



MAB DIVERSIFIED PROPERTY TRUST

ARSN 103 463 467

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011**

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Directors' of Responsible Entity Report

The directors of MAB Funds Management Ltd ("the Responsible Entity"), the Responsible Entity of the MAB Diversified Property Trust ("the Scheme") presents their report together with the financial report of the Scheme for the year ended 30 June 2011 and the auditors' report thereon. This financial report has been prepared on a wind up basis where all assets and liabilities are recorded at amounts expected to be settled less any costs.

Principal Activities

The Scheme is a Managed Investment Scheme domiciled in Australia. The principal activity of the Scheme during the financial year was property investment in accordance with the Scheme's constitution. The Scheme has moved to sell down all assets and return funds to unitholders following a vote on the future of the Scheme. There has been no other significant change in the nature of these activities during the financial year. The Scheme did not have any employees during the financial year.

Directors

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

Name

Andrew Buxton Appointed 22 November 2001

B Sc

Experience and special responsibilities

Andrew Buxton began his career in the quarry and asphalt industry. From 1974 to 1988 Andrew was Co-Managing Director of the Associated Quarries and Asphalts Group. Andrew diversified into property development and in 1995 founded MAB Corporation with Michael Buxton. He has over 20 years experience in the property industry and is also the Managing Director of MAB Corporation Pty Ltd.

Michael Buxton Appointed 22 November 2001

AAPI, MREI

Experience and special responsibilities

Michael Buxton has over 40 years of experience in the property industry that commenced with property management and sales in his family's business, JR Buxton Pty Ltd. In 1976 Michael co-founded Becton Corporation and as a Joint Managing Director built the company into one of the most successful property investment and development companies in Australia. At the end of 1994, Michael sold his interest in Becton Corporation and in 1995 founded MAB Corporation with his brother Andrew. Michael is also Executive Director of MAB Corporation Pty Ltd.

Nicholas Gray Appointed 22 November 2001

B Sc, AAPI,
MRICS

Experience and special responsibilities

Nicholas Gray has over 35 years experience in the property industry, the last 23 of which have been in property investment and funds management. He is responsible for the overall management of the Company's operations. Nicholas has wide experience in the UK from 1976 to 1985 and in Australia since 1985. He was Head of Property at Norwich Union and Norwich Investment Management Ltd from 1987 to 1998 and during 1996-1997 was also General Manager - Funds Management of GRW Property Ltd, a company controlled by Norwich. In 1998 Nicholas was appointed Fund Manager of the Colonial First State Commercial Property Trust. Nicholas joined MAB Corporation in 2001 to establish its property funds management operation.

Nicholas is also a member of the Compliance Committee.

Directors' of Responsible Entity Report (Continued)

Review of Operations and Results

Net rental income generated by the Scheme decreased by 3.2% to \$11.5 million (June 2010 \$11.9M) and the Scheme paid distributions of 4.00 cents per unit. Based upon Director valuations conducted at 30 June 2011 the Net Tangible Asset backing of the Scheme has produced a decrease of 19.76% to \$0.69 per unit (June 2010 \$0.86). Asset backing has also been reduced due to the Scheme's move to wind up with selling costs of the assets now reduced by their cost to sell.

Net rental income was affected by increased repairs and maintenance costs across the portfolio whereas gross income showed a 1.1% increase. Income from the Scheme's New Zealand assets were affected by an unfavourable movement of 5.2% in the AUD/NZD exchange rate.

During the year the Scheme entered into an agreement to develop an Aldi Supermarket within the Mornington Shopping Centre. Construction of the new supermarket began during the financial year with the supermarket expected to begin trading in early 2012.

Distributions

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

	2011		2010	
	\$'000	\$ per unit	\$'000	\$ per unit
Interim distribution paid	1,976	0.0300	1,646	0.0250
Final distribution payable	659	0.0100	659	0.0100
Total Distribution	2,635	0.0400	2,305	0.0350

Unit on Issue

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

	2011 '000	2010 '000
Unit on issue at the beginning of the year	65,866	65,866
Unit issued	-	-
Unit redeemed	-	-
Units on issue at the end of the year	65,866	65,866

Scheme Assets

	2011 \$'000	2010 \$'000
Value of total scheme assets as at 30 June	136,097	147,274

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

Responsible Entity Fees and Other Transactions

	2011 \$'000	2010 \$'000
Responsible Entity fees paid directly by the Scheme	734	774
Registry fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	69	69
Accounting fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	69	69
Asset management fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	94	93
Total transactions with responsible entity	966	1,005

Directors' of Responsible Entity Report (Continued)

