MCP Master Income Trust
Appendix 4D
For the period 26 July 2017 to 31 December 2017

Details of Reporting Period

Current: Period 26 July 2017 to 31 December 2017

Previous corresponding*: N/A

* This is the first period of operations of the Trust and hence there are no prior period comparatives.

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the MCP Master Income Trust (the "Trust") announce the reviewed results of the Trust for the period 26 July 2017 to 31 December 2017 as follows:

Results for announcement to the market

Extracted from Condensed Interim Financial Statements for the period 26 July 2017 to 31 December 2017.

	$'000
Revenue from ordinary activities	**6,776**
Profit/(loss) from the period	**6,244**
Total comprehensive income/(loss) for the period	**6,244**

Details of distributions

On 22 December 2017, the Directors declared a distribution of 2.19 cents per ordinary unit which amounted to $5,641,851 and was paid on 12 January 2018.

Subsequent to period end, on 25 January 2018, the Directors declared a distribution of 0.81 cents per ordinary unit which amounted to $2,090,530 and was paid on 8 February 2018.

Details of distribution reinvestment plan

The Responsible Entity has established a Distribution Reinvestment Plan on 13 February 2018 in relation to all future distributions.

The Responsible Entity expects to make distributions on a monthly basis. For such distributions, it is expected the record date will be the first ASX trading day of each month and the last day for electing into the DRP will be 5.00pm (Sydney time) on the first business day after the record date.

Units under the DRP are currently issued at the net asset value of a unit as determined in accordance with the MXT constitution on the record date.

Net Tangible Assets

	As at 31 December 2017
Total Net Tangible Assets attributable to unitholders ($'000)	**516,782**
Units on issue ('000)	**258,090**
Net Tangible Assets attributable to unit holders per unit (cents)	**2.00**

Control gained or lost over entities during the period

Name of entities	Date of gain of control	Contribution to profit ($'000)
MCP Wholesale Investments Trust	5/10/2017	**6,409**

Details of associates and joint venture entities

The Trust did not have any interest in associates and joint venture entities during current period.

Independent review report

This report is based on the condensed interim financial statements which has been subject to an independent review by the Trust's Auditors, KPMG. All the documents comprise the information required by Listing Rule 4.2A.

MCP Master Income Trust

ARSN 620 465 090

Condensed interim financial statements

For the period 26 July 2017 to 31 December 2017

MCP Master Income Trust

ARSN 620 465 090

Condensed interim financial statements

For the period 26 July 2017 to 31 December 2017

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The condensed interim financial statements covers the MCP Master Income Trust as an individual entity.

The Responsible Entity of the MCP Master Income Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150).

The Responsible Entity's registered office is:
Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

Directors' report

The Directors of The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150), the Responsible Entity of the MCP Master Income Trust ("the Trust"), present their report together with the condensed interim financial statements of the Trust for the period 26 July 2017 to 31 December 2017 and the auditor's report thereon.

Principal activities

The Trust is a registered managed investment scheme that was constituted on 25 July 2017, registered with the Australian Securities and Investments Commission on 26 July 2017, commenced operations on 5 October 2017 and its units commenced trading on the Australian Securities Exchange (ASX: MXT) on 9 October 2017.

The Trust's investment strategy is to create a diversified exposure to Australian corporate loans generally reflecting activity in the corporate loan market and diversified by borrower, industry and credit quality. Through active portfolio risk management, the Investment Manager (Metrics Credit Partners Pty Ltd) will seek to preserve investor capital. Amounts raised by the Trust are invested in the MCP Wholesale Investments Trust. The MCP Wholesale Investments Trust invests directly in wholesale funds, which currently comprise of MCP Real Estate Debt Fund, MCP Secured Private Debt Fund II and the Metrics Credit Partners Diversified Australian Senior Loan Fund, or directly in investment assets.

The Trust did not have any employees during the period.

