments Pty Ltd	11,600	1,600	1,600	2.38%	0	10,000	169
Total	11,600	1,600	1,600	2.38%	0	10,000	169
31 December 2022							
MA Credit Investments Pty Ltd	11,600	11,600	11,600	27.42%	0	0	349
Total	11,600	11,600	11,600	27.42%	0	0	349

(f) Investments

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 half-year ended 31 December 2023

10 Approval of financial statements

The condensed half-year financial report of the Fund for the period ended 31 December 2023 was approved and authorised for issue by the Responsible Entity effective 15 March 2024.

11 Events occurring after the reporting period

After the Financial period ended, 31 December 2023, the Fund paid the December 2023 distribution to unitholders of \$563,171.01.

No 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.



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 Fund).

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 Fund's financial position as at 31 December 2023 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 statement of financial position as at 31 December 2023;
- Condensed half-year statement of comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the Half-year ended on that date;
- Notes 1 to 11 including selected explanatory notes; and
- The Directors' Declaration.

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 Fund 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 these requirements.

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

The Directors of the Fund 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*; and
- 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 Responsibilities 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 Fund's financial position as at 31 December 2023 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

15 March 2024