Units in the Scheme held by related parties

	Number of units held '000	Fair Value of the Units Held \$'000
2011		
MAB Funds Management Ltd	100	69
Andrea Brisbane	50	35
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336	232
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336	232
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336	232
Andrew Buxton	50	35
Raymond Austin Holdings Pty Ltd	50	35
BFAM Pty Ltd A/C BFAM Trust	50	35
Lightborough Pty Ltd ATF The Thomas A Trust	50	35
Buxton Family A/C Buxton Superannuation Fund	100	69
MRB Superannuation Pty Ltd A/C MRB Superannuation Fund	356	246
Jero Pty Ltd Superannuation Fund	456	315
2010		
MAB Funds Management Ltd	100	89
Andrea Brisbane	50	44
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336	299
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336	299
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336	299
Andrew Buxton	50	44
Raymond Austin Holdings Pty Ltd	50	44
BFAM Pty Ltd A/C BFAM Trust	50	44
Lightborough Pty Ltd ATF The Thomas A Trust	50	44
Buxton Family A/C Buxton Superannuation Fund	100	89
MRB Superannuation Pty Ltd A/C MRB Superannuation Fund	356	320
Jero Pty Ltd Superannuation Fund	456	406

Extraordinary General Meeting

An extraordinary general meeting of unitholders in the Scheme was held on 7 September 2010 to vote upon two resolutions regarding the future of the Scheme. The meeting was held in accordance with the requirements of the Scheme's Product Disclosure Statement to hold a review event where unitholders would be given the opportunity to vote on resolutions regarding the future of the Scheme. The first resolution tabled included an extension to the Scheme's term by three years and the second to conduct a unit buyback with the proceeds from selected asset sales. Neither resolution was passed at this meeting.

Given the results of the vote and the preference of a majority of unitholders it was determined that an orderly wind up of the Scheme would occur. The sale and settlement of the Scheme's assets is expected to occur over the period to 31 March 2012. Management's aim is for asset sales to be completed by the end of calendar year 2011 however there is a possibility that this could extend into the first quarter of 2012 for some properties.

Significant Changes in the State of Affairs

Other than the points raised above, there have been no significant changes in the MAB Diversified Property Trust's state of affairs during the financial year.

After Balance Date Events

Post 30 June 2011 the Scheme has settled the sales of three of the investments property assets being Barton (ACT), Rivervale (WA) and Upper Mount Gravatt (QLD). Sale price were in line with 30 June 2011 book values and totalled \$27.6M.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Directors' of Responsible Entity Report (Continued)

Likely Developments

The Scheme will pursue its strategy to sell down the property assets of the Scheme in line with the strategy presented to investors following the fund review event in September 2010.

Environmental Regulation

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

Compliance Committee

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

- monitoring the compliance of the Responsible Entity with the Corporations Act, the Compliance Plan, the Constitution and the Responsible Entity's Australian Financial Securities License and reporting any breach to the Board;
- reporting to ASIC if the Compliance Committee is of the view that the Responsible Entity has not taken, or does not propose to take, appropriate action to deal with a matter reported;
- assessing, at regular intervals, whether the Compliance Plan is adequate;
- reporting to the Board on its assessment of the Compliance Plan; and
- making recommendations to the Board about any changes that it considers should be made to the Compliance Plan.

Independent members of the compliance committee include:

Bleddyn Gambold

Mr. Gambold has over 25 years experience of providing administration services to international investment funds. In 2003 Mr Gambold co-founded Columbus Investment Services, a provider of responsible entity and trustee services to managed investment schemes in Australia. In addition to his experience with Columbus, he worked in a variety of roles with the Bank of Bermuda in Bermuda, London and Hong Kong and with LGT Asset Management (which became INVESCO) in Hong Kong and Australia. Mr Gambold is a founding director of Intrinsic Value Investments and NavralInvest, two boutique fund management companies based in Sydney. Mr. Gambold has a BA (Hons) degree in Accountancy and qualified as a chartered accountant in the United Kingdom with Price Waterhouse.

Paul Wheeler

Mr. Wheeler has more than 40 years experience of property consultancy, valuations and estate agency in Victoria and the United Kingdom. His contribution to the real estate sector includes ten years on the Victorian Board of the Property Council of Australia and a similar period on the Victorian Committee of the Australian Property Institute. Paul obtained an MA in Land Economy from Cambridge University, is a Fellow of the Royal Institution of Chartered Surveyors and is a Life Fellow of the Australian Property Institute. He has satisfied ASIC PS 146 compliance requirements and has acted as a responsible officer for an ASIC licensed responsible entity. Paul's last full time position was with Urbis where he undertook a wide variety of valuation and consultancy projects. He retired as Director and Chairman in 2002. He is currently Director and Chairman of People First Retirement Services, an organisation active in the Aged Care sector.

Directors' of Responsible Entity Report (Continued)

Indemnification and Insurance of Directors, Officers and Auditors

Insurance premiums

During the financial year the Responsible Entity has paid premiums in respect of its officers for liability and legal expenses for the year ended 30 June 2011. The Responsible Entity has paid or agreed to pay in respect of the Scheme, premiums in respect of such insurance contracts for the year ended 30 June 2011. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are, or have been, Directors of the Responsible Entity, or Executive Officers of the Responsible Entity.