Directors

The following persons held office as Directors of The Trust Company (RE Services) Limited during the period and up to the date of this report:

Andrew Cannane	
Glenn Foster	
Christopher Green	
Michael Vainauskas	
Andrew McIver	Alternate Director for Michael Vainauskas
Vicki Riggio	Alternate Director for Andrew Cannane Appointed Alternate Director for Christopher Green on 24 November 2017
Rodney Ellwood	Resigned as Alternate Director for Christopher Green on 24 November 2017
Gillian Larkins	Alternate Director for Glenn Foster

Units on issue

Units on issue in the Trust at the end of the period are set out below:

	As at 31 December 2017 Units ('000)
Units on issue	**258,090**

Directors' report (continued)

Review of operations

During the period, the Trust invested its funds in accordance with the Product Disclosure Statement and the provisions of the Trust's Constitution.

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

	For the period 26 July 2017 to 31 December 2017
Operating profit/(loss) ($'000)	**6,244**
Distribution paid and payable ($'000)	**5,642**
Distribution (cents per unit)	**2.19**

On 22 December 2017, the Directors declared a distribution of 2.19 cents per ordinary unit which amounted to $5,641,851 and was paid on 12 January 2018.

Significant changes in state of affairs

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

Events subsequent to reporting date

On 22 December 2017, the Directors declared a distribution of 2.19 cents per ordinary unit which amounted to $5,641,851 and was paid on 12 January 2018.

On 25 January 2018, the Directors declared a distribution of 0.81 cents per ordinary unit which amounted to $2,090,530 and was paid on 8 February 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

(i) the operations of the Trust in future financial period, or
(ii) the results of those operations in future financial period, or
(iii) the state of affairs of the Trust in future financial period.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to the insurance cover provided to the officers of The Trust Company (RE Services) Limited or the auditor of the Trust. So long as the officers of The Trust Company (RE Services) Limited act in accordance with the Trust's Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

The auditor of the Trust is not indemnified out of the assets of the Trust.

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

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

No fees were paid out of the Trust property to the Directors of the Responsible Entity during the period.

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

Directors' report (continued)

Rounding of amounts

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the condensed interim financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Comparatives

This is the first period of operations of the Trust and hence there are no prior period comparatives.

Lead auditor's independence declaration

A copy of the Lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This Directors' report is signed in accordance with a resolution of Directors.

Director
The Trust Company (RE Services) Limited

Sydney
22 February 2018

KPMG

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

To the Directors of The Trust Company (RE Services) Limited

I declare that, to the best of my knowledge and belief, in relation to the review of MCP Master Income Trust, for the period from 26 July 2017 to 31 December 2017 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

J.Davis

Jessica Davis

Partner

Sydney

22 February 2018

Condensed interim statement of comprehensive income

	Notes	For the period 26 July 2017 to 31 December 2017 $'000
Investment income		
Interest income		**347**
Distribution income		**6,429**
Total investment income		**6,776**
Expenses		
Responsible entity fees	8	**42**
Investor equalisation expense		**434**
Administrative expenses		**56**
Total expenses		**532**
Profit/(loss)		**6,244**
Other comprehensive income		**-**
Total comprehensive income/(loss) for the period		**6,244**
Earnings per unit for profit attributable to unitholders of the Trust		
Basic and diluted gain/(loss) per unit (cents)	7	**2.42**

The above condensed interim statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed interim statement of financial position

	Notes	As at 31 December 2017 $'000
Assets		
Cash and cash equivalents		**96**
Receivables		**69**
Financial assets	4	**522,325**
Total assets		**522,490**
Liabilities		
Distributions payable	6	**5,642**
Payables		**66**
Total liabilities		**5,708**
Net assets attributable to unitholders - equity	5	**516,782**

The above condensed interim statement of financial position should be read in conjunction with the accompanying notes.