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

Indemnifications

Under the Scheme constitution the Responsible Entity, including its officers and employees, is indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

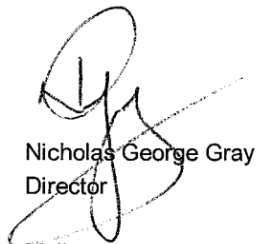
Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Scheme under ASIC Class Order 98/100. The Scheme is an entity to which the Class Order applies.

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the directors.



Nicholas George Gray
Director
Melbourne
30 September 2011

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of MAB Funds Management Ltd, the Responsible Entity of the MAB Diversified Property Trust

In relation to the independent audit for the year ended 30 June 2011, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (ii) No contraventions of any applicable code of professional conduct.



T J BENFOLD

Partner

Date 30 September 2011



PITCHER PARTNERS
Melbourne

Statement of Comprehensive Income

For the Financial Year ended 30 June 2011

	Note	2011 \$ '000	2010 \$ '000
INCOME			
Net rental income	4	11,495	11,881
Interest income		28	15
Net gain on financial instruments at fair value through profit and loss		98	-
Foreign currency gains		-	262
TOTAL INCOME		11,621	12,158
EXPENSES			
Audit fees	5	62	35
Custody, registry and accounting fees		208	216
Finance costs (excluding finance costs attributable to unitholders)		6,545	6,645
Responsible entity fees		734	774
Net loss from fair value movements in investment properties	8/9	11,337	7,571
Net loss on financial instruments at fair value through profit and loss		-	58
Foreign currency losses		843	-
Other expenses		112	175
TOTAL EXPENSES		19,841	15,474
NET LOSS BEFORE TAX		(8,220)	(3,316)
Income tax expense	13	517	435
NET LOSS		(8,737)	(3,751)
OTHER COMPREHENSIVE INCOME			
Movement in cash flow hedging reserve		-	1,972
Total comprehensive income for the year		(8,737)	(1,779)

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2011

	Note	30 June 2011 \$'000	30 June 2010 \$ '000
CURRENT ASSETS			
Cash and cash equivalents	17(b)	1,074	1,464
Trade and other receivables	7	755	359
Derivative financial instruments	6	-	8
Assets held for sale	9	134,268	-
TOTAL CURRENT ASSETS		136,097	1,831
NON CURRENT ASSETS			
Investments – Direct property	8	-	145,443
TOTAL NON CURRENT ASSETS		-	145,443
TOTAL ASSETS		136,097	147,274
CURRENT LIABILITIES			
Trade and other payables	10	2,125	1,400
Distribution payable	12	659	659
Interest bearing liabilities	11	86,198	86,814
Derivative financial instruments	6	-	106
Deferred tax provision	13	1,932	-
TOTAL CURRENT LIABILITIES		90,914	88,979
NON CURRENT LIABILITIES			
Deferred tax provision	13	-	1,740
TOTAL NON CURRENT LIABILITIES		-	1,740
TOTAL LIABILITIES		90,914	90,719
NET ASSETS		45,183	56,555
EQUITY			
Issued Equity	16	60,633	60,633
Retained Earnings	15	(15,450)	(3,385)
Reserves	14	-	(693)
TOTAL EQUITY		45,183	56,555

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the Financial Year ended 30 June 2011

	2011				2010			
	Issued Equity	Retained Earnings	Reserves	Total Equity	Issued Equity	Retained Earnings	Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPENING BALANCE	60,633	(3,385)	(693)	56,555	60,633	2,671	(2,665)	60,639
Net profit/(loss) for period	-	(8,737)	-	(8,737)	-	(3,751)	-	(3,751)
Movement in cashflow hedging reserve	-	(693)	693	-	-	-	1,972	1,972
Total comprehensive income for the year	-	(9,430)	693	(8,737)	-	(3,751)	1,972	(1,779)
Transactions with owners in their capacity as owners:								
Proceeds from units issued	-	-	-	-	-	-	-	-
Redemption of units on issue	-	-	-	-	-	-	-	-
Distributions paid	-	(2,635)	-	(2,635)	-	(2,305)	-	(2,305)
CLOSING BALANCE	60,633	(15,450)	-	45,183	60,633	(3,385)	(693)	56,555

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the Financial Year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Rental income received		12,529	13,410
Interest received		28	15
Derivative settlement received		-	72
Payment to suppliers		(2,433)	(3,008)
Net cash provided by operating activities	17	10,124	10,489
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for investment properties		(1,093)	(2,277)
Property marketing / sale costs		(215)	-
Sale of property call option		100	-
Net cash used in investing activities		(1,208)	(2,277)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing costs paid		(6,947)	(6,592)
Proceeds from borrowings		207	625
Net cash used in financing activities		(6,740)	(5,967)
CASH FLOW FROM UNITHOLDERS' ACTIVITIES			
Distributions paid		(2,635)	(2,140)
Net cash in unitholders' activities		(2,635)	(2,140)
Net increase/(decrease) in cash and cash equivalents		(459)	105
Effects of exchange rate fluctuations on balances of cash held in foreign currency		69	6
Cash and cash equivalents at beginning of financial year		1,464	1,353
Cash and cash equivalents at end of the financial year	17	1,074	1,464

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the financial year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the financial year.

(a) Basis of preparation

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

The financial report was authorised for issue by the directors of the Responsible Entity on 30 September 2011.

Compliance with IFRS

The financial report of the Scheme also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

Critical accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the Scheme's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3.

(b) Going Concern

An extraordinary general meeting of unitholders in the Scheme was held on 7 September 2010 to vote upon two resolutions regarding the future of the Scheme. The meeting was held in accordance with the requirements of the Scheme's Product Disclosure Statement to hold a review event where unitholders would be given the opportunity to vote on resolutions regarding the future of the Scheme. The first resolution tabled included an extension to the Scheme's term by three years and the second to conduct a unit buyback with the proceeds from selected asset sales. Neither resolution was passed at this meeting.

Given the results of the vote and the preference of a majority of unitholders it was determined that an orderly wind up of the Scheme would occur. The sale and settlement of the Scheme's assets is expected to occur over the period to 31 March 2012.

In accordance with management's intention to conduct a sell down of the assets, the financial statements have been prepared on a wind up basis of accounting. Under this method all assets and liabilities are recorded at amounts at which they are expected to be settled less any costs.

(c) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred.

(d) Income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Specific revenues are recognised as follows:

Interest income

Income from cash on deposit is recognised on an accrual basis.

Net rental income

Rent is brought to account on an accrual basis.

Expenses

Expenses are brought to account on an accruals basis.

(e) Distributions and taxation

Under current legislation the Scheme is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

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

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

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

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Scheme prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the responsible entity by third parties such as audit fees, custodial services, compliance committee fees, legal fees and investment management fees, have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC's) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the Income Statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

(j) Financial Instruments

Classification

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

Loans and Receivables

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

Financial Liabilities

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

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

Hedge Accounting

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

Cash flow hedge

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

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

For cash flow hedges, other than those described above, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Investment Property

In prior periods, property held by the Scheme was classified as investment properties. Investment properties were properties which were held either to earn rental income or for capital appreciation or for both. Investment properties were stated at fair value. The scheme had an internal valuation process for determining the fair value at each reporting date. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, valued individual properties every two years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with Responsible Entity approved valuation policy. These external valuations were taken into consideration when determining the fair value of the investment properties. The fair values were based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

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

(l) Assets Held-For-Sale

As explained in note 1(b) the directors have commenced an orderly wind up of the scheme. Consequently investment properties held by the trust are now classified as 'Assets held-for-sale' and their carrying amounts will be recovered principally through a sale transaction rather than through continued use. Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell where fair value is determined under the policy outlined for investment properties in Note 1(k).

Assets are classified as held-for-sale where a sale is considered highly probable and that their carrying amount will be recovered principally through a sale transaction rather than through continued use. Assets classified as held-for-sale are presented separately from the other assets in the statement of financial position.

Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Changes to fair value are recorded in the income statement.

An impairment loss is recognised for any subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment previously recognised. Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised in the profit and loss.

(m) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the interest bearing liability using the effective interest method.

Interest bearing liabilities are classified as current liabilities unless the Scheme has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest bearing liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in other income or other expenses.

(n) Provisions

A provision is recognised in the balance sheet when the Scheme has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Comparatives

Comparative data has been presented on a consistent basis with the prior reporting period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Rounding of Amounts

MAB Diversified Property Trust is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

(q) New accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

(r) Foreign currencies

Functional and presentation currency

The Scheme's financial statements are measured using its functional currency, which is the currency of the primary economic environment in which the Scheme operates. The financial statements are presented in Australian dollars, which is the Scheme's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of the Scheme are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Resulting exchange differences arising on settlement or re-statement are recognised as income and expenses for the financial year.

NOTE 2: FINANCIAL RISK MANAGEMENT

The MAB Diversified Property Trust's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Scheme's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Scheme. The Scheme has previously used derivative financial instruments such as interest rate and foreign exchange swaps to hedge certain risk exposures. As at 30 June 2011 the Scheme had no hedging in place due to the uncertainty around the timing of asset sales. The Scheme will use different methods to measure different types of risk to which it is exposed and look to hedge appropriately. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

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

(a) Market Risk

(i) Price Risk

The Scheme is exposed to property market price risk. This arises from investments held by the Scheme of eleven properties held in Australia and New Zealand. To manage its price risk arising from investments in property, the Scheme monitors closely the market fundamentals including market rents, supply and demand characteristics of the various retail and office markets and capital expenditure requirements.

(ii) Cash flow and fair value interest rate risk

The Scheme's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Scheme to cash flow interest rate risk. Borrowings issued at fixed rates expose the Scheme to fair value interest rate risk. Prior to the decision to sell down assets the Scheme's policy was to maintain 100% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. Given that the Scheme expects to pay down all of its debt within the 2012 financial year, there are currently no interest rate hedges in place as interest rate risk is considered low due to the short time before forecast debt repayment.