Condensed interim statement of changes in equity

	Notes	For the period 26 July 2017 to 31 December 2017
Total Equity at the beginning of the period		**-**
Comprehensive income for the period		
Profit/(loss)		6,244
Total comprehensive income for the period		**6,244**
Transactions with unitholders		
Applications	5	516,180
Distributions to unitholders	5	(5,642)
Total transactions with unitholders		**510,538**
Total net assets attributable to unitholders - equity at the end of the period		**516,782**

The above condensed interim statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed interim statement of cash flows

	For the period 26 July 2017 to 31 December 2017 $'000
Cash flows from operating activities	
Interest received	**179**
Net investor equalisation expense	**31**
Administrative expenses paid	**(37)**
Other expenses paid	**(76)**
Net cash inflow/(outflow) from operating activities	**97**
Cash flows from investing activities	
Purchase of financial assets	**(516,181)**
Net cash inflow/(outflow) from investing activities	**(516,181)**
Cash flows from financing activities	
Proceeds from application by unitholders	**516,180**
Net cash inflow/(outflow) from financing activities	**516,180**
Net increase in cash and cash equivalents	**96**
Cash and cash equivalents at the beginning of the period	**-**
Cash and cash equivalents at the end of the period	**96**

The above condensed interim statement of cash flows should be read in conjunction with the accompanying notes.

1 General information

The condensed interim financial statements covers the MCP Master Income Trust (the "Trust") as an individual entity. The Trust was constituted on 25 July 2017, registered with the Australian Securities and Investments Commission on 26 July 2017, commenced operations on 5 October 2017 and its units commenced trading on the Australian Securities Exchange (ASX: MXT) on 9 October 2017. The Trust is domiciled in Australia.

The Responsible Entity of the Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney NSW 2000.

The Investment Manager of the Trust is Metrics Credit Partners Pty Ltd (AFSL 416 146).

The Custodian of the Trust is Perpetual Corporate Trust Limited.

The Trust's investment strategy is to create a diversified exposure to Australian corporate loans generally reflecting activity in the corporate loan market and diversified by borrower, industry and credit quality. Through active portfolio risk management, the Investment Manager seeks to preserve investor capital. Amounts raised by the Trust are invested in the MCP Wholesale Investments Trust. The MCP Wholesale Investments Trust invests directly in wholesale funds or directly in investment assets.

The condensed interim financial statements were authorised for issue by the Directors on 22 February 2018. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied during the reporting period presented, unless otherwise stated.

(a) Basis of preparation

The condensed interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* , IAS 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

For the purposes of preparing the condensed interim financial statements, the Trust is a for-profit entity. The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

The condensed interim financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The condensed interim financial statements are presented in Australian dollars, which is the Trust's functional currency.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount to be recovered or settled in relation to these balances remain subject to the performance of the Trust and its operations in accordance with the Constitution. Investors in the Trust have no rights to redeem and can only sell units on the ASX. The Trust is operated by the Investment Manager to ensure the investment in MCP Wholesale Investment Trust are held at fair value.

Investment Entity
The Trust has been deemed to meet the definition of an investment entity, as the following conditions exist:

- The Trust has obtained funds for providing investors with investment management services;
- The Trust's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income;
- The performance of investments made through the Trust are measured and evaluated on a fair value basis.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The MCP Master Income Trust and the wholesale funds were formed due to legal, regulatory, tax or similar requirements. When considered together they display the characteristics of an investment entity:

(a) the Trust indirectly holds more than one investment because the wholesale funds holds a portfolio of investments,
(b) although the MCP Wholesale Investment Trust is wholly capitalised by the Trust, the Trust is funded by more than one investor who are related to the Trust; and
(c) ownership in the Trust and the wholesale funds are represented by the Trust interests to which a proportion of the net assets of the investment entity are attributed.

(b) Financial instruments

(i) Classification

The Trust's investments are categorised as either fair value through profit or loss or held to maturity in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* , which is comprised of financial instruments designated as at fair value through profit or loss upon initial recognition.

These include financial assets and liabilities that are not held for trading purposes but may be sold. All financial assets held in the Trust are managed by the Investment Manager at their own discretion as disclosed in the PDS including investments in Corporate loans and other associated debt instruments.

(1) Financial Assets and Liabilities at Fair Value through Profit or Loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Investment Manager.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis and together with other related financial information. The information on the fair value basis is provided internally to the Trust's key management personnel.

(2) Held to maturity Investments

Held to maturity investments are with fixed or determinable payments and fixed maturities and it is the Investment Manager's positive intention and ability to hold to maturity.

Held to maturity are carried at amortised cost using the effective interest method, less any impairment losses.

(ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date on which a contract is entered and settled (trade date). The financial instruments held at fair value through profit and loss are initially recognised at fair value and subsequently remeasured daily at fair value. The financial instruments held to maturity are initially recognised at fair value and subsequently amortised using the effective interest rate method.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Trust retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Trust has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the

Any gains or losses arising on derecognition of the asset held at fair value through profit and loss (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the condensed statement of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

(1) Financial assets and liabilities held at fair value through profit or loss

At initial recognition, financial assets and liabilities held at fair value through profit or loss are measured at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, less impairment losses if any. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed in the statement of comprehensive income immediately.

Subsequent to initial recognition, all instruments held at fair value through profit or loss are remeasured daily at fair value with changes in their fair value recognised in profit or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is calculated as the present value of expected cash flows arising from the asset having regard to current market prices and returns for assets of comparable credit quality, terms and contracted remaining term to maturity.

(2) Held to maturity investments

At initial recognition, held to maturity investments are measured at fair value plus any transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability, less impairment losses if any.

Subsequent to initial recognition, all instruments held to maturity are amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If in a subsequent period the amount of an impairment loss previously recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income. The Fund assesses impairment losses on a specific basis.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the income or expense from fees, premiums and discounts over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(3) Other financial assets and liabilities

Management considers that the carrying amount of cash and cash equivalents and receivables approximate fair value.

Other financial liabilities are initially measured at fair value and subsequently at amortised cost. Management considers the carrying amount of payables approximate fair value.

(iv) Offsetting financial instruments

Financial assets and liabilities held at fair value through profit and loss are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders - equity

Units in the Trust are listed on the ASX and traded by unitholder's and are therefore classified as equity. The units can be traded on the ASX at any time for cash based on listed price. While the Trust is a listed investment and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available. In addition to being traded, request for redemption to the Responsible Entity may be made, however redemption is dependent on the Responsible Entity's discretion (see note 2 (l)).

2 Summary of significant accounting policies (continued)

(d) 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, 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, and bank overdrafts. Bank overdrafts are shown as a liability on the statement of financial position.

(e) Investment income

(i) Interest income

The Trust generates interest income from its investments in financial assets, loans, and cash investments. Interest income is recognised daily as it accrues, taking into account the actual interest rate on the financial asset and is recognised in profit or loss.

(f) Expenses

All expenses, including Responsible Entity, investor equalisation expense and administrative expenses, are recognised in the statement of comprehensive income on an accruals basis.

Interest expense is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(g) Income tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised net capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains in future years. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

(h) Distributions

In accordance with the Trust's Constitution, the Trust distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the condensed statement of changes in equity as equity.

(i) Loans and receivables

Loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

Receivables include interest which is accrued at the reporting date from the time of last payment and are generally received within 30 days of being recorded as receivables. Receivables are measured at their nominal amounts.

Receivables also include such items as Reduced Input Tax Credits (RITC).

2 Summary of significant accounting policies (continued)

(j) Payables

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

The distribution amount payable to unitholders as at the reporting date is recognised separately in the statement of financial position as unitholders are presently entitled to the distributable income as at 31 December 2017 under the Trust's Constitution.

(k) Applications and redemptions

Applications received for units in the Trust are recorded net of any transaction costs payable prior to the issuance of units in the Trust.

In accordance with the Constitution, the Responsible Entity may determine to reject a Redemption Request in its absolute discretion. The Responsible Entity is not obliged under any circumstances to pay any part of the Redemption Price out of its own funds.

The redemption transaction costs are an estimate by the Responsible Entity of the total transaction cost the Trust would incur selling the Trust Property/Units. If appropriate the Responsible Entity may apply estimate redemption transaction costs in regard to the actual cost incurred from the redemption. If the Responsible Entity makes no estimate, the Redemption Transaction costs are zero.