NOTE 2: FINANCIAL RISK MANAGEMENT (Continued)

(iii) Currency Risk

The Scheme is exposed to currency risk through its investment in commercial properties located in New Zealand. The Scheme's policy has been to hedge a majority of the income generated by the New Zealand properties and foreign exchange forward rate contracts were in place until August 2011. Due to the decision to sell assets no new hedges have been entered due to the uncertainty around the timing of asset sales. There is currently no hedging in place for the capital value of the New Zealand property values with the exception of the natural hedge that exists by using New Zealand denominated debt to fund the properties acquisition. MAB Funds Management will continue to review the currency hedging strategy for the Scheme and will give consideration to hedging the repatriation of funds once sale amounts and timing is clear.

The Scheme's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Weighted average effective interest rate		Non-interest bearing		Floating interest rate		Total carrying amount as per Balance Sheet	
	2011 %	2010 %	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<i>(i) Financial assets</i>								
Cash and cash equivalent	2.19	2.03	676	587	398	877	1,074	1,464
Derivatives			-	8	-	-	-	8
Receivables			755	359	-	-	755	359
Total financial assets			1,431	954	398	877	1,829	1,831
<i>(ii) Financial liabilities</i>								
Payables			2,125	1,400	-	-	2,125	1,400
Derivatives			-	106	-	-	-	106
Provision for distribution			659	659	-	-	659	659
Borrowings	7.02	7.68	-	-	86,198	86,814	86,198	86,814
Total financial liabilities			2,784	2,165	86,198	86,814	88,982	88,979

NOTE 2: FINANCIAL RISK MANAGEMENT (Continued)

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Scheme's financial assets and financial liabilities to interest rate risk, foreign exchange risk and investment price risk.

Financial Instruments	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Investment price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Assets													
Cash and cash equivalent	1,074	(6)	(6)	6	6	68	68	(68)	(68)	-	-	-	-
Trade and other receivables	755	-	-	-	-	20	20	(20)	(20)	-	-	-	-
Investments – Direct property	134,268	-	-	-	-	2,768	2,768	(2,768)	(2,768)	(13,427)	(13,427)	13,427	13,427
Liabilities													
Interest bearing liabilities	(86,198)	862	862	(862)	(862)	(1,571)	(1,571)	1,571	1,571	-	-	-	-
Trade and other payables	(2,125)	-	-	-	-	(19)	(19)	19	19	-	-	-	-
Distribution Payable	(659)	-	-	-	-	-	-	-	-	-	-	-	-
Total increase / (decrease)		856	856	(856)	(856)	1,266	1,266	(1,266)	(1,266)	(13,427)	(13,427)	13,427	13,427

(b) Credit Risk

Credit risk represents the loss that would arise if a counterparty to a financial asset fails to discharge an obligation or commitment that they have entered into with the Scheme. The Scheme has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The primary financial asset exposed to credit risk are trade and other receivables. At 30 June 2011 the maximum credit risk totalled \$599,398 (2010: \$347,601)

The exposure to credit risk in respect to trade and other receivables is minimised by the diverse number, and quality of tenants. Risk is also mitigated by obtaining bank guarantees and other security arrangements. Trade receivables are monitored closely to ensure any tenant defaults are recognised at an early stage and appropriate action taken.

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

(c) Liquidity risk

Prudent liquidity risk management is carried out by maintaining sufficient access to cash including maintaining working capital and access to other banking facilities. Loan facility negotiations to provide flexibility to the upcoming review event have included provision for forecast capital expenditure along with a buffer for unforeseen expenses.

Maturity Analysis

All finance facilities currently expire in September 2012. Facilities expire six months after the forecast settlement dates for the property portfolio to allow for any variations to the sales timetable.

All other financial liabilities are expected to be settled within the next six months.

(d) Fair Values

Derivative financial assets and liabilities have been measured and recognised at fair value under AASB 7 and all have been determined as Level 2 under the following fair value measurement hierarchy:

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

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The MAB Diversified Property Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. No estimates or assumptions are believed to have a significant risk of causing a material misstatement. These estimates and assumptions include assessment of fair value of investment properties, assessment of fair value of derivatives and the use of exchange rates. Further information as to how the estimates and assumptions are made is discussed below:

(a) Income tax

Under current legislation the Scheme is not subject to Australian income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders. Foreign income is assessable on income received from operations in New Zealand.

In accordance with the Product Disclosure Statement and Constitution, the Scheme fully distributes its taxable income to unitholders by cash. This assumes the continued consistent treatment of this matter by the Australian Taxation Office.

(b) Valuations

The valuations of the direct property have been based on Director's valuations. The valuations are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

As the properties are currently available for sale, a provision for selling costs is present in the carrying value of the property assets. The provision totalled 1.5% of the property asset values as at 31 December 2011 for a total provision of \$2.15M. As at 30 June 2011 \$214,754 of the provision had been spent on the marketing and legal costs associated with the sale of the portfolio.

NOTE 4: NET RENTAL INCOME

	2011 \$'000	2010 \$'000
Property rental income	17,647	17,449
Less		
Property expenses	(6,152)	(5,568)
Net property income	11,495	11,881

NOTE 5: AUDITOR'S REMUNERATION

	2011 \$'000	2010 \$'000
Remuneration of the auditor of the Scheme for:		
Auditing the financial report	47	28
Other services	15	7
Total auditor's remuneration	62	35

Costs associated with auditing the Scheme's financial statements were paid for by the Scheme for the year ended 30 June 2011. The above audit and related service fees are for the entire scheme.

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

	2011 \$'000	2010 \$'000
Current Assets:		
Forward Foreign Exchange Contracts	-	8
Total assets	-	8
Current Liabilities:		
Interest Rate Swaps	-	106
Total liabilities	-	106

NOTE 7: TRADE AND OTHER RECEIVABLES

	2011 \$'000	2010 \$'000
Rent receivable	803	644
Interest receivable	1	1
Prepaid interest	154	19
Total trade and other receivables (pre provision for impairment)	958	664
Balance 1 July	(305)	(208)
Amounts written off	95	96
(Impairment recognised)/Impairment reversal	7	(193)
Provision for impairment	(203)	(305)
Total trade and other receivables	755	359

Trade and other receivables consist of a large number of customers. The Scheme does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, a provision for impairment of receivables is raised. The Scheme holds collateral in certain circumstances which takes the form of bank guarantees, security deposits, personal guarantee or a mortgage over property until completion. There is no concentration of credit risk with respect to receivables as the Scheme has a large number of customers, geographically dispersed.

NOTE 8: INVESTMENT PROPERTY

	2011 \$'000	2010 \$'000
(a) Investment in properties – Freehold properties		
Carrying value of investment properties	-	145,443

The basis of the valuation of investments property is fair value, being the amounts for which the properties could be exchanged between willing parties, in an arm's length transaction. The valuations, conducted by the Director's of the Scheme, were based on current prices in an active market for similar properties in the same location and condition, and subject to similar leases.

<u>Movements in carrying amount of property investments:</u>		
Opening balance at 1 July	145,443	150,412
Property purchase costs / Capital improvements	-	2,277
Foreign exchange movements	-	325
Fair value adjustment to investment properties	-	(7,571)
Transfer to assets held for sale	(145,443)	-
Closing balance at 30 June	-	145,443

The scheme leases out its investment property under operating leases. As at the end of the financial year all properties were earning rental income.

The investment property portfolio is provided as security against the interest bearing liabilities listed at note 10.

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

Refer to note 4 for information on property revenue and expenses recognised for investment properties.

NOTE 9: ASSETS HELD FOR SALE

<u>Movements in carrying amount of assets held for sale:</u>		
Opening balance	-	-
Transfer from investment property	145,443	
Foreign exchange movements	(1,709)	-
Capital Improvements	1,656	
Fair value adjustment as a result of revaluation	(9,187)	-
Provision for selling costs attributable to assets held for sale	(2,150)	
Costs incurred in relation to the sale of assets	215	
Closing balance at period end	134,268	-

The basis of the valuation of assets held for sale is fair value, being the amounts for which the properties could be exchanged between willing parties, in an arm's length transaction. The valuations, conducted by the Director's of the Scheme, were based on current prices in an active market for similar properties in the same location and condition, and subject to similar leases.

Following the extraordinary general meeting held in September 2010 it has been decided that all investment property assets of the Scheme will be marketed for sale and that their carrying amount will be recovered principally through a sale transaction rather than through continued use.

NOTE 10: TRADE AND OTHER PAYABLES

	2011	2010
	\$'000	\$'000
Trade creditors	223	36
Accrued expenses	1,422	743
Interest payable	50	315
Other payables	330	306
Unearned revenue	100	-
Total trade and other payables	2,125	1,400

NOTE 11: INTEREST BEARING LIABILITIES

	2011	2010
	\$'000	\$'000
Current Liabilities		
Interest bearing senior debt	86,198	86,814
Total interest bearing liabilities	86,198	86,814

All interest bearing senior debt is secured by a first registered mortgage over the investment property of the Scheme shown in Note 8 and 9.

NOTE 12: DISTRIBUTIONS

	2011	2010
	\$'000	\$'000
Interim distributions paid		
September	659	494
December	658	494
March	659	658
Total Interim distributions paid	1,976	1,646
Provision for final distribution payable June	659	659
Total provision for distribution payable	659	659

NOTE 13: INCOME TAX

	2011	2010
	\$'000	\$'000
Major components of income tax expense		
Current income tax – New Zealand	240	152
Movement in deferred tax provision	277	283
Total income tax expense	517	435

Income tax expense reconciliation– New Zealand

	2011	2010
	\$'000	\$'000
Reconciliation between tax expense and net loss before tax		
Net loss before tax	(8,219)	(3,751)
Income tax expense	517	435
Net (loss) / profit after tax	(8,736)	(3,316)
Loss / (profit) attributable to Australian properties not subject to taxation	7,355	2,722
(Loss) / profit attributable to New Zealand operation	(1,381)	(594)
Prima facie income tax expense/(benefit) based on 30% tax rate	(414)	(178)
Non deductible loss – Fair value adjustment	884	594
Other (includes foreign exchange movement and other non assessable items)	47	19
Total income tax expense	517	435

	2011	2010
	\$'000	\$'000
Deferred tax		
Depreciation	1,932	1,740
Deferred tax liability	1,932	1,740

	2011	2010
	\$'000	\$'000
Movement in deferred tax provision		
Deferred tax provision at beginning of the year	1,740	1,438
Movement in deferred tax provision – income tax expense	277	283
Foreign exchange movement on foreign tax provision	(85)	19
Deferred tax provision	1,932	1,740

NOTE 14: RESERVES

	2011	2010
	\$'000	\$'000
Cash flow hedging reserve	-	(693)
Total reserves	-	(693)

NOTE 15: RETAINED EARNINGS

	2011	2010
	\$'000	\$'000
Opening balance	(3,385)	2,671
Net profit / (loss)	(8,737)	(3,751)
Transfer of hedging reserve	(693)	-
Distributions paid	(2,635)	(2,305)
Closing balance	(15,450)	(3,385)

NOTE 16: ASSET BACKING PER UNIT

	2011 \$'000	2010 \$'000
(a) Changes In Equity During the Year		
Net assets attributable to unitholders at beginning of the year	56,555	60,639
Proceeds from units issued	-	-
Capital raising costs	-	-
Changes in net assets attributable to unitholders	(11,372)	(6,056)
Cashflow hedging reserve	-	1,972
Equity as at the end of year	45,183	56,555
(b) Units on issue		
Units on issue as at beginning of the year	65,866	65,866
Units issued as cash application	-	-
Units redeemed	-	-
Units on issue as at the end of the year	65,866	65,866
	\$	\$
(c) Net assets attributable to unitholders per unit	0.69	0.86
(d) Issued Equity		
Issues equity at the end of the year	60,633	60,633

NOTE 17: NOTES TO THE STATEMENT OF CASH FLOWS

	2011 \$'000	2010 \$'000
(a) Reconciliation of net cash provided by operating activities to net operation profit		
Net Loss	(8,737)	(3,751)
<i>Adjustments for:</i>		
Revaluation decrement	11,337	7,571
Finance costs (excluding finance costs attributable to unitholders)	6,545	6,645
Movement in deferred tax provision	192	283
Foreign exchange gains / (losses)	843	(262)
Net gain on financial derivatives	(98)	129
Changes in assets and liabilities during the financial year:		
(Decrease)/Increase in payables and provisions	310	(374)
Decrease/(Increase) in receivables and other assets	(268)	248
Net cash provided by operating activities	10,124	10,489
(b) Reconciliation of cash		
Cash balance comprises:		
Cash at bank	1,074	1,464
Closing cash balance	1,074	1,464

NOTE 18: RELATED PARTIES

Responsible Entity

The Responsible entity of MAB Diversified Property Trust is MAB Funds Management Ltd (ABN 36 098 846 701) whose immediate and ultimate holding company is MAB Corporation Pty Ltd (ABN 78 917 019 883).

Compensation of Key Management Personnel of the Responsible Entity

(a) Details of Key Management Personnel of the Responsible Entity

(i) Directors

Andrew Buxton	<i>Managing Director – MAB Corporation Pty Ltd</i>
Michael Buxton	<i>Executive Director – MAB Corporation Pty Ltd</i>
Nicholas Gray	<i>General Manager – MAB Funds Management Limited</i>

(ii) Executives

Mark Biancucci	<i>Finance Manager – MAB Funds Management Limited</i>
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(b) Compensation of Key Management Personnel of the Responsible Entity

(i) Principles of compensation

Compensation of the key management personnel is paid directly by the Responsible Entity. The directors and executives are not provided with any compensation by the Scheme itself.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of compensation provided to directors of the Responsible Entity and the management fees paid by the Scheme to the Responsible Entity in accordance with the Scheme constitution and Information Memorandums. Remuneration has been disclosed on a reasonable basis of allocation across each scheme operated by the Responsible Entity.

NOTE 18: RELATED PARTIES (Continued)

(ii) Directors' Compensation:

	Short-Term		Post employment	Total Remuneration	Total Performance Related
	Salary fees	Cash Bonus			
	\$	\$	\$	\$	%
2011					
Andrew Buxton	-	-	-	-	-
Michael Buxton	-	-	-	-	-
Nicholas Gray	57,375	17,100	-	74,475	22.96%
	57,375	17,100	-	74,475	22.96%
2010					
Andrew Buxton	-	-	-	-	-
Michael Buxton	-	-	-	-	-
Nicholas Gray	51,046	-	-	51,046	-
	51,046	-	-	51,046	-

(iii) Executives' Compensation:

	Short-Term		Post employment	Total Remuneration	Total Performance Related
	Salary fees	Cash Bonus			
	\$	\$	\$	\$	%
2011					
Mark Biancucci	28,597	4,500	-	33,097	13.60%
	28,597	4,500	-	33,097	13.60%
2010					
Mark Biancucci	27,208	2,312	-	29,520	7.83%
	27,208	2,312	-	29,520	7.83%

(iv) Compensation by category

	2011	2010
	\$	\$
Short-term employment benefits	107,572	80,566
Post employment benefits	-	-
	107,572	80,566

(c) Loans to key management personnel of the Responsible Entity

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the Directors or specified executives or their personally related entities at any time during the reporting period.