(l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as audit fees, custodial services and investment management fees have been passed onto the Trust. The Trust qualifies for RITC hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis. Accounts payable are inclusive of GST.

(m) Use of estimates and judgement

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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. Revisions to the accounting estimates are recognised prospectively.

The Trust's investments are fair valued using valuation techniques which are validated and reviewed by the Responsible Entity in conjunction with the Investment Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including receivables and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

(n) New and amended standards adopted by the Trust

There were no new standards, interpretations or amendments to existing accounting standards that are effective for the first time for the financial period beginning 26 July 2017 that have a material impact on the Trust.

2 Summary of significant accounting policies (continued)

(o) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period and have not been early adopted by the Trust. The Directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition and measurement of the Trust's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Trust does not apply hedge accounting. AASB 9 introduces a new impairment model. The Trusts investments that are held at fair value through profit and loss are not impacted by the change in impairment rules. Based on preliminary analysis, under AASB 9 and amendments, any impact on the investments held to maturity by the changes in impairment rules will be non-substantial.

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Trust's main sources of income are interest and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Trust's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

(p) Comparatives

This is the first period of operations of the Trust and hence there are no prior period comparatives.

3 Fair value measurements

The Trust discloses fair value measurements by level using the following fair value hierarchy:

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

(i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on last traded prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

3 Fair value measurements (continued)

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on Investment Manager best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Recognised fair value measurements

The tables below set out the Trust' financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 December 2017.

At 31 December 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financials assets				
Designated at fair value through profit or loss				
MCP Wholesale Investments Trust	-	508,710	-	508,710
Total financial assets	**-**	**508,710**	**-**	**508,710**

4 Financial assets

	At 31 December 2017 $'000
MCP Wholesale Investments Trust	508,710
Loan asset	13,615
	522,325

- *Loan asset*
  The Trust provided a loan to the Investment Manager to pay the establishment cost of the Offer. Over a period of ten years the Manager will repay the Manager Loan, including payment of interest on the loan which will be interest income to the Trust.

- *Investor equalisation expense (IEE)*
  The IEE is a monthly expense to the Trust calculated based on NAV and payable to the Manager. The Manager will use the proceeds of the IEE to pay the Trust amounts owing on the Manager Loan. When the Manager Loan is fully repaid, the IEE terminates.

5 Net assets attributable to unitholders - equity

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

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

	For the period 26 July 2017 to 31 December 2017	
	Units ('000)	**$'000**
Net assets attributable to unitholders		
Opening balance	-	-
Applications	258,090	516,180
Distributions to unitholders	-	(5,642)
Profit/(Loss)	-	6,244
Closing balance	**258,090**	**516,782**

6 Distributions to unitholders

The distributions were paid/payable as follows:

	For the period 26 July 2017 to 31 December 2017	
	$'000	**Cents per unit**
Distributions		
31 December (payable)	5,642	2.19
	5,642	2.19

7 Earnings per unit

Earnings per unit amounts are calculated by dividing net profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the period.

	For the period 26 July 2017 to 31 December 2017
Operating profit/(loss) attributable to unitholders ($'000)	6,244
Weighted average number of units on issue ('000)	258,090
Basic and diluted earnings per unit (cents)	2.42

8 Related party transactions

(a) Responsible Entity

The Responsible Entity of the MCP Master Income Trust is The Trust Company (RE Services) Limited. The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT).

(b) Key management personnel of the Responsible Entity

Directors

The following persons held office as directors of The Trust Company (RE Services) Limited during the period and up to the date of this report:

Andrew Cannane	
Glenn Foster	
Christopher Green	
Michael Vainauskas	
Andrew McIver	Alternate Director for Michael Vainauskas
Vicki Riggio	Alternate Director for Andrew Cannane
	Appointed Alternate Director for Christopher Green on 24 November 2017
Rodney Ellwood	Resigned as Alternate Director for Christopher Green on 24 November 2017
Gillian Larkins	Alternate Director for Glenn Foster

(c) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(d) Responsible Entity and other transactions

(i) Responsible Entity fee
This fee is charged by the Responsible Entity for managing the Trust and making it available to investors. It is calculated and accrued daily and paid monthly in arrears from the Trust's assets.