(d) Other transactions with Directors, Specified Executives and Related Parties

From time to time Directors, Specified Executives, MAB Funds Management Ltd and its director related entities may invest in or withdraw from the Scheme. These investments or withdrawals are conducted on the same terms and conditions as those entered into by the other Scheme investors.

NOTE 18: RELATED PARTIES (Continued)**(e) Responsible Entity Fees and Other Transactions**

	2011 \$'000	2010 \$'000
Responsible Entity fees paid directly by the Scheme	734	774
Registry fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	69	69
Accounting fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	69	69
Asset management fees paid directly by the Scheme to MAB Administration and Management Services Pty Ltd	94	93
Total transactions with responsible entity	966	1,005

(f) Related party investment held by the Scheme

The Scheme has no investment in the Responsible Entity at year end. The Scheme has no investment in other schemes of which the MAB Funds Management Ltd is also the Responsible Entity.

(g) Payables to Responsible Entity

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

(h) Units in the Scheme held by related parties

Details of holdings in the Scheme by the Responsible Entity, directors, director related entities or other Schemes also managed by the Responsible Entity are set out as below:

	Number of units held '000	Fair Value of the Units Held \$'000
2011		
MAB Funds Management Ltd	100	69
Andrea Brisbane	50	35
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336	232
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336	232
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336	232
Andrew Buxton	50	35
Raymond Austin Holdings Pty Ltd	50	35
BFAM Pty Ltd A/C BFAM Trust	50	35
Lightborough Pty Ltd ATF The Thomas A Trust	50	35
Buxton Family A/C Buxton Superannuation Fund	100	69
MRB Superannuation Pty Ltd A/C MRB Superannuation Fund	356	246
Jero Pty Ltd Superannuation Fund	456	315
2010		
MAB Funds Management Ltd	100	89
Andrea Brisbane	50	44
Andrew Buxton & Geraldine Buxton A/C The Lisa Annabelle Buxton Trust	336	299
Andrew Buxton & Geraldine Buxton A/C The James Benjamin Buxton Trust	336	299
Andrew Buxton & Geraldine Buxton A/C The Charles Andrew Buxton Trust	336	299
Andrew Buxton	50	44
Raymond Austin Holdings Pty Ltd	50	44
BFAM Pty Ltd A/C BFAM Trust	50	44
Lightborough Pty Ltd ATF The Thomas A Trust	50	44
Buxton Family A/C Buxton Superannuation Fund	100	89
MRB Superannuation Pty Ltd A/C MRB Superannuation Fund	356	320
Jero Pty Ltd Superannuation Fund	456	406

NOTE 19: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2011 and have been no changes in contingent liabilities since 30 June 2010.

NOTE 20: SUBSEQUENT EVENTS

Post 30 June 2011 the Scheme has settled the sales of three of the investments property assets being Barton (ACT), Rivervale (WA) and Upper Mount Gravatt (QLD). Sale price were in line with 30 June 2011 book values and totalled \$27.6M.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

NOTE 21: RESPONSIBLE ENTITY DETAILS

The registered office of the responsible entity is:

Level 5
441 St Kilda Road
Melbourne VIC 3004

The principal place of business is:

Level 5
441 St Kilda Road
Melbourne VIC 3004

Directors' of Responsible Entity Declaration

In the opinion of the directors of MAB Funds Management Limited, the Responsible Entity of the Scheme:

1. The financial statements and notes set out on pages 7 to 26 in accordance with the *Corporations Act 2001*: and;
 - (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and
 - (b) As stated in Note 1(a) the financial statements also comply with International Financial Reporting Standards; and
 - (c) Give a true and fair view of the financial position of the Scheme as at 30 June 2011 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors of the Responsible Entity, MAB Funds Management Limited.



Nicholas George Gray
Director
Melbourne
30 September 2011

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

We have audited the accompanying financial report of MAB Diversified Property Trust (Scheme), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of MAB Funds Management Ltd, the responsible entity of the Scheme, 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Opinion

In our opinion:

- (a) the financial report of MAB Diversified Property Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the scheme's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Basis of accounting – Going Concern

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates the intention of management to sell down the assets of the Scheme as a result of an extraordinary general unitholder meeting held on 7 September 2010. As a consequence all assets and liabilities are recorded at amounts at which they are expected to be settled less any costs.



T J BENFOLD

Partner

Date 30 September 2011



PITCHER PARTNERS

Melbourne