(ii) Indirect costs
Indirect costs are any amounts that the Responsible Entity knows or where required, reasonably estimates, will reduce the Trust's returns that are paid from the Trust's assets (other than the Responsible Entity fee, recoverable expenses and transactional and operational costs) or that are paid from the assets of any interposed vehicle (such as the MCP Wholesale Investments Trust or wholesale funds) in which the Trust may invest.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the period and amounts payable at period end between the Trust and the Responsible Entity were as follows:

	For the period 26 July 2017 to 31 December 2017 $
Responsible entity fees for the period paid/payable by the Trust	**41,534**
Aggregate amount payable to The Trust Company (RE Services) Limited at period end	**41,534**

Fees payable to the Responsible Entity are calculated on the adjusted net asset value of the Trust and accrued daily and paid monthly in arrears from the assets of the Trust and reflected in the daily unit price.

(e) Key management personnel of the Responsible Entity and Investment Manager compensation

Payments made from the Trust to The Trust Company (RE Services) Limited do not include any amounts directly attributable to key management personnel remuneration.

8 Related party transactions (continued)

(f) Key management personnel of the Responsible Entity unitholdings

From time to time Directors of The Trust Company (RE Services) Limited, or their Directors' related entities, may invest in or withdraw from the Trust. These investments or withdrawals are on the same terms and conditions as those entered into by other Trust investors. The Trust Company (RE Services) Limited, their related parties and other Trusts managed by The Trust Company (RE Services) Limited, held no units in the Trust at 31 December 2017.

(g) Investments

The Trust held investments in the following scheme which is managed by The Trust Company Limited or its related parties:

At 31 December 2017	Fair Value of Investment $	Interest held (%)	Distributions received/ receivable $	Units acquired during the period	Units disposed during the period
MCP Wholesale Investments Trust	508,709,871	100	6,429,193	502,280,678	-

(h) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into any transactions with the Trust during the financial period and there were no material balances involving key management personnel's interests outstanding at period end.

9 Segment information

The Trust is organised into one main operating segment with only one key function, being the investment of funds predominantly in Australia.

10 Contingent assets and liabilities and commitments

There are no other outstanding contingent assets and liabilities or commitments as at 31 December 2017.

11 Events occurring after the reporting period

On 22 December 2017, the Directors declared a distribution of 2.19 cents per ordinary unit which amounted to $5,641,851 and was paid on 12 January 2018.

On 25 January 2018, the Directors declared a distribution of 0.81 cents per ordinary unit which amounted to $2,090,530 and was paid on 8 February 2018.

No other significant events have occurred since the reporting period which would impact on the financial position of the Trust disclosed in the statement of financial position as at 31 December 2017 or on the results and cash flows of the Trust for the period ended on that date.

Directors' declaration

In the opinion of the Directors of The Trust Company (RE Services) Limited, the Responsible Entity of MCP Master Income Trust:

(a) the financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Trust's financial position as at 31 December 2017 and of its performance for the period from 26 July 2017 to 31 December 2017;

(ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Trust 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.

Director
The Trust Company (RE Services) Limited

Sydney
22 February 2018

KPMG

Independent Auditor's Review Report

To the unitholders of MCP Master Income Trust

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying ***Condensed Interim Financial Report*** of MCP Master Income Trust (the Trust).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of the Trust is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Trust's financial position as at 31 December 2017 and of its performance for the period from 26 July 2017 to 31 December 2017; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Interim Financial Report*** comprises:

- Condensed interim statement of financial position as at 31 December 2017
- Condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period from 26 July 2017 to 31 December 2017
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration made by the Directors of The Trust Company (RE Services) Limited (the Responsible Entity).

Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Responsible Entity are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2017 and its performance for the period from 26 July 2017 to 31 December 2017; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of MCP Master Income Trust, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Condensed Interim 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.

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

KPMG

KPMG

J. Davis

Jessica Davis

Partner

Sydney

22 February 